

CENTRAL ILLINOIS LIGHT CO
Form 10-Q
May 08, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended March 31, 2008

OR

Transition report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the transition period from _____ to _____.

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	Central Illinois Public Service Company (Illinois Corporation) 607 East Adams Street Springfield, Illinois 62739 (888) 789-2477	37-0211380
333-56594	Ameren Energy Generating Company (Illinois Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	37-1395586
2-95569	CILCORP Inc. (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602 (309) 677-5271	37-1169387

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1-2732	Central Illinois Light Company (Illinois Corporation)	37-0211050
	300 Liberty Street	
	Peoria, Illinois 61602	
	(309) 677-5271	
1-3004	Illinois Power Company (Illinois Corporation)	37-0344645
	370 South Main Street	
	Decatur, Illinois 62523	
	(217) 424-6600	

	Resources Company, LLC (parent company of the registrant and subsidiary of Ameren Corporation) – 2,000
CILCORP Inc.	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 1,000
Central Illinois Light Company	Common stock, no par value, held by CILCORP Inc. (parent company of the registrant and subsidiary of Ameren Corporation) – 13,563,871
Illinois Power Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 23,000,000

OMISSION OF CERTAIN INFORMATION

Ameren Energy Generating Company and CILCORP Inc. meet the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format allowed under that General Instruction.

This combined Form 10-Q is separately filed by Ameren Corporation, Union Electric Company, Central Illinois Public Service Company, Ameren Energy Generating Company, CILCORP Inc., Central Illinois Light Company, and Illinois Power Company. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

Item 1A. Risk Factors.....
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.....
Item 6.....
Exhibits.....

Signatures.....

This Form 10-Q contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements should be read with the cautionary statements and important factors included on page 7 of this Form 10-Q under the heading “Forward-looking Statements.” Forward-looking statements are all statements other than statements of historical fact, including those statements that are identified by the use of the words “anticipates,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” and similar expressions.

could have a negative financial effect;

- labor disputes, future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;
- the inability of our counterparties and affiliates to meet their obligations with respect to contracts and financial instruments;
 - the cost and availability of transmission capacity for the energy generated by the Ameren Companies' facilities or required to satisfy energy sales made by the Ameren Companies;
 - legal and administrative proceedings; and
 - acts of sabotage, war, terrorism or intentionally disruptive acts.

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions, except per share amounts)

	2008	Three Months Ended March 31,	2007
Operating Revenues:			
Electric	\$ 1,467	\$	1,463
Gas	612		561
Total operating revenues	2,079		2,024
Operating Expenses:			
Fuel	302		263
Purchased power	287		373
Gas purchased for resale	459		421
Other operations and maintenance	423		389
Depreciation and amortization	176		183
Taxes other than income taxes	113		102
Total operating expenses	1,760		1,731
Operating Income	319		293
Other Income and Expenses:			
Miscellaneous income	21		16
Miscellaneous expense	(4)		(5)
Total other income	17		11
Interest Charges	100		100
Income Before Income Taxes, Minority Interest, and			
Preferred Dividends of Subsidiaries	236		204
Income Taxes	87		71
Income Before Minority Interest and Preferred			
Dividends of Subsidiaries	149		133
Minority Interest and Preferred Dividends of			
Subsidiaries	11		10
Net Income	\$ 138	\$	123
Earnings per Common Share – Basic and Diluted	\$ 0.66	\$	0.59
Dividends per Common Share	\$ 0.635	\$	0.635
Average Common Shares Outstanding	208.7		206.6

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

Stockholders' Equity:			
Common stock, \$.01 par value, 400.0 shares authorized – shares outstanding of 209.4 and 208.3, respectively		2	2
Other paid-in capital, principally premium on common stock		4,656	4,604
Retained earnings		2,115	2,110
Accumulated other comprehensive income (loss)		(19)	36
Total stockholders' equity		6,754	6,752
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	20,758	\$ 20,728

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

Net change in cash and cash equivalents	(169)	24
Cash and cash equivalents at beginning of year	355	137
Cash and cash equivalents at end of period	\$ 186	\$ 161

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

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended March 31,	
	2008	2007
Operating Revenues:		
Electric – excluding off-system	\$ 490	\$ 451
Electric – off-system	151	122
Gas	83	76
Other	-	1
Total operating revenues	724	650
Operating Expenses:		
Fuel	147	125
Purchased power	53	40
Gas purchased for resale	55	49
Other operations and maintenance	217	224
Depreciation and amortization	81	87
Taxes other than income taxes	60	57
Total operating expenses	613	582
Operating Income	111	68
Other Income and Expenses:		
Miscellaneous income	14	10
Miscellaneous expense	(2)	(2)
Total other income	12	8
Interest Charges	41	48
Income Before Income Taxes and Equity		
in Income of Unconsolidated Investment	82	28
Income Taxes	29	9
Income Before Equity in Income		
of Unconsolidated Investment	53	19
Equity in Income of Unconsolidated Investment,		
Net of Taxes	11	14
Net Income	64	33
Preferred Stock Dividends	1	1
Net Income Available to Common Stockholder	\$ 63	\$ 32

The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

Stockholders' Equity:			
Common stock, \$5 par value, 150.0 shares authorized – 102.1 shares outstanding	511		511
Preferred stock not subject to mandatory redemption	113		113
Other paid-in capital, principally premium on common stock	1,119		1,119
Retained earnings	1,799		1,855
Accumulated other comprehensive income (loss)	(7)		3
Total stockholders' equity	3,535		3,601
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 10,762	\$	10,903

The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Three Months Ended	
	March 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 64	\$ 33
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(1)	(3)
Mark-to-market (gain) on derivatives	(12)	(2)
Depreciation and amortization	81	87
Amortization of nuclear fuel	11	9
Amortization of debt issuance costs and premium/discounts	1	1
Deferred income taxes and investment tax credits, net	15	9
Other	(4)	2
Changes in assets and liabilities:		
Receivables	52	(50)
Materials and supplies	(1)	2
Accounts and wages payable	(252)	(188)
Taxes accrued	(29)	29
Assets, other	83	55
Liabilities, other	(50)	(41)
Pension and other postretirement benefit obligations	11	7
Net cash used in operating activities	(31)	(50)
Cash Flows From Investing Activities:		
Capital expenditures	(197)	(200)
Nuclear fuel expenditures	(102)	(23)
Changes in money pool advances	(21)	4
Purchases of securities – nuclear decommissioning trust fund	(89)	(47)
Sales of securities – nuclear decommissioning trust fund	85	43
Sales of emission allowances	-	2
Net cash used in investing activities	(324)	(221)
Cash Flows From Financing Activities:		
Dividends on common stock	(77)	(80)
Dividends on preferred stock	(1)	(1)
Short-term debt, net	126	214
Intercompany note payable – Ameren, net	122	137
Net cash provided by financing activities	170	270
Net change in cash and cash equivalents	(185)	(1)
Cash and cash equivalents at beginning of year	185	1
Cash and cash equivalents at end of period	\$ -	\$ -

The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended March 31,	
	2008	2007
Operating Revenues:		
Electric	\$ 180	\$ 211
Gas	110	101
Other	-	2
Total operating revenues	290	314
Operating Expenses:		
Purchased power	123	148
Gas purchased for resale	80	74
Other operations and maintenance	50	43
Depreciation and amortization	17	17
Taxes other than income taxes	12	9
Total operating expenses	282	291
Operating Income	8	23
Miscellaneous Income	3	3
Interest Charges	7	8
Income Before Income Taxes	4	18
Income Taxes	1	6
Net Income	3	12
Preferred Stock Dividends	1	1
Net Income Available to Common Stockholder	\$ 2	\$ 11

The accompanying notes as they relate to CIPS are an integral part of these financial statements.

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
BALANCE SHEET
(Unaudited) (In millions)

	March 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 18	\$ 26
Accounts receivable – trade (less allowance for doubtful accounts of \$9 and \$5, respectively)	101	62
Unbilled revenue	48	66
Accounts receivable – affiliates	24	9
Current portion of intercompany note receivable – Genco	39	39
Current portion of intercompany tax receivable – Genco	9	9
Materials and supplies	20	66
Other current assets	55	35
Total current assets	314	312
Property and Plant, Net	1,179	1,174
Investments and Other Assets:		
Intercompany note receivable – Genco	87	87
Intercompany tax receivable – Genco	103	105
Regulatory assets	109	113
Other assets	54	69
Total investments and other assets	353	374
TOTAL ASSETS	\$ 1,846	\$ 1,860
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 50	\$ 15
Short-term debt	85	125
Accounts and wages payable	36	44
Accounts payable – affiliates	15	19
Taxes accrued	14	8
Other current liabilities	63	47
Total current liabilities	263	258
Long-term Debt, Net	421	456
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes and investment tax credits, net	266	269
Regulatory liabilities	280	265
Accrued pension and other postretirement benefits	67	67
Other deferred credits and liabilities	30	28
Total deferred credits and other liabilities	643	629
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	-	-
Other paid-in capital	191	191
Preferred stock not subject to mandatory redemption	50	50

Retained earnings		278		276
Total stockholders' equity		519		517
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 1,846	\$	1,860

The accompanying notes as they relate to CIPS are an integral part of these financial statements.

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CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Three Months Ended March 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 3	\$ 12
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17	17
Deferred income taxes and investment tax credits, net	(5)	(2)
Other	-	(1)
Changes in assets and liabilities:		
Receivables	(34)	(39)
Materials and supplies	46	38
Accounts and wages payable	(10)	(31)
Taxes accrued	6	4
Assets, other	21	9
Liabilities, other	9	3
Pension and other postretirement benefit obligations	2	-
Net cash provided by operating activities	55	10
Cash Flows From Investing Activities:		
Capital expenditures	(22)	(20)
Changes in money pool advances	-	(14)
Net cash used in investing activities	(22)	(34)
Cash Flows From Financing Activities:		
Dividends on preferred stock	(1)	(1)
Short-term debt, net	(40)	65
Net cash provided by (used in) financing activities	(41)	64
Net change in cash and cash equivalents	(8)	40
Cash and cash equivalents at beginning of year	26	6
Cash and cash equivalents at end of period	\$ 18	\$ 46

The accompanying notes as they relate to CIPS are an integral part of these financial statements.

AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended	
	March 31,	
	2008	2007
Operating Revenues	\$ 231	\$ 243
Operating Expenses:		
Fuel	88	81
Purchased power	-	21
Other operations and maintenance	40	34
Depreciation and amortization	16	18
Taxes other than income taxes	6	6
Total operating expenses	150	160
Operating Income	81	83
Miscellaneous Income	2	-
Interest Charges	9	14
Income Before Income Taxes	74	69
Income Taxes	28	26
Net Income	\$ 46	\$ 43

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

AMEREN ENERGY GENERATING COMPANY
 CONSOLIDATED BALANCE SHEET
 (Unaudited) (In millions, except shares)

ASSETS	March 31, 2008	December 31, 2007
Current Assets:		
Cash and cash equivalents	\$ 2	\$ 2
Accounts receivable – affiliates	107	93
Accounts receivable – trade	13	12
Materials and supplies	97	93
Other current assets	9	4
Total current assets	228	204
Property and Plant, Net	1,700	1,683
Intangible Assets	58	63
Other Assets	5	18
TOTAL ASSETS	\$ 1,991	\$ 1,968
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Short-term debt	\$ 150	\$ 100
Current portion of intercompany note payable – CIPS	39	39
Borrowings from money pool	9	54
Accounts and wages payable	39	61
Accounts payable – affiliates	45	57
Current portion of intercompany tax payable – CIPS	9	9
Taxes accrued	29	15
Other current liabilities	56	30
Total current liabilities	376	365
Long-term Debt, Net	474	474
Intercompany Note Payable – CIPS	87	87
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	163	161
Accumulated deferred investment tax credits	7	7
Intercompany tax payable – CIPS	103	105
Asset retirement obligations	48	47
Accrued pension and other postretirement benefits	32	32
Other deferred credits and liabilities	34	42
Total deferred credits and other liabilities	387	394
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 2,000 shares outstanding	-	-
Other paid-in capital	503	503
Retained earnings	189	167
Accumulated other comprehensive loss	(25)	(22)
Total stockholder's equity	667	648
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,991	\$ 1,968

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Three Months Ended March 31,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 46	\$ 43
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(1)	(1)
Mark-to-market (gain) loss on derivatives	(5)	-
Depreciation and amortization	23	26
Deferred income taxes and investment tax credits, net	8	2
Other	-	1
Changes in assets and liabilities:		
Receivables	(9)	18
Materials and supplies	(4)	-
Accounts and wages payable	(8)	(42)
Taxes accrued, net	14	16
Assets, other	9	(2)
Liabilities, other	5	7
Pension and other postretirement benefit obligations	1	1
Net cash provided by operating activities	79	69
Cash Flows From Investing Activities:		
Capital expenditures	(58)	(37)
Purchases of emission allowances	(2)	-
Net cash used in investing activities	(60)	(37)
Cash Flows From Financing Activities:		
Dividends on common stock	(24)	(39)
Short-term debt, net	50	-
Changes in money pool borrowings	(45)	7
Net cash used in financing activities	(19)	(32)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	2	1
Cash and cash equivalents at end of period	\$ 2	\$ 1

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

Stockholder's Equity:			
Common stock, no par value, 10,000 shares authorized – 1,000 shares outstanding		-	-
Other paid-in capital		627	627
Retained earnings		78	58
Accumulated other comprehensive income		29	30
Total stockholder's equity		734	715
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		\$ 2,513	\$ 2,459

The accompanying notes as they relate to CILCORP are an integral part of these consolidated financial statements.

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	1,929	\$	1,862
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The accompanying notes as they relate to CILCO are an integral part of these consolidated financial statements.

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Retained earnings	50	64
Accumulated other comprehensive income	4	4
Total stockholders' equity	1,294	1,308
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,289	\$ 3,319

The accompanying notes as they relate to IP are an integral part of these consolidated financial statements.

AMEREN CORPORATION (Consolidated)
UNION ELECTRIC COMPANY (Consolidated)
CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
AMEREN ENERGY GENERATING COMPANY (Consolidated)
CILCORP INC. (Consolidated)
CENTRAL ILLINOIS LIGHT COMPANY (Consolidated)
ILLINOIS POWER COMPANY (Consolidated)

COMBINED NOTES TO FINANCIAL STATEMENTS

(Unaudited)

March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005, administered by FERC. Ameren's primary assets are the common stock of its subsidiaries. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets and liabilities. These subsidiaries operate rate-regulated electric generation, transmission and distribution businesses, rate-regulated natural gas transmission and distribution businesses, and non-rate-regulated electric generation businesses in Missouri and Illinois. Dividends on Ameren's common stock depend on distributions made to it by its subsidiaries. Ameren's principal subsidiaries are listed below. Also see the Glossary of Terms and Abbreviations at the front of this report.

- UE, or Union Electric Company, also known as AmerenUE, operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri.
- CIPS, or Central Illinois Public Service Company, also known as AmerenCIPS, operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.
- Genco, or Ameren Energy Generating Company, operates a non-rate-regulated electric generation business in Illinois and Missouri.
- CILCO, or Central Illinois Light Company, also known as AmerenCILCO, is a subsidiary of CILCORP (a holding company). It operates a rate-regulated electric transmission and distribution business, a non-rate-regulated electric generation business (through its subsidiary, AERG) and a rate-regulated natural gas transmission and distribution business, in Illinois.
- IP, or Illinois Power Company, also known as AmerenIP, operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.

Ameren has various other subsidiaries responsible for the short- and long-term marketing of power, procurement of fuel, management of commodity risks, and provision of other shared services. Ameren has an 80% ownership interest in EEI, which until February 29, 2008, was held 40% by UE and 40% by Development Company. Ameren consolidates EEI for financial reporting purposes, while UE reported EEI under the equity method until February 29, 2008. Effective February 29, 2008, UE's and Development Company's ownership interests in EEI were transferred to Resources Company through an internal reorganization. UE's interest in EEI was transferred at book value indirectly through a dividend to Ameren. See Note 8 – Related Party Transactions for additional information.

The following table presents summarized financial information of EEI for the three months ended March 31, 2008 and 2007.

Three Months

	2008	2007
Operating revenues	\$ 110	\$ 97
Operating income	64	54
Net income	39	34

The financial statements of Ameren, Genco, CILCORP and CILCO are prepared on a consolidated basis. CIPS has no subsidiaries and therefore is not consolidated. UE had a subsidiary in 2007 (Union Electric Development Corporation) but in January 2008, this subsidiary was transferred to Ameren in the form of a stock dividend and in March 2008 was merged into an Ameren nonregistrant subsidiary. Accordingly, UE's financial statements were prepared on a consolidated basis for 2007 only. IP had a subsidiary in 2007 (Illinois Gas Supply Company) that was dissolved at December 31, 2007. Accordingly, IP's financial statements were prepared on a consolidated basis for 2007 only.

Our accounting policies conform to GAAP. Our financial statements reflect all adjustments (which include normal, recurring adjustments) necessary, in our opinion, for a fair presentation of our results. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. The results of operations of an interim period may not give a true indication of results that may be expected for a full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K. All UE, CIPS, CILCORP, CILCO and IP financial information as of and for the three months ended March 31, 2007, included in this quarterly report reflects the correction of an error. During the third quarter of 2007, we identified and corrected a misallocation of first quarter 2007 purchased power expense

among Ameren subsidiaries. The error resulted in an understatement of UE purchased power expense of approximately \$7 million and an overstatement of CIPS, CILCORP, CILCO and IP purchased power expense of approximately \$2 million, \$1 million, \$1 million, and \$4 million, respectively, during the three months ended March 31, 2007. The error resulted in an overstatement of UE net income of \$5 million, and an understatement of CIPS, CILCORP, CILCO and IP net income of approximately \$1 million, \$1 million, \$1 million, and \$3 million, respectively, during the three months ended March 31, 2007. The error did not have a significant impact on previously reported subsidiary balance sheets or statements of cash flows, and the error had no impact on Ameren's previously reported consolidated financial position, results of operations or cash flows.

Earnings Per Share

There were no material differences between Ameren's basic and diluted earnings per share amounts for the three months ended March 31, 2008 and 2007. The number of stock options, restricted stock shares, and performance share units outstanding was immaterial.

Long-term Incentive Plan of 1998 and 2006 Omnibus Incentive Compensation Plan

A summary of nonvested shares as of March 31, 2008, under the Long-term Incentive Plan of 1998, as amended, and the 2006 Omnibus Incentive Compensation Plan (2006 Plan) is presented below:

	Performance Share Units		Restricted Shares	
	Shares	Weighted-average Fair Value Per Unit	Shares	Weighted-average Fair Value Per Share
Nonvested at January 1, 2008	669,403	\$ 57.88	316,768	\$ 46.23
Granted(a)	495,847	47.57	-	-
Dividends	-	-	2,900	43.71
Forfeitures	-	-	(3,543)	47.11
Vested(b)	(40,575)	53.48	(113,640)	44.05
Nonvested at March 31, 2008	1,124,675	\$ 53.50	202,485	\$ 47.46

- (a) Includes performance share units (share units) granted to certain executive and non-executive officers and other eligible employees in February 2008 under the 2006 Plan.
- (b) Share units vested due to attainment of retirement eligibility by certain employees. Actual shares issued for retirement-eligible employees will vary depending on actual performance over the three-year measurement period.

