The following table shows how our total fuel expense might increase and how our net income might decrease if coal and coal transportation costs were to increase by 1% on any requirements not currently covered by fixed-price contracts for the five-year period 2009 through 2013.

	Coal		Transportation	
	Fuel Expense	Net Income[(a)]	Fuel Expense	Net Income[(a)]
Ameren[(b)]	$ 37	$ (23)	$ 17	$ (11)
UE	15	(10)	13	(8)
Genco	14	(8)	2	(1)
CILCORP	5	(3)	1	(1)
CILCO	5	(3)	1	(1)
EEI	3	(2)	1	(1)

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

In addition, coal and coal transportation costs are sensitive to the price of diesel fuel as a result of rail freight fuel surcharges. If diesel fuel costs were to increase or decrease by $0.25/gallon, Ameren's fuel expense could increase or decrease by $13 million annually (UE – $7 million, Genco – $3 million, AERG – $1 million and EEI – $2 million). As of December 31, 2008, Ameren had price-hedged approximately 100% of expected fuel surcharges in 2009.

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

With regard to exposure for commodity price risk for nuclear fuel, UE has fixed-priced and base-price-with-escalation agreements, or it uses inventories that provide some price hedge to fulfill its Callaway nuclear plant needs for uranium, conversion, enrichment, and fabrication services. There is no fuel reloading scheduled for 2009 or 2012. UE has price hedges for 87% of the 2010 to 2013 nuclear fuel requirements.

Although nuclear fuel market prices declined in 2008, pricing remains subject to an unpredictable supply and demand environment. UE has continued to follow a strategy of managing inventory of nuclear fuel as an inherent price hedge. New long-term uranium contracts are almost exclusively market-price-related with an escalating price floor. New long-term enrichment contracts usually have some market-price-related component. UE expects to enter into additional contracts from time to time in order to supply nuclear fuel during the expected life of the Callaway nuclear plant, at prices which cannot now be accurately predicted. Unlike the electricity and natural gas markets, nuclear fuel markets have limited financial instruments available for price hedging, so most hedging is done through inventories and forward contracts, if they are available.

With regard to the electric generating operations for UE, Genco and AERG that are exposed to changes in market prices for natural gas used to run CTs, the natural gas procurement strategy is designed to ensure reliable and immediate delivery of natural gas while minimizing costs. We optimize transportation and storage options and price risk by structuring supply agreements to maintain access to multiple gas pools and supply basins.

Through the market allocation process, UE, CIPS, Genco, CILCO and IP have been granted FTRs associated with the MISO Day Two Energy Market. In addition, Marketing Company has acquired FTRs for its participation in the PJM-Northern Illinois market. The FTRs are intended to mitigate expected electric transmission congestion charges related to the physical electricity business. Depending on the congestion and prices at various points on the electric transmission grid, FTRs could result in either charges or credits. Complex grid modeling tools are used to determine which FTRs to nominate in the FTR allocation process. There is a risk of incorrectly modeling the amount of FTRs needed, and there is the potential that the FTRs could be ineffective in mitigating transmission congestion charges.

With regard to UE's natural gas distribution business and, commencing March 1, 2009, its electric distribution business, and to CIPS', CILCO's and IP's electric and natural gas distribution businesses, exposure to changing market prices is in large part mitigated by the fact that there are cost recovery mechanisms in place. These cost recovery mechanisms allow UE, CIPS, CILCO and IP to pass on to retail customers prudently incurred fuel, purchased power and gas supply costs. UE's, CIPS', CILCO's and IP's strategy is designed to reduce the effect of market fluctuations for our regulated customers. The effects of price volatility cannot be eliminated. However, procurement strategies involve risk management techniques and instruments similar to those outlined earlier, as well as the management of physical assets.

With regard to our exposure for commodity price risk for construction and maintenance activities, Ameren is exposed to changes in market prices for metal commodities and labor availability.

See Supply for Electric Power under Part I, Item 1, of this report for the percentages of our historical needs satisfied by coal, nuclear power, natural gas, hydroelectric power, and oil. Also see Note 15 – Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for further information.

Fair Value of Contracts

Most of our commodity contracts qualify for treatment as normal purchases and normal sales. We use derivatives principally to manage the risk of changes in market prices for natural gas, fuel, electricity, FTRs and emission allowances.

Price fluctuations in natural gas, fuel, electricity, FTRs and emission allowances may cause any of these conditions:

- an unrealized appreciation or depreciation of our contracted commitments to purchase or sell when purchase or sales prices under the commitments are compared with current commodity prices;
- market values of fuel and natural gas inventories or purchased power that differ from the cost of those commodities in inventory under contracted commitment; or
- actual cash outlays for the purchase of these commodities that differ from anticipated cash outlays.

The derivatives that we use to hedge these risks are governed by our risk management policies for forward contracts, futures, options and swaps. Our net positions are continually assessed within our structured hedging programs to determine whether new or offsetting transactions are required. The goal of the hedging program is generally to mitigate financial risks while ensuring that sufficient volumes are available to meet our requirements. See Note 7 – Derivative Financial Instruments to our financial statements under Part II, Item 8, of this report for further information.

The following table presents the favorable (unfavorable) changes in the fair value of all derivative contracts marked-to-market during the year ended December 31, 2008. We use various methods to determine the fair value of our contracts. In accordance with SFAS No. 157 hierarchy levels, our sources used to determine the fair value of these contracts were active quotes (Level 1), inputs corroborated by market data (Level 2), and other modeling and valuation methods that are not corroborated by market data (Level 3). All of these contracts have maturities of less than five years.

	Ameren[(a)]	UE	CIPS	Genco	CILCORP/ CILCO	IP
Fair value of contracts at beginning of year, net	$ 13	$ 7	$ 38	$ (4)	$ 21	$ 55
Contracts realized or otherwise settled during the period	(20)	(17)	2	4	4	10
Changes in fair values attributable to changes in valuation technique and assumptions	-	-	-	-	-	-
Fair value of new contracts entered into during the period	48	21	(25)	(1)	(23)	(38)
Other changes in fair value	(21)	5	(99)	-	(61)	(161)
Fair value of contracts outstanding at end of year, net	$ 20	$ 16	$ (84)	$ (1)	$ (59)	$ (134)

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

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

Sources of Fair Value	Maturity Less than 1 Year	Maturity 1 - 3 Years	Maturity 4 - 5 Years	Maturity in Excess of 5 Years	Total Fair Value
Ameren:					
Level 1	$ (8)	$ -	$ -	$ -	$ (8)
Level 2[(a)]	13	-	-	-	13
Level 3[(b)]	46	(25)	(6)	-	15
Total	$ 51	$ (25)	$ (6)	$ -	$ 20
UE:					
Level 1	$ -	$ -	$ -	$ -	$ -
Level 2[(a)]	11	-	-	-	11
Level 3[(b)]	14	(8)	(1)	-	5
Total	$ 25	$ (8)	$ (1)	$ -	$ 16
CIPS:					
Level 1	$ -	$ -	$ -	$ -	$ -
Level 2[(a)]	-	-	-	-	-
Level 3[(b)]	(31)	(41)	(12)	-	(84)
Total	$ (31)	$ (41)	$ (12)	$ -	$ (84)
Genco:					
Level 1	$ -	$ -	$ -	$ -	$ -
Level 2[(a)]	-	-	-	-	-
Level 3[(b)]	(1)	-	-	-	(1)
Total	$ (1)	$ -	$ -	$ -	$ (1)

Sources of Fair Value	Maturity Less than 1 Year	Maturity 1 - 3 Years	Maturity 4 - 5 Years	Maturity in Excess of 5 Years	Total Fair Value
CILCORP/CILCO:					
Level 1	$ (4)	$ -	$ -	$ -	$ (4)
Level 2[(a)]	-	-	-	-	-
Level 3[(b)]	(25)	(25)	(5)	-	(55)
Total	$ (29)	$ (25)	$ (5)	$ -	$ (59)
IP:					
Level 1	$ -	$ -	$ -	$ -	$ -
Level 2[(a)]	-	-	-	-	-
Level 3[(b)]	(56)	(61)	(17)	-	(134)
Total	$ (56)	$ (61)	$ (17)	$ -	$ (134)

(a) Principally fixed-price vs. floating over-the-counter power swaps, power forwards, and fixed price vs. floating over-the-counter natural gas swaps.

(b) Principally coal and SO_2 option values based on a Black-Scholes model that includes information from external sources and our estimates. Level 3 also includes interruptible power forward and option contract values based on our estimates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Ameren Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Ameren Corporation and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Union Electric Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Union Electric Company and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Central Illinois Public Service Company:

In our opinion, the financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Central Illinois Public Service Company at December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder
of Ameren Energy Generating Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Ameren Energy Generating Company and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder
of CILCORP Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of CILCORP Inc. and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Central Illinois Light Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Central Illinois Light Company and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Illinois Power Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Illinois Power Company and its subsidiary at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions as of January 1, 2007.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 2, 2009

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

	Year Ended December 31,		
	2008	**2007**	**2006**
Operating Revenues:			
Electric	**$ 6,367**	$ 6,283	$ 5,600
Gas	**1,472**	1,279	1,295
Total operating revenues	**7,839**	7,562	6,895
Operating Expenses:			
Fuel	**1,275**	1,167	1,018
Purchased power	**1,210**	1,387	1,150
Gas purchased for resale	**1,057**	900	931
Other operations and maintenance	**1,857**	1,687	1,556
Depreciation and amortization	**685**	681	661
Taxes other than income taxes	**393**	381	391
Total operating expenses	**6,477**	6,203	5,707
Operating Income	**1,362**	1,359	1,188
Other Income and Expenses:			
Miscellaneous income	**80**	75	50
Miscellaneous expense	**(31)**	(25)	(19)
Total other income	**49**	50	31
Interest Charges	**440**	423	350
Income Before Income Taxes, Minority Interest, and Preferred Dividends of Subsidiaries	**971**	986	869
Income Taxes	**327**	330	284
Income Before Minority Interest and Preferred Dividends of Subsidiaries	**644**	656	585
Minority Interest and Preferred Dividends of Subsidiaries	**39**	38	38
Net Income	**$ 605**	$ 618	$ 547
Earnings per Common Share – Basic and Diluted	**$ 2.88**	$ 2.98	$ 2.66
Dividends per Common Share	**$ 2.54**	$ 2.54	$ 2.54
Average Common Shares Outstanding	**210.1**	207.4	205.6

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

AMEREN CORPORATION
CONSOLIDATED BALANCE SHEET
(In millions, except per share amounts)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 92	$ 355
Accounts receivable – trade (less allowance for doubtful accounts of $28 and $22, respectively)	502	570
Unbilled revenue	427	359
Miscellaneous accounts and notes receivable	292	262
Materials and supplies	842	735
Mark-to-market derivative assets	207	35
Other current assets	153	146
Total current assets	2,515	2,462
Property and Plant, Net	16,567	15,069
Investments and Other Assets:		
Nuclear decommissioning trust fund	239	307
Goodwill	831	831
Intangible assets	167	198
Regulatory assets	1,732	1,158
Other assets	606	703
Total investments and other assets	3,575	3,197
TOTAL ASSETS	$ 22,657	$ 20,728
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 380	$ 223
Short-term debt	1,174	1,472
Accounts and wages payable	813	687
Taxes accrued	54	84
Mark-to-market derivative liabilities	155	24
Other current liabilities	487	414
Total current liabilities	3,063	2,904
Long-term Debt, Net	6,554	5,689
Preferred Stock of Subsidiary Subject to Mandatory Redemption	-	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,131	2,046
Accumulated deferred investment tax credits	100	109
Regulatory liabilities	1,291	1,240
Asset retirement obligations	406	562
Pension and other postretirement benefits	1,495	839
Other deferred credits and liabilities	438	354
Total deferred credits and other liabilities	5,861	5,150
Preferred Stock of Subsidiaries Not Subject to Mandatory Redemption	195	195
Minority Interest in Consolidated Subsidiaries	21	22
Commitments and Contingencies (Notes 2, 14, 15 and 16)		
Stockholders' Equity:		
Common stock, $.01 par value, 400.0 shares authorized – shares outstanding of 212.3 and 208.3, respectively	2	2
Other paid-in capital, principally premium on common stock	4,780	4,604
Retained earnings	2,181	2,110
Accumulated other comprehensive income	-	36
Total stockholders' equity	6,963	6,752
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 22,657	$ 20,728

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

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2008	**2007**	**2006**
Cash Flows From Operating Activities:			
Net income	$ 605	$ 618	$ 547
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of emission allowances	(8)	(8)	(60)
Gain on sales of noncore properties	-	(3)	(37)
Loss on asset impairments	14	-	-
Net mark-to-market gain on derivatives	(3)	(3)	(2)
Depreciation and amortization	705	735	656
Amortization of nuclear fuel	37	37	36
Amortization of debt issuance costs and premium/discounts	20	19	15
Deferred income taxes and investment tax credits, net	167	(28)	91
Minority interest	29	27	27
Other	(9)	12	13
Changes in assets and liabilities:			
Receivables	25	(194)	173
Materials and supplies	(100)	(88)	(75)
Accounts and wages payable	57	-	(91)
Taxes accrued, net	(30)	21	(72)
Assets, other	63	49	(95)
Liabilities, other	183	(36)	85
Pension and other postretirement benefits	(4)	27	97
Counterparty collateral, net	(69)	(27)	(6)
Taum Sauk costs, net of insurance recoveries	(149)	(56)	(23)
Net cash provided by operating activities	1,533	1,102	1,279
Cash Flows From Investing Activities:			
Capital expenditures	(1,896)	(1,381)	(992)
CT acquisitions	-	-	(292)
Proceeds from sales of noncore properties, net	-	13	56
Nuclear fuel expenditures	(173)	(68)	(39)
Purchases of securities – nuclear decommissioning trust fund	(520)	(142)	(110)
Sales of securities – nuclear decommissioning trust fund	497	128	98
Purchases of emission allowances	(12)	(24)	(42)
Sales of emission allowances	4	5	71
Other	3	1	(16)
Net cash used in investing activities	(2,097)	(1,468)	(1,266)
Cash Flows From Financing Activities:			
Dividends on common stock	(534)	(527)	(522)
Capital issuance costs	(12)	(4)	(4)
Short-term debt, net	(298)	860	419
Dividends paid to minority interest holder	(30)	(21)	(28)
Redemptions, repurchases, and maturities:			
Long-term debt	(842)	(488)	(164)
Preferred stock	(16)	(1)	(1)
Issuances:			
Common stock	154	91	96
Long-term debt	1,879	674	232
Net cash provided by financing activities	301	584	28
Net change in cash and cash equivalents	(263)	218	41
Cash and cash equivalents at beginning of year	355	137	96
Cash and cash equivalents at end of year	$ 92	$ 355	$ 137
Cash Paid During the Year:			
Interest	$ 450	$ 422	$ 320
Income taxes, net	106	283	403

