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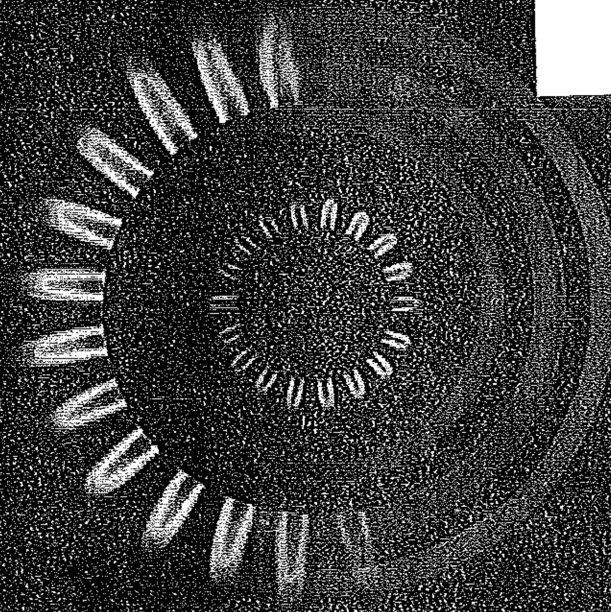
Missouri Public
Service Commission

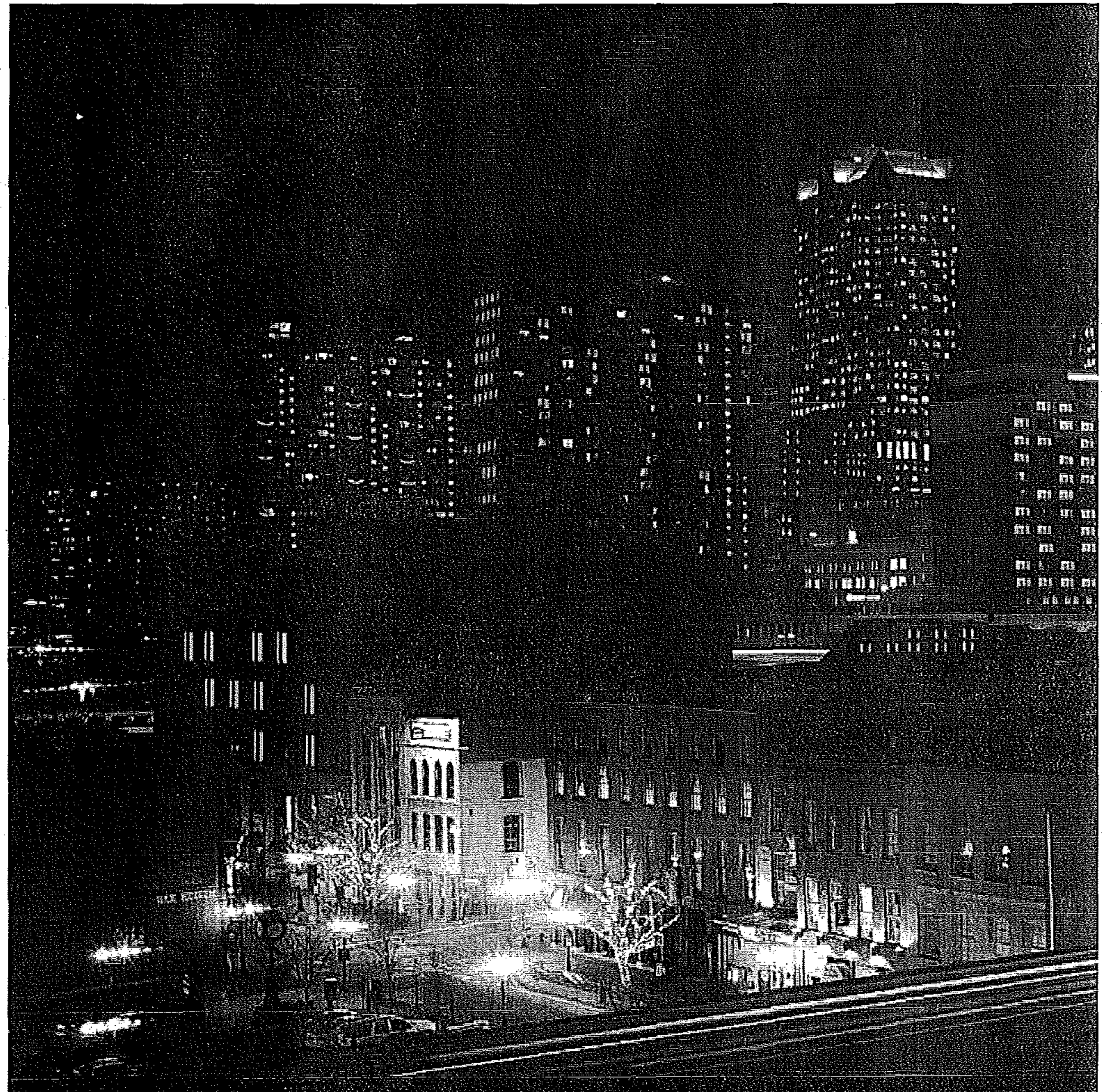


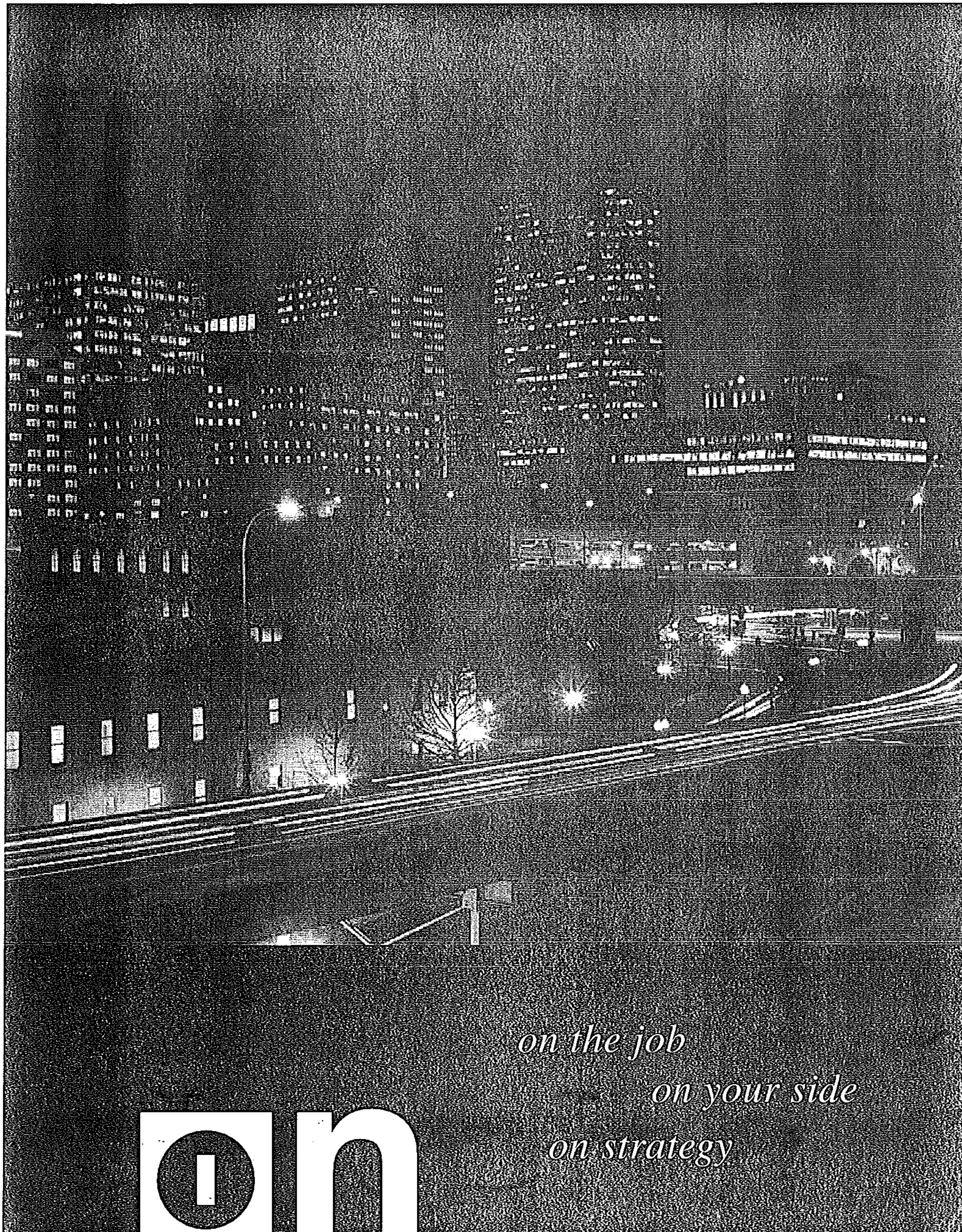
on

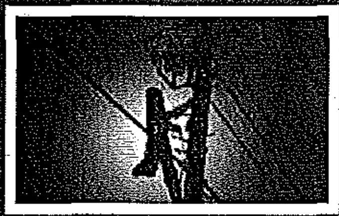
Exhibit No.
Date Reporter
File No.

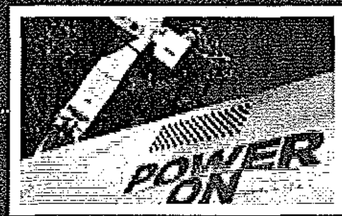
Ameren

2008 ANNUAL REPORT




on the job
on your side
on strategy





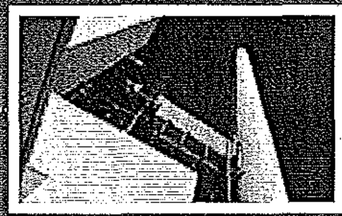
on the job...

Throughout 2008, we remained focused on our customers. We made significant investments in our energy infrastructure and forged strong partnerships with our customers and communities, improving overall reliability and customer satisfaction. Through AmerenUE's Power On reliability program in Missouri, in 2008 we completed 250 undergrounding projects, burying more than 100 miles of electric line. We trimmed trees along more than 6,500 miles of overhead line, tested nearly 100,000 wood utility poles and inspected more than 8,000 miles of electric line – all to improve customer reliability. This initiative resulted in a much lower number of outages during 2008 weather events.

In Illinois, targeting the worst-performing circuits and aggressively trimming trees also yielded significant reliability improvements. Illinois crews' performance on gas leak calls – with an average response time of less than 23 minutes – placed Ameren's Illinois utilities among the leaders in industry rankings.

In both states, ratings in surveys conducted with customers who had contact with Ameren's utility companies were among the highest ever experienced, and ratings of general satisfaction also improved. Across Illinois and Missouri in 2008, our utility companies can be credited with distinguished performance, reducing the frequency of service interruptions and per-customer outages by 15 percent since 2004 to earn a top-quartile industry ranking.

ensuring safe, reliable service



on your side...

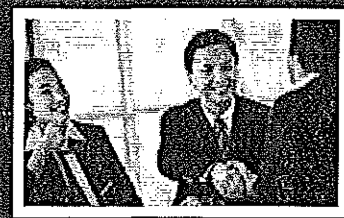
Environmental stewardship is a cornerstone of performance leadership at Ameren. Over the years, our power plants have been industry leaders in reducing emissions by piloting new technologies and investing in research. In 2008, we began installing scrubbers – sophisticated emissions-reduction equipment – at three plants. These new, state-of-the-art controls are expected to eliminate almost all sulfur dioxide emissions at these facilities.

At AmerenUE, a comprehensive integrated resource planning process calls for the combination of energy efficiency initiatives and renewable resources as the best way to delay the need for building large generating plants. In executing this plan, we are launching aggressive initiatives to help customers use energy more efficiently. A range of customer programs are aimed at helping customers change their approach to using energy, with a goal of saving 540 megawatts of generation by 2025 – the equivalent of a mid-sized coal-fired plant. AmerenUE has also committed to add wind power to its generation portfolio and continues to sponsor and promote a voluntary renewable energy program for electric customers.

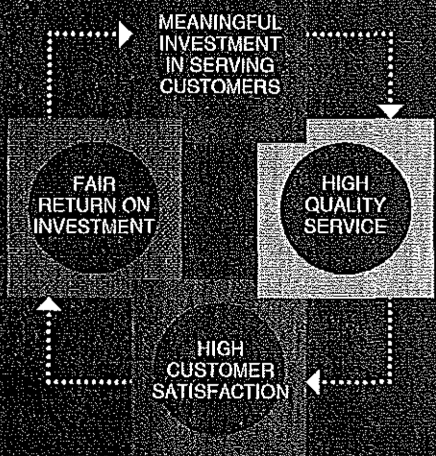
Illinois law has set aggressive annual energy efficiency savings goals. In 2008, we began offering incentives on electric energy-efficient systems to our Illinois customers, and Ameren's Illinois utilities have also created actonenergy.com, a dynamic new Web site to provide energy-saving advice and program information. Ameren's purchase of renewable energy credits in Illinois also demonstrates the company's commitment.

(Photo at right) Jeremy Dyer, Director of Operations C-Store Division, Niemann Foods, right, discusses energy efficiency with Rusty Tribe, an Ameren Illinois utilities' ActOnEnergy™ representative. With a three-year electric and natural gas budget of $100 million, ActOnEnergy is an incentive program for Ameren Illinois utilities' electric and natural gas distribution customers. Niemann Foods received more than $212,000 for projects that will make 27 Illinois grocery stores more energy efficient.

providing energy savings options and protecting the environment

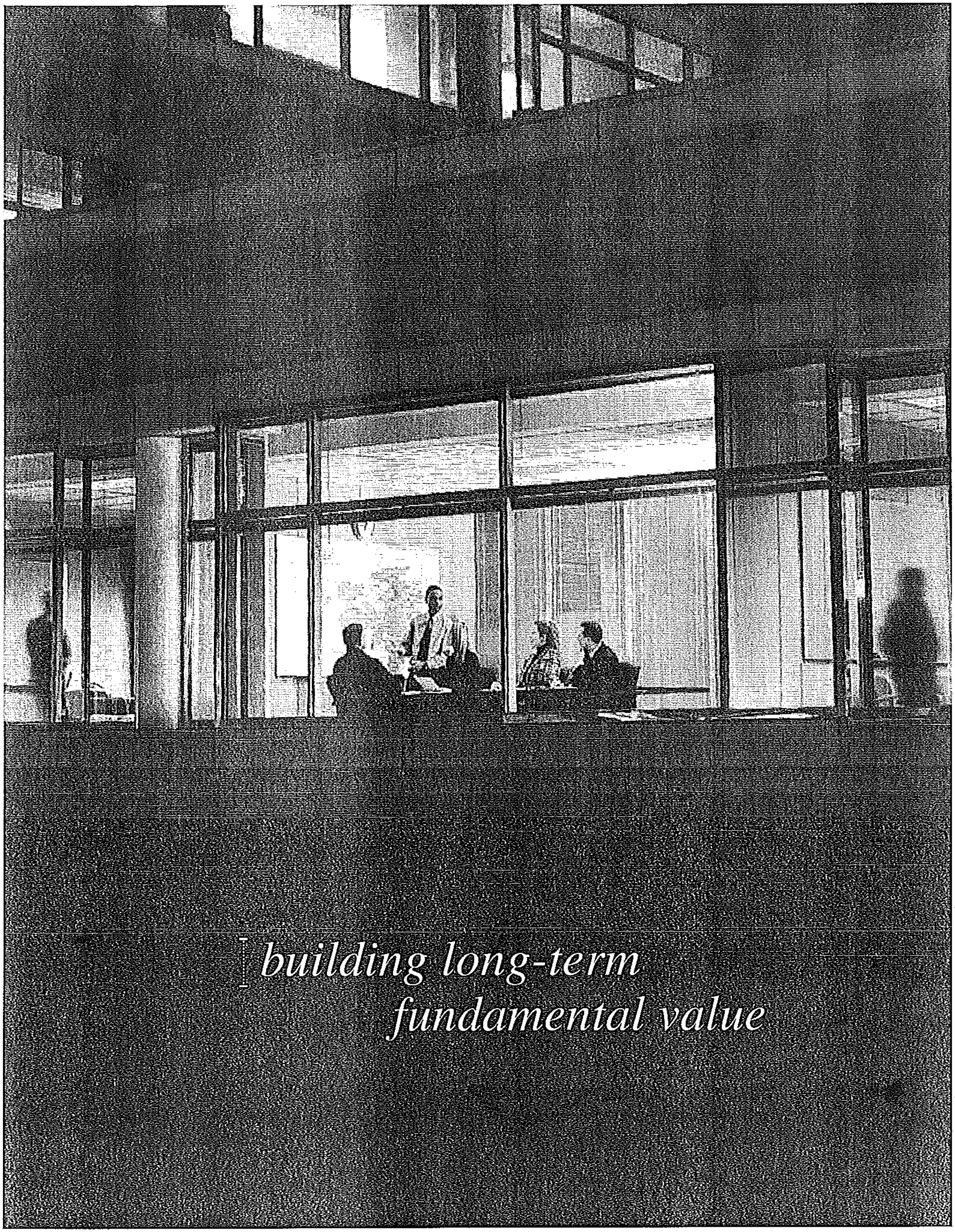


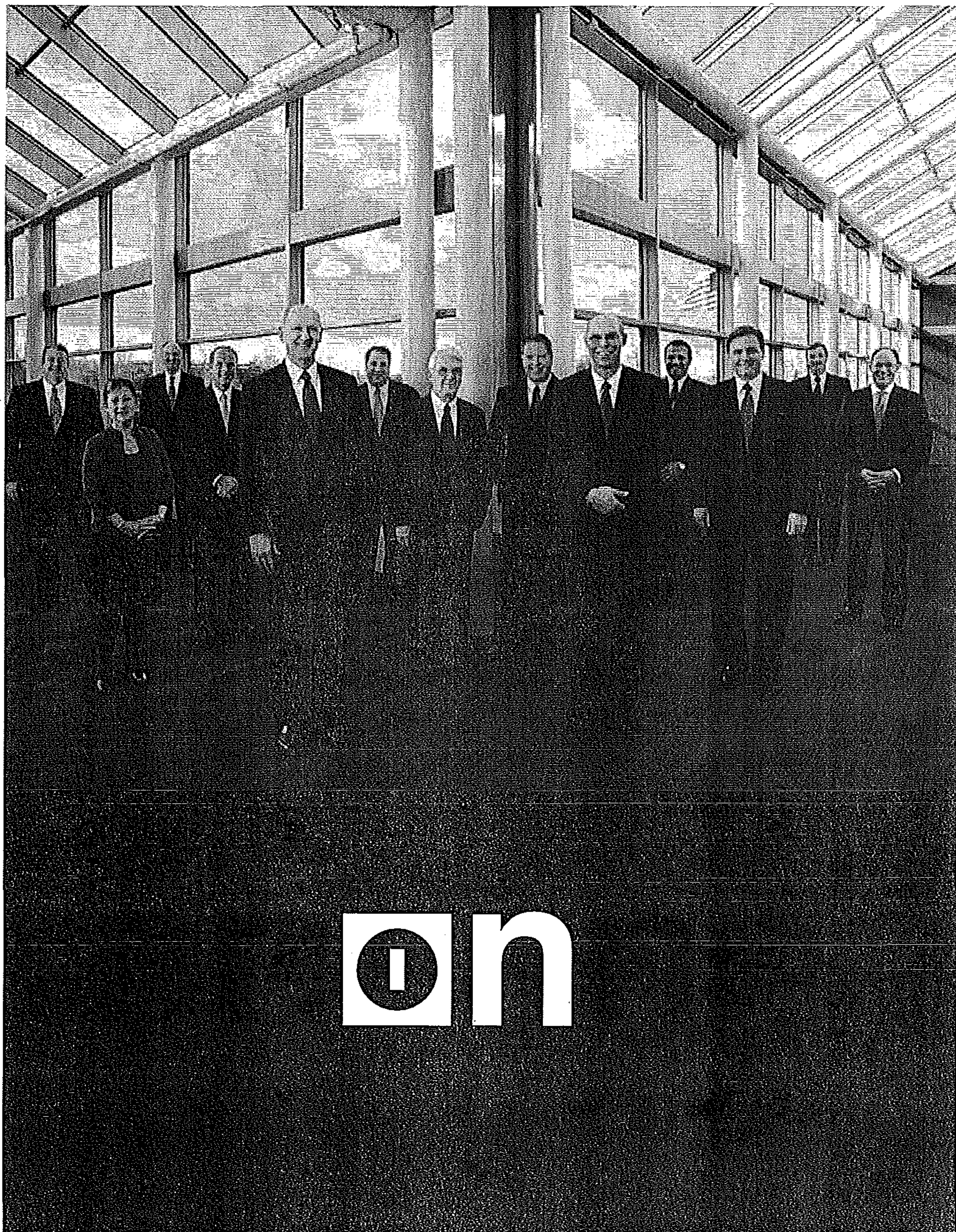
on strategy...



Even though the current economic environment has created challenges for our industry and our company, we have plans in place to stay on strategy. That strategy calls for investing in our Illinois and Missouri regulated businesses to deliver safe, reliable and affordable energy in an environmentally responsible manner. Our strategy also calls for optimizing our existing non-rate-regulated generation assets. Together, these initiatives should deliver solid, long-term value to our shareholders.

Also key to our strategic plan is our concept of the cycle shown on this page: That cycle begins with prudent investments in infrastructure. Making these investments helps us improve service, which, in turn, leads to higher customer satisfaction. Improved service and satisfaction should translate into fair treatment by our regulators. Better regulatory treatment should result in improved returns on investment for our regulated electric and natural gas operations – bringing returns to levels that are necessary to cost-effectively fund further infrastructure investment. All this should lead to a continuation of this cycle and long-term benefits to our shareholders.


building long-term
fundamental value



my fellow shareholders

The theme of our 2008 report is simple: We are **on** the job, **on** your side and focused **on** our strategy.

The evidence of our progress on these initiatives is plentiful, from improved reliability statistics to higher customer satisfaction ratings, from strong power plant performance to much-needed rate increases for our regulated operations both in Illinois and Missouri.

I will address these later, but one of our most critical 2008 accomplishments is that we acted strategically to respond to the dramatic economic downturn, volatile commodity markets and unprecedented strains in capital and credit markets.

We took timely, prudent actions to increase our liquidity and enhance our financial flexibility, accessing the capital markets and significantly reducing our 2008 and projected 2009 spending. We put in place plans to slash projected capital and operating expenditures by approximately $800 million. We reduced executive management salaries and incentive compensation opportunities and established firm controls on headcount. We have always tightly managed our operations, maintenance and administrative expenses, but we are taking it to a new level.

Ameren's Executive Leadership Team: *(From left)* ***Adam C. Heflin****, Senior Vice President and Chief Nuclear Officer, AmerenUE;* ***Donna K. Martin****, Senior Vice President and Chief Human Resources Officer;* ***Daniel F. Cole****, Senior Vice President, Administration and Technical Services, Ameren Services;* ***Scott A. Cisel****, President and Chief Executive Officer, AmerenCILCO, AmerenCIPS and AmerenIP;* ***Gary L. Rainwater****, Chairman, President and Chief Executive Officer;* ***Andrew M. Serri****, President, Ameren Energy Marketing;* ***Thomas R. Voss****, Executive Vice President and Chief Operating Officer, President and Chief Executive Officer, AmerenUE;* ***Charles D. Naslund****, President and Chief Executive Officer, Ameren Energy Resources;* ***Warner L. Baxter****, Executive Vice President and Chief Financial Officer, President and Chief Executive Officer, Ameren Services;* ***Richard J. Mark****, Senior Vice President, Energy Delivery, AmerenUE;* ***Martin J. Lyons, Jr.****, Senior Vice President and Chief Accounting Officer;* ***Steven R. Sullivan****, Senior Vice President, General Counsel and Secretary; and* ***Michael L. Moehn****, Senior Vice President, Corporate Planning and Risk Management, Ameren Services.*

As part of these efforts, Ameren's Board of Directors reduced the common share dividend level by 39 percent in early 2009. Your board did not make this decision lightly. Ameren's directors realized that the corporation was faced with the prospect of abandoning a strategic plan that we firmly believe will deliver long-term value to you, our investors. Had we not reduced the dividend, we would have been forced to turn to high-cost financings to support the execution of that plan.

AmerenUE is installing weather stations on existing AmerenUE poles in key locations throughout the region to measure temperature and wind speed, among other variables. AmerenUE joined Saint Louis University's Department of Earth & Atmospheric Sciences to create Quantum Weather™, a highly precise weather monitoring, forecasting and response system that improves efficiency and speeds up power restoration.

Some background on the dividend: The previous level was established at a time when Ameren's earnings were fully regulated and more predictable. In 2008, almost 60 percent of Ameren's earnings came from its non-rate-regulated generation business. These earnings are subject to wide fluctuations based on market-driven power prices. Continued dependence on this volatile earnings stream cannot support a large dividend, and our dividend was sizeable. In recent years, Ameren's annual dividend payout has totaled over half a billion dollars – a payout ratio that was among the highest in the industry and the nation.

Our adjusted dividend level provides us with a more sustainable payout ratio, based upon earnings primarily from our regulated businesses. It also puts our new dividend payout ratio squarely in line with ratios of 50 to 60 percent of earnings for peer companies, as compared to the 88 percent paid out by Ameren in 2008.

By setting a new, more realistic level, we can retain approximately $215 million a year. This additional cash will help us enhance reliability, meet our customers' expectations and grow our regulated businesses. It will also reduce our reliance on dilutive equity financings, enhance our access to the capital and credit markets and drive solid, long-term earnings-per-share growth.

WE ARE FOCUSED ON DELIVERING SAFE, RELIABLE AND AFFORDABLE ENERGY, WHILE ACHIEVING SOLID RETURNS. GROWING OUR INVESTMENT IN OUR REGULATED BUSINESSES WILL INCREASE CUSTOMER SATISFACTION THROUGH EXCELLENT SERVICE.

In the end, this action will make Ameren stronger and more nimble – able to access the capital markets on more favorable terms.

More importantly, we can use these incremental funds to continue to pursue the following straightforward, long-term business strategies to deliver solid, long-term value to you, our shareholders:

• **A Commitment To Investing In Our Illinois and Missouri Regulated Businesses.** We are focused on delivering safe, reliable and affordable energy, while achieving solid returns. Growing our investment in our regulated businesses will increase customer satisfaction through excellent service.

In 2008, we succeeded in doing just that. On the delivery side of our business, reliability improved, and customer satisfaction survey ratings rose.

For generating stations across Ameren's service territory, the Performance Monitoring Center continuously monitors plant equipment performance through pattern recognition software tools and real-time support. The center provides early stage notification of any equipment degradation or pending equipment failure to avoid extended outages that could hurt power plant availability.

AmerenUE's Power On reliability program contributed to a much lower number of outages during storms. Both the Illinois and Missouri delivery companies earned top-quartile industry rankings by reducing service interruption frequency – a key reliability measure.

Our focus on achieving operational excellence at our regulated generating plants has also yielded strong results – with our Callaway Nuclear Plant leading the way. In 2008, Callaway completed a record run of 520 consecutive days – and its shortest refueling and maintenance outage ever. Our coal-fired plants also performed well, with another year of solid availability. One notable milestone: Labadie Power Plant in Missouri generated more than a half-billion-megawatthours – one of only a few coal-fired plants in the nation to achieve that level.

In 2008, we also worked to balance the need to invest in regulated delivery and generation infrastructure with the need to provide reasonable rates. In addition, we aggressively sought recovery of these prudent investments to improve our returns.

• **Building Constructive Regulatory Frameworks.** Being "on" means recognizing the impact regulatory decisions have on earnings and credit ratings that affect our ability to cost effectively raise capital and invest in our businesses. In both Illinois and Missouri, we have worked hard to achieve constructive regulatory outcomes, given our need to update rates to levels that reflect today's much higher costs. Our three Illinois electric and natural gas delivery companies were authorized to raise rates by $161 million, effective October 1, 2008. AmerenUE received a $162 million electric rate increase in Missouri, which took effect March 1, 2009. However, even with this recent increase, AmerenUE rates remain well below the national average.

The most recent Missouri rate case also granted approval for recovering fuel and purchased power costs on a timely basis. By offering greater stability of earnings and cash flows, this provision bolsters our ability to continue to raise capital and invest in our utility infrastructure.

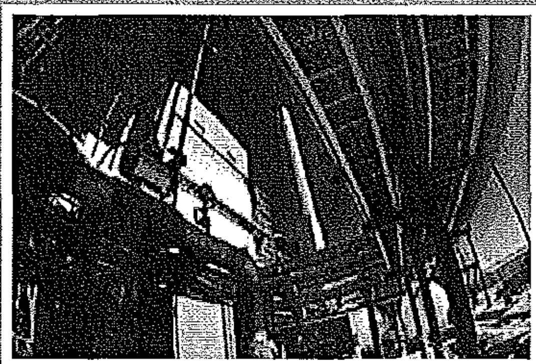
• **Optimizing Our Existing Non-Rate-Regulated Generation Assets.** In 2008, core earnings at our non-rate-regulated generation operations rose almost 11 percent because the plants stayed **on** – improving output and margins.

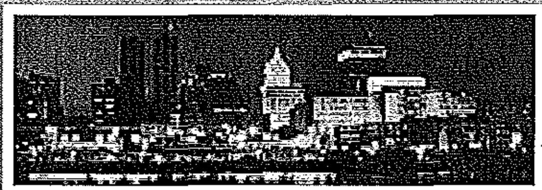
Unfortunately, power and fuel markets have recently exhibited extreme price volatility. However, our prudent hedging policies are expected to preserve value in 2009 and beyond. As we manage our investment in non-rate-regulated generation operations, we will continue to closely monitor market movements and the regulatory landscape. In 2008, we began to install state-of-the-art environmental controls at some of our non-rate-regulated coal-fired plants to extend their lives in the face of increasingly stringent federal and state emissions reduction regulations.

• **Demonstrating Environmental Leadership.** We continue to maintain an active presence in discussions related to the need to address climate change by reducing greenhouse gas emissions from our coal-fired plants. Our current analysis of various policy scenarios now being debated in Washington shows that, if implemented, they could cause household costs and rates for electricity to rise significantly. The Midwest economy is especially vulnerable to economic dislocation given its reliance on coal-fired power.

IN 2008, CORE EARNINGS AT OUR NON-RATE-REGULATED GENERATION OPERATIONS ROSE ALMOST 11 PERCENT BECAUSE THE PLANTS STAYED **ON** – IMPROVING OUTPUT AND MARGINS.

For all these reasons, we are focused on this issue. We have been actively working to frame reasonable legislation and regulation, while we have acted to address climate change. Our efforts range from participating in research projects on clean coal and carbon capture storage technologies to increasing operating efficiencies at our nuclear and hydroelectric plants.

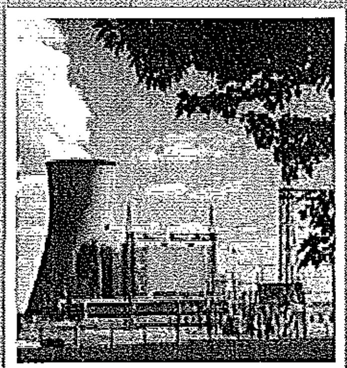




A new scrubber (left) is being installed at our Duck Creek Power Plant in Canton, near Peoria, Ill. (above). Slated for completion in 2009, the scrubber operates like a chemical plant and, along with an existing selective catalytic reduction system, will dramatically reduce sulfur dioxide and mercury emissions, positioning this non-rate-regulated generating plant to comply with state and federal clean air regulations.

Ameren is also **"on"** when it comes to encouraging energy efficiency. In early 2008, AmerenUE filed an integrated resource plan with the Missouri Public Service Commission detailing how the company expects to supply electricity in coming years. After a year-long process involving dozens of meetings with stakeholders and intensive analysis, the company filed a preferred plan that calls for increasing efficiency initiatives and renewable energy development. Both in Illinois and Missouri, we are launching a number of programs aimed at helping customers reduce energy use. The Ameren Illinois utilities have raised customer energy awareness with an award-winning ActOnEnergy Web site (www.actonenergy.com).

In Missouri, AmerenUE plans to add at least 100 megawatts of wind power by 2010 and anticipates up to an additional 225 megawatts by 2020. The company is working to supply electric generation from wind and landfill gas, while participating in studies on potential biomass fuel sources, looking into hydroelectric generation facilities on local rivers and investigating development of solar generation. AmerenUE has also launched a voluntary renewable energy credit customer program, which in 2008, was named the New Green Power Program of the Year by the U.S. Department of Energy, the U.S. Environmental Protection Agency and the Center for Resource Solutions. In Illinois, we are purchasing renewable energy credits.



Shown here are the cooling tower and a simulated control room used for training at AmerenUE's Callaway Nuclear Plant, where in October 2008, employees completed a record run of 520 consecutive days, which began in May 2007. Callaway is one of only 26 of the nation's 104 nuclear plants to achieve a record run of more than 500 days.

However, we know this will not be enough. AmerenUE expects to need new generation by the 2018 to 2020 timeframe. That's why in 2008 AmerenUE moved to preserve the option for a possible second nuclear unit at its existing Callaway Plant site. No decision on building a unit has been made. But by applying for a license to possibly build a unit, we began the regulatory process and made the unit eligible for billions of dollars in federal incentives established by the Energy Policy Act of 2005.

Ameren is on the path to earnings growth. We expect execution of our strategy to enable us to achieve a long-term, annual earnings-per-share growth target of at least 5 percent. Coupled with the new common dividend rate, this would provide competitive, long-term total return potential. Eventually, our goal would be to grow the dividend level as our earnings from rate-regulated operations increase and our overall cash profile improves.

We are confident that execution of this plan will deliver solid, long-term returns for our shareholders as the economy and energy markets recover. We understand that you – our owners – depend on us to turn challenges into opportunities for sustained growth. We have the strategies, the people and the assets to do just that. We are "on" it.

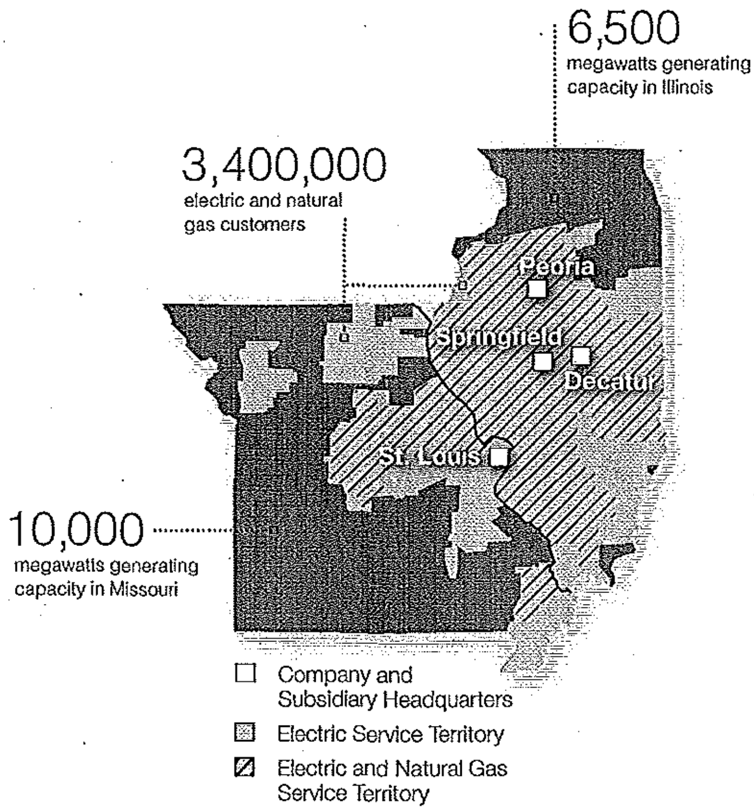
We want to thank you for your continued support during this difficult period, and we thank our employees for their dedication and for incorporating our values in everything they do.

I hope you can attend this year's Annual Shareholders' Meeting on April 28 at the Chase Park Plaza Hotel in St. Louis.

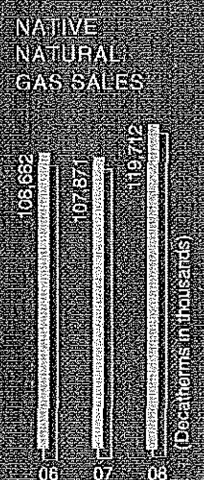
GARY L. RAINWATER
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER
AMEREN CORPORATION
March 2, 2009

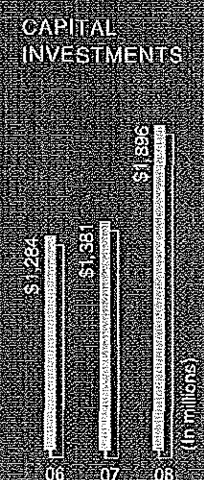
Financial Highlights

AMEREN CONSOLIDATED (In millions, except per share amounts and as noted)	Year Ended December 31 2008	2007	2006
RESULTS OF OPERATIONS			
Operating revenues	$7,839	$7,562	$6,895
Operating expenses	$6,477	$6,203	$5,707
Operating income	$1,362	$1,359	$1,188
Net income	$605	$618	$547
COMMON STOCK DATA			
Earnings per basic and diluted share	$2.88	$2.98	$2.66
Dividends per common share	$2.54	$2.54	$2.54
Dividend yield (year-end)	7.6%	4.7%	4.7%
Market price per common share (year-end closing)	$33.26	$54.21	$53.73
Shares outstanding (weighted average)	210.1	207.4	205.6
Total market value of common shares (year-end)	$7,062	$11,294	$11,099
Book value per common share	$32.80	$32.41	$31.87
BALANCE SHEET DATA			
Property and plant, net	$16,567	$15,069	$14,286
Total assets	$22,657	$20,728	$19,635
Long-term debt obligations, excluding current maturities	$6,554	$5,689	$5,285
Capitalization ratios			
Common equity	45.9%	48.2%	50.6%
Preferred stock, not subject to mandatory redemption	1.3%	1.4%	1.5%
Debt and preferred stock subject to mandatory redemption, net of cash	52.8%	50.4%	47.9%
OPERATING DATA			
Total electric sales (kilowatthours)	107,754	107,486	101,015
Native natural gas sales (decatherms in thousands)	119,712	107,871	108,682
Total generation output (kilowatthours)	80,859	81,367	81,485
Electric customers	2.4	2.4	2.4
Natural gas customers	1.0	1.0	1.0



Ameren employees, numbering approximately 9,500, serve approximately 2.4 million electric and nearly one million natural gas customers over 64,000 square miles in Illinois and Missouri. The company's service territory includes a diverse base of residential, commercial and large industrial customers in both urban and rural areas. In Missouri, we operate primarily as a traditional, rate-regulated utility with about 10,000 megawatts of generating capacity. Our Illinois operations include rate-regulated electric and natural gas transmission and distribution businesses, as well as a non-rate-regulated generating business with a capacity of approximately 6,500 megawatts of generation. Today, Ameren's Missouri company, AmerenUE, is the largest electric utility in the state, while the Illinois operations make Ameren the second largest electric distribution company and one of the largest distributors of natural gas in that state.