The fair value of each share unit awarded in February 2008 under the 2006 Plan was determined to be \$47.57 based on Ameren's closing common share price of \$44.30 per share at the grant date and lattice simulations used to estimate expected share payout based on Ameren's attainment of certain financial measures relative to the designated peer group. The significant assumptions used to calculate fair value also included a three-year risk-free rate of 2.264%, dividend yields of 2.3% to 5.4% for the peer group, volatility of 14.43% to 21.51% for the peer group, and Ameren's maintenance of its \$2.54 annual dividend over the performance period.

Ameren recorded compensation expense of \$7 million and \$5 million for the quarter ended March 31, 2008 and 2007, respectively, and a related tax benefit of \$3 million and \$2 million for the quarter ended March 31, 2008 and 2007, respectively. As of March 31, 2008, total compensation cost of \$35 million related to nonvested awards not yet

recognized is expected to be recognized over a weighted-average period of 25 months.

Accounting Changes and Other Matters

SFAS No. 157, Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value, and expands required disclosures about fair value measurements. See Note 7 – Fair Value Measurements for additional information on our adoption of SFAS No. 157 in the first quarter of 2008.

SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, Including an Amendment of SFAS No. 115

In February 2007, the FASB issued SFAS No. 159, which permits companies to choose to measure at fair value many financial instruments and certain assets and liabilities that are not currently required to be measured at fair value on an instrument-by-instrument basis. Entities electing the fair value option were required to recognize changes in fair value in earnings and to expense upfront cost and fees associated with the item for which the fair value option is elected. SFAS No. 159 was effective as of the beginning of our 2008 fiscal

Excise Taxes

Excise taxes imposed on us are reflected on Missouri electric, Missouri gas, and Illinois gas customer bills. They are recorded gross in Operating Revenues and Taxes Other than Income Taxes on the statement of income. Excise taxes reflected on Illinois electric customer bills are imposed on the consumer and are therefore not included in revenues and expenses. They are recorded as tax collections payable and included in Taxes Accrued. The following table presents excise taxes recorded in Operating Revenues and Taxes Other than Income Taxes for the three months ended March 31, 2008 and 2007:

	Three Months	
	2008	2007
Ameren	\$ 49	\$ 42
UE	25	23
CIPS	6	5
CILCORP	5	4
CILCO	5	4
IP	13	11

UE submitted a filing to the MoPSC in November 2007 requesting that operations and maintenance expenses UE incurred as a result of a severe ice storm in January 2007 be deferred as a regulatory asset and, if approved, be amortized over five years beginning with the effective date of electric rates approved in UE's next rate proceeding. UE incurred \$25 million of operations and maintenance expenses in the first quarter of 2007 as a result of the January storm. In January 2008, the MoPSC staff recommended that the MoPSC grant UE's request with the amortization to commence on January 15, 2007. On April 30, 2008, the MoPSC issued an accounting order that will give UE the ability to seek direct recovery of, and record as a regulatory asset, all or a portion of these storm costs. The appropriate amount to be amortized and the start date of the amortization will be decided in UE's rate case filed in April 2008. We are currently evaluating this order. UE may record a regulatory asset in the second quarter of 2008 representing the minimum amount of its storm costs that it expects to recover as a result of this order.

Illinois

Electric and Natural Gas Delivery Service Rate Cases

CIPS, CILCO and IP filed requests with the ICC in November 2007 to increase their annual revenues for electric delivery service by \$180 million in the aggregate (CIPS - \$31 million, CILCO - \$10 million and IP - \$139 million). The Ameren Illinois Utilities pledged in 2007 to keep the overall residential electric bill increase to less than 10% for each utility in their next rate filings. These filings are consistent with that pledge. Accordingly, the requested rate increase for IP residential customers is to be capped at the 10% increase level in the first year of the increase, even if the final

Illinois Electric Settlement Agreement

In 2007, an agreement was reached among key stakeholders in Illinois to avoid rate rollback and freeze legislation and legislation that would impose a tax on electric generation and to address the increase in electric rates and the future power procurement process in Illinois. The terms of the agreement include a comprehensive rate relief and customer assistance program. The Illinois electric settlement agreement provides approximately \$1 billion of funding for rate relief for certain electric customers in Illinois, including approximately \$488 million to customers of the Ameren Illinois Utilities. Pursuant to the Illinois electric settlement agreement, the Ameren Illinois Utilities, Genco and AERG agreed to make aggregate contributions of \$150 million over a four-year period, with \$60 million coming from the Ameren Illinois Utilities (CIPS - \$21 million; CILCO - \$11 million; IP - \$28 million), \$62 million from Genco, and \$28 million from AERG. See Note 9 – Commitments and Contingencies for information on the remaining contributions to be made as of March 31, 2008.

The Ameren Illinois Utilities, Genco and CILCO (AERG) will recognize in their financial statements the costs of their

In a separate proceeding filed with FERC in March 2008, UE joined the other MISO transmission owners (including CIPS, CILCO and IP) and the MISO in proposing a mechanism to implement the tariff changes approved in the February 2008 order. In joining this proposal, UE preserved its right to continue to pursue its arguments in the underlying proceeding, including UE's pending request for rehearing.

As required by the MoPSC, UE filed a study in November 2007 with the MoPSC evaluating the costs and benefits of UE's participation in MISO. UE's filing noted that there were a number of uncertainties associated with the cost-benefit study, including issues associated with the UE-MISO service agreement discussed above. If some of these uncertainties are ultimately resolved in a manner adverse to UE, it could call into question whether it is cost-effective for UE to remain in MISO. UE has advised MISO of its intent to withdraw from MISO as of December 31, 2008, in order to preserve the option to withdraw based on the outcome of the pending MoPSC proceeding. It is uncertain when or how the MoPSC will rule on UE's MISO cost-benefit study or, if UE were to withdraw from MISO, what the effect of such a withdrawal would be on UE.

As of March 31, 2008, the ratios of total indebtedness to total consolidated capitalization, calculated in accordance with the provisions of the \$1.15 billion credit facility, for Ameren, UE and Genco was 53%, 49% and 46%, respectively. The ratios for CIPS, CILCORP, CILCO, IP and AERG, calculated in accordance with the provisions of the 2007 \$500 million credit facility and 2006 \$500 million credit facility, were 53%, 57%, 44%, 48% and 43%, respectively.

None of Ameren's credit facilities or financing arrangements contain credit rating triggers that would cause an event of default or acceleration of repayment of outstanding balances. At March 31, 2008, the Ameren Companies were in compliance with their credit facility provisions and covenants.

Money Pools

Ameren has money pool agreements with and among its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. Separate money pools

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CIPS

In April 2008, \$35 million of CIPS' Series 2004 auction-rate environmental improvement revenue refunding bonds were redeemed at par value plus accrued interest.

Genco

In April 2008, Genco issued \$300 million of 7.00% senior unsecured notes due April 15, 2018, with interest payable semiannually on April 15 and October 15 of each year, beginning in October 2008. Genco received net proceeds of \$298 million, which are being used to fund future capital expenditures, repay short-term debt and for general corporate purposes.

CILCORP

In conjunction with Ameren's acquisition of CILCORP, CILCORP's long-term debt was recorded at fair value. Amortization related to these fair value adjustments was \$1 million (2007 - \$1 million) for the three months ended March 31, 2008, and was included as a reduction to interest expense in the Consolidated Statements of Income of Ameren and CILCORP. See Note 4 – Credit Facilities and Liquidity in the Form 10-K regarding CILCORP's pledge of the common stock of CILCO as security for its obligations under the 2007 \$500 million credit facility and the 2006 \$500 million credit facility.

CILCO

In April 2008, \$19 million of CILCO's Series 2004 auction-rate environmental improvement revenue refunding bonds were redeemed at par value plus accrued interest.

IP

In conjunction with Ameren's acquisition of IP, IP's long-term debt was recorded at fair value. Amortization related to these fair value adjustments was \$3 million (2007 - \$3 million) for the three months ended March 31, 2008, and was included as a reduction to interest expense in the Consolidated Statements of Income of Ameren and IP.

In April 2008, IP issued and sold, with registration rights in a private placement, \$337 million of 6.25% senior secured notes due April 1, 2018, with interest payable semiannually on April 1 and October 1 of each year, beginning in October 2008. IP received net proceeds of \$334 million, which will be used to redeem all of IP's outstanding auction-rate-pollution control revenue refunding bonds during May and June 2008. In connection with IP's April 2008 issuance of \$337 million of senior secured notes, IP agreed, for so long as these senior secured notes are outstanding, that it will not, prior to maturity, cause a first mortgage bond release date to occur. The mortgage bond release date is the date at which the security provided by the pledge under IP's first mortgage indenture would no longer be available to holders of any outstanding series of its senior secured notes and such indebtedness would become senior unsecured indebtedness.

Indenture Provisions and Other Covenants

The information below presents a summary of the Ameren Companies' compliance with indenture provisions and other covenants. See Note 5 – Long-term Debt and Equity Financings in the Form 10-K, for a detailed description of those provisions.

UE's, CIPS', CILCO's and IP's indentures and articles of incorporation include covenants and provisions related to the issuances of first mortgage bonds and preferred stock. The following table includes the required and actual earnings coverage ratios for interest charges and preferred dividends and bonds and preferred stock issuable based on the 12 months ended March 31, 2008, at an assumed interest and dividend rate of 7%.

	Required Interest Coverage Ratio(a)	Actual Interest Coverage Ratio	Bonds(b) Issuable	Required Dividend Coverage Ratio(c)	Actual Dividend Coverage Ratio	Preferred Stock Issuable
UE	≥ 2.0	4.0	\$ 2,270	≥ 2.5 ≥ 1.5	53.3	\$ 1,725
CIPS	≥ 2.0	1.4	-	≥ 2.5	1.1	-
CILCO	≥ 2.0(d)	14.1	108	≥ 1.5	40.7	404(e)
IP	≥ 2.0	2.9	339		1.1	-

- (a) Coverage required on the annual interest charges on first mortgage bonds outstanding and to be issued. Coverage is not required in certain cases when additional first mortgage bonds are issued on the basis of retired bonds.
- (b) Amount of bonds issuable based on either meeting required coverage ratios or unfunded property additions, whichever is more restrictive. In addition to these tests, UE, CIPS, CILCO and IP have the ability to issue bonds based upon retired bond capacity of \$15 million, \$3 million, \$175 million and \$664 million, respectively, for which no earnings coverage test is required.
- (c) Coverage required on the annual interest charges on all long-term debt (CIPS only) and the annual dividend on preferred stock outstanding and to be issued, as required in the respective company's articles of incorporation. For

CILCORP:

Miscellaneous income:			
Interest income	\$	-	\$ 2
Total miscellaneous income	\$	-	\$ 2

Miscellaneous expense:

Other	\$	-	\$ (1)
Total miscellaneous expense	\$	-	\$ (1)

CILCO:

Miscellaneous income:			
Interest income	\$	-	\$ 1
Total miscellaneous income	\$	-	\$ 1

Miscellaneous expense:

Other	\$	-	\$ (1)
Total miscellaneous expense	\$	-	\$ (1)

Level 1: Inputs based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities primarily include exchange-traded derivatives and assets such as U.S. treasury securities and listed equity securities, which are held in UE's Nuclear Decommissioning Trust Fund.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Level 2 assets and liabilities include certain assets held in UE's Nuclear Decommissioning Trust Fund, including corporate bonds and other fixed income securities, and certain over-the-counter derivative instruments, including natural gas swaps. Derivative instruments classified as Level 2 are valued using corroborated observable inputs including from pricing services or prices from similar instruments that trade in liquid markets.

Level 3: Unobservable inputs that are not corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs. Level 3 assets and liabilities include derivative instruments that trade in less liquid markets where pricing is largely unobservable, including the financial contracts entered into between the Ameren Illinois Utilities and Marketing Company as part of the Illinois electric settlement agreement. We value Level 3 instruments using pricing models with inputs, which are often unobservable in the market, and certain internal assumptions.

We perform an analysis each quarter to determine the appropriate hierarchy level of the assets and liabilities that are subject to SFAS No. 157. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All assets and liabilities where the fair value measurement is based on significant unobservable inputs are classified as Level 3.

We consider nonperformance risk in our valuation of derivative instruments by analyzing the credit standing of

Also in December 2006, AERG and Marketing Company entered into a power supply agreement (AERG PSA) whereby AERG agreed to sell and Marketing Company to purchase all of the capacity available from AERG's generation fleet and all the associated energy. On March 28, 2008, AERG and Marketing Company entered into an amendment, effective immediately, of the AERG PSA that is substantially identical to the amendment to the Genco PSA described above. Under the amendment, AERG will be liable to Marketing Company in the event of an unplanned outage or derate (reduction in rated capacity) due to sudden, unanticipated failure or accident within the generating plant site of one or more of its generating units. AERG's liability in such case will be for the positive difference, if any, between the market price of capacity and/or energy AERG does not deliver and the contract price under the AERG PSA for that capacity and/or energy. AERG has insurance with an affiliate company that covers many but not all of these situations, subject to deductibles and policy limits. An unplanned outage or derate that continues for one year or more is an event of default under the AERG PSA. In the event of Marketing Company's unexcused failure to receive energy under the AERG PSA, Marketing Company would be required to pay AERG, the positive difference, if any, between the contract price and the price actually received by AERG, acting in a commercially reasonable manner, to resell the unreceived energy, less any reasonable related transmission, ancillary service, or brokerage costs.

One-third of the Ameren Illinois Utilities' supply contracts that serve the load needs of their fixed-price

residential and small commercial customers expire on May 31, 2008. To replace a portion of these expiring supply contracts, the Ameren Illinois Utilities used request-for-proposal (RFP) processes in early 2008, pursuant to the Illinois electric settlement agreement, to contract for the necessary power and energy requirements for the period from June 1, 2008 through May 31, 2009. Marketing Company was a winning supplier in the Ameren Illinois Utilities' energy and capacity RFPs. Marketing Company entered into financial instruments, which will fix the price that the Ameren Illinois Utilities will pay for approximately 2 million megawatthours at approximately \$60 per megawatthour. Marketing Company also contracted to supply a portion of the Ameren Illinois Utilities capacity for approximately \$6 million. In addition, UE contracted to supply a portion of the Ameren Illinois Utilities capacity for approximately \$1 million.

In April 2008, the Ameren Illinois Utilities filed with FERC an electric resource sharing agreement for capacity. The purpose of the agreement is to allocate among the Ameren Illinois Utilities, in an equitable manner, the costs of acquiring their joint capacity needs. The Ameren Illinois Utilities requested that FERC accept the agreement effective June 1, 2008.

Intercompany Transfers

On January 1, 2008, UE transferred its interest in Union Electric Development Corporation at book value to Ameren by means of a \$3 million dividend-in-kind. On March 31, 2008, Union Electric Development Corporation was merged into Ameren Development Company, with Ameren Development Company surviving the merger.

On February 29, 2008, UE contributed its entire 40% ownership interest in EEI at book value to Resources Company valued at \$39 million, in exchange for a 50% interest in Resources Company, and then immediately transferred its interest in Resources Company to Ameren by means of a \$39 million dividend-in-kind. Also on February 29, 2008, Development Company, which formerly held a 40% ownership interest in EEI, merged into Ameren Energy Resources Company, which then merged into Resources Company. As a result, Resources Company now has an 80% ownership interest in EEI and consolidates it accordingly.

Money Pools

See Note 3 - Credit Facilities and Liquidity for a discussion of affiliate borrowing arrangements.

Intercompany Borrowings

Genco's subordinated note payable to CIPS associated with the transfer in 2000 of CIPS' electric generating assets and related liabilities to Genco matures on May 1, 2010. Interest income and expense for this note recorded by CIPS and Genco, respectively, was \$2 million for the three months ended March 31, 2008 (2007 - \$3 million).

CILCORP had outstanding borrowings directly from Ameren of \$3 million and zero at March 31, 2008 and March 31, 2007, respectively. The average interest rate on these borrowings was 4.4% for the three months ended March 31, 2008 (2007 - 6.1%). CILCORP recorded interest expense of less than \$1 million for these borrowings for the three months ended March 31, 2008 (2007 - \$1 million).

UE had outstanding borrowings directly from Ameren of \$122 million and zero at March 31, 2008 and March 31, 2007, respectively. The average interest rate on these borrowings was 3.3% for the three months ended March 31, 2008. UE recorded interest expense of less than \$1 million for these borrowings for the three months ended March 31, 2008 (2007 - \$1 million).

The following table presents the impact on UE, CIPS, Genco, CILCORP, CILCO, and IP of related party transactions for the three months ended March 31, 2008 and 2007. It is based primarily on the agreements discussed above and in

Note 12 - Related Party Transactions under Part II, Item 8 of the Form 10-K, and the money pool arrangements discussed in Note 3 - Credit Facilities and Liquidity of this report.

Agreement		UE	CIPS	Three Months		
				Genco	CILCORP(a)	IP
Operating Revenues:						
Genco and AERG power supply agreements with Marketing Company	2008	\$ (b)	\$ (b)	\$ 226	\$ 83	\$ (b)
	2007	(b)	(b)	211	72	(b)
Ancillary service agreement with CIPS,	2008	3	(b)	(b)	(b)	(b)
CILCO and IP	2007	4	(b)	(b)	(b)	(b)
UE and Genco gas transportation agreement	2008	(c)	(b)	(b)	(b)	(b)
	2007	(c)	(b)	(b)	(b)	(b)

Agreement		UE	CIPS	Three Months Genco	CILCORP(a)	IP
Total Operating						
Revenues	2008 \$	3 \$	(b) \$	226 \$	83 \$	(b)
	2007 4	(b)	211	72	(b)	
Fuel and						
Purchased						
Power:						
CIPS, CILCO						
and IP						
agreements with	2008 \$	(b) \$	41 \$	(b) \$	17 \$	53
Marketing						
Company (2006	2007 (b)	42	(b)	19	55	
auction)						
Ancillary service						
agreement with						
UE	2008 (b)	1	(b)	(c)	1	
	2007 (b)	1	(b)	1	2	
Ancillary service						
agreement with						
Marketing	2008 (b)	2	(b)	1	3	
Company	2007 (b)	1	(b)	(c)	1	
Executory tolling						
agreement with						
Medina Valley	2008 (b)	(b)	(b)	13	(b)	
	2007 (b)	(b)	(b)	12	(b)	
UE and Genco						
gas						
transportation	2008 (b)	(b)	(c)	(b)	(b)	
agreement	2007 (b)	(b)	(c)	(b)	(b)	
Total Fuel and						
Purchased Power	2008 \$	(b) \$	44 \$	(c) \$	31 \$	57
	2007 (b)	44	(c)	32	58	
Other Operating						
Expense:						
Ameren Services						
support services	2008 \$	33\$	12 \$	7\$	12 \$	18
agreement	2007 36	12	6	13	19	
Ameren Energy, Inc.	2008 (e)	(b)	(e)	(b)	(b)	
support						

in Illinois.