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

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)

	December 31, 2008	2007	2006
Common Stock:			
Beginning of year	$ 2	$ 2	$ 2
Shares issued	-	-	-
Common stock, end of year	2	2	2
Other Paid-in Capital:			
Beginning of year	4,604	4,495	4,399
Reclassification of unearned compensation	-	-	(12)
Shares issued (less issuance costs of $-, $-, and $1, respectively)	154	91	96
Stock-based compensation cost	22	18	11
Tax benefit of stock option exercises	-	-	1
Other paid-in capital, end of year	4,780	4,604	4,495
Retained Earnings:			
Beginning of year	2,110	2,024	1,999
Net income	605	618	547
Dividends	(534)	(527)	(522)
Adjustment to adopt FIN 48	-	(5)	-
Retained earnings, end of year	2,181	2,110	2,024
Accumulated Other Comprehensive Income (Loss):			
Derivative financial instruments, beginning of year	9	60	40
Change in derivative financial instruments	39	(51)	20
Derivative financial instruments, end of year	48	9	60
Minimum pension liability, beginning of year	-	-	(64)
Change in minimum pension liability	-	-	64
Minimum pension liability, end of year	-	-	-
Deferred retirement benefit costs, beginning of year	27	2	-
Adjustment to adopt SFAS No. 158	-	-	2
Change in deferred retirement benefit costs	(75)	25	-
Deferred retirement benefit costs	(48)	27	2
Total accumulated other comprehensive income, end of year	-	36	62
Other:			
Beginning of year	-	-	(12)
Reclassification of unearned compensation	-	-	12
Other, end of year	-	-	-
Total Stockholders' Equity	$ 6,963	$ 6,752	$ 6,583
Comprehensive Income, Net of Taxes:			
Net income	$ 605	$ 618	$ 547
Unrealized net gain (loss) on derivative hedging instruments, net of income taxes (benefit) of $65, $(7), and $11, respectively	116	(12)	28
Reclassification adjustments for derivative (gains) included in net income, net of income taxes of $43, $22, and $3, respectively	(77)	(39)	(8)
Minimum pension liability adjustment, net of income taxes of $-, $-, and $41, respectively	-	-	64
Pension and other postretirement activity, net of taxes (benefit) of $(45), $1, and $-, respectively	(75)	25	-
Total Comprehensive Income, Net of Taxes	$ 569	$ 592	$ 631
Common stock shares at beginning of year	208.3	206.6	204.7
Shares issued	4.0	1.7	1.9
Common stock shares at end of year	212.3	208.3	206.6

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

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF INCOME
(In millions)

	Year Ended December 31,		
	2008	**2007**	**2006**
Operating Revenues:			
Electric – excluding off-system	**$ 2,266**	$ 2,302	$ 2,204
Electric – off-system	**490**	484	459
Gas	**201**	174	158
Other	**3**	1	2
Total operating revenues	**2,960**	2,961	2,823
Operating Expenses:			
Fuel	**672**	608	492
Purchased power	**160**	192	261
Gas purchased for resale	**123**	104	98
Other operations and maintenance	**922**	900	787
Depreciation and amortization	**329**	333	335
Taxes other than income taxes	**240**	234	230
Total operating expenses	**2,446**	2,371	2,203
Operating Income	**514**	590	620
Other Income and Expenses:			
Miscellaneous income	**62**	38	38
Miscellaneous expense	**(9)**	(7)	(8)
Total other income	**53**	31	30
Interest Charges	**193**	194	171
Income Before Income Taxes and Equity in Income of Unconsolidated Investment	**374**	427	479
Income Taxes	**134**	140	184
Income Before Equity in Income of Unconsolidated Investment	**240**	287	295
Equity in Income of Unconsolidated Investment, Net of Taxes	**11**	55	54
Net Income	**251**	342	349
Preferred Stock Dividends	**6**	6	6
Net Income Available to Common Stockholder	**$ 245**	$ 336	$ 343

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

UNION ELECTRIC COMPANY
CONSOLIDATED BALANCE SHEET
(In millions, except per share amounts)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 185
Accounts receivable – trade (less allowance for doubtful accounts of $8 and $6, respectively)	142	191
Unbilled revenue	111	118
Miscellaneous accounts and notes receivable	261	213
Advances to money pool	-	15
Accounts receivable – affiliates	32	90
Materials and supplies	339	301
Mark-to-market derivative assets	50	7
Other current assets	48	43
Total current assets	983	1,163
Property and Plant, Net	8,995	8,189
Investments and Other Assets:		
Nuclear decommissioning trust fund	239	307
Intangible assets	48	56
Regulatory assets	907	697
Other assets	352	491
Total investments and other assets	1,546	1,551
TOTAL ASSETS	$ 11,524	$ 10,903
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 4	$ 152
Short-term debt	251	82
Intercompany note payable – Ameren	92	-
Accounts and wages payable	360	315
Accounts payable – affiliates	151	212
Taxes accrued	20	78
Interest accrued	56	47
Taum Sauk pumped-storage hydroelectric facility liability	18	103
Other current liabilities	103	59
Total current liabilities	1,055	1,048
Long-term Debt, Net	3,673	3,208
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,372	1,273
Accumulated deferred investment tax credits	80	85
Regulatory liabilities	922	865
Asset retirement obligations	317	476
Pension and other postretirement benefits	494	297
Other deferred credits and liabilities	49	50
Total deferred credits and other liabilities	3,234	3,046
Commitments and Contingencies (Notes 2, 14, 15 and 16)		
Stockholders' Equity:		
Common stock, $5 par value, 150.0 shares authorized – 102.1 shares outstanding	511	511
Other paid-in capital, principally premium on common stock	1,119	1,119
Preferred stock not subject to mandatory redemption	113	113
Retained earnings	1,794	1,855
Accumulated other comprehensive income	25	3
Total stockholders' equity	3,562	3,601
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 11,524	$ 10,903

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

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

	Year Ended December 31, 2008	2007	2006
Cash Flows From Operating Activities:			
Net income	**$ 251**	$ 342	$ 349
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of emission allowances	**(5)**	(5)	(34)
Net mark-to-market (gain) loss on derivatives	**29**	(2)	(7)
Gain on sale of noncore properties	**-**	-	(13)
Depreciation and amortization	**329**	333	335
Amortization of nuclear fuel	**37**	37	36
Amortization of debt issuance costs and premium/discounts	**6**	6	5
Deferred income taxes and investment tax credits, net	**89**	1	38
Other	**(28)**	(6)	(1)
Changes in assets and liabilities:			
Receivables	**85**	(60)	52
Materials and supplies	**(32)**	(65)	(37)
Accounts and wages payable	**(89)**	42	21
Taxes accrued, net	**(61)**	12	7
Assets, other	**22**	39	(79)
Liabilities, other	**61**	(48)	49
Pension and other postretirement benefits	**-**	18	36
Taum Sauk costs, net of insurance recoveries	**(149)**	(56)	(23)
Net cash provided by operating activities	**545**	588	734
Cash Flows From Investing Activities:			
Capital expenditures	**(874)**	(625)	(490)
CT acquisitions	**-**	-	(292)
Nuclear fuel expenditures	**(173)**	(68)	(39)
Changes in money pool advances, net	**-**	3	(18)
Proceeds from intercompany note receivable	**36**	-	67
Sale of noncore properties	**-**	-	13
Purchases of securities – nuclear decommissioning trust fund	**(520)**	(142)	(110)
Sales of securities – nuclear decommissioning trust fund	**497**	128	98
Sales of emission allowances	**1**	4	39
Net cash used in investing activities	**(1,033)**	(700)	(732)
Cash Flows From Financing Activities:			
Dividends on common stock	**(264)**	(267)	(249)
Dividends on preferred stock	**(6)**	(6)	(6)
Capital issuance costs	**(5)**	(3)	-
Short-term debt, net	**169**	(152)	154
Changes in intercompany note payable – Ameren, net	**92**	(77)	77
Redemptions, repurchases, and maturities of long-term debt	**(382)**	(4)	(4)
Issuances of long-term debt	**699**	424	-
Capital contribution from parent	**-**	380	6
Other	**-**	1	1
Net cash provided by (used in) financing activities	**303**	296	(21)
Net change in cash and cash equivalents	**(185)**	184	(19)
Cash and cash equivalents at beginning of year	**185**	1	20
Cash and cash equivalents at end of year	**$ -**	$ 185	$ 1
Cash Paid During the Year:			
Interest	**$ 196**	$ 218	$ 144
Income taxes, net	**130**	106	185

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

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)

	December 31, 2008	2007	2006
Common Stock	**$ 511**	$ 511	$ 511
Other Paid-in Capital:			
Beginning of year	**1,119**	739	733
Capital contribution from parent	**-**	380	6
Other paid-in capital, end of year	**1,119**	1,119	739
Preferred Stock Not Subject to Mandatory Redemption	**113**	113	113
Retained Earnings:			
Beginning of year	**1,855**	1,783	1,689
Net income	**251**	342	349
Common stock dividends	**(264)**	(267)	(249)
Preferred stock dividends	**(6)**	(6)	(6)
Dividend-in-kind to Ameren	**(42)**	-	-
Adjustment to adopt FIN 48	**-**	3	-
Retained earnings, end of year	**1,794**	1,855	1,783
Accumulated Other Comprehensive Income:			
Derivative financial instruments, beginning of year	**3**	7	5
Change in derivative financial instruments	**22**	(4)	2
Derivative financial instruments, end of year	**25**	3	7
Minimum pension liability, beginning of year	**-**	-	(35)
Change in minimum pension liability	**-**	-	35
Minimum pension liability, end of year	**-**	-	-
Total accumulated other comprehensive income, end of year	**25**	3	7
Total Stockholders' Equity	**$ 3,562**	$ 3,601	$ 3,153
Comprehensive Income, Net of Taxes:			
Net income	**$ 251**	$ 342	$ 349
Unrealized net gain on derivative hedging instruments, net of income taxes of $22, $-, and $4, respectively	**36**	-	9
Reclassification adjustments for derivative (gains) included in net income, net of income taxes of $9, $2, and $4, respectively	**(14)**	(4)	(7)
Minimum pension liability adjustment, net of income taxes of $-, $-, and $22, respectively	**-**	-	35
Total Comprehensive Income, Net of Taxes	**$ 273**	$ 338	$ 386

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

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

	Year Ended December 31, 2008	2007	2006
Operating Revenues:			
Electric	$ 720	$ 772	$ 728
Gas	259	230	220
Other	3	3	6
Total operating revenues	982	1,005	954
Operating Expenses:			
Purchased power	461	527	471
Gas purchased for resale	179	157	149
Other operations and maintenance	196	172	161
Depreciation and amortization	67	66	63
Taxes other than income taxes	37	34	41
Total operating expenses	940	956	885
Operating Income	42	49	69
Other Income and Expenses:			
Miscellaneous income	11	17	17
Miscellaneous expense	(3)	(3)	(2)
Total other income	8	14	15
Interest Charges	30	37	31
Income Before Income Taxes	20	26	53
Income Taxes	5	9	15
Net Income	15	17	38
Preferred Stock Dividends	3	3	3
Net Income Available to Common Stockholder	$ 12	$ 14	$ 35

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

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
BALANCE SHEET
(In millions)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 26
Accounts receivable – trade (less allowance for doubtful accounts of $6 and $5, respectively)	79	62
Unbilled revenue	74	66
Miscellaneous accounts and notes receivable	1	1
Accounts receivable – affiliates	4	9
Current portion of intercompany note receivable – Genco	42	39
Current portion of intercompany tax receivable – Genco	9	9
Materials and supplies	70	66
Counterparty collateral asset	21	-
Other current assets	22	16
Total current assets	322	294
Property and Plant, Net	1,212	1,174
Investments and Other Assets:		
Intercompany note receivable – Genco	45	87
Intercompany tax receivable – Genco	93	105
Regulatory assets	212	113
Other assets	33	87
Total investments and other assets	383	392
TOTAL ASSETS	$ 1,917	$ 1,860
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ -	$ 15
Short-term debt	62	125
Accounts and wages payable	48	44
Accounts payable – affiliates	49	19
Borrowings from money pool	44	-
Taxes accrued	7	8
Customer deposits	16	16
Mark-to-market derivative liabilities	17	1
Mark-to-market derivative liabilities – affiliates	14	-
Other current liabilities	51	30
Total current liabilities	308	258
Long-term Debt, Net	421	456
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes and investment tax credits, net	268	269
Regulatory liabilities	234	265
Pension and other postretirement benefits	79	67
Other deferred credits and liabilities	78	28
Total deferred credits and other liabilities	659	629
Commitments and Contingencies (Notes 2, 14, and 15)		
Stockholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	-	-
Other paid-in capital	191	191
Preferred stock not subject to mandatory redemption	50	50
Retained earnings	288	276
Total stockholders' equity	529	517
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,917	$ 1,860

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

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

	Year Ended December 31,		
	2008	2007	2006
Cash Flows From Operating Activities:			
Net income	**$ 15**	$ 17	$ 38
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**67**	66	63
Amortization of debt issuance costs and premium/discounts	**1**	1	1
Deferred income taxes and investment tax credits, net	**(2)**	(27)	(13)
Changes in assets and liabilities:			
Receivables	**(8)**	(19)	50
Materials and supplies	**(4)**	5	4
Accounts and wages payable	**14**	(48)	2
Taxes accrued, net	**(1)**	(2)	(16)
Assets, other	**(5)**	21	(12)
Liabilities, other	**26**	(3)	(5)
Pension and other postretirement benefits	**-**	3	6
Net cash provided by operating activities	**103**	14	118
Cash Flows From Investing Activities:			
Capital expenditures	**(96)**	(79)	(82)
Proceeds from intercompany note receivable – Genco	**39**	37	34
Bond repurchase	**-**	-	(17)
Changes in money pool advances, net	**-**	-	(1)
Net cash used in investing activities	**(57)**	(42)	(66)
Cash Flows From Financing Activities:			
Dividends on common stock	**-**	(40)	(50)
Dividends on preferred stock	**(3)**	(3)	(3)
Capital issuance costs	**-**	-	(1)
Short-term debt, net	**(63)**	90	35
Changes in money pool borrowings, net	**44**	-	(2)
Redemptions, repurchases, and maturities:			
Long-term debt	**(50)**	-	(20)
Intercompany note payable	**-**	-	(67)
Issuances of long-term debt	**-**	-	61
Capital contribution from parent	**-**	1	1
Net cash provided by (used in) financing activities	**(72)**	48	(46)
Net change in cash and cash equivalents	**(26)**	20	6
Cash and cash equivalents at beginning of year	**26**	6	-
Cash and cash equivalents at end of year	**$ -**	$ 26	$ 6
Cash Paid (Refunded) During the Year:			
Interest	**$ 32**	$ 36	$ 27
Income taxes, net	**(21)**	44	62