Ameren Corporation and Subsidiaries Officers and Directors

EXECUTIVE LEADERSHIP TEAM

Gary L. Rainwater
Chairman, President and Chief Executive Officer

Warner L. Baxter
Executive Vice President and Chief Financial Officer; President and Chief Executive Officer, Ameren Services

Thomas R. Voss
Executive Vice President and Chief Operating Officer; President and Chief Executive Officer, AmerenUE

Scott A. Cisel*
President and Chief Executive Officer, AmerenCILCO, AmerenCIPS, AmerenIP

Donna K. Martin
Senior Vice President and Chief Human Resources Officer

Steven R. Sullivan
Senior Vice President, General Counsel and Secretary

Daniel F. Cole*
Senior Vice President, Administration and Technical Services, Ameren Services

Adam C. Heflin*
Senior Vice President and Chief Nuclear Officer, AmerenUE

Martin J. Lyons, Jr.
Senior Vice President and Chief Accounting Officer

Richard J. Mark*
Senior Vice President, Energy Delivery, AmerenUE

Michael L. Moehn*
Senior Vice President, Corporate Planning and Risk Management, Ameren Services

Charles D. Naslund*
President and Chief Executive Officer, Ameren Energy Resources; President, Ameren Energy Generating Company

Andrew M. Serri*
President, Ameren Energy Marketing

OTHER OFFICERS

Lynn M. Barnes*
Vice President, Business Planning and Controller, AmerenUE

Jerre E. Birdsong
Vice President and Treasurer

Mark C. Birk*
Vice President, Power Operations, AmerenUE

Maureen A. Borkowski*
Vice President, Transmission, Ameren Services

S. Mark Brawley*
Vice President, Internal Audit, Ameren Services

Charles A. Bremer*
Vice President, Information Technology and Ameren Services Center, Ameren Services

Richard C. Cissell*
Vice President, Operations, Ameren Energy Generating

Kevin DeGraw*
Vice President, Corporate Project Risk Management, Ameren Services

Fadi Diya*
Vice President, Nuclear Operations, AmerenUE

Ronald K. Evans*
Vice President and Deputy General Counsel, Ameren Services

John R. Fey*
Vice President, Human Resources, Business Services, Ameren Services

Karen C. Foss*
Vice President, Public Relations, AmerenUE

Michael J. Getz*
Controller, AmerenCILCO, AmerenCIPS, AmerenIP

Scott A. Glaeser*
Vice President, Gas Supply and System Control, Ameren Energy Fuels and Services

Timothy E. Herrmann*
Vice President, Engineering, Callaway Nuclear Plant, AmerenUE

Christopher A. Iselin*
Vice President, Generation Technical Services, Ameren Energy Resources

Stephen M. Kidwell*
Vice President, Regulatory Affairs, AmerenUE

Mark C. Lindgren*
Vice President, Corporate Human Resources, Ameren Services

Michael L. Menne*
Vice President, Environmental Safety and Health, Ameren Services

Donald M. Mosier*
Vice President, Ameren Energy Marketing

Michael G. Mueller*
President, Ameren Energy Fuels and Services

Robert K. Neff*
Vice President, Coal Supply and Transportation, Ameren Energy Fuels and Services

Craig D. Nelson*
Vice President, Regulatory Affairs and Financial Services, AmerenCILCO, AmerenCIPS, AmerenIP

Gregory L. Nelson*
Vice President and Tax Counsel, Ameren Services

Stan E. Ogden*
Vice President, Customer Service and Public Relations, AmerenCILCO, AmerenCIPS, AmerenIP

Ronald D. Pate*
Vice President, Regional Operations, AmerenCILCO, AmerenCIPS, AmerenIP

Joseph M. Power*
Vice President, Federal Legislative and Regulatory Affairs, Ameren Services

William J. Prebil*
Vice President, Regional Operations, AmerenCILCO, AmerenCIPS, AmerenIP

David J. Schepers*
Vice President, Energy Delivery Technical Services, Ameren Services

Shawn E. Schukar*
Vice President, Strategic Initiatives, Ameren Services

Jerry L. Simpson*
Vice President, Business Services, Ameren Energy Resources

James A. Sobule*
Vice President and Deputy General Counsel, Ameren Services

Bruce A. Steinke
Vice President and Controller

Dennis W. Weisenborn*
Vice President, Supply Services, Ameren Services

Ronald C. Zdellar*
Vice President, Energy Delivery Distribution Services, AmerenUE

BOARD OF DIRECTORS

Stephen F. Brauer [1,2]
Chairman and Chief Executive Officer, Hunter Engineering Company

Susan S. Elliott [2,6]
Chairman and Chief Executive Officer, Systems Service Enterprises, Inc.

Walter J. Galvin [1,3]
Senior Executive Vice President and Chief Financial Officer, Emerson Electric Co.

Dr. Gayle P. W. Jackson [5,6]
President, Energy Global, Inc.

James C. Johnson [3,4]
Vice President and Assistant General Counsel, Commercial Airplanes, The Boeing Company

Charles W. Mueller [1,5,6]
Retired Chairman and Chief Executive Officer, Ameren Corporation

Douglas R. Oberhelman [2,4]
Group President, Caterpillar Inc.

Gary L. Rainwater
Chairman, President and Chief Executive Officer, Ameren Corporation

Harvey Saligman [3,4]
Partner, Cynwyd Investments

Patrick T. Stokes [3,4,7]
Former Chairman, Anheuser-Busch Companies, Inc.

Jack D. Woodard [5,6]
Retired Executive Vice President and Chief Nuclear Officer, Southern Nuclear Operating Company, Inc.

1. Member of Finance Committee
2. Member of Audit and Risk Committee
3. Member of Human Resources Committee
4. Member of Nominating and Corporate Governance Committee
5. Member of Public Policy Committee
6. Member of Nuclear Oversight Committee
7. Lead Director

As of March 2, 2009

*Officer of an Ameren Corporation subsidiary only

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(X) Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 **for the fiscal year ended December 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
1-2732	**Central Illinois Light Company** (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602 (309) 677-5271	37-0211050
1-3004	**Illinois Power Company** (Illinois Corporation) 370 South Main Street Decatur, Illinois 62523 (217) 424-6600	37-0344645

Securities Registered Pursuant to Section 12(b) of the Securities Exchange Act of 1934:

The following securities are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and are listed on the New York Stock Exchange:

Registrant	Title of each class
Ameren Corporation	Common Stock, $0.01 par value per share

Securities Registered Pursuant to Section 12(g) of the Securities Exchange Act of 1934:

Registrant	Title of each class
Union Electric Company	Preferred Stock, cumulative, no par value, stated value $100 per share – $4.56 Series, $4.50 Series, $4.00 Series, $3.50 Series
Central Illinois Public Service Company	Preferred Stock, cumulative, $100 par value per share – 6.625% Series, 4.90% Series, 5.16% Series, 4.25% Series, 4.92% Series, 4.00% Series Depository Shares, each representing one-fourth of a share of 6.625% Preferred Stock, cumulative, $100 par value per share
Central Illinois Light Company	Preferred Stock, cumulative, $100 par value per share – 4.50% Series

Ameren Energy Generating Company, CILCORP Inc., and Illinois Power Company do not have securities registered under either Section 12(b) or 12(g) of the Securities Exchange Act of 1934.

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933.

Ameren Corporation	Yes	(X)	No	( )
Union Electric Company	Yes	(X)	No	( )
Central Illinois Public Service Company	Yes	( )	No	(X)
Ameren Energy Generating Company	Yes	( )	No	(X)
CILCORP Inc.	Yes	( )	No	(X)
Central Illinois Light Company	Yes	( )	No	(X)
Illinois Power Company	Yes	( )	No	(X)

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

Ameren Corporation	Yes	( )	No	(X)
Union Electric Company	Yes	( )	No	(X)
Central Illinois Public Service Company	Yes	( )	No	(X)
Ameren Energy Generating Company	Yes	( )	No	(X)
CILCORP Inc.	Yes	(X)	No	( )
Central Illinois Light Company	Yes	( )	No	(X)
Illinois Power Company	Yes	( )	No	(X)

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Ameren Corporation	Yes	(X)	No	( )
Union Electric Company	Yes	(X)	No	( )
Central Illinois Public Service Company	Yes	(X)	No	( )
Ameren Energy Generating Company	Yes	(X)	No	( )
Central Illinois Light Company	Yes	(X)	No	( )
Illinois Power Company	Yes	(X)	No	( )

CILCORP has voluntarily filed all reports that it would have been required to file if it had been subject to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Ameren Corporation	( )
Union Electric Company	(X)
Central Illinois Public Service Company	(X)
Ameren Energy Generating Company	(X)
CILCORP Inc.	(X)
Central Illinois Light Company	(X)
Illinois Power Company	(X)

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Ameren Corporation	(X)	( )	( )	( )
Union Electric Company	( )	( )	(X)	( )
Central Illinois Public Service Company	( )	( )	(X)	( )
Ameren Energy Generating Company	( )	( )	(X)	( )
CILCORP Inc.	( )	( )	(X)	( )
Central Illinois Light Company	( )	( )	(X)	( )
Illinois Power Company	( )	( )	(X)	( )

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Ameren Corporation	Yes ( )	No (X)
Union Electric Company	Yes ( )	No (X)
Central Illinois Public Service Company	Yes ( )	No (X)
Ameren Energy Generating Company	Yes ( )	No (X)
CILCORP Inc.	Yes ( )	No (X)
Central Illinois Light Company	Yes ( )	No (X)
Illinois Power Company	Yes ( )	No (X)

As of June 30, 2008, Ameren Corporation had 210,050,075 shares of its $0.01 par value common stock outstanding. The aggregate market value of these shares of common stock (based upon the closing price of these shares on the New York Stock Exchange on that date) held by nonaffiliates was $8,870,414,667. The shares of common stock of the other registrants were held by affiliates as of June 30, 2008.

The number of shares outstanding of each registrant's classes of common stock as of January 30, 2009, was as follows:

Ameren Corporation	Common stock, $0.01 par value per share: 212,519,772
Union Electric Company	Common stock, $5 par value per share, held by Ameren Corporation (parent company of the registrant): 102,123,834
Central Illinois Public Service Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant): 25,452,373
Ameren Energy Generating Company	Common stock, no par value, held by Ameren Energy 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

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement of Ameren Corporation and portions of the definitive information statements of Union Electric Company, Central Illinois Public Service Company, and Central Illinois Light Company for the 2009 annual meetings of shareholders are incorporated by reference into Part III of this Form 10-K.

OMISSION OF CERTAIN INFORMATION

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

This combined Form 10-K 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 annual 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.

TABLE OF CONTENTS

This Form 10-K 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 3 of this Form 10-K 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.

GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words "our," "we" or "us" with respect to certain information that relates to all Ameren Companies, as defined below. When appropriate, subsidiaries of Ameren are named specifically as we discuss their various business activities.

AERG – AmerenEnergy Resources Generating Company, a CILCO subsidiary that operates a non-rate-regulated electric generation business in Illinois.
AFS – Ameren Energy Fuels and Services Company, a Resources Company subsidiary that procures fuel and natural gas and manages the related risks for the Ameren Companies.
AITC – Ameren Illinois Transmission Company, a wholly owned subsidiary of Ameren Corporation that is engaged in the construction and operation of transmission assets in Illinois and is regulated by the ICC.
Ameren – Ameren Corporation and its subsidiaries on a consolidated basis. In references to financing activities, acquisition activities, or liquidity arrangements, Ameren is defined as Ameren Corporation, the parent.
Ameren Companies – The individual registrants within the Ameren consolidated group.
Ameren Illinois Utilities – CIPS, IP and the rate-regulated electric and gas utility operations of CILCO.
Ameren Services – Ameren Services Company, an Ameren Corporation subsidiary that provides support services to Ameren and its subsidiaries.
AMIL – The balancing authority area operated by Ameren, which includes the load of the Ameren Illinois Utilities and the generating assets of AERG and Genco.
AMMO – The balancing authority area operated by Ameren, which includes the load and generating assets of UE.
AMT – Alternative minimum tax.
ARB – Accounting Research Bulletin.
ARO – Asset retirement obligations.
Baseload – The minimum amount of electric power delivered or required over a given period of time at a steady rate.
Btu – British thermal unit, a standard unit for measuring the quantity of heat energy required to raise the temperature of one pound of water by one degree Fahrenheit.
Capacity factor – A percentage measure that indicates how much of an electric power generating unit's capacity was used during a specific period.
CILCO – Central Illinois Light Company, a CILCORP subsidiary that operates a rate-regulated electric transmission and distribution business, a non-rate-regulated electric generation business through AERG, and a rate-regulated natural gas transmission and distribution business, all in Illinois, as AmerenCILCO. CILCO owns all of the common stock of AERG.
CILCORP – CILCORP Inc., an Ameren Corporation subsidiary that operates as a holding company for CILCO and a non-rate-regulated subsidiary.
CIPS – Central Illinois Public Service Company, an Ameren Corporation subsidiary that operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenCIPS.
CIPSCO – CIPSCO Inc., the former parent of CIPS.
CO_2 – Carbon dioxide.
COLA – Combined construction and operating license application.
Cooling degree-days – The summation of positive differences between the mean daily temperature and a 65-degree Fahrenheit base. This statistic is useful for estimating electricity demand by residential and commercial customers for summer cooling.
CT – Combustion turbine electric generation equipment used primarily for peaking capacity.
Development Company – Ameren Energy Development Company, which was an Ameren Energy Resources Company subsidiary and parent of Genco, Marketing Company, AFS, and Medina Valley. It was eliminated in an internal reorganization in February 2008.
DOE – Department of Energy, a U.S. government agency.
DRPlus – Ameren Corporation's dividend reinvestment and direct stock purchase plan.
Dth (dekatherm) – one million Btus of natural gas.
EEI – Electric Energy, Inc., an 80%-owned Ameren Corporation subsidiary that operates non-rate-regulated electric generation facilities and FERC-regulated transmission facilities in Illinois. Prior to February 29, 2008, EEI was 40% owned by UE and 40% owned by Development Company. On February 29, 2008, UE's 40% ownership interest and Development Company's 40% ownership interest were transferred to Resources Company. The remaining 20% is owned by Kentucky Utilities Company.
EITF – Emerging Issues Task Force, an organization designed to assist the FASB in improving financial reporting through the identification, discussion and resolution of financial issues in keeping with existing authoritative literature.
ELPC – Environmental Law and Policy Center.
EPA – Environmental Protection Agency, a U.S. government agency.
Equivalent availability factor – A measure that indicates the percentage of time an electric power generating unit was available for service during a period.
ERISA – Employee Retirement Income Security Act of 1974, as amended.
Exchange Act – Securities Exchange Act of 1934, as amended.
FAC – A fuel and purchased power cost recovery mechanism that allows UE to recover through customer rates 95% of changes in fuel (coal, coal transportation, natural gas for generation and nuclear) and purchased power costs, net of off-system revenues, including MISO costs and revenues, above or below the amount set in base rates.
FASB – Financial Accounting Standards Board, a rulemaking organization that establishes financial accounting and reporting standards in the United States.
FERC – The Federal Energy Regulatory Commission, a U.S. government agency.

FIN – FASB Interpretation. A FIN statement is an explanation intended to clarify accounting pronouncements previously issued by the FASB.
Fitch – Fitch Ratings, a credit rating agency.
FSP – FASB Staff Position, a publication that provides application guidance on FASB literature.
FTRs – Financial transmission rights, financial instruments that entitle the holder to pay or receive compensation for certain congestion-related transmission charges between two designated points.
Fuelco – Fuelco LLC, a limited-liability company that provides nuclear fuel management and services to its members. The members are UE, Luminant, and Pacific Gas and Electric Company.
GAAP – Generally accepted accounting principles in the United States of America.
Genco – Ameren Energy Generating Company, a Resources Company subsidiary that operates a non-rate-regulated electric generation business in Illinois and Missouri.
Gigawatthour – One thousand megawatthours.
Heating degree-days – The summation of negative differences between the mean daily temperature and a 65-degree Fahrenheit base. This statistic is useful as an indicator of demand for electricity and natural gas for winter space heating for residential and commercial customers.
IBEW – International Brotherhood of Electrical Workers, a labor union.
ICC – Illinois Commerce Commission, a state agency that regulates Illinois utility businesses, including the rate-regulated operations of CIPS, CILCO and IP.
Illinois Customer Choice Law – Illinois Electric Service Customer Choice and Rate Relief Law of 1997, which provided for electric utility restructuring and was designed to introduce competition into the retail supply of electric energy in Illinois.
Illinois electric settlement agreement – A comprehensive settlement of issues in Illinois arising out of the end of ten years of frozen electric rates, effective January 2, 2007. The Illinois electric settlement agreement, which became effective on August 28, 2007, was designed to avoid new rate rollback and freeze legislation and legislation that would impose a tax on electric generation in Illinois. The settlement addresses the issue of power procurement, and it includes a comprehensive rate relief and customer assistance program.
Illinois EPA – Illinois Environmental Protection Agency, a state government agency.
Illinois Regulated – A financial reporting segment consisting of the regulated electric and natural gas transmission and distribution businesses of CIPS, CILCO, IP and AITC.
IP – Illinois Power Company, an Ameren Corporation subsidiary. IP operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenIP.
IP LLC – Illinois Power Securitization Limited Liability Company, which was a special-purpose Delaware limited-liability company. It was dissolved in February 2009 because the remaining TFNs, with respect to which this entity was created, were redeemed by IP in September 2008.
IP SPT – Illinois Power Special Purpose Trust, which was created as a subsidiary of IP LLC to issue TFNs as allowed under the Illinois Customer Choice Law. It was dissolved in February 2009 because the remaining TFNs were redeemed by IP in September 2008.
IPA – Illinois Power Agency, a state government agency that has broad authority to assist in the procurement of electric power for residential and nonresidential customers beginning in June 2009.
ISRS – Infrastructure system replacement surcharge. A cost recovery mechanism in Missouri that allows UE to recover gas infrastructure replacement costs from utility customers without a traditional rate case.
IUOE – International Union of Operating Engineers, a labor union.
JDA – The joint dispatch agreement among UE, CIPS, and Genco under which UE and Genco jointly dispatched electric generation prior to its termination on December 31, 2006.
Kilowatthour – A measure of electricity consumption equivalent to the use of 1,000 watts of power over a period of one hour.
Lehman – Lehman Brothers Holdings, Inc.
MACT – Maximum Achievable Control Technology.
Marketing Company – Ameren Energy Marketing Company, a Resources Company subsidiary that markets power for Genco, AERG and EEI.
Medina Valley – AmerenEnergy Medina Valley Cogen L.L.C., a Resources Company subsidiary, which owns a 40-megawatt gas-fired electric generation plant.
Megawatthour – One thousand kilowatthours.
MGP – Manufactured gas plant.
MISO – Midwest Independent Transmission System Operator, Inc.
MISO Day Two Energy Market – A market that uses market-based pricing, incorporating transmission congestion and line losses, to compensate market participants for power.
Missouri Environmental Authority – Environmental Improvement and Energy Resources Authority of the state of Missouri, a governmental body authorized to finance environmental projects by issuing tax-exempt bonds and notes.
Missouri Regulated – A financial reporting segment consisting of UE's rate-regulated businesses.
Money pool – Borrowing agreements among Ameren and its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. Separate money pools maintained for rate-regulated and non-rate-regulated business are referred to as the utility money pool and the non-state-regulated subsidiary money pool, respectively.
Moody's – Moody's Investors Service Inc., a credit rating agency.
MoPSC – Missouri Public Service Commission, a state agency that regulates Missouri utility businesses, including the rate-regulated operations of UE.
MPS – Multi-Pollutant Standard, an agreement reached in 2006 among Genco, CILCO (AERG), EEI and the Illinois EPA, which was codified in Illinois environmental regulations.

MW – Megawatt.
Native load – Wholesale customers and end-use retail customers, whom we are obligated to serve by statute, franchise, contract, or other regulatory requirement.
NCF&O – National Congress of Firemen and Oilers, a labor union.
Non-rate-regulated Generation – A financial reporting segment consisting of the operations or activities of Genco, the CILCORP parent company, AERG, EEI, Medina Valley, and Marketing Company.
NO_x – Nitrogen oxide.
Noranda – Noranda Aluminum, Inc.
NRC – Nuclear Regulatory Commission, a U.S. government agency.
NYMEX – New York Mercantile Exchange.
NYSE – New York Stock Exchange, Inc.
OATT – Open Access Transmission Tariff.
OCI – Other comprehensive income (loss) as defined by GAAP.
Off-system revenues – Revenues from other than native load sales.
OTC – Over-the-counter.
PGA – Purchased Gas Adjustment tariffs, which allow the passing through of the actual cost of natural gas to utility customers.
PJM – PJM Interconnection LLC.
PUHCA 2005 – The Public Utility Holding Company Act of 2005, enacted as part of the Energy Policy Act of 2005, effective February 8, 2006.
Regulatory lag – Adjustments to retail electric and natural gas rates are based on historic cost levels. Rate increase requests can take up to 11 months to be acted upon by the MoPSC and the ICC. As a result, revenue increases authorized by regulators will lag behind changing costs.
Resources Company – Ameren Energy Resources Company, LLC, an Ameren Corporation subsidiary that consists of non-rate-regulated operations, including Genco, Marketing Company, EEI, AFS, and Medina Valley. It is the successor to Ameren Energy Resources Company, which was eliminated in an internal reorganization in February 2008.
RFP – Request for proposal.
RTO – Regional Transmission Organization.
S&P – Standard & Poor's Ratings Services, a credit rating agency that is a division of The McGraw-Hill Companies, Inc.
SEC – Securities and Exchange Commission, a U.S. government agency.
SERC – SERC Reliability Corporation, one of the regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply.
SFAS – Statement of Financial Accounting Standards, the accounting and financial reporting rules issued by the FASB.
SO_2 – Sulfur dioxide.
TFN – Transitional Funding Trust Notes issued by IP SPT as allowed under the Illinois Customer Choice Law. IP designated a portion of cash received from customer billings to pay the TFNs. The designated funds received by IP were remitted to IP SPT. The designated funds were restricted for the sole purpose of making payments of principal and interest on, and paying other fees and expenses related to, the TFNs. Since the application of FIN 46R, IP did not consolidate IP SPT. Therefore, the obligation to IP SPT appears on IP's balance sheet as of December 31, 2007. In September 2008, IP redeemed the remaining TFNs.
TVA – Tennessee Valley Authority, a public power authority.
UE – Union Electric Company, an Ameren Corporation subsidiary that operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri as AmerenUE.

FORWARD-LOOKING STATEMENTS

Statements in this report not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations and future rate proceedings or future legislative actions that seek to limit or reverse rate increases;
- uncertainty as to the continued effectiveness of the Illinois power procurement process;
- changes in laws and other governmental actions, including monetary and fiscal policies;
- changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including UE and Marketing Company;
- enactment of legislation taxing electric generators, in Illinois or elsewhere;
- the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;

- increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely fashion in light of regulatory lag;
- the effects of participation in the MISO;
- the cost and availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including the ability to recover the costs for such commodities;
- the effectiveness of our risk management strategies and the use of financial and derivative instruments;
- prices for power in the Midwest, including forward prices;
- business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products;
- disruptions of the capital markets or other events that make the Ameren Companies' access to necessary capital, including short-term credit, impossible, more difficult or costly;
- our assessment of our liquidity;
- the impact of the adoption of new accounting standards and the application of appropriate technical accounting rules and guidance;
- actions of credit rating agencies and the effects of such actions;
- weather conditions and other natural phenomena, including impacts to our customers;
- the impact of system outages caused by severe weather conditions or other events;
- generation plant construction, installation and performance, including costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident and the plant's future operation;
- recoverability through insurance of costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident;
- operation of UE's nuclear power facility, including planned and unplanned outages, and decommissioning costs;
- the effects of strategic initiatives, including acquisitions and divestitures;
- the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which 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, credit facilities 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

ITEM 1. BUSINESS.

GENERAL

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005 administered by FERC. Ameren was formed in 1997 by the merger of UE and CIPSCO. Ameren acquired CILCORP in 2003 and IP in 2004. Ameren's primary assets are the common stock of its subsidiaries, including UE, CIPS, Genco, CILCORP and IP.

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 are dependent on distributions made to it by its subsidiaries.

The following table presents our total employees at December 31, 2008:

Ameren[(a)]	9,524
UE	4,146
CIPS	679
Genco	577
CILCORP/CILCO	626
IP	1,173

(a) Total for Ameren includes Ameren registrant and nonregistrant subsidiaries.

As of January 1, 2009, the IBEW, the IUOE, the NCF&O and the Laborers and Gas Fitters labor unions collectively represent about 58% of Ameren's total employees. They represent 63% of the employees at UE, 82% at CIPS, 70% at Genco, 38% at CILCORP, 38% at CILCO, and 90% at IP. All collective bargaining agreements that expired in 2008 have been renegotiated and ratified. Most of the collective bargaining agreements have four- or five-year terms, and expire in 2011 and 2012. The collective bargaining agreement between UE and IUOE Local 148, covering approximately 1,100 employees, expires on June 30, 2009.

For additional information about the development of our businesses, our business operations, and factors affecting our operations and financial position, see Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report and Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report.

BUSINESS SEGMENTS

Ameren has three reportable segments: Missouri Regulated, Illinois Regulated, and Non-rate-regulated Generation. CILCORP and CILCO have two reportable segments: Illinois Regulated and Non-rate-regulated Generation. See Note 17 – Segment Information to our financial statements under Part II, Item 8, of this report for additional information on reporting segments.

RATES AND REGULATION

Rates

Rates that UE, CIPS, CILCO and IP are allowed to charge for their utility services are an important influence upon their and Ameren's consolidated results of operations, financial position, and liquidity. The utility rates charged to UE, CIPS, CILCO and IP customers are determined by governmental entities. Decisions by these entities are influenced by many factors, including the cost of providing service, the quality of service, regulatory staff knowledge and experience, economic conditions, public policy, and social and political views. Decisions made by these governmental entities regarding rates, as well as the regulatory lag involved in filing and getting new rates approved, could have a material impact on the results of operations, financial position, or liquidity of UE, CIPS, CILCORP, CILCO, IP and Ameren.

The ICC regulates rates and other matters for CIPS, CILCO and IP. The MoPSC regulates rates and other matters for UE. The FERC regulates UE, CIPS, Genco, CILCO, and IP as to their ability to charge market-based rates for the sale and transmission of energy in interstate commerce and various other matters discussed below under General Regulatory Matters.

About 35% of Ameren's electric and 14% of its gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2008. About 41% of Ameren's electric and 86% of its gas operating revenues were subject to regulation by the ICC in the year ended December 31, 2008. Wholesale revenues for UE, Genco and AERG are subject to FERC regulation, but not subject to direct MoPSC or ICC regulation.

Missouri Regulated

Electric

About 81% of UE's electric operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2008.

Following the expiration of a multiyear electric rate change moratorium, UE filed a request with the MoPSC in July 2006 for approval of an increase in its annual revenues for electric service. In May 2007, the MoPSC issued an order, that, as clarified, granted UE a $43 million increase in base rates for electric service, effective June 4, 2007.

On January 27, 2009, the MoPSC issued an order responding to UE's April 2008 rate increase request, approving an increase for UE in annual revenues for electric service of approximately $162 million. The MoPSC also approved UE's implementation of a FAC and a vegetation management and infrastructure inspection cost tracking mechanism. Rate changes consistent with the MoPSC order, as well as the FAC and the vegetation management and infrastructure inspection cost tracking mechanism, were effective as of March 1, 2009. These cost recovery and tracking mechanisms help to mitigate the negative effect of regulatory lag.

The MoPSC initiated a proceeding in December 2008 to develop revised rules for an environmental cost recovery mechanism, which has been authorized under Missouri law. Rules for the environmental cost recovery mechanism are expected to be approved by the MoPSC during the second quarter of 2009 and will be effective once published in the Missouri Register. UE will not be able to implement an environmental cost recovery mechanism until authorized by the MoPSC as part of a rate case proceeding. UE has not requested approval of an environmental cost recovery mechanism.

Gas

All of UE's gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2008.

If certain criteria are met, UE's gas rates may be adjusted without a traditional rate proceeding. PGA clauses permit prudently incurred natural gas costs to be passed directly to the consumer. The ISRS also permits prudently incurred gas infrastructure replacement costs to be passed directly to the consumer.

As part of a 2007 stipulation and agreement approved by the MoPSC authorizing an increase in annual natural gas delivery revenues of $6 million effective April 1, 2007, UE agreed not to file a natural gas delivery rate case before March 15, 2010. This agreement did not prevent UE from filing to recover gas infrastructure replacement costs through an ISRS during this three-year rate moratorium. During 2008, the MoPSC approved two UE requests to establish an ISRS to recover annual revenues of $2 million in the aggregate, effective in March and November 2008.

For further information on Missouri rate matters, see Results of Operations and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, and Note 2 – Rate and Regulatory Matters, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

Illinois Regulated

The following table presents the approximate percentage of electric and gas operating revenues subject to regulation by the ICC for each of the Illinois Regulated companies for the year ended December 31, 2008:

	Electric	Gas
CIPS	100%	100%
CILCORP/CILCO(a)	56	100
IP	100	100

(a) AERG's revenues are not subject to ICC regulation.

If certain criteria are met, CIPS', CILCO's and IP's gas rates may be adjusted without a traditional rate proceeding. PGA clauses permit prudently incurred natural gas costs to be passed directly to the consumer.

Environmental adjustment rate riders authorized by the ICC permit the recovery of prudently incurred MGP remediation and litigation costs from CIPS', CILCO's and IP's Illinois electric and natural gas utility customers. In addition, IP has a tariff rider to recover the costs of asbestos-related litigation claims, subject to the following terms. Beginning in 2007, 90% of cash expenditures in excess of the amount included in base electric rates is recoverable by IP from a trust fund established by IP. At December 31, 2008, the trust fund balance was $23 million, including accumulated interest. If cash expenditures are less than the amount in base rates, IP will contribute 90% of the difference to the fund. Once the trust fund is depleted, 90% of allowed cash expenditures in excess of base rates will be recoverable through charges assessed to customers under the tariff rider.

A multiyear electric rate moratorium expired and new electric rates for CIPS, CILCO and IP went into effect on January 2, 2007. The new rates reflected delivery service tariffs approved by the ICC in November 2006 and a cost recovery mechanism for power purchased on behalf of the Ameren Illinois Utilities' customers. In 2007, an agreement was reached among key stakeholders in Illinois to address the increase in electric rates and the future power procurement process. The Illinois electric settlement agreement provides $1 billion of funding from 2007 to 2010 for rate relief for certain electric customers in Illinois, including $488 million to customers of the Ameren Illinois Utilities. Ameren's contributions over the four-year period under the Illinois electric settlement agreement aggregate $150 million.

In September 2008, responding to CIPS', CILCO's and IP's November 2007 electric and natural gas rate adjustment requests, the ICC issued a consolidated order approving a net increase in annual revenues for electric service of $123 million in the aggregate (CIPS – $22 million increase, CILCO – $3 million decrease, and IP – $104 million increase) and a net increase in annual revenues for natural gas delivery service of $38 million in the aggregate (CIPS – $7 million increase, CILCO – $9 million decrease, and IP – $40 million increase). Rate changes implementing these adjustments were effective on October 1, 2008. The ICC also approved an increase in the percentage of costs to be recovered through fixed monthly charges for natural gas customers, as well as an increase in the Supply Cost Adjustment factors for the customers who take their power supply from the Ameren Illinois Utilities. These two rate structure changes help to mitigate the negative effect of regulatory lag.

For further information on Illinois rate matters, including the pending court appeal of the September 2008 consolidated electric and gas rate order, see Results of Operations and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, and Note 2 – Rate and Regulatory Matters, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

Non-rate-regulated Generation

Non-rate-regulated Generation revenues are determined by market conditions. We expect the Non-rate-regulated Generation fleet of assets to have 6,480 megawatts of capacity available for the 2009 peak demand. As discussed below, Genco, AERG, and EEI sell all of their power and capacity to Marketing Company via power supply agreements. Marketing Company attempts to optimize the value of those generation assets and mitigate risks utilizing a variety of hedging techniques including wholesale sales of capacity and energy, retail sales in the non-rate-regulated Illinois market, spot market sales primarily in MISO and PJM, and financial transactions. Marketing Company enters into long-term and short-term contracts. Marketing Company's counterparties include cooperatives, municipalities, commercial and industrial customers, power marketers, MISO, and investor-owned utilities like the Ameren Illinois Utilities. See Note 14 – Related Party Transactions to our financial statements under Part II, Item 8, of this report for additional information, including Marketing Company sales to the Ameren Illinois Utilities.

General Regulatory Matters

UE, CIPS, CILCO and IP must receive FERC approval to issue short-term debt securities and to conduct certain acquisitions, mergers and consolidations involving electric utility holding companies having a value in excess of $10 million. In addition, these Ameren utilities must receive authorization from the applicable state public utility regulatory agency to issue stock and long-term debt securities (with maturities of more than 12 months) and to conduct mergers, affiliate transactions, and various other activities. Genco, AERG and EEI are subject to FERC's jurisdiction when they issue any securities.

Under PUHCA 2005, FERC and any state public utility regulatory agencies may access books and records of Ameren and its subsidiaries that are determined to be relevant to costs incurred by Ameren's rate-regulated subsidiaries with respect to jurisdictional rates. PUHCA 2005 also permits Ameren, the ICC, or the MoPSC to request that FERC review cost allocations by Ameren Services to other Ameren companies.

Operation of UE's Callaway nuclear plant is subject to regulation by the NRC. Its facility operating license expires on June 11, 2024. UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license to 2044. UE's Osage hydroelectric plant and UE's Taum Sauk pumped-storage hydroelectric plant, as licensed projects under the Federal Power Act, are subject to FERC regulations affecting, among other things, the general operation and maintenance of the projects. The license for UE's Osage hydroelectric plant expires on March 30, 2047, and the license for UE's Taum Sauk plant expires on June 30, 2010. In June 2008, UE filed an application with FERC to relicense its Taum Sauk plant for another 40 years. The Taum Sauk plant is currently out of service. It is being rebuilt due to a major breach of the upper reservoir in December 2005. UE's Keokuk plant and its dam, in the Mississippi River between Hamilton, Illinois, and Keokuk, Iowa, are operated under authority granted by an Act of Congress in 1905.

For additional information on regulatory matters, see Note 2 – Rate and Regulatory Matters and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report, which include a discussion about the December 2005 breach of the upper reservoir at UE's Taum Sauk pumped-storage hydroelectric plant.

Environmental Matters

Certain of our operations are subject to federal, state, and local environmental statutes or regulations relating to the safety and health of personnel, the public, and the environment. These matters include identification, generation, storage, handling, transportation, disposal, recordkeeping, labeling, reporting, and emergency response in connection with hazardous and toxic materials, safety and health standards, and environmental protection requirements, including standards and limitations relating to the discharge of air and water pollutants. Failure to comply with those statutes or regulations could have material adverse effects on us. We could be subject to criminal or civil penalties by regulatory agencies. We could be ordered to make payment to private parties by the courts. Except as indicated in this report, we believe that we are in material compliance with existing statutes and regulations.

For additional discussion of environmental matters, including NO_x, SO_2, and mercury emission reduction requirements and the December 2005 breach of the upper reservoir at UE's Taum Sauk pumped-storage hydroelectric plant, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

SUPPLY FOR ELECTRIC POWER

Ameren operates an integrated transmission system that comprises the transmission assets of UE, CIPS, CILCO, IP and AITC. AITC placed its first transmission assets, jointly owned with IP, in service during the fourth quarter of 2008. Any transmission assets of AITC would be eligible for rate recovery upon making the necessary filings with and acceptance by FERC. Ameren also operates two balancing authority areas, AMMO (which includes UE) and AMIL (which includes CIPS, CILCO, IP, AITC, Genco and AERG). During 2008, the peak demand in AMMO was 8,644 MW and in AMIL was 8,794 MW. The Ameren transmission system directly connects with 17 other balancing authority areas for the exchange of electric energy.

UE, CIPS, CILCO and IP are transmission-owning members of MISO, and they have transferred functional control of their systems to MISO. Transmission service on the UE, CIPS, CILCO and IP transmission systems is provided pursuant to the terms of the MISO OATT on file with FERC. EEI operates its own balancing authority area and its own transmission facilities in southern Illinois. The EEI transmission system is directly connected to MISO and TVA. EEI's generating units are dispatched separately from those of UE, Genco and AERG.

The Ameren Companies and EEI are members of SERC. SERC is responsible for the bulk electric power supply system in much of the southeastern United States, including all or portions of Missouri, Illinois, Arkansas, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, Alabama, Louisiana, Virginia, Florida, Oklahoma, Iowa, and Texas. The Ameren membership covers UE, CIPS, CILCO and IP.

See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for further information.

Missouri Regulated

UE's electric supply is obtained primarily from its own generation. Factors that could cause UE to purchase power include, among other things, absence of sufficient owned generation, plant outages, the failure of suppliers to meet their power supply obligations, extreme weather conditions, and the availability of power at a cost lower than the cost of generating it.

In March 2006, UE completed the purchase of three CT facilities, totaling 1,490 megawatts of capacity, at a price of $292 million. These purchases were designed to help meet UE's increased generating capacity needs and to provide UE with additional flexibility in determining when to add future baseload generating capacity. UE expects these CT facilities to satisfy demand growth until 2018 or 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 2008, UE filed an integrated resource plan with the MoPSC. The plan included proposals to pursue energy efficiency programs, expand the role of renewable energy sources in UE's overall generation mix, increase operational efficiency at existing power plants, and possibly retire some generating units that are older and less efficient.

In July 2008, UE filed a COLA with the NRC for a potential new nuclear unit at UE's existing Callaway County, Missouri, nuclear plant site. In addition, in 2008, UE filed an application with the DOE for loan guarantees associated with the potential construction of a new nuclear unit. UE has also signed contracts for certain long lead-time nuclear plant related equipment. The filing of the COLA and the DOE loan guarantee application and entering into these contracts does not mean a decision has been made to build another nuclear unit. These are only the first steps in the regulatory licensing and procurement process and are necessary actions to preserve the option to develop a new nuclear unit.

See also Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7 and Note 2 – Rate and Regulatory Matters and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

Illinois Regulated

As of January 1, 2007, CIPS, CILCO and IP were required to obtain all electric supply requirements for customers who did not purchase electric supply from third-party suppliers. The power procurement costs incurred by CIPS, CILCO and IP are passed directly to their customers through a cost recovery mechanism.

In September 2006, a reverse power procurement auction was held, as a result of which CIPS, CILCO and IP entered into power supply contracts with the winning bidders, including Marketing Company. Under these contracts, the electric suppliers are responsible for providing to CIPS, CILCO and IP energy, capacity, certain transmission, volumetric risk management, and other services necessary for the Ameren Illinois Utilities to serve the electric load needs of fixed price residential and small commercial customers (with less than one MW of demand) at an all-inclusive fixed price. These contracts commenced on January 1, 2007, with one-third of the supply contracts expiring in each of May 2008, 2009 and 2010.

As part of the Illinois electric settlement agreement reached in 2007, the reverse power procurement auction process in Illinois was discontinued. It was replaced with a new power procurement process led by the IPA beginning in 2009. Under the new plan, the IPA will procure separate wholesale products (capacity, energy swaps and renewable energy credits) on behalf of the Ameren Illinois Utilities for the period of June 1, 2009, through May 30, 2014. The products will be procured through a RFP process, which is expected to begin during the first half of 2009. In 2008, utilities contracted for necessary power and energy requirements not already supplied through the September 2006 auction contracts, primarily through a RFP process that was subject to ICC review and approval.

A portion of the electric power supply required for the Ameren Illinois Utilities to satisfy their distribution customers' requirements is purchased from Marketing Company on behalf of Genco, AERG and EEI. Also 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 round-the-clock power requirements during the period June 1, 2008, to December 31, 2012, at relevant market prices at that time. These financial contracts do not include capacity, are not load-following products, and do not involve the physical delivery of energy.

See Note 2 – Rate and Regulatory Matters and Note 14 – Related Party Transactions to our financial statements under Part II, Item 8, of this report for additional information on power procurement in Illinois.

Non-rate-regulated Generation

In December 2006, Genco and Marketing Company, and AERG and Marketing Company, entered into power supply agreements whereby Genco and AERG sell and Marketing Company purchases all the capacity available from Genco's and AERG's generation fleets and the associated energy commencing on January 1, 2007. These power supply agreements continue through December 31, 2022, and from year to year thereafter unless either party elects to terminate the agreement by providing the other party with no less than six months advance written notice. In December 2005, EEI and Marketing Company entered into a power supply agreement whereby EEI sells all of its capacity and energy to Marketing Company commencing January 1, 2006. This agreement expires on December 31, 2015. All of Genco's, AERG's and EEI's generating capacity competes for the sale of energy and capacity in the competitive energy markets through Marketing Company. See Note 14 – Related Party Transactions to our financial statements under Part II, Item 8, of this report for additional information.

Factors that could cause Marketing Company to purchase power for the Non-rate-regulated Generation business segment include, among other things, absence of sufficient owned generation, plant outages, the failure of suppliers to meet their power supply obligations, and extreme weather conditions.