In February 2008, the U.S. Court of Appeals for the District of Columbia issued a decision that effectively vacated the federal Clean Air Mercury Rule. The court ruled that the EPA erred in the method used to remove electric generating units from the list of sources subject to the maximum available control technology requirements under the Clean Air Act. The court decision impacts the Missouri plan to implement the federal Clean Air Mercury Rule. The Illinois mercury rule will continue to be implemented and is not significantly impacted by the court decision. The EPA and a group representing the electric utility industry have filed petitions for rehearing. At this time, we are unable to determine the impact that this action would have on our estimated expenditures for compliance with environmental rules, our results of operations, financial position, or liquidity.

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to close some coal-fired facilities. Mandatory limits could have a material adverse impact on Ameren's, UE's, Genco's, AERG's and EEI's results of operations, financial position, or liquidity.

With regard to greenhouse gas regulation under existing law, in April 2007, the U.S. Supreme Court issued a decision that determined that the EPA has the authority to regulate CO₂ and other greenhouse gases from automobiles as "air pollutants" under the Clean Air Act. The Supreme Court sent the case back to the EPA, which must conduct a rulemaking process to determine whether greenhouse gas emissions contribute to climate change "which may reasonably be anticipated to endanger public health or welfare." As a result, the EPA could begin to regulate such emissions.

Ameren has taken actions to address the global climate issue. These include implementing efficiency improvements at our power plants; participating in the

regulatory requirements such as the Clean Air Interstate Rule and the Illinois mercury rules.

Remediation

We are involved in a number of remediation actions to clean up hazardous waste sites as required by federal and state law. Such statutes require that responsible parties fund remediation actions regardless of degree of fault, legality of original disposal, or ownership of a disposal site. UE, CIPS, CILCO and IP have each been identified by the federal or state governments as a potentially responsible party at several contaminated sites. Some of these sites involve facilities that were transferred by CIPS to Genco in May 2000 and facilities transferred by CILCO to AERG in October 2003. As part of each transfer, CIPS and CILCO have contractually agreed to indemnify Genco and AERG for remediation costs associated with preexisting environmental contamination at the transferred sites.

liability of \$2 million at March 31, 2008, included on their Consolidated Balance Sheets for the estimated cost of the remediation effort, which involves treating and discharging recycle-system water in order to address these groundwater and surface water issues.

In addition, our operations, or those of our predecessor companies, involve the use, disposal of and, in appropriate circumstances, the cleanup of substances regulated under environmental protection laws. We are unable to determine the impact these actions may have on our results of operations, financial position, or liquidity.

Polychlorinated Biphenyls Information Request

Polychlorinated biphenyls (PCBs) are a blend of chemical compounds that were historically used in a variety of industrial products because of their chemical and

Until litigation has been resolved and the insurance review is completed, among other things, we are unable to determine the total impact the breach may have on Ameren's and UE's results of operations, financial position, or liquidity beyond those amounts already recognized.

Mechanics' Liens

Approximately 20 mechanics' liens were filed by various subcontractors who provided labor or material for a 2007 planned maintenance outage at the Duck Creek facility of CILCO subsidiary, AERG. The total lien claim amount was \$26 million plus interest at March 31, 2008. In November 2007, the primary subcontractor on the project filed a complaint for foreclosure of its mechanic's lien of \$19 million plus interest against AERG in the Circuit Court of Fulton County, Illinois. AERG believes it has paid the general contractor the amount due in full (less a contract-allowed holdback of \$4 million), and since this arose out of a contract dispute between the general contractor and the primary subcontractor, AERG is currently considering its potential remedies against the general contractor. In February 2008, AERG filed its answer in the lawsuit denying the validity of the liens. At this time, we are unable

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The Ameren Companies believe that the final disposition of these proceedings will not have a material adverse effect on their results of operations, financial position, or liquidity.

NOTE 10 – CALLAWAY NUCLEAR PLANT

Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the permanent storage and disposal of spent nuclear fuel. The DOE currently charges one mill, or 1/10 of one cent, per nuclear-generated kilowatthour sold for future disposal of spent fuel. Pursuant to this act, UE collects one mill from its electric customers for each kilowatthour of electricity that it generates and sells from its Callaway nuclear plant. Electric utility rates charged to customers provide for recovery of such costs. The DOE is not expected to have its permanent storage facility for spent fuel available until at least 2017. UE has sufficient installed storage capacity at its Callaway nuclear plant until 2020. It has the capability for additional storage capacity through the licensed life of the plant. The delayed availability of the DOE's disposal facility is not expected to adversely affect the continued operation of the Callaway nuclear plant through its currently licensed life.

Electric utility rates charged to customers provide for the recovery of the Callaway nuclear plant's decommissioning costs, which include decontamination, dismantling, and site restoration costs, over an assumed 40-year life of the plant, ending with the expiration of the plant's operating license in

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Genco:			
Net income	\$	46	\$ 43
Unrealized net (loss) on derivative hedging instruments, net of taxes (benefit) of \$(4) and \$(1), respectively		(6)	(2)
Adjustment to pension and benefit obligation, net of taxes (benefit) of \$(2) and \$-, respectively		3	1
Total comprehensive income, net of taxes	\$	43	\$ 42
CILCORP:			
Net income	\$	20	\$ 21
Unrealized net gain on derivative hedging instruments, net of taxes of \$- and \$2, respectively		-	3
Reclassification adjustments for derivative (gain) included in net income, net of taxes of \$1 and \$2, respectively		(1)	(3)
Adjustment to pension and benefit obligation, net of taxes (benefit) of \$(1) and \$-, respectively		-	1
Total comprehensive income, net of taxes	\$	19	\$ 22
CILCO:			
Net income	\$	26	\$ 27
Unrealized net gain on derivative hedging instruments, net of taxes of \$- and \$2, respectively		-	3
Reclassification adjustments for derivative (gain) included in net income, net of taxes of \$- and \$2, respectively		-	(3)
Total comprehensive income, net of taxes	\$	26	\$ 27
IP:			
Net income	\$	3	\$ 15
Total comprehensive income, net of taxes	\$	3	\$ 15

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

NOTE 12 – RETIREMENT BENEFITS

Ameren's pension plans are funded in compliance with income tax regulations and federal funding requirements. In May 2007, the MoPSC issued an electric rate order for UE that allows UE to recover through customer rates pension expense incurred under GAAP. Ameren expects to fund its pension plans at a level equal to the pension expense. Based on Ameren's assumptions at December 31, 2007, and reflecting this pension funding policy, Ameren expects annual contributions of \$40 million to \$70 million in each of the next five years. These amounts are estimates and may change with actual stock market performance, changes in interest rates, any pertinent changes in government regulations, and any voluntary contributions. Our policy for postretirement benefits is primarily to fund the Voluntary Employee Beneficiary Association trusts to match the annual postretirement expense.

The following table presents the components of the net periodic benefit cost for our pension and postretirement benefit plans for the three months ended March 31, 2008 and 2007:

	Pension Benefits(a)		Postretirement Benefits(a)	
	Three Months		Three Months	
	2008	2007	2008	2007
Service cost	\$ 15	\$ 16	\$ 5	\$ 6
Interest cost	47	45	19	19
Expected return on plan assets	(53)	(52)	(14)	(13)
Amortization of:				
Transition obligation	-	-	-	-
Prior service cost (benefit)	3	3	(2)	(2)
Actuarial loss	1	6	4	7
Net periodic benefit cost	\$ 13	\$ 18	\$ 12	\$ 17

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries.

UE, CIPS, Genco, CILCORP, CILCO and IP are participants in Ameren's plans and are responsible for their proportional share of the pension and postretirement costs. The following table presents the pension costs and the postretirement benefit costs incurred for the three months ended March 31, 2008 and 2007:

	Pension Costs		Postretirement Costs	
	Three Months		Three Months	
	2008	2007	2008	2007
Ameren(a)	\$ 13	\$ 18	\$ 12	\$ 17
UE	9	10	6	9
CIPS	2	2	1	2
Genco	1	1	1	1
CILCORP	-	3	1	2
IP	1	2	3	3

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries.

NOTE 13 – SEGMENT INFORMATION

Ameren has three reportable segments: Missouri Regulated, Illinois Regulated and Non-rate-regulated Generation. The Missouri Regulated segment for Ameren includes all the operations of UE's business as described in Note 1 – Summary of Significant Accounting Policies, except for UE's 40% interest in EEI and other non-rate regulated activities, which are included in Other. UE's interest in EEI was transferred to Resources Company on February 29,

2008. The Illinois Regulated segment for Ameren consists of the regulated electric and gas transmission and distribution businesses of CIPS, CILCO, and IP, as described in Note 1 – Summary of Significant Accounting Policies. The Non-rate-regulated Generation segment for Ameren consists primarily of the operations or activities of Genco, the CILCORP parent company, AERG, EEI, and Marketing Company. The category called Other primarily includes Ameren parent company activities and the leasing activities of CILCORP, AERG, Resources Company, and CIPSCO Investment Company. CIPSCO Investment Company was eliminated on March 31, 2008, through an internal reorganization.

UE has one reportable segment: Missouri Regulated. The Missouri Regulated segment for UE includes all the operations of UE's business as described in Note 1 – Summary of Significant Accounting Policies, except for UE's 40% interest in EEI and other non-rate-regulated activities, which are included in Other.

CILCORP and CILCO have two reportable segments: Illinois Regulated and Non-rate-regulated Generation. The Illinois Regulated segment for CILCORP and CILCO consists of the regulated electric and gas transmission and distribution businesses of CILCO. The Non-rate-regulated Generation segment for CILCORP and CILCO consists of the generation

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business of AERG. For CILCORP and CILCO, Other comprises parent company activity and minor activities not reported in the Illinois Regulated or Non-rate-regulated Generation segments for CILCORP.

The following table presents information about the reported revenues and specified items included in net income of Ameren for the three months ended March 31, 2008 and 2007, and total assets as of March 31, 2008 and December 31, 2007.

Three Months	Missouri Regulated	Illinois Regulated	Non-rate-regulated Generation	Other	Intersegment Eliminations	Consolidated
2008:						
External revenues	\$ 715	\$ 1,046	\$ 316	\$ 2	\$ -	\$ 2,079
Intersegment revenues	9	11	132	4	(156)	-
Net income (loss)(a)	52	16	78	(8)	-	138
2007:						
External revenues	\$ 638	\$ 1,059	\$ 318	\$ 9	\$ -	\$ 2,024
Intersegment revenues	12	7	133	10	(162)	-
Net income(a)	18	33	70	2	-	123
As of March 31, 2008:						
Total assets	\$ 10,762	\$ 6,333	\$ 4,184	\$ 897	\$ (1,418)	\$ 20,758
As of December 31, 2007:						
Total assets	\$ 10,852	\$ 6,385	\$ 4,027	\$ 965	\$ (1,501)	\$ 20,728

(a) Represents net income available to common shareholders; 100% of CILCO's preferred stock dividends are included in the Illinois Regulated segment.

The following table presents information about the reported revenues and specified items included in net income of UE for the three months ended March 31, 2008 and 2007, and total assets as of March 31, 2008 and December 31, 2007.

Three Months	Missouri Regulated	Other (a)	Consolidated UE
2008:			
Revenues	\$ 724	\$ -	\$ 724
Net income(b)	52	11	63
2007:			
Revenues	\$ 650	\$ -	\$ 650
Net income(b)	18	14	32
As of March 31, 2008:			
Total assets	\$ 10,762	\$ -	\$ 10,762
As of December 31, 2007:			
Total assets	\$ 10,852	\$ 51	\$ 10,903

(a) Included 40% interest in EEI through February 29, 2008.

(b) Represents net income available to the common shareholder (Ameren).

The following table presents information about the reported revenues and specified items included in net income of CILCORP for the three months ended March 31, 2008 and 2007, and total assets as of March 31, 2008 and December 31, 2007.

Three Months	Illinois Regulated	Non-rate-regulated Generation	CILCORP Other	Intersegment Eliminations	Consolidated CILCORP
2008:					
External revenues	\$ 266	\$ 79	\$ -	\$ -	\$ 345
Intersegment revenues	-	1	-	(1)	-
Net income(a)	12	8	-	-	20
2007:					
External revenues	\$ 239	\$ 76	\$ -	\$ -	\$ 315
Intersegment revenues	-	1	-	(1)	-
Net income(a)	8	13	-	-	21
As of March 31, 2008:					
Total assets(b)	\$ 1,200	\$ 1,502	\$ 2	\$ (191)	\$ 2,513
As of December 31, 2007:					
Total assets(b)	\$ 1,202	\$ 1,455	\$ 1	\$ (199)	\$ 2,459

(a) Represents net income available to the common shareholder (Ameren); 100% of CILCO's preferred stock dividends are included in the Illinois Regulated segment.

(b) Total assets for Illinois Regulated include an allocation of goodwill and other purchase accounting amounts related to CILCO that are recorded at CILCORP (parent company).

The following table presents information about the reported revenues and specified items included in net income of CILCO for the three months ended March 31, 2008 and 2007, and total assets as of March 31, 2008 and December 31, 2007.

Three Months	Illinois Regulated	Non-rate-regulated Generation	CILCO Other	Intersegment Eliminations	Consolidated CILCO
2008:					
External revenues	\$ 266	\$ 79	\$ -	\$ -	\$ 345
Intersegment revenues	-	1	-	(1)	-
Net income(a)	12	14	-	-	26
2007:					
External revenues	\$ 239	\$ 76	\$ -	\$ -	\$ 315
Intersegment revenues	-	1	-	(1)	-
Net income(a)	8	19	-	-	27
As of March 31, 2008:					
Total assets	\$ 1,011	\$ 919	\$ -	\$ (1)	\$ 1,929
As of December 31, 2007:					
Total assets	\$ 1,012	\$ 859	\$ -	\$ (9)	\$ 1,862

(a) Represents net income available to the common shareholder (CILCORP); 100% of CILCO's preferred stock dividends are included in the Illinois Regulated segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

Ameren Executive Summary

Ameren's earnings in the first quarter of 2008 exceeded its earnings in the 2007 comparable period principally because of the net impact of the following items:

- Severe ice storms reduced Ameren's first quarter 2007 net income by \$18 million.
- A FERC order that resettled costs among market participants, retroactive to 2005, reduced Ameren's first quarter 2007 net income by \$10 million.
- The net costs associated with the Illinois electric settlement agreement reduced Ameren net income by \$6 million in the first quarter of 2008, while the reversal of a 2006 charge related to funding commitments for the Illinois Customer Elect electric rate increase phase-in plan benefited first quarter 2007 net income by \$10 million.
- Net mark-to-market gains from nonqualifying hedges increased Ameren's first quarter 2008 net income by \$10 million, as compared to losses of \$4 million in the first quarter of 2007.

Excluding these items, Ameren's earnings in the first quarter of 2008 were below its earnings in the same period in 2007 principally because of higher fuel prices, increased distribution system reliability spending and the impact of electric rate redesign in Illinois. In late 2007, the ICC authorized redesigned electric rates to reduce seasonal fluctuations for residential customers who use electricity to heat their homes. The effect of these redesigned rates will shift some revenues from winter to summer months with no impact on full-year earnings. The earnings impact of these unfavorable items was reduced by, among other things, improved generation levels, higher power sales prices, the

impact of colder weather on natural gas and power demand, and the benefit of the 2007 Missouri electric and natural gas rate orders.

Rising costs, coupled with significant levels of investment in Ameren's Illinois and Missouri regulated business segments, continued to negatively impact the earnings of these segments. This is because current utility rate levels are not sufficient to recover costs and provide reasonable returns. To address this issue, rate adjustment requests have been filed by all of Ameren's utilities. In November 2007, electric and gas delivery service rate adjustment requests were filed in Illinois for CIPS, CILCO and IP, which, as amended, requested a total annual increase in revenues of \$220 million in the aggregate. In April 2008, a \$251 million electric rate increase request was filed in Missouri by UE. These cases are progressing, and final decisions are expected by the end of September 2008 for the Illinois rate cases and by March 2009 for the Missouri rate case. Achieving constructive regulatory outcomes in these cases is critical to UE's, CIPS', CILCO's and IP's ability to invest in their energy infrastructure in order to meet customers' expectations and deliver safe reliable service.

Since the beginning of 2008, UE, Genco, and IP have been very active in the capital markets as nearly \$900 million of debt has been issued to refinance outstanding insured auction-rate tax-exempt bonds and short-term debt as well as to fund construction programs. Early this year the insured auction-rate tax-exempt securities market effectively collapsed. UE and the Ameren Illinois Utilities moved quickly to obtain the necessary regulatory approvals to refinance \$621 million of their \$828 million insured auction-rate tax-exempt debt outstanding at March 31, 2008. The remaining

\$207 million of auction-rate securities currently have reasonable interest rates in the event of a related auction failure.

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005 administered by FERC. Ameren's primary assets are the common stock of its subsidiaries. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets and liabilities. These subsidiaries operate rate-regulated electric generation, transmission and distribution businesses, rate-regulated natural gas transmission and distribution businesses, and non-rate-regulated electric generation businesses in Missouri and Illinois, as discussed below. Dividends on Ameren's common stock are dependent on distributions made to it by its subsidiaries. Ameren's principal subsidiaries are listed below.

- UE operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri.
 - CIPS operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.
 - Genco operates a non-rate-regulated electric generation business.
- CILCO, a subsidiary of CILCORP (a holding company), operates a rate-regulated electric and natural gas transmission and distribution business and a non-rate-regulated electric generation business (through its subsidiary, AERG) in Illinois.
 - IP operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.

In addition to presenting results of operations and earnings amounts in total, we present certain information in cents per share. These amounts reflect factors that directly affect Ameren's earnings. We believe this per share information helps readers to understand the impact of these factors on Ameren's earnings per share. All references in this report to earnings per share are based on average diluted common shares outstanding during the applicable period. All tabular dollar amounts are in millions, unless otherwise indicated.

RESULTS OF OPERATIONS

Earnings Summary

Our results of operations and financial position are affected by many factors. Weather, economic conditions, and the actions of key customers or competitors can significantly affect the demand for our services. Our results are also affected by seasonal fluctuations: winter heating and summer cooling demands. The vast majority of Ameren's revenues are subject to state or federal regulation. This regulation has a material impact on the price we charge for our services. Non-rate-regulated Generation sales are also subject to market conditions for power. We principally use coal, nuclear fuel, natural gas, and oil in our operations. The prices for these commodities can fluctuate significantly due to the global economic and political environment, weather, supply and demand, and many other factors. We do not currently have a fuel and purchased power cost recovery mechanism in Missouri for our electric utility business. We do have natural gas cost recovery mechanisms for our Illinois and Missouri gas delivery businesses and purchased power cost recovery mechanisms for our Illinois electric delivery businesses. See Note 2 – Rate and Regulatory Matters to our financial statements under Part I, Item 1, for a discussion of pending rate cases and the Illinois electric settlement agreement. Fluctuations in interest rates affect our cost of borrowing and our pension and postretirement benefits costs. We employ various risk management strategies to reduce our exposure to commodity risk and other risks inherent in our business. The reliability of our power plants and transmission and distribution systems, the level of purchased power costs, operating and administrative costs, and capital investment are key factors that we seek to control to optimize our results of operations, financial position, and liquidity.