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

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)

	December 31,		
	2008	2007	2006
Common Stock	$ -	$ -	$ -
Other Paid-in Capital:			
Beginning of year	191	190	189
Equity contribution from parent	-	1	1
Other paid-in capital, end of year	191	191	190
Preferred Stock Not Subject to Mandatory Redemption	50	50	50
Retained Earnings:			
Beginning of year	276	302	329
Cumulative effect adjustment	-	-	(12)
Beginning of year – as adjusted	276	302	317
Net income	15	17	38
Common stock dividends	-	(40)	(50)
Preferred stock dividends	(3)	(3)	(3)
Retained earnings, end of year	288	276	302
Accumulated Other Comprehensive Income:			
Derivative financial instruments, beginning of year	-	1	7
Change in derivative financial instruments	-	(1)	(6)
Derivative financial instruments, end of year	-	-	1
Minimum pension liability, beginning of year	-	-	(6)
Change in minimum pension liability	-	-	6
Minimum pension liability, end of year	-	-	-
Total accumulated other comprehensive income, end of year	-	-	1
Total Stockholders' Equity	$ 529	$ 517	$ 543
Comprehensive Income, Net of Taxes:			
Net income	$ 15	$ 17	$ 38
Unrealized net (loss) on derivative hedging instruments, net of income taxes (benefit) of $-, $-, and $(3), respectively	-	-	(5)
Reclassification adjustments for (gains) included in net income, net of income taxes of $-, $1, and $1, respectively	-	(1)	(1)
Minimum pension liability adjustment, net of income taxes of $-, $-, and $4, respectively	-	-	6
Total Comprehensive Income, Net of Taxes	$ 15	$ 16	$ 38

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

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

	Year Ended December 31,		
	2008	2007	2006
Operating Revenues	$ 908	$ 876	$ 992
Operating Expenses:			
Fuel	377	344	298
Coal contract settlement	(60)	-	-
Purchased power	-	23	320
Other operations and maintenance	175	163	153
Depreciation and amortization	65	69	72
Taxes other than income taxes	21	19	18
Total operating expenses	578	618	861
Operating Income	330	258	131
Other Income and Expenses:			
Miscellaneous income	1	-	-
Miscellaneous expense	(1)	-	-
Total other income	-	-	-
Interest Charges	55	55	60
Income Before Income Taxes	275	203	71
Income Taxes	100	78	22
Net Income	$ 175	$ 125	$ 49

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

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

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2	$ 2
Accounts receivable – affiliates	88	93
Miscellaneous accounts and notes receivable	15	12
Materials and supplies	122	93
Other current assets	10	4
Total current assets	237	204
Property and Plant, Net	1,950	1,683
Intangible Assets	49	63
Other Assets	8	18
TOTAL ASSETS	$ 2,244	$ 1,968
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Short-term debt	$ -	$ 100
Current portion of intercompany note payable – CIPS	42	39
Borrowings from money pool	80	54
Accounts and wages payable	82	61
Accounts payable – affiliates	58	57
Current portion of intercompany tax payable – CIPS	9	9
Taxes accrued	16	15
Other current liabilities	43	30
Total current liabilities	330	365
Long-term Debt, Net	774	474
Intercompany Note Payable – CIPS	45	87
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	136	161
Accumulated deferred investment tax credits	6	7
Intercompany tax payable – CIPS	93	105
Asset retirement obligations	49	47
Pension and other postretirement benefits	67	32
Other deferred credits and liabilities	49	42
Total deferred credits and other liabilities	400	394
Commitments and Contingencies (Notes 2, 14 and 15)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 2,000 shares outstanding	-	-
Other paid-in capital	503	503
Retained earnings	241	167
Accumulated other comprehensive loss	(49)	(22)
Total stockholder's equity	695	648
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 2,244	$ 1,968

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

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

	Year Ended December 31,		
	2008	**2007**	**2006**
Cash Flows From Operating Activities:			
Net income	$ 175	$ 125	$ 49
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of emission allowances	(2)	(2)	(1)
Net mark-to-market (gain) loss on derivatives	16	(2)	5
Depreciation and amortization	92	101	104
Deferred income taxes and investment tax credits, net	14	30	25
Other	-	1	(1)
Changes in assets and liabilities:			
Receivables	(13)	10	16
Materials and supplies	(29)	3	(23)
Accounts and wages payable	(11)	(4)	3
Taxes accrued, net	(4)	(7)	(15)
Assets, other	10	3	(29)
Liabilities, other	(5)	(8)	(1)
Pension and other postretirement benefits	1	5	6
Net cash provided by operating activities	244	255	138
Cash Flows From Investing Activities:			
Capital expenditures	(317)	(191)	(85)
Purchases of emission allowances	(13)	(20)	(26)
Sales of emission allowances	2	1	1
Net cash used in investing activities	(328)	(210)	(110)
Cash Flows From Financing Activities:			
Dividends on common stock	(101)	(113)	(113)
Debt issuance costs	(2)	-	-
Short-term debt, net	(100)	100	-
Money pool borrowings, net	26	(69)	(80)
Intercompany note payable – CIPS	(39)	(37)	(34)
Issuances of long-term debt	300	-	-
Capital contribution from parent	-	75	200
Net cash provided by (used in) financing activities	84	(44)	(27)
Net change in cash and cash equivalents	-	1	1
Cash and cash equivalents at beginning of year	2	1	-
Cash and cash equivalents at end of year	$ 2	$ 2	$ 1
Cash Paid During the Year:			
Interest	$ 61	$ 59	$ 51
Income taxes, net	62	49	8

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

AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
(In millions)

	December 31, 2008	2007	2006
Common Stock	$ -	$ -	$ -
Other Paid-in Capital:			
Beginning of year	503	428	228
Capital contribution from Ameren	-	75	200
Other paid-in capital, end of year	503	503	428
Retained Earnings:			
Beginning of year	167	156	220
Net income	175	125	49
Common stock dividends	(101)	(113)	(113)
Adjustment to adopt FIN 48	-	(1)	-
Retained earnings, end of year	241	167	156
Accumulated Other Comprehensive Loss:			
Derivative financial instruments, beginning of year	(1)	3	2
Change in derivative financial instruments	(5)	(4)	1
Derivative financial instruments, end of year	(6)	(1)	3
Minimum pension liability, beginning of year	-	-	(6)
Change in minimum pension liability	-	-	6
Minimum pension liability, end of year	-	-	-
Deferred retirement benefit costs, beginning of year	(21)	(24)	-
Adjustment to adopt SFAS No. 158	-	-	(24)
Change in deferred retirement benefit costs	(22)	3	-
Deferred retirement benefit costs, end of year	(43)	(21)	(24)
Total accumulated other comprehensive loss, end of year	(49)	(22)	(21)
Total Stockholder's Equity	$ 695	$ 648	$ 563
Comprehensive Income, Net of Taxes:			
Net income	$ 175	$ 125	$ 49
Unrealized net gain (loss) on derivative hedging instruments, net of income taxes (benefit) of $-, $(2), and $2, respectively	-	(3)	3
Reclassification adjustments for derivative gains included in net income, net of income taxes of $3, $1, and $1, respectively	(5)	(1)	(2)
Minimum pension liability, net of income taxes of $-, $-, and $4, respectively	-	-	6
Pension and other postretirement activity, net of taxes (benefit) of $(19), $5, and $-, respectively	(22)	3	-
Total Comprehensive Income, Net of Taxes	$ 148	$ 124	$ 56

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

CILCORP INC.
CONSOLIDATED STATEMENT OF INCOME
(In millions)

	Year Ended December 31, 2008	2007	2006
Operating Revenues:			
Electric	$ 771	$ 681	$ 413
Gas	375	329	333
Other	1	1	1
Total operating revenues	1,147	1,011	747
Operating Expenses:			
Fuel	126	77	109
Purchased power	291	281	49
Gas purchased for resale	284	237	246
Other operations and maintenance	220	181	179
Depreciation and amortization	81	78	75
Taxes other than income taxes	25	23	25
Total operating expenses	1,027	877	683
Operating Income	120	134	64
Other Income and Expenses:			
Miscellaneous income	2	5	2
Miscellaneous expense	(5)	(5)	(4)
Total other expenses	(3)	-	(2)
Interest Charges	55	64	52
Income Before Income Taxes and Preferred Dividends of Subsidiaries	62	70	10
Income Taxes (Benefit)	19	21	(11)
Income Before Preferred Dividends of Subsidiaries	43	49	21
Preferred Dividends of Subsidiaries	1	2	2
Net Income	$ 42	$ 47	$ 19

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

CILCORP INC.
CONSOLIDATED BALANCE SHEET
(In millions, except shares)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 6
Accounts receivable – trade (less allowance for doubtful accounts of $3 and $2, respectively)	60	52
Unbilled revenue	65	54
Accounts and notes receivable – affiliates	59	48
Advances to money pool	2	1
Materials and supplies	131	110
Deferred taxes – current	24	17
Other current assets	27	23
Total current assets	368	311
Property and Plant, Net	1,710	1,494
Investments and Other Assets:		
Goodwill	542	542
Intangible assets	35	41
Regulatory assets	188	32
Other assets	22	39
Total investments and other assets	787	654
TOTAL ASSETS	$ 2,865	$ 2,459
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 126	$ -
Short-term debt	286	520
Borrowings from money pool	98	-
Intercompany note payable – Ameren	152	2
Accounts and wages payable	117	75
Accounts payable – affiliates	84	34
Taxes accrued	4	3
Other current liabilities	97	54
Total current liabilities	964	688
Long-term Debt, Net	536	537
Preferred Stock of Subsidiary Subject to Mandatory Redemption	-	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	212	193
Accumulated deferred investment tax credits	5	6
Regulatory liabilities	59	92
Pension and other postretirement benefits	216	127
Other deferred credits and liabilities	104	66
Total deferred credits and other liabilities	596	484
Preferred Stock of Subsidiary Not Subject to Mandatory Redemption	19	19
Commitments and Contingencies (Notes 2, 14 and 15)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 1,000 shares outstanding	-	-
Other paid-in capital	627	627
Retained earnings	100	58
Accumulated other comprehensive income	23	30
Total stockholder's equity	750	715
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 2,865	$ 2,459

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

CILCORP INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

	Year Ended December 31, 2008	2007	2006
Cash Flows From Operating Activities:			
Net income	$ 42	$ 47	$ 19
Adjustments to reconcile net income to net cash provided by operating activities:			
Net mark-to-market loss on derivatives	9	-	1
Depreciation and amortization	81	87	91
Amortization of debt issuance costs and premium/discounts	1	1	1
Deferred income taxes and investment tax credits	20	(5)	10
Loss on asset impairments	14	-	-
Other	-	1	8
Changes in assets and liabilities:			
Receivables	(32)	(45)	36
Materials and supplies	(21)	(17)	(8)
Accounts and wages payable	65	(21)	(8)
Taxes accrued, net	11	(2)	1
Assets, other	(10)	10	-
Liabilities, other	15	(12)	-
Pension and postretirement benefits	(11)	(12)	(18)
Net cash provided by operating activities	184	32	133
Cash Flows From Investing Activities:			
Capital expenditures	(319)	(254)	(119)
Proceeds from affiliate note receivable	-	-	71
Money pool advances, net	(1)	41	(42)
Purchases of emission allowances	-	-	(12)
Sales of emission allowances	-	-	1
Other	2	-	11
Net cash used in investing activities	(318)	(213)	(90)
Cash Flows From Financing Activities:			
Dividends on common stock	-	-	(50)
Capital issuance costs	(1)	-	(2)
Short-term debt, net	(234)	305	215
Intercompany note payable – Ameren, net	150	(71)	(113)
Money pool borrowings, net	98	-	(154)
Redemptions, repurchases, and maturities of:			
Long-term debt	(19)	(50)	(33)
Preferred stock	(16)	(1)	(1)
Issuances of long-term debt	150	-	96
Net cash provided by (used in) financing activities	128	183	(42)
Net change in cash and cash equivalents	(6)	2	1
Cash and cash equivalents at beginning of year	6	4	3
Cash and cash equivalents at end of year	$ -	$ 6	$ 4
Cash Paid (Refunded) During the Year:			
Interest	$ 72	$ 50	$ 53
Income taxes, net	(33)	16	(4)

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

CILCORP INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY
(In millions)

	December 31, 2008	December 31, 2007	December 31, 2006
Common Stock	$ -	$ -	$ -
Other Paid-in Capital:			
Beginning of year	627	627	640
Common stock dividends	-	-	(42)
Contribution from intercompany sale of leveraged leases	-	-	29
Other paid-in capital, end of year	627	627	627
Retained Earnings:			
Beginning of year	58	11	-
Net income	42	47	19
Common stock dividends	-	-	(8)
Retained earnings, end of year	100	58	11
Accumulated Other Comprehensive Income:			
Derivative financial instruments, beginning of year	1	4	25
Change in derivative financial instruments	(1)	(3)	(21)
Derivative financial instruments, end of year	-	1	4
Minimum pension liability, beginning of year	-	-	(2)
Change in minimum pension liability	-	-	2
Minimum pension liability, end of year	-	-	-
Deferred retirement benefit costs, beginning of year	29	29	-
Adjustment to adopt SFAS No. 158	-	-	29
Change in deferred retirement benefit costs	(6)	-	-
Deferred retirement benefit costs, end of year	23	29	29
Total accumulated other comprehensive income, end of year	23	30	33
Total Stockholder's Equity	$ 750	$ 715	$ 671
Comprehensive Income, Net of Taxes:			
Net income	$ 42	$ 47	$ 19
Unrealized net (loss) on derivative hedging instruments, net of income taxes (benefit) of $-, $(1), and $(13), respectively	-	(1)	(20)
Reclassification adjustments for derivative (gains) included in net income, net of income taxes of $1, $1, and $1, respectively	(1)	(2)	(1)
Minimum pension liability adjustment, net of income taxes of $-, $-, and $2, respectively	-	-	2
Pension and other postretirement activity, net of taxes (benefit) of $(5), $-, and $-, respectively	(6)	-	-
Total Comprehensive Income, Net of Taxes	$ 35	$ 44	$ -