FUEL FOR POWER GENERATION

The following table presents the source of electric generation by fuel type, excluding purchased power, for the years ended December 31, 2008, 2007 and 2006:

	Coal	Nuclear	Natural Gas	Hydroelectric	Oil
Ameren:[a]					
2008	85%	12%	1%	2%	(b)%
2007	84	12	2	2	(b)
2006	85	13	1	1	(b)
Missouri Regulated:					
UE:					
2008	77%	19%	1%	3%	(b)%
2007	76	19	2	3	(b)
2006	77	20	1	2	(b)
Non-rate-regulated Generation:					
Genco:					
2008	99%	-%	1%	-%	(b)%
2007	96	-	4	-	(b)
2006	97	-	2	-	1
CILCO (AERG):					
2008	99%	-%	1%	-%	-%
2007	99	-	1	-	(b)
2006	99	-	1	-	(b)
EEI:					
2008	100%	-%	-%	-%	-%
2007	100	-	-	-	-
2006	100	-	(b)	-	-
Total Non-rate-regulated Generation:					
2008	99%	-%	1%	-%	(b)%
2007	98	-	2	-	(b)
2006	99	-	1	-	(b)

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Less than 1% of total fuel supply.

The following table presents the cost of fuels for electric generation for the years ended December 31, 2008, 2007 and 2006:

Cost of Fuels (Dollars per million Btus)	2008	2007	2006
Ameren:			
Coal[(a)(d)]	$ 1.572	$ 1.399	$ 1.271
Nuclear	0.493	0.490	0.434
Natural gas[(b)]	10.503	7.939	8.718
Weighted average – all fuels[(c)(d)]	$ 1.573	$ 1.462	$ 1.281
Missouri Regulated:			
UE:			
Coal[(a)]	$ 1.426	$ 1.284	$ 1.084
Nuclear	0.493	0.490	0.434
Natural gas[(b)]	10.264	7.580	8.625
Weighted average – all fuels[(c)]	$ 1.340	$ 1.271	$ 1.035
Non-rate-regulated Generation:			
Genco:			
Coal[(a)(d)]	$ 1.958	$ 1.717	$ 1.691
Natural gas[(b)]	15.857	8.440	9.391
Weighted average – all fuels[(c)(d)]	$ 2.121	$ 1.939	$ 1.865
CILCO (AERG):			
Coal[(a)]	$ 1.598	$ 1.309	$ 1.419
Weighted average – all fuels[(c)]	$ 1.721	$ 1.450	$ 1.466
EEI:			
Coal[(a)]	$ 1.438	$ 1.329	$ 1.266
Total Non-rate-regulated Generation:			
Coal[(a)(d)]	$ 1.746	$ 1.545	$ 1.513
Natural gas[(b)]	10.764	8.390	8.793
Weighted average – all fuels[(c)]	$ 1.919	$ 1.759	$ 1.677

(a) The fuel cost for coal represents the cost of coal, costs for transportation, which includes diesel fuel adders, and cost of emission allowances.
(b) The fuel cost for natural gas represents the actual cost of natural gas and variable costs for transportation, storage, balancing, and fuel losses for delivery to the plant. In addition, the fixed costs for firm transportation and firm storage capacity are included in the calculation of fuel cost for the generating facilities.
(c) Represents all costs for fuels used in our electric generating facilities, to the extent applicable, including coal, nuclear, natural gas, oil, propane, tire chips, paint products, and handling. Oil, paint, propane, and tire chips are not individually listed in this table because their use is minimal.
(d) Excludes impact of the Genco coal supply contract settlement under which Genco received a lump-sum payment of $60 million in July 2008 from a coal mine owner. See Note 1 – Summary of Significant Accounting Policies under Part II, Item 8, of this report.

Coal

UE, Genco, AERG and EEI have agreements in place to purchase a portion of their coal needs and to transport it to electric generating facilities through 2012. UE, Genco, AERG and EEI expect to enter into additional contracts to purchase coal. Coal supply agreements typically have an initial term of five years, with about 20% of the contracts expiring annually. Ameren burned 40.3 million (UE – 22.0 million, Genco – 9.6 million, AERG – 3.7 million, EEI – 5.0 million) tons of coal in 2008. See Part II, Item 7A – Quantitative and Qualitative Disclosures About Market Risk of this report for additional information about coal supply contracts.

About 96% of Ameren's coal (UE – 97%, Genco – 98%, AERG – 77%, EEI – 100%) is purchased from the Powder River Basin in Wyoming. The remaining coal is typically purchased from the Illinois Basin. UE, Genco, AERG and EEI have a policy to maintain coal inventory consistent with their projected usage. Inventory may be adjusted because of uncertainties of supply due to potential work stoppages, delays in coal deliveries, equipment breakdowns, and other factors. In the past, deliveries from the Powder River Basin have been restricted because of rail maintenance, weather and derailments. As of December 31, 2008, coal inventories for UE, Genco, AERG and EEI were adequate and at 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.

Nuclear

Developing nuclear generating fuel generally involves the mining and milling of uranium ore to produce uranium concentrates, the conversion of uranium concentrates to uranium hexafluoride gas, enrichment of that gas, and then the fabrication of the enriched uranium hexafluoride gas into usable fuel assemblies. UE has entered into uranium, uranium conversion, enrichment, and fabrication contracts to procure the fuel supply for its Callaway nuclear plant.

Fuel assemblies for the 2010 spring refueling at UE's Callaway nuclear plant will begin manufacture during the fourth quarter of 2009. Enriched uranium for such assemblies is in inventory. UE also has agreements or inventories to price-hedge approximately 95% of Callaway's 2010 and 55% of Callaway's 2011 refueling requirements. UE has uranium (concentrate and hexafluoride) inventories and supply contracts sufficient to meet all of its uranium and conversion requirements through at least 2014. UE has enriched uranium inventories and enrichment supply contracts sufficient to satisfy enrichment requirements through 2012. Fuel fabrication services are under contract through 2010. UE expects to enter into additional contracts to purchase nuclear fuel. As a member of Fuelco, UE can join with other member companies to increase its purchasing power and opportunities for volume discounts. The Callaway nuclear plant normally requires refueling at 18-month intervals. The last refueling was completed in November 2008. There is no refueling scheduled in 2009 or 2012. The nuclear fuel markets are competitive, and prices can be volatile; however, we do not anticipate any significant problems in meeting our future supply requirements.

Natural Gas Supply

To maintain gas deliveries to gas-fired generating units throughout the year, especially during the summer peak demand, Ameren's portfolio of natural gas supply resources includes firm transportation capacity and firm no-notice storage capacity leased from interstate pipelines. UE, Genco and EEI primarily use the interstate pipeline systems of Panhandle Eastern Pipe Line Company, Trunkline Gas Company, Natural Gas Pipeline Company of America, and Mississippi River Transmission Corporation to transport natural gas to generating units. In addition to physical transactions, Ameren uses financial instruments, including some in the NYMEX futures market and some in the OTC financial markets, to hedge the price paid for natural gas.

UE, Genco and EEI's natural gas procurement strategy is designed to ensure reliable and immediate delivery of natural gas to their generating units. UE, Genco and EEI do this in two ways. They optimize transportation and storage options and minimize cost and price risk through various supply and price hedging agreements that allow them to maintain access to multiple gas pools, supply basins, and storage. As of December 31, 2008, UE had price-hedged about 22% and Genco had price-hedged about 30% of their required gas supply for generation in 2009. As of December 31, 2008, EEI did not have any of its required gas supply for generation hedged for price risk.

NATURAL GAS SUPPLY FOR DISTRIBUTION

UE, CIPS, CILCO and IP are responsible for the purchase and delivery of natural gas to their gas utility customers. UE, CIPS, CILCO and IP develop and manage a portfolio of gas supply resources. These include firm gas supply under term agreements with producers, interstate and intrastate firm transportation capacity, firm storage capacity leased from interstate pipelines, and on-system storage facilities to maintain gas deliveries to customers throughout the year and especially during peak demand. UE, CIPS, CILCO and IP primarily use the Panhandle Eastern Pipe Line Company, the Trunkline Gas Company, the Natural Gas Pipeline Company of America, the Mississippi River Transmission Corporation, and the Texas Eastern Transmission Corporation interstate pipeline systems to transport natural gas to their systems. In addition to physical transactions, financial instruments, including those entered into in the NYMEX futures market and in the OTC financial markets, are used to hedge the price paid for natural gas. See Part II, Item 7A – Quantitative and Qualitative Disclosures About Market Risk of this report for additional information about natural gas supply contracts. Prudently incurred natural gas purchase costs are passed on to customers of UE, CIPS, CILCO and IP in Illinois and Missouri under PGA clauses, subject to prudency review by the ICC and the MoPSC.

For additional information on our fuel and purchased power supply, see Results of Operations, Liquidity and Capital Resources and Effects of Inflation and Changing Prices in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report. Also see Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, of this report, Note 1 – Summary of Significant Accounting Policies, Note 7 – Derivative Financial Instruments, Note 14 – Related Party Transactions, Note 15 – Commitments and Contingencies, and Note 16 – Callaway Nuclear Plant to our financial statements under Part II, Item 8.

INDUSTRY ISSUES

We are facing issues common to the electric and gas utility industry and the non-rate-regulated electric generation industry. These issues include:

- political and regulatory resistance to higher rates, especially in a recessionary economic environment;
- the potential for changes in laws, regulation, and policies at the state and federal level, including those resulting from election cycles;
- access to and uncertainty in the capital and credit markets;
- the potential for more intense competition in generation and supply;
- pressure on customer growth and usage in light of current economic conditions;
- the potential for reregulation in some states, including Illinois, which could cause electric distribution companies to build or acquire generation facilities and to purchase less power from electric generating companies like Genco, AERG and EEI;
- changes in the structure of the industry as a result of changes in federal and state laws, including the formation of non-rate-regulated generating entities and RTOs;
- increases or decreases in power prices due to the balance of supply and demand;

- the availability of fuel and increases or decreases in fuel prices;
- the availability of labor and material and rising costs;
- regulatory lag;
- negative free cash flows due to rising investments and the regulatory framework;
- continually developing and complex environmental laws, regulations and issues, including air-quality standards, mercury regulations, and increasingly likely greenhouse gas limitations;
- public concern about the siting of new facilities;
- construction of power generation and transmission facilities;
- proposals for programs to encourage or mandate energy efficiency and renewable sources of power;
- public concerns about nuclear plant operation and decommissioning and the disposal of nuclear waste; and
- consolidation of electric and gas companies.

We are monitoring these issues. Except as otherwise noted in this report, we are unable to predict what impact, if any, these issues will have on our results of operations, financial position, or liquidity. For additional information, see Risk Factors under Part I, Item 1A, and Outlook and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, and Note 2 – Rate and Regulatory Matters, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

OPERATING STATISTICS

The following tables present key electric and natural gas operating statistics for Ameren for the past three years:

Electric Operating Statistics – Year Ended December 31,	2008	2007	2006
Electric Sales – kilowatthours (in millions):			
Missouri Regulated:			
Residential	**13,904**	14,258	13,081
Commercial	**14,690**	14,766	14,075
Industrial	**9,256**	9,675	9,582
Other	**785**	759	739
Native load subtotal	**38,635**	39,458	37,477
Nonaffiliate interchange sales	**10,457**	10,984	3,132
Affiliate interchange sales	**-**	-	10,072
Subtotal	**49,092**	50,442	50,681
Illinois Regulated:			
Residential			
Generation and delivery service	**11,667**	11,857	11,476
Commercial			
Generation and delivery service	**6,095**	7,232	11,406
Delivery service only	**6,147**	5,178	269
Industrial			
Generation and delivery service	**1,442**	1,606	10,950
Delivery service only	**11,300**	11,199	2,349
Other	**555**	576	598
Native load subtotal	**37,206**	37,648	37,048
Non-rate-regulated Generation:			
Nonaffiliate energy sales	**26,395**	25,196	24,921
Affiliate native energy sales	**6,055**	7,296	18,425
Subtotal	**32,450**	32,492	43,346
Eliminate affiliate sales	**(6,055)**	(7,296)	(28,036)
Eliminate Illinois Regulated/Non-rate-regulated Generation common customers	**(4,939)**	(5,800)	(2,024)
Ameren Total	**107,754**	107,486	101,015
Electric Operating Revenues (in millions):			
Missouri Regulated:			
Residential	**$ 948**	$ 980	$ 899
Commercial	**838**	839	796
Industrial	**372**	390	392
Other	**108**	93	104
Native load subtotal	**2,266**	2,302	2,191
Nonaffiliate interchange sales	**490**	484	263
Affiliate interchange sales	**-**	-	196
Subtotal	**$ 2,756**	$ 2,786	$ 2,650

Electric Operating Statistics – Year Ended December 31,	2008	2007	2006
Illinois Regulated:			
Residential			
Generation and delivery service	$ 1,112	$ 1,055	$ 852
Commercial			
Generation and delivery service	616	666	784
Delivery service only	77	54	3
Industrial			
Generation and delivery service	102	105	489
Delivery service only	30	24	2
Other	285	372	126
Native load subtotal	$ 2,222	$ 2,276	$ 2,256
Non-rate-regulated Generation:			
Nonaffiliate energy sales	$ 1,389	$ 1,310	$ 1,032
Affiliate native energy sales	441	461	662
Other	106	41	19
Subtotal	$ 1,936	$ 1,812	$ 1,713
Eliminate affiliate revenues	(547)	(591)	(1,019)
Ameren Total	$ 6,367	$ 6,283	$ 5,600
Electric Generation – megawatthour (in millions):			
Missouri Regulated	49.3	50.3	50.8
Non-rate-regulated Generation:			
Genco	16.6	17.4	15.4
AERG	6.7	5.3	6.7
EEI	8.0	8.1	8.3
Medina Valley	0.2	0.2	0.2
Subtotal	31.5	31.0	30.6
Ameren Total	80.8	81.3	81.4
Price per ton of delivered coal (average)[a]	$ 26.90	$ 25.20	$ 22.74
Source of energy supply:			
Coal	70.1%	68.7%	65.8%
Gas	0.8	1.8	0.9
Oil	-	-	0.7
Nuclear	9.5	9.4	9.7
Hydroelectric	1.8	1.6	0.9
Purchased and interchanged, net	17.8	18.5	22.0
	100.0%	100.0%	100.0%

Gas Operating Statistics – Year Ended December 31,	2008	2007	2006
Gas Sales (millions of Dth)			
Missouri Regulated:			
Residential	8	7	7
Commercial	4	4	3
Industrial	1	1	1
Subtotal	13	12	11
Illinois Regulated:			
Residential	65	59	55
Commercial	28	25	23
Industrial	11	10	13
Subtotal	104	94	91
Other:			
Residential	-	-	-
Commercial	-	-	-
Industrial	4	2	7
Subtotal	4	2	7
Eliminate affiliate sales	(1)	-	-
Ameren Total	120	108	109

Gas Operating Statistics – Year Ended December 31,	2008	2007	2006
Natural Gas Operating Revenues (in millions)			
Missouri Regulated:			
Residential	$ 121	$ 108	$ 101
Commercial	54	47	46
Industrial	12	12	13
Other	14	7	(2)
Subtotal	$ 201	$ 174	$ 158
Illinois Regulated:			
Residential	$ 819	$ 687	$ 690
Commercial	338	272	271
Industrial	119	103	82
Other	(21)	39	53
Subtotal	$ 1,255	$ 1,101	$ 1,096
Other:			
Residential	$ -	$ -	$ -
Commercial	-	-	-
Industrial	26	16	60
Other	-	-	-
Subtotal	$ 26	$ 16	$ 60
Eliminate affiliate revenues	(10)	(12)	(19)
Ameren Total	$ 1,472	$ 1,279	$ 1,295
Peak day throughput (thousands of Dth):			
UE	158	155	124
CIPS	266	250	242
CILCO	399	401	356
IP	615	574	540
Total peak day throughput	1,438	1,380	1,262

(a) Includes impact of the Genco coal settlement under which Genco received a lump-sum payment of $60 million in July 2008 from a coal mine owner. See Note 1 – Summary of Significant Account Policies to our financial statements under Part II, Item 8, of this report.

AVAILABLE INFORMATION

The Ameren Companies make available free of charge through Ameren's Internet Web site (www.ameren.com) their annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably possible after such reports are electronically filed with, or furnished to, the SEC. These documents are also available through an Internet Web site maintained by the SEC (www.sec.gov).

The Ameren Companies also make available free of charge through Ameren's Web site (www.ameren.com) the charters of Ameren's board of directors' audit and risk committee, human resources committee, nominating and corporate governance committee, finance committee, nuclear oversight committee, and public policy committee; the corporate governance guidelines; a policy regarding communications to the board of directors; a policy and procedures with respect to related-person transactions; a code of ethics for principal executive and senior financial officers; a code of business conduct applicable to all directors, officers and employees; and a director nomination policy that applies to the Ameren Companies.

These documents are also available in print upon written request to Ameren Corporation, Attention: Secretary, P.O. Box 66149, St. Louis, Missouri 63166-6149. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

Investors should review carefully the following risk factors and the other information contained in this report. The risks that the Ameren Companies face are not limited to those in this section. There may be additional risks and uncertainties (either currently unknown or not currently believed to be material) that could adversely affect the financial position, results of operations and liquidity of the Ameren Companies. See Forward-looking Statements and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report.

The electric and gas rates that UE, CIPS, CILCO and IP are allowed to charge are determined through regulatory proceedings and are subject to legislative actions, which are largely outside of their control. Any such events that prevent UE, CIPS, CILCO or IP from recovering their respective costs or from earning appropriate returns on their investments could have a material adverse effect on future results of operations, financial position, or liquidity.

The rates that UE, CIPS, CILCO and IP are allowed to charge for their services are an important item influencing the results of operations, financial position, and liquidity of these companies and Ameren. The electric and gas utility industry is highly regulated. The regulation of the rates that utility customers are charged is determined, in large part, by governmental entities, including the MoPSC, the ICC, and FERC. Decisions by these entities are influenced by many factors, including the cost of providing service, the quality of service, regulatory staff knowledge and experience, economic conditions, public policy, and social and political views and are largely outside of our control. Decisions made by these entities could have a material adverse effect on results of operations, financial position, or liquidity.

UE, CIPS, CILCO and IP electric and gas utility rates are typically established in regulatory proceedings that take up to 11 months to complete. Rates established in those proceedings are primarily based on historical costs, and they include an allowed return on investments by the regulator.

Our company, and the industry as a whole, is going through a period of rising costs and investments. The fact that rates at UE, CIPS, CILCO and IP are primarily based on historical costs means that these companies may not be able to earn the allowed return established by their regulators (often referred to as regulatory lag). As a result, UE, CIPS, CILCO and IP expect to file more frequent rate cases. A period of increasing rates to our customers, especially during weak economic times, could result in additional regulatory and legislative actions, as well as competitive and political pressures, that could have a material adverse effect on our results of operations, financial position, or liquidity.

We are subject to various environmental laws and regulations that require significant capital expenditures, can increase our operating costs, and may adversely influence or limit our results of operations, financial position or liquidity or expose us to environmental fines and liabilities.

We are subject to various environmental laws and regulations enforced by federal, state and local authorities. From the beginning phases of siting and development to the ongoing operation of existing or new electric generating, transmission and distribution facilities, natural gas storage plants, and natural gas transmission and distribution facilities, our activities involve compliance with diverse laws and regulations. These laws and regulations address noise, emissions, impacts to air and water, protected and cultural resources (such as wetlands, endangered species, and archeological and historical resources), and chemical and waste handling. Complex and lengthy processes are required to obtain approvals, permits or licenses for new, existing or modified facilities. Additionally, the use and handling of various chemicals or hazardous materials (including wastes) requires release prevention plans and emergency response procedures.

Compliance with environmental laws and regulations can require significant capital expenditures and operating costs. Actions required to ensure that our facilities are in compliance with environmental laws and regulations could be prohibitively expensive. As a result, we could be required to close or alter the operation of our facilities, which could have an adverse effect on our results of operations, financial position, and liquidity.

Failure to comply with environmental laws and regulations may also result in the imposition of fines, penalties, and injunctive measures affecting operating assets. We are also subject to liability under environmental laws for remediating environmental contamination of property now or formerly owned by us or by our predecessors, as well as property contaminated by hazardous substances that we generated. Such sites include MGP sites and third-party sites, such as landfills. Additionally, private individuals may seek to enforce environmental laws and regulations against us and could allege injury from exposure to hazardous materials.

About 85% of Ameren's (UE – 77%, Genco – 99%, CILCO (through AERG) – 99%, EEI – 100%) generating capacity is coal-fired. The remaining electric generation comes from nuclear, gas-fired, hydroelectric, and oil-fired power plants. Federal and state laws require significant reductions in SO_2, NO_x and mercury emissions from coal-fired plants.

Ameren's estimated capital costs through 2018, based on current technology, to comply with the federal Clean Air Interstate Rule and related state implementation plans and the MPS as well as federal ambient air quality standards including ozone and fine particulates, and the federal Clean Air Visibility Rule range from $4.5 billion to $5.5 billion (UE – $2.2 billion to $2.6 billion; Genco – $1.2 billion to $1.4 billion, CILCO (through AERG) – $480 million to $590 million, EEI – $665 million to $830 million). In addition, the Ameren Companies could incur additional capital costs with respect to a MACT standard for mercury emissions. The EPA is expected to move forward with a MACT standard for mercury emissions as the U.S. Supreme Court denied in February 2009 a petition to review a U.S. Court of Appeals decision that vacated the federal Clean Air Mercury Rule. Further, with respect to the EPA's enforcement initiative to determine whether modifications at a number of coal-fired power plants owned by electric utilities in the United States are subject to the New Source Review requirements or New Source Performance Standards under the Clean Air Act, Ameren, UE, Genco, AERG and EEI could incur increased capital expenditures for the installation of control technology, increased operations and maintenance expenses, as well as fines or penalties.

New environmental regulations, voluntary compliance guidelines, enforcement initiatives, or legislation could result in a significant increase in capital expenditures and operating costs, decreased revenues, increased financing requirements, penalties, or closure of power plants for UE, Genco, AERG and EEI. Although costs incurred by UE would be eligible for recovery in rates over time, subject to MoPSC approval in a rate proceeding, there is no similar mechanism for recovery of costs for Genco, AERG or EEI. We are unable to predict the ultimate impact of these matters on our results of operations, financial position or liquidity.

Future limits on greenhouse gas emissions would likely require UE, Genco, CILCO (through AERG) and EEI to incur significant increases in capital expenditures and operating costs, which, if excessive, could result in the closures of coal-fired generating plants or otherwise materially adversely affect our results of operations, financial position or liquidity.

Future initiatives regarding greenhouse gas emissions and global warming are subject to active consideration in the U.S. Congress. In October 2008, the U.S. House of Representatives, Energy and Commerce Committee, Subcommittee on Energy and Air Quality issued a "discussion draft" of climate legislation, which proposed establishing an economy-wide cap-and-trade program. The overarching goal of such legislation is to reduce greenhouse gas emissions to 6% below 2005 levels by 2020 and to 80% below 2005 levels by 2050. In addition, new leadership in the Energy and Commerce Committee is considering aggressive climate legislation. Finally, President Obama supports an economy-wide cap-and-trade greenhouse gas reduction program that would reduce emissions to 1990 levels by 2020 and 80% below 1990 levels by 2050. President Obama has also indicated support for auctioning 100% of the emission allowances to be distributed under the legislation. Although we cannot predict the date of enactment or the requirements of any global warming legislation or regulations, we believe it is likely that some form of federal greenhouse gas legislation or regulations will become law during President Obama's administration.

As a result of our diverse fuel portfolio, our contribution to greenhouse gases varies among our generating facilities, but coal-fired power plants are significant sources of CO_2, a principal greenhouse gas. Ameren's current analysis shows that under some policy scenarios being considered in the U.S. Congress, household costs and rates for electricity could rise significantly. The burden could fall particularly hard on electricity consumers and the Midwest economy because of our region's reliance on electricity generated by coal-fired power plants. Natural gas emits about half the amount of CO_2 that coal emits when burned to produce electricity. As a result, economy-wide shifts favoring natural gas as a fuel source for electric generation could affect the cost of heating for our utility customers and many industrial processes. Ameren believes that under some policy scenarios being considered by Congress, wholesale natural gas costs could rise significantly as well. Higher costs for energy could contribute to reduced demand for both electricity and natural gas.

Future initiatives regarding greenhouse gas emissions and global warming may also be subject to the activities pursuant to the Midwest Greenhouse Gas Reduction Accord, an agreement signed by the governors of Illinois, Iowa, Kansas, Michigan, Wisconsin and Minnesota to develop a strategy to achieve energy security and reduce greenhouse gas emissions through a cap-and-trade mechanism. It is expected that the advisory group to the Midwest governors will provide recommendations on the design of a greenhouse gas reduction program by the third quarter of 2009. However, it is uncertain whether legislation to implement the recommendations will be implemented or passed by any of the states, including Illinois.

With regard to greenhouse gas regulation under existing law, in April 2007, the U.S. Supreme Court issued a decision that the EPA has the authority to regulate CO_2 and other greenhouse gases from automobiles as "air pollutants" under the Clean Air Act. This decision was a result of a Bush Administration ruling denying a waiver request by the state of California to implement such regulations. 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." In July 2008, the EPA issued an advance notice of public rulemaking (ANPR) in response to the U.S. Supreme Court's directive. The ANPR solicited public comments on the benefits and ramifications of regulating greenhouse gases under the Clean Air Act, and that rulemaking has not been completed. On February 12, 2009, the EPA announced its intent to reconsider the decision under the Bush Administration denying the waiver to the state of California for regulating CO_2 emissions from automobiles. On February 17, 2009, the EPA also granted a petition for reconsideration filed by the Sierra Club to reexamine a December 2008 Bush Administration ruling that CO_2 should not be regulated under the Clean Air Act when issuing construction permits for power plants. These EPA actions will factor into the rulemaking process on the ANPR and could ultimately lead to regulation of CO_2 from power plants.

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, which, in turn, could lead to increased liquidity needs and higher financing costs. Excessive costs to comply with future legislation or regulations might force UE, Genco, CILCO (through AERG) and EEI and other similarly situated electric power generators to close some coal-fired facilities and could lead to possible impairment of assets. As a result, mandatory limits could have a material adverse impact on Ameren's, UE's, Genco's, CILCO's (through AERG) and EEI's results of operations, financial position, or liquidity.

The construction of, and capital improvements to, UE's, CIPS', CILCO's and IP's electric and gas utility infrastructure as well as to Genco's, CILCO's (through AERG) and EEI's non-rate-regulated generation facilities involve substantial risks. These risks include escalating costs, performance of the projects when completed and the ability to complete projects as scheduled, which could result in the closure of facilities and higher costs.

Over the next five years, the Ameren Companies will incur significant capital expenditures for compliance with environmental regulations and to make significant investments in their electric and gas utility infrastructure and their non-rate-regulated generation facilities. The Ameren Companies estimate that they will incur up to $10.4 billion (UE – up to $5.3 billion; CIPS – up to $565 million; Genco – up to $1.8 billion; CILCO (Illinois Regulated) – up to $415 million; CILCO (AERG) – up to $640 million; IP – up to $1.2 billion; EEI – up to $385 million; Other – up to $160 million) of capital expenditures during the period 2009 through 2013. These expenses include construction expenditures, capitalized interest or allowance for funds used during construction, and compliance with EPA and state regulations regarding SO_2 and NO_x emissions and mercury emissions from coal-fired power plants. Costs for these types of projects have escalated in recent years and are expected to either stay at current levels or further escalate.

Investments in Ameren's regulated operations are expected to be recoverable from ratepayers, but are subject to prudency reviews. The recoverability of amounts expended in non-rate-regulated generation operations will depend on whether market prices for power adjust to reflect increased costs for generators.

The ability of the Ameren Companies to complete facilities under construction successfully, and to complete future projects within established estimates, is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, project management expertise and escalating costs for materials, labor, and environmental compliance. Delays in obtaining permits, shortages in materials and qualified labor, suppliers and contractors not performing as required under their contracts, changes in the scope and timing of projects, the inability to raise capital on favorable terms, or other events beyond our control may occur that may materially affect the schedule, cost and performance of these projects. With respect to capital spent for pollution control equipment, there is a risk that electric generating plants will not be permitted to continue to operate if pollution control equipment is not installed by prescribed deadlines or does not perform as expected. Should any such construction efforts be unsuccessful, the Ameren Companies could be subject to additional costs and the loss of their investment in the project or facility. The Ameren Companies may also be required to purchase additional electricity or natural gas for their customers until the projects are completed. All of these risks may have a material adverse effect on the Ameren Companies' results of operations, financial position, or liquidity.

Our counterparties may not meet their obligations to us.

We are exposed to the risk that counterparties to various arrangements who owe us money, energy, coal, or other commodities or services will not be able to perform their obligations or, with respect to our credit facilities, will fail to honor their commitments. Should the counterparties to commodity arrangements fail to perform, we might be forced to replace or to sell the underlying commitment at then-current market prices. Should the lenders under our current credit facilities fail to perform, the level of borrowing capacity under those arrangements would decrease unless we were able to find replacement lenders to assume the nonperforming lender's commitment. In such an event, we might incur losses, or our results of operations, financial position, or liquidity could otherwise be adversely affected.

Certain of the Ameren Companies have obligations to other Ameren Companies or other Ameren subsidiaries because of transactions involving energy, coal, other commodities, services, and because of hedging transactions. If one Ameren entity failed to perform under any of these arrangements, other Ameren entities might incur losses. Their results of operations, financial position, or liquidity could be adversely affected, resulting in the nondefaulting Ameren entity being unable to meet its obligations to unrelated third-parties. Our hedging activities are generally undertaken with a view to the Ameren-wide exposures. Some Ameren Companies may therefore be more or less hedged than if they were to engage in such hedging alone.

Increasing costs associated with our defined benefit retirement plans, health care plans, and other employee-related benefits may adversely affect our results of operations, financial position, or liquidity.

We offer defined benefit and postretirement plans that cover substantially all of our employees. Assumptions related to future costs, returns on investments, interest rates, and other actuarial matters have a significant impact on our earnings and funding requirements. Ameren expects to fund its pension plans at a level equal at least to the pension expense. Based on Ameren's assumptions at December 31, 2008, and reflecting this pension funding policy, Ameren expects to make annual contributions of $90 million to $200 million in each of the next five years. We expect UE's, CIPS', Genco's, CILCO's, and IP's portion of the future funding requirements to be 61%, 6%, 10%, 9%, and 14%, respectively. These amounts are estimates. They may change with actual investment performance, changes in interest rates, any pertinent changes in government regulations, and any voluntary contributions.

In addition to the costs of our retirement plans, the costs of providing health care benefits to our employees and retirees have increased in recent years. We believe that our employee benefit costs, including costs of health care plans for our employees and former employees, will continue to rise. The increasing costs and funding requirements associated with our defined benefit retirement plans, health care plans, and other employee benefits may adversely affect our results of operations, financial position, or liquidity.

Our electric generating, transmission and distribution facilities are subject to operational risks that could adversely affect our results of operations, liquidity, and financial position.

The Ameren Companies' financial performance depends on the successful operation of electric generating, transmission, and distribution facilities. Operation of electric generating, transmission, and distribution facilities involves many risks, including:

- increased prices for fuel and fuel transportation;
- facility shutdowns due to operator error or a failure of equipment or processes;
- longer-than-anticipated maintenance outages;
- disruptions in the delivery of fuel and lack of adequate inventories;
- increased purchased power costs;
- lack of water for cooling plant operations;
- labor disputes;
- inability to comply with regulatory or permit requirements, including environmental contamination;
- disruptions in the delivery of electricity, including impacts on us or our customers;
- increased capital expenditure requirements, including those due to environmental regulation;
- handling and storage of fossil-fuel combustion waste products, such as coal ash;
- unusual or adverse weather conditions, including severe storms, drought and floods;
- a workplace accident that might result in injury or loss of life, extensive property damage or environmental damage;
- information security risk, such as a breach of our systems on which sensitive utility customer data and account information are stored;
- catastrophic events such as fires, explosions, or other similar occurrences; and
- other unanticipated operations and maintenance expenses and liabilities.

Even though agreements have been reached with the state of Missouri and the FERC, the breach of the upper reservoir of UE's Taum Sauk pumped-storage hydroelectric facility could continue to have an adverse effect on Ameren's and UE's results of operations, liquidity, and financial condition.

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.

UE has settled with the FERC and the state of Missouri all issues associated with the December 2005 Taum Sauk incident. Other parties have also claimed damages as a result of the incident. UE has begun rebuilding the upper reservoir at its Taum Sauk plant. The estimated cost to rebuild the upper reservoir is in the range of $480 million. UE expects the Taum Sauk plant to be out of service through early 2010.

If UE must purchase power because of the unavailability of the Taum Sauk facility during the rebuild of the upper reservoir, UE has committed to not seek recovery of these additional costs from ratepayers. The Taum Sauk incident is expected to reduce Ameren's and UE's 2009 pretax earnings by $15 million to $20 million, excluding any unreimbursed costs related to the incident or the rebuild, which are currently not expected. UE expects to realize higher-cost sources of power, reduced interchange sales, and increased expenses, net of insurance reimbursement for replacement power costs.

At this time, UE believes that substantially all 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. 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 and the Department of the Army, Corp of Engineers. Until all 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.

Genco's, AERG's, and EEI's electric generating facilities must compete for the sale of energy and capacity, which exposes them to price risks.

All of Genco's, AERG's, and EEI's generating facilities compete for the sale of energy and capacity in the competitive energy markets.

To the extent that electricity generated by these facilities is not under a fixed-price contract to be sold, the revenues and results of operations of these non-rate-regulated subsidiaries generally depend on the prices that can be obtained for energy and capacity in Illinois and adjacent markets. Among the factors that could influence such prices (all of which are beyond our control to a significant degree) are:

- current and future delivered market prices for natural gas, fuel oil, and coal and related transportation costs;
- current and forward prices for the sale of electricity;
- the extent of additional supplies of electric energy from current competitors or new market entrants;
- the regulatory and market structures developed for evolving Midwest energy markets;
- changes enacted by the Illinois legislature, the ICC, the IPA or other government agencies with respect to power procurement procedures;
- the potential for reregulation of generation in some states;
- future pricing for, and availability of, services on transmission systems, and the effect of RTOs and export energy transmission constraints, which could limit our ability to sell energy in our markets;

- the growth rate in electricity usage as a result of population changes, regional economic conditions, and the implementation of conservation programs;
- climate conditions in the Midwest market; and
- environmental laws and regulations.

UE's ownership and operation of a nuclear generating facility creates business, financial, and waste disposal risks.

UE owns the Callaway nuclear plant, which represents about 12% of UE's generation capacity and produced 19% of UE's 2008 generation. Therefore, UE is subject to the risks of nuclear generation, which include the following:

- potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials;
- the lack of a permanent waste storage site;
- limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with UE or other U.S. nuclear operations;
- uncertainties with respect to contingencies and assessment amounts if insurance coverage is inadequate;
- public and governmental concerns over the adequacy of security at nuclear power plants;
- uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives (UE's facility operating license for the Callaway nuclear plant expires in 2024);
- limited availability of fuel supply; and
- costly and extended outages for scheduled or unscheduled maintenance and refueling.

The NRC has broad authority under federal law to impose licensing and safety requirements for nuclear generation facilities. In the event of noncompliance, the NRC has the authority to impose fines, shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Revised safety requirements promulgated by the NRC could necessitate substantial capital expenditures at nuclear plants such as UE's. In addition, if a serious nuclear incident were to occur, it could have a material but indeterminable adverse effect on UE's results of operations, financial position, or liquidity. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or relicensing of any domestic nuclear unit.

Our energy risk management strategies may not be effective in managing fuel and electricity procurement and pricing risks, which could result in unanticipated liabilities or increased volatility in our earnings and cash flows.

We are exposed to changes in market prices for natural gas, fuel, electricity, emission allowances, and transmission congestion. Prices for natural gas, fuel, electricity, and emission allowances may fluctuate substantially over relatively short periods of time and expose us to commodity price risk. We use short-term and long-term purchase and sales contracts in addition to derivatives such as forward contracts, futures contracts, options, and swaps to manage these risks. We attempt to manage our risk associated with these activities through enforcement of established risk limits and risk management procedures. We cannot ensure that these strategies will be successful in managing our pricing risk or that they will not result in net liabilities because of future volatility in these markets.

Although we routinely enter into contracts to hedge our exposure to the risks of demand and changes in commodity prices, we do not hedge the entire exposure of our operations from commodity price volatility. Furthermore, our ability to hedge our exposure to commodity price volatility depends on liquid commodity markets. To the extent that commodity markets are illiquid, we may not be able to execute our risk management strategies, which could result in greater unhedged positions than we would prefer at a given time. To the extent that unhedged positions exist, fluctuating commodity prices can adversely affect our results of operations, financial position, or liquidity.

Our facilities are considered critical energy infrastructure and may therefore be targets of acts of terrorism.

Like other electric and gas utilities and other non-rate-regulated electric generators, our power generation plants, fuel storage facilities, and transmission and distribution facilities may be targets of terrorist activities that could result in disruption of our ability to produce or distribute some portion of our energy products. Any such disruption could result in a significant decrease in revenues or significant additional costs for repair, which could have a material adverse effect on our results of operations, financial position, or liquidity.

Our businesses are dependent on our ability to access the capital markets successfully. We may not have access to sufficient capital in the amounts and at the times needed.

The global capital and credit markets experienced extreme volatility and disruption in 2008, and we expect those conditions to continue throughout 2009. Several factors have driven this situation, including deteriorating global economic conditions and the weakened condition of major financial institutions. The extreme disruption in the financial markets has limited companies', including the Ameren Companies', ability to access the debt and equity capital markets as well as credit markets to support their operations and refinance debt, which has led to higher financing costs compared to recent years. At December 31, 2008, the Ameren Companies had in place revolving bank credit facilities aggregating $2.15 billion, the size of which would be reduced if any of the participating banks fail to honor their commitments. In total, 18 banks participated in these credit facilities.

We use short-term and long-term debt as a significant source of liquidity and funding for capital requirements not satisfied by our operating cash flow, including requirements related to future environmental compliance. As a result of rising costs and increased capital and operations and maintenance expenditures, coupled with near-term regulatory lag, we expect to need more short-term and long-term debt financing. The inability to raise debt or equity capital on favorable terms, or at all, particularly during times of uncertainty in the capital markets, could negatively affect our ability to maintain and to expand our businesses. Our current credit ratings cause us to believe that we will continue to have access to the capital markets. However, events beyond our control, such as the extreme volatility and disruption in global debt or equity capital and credit markets in 2008 and 2009, may create uncertainty that could increase our cost of capital or impair, or eliminate, our ability to access the debt, equity or credit markets, including the ability to draw on our bank credit facilities. Certain of the Ameren Companies rely, in part, on Ameren for access to capital. Circumstances that limit Ameren's access to capital, including those relating to its other subsidiaries, could impair its ability to provide those Ameren Companies with needed capital.

The Ameren Companies have certain debt that matures, and credit facilities that expire, in 2009 and 2010. Although we are actively developing plans and strategies to refinance or otherwise repay this debt and to renew or replace these credit facilities, we are unable to predict capital market conditions, our access to the capital markets or the degree of success we will have in renewing or replacing any of the credit facilities and whether the size and terms of any new credit facilities will be comparable to the existing credit facilities.

Ameren's and some of the Ameren Companies' holding company structures could limit their ability to pay common stock dividends, to service their respective debt obligations and to pay dividends on their outstanding preferred stock, as applicable.

Ameren is a holding company, and therefore, its primary assets are the common stock of its subsidiaries. As a result, Ameren's ability to pay dividends on its common stock depends on the earnings of its subsidiaries and the ability of its subsidiaries to pay dividends or otherwise transfer funds to Ameren. Similarly, Ameren's and some of the Ameren Companies' ability to service their respective debt obligations and to pay dividends on their respective preferred stock are also dependent upon the earnings of operating subsidiaries and the distribution of those earnings and other payments, including payments of principal and interest under intercompany indebtedness. The payment of dividends to Ameren by its subsidiaries in turn depends on their results of operations and cash flows and other items affecting retained earnings. Ameren's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any dividends or make any other distributions (except for payments required pursuant to the terms of intercompany borrowing arrangements) to Ameren. Certain of the Ameren Companies' financing agreements and articles of incorporation, in addition to certain statutory and regulatory requirements, may impose certain restrictions on the ability of such Ameren Companies to transfer funds to Ameren in the form of cash dividends, loans or advances.