Ameren's net income increased to \$138 million, or 66 cents per share, in the first quarter of 2008 from \$123 million, or 59 cents per share, in the first quarter of 2007. Net income increased in the Missouri Regulated and Non-rate-regulated

Generation segments by \$34 million and \$8 million, respectively, in the first three months of 2008 compared to the prior-year period, while net income in the Illinois Regulated segment decreased by \$17 million from the same period in 2007.

Earnings were favorably impacted in the first quarter of 2008 as compared with the same period in 2007 by:

- increased plant availability and margins on interchange sales in the Missouri Regulated segment;
 - increased plant availability in the Non-rate-regulated Generation segment;
- the absence of costs in 2008 that were incurred in January 2007 associated with electric outages caused by a severe ice storm (9 cents per share);
 - net mark-to-market gains on energy and fuel-related transactions (7 cents per share);
- higher electric rates, lower depreciation expense and decreased income tax expense in the Missouri Regulated segment pursuant to the MoPSC electric rate order for UE issued in May 2007 (6 cents per share);
- the absence of costs in 2008 that were incurred in 2007 as a result of a March 2007 FERC order that resettled costs among market participants retroactive to 2005 (5 cents per share); and

- favorable weather conditions (estimated at 3 cents per share).

Earnings were negatively impacted in the first quarter of 2008 as compared with the same period in 2007 by:

- higher fuel and related transportation prices (9 cents per share);
 - increased distribution system reliability expenditures (6 cents per share);
- the absence in 2008 of the reversal, recorded in 2007, of the Illinois Customer Elect electric rate increase phase-in plan accrual (5 cents per share);
- the implementation of new seasonal delivery service tariffs at the Ameren Illinois Utilities, which will have no impact on total annual revenues (5 cents per share); and
- electric rate relief and customer assistance programs provided to certain Ameren Illinois Utilities electric customers under the Illinois electric settlement agreement (3 cents per share).

The cents per share information presented above is based on average shares outstanding in the first quarter of 2007.

Because it is a holding company, Ameren's net income and cash flows are primarily generated by its principal subsidiaries: UE, CIPS, Genco, CILCORP and IP. The following table presents the contribution by Ameren's principal subsidiaries to Ameren's consolidated net income for the three months ended March 31, 2008 and 2007:

	Three Months	
	2008	2007
Net income:		
UE(a)	\$ 63	\$ 32
CIPS	2	11
Genco	46	43
CILCORP	20	21
IP	2	14
Other(b)	5	2
Ameren net income	\$ 138	\$ 123

(a) Includes earnings from a non-rate-regulated 40% interest in EEI through February 29, 2008.

(b) Includes earnings from non-rate-regulated operations and an 80% interest in EEI held by Resources Company since February 29, 2008, as well as corporate general and administrative expenses, and intercompany eliminations. Prior to February 29, 2008, included a 40% interest in EEI held by Development Company, as well as corporate general and administrative expenses and intercompany eliminations.

Below is a table of income statement components by segment for the three months ended March 31, 2008 and 2007:

	Missouri	Illinois	Non-rate-regulated	Other /	Total
	Regulated	Regulated	Generation	Intersegment Eliminations	
Three Months 2008:					
Electric margin	\$ 441	\$ 178	\$ 272	\$ (13)	\$ 878
Gas margin	28	126	-	(1)	153
Other operations and maintenance	(217)	(143)	(78)	15	(423)
Depreciation and amortization	(81)	(60)	(28)	(7)	(176)
Taxes other than income taxes	(60)	(43)	(8)	(2)	(113)

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Other income	12	4	1	-	17
Interest expense	(41)	(35)	(21)	(3)	(100)
Income taxes	(29)	(9)	(52)	3	(87)
Minority interest and preferred dividends	(1)	(2)	(8)	-	(11)
Net income					
(loss)	\$ 52	\$ 16	\$ 78	\$ (8)	\$ 138
Three Months 2007:					
Electric margin	\$ 408	\$ 179	\$ 250	\$ (10)	\$ 827
Gas margin	27	115	-	(2)	140
Other revenues	1	2	-	(3)	-
Other operations and maintenance	(223)	(121)	(68)	23	(389)
Depreciation and amortization	(87)	(60)	(27)	(9)	(183)
Taxes other than income taxes	(57)	(36)	(8)	(1)	(102)
Other income and (expenses)	9	3	1	(2)	11
Interest expense	(48)	(29)	(25)	2	(100)
Income taxes	(11)	(18)	(46)	4	(71)
Minority interest and preferred dividends	(1)	(2)	(7)	-	(10)
Net income	\$ 18	\$ 33	\$ 70	\$ 2	\$ 123

Margins

The following table presents the favorable (unfavorable) variations in the registrants' electric and gas margins for the three months ended March 31, 2008, compared with the same period in 2007. Electric margins are defined as electric revenues less fuel and purchased power costs. Gas margins are defined as gas revenues less gas purchased for resale. We consider electric, interchange and gas margins useful measures to analyze the change in profitability of our electric and gas operations between periods. We have included the analysis below as a complement to the financial information we provide in accordance with GAAP. However, these margins may not be a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information we provide elsewhere in this report.

Three Months	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP
Electric revenue change:							
Effect of weather (estimate)	\$ 4	\$ 1	\$ 1	\$ -	\$ 1	\$ 1	\$ 1
UE electric rate increase	9	9	-	-	-	-	-
Interchange revenues, excluding estimated weather impact of \$(3) million							
	32	32	-	-	-	-	-
Illinois electric settlement agreement - net of reimbursement							
	(11)	-	(2)	(4)	(3)	(3)	(2)
FERC-ordered MISO resettlements -							
March 2007	(13)	-	-	(8)	(4)	(4)	-
Illinois rate redesign	(38)	-	(14)	-	(6)	(6)	(18)
Net mark-to-market gains on energy contracts							
	12	4	-	-	-	-	-
Growth and other	9	22	(16)	-	26	26	(15)
Total electric revenue change	\$ 4	\$ 68	\$ (31)	\$ (12)	\$ 14	\$ 14	\$ (34)
Fuel and purchased power change:							
Fuel:							
Generation and other	\$ (19)	\$ (8)	\$ -	\$ (4)	\$ (5)	\$ (5)	\$ -
Emission allowance sales (costs)	-	(2)	-	1	1	1	-
Net mark-to-market gains on fuel contracts							
	11	6	-	5	1	1	-
Price	(31)	(18)	-	(9)	(2)	(2)	-
Purchased power	33	(26)	13	21	(8)	(8)	10
Illinois rate redesign	21	-	8	-	3	3	10
FERC-ordered MISO resettlements -							
March 2007	32	13	4	-	3	3	12
Total fuel and purchased power change	\$ 47	\$ (35)	\$ 25	\$ 14	\$ (7)	\$ (7)	\$ 32
Net change in electric margins	\$ 51	\$ 33	\$ (6)	\$ 2	\$ 7	\$ 7	\$ (2)

Net change in gas margins	\$	13	\$	1	\$	3	\$	-	\$	4	\$	4	\$	3
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(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

Ameren

Ameren's electric margin increased by \$51 million, or 6%, for the three months ended March 31, 2008, compared with the same period in 2007. The following items had a favorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- Net mark-to-market gains of \$23 million on energy and fuel-related transactions.
- An increase in margin on interchange sales of \$22 million due to a 12% increase in average sales prices and a 13% increase in sales volume supported by increased hydroelectric generation due to improved water levels.
- Increased plant availability, primarily in the Non-rate-regulated Generation segment. Ameren's baseload nuclear and coal-fired generating plants' average capacity and equivalent availability factors were approximately 82% and 88%, respectively, in the first quarter of 2008 compared with 79% and 86%, respectively, in the first quarter of 2007.
- Reduced net MISO purchased power costs of \$19 million due to the absence of the March 2007 FERC order that resettled costs in 2007 among market participants retroactive to 2005.
- Other MISO purchased power costs, excluding the effect of the March 2007 FERC order, declined \$16 million.
- UE's electric rate increase that went into effect June 4, 2007, which increased electric margin by an estimated \$9 million.
- Growth and other, including the effect of the 2008 leap year day.

The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- A 13% increase in fuel prices.

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- The implementation of new seasonal delivery service tariffs at the Ameren Illinois Utilities, effective January 2, 2008, decreased electric margin by \$17 million.
 - The Illinois electric settlement agreement, which reduced electric margin by \$11 million.

Ameren's gas margin increased by \$13 million, or 9%, for the three months ended March 31, 2008, compared with the same period in 2007 due primarily to favorable weather conditions as evidenced by an 11% increase in heating degree-days.

Missouri Regulated

UE

UE's electric margin increased \$33 million, or 8%, for the three months ended March 31, 2008, compared with the same period in 2007. The following items had a favorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- An increase in margin on interchange sales of \$22 million due to a 12% increase in average sales prices and a 13% increase in sales volume supported by increased hydroelectric generation due to improved water levels.
 - Reduced MISO purchased power costs of \$13 million due to the absence of the March 2007 FERC order.
 - Net mark-to-market gains of \$10 million on energy and fuel-related transactions.
- The electric rate increase that went into effect June 4, 2007, which increased electric margin by an estimated \$9 million.
 - Growth and other, including the effect of the 2008 leap year day.

The following items had an unfavorable impact on electric margin for the three months ended March 31, 2008, as compared to the year-ago period:

- A 14% increase in fuel prices.
 - Higher purchased power prices of \$7 million.
 - Reduced emission allowance sales of \$2 million.

UE's gas margin increased by \$1 million, or 4%, for the three months ended March 31, 2008, compared with the same period in 2007 due to the gas rate increase that went into effect in April 2007 and favorable weather conditions as evidenced by a 10% increase in heating-degree days.

Illinois Regulated

Illinois Regulated's electric margin decreased by \$1 million, or 1%, for the three months ended March 31, 2008, compared with the same period in 2007. Illinois Regulated's gas margin increased by \$11 million, or 10%, in the first quarter of 2008, compared with the same period in 2007.

CIPS

CIPS' electric margin decreased by \$6 million, or 10%, for the three months ended March 31, 2008, compared with the same period in 2007. The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- The implementation of new seasonal delivery service tariffs decreased electric margin by \$6 million.
 - The Illinois electric settlement agreement, which reduced electric margin by \$2 million.

These unfavorable variances were partially offset by reduced MISO purchased power costs of \$4 million due to the absence of the March 2007 FERC order.

CIPS' gas margin increased by \$3 million, or 11%, for the three months ended March 31, 2008, compared with the same period in 2007 primarily because of favorable weather conditions as evidenced by a 10% increase in heating degree-days.

CILCO (Illinois Regulated)

The following table provides a reconciliation of CILCO's change in electric margin by segment to CILCO's total change in electric margin for the three months ended March 31, 2008, as compared with the same period in 2007:

	Three Months
CILCO (Illinois Regulated)	\$ 7
CILCO (AERG)	-
Total change in electric margin	\$ 7

CILCO's (Illinois Regulated) electric margin increased by \$7 million, or 24%, for the three months ended March 31, 2008, compared to the same period in 2007 primarily as a result of reduced MISO purchased power costs of \$3 million due to the absence of the March 2007 FERC order.

The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- The implementation of new seasonal delivery service tariffs decreased electric margin by \$3 million.
 - The Illinois electric settlement agreement, which reduced electric margin by \$1 million.

See Non-rate-regulated Generation below for an explanation of CILCO's (AERG) change in electric margin for the three months ended March 31, 2008, as compared with the same period in 2007.

CILCO's (Illinois Regulated) gas margin increased by \$5 million, or 15%, for the three months ended March 31, 2008, compared with the same period in 2007 because of favorable weather conditions as evidenced by an 8% increase in heating degree-days and increased growth.

IP

IP's electric margin decreased by \$2 million, or 2%, for the three months ended March 31, 2008, compared with the same period in 2007. The following items had an unfavorable impact on electric margin for the first quarter of 2007 as compared to the year-ago period:

- The implementation of new seasonal delivery service tariffs decreased electric margin by \$8 million.
 - The Illinois electric settlement agreement, which reduced electric margin by \$2 million.

These unfavorable variances were partially offset by reduced MISO purchased power costs of \$12 million due to the absence of the March 2007 FERC order.

IP's gas margin increased by \$3 million, or 5%, for the three months ended March 31, 2008, compared with the same period in 2007 primarily because of favorable weather conditions as evidenced by a 13% increase in heating degree-days.

Non-rate-regulated Generation

Non-rate-regulated Generation's electric margin increased by \$22 million, or 9%, for the three months ended March 31, 2008, compared with the same period in 2007.

Genco

Genco's electric margin increased by \$2 million, or 1%, for the three months ended March 31, 2008, compared with the same period in 2007. The following items had a favorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- Increased plant availability. Genco's baseload coal-fired generating plants' average capacity and equivalent availability factors were 79% and 86%, respectively, in the first quarter of 2008 compared with 73% and 81%, respectively, in the first quarter of 2007.
 - MISO purchased power costs decreased \$3 million.
 - Replacement power cost insurance recoveries of \$6 million.
 - Net mark-to-market gains of \$5 million on fuel-related transactions.

The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- A 9% increase in fuel prices.
- Reduced MISO-related revenues of \$8 million due to the absence of the March 2007 FERC order.
 - The Illinois electric settlement agreement, which reduced electric margin by \$4 million.

CILCO (AERG)

For the three months ended March 31, 2008, AERG's electric margin was comparable with the same period in 2007. The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared with the year-ago period:

- A 10% increase in coal prices together with greater oil consumption during plant startups.
- Reduced MISO-related revenues of \$4 million due to the absence of the March 2007 FERC order.
- The Illinois electric settlement agreement, which reduced electric margin by \$2 million.

The following items had a favorable impact on electric margin for the first quarter of 2008 as compared to the year-ago period:

- Increased plant availability. AERG's baseload coal-fired generating plants' average capacity and equivalent availability factors were 72% and 77%, respectively, in the first quarter of 2008 compared with 62% and 70%, respectively, in the first quarter of 2007.
 - Emission allowance expenses decreased \$1 million.
 - Net mark-to-market gains of \$1 million on fuel-related transactions.

EEI

EEI's electric margin increased by \$11 million, or 16%, for the three months ended March 31, 2008, compared with the same period in 2007 primarily because of a 17% increase in the market price of power realized by EEI.

The following items had an unfavorable impact on electric margin for the first quarter of 2008 as compared with the year-ago period:

- An 8% increase in fuel prices.
- Decreased plant availability. EEI's baseload coal-fired generating plant's average capacity and equivalent availability factors were both 90% in the first quarter 2008 compared with 93% in the first quarter 2007.

Marketing Company

An increase in nonaffiliated net mark-to-market energy-related gains of \$8 million at Marketing Company for the three months ended March 31, 2008, compared with the first quarter of 2007 also contributed to Non-rate-regulated Generation's higher electric margin.

Operating Expenses and Other Statement of Income Items

Other Operations and Maintenance

Ameren

Other operations and maintenance expenses increased \$34 million in the first quarter of 2008 compared with the first quarter of 2007, primarily because of higher distribution system reliability expenditures of \$12 million, increased plant maintenance expenditures of \$5 million, due to outages at coal-fired plants, higher labor costs of \$5 million, and increased bad debt expense. Additionally, in the first quarter of 2007, a \$15 million accrual established in 2006 for contributions to assist customers through the Illinois Customer Elect electric rate increase phase-in plan was reversed due to the termination of the plan, with no similar item in the first quarter of 2008. This plan was replaced with the Illinois electric settlement agreement in August 2007.

The decreased impact of ice storms in the first quarter of 2008, as compared with the same period in 2007, reduced the effect of these unfavorable items. In January 2007, we experienced a severe ice storm in UE's and CIPS' service territories resulting in system repair expenditures of \$28 million, as compared with \$10 million in expenditures for minor storms in the first quarter of 2008, primarily in CIPS' service territory.

Variations in other operations and maintenance expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

UE's other operations and maintenance expenses decreased \$7 million in the first quarter of 2008 compared with the first quarter of 2007, primarily because of the decreased impact of ice storms in the first quarter of 2008 as compared with the same period in 2007. Storm repair expenditures in the first quarter of 2008 were \$4 million as compared with repair expenditures of \$25 million in the first quarter of 2007. Reducing the benefit of decreased storm expenditures were increased distribution system reliability expenditures of \$6 million and higher labor and employee benefit costs in the first quarter of 2008.

Illinois Regulated

Other operations and maintenance expenses increased \$22 million in the Illinois Regulated segment in the three months ended March 31, 2008, compared with the same period in 2007.

CIPS

Other operations and maintenance expenses increased \$7 million in the first quarter of 2008 compared with the same period in 2007. The increase was primarily because of the reversal in the first quarter of 2007 of an accrual of \$4 million established in 2006 for contributions to assist customers through the Illinois Customer Elect electric rate increase phase-in plan, with no similar item in the first quarter of 2008. Storm repair expenditures in the first quarter

of 2008 exceeded the cost of storm repairs in the prior-year quarter by \$2 million.

CILCO (Illinois Regulated)

Other operations and maintenance expenses increased \$3 million in the first quarter of 2008 compared with the same period in 2007. In the first quarter of 2007, CILCO (Illinois Regulated) reversed a \$3 million accrual established in 2006 for the Illinois Customer Elect electric rate increase phase-in plan contributions, with no similar item in the first quarter of 2008. Additionally, bad debt expense increased in the first quarter of 2008 compared with the same period in the prior year.

IP

Other operations and maintenance expenses increased \$12 million in the first quarter of 2008 compared with the same period in 2007. The increase was primarily because of the reversal in the first quarter of 2007 of an accrual of \$8 million established in 2006 for contributions to assist customers through the Illinois Customer Elect electric rate increase phase-in plan, with no similar item in the first quarter of 2008. Additionally, distribution system reliability expenditures increased \$5 million and bad debt expense increased \$2 million over the prior-year quarter.

Non-rate-regulated Generation

Other operations and maintenance expenses increased \$10 million in the Non-rate-regulated Generation segment in the three months ended March 31, 2008, compared with the same period in 2007.

Genco and CILCO (AERG)

Other operations and maintenance expenses increased \$6 million at Genco and \$4 million at CILCO (AERG) in the first quarter of 2008 as compared with the first quarter of 2007, primarily because of higher plant maintenance costs due to scheduled outages.

CILCORP (Parent Company Only) and EEI

Other operations and maintenance expenses were comparable between periods.

Depreciation and Amortization

Ameren

Ameren's depreciation and amortization expenses decreased \$7 million in the three months ended March 31, 2008, compared with the same period in 2007, primarily because of changes in the useful lives of UE's plants as discussed below. Increased capital additions over the past year reduced the benefit of this item.

Variations in depreciation and amortization expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

Depreciation and amortization expenses decreased \$6 million between periods primarily because of the extension of UE's nuclear and coal-fired plants' useful lives for purposes of calculating depreciation expense in connection with a MoPSC electric rate order effective June 2007. Reducing the benefit of this item was an increase in capital additions over the past year.