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

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED STATEMENT OF INCOME
(In millions)

	Year Ended December 31,		
	2008	2007	2006
Operating Revenues:			
Electric	$ 771	$ 681	$ 413
Gas	375	329	333
Other	1	1	1
Total operating revenues	1,147	1,011	747
Operating Expenses:			
Fuel	121	71	99
Purchased power	291	280	49
Gas purchased for resale	284	237	246
Other operations and maintenance	217	184	180
Depreciation and amortization	77	73	70
Taxes other than income taxes	25	23	25
Total operating expenses	1,015	868	669
Operating Income	132	143	78
Other Income and Expenses:			
Miscellaneous income	2	5	1
Miscellaneous expense	(5)	(6)	(4)
Total other expenses	(3)	(1)	(3)
Interest Charges	21	27	18
Income Before Income Taxes	108	115	57
Income Taxes	39	39	10
Net Income	69	76	47
Preferred Stock Dividends	1	2	2
Net Income Available to Common Stockholder	$ 68	$ 74	$ 45

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

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED BALANCE SHEET
(In millions)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ -	$ 6
Accounts receivable – trade (less allowance for doubtful accounts of $3 and $2, respectively)	60	52
Unbilled revenue	65	54
Accounts receivable – affiliates	51	45
Materials and supplies	131	110
Other current assets	42	27
Total current assets	349	294
Property and Plant, Net	1,734	1,492
Investments and Other Assets:		
Intangible assets	1	1
Regulatory assets	188	32
Other assets	22	43
Total investments and other assets	211	76
TOTAL ASSETS	$ 2,294	$ 1,862
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 236	$ 345
Borrowings from money pool	98	-
Accounts and wages payable	117	75
Accounts payable – affiliates	83	34
Taxes accrued	8	3
Other current liabilities	88	45
Total current liabilities	630	502
Long-term Debt, Net	279	148
Preferred Stock Subject to Mandatory Redemption	-	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	171	155
Accumulated deferred investment tax credits	5	6
Regulatory liabilities	206	220
Pension and other postretirement benefits	216	127
Other deferred credits and liabilities	103	66
Total deferred credits and other liabilities	701	574
Commitments and Contingencies (Notes 2, 14 and 15)		
Stockholders' Equity:		
Common stock, no par value, 20.0 shares authorized – 13.6 shares outstanding	-	-
Other paid-in capital	429	429
Preferred stock not subject to mandatory redemption	19	19
Retained earnings	240	172
Accumulated other comprehensive income (loss)	(4)	2
Total stockholders' equity	684	622
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,294	$ 1,862

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

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2008	**2007**	**2006**
Cash Flows From Operating Activities:			
Net income	**$ 69**	$ 76	$ 47
Adjustments to reconcile net income to net cash provided by operating activities:			
Net mark-to-market loss on derivatives	**9**	-	1
Depreciation and amortization	**77**	74	82
Amortization of debt issuance costs and premium/discounts	**1**	1	1
Deferred income taxes and investment tax credits, net	**15**	(1)	13
Loss on asset impairment	**12**	-	-
Other	**-**	-	5
Changes in assets and liabilities:			
Receivables	**(27)**	(42)	33
Materials and supplies	**(21)**	(17)	(8)
Accounts and wages payable	**65**	(6)	(19)
Taxes accrued, net	**12**	(2)	-
Assets, other	**(7)**	2	13
Liabilities, other	**15**	(12)	(15)
Pension and postretirement benefits	**(11)**	1	-
Net cash provided by operating activities	**209**	74	153
Cash Flows From Investing Activities:			
Capital expenditures	**(319)**	(254)	(119)
Money pool advances, net	**-**	42	(42)
Purchases of emission allowances	**-**	-	(12)
Sales of emission allowances	**-**	-	1
Other	**2**	-	11
Net cash used in investing activities	**(317)**	(212)	(161)
Cash Flows From Financing Activities:			
Dividends on common stock	**-**	-	(65)
Dividends on preferred stock	**(1)**	(2)	(2)
Capital issuance costs	**(1)**	-	(2)
Short-term debt, net	**(109)**	180	165
Money pool borrowings, net	**98**	-	(161)
Redemptions, repurchases, and maturities of:			
Long-term debt	**(19)**	(50)	(21)
Preferred stock	**(16)**	(1)	(1)
Issuances of long-term debt	**150**	-	96
Capital contribution from parent	**-**	14	-
Net cash provided by financing activities	**102**	141	9
Net change in cash and cash equivalents	**(6)**	3	1
Cash and cash equivalents at beginning of year	**6**	3	2
Cash and cash equivalents at end of year	**$ -**	$ 6	$ 3
Cash Paid (Refunded) During the Year:			
Interest	**$ 32**	$ 38	$ 19
Income taxes, net	**(15)**	35	17

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

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)

	December 31, 2008	2007	2006
Common Stock	$ -	$ -	$ -
Other Paid-in Capital:			
Beginning of year	429	415	415
Capital contribution from parent	-	14	-
Other paid-in capital, end of year	429	429	415
Preferred Stock Not Subject to Mandatory Redemption	19	19	19
Retained Earnings:			
Beginning of year	172	99	119
Net income	69	76	47
Common stock dividends	-	-	(65)
Preferred stock dividends	(1)	(2)	(2)
Adjustment to adopt FIN 48	-	(1)	-
Retained earnings, end of year	240	172	99
Accumulated Other Comprehensive Income (Loss):			
Derivative financial instruments, beginning of year	1	4	25
Change in derivative financial instruments	(1)	(3)	(21)
Derivative financial instruments, end of year	-	1	4
Minimum pension liability, beginning of year	-	-	(16)
Change in minimum pension liability	-	-	16
Minimum pension liability, end of year	-	-	-
Deferred retirement benefit costs, beginning of year	1	(2)	-
Adjustment to adopt SFAS No. 158	-	-	(2)
Change in deferred retirement benefit costs	(5)	3	-
Deferred retirement benefit costs, end of year	(4)	1	(2)
Total accumulated other comprehensive income (loss), end of year	(4)	2	2
Total Stockholders' Equity	$ 684	$ 622	$ 535
Comprehensive Income, Net of Taxes:			
Net income	$ 69	$ 76	$ 47
Unrealized net (loss) on derivative hedging instruments, net of income taxes (benefit) of $-, $(1), and $(13), respectively	-	(1)	(20)
Reclassification adjustments for derivative (gains) included in net income, net of income taxes of $1, $1, and $1, respectively	(1)	(2)	(1)
Minimum pension liability adjustment, net of income taxes of $-, $-, and $10, respectively	-	-	16
Pension and other postretirement activity, net of taxes (benefit) of $(4), $2, and $-, respectively	(5)	3	-
Total Comprehensive Income, Net of Taxes	$ 63	$ 76	$ 42

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

ILLINOIS POWER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(In millions)

	Year Ended December 31,		
	2008	2007	2006
Operating Revenues:			
Electric	**$ 1,071**	$ 1,104	$ 1,149
Gas	**620**	540	543
Other	**5**	2	2
Total operating revenues	**1,696**	1,646	1,694
Operating Expenses:			
Purchased power	**654**	714	738
Gas purchased for resale	**452**	390	394
Other operations and maintenance	**318**	271	271
Depreciation and amortization	**85**	80	77
Amortization of regulatory assets	**17**	16	-
Taxes other than income taxes	**67**	66	73
Total operating expenses	**1,593**	1,537	1,553
Operating Income	**103**	109	141
Other Income and Expenses:			
Miscellaneous income	**11**	14	6
Miscellaneous expense	**(5)**	(5)	(4)
Total other income	**6**	9	2
Interest Charges	**99**	77	49
Income Before Income Taxes	**10**	41	94
Income Taxes	**5**	15	37
Net Income	**5**	26	57
Preferred Stock Dividends	**2**	2	2
Net Income Available to Common Stockholder	**$ 3**	$ 24	$ 55

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

ILLINOIS POWER COMPANY
CONSOLIDATED BALANCE SHEET
(In millions)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 50	$ 6
Accounts receivable – trade (less allowance for doubtful accounts of $12 and $9, respectively)	152	137
Unbilled revenue	133	118
Accounts receivable – affiliates	23	17
Advances to money pool	44	-
Materials and supplies	144	134
Other current assets	77	38
Total current assets	623	450
Property and Plant, Net	2,329	2,220
Investments and Other Assets:		
Goodwill	214	214
Regulatory assets	553	316
Other assets	47	119
Total investments and other assets	814	649
TOTAL ASSETS	$ 3,766	$ 3,319
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 250	$ -
Current maturities of long-term debt payable to IP SPT	-	56
Short-term debt	-	175
Accounts and wages payable	94	85
Accounts payable – affiliates	105	36
Taxes accrued	8	7
Customer deposits	50	40
Mark-to-market derivative liabilities	36	8
Mark-to-market derivative liabilities – affiliates	20	-
Other current liabilities	85	32
Total current liabilities	648	439
Long-term Debt, Net	1,150	1,014
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	176	148
Regulatory liabilities	76	129
Pension and other postretirement benefits	314	189
Other deferred credits and liabilities	151	92
Total deferred credits and other liabilities	717	558
Commitments and Contingencies (Notes 2, 14 and 15)		
Stockholders' Equity:		
Common stock, no par value, 100.0 shares authorized – 23.0 shares outstanding	-	-
Other paid-in-capital	1,194	1,194
Preferred stock not subject to mandatory redemption	46	46
Retained earnings	7	64
Accumulated other comprehensive income	4	4
Total stockholders' equity	1,251	1,308
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,766	$ 3,319

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

ILLINOIS POWER COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2008	**2007**	**2006**
Cash Flows From Operating Activities:			
Net income	**$ 5**	$ 26	$ 57
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**93**	105	21
Amortization of debt issuance costs and premium/discounts	**9**	8	4
Deferred income taxes	**26**	4	75
Other	**-**	(1)	-
Changes in assets and liabilities:			
Receivables	**(36)**	(65)	71
Materials and supplies	**(10)**	(12)	-
Accounts and wages payable	**57**	(44)	(17)
Taxes accrued, net	**3**	-	(8)
Assets, other	**(8)**	(16)	(13)
Liabilities, other	**46**	28	(8)
Pension and other postretirement benefits	**(5)**	(5)	(10)
Net cash provided by operating activities	**180**	28	172
Cash Flows From Investing Activities:			
Capital expenditures	**(186)**	(178)	(179)
Money pool advances, net	**(44)**	-	-
Other	**(3)**	(2)	(1)
Net cash used in investing activities	**(233)**	(180)	(180)
Cash Flows From Financing Activities:			
Dividends on common stock	**(60)**	(61)	-
Dividends on preferred stock	**(2)**	(2)	(2)
Capital issuance costs	**(5)**	(2)	(1)
Short-term debt, net	**(175)**	100	75
Money pool borrowings, net	**-**	(43)	(32)
Redemptions, repurchases and maturities of long-term debt	**(337)**	-	-
Issuance of long-term debt	**730**	250	75
IP SPT maturities	**(54)**	(87)	(86)
Overfunding of TFNs	**-**	3	(21)
Net cash provided by financing activities	**97**	158	8
Net change in cash and cash equivalents	**44**	6	-
Cash and cash equivalents at beginning of year	**6**	-	-
Cash and cash equivalents at end of year	**$ 50**	$ 6	$ -
Cash Paid (Refunded) During the Year:			
Interest	**$ 76**	$ 66	$ 39
Income taxes, net	**(43)**	18	(9)

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

ILLINOIS POWER COMPANY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In millions)

	December 31, 2008	2007	2006
Common Stock	**$ -**	$ -	$ -
Other Paid-in Capital:			
Beginning of year	**1,194**	1,194	1,196
Other	**-**	-	(2)
Other paid-in capital, end of year	**1,194**	1,194	1,194
Preferred Stock Not Subject to Mandatory Redemption	**46**	46	46
Retained Earnings:			
Beginning of year	**64**	101	46
Net income	**5**	26	57
Common stock dividends	**(60)**	(61)	-
Preferred stock dividends	**(2)**	(2)	(2)
Retained earnings, end of year	**7**	64	101
Accumulated Other Comprehensive Income:			
Derivative financial instruments, beginning of year	**-**	-	(1)
Change in derivative financial instruments	**-**	-	1
Derivative financial instruments, end of year	**-**	-	-
Deferred retirement benefit costs, beginning of year	**4**	5	-
Adjustment to adopt SFAS No. 158	**-**	-	5
Change in deferred retirement benefit costs	**-**	(1)	-
Deferred retirement benefit costs, end of year	**4**	4	5
Total accumulated other comprehensive income, end of year	**4**	4	5
Total Stockholders' Equity	**$ 1,251**	$ 1,308	$ 1,346
Comprehensive Income, Net of Taxes:			
Net income	**$ 5**	$ 26	$ 57
Unrealized net (loss) on derivative hedging instruments, net of income taxes (benefit) of $-, $-, and $(1), respectively	**-**	-	(2)
Reclassification adjustments for derivative losses included in net income, net of income taxes (benefit) of $-, $-, and $(2), respectively	**-**	-	3
Pension and other postretirement activity, net of taxes of $-, $-, and $-, respectively	**-**	(1)	-
Total Comprehensive Income, Net of Taxes	**$ 5**	$ 25	$ 58

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

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

COMBINED NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

- UE, or Union Electric Company, also known as AmerenUE, operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri. UE was incorporated in Missouri in 1922 and is successor to a number of companies, the oldest of which was organized in 1881. It is the largest electric utility in the state of Missouri. It supplies electric and gas service to a 24,000-square-mile area located in central and eastern Missouri. This area has an estimated population of 2.8 million and includes the Greater St. Louis area. UE supplies electric service to 1.2 million customers and natural gas service to 126,000 customers.
- CIPS, or Central Illinois Public Service Company, also known as AmerenCIPS, operates a rate-regulated electric and natural gas transmission and distribution business in Illinois. CIPS was incorporated in Illinois in 1902. It supplies electric and gas utility service to portions of central, west central and southern Illinois having an estimated population of 1.1 million in an area of 20,500 square miles. CIPS supplies electric service to 393,000 customers and natural gas service to 185,000 customers.
- Genco, or Ameren Energy Generating Company, operates a non-rate-regulated electric generation business in Illinois and Missouri. Genco was incorporated in Illinois in March 2000. Genco owns 2,557 megawatts of coal-fired electric generating capacity and 1,663 megawatts of natural gas and oil-fired electric generating capacity.
- CILCO, or Central Illinois Light Company, also known as AmerenCILCO, is a subsidiary of CILCORP (a holding company). It operates a rate-regulated electric transmission and distribution business, a non-rate-regulated electric generation business, and a rate-regulated natural gas transmission and distribution business in Illinois. CILCO was incorporated in Illinois in 1913. It supplies electric and gas utility service to portions of central and east central Illinois in areas of 3,700 and 4,500 square miles, respectively, with an estimated population of 0.6 million. CILCO supplies electric service to 214,000 customers and natural gas service to 216,000 customers. AERG, a non-rate-regulated wholly-owned subsidiary of CILCO, owns 1,125 megawatts of coal-fired electric generating capacity and 15 megawatts of oil-fired electric generating capacity. CILCORP was incorporated in Illinois in 1985.
- IP, or Illinois Power Company, also known as AmerenIP, operates a rate-regulated electric and natural gas transmission and distribution business in Illinois. IP was incorporated in 1923 in Illinois. It supplies electric and gas utility service to portions of central, east central and southern Illinois, serving a population of 1.5 million in an area of 15,000 square miles, contiguous to our other service territories. IP supplies electric service to 627,000 customers and natural gas service to 421,000 customers, including most of the Illinois portion of the Greater St. Louis area.