Failure to retain and attract key officers and other skilled professional and technical employees could have an adverse effect on our operations.

Our businesses depend upon our ability to employ and retain key officers and other skilled professional and technical employees. A significant portion of our workforce is nearing retirement, including many employees with specialized skills such as maintaining and servicing our electric and natural gas infrastructure and operating our generating units. Our inability to retain and recruit qualified employees could adversely affect our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

For information on our principal properties, see the generating facilities table below. See also Liquidity and Capital Resources and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report for any planned additions, replacements or transfers. See also Note 5 – Long-term Debt and Equity Financings, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

The following table shows what our electric generating facilities and capability are anticipated to be at the time of our expected 2009 peak summer electrical demand:

Primary Fuel Source	Plant	Location	Net Kilowatt Capability[a]
Missouri Regulated:			
UE:			
Coal	Labadie	Franklin County, Mo.	2,405,000
	Rush Island	Jefferson County, Mo.	1,181,000
	Sioux	St. Charles County, Mo.	986,000
	Meramec	St. Louis County, Mo.	841,000
Total coal			5,413,000
Nuclear	Callaway	Callaway County, Mo.	1,190,000
Hydroelectric	Osage	Lakeside, Mo.	234,000
	Keokuk	Keokuk, Iowa	137,000
Total hydroelectric			371,000
Pumped-storage	Taum Sauk	Reynolds County, Mo.	(b)
Oil (CTs)	Fairgrounds	Jefferson City, Mo.	55,000
	Meramec	St. Louis County, Mo.	59,000
	Mexico	Mexico, Mo.	55,000
	Moberly	Moberly, Mo.	55,000
	Moreau	Jefferson City, Mo.	55,000
	Howard Bend	St. Louis County, Mo.	43,000
	Venice	Venice, Ill.	(c)
Total oil			322,000
Natural gas (CTs)	Peno Creek[d][e]	Bowling Green, Mo.	188,000
	Meramec[e]	St. Louis County, Mo.	53,000
	Venice[e]	Venice, Ill.	500,000
	Viaduct	Cape Girardeau, Mo.	25,000
	Kirksville	Kirksville, Mo.	13,000
	Audrain[d]	Audrain County, Mo.	608,000
	Goose Creek	Piatt County, Ill.	438,000
	Raccoon Creek	Clay County, Ill.	304,000
	Pinckneyville	Pinckneyville, Ill.	316,000
	Kinmundy[e]	Kinmundy, Ill.	232,000
Total natural gas			2,677,000
Total UE			9,973,000

Primary Fuel Source	Plant	Location	Net Kilowatt Capability[(a)]
Non-rate-regulated Generation:			
EEI[(f)]:			
Coal	Joppa Generating Station	Joppa, Ill.	1,002,000
Natural gas (CTs)	Joppa	Joppa, Ill.	74,000
Total EEI			1,076,000
Genco:			
Coal	Newton	Newton, Ill.	1,198,000
	Coffeen	Coffeen, Ill.	900,000
	Meredosia	Meredosia, Ill.	308,000
	Hutsonville	Hutsonville, Ill.	151,000
Total coal			2,557,000
Oil	Meredosia	Meredosia, Ill.	156,000
	Hutsonville (Diesel)	Hutsonville, Ill.	3,000
Total oil			159,000
Natural gas (CTs)	Grand Tower	Grand Tower, Ill.	511,000
	Elgin[(g)]	Elgin, Ill.	460,000
	Gibson City	Gibson City, Ill.	228,000
	Joppa 7B	Joppa, Ill.	165,000
	Columbia[(h)]	Columbia, Mo.	140,000
Total natural gas			1,504,000
Total Genco			4,220,000
CILCO (through AERG):			
Coal	E.D. Edwards	Bartonville, Ill.	715,000
	Duck Creek	Canton, Ill.	410,000
Total coal			1,125,000
Natural gas	Sterling Avenue	Peoria, Ill.	(i)
	Indian Trails	Pekin, Ill.	(j)
Total natural gas			-
Oil	CAT/Mapleton	Mapleton, Ill	9,000
	CAT/Mossville	Mossville, Ill	6,000
Total Oil			15,000
Total CILCO			1,140,000
Medina Valley:			
Natural gas	Medina Valley	Mossville, Ill.	44,000
Total Non-rate-regulated Generation			6,480,000
Total Ameren			16,453,000

(a) "Net Kilowatt Capability" is the generating capacity available for dispatch from the facility into the electric transmission grid.
(b) This facility is not operational because of a breach of its upper reservoir in December 2005. It is expected to be out of service through early 2010. Its 2005 peak summer electrical demand net kilowatt capability was 440,000. For additional information on the Taum Sauk incident, see Note 15 – Commitments and Contingencies under Part II, Item 8 of this report.
(c) This facility will be out of service in 2009.
(d) There are economic development lease arrangements applicable to these CTs.
(e) Certain of these CTs have the capability to operate on either oil or natural gas (dual fuel).
(f) Ameren owns an 80% interest in EEI. See Part I, Item 1, Business and Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report. This table reflects the full capability of EEI's facilities.
(g) There is a tolling agreement in place for one of Elgin's units (approximately 100 megawatts). The agreement expires on May 31, 2009.
(h) Genco has granted the city of Columbia, Missouri, options to purchase an undivided ownership interest in these facilities, which would result in a sale of up to 72 megawatts (about 50%) of the facilities. Columbia can exercise one option for 36 megawatts at the end of 2010 for a purchase price of $15.5 million, at the end of 2014 for a purchase price of $9.5 million, or at the end of 2020 for a purchase price of $4 million. The other option can be exercised for another 36 megawatts at the end of 2013 for a purchase price of $15.5 million, at the end of 2017 for a purchase price of $9.5 million, or at the end of 2023 for a purchase price of $4 million. A power purchase agreement pursuant to which Columbia is now purchasing up to 72 megawatts of capacity and energy generated by these facilities from Marketing Company will terminate if Columbia exercises the purchase options.
(i) In December 2008, CILCO entered into talks with a third party to sell the Sterling Avenue facility. CILCO expects to sell this facility in 2009.
(j) This facility exclusively serves one industrial customer, which announced in early 2009 a suspension of operations of its plant.

The following table presents electric and natural gas utility-related properties for UE, CIPS, CILCO and IP as of December 31, 2008:

	UE	CIPS	CILCO	IP
Circuit miles of electric transmission lines	2,942	2,306	331	1,853
Circuit miles of electric distribution lines	32,956	14,931	8,853	21,607
Circuit miles of electric distribution lines underground	22%	11%	25%	12%
Miles of natural gas transmission and distribution mains	3,232	5,338	3,907	8,770
Propane-air plants	1	-	-	-
Underground gas storage fields	-	3	2	7
Billion cubic feet of total working capacity of underground gas storage fields	-	2	8	15

Our other properties include office buildings, warehouses, garages, and repair shops.

With only a few exceptions, we have fee title to all principal plants and other units of property material to the operation of our businesses, and to the real property on which such facilities are located (subject to mortgage liens securing our outstanding first mortgage bond and credit facility indebtedness and to certain permitted liens and judgment liens). The exceptions are as follows:

- A portion of UE's Osage plant reservoir, certain facilities at UE's Sioux plant, most of UE's Peno Creek and Audrain CT facilities, Genco's Columbia CT facility, AERG's Indian Trails generating facility, Medina Valley's generating facility, certain of Ameren's substations, and most of our transmission and distribution lines and gas mains are situated on lands we occupy under leases, easements, franchises, licenses or permits.
- The United States or the state of Missouri may own or may have paramount rights to certain lands lying in the bed of the Osage River or located between the inner and outer harbor lines of the Mississippi River on which certain of UE's generating and other properties are located.
- The United States, the state of Illinois, the state of Iowa, or the city of Keokuk, Iowa, may own or may have paramount rights with respect to certain lands lying in the bed of the Mississippi River on which a portion of UE's Keokuk plant is located.

Substantially all of the properties and plant of UE, CIPS, CILCO and IP are subject to the direct first liens of the indentures securing their mortgage bonds. In July 2006 and February 2007, AERG recorded open-ended mortgages and security agreements with respect to its E.D. Edwards and Duck Creek power plants. These plants serve as collateral to secure its obligations under multiyear, senior secured credit facilities entered into on July 14, 2006, and February 9, 2007, along with other Ameren subsidiaries. See Note 4 – Short-term Borrowings and Liquidity under Part II, Item 8, of this report for details of the credit facilities.

UE has conveyed most of its Peno Creek CT facility to the city of Bowling Green, Missouri, and leased the facility back from the city through 2022. Under the terms of this capital lease, UE is responsible for all operation and maintenance responsibilities for the facility. Ownership of the facility will transfer to UE at the expiration of the lease, at which time the property and plant will become subject to the lien of any outstanding UE first mortgage bond indenture.

In March 2006, UE purchased a CT facility located in Audrain County, Missouri, from NRG Audrain Holding, LLC, and NRG Audrain Generating LLC, both affiliates of NRG Energy, Inc. (collectively, NRG). As a part of this transaction, UE was assigned the rights of NRG as lessee of the CT facility under a long-term lease with Audrain County and assumed NRG's obligations under the lease. The lease term will expire on December 1, 2023. Under the terms of this capital lease, UE has all operation and maintenance responsibilities for the facility, and ownership of the facility will be transferred to UE at the expiration of the lease. When ownership of the Audrain County CT facility is transferred to UE by the county, the property and plant will become subject to the lien of any outstanding UE first mortgage bond indenture.

See Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for information on mechanics' liens filed against CILCO's Duck Creek plant.

ITEM 3. 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 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.

For additional information on legal and administrative proceedings, see Rates and Regulation under Item 1, Business, and Item 1A, Risk Factors, above. See also Liquidity and Capital Resources and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, and Note 2 – Rate and Regulatory Matters, and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of security holders during the fourth quarter of 2008 with respect to any of the Ameren Companies.

EXECUTIVE OFFICERS OF THE REGISTRANTS (ITEM 401(b) OF REGULATION S-K):

The executive officers of the Ameren Companies, including major subsidiaries, are listed below, along with their ages as of December 31, 2008, all positions and offices held with the Ameren Companies, tenure as officer, and business background for at least the last five years. Some executive officers hold multiple positions within the Ameren Companies; their titles are given in the description of their business experience.

AMEREN CORPORATION:

Name	Age at 12/31/08	Positions and Offices Held
Gary L. Rainwater	62	Chairman, Chief Executive Officer, President, and Director

Rainwater began his career with UE in 1979 as an engineer and has held various positions with UE and other Ameren subsidiaries during his employment. In 2004, Rainwater was elected to serve as chairman and chief executive officer of Ameren, UE, and Ameren Services in addition to his position as president. At that time, he was elected chairman of CILCORP and CILCO in addition to his position as chief executive officer and president of those companies, which he assumed in 2003. In 2004, upon Ameren's acquisition of IP, Rainwater was also elected chairman, chief executive officer, and president of IP. He held the position of chairman of CIPS, CILCO and IP after relinquishing his position as president in October 2004. In 2007, Rainwater relinquished his positions as chairman, president, and chief executive officer of UE and Ameren Services and as chairman and chief executive officer of CIPS, CILCO and IP.

Warner L. Baxter	47	Executive Vice President and Chief Financial Officer, Chairman, Chief Executive Officer, President, and Chief Financial Officer (Ameren Services)

Baxter joined UE in 1995. He was elected senior vice president, finance, of Ameren, UE, CIPS, Ameren Services, and Genco in 2001 and of CILCORP and CILCO in 2003. Baxter was elected to the position of executive vice president and chief financial officer of Ameren, UE, CIPS, Genco, CILCORP, CILCO, and Ameren Services in 2003 and of IP in 2004. He was elected chairman, chief executive officer, president, and chief financial officer of Ameren Services effective in 2007.

Thomas R. Voss	61	Executive Vice President and Chief Operating Officer, Chairman, Chief Executive Officer, and President (UE)

Voss joined UE in 1969 as an engineer. He was elected senior vice president of UE, CIPS, and Ameren Services in 1999, of Genco in 2001, of CILCORP and CILCO in 2003, and of IP in 2004. In 2003, Voss was elected president of Genco; he relinquished his presidency of this company in 2004. He was elected to his present position at Ameren in 2005. In 2006, he was elected executive vice president of UE, CIPS, CILCORP, CILCO and IP. In 2007, Voss was elected chairman, chief executive officer, and president of UE. He relinquished his positions at CIPS, CILCORP, CILCO and IP in 2007.

Donna K. Martin	61	Senior Vice President and Chief Human Resources Officer

Martin joined Ameren Services in 2002 as vice president, human resources. In 2005, Martin was elected senior vice president and chief human resources officer of Ameren Services. She was elected to the same positions at Ameren in 2007.

Steven R. Sullivan	48	Senior Vice President, General Counsel, and Secretary

Sullivan joined Ameren, UE, CIPS, and Ameren Services in 1998 as vice president, general counsel, and secretary. He added those positions at Genco in 2000. In 2003, Sullivan was elected vice president, general counsel, and secretary of CILCORP and CILCO. He was elected to his present position at Ameren, UE, CIPS, Genco, CILCORP, CILCO, and Ameren Services in 2003, and at IP in 2004.

Jerre E. Birdsong	54	Vice President and Treasurer

Birdsong joined UE in 1977 and was elected treasurer of UE in 1993. He was elected treasurer of Ameren, CIPS, and Ameren Services in 1997, and Genco in 2000. In addition to being treasurer, in 2001 he was elected vice president at Ameren and at the subsidiaries listed above. Additionally, he was elected vice president and treasurer of CILCORP and CILCO in 2003, and of IP in 2004.

Martin J. Lyons	42	Senior Vice President and Chief Accounting Officer

Lyons joined Ameren, UE, CIPS, Genco, and Ameren Services in 2001 as controller. He was elected controller of CILCORP and CILCO in 2003. He was also elected vice president of Ameren, UE, CIPS, Genco, CILCORP, CILCO, and Ameren Services in 2003 and vice president and controller of IP in 2004. In 2007, his position at UE was changed to vice president and principal accounting officer. In 2008, Lyons was elected senior vice president and chief accounting officer of the Ameren Companies.

SUBSIDIARIES:

Name	Age at 12/31/08	Positions and Offices Held
Scott A. Cisel	55	Chairman, Chief Executive Officer, and President (CILCO, CIPS and IP)

Cisel joined CILCO in 1975. He was named senior vice president and leader of CILCO's Sales and Marketing Business Unit in 2001. Cisel assumed the position of vice president and chief operating officer for CILCO in 2003, upon Ameren's acquisition of that company. In 2004, Cisel was elected vice president of UE and president and chief operating officer of CIPS, CILCO and IP. In 2007, Cisel was elected chairman and chief executive officer of CIPS, CILCO and IP in addition to his position as president. He relinquished his position at UE in 2007.

Daniel F. Cole	55	Senior Vice President (CILCO, CIPS, CILCORP, IP and UE)

Cole joined UE in 1976 as an engineer. He was elected senior vice president of UE and Ameren Services in 1999, and of CIPS in 2001. He was elected president of Genco in 2001; he relinquished that position in 2003. He was elected senior vice president of CILCORP and CILCO in 2003, and of IP in 2004.

Adam C. Heflin	44	Senior Vice President and Chief Nuclear Officer (UE)

Heflin joined UE in 2005 as vice president of nuclear operations and was elected senior vice president and chief nuclear officer of UE in 2008. Prior to joining UE, Heflin served as Unit 2 plant manager at Arkansas Nuclear One, owned by Entergy Corporation. He joined Entergy Corporation's nuclear operations in 1992.

Richard J. Mark	53	Senior Vice President (UE)

Mark joined Ameren Services in 2002 as vice president of customer service. In 2003, he was elected vice president of governmental policy and consumer affairs at Ameren Services, with responsibility for government affairs, economic development, and community relations for Ameren's operating utility companies. He was elected senior vice president at UE in 2005, with responsibility for Missouri energy delivery. In 2007, Mark relinquished his position at Ameren Services.

Michael L. Moehn	39	Senior Vice President (Ameren Services)

Moehn joined Ameren Services as assistant controller in 2000. He was named director of Ameren Services' corporate modeling and transaction support in 2001 and elected vice president of business services for Ameren Energy Resources Company in 2002. In 2004, Moehn was elected vice president of corporate planning for Ameren Services and relinquished his position at Ameren Energy Resources Company. In 2008, he was elected senior vice president of Ameren Services.

Michael G. Mueller	45	President (AFS)

Mueller joined UE in 1986 as an engineer. He was elected vice president of AFS in 2000 and president of AFS in 2004.

Charles D. Naslund	56	Chairman, Chief Executive Officer, and President (Resources Company), and President (Genco)

Naslund joined UE in 1974. He was elected vice president of power operations at UE in 1999, vice president of Ameren Services in 2000, and vice president of nuclear operations at UE in 2004. He relinquished his position at Ameren Services in 2001. Naslund was elected senior vice president and chief nuclear officer at UE in 2005. Effective in 2008, he was elected chairman, chief executive officer, and president of Resources Company and president of Genco. Naslund relinquished his position at UE in 2008.

Andrew M. Serri	47	President (Marketing Company)

Serri joined Marketing Company as vice president of sales and marketing in 2000. He was elected vice president of marketing and trading of Ameren Services in 2004, before being elected president of Marketing Company that same year. He relinquished his position at Ameren Services in 2007.

Officers are generally elected or appointed annually by the respective board of directors of each company, following the election of board members at the annual meetings of shareholders. No special arrangement or understanding exists between any of the above-named executive officers and the Ameren Companies nor, to our knowledge, with any other person or persons pursuant to which any executive officer was selected as an officer. There are no family relationships among the officers. Except for Adam C. Heflin, all of the above-named executive officers have been employed by an Ameren company for more than five years in executive or management positions.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Ameren's common stock is listed on the NYSE (ticker symbol: AEE). Ameren began trading on January 2, 1998, following the merger of UE and CIPSCO on December 31, 1997. On April 30, 2008, Ameren submitted to the NYSE a certificate of its chief executive officer certifying that he was not aware of any violation by Ameren of NYSE corporate governance listing standards.

Ameren common shareholders of record totaled 72,475 on January 30, 2009. The following table presents the price ranges, closing prices, and dividends paid per Ameren common share for each quarter during 2008 and 2007.

	High	Low	Close	Dividends Paid
AEE 2008 Quarter Ended:				
March 31	$ 54.29	$ 40.92	$ 44.04	63 ½¢
June 30	48.39	41.34	42.23	63 ½
September 30	43.16	38.49	39.03	63 ½
December 31	39.15	25.51	33.26	63 ½
AEE 2007 Quarter Ended:				
March 31	$ 55.00	$ 48.56	$ 50.30	63 ½¢
June 30	55.00	48.23	49.01	63 ½
September 30	53.89	47.10	52.50	63 ½
December 31	54.74	51.81	54.21	63 ½

There is no trading market for the common stock of UE, CIPS, Genco, CILCORP, CILCO or IP. Ameren holds all outstanding common stock of UE, CIPS, CILCORP and IP; Resources Company holds all outstanding common stock of Genco; and CILCORP holds all outstanding common stock of CILCO.

The following table sets forth the quarterly common stock dividend payments made by Ameren and its subsidiaries during 2008 and 2007:

(In millions)	2008 Quarter Ended				2007 Quarter Ended			
Registrant	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
UE	$ 71	$ 88	$ 28	$ 77	$ 21	$ 119	$ 47	$ 80
CIPS	-	-	-	-	40	-	-	-
Genco	17	-	60	24	-	-	74	39
CILCORP	-	-	-	-	-	-	-	-
IP	15	15	15	15	61	-	-	-
Nonregistrants	32	30	30	17	10	13	11	12
Ameren	$ 135	$ 133	$ 133	$ 133	$ 132	$ 132	$ 132	$ 131

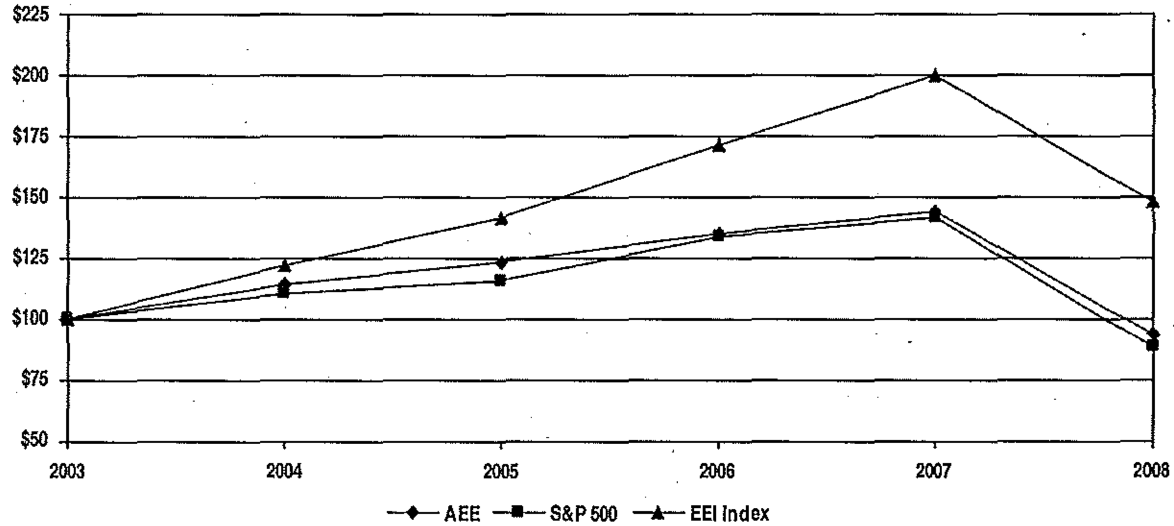
On February 13, 2009, the board of directors of Ameren declared a quarterly dividend on Ameren's common stock of 38.5 cents per share. The common share dividend is payable March 31, 2009, to stockholders of record on March 11, 2009.

For a discussion of restrictions on the Ameren Companies' payment of dividends, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report.

None of the Ameren Companies purchased equity securities reportable under Item 703 of Regulation S-K during the period October 1 to December 31, 2008.

Performance Graph

The following graph shows Ameren's cumulative total shareholder return during the five fiscal years ended December 31, 2008. The graph also shows the cumulative total returns of the S&P 500 Index and the Edison Electric Institute Index (EEI Index), which comprises most investor-owned electric utilities in the United States. The comparison assumes that $100 was invested on December 31, 2003, in Ameren common stock and in each of the indices shown, and it assumes that all of the dividends were reinvested.



December 31,	2003	2004	2005	2006	2007	2008
Ameren	$100.00	$115.12	$123.48	$135.96	$144.04	$ 94.22
S&P 500 Index	100.00	110.88	116.32	134.69	142.09	89.51
EEI Index	100.00	122.84	142.56	172.15	200.66	148.69

Ameren management cautions that the stock price performance shown in the graph above should not be considered indicative of potential future stock price performance.

ITEM 6. SELECTED FINANCIAL DATA.

For the years ended December 31, (In millions, except per share amounts)	2008	2007	2006	2005	2004
Ameren:					
Operating revenues[a]	$ 7,839	$ 7,562	$ 6,895	$ 6,780	$ 5,135
Operating income[a]	1,362	1,359	1,188	1,284	1,078
Net income[a][b]	605	618	547	606	530
Common stock dividends	534	527	522	511	479
Earnings per share – basic and diluted[a][b]	2.88	2.98	2.66	3.02	2.84
Common stock dividends per share	2.54	2.54	2.54	2.54	2.54
As of December 31:					
Total assets	$ 22,657	$ 20,728	$ 19,635	$ 18,171	$ 17,450
Long-term debt, excluding current maturities	6,554	5,689	5,285	5,354	5,021
Preferred stock subject to mandatory redemption	-	16	17	19	20
Total stockholders' equity	6,963	6,752	6,583	6,364	5,800
UE:					
Operating revenues	$ 2,960	$ 2,961	$ 2,823	$ 2,889	$ 2,640
Operating income	514	590	620	640	673
Net income after preferred stock dividends	245	336	343	346	373
Dividends to parent	264	267	249	280	315
As of December 31:					
Total assets	$ 11,524	$ 10,903	$ 10,290	$ 9,277	$ 8,750
Long-term debt, excluding current maturities	3,673	3,208	2,934	2,698	2,059
Total stockholders' equity	3,562	3,601	3,153	3,016	2,996

For the years ended December 31, (In millions, except per share amounts)	2008	2007	2006	2005	2004
CIPS:					
Operating revenues	$ 982	$ 1,005	$ 954	$ 934	$ 735
Operating income	42	49	69	85	58
Net income after preferred stock dividends	12	14	35	41	29
Dividends to parent	-	40	50	35	75
As of December 31:					
Total assets	$ 1,917	$ 1,860	$ 1,855	$ 1,784	$ 1,615
Long-term debt, excluding current maturities	421	456	471	410	430
Total stockholders' equity	529	517	543	569	490
Genco:					
Operating revenues	$ 908	$ 876	$ 992	$ 1,038	$ 873
Operating income	330	258	131	257	265
Net income[b]	175	125	49	97	107
Dividends to parent	101	113	113	88	66
As of December 31:					
Total assets	$ 2,244	$ 1,968	$ 1,850	$ 1,811	$ 1,955
Long-term debt, excluding current maturities	774	474	474	474	473
Subordinated intercompany notes (current and long-term)	87	126	163	197	283
Total stockholder's equity	695	648	563	444	435
CILCORP:					
Operating revenues	$ 1,147	$ 1,011	$ 747	$ 747	$ 722
Operating income	120	134	64	61	61
Net income[b]	42	47	19	3	10
Dividends to parent	-	-	50	30	18
As of December 31:					
Total assets	$ 2,865	$ 2,459	$ 2,250	$ 2,243	$ 2,156
Long-term debt, excluding current maturities	536	537	542	534	623
Preferred stock of subsidiary subject to mandatory redemption	-	16	17	19	20
Total stockholder's equity	750	715	671	663	548
CILCO:					
Operating revenues	$ 1,147	$ 1,011	$ 747	$ 742	$ 688
Operating income	132	143	78	63	58
Net income after preferred stock dividends[b]	68	74	45	24	30
Dividends to parent	-	-	65	20	10
As of December 31:					
Total assets	$ 2,294	$ 1,862	$ 1,650	$ 1,557	$ 1,381
Long-term debt, excluding current maturities	279	148	148	122	122
Preferred stock subject to mandatory redemption	-	16	17	19	20
Total stockholders' equity	684	622	535	562	437
IP:[c]					
Operating revenues	$ 1,696	$ 1,646	$ 1,694	$ 1,653	$ 1,539
Operating income	103	109	141	202	216
Net income after preferred stock dividends[b]	3	24	55	95	137
Dividends to parent	60	61	-	76	-
As of December 31:					
Total assets	$ 3,766	$ 3,319	$ 3,212	$ 3,056	$ 3,117
Long-term debt, excluding current maturities	1,150	1,014	772	704	713
Long-term debt to IP SPT, excluding current maturities	-	-	92	184	278
Total stockholders' equity	1,251	1,308	1,346	1,287	1,280

(a) Includes amounts for IP since the acquisition date of September 30, 2004; includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) For the year ended December 31, 2005, net income included income (loss) from cumulative effect of change in accounting principle of \$(22) million (\$(0.11) per share) for Ameren, \$(16) million for Genco, \$(2) million for CILCORP, \$(2) million for CILCO, and \$- million for IP.
(c) Includes 2004 combined financial data under ownership by Ameren and IP's former ultimate parent.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

Ameren Executive Summary

Operations

In 2008 and early 2009, we were able to successfully execute on key aspects of our long-term strategic plan. Our strategic plan calls for generation excellence and improvement of customer service and satisfaction. UE's Callaway nuclear plant completed its first-ever breaker-to-breaker run and completed a plant record 28-day refueling and maintenance outage in the fall of 2008. In addition, the equivalent availability for UE's coal-fired generating units was a solid 88% as compared to 89% in 2007. Ameren's Non-rate-regulated Generation business segment set new generation records, producing approximately 31 million total megawatthours, as equivalent availability for its coal-fired units was 85% compared to 81% in 2007.

Amidst the economic challenges facing us and our nation, we have remained focused on our customers and have made significant investments in our energy infrastructure to improve overall reliability and customer satisfaction. In Missouri, through UE's Power On reliability program, we buried more than 100 miles of electric line, trimmed trees along more than 6,500 miles of overhead line, tested nearly 100,000 wood utility poles, and inspected more than 8,000 miles of electric line. In Illinois, we targeted the worst-performing circuits and aggressively trimmed trees in Illinois Regulated's 40,000 square-mile territory and continued to automate its transmission system to elevate its reliability. We believe that high-quality customer service is essential to earning solid returns in our rate-regulated businesses.

In Missouri, UE received approval of an electric rate increase in January 2009 with new rates effective March 1, 2009. The authorized increase in annual electric revenues is approximately $162 million based on a 10.76% return on equity. The MoPSC rate order authorized a FAC, as well as a vegetation management and infrastructure inspection cost tracking mechanism. The FAC and tracking mechanisms improve UE's ability to continue to invest in its infrastructure so that UE will be able to meet its customers' expectations for safe and reliable service.

In Illinois, the ICC authorized in September 2008 new electric and gas rates for the Ameren Illinois Utilities effective October 1, 2008. These new rates provide approximately $161 million in additional annual revenue based on allowed returns on equity of nearly 10.7%. The ICC also approved an increase in the fixed non-volumetric monthly charge for natural gas residential and commercial customers such that the Ameren Illinois Utilities now recover 80% of delivery service costs through this charge versus the prior 53%. The remainder is recovered through volume-based charges. This will make our gas utility earnings less sensitive to volumetric swings.

Earnings

Ameren reported net income of $605 million, or $2.88 per share, for 2008 compared with net income of $618 million, or $2.98 per share, in 2007. The decline in earnings in 2008 versus 2007 was principally due to higher fuel and related transportation prices, increased spending on utility distribution system reliability, higher plant operations and maintenance costs, milder weather, and net unrealized mark-to-market losses on nonqualifying hedges, among other things.

Those items more than offset the positive items. The positive items included improved generating plant output and higher realized margins from Non-rate-regulated Generation operations, the absence of costs in 2008 that were incurred in January 2007 associated with electric outages caused by severe ice storms and the amount of these costs that UE will recover as a result of an accounting order issued by the MoPSC, the reduced impact in 2008 of the Illinois electric settlement agreement, the absence in 2008 of the March 2007 FERC order that resettled costs among MISO market participants retroactive to 2005 that was recorded in 2007 and subsequent recovery of a portion of these costs in 2008 through a MoPSC order, net increases in electric and natural gas rates, and a 2008 lump-sum settlement payment from a coal supplier for expected higher fuel costs in 2009 as a result of a premature mine closure and contract termination, among other things.

Liquidity

Cash flows from operations of $1.5 billion in 2008 at Ameren, along with other funds, were used to pay dividends to common shareholders of $534 million and to partially fund capital expenditures of $1.9 billion. The remaining capital expenditures were primarily funded with debt.

We have taken actions to build on our financial strength and enhance our financial flexibility in light of the current difficult economic and capital and credit market conditions. These actions included the February 2009 decision of Ameren's board of directors to reduce its common dividend and accessing the capital markets to increase our available liquidity, as well as making significant reductions in our 2008 and projected 2009 spending plans while still meeting our reliability, environmental, and safety objectives.

Outlook

The global capital and credit markets experienced extreme volatility and disruption in 2008, and we expect those conditions to continue throughout 2009. We believe that the disruption in the capital and credit markets will further weaken global economic conditions. These weak economic conditions will likely result in volatility in the power and commodity markets, greater risk of defaults by our counterparties, weaker customer sales growth, particularly with respect to industrial sales, higher bad debt expense and possible impairment of goodwill and long-lived assets, among other things.

Over the next few years, we continue to expect to make significant investments in our electric and natural gas infrastructure to improve reliability of our distribution systems and to comply with environmental requirements. From 2009 through 2011, we expect our rate-regulated rate base to grow approximately 9% per year. Earnings growth in our rate-regulated businesses is expected to come from updating existing customer rates to reflect these investments and the current levels of costs UE and the Ameren Illinois Utilities are experiencing. We consider the 2008 and 2009 Illinois and Missouri rate orders to be constructive. However, the returns that UE and the Ameren Illinois Utilities expect to earn in 2009 are below levels allowed by the respective state utility commissions in their last rate orders. The new rates were based on historic test year data and 2009 costs are expected to be higher than the levels recovered in rates. This is especially true of financing costs in Illinois, where sharply higher debt financing costs, which were incurred after our rate cases were filed, are not being recovered in rates. UE and the Ameren Illinois Utilities will file more frequent rate cases requesting moderate rate increases, as well as continue to seek appropriate cost recovery and tracker mechanisms to mitigate regulatory lag.

In addition, we will continue to optimize Ameren's Non-rate-regulated Generation's assets, focusing on improving the output of these plants and related energy marketing. We believe Non-rate-regulated Generation's plants will be well positioned for earnings growth in the future should energy prices improve.

We will incur significant costs in future years to comply with existing federal EPA and state regulations regarding SO_2, NOx, and mercury emissions from coal-fired power plants. Between 2009 and 2018, Ameren expects that certain Ameren Companies will be required to invest between $4.5 billion and $5.5 billion to retrofit their coal-fired power plants with pollution control equipment. Any pollution control investments will result in decreased plant availability during construction and significantly higher ongoing operating expenses. Approximately 50% of this investment is expected to be in our Missouri Regulated operations, and it is therefore expected to be recoverable from ratepayers.

Future initiatives regarding greenhouse gas emissions and global warming are subject to active consideration in the U.S. Congress. President Obama supports an economy-wide cap-and-trade greenhouse gas reduction program that would reduce emissions to 1990 levels by 2020 and to 80% below 1990 levels by 2050. President Obama has also indicated support for auctioning 100% of the emission allowances to be distributed under the legislation. Although we cannot predict the date of enactment or the requirements of any global warming legislation or regulations, it is likely that some form of federal greenhouse gas legislation or regulations will become law during President Obama's administration. Potential impacts from proposed legislation could vary depending upon proposed CO_2 emission limits, the timing of implementation of those limits, the method of allocating allowances, and provisions for cost containment measures.

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, which, in turn, could lead to increased liquidity needs and higher financing costs. Excessive costs to comply with future legislation or regulations might force UE, Genco, CILCO (through AERG) and EEI and other similarly-situated electric power generators to close some coal-fired facilities and could lead to possible impairment of assets. As a result, mandatory limits could have a material adverse impact on Ameren's, UE's, Genco's, CILCO's (through AERG) and EEI's results of operations, financial position, or liquidity.

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 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 and the payment of other expenses by the Ameren and CILCORP holding companies are dependent on distributions made to it by its subsidiaries. See Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report for a detailed description of our principal subsidiaries.

- 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 in Illinois and Missouri.
- 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.

The financial statements of Ameren are prepared on a consolidated basis and therefore include the accounts of its majority-owned subsidiaries. All significant intercompany transactions have been eliminated. All tabular dollar amounts are expressed in millions, unless otherwise indicated.

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 year.

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 for fuel 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 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. As part of the electric rate order issued by the MoPSC on January 27, 2009, UE was granted permission to put in place a FAC, which was effective March 1, 2009. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, for a discussion of the January 27, 2009, MoPSC order in UE's electric rate proceeding. Fluctuations in interest rates and conditions in the capital and credit markets 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 was $605 million ($2.88 per share) for 2008, $618 million ($2.98 per share) for 2007, and $547 million ($2.66 per share) for 2006.

Ameren's net income decreased $13 million and earnings per share decreased 10 cents in 2008 compared with 2007. Net income increased in the Non-rate-regulated Generation segment by $71 million in 2008 compared to 2007, while net income in the Missouri Regulated and Illinois Regulated segments decreased by $47 million and $15 million, respectively. Other net income decreased $22 million in 2008 compared with 2007, primarily because of net unrealized mark-to-market losses on nonqualifying hedges mainly related to fuel-related transactions and reduced interest and dividend income.

Compared with 2007 earnings, 2008 earnings were negatively affected by:

- higher fuel and related transportation prices, excluding net mark-to-market losses on fuel-related transactions (27 cents per share);
- increased distribution system reliability expenditures (16 cents per share);
- higher plant operations and maintenance expenses (16 cents per share);
- unfavorable weather conditions (estimated at 16 cents per share);
- net unrealized mark-to-market losses on nonqualifying hedges (11 cents per share);
- higher financing costs (10 cents per share);
- asset impairment charges recorded during 2008 to adjust the carrying value of CILCO's (through AERG) Indian Trails and Sterling Avenue generation facilities to their estimated fair values as of December 31, 2008 (6 cents per share);
- increased depreciation and amortization expense (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);
- higher labor and employee benefit costs (5 cents per share); and
- higher bad debt expenses (3 cents per share).

Compared with 2007 earnings, 2008 earnings were favorably affected by:

- higher realized electric margins 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 severe ice storms and the amount of these costs that UE will recover as a result of an accounting order issued by the MoPSC, which was recorded as a regulatory asset in 2008 (16 cents per share);
- the reduced impact in 2008 of the electric rate relief and customer assistance programs provided to certain Ameren Illinois Utilities electric customers under the Illinois electric settlement agreement (13 cents per share);
- the absence in 2008 of a March 2007 FERC order that resettled costs among MISO market participants retroactive to 2005 that was recorded in 2007 and the subsequent recovery of a portion of these costs in 2008, through a MoPSC order (10 cents per share);
- higher electric and natural gas delivery service rates in the Illinois Regulated segment pursuant to the ICC consolidated rate order for CIPS, CILCO, and IP issued in September 2008 (9 cents per share);
- a settlement agreement with a coal mine owner reached in June 2008 that reimbursed Genco, in the form of a lump-sum payment, for increased costs for coal and transportation that it expects to incur in 2009 due to the premature closure of an Illinois mine at the end of 2007 (8 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 (8 cents per share); and
- the reduced impact of the Callaway nuclear plant refueling and maintenance outage in 2008, as

compared with the prior-year refueling and maintenance outage (4 cents per share).

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

Ameren's net income increased $71 million and earnings per share increased 32 cents in 2007 compared with 2006.

Compared with 2006 earnings, 2007 earnings were favorably affected by:

- higher margins in the Non-rate-regulated Generation segment due to the replacement of below-market power sales contracts, which expired in 2006, with higher-priced contracts;
- higher electric rates, lower depreciation expense, decreased income tax expense and $5 million in SO_2 emission allowance sales in the Missouri Regulated segment pursuant to the MoPSC electric rate order for UE issued in May 2007 (21 cents per share);
- decreased costs associated with outages caused by severe storms (17 cents per share);
- the absence of costs in 2007 that were incurred in 2006 related to the reservoir breach at UE's Taum Sauk plant (15 cents per share); and
- favorable weather conditions (estimated at 14 cents per share).

Compared with 2006 earnings, 2007 earnings were negatively affected by:

- the combined effect of the elimination of the Ameren Illinois Utilities' bundled electric tariffs, implementation of new delivery service tariffs effective January 2, 2007, and the expiration of below-market power supply contracts;
- higher fuel and related transportation prices (31 cents per share);
- electric rate relief and customer assistance programs provided to certain Ameren Illinois Utilities' electric customers under the Illinois electric settlement agreement (21 cents per share);
- higher labor and employee benefit costs (18 cents per share);
- higher financing costs (17 cents per share);
- lower emission allowance sales (16 cents per share);
- increases in distribution system reliability expenditures (15 cents per share);
- reduced gains on the sale of noncore properties, including leveraged leases (15 cents per share);
- increased depreciation and amortization expense (13 cents per share);
- a planned refueling and maintenance outage at UE's Callaway nuclear plant net of an unplanned outage at Callaway in 2006 (9 cents per share); and
- higher bad debt expenses (8 cents per share).