Illinois Regulated

Depreciation and amortization expenses were comparable in the three months ended March 31, 2008, with the same period in 2007 in the Illinois Regulated segment and for CIPS, CILCO (Illinois Regulated) and IP.

Non-rate-regulated Generation

Depreciation and amortization expenses were comparable in the first quarter of 2008 with the same period in 2007 in the Non-rate-regulated Generation segment and for CILCORP (Parent Company Only) and EEI. Depreciation and amortization expenses decreased \$2 million at Genco in the first quarter of 2008 compared with the same period in 2007 as a result of modified depreciation rates pursuant to a depreciation study performed in September 2007. Depreciation and amortization expenses increased \$2 million at CILCO (AERG) between periods primarily because of capital additions over the past year.

Taxes Other Than Income Taxes

Ameren

Ameren's taxes other than income taxes increased \$11 million in the first quarter of 2008 compared with the first quarter of 2007, primarily because of higher gross receipts and property taxes.

Variations in taxes other than income taxes in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

Taxes other than income taxes increased \$3 million at UE in the first quarter of 2008 compared with the first quarter of 2007, primarily because of higher gross receipts taxes.

Illinois Regulated

Taxes other than income taxes increased \$7 million in the Illinois Regulated segment for the three months ended March 31, 2008, compared with the same period in 2007. Higher excise taxes in the first quarter of 2008 resulted in increased taxes other than income taxes at CIPS, CILCO (Illinois Regulated) and IP. Additionally, higher property taxes of \$2 million contributed to the increase at CIPS.

Non-rate-regulated Generation

Taxes other than income taxes were comparable in the three months ended March 31, 2008, with the same period in 2007 in the Non-rate-regulated Generation segment and for Genco, CILCORP (Parent Company Only), CILCO (AERG) and EEI.

Other Income and Expenses

Ameren

Miscellaneous income increased \$5 million in the three months ended March 31, 2008, compared with the same period in 2007, primarily because of an increase in allowance

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for funds used during construction at UE. Miscellaneous expense was comparable between periods.

Variations in other income and expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

Miscellaneous income increased \$4 million in the first quarter of 2008 over the first quarter of 2007 primarily because of an increase in allowance for funds used during construction. The increase resulted from higher rates and increased construction-in-progress balances. Miscellaneous expense was comparable between periods.

Illinois Regulated

Other income and expenses were comparable in the three months ended March 31, 2008, with the same period in 2007, in the Illinois Regulated segment and for CIPS, CILCO (Illinois Regulated), and IP.

Non-rate-regulated Generation

Other income and expenses were comparable in the three months ended March 31, 2008, with the same period in 2007, in the Non-rate-regulated Generation segment and for Genco, CILCORP (Parent Company Only), CILCO (AERG) and EEI.

Interest

Ameren

Interest expense was comparable in the three months ended March 31, 2008, with the same period in 2007. Increased short-term borrowings in the first quarter of 2008 and prior-year debt issuances noted below resulted in higher interest expense in the current-year period. Additionally, higher interest rates on auction-rate environmental improvement and pollution control revenue bonds resulted in increased interest expense in the first quarter of 2008 as compared with the same period last year. See Insured Auction-Rate Tax-exempt Bonds under Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk of this report. These increases were mitigated by the reversal of \$11 million of interest reserves for uncertain tax positions resulting from a federal tax settlement in the first quarter of 2008.

Variations in interest expense in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

Interest expense decreased \$7 million primarily because of the reversal of \$8 million of interest reserves resulting from the federal tax settlement noted above. Partially offsetting this decrease was interest expense on increased net borrowings resulting from the issuance of \$425 million senior secured notes in June 2007, the proceeds of which were used to reduce short-term borrowings between periods. Additionally, higher interest rates on auction-rate environmental improvement and pollution control revenue bonds resulted in increased interest expense.

Illinois Regulated

Interest expense increased \$6 million in the Illinois Regulated segment and \$8 million at IP primarily because of increased short-term borrowings in the first quarter of 2008 compared with the year-ago period, higher interest rates on auction-rate environmental improvement and pollution control revenue bonds, and the issuance of \$250 million of senior secured notes at IP in November 2007. Interest expense at CIPS and CILCO (Illinois Regulated) was comparable between periods.

Non-rate-regulated Generation

Interest expense decreased \$4 million in the Non-rate-regulated Generation segment and \$5 million at Genco primarily because of the federal tax settlement noted above and reduced intercompany borrowings in the first quarter of 2008. Interest expense was comparable in the three months ended March 31, 2008, with the same period in 2007 at CILCORP (Parent Company Only), CILCO (AERG) and EEI.

Income Taxes

Ameren

Ameren's effective tax rate increased in the first quarter of 2008 as compared with the same period in 2007.

Variations in effective tax rates for Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies for the three months ended March 31, 2008, compared with the same period in 2007 were as follows:

Missouri Regulated

UE

The effective tax rate increased in the first quarter of 2008 as compared with the same period in 2007, primarily because of lower reserves for uncertain tax positions in 2007 compared with 2008, as well as decreased production activity deductions in the first quarter of 2008 compared with the year-ago period on higher pretax book income. Offsetting these unfavorable items was the implementation of changes ordered by the MoPSC in UE's 2007 electric rate order, which reduced the unfavorable effect of the net amortization of property-related regulatory assets and liabilities in the first three months of 2008 compared to the first three months of 2007.

Illinois Regulated

The effective tax rate was comparable between the first quarter of 2008 and the first quarter of 2007 in the Illinois Regulated segment. The effective tax rate variations for the Illinois Regulated entities are detailed below.

CIPS

The effective tax rate decreased, primarily because of the increased impact of the amortization of investment tax credit on lower pretax book income and lower reserves for uncertain tax positions in the first quarter of 2008 compared with the same period in 2007, offset by a lower permanent benefit for SFAS No. 106-2, as it relates to Medicare Part D provisions.

CILCO (Illinois Regulated)

The effective tax rate increased, primarily because of a decrease in the permanent benefit related to company-owned life insurance, a decrease in the favorable effect of net amortization of property-related regulatory assets and liabilities, and a decrease in the estimated benefit from state tax credits in the first three months of 2008 compared to the first three months of 2007.

IP

The effective tax rate was comparable between periods.

Non-rate-regulated Generation

The effective tax rate increased in the first quarter of 2008 in the Non-rate-regulated Generation segment compared with the first quarter of 2007, because of items detailed below.

Genco

The effective tax rate was comparable between periods.

CILCO (AERG)

The effective tax rate increased, primarily because of federal return audit adjustments recorded in the first quarter of 2008.

CILCORP (Parent Company only)

The effective tax rate increased in the first quarter of 2008 compared with the year-ago period primarily because of a change in the permanent benefit for SFAS No. 106-2, as it relates to Medicare Part D provisions.

EEI

The effective tax rate increased in the first quarter of 2008 compared with the year-ago period primarily because of decreased production activity deductions on higher pretax book income.

LIQUIDITY AND CAPITAL RESOURCES

The tariff-based gross margins of Ameren's rate-regulated utility operating companies (UE, CIPS, CILCO (Illinois Regulated) and IP) continue to be the principal source of cash from operating activities for Ameren and its rate-regulated subsidiaries. A diversified retail customer mix of primarily rate-regulated residential, commercial and industrial classes and a commodity mix of gas and electric service provide a reasonably predictable source of cash flows for Ameren, UE, CIPS, CILCO (Illinois Regulated) and IP. For operating cash flows, Genco and AERG rely on power sales to Marketing Company, which sold power through the September 2006 Illinois power procurement auction, and financial contracts that were part of the Illinois electric settlement agreement. Marketing Company is also selling power through other primarily market-based contracts with wholesale and retail customers. In addition to cash flows from operating activities, the Ameren Companies use available cash, credit facilities, money pool or other short-term borrowings from affiliates or commercial paper to support normal operations and other temporary capital requirements. The use of operating cash flows and short-term borrowings to fund capital expenditures and other investments may periodically result in a working capital deficit, as was the case at March 31, 2008, for Ameren, UE, Genco, CILCORP, CILCO, and IP. The Ameren Companies may reduce their short-term borrowings with cash from operations or discretionarily with long-term borrowings, or in the case of Ameren subsidiaries, with equity infusions from Ameren. The Ameren Companies will

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incur significant capital expenditures over the next five years as they comply with environmental regulations and make significant investments in their electric and gas utility infrastructure to improve overall system reliability. Expenditures not funded with operating cash flows are expected to be funded primarily with debt. See Note 2 – Rate and Regulatory Matters to our financial statements under Part I, Item 1, of this report for a discussion of the Illinois electric settlement agreement, which among other things, will change the process for power procurement in Illinois in the future and will affect future cash flows of the Ameren Companies, except UE. The settlement resulted in customer refunds and credits during the first quarter of 2008, and it will result in further credits to customers through 2010. The Ameren Illinois Utilities will receive reimbursement for most of these refunds and credits from Illinois power generators, including Genco and AERG.

The following table presents net cash provided by (used in) operating, investing and financing activities for the three months ended March 31, 2008 and 2007:

	Net Cash Provided By (Used In) Operating Activities			Net Cash Used In Investing Activities			Net Cash Provided By (Used In) Financing Activities		
	2008	2007	Variance	2008	2007	Variance	2008	2007	Variance
Ameren(a)	\$ 326	\$ 358	\$ (32)	\$ (527)	\$ (386)	\$ (141)	\$ 32	\$ 52	\$ (20)
UE	(31)	(50)	19	(324)	(221)	(103)	170	270	(100)
CIPS	55	10	45	(22)	(34)	12	(41)	64	(105)
Genco	79	69	10	(60)	(37)	(23)	(19)	(32)	13
CILCORP	103	42	61	(78)	(1)	(77)	11	(18)	29
CILCO	104	58	46	(78)	(1)	(77)	10	(35)	45
IP	89	58	31	(34)	(62)	28	(60)	47	(107)

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

Cash Flows from Operating Activities

Ameren's cash from operating activities decreased in the first three months of 2008, as compared with the first three months of 2007 because of several factors. Payments, net of insurance recoveries, related to the December 2005 Taum Sauk incident were \$109 million in the first quarter of 2008 compared to \$4 million in the first quarter of 2007. In addition, the first quarter of 2008 was colder than the year-ago period, which resulted in increased gas purchases and larger customer receivable balances at March 31, 2008. Other factors that reduced cash flows from operations included higher past-due accounts receivable, increased under-recovery of the PGA, increased collateral postings, and increased payments for income taxes and other taxes. Benefiting cash flows from operations compared to the prior-year period was a larger reduction of natural gas inventories as a result of higher natural gas sales. Cash flow from operations was also positively affected in the first quarter of 2008 by the Illinois electric settlement agreement, as reimbursements from generators exceeded credits provided to customers by \$21 million.

At UE, negative cash from operating activities decreased in the first three months of 2008, compared with the first three months of 2007. Positive effects on operating cash flows included an increase in electric margins, as discussed in Results of Operations, and a decrease in other operations and maintenance expenses, including reduced storm repair expenditures, compared to the year-ago period. Partially offsetting this benefit were payments, net of insurance recoveries, related to the December 2005 Taum Sauk incident of \$109 million in the first quarter of 2008 compared to \$4 million in the first quarter of 2007. In addition, there were higher past-due accounts receivable and increased income tax payments in the current-year period.

At CIPS, cash from operating activities increased in the first three months of 2008, compared with the first three months of 2007, primarily because of a net \$10 million increase in income tax refunds, a larger reduction of natural

gas inventories as a result of higher natural gas sales and changes in working capital that occurred in the ordinary course of business. In addition, the Illinois electric settlement agreement had a positive effect on cash from operations in the first quarter of 2008 as generator reimbursements exceeded credits provided to customers. Included in the working capital changes was an increase in receivables due to past-due accounts, which reduced cash from operations. Additionally, the Illinois rate redesign reduced cash flows and net income in the first three months of 2008; however, the cash flows and net income will be recouped in future quarters in 2008.

Genco's cash from operating activities increased in the first three months of 2008 compared to the 2007 period, primarily because of a net decrease in income tax payments (net of refunds) of \$12 million.

Cash from operating activities increased for CILCORP and CILCO in the three months ended March 31, 2008, compared with the same period in 2007. An increase in electric margins benefited cash from operations compared to the year-ago period. In addition, the Illinois electric settlement agreement had a positive effect on cash from operations in the first quarter of 2008 as generator reimbursements exceeded credits provided to customers. Other increases in cash flow from operations were primarily due to fluctuations in

working capital in the normal course of business, including a larger reduction in natural gas inventories as a result of higher natural gas sales. Accounts receivable increased due to past-due accounts, which reduced cash from operations. Additionally, the Illinois rate redesign reduced cash flows and net income in the first three months of 2008; however, the cash flows and net income will be recouped in future quarters in 2008.

IP's cash from operating activities increased in the three months ended March 31, 2008, compared with the same period in 2007, primarily due to working capital changes in the ordinary course of business, including a larger reduction in gas inventories as a result of higher natural gas sales. In addition, the Illinois electric settlement agreement had a positive effect on cash from operations in the first quarter of 2008 as generator reimbursements exceeded credits provided to customers. The following factors partially offset the aforementioned increases in cash from operations: accounts receivable increased compared to the year-ago period, as natural gas sales increased due to colder weather in the current year period compared to the prior-year period and there was an increase in past-due accounts. Additionally, the Illinois rate redesign reduced cash flows and net income in the first three months of 2008; however, the cash flows and net income will be recouped in future quarters in 2008.

Cash Flows from Investing Activities

Ameren used more cash for investing activities in the first three months of 2008 than in the first three months of 2007. Net cash used for capital expenditures increased in 2008 as a result of power plant scrubber projects and upgrades at various power plants. Additionally, increased purchases and higher prices resulted in a \$79 million increase in nuclear fuel expenditures.

UE's cash used in investing activities increased during the first quarter of 2008, compared to the same period in 2007, principally because of a \$79 million increase in nuclear fuel expenditures resulting from increased purchases for future refueling outages and higher prices. In 2008, UE contributed net money pool advances of \$21 million compared with \$4 million net receipts in 2007. Capital expenditures decreased \$3 million. This decrease was a result of lower storm costs in the first quarter of 2008 compared with the first quarter of 2007 and was partially offset by increased spending related to a power plant scrubber project.

CIPS' cash used in investing activities decreased during the first quarter of 2008 as compared to the same period in 2007. The net \$12 million decrease was primarily due to changes in money pool advances. In the 2007 year-ago period, CIPS made net advances of \$14 million while there were no net advances in 2008.

Genco's cash used in investing activities increased in the first three months of 2008 compared with the 2007 period. Capital expenditures increased \$21 million, principally due to a power plant scrubber project at one of its power plants. In addition, emission allowance purchases increased by \$2 million.

CILCORP's and CILCO's cash used in investing activities increased in the three months ended March 31, 2008, compared with the same period in 2007. Cash used in investing activities increased as a result of a \$36 million increase in capital expenditures, primarily due to a power plant scrubber project and plant upgrades at AERG. The receipt of a \$42 million net repayment of prior-year money pool advances reduced cash flows used in investing activities in the 2007 period compared to 2008.

IP's cash used in investing activities decreased in the first three months of 2008 compared to the same period in 2007. Capital expenditures decreased by \$13 million in the first three months of 2008 from the year-ago period primarily because of a reduction in storm-related capital expenditures. In addition, net money pool advances decreased by \$16 million in the first quarter of 2008 compared with the prior-year period.

See Note 9 – Commitments and Contingencies to our financial statements under Part I, Item 1, of this report for a discussion of future environmental capital expenditure estimates.

We continually review our power supply needs. As a result, we could modify plans for generation capacity, which could include changing the times when certain assets will be added to or removed from our portfolio, the type of generation asset technology that will be employed, and whether capacity may be purchased, among other things. Any changes that we may plan to make for future generating needs could result in significant capital expenditures or losses being incurred, which could be material.

Cash Flows from Financing Activities

Cash provided by financing activities decreased for Ameren in the first three months of 2008 compared with the year-ago period primarily due to a net reduction in short-term debt borrowings of \$196 million. The prior-year period included the maturity of \$100 million of Ameren's 5.70% notes and the maturity of \$50 million of CILCO's 7.50% bonds. Current-year maturities of \$19 million related to the IP SPT notes were consistent with the year-ago period. Proceeds from the issuance of common stock increased by \$25 million as a result of increased sales through Ameren's 401(k) and DRPlus plans in the first quarter of 2008 compared with the year-ago period.

UE's net cash provided by financing activities decreased in the first three months of 2008, compared with the same period of the prior year. UE used existing cash balances to finance the current period's investing activities resulting in a net reduction in short-term borrowings of \$88 million in the first quarter of 2008 compared with the year-ago period and a \$15 million net reduction of borrowings under an intercompany borrowing arrangement with Ameren.

CIPS had a net use of cash from financing activities in the three months ended March 31, 2008, compared with a net source of cash in the first three months of 2007. This change was a result of \$40 million net repayments of short-term debt in the first three months of 2008 compared with net borrowings of \$65 million in the first three months of 2007.

Genco had a decrease in cash used in financing activities for the three months ended March 31, 2008, compared with the first three months of 2007. The decrease in cash used in financing activities in the first quarter of 2008 was a result of net repayments to the money pool of \$45 million during the current year period compared with \$7 million of net money pool advances during the first quarter of 2007. Cash benefited in the first quarter of 2008 by a net increase in short-term debt of \$50 million. Additionally, dividends paid in the first three months of 2008 decreased \$15 million compared with the year-ago period.

CILCORP and CILCO had a net source of cash from financing activities in the three months ended March 31, 2008, compared with a net use of cash in the first three months of 2007 as CILCORP and CILCO used existing cash to finance investing activities. CILCORP's net short-term debt decreased by \$64 million, while CILCO had net borrowings of \$10 million in the first quarter of 2008 compared with \$30 million of net repayments in the same period in 2007. Cash used for redemptions, repurchases, and maturities of long-term debt decreased by \$123 million at CILCORP and \$50 million at CILCO. This included net repayments of a \$73 million direct loan from Ameren and the maturity of \$50 million of CILCO's 7.50% bonds during the three months ended March 31, 2007. Net money pool borrowings totaled \$31 million for CILCORP and CILCO in the first three months of 2007 compared with no net borrowings in the first three months of 2008. A \$14 million capital contribution received by CILCO in the first quarter of 2007 from CILCORP resulted in a positive impact on cash at CILCO.

IP had a net use of cash from financing activities in the first three months of 2008, compared with a net source of cash for the same period in 2007. In the first three months of 2007, IP had net money pool repayments of \$43 million, compared with no money pool repayments in 2008. In the three months ended March 31, 2007, IP had \$115 million of net borrowings under the 2007 credit facility to repay outstanding money pool borrowings and build liquidity during a period of legislative uncertainty. During the first quarter of 2008, IP reduced short-term debt by \$25 million and funded \$15 million of dividends.

Short-term Borrowings and Liquidity

Short-term borrowings typically consist of drawings under committed bank credit facilities and commercial paper issuances. See Note 3 – Credit Facilities and Liquidity to our financial statements under Part I, Item 1, of this report for additional information on credit facilities, short-term borrowing activity, relevant interest rates, and borrowings under Ameren's utility and non-state-regulated subsidiary money pool arrangements.