Ameren has various other subsidiaries responsible for the short- and long-term marketing of power, procurement of fuel, management of commodity risks, and provision of other shared services. Ameren has an 80% ownership interest in EEI, which until February 29, 2008, was held 40% by UE and 40% by Development Company. Ameren consolidates EEI for financial reporting purposes. UE reported EEI under the equity method until February 29, 2008. Effective February 29, 2008, UE's and Development Company's ownership interests in EEI were transferred to Resources Company through an internal reorganization. UE's interest in EEI was transferred at book value indirectly through a dividend to Ameren. See Note 14 – Related Party Transactions for additional information.

The following table presents summarized financial information of EEI (in millions):

For the years ended December 31,	2008	2007	2006
Operating revenues	**$ 520**	$ 427	$ 371
Operating income	**226**	216	227
Net income	**142**	136	136
As of December 31,			
Current assets	**$ 76**	$ 69	$ 58
Noncurrent assets	**140**	124	108
Current liabilities	**93**	60	70
Noncurrent liabilities	**43**	10	17

The financial statements of Ameren, Genco, CILCORP and CILCO are prepared on a consolidated basis. CIPS has no subsidiaries and therefore is not consolidated. UE had a subsidiary in 2007 and 2006 (Union Electric Development Corporation), but in January 2008 this subsidiary was transferred to Ameren in the form of a stock dividend. In March 2008 it was merged into an Ameren nonregistrant subsidiary. Accordingly, UE's financial statements were prepared on a consolidated basis for 2007 and 2006 only. IP had a subsidiary in 2007 and 2006 (Illinois Gas Supply Company) that was dissolved at December 31, 2007. Accordingly, IP's financial statements were prepared on a consolidated basis for 2007 and 2006 only. All significant intercompany transactions have been eliminated. All tabular dollar amounts are in millions, unless otherwise indicated.

Our accounting policies conform to GAAP. Our financial statements reflect all adjustments (which include normal, recurring adjustments) that are necessary, in our opinion, for a fair presentation of our results. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Regulation

Certain Ameren subsidiaries are regulated by the MoPSC, the ICC, the NRC, and FERC. In accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," UE, CIPS, CILCO and IP defer certain costs pursuant to actions of our rate regulators. These companies are currently recovering such costs in rates charged to customers. See Note 2 – Rate and Regulatory Matters for further information.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and temporary investments purchased with an original maturity of three months or less.

Allowance for Doubtful Accounts Receivable

The allowance for doubtful accounts represents our best estimate of existing accounts receivable that will ultimately be uncollectible. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables, including unbilled revenue. The write-off factors used to estimate uncollectible accounts are based upon consideration of both historical collections experience and management's best estimate of future collections success given the existing collections environment.

Materials and Supplies

Materials and supplies are recorded at the lower of cost or market. Cost is determined using the average-cost method. Materials are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate, when installed. The following table presents a breakdown of materials and supplies for each of the Ameren Companies at December 31, 2008 and 2007:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP
2008:							
Fuel(b)	$ 290	$ 139	$ -	$ 92	$ 32	$ 32	$ -
Gas stored underground	277	32	54	-	75	75	117
Other materials and supplies	275	168	16	30	24	24	27
	$ 842	$ 339	$ 70	$ 122	$ 131	$ 131	$ 144
2007:							
Fuel(b)	$ 253	$ 129	$ -	$ 67	$ 36	$ 36	$ -
Gas stored underground	245	30	52	-	52	52	110
Other materials and supplies	237	142	14	26	22	22	24
	$ 735	$ 301	$ 66	$ 93	$ 110	$ 110	$ 134

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries.
(b) Consists of coal, oil, paint, propane, and tire chips.

Property and Plant

We capitalize the cost of additions to and betterments of units of property and plant. The cost includes labor, material, applicable taxes, and overhead. An allowance for funds used during construction, or the cost of borrowed funds and the cost of equity funds (preferred and common stockholders' equity) applicable to rate-regulated construction expenditures, is also added for our rate-regulated assets. Interest during construction is added for non-rate-regulated assets. Maintenance expenditures, including nuclear refueling and maintenance outages, are expensed as incurred. When units of depreciable property are retired, the original costs, less salvage value, are charged to accumulated depreciation. Asset removal costs incurred by our non-rate-regulated operations that do not constitute legal obligations are expensed as incurred. Asset removal costs accrued by our rate-regulated operations that do not constitute legal obligations are classified as a regulatory liability. See Asset Retirement Obligations below and Note 3 – Property and Plant, Net, for further information.

Depreciation

Depreciation is provided over the estimated lives of the various classes of depreciable property by applying composite rates on a straight-line basis. The provision for depreciation for the Ameren Companies in 2008, 2007 and 2006 generally ranged from 3% to 4% of the average depreciable cost. Due to the ICC consolidated electric and gas rate order that became effective on October 1, 2008, 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).

Allowance for Funds Used During Construction

In our rate-regulated operations, we capitalize the allowance for funds used during construction, as is the utility industry accounting practice. Allowance for funds used during construction does not represent a current source of cash funds. This accounting practice offsets the effect on earnings of the cost of financing current construction, and it treats such financing costs in the same manner as construction charges for labor and materials.

Under accepted ratemaking practice, cash recovery of allowance for funds used during construction and other construction costs occurs when completed projects are placed in service and reflected in customer rates. The following table presents the allowance for funds used during construction rates that were utilized during 2008, 2007 and 2006:

	2008	2007	2006
Ameren	1% - 7%	6% - 7%	6% - 9%
UE	7	6	6
CIPS	1	6	9
CILCORP/CILCO	1	7	6
IP	5	6	6

Goodwill and Intangible Assets

Goodwill. Goodwill represents the excess of the purchase price of an acquisition over the fair value of the net assets acquired. As of December 31, 2008, Ameren, CILCORP, and IP had goodwill of $831 million, $542 million, and $214 million, respectively. Ameren's and IP's goodwill relates to the acquisition of IP in 2004. Ameren's and CILCORP's goodwill relates to the acquisition of CILCORP in 2003. Ameren's goodwill also includes an additional 20% ownership interest in EEI acquired in 2004 as well as the acquisition of Medina Valley in 2003.

In accordance with the specific provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," we test goodwill for impairment at the reporting unit level. Ameren has identified three reporting units, which also represent Ameren's reportable segments and operating segments under SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." The Ameren reporting units include Missouri Regulated, Illinois Regulated, and Non-rate-regulated Generation. Ameren's reporting units have been defined and goodwill is evaluated at the operating segment level because we believe the components within each operating segment have similar economic characteristics. The following table details how goodwill has been assigned to the reporting units:

	Missouri Regulated	Illinois Regulated	Non-rate-regulated Generation	Total
Ameren	$ -	$ 411	$ 420[a]	$ 831[a]
CILCORP	-	197	345	542
IP	-	214	-	214

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

We evaluate goodwill for impairment as of October 31 of each year, or more frequently if events and circumstances indicate that the asset might be impaired. Impairment testing of goodwill is a two-step process. The first step involves a comparison of the estimated fair value of a reporting unit with its carrying amount. If the estimated fair value of the reporting unit exceeds the carrying value, goodwill of the reporting unit is considered unimpaired. If the carrying amount of the reporting unit exceeds its estimated fair value, the second step is performed to measure the amount of impairment, if any. The second step requires a calculation of the implied fair value of goodwill.

The goodwill impairment test performed in the fourth quarter of 2008 did not require a second step assessment; it indicated no impairment of Ameren's, CILCORP's or IP's goodwill. The fair value of Ameren's, CILCORP's and IP's reporting units was estimated based on a probability-weighted discounted cash flow model that considered multiple operating scenarios. Key assumptions in the determination of fair value included the use of an appropriate discount rate, estimated five-year future cash flows, and an exit value based on observable market multiples. We use our best estimates in making these evaluations and consider various factors, including forward price curves for energy, fuel costs, the regulatory environment, and operating costs. The failure to achieve projected future operating results and cash flows, or adjustments to other valuation assumptions, could change our estimate of reporting unit fair value, in which case we might be required, at a later date, to record an impairment charge related to goodwill.

At Ameren and IP, either (1) a decrease in the forecasted cash flows of ten percent, (2) an increase in the discount rate of one percentage point, or (3) a decrease of the market multiple by one would not have resulted in the carrying value of any of the reporting units exceeding their fair values.

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. As a result, the failure in the future of either of these reporting units to achieve forecasted operating results and cash flows may reduce its estimated fair value below its carrying value and would likely result in the recognition of a goodwill impairment charge. CILCORP will continue to monitor the actual and forecasted operating results and cash flows and observable market multiples of these reporting units for signs of possible declines in estimated fair value and potential goodwill impairment. Ameren 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.

Intangible Assets. We evaluate intangible assets for impairment if events or changes in circumstances indicate that their carrying amount might be impaired. Ameren's, UE's, Genco's, CILCORP's and CILCO's intangible assets at December 31, 2008 and 2007, consisted of emission allowances. See also Note 15 – Commitments and Contingencies for additional information on emission allowances.

The following table presents the SO_2 and NO_x emission allowances held and the related aggregate SO_2 and NO_x emission allowance book values that were carried as intangible assets as of December 31, 2008. Emission allowances consist of various individual emission allowance certificates and do not have expiration dates. Emission allowances are charged to fuel expense as they are used in operations.

SO_2 and NO_x in tons	SO_2(a)	NO_x(b)	Book Value(c)
Ameren(d)	3,014,000	15,035	$167(e)
UE	1,640,000	5,505	48
Genco	720,000	8,125	49
CILCORP(f)	337,000	209	35
CILCO (AERG)	337,000	209	1
EEI	317,000	1,196	9

(a) Vintages are from 2008 to 2018. Each company possesses additional allowances for use in periods beyond 2018.
(b) Vintage is 2008.
(c) The book value at December 31, 2008, represents SO_2 and NO_x emission allowances for use in periods through 2031. The book value at December 31, 2007, for Ameren, UE, Genco, CILCORP, CILCO (AERG), and EEI was $198 million, $56 million, $63 million, $41 million, $1 million, and $9 million, respectively.
(d) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(e) Includes $26 million of fair-market value adjustments recorded in connection with Ameren's acquisition of an additional 20% ownership interest in EEI.
(f) Includes fair-market value adjustments recorded in connection with Ameren's acquisition of CILCORP.

The following table presents the amortization expense based on usage of emission allowances, net of gains from emission allowance sales, for Ameren, UE, Genco, CILCORP, and CILCO (AERG) during the years ended December 31, 2008, 2007, and 2006:

	2008	2007	2006
Ameren(a)(b)	**$ 28**	$ 35	$ (3)
UE	**(5)**	(5)	(34)
Genco	**25**	30	30
CILCORP(b)	**6**	7	21
CILCO (AERG)	**(c)**	1	11

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Includes allowances consumed that were recorded through purchase accounting.
(c) Less than $1 million.

Impairment of Long-lived Assets

We evaluate long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Whether impairment has occurred is determined by comparing the estimated undiscounted cash flows attributable to the assets with the carrying value of the assets. If the carrying value exceeds the undiscounted cash flows, we recognize the amount of the impairment by estimating the fair value of the assets and recording a provision for loss. During the fourth quarter of 2008, asset impairment charges were recorded to adjust the carrying value of CILCO's (AERG's) 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. These charges were recorded in Operating Expenses – Other Operations and Maintenance Expense in the applicable statements of income and were included with Non-rate-regulated Generation segment results.

Investments

Ameren and UE evaluate for impairment the investments held in UE's nuclear decommissioning trust fund. Losses on assets in the trust fund could result in higher funding requirements for decommissioning costs, which we believe would be recovered in electric rates paid by UE's customers. Accordingly, Ameren and UE recognize a regulatory asset on their balance sheets for losses on investments held in the nuclear decommissioning trust fund. See Note 9 – Nuclear Decommissioning Trust Fund Investments for additional information.

Environmental Costs

Environmental costs are recorded on an undiscounted basis when it is probable that a liability has been incurred and that the amount of the liability can be reasonably estimated. Estimated environmental expenditures are regularly reviewed and updated. Costs are expensed or deferred as a regulatory asset when it is expected that the costs will be recovered from customers in future rates. If environmental expenditures are related to facilities currently in use, such as pollution control equipment, the cost is capitalized and depreciated over the expected life of the asset.