The cents per share information presented above is based on average shares outstanding in 2006.

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 years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Net income:			
UE[(a)]	$ 245	$ 336	$ 343
CIPS	12	14	35
Genco	175	125	49
CILCORP	42	47	19
IP	3	24	55
Other[(b)]	128	72	46
Ameren net income	$ 605	$ 618	$ 547

(a) Includes earnings from a non-rate-regulated 40% interest in EEI through February 29, 2008.
(b) Includes earnings from EEI, other non-rate-regulated operations, as well as corporate general and administrative expenses, and intercompany eliminations. Includes a 40% interest in EEI prior to February 29, 2008 and an 80% interest in EEI since that date.

Below is a table of income statement components by segment for the years ended December 31, 2008, 2007 and 2006:

2008	Missouri Regulated	Illinois Regulated	Non-rate-regulated Generation	Other / Intersegment Eliminations	Total
Electric margin	$ 1,924	$ 817	$ 1,188	$ (47)	$ 3,882
Gas margin	78	342	-	(5)	415
Other revenues	3	-	-	(3)	-
Other operations and maintenance	(922)	(627)	(356)	48	(1,857)
Depreciation and amortization	(329)	(219)	(109)	(28)	(685)
Taxes other than income taxes	(240)	(126)	(26)	(1)	(393)
Other income and expenses	53	11	-	(15)	49
Interest expense	(193)	(144)	(99)	(4)	(440)
Income taxes (benefit)	(134)	(16)	(217)	40	(327)
Minority interest and preferred dividends	(6)	(6)	(29)	2	(39)
Net income (loss)	$ 234	$ 32	$ 352	$ (13)	$ 605
2007					
Electric margin	$ 1,984	$ 759	$ 1,037	$ (51)	$ 3,729
Gas margin	70	317	-	(8)	379
Other revenues	2	3	-	(5)	-
Other operations and maintenance	(900)	(550)	(313)	76	(1,687)
Depreciation and amortization	(333)	(217)	(105)	(26)	(681)
Taxes other than income taxes	(234)	(121)	(25)	(1)	(381)
Other income and expenses	35	20	3	(8)	50
Interest expense	(194)	(132)	(107)	10	(423)
Income taxes (benefit)	(143)	(25)	(182)	20	(330)
Minority interest and preferred dividends	(6)	(7)	(27)	2	(38)
Net income	$ 281	$ 47	$ 281	$ 9	$ 618
2006					
Electric margin	$ 1,898	$ 824	$ 756	$ (46)	$ 3,432
Gas margin	60	307	-	(3)	364
Other revenues	2	2	1	(5)	-
Other operations and maintenance	(800)	(535)	(283)	62	(1,556)
Depreciation and amortization	(335)	(192)	(106)	(28)	(661)
Taxes other than income taxes	(230)	(137)	(24)	-	(391)
Other income and expenses	33	13	2	(17)	31
Interest expense	(171)	(95)	(103)	19	(350)
Income taxes (benefit)	(184)	(65)	(78)	43	(284)
Minority interest and preferred dividends	(6)	(7)	(27)	2	(38)
Net income	$ 267	$ 115	$ 138	$ 27	$ 547

Margins

The following table presents the favorable (unfavorable) variations in the registrants' electric and gas margins from the previous year. 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. The table covers the years ended December 31, 2008, 2007, and 2006. 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 they may not be comparable to other companies' presentations or more useful than the GAAP information we provide elsewhere in this report.

2008 versus 2007	Ameren[(a)]	UE	CIPS	Genco	CILCORP	CILCO	IP
Electric revenue change:							
Effect of weather (estimate)	$ (59)	$ (36)	$ (6)	$ -	$ (4)	$ (4)	$ (13)
Electric rate increases and market price changes	149	16	5	45	18	18	22
Interchange revenues, excluding estimated weather impact of $53 million	(42)	(47)	-	-	-	-	-
Illinois settlement agreement, net of reimbursement	35	-	6	13	9	9	7
FERC-ordered MISO resettlements	(17)	-	-	(12)	(4)	(4)	-
Net mark-to-market gains on energy contracts	81	8	-	-	-	-	-
Illinois pass-through power costs	(72)	-	(49)	-	22	22	(45)
Generation output and other	9	29	(8)	(14)	49	49	(4)
Total electric revenue change	$ 84	$ (30)	$ (52)	$ 32	$ 90	$ 90	$ (33)
Fuel and purchased power change:							
Fuel:							
Generation and other	$ 25	$ 31	$ -	$ 26	$ (32)	$ (32)	$ -
Emission allowance costs	8	-	-	5	1	-	-
Net mark-to-market losses on fuel contracts	(75)	(39)	-	(18)	(3)	(3)	-
Price	(93)	(56)	-	(13)	(15)	(15)	-
Coal contract settlement for 2009	27	-	-	27	-	-	-
Purchased power	58	9	9	23	8	7	3
Illinois pass-through power costs	72	-	49	-	(22)	(22)	45
FERC-ordered MISO resettlements	47	23	8	-	4	4	12
Total fuel and purchased power change	$ 69	$ (32)	$ 66	$ 50	$ (59)	$ (61)	$ 60
Net change in electric margins	**$ 153**	**$ (62)**	**$ 14**	**$ 82**	**$ 31**	**$ 29**	**$ 27**
Net change in gas margins	**$ 36**	**$ 8**	**$ 7**	**$ -**	**$ (1)**	**$ (1)**	**$ 18**

2007 versus 2006	Ameren[(a)]	UE	CIPS	Genco	CILCORP	CILCO	IP
Electric revenue change:							
Effect of weather (estimate)	$ 73	$ 31	$ 16	$ -	$ 9	$ 9	$ 17
UE electric rate increase	29	29	-	-	-	-	-
Storm-related outages (estimate)	10	9	3	(3)	-	-	1
JDA terminated December 31, 2006	-	(196)	-	(97)	-	-	-
Elimination of CILCO/AERG power supply agreement	108	-	-	-	108	108	-
Interchange revenues, excluding estimated weather impact of ($47) million	252	252	-	-	-	-	-
Illinois electric settlement agreement, net of reimbursement	(73)	-	(11)	(30)	(20)	(20)	(14)
FERC-ordered MISO resettlement – March 2007	17	-	-	12	4	4	-
Mark-to-market losses on energy contracts	(21)	(13)	-	-	-	-	-
Illinois rate redesign, generation repricing, growth and other (estimate)	288	11	36	2	167	167	(49)
Total electric revenue change	$ 683	$ 123	$ 44	$ (116)	$ 268	$ 268	$ (45)

2007 versus 2006	Ameren[a]	UE	CIPS	Genco	CILCORP	CILCO	IP
Fuel and purchased power change:							
Fuel:							
Generation and other	$ (35)	$ (10)	$ -	$ (50)	$ 15	$ 14	$ -
Emission allowances sales (costs)	(38)	(29)	-	-	14	11	-
Mark-to-market gains (losses) on fuel contracts	23	9	-	6	1	1	-
Price	(98)	(84)	-	(5)	(5)	(5)	-
JDA terminated December 31, 2006	-	97	-	196	-	-	-
Purchased power	(82)	(5)	(48)	103	(113)	(112)	35
Entergy Arkansas, Inc. power purchase agreement	(12)	(12)	-	-	-	-	-
Elimination of CILCO/AERG power supply agreement	(108)	-	-	-	(108)	(108)	-
FERC-ordered MISO resettlement – March 2007	(35)	(11)	(8)	-	(4)	(4)	(12)
Storm-related energy costs (estimate)	(1)	(2)	-	1	-	-	1
Total fuel and purchased power change	$ (386)	$ (47)	$ (56)	$ 251	$ (200)	$ (203)	$ 24
Net change in electric margins	**$ 297**	**$ 76**	**$ (12)**	**$ 135**	**$ 68**	**$ 65**	**$ (21)**
Net change in gas margins	**$ 15**	**$ 10**	**$ 2**	**$ -**	**$ 5**	**$ 5**	**$ 1**

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

2008 versus 2007

Ameren

Ameren's electric margin increased by $153 million, or 4%, in 2008 compared with 2007. The following items had a favorable impact on Ameren's electric margin:

- Net mark-to-market gains on energy transactions of $81 million, primarily related to nonqualifying hedges of changes in market prices for electricity.
- Improved Non-rate-regulated Generation plant availability due to the lack of an extended plant outage in 2008. Non-rate-regulated Generation's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 76% and 85%, respectively, in 2008 compared with 74% and 81%, respectively, in 2007.
- The effect of rate increases. The Ameren Illinois Utilities' net electric rate increase, effective October 1, 2008, increased electric margin by $27 million. UE's electric rate increase, effective June 4, 2007, increased electric margin by $16 million.
- The reduced impact of the Illinois electric settlement agreement increased electric margin by $35 million.
- The absence in 2008 of a March 2007 FERC order that resettled costs among MISO participants retroactive to 2005 that was recorded in 2007 and the subsequent recovery of a portion of these costs in 2008 through a MoPSC order. The net benefit to electric margin in 2008 of these items was $30 million.
- A settlement agreement with a coal mine owner reached in June 2008, which reimbursed Genco, in the form of a lump-sum payment, for increased costs for coal and transportation that it expects to incur in 2009 due to the premature closure of an Illinois mine at the end of 2007, increased electric margin by $27 million.
- Other MISO net purchased power costs decreased by $23 million.
- Lower Non-rate-regulated Generation emission allowance costs of $8 million.
- Increased Non-rate-regulated Generation capacity sales of $6 million.

The following items had an unfavorable impact on Ameren's electric margin for 2008 as compared with 2007:

- Net mark-to-market losses on fuel-related transactions of $75 million, primarily related to financial instruments that were acquired to mitigate the risk of rising diesel fuel price adjustments embedded in coal transportation contracts for the period 2008 through 2012.
- Unfavorable weather conditions, as evidenced by a 30% reduction in cooling degree-days, which decreased electric margin by an estimated $65 million. Compared to normal weather, cooling degree-days in 2008 were 5% lower.
- Fuel prices increased by 6%.
- Lower interchange margin due to reduced UE plant availability, partially offset by an 8% increase in realized prices and a 10% increase in hydroelectric generation. Nuclear plant availability was unfavorably affected by unplanned plant outages, which offset the shorter planned refueling and maintenance outage. UE's coal-fired generating plants' average capacity and equivalent availability factors were approximately 78% and 88%, respectively, in 2008 compared with 80% and 89%, respectively, in 2007.

Ameren's gas margin increased by $36 million, or 9%, in 2008 compared with 2007. The following items had a favorable impact on Ameren's gas margin:

- Favorable weather conditions, as evidenced by a 13% increase in heating degree-days, which increased gas margin by an estimated $12 million. Compared to normal weather, heating degree-days in 2008 were 7% higher.
- The effect of rate increases. The Ameren Illinois Utilities' net gas rate increase, effective October 1, 2008, increased gas margin by $4 million. The UE gas rate increase, effective April 2007, increased gas margin by $3 million.

- A September 2008 ICC rate order that concluded that a portion of previously expensed nonrecoverable purchased gas costs should be capitalized, which increased gas margin by $9 million.
- A 2% increase in weather normalized sales volumes and favorable customer sales mix, which increased gas margin by $5 million.
- Increased transportation revenues of $4 million.

Missouri Regulated

UE

UE's electric margin decreased $62 million, or 3%, in 2008 compared with 2007. The following items had an unfavorable impact on UE's electric margin:

- Unfavorable weather conditions, as evidenced by a 29% reduction in cooling degree-days, which decreased electric margin by an estimated $42 million.
- Net mark-to-market losses on fuel-related transactions of $39 million, primarily related to financial instruments that were acquired to mitigate the risk of rising diesel fuel price adjustments embedded in coal transportation contracts for the period 2008 through 2012.
- Fuel prices increased by 5%.
- Lower replacement power insurance recoveries of $12 million due to the lack of an extended plant outage and an increase in insurance recovery deductible limits.
- Lower interchange margin due to reduced plant availability, partially offset by an 8% increase in realized prices and a 10% increase in hydroelectric generation. Nuclear plant availability was unfavorably affected by unplanned plant outages, which offset the shorter planned refueling and maintenance outage. UE's coal-fired generating plants' average capacity and equivalent availability factors were approximately 78% and 88%, respectively, in 2008, compared with 80% and 89%, respectively in 2007.

The following items that had a favorable impact on electric margin in 2008 as compared with 2007:

- The absence in 2008 of a March 2007 FERC order that resettled costs among MISO participants retroactive to 2005 that was recorded in 2007 and the subsequent recovery of a portion of these costs in 2008 through a MoPSC order. The net benefit to UE's electric margin in 2008 of these items was $23 million.
- Other MISO net purchased power costs decreased by $15 million.
- UE's electric rate increase, effective June 4, 2007, which increased electric margin by $16 million.
- Net mark-to-market gains of $8 million, primarily related to nonqualifying hedges of changes in market prices for electricity.

UE's gas margin increased by $8 million, or 11%, in 2008 compared with 2007. The following items had a favorable impact on gas margin:

- The UE gas rate increase, effective April 2007, which increased gas margin by $3 million.
- Favorable customer sales mix, which increased gas margin by $3 million.
- Favorable weather conditions, as evidenced by a 12% increase in heating degree-days, which increased gas margin by an estimated $2 million.

Illinois Regulated

Illinois Regulated's electric margin increased by $58 million, or 8%, and gas margin increased by $25 million, or 8%, in 2008 compared with 2007. The Ameren Illinois Utilities have a cost recovery mechanism for power purchased on behalf of their customers. These pass-through power costs do not impact margin; however, the electric revenues and offsetting purchased power costs fluctuate due primarily to customer switching and usage. See below for explanations of electric and gas margin variances for the Illinois Regulated segment.

CIPS

CIPS' electric margin increased by $14 million, or 6%, in 2008 compared with 2007. The following items had a favorable impact on electric margin:

- Reduced MISO purchased power costs of $8 million due to the absence of the March 2007 FERC order.
- Other MISO net purchased power costs decreased by $5 million.
- The reduced impact of the Illinois electric settlement agreement, which increased electric margin by $6 million.
- The CIPS electric rate increase, effective October 1, 2008, increased electric margin by $5 million.

These favorable variances were partially offset by unfavorable weather conditions, as evidenced by a 30% reduction in cooling degree-days, which decreased electric margin by an estimated $6 million.

CIPS' gas margin increased by $7 million, or 10%, in 2008 compared with 2007. The following items had a favorable impact on gas margin:

- Favorable customer sales mix, which increased gas margin by $3 million.
- Favorable weather conditions, as evidenced by a 12% increase in heating degree-days, which increased gas margin by an estimated $2 million.
- The CIPS gas rate increase, effective in October 2008, which increased gas margin by $1 million.
- A September 2008 ICC rate order, that concluded that a portion of previously expensed nonrecoverable purchased gas costs should be capitalized, which increased gas margin by $1 million.

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 2008 compared with 2007:

	2008 versus 2007
CILCO (Illinois Regulated)	$ 17
CILCO (AERG)	12
Total change in electric margin	$ 29

CILCO's (Illinois Regulated) electric margin increased by $17 million, or 14%, in 2008 compared with 2007. The following items had a favorable impact on electric margin:

- Increased delivery and generation service margins of $14 million due to increased sales volume and favorable customer sales mix, and the reduced impact of monthly MISO settlements that occurred in the prior year.
- Reduced MISO purchased power costs of $4 million due to the absence of the March 2007 FERC order.
- The reduced impact of the Illinois electric settlement agreement, which increased electric margin by $3 million.

These favorable variances were partially offset by unfavorable weather conditions, as evidenced by a 28% reduction in cooling degree-days, which decreased electric margin by an estimated $4 million.

See Non-rate-regulated Generation below for an explanation of CILCO's (AERG) electric margin in 2008 compared with 2007.

CILCO's (Illinois Regulated) gas margin was comparable in 2008 and 2007. Favorable weather conditions, as evidenced by an 11% increase in heating degree-days, and improved customer sales mix, increased gas margins by an estimated $4 million. These favorable variances were offset by CILCO's gas rate decrease, effective in October 2008.

IP

IP's electric margin increased by $27 million, or 7%, in 2008 compared with 2007. The following items had a favorable impact on electric margin:

- The IP electric rate increase, effective October 1, 2008, which increased electric margin by $22 million.
- Reduced MISO purchased power costs of $12 million due to the absence of the March 2007 FERC order.
- The reduced impact of the Illinois electric settlement agreement, which increased electric margin by $7 million.

These favorable variances were partially offset by unfavorable weather conditions, as evidenced by a 34% reduction in cooling degree-days, which decreased electric margin by an estimated $13 million.

IP's gas margin increased by $18 million, or 12%, in 2008 compared with 2007. The following items had a favorable impact on gas margin:

- The IP gas rate increase, effective in October 2008, which increased gas margin by $8 million.
- A September 2008 ICC rate order, that concluded that a portion of previously expensed nonrecoverable purchased gas costs should be capitalized, which increased gas margin by $7 million.
- Favorable weather conditions, as evidenced by a 15% increase in heating degree-days, which increased gas margin by an estimated $6 million.

These favorable variances were partially offset by a 4% decrease in normalized sales volumes, which decreased gas margin $3 million.

Non-rate-regulated Generation

Non-rate-regulated Generation's electric margin increased by $151 million, or 15%, in 2008 compared with 2007. Non-rate-regulated Generation's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 76% and 85%, respectively, in 2008 compared with 74% and 81%, respectively, in 2007. See below for explanations of electric margin variances for the Non-rate regulated Generation segment.

Genco

Genco's electric margin increased by $82 million, or 16%, in 2008 compared with 2007. The following items had a favorable impact on electric margin:

- A settlement agreement with a coal mine owner reached in June 2008, which reimbursed Genco, in the form of a lump-sum payment, for increased costs for coal and transportation that it expects to incur in 2009 due to the premature closure of an Illinois mine at the end of 2007, increased electric margin by $27 million.
- Increased revenues allocated to Genco under its power supply agreement (Genco PSA) with Marketing Company. Revenues from the Genco PSA, which increased by 7% due primarily to the repricing of wholesale and retail electric power supply agreements, and an increase in reimbursable expenses in accordance with the Genco PSA.
- Reduced purchased power costs of $17 million due to the absence of MISO resettlement costs experienced in early 2007.
- The reduced impact of the Illinois electric settlement agreement, which increased electric margin by $13 million.
- Gains on the sales of excess oil and off-system natural gas, which increased electric margin by $12 million.
- Higher replacement power insurance recoveries of $9 million due to extended plant outages in 2008.
- Lower emission allowance costs of $5 million due primarily to an increase in low-sulfur coal consumption in 2008.

The following items had an unfavorable impact on electric margin in 2008 compared with 2007:

- Fuel prices increased by 2%.
- Net mark-to-market losses on fuel-related transactions of $18 million, primarily related to financial instruments that were acquired to mitigate the risk of rising diesel fuel price adjustments embedded in coal transportation contracts for the period 2008 through 2012.
- Reduced MISO-related revenues of $12 million due to the absence of the March 2007 FERC order.
- Decreased power plant utilization due to system congestion. Genco's baseload coal-fired generating plants' equivalent availability factors were comparable year over year. However, the average capacity factor was approximately 73% in 2008 compared with 75% in 2007.
- Decreased revenues of $9 million due to the termination of an operating lease in February 2008 under which Genco leased certain CTs at a Joppa, Illinois site to its former parent, Development Company. See Note 14 – Related Parties to our financial statements under Part II, Item 8, of this report, for additional information.

CILCO (AERG)

AERG's electric margin increased by $12 million, or 7%, in 2008 compared with 2007. The following items had a favorable impact on electric margin:

- Increased revenue allocated to AERG under its power supply agreement (AERG PSA) with Marketing Company. Revenues from the AERG PSA increased 24% due primarily to stronger generation performance as a result of the lack of an extended plant outage in 2008, the repricing of wholesale and retail electric power supply agreements, and an increase in reimbursable expenses in accordance with the AERG PSA. AERG's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 70% and 77%, respectively, in 2008 compared with 55% and 61%, respectively, in 2007.
- The reduced impact of the Illinois electric settlement agreement increased electric margin by $6 million.

The following items had an unfavorable impact on electric margin in 2008 compared with 2007:

- Fuel prices increased by 30%, primarily due to a greater percentage of higher-cost Illinois coal burned in 2008 and an increased amount of oil consumed during plant start-ups.
- Reduced MISO-related revenues of $4 million due to the absence of the March 2007 FERC order.
- Net mark-to-market losses on fuel-related transactions of $3 million, primarily related to financial instruments that were acquired to mitigate the risk of rising diesel fuel price adjustments embedded in coal transportation contracts for the period 2008 through 2012.

EEI

EEI's electric margin increased by $10 million, or 4%, in 2008 compared with 2007, primarily because of an 8% increase in the average sales price for wholesale power.

The following items had an unfavorable impact on electric margin:

- Fuel prices increased by 9%.
- Net mark-to-market losses on fuel-related transactions of $8 million, primarily related to financial instruments that were acquired to mitigate the risk of rising diesel fuel price adjustments embedded in coal transportation contracts for the period 2008 through 2012.

Marketing Company

Market price fluctuations during 2008 resulted in nonaffiliated mark-to-market gains on energy transactions of $73 million, primarily related to nonqualifying hedges of changes in market prices for electricity.

2007 versus 2006

Ameren

Ameren's electric margin increased by $297 million, or 9%, in 2007 compared with 2006. The following items had a favorable impact on Ameren's electric margin:

- More power sold by Non-rate-regulated Generation at market-based prices in 2007. These 2007 sales compared favorably with 2006 sales at below-market prices, pursuant to cost-based power supply agreements that expired on December 31, 2006.
- Favorable weather conditions, as evidenced by a 19% increase in cooling degree-days, which increased electric margin by an estimated $35 million. Compared to normal weather, cooling degree-days in 2007 were 37% higher.
- The UE electric rate increase, effective June 4, 2007, which increased electric margin by $29 million.
- An increase in margin on interchange sales, primarily because of the termination of the JDA on December 31, 2006. This termination of the JDA provided UE with the ability to sell its excess power, which was originally obligated to Genco under the JDA at cost, in the spot market at higher prices. This increase was reduced by higher purchased power costs of $12 million associated with an agreement with Entergy Arkansas, Inc. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report, for more information on the UE power purchase agreement with Entergy Arkansas, Inc.
- A 67% increase in hydroelectric generation because of improved water levels, which allowed additional generation to be used for interchange sales and reduced use of higher-priced energy sources, thereby increasing Ameren's electric margin by $27 million.
- Increased Non-rate-regulated Generation capacity sales of $11 million.

- Reduced severe storm-related outages in 2007 compared with 2006, which negatively affected electric sales and resulted in a net reduction in overall electric margin of $9 million in 2006.
- Insurance recoveries of $8 million related to power purchased to replace Taum Sauk generation. See Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report, for additional information.

The following items had an unfavorable impact on Ameren's electric margin in 2007 as compared with 2006:

- The combined effect on the Ameren Illinois Utilities of the elimination of bundled tariffs, implementation of new delivery service tariffs effective January 2, 2007, and the expiration of below-market power supply contracts.
- A 14% increase in fuel prices.
- Rate relief and customer assistance programs under the Illinois electric settlement agreement, which reduced electric margin by $73 million.
- The loss of wholesale margins at Genco from power acquired through the JDA, which terminated in 2006.
- Decreased emission allowance sales of $53 million, offset by lower emission allowance costs of $15 million.
- Net purchased power costs that were $18 million higher in 2007 because of a March 2007 FERC order that resettled costs among market participants retroactive to 2005.
- Reduced plant availability. Ameren's baseload nuclear and coal-fired generating plants' average capacity and equivalent availability factors were approximately 78% and 86%, respectively, in 2007 compared with 80% and 88%, respectively, in 2006.

Ameren's gas margin increased by $15 million, or 4%, in 2007. The following items had a favorable impact on Ameren's gas margin:

- Favorable weather conditions, as evidenced by an 8% increase in heating degree-days, which increased gas margin by an estimated $10 million. Compared to normal weather, heating degree-days in 2007 were 10% lower.
- The UE gas rate increase that went into effect in April 2007, which increased gas margin by $4 million.

Missouri Regulated

UE

UE's electric margin increased $76 million, or 4%, in 2007 compared with 2006. The following items had a favorable impact on UE's electric margin:

- An increase in margin on interchange sales, primarily because of the termination of the JDA on December 31, 2006. The termination of the JDA allowed UE to sell its excess power, which was originally obligated to Genco under the JDA at cost, in the spot market at higher prices. This increase was reduced by higher purchased power costs of $12 million associated with an agreement with Entergy Arkansas, Inc.
- The electric rate increase that went into effect June 4, 2007, which increased electric margin by $29 million.
- A 67% increase in hydroelectric generation because of improved water levels. This allowed additional generation to be used for interchange sales and reduced UE's use of higher priced energy sources, thereby increasing UE's electric margin by $27 million.
- Favorable weather conditions, as evidenced by a 19% increase in cooling degree-days, which increased electric margin by an estimated $22 million.
- Replacement power insurance recoveries of $20 million, including $8 million associated with Taum Sauk. See Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report, for additional information.
- Increased transmission service revenues of $18 million due to the ancillary service agreement with CIPS, CILCO, and IP. See Note 14 – Related Party Transactions to our financial statements under Part II, Item 8, of this report, for additional information.
- Decreased fuel costs due to the lack of $4 million in fees levied by FERC in 2006 upon completion of its cost study for generation benefits provided to UE's Osage hydroelectric plant, and the May 2007 MoPSC rate order, which directed UE to transfer $4 million of the total fees to an asset account, which is being amortized over 25 years.
- Reduced severe storm-related outages in 2007 compared with 2006, which negatively affected electric sales that year and resulted in a net reduction in overall electric margin of $7 million in 2006.

The following items had an unfavorable impact on electric margin in 2007 as compared with 2006:

- Fuel prices increased by 21%.
- A $29 million reduction in emission allowance revenues.
- MISO purchased power costs that were $11 million higher due to the March 2007 FERC order.
- Other MISO purchased power costs that were $20 million higher.
- Reduced power plant availability because of planned maintenance activities. UE's baseload nuclear and coal-fired generating plants' average capacity and equivalent availability factors were approximately 81% and 89%, respectively, in 2007 compared with 84% and 90%, respectively, in 2006.

UE's gas margin increased by $10 million, or 17%, in 2007 compared with 2006. The following items had a favorable impact on gas margin:

- The UE gas rate increase effective in April 2007, which increased gas margin by $4 million.
- Unrecoverable purchased gas costs totaling $4 million in 2006 that did not recur in 2007.
- Favorable weather conditions, as evidenced by an 8% increase in heating degree-days, which increased gas margin by an estimated $2 million.

Illinois Regulated

Illinois Regulated's electric margin decreased by $65 million, or 8%, and gas margin increased by $10 million, or 3%, in 2007 compared with 2006. See below for explanations of electric and gas margin variances for the Illinois Regulated segment.

CIPS

CIPS' electric margin decreased by $12 million, or 5%, in 2007 compared with 2006. The following items had an unfavorable impact on electric margin:

- The combined effect of the elimination of bundled tariffs, implementation of new delivery service tariffs on January 2, 2007, and the expiration of below-market power supply contracts.
- The Illinois electric settlement agreement, which reduced electric margin by $11 million.
- MISO purchased power costs that increased by $8 million because of the March 2007 FERC order.

The following items had a favorable impact on electric margin in 2007 as compared with 2006:

- Other MISO purchased power costs, excluding the effect of the March 2007 FERC order, that were $19 million lower, partly because of customers switching to third-party suppliers and the termination of the JDA agreement at the end of 2006.
- Reduced severe storm-related outages in 2007 compared to those that occurred in 2006, which negatively affected electric sales and resulted in a net reduction in overall electric margin of $3 million in 2006.
- Favorable weather conditions, as evidenced by a 20% increase in cooling degree-days, which increased electric margin by an estimated $6 million.

CIPS' gas margin was comparable in 2007 and 2006.

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 2007 compared with 2006:

	2007 versus 2006
CILCO (Illinois Regulated)	$ (32)
CILCO (AERG)	97
Total change in electric margin	$ 65

CILCO's (Illinois Regulated) electric margin decreased by $32 million, or 20%, in 2007 compared with 2006. The following items had an unfavorable impact on electric margin:

- The combined effect of the elimination of bundled tariffs, implementation of new delivery service tariffs on January 2, 2007, and the expiration of below-market power supply contracts.
- The Illinois electric settlement agreement, which reduced electric margin by $7 million.
- MISO purchased power costs that increased by $4 million, because of the March 2007 FERC order.

The following items had a favorable impact on electric margin in 2007 compared with 2006:

- Other MISO purchased power costs, that were $4 million lower, partly because of customers switching to third-party suppliers.
- Favorable weather conditions, as evidenced by an 18% increase in cooling degree-days, which increased electric margin by an estimated $2 million.

See Non-rate-regulated Generation below for an explanation of CILCO's (AERG) electric margin in 2007 compared with 2006.

CILCO's (Illinois Regulated) gas margin increased by $7 million, or 8%, in 2007 compared with 2006, primarily because of favorable weather conditions, as evidenced by a 7% increase in heating degree-days, increased industrial sales, and higher transportation volumes.

IP

IP's electric margin decreased by $21 million, or 5%, in 2007 compared with 2006. The following items had an unfavorable impact on electric margin:

- The combined effect of the elimination of bundled tariffs, implementation of new delivery service tariffs on January 2, 2007, and the expiration of below-market power supply contracts.
- The Illinois electric settlement agreement, which reduced electric margin by $14 million.
- MISO purchased power costs that increased by $12 million, because of the March 2007 FERC order.

The following items had a favorable impact on electric margin in 2007 compared with 2006:

- Other MISO purchased power costs, that were $13 million lower, partly because of customers switching to third-party suppliers.
- Favorable weather conditions, as evidenced by a 21% increase in cooling degree-days, which increased electric margin by an estimated $5 million.
- Reduced severe storm-related outages in 2007 compared with those that occurred in 2006, which negatively affected electric sales and resulted in an estimated net reduction in overall electric margin of $2 million in 2006.

IP's gas margin was comparable in 2007 and 2006.

Non-rate-regulated Generation

Non-rate-regulated Generation's electric margin increased by $281 million, or 37%, in 2007 compared with 2006. Non-rate-regulated Generation's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 74% and 81%, respectively, in 2007 compared with 74% and 84%, respectively, in 2006. See below for explanations of electric margin variances for the Non-rate-regulated Generation segment.

Genco

Genco's electric margin increased by $135 million, or 36%, in 2007 compared with 2006. The following items had a favorable impact on electric margin:

- Selling power at market-based prices in 2007, compared with selling power at below-market prices in 2006, pursuant to a cost-based power supply agreement that expired on December 31, 2006.
- Reduced purchased power costs due to the termination of the JDA.
- Increased power plant availability, due to fewer planned outages in 2007, that reduced purchased power costs. Genco's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 75% and 86%, respectively, in 2007, compared with 66% and 82%, respectively, in 2006.
- MISO-related revenues that were $12 million higher as a result of the March 2007 FERC order.
- Other MISO purchased power costs that were $16 million lower.
- A reduction of mark-to-market losses on fuel contracts of $6 million.

The following items had an unfavorable impact on electric margin in 2007 compared with 2006:

- The loss of wholesale margins on sales of power acquired through the JDA, which terminated in 2006.
- Costs of $30 million pursuant to the Illinois electric settlement agreement.
- Fuel prices increased by 4%.

CILCO (AERG)

AERG's electric margin increased by $97 million, or 87%, in 2007 compared with 2006. The following items had a favorable impact on electric margin:

- Increased revenues due to selling power at market-based prices in 2007 compared with below-market prices in 2006, pursuant to a cost-based power supply agreement that expired on December 31, 2006.
- Lower emission allowance costs of $11 million due to an increase in low sulfur coal consumption in 2007.
- MISO-related revenues that were $4 million higher as a result of the March 2007 FERC order.
- Other MISO purchased power costs that were $7 million lower.
- Replacement power insurance recoveries of $7 million due to an extended plant outage.

The following items had an unfavorable impact on electric margin in 2007 compared with 2006:

- Costs of $13 million pursuant to the Illinois electric settlement agreement.
- Reduced plant availability because of an extended plant outage. AERG's baseload coal-fired generating plants' average capacity and equivalent availability factors were approximately 55% and 61%, respectively, in 2007, compared with 69% and 81%, respectively, in 2006.
- Fuel prices increased by 5%.

EEI

EEI's electric margin decreased by $8 million, or 3%, in 2007 compared with 2006. The following items had an unfavorable impact on electric margin:

- The lack of emissions allowance sales in 2007, which increased 2006 electric margin by $30 million.
- Fuel prices increased by 5%.
- Reduced plant availability related to increased unit outages. EEI's baseload coal-fired generating plant's average capacity and equivalent availability factors were each approximately 92% in 2007, compared with 95% in 2006.

The decrease in margin was offset by a 12% increase in market prices at EEI in 2007.

Other Operations and Maintenance Expenses

2008 versus 2007

Ameren

Ameren's other operations and maintenance expenses increased $170 million in 2008 compared with 2007, primarily because of higher distribution system reliability expenditures of $30 million, increased plant maintenance expenditures at coal-fired plants of $43 million due to outages, higher labor costs of $52 million, increased information technology costs of $10 million, and unrealized net mark-to-market adjustments of $22 million resulting from the lower market value of investments used to support Ameren's deferred compensation plans. Bad debt expense also increased $10 million, primarily because of the continued transition to higher market-based rates at the Ameren Illinois Utilities. 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 because the plan was terminated, with no similar item in 2008.

In addition, other operations and maintenance expenses increased in 2008 by $14 million because of asset impairment charges recorded during the fourth quarter of 2008 to adjust the carrying value of CILCO's (through AERG) Indian Trails and Sterling Avenue generation facilities to their estimated fair values as of December 31, 2008. CILCO recorded an asset impairment charge of $12 million related to the Indian Trails cogeneration facility as a result of the suspension of operations by the facility's only customer. CILCORP recorded a $2 million impairment charge related to the Sterling Avenue CT based on the expected net proceeds to be generated from the sale of the facility in 2009. Because most of the Sterling Avenue asset carrying value is recorded at CILCORP, as a result of adjustments made during purchase accounting, the write-down of the carrying value of the Sterling Avenue CT did not result in an impairment loss at CILCO (AERG).

Reducing the unfavorable effect of these items were lower employee benefit costs of $10 million due to changes in actuarial estimates and reduced storm expenditures of $18 million, primarily in UE's service territory, in 2008 compared with 2007. Additionally, costs associated with the Callaway nuclear plant refueling and maintenance outage in 2008 were $5 million lower than those for the refueling in 2007. Other operations and maintenance expenses were further reduced in the current year by a MoPSC accounting order received in the second quarter of 2008, which resulted in UE recording a regulatory asset for $25 million of costs related to 2007 storms that had previously been expensed.

Variations in other operations and maintenance expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

UE's other operations and maintenance expenses increased $22 million in 2008, as compared with 2007, primarily because of increased distribution system reliability expenditures of $16 million, higher labor costs of $37 million, increased plant maintenance expenditures at coal-fired plants of $29 million, and unrealized net mark-to-market adjustments resulting from the lower market value of investments used to support deferred compensation plans. Reducing the impact of these items was the effect of the MoPSC accounting order discussed above, a decrease in injuries and damages expenses between years, and the reduced impact of the Callaway refueling and maintenance outage in 2008 compared with the refueling in 2007. Storm repair expenditures also decreased by $31 million in 2008 compared with 2007, further reducing other operations and maintenance expenses.

Illinois Regulated

Other operations and maintenance expenses increased $77 million in the Illinois Regulated segment in 2008, compared with 2007.

CIPS

Other operations and maintenance expenses increased $24 million in 2008 compared with 2007. The increase was primarily because of higher distribution system reliability expenditures of $11 million, including storm costs, along with increased labor costs and bad debt expense. Additionally, 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 2008, resulted in higher other operations and maintenance expenses in 2008 compared with 2007.

CILCO (Illinois Regulated)

Other operations and maintenance expenses increased $8 million in 2008, as compared with 2007, primarily because of increased storm costs of $5 million in 2008. Additionally, 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 2008. Lower employee benefit costs reduced the effect of these unfavorable items.

IP

Other operations and maintenance expenses increased $47 million in 2008, as compared with 2007, primarily because of higher distribution system reliability expenditures of $17 million, including storm costs. Labor costs and bad debt expense increased by $6 million each, and unrealized net mark-to-market adjustments resulting from the lower market value of investments used to support deferred compensation plans also increased other operations and maintenance expenses between years. Additionally, in the first quarter of 2007, IP reversed an $8 million accrual established in 2006 for the Illinois Customer Elect electric rate increase phase-in plan contributions, with no similar item in 2008. Reducing the unfavorable effect of these items was a reduction in employee benefit costs.

Non-rate-regulated Generation

Other operations and maintenance expenses increased $43 million in the Non-rate-regulated Generation segment in 2008 compared with 2007.

Genco

Other operations and maintenance expenses increased $12 million at Genco in 2008, as compared with 2007, primarily because of higher plant maintenance costs of $9 million, due to scheduled outages, and increased labor costs of $5 million. Genco paid $3 million to the IPA in the prior year as part of the Illinois electric settlement agreement, with no similar item in 2008, reducing other operations and maintenance expenses between 2008 and 2007.

CILCO (AERG)

Other operations and maintenance expenses increased $25 million at CILCO (AERG) in 2008, as compared with 2007, primarily because of a $12 million impairment charge recorded in 2008 related to the Indian Trails cogeneration plant as discussed above, higher plant maintenance costs of $7 million due to scheduled outages, and increased labor costs of $3 million. CILCO (AERG) paid $1.5 million to the IPA in 2007 as part of the Illinois electric settlement agreement, with no similar item in 2008, reducing other operations and maintenance expenses between 2008 and 2007.

CILCORP (parent company only)

Other operations and maintenance expenses increased $3 million in 2008, as compared with 2007, primarily because of an asset impairment charge recorded in 2008 related to the Sterling Avenue CT discussed above.

EEI

Other operations and maintenance expenses were comparable in 2008 and 2007.

2007 versus 2006

Ameren

Ameren's other operations and maintenance expenses increased $131 million in 2007 compared with 2006. Maintenance and labor costs associated with the Callaway nuclear plant refueling and maintenance outage in the second quarter of 2007 added $35 million. Distribution system reliability expenditures increased $49 million and employee benefits and non-Callaway labor costs were higher by $55 million in 2007 compared with 2006. Bad debt expenses increased $25 million in 2007, primarily as a result of the transition to higher electric rates in Illinois. Increases in maintenance at coal-fired power plants and injuries and damages reserves also contributed to higher other operations and maintenance expenses in 2007. We recognized reduced gains on sales of noncore property in 2007 of $4 million, compared with gains of $16 million in 2006. Additionally, other operations and maintenance expenses in 2007 included a payment of $4.5 million made to the IPA as part of the Illinois electric settlement agreement.

Reducing the effect of these items was the reversal in 2007 of an accrual of $15 million established in 2006 for contributions to assist customers through the Illinois Customer Elect electric rate increase phase-in plan. In 2006, we also recognized costs of $25 million related to the December 2005 Taum Sauk plant reservoir breach. Costs associated with storms in the spring and summer of 2006 and a major ice storm in the fourth quarter of 2006 exceeded the costs associated with an ice storm in January 2007 by $42 million, thereby reducing other operations and maintenance expenses in 2007 compared with 2006.

Variations in other operations and maintenance expenses for the Ameren, CILCORP and CILCO business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

Other operations and maintenance expenses increased in 2007 compared with 2006. Maintenance and labor costs associated with the Callaway nuclear plant refueling and maintenance outage in 2007 added $35 million to other operations and maintenance expenses compared with 2006. Higher distribution system reliability expenditures of $34 million, increased non-Callaway-related labor costs of $22 million, and insurance premiums of $19 million for replacement power coverage paid to a risk insurance affiliate also increased other operations and maintenance expenses in 2007 compared with 2006. Reducing the effect of these items was the absence in 2007 of costs recorded in 2006 related to the Taum Sauk plant reservoir breach discussed above. Costs associated with storms in the spring and summer of 2006 and a major ice storm in the fourth quarter of 2006 exceeded the costs associated with an ice storm in January 2007 by $13 million, thereby reducing other operations and maintenance expenses in 2007 compared with 2006.