The following table presents the various committed bank credit facilities of the Ameren Companies and AERG, and their availability as of March 31, 2008:

Credit Facility	Expiration	Amount Committed	Amount Available
Ameren, UE and Genco:			
Multiyear revolving(a)	July 2010	\$ 1,150	\$ 233
CIPS, CILCORP, CILCO, IP and AERG:			
2006 Multiyear revolving(b)(c)	January 2010	500	185

2007 Multiyear revolving(b)(d)	January 2010	500	50
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- (a) Ameren Companies may access this credit facility through intercompany borrowing arrangements.
- (b) See Note 3 - Credit Facilities and Liquidity to our financial statements under Part I, Item 1, of this report for discussion of the amendments to these facilities.
- (c) The maximum amount available to each borrower under this facility at March 31, 2008, including for issuance of letters of credit, was limited as follows: CIPS - \$135 million, CILCORP - \$50 million, CILCO - \$75 million, IP - \$150 million and AERG - \$200 million. In July 2007, CILCO shifted \$75 million of its capacity under this facility to the 2007 \$500 million credit facility. Accordingly, as of March 31, 2008, CILCO had a sublimit of \$75 million under this facility and a \$75 million sublimit under the 2007 credit facility.
- (d) The maximum amount available to each borrower under this facility at March 31, 2008, including for the issuance of letters of credit, was limited as follows: CILCORP - \$125 million, CILCO - \$75 million, IP - \$200 million and AERG - \$100 million. CIPS and CILCO have the option of permanently reducing their ability to borrow under the 2006 \$500 million credit facility and shifting such capacity, up to the same limits, to the 2007 \$500 million credit facility. In July 2007, CILCO shifted \$75 million of its sublimit under the 2006 \$500 million credit facility to this facility.

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In addition to committed credit facilities, a further source of liquidity for the Ameren Companies from time to time is available cash and cash equivalents. At March 31, 2008, Ameren, UE, CIPS, Genco, CILCORP, CILCO, and IP had \$186 million, \$- million, \$18 million, \$2 million, \$42 million, \$42 million, and \$1 million, respectively, of cash and cash equivalents.

The issuance of short-term debt securities by Ameren's utility subsidiaries is subject to approval by FERC under the Federal Power Act. In March 2006, FERC issued an order authorizing these utility subsidiaries to issue short-term debt securities subject to the following limits on outstanding balances: UE - \$1 billion, CIPS - \$250 million, and CILCO - \$250 million. The authorization was effective as of April 1, 2006, with an expiration date of March 31, 2008. In March 2008, FERC granted renewal of this authorization through March 31, 2010. IP has unlimited short-term debt authorization from FERC.

Genco was authorized by FERC in its March 2006 order to have up to \$300 million of short-term debt outstanding at any time. This amount was increased to \$500 million by FERC in its March 2008 order. AERG and EEI have unlimited short-term debt authorization from FERC.

The issuance of short-term debt securities by Ameren and CILCORP is not subject to approval by any regulatory body.

The Ameren Companies continually evaluate the adequacy and appropriateness of their credit arrangements given changing business conditions. When business conditions warrant, changes may be made to existing credit agreements or other short-term borrowing arrangements.

Long-term Debt and Equity

The following table presents the issuances of common stock and the issuances, redemptions, repurchases and maturities of long-term debt (net of any issuance discounts and including any redemption premiums) for the three months ended March 31, 2008 and 2007, for the Ameren Companies. For additional information related to the terms and uses of these issuances and the sources of funds and terms for the redemptions, see Note 4 – Long-term Debt and Equity Financings to our financial statements under Part I, Item 1, of this report.

	Month Issued, Redeemed, Repurchased or Matured	Three Months	
		2008	2007
Issuances			
Common stock			
Ameren:			
DRPlus and 401(k)	Various	\$ 46	\$ 21
Total common stock issuances		\$ 46	\$ 21
Redemptions, Repurchases and Maturities			
Long-term debt			
Ameren:			
2002 5.70% Notes due 2007	February	-	100
CILCO:			
7.50% First Mortgage bonds due 2007	January	-	50
IP:			
Note payable to IP SPT:			
5.65% Series due 2008	Various	19	24
Total Ameren long-term debt redemptions, repurchases and maturities		\$ 19	\$ 174

The following table presents the authorized amounts under Form S-3 shelf registration statements filed and declared effective for certain Ameren Companies as of March 31, 2008:

	Effective Date	Authorized Amount	Issued	Available
Ameren	June 2004	\$ 2,000	\$ 459	\$ 1,541
UE(a)	October 2005	1,000	685	315
CIPS	May 2001	250	211	39

(a) In April 2008, UE issued \$250 million principal amount of senior secured notes pursuant to its Form S-3 shelf registration statement, which leaves \$65 million of securities currently available for issuance.

In March 2004, the SEC declared effective a Form S-3 registration statement filed by Ameren in February 2004, authorizing the offering of 6 million additional shares of its common stock under DRPlus. Shares of common stock sold under DRPlus are, at Ameren's option, newly issued shares, treasury shares, or shares purchased in the open market or in privately negotiated transactions. Ameren is currently selling newly issued shares of its common stock under DRPlus.

Ameren is also currently selling newly issued shares of its common stock under its 401(k) plan pursuant to an effective SEC Form S-8 registration statement. Under DRPlus and its 401(k) plan (including a subsidiary plan that is now merged into the Ameren 401(k) plan), Ameren issued 1.0

million new shares of common stock valued at \$46 million in the three months ended March 31, 2008.

Ameren, UE and CIPS may sell all or a portion of the remaining securities registered under their effective registration statements if market conditions and capital requirements warrant such a sale. Any offer and sale will be made only by means of a prospectus that meets the requirements of the Securities Act of 1933 and the rules and regulations thereunder.

Indebtedness Provisions and Other Covenants

See Note 3 – Credit Facilities and Liquidity to our financial statements under Part I, Item 1, of this report for a discussion of the covenants and provisions contained in our bank credit facilities and applicable cross-default provisions. Also see Note 4 – Long-term Debt and Equity Financings to our financial statements under Part I, Item 1, of this report for a discussion of covenants and provisions contained in certain of the Ameren Companies' indenture agreements and articles of incorporation.

At March 31, 2008, the Ameren Companies were in compliance with their credit facility, indenture, and articles of incorporation provisions and covenants.

We consider access to short-term and long-term capital markets a significant source of funding for capital requirements not satisfied by our operating cash flows. Inability to raise capital on favorable terms, particularly during times of uncertainty in the capital markets, could negatively affect our ability to maintain and expand our businesses. After assessing our current operating performance, liquidity, and credit ratings (see Credit Ratings below), we believe that we will continue to have access to the capital markets. However, events beyond our control may create uncertainty in the capital markets or make our access to the capital markets uncertain or limited. Such events would increase our cost of capital and adversely affect our ability to access the capital markets.

Dividends

Ameren paid to its shareholders common stock dividends totaling \$133 million, or 63.5 cents per share during the first three months of 2008 (2007 - \$131 million or 63.5 cents per share). On April 22, 2008, Ameren's board of directors declared a quarterly common stock dividend of 63.5 cents per share payable on June 30, 2008, to shareholders of record on June 11, 2008.

See Note 3 – Credit Facilities and Liquidity and Note 4 – Long-term Debt and Equity Financings to our financial statements under Part I, Item 1, of this report for a discussion of covenants and provisions contained in certain of the Ameren Companies' financial agreements and articles of incorporation that would restrict the Ameren Companies' payment of dividends in certain circumstances. At March 31, 2008, except as discussed below with respect to the 2007 \$500 million credit facility and the 2006 \$500 million credit facility, none of these circumstances existed at the Ameren Companies and, as a result, they were allowed to pay dividends.

The 2007 \$500 million credit facility and 2006 \$500 million credit facility limit CIPS, CILCORP, CILCO and IP to common and preferred stock dividend payments of \$10 million per year each if CIPS', CILCO's or IP's senior secured long-term debt securities or first mortgage bonds, or CILCORP's senior unsecured long-term debt securities, have received a below investment-grade credit rating from either Moody's or S&P. With respect to AERG, which currently is not rated by Moody's or S&P, the common and preferred stock dividend restriction will not apply if its ratio of consolidated total debt to consolidated operating cash flow, pursuant to a calculation defined in the facilities, is less than or equal to 3.0 to 1. CILCORP's senior unsecured long-term debt credit rating from Moody's is below investment-grade, causing it to be subject to this dividend payment limitation. As of March 31, 2008, AERG was in compliance with the debt-to-operating cash flow ratio test in the 2007 and 2006 \$500 million credit facilities. The other borrowers thereunder are not currently limited in their dividend payments by this provision of the 2007 or 2006

\$500 million credit facilities.

The following table presents dividends paid by Ameren Corporation and by Ameren's subsidiaries to their respective parents for the three months ended March 31, 2008 and 2007.

	Three Months	
	2008	2007
UE	\$ 77	\$ 80
Genco	24	39
IP	15	-
Nonregistrants	17	12
Dividends paid by Ameren	\$ 133	\$ 131

Contractual Obligations

For a complete listing of our obligations and commitments, see Contractual Obligations under Part II, Item 7 and Note 13 – Commitments and Contingencies under Part II, Item 8 of the Form 10-K, and Other Obligations in Note 9 – Commitments and Contingencies under Part I, Item 1, of this report. See Note 12 – Retirement Benefits to our financial statements under Part I, Item 1, of this report for information regarding expected minimum funding levels for our pension plan. See also Note 1 – Summary of Significant Accounting Policies to our financial statements under Part I, Item 1, of this report for the unrecognized tax benefits under the provisions of FIN 48.

Total other obligations, including the amount of unrecognized tax benefits, at March 31, 2008, for Ameren, UE, CIPS, Genco, CILCORP, CILCO and IP were \$6,048 million, \$2,032 million, \$456 million, \$243 million, \$1,422 million, \$1,422 million and \$1,664 million, respectively.

As a result of the Illinois electric settlement agreement reached in July 2007 and reflected in legislation enacted on August 26, 2007, the Ameren Illinois Utilities, Genco and AERG agreed to make aggregate contributions of \$150 million over a four-year period, with \$60 million coming from the Ameren Illinois Utilities (CIPS - \$21 million; CILCO - \$11 million; IP - \$28 million), \$62 million from Genco and \$28 million from AERG. Ameren, CIPS, CILCO (Illinois Regulated), IP, Genco and CILCO (AERG) incurred charges to earnings primarily recorded as a reduction to electric operating revenues of \$11 million, \$2 million, \$1 million, \$2 million, \$4 million and \$2 million, respectively, under the terms of the settlement agreement during the quarter ended March 31, 2008. At March 31, 2008, Ameren, CIPS, CILCO (Illinois Regulated) and IP had receivable balances from nonaffiliated Illinois generators for reimbursement of customer rate relief and program funding of \$15 million, \$5 million, \$3 million and \$7 million, respectively. See Note 2 - Rate and Regulatory Matters under Part I, Item 1, of this report for additional information regarding the Illinois electric settlement agreement.

Credit Ratings

The following table presents the principal credit ratings of the Ameren Companies by Moody's, S&P and Fitch effective on the date of this report:

	Moody's	S&P	Fitch
Ameren:			
Issuer/corporate credit rating	Baa2	BBB-	BBB+
Senior unsecured debt	Baa2	BB+	BBB+
Commercial paper	P-2	A-3	F2
UE:			
Issuer/corporate credit rating	Baa1	BBB-	A-
Secured debt	A3	BBB	A+
Commercial paper	P-2	A-3	F2
CIPS:			
Issuer/corporate credit rating	Ba1	BB	BB+
Secured debt	Baa3	BBB	BBB
Senior unsecured debt	Ba1	BBB-	BBB-
Genco:			
Issuer/corporate credit rating	-	BBB-	BBB+
Senior unsecured debt	Baa2	BBB-	BBB+
CILCORP:			
Issuer/corporate credit rating	-	BB	BB+
Senior unsecured debt	Ba2	BB	BB+
CILCO:			

Issuer/corporate credit rating	Ba1	BB	BB+
Secured debt	Baa2	BBB	BBB

IP:

Issuer/corporate credit rating	Ba1	BB	BB+
Secured debt	Baa3	BBB-	BBB

On February 12, 2008, Moody's affirmed the ratings of Ameren and Genco but changed their rating outlook to negative from stable. Moody's placed the long-term credit ratings of UE under review for possible downgrade and affirmed UE's commercial paper rating. In addition, Moody's affirmed the ratings of CIPS, CILCORP, CILCO and IP and maintained a positive rating outlook on these four companies. According to Moody's, the review of UE's ratings was prompted by declining cash flow coverage metrics, increased operating costs, higher capital expenditures for environmental compliance and transmission and distribution system investment, and significant regulatory lag in the recovery of these costs. Moody's stated that the negative outlook on the credit rating of Genco reflected Genco's "position as a predominantly coal generating company that is likely to be seriously affected by more stringent environmental regulations, including a potential cap or tax on carbon emissions." The negative outlook on the ratings of Ameren reflects the factors that impacted its subsidiaries, UE and Genco, according to Moody's.

On March 19, 2008, S&P raised its senior unsecured debt ratings for CIPS to BBB- from B+ and at CILCORP to BB from B+.

Any adverse change in the Ameren Companies' credit ratings may reduce access to capital and trigger additional collateral postings and prepayments. Such changes may also increase the cost of borrowing and fuel, power and gas supply, among other things, resulting in a negative impact on earnings. Collateral postings and prepayments made as of the end of the first quarter of 2008 were \$111 million, \$6 million, \$2 million, \$2 million, \$2 million, and \$2 million at Ameren, UE, CIPS, CILCORP, CILCO and IP, respectively, resulting from our reduced issuer and senior unsecured debt ratings. Sub-investment-grade issuer or senior unsecured debt ratings (lower than "BBB-" or "Baa3") at March 31, 2008, could have resulted in Ameren, UE, CIPS, Genco, CILCORP, CILCO or IP being required to post additional collateral or other assurances for certain trade obligations amounting to \$210 million, \$40 million, \$15 million, \$26 million, \$35 million, \$35 million, and \$26 million, respectively. In addition, the cost of borrowing under our credit facilities can increase or decrease depending upon the credit ratings of the borrower. A credit rating is not a recommendation to buy, sell or hold securities. It should be evaluated independently of any other rating. Ratings are subject to revision or withdrawal at any time by the rating organization. See Quantitative and Qualitative Disclosures about Market Risk – Interest Rate Risk under Part I, Item 3, for information on credit rating changes with respect to insured tax-exempt auction-rate bonds.

OUTLOOK

Below are some key events and trends that may affect the Ameren Companies' financial condition, results of operations, or liquidity in 2008 and beyond.

Revenues

- The earnings of UE, CIPS, CILCO and IP are largely determined by the regulation of their rates by state agencies. With rising costs, including fuel and related transportation, purchased power, labor, material, depreciation and financing costs, coupled with increased capital and operations and maintenance expenditures targeted at enhanced distribution system reliability and environmental compliance, Ameren, UE, CIPS, CILCO and IP expect to experience regulatory lag until requests to increase rates to recover such costs are granted by state regulators. Ameren, UE, CIPS, CILCO and IP expect more frequent rate cases will be necessary in the future. UE agreed not to file a natural gas delivery rate case before March 15, 2010.
- The Ameren Illinois Utilities filed delivery service rate cases with the ICC in November 2007 due to inadequate recovery of costs and low returns on equity of less than 5% experienced in 2007 and 4% expected in 2008. In April 2008, the Ameren Illinois Utilities revised their requests to an increase in annual revenues for electric delivery service of \$163 million in the aggregate (CIPS - \$28 million, CILCO - \$4 million, and IP - \$131 million). The electric rate increase requests were based on an 11% return on equity, a capital structure composed of 51% to 53% equity, an aggregate rate base for the Ameren Illinois Utilities of \$2.1 billion and a test year ended December 31, 2006, with certain prospective updates. In addition, CIPS, CILCO and IP filed requests with the ICC in November 2007 to increase their annual revenues for natural gas delivery service. In April 2008, the Ameren Illinois Utilities revised their requests to an increase in annual revenues for natural gas delivery service of \$57 million in the aggregate (CIPS - \$11 million increase, CILCO - \$4 million decrease, and IP - \$50 million increase). The natural gas rate change requests were based on an 11% return on equity, a capital structure composed of 51% to 53% equity, an aggregate rate base for the Ameren Illinois Utilities of \$0.9 billion and a test year ended December 31, 2006, with certain prospective updates. The ICC has until the end of September 2008 to render a decision in these rate cases.
- UE filed an electric rate case with the MoPSC in April 2008 in order to recover rising costs and to earn a reasonable return on its investments. UE's return on equity was 9% in 2007 and is expected to decrease to 7% in 2008. UE requested to increase its annual electric revenues by \$251 million. The electric rate increase is based on a 10.9% return on equity, a capital structure composed of 51% common equity, a rate base of \$5.9 billion and a test year ended March 31, 2008, with updates for known and measurable changes through June 30, 2008. The MoPSC has until March 2009 to render a decision in this rate case.
- In current and future rate cases, UE, CIPS, CILCO and IP will also seek cost recovery mechanisms from their state regulators to reduce regulatory lag. In their electric and natural gas delivery service rate cases filed in November 2007, the Ameren Illinois Utilities requested ICC approval to implement rate adjustment mechanisms for electric infrastructure investments and the decoupling of natural gas revenues from sales volumes. The ICC staff in their direct testimony filed in March 2008 opposed the Ameren Illinois Utilities' requests to implement a rate adjustment mechanism for electric infrastructure investments. The ICC staff offered limited support for the Ameren Illinois Utilities' request to implement a rate adjustment mechanism for the decoupling of natural gas revenues from sales volumes. In April 2008, the Ameren Illinois Utilities withdrew their requests for bad debt expense rate adjustment mechanisms. In its electric rate case filed in April 2008, UE requested the MoPSC to approve implementation of a fuel and purchased power cost recovery mechanism.
- Average residential electric rates for CIPS, CILCO and IP increased significantly following the expiration of a rate freeze at the end of 2006. Electric rates rose because of the increased cost of power purchased on behalf of the Ameren Illinois Utilities' customers and an increase in electric delivery service rates. Due to the magnitude of these increases, the Illinois electric settlement agreement reached in 2007 provides approximately \$1 billion over a four-year period that began in 2007 to fund rate relief for certain electric customers in Illinois, including approximately \$488 million to customers of the Ameren Illinois Utilities. Funding for the settlement is coming

from electric generators in Illinois and certain Illinois electric utilities. Pursuant to the Illinois electric settlement agreement, the Ameren Illinois Utilities, Genco and AERG agreed to fund an aggregate of \$150 million, of which the following contributions remain to be made as of March 31, 2008:

	Ameren	CIPS	CILCO (Illinois Regulated)	IP	Genco	CILCO (AERG)
2008(a)	\$ 31.9	\$ 4.7	\$ 2.3	\$ 6.4	\$ 12.8	\$ 5.7
2009(a)	26.5	3.9	1.9	4.9	10.9	4.9
2010(a)	1.7	0.2	0.1	0.4	0.7	0.3
Total	\$ 60.1	\$ 8.8	\$ 4.3	\$ 11.7	\$ 24.4	\$ 10.9

(a) Estimated.

