MOODY'S
INVESTORS SERVICE

Announcement: Moody's places Ameren Energy Generating Under Review for Downgrade

Global Credit Research - 20 Dec 2012

Approximately $825 million of debt securities affected

New York, December 20, 2012 -- Moody's Investors Service today placed Ameren Energy Generating Company's (Ameren Genco; Ba3/negative) ratings under review for downgrade. The action is precipitated by Ameren Corporation's (Ameren Baa3/stable) announcement earlier today that its merchant generation segment is no longer core to its business strategy and that it will reduce, and ultimately eliminate over time, financial and shared services support to this business segment.

RATINGS RATIONALE

"Moody's senior unsecured rating of Ba3 on Ameren Genco has been predicated on Ameren's continued tangible financial support for this entity" said Toby Shea, Senior Analyst. "The reduction and eventual elimination of parent company support will limit Ameren Genco's financial flexibility at a time when continued low power prices and ongoing environmental compliance requirements persists, " added Shea.

The review will focus on the impact to Ameren Genco finances and operations of this revised strategic direction. In particular, we will examine the pace of the withdrawal of parent company credit support for Ameren Genco's trading activities and the consequences on Ameren Genco's liquidity and hedging activity in a challenging market environment for coal-fired generators.

At the same, Moody's affirmed Ameren's senior unsecured rating at Baa3 with a stable outlook. . Despite the large write-down expected to be recorded associated with the merchant segment ($1.5 billion to $2 billion on a pre-tax), the impact to earning is a non-cash charge and we understand that Ameren will remain comfortably in compliance with its financial covenant in the company's bank credit facility that requires consolidated debt to remain below 65% of total capitalization. Moreover, Ameren's credit profile should strengthen modestly as it reduces its direct and indirect support for Ameren Genco over time. That said, we expect the transition to be gradual and incorporate a view that such improvement, on its own, is not sufficient to warrant an upgrade or a change in outlook at this point.

Ameren Corporation is a public utility holding company headquartered in St. Louis, Missouri. It is the parent company of regulated utility subsidiaries Ameren Missouri and Ameren Illinois and unregulated generation subsidiaries Ameren Energy Generating Company and AmerenEnergy Resources Generating Company.

The principal methodology used in this rating was Unregulated Utilities and Power Companies published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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