Illinois Regulated

Other operations and maintenance expenses increased $15 million in the Illinois Regulated segment in 2007 compared with 2006.

CIPS

Other operations and maintenance expenses increased $11 million in 2007 compared with 2006, primarily because of increased bad debt expenses, higher distribution system reliability expenditures, and increased injuries and damages reserves. The reversal in 2007 of the Illinois Customer Elect electric rate increase phase-in plan accrual of $4 million established in 2006 reduced the effect of these increases. Costs associated with storms in the spring and summer of 2006 and a major ice storm in the fourth quarter of 2006 were comparable with the costs associated with an ice storm in January 2007.

CILCO (Illinois Regulated)

Other operations and maintenance expenses were comparable between 2007 and 2006, as an increase in bad debt expenses was offset by the reversal of the Illinois Customer Elect electric rate increase phase-in plan accrual of $3 million established in 2006. Costs associated with storms had a minimal impact on CILCO (Illinois Regulated) other operations and maintenance expenses each year.

IP

IP's other operations and maintenance expenses were comparable between 2007 and 2006. Higher employee benefit costs increased other operations and maintenance expenses in 2007. Bad debt expenses increased $10 million in 2007, primarily as a result of the transition to higher electric rates in Illinois. Offsetting the effect of these items was the reversal in 2007 of the Illinois Customer Elect electric rate increase phase-in plan accrual of $8 million established in 2006 and a reduction of $24 million in storm repair costs between years.

Non-rate-regulated Generation

Other operations and maintenance expenses increased $30 million in the Non-rate-regulated Generation segment in 2007 compared with 2006.

Genco

Genco's other operations and maintenance expenses increased $10 million in 2007 compared with 2006, primarily because of higher labor costs, the IPA payment of $3 million, and insurance premiums for replacement power coverage paid to a risk insurance affiliate.

CILCORP (parent company only)

Other operations and maintenance expenses were comparable between 2007 and 2006. Increased employee benefit costs in 2007 were offset by the absence in 2007 of a write-off in 2006, of an intangible asset established in conjunction with Ameren's acquisition of CILCORP.

CILCO (AERG)

Other operations and maintenance expenses increased $11 million in 2007 compared with 2006, primarily because of higher power plant maintenance costs due to plant outages and the IPA payment of $1.5 million.

EEI

Other operations and maintenance expenses increased $3 million in 2007 compared with 2006, primarily because of higher power plant maintenance costs.

Depreciation and Amortization

2008 versus 2007

Ameren

Ameren's depreciation and amortization expenses were comparable between periods. Increases in depreciation expense resulting from capital additions during the past year were mitigated by a reduction in expense because of changes in the useful lives of plant assets resulting from rate orders in 2007 in Missouri and 2008 in Illinois, as discussed below.

Variations in depreciation and amortization expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

Depreciation and amortization expenses decreased $4 million in 2008, compared with 2007, primarily because of the extension of UE's nuclear and coal-fired plants' useful lives for purposes of calculating depreciation expense in conjunction 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 2008 and 2007 in the Illinois Regulated segment. As part of the consolidated electric and natural gas rate order issued by the ICC in September 2008, the ICC changed plant asset useful lives, effective October 1, 2008, which resulted in an increase in depreciation expense at IP and reductions in depreciation expense at CIPS and CILCO (Illinois Regulated). The effects of these changes in useful lives were partially offset by capital additions at CIPS and CILCO (Illinois Regulated). IP's depreciation and amortization expenses increased due to the effect of the rate order and capital additions.

Non-rate-regulated Generation

Depreciation and amortization expenses increased $4 million in the Non-rate-regulated Generation segment in 2008 compared with 2007. Depreciation and amortization expenses increased $8 million at CILCO (AERG) because of capital additions over the past year. Depreciation and amortization expenses decreased $4 million at Genco, primarily as a result of a depreciation study completed in September 2007, which was mitigated by capital additions.

2007 versus 2006

Ameren

Ameren's depreciation and amortization expenses increased $20 million in 2007 over 2006. The increases were primarily because of amortization of a regulatory asset in 2007 at IP, as discussed below, and capital additions in 2006 and 2007. A decrease in depreciation expense as a result of the MoPSC electric rate order effective in June 2007, discussed above, somewhat mitigated that effect.

Variations in depreciation and amortization expenses for the Ameren, CILCORP and CILCO business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

Depreciation and amortization expenses in 2007 were comparable with 2006. Increased expenses associated with capital additions in 2006 and 2007 were offset by a reduction in depreciation as a result of the MoPSC electric rate order, effective June 2007, discussed above.

Illinois Regulated

Depreciation and amortization expenses increased $25 million in the Illinois Regulated segment in 2007 compared with 2006.

CIPS & CILCO (Illinois Regulated)

Depreciation and amortization expenses were comparable between 2007 and 2006.

IP

Depreciation and amortization expenses, including amortization of regulatory assets on IP's statement of income, increased $19 million in 2007 compared with 2006, primarily because of the start of amortization in 2007 of a regulatory asset associated with acquisition integration costs, as required by an ICC order, and capital additions.

Non-rate-regulated Generation

Depreciation and amortization expenses were comparable between 2007 and 2006 in the Non-rate-regulated Generation segment and for Genco, CILCORP (parent company only), CILCO (AERG) and EEI.

Taxes Other Than Income Taxes

2008 versus 2007

Ameren

Ameren's taxes other than income taxes increased $12 million in 2008 compared with 2007, primarily because of higher property taxes and higher gross receipts taxes. Increases in property taxes were reduced by invested capital electricity distribution tax credits in the Illinois Regulated segment. These credits were related to payments made in a previous year.

Variations in taxes other than income taxes in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

UE's taxes other than income taxes increased $6 million in 2008 compared with 2007, primarily because of higher property taxes.

Illinois Regulated

Taxes other than income taxes increased $5 million in 2008 compared with 2007 in the Illinois Regulated segment, primarily because of higher excise taxes at CIPS, CILCO (Illinois Regulated), and IP. Property taxes were comparable between years as increases in 2008 were mitigated by the favorable impact of the invested capital electricity distribution tax credits discussed above.

Non-rate-regulated Generation

Taxes other than income taxes were comparable between 2008 and 2007 in the Non-rate-regulated Generation segment and for Genco, CILCORP (parent company only), CILCO (AERG) and EEI.

2007 versus 2006

Ameren

Ameren's taxes other than income taxes decreased $10 million in 2007 compared with 2006, primarily because of lower gross receipts and property taxes.

Variations in taxes other than income taxes for the Ameren, CILCORP and CILCO business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

Taxes other than income taxes increased $4 million in 2007 over 2006, primarily because of increased gross receipts taxes.

Illinois Regulated

Taxes other than income taxes decreased $16 million in 2007 compared with 2006 in the Illinois Regulated segment. Taxes other than income taxes decreased $7 million at CIPS, $2 million at CILCO (Illinois Regulated), and $7 million at IP in 2007 compared with 2006, primarily as a result of reduced property taxes and excise taxes.

Non-rate-regulated Generation

Taxes other than income taxes were comparable between 2007 and 2006 for the Non-rate-regulated Generation segment and for Genco, CILCORP (parent company only), CILCO (AERG), and EEI.

Other Income and Expenses

2008 versus 2007

Ameren

Miscellaneous income increased $5 million in 2008 compared with 2007, primarily because of an increase at UE in allowance for funds used during construction, reduced by lower interest income. Miscellaneous expense increased $6 million in 2008 compared with 2007, primarily because of increased expenses associated with contributions to social programs.

Variations in other income and expenses in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

Miscellaneous income increased $24 million in 2008 compared with 2007, primarily because of an increase in allowance for funds used during construction. The increase in allowance for funds used during construction resulted from higher rates and increased construction-in-progress balances. Miscellaneous expenses were comparable in 2008 and 2007.

Illinois Regulated

Other income and expenses decreased $9 million in 2008 in the Illinois Regulated segment and at CIPS, CILCO (Illinois Regulated) and IP, compared with 2007, primarily because of lower interest income.

Non-rate-regulated Generation

Other income and expenses in the Non-rate-regulated Generation segment and at Genco, CILCORP (parent company only), CILCO (AERG) and EEI were comparable between 2008 and 2007.

2007 versus 2006

Ameren

Miscellaneous income increased $25 million in 2007 compared with 2006, primarily because of increased interest and investment income. Cash balances were higher because of uncertainty regarding the ultimate resolution of legislative and regulatory issues in Illinois. Miscellaneous expense increased $6 million in 2007 compared with 2006, primarily because we made contributions to our charitable trust and because Illinois Regulated made contributions of $5 million for energy efficiency and customer assistance programs as part of the Illinois electric settlement agreement. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report.

Variations in other income and expenses for the Ameren, CILCORP and CILCO business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

Other income and expenses were comparable in 2007 and 2006.

Illinois Regulated

Other income and expenses increased $7 million in the Illinois Regulated segment in 2007 compared with 2006, primarily because of increased interest income at IP. Other income and expenses were comparable between years at CIPS and CILCO (Illinois Regulated).

Non-rate-regulated Generation

Other income and expenses were comparable between 2007 and 2006 in the Non-rate-regulated Generation segment and for Genco, CILCORP (parent company only), CILCO (AERG), and EEI.

Interest

2008 versus 2007

Ameren

Interest expense increased $17 million in 2008 compared with 2007. Long-term debt issuances, net of maturities and redemptions, and the cost of refinancing auction-rate environmental improvement and pollution control revenue refunding bonds resulted in increased interest expense in 2008. See Insured Auction-Rate Tax-exempt Bonds under Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk of this report for additional information. These increases were reduced as a result of income tax settlements in 2008.

Variations in interest expense in Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

Interest expense was comparable in 2008 and 2007. Interest expense associated with the issuance of senior secured notes of $450 million, $250 million, and $425 million in June 2008, April 2008 and June 2007, respectively, was mitigated by a reduction in short-term borrowings due to the long-term debt financings. Senior secured notes were issued to refinance auction-rate environmental improvement revenue refunding bonds, to fund the maturity of $148 million of first mortgage bonds, and to reduce short-term borrowings. Additionally, interest expense was reduced by $8 million resulting from the income tax settlements noted above.

Illinois Regulated

Interest expense increased $12 million in the Illinois Regulated segment in 2008 compared with 2007.

CIPS

Interest expense decreased $7 million in 2008 compared with 2007, primarily because of reduced short-term borrowings. Additionally, interest expense was reduced by $3 million as a result of an income tax settlement.

CILCO (Illinois Regulated)

Interest expense was comparable in 2008 and 2007.

IP

Interest expense increased $22 million in 2008 compared with 2007, primarily because of the issuance of $400 million, $337 million, and $250 million of senior secured notes at IP in October 2008, April 2008, and November 2007, respectively. The $337 million senior secured notes were issued to refinance auction-rate pollution control revenue refunding bonds, while the other debt issuances were used to reduce short-term borrowings.

Non-rate-regulated Generation

Interest expense decreased $8 million in the Non-rate-regulated Generation segment in 2008 compared with 2007.

Genco

Interest expense was comparable in 2008 and 2007. Increased interest expense resulting from the issuance of $300 million of senior unsecured notes in April 2008 was mitigated by a resulting reduction in short-term borrowings. Additionally, interest expense was reduced by $3 million as a result of an income tax settlement.

CILCORP (parent company only) and CILCO (AERG)

Interest expense decreased $3 million at CILCORP (parent company only) and $4 million at CILCO (AERG), in 2008 compared with 2007, primarily because of reduced short-term borrowings.

EEI

Interest expense was comparable in 2008 and 2007.

2007 versus 2006

Ameren

Interest expense increased $73 million in 2007 compared with 2006, primarily because of increased short-term borrowings, higher interest rates due to reduced credit ratings, and other items noted below. With the adoption of FIN 48 in 2007, we also began to record interest associated with uncertain tax positions as interest expense rather than income tax expense. These interest charges were $10 million for 2007. Reducing the effect of the above unfavorable items were maturities of $350 million of long-term debt in the first half of 2007 at Ameren and redemptions/maturities at the Ameren Companies as noted below.

Variations in interest expense for Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

Interest expense increased $23 million in 2007 over 2006, primarily because of increased short-term borrowings, higher interest rates due to reduced credit ratings, and the issuance of $425 million of senior secured notes in June 2007. Interest expense recorded in conjunction with uncertain tax positions was $3 million in 2007.

Illinois Regulated

Interest expense increased $37 million in the Illinois Regulated segment and increased at CIPS and IP in 2007 compared with 2006, primarily because of increased short-term borrowings and higher interest rates due to reduced credit ratings and the issuance of senior secured notes in 2007 and 2006. IP issued $250 million and $75 million of senior secured notes in November 2007 and June 2006, respectively. CIPS and CILCO (Illinois Regulated) issued $61 million and $96 million of senior secured notes, respectively, in June 2006. Reducing the effect of the above items was the maturity of $50 million of first mortgage bonds at CILCO (Illinois Regulated) in January 2007 and payments made on IP's note payable to IP SPT in 2007 and 2006.

Non-rate-regulated Generation

Interest expense increased $4 million in the Non-rate-regulated Generation segment in 2007 compared with 2006.

CILCORP (parent company only) and CILCO (AERG)

Interest expense increased $3 million at CILCORP (parent company only) and $5 million at CILCO (AERG) in 2007 over 2006, primarily because of increased short-term borrowings and higher interest rates due to reduced credit ratings.

Genco

Interest expense decreased $5 million in 2007 compared with 2006, primarily because of reduced intercompany borrowings. Reducing this benefit was increased interest expense of $3 million recorded in conjunction with uncertain tax positions in 2007.

EEI

Interest expense was comparable in 2007 and 2006.

Income Taxes

2008 versus 2007

Ameren

Ameren's effective tax rate was comparable in 2008 and 2007. Favorable impacts of state audit settlements and changes in state apportionment were offset by unfavorable permanent items related to company-owned life insurance as well as other variations discussed below at the Ameren Companies.

Variations in effective tax rates for Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2008 and 2007 were as follows.

Missouri Regulated

UE

The effective tax rate increased in 2008 from 2007, primarily because of lower favorable net amortization of property-related regulatory assets and liabilities, along with decreased Internal Revenue Code Section 199 production activity deductions in 2008.

Illinois Regulated

The effective tax rate decreased in the Illinois Regulated segment in 2008 compared with 2007, because of the items detailed below.

CIPS

The effective tax rate decreased in 2008 from 2007, primarily because of the impact of net amortization of property-related regulatory assets and liabilities and permanent items on lower pretax income in 2008.

CILCO (Illinois Regulated)

The effective tax rate for 2008 was higher than the effective tax rate for 2007, primarily because of lower tax credits, lower favorable net amortization of property-related regulatory asset and liabilities, and lower favorable permanent benefits related to company-owned life insurance.

IP

The effective tax rate for 2008 was higher than the effective tax rate for 2007, primarily because of lower favorable net amortization of property-related regulatory assets and liabilities, lower tax credits, and the impact of other permanent items as well as increased reserves for uncertain tax positions on lower pretax book income in 2008.

Non-rate-regulated Generation

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

Genco

The effective tax rate decreased in 2008 from 2007, primarily because of the increased impact of Internal Revenue Code Section 199 production activity deductions and research tax credits.

CILCO (AERG)

The effective tax rate increased in 2008 compared with 2007, primarily because of the impact of Internal Revenue Code Section 199 production activity deductions.

CILCORP (parent company only)

The effective tax rate increased in 2008 compared with 2007, primarily because of the effect of state audit settlements.

EEI

The effective tax rate was comparable in 2008 and 2007.

2007 versus 2006

Ameren

Ameren's effective tax rate increased between 2007 and 2006.

Variations in effective tax rates for Ameren's, CILCORP's and CILCO's business segments and for the Ameren Companies between 2007 and 2006 were as follows.

Missouri Regulated

UE

The effective tax rate decreased in 2007 from 2006, primarily because of the implementation of changes ordered by the MoPSC in UE's 2007 electric rate order. These changes decreased the unfavorable effect of the net amortization of property-related regulatory assets and liabilities in 2007 compared to 2006, decreased reserves for uncertain tax positions in 2007 compared to increases in 2006, and increased Internal Revenue Code Section 199 production activity deductions in 2007 compared with 2006.

Illinois Regulated

The effective tax rate decreased in the Illinois Regulated segment in 2007 compared with 2006, because of the items detailed below.

CIPS

The effective tax rate increased, primarily because of higher reserves for uncertain tax positions in 2007 compared to 2006, the unfavorable effect of the net amortization of property-related regulatory assets and liabilities in 2007 compared to favorable net amortization of property-related regulatory assets and liabilities in 2006, lower permanent benefit for SFAS No. 106-2, as it relates to Medicare Part D provisions, and other miscellaneous items, offset by the increased impact of the amortization of investment tax credit, and other items on lower pretax book income.

CILCO (Illinois Regulated)

The effective tax rate decreased, primarily because of an increase in the permanent benefit for SFAS No. 106-2, as it relates to Medicare Part D provisions, along with an increase in the favorable effect of the net amortization of property-related regulatory assets and liabilities, and increased impact of the amortization of investment tax credit on lower pretax book income.

IP

The effective tax rate decreased, primarily because of the favorable effect of the net amortization of property-related regulatory assets and liabilities in 2007 compared to unfavorable net amortization of property-related regulatory assets and liabilities in 2006.

Non-rate-regulated Generation

The effective tax rate increased in the Non-rate-regulated Generation segment in 2007 compared with 2006, because of the items detailed below.

Genco

The effective tax rate increased, primarily because of lower decreases in reserves for uncertain tax positions in

2007 compared to 2006, and decreased Internal Revenue Code Section 199 production activity deductions in 2007 compared to 2006.

CILCO (AERG)

The effective tax rate increased in 2007, primarily because of higher reserves for uncertain tax positions in 2007 compared to 2006 and decreased impact of amortization of investment tax credit on higher pretax book income, offset by increased Internal Revenue Code Section 199 production activity deductions in 2007 compared to 2006, and differences between the book and tax treatment of the sales of noncore properties in 2006.

CILCORP (parent company only)

The effective tax rate decreased, 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 decreased, primarily because of increased Internal Revenue Code Section 199 production activity deductions.

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 a 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, financial contracts that were part of the Illinois electric settlement agreement, and the 2008 Illinois RFP process for energy and capacity that was used pursuant to 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 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 December 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 expect to 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. Ameren intends to finance those capital expenditures and investments with a blend of equity and debt so that it maintains a capital structure in its rate-regulated businesses, containing approximately 50% to 55% equity. Consequently, we expect to make equity issuances in the future consistent with this objective, as well as to address any unanticipated events, should the need arise. We plan to implement our long-term financing plans for debt, equity or equity-linked securities in order to appropriately finance our operations, meet scheduled debt maturities and maintain financial strength and flexibility.

The global capital and credit markets experienced extreme volatility and disruption in 2008, and continue to experience volatility and disruption in 2009. See Outlook for a discussion of the implications of this volatility and disruption for the Ameren Companies and our plans to address these issues.

The following table presents net cash provided by (used in) operating, investing and financing activities for the years ended December 31, 2008, 2007 and 2006:

	Net Cash Provided By Operating Activities			Net Cash (Used In) Investing Activities			Net Cash Provided By (Used In) Financing Activities		
	2008	2007	2006	**2008**	2007	2006	**2008**	2007	2006
Ameren[(a)]	**$ 1,533**	$ 1,102	$ 1,279	**$ (2,097)**	$ (1,468)	$ (1,266)	**$ 301**	$ 584	$ 28
UE	**545**	588	734	**(1,033)**	(700)	(732)	**303**	296	(21)
CIPS	**103**	14	118	**(57)**	(42)	(66)	**(72)**	48	(46)
Genco	**244**	255	138	**(328)**	(210)	(110)	**84**	(44)	(27)
CILCORP	**184**	32	133	**(318)**	(213)	(90)	**128**	183	(42)
CILCO	**209**	74	153	**(317)**	(212)	(161)	**102**	141	9
IP	**180**	28	172	**(233)**	(180)	(180)	**97**	158	8

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

Cash Flows from Operating Activities

2008 versus 2007

Ameren's cash from operating activities increased in 2008, compared to 2007, primarily because of higher electric and gas margins as discussed above, a $177 million decrease in income tax payments (net of refunds), and improved collections of receivables in 2008. The reduction in income tax payments was largely attributable to higher depreciation allowed for tax purposes. In 2007, receivables from the Ameren Illinois Utilities had increased due to the January 2, 2007, electric rate increases, related uncertainty surrounding a potential electric settlement agreement, and deterioration of collections. However, collections improved in 2008. Additionally, Ameren experienced an $87 million benefit to cash flows for 2008 as compared to 2007 because of the timing of cash receipts for MISO receivables. The Illinois electric settlement agreement also had a positive effect on cash from operations in 2008 compared with 2007. Cash outflows in accordance with the settlement, net of reimbursements from generators, were $84 million less in 2008 than in 2007. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for a discussion of the Illinois electric settlement agreement. In addition, Ameren's cash flows from operations increased in 2008 compared with 2007 because of a $40 million reduction in storm restoration costs, over-recovery under the PGAs, and a $27 million payment received by Genco in 2008 as part of a coal contract settlement for increased costs for coal and transportation that Genco expects to incur in 2009 due to the premature closure of an Illinois mine at the end of 2007. See Note 1 – Summary of Significant Accounting Policies to our Financial Statements under Part II, Item 8, for information on the coal contract settlement. Factors that offset, in part, the favorable variance in cash flows from operations in 2008 were a $93 million increase in cash payments related to the December 2005 Taum Sauk incident, net of insurance companies, an increase in gas inventories resulting from price increases, higher interest payments, and higher levels of collateral posted with suppliers.

At UE, cash from operating activities decreased in 2008, compared to 2007. The decrease is primarily due to a $24 million increase in net income tax payments in 2008, lower electric margins, increased system reliability expenditures as discussed in Results of Operations, and higher levels of net collateral posted with suppliers. Also contributing to the unfavorable variance in 2008 was a $93 million increase in cash payments related to the December 2005 Taum Sauk incident, net of insurance recoveries, and a $146 million net decrease in affiliate payables. Factors increasing cash from operations included a $34 million decrease in payments for storm restorations, a decrease in other operations and maintenance expenditures related to the Callaway nuclear plant refueling and maintenance outage in 2008 as compared with the 2007 refueling and maintenance outage, reduction in interest payments, and the collection in 2008 of an $85 million affiliate receivable. In addition, cash flows from operations increased in 2008 compared with 2007 because of the timing of cash receipts for MISO receivables.

At CIPS, cash from operating activities increased in 2008 compared to 2007. The increase was primarily due to net income tax refunds of $21 million in 2008, compared with net income tax payments of $44 million in 2007, an increase in gas cost over-recovery from customers under the PGA, a $7 million increase in customer advances for construction, and favorable fluctuations in receivables and payables. In 2007, receivables increased due to the January 2, 2007, electric rate increases, related uncertainty surrounding a potential settlement agreement, and deterioration of collections. However, collections improved in 2008. The Illinois electric settlement agreement also had a positive effect on cash from operations in 2008 compared to 2007. CIPS' cash outflows from the settlement, net of reimbursements from generators, were $26 million less in 2008 than in 2007. CIPS experienced favorable fluctuations in intercompany receivable and payable balances resulting from changes in its year-end 2008 income tax position and a receivable related to the Illinois electric settlement agreement compared with 2007. Partially offsetting the favorable variance in cash flow from operations was a larger increase in gas inventories during 2008 compared with 2007, a decrease in electric costs over-recovered from customers, and higher net levels of collateral posted with suppliers.

Genco's cash from operating activities decreased in 2008 compared with 2007 primarily due to an increase in fuel inventory and an increase in net income tax payments of $13 million. Reducing the unfavorable variance in cash flow from operations were higher electric margins, a payment from an Illinois coal mine owner for the premature closure of an Illinois mine, as discussed above, and a $6 million reduction in funding required by the Illinois electric settlement agreement in 2008 compared with 2007.

Cash from operating activities increased for CILCORP and CILCO in 2008 compared to 2007. The increase was primarily due to net income tax refunds of $33 million and $15 million in 2008 compared with net income tax payments of $16 million and $35 million in 2007 at CILCORP and CILCO, respectively, higher electric margins, a reduction of coal inventory at AERG, an increase in gas cost recovered from customers under a PGA, an increase in electric cost over-recovered from customers, and favorable fluctuations in receivables and payables. In 2007, receivables increased due to the January 2, 2007 electric rate increases, related uncertainty surrounding a potential settlement agreement, and deterioration of collections. However, collections improved in 2008. The Illinois electric settlement agreement also had a positive effect on cash from operations in 2008 compared with 2007. The cash outflows from the settlement, including AERG's obligation, were $16 million lower in 2008 than in 2007. CILCORP experienced favorable fluctuations in intercompany receivable and payable balances resulting from changes in its year-end 2008 income tax position and a receivable related to the Illinois electric settlement agreement compared with 2007. Partially offsetting these increases in cash from operations were a larger increase in gas inventories during 2008 compared with 2007, as both price and volumes increased, and higher levels of collateral, net, posted with suppliers. Additionally, CILCORP's operating cash flows in 2008 were reduced by $22 million compared with 2007 due to higher interest payments.

IP's cash from operating activities increased in 2008, compared with 2007. The increase was primarily due to net income tax refunds of $43 million in 2008, compared with net income tax payments of $18 million in 2007, increased electric and gas margins, an increase in gas cost recovered from customers under a PGA, an increase in electric power costs over-recovered from customers, a $7 million increase in customer advances for construction, and favorable fluctuations in receivables and payables. In 2007, receivables increased due to the January 2, 2007, electric rate increases, related uncertainty surrounding a potential settlement agreement, and deterioration of collections. However, collections improved in 2008. The Illinois electric settlement agreement also had a positive effect on cash from operations in 2008 compared to 2007. IP cash outflows from the settlement, net of reimbursements from generators, were $35 million lower in 2008 than in 2007. IP experienced favorable fluctuations in intercompany receivable and payable balances resulting from changes in its year-end 2008 income tax position and a receivable related to the Illinois electric settlement agreement compared with 2007. In addition, operating cash required for major repairs in response to 2008 storms was $8 million less than major storm repairs in 2007. Partially offsetting these increases to operating cash flows was a $10 million increase in interest payments and higher net levels of collateral posted with suppliers in 2008.

2007 versus 2006

Ameren's cash from operating activities decreased in 2007, as compared with 2006. This was primarily because of an increase in working capital investment as the collection of higher electric rates from Illinois electric customers lagged payments for power purchases, and past-due accounts increased because of the higher rates. The Illinois electric settlement agreement resulted in a 2007 net cash outflow of $88 million: $211 million of customer refunds, credits, and program funding, minus related reimbursements from nonaffiliated Illinois generators of $123 million. An additional payment of $4.5 million was made to fund the IPA. As of the end of 2007, $34 million was due from nonaffiliated generators. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for a discussion of the Illinois electric settlement agreement. Other factors also reduced cash flow: increased interest payments as a result of lower credit ratings and increased debt. In addition, cash spent for fuel inventory increased because UE increased its inventory, and AERG experienced increased inventory as a result of an extended plant outage. Also reducing operating cash flows was a $25 million increase in pension and postretirement benefit contributions. In 2007, a $120 million decrease in income taxes paid (net of refunds) benefited cash flows from operations in 2007. Increases in electric and gas margins of $296 million and $15 million, respectively, also benefited operating cash flows, but were reduced by higher operations and maintenance expenses, as discussed in Results of Operations.

At UE, cash from operating activities decreased in 2007, compared with 2006, primarily because of an increase in accounts receivable caused by higher prices for interchange power sales, colder weather in December 2007 than in December 2006, and increased electric rates. Further reducing cash flows in 2007, was an increase in interest payments and other operations and maintenance expenditures, including $35 million for the Callaway nuclear plant refueling and maintenance outage. In addition, UE increased its fuel inventory. Compared with 2006, cash flows from operations in 2007 benefited from an increase in margin, as discussed in Results of Operations, a decrease in cash paid for Taum Sauk incident-related costs (net of insurance recoveries) of $6 million, and a decrease in income tax payments (net of refunds) of $79 million.

At CIPS, cash from operating activities decreased in 2007, compared with 2006. The Illinois electric settlement agreement resulted in a 2007 net cash outflow of $19 million, including $74 million of customer refunds, credits, and program funding, and related reimbursements from nonaffiliated Illinois generators of $55 million. As of the end of 2007, $13 million was due from nonaffiliated generators. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for a complete discussion of the Illinois electric settlement agreement. Cash from operations was further reduced by a decrease in electric margins and higher expenses, as discussed in Results of Operations. In addition, there was an increase in working capital investment, as the collection of higher electric rates from customers lagged payments for power purchases, and past-due customer accounts increased because of higher rates. Income tax payments (net of refunds) decreased $18 million, benefiting cash flows from operations.

Genco's cash from operating activities increased in 2007 compared with 2006, primarily because electric margins increased, as discussed in Results of Operations, and because cash spent for fuel inventory decreased. In 2006, large cash outlays were made to replenish coal inventory after delivery disruptions caused by train derailments. Reducing these increases in cash from operating activities was an increase in income tax payments (net of refunds) of $41 million.

Cash from operating activities decreased for CILCORP and CILCO in 2007, compared with 2006. The Illinois electric settlement agreement resulted in a 2007 net cash outflow of $12 million: $41 million of customer refunds, credits, and program funding, minus related reimbursements from nonaffiliated Illinois generators of $29 million. As of the end of 2007, $7 million was due from nonaffiliated generators. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for a complete discussion of the Illinois electric settlement agreement. Working capital investment increased because the collection of higher electric rates from customers lagged payments for power purchases, past-due customer accounts increased due to higher rates, and inventory levels increased at AERG due to an extended plant outage. In addition, income tax payments (net of refunds) increased $20 million for CILCORP and $18 million for CILCO. Increased electric and gas margins, as discussed in Results of Operations, benefited cash flows from operating activities.

IP's cash from operating activities decreased in 2007, compared with 2006. The Illinois electric settlement agreement resulted in a 2007 net cash outflow of $24 million: $96 million of customer refunds, credits, and program funding, minus related reimbursements from nonaffiliated Illinois generators of $72 million. As of the end of 2007, $14 million was due from nonaffiliated generators. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for a complete discussion of the Illinois electric settlement agreement. Further reducing cash from operating activities compared to the prior year was a reduction in electric margins, as discussed in Results of Operations, and a $13 million increase in pension and postretirement benefit contributions. Working capital investment increased because the collection of higher electric rates from customers lagged payments for power purchases, and past-due customer accounts increased because of higher rates. Income tax payments (net of refunds) increased by $27 million, further reducing cash flows from operations.

Pension Funding

Ameren's pension plans are funded in compliance with income tax regulations and to achieve federal funding or regulatory requirements. As a result, Ameren expects to fund its pension plans at a level equal to the greater of the pension expense or the legally required minimum contribution. Based on Ameren's assumptions at December 31, 2008, and investment performance in 2008, and reflecting this pension funding policy, Ameren expects to make annual contributions of $90 million to $200 million in each of the next five years. We expect UE's, CIPS', Genco's, CILCO's, and IP's portion of the future funding requirements to be 61%, 6%, 10%, 9% and 14%, respectively. These amounts are estimates; the numbers may change with actual asset performance, changes in interest rates, any pertinent changes in government regulations, and any voluntary contributions. In 2008, Ameren contributed $66 million to its pension plans. See Note 11 – Retirement Benefits to our financial statements under Part II, Item 8, of this report and Outlook for additional information.

Cash Flows from Investing Activities

2008 versus 2007

Ameren used more cash for investing activities during 2008, compared with 2007. Net cash used for capital expenditures increased in 2008 as a result of power plant scrubber projects, upgrades at various power plants, and reliability improvements of the transmission and distribution system. Additionally, increased purchases and higher prices resulted in a $105 million increase in nuclear fuel expenditures.

UE's cash used in investing activities increased during 2008, compared with 2007. Nuclear fuel expenditures increased $105 million resulting from increased purchases for future refueling outages at its Callaway nuclear plant and higher prices. In addition, capital expenditures increased $249 million. This increase was a result of increased spending related to a power plant scrubber project, reliability improvements of the transmission and distribution system, and various plant upgrades. This increase was partially offset by UE's receipt of $36 million in proceeds from intercompany note receivables with Ameren, and one of its subsidiaries.

CIPS' cash used in investing activities during 2008 increased compared with 2007. Capital expenditures increased $17 million in 2008 from 2007 primarily because of reliability improvements of the transmission and distribution system. During both years, this was offset by cash received from payments on an intercompany note receivable.

Genco's cash used in investing activities increased in 2008 compared with the same period in 2007. Capital expenditures increased $126 million, principally due to a power plant scrubber project. This increase was offset, in part, by a $7 million decrease in emission allowance purchases.

CILCORP's and CILCO's cash used in investing activities increased in 2008, compared with 2007. Cash used in investing activities increased as a result of a $65 million increase in capital expenditures, primarily due to a power plant scrubber project and plant upgrades at AERG. The receipt of net repayments of money pool advances in 2007 compared to 2008 also increased cash flows used in investing activities in 2008.

IP's cash used in investing activities increased in 2008 compared with 2007. Capital expenditures increased by $8 million in 2008 from 2007 primarily because of reliability improvements of the transmission and distribution system. Net money pool advances increased by $44 million in 2008 compared with 2007.

2007 versus 2006

Ameren used more cash for investing activities in 2007 than in 2006. Net cash used for capital expenditures increased in 2007 as a result of power plant scrubber installation projects, other upgrades at various power plants, and reliability improvements of the transmission and distribution systems, but this increase was reduced by the absence in 2007 of CT acquisitions that occurred in 2006. The $43 million decrease in 2007 of proceeds from sales of noncore properties also increased net cash used in investing activities. An $18 million decrease in emission allowance purchases benefited cash flows from investing activities, while cash received in 2007 for emission allowance sales was $66 million less than in the prior year, because remaining allowances are expected to be retained for environmental compliance needs.

UE's cash used in investing activities decreased in 2007, compared with 2006, principally because of the $292 million expended for CT purchases in 2006 that was not spent in 2007. Otherwise, capital expenditures increased $135 million because of storm repair costs, a power plant scrubber installation project, and other upgrades at various power plants. Other impacts on cash used in investing activities were the absence of sales of noncore properties in 2007 compared with a $13 million sale in 2006, and the 2006 receipt of $67 million in proceeds from an intercompany note related to the transfer of UE's Illinois territory to CIPS. Additionally, nuclear fuel expenditures increased $29 million in 2007 over 2006 because of a refueling outage, and sales of emission allowances decreased $35 million because remaining allowances are being retained for environmental compliance needs.

CIPS' cash used in investing activities decreased in 2007, compared with 2006. CIPS' investing cash flow was positively affected by a $3 million increase in proceeds from CIPS' note receivable from Genco in 2007 compared with 2006 and the lack of a 2006 $17 million expenditure to repurchase its own outstanding bond. Capital expenditures were $3 million lower in 2007 than in 2006.

Genco had an increase in net cash used in investing activities for 2007, compared with 2006. This increase was due primarily to a $106 million increase in capital expenditures related to a scrubber project at one of its power plants and various other plant upgrades. Emission allowance purchases decreased by $6 million.

CILCORP's and CILCO's cash used in investing activities increased in 2007, compared with 2006. Cash flow used in investing activities increased as a result of a $135 million increase in capital expenditures, primarily due to a power plant scrubber project and other plant upgrades at AERG. The absence in 2007 of $11 million of proceeds received in 2006 from the sale of leveraged leases, and (for CILCORP only) the absence in 2007 of a 2006 note receivable payment from Ameren Energy Resources Company in the amount of $71 million related to the 2005 transfer of leveraged leases from CILCORP to Ameren Energy Resources Company, contributed to the increase in cash used in investing activities in 2007. The net year-over-year reduction of $83 million and $84 million in money pool advances for CILCORP and CILCO, respectively, and a $12 million reduction of emission allowance purchases benefited cash flows from investing activities in 2007.

IP's net use of cash in investing activities for 2007 was comparable with 2006.

See Environmental Capital Expenditures below and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for a further discussion of future environmental capital investment estimates.

Capital Expenditures

The following table presents the capital expenditures by the Ameren Companies for the years ended December 31, 2008, 2007, and 2006:

Capital Expenditures	2008	2007	2006
Ameren[(a)]	**$ 1,896**	$ 1,381	$ 1,284
UE	**874**	625	782
CIPS	**96**	79	82
Genco	**317**	191	85
CILCORP	**319**	254	119
CILCO (Illinois Regulated)	**61**	64	53
CILCO (AERG)	**258**	190	66
IP	**186**	178	179

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

Ameren's 2008 capital expenditures principally consisted of the following expenditures at its subsidiaries. UE spent $149 million toward a scrubber at one of its power plants, and incurred storm damage-related expenditures of $12 million. CIPS and IP incurred storm damage-related expenditures of $7 million and $8 million, respectively. At Genco and AERG, there were cash outlays of $205 million and $137 million, respectively, for power plant scrubber projects. The scrubbers are necessary to comply with environmental regulations. Other capital expenditures were principally to maintain, upgrade and expand the reliability of the transmission and distribution systems of UE, CIPS, CILCO, and IP as well as various plant upgrades.

Ameren's 2007 capital expenditures principally consisted of the following expenditures at its subsidiaries. UE spent $101 million toward a scrubber at one of its power plants, and incurred storm damage-related expenditures of $56 million. IP incurred storm damage-related expenditures of $24 million. At Genco and AERG, there were cash outlays of $102 million and $76 million, respectively, for power plant scrubber projects. In conjunction with the scrubber project, AERG also made expenditures for a power plant boiler upgrade of $45 million. Other capital expenditures were principally to maintain, upgrade and expand the reliability of the transmission and distribution systems of UE, CIPS, CILCO, and IP as well as various plant upgrades.

Ameren's 2006 capital expenditures principally consisted of the following expenditures at its subsidiaries. UE purchased three CTs totaling $292 million. In addition, UE spent $40 million toward a scrubber at one of its power plants, and incurred storm damage-related expenditures of

$47 million. CIPS and IP incurred storm damage-related expenditures of $16 million and $27 million, respectively. At Genco and AERG, there were cash outlays of $24 million and $11 million, respectively, for scrubber projects. Genco also made expenditures for a power plant boiler upgrade of $16 million. Other capital expenditures were principally to maintain, upgrade and expand the reliability of the transmission and distribution systems of UE, CIPS, CILCO, and IP.

The following table estimates the capital expenditures that will be incurred by the Ameren Companies from 2009 through 2013, including construction expenditures, capitalized interest and allowance for funds used during construction (except for Genco and AERG, which have no allowance for funds used during construction), and estimated expenditures for compliance with environmental standards:

	2009	2010 - 2013	Total
UE	$ 835	$ 3,335- $ 4,435	$ 4,170- $ 5,270
CIPS	90	350- 475	440- 565
Genco	270	1,180- 1,500	1,450- 1,770
CILCO (Illinois Regulated)	75	250- 340	325- 415
CILCO (AERG)	85	440- 555	525- 640
IP	220	715- 960	935- 1,180
EEI	50	255- 335	305- 385
Other	60	75- 100	135- 160
Ameren(a)	$ 1,685	$ 6,600- $ 8,700	$ 8,285- $ 10,385

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

UE's estimated capital expenditures include transmission, distribution and generation-related activities, as well as expenditures for compliance with new environmental regulations discussed below. CIPS', CILCO's (Illinois Regulated), and IP's estimated capital expenditures are primarily for electric and gas transmission and distribution-related activities. Genco's estimated capital expenditures are primarily for compliance with environmental regulations and upgrades to existing coal and gas-fired generating facilities. CILCO (AERG)'s estimate includes capital expenditures primarily for compliance with environmental regulations at AERG's generating facilities, as well as generation-related activities.

We continually review our generation portfolio and expected power needs. As a result, we could modify our plan 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 or power may be purchased, among other things. In addition, Ameren and Genco are currently considering divestiture of some of Genco's smaller non-rate-regulated generating units. 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.