To fund these contributions, the Ameren Illinois Utilities, Genco and AERG may need to increase their respective borrowings.

- As part of the Illinois electric settlement agreement, the reverse auction used for power procurement in Illinois was discontinued. It will be replaced with a new power procurement process to be led by the IPA, beginning in 2009. In 2008, Illinois utilities contracted for necessary power and energy requirements primarily through a request-for-proposal process that was subject to ICC review and approval. In March and April 2008, the ICC approved the results of the Ameren Illinois Utilities' energy and capacity requests-for-proposals for power needs during the period June 1, 2008 through May 31, 2009. Marketing Company was one of the winning bidders in both of these requests-for-proposals, and UE was one of the winning bidders in the capacity request-for-proposal. Existing supply contracts from the September 2006 reverse auction remain in place. The Ameren Illinois Utilities' power procurement costs are passed directly to its customers. The impact of the new procurement process in Illinois is uncertain.
- As part of the Illinois electric settlement agreement, the Ameren Illinois Utilities entered into financial contracts with Marketing Company (for the benefit of Genco and AERG), to lock-in energy prices for 400 to 1,000 megawatts annually of their around-the-clock power requirements during the period June 1, 2008 to December 31, 2012, at then relevant market prices. These financial contracts do not include capacity, are not load-following products and do not involve the physical delivery of energy.
- The MoPSC issued an order, as clarified, granting UE a \$43 million increase in base rates for electric service with new electric rates effective June 4, 2007. This order included provisions to extend UE's Callaway nuclear plant and fossil generation plant lives and to change the income tax method associated with the cost of property removals. Such provisions are expected to decrease Ameren's and UE's expenses by \$58 million annually.
- Volatile power prices in the Midwest affect the amount of revenues Ameren, UE, Genco, CILCO (through AERG) and EEI can generate by marketing power into the wholesale and spot markets and influence the cost of power purchased in the spot markets.
- The availability and performance of UE's, Genco's, AERG's and EEI's electric generation fleet can materially impact their revenues. Genco and AERG are seeking to raise the equivalent availability and capacity factors of their power plants over the long-term through greater investments and a process improvement program. The Non-rate-regulated Generation segment expects to generate 33 million megawatthours of baseload power in 2008 (Genco – 18 million, AERG – 7 million, EEI – 8 million), 31 million megawatthours in 2009 (Genco – 15 million, AERG - 8 million, EEI - 8 million) and 33 million megawatthours in 2010 (Genco - 18 million, AERG - 7 million, EEI - 8 million).
- All but 5 million megawatthours of Genco's and AERG's pre-2006 wholesale and retail electric power supply agreements expired during 2006. In 2007, 1 million megawatthours of these agreements, which had an average embedded selling price of \$35 per megawatthour, expired. Another 2 million contracted megawatthours will expire in late 2008, which have an average embedded selling price of \$33 per megawatthour. These agreements are being replaced with market-based sales.
- The marketing strategy for the Non-rate-regulated Generation segment is to optimize generation output in a low risk manner to minimize volatility of earnings and cash flow, while seeking to capitalize on its low-cost generation fleet to provide solid, sustainable returns. To accomplish this strategy, the Non-rate-regulated Generation segment has established hedge targets for near-term years. Through a mix of physical and financial sales contracts, Marketing Company targets to hedge Non-rate-regulated Generation's expected output by 80% to 90% for the following year, 50% to 70% for two years out, and 30% to 50% for three years out.
- The future development of ancillary services and capacity markets in MISO could increase the electric margins of UE, Genco, AERG and EEI. Ancillary services are services necessary to support the transmission of energy from generation resources to loads while maintaining reliable operation of the transmission provider's system. In February 2008, FERC conditionally accepted the ancillary services market tariff proposed by MISO. We expect Non-rate-regulated Generation's ancillary services market revenues to increase to \$15 million in 2008 from \$5 million realized in 2007. Ancillary services market revenues are allocated to Genco and AERG based on their generation in accordance with their power supply agreements with Marketing Company.
- We expect MISO will begin development of a capacity market once its ancillary services market is in place. A capacity market allows participants to purchase or sell capacity products that meet reliability requirements. MISO is currently in the process of developing a centralized regional wholesale ancillary services market, which is expected to begin during 2008. We expect capacity and energy prices to strengthen from current levels because of

improving market liquidity and decreasing reserve margins in MISO. Non-rate-regulated Generation's capacity revenues are expected to increase to approximately \$40 million in 2008 from \$25 million in 2007. EEI receives payment for 100% of its capacity sales under its power supply agreement with Marketing Company. Capacity revenues are allocated to Genco and AERG based on their generation in accordance with their power supply agreements with Marketing Company.

- We expect continued economic growth in our service territory and market area to benefit energy demand in

2008 and beyond, but higher energy prices could result in reduced demand from customers, especially in Illinois. Future energy efficiency programs developed by UE, CIPS, CILCO and IP and others could also result in reduced demand for our electric generation and our electric and gas transmission and distribution services.

Fuel and Purchased Power

- In 2007, 84% of Ameren's electric generation (UE - 76%, Genco - 96%, AERG - 99%, EEI - 100%) was supplied by coal-fired power plants. About 94% of the coal used by these plants (UE - 97%, Genco - 88%, AERG - 92%, EEI - 100%) was delivered by railroads from the Powder River Basin in Wyoming. In the past, deliveries from the Powder River Basin have been restricted because of rail maintenance, weather, and derailments. As of March 31, 2008, coal inventories for UE, Genco, AERG and EEI were adequate and in excess of historical levels. UE's coal inventories were at targeted levels, and Genco's, AERG's and EEI's coal inventories were near targeted levels. Disruptions in coal deliveries could cause UE, Genco, AERG and EEI to pursue a strategy that could include reducing sales of power during low-margin periods, buying higher-cost fuels to generate required electricity, and purchasing power from other sources.
- Ameren's fuel costs (including transportation) are expected to increase in 2008 and beyond. Fuel costs for both Missouri Regulated and Non-rate-regulated Generation are expected to increase approximately 35% from 2007 to 2010, assuming Genco will be reimbursed for incremental fuel costs it is incurring to replace coal from an Illinois mine that was closed at the end of 2007. Genco's supply contract with the mine owner went through 2009. Under the Uniform Commercial Code, Genco should be entitled to the incremental increase in its coal costs for replacement coal in 2008 and 2009. Genco is currently in negotiations with the mine owner for reimbursement of replacement coal and related transportation costs; however, we cannot predict the outcome of these negotiations. Under the terms of the terminated contract, Genco could have purchased 2.5 million tons of coal annually from this mine. See Item 3 - Quantitative and Qualitative Disclosures about Market Risk of this report for additional information about the percentage of fuel and transportation requirements that are price-hedged for 2008 through 2012.

Other Costs

- In December 2005, there was a breach of the upper reservoir at UE's Taum Sauk pumped-storage hydroelectric facility. This resulted in significant flooding in the local area, which damaged a state park. In January 2008, the Circuit Court of Reynolds County, Missouri, approved UE's November 2007 settlement agreement with the state of Missouri resolving the state's lawsuit and claims for damages and other relief related to the breach. In addition, pursuant to the settlement agreement, UE is required to replace the breached upper reservoir with a new reservoir, subject to FERC authorization. UE received approval from FERC to rebuild the upper reservoir in August 2007 and hired a contractor in November 2007. The estimated cost to rebuild the upper reservoir is in the range of \$450 million. UE expects the Taum Sauk pumped-storage hydroelectric facility to be out of service through early 2010. UE believes that substantially all of the damages and liabilities caused by the breach, including costs related to the settlement agreement with the state of Missouri, the cost of rebuilding the plant, and the cost of replacement power, up to \$8 million annually, will be covered by insurance. Insurance will not cover lost electric margins and penalties paid to FERC. Under UE's insurance policies, all claims by or against UE are subject to review by its insurance carriers. As a result of this breach, UE is engaged in litigation initiated by certain private parties. We are unable to predict the timing or outcomes of this litigation, or its possible effect on UE's results of operation, financial position or liquidity. See Note 2 - Rate and Regulatory Matters and Note 9 - Commitments and Contingencies to our financial statements under Part I, Item 1, of this report for a further discussion of Taum Sauk matters.
- UE's Callaway nuclear plant's next scheduled refueling and maintenance outage in the fall of 2008 is expected to last 25 to 30 days. During a scheduled outage, which occurs every 18 months, maintenance and purchased power costs increase, and the amount of excess power available for sale decreases, versus non-outage years.
- Over the next few years, we expect rising employee benefit costs as well as higher insurance and security costs associated with additional measures we have taken, or may need to take, at UE's Callaway nuclear plant and at our

other facilities. Insurance premiums may also increase as a result of the Taum Sauk incident, among other things.

- Bad debts expense and past-due accounts receivable may increase due to rising electric and gas rates as well as statutory restrictions on collection activities.
 - As we refinance our short-term and variable-rate debt into fixed-rate debt, financing costs may increase.
- We are currently undertaking cost reduction and control initiatives associated with the strategic sourcing of purchases and streamlining of all aspects of our business.

Capital Expenditures

- The EPA has issued more stringent emission limits on all coal-fired power plants. Between 2008 and 2017, Ameren expects that certain Ameren Companies will be

required to invest between \$4 billion and \$5 billion to retrofit their power plants with pollution control equipment. Costs for these types of projects continue to escalate. These investments will also result in decreased plant availability during construction and significantly higher ongoing operating expenses. Approximately 45% of this investment will be in Ameren's regulated UE operations, and it is therefore expected to be recoverable from ratepayers. The recoverability of amounts expended in non-rate-regulated operations will depend on whether market prices for power adjust as a result of market conditions reflecting increased environmental costs for generators.

- Future federal and state legislation or regulations that mandate limits on the emission of greenhouse gases would result in significant increases in capital expenditures and operating costs. Excessive costs to comply with future legislation or regulations might force Ameren and other similarly-situated electric power generators to close some coal-fired facilities. In December 2007, Ameren issued a report on how it is responding to the rising regulatory, competitive, and public pressure to significantly reduce CO₂ and other emissions from current and proposed power plant operations. The report included Ameren's climate change strategy and activities, current greenhouse gas emissions, and analysis with respect to plausible future greenhouse gas scenarios; it is available on Ameren's Web site. Investments to control carbon emissions at Ameren's coal-fired plants would significantly increase future capital expenditures and operation and maintenance expenses.
- UE continues to evaluate its longer-term needs for new baseload and peaking electric generation capacity. At this time, UE does not expect to require new baseload generation capacity until 2018 to 2020. However, due to the significant time required to plan, acquire permits for, and build a baseload power plant, UE is actively studying future plant alternatives, including those that would use coal or nuclear fuel. In 2007, UE signed an agreement with UniStar Nuclear to assist UE in the preparation of a combined construction and operating license application (COLA) for filing with the NRC. A COLA describes how a nuclear plant would be designed, constructed and operated. In addition, UE has also signed contracts for certain long lead-time equipment. Preparing that COLA and entering into these contracts does not mean a decision has been made to build a nuclear plant. These are only the first steps in the regulatory licensing and procurement process. UE and UniStar Nuclear must submit the COLA to the NRC in 2008 to be eligible for incentives available under provisions of the 2005 Energy Policy Act. We cannot predict whether or when the NRC will approve the COLA.
- UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license by twenty years so that the operating license will expire in 2044. UE cannot predict whether or when the NRC will approve the license extension.
- Over the next few years, we expect to make significant investments in our electric and gas infrastructure and to incur increased operations and maintenance expenses to improve overall system reliability. We are projecting higher labor and material costs for these capital expenditures. UE announced in July 2007 plans to spend \$300 million over three years for underground cabling and reliability improvement, \$135 million (\$45 million per year) for tree-trimming, and \$84 million over three years (approximately \$28 million per year) for circuit and device inspection and repair. We would expect these costs or investments to be ultimately recovered in rates.
- Increased investments for environmental compliance, reliability improvement, and new baseload capacity will result in higher depreciation and financing costs.
- The Ameren Companies will incur significant capital expenditures over the next five years for compliance with environmental regulations and to make significant investments in their electric and gas utility infrastructure to improve overall system reliability. Expenditures are expected to be funded primarily with debt.

Other

- As required by the MoPSC, UE filed a study in November 2007 with the MoPSC evaluating the costs and benefits of UE's participation in MISO. This case is currently pending. UE's filing noted that there were a number of uncertainties associated with the cost-benefit study, including issues associated with the UE-MISO service agreement. If some of these uncertainties are ultimately resolved in a manner adverse to UE, it could call into question whether it is cost-effective for UE to remain in MISO. UE has advised MISO of its intent to withdraw from MISO as of December 31, 2008, in order to preserve the option to withdraw based on the outcome of the pending

MoPSC proceeding. It is uncertain when or how the MoPSC will rule on UE's MISO cost-benefit study or, if UE were to withdraw from MISO, what the effect of such a withdrawal would be on UE.

The above items could have a material impact on our results of operations, financial position, or liquidity. Additionally, in the ordinary course of business, we evaluate strategies to enhance our results of operations, financial position, or liquidity. These strategies may include acquisitions, divestitures, opportunities to reduce costs or increase revenues, and other strategic initiatives to increase Ameren's shareholder value. We are unable to predict which, if any, of these initiatives will be executed. The execution of these initiatives may have a material impact on our future results of operations, financial position, or liquidity.

REGULATORY MATTERS

See Note 2 – Rate and Regulatory Matters to our financial statements under Part I, Item 1, of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of changes in value of a physical asset or a financial instrument, derivative or nonderivative, caused by fluctuations in market variables such as interest rates, commodity prices and equity security prices. A derivative is a contract whose value is dependent on, or derived from, the value of some underlying asset. The following discussion of our risk management activities includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. We handle market risks in accordance with established policies, which may include entering into various derivative transactions. In the normal course of business, we also face risks that are either nonfinancial or nonquantifiable. Such risks, principally business, legal and operational risks, are not part of the following discussion.

Our risk management objective is to optimize our physical generating assets and pursue market opportunities within prudent risk parameters. Our risk management policies are set by a risk management steering committee, which is composed of senior-level Ameren officers.

Except as discussed below, there have been no material changes to the quantitative and qualitative disclosures about market risk in the Form 10-K. See Item 7A under Part II of the Form 10-K for a more detailed discussion of our market risks.

Interest Rate Risk

We are exposed to market risk through changes in interest rates. The following table presents the estimated increase in our annual interest expense and decrease in net income if interest rates were to increase by 1% on variable-rate debt outstanding at March 31, 2008:

	Interest Expense	Net Income(a)
Ameren	\$ 25	\$ (15)
UE	8	(5)
CIPS	1	(1)
Genco	1	(1)
CILCORP	6	(3)
CILCO	4	(2)
IP	5	(3)

(a) Calculations are based on an effective tax rate of 38%.

The estimated changes above do not consider potential reduced overall economic activity that would exist in such an environment. In the event of a significant change in interest rates, management would probably act to further mitigate our exposure to this market risk. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this sensitivity analysis assumes no change in our financial structure.

Insured Auction-Rate Tax-exempt Bonds

Our auction-rate tax-exempt environmental improvement and pollution control revenue bonds issued for the benefit of UE, CIPS, CILCO and IP through governmental authorities are insured by “monoline” bond insurers. See Note 5 – Long-term Debt and Equity Financings under Part II, Item 8 of the Form 10-K for a description and details of this

indebtedness. As a result of developments in the capital markets with respect to residential mortgage-backed securities and collateralized debt obligations, the credit rating agencies have placed some of the monoline bond insurers on review for a possible downgrade and/or have actually downgraded their credit ratings due to their insuring of such securities. As a result, since December 2007 our auction-rate bonds that are insured by the monoline bond insurers have similarly been placed on review for possible downgrade and/or have been downgraded. We have experienced higher interest expense and/or “failed auctions” with respect to a portion of our auction-rate bonds. According to press reports, many other series of auction-rate securities similarly experienced “failed auctions.”

To mitigate the effect of these credit ratings downgrades and the resulting impact on the interest rates of our auction-rate tax-exempt environmental improvement and pollution control revenue bonds, we have redeemed or provided notices of redemption with respect to all of UE’s, CIPS’, CILCO’s and IP’s outstanding auction-rate bonds except for UE’s 1992 Series and 1998 Series A, B and C bonds, which had an aggregate balance of \$207 million at March 31, 2008, and interest rates ranging from 4.0% to 4.9% at March 31, 2008. In April 2008, UE and IP issued senior secured notes in the amount of \$250 million and \$337 million, respectively, to refinance their auction-rate indebtedness. See Note 4 – Long-term Debt and Equity Financings under Part I, Item 1 of this report for a description of these redemptions and refinancings.

Credit Risk

Credit risk represents the loss that would be recognized if counterparties fail to perform as contracted. NYMEX-traded futures contracts are supported by the financial and credit quality of the clearing members of the NYMEX and have nominal credit risk. In all other transactions, we are exposed to credit risk in the event of nonperformance by the counterparties to the transaction.

Our physical and financial instruments are subject to credit risk consisting of trade accounts receivable and executory contracts with market risk exposures. The risk associated with trade receivables is mitigated by the large number of customers in a broad range of industry groups who make up our customer base. The Ameren Illinois Utilities' past-due accounts receivable balances have increased significantly due to the increase in electric rates in Illinois, effective January 2, 2007, and statutory restrictions on collection activities. The allowances for doubtful accounts of IP, CIPS, and CILCO have been increased to provide for the heightened credit risk associated with this increase in past-due accounts receivables. The Ameren Illinois Utilities will continue to monitor the impact of increased electric rates on customer collections and make adjustments to their allowances for doubtful accounts, as deemed necessary, to ensure that such allowances are adequate to cover estimated uncollectible customer account balances. At March 31, 2008, no nonaffiliated customer represented more than 10%, in the aggregate, of our accounts receivable. Our revenues are primarily derived from sales or delivery of electricity and natural gas to customers in Missouri and Illinois. UE, CIPS, Genco, CILCO, AERG, IP, AFS and Marketing Company may have credit exposure associated with interchange or wholesale purchase and sale activity with nonaffiliated companies. At March 31, 2008, UE's, CIPS', Genco's, CILCO's, IP's, AFS' and Marketing Company's combined credit exposure to nonaffiliated non-investment-grade trading counterparties was less than \$3 million, net of collateral (2007 – \$1 million). We establish credit limits for these counterparties and monitor the appropriateness of these limits on an ongoing basis through a credit risk management program that involves daily exposure reporting to senior management, master trading and netting agreements, and credit support, such as letters of credit and parental guarantees. We also analyze each counterparty's financial condition before we enter into sales, forwards, swaps, futures or option contracts, and we monitor counterparty exposure associated with our leveraged lease. We estimate our credit exposure to MISO associated with the MISO Day Two Energy Market to be \$78 million at March 31, 2008 (2007 - \$22 million).