Unamortized Debt Discount, Premium, and Expense

Discount, premium and expense associated with long-term debt are amortized over the lives of the related issues.

Revenue

Operating Revenues

UE, CIPS, Genco, CILCO and IP record operating revenue for electric or gas service when it is delivered to customers. We accrue an estimate of electric and gas revenues for service rendered but unbilled at the end of each accounting period.

Trading Activities

We present the revenues and costs associated with certain energy derivative contracts designated as trading on a net basis in Operating Revenues – Electric and Other.

Nuclear Fuel and Purchased Gas Costs

UE's cost of nuclear fuel is amortized to fuel expense on a unit-of-production basis. Spent fuel disposal cost is based on net kilowatthours generated and sold, and that cost is charged to expense.

In UE's, CIPS', CILCO's, and IP's retail natural gas utility jurisdictions, changes in gas costs are generally reflected in billings to their natural gas utility customers through PGA clauses. The difference between actual natural gas costs and costs billed to customers in a given period are deferred and included in Other Current Assets or Other Current Liabilities in the balance sheets of UE, CIPS, CILCO and IP. The deferred amounts are either billed or refunded to their natural gas utility customers prospectively in a subsequent period.

Accounting for MISO Transactions

MISO-related purchase and sale transactions are recorded by Ameren, UE, CIPS, CILCO and IP using settlement information provided by MISO. These purchase and sale transactions are accounted for on a net hourly position. We record net purchases in a single hour in Operating Expenses – Purchased Power and net sales in a single hour in Operating Revenues – Electric in our statements of income. On occasion, prior period transactions will be resettled outside the routine settlement process due to a change in MISO's tariff or a material interpretation thereof. In these cases, Ameren, UE, CIPS, CILCO and IP recognize expenses associated with resettlements once the resettlement is probable and the resettlement amount can be estimated. Ameren, UE, CIPS, CILCO and IP recognize revenues associated with resettlements in accordance with SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Stock-based Compensation

In accounting for stock-based compensation, Ameren measures the cost of employee services received in exchange for an award of equity instruments by the grant-date fair value of the award over the requisite service period.

See Note 12 – Stock-based Compensation for further information.

Excise Taxes

Excise taxes imposed on us are reflected on Missouri electric, Missouri gas, and Illinois gas customer bills. They are recorded gross in Operating Revenues and Operating Expenses – Taxes Other Than Income Taxes on the statement of income. Excise taxes reflected on Illinois electric customer bills are imposed on the consumer and are therefore not included in revenues and expenses. They are recorded as tax collections payable and included in Operating Expenses – Taxes Accrued. The following table presents excise taxes recorded in Operating Revenues and Operating Expenses – Taxes Other than Income Taxes for the years ended 2008, 2007 and 2006:

	2008	2007	2006
Ameren	**$ 172**	$ 166	$ 169
UE	**109**	110	106
CIPS	**16**	15	16
CILCORP	**13**	11	12
CILCO	**13**	11	12
IP	**34**	30	35

Income Taxes

Ameren uses an asset and liability approach for its financial accounting and reporting of income taxes, in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for transactions that are treated differently for financial reporting and tax return purposes. These deferred tax assets and liabilities are determined by statutory tax rates.

We recognize that regulators will probably reduce future revenues for deferred tax liabilities initially recorded at rates in excess of the current statutory rate. Therefore, reductions in the deferred tax liability, which were recorded due to decreases in the statutory rate, were credited to a regulatory liability. A regulatory asset has been established to recognize the probable future recovery in rates of future income taxes resulting principally from the reversal of allowance for funds used during construction, that is, equity and temporary differences related to property and plant acquired before 1976 that were unrecognized temporary differences prior to the adoption of SFAS No. 109.

Investment tax credits used on tax returns for prior years have been deferred for book purposes; they are being amortized over the useful lives of the related properties. Deferred income taxes were recorded on the temporary difference represented by the deferred investment tax credits and a corresponding regulatory liability. This recognizes the expected reduction in rate revenue for future lower income taxes associated with the amortization of the investment tax credits. See Note 13 – Income Taxes.

UE, CIPS, Genco, CILCORP, CILCO, and IP are parties to a tax sharing agreement with Ameren that provides for the allocation of consolidated tax liabilities. The tax sharing agreement provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

Minority Interest and Preferred Dividends of Subsidiaries

For the years ended December 31, 2008, 2007, and 2006, Ameren had minority interest expense related to EEI of $29 million, $27 million, and $27 million, respectively, and preferred dividends of subsidiaries of $10 million, $11 million, and $11 million, respectively.

Earnings per Share

There were no material differences between Ameren's basic and diluted earnings per share amounts in 2008, 2007, and 2006. The number of stock options, restricted stock shares, and performance share units outstanding was immaterial. The assumed stock option conversions increased the number of shares outstanding in the diluted earnings per share calculation by 16,841 shares in 2008, 35,545 shares in 2007, and 38,438 shares in 2006.

Accounting Changes and Other Matters

SFAS No. 157, *Fair Value Measurements*

In September 2006, the FASB issued SFAS No. 157, which defines fair value, establishes a framework for measuring fair value, and expands required disclosures about fair value measurements. SFAS No. 157 clarifies that fair value is a market-based measurement that should be based on the assumptions that market participants would use in pricing an asset or liability. See Note 8 – Fair Value Measurements for additional information on our adoption of SFAS No. 157.

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

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

FSP FIN 39-1, *Amendment of FASB Interpretation No. 39*

In April 2007, the FASB issued FSP FIN 39-1, effective for us as of the beginning of our 2008 fiscal year. FSP FIN 39-1 permits companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a liability) against fair value amounts recognized for derivative instruments that are executed with the same counterparty under the same master netting arrangement. We did not elect to adopt FSP FIN 39-1 for any of our eligible financial instruments or other items.

SFAS No. 141 (Revised 2007), *Business Combinations*

In December 2007, the FASB issued SFAS No. 141(R), which replaces SFAS No. 141. SFAS No. 141(R) applies to all transactions in which an entity obtains control of one or more businesses and combinations without the transfer of consideration. SFAS No. 141(R) requires the acquiring entity in a business combination to recognize assets acquired and liabilities assumed in the transaction at fair value; it requires certain contingent assets and liabilities acquired be recognized at their fair values on the acquisition date; and it requires expensing of acquisition-related costs as incurred, among other provisions. SFAS No. 141(R) was effective as of January 1, 2009. It applies prospectively to business combinations completed on or after that date.

SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51*

In December 2007, the FASB issued SFAS No. 160, which establishes accounting and reporting standards for minority interests, which will be recharacterized as noncontrolling interests. Under the provisions of SFAS No. 160, noncontrolling interests will be classified as a component of equity separate from the parent's equity; purchases or sales of equity interests that do not result in a change in control will be accounted for as equity transactions; net income attributable to the noncontrolling interest will be included in consolidated net income in the statement of income; and upon a loss of control, the interest sold, as well as any interest retained, will be recorded at fair value, with any gain or loss recognized in earnings. SFAS No. 160 was effective for us as of the beginning of our 2009 fiscal year. It applies prospectively, except for the presentation and disclosure requirements, for which it applies retroactively. This standard is applicable to the minority interest in EEI, as EEI is 80% owned by Ameren.

SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS No. 133*

In March 2008, the FASB issued SFAS No. 161, which requires enhanced disclosures about (1) how and why an entity uses derivative instruments, (2) how derivative instruments and related hedged items are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related interpretations, and (3) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 was effective in the first quarter of 2009. The adoption of SFAS No. 161 did not have a material impact on our results of operations, financial position, or liquidity, because it provides enhanced disclosure requirements only.

FSP SFAS No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*

In October 2008, the FASB issued FSP SFAS No. 157-3, which clarifies the application of SFAS No. 157 in a market that is not active. FSP SFAS No. 157-3 provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. FSP SFAS No. 157-3 was effective upon issuance, and it applied retroactively to periods for which financial statements had not yet been issued. The adoption of FSP SFAS No. 157-3 did not have a material impact on our results of operations, financial condition, or liquidity.

FSP SFAS No. 140-4 and FIN 46(R), *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*

In December 2008, FASB issued FSP SFAS No. 140-4 and FIN 46(R), effective for us as of December 31, 2008. FSP SFAS No. 140-4 and FIN 46(R) require enhanced qualitative and quantitative information about an enterprise's involvement with a variable-interest entity (VIE) and its continuing involvement with transferred financial assets. For VIEs, enhanced qualitative and quantitative information about an enterprise's involvement with a VIE, financial or other support provided by the enterprise to the VIE, and the methodology applied in determining whether an enterprise is the primary beneficiary should be disclosed. See Variable-interest Entities below for further information.

FSP SFAS No. 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, FASB issued FSP SFAS No. 132(R)-1, which will be effective for us as of December 31, 2009. FSP SFAS No. 132(R)-1 requires additional disclosures related to pension and other postretirement benefit plan assets. Additional disclosures include the investment allocation decision-making process, the fair value of each major category of plan assets as well as the inputs and valuation techniques used to measure fair value and significant concentrations of risk within the plan assets. The adoption of FSP SFAS No. 132(R)-1 will not have a material impact on our results of operations, financial position or liquidity, because it provides enhanced disclosure requirements only.

Asset Retirement Obligations

SFAS No. 143, "Accounting for Asset Retirement Obligations," and FIN 47, "Accounting for Conditional Asset Retirement Obligations" – an Interpretation of FASB Statement No. 143, require us to record the estimated fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which the liabilities are incurred and to capitalize a corresponding amount as part of the book value of the related long-lived asset. In subsequent periods, we are required to make adjustments in AROs based on changes in estimated fair value. Corresponding increases in asset book values are depreciated over the remaining useful life of the related asset. Uncertainties as to the probability, timing, or amount of cash flows associated with AROs affect our estimates of fair value. Ameren, UE, Genco, CILCORP, and CILCO have recorded AROs for retirement costs associated with UE's Callaway nuclear plant decommissioning costs, asbestos removal, ash ponds, and river structures. In addition, Ameren, UE, CIPS, and IP have recorded AROs for the disposal of certain transformers.

Asset removal costs accrued by our rate-regulated operations that do not constitute legal obligations are classified as a regulatory liability. See Note 2 – Rate and Regulatory Matters.

The following table provides a reconciliation of the beginning and ending carrying amount of AROs for the years 2008 and 2007:

	Ameren[a][b]	UE[b]	CIPS	Genco	CILCORP/ CILCO	IP
Balance at December 31, 2006	$ 553	$ 491	$ 2	$ 35	$ 17	$ 2
Liabilities incurred	1	1	-	-	-	-
Liabilities settled	(2)	(1)	-	(1)	(c)	-
Accretion in 2007[d]	32	28	(c)	2	1	(c)
Change in estimates[e]	(17)	(43)	(c)	16	10	-
Balance at December 31, 2007	$ 567	$ 476	$ 2	$ 52	$ 28	$ 2
Liabilities settled	(4)	(c)	-	(1)	(2)	(c)
Accretion in 2008[d]	33	27	(c)	3	2	(c)
Change in estimates[f]	(186)	(186)	-	(c)	(c)	-
Balance at December 31, 2008	**$ 410**	**$ 317**	**$ 2**	**$ 54**	**$ 28**	**$ 2**

(a) Ameren amounts do not equal total due to AROs at EEI.
(b) The nuclear decommissioning trust fund assets of $239 million and $307 million as of December 31, 2008 and 2007, respectively, are restricted for decommissioning of the Callaway nuclear plant.
(c) Less than $1 million.
(d) Substantially all accretion expense was recorded as an increase to regulatory assets.
(e) UE, Genco and CILCO changed estimates related to retirement costs for their ash ponds. Additionally, UE changed estimates related to its Callaway nuclear plant decommissioning costs.
(f) UE changed estimates related to its Callaway nuclear plant decommissioning costs based on a cost study performed in 2008, a change in assumptions related to plant life, and a decline in the cost escalation factor assumptions.

Variable-interest Entities

According to FIN 46R, "Variable-interest Entities," an entity is considered a variable-interest entity (VIE) if it does not have sufficient equity to finance its activities without assistance from variable-interest holders, or if its equity investors lack any of the following characteristics of a controlling financial interest: control through voting rights, the obligation to absorb expected losses, or the right to receive expected residual returns. Ameren and its subsidiaries review its equity interests, debt obligations, leases, contracts, and other agreements to determine its relationship to a VIE. We have determined that the following significant VIEs were held by the Ameren Companies at December 31, 2008:

- *Leveraged lease and affordable housing partnership investments.* Ameren has investments in affordable housing and low-income real estate development partnership arrangements that are variable interests. Ameren also has an investment in a leveraged lease. We have concluded that Ameren is not the primary beneficiary of any of the VIEs related to these investments because Ameren would not absorb a majority of the entity's losses. These investments are classified as Other Assets on Ameren's consolidated balance sheet. The maximum exposure to loss as a result of these variable interests is limited to the investments in these arrangements. At December 31, 2008, and December 31, 2007, Ameren had investments in affordable housing and low-income real estate development partnerships of $82 million and $100 million, respectively. At December 31, 2008, and December 31, 2007, Ameren had a net investment in a leveraged lease of $9 million. For these variable interests, Ameren is a limited partner. It owns less than a 50 percent interest and receives the benefits and accepts the risks consistent with its limited partner interest. In 2008, a subsidiary of UE that owned affordable housing partnerships was eliminated in an internal reorganization. Those investments were transferred to a nonregistrant Ameren subsidiary.

IP's variable interest in IP SPT was eliminated, as the TFNs for which the IP SPT was established were redeemed in September 2008. IP had indemnified IP SPT; IP was liable to IP SPT if IP did not bill the applicable charges to its customers on behalf of IP SPT or if it did not remit the collections to IP SPT. However, the note holders were considered the primary beneficiaries of this special-purpose trust. Accordingly, Ameren and IP did not consolidate IP SPT.

Coal Contract Settlement

In June 2008, Genco entered into an agreement with a coal mine owner. The owner provided Genco with a lump-sum payment of $60 million in July 2008 due to the coal supplier's premature closing of a mine and the early termination of a coal supply contract. The settlement agreement compensates Genco, in total, for higher fuel costs it incurred in 2008 ($33 million) and expects to incur in 2009 ($27 million) as a result of the mine closure and contract termination.