As a result of the disruption and uncertainties in the capital and credit markets, we are actively evaluating opportunities to defer or reduce our planned capital spending. This included reducing our 2009 expenditures from previously expected levels. See Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7 of this report for further discussion.

Environmental Capital Expenditures

Ameren, UE, Genco, AERG and EEI will incur significant costs in future years to comply with existing federal EPA and state regulations regarding SO_2, NO_x and mercury emissions from coal-fired power plants.

In May 2005, the EPA issued regulations with respect to SO_2 and NO_x emissions (the Clean Air Interstate Rule) and mercury emissions (the Clean Air Mercury Rule). The federal Clean Air Interstate Rule requires generating facilities in 28 eastern states, including Missouri and Illinois where our generating facilities are located, and the District of Columbia to participate in cap-and-trade programs to reduce annual SO_2 emissions, annual NO_x emissions, and ozone season NO_x emissions. The cap-and-trade program for both annual and ozone season NO_x emissions went into effect on January 1, 2009. The SO_2 emissions cap-and-trade program is scheduled to take effect in 2010.

In February 2008, the U.S. Court of Appeals for the District of Columbia issued a decision that 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 EPA and a group representing the electric utility industry filed petitions for rehearing; however, the court denied those petitions in May 2008. A group representing the electric utility industry and the EPA filed petitions for review of the U.S. Court of Appeals decision with the U.S. Supreme Court in September 2008 and October 2008, respectively. In February 2009, the EPA withdrew its petition to the U.S. Supreme Court. In February 2009, the U.S. Supreme Court denied the petition for review filed by a group representing the electric utility industry. The impact of this decision is that the EPA will move forward with a MACT standard for mercury emissions. The standard is expected to be available in draft form by mid to late 2009, and compliance is expected to be required in the 2013 to 2015 timeframe.

We are currently evaluating the impact that the court decision will have on our environmental compliance strategy. At this time, we are unable to predict the outcome of this legal proceeding, the actions the EPA or U.S. Congress may take in response to the court decision and the timing of such actions. We also cannot predict at this time the ultimate impact the court decision and resulting regulatory actions will have on our estimated capital costs for compliance with environmental rules.

In July 2008, the U.S. Court of Appeals for the District of Columbia issued a decision that vacated the federal Clean Air Interstate Rule. The court ruled that the regulation contained several fatal flaws, including a regional cap-and-trade program that cannot be used to facilitate the attainment of ambient air quality standards for ozone and fine particulate matter. In September 2008, the EPA as well as several environmental groups, a group representing the electric utility industry and the National Mining Association filed petitions for rehearing with the U.S. Court of Appeals. In December 2008, the U.S. Court of Appeals essentially reversed their July 2008 decision to vacate the federal Clean Air Interstate Rule. The U.S. Court of Appeals granted the EPA petition for reconsideration and decided to remand the rule to the EPA for further action to remedy the rule's flaws in accordance with the U.S. Court of Appeals July 2008 opinion in the case. The impact of the decision is that the existing Illinois and Missouri rules to implement the federal Clean Air Interstate Rule will remain in effect until the federal Clean Air Interstate Rule is revised by the EPA at which point the Illinois and Missouri rules may be subject to change.

The state of Missouri adopted state rules to implement the federal Clean Air Interstate Rule for regulating SO_2 and NO_x emissions from electric generating units in Missouri. The rules are a significant part of Missouri's plan to attain existing ambient standards for ozone and fine particulates, as well as meeting the requirements of the federal Clean Air Visibility Rule. As a result of the Missouri rules, UE will manage emission allowances and install pollution control equipment. Missouri also adopted state rules to implement the federal Clean Air Mercury Rule; however, the state rules are not enforceable as a result of the U.S. Court of Appeals decision to vacate the federal Clean Air Mercury Rule.

We do not believe the court decision that vacated the federal Clean Air Mercury Rule will significantly affect pollution control obligations in Illinois. Under the MPS, Illinois generators may defer until 2015 the requirement to reduce mercury emissions by 90% in exchange for accelerated installation of NO_x and SO_2 controls. To comply with the rule, Genco, CILCO (AERG) and EEI have begun putting into service equipment designed to reduce mercury emissions. As a result of the Illinois rules, Genco, AERG and EEI will need to procure allowances and install pollution control equipment. Current plans include the installation of scrubbers for SO_2 reduction and optimizing operations of selective catalytic reduction (SCR) systems for NO_x reduction at certain coal-fired plants in Illinois.

In October 2008, Genco, CILCO (AERG) and EEI submitted a request for a variance from the MPS to the Illinois Pollution Control Board. In preparing this request, Genco, CILCO (AERG) and EEI worked with the Illinois EPA and agreed to the installation of more stringent SO_2 and NO_x controls at various stages between 2010 and 2020 in order to make the variance proposal "environmentally neutral." In January 2009, the Illinois Pollution Control Board denied the variance request on procedural grounds. Genco, CILCO (AERG) and EEI filed a motion for reconsideration in February 2009 and, with the Illinois EPA's concurrence, seek to amend the MPS within a pending rulemaking pertaining to technical amendments of the underlying mercury regulations. Revisions to the MPS within that rulemaking will require Illinois Pollution Control Board approval. If approved, this variance or rule amendment could allow Genco to defer approximately $375 million of environmental capital expenditures from the 2009-2012 timeframe to the 2013-2015 timeframe. This amount is reduced from the $500 million disclosed in Genco's Quarterly Report on Form 10-Q for the period ended September 30, 2008, because of revisions to the size and timing of projected environmental capital expenditures if no variance is granted. A decision is expected in 2009.

The EPA finalized regulations in March 2008 that will lower the ambient standard for ozone. States must submit their nonattainment plans in March 2009. A final action by the EPA to designate areas as nonattainment is expected in March 2010, and state implementation plans will need to be submitted in 2013 unless Illinois and Missouri seek extensions of various requirement dates. Additional emission reductions may be required as a result of future state implementation plans. At this time, we are unable to determine the impact such state actions would have on our results of operations, financial position, or liquidity.

The table below presents estimated capital costs that are based on current technology to comply with the federal Clean Air Interstate Rule and related state implementation plans through 2018 as well as federal ambient air quality standards including ozone and fine particulates, and the federal Clean Air Visibility rule. The estimates described below could change depending upon additional federal or state requirements, the implementation of any revisions to the federal Clean Air Interstate Rule, the requirements under a mercury MACT standard, whether the variance or rule amendment request with respect to the Illinois MPS discussed above is granted, new technology, variations in costs of material or labor, or alternative compliance strategies, among other reasons. The timing of estimated capital costs may also be influenced by whether emission allowances are used to comply with any future rules, thereby deferring capital investment.

	2009	2010 - 2013	2014 - 2018	Total
UE(a)	$ 100	$ 525- $ 655	$ 1,530- $ 1,885	$ 2,155- $ 2,640
Genco	230	875- 1,085	95- 125	1,200- 1,440
AERG	55	365- 455	60- 80	480- 590
EEI	15	120- 155	530- 660	665- 830
Ameren	$ 400	$ 1,885- $ 2,350	$ 2,215- $ 2,750	$ 4,500- $ 5,500

(a) UE's expenditures are expected to be recoverable in rates over time.

See Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for a further discussion of environmental matters.

Cash Flows from Financing Activities

2008 versus 2007

During the year ended December 31, 2008, the Ameren Companies issued $1.9 billion of senior debt. The proceeds were used to repurchase, redeem and fund maturities of $842 million of long-term debt, to reduce short-term borrowings, and to fund capital expenditures and other working capital needs at UE, CIPS, Genco, CILCO, and IP. During the year ended December 31, 2007, net short-term debt borrowings of $860 million and long-term borrowings of $674 million were used to fund $488 million of maturities of long-term debt, to fund working capital needs at Ameren subsidiaries and to build liquidity during a period of legislative uncertainty in Illinois. Additionally, CILCO redeemed the remaining shares of its 5.85% Class A preferred stock to complete the mandatory sinking fund redemption requirement resulting in a $16 million use of cash during 2008 compared with 2007. Benefiting 2008, compared with 2007, was a $63 million increase in proceeds from the issuance of Ameren common stock, which resulted from increased sales through Ameren's 401(k) plan and DRPlus.

UE's net cash from financing activities increased in the year ended December 31, 2008, compared with the year ended December 31, 2007. During 2008, UE used $699 million in proceeds from the issuance of senior secured notes to redeem outstanding auction-rate environmental improvement revenue refunding bonds that had adjusted to higher rates as a result of the collapse of the auction-rate securities market, and to fund the current maturity of UE's 6.75% first mortgage bonds. Additionally, net short-term borrowings increased $321 million. These borrowings were primarily used to fund working capital needs and capital expenditures. In 2007, UE issued $424 million in senior secured notes and received a $380 million capital contribution from Ameren to fund working capital requirements and to reduce net short-term debt borrowings.

CIPS had a net use of cash from financing activities in 2008, compared with a net source of cash in 2007. This change was because CIPS used net money pool borrowings and existing cash to fund a net reduction in short-term debt, to redeem $35 million of auction-rate environmental improvement revenue refunding bonds that had adjusted to higher rates as a result of the collapse of the auction-rate securities market, and to fund the maturity of $15 million of its 5.375% senior secured notes during 2008. In 2007, CIPS used net short-term debt borrowings of $90 million to fund working capital needs and build liquidity and to fund $40 million of common stock dividends.

Genco issued $300 million of 7.00% senior unsecured notes during 2008, which resulted in a net source of cash from financing activities compared with a net use of cash in 2007. The proceeds from the issuance were used to fund capital expenditures and other working capital requirements, including a net reduction of $200 million of short-term borrowings during 2008 compared with 2007.

CILCORP's and CILCO's cash provided by financing activities decreased in 2008 compared with 2007. This decrease was primarily the result of CILCORP's and CILCO's net repayments of short-term borrowings during 2008 compared with 2007. These repayments were funded by a net increase in money pool borrowings of $98 million, primarily at AERG, and CILCO's issuance of $150 million of its 8.875% senior secured notes. Partially offsetting the decrease were reduced redemptions and maturities of long-term debt in 2008. During 2008, $19 million of auction-rate environmental improvement revenue refunding bonds that had adjusted to higher rates as a result of the collapse of the auction-rate securities market were redeemed at CILCO. In 2007, $50 million of CILCO's 7.50% bonds matured. Also benefiting cash flows for the year ended December 31, 2008, were net borrowings of a $150 million direct loan from Ameren at CILCORP compared with $71 million net repayments during 2007.

IP's cash from financing activities decreased in 2008, compared with 2007. During 2008, IP issued $730 million of senior secured notes and used the proceeds to redeem all of IP's outstanding auction-rate pollution control revenue refunding bonds that had adjusted to higher rates as a result of the collapse of the auction-rate securities market and repay short-term debt. Additionally, during 2008, IP funded $60 million of common stock dividends to Ameren and had net short-term debt repayments of $175 million. Comparatively, during 2007, IP issued $250 million of senior secured notes, paid $61 million of common stock dividends and had $100 million of net borrowings under the 2007 credit facility. These borrowings were used to fund $87 million of long-term debt maturities and $43 million of net money pool repayments to build liquidity in 2007.

2007 versus 2006

Ameren had an increase of $556 million in its net cash from financing activities in 2007, compared to 2006. Positive effects on cash included a net increase of $441 million in net short-term debt proceeds in 2007 over 2006, and a $442 million increase in the issuance of long-term debt. These increased proceeds were used to fund a $324 million increase in redemptions, repurchases, and maturities of long-term debt and to fund the working capital needs of UE, CIPS, CILCO and IP.

UE had a net source of cash from financing activities in 2007, compared with a net use of cash in 2006. The primary reasons for the change include a $380 million capital contribution from Ameren and the issuance of $424 million of senior secured notes in 2007. The proceeds were used to repay short-term debt and to fund working capital and capital expenditures. Other net uses of cash in 2007 included the repayment of a note Ameren issued in 2006 and an $18 million increase in common stock dividend payments.

CIPS had a net source of cash from financing activities in 2007, compared with a net use of cash in 2006. This was primarily the result of an increase of $55 million in net short-term debt proceeds in 2007 over 2006, and a $10 million decrease in dividend payments. Cash was also positively affected in 2007 by a $20 million decrease in redemptions, repurchases, and maturities of long-term debt and the absence in 2007 of the 2006 payments of $67 million on an intercompany note with UE. Cash flows in 2006 benefited from $61 million in proceeds from long-term debt issuances that did not recur in 2007.

Genco had a net increase in cash used in financing activities for 2007 over 2006, principally because of a $125 million decrease in capital contributions received from Ameren. Cash benefited in 2007 by a $100 million increase in net proceeds from short-term debt.

CILCORP had a net source of cash from financing activities in 2007, compared with a net use of cash in 2006. CILCO's cash provided by financing activities increased in 2007, compared with 2006. Net money pool repayments decreased $154 million at CILCORP and $161 million at CILCO. A net increase in short-term debt of $90 million at CILCORP and $15 million at CILCO in 2007 resulted in a positive effect on cash. In 2007, CILCORP and CILCO did not issue any dividends on common stock; in 2006 CILCORP issued $50 million and CILCO $65 million. As a result, cash flows from financing activities benefited in 2007 as compared to 2006. Additionally, in 2006 a note payable to Ameren was repaid, which resulted in a net use of cash of $113 million at CILCORP. Note payable repayments were only $71 million in 2007. These positive effects on cash were reduced by the lack of proceeds from the issuance of long-term debt in 2007 compared with $96 million at both CILCORP and CILCO in 2006.

IP had an increase in its net cash provided by financing activities in 2007 compared with 2006. This was primarily the result of an increase in proceeds from short-term debt and a $175 million increase from the issuance of long-term debt. The proceeds from the 2007 long-term debt issuance were used to repay borrowings under the Ameren utility money pool and under the 2007 credit facility. Other net uses of cash included $61 million of common stock dividends in 2007.

Short-term Borrowings and Liquidity

External short-term borrowings typically consist of drawings under committed bank credit facilities. See Note 4 – Short-term Borrowings and Liquidity to our financial statements under Part II, Item 8, 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 December 31, 2008:

Credit Facility	Expiration	Amount Committed	Amount Available(a)
Ameren, UE and Genco:			
Multiyear revolving(b)	July 2010	$ 1,150	$ 540(f)
CIPS, CILCORP, CILCO, IP and AERG:			
2007 Multiyear revolving(c)(d)	January 2010	500	415
2006 Multiyear revolving(c)(e)	January 2010	500	220

(a) After excluding $75 million and $17 million of unfunded Lehman Brothers Bank, FSB participations as of December 31, 2008, under the $1.15 billion credit facility and 2006 $500 million credit facility, respectively.

(b) Ameren Companies may access this credit facility through intercompany borrowing arrangements.
(c) See Note 4 – Short-term Borrowings and Liquidity to our financial statements under Part II, Item 8, of this report for discussion of the amendments to these facilities.
(d) The maximum amount available to each borrower under this facility at December 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.
(e) The maximum amount available to each borrower under this facility at December 31, 2008, including for the 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 December 31, 2008, CILCO had a sublimit of $75 million under this facility and a $75 million sublimit under the 2007 credit facility.
(f) In addition to amounts drawn on this facility, the amount available is further reduced by standby letters of credit issued under the facility. The amount of such letters of credit at December 31, 2008, was $9 million.

Ameren can directly borrow under the $1.15 billion facility, as amended, up to the entire amount of the facility. UE can directly borrow under this facility up to $500 million on a 364-day basis. Genco can directly borrow under this facility up to $150 million on a 364-day basis. The amended facility will terminate on July 14, 2010, with respect to all borrowers thereunder. The termination date for UE and Genco is July 9, 2009, subject to the annual 364-day renewal provisions for their individual sublimits under the facility. This facility was also available for use, subject to applicable regulatory short-term borrowing authorizations, by EEI or other Ameren non-state-regulated subsidiaries through direct short-term borrowings from Ameren and by most of Ameren's non-rate-regulated subsidiaries, including, but not limited to, Ameren Services, Resources Company, Genco, AERG, Marketing Company and AFS, through a non-state-regulated subsidiary money pool agreement. Ameren has money pool agreements with and among its subsidiaries to coordinate and to provide for certain short-term cash and working capital requirements. Separate money pools are maintained for utility and non-state-regulated entities. In addition, a unilateral borrowing agreement among Ameren, IP, and Ameren Services enables IP to make short-term borrowings directly from Ameren. The aggregate amount of borrowings outstanding at any time by IP under the unilateral borrowing agreement and the utility money pool agreement, together with any outstanding external short-term borrowings by IP, may not exceed $500 million, pursuant to authorization from the ICC. IP is not currently borrowing under the unilateral borrowing agreement.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the federal Bankruptcy Code in the U.S. Bankruptcy Court in the Southern District of New York. As of December 31, 2008, Lehman Brothers Bank, FSB, a subsidiary of Lehman, had lending commitments of $100 million and $21 million under the $1.15 billion credit facility and the 2006 $500 million credit facility, respectively. At this time, we do not know if Lehman Brothers Bank, FSB will seek to assign to other parties any of its commitments under our credit facilities. Assuming Lehman Brothers Bank, FSB does not fund its pro-rata share of funding requests under these two facilities, and such participations are not assigned or otherwise transferred to other lenders, total amounts accessible by the Ameren Companies and AERG will be limited to amounts not less than $1.05 billion under the $1.15 billion credit facility and $479 million under the 2006 $500 million credit facility. The Ameren Companies and AERG do not believe that the potential reduction in available capacity under the credit facilities if Lehman Brothers Bank, FSB does not fund its commitments will have a material impact on their liquidity.

On June 25, 2008, Ameren entered into a $300 million term loan agreement due June 24, 2009, which was fully drawn on June 26, 2008. See Note 4 – Short-term Borrowings and Liquidity to our financial statements under Part II, Item 8, of this report for additional information.

On January 21, 2009, Ameren entered into a $20 million term loan agreement due January 20, 2010, which was fully drawn on January 21, 2009. See Note 4 – Short-term Borrowings and Liquidity to our financial statements under Part II, Item 8, of this report for additional information.

Ameren Services is responsible for operation and administration of the money pool agreements. See Note 4 – Short-term Borrowings and Liquidity to our financial statements under Part II, Item 8, of this report for a detailed explanation of the money pool arrangements and the unilateral borrowing agreement.

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 December 31, 2008, Ameren, UE, CIPS, Genco, CILCORP, CILCO, and IP had $92 million, less than $1 million, less than $1 million, $2 million, less than $1 million, less than $1 million and $50 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 2008, 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, 2008, and terminates on March 31, 2010. IP has unlimited short-term debt authorization from FERC.

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

The issuance of short-term debt securities by Ameren and CILCORP (parent) 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 and preferred stock (net of any issuance discounts and including any redemption premiums) for the years 2008, 2007 and 2006 for the Ameren Companies and EEI. For additional information related to the terms and uses of these issuances and the sources of funds and terms for the redemptions, see Note 5 – Long-term Debt and Equity Financings to our financial statements under Part II, Item 8, of this report.

	Month Issued, Redeemed, Repurchased or Matured	2008	2007	2006
Issuances				
Long-term debt				
UE:				
6.40% Senior secured notes due 2017	June	$ -	$ 424	$ -
6.00% Senior secured notes due 2018	April	250	-	-
6.70% Senior secured notes due 2019	June	449	-	-
CIPS:				
6.70% Senior secured notes due 2036	June	-	-	61
Genco:				
7.00% Senior notes due 2018	April	300	-	-
CILCO:				
6.20% Senior secured notes due 2016	June	-	-	54
6.70% Senior secured notes due 2036	June	-	-	42
8.875% Senior secured notes due 2013	December	150	-	-
IP:				
6.25% Senior secured notes due 2016	June	-	-	75
6.125% Senior secured notes due 2017	November	-	250	-
6.25% Senior secured notes due 2018	April	336	-	-
9.75% Senior secured notes due 2018	October	394	-	-
Total Ameren long-term debt issuances		$ 1,879	$ 674	$ 232
Common stock				
Ameren:				
DRPlus and 401(k)	Various	$ 154	$ 91	$ 96
Total common stock issuances		$ 154	$ 91	$ 96
Total Ameren long-term debt and common stock issuances		$ 2,033	$ 765	$ 328
Redemptions, Repurchases and Maturities				
Long-term debt				
Ameren:				
2002 5.70% notes due 2007	February	$ -	$ 100	$ -
Senior notes due 2007	May	-	250	-
UE:				
City of Bowling Green capital lease (Peno Creek CT)	Various	4	4	4
2000 Series B environmental improvement bonds due 2035	April	63	-	-
2000 Series A environmental improvement bonds due 2035	May	64	-	-
2000 Series C environmental improvement bonds due 2035	May	60	-	-
1991 Series environmental improvement bonds due 2020	May	43	-	-
6.75% Series first mortgage bonds due 2008	May	148	-	-
CIPS:				
7.05% First mortgage bonds due 2006	June	-	-	20
2004 Series pollution control bonds due 2025	April	35	-	-
5.375% Senior secured notes due 2008	December	15	-	-
CILCORP:				
9.375% Senior bonds due 2029	Various	-	-	12

	Month Issued, Redeemed, Repurchased or Matured	2008	2007	2006
CILCO:				
7.73% First mortgage bonds due 2025	July	-	-	21
7.50% First mortgage bonds due 2007	January	-	50	-
2004 Series pollution control bonds due 2039	April	19	-	-
IP:				
Series 2001 Non-AMT bonds due 2028	May	112	-	-
Series 2001 AMT bonds due 2017	May	75	-	-
1997 Series A pollution control bonds due 2032	May	70	-	-
1997 Series B pollution control bonds due 2032	May	45	-	-
1997 Series C pollution control bonds due 2032	June	35	-	-
Note payable to IP SPT:				
5.54% Series due 2007	Various	-	-	107
5.65% Series due 2008	Various	54	84	-
Preferred Stock				
CILCO:				
5.85% Series	July	16	1	1
Total Ameren long-term debt and preferred stock redemptions, repurchases and maturities		$ 858	$ 489	$ 165

The following table presents information with respect to the Form S-3 shelf registration statements filed and effective for certain Ameren Companies as of December 31, 2008:

	Effective Date	Authorized Amount
Ameren(a)	November 2008	Not Limited
UE(b)	June 2008	Not Limited
CIPS(a)	November 2008	Not Limited
Genco(a)	November 2008	Not Limited
CILCO(a)	November 2008	Not Limited
IP(a)	November 2008	Not Limited

(a) In November 2008, Ameren, as a well-known seasoned issuer, along with CIPS, Genco, CILCO and IP, filed a Form S-3 shelf registration statement registering the issuance of an indeterminate amount of certain types of securities, which expires in November 2011.

(b) In June 2008, UE, as a well-known seasoned issuer, filed a Form S-3 shelf registration statement registering the issuance of an indeterminate amount of certain types of securities, which expires in June 2011.

In July 2008, Ameren filed a Form S-3 registration statement with the SEC authorizing the offering of six 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 4.0 million, ($154 million) shares of common stock in 2008, 1.7 million ($91 million) in 2007, and 1.9 million ($96 million) in 2006.

Ameren, UE, CIPS, Genco, CILCO and IP 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 4 – Short-term Borrowings and Liquidity and Note 5 – Long-term Debt and Equity Financings to our financial statements under Part II, Item 8, of this report for a discussion of covenants and provisions (and applicable cross-default provisions) contained in our bank credit and term loan facilities and in certain of the Ameren Companies' indenture agreements and articles of incorporation.

At December 31, 2008, the Ameren Companies were in compliance with their credit facility, term loan agreement, 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 access to the capital markets uncertain or limited. Such events could 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 $534 million, or $2.54 per share, in 2008, $527 million, or $2.54 per share, in 2007, and $522 million, or $2.54 per share, in 2006. This resulted in a payout rate based on net income of 88% in 2008, 85% in 2007, and 95% in 2006. Dividends paid to common shareholders in relation to net cash provided by operating activities for the same periods were 35% in 2008, 48% in 2007 and 41% in 2006.

On February 13, 2009, the board of directors of Ameren declared a quarterly dividend on Ameren's common stock of 38.5 cents per share, payable on March 31, 2009, to shareholders of record on March 11, 2009. The board's action was consistent with an annualized dividend of $1.54 per share, or a 39% reduction from the previous annual dividend level of $2.54 per share. The new annualized dividend rate of $1.54 per share would represent a payout rate of 53% based on 2008 net income.

The amount and timing of dividends payable on Ameren's common stock are within the sole discretion of Ameren's board of directors. The board of directors has not set specific targets or payout parameters when declaring common stock dividends. However, as it has done in the past, the board of directors is expected to consider various issues, including Ameren's overall payout ratio, payout ratios of our peers, projected cash flow and potential future cash flow requirements, historical earnings and cash flow, projected earnings, return on investments with similar risk characteristics, impacts of regulatory orders or legislation, and other key business considerations.

Certain of our financial agreements and corporate organizational documents contain covenants and conditions that, among other things, restrict the Ameren Companies' payment of dividends in certain circumstances. At December 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.

UE would be restricted as to dividend payments on its common and preferred stock if it were to extend or defer interest payments on its subordinated debentures. CIPS' articles of incorporation require its dividend payments on common stock to be based on ratios of common stock to total capitalization and other provisions related to certain operating expenses and accumulations of earned surplus. Genco's indenture includes restrictions that prohibit it from making any dividend payments on common stock if debt service coverage ratios are below a defined threshold. CILCORP has common and preferred stock dividend payment restrictions if leverage ratio and interest coverage ratio thresholds are not met, or if CILCORP's senior long-term debt does not have the ratings described in its indenture. CILCO has restrictions in its articles of incorporation on dividend payments on common stock relative to the ratio of its balance of retained earnings to the annual dividend requirement on its preferred stock.

The 2007 $500 million credit facility and the 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 credit ratings from Moody's and S&P are below investment-grade, causing it to be subject to this dividend payment limitation. As of December 31, 2008, AERG failed to meet the debt-to-operating cash flow ratio test in the 2007 and 2006 $500 million credit facilities. AERG therefore is currently limited in its ability to pay dividends to a maximum of $10 million per fiscal year. 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 common stock dividends paid by Ameren Corporation and by Ameren's subsidiaries to their respective parents.

	2008	2007	2006
UE	**$ 264**	$ 267	$ 249
CIPS	**-**	40	50
Genco	**101**	113	113
CILCORP[(a)]	**-**	-	50
IP	**60**	61	-
Nonregistrants	**109**	46	60
Dividends paid by Ameren	**$ 534**	$ 527	$ 522

(a) CILCO paid to CILCORP dividends of $- million, $- million and $65 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Certain of the Ameren Companies have issued preferred stock on which they are obligated to make preferred dividend payments. Each company's board of directors considers the declaration of the preferred stock dividends to shareholders of record on a certain date, stating the date on which the dividend is payable and the amount to be paid. See Note 10 – Stockholder Rights Plan and Preferred Stock to our financial statements under Part II, Item 8, of this report for further detail concerning the preferred stock issuances.

Contractual Obligations

The following table presents our contractual obligations as of December 31, 2008. See Note 11 – Retirement Benefits to our financial statements under Part II, Item 8, of this report for information regarding expected minimum funding levels for our pension plans. These expected pension funding amounts are not included in the table below. In addition, routine short-term purchase order commitments are not included.

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	After 5 Years
Ameren:[(a)]					
Long-term debt and capital lease obligations[(b)(c)]	$ 6,894	$ 378	$ 358	$ 534	$ 5,624
Short-term debt	1,174	1,174	-	-	-
Interest payments[(d)]	5,210	444	831	787	3,148
Operating leases[(e)]	392	39	66	54	233
Illinois electric settlement agreement	29	27	2	-	-
Other obligations[(f)]	5,427	1,359	2,456	974	638
Total cash contractual obligations	$ 19,126	$ 3,421	$ 3,713	$ 2,349	$ 9,643
UE:					
Long-term debt and capital lease obligations[(c)]	$ 3,684	$ 4	$ 8	$ 383	$ 3,289
Short-term debt	251	251	-	-	-
Intercompany note payable – Ameren	92	92	-	-	-
Interest payments[(d)]	2,698	215	430	415	1,638
Operating leases[(e)]	174	15	28	25	106
Other obligations[(f)]	2,439	586	1,087	387	379
Total cash contractual obligations	$ 9,338	$ 1,163	$ 1,553	$ 1,210	$ 5,412
CIPS:					
Long-term debt[(c)]	$ 422	$ -	$ 150	$ -	$ 272
Short-term debt	62	62	-	-	-
Borrowings from money pool	44	44	-	-	-
Interest payments[(d)]	313	27	49	34	203
Operating leases[(e)]	2	-	1	1	-
Illinois electric settlement agreement	4	4	-	-	-
Other obligations[(f)]	369	110	135	78	46
Total cash contractual obligations	$ 1,216	$ 247	$ 335	$ 113	$ 521
Genco:					
Long-term debt[(c)]	$ 775	$ -	$ 200	$ -	$ 575
Intercompany note payable – CIPS	87	42	45	-	-
Borrowings from money pool	80	80	-	-	-
Interest payments[(d)]	739	60	100	86	493
Operating leases[(e)]	143	9	17	17	100
Illinois electric settlement agreement	12	11	1	-	-
Other obligations[(f)]	602	144	330	120	8
Total cash contractual obligations	$ 2,438	$ 346	$ 693	$ 223	$ 1,176
CILCORP:					
Long-term debt[(b)(g)]	$ 334	$ 124	$ -	$ -	$ 210
Short-term debt[(g)]	50	50	-	-	-
Borrowings from money pool	98	98	-	-	-
Intercompany note payable – Ameren	152	152	-	-	-
Interest payments[(d)(g)]	420	28	40	40	312
Operating leases[(e)]	18	1	3	2	12
Illinois electric settlement agreement	7	7	-	-	-
Other obligations[(f)]	797	178	332	171	116
Total cash contractual obligations	$ 1,876	$ 638	$ 375	$ 213	$ 650

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	After 5 Years
CILCO:					
Long-term debt	$ 279	$ -	$ -	$ 151	$ 128
Short-term debt	236	236	-	-	-
Borrowings from money pool	98	98	-	-	-
Interest payments(d)	195	21	42	42	90
Operating leases(e)	18	1	3	2	12
Illinois electric settlement agreement	7	7	-	-	-
Other obligations(f)	797	178	332	171	116
Total cash contractual obligations	$ 1,630	$ 541	$ 377	$ 366	$ 346
IP:					
Long-term debt(b)(c)	$ 1,400	$ 250	$ -	$ -	$ 1,150
Interest payments(d)	845	93	170	170	412
Operating leases(e)	8	3	4	1	-
Illinois electric settlement agreement	6	5	1	-	-
Other obligations(f)	616	173	267	87	89
Total cash contractual obligations	$ 2,875	$ 524	$ 442	$ 258	$ 1,651

(a) Includes amounts for registrant and nonregistrant Ameren subsidiaries and intercompany eliminations.
(b) Excludes fair-market value adjustments of long-term debt of $49 million for CILCORP and $10 million for IP.
(c) Excludes unamortized discount of $7 million at UE, $1 million at CIPS, $1 million at Genco, and $10 million at IP.
(d) The weighted average variable-rate debt has been calculated using the interest rate as of December 31, 2008.
(e) Amounts related to certain real estate leases and railroad licenses have indefinite payment periods. Ameren's $2 million annual obligation for these items is included in the Less than 1 Year, 1 - 3 Years, and 3 - 5 Years columns. Amounts for After 5 Years are not included in the total amount because that period is indefinite.
(f) See Other Obligations within Note 15 – Commitments and Contingencies under Part II, Item 8 of this report, for discussion of items represented herein.
(g) Represents parent company only.

The Ameren Companies adopted the provisions of FIN 48, "Accounting for Uncertainty in Income Taxes" on January 1, 2007. As of December 31, 2008, the amounts of unrecognized tax benefits under the provisions of FIN 48 were $110 million, $20 million, $- million, $47 million, $25 million, $25 million and $- million for Ameren, UE, CIPS, Genco, CILCORP, CILCO and IP, respectively. It is reasonably possible to expect that the settlement of an unrecognized tax benefit will result in an underpayment or overpayment of tax and related interest. However, there is a high degree of uncertainty with respect to the timing of cash payments or receipts associated with unrecognized tax benefits. The amount and timing of certain payments is not reliably estimable or determinable at this time. See Note 13 – Income Taxes under Part II, Item 8, of this report for information regarding the Ameren Companies' unrecognized tax benefits and related liabilities for interest expense.

Off-Balance-Sheet Arrangements

At December 31, 2008, none of the Ameren Companies had any off-balance-sheet financing arrangements other than operating leases entered into in the ordinary course of business. None of the Ameren Companies expect to engage in any significant off-balance-sheet financing arrangements in the near future.

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	Baa3	BBB-	BBB+
Senior unsecured debt	Baa3	BB+	BBB+
UE:			
Issuer/corporate credit rating	Baa2	BBB-	A-
Secured debt	Baa1	BBB	A+
CIPS:			
Issuer/corporate credit rating	Ba1	BBB-	BBB-
Secured debt	Baa3	BBB+	BBB+
Senior unsecured debt	Ba1	BBB-	BBB
Genco:			
Issuer/corporate credit rating	-	BBB-	BBB+
Senior unsecured debt	Baa3	BBB-	BBB+
CILCORP:			
Issuer/corporate credit rating	-	BBB-	BBB-
Senior unsecured debt	Ba2	BB+	BBB-
CILCO:			
Issuer/corporate credit rating	Ba1	BBB-	BBB
Secured debt	Baa2	BBB+	A-
IP:			
Issuer/corporate credit rating	Ba1	BBB-	BBB-
Secured debt	Baa3	BBB	BBB+

Moody's Ratings Actions

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, according to Moody's, reflects the factors that impacted its subsidiaries, UE and Genco.

On May 21, 2008, Moody's lowered the credit ratings of UE to Baa1 for its senior secured debt and to Baa2 for its issuer rating and changed the rating outlook to stable. In its reasons for these actions, Moody's reiterated the items noted above, attributing the declining cash flow metrics to increased fuel and purchased power costs, growing capital expenditures for environmental compliance and for transmission system reliability, and higher labor costs. They noted that UE was one of the few utilities in the country at the time of their report operating without fuel, purchased power, and environmental cost recovery mechanisms. Moody's also placed UE's commercial paper rating on review for possible downgrade due to its review of Ameren's short-term rating as noted below. At the same time, the ratings of Ameren and Genco were changed from negative outlook to being on review for possible downgrade.

On August 13, 2008, Moody's downgraded both the issuer and senior unsecured debt ratings of Ameren and the senior unsecured debt rating of Genco to Baa3 from Baa2 and changed the outlooks on these ratings to stable. Moody's also downgraded the commercial paper ratings of Ameren and UE to P-3 from P-2. Moody's stated that these downgrades were because of declining consolidated coverage ratios over the last several years and the expectation that ongoing cost pressures and the lack of timely regulatory recovery of some costs will prevent ratios from returning to historical levels in the near-term.

On January 29, 2009, Moody's affirmed the ratings of CIPS, CILCORP, CILCO and IP and changed their rating outlooks to stable from positive. According to Moody's, the change in the rating outlooks of these four companies was based on the near-term expiration of the 2007 and 2006 $500 million credit facilities in January 2010 and related liquidity concerns. Moody's also on January 29, 2009, affirmed the ratings of Ameren and UE with a stable outlook based on the January 2009 MoPSC electric rate order approving a rate increase and a FAC for UE.

On February 16, 2009, Moody's affirmed the ratings of Ameren, UE, CIPS, Genco, CILCORP, CILCO, and IP with a stable outlook. The affirmation reflects Moody's view that Ameren's announcement to reduce its common dividend by 39% is a conservative, prudent, and credit positive action that will conserve cash and support financial coverage metrics. Moody's stated that the more conservative dividend payout should also help facilitate the renewal of Ameren's credit facilities that expire in 2010. They stated the dividend reduction should continue to reduce reliance on the credit facilities going forward and will likely be viewed favorably by lenders considering renewing or entering into new facilities with Ameren and its subsidiaries, which is important considering currently constrained credit market conditions. According to Moody's, the stable outlook on Ameren, UE, CIPS, Genco, CILCORP, CILCO, and IP reflects recently constructive rate case outcomes at UE, CIPS, CILCO and IP, including the approval of a FAC at UE; the improving regulatory environments for investor-owned utilities in Illinois and Missouri; and Moody's expectation that financial and cash flow coverage metrics should remain adequate to maintain current rating levels. In addition, Moody's notes that the recent dividend reduction is supportive of the stable ratings outlooks and provides Ameren and its subsidiaries additional cushion at current rating levels.

S&P Ratings Actions

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

On September 11, 2008, S&P upgraded its corporate credit ratings on CILCORP, CILCO, CIPS and IP to BBB- from BB. Senior secured debt ratings at CILCO and CIPS were upgraded to BBB+ from BBB and were upgraded at IP to BBB from BBB-. CILCORP's senior unsecured debt rating was raised to BB+ from BB. All of Ameren's other ratings were affirmed and all outlooks were stable. At the same time, S&P raised the business profiles of CIPS and IP to "strong" from "satisfactory." The business profiles of CILCORP and CILCO remain "satisfactory." S&P stated that the ratings upgrades were due to its assessment that the regulatory and political environment in Illinois will be reasonably supportive of investment grade credit quality with regard to the Ameren Illinois Utilities' then pending rate cases. See Note 2 – Rate and Regulatory Matters under Part II, Item 8, of this report for a discussion of the order issued by the ICC in these rate cases on September 24, 2008.

On February 25, 2009, S&P stated that it viewed the reduction in Ameren's dividend as credit supportive. S&P did not make any changes in Ameren's or its subsidiaries' credit ratings or outlooks as a result of this action. S&P raised the business profile of UE to "excellent" from "strong" to reflect the recent electric rate order issued by the MoPSC, which S&P viewed as constructive. See Note 2 – Rate and Regulatory Matters under Part II, Item 8, of this report for a discussion of the rate order issued by the MoPSC on January 27, 2009. S&P lowered the business profile of CILCO to "satisfactory" from "strong" reflecting S&P's concerns regarding large capital expenditures needed to meet environmental compliance standards, while relying on falling market prices, due to the economic recession, for recovery.

Fitch Ratings Actions

On October 16, 2008, Fitch upgraded its issuer credit ratings on CILCO to BBB from BB+ and on CILCORP, CIPS and IP to BBB- from BB+. The senior secured debt ratings were raised at CIPS and IP to BBB+ from BBB and at CILCO to A- from BBB. Senior unsecured debt ratings were raised at CIPS and IP to BBB from BBB-, at CILCO to BBB+ from BBB-, and at CILCORP to BBB- from BB+. The outlook for each of these entities was changed to stable from rating watch positive. Fitch stated that the ratings upgrades were a result of the expected positive financial impact of electric and gas rate case decisions issued by the ICC in September 2008 and the reduction in business risk associated with the Illinois electric settlement agreement in 2007.

On February 17, 2009, Fitch stated that the reduction in Ameren's common stock dividend and other cost cutting measures will be favorable to bondholders and credit quality. Fitch did not make any changes in Ameren's or its subsidiaries' ratings or outlooks as a result of this action.

Collateral Postings

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 with external parties at December 31, 2008, were $109 million, $15 million, $26 million, $16 million, $16 million, and $36 million at Ameren, UE, CIPS, CILCORP, CILCO and IP, respectively. The amount of collateral external counterparties posted with Ameren was $7 million at December 31, 2008. Sub-investment-grade issuer or senior unsecured debt ratings (lower than "BBB-" or "Baa3") at December 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 $202 million, $67 million, $24 million, $19 million, $36 million, $36 million, and $51 million, respectively. In addition, changes in commodity prices could trigger additional collateral postings and prepayments.

The cost of borrowing under our credit facilities can also 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 II, Item 7A, for information on credit rating changes with respect to insured tax-exempt auction-rate bonds.

OUTLOOK

Below are some key trends that may affect the Ameren Companies' financial condition, results of operations, or liquidity in 2009 and beyond.