The Ameren Illinois Utilities will be exposed to credit risk in the event of nonperformance by the parties contributing to the Illinois comprehensive rate relief and assistance programs under the Illinois electric settlement agreement, which will provide \$488 million in rate relief over a four-year period to certain electric customers of the Ameren Illinois Utilities. Under funding agreements among the parties contributing to the rate relief and assistance programs, at the end of each month, the Ameren Illinois Utilities will bill the participating generators for their proportionate share of that month's rate relief and assistance, which is due in 30 days, or drawn from the funds provided by the generators' escrow. See Note 2 – Rate and Regulatory Matters to our financial statements under Part I, Item 1 of this report for additional information.

Equity Price Risk

Our costs of providing defined benefit retirement and postretirement benefit plans are dependent upon a number of factors, including the rate of return on plan assets. To the extent the value of plan assets declines, the effect would be reflected in net income and OCI, and in the amount of cash required to be contributed to the plans.

Commodity Price Risk

We are exposed to changes in market prices for electricity, fuel, and natural gas. UE's, Genco's, AERG's and EEI's risks of changes in prices for power sales are partially hedged through sales agreements. Genco, AERG and EEI also seek to sell power forward to wholesale, municipal and industrial customers to limit exposure to changing prices. We also attempt to mitigate financial risks through structured risk management programs and policies, which include structured forward-hedging programs, and the use of derivative financial instruments (primarily forward contracts, futures contracts, option contracts, and financial swap contracts). However, a portion of the generation capacity of UE, Genco, AERG and EEI is not contracted through physical or financial hedge arrangements and is therefore exposed to volatility in market prices.

The following table shows how our cumulative earnings might decrease if power prices were to decrease by 1% on unhedged economic generation for the remainder of 2008 through 2010:

	Net Income(a)
Ameren	\$ (17)
UE	(8)
Genco	(5)
CILCO (AERG)	(2)
EEI	(6)

(a) Calculations are based on an effective tax rate of 38%

Ameren also uses its portfolio management and trading capabilities both to manage risk and to deploy risk capital to generate additional returns. Due to our physical presence in the market, we are able to identify and pursue opportunities which can generate additional returns through portfolio management and trading activities. All of this activity is performed within a controlled risk management process. We establish value at risk (VaR) and stop-loss limits that are intended to prevent any negative material financial impact.

Similar techniques are used to manage risks associated with changing prices of fuel for generation. Most UE, Genco, AERG and EEI fuel supply contracts are physical forward contracts. UE, Genco, AERG and EEI do not have a provision

similar to the PGA clause for electric operations, so UE, Genco, AERG and EEI have entered into long-term contracts with various suppliers to purchase coal and nuclear fuel to manage their exposure to fuel prices. The coal hedging strategy is intended to secure a reliable coal supply while reducing exposure to commodity price volatility. Price and volumetric risk mitigation is accomplished primarily through periodic bid procedures, whereby the amount of coal purchased is determined by the current market prices and the minimum and maximum coal purchase guidelines for the given year. We generally purchase coal up to five years in advance, but we may purchase coal beyond five years to take advantage of favorable deals or market conditions. The strategy also allows for the decision not to purchase coal to avoid unfavorable market conditions.

Transportation costs for coal and natural gas can be a significant portion of fuel costs. We typically hedge coal transportation forward to provide supply certainty and to mitigate transportation price volatility. Natural gas transportation expenses for Ameren's gas distribution utility companies and the gas-fired generation units of UE, Genco, AERG and EEI are regulated by FERC through approved tariffs governing the rates, terms and conditions of transportation and storage services. Certain firm transportation and storage capacity agreements held by Ameren Companies include rights to extend the contracts prior to the termination of the primary term. Depending on our competitive position, we are able in some instances to negotiate discounts to these tariff rates for our requirements.

The following table presents the percentages of the projected required supply of coal and coal transportation for our coal-fired power plants, nuclear fuel for UE's Callaway nuclear plant, natural gas for our CTs and retail distribution, as appropriate, and purchased power needs of CIPS, CILCO and IP, which own no generation, that are price-hedged over the remainder of 2008 through 2012, as of March 31, 2008:

	2008	2009	2010 – 2012
Ameren:			
Coal	100%	87%	34%
Coal transportation	100	82	17
Nuclear fuel	100	100	87
Natural gas for generation	38	1	-
Natural gas for distribution(a)	23	14	15
Purchased power for Illinois Regulated(b)	97	80	51
UE:			
Coal	100%	87%	38%
Coal transportation	100	96	31
Nuclear fuel	100	100	87
Natural gas for generation	29	-	-
Natural gas for distribution(a)	22	12	4
CIPS:			
Natural gas for distribution(a)	24%	16%	5%
Purchased power(b)	97	80	51
Genco:			
Coal	100%	88%	25%
Coal transportation	100	98	-
Natural gas for generation	60	-	-
CILCORP/CILCO:			
Coal (AERG)	93%	82%	28%
Coal transportation (AERG)	100	69	-
Natural gas for distribution(a)	21	12	21
Purchased power(b)	97	80	51
IP:			

Natural gas for distribution(a)	24%	16%	15%
Purchased power(b)	97	80	51
EEI:			
Coal	100%	88%	39%
Coal transportation	100	100	-

- (a) Represents the percentage of natural gas price hedged for peak winter season of November through March. The year 2008 represents January 2008 through March 2008. The year 2009 represents November 2008 through March 2009. This continues each successive year through March 2012.
- (b) Represents the percentage of purchased power price-hedged for fixed-price residential and small commercial customers with less than 1 megawatt of demand. Includes the financial contracts that the Ameren Illinois Utilities entered into with Marketing Company, effective August 28, 2007, and additional financial contracts entered into with Marketing Company and other suppliers, effective March 20, 2008, as part of the Illinois electric settlement agreement. Larger customers are purchasing power from the competitive markets. See Note 2 – Rate and Regulatory Matters and Note 9 – Commitments and Contingencies under Part I, Item 1, of this report for a discussion of these financial contracts and the new power procurement process pursuant to the Illinois electric settlement agreement.

The following table shows how our cumulative fuel expense might increase and how our cumulative net income might decrease if coal and coal transportation costs were to increase by 1% on any requirements not currently covered by fixed-price contracts for the period 2008 through 2012. In addition, coal and coal transportation costs are sensitive to the price of diesel fuel as a result of rail freight fuel surcharges. If diesel fuel costs were to increase or decrease by \$0.25 per gallon, Ameren's fuel expense could increase or decrease by \$13 million annually (UE – \$7 million, Genco – \$3 million, AERG – \$1 million and EEI – \$2 million). As of March 31, 2008, Ameren had price-hedged approximately 100% of expected fuel surcharges in 2008.

	Coal		Transportation	
	Fuel	Net	Fuel	Net
	Expense	Income(a)	Expense	Income(a)
Ameren(b)	\$ 31	\$ (19)	\$ 21	\$ (13)
UE	12	(8)	9	(6)
Genco	12	(7)	5	(3)
CILCORP	5	(3)	2	(1)
CILCO (AERG)	5	(3)	2	(1)
EEI	2	(1)	5	(3)

(a) Calculations are based on an effective tax rate of 38%.

(b) Includes amounts for Ameren registrant and nonregistrant subsidiaries.

In the event of a significant change in coal prices, UE, Genco, AERG and EEI would probably take actions to further mitigate their exposure to this market risk. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this sensitivity analysis assumes no change in our financial structure or fuel sources.

See Note 9 – Commitments and Contingencies to our financial statements under Part I, Item 1, of this report for further information regarding the long-term commitments for the procurement of coal, natural gas and nuclear fuel.

Fair Value of Contracts

Most of our commodity contracts qualify for treatment as normal purchases and sales. We use derivatives principally to manage the risk of changes in market prices for natural gas, fuel, electricity and emission allowances. The following table presents the favorable (unfavorable) changes in the fair value of all derivative contracts marked-to-market during the three months ended March 31, 2008. We use various methods to determine the fair value of our contracts. In accordance with SFAS No. 157 hierarchy levels, our sources used to determine the fair value of these contracts were active quotes (Level 1), inputs corroborated by market data (Level 2), and other modeling and valuation methods that are not corroborated by market data (Level 3). All of these contracts have maturities of less than five years. See Note 7 – Fair Value Measurements to our financial statements under Part I, Item 1, of this report for further information regarding the methods used to determine the fair value of these contracts.

	Ameren(a)	UE	CIPS	Genco	CILCORP/ CILCO	IP
Three Months						
Fair value of contracts at beginning of period, net	\$ 13	\$ 7	\$ 38	\$ (4)	\$ 21	\$ 55
Contracts realized or otherwise settled during the period	(5)	(3)	-	-	(1)	4
Changes in fair values attributable to changes in valuation technique and assumptions	-	-	-	-	-	-

Fair value of new contracts entered into during the period	15	(1)	-	1	-	(2)
Other changes in fair value	(10)	(4)	20	(11)	20	45
Fair value of contracts outstanding at end of period, net	\$ 13	\$ (1)	\$ 58	\$ (14)	\$ 40	\$ 102

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

The following table presents maturities of derivative contracts as of March 31, 2008, based on the hierarchy levels used to determine the fair value of the contracts:

Sources of Fair Value	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
Ameren:					
Level 1	\$ (17)	\$ -	\$ -	\$ -	\$ (17)
Level 2(a)	(29)	-	-	-	(29)
Level 3(b)	35	22	2	-	59
Total	\$ (11)	\$ 22	\$ 2	\$ -	\$ 13

Sources of Fair Value	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess of 5 Years	Total Fair Value
UE:					
Level 1	\$ (2)	\$ -	\$ -	\$ -	\$ (2)
Level 2(a)	(14)	-	-	-	(14)
Level 3(b)	12	3	-	-	15
Total	\$ (4)	\$ 3	\$ -	\$ -	\$ (1)
CIPS:					
Level 1	\$ -	\$ -	\$ -	\$ -	\$ -
Level 2(a)	-	-	-	-	-
Level 3(b)	17	21	20	-	58
Total	\$ 17	\$ 21	\$ 20	\$ -	\$ 58
Genco:					
Level 1	\$ (15)	\$ -	\$ -	\$ -	\$ (15)
Level 2(a)	-	-	-	-	-
Level 3(b)	1	-	-	-	1
Total	\$ (14)	\$ -	\$ -	\$ -	\$ (14)
CILCORP/CILCO:					
Level 1	\$ -	\$ -	\$ -	\$ -	\$ -
Level 2(a)	-	-	-	-	-
Level 3(b)	17	14	9	-	40
Total	\$ 17	\$ 14	\$ 9	\$ -	\$ 40
IP:					
Level 1	\$ -	\$ -	\$ -	\$ -	\$ -
Level 2(a)	-	-	-	-	-
Level 3(b)	33	41	28	-	102
Total	\$ 33	\$ 41	\$ 28	\$ -	\$ 102

- (a) Principally fixed price for floating over-the-counter power swaps, power forwards and fixed price for floating over-the-counter natural gas swaps.
- (b) Principally coal and SO₂ option values based on a Black-Scholes model that includes information from external sources and our estimates. Also includes interruptible power forward and option contract values based on our estimates.

ITEM 4 and Item 4T. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures

As of March 31, 2008, evaluations were performed, under the supervision and with the participation of management, including the principal executive officer and principal financial officer of each of the Ameren Companies, of the effectiveness of the design and operation of such registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon those evaluations, the principal executive officer and principal financial officer of each of the Ameren Companies have concluded that such disclosure controls and procedures are effective to provide assurance that information required to be disclosed in such registrant's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to its management, including its principal executive and principal financial officers, to allow timely decisions regarding required

disclosure.

(b) Change in Internal Controls

There has been no change in any of the Ameren Companies' internal control over financial reporting during their most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, each of their internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters that arise in the ordinary course of business, some of which involve sub-substantial amounts of money. We believe that the final disposition of these proceedings, except as otherwise disclosed in this report, will not have a material adverse effect on our results of operations, financial position, or liquidity. Risk of loss is mitigated, in some cases, by insurance or contractual or statutory indemnification. We believe that we have established appropriate reserves for potential losses.

In April 2008, The Boeing Company, in conjunction with other industrial customers as a coalition, intervened in the MoPSC proceeding relating to UE's pending request for an increase in its electric service rates. James C. Johnson is an officer of The Boeing Company and a member of the board of directors of Ameren. Mr. Johnson did not participate in Ameren's board and committee deliberations relating to this matter.

For additional information on legal and administrative proceedings, see Note 2 – Rate and Regulatory Matters, Note 8 – Related Party Transactions and Note 9 – Commitments and Contingencies to our financial statements under Part I, Item 1 of this report.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table presents Ameren Corporation's purchases of equity securities reportable under Item 703 of Regulation S-K:

Period	(a) Total Number of Shares (or Units) Purchased(a)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 – January 31, 2008	12,000	\$ 53.29	-	-
February 1 – February 29, 2008	-	-	-	-
March 1 – March 31, 2008	40,683	42.70	-	-
Total	52,683	\$ 45.11	-	-

(a) Included in January were 12,000 shares of Ameren common stock purchased by Ameren in open-market transactions pursuant to Ameren's 2006 Omnibus Incentive Compensation Plan in satisfaction of Ameren's obligations for director compensation awards. Included in March were 40,683 shares of Ameren common stock purchased by Ameren from employee participants to satisfy participants' tax obligations incurred by the release of restricted shares of Ameren common stock under Ameren's Long-term Incentive Plan of 1998. Ameren does not have any publicly announced equity securities repurchase plans or programs.

None of the other registrants purchased equity securities reportable under Item 703 of Regulation S-K during the January 1 to March 31, 2008 period.

ITEM 6. EXHIBITS.

The documents listed below are being filed or have previously been filed on behalf of the Ameren Companies and are incorporated herein by reference from the documents indicated and made a part hereof. Exhibits not identified as previously filed are filed herewith.

Exhibit Designation	Registrant(s)	Nature of Exhibit	Previously Filed as Exhibit to:
Instruments Defining Rights of Securities Holders, Including Indentures			
4.1	Ameren UE	UE Company Order dated April 8, 2008, establishing the 6.00% Senior Secured Notes due 2018 (including the global note)	April 8, 2008 Form 8-K, Exhibits 4.3 and 4.5, File No. 1-2967
4.2	Ameren UE	Supplemental Indenture dated as of April 8, 2008 by and between UE and The Bank of New York, as Trustee under the Indenture of Mortgage and Deed of Trust dated June 15, 1937, as amended, relating to UE First Mortgage Bonds, Senior Notes Series LL securing UE 6.00% Senior Secured Notes due 2018	April 8, 2008 Form 8-K, Exhibit 4.7, File No. 1-2967
4.3	Ameren Genco	Fifth Supplemental Indenture dated April 9, 2008, as of April 1, 2008, between Genco and The Bank of New York Trust Company, N.A., as Trustee, under the Indenture dated as of November 1, 2000, relating to Genco 7.00% Senior Notes, Series G due 2018, (including the form of notes)	April 9, 2008 Form 8-K, Exhibit 4.2, File No. 333-56594
4.4	Ameren IP	IP Company Order dated April 8, 2008, establishing the 6.25% Senior Secured Notes due 2018 (including forms of global and definitive notes)	April 8, 2008 Form 8-K, Exhibit 4.4, File No. 1-3004
4.5	Ameren IP	Supplemental Indenture dated as of April 8, 2008 by and between IP and The Bank of New York Trust Company, N.A., as Trustee, under the General Mortgage Indenture and Deed of Trust dated as of November 1, 1992, relating to IP Mortgage Bonds, Senior Notes Series CC securing IP 6.25% Senior Secured Notes due 2018	April 8, 2008 Form 8-K, Exhibit 4.9, File No. 1-3004
Material Contracts			
10.1	Ameren Genco	Ameren System Amended and Restated Non-Regulated	

	CILCORP	Subsidiary Money Pool Agreement dated March 1, 2008
10.2	Ameren CIPS CILCORP CILCO IP	Amendment dated as of March 26, March 28, 2008 Form 8-K, 2008 to Credit Agreement – Illinois Exhibit 10.1, File No. Facility, dated as of July 14, 2006, 1-14756 among CIPS, CILCO, IP, AERG, CILCORP and JPMorgan Chase Bank, N.A., as administrative agent
10.3	Ameren CIPS CILCORP CILCO IP	Amendment dated as of March 26, March 28, 2008 Form 8-K, 2008 to Credit Agreement – Illinois Exhibit 10.2, File No. Facility, dated as of February 9, 2007, among CIPS, CILCO, IP, AERG, CILCORP and JPMorgan Chase Bank, N.A., as administrative agent
10.4	Ameren Genco	Amended and Restated Power Supply Agreement between Genco and Marketing Company, dated March 28, 2008 Form 8-K, Exhibit 10.3, File No. 1-14756 March 28, 2008

Exhibit Designation	Registrant(s)	Nature of Exhibit	Previously Filed as Exhibit to:
Statement re: Computation of Ratios			
12.1	Ameren	Ameren's Statement of Computation of Ratio of Earnings to Fixed Charges	
12.2	UE	UE's Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
12.3	CIPS	CIPS' Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
12.4	Genco	Genco's Statement of Computation of Ratio of Earnings to Fixed Charges	
12.5	CILCORP	CILCORP's Statement of Computation of Ratio of Earnings to Fixed Charges	
12.6	CILCO	CILCO's Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
12.7	IP	IP's Statement of Computation of Ratio of Earnings to Fixed Charges and Combined Fixed Charges and Preferred Stock Dividend Requirements	
Rule 13a-14(a) / 15d-14(a) Certifications			
31.1	Ameren	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Ameren	
31.2	Ameren	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Ameren	
31.3	UE	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of UE	
31.4	UE	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of UE	
31.5	CIPS	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of CIPS	
31.6	CIPS		

		Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of CIPS
31.7	Genco	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of Genco
31.8	Genco	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of Genco
31.9	CILCORP	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of CILCORP
31.10	CILCORP	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of CILCORP
31.11	CILCO	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of CILCO
31.12	CILCO	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of CILCO
31.13	IP	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer of IP
31.14	IP	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer of IP

Exhibit Designation	Registrant(s)	Nature of Exhibit	Previously Filed as Exhibit to:
Section 1350 Certifications			
32.1	Ameren	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of Ameren	
32.2	UE	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of UE	
32.3	CIPS	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of CIPS	
32.4	Genco	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of Genco	
32.5	CILCORP	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of CILCORP	
32.6	CILCO	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of CILCO	
32.7	IP	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer of IP	
Additional Exhibits			
99.1	Ameren CILCORP CILCO	Amended and Restated Power Supply Agreement between AERG and Marketing Company, dated March 28, 2008	March 28, 2008 Form 8-K, Exhibit 99.1, File No. 2-95569

SIGNATURES

Pursuant to the requirements of the Exchange Act, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. The signature for each undersigned company shall be deemed to relate only to matters having reference to such company or its subsidiaries.

AMEREN CORPORATION
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

UNION ELECTRIC COMPANY
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

AMEREN ENERGY GENERATING COMPANY
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CILCORP INC.
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CENTRAL ILLINOIS LIGHT COMPANY
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

ILLINOIS POWER COMPANY
(Registrant)

/s/ Martin J. Lyons

Martin J. Lyons
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: May 8, 2008