NOTE 2 – RATE AND REGULATORY MATTERS

Below is a summary of significant regulatory proceedings and related lawsuits. We are unable to predict the ultimate outcome of these matters, the timing of the final decisions of the various agencies and courts, or the impact on our results of operations, financial position, or liquidity.

Missouri

2007 Electric Rate Order

In May 2007, the MoPSC issued an order, as clarified, granting UE a $43 million increase in base rates for electric service based on a return on equity of 10.2% and a capital structure of 52% common equity. New electric rates became effective June 4, 2007.

In July 2007, UE and other parties appealed certain aspects of the MoPSC decision, to the Circuit Court of Cole County in Jefferson City, Missouri and subsequently to the Court of Appeals for the Western District of Missouri. In January 2009, the Court of Appeals for the Western District of Missouri issued an order affirming, in all respects, the order issued by the MoPSC in May 2007, and the time to appeal this court decision has expired.

2009 Electric Rate Order

In April 2008, UE filed a request with the MoPSC to increase its annual revenues for electric service by $251 million. The electric rate increase request proposed an average increase in electric rates of 12.1%. It was based on a 10.9% return on equity, a capital structure composed of 52% common equity, a rate base of $5.9 billion, and a test year ended March 31, 2008, with updates for known and measurable changes through September 30, 2008.

As part of the proceeding, UE requested that the MoPSC also approve implementation of a FAC and a vegetation management and infrastructure inspection cost recovery mechanism.

On January 27, 2009, the MoPSC issued an order approving an increase for UE in annual revenues for electric service 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 changes necessary to implement the provisions of the MoPSC's order were effective March 1, 2009, with the MoPSC's acceptance of conforming tariffs filed by UE. The MoPSC order also included the following significant provisions:

- Approval of the implementation of a FAC. The mechanism provides for the 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.
- Approval of the implementation of a vegetation management and infrastructure inspection cost tracking mechanism. The mechanism provides for the tracking of expenditures that are more 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.
- Pursuant to an accounting order issued by the MoPSC in April 2008 that gave UE the ability to seek direct recovery of all or a portion of operations and maintenance expenses incurred as a result of a severe ice storm in January 2007, the rate order concluded that the $25 million of operations and maintenance expenses incurred as a result of the severe ice storm should be amortized and recovered over a five-year period starting March 1, 2009. UE recorded these costs as a regulatory asset in 2008.
- Allowance for recovery of $12 million of costs associated with a March 2007 FERC order that resettled costs among MISO market participants. The costs were previously expensed. A regulatory asset was recorded at December 31, 2008, and will be amortized over a two-year period starting March 1, 2009.

UE provides power to Noranda's smelter plant in New Madrid, Missouri. This plant has historically used approximately four million megawatthours of power annually, making Noranda UE's single largest customer and constituting approximately 8% of UE's total electric sales.

As a result of a major winter ice storm in Southeastern Missouri 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. In addition, Noranda stated 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 January 2009 electric rate order would require UE to pass through substantially all of the off-system revenues to customers.

In order to adjust the FAC for this unanticipated event, UE sought rehearing by the MoPSC of its January 2009 electric rate order on February 5, 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 order 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. UE cannot predict whether court appeals will be filed by other parties to the rate case.

Environmental Cost Recovery Mechanism

A Missouri law enacted in July 2005 enables the MoPSC to put in place an environmental cost recovery mechanism for Missouri's utilities. The law also includes rate case filing requirements, a 2.5% annual rate increase cap for the environmental cost recovery mechanism, and prudency reviews, among other things. The MoPSC initiated a proceeding in December 2008 to develop revised rules for the cost recovery mechanism. 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.

Renewable Energy Portfolio Requirement

A ballot initiative passed by Missouri voters in November 2008 that 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.

Illinois

2008 Electric and Natural Gas Delivery Service Rate Order

On September 24, 2008, the ICC issued a consolidated order 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 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 to less than 10% for each utility during the first year, IP will not be able to recover approximately $10 million in revenue in the first year 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 in its order 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).

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), which is expected to cover the increased cost of administering the Ameren Illinois Utilities' power supply responsibilities.

In October 2008, CIPS, CILCO and IP and other parties requested that the ICC rehear certain aspects of its September 2008 consolidated order. In November 2008, the ICC denied all rate order rehearing requests filed by the Ameren Illinois Utilities and other parties. In December 2008, the Illinois attorney general appealed to the Appellate Court of Illinois, Fourth District, the ICC's denial of the rehearing request. The Ameren Illinois Utilities cannot predict the outcome of the court appeal.

Illinois Electric Settlement Agreement

In 2007, key stakeholders in Illinois agreed to avoid rate rollback and freeze legislation that would impose a tax on electric generation. These stakeholders wanted to address the increase in electric rates and the future power procurement process in Illinois. The terms of the agreement included a comprehensive rate relief and customer assistance program. The Illinois electric settlement agreement provided approximately $1 billion of funding from 2007 to 2010 for rate relief for certain electric customers in Illinois, including approximately $488 million for customers of the Ameren Illinois Utilities. Pursuant to the Illinois electric settlement agreement, the Ameren Illinois Utilities, Genco, and CILCO (AERG) agreed to make aggregate contributions of $150 million over the four-year period, with $60 million coming from the Ameren Illinois Utilities (CIPS – $21 million; CILCO – $11 million; IP – $28 million), $62 million from Genco, and $28 million from CILCO (AERG). See Note 15 – Commitments and Contingencies for information on the remaining contributions to be made as of December 31, 2008.

The Ameren Illinois Utilities, Genco, and CILCO (AERG) recognize in their financial statements the costs of their respective rate relief contributions and program funding in a manner corresponding with the timing of the funding. Ameren, CIPS, CILCO (Illinois Regulated), IP, Genco, and CILCO (AERG) incurred charges to earnings, primarily recorded as a reduction to electric operating revenues, during the year ended December 31, 2008, of $42 million, $6 million, $3 million, $8 million, $17 million, and $8 million, respectively (year ended December 31, 2007 – $82 million, $12 million, $7 million, $15 million, $33 million, and $15 million, respectively) under the terms of the Illinois electric settlement agreement.

Other electric generators and utilities in Illinois agreed to contribute $851 million to the comprehensive rate relief and customer assistance program. Contributions by the other electric generators (the generators) and utilities to the comprehensive program are subject to funding agreements. Under these agreements, at the end of each month, the Ameren Illinois Utilities send a bill, due in 30 days, to the generators and utilities for their proportionate share of that month's rate relief and assistance. If any escrow funds have been provided by the generators, these funds will be drawn upon first prior to seeking reimbursement from the generators. At December 31, 2008, Ameren, CIPS, CILCO (Illinois Regulated) and IP had receivable balances from nonaffiliated Illinois generators for reimbursement of customer rate relief and program funding of $15 million, $5 million, $3 million, and $7 million, respectively. See Note 14 – Related Party Transactions for information on the impact of intercompany settlements.

The Illinois electric settlement agreement provides that if legislation is enacted in Illinois before August 1, 2011, freezing or reducing retail electric rates, or imposing or authorizing a new tax, special assessment, or fee on the generation of electricity, then the remaining commitments under the Illinois electric settlement agreement would expire, and any funds set aside in support of the commitments would be refunded to the utilities and Generators.

Power Procurement Plan

As part of the Illinois electric settlement agreement, the reverse auction used for power procurement in Illinois was discontinued. It was replaced with a new power procurement process led by the IPA, which was established as a part of the Illinois electric settlement agreement, beginning in 2009. 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 June 1, 2009, through May 30, 2014. The products are expected to be procured through a RFP process during the first half of 2009.

Except for those that expired in May 2008, existing supply contracts from the September 2006 reverse power procurement auction remain in place. In the September 2006 auction, the Ameren Illinois Utilities procured power to serve the electric load needs of fixed-price residential and small commercial customers, with one-third of the supply contracts expiring in each of May 2008, 2009, and 2010. The Ameren Illinois Utilities used RFP processes in early 2008 to replace the supply contracts that expired in May 2008. See Note 15 – Commitments and Contingencies for information on the Ameren Illinois Utilities' purchased power agreements.

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. See Note 14 – Related Party Transactions for information on these financial contracts.

Natural Gas Energy Efficiency Plans

In February 2008, the Ameren Illinois Utilities filed a consolidated natural gas energy efficiency plan with the ICC. In October 2008, the ICC issued an order approving the Ameren Illinois Utilities' natural gas energy efficiency plan as well as the cost recovery mechanism by which the program costs will be recovered from natural gas customers. The natural gas energy efficiency plan includes annual reduction targets in natural gas usage as well as spending limits for the 2009, 2010, and 2011 program years of $2 million, $4 million, and $6 million, respectively.

ICC Reliability Audit

In August 2007, the ICC retained Liberty Consulting Group to investigate, analyze, and report to the ICC on the Ameren Illinois Utilities' transmission and distribution systems and reliability following the July 2006 wind storms and a November 2006 ice storm. In October 2008, Liberty Consulting Group presented the ICC with a final report containing recommendations for the Ameren Illinois Utilities to improve their systems and their response to emergencies. The ICC directed the Ameren Illinois Utilities to present to the ICC a plan to implement Liberty Consulting Group's recommendations. The plan was submitted to the ICC in November 2008. The Ameren Illinois Utilities are currently in discussions with the ICC and Liberty Consulting Group about this matter. Liberty Consulting Group will monitor the Ameren Illinois Utilities' efforts to implement the recommendations and any initiatives that the Ameren Illinois Utilities undertake. At this time, we are unable to determine the impact such implementation will have on our results of operations, financial position, or liquidity.

Federal

Regional Transmission Organization

UE, CIPS, CILCO and IP are transmission-owning members of MISO, which is a FERC-regulated RTO that provides transmission tariff administration services for electric transmission systems. In early 2004, UE received authorization from the MoPSC to participate in MISO for a five-year period, with further participation subject to approval by the MoPSC. The MoPSC required UE to file a study evaluating the costs and benefits of its participation in MISO prior to the end of the five-year period. The MoPSC also directed UE to enter into a service agreement with MISO to provide transmission service to UE's bundled retail customers. The service agreement's primary function was to ensure that the MoPSC continued to set the transmission component of UE's rates to serve its bundled retail load. Among other things, the service agreement provided that UE would not pay MISO for transmission service to UE's bundled retail customers. FERC approved the service agreement in the form that was acceptable to the MoPSC.

Due to changes to MISO's allocation of transmission revenues to transmission owners, UE believed it should receive incremental annual transmission revenues of $60 million as of February 2008 in accordance with its service agreement with MISO. Numerous transmission owners in MISO, along with MISO itself as the tariff administrator, filed with FERC in December 2007 requesting changes to the MISO tariff to prevent UE from collecting these additional transmission revenues. In December 2007, UE filed a protest to these proposed MISO tariff changes, calling them unauthorized and improper in light of the MoPSC's requirement for the service agreement between UE and MISO discussed above. In February 2008, FERC issued an order accepting the tariff changes proposed by MISO and by certain transmission owners in MISO. In March 2008, UE filed a request with FERC for a rehearing of its order. In April 2008, FERC suspended UE's request for rehearing to permit time for further consideration by FERC. UE is unable to predict if or when FERC may issue a further order in this proceeding.

As required by the MoPSC, UE filed a study in November 2007 with the MoPSC evaluating the costs and benefits of UE's participation in MISO. UE's filing noted a number of uncertainties associated with the cost-benefit study, including issues associated with the UE-MISO service agreement and MISO revenue allocation, as discussed above. In June 2008, a stipulation and agreement among UE, the MoPSC staff, MISO and other parties to the proceeding was filed with the MoPSC, which provides for UE's continued, conditional MISO participation through April 30, 2012. The stipulation and agreement gives UE the right to seek permission from the MoPSC for early withdrawal from MISO if UE determines that sufficient progress toward mitigating some of the continuing uncertainties respecting its MISO participation is not being made. The MoPSC issued an order, effective September 19, 2008, approving the stipulation and agreement.

Seams Elimination Cost Adjustment

Pursuant to a series of FERC orders, FERC put Seams Elimination Cost Adjustment (SECA) charges into effect on December 1, 2004, subject to refund and hearing procedures. The SECA charges were a transition mechanism in place for 16 months, from December 1, 2004, to March 31, 2006, to compensate transmission owners in the MISO and PJM for revenues lost when FERC eliminated the regional through-and-out rates previously applicable to transactions crossing the border between the MISO and PJM. The SECA charge was a nonbypassable surcharge payable by load-serving entities in proportion to the benefit they realized from the elimination of the regional through-and-out rates as of December 1, 2004. The MISO transmission owners (including UE, CIPS, CILCO and IP) and the PJM transmission owners filed their proposed SECA charges in November 2004, as compliance filings pursuant to FERC order. A FERC administrative law judge issued an initial decision in August 2006, recommending that FERC reject both of the SECA compliance filings (the filing for SECA charges made by the transmission owners in the MISO and the filing for SECA charges made by the transmission owners in PJM). There is no date scheduled for FERC to act on the initial decision. Both before and after the initial decision, various parties (including UE, CIPS, CILCO and IP as part of the group of MISO transmission owners) filed numerous bilateral or multiparty settlements. To date, FERC has approved many of the settlements, and has rejected none of the settlements. Neither the MISO transmission owners, including UE, CIPS, CILCO and IP, nor the PJM transmission owners have been able to settle with all parties. During the transition period of December 1, 2004, to March 31, 2006, Ameren, UE, CIPS, and IP received net revenues from the SECA charge of $10 million, $3 million, $1 million, and $6 million, respectively. CILCO's net SECA charges were less than $1 million. Until FERC acts on the pending settlements and issues a final order on the initial decision, we cannot predict the ultimate impact of the SECA proceedings on UE's, CIPS', CILCO's and IP's costs and revenues.