Economy and Capital and Credit Markets

The global capital and credit markets experienced extreme volatility and disruption in 2008, and we expect those conditions to continue throughout 2009 and potentially longer. Several factors have driven this situation, including deteriorating global economic conditions and the weakened condition of major financial institutions, as evidenced by the bankruptcy of Lehman. These conditions have led governments around the world to establish policies and programs that are designed to strengthen the global financial system, to enhance liquidity, and to restore investor confidence. We believe that these events have several implications for the capital and credit markets, the economy and our industry as a whole, including Ameren. They include the following:

- *Access to Capital Markets* – The extreme disruption in the capital markets has limited the ability of many companies, including the Ameren Companies, to freely access the capital and credit markets to support their operations and to refinance debt. We are unable to predict how long these conditions will persist, but we expect the capital markets to remain uncertain throughout 2009 and potentially longer. However, we believe we will continue to have access to the capital markets on terms commercially acceptable to us, as evidenced by IP's sale of $400 million in senior secured notes in October 2008 and CILCO's sale of $150 million of senior secured notes in December 2008. CILCORP and IP have long-term debt maturities of $124 million and $250 million, respectively, in 2009. In addition, Ameren's $300 million term loan agreement is due in 2009. We currently expect to issue approximately $650 million of debt at our rate-regulated utilities, $250 million at Ameren, and approximately $500 million at the non-rate-regulated generation subsidiaries in 2009.
- *Credit Facilities* – At December 31, 2008, the Ameren Companies had in place revolving bank credit facilities aggregating $2.15 billion. In total, 18 financial institutions participated in these credit facilities. In January 2010, $1 billion of these facilities expire, and the revolving $1.15 billion facility expires in July 2010. Due to the Lehman bankruptcy filing, the size of these facilities was effectively reduced by up to $121 million. We cannot predict whether other lenders that are currently participating in our credit facilities will declare

bankruptcy or otherwise fail to honor their commitments thereunder, and thus reduce the level of access to credit facilities. We are actively developing plans and strategies to renew these facilities prior to their expiration dates. We are unable to predict the degree of success we will have in renewing or replacing any of these facilities and whether the size and terms of any new credit facilities will be comparable to the existing facilities.

- *Cost of Capital* – The disruption in the capital and credit markets has led to higher financing costs compared with recent years. We expect this trend to continue while the current level of uncertainty in the financial markets persists.
- *Economic Conditions* – We believe that the disruption in the capital and credit markets will further weaken global economic conditions. Limited access to capital and credit and higher cost of capital for businesses and consumers will reduce spending and investment, result in job losses, and pressure economic growth for the foreseeable future. These weak economic conditions will likely result in volatility in the power and commodity markets, greater risk of defaults by our counterparties, weaker customer sales growth, particularly with respect to industrial sales, higher bad debt expense, and possible impairment of goodwill and long-lived assets, among other things. The estimated fair values of CILCORP's Illinois Regulated reporting unit and Non-rate-regulated Generation reporting unit exceeded carrying values by a nominal amount as of October 31, 2008, when we conducted our annual evaluation of goodwill. As a result, the failure in the future of either of these reporting units to achieve forecasted operating results and cash flows or a decrease in observable market multiples, may reduce their estimated fair value below their carrying value and would likely result in the recognition of a goodwill impairment charge. We will continue to monitor the actual and forecasted operating results and cash flows of these reporting units for signs of possible declines in estimated fair value and potential goodwill impairment. We would not necessarily expect any future goodwill impairment charge recorded at the CILCORP reporting unit level to also result in a goodwill impairment charge at the consolidated Ameren level because of the aggregation of reporting units. To date, the level of defaults by counterparties, lower sales growth, and bad debt expense resulting from the weak economy have not significantly affected the Ameren Companies. However, we are unable to predict the ultimate impact of these weak economic conditions on our results of operations, financial position, or liquidity.
- *Investment Returns* – The disruption in the capital markets, coupled with weak global economic conditions, has adversely affected financial markets. As a result, we experienced lower than assumed investment returns in 2008 in our pension and postretirement benefit plans. The market value of plan assets in 2008 declined by 7% and 26% within the pension and postretirement benefit plans, respectively, compared with assumed 2008 investment returns of 8.25% for both funds. These lower returns will increase our future pension and postretirement expenses and pension funding levels. Our future expenses and funding levels will also be affected by future discount rate levels. Based on Ameren's assumptions at December 31, 2008, and investment performance in 2008, and reflecting Ameren's pension funding policy, Ameren expects to make annual contributions of $90 million to $200 million in each of the next five years.
- *Operating and Capital Expenditures* – The Ameren Companies will continue to make significant levels of investments and incur expenditures for their electric and natural gas utility infrastructure in order to improve overall system reliability, comply with environmental regulations, and improve plant performance. However, due to the significant level of disruption and uncertainties in the capital and credit markets, we are actively evaluating opportunities to defer or reduce planned capital spending and operating expenses to mitigate the risks associated with accessing these uncertain markets. We took action in this regard by reducing 2009 operating and capital expenditures from levels previously expected. Separately, Genco, AERG and EEI are seeking a variance from the Illinois Pollution Control Board to an environmental requirement in Illinois that, while "environmentally neutral," would defer approximately $375 million of Genco's environmental capital expenditures scheduled for 2009 through 2012 to subsequent years. Any expenditure control initiatives would be balanced against our continued long-term commitment to invest in our electric and natural gas infrastructure to provide safe, reliable electric and natural gas delivery services to our customers; to meet federal and state environmental, reliability, and other regulations; and the need to maintain a solid overall liquidity and credit ratings profile to meet our operating, capital and financing needs under challenging capital and credit market conditions.
- *Liquidity* – At February 13, 2009, Ameren, on a consolidated basis, had available liquidity, in the form of cash on hand and amounts available under its existing credit facilities, of approximately $1.3 billion, excluding unfunded Lehman bank facility participation commitments, which was $448 million higher than the same time last year. We expect our available liquidity to remain at acceptable levels through the end of 2009 as we strategically access the capital markets and execute the expenditure control initiatives. However, we are unable to predict whether significant changes in economic conditions, further disruption in the capital and credit markets, or other unforeseen events could materially impact our estimate.

Although we believe that the uncertainty in the capital and credit markets will persist throughout 2009 and potentially longer, we do believe that actions taken by the U.S. government and governments around the world will ultimately help ease the extreme volatility and disruption of these markets. In addition, we believe we will continue to have access to the capital markets on terms commercially acceptable to us. As discussed above, additional financings are expected through 2009, subject to market conditions. Also, in February 2009, Ameren's board of directors made the decision to reduce the common stock dividend. The dividend was reduced to enhance Ameren's financial strength and flexibility as the company executes its long-term business strategy through the dramatically weakened state of the economy and the continued uncertainties in the capital, credit, and commodity markets. In addition, Ameren's board of directors was mindful of the company's current business mix and need to make reliability and environmental infrastructure investments. Specifically, this dividend reduction would be consistent with an annual dividend level that would allow Ameren to retain approximately $215 million of cash annually, which would provide incremental funds to enhance reliability to meet our customers' expectations; satisfy federal and state environmental requirements; reduce our reliance on dilutive equity and high cost debt financings; and enhance our access to the capital and credit markets. We believe that our expected operating cash flows, capital expenditures, and related financing plans (including accessing our existing credit facilities) will provide the necessary liquidity to meet our operating, investing, and financing needs through the end of 2009, at a minimum. However, there can be no assurance that significant changes in economic conditions, further disruptions in the capital and credit markets, or other unforeseen events will not materially impact our ability to execute our expected operating, capital or financing plans, including our plans to renew or replace our existing credit facilities.

Current Capital Expenditure Plans

- Between 2009 and 2018, Ameren expects that certain Ameren Companies will be required to invest between $4.5 billion and $5.5 billion to retrofit their coal-fired power plants with pollution control equipment in compliance with emissions-related environmental laws and regulations. Any pollution control investments will result in decreased plant availability during construction and significantly higher ongoing operating expenses. Approximately 50% of this investment is expected to be in our Missouri Regulated operations, and it is therefore expected to be recoverable from ratepayers. The recoverability of amounts expended in Non-rate-regulated Generation 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. Investments to control carbon emissions at Ameren's coal-fired power 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 July 2008, UE filed a COLA with the NRC for a potential new nuclear unit at UE's existing Callaway County, Missouri, nuclear plant site. Pursuant to DOE's procedures, in 2008 UE filed with the DOE Part I and Part II of its application for a loan guarantee to support the potential construction and operation of a new nuclear unit. UE has also signed contracts for certain long lead-time nuclear-unit related equipment (heavy forgings). The filing of the COLA and the DOE loan guarantee application and entering into these contracts does not mean a decision has been made to build a new nuclear unit. These are only the first steps in the regulatory licensing and procurement process. They are necessary actions to preserve the option to develop a new nuclear unit. As of December 31, 2008, UE spent $52 million and $6 million on the COLA and heavy forgings, respectively. If UE elects not to build a new nuclear unit, we believe the COLA and heavy forgings could be sold in the open market during this time of expected growth in the nuclear industry.
- The Missouri Clean and Renewable Energy Construction Act was introduced in the Missouri Senate and House of Representatives in early 2009. This bill would allow the MoPSC to authorize the use of certain financing tools for constructing clean and renewable electric generation, including a tool that would allow utilities to recover the costs of financing and tax payments associated with a new generating plant while that plant is being constructed. UE has stated that legislation allowing timely recovery of financing costs during construction must be enacted in order for UE to elect to build a new nuclear unit to meet its baseload generation capacity needs. However, passage of such legislation does not commit or guarantee that UE will elect to build a new nuclear unit. UE is unable to predict whether this legislation will be adopted by lawmakers.
- UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license by 20 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 natural 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. We expect these costs or investments at our rate-regulated businesses

to be ultimately recovered in rates, although regulatory lag could materially impact our cash flows and related financing needs.
- Increased investments for environmental compliance, reliability improvement, and new baseload capacity will result in higher depreciation and financing costs.

Revenues

- The earnings of UE, CIPS, CILCO and IP are largely determined by the regulation of their rates by state agencies. 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, are expected. Ameren, UE, CIPS, CILCO and IP anticipate regulatory lag until requests to increase rates to continue to recover such costs on a timely basis are granted by state regulators. Ameren, UE, CIPS, CILCO and IP expect more frequent rate cases will be necessary in the future. UE has agreed not to file a natural gas delivery rate case before March 15, 2010.
- The ICC issued a consolidated order in September 2008 approving a net increase in annual revenues for electric delivery service of $123 million in the aggregate (CIPS – $22 million increase, CILCO–$3 million decrease and IP – $104 million increase) and a net increase in annual revenues for natural gas delivery service of $38 million in the aggregate (CIPS – $7 million increase, CILCO – $9 million decrease, and IP – $40 million increase), based on a 10.65% return on equity with respect to electric delivery service and a 10.68% return on equity with respect to natural gas delivery service. These rate changes were effective on October 1, 2008. Because of the Ameren Illinois Utilities' pledge to keep the overall residential electric bill increase resulting from these rate changes during the first year to less than 10% for each utility, IP will not recover approximately $10 million in revenue in the first year the electric delivery service rates are in effect. Thereafter, residential electric delivery service rates will be adjusted to recover the full increase. In addition, the ICC changed the depreciable lives used in calculating depreciation expense for the Ameren Illinois Utilities' electric and natural gas rates. As a result, annual depreciation expense for the Ameren Illinois Utilities will be reduced for financial reporting purposes by a net $13 million in the aggregate (CIPS – $4 million reduction, CILCO – $26 million reduction, and IP – $17 million increase).
- Because of continuing investments in the Ameren Illinois Utilities' infrastructure, rising operating costs and costs of capital, the Ameren Illinois Utilities are not expected to earn the return on equity allowed in the ICC September 2008 consolidated order. The Ameren Illinois Utilities' return on equity in 2009 is estimated to be approximately 6%. As a result, rate case filings with the ICC are being targeted for late in the second quarter or early in the third quarter of 2009.
- The MoPSC issued an electric rate order in January 2009 approving an increase in annual electric revenues of approximately $162 million based on a 10.76% return on equity, a capital structure composed of 52% common equity, and a rate base of $5.8 billion. The rate change was effective March 1, 2009. In addition, pursuant to the accounting order issued by the MoPSC in April 2008, the rate order concluded that the $25 million of operations and maintenance expenses incurred as a result of a severe ice storm in January 2007 should be amortized and recovered over a five-year period starting March 1, 2009. The MoPSC also allowed recovery of $12 million of costs associated with a March 2007 FERC order that resettled costs among MISO market participants. UE recorded a regulatory asset for these costs at December 31, 2008, which will be amortized and recovered over a two-year period beginning March 1, 2009.
- Because of continuing investments in UE's utility infrastructure, rising operating costs and costs of capital, UE is not expected to earn the return on equity allowed in the MoPSC's January 2009 electric rate order during 2009. UE's return on equity in 2009 is estimated to be approximately 8%. As a result, UE expects to file another electric rate case in Missouri later this year. The exact timing will depend on the timing and magnitude of cost increases and rate base additions, among other things.
- In current and future rate cases, UE, CIPS, CILCO and IP will continue to seek cost recovery and tracking mechanisms from their state regulators to reduce regulatory lag. In the ICC consolidated electric and natural gas rate order issued in September 2008, the ICC rejected the Ameren Illinois Utilities' requested rate adjustment mechanisms for electric infrastructure investments. As an alternative to the Ameren Illinois Utilities' requested decoupling of natural gas revenues from sales volumes, the ICC order approved an increase in the percentage of costs to be recovered through fixed non-volumetric residential and commercial customer charges to 80% from 53%. This increase will impact 2009 quarterly results of operations and cash flows but is not expected to have any impact on annual margins. The ICC also approved an increase in the Supply Cost Adjustment (SCA) factors for the Ameren Illinois Utilities. The SCA is a charge applied only to the bills of customers who take their power supply from the Ameren Illinois Utilities. The change in the SCA factors is expected to result in increased electric revenues of $9.5 million per year in the aggregate (CIPS – $2.6 million, CILCO – $1.6 million, and IP – $5.3 million) covering the increased cost of administering the Ameren Illinois Utilities' power supply responsibilities. In the MoPSC electric rate order issued in January 2009, the MoPSC approved UE's implementation of a FAC and a vegetation management and infrastructure inspection cost tracking mechanism. The FAC allows an adjustment of electric rates three times per year for a pass-through to customers of 95% of changes in fuel

and purchased power costs, net of off-system revenues, including MISO costs and revenues, above or below the amount set in base rates, subject to MoPSC prudency review. The vegetation management and infrastructure inspection cost tracking mechanism provides for the tracking of expenditures that are greater or less than amounts provided for in UE's annual revenues for electric service in a particular year, subject to a 10% limitation on increases in any one year. The tracked amounts may be reflected in rates set in future rate cases.

- UE provides power to Noranda's smelter plant in New Madrid, Missouri, which has historically used approximately four million megawatthours of power annually, making Noranda UE's single largest customer. As a result of a major winter ice storm in January 2009, Noranda's smelter plant experienced a power outage related to non-UE lines delivering power to the substation serving the plant. Noranda stated that the outage affected approximately 75% of the smelter plant's capacity and that based on preliminary information and management's initial assessment, restoring full plant capacity may take up to 12 months, with partial capacity phased in during the 12 month period. To the extent UE's sales to Noranda are reduced, generation made available could be sold as off-system sales. However, the FAC approved in the 2009 MoPSC electric rate order would require UE to flow substantially all of the off-system revenues to customers. If this were to occur, and the Noranda smelter plant operates at 25% capacity for 12 months, UE estimates its pretax earnings during such period could be reduced by up to approximately $73 million due to the loss of up to approximately 3.2 million megawatthours of retail sales. In order to adjust the FAC for this unanticipated event, UE sought rehearing by the MoPSC of its January 2009 electric rate order in February 2009, to allow UE to first recover from the off-system sales any revenues it would lose as a result of the reduced tariff sales to Noranda with any excess revenues collected being provided to customers through the FAC. Also in February 2009, other parties to the rate case filed for rehearing of certain aspects of the MoPSC order. In February 2009, the MoPSC denied all rate case rehearing requests filed by UE and other parties. UE continues to consider other alternatives to recover any lost revenues resulting from the Noranda power outage.
- 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. The Ameren Illinois Utilities, Genco, and AERG agreed to fund an aggregate of $150 million, of which the following contributions remained to be made at December 31, 2008:

	Ameren	CIPS	CILCO (Illinois Regulated)	IP	Genco	CILCO (AERG)
2009[a] ..	$ 26.6	$ 3.9	$ 1.9	$ 5.1	$ 10.8	$ 4.9
2010[a] ..	1.9	0.3	0.1	0.4	0.8	0.3
Total ...	$ 28.5	$ 4.2	$ 2.0	$ 5.5	$ 11.6	$ 5.2

(a) Estimated.

- In January 2009, the ICC approved the electric power procurement plan filed by the IPA for both the Ameren Illinois Utilities and Commonwealth Edison Company. The plan outlined the wholesale products (capacity, energy swaps, and renewable energy credits) that the IPA will procure on behalf of the Ameren Illinois Utilities for the period of June 1, 2009, through May 30, 2014. The products will be procured through a RFP process, during the first half of 2009. The Ameren Illinois Utilities will be allowed to pass through to customers the costs of procuring electric power supply with no markup by the utility, plus any reasonable costs that the utility incurs in arranging and providing for the supply of electric power.
- 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 round-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. Under the terms of the Illinois electric settlement agreement, these financial contracts are deemed prudent, and the Ameren Illinois Utilities are permitted full recovery of their costs in rates.
- In addition, the Illinois electric settlement agreement would allow the Ameren Illinois Utilities to lease or invest in generation facilities, subject to ICC approval.
- Volatile power prices in the Midwest can affect the amount of revenues Ameren, UE (though to a lesser extent after the implementation of UE's FAC), Genco, CILCO (through AERG) and EEI generate by marketing power into the wholesale and spot markets and can influence the cost of power purchased in the spot markets. Lower prices are expected in 2009 as compared with 2008.
- 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 30 million megawatthours of power in 2009 (Genco – 16 million, AERG – 7 million, EEI – 7 million) based on expected power prices in 2009. Should power

prices rise more than expected in 2009, the Non-rate-regulated Generation segment has the capacity and availability to sell more generation.

- In 2008, two million contracted megawatthours of Genco's and AERG's legacy power supply agreements, which had an average embedded selling price of $33 per megawatthour, expired. These agreements were 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. As of February 13, 2009, Marketing Company had sold approximately 95% of Non-rate-regulated Generation's expected 2009 generation, at an average price of $53 per megawatthour, and had sold approximately 60% of Non-rate-regulated Generation's 2010 generation at an average price of $51 per megawatthour.
- The 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. MISO's regional wholesale ancillary services market began in January 2009. We expect MISO will begin development of a capacity market now that its ancillary services market is in place. A capacity requirement obligates a load serving entity to acquire capacity sufficient to meet its obligations.
- UE and the Ameren Illinois Utilities have committed to developing energy efficiency programs for their customers. UE expects it will spend $24 million on electric energy efficiency programs in 2009. That number will increase to $56 million annually by 2015. The Ameren Illinois Utilities expect to spend $14 million, $29 million, and $45 million in the 2008, 2009, and 2010 program years, respectively, in accordance with their electric energy efficiency and demand response plan approved by the ICC in 2007. The Ameren Illinois Utilities also expect to spend $2 million, $4 million, and $6 million in the 2009, 2010, and 2011 program years, respectively, in accordance with their natural gas energy efficiency plan approved by the ICC in 2008. The Illinois program years run from June 1 through May 31. The costs incurred by the Ameren Illinois Utilities are recoverable from customers through rate riders.
- 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 2008, 85% of Ameren's electric generation (UE – 77%, Genco – 99%, AERG – 99%, EEI – 100%) was supplied by coal-fired power plants. About 96% of the coal used by these plants (UE –97%, Genco – 98%, AERG – 77%, EEI – 100%) was delivered by rail 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 December 31, 2008, coal inventories for UE, Genco, AERG and EEI were at 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.
- Genco is incurring incremental fuel costs in 2009 to replace coal from an Illinois mine that was prematurely closed by its owner at the end of 2007. A settlement agreement reached with the coal mine owner in June 2008 fully reimbursed Genco, in the form of a lump-sum payment of $60 million, for increased costs for coal and transportation that it incurred in 2008 ($33 million) and expects to incur in 2009 ($27 million). The entire settlement was recorded in 2008 earnings, so Ameren's and Genco's earnings in 2009 will be lower than they otherwise would have been.
- The annual NO_x trading program under the federal Clean Air Interstate Rule was reinstated by the U.S. Court of Appeals for the District of Columbia in December 2008. At this time, Genco and AERG may not have sufficient NO_x allowances to meet forecasted 2009 obligations under the annual NO_x trading program. The costs of these allowances would depend on market prices at the time these allowances are purchased. Genco and AERG currently estimate that they could incur additional fuel expense in 2009 of $11 million and $5 million, respectively, to purchase additional NO_x allowances to come into compliance with the program.
- Ameren's fuel costs (including transportation) are expected to increase in 2009 and beyond. See Item 7A – 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 2009 through 2013.

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. UE has settled with the FERC and the state of Missouri all issues associated with the December 2005 Taum Sauk incident. In addition, UE received approval from FERC to rebuild the upper reservoir at its Taum Sauk plant and is in the process of rebuilding the facility. The estimated cost to rebuild the upper reservoir is in the range of $480 million. UE expects the Taum Sauk plant to be out of service through early 2010. UE believes

that substantially all 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 and the Department of the Army, Corps of Engineers. 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 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for a further discussion of Taum Sauk matters.
- UE's Callaway nuclear plant had a 28-day scheduled refueling and maintenance outage during the fourth quarter of 2008. UE's Callaway nuclear plant's next scheduled refueling and maintenance outage is in the spring of 2010. 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 premiums as a result of insurance market conditions and loss experience, among other things.

Other

- Under an executory tolling agreement, CILCO purchased steam, chilled water, and electricity from Medina Valley, which CILCO in turn sold to an industrial customer. In January 2009, CILCO transferred both the tolling agreement and the related power supply agreement with the industrial customer to Marketing Company. The transfer of these agreements is expected to benefit CILCO's non-rate-regulated 2009 pretax operating generation income by $6 million compared with its 2008 operating income.
- A ballot initiative passed by Missouri voters in November 2008 created a renewable energy portfolio requirement. UE and other Missouri investor-owned utilities will be required to purchase or generate electricity from renewable energy sources equaling at least 2% of native load sales by 2011, with that percentage increasing in subsequent years to at least 15% by 2021, subject to a 1% limit on customer rate impacts. At least 2% of each portfolio requirement must be derived from solar energy. Compliance with the renewable energy portfolio requirement can be achieved through the procurement of renewable energy or renewable energy credits. Rules are required to be issued by the MoPSC to implement the law. UE expects that any related costs or investments would ultimately be recovered in rates.

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 II, Item 8, of this report.

ACCOUNTING MATTERS

Critical Accounting Estimates

Preparation of the financial statements and related disclosures in compliance with GAAP requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. These estimates involve judgments regarding many factors which in and of themselves could materially affect the financial statements and disclosures. We have outlined below the critical accounting estimates that we believe are most difficult, subjective or complex. Any change in the assumptions or judgments applied in determining the following matters, among others, could have a material impact on future financial results.

Accounting Estimate	Uncertainties Affecting Application
Regulatory Mechanisms and Cost Recovery	
All of the Ameren Companies, except Genco, defer costs as regulatory assets in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," and make investments that they assume will be collected in future rates.	• Regulatory environment and external regulatory decisions and requirements • Anticipated future regulatory decisions and their impact • Impact of deregulation, rate freezes, and competition on ratemaking process and ability to recover costs

Basis for Judgment

We determine which costs are recoverable by consulting previous rulings by state regulatory authorities in jurisdictions where we operate or other factors that lead us to believe that cost recovery is probable. If facts and circumstances lead us to conclude that a recorded regulatory asset is probably no longer recoverable, we record a charge to earnings, which could be material. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for quantification of these assets by registrant.

Accounting Estimate	Uncertainties Affecting Application
Unbilled Revenue	
At the end of each period, we project expected usage, and we estimate the amount of revenue to record for services that have been provided to customers but not yet billed.	• Projecting customer energy usage • Estimating impacts of weather and other usage-affecting factors for the unbilled period • Estimating loss of energy during transmission and delivery

Basis for Judgment

We base our estimate of unbilled revenue each period on the volume of energy delivered, as valued by a model of billing cycles and historical usage rates and growth by customer class for our service area. This figure is then adjusted for the modeled impact of seasonal and weather variations based on historical results. See the balance sheets for each of the Ameren Companies under Part II, Item 8, of this report for unbilled revenue amounts.

Derivative Financial Instruments	
We account for derivative financial instruments under SFAS No. 133, "Accounting for Derivatives and Hedging Activities," as amended, and related interpretations and measure their fair value in accordance with SFAS No. 157, "Fair Value Measurements," and related interpretations. The identification and classification of a derivative and the fair value of such derivative must be determined. See Commodity Price Risk and Fair Value of Contracts in Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, Note 7 – Derivative Financial Instruments and Note 8 – Fair Value Measurements to our financial statements under Part II, Item 8, of this report.	• Ameren's ability to consume or produce notional values of derivative contracts • Market conditions in the energy industry, especially the effects of price volatility and liquidity • Valuation assumptions on longer term contracts due to lack of observable inputs • Effectiveness of our derivatives that have been designated as hedges • Counterparty default risk

Basis for Judgment

We determine whether to exclude the fair value of certain derivatives from valuation under the normal purchase and normal sales provisions of SFAS No. 133 based upon our intent and ability to physically deliver commodities purchased and sold. Further, our forecasted purchases and sales also support our designation of some fair-valued derivative instruments as cash flow hedges. Fair value of our derivatives is measured in accordance with SFAS No. 157, which provides a fair value hierarchy that prioritizes inputs to valuation techniques. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Without observable inputs, we use certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risks inherent in the inputs to the valuation. Our valuations also reflect our own assessment of counterparty default risk using the best internal and external information available. If we were required to discontinue our use of the normal purchase and normal sales exception or cash flow hedge treatment for some of our contracts, the impact of changes in fair value for the applicable contracts could be material to our earnings.

Valuation of Goodwill, Intangible Assets, Long-Lived Assets, and Asset Retirement Obligations	
We assess the carrying value of our goodwill, intangible assets, and long-lived assets to determine whether they are impaired. We also review for the existence of asset retirement obligations. If an asset retirement obligation is identified, we determine its fair value and subsequently reassess and adjust the obligation, as necessary.	• Management's identification of impairment indicators • Changes in business, industry, laws, technology, or economic and market conditions • Valuation assumptions and conclusions • Estimated useful lives of our significant long-lived assets • Actions or assessments by our regulators • Identification of an asset retirement obligation and assumptions about the timing of asset removals

Basis for Judgment

Annually, or whenever events indicate a valuation may have changed, we use various valuation methodologies to determine valuations, including earnings before interest, taxes, depreciation and amortization multiples, and discounted, undiscounted, and probabilistic discounted cash flow models with multiple scenarios. The identification of asset retirement obligations is conducted through the review of legal documents and interviews. See Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report for quantification of our goodwill and intangible assets.

Accounting Estimate	Uncertainties Affecting Application
Benefit Plan Accounting Based on actuarial calculations, we accrue costs of providing future employee benefits in accordance with SFAS Nos. 87, 106, 112 and 158, which provide guidance on benefit plan accounting. See Note 11 – Retirement Benefits to our financial statements under Part II, Item 8, of this report.	• Future rate of return on pension and other plan assets • Interest rates used in valuing benefit obligations • Health care cost trend rates • Timing of employee retirements and mortality assumptions • Ability to recover certain benefit plan costs from our ratepayers • Changing market conditions impacting investment and interest rate environments

Basis for Judgment

Our ultimate selection of the discount rate, health care trend rate, and expected rate of return on pension and other plan assets is based on our consistent application of assumption-setting methodologies and our review of available historical, current, and projected rates, as applicable. See Note 11 – Retirement Benefits to our financial statements under Part II, Item 8, of this report for sensitivity of Ameren's benefit plans to potential changes in these assumptions.

Impact of Future Accounting Pronouncements

See Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report.

EFFECTS OF INFLATION AND CHANGING PRICES

Our rates for retail electric and gas utility service are regulated by the MoPSC and the ICC. Nonretail electric rates are regulated by FERC. Adjustments to rates are based on a regulatory process that reviews a historical period. As a result, revenue increases will lag behind changing prices. Inflation affects our operations, earnings, stockholders' equity, and financial performance.

The current replacement cost of our utility plant substantially exceeds our recorded historical cost. Under existing regulatory practice, only the historical cost of plant is recoverable from customers. As a result, cash flows designed to provide recovery of historical costs through depreciation might not be adequate to replace the plant in future years. Our Non-rate-regulated Generation businesses do not have regulated recovery mechanisms.

Historically, in UE's Missouri electric utility jurisdiction, there was no tariff for adjusting rates to accommodate changes in the cost of fuel for electric generation or the cost of purchased power. As a part of the electric rate order issued by the MoPSC on January 27, 2009, UE was granted permission to put in place, effective March 1, 2009, a FAC. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for information on UE's electric rate order.

In July 2005, a law was enacted that enables the MoPSC to also put in place mechanisms for Missouri's utilities to recover environmental costs directly from customers outside of a rate case proceeding. The MoPSC initiated a proceeding in December 2008 to develop revised rules for the environmental cost recovery mechanisms. Rules for the environmental cost recovery mechanism are expected to be approved by the MoPSC during the second quarter of 2009 and will be effective once published in the Missouri Register. UE will not be able to implement an environmental cost recovery mechanism until so authorized by the MoPSC as part of a rate case proceeding.

Effective January 2, 2007, ICC-approved tariffs in Illinois allow CIPS, CILCO and IP to recover power supply costs from electric customers by adjusting rates to accommodate changes in power prices. See Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for information on the Illinois electric rate settlement agreement that addressed legislative and other efforts to limit full recovery of power costs in Illinois.

In our Missouri and Illinois retail gas utility jurisdictions, changes in gas costs are generally reflected in billings to gas customers through PGA clauses. During 2008, the MoPSC approved two UE requests to recover gas infrastructure replacement costs through the establishment of an ISRS. UE commenced recovering annual revenues of $2 million in the aggregate, effective in March and November 2008 through the ISRS.

UE, Genco, CILCORP and AERG are affected by changes in market prices for natural gas to the extent that they must purchase natural gas to run CTs. These companies have structured various supply agreements to maintain access to multiple gas pools and supply basins, and to minimize the impact to their financial statements. See Quantitative and Qualitative Disclosures About Market Risk – Commodity Price Risk under Part II, Item 7A, below for further information. Also see Note 2 – Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for further information on the cost recovery mechanisms discussed above.

ITEM 7A. 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 to 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.

Interest Rate Risk

We are exposed to market risk through changes in interest rates associated with:

- long-term and short-term variable-rate debt;
- fixed-rate debt;
- commercial paper; and
- auction-rate long-term debt.

We manage our interest rate exposure by controlling the amount of these instruments we have within our total capitalization portfolio and by monitoring the effects of market 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 December 31, 2008:

	Interest Expense	Net Income[a]
Ameren[b]	$ 14	$ (9)
UE	6	(3)
CIPS	1	(1)
Genco	1	(c)
CILCORP	5	(3)
CILCO	3	(2)
IP	(c)	(c)

(a) Calculations are based on an effective tax rate of 38%.
(b) Includes intercompany eliminations.
(c) Less than $1 million.

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 Tax-exempt Auction-Rate Bonds

Certain auction-rate tax-exempt environmental improvement and pollution control revenue bonds previously issued for the benefit of UE, CIPS, CILCO and IP through governmental authorities were insured by "monoline" bond insurers. See Note 5 – Long-term Debt and Equity Financings under Part II, Item 8, of this report 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 downgraded the credit ratings of the monoline bond insurers that insured such securities. As a result, our insured auction-rate bonds were similarly downgraded. In 2008, we experienced higher interest expense and/or "failed auctions," in which there were not sufficient clearing bids in an auction to set the interest rate for 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 redeemed 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 December 31, 2008, and interest rates ranging from 1.313% to 9.975% during the year ended December 31, 2008. In April 2008, UE and IP issued senior secured notes in the principal amount of $250 million and $337 million, respectively, to refinance their auction-rate indebtedness. See Note 5 – Long-term Debt and Equity Financings under Part II, Item 8, 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 receivables 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 2007 increase in electric rates in Illinois, and a related increase in extended payment plan arrangements, resulted in an increase in the Ameren Illinois Utilities' past-due accounts receivable balances during 2007 and the first quarter of 2008. Such past-due balances have improved during the last nine months of 2008, primarily as a result of enhanced collection efforts and an increase in the volume of write-offs of past-due balances deemed uncollectible. The Ameren Illinois Utilities will continue to monitor the impact of increased electric rates on customer collections and to 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 December 31, 2008, no single nonaffiliated customer represented more than 10%, in the aggregate, of our accounts receivable. Our revenues are primarily derived from sales of electricity and natural gas to customers in Missouri and Illinois. UE, CIPS, Genco, AERG, IP, AFS, and Marketing Company may have credit exposure associated with interchange or wholesale purchase and sale activity with nonaffiliated companies. At December 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 related to interchange or wholesale purchases and sales was less than $1 million, net of collateral (2007 – less than $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. It 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 $46 million at December 31, 2008 (2007 – $63 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. The agreement provides to certain electric customers of the Ameren Illinois Utilities $488 million in rate relief over a four-year period that commenced in 2007. Under funding agreements among the parties contributing to the rate relief and assistance programs, at the end of each month, the Ameren Illinois Utilities 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 II, of this report for additional information.

Equity Price Risk

Our costs for providing defined benefit retirement and postretirement benefit plans are dependent upon a number of factors, including the rate of return on plan assets. Ameren manages plan assets in accordance with the "prudent investor" guidelines contained in ERISA. Ameren's goal is to earn the highest possible return on plan assets consistent with its tolerance for risk. Ameren delegates investment management to specialists in each asset class. Where appropriate, Ameren provides the investment manager with guidelines that specify allowable and prohibited investment types. Ameren regularly monitors manager performance and compliance with investment guidelines.

The expected return on plan assets is based on historical and projected rates of return for current and planned asset classes in the investment portfolio. Assumed projected rates of return for each asset class were selected after an analysis of historical experience, future expectations, and the volatility of the various asset classes. After considering the target asset allocation for each asset class, we adjusted the overall expected rate of return for the portfolio for historical and expected experience of active portfolio management results compared with benchmark returns and for the effect of expenses paid from plan assets.

In future years, the costs of such plans reflected in net income, OCI, or regulatory assets, and cash contributions to the plans could increase materially, without pension asset portfolio investment returns equal to or in excess of our assumed return on plan assets of 8%. See Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7 of this report for discussion of the impact of 2008 investment returns.

UE also maintains a trust fund, as required by the NRC and Missouri law, to fund certain costs of nuclear plant decommissioning. As of December 31, 2008, this fund was invested primarily in domestic equity securities (55%) and debt securities (45%). It totaled $239 million (in 2007 – $307 million). By maintaining a portfolio that includes long-term equity investments, UE seeks to maximize the returns to be used to fund nuclear decommissioning costs within acceptable parameters of risk. However, the equity securities included in the portfolio are exposed to price fluctuations in equity markets. The fixed-rate, fixed-income securities are exposed to changes in interest rates. UE actively monitors the portfolio by benchmarking the performance of its investments against certain indices and by maintaining and periodically reviewing established target allocation percentages of the assets of the trust to various investment options. UE's exposure to equity price market risk is in large part mitigated, because UE is currently allowed to recover its decommissioning costs, which would include unfavorable investment results, through electric rates.

Foreign Currency Risk

Ameren and UE are exposed to foreign currency exchange risk from UE's procurement agreement related to construction of a potential new nuclear unit. This agreement provides a fixed price for heavy forgings as well as consulting services to aid with design certification. The agreement requires UE to pay for goods and services in euros. UE uses foreign currency forward contracts for the purchase of euros to mitigate the impact of changes in foreign currency exchange rates, which could affect the amount of U.S. dollars required to satisfy the obligation denominated in euros. To the extent the value of the U.S. dollar versus the euro declines, the effect would be reflected in construction work in process within property and plant, net, and would be subject to routine depreciation and impairment considerations.

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 risk management programs and policies, which include 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 earnings might decrease if power prices were to decrease by 1% on unhedged economic generation for 2009 through 2012:

	Net Income[(a)]
Ameren[(b)]	$ (27)
UE	(10)
Genco	(9)
CILCO (AERG)	(3)
EEI	(7)

(a) Calculations are based on an effective tax rate of 38%.
(b) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

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.

On September 15, 2008, Lehman filed for protection under Chapter 11 of the federal Bankruptcy Code in the U.S. Bankruptcy Court in the Southern District of New York. At that time, UE, CIPS, Genco, IP, Marketing Company and AFS were counterparties with Lehman Brothers Commodity Services Inc. (Lehman Commodity Services), a subsidiary of Lehman, in energy commodity transactions that support their utility and generation businesses. The obligations of Lehman Commodity Services were guaranteed by Lehman, and the Lehman bankruptcy filing gives UE, CIPS, Genco, IP, Marketing Company and AFS the right to terminate any open transactions. On October 21, 2008, Ameren sent notice to Lehman Commodity Services terminating all transactions between UE, Genco, and Marketing Company and Lehman Commodity Services. As of December 31, 2008, Ameren's and its subsidiaries' direct exposure to Lehman Commodity Services, based on existing transactions and current market prices, was estimated to be less than $1 million before taxes, collectively.

We manage risks associated with changing prices of fuel for generation using similar techniques as those used to manage risks associated with changing market prices for electricity. Most UE, Genco and AERG fuel supply contracts are physical forward contracts. Genco, AERG and EEI do not have the ability to pass through higher fuel costs to their customers for electric operations. Prior to March 2009, UE did not have this ability either except through a general rate proceeding. As a part of the January 2009 MoPSC electric rate order, UE was granted permission to put a FAC in place which was effective March 1, 2009. The FAC allows UE to recover directly from its electric customers 95% of changes in fuel and purchased power costs, net of off-system revenues, including MISO costs and revenues, above or below the amount set in base rates, subject to MoPSC prudency review. Thus, UE remains exposed to 5% of changes in its fuel and purchased power costs, net of off-system revenues. UE, Genco, AERG and EEI have entered into long-term contracts with various suppliers to purchase coal 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. UE, Genco, AERG and EEI 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. UE, Genco, AERG and EEI 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 the 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 five-year period 2009 through 2013, as of December 31, 2008. The projected required supply of these commodities could be significantly affected by changes in our assumptions for such matters as customer demand of our electric generation and our electric and natural gas distribution services, generation output, and inventory levels, among other matters.

	2009	2010	2011 - 2013
Ameren:			
Coal	95%	86%	22%
Coal transportation	100	76	37
Nuclear fuel	100	100	81
Natural gas for generation	31	3	-
Natural gas for distribution(a)	84	36	13
Purchased power for Illinois Regulated(b)	80	57	32
UE:			
Coal	96%	90%	23%
Coal transportation	100	63	25
Nuclear fuel	100	100	81
Natural gas for generation	22	5	-
Natural gas for distribution(a)	85	45	13
CIPS:			
Natural gas for distribution(a)	87%	40%	16%
Purchased power(b)	80	57	32
Genco:			
Coal	94%	87%	16%
Coal transportation	100	67	45
Natural gas for generation	30	-	-
CILCORP/CILCO:			
Coal (AERG)	89%	67%	31%
Coal transportation (AERG)	100	67	46
Natural gas for distribution(a)	87	37	10
Purchased power(b)	80	57	32
IP:			
Natural gas for distribution(a)	80%	31%	13%
Purchased power(b)	80	57	32
EEI:			
Coal	96%	89%	24%
Coal transportation	100	100	67

(a) Represents the percentage of natural gas price-hedged for peak winter season of November through March. The year 2009 represents January 2009 through March 2009. The year 2010 represents November 2009 through March 2010. This continues each successive year through March 2013.

(b) Represents the percentage of purchased power price-hedged for fixed-price residential and small commercial customers with less than one megawatt of demand. Larger customers are purchasing power from the competitive markets. See Note 2 – Rate and Regulatory Matters and Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for a discussion of the Illinois power procurement process and for additional information on the Ameren Illinois Utilities' purchased power commitments.