FERC Order – MISO Charges

In May 2007, UE, CIPS, CILCO and IP filed with the U.S. Court of Appeals for the District of Columbia Circuit an appeal of FERC's March 2007 order involving the reallocation of certain MISO operational costs among MISO participants retroactive to 2005. In August 2007, the court granted FERC's motion to hold the appeal in abeyance until the end of the continuing proceedings at FERC regarding these costs. Other MISO participants also filed appeals. On August 10, 2007, UE, CIPS, CILCO, and IP filed a complaint with FERC regarding the MISO tariff's allocation methodology for these same MISO operational charges. In November 2007, FERC issued two orders relative to these allocation matters. One of these orders addressed requests for rehearing of prior orders in the proceedings, and one concerned MISO's compliance with FERC's orders to date in the proceedings. In December 2007, UE, CIPS, CILCO and IP requested FERC's clarification or rehearing of its November 2007 order regarding MISO's compliance with FERC's orders. UE, CIPS, CILCO, and IP maintained that MISO was required to reallocate certain of MISO's operational costs among MISO market participants, which would result in refunds to UE, CIPS, CILCO, and IP retroactive to April 2006. On November 7, 2008, FERC granted the request for clarification and directed MISO to reallocate certain costs and provide refunds as requested. On November 10, 2008, FERC granted relief requested in the complaints filed by UE, CIPS, CILCO, IP and others regarding these same MISO operational charges and directed MISO to calculate refunds for the period from August 10, 2007, forward.

Several parties to these proceedings have protested MISO's proposed implementation of these refunds, have requested rehearing of FERC's orders and, in some cases, have appealed FERC's orders to the courts. Additional amounts may be receivable or due depending on the final outcome of these proceedings.

UE Power Purchase Agreement with Entergy Arkansas, Inc.

In July 2007, FERC issued a series of orders addressing a complaint filed by the Louisiana Public Service Commission (LPSC) against Entergy Arkansas, Inc. (Entergy) and certain of its affiliates, which alleged unjust and unreasonable cost allocations. As a result of the FERC orders, Entergy began billing UE for additional charges under a 165-megawatt power purchase agreement. Additional charges are expected to continue during the remainder of the term of the power purchase agreement, which expires August 25, 2009. Although UE was not a party to the FERC proceedings that gave rise to these additional charges, UE has intervened in related FERC proceedings. UE filed a complaint with FERC against Entergy and Entergy Services, Inc. in April 2008 to challenge the additional charges. In September 2008, the presiding FERC administrative law judge issued an initial decision finding that Entergy's allocation of such additional charges to UE is just and reasonable. FERC is expected to issue an order with respect to the administrative law judge's initial decision in 2009. UE is unable to predict whether FERC will grant it any relief.

Additionally, LPSC appealed FERC's orders regarding LPSC's complaint against Entergy to the U.S. Court of Appeals for the District of Columbia. In April 2008, that court ordered further FERC proceedings regarding the LPSC complaint. The court ordered FERC to explain its previous denial of retroactive refunds and the implementation of prospective charges. FERC's decision on remand of the retroactive impact of these issues could have a financial impact on UE. UE is unable to predict how FERC will respond to the court's decision. UE estimates that it could incur an additional expense of up to $25 million if FERC orders retroactive application for the years 2001 to 2005. However, UE would contest such an order vigorously. Based on existing facts and circumstances, UE believes that the likelihood of incurring this $25 million expense is not probable. Thus no liability has been recorded as of December 31, 2008. UE plans to participate in any proceeding that FERC initiates to address the court's decision.

Nuclear Combined Construction and Operating License Application

In July 2008, UE filed an application with the NRC for a combined construction and operating license for a potential new 1,600 megawatt nuclear unit at UE's existing Callaway County, Missouri, nuclear plant site. This COLA filing is not a commitment to build another nuclear unit, but it is a necessary step to preserve the option to develop a new nuclear unit in the future. The regulatory process for a COLA involves a comprehensive review, estimated by the NRC to require up to 42 months for completion.

As authorized by the Energy Policy Act of 2005, the DOE may make available up to $18.5 billion in loan guarantees in connection with debt financing of certain new nuclear unit projects. 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's loan guarantee application is not a commitment to build another nuclear unit, and there is no assurance that the DOE will provide any such guarantee to UE.

Pumped-storage Hydroelectric Facility Relicensing

In June 2008, UE filed a relicensing application with FERC to operate its Taum Sauk pumped-storage hydroelectric facility for another 40 years. The current FERC license expires on June 30, 2010. Approval and relicensure are expected in 2012. Operations are permitted to continue under the current license while the renewal is pending.

Regulatory Assets and Liabilities

In accordance with SFAS No. 71, UE, CIPS, CILCO and IP defer certain costs pursuant to actions of regulators or based on the expected ability to recover such costs in rates charged to customers. UE, CIPS, CILCO and IP also defer certain amounts pursuant to actions of regulators or based on the expectation that such amounts will be returned to customers in future rates. The following table presents our regulatory assets and regulatory liabilities at December 31, 2008 and 2007:

	Ameren[a]	UE	CIPS	CILCORP	CILCO	IP
2008:						
Regulatory assets:						
Pension and postretirement benefit costs[b][c]	$ 936	$ 410	$ 107	$ 125	$ 125	$ 294
Income taxes[c][d]	255	248	6	-	-	1
Asset retirement obligation[c][e]	65	60	2	1	1	2
Callaway costs[f]	58	58	-	-	-	-
Unamortized loss on reacquired debt[c][g]	63	30	5	5	5	23
Recoverable costs – contaminated facilities[c][h]	97	-	18	8	8	71
IP integration[i]	33	-	-	-	-	33
Recoverable costs – debt fair value adjustment[j]	10	-	-	-	-	10
Financial contracts[k]	-	-	42	22	22	64
Derivatives marked-to-market[l]	118	16	27	25	25	50
SO_2 emission allowances sale tracker[m]	13	13	-	-	-	-
FERC-ordered MISO resettlements-March 2007[n]	12	12	-	-	-	-
Vegetation management and infrastructure inspection cost tracker[o]	9	9	-	-	-	-
Storm costs[p]	33	33	-	-	-	-
Demand-side costs[q]	4	4	-	-	-	-
Reserve for workers' compensation liabilities[c][r]	15	9	3	-	-	3
Other[c][s]	11	5	2	2	2	2
Total regulatory assets	$ 1,732	$ 907	$ 212	$ 188	$ 188	$ 553
Regulatory liabilities:						
Income taxes[t]	$ 180	$ 154	$ 14	$ 12	$ 12	$ -
Removal costs[u]	1,018	675	220	47	194	76
Emission allowances[v]	47	47	-	-	-	-
Pension and postretirement benefit costs tracker[w]	41	41	-	-	-	-
MISO resettlements[x]	5	5	-	-	-	-
Total regulatory liabilities	$ 1,291	$ 922	$ 234	$ 59	$ 206	$ 76
2007:						
Regulatory assets:						
Pension and postretirement benefit costs[b][c]	$ 395	$ 161	$ 75	$ 19	$ 19	$ 140
Income taxes[c][d]	255	248	6	-	-	1
Asset retirement obligation[c][e]	188	183	2	1	1	2
Callaway costs[f]	62	62	-	-	-	-
Unamortized loss on reacquired debt[c][g]	59	28	4	5	5	22
Recoverable costs – contaminated facilities[c][h]	106	-	24	5	5	77
IP integration[i]	50	-	-	-	-	50
Recoverable costs – debt fair value adjustment[j]	20	-	-	-	-	20
Derivatives marked-to-market[l]	3	-	1	-	-	2
SO_2 emission allowances sale tracker[m]	7	7	-	-	-	-
Other[c][y]	13	8	1	2	2	2
Total regulatory assets	$ 1,158	$ 697	$ 113	$ 32	$ 32	$ 316
Regulatory liabilities:						
Income taxes[t]	$ 195	$ 162	$ 19	$ 14	$ 14	$ -
Removal costs[u]	980	638	208	60	188	74
Emission allowances[v]	56	56	-	-	-	-
Pension and postretirement benefit costs tracker[w]	8	8	-	-	-	-
Financial contracts[k]	-	-	38	18	18	55
Derivatives marked-to-market[l]	1	1	-	-	-	-
Total regulatory liabilities	$ 1,240	$ 865	$ 265	$ 92	$ 220	$ 129

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

(b) These costs are being amortized in proportion to the recognition of prior service costs (credits), transition obligations (assets) and actuarial losses (gains) attributable to Ameren's pension plan and postretirement benefit plans. Ameren believes it is probable that these costs will be recovered through rates in future periods. See Note 11 – Retirement Benefits for additional information.

(c) These assets do not earn a return.

(d) Offset to certain deferred tax liabilities for expected recovery of future income taxes when paid. See Note 13 – Income Taxes for amortization period.
(e) Recoverable costs for AROs at our rate-regulated operations, including net realized and unrealized gains and losses related to the nuclear decommissioning trust fund investments. See Note 1 – Summary of Significant Accounting Policies – Asset Retirement Obligations.
(f) UE's Callaway nuclear plant operations and maintenance expenses, property taxes, and carrying costs incurred between the plant in-service date and the date the plant was reflected in rates. These costs are being amortized over the remaining life of the plant's current operating license through 2024.
(g) Losses related to reacquired debt. These amounts are being amortized over the lives of the related new debt issuances or the remaining lives of the old debt issuances if no new debt was issued.
(h) The recoverable portion of accrued environmental site liabilities, primarily collected from electric and gas customers through ICC-approved cost recovery riders in Illinois. The period of recovery will depend on the timing of actual expenditures.
(i) Reorganization costs related to the integration of IP into the Ameren system and the restructuring of IP. Pursuant to the ICC order approving Ameren's acquisition of IP, these costs are recoverable in rates through 2010.
(j) A portion of IP's unamortized debt fair value adjustment recorded upon Ameren's acquisition of IP at September 30, 2004. This portion is being amortized over the remaining life of the related debt beginning with the expiration of the electric rate freeze in Illinois on January 1, 2007.
(k) Financial contracts entered into by the Ameren Illinois Utilities with Marketing Company, as part of the Illinois electric settlement agreement. See Illinois – Power Procurement Plan discussion above for additional information.
(l) Deferral of SFAS No. 133 natural gas-related derivative mark-to-market gains and losses.
(m) A regulatory tracking mechanism for gains on sales of SO_2 emission allowances, net of SO_2 premiums incurred under the terms of coal procurement contracts, plus any SO_2 discounts received under such contracts, as approved in a MoPSC order.
(n) Costs associated with a March 2007 FERC order that resettled costs among MISO market participants. The costs were previously charged to expense but were recorded as a regulatory asset and will be amortized over a two-year period beginning March 1, 2009, as approved by the January 2009 MoPSC electric rate order.
(o) UE's vegetation management and infrastructure inspection costs incurred from January 1, 2008, through December 31, 2008, relating to compliance with the MoPSC vegetation management and infrastructure rules. The costs incurred between January 1, 2008, through September 30, 2008, will be amortized over three years beginning March 1, 2009, as approved by the January 2009 MoPSC electric rate order. The amortization period for the costs incurred between October 1, 2008 through December 31, 2008, will be determined in the next UE rate case.
(p) Actual storm costs in a test year that exceed the MoPSC staff's normalized storm costs for rate purposes. The 2006 storm costs are being amortized over a five-year period which began June 4, 2007. The 2008 storm costs are being amortized over a five-year period beginning March 1, 2009. In addition, the balance includes January 2007 ice storm costs that UE will recover as a result of a MoPSC accounting order issued in April 2008. These costs will be amortized over five years beginning March 1, 2009, as approved by the January 2009 MoPSC electric rate order.
(q) Demand-side costs including the costs of developing, implementing and evaluating customer energy efficiency and demand response programs. These costs are being amortized over a ten-year period beginning March 1, 2009, as approved by the January 2009 MoPSC rate order.
(r) Reserve for workers' compensation liabilities. Ameren believes it is probable that these costs will be recovered through electric and gas rates in future periods.
(s) Includes costs related to the Ameren Illinois Utilities November 2007 electric and natural gas delivery service rate cases. The costs associated with the Ameren Illinois Utilities electric delivery service rate cases are being amortized over a three-year period; the costs associated with the Ameren Illinois Utilities natural gas delivery service rate cases are being amortized over a five-year period, as approved in the 2008 ICC rate order. In addition, the balance includes funding for the low-income weatherization and energy efficiency programs.
(t) Unamortized portion of investment tax credit and federal excess deferred taxes. See Note 13 – Income Taxes for amortization period.
(u) Estimated funds collected for the eventual dismantling and removal of plant from service, net of salvage value, upon retirement related to our rate-regulated operations. See discussion in Note 1 – Summary of Significant Accounting Policies – Asset Retirement Obligations.
(v) The deferral of gains on emission allowance vintage swaps UE entered into during 2005.
(w) A regulatory tracking mechanism for the difference between the level of pension and postretirement benefit costs incurred by UE under GAAP and the level of such costs built into electric rates effective June 4, 2007, as approved in a MoPSC order.
(x) A portion of UE's expected refund relating to MISO resettlements associated with the November 2008 FERC orders. See Federal – FERC Order – MISO Charges discussion above for additional information.
(y) Y2K expenses being amortized over six years starting in 2002, in conjunction with the 2002 settlement of UE's Missouri electric rate case, and a DOE decommissioning assessment that was amortized over 14 years through 2007.

UE, CIPS, CILCO and IP continually assess the recoverability of their regulatory assets. Under current accounting standards, regulatory assets are written off to earnings when it is no longer probable that such amounts will be recovered through future revenues.

NOTE 3 – PROPERTY AND PLANT, NET

The following table presents property and plant, net for each of the Ameren Companies at December 31, 2008 and 2007:

	Ameren(a)	UE	CIPS	Genco	CILCORP(b)	CILCO (Illinois Regulated)	CILCO (AERG)	IP
2008:								
Property and plant, at original cost:								
Electric	**$ 21,244**	**$ 13,214**	**$ 1,744**	**$ 2,451**	**$ 1,348**	**$ 954**	**$ 948**	**$ 1,840**
Gas	**1,505**	**347**	**365**	**-**	**227**	**506**	**-**	**565**
Other	**381**	**76**	**6**	**6**	**44**	**3**	**2**	**21**
	23,130	**13,637**	**2,115**	**2,457**	**1,619**	**1,463**	**950**	**2,426**
Less: Accumulated depreciation and amortization	**8,499**	**5,539**	**915**	**1,013**	**279**	**721**	**329**	**152**
	14,631	**8,098**	**1,200**	**1,444**	**1,340**	**742**	**621**	**2,274**
Construction work in progress:								
Nuclear fuel in process	**190**	**190**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**1,746**	**707**	**12**	**506**	**370**	**12**	**359**	**55**
Property and plant, net	**$ 16,567**	**$ 8,995**	**$ 1,212**	**$ 1,950**	**$ 1,710**	**$ 754**	**$ 980**	**$ 2,329**
2007:								
Property and plant, at original cost:								
Electric	$ 20,325	$ 12,670	$ 1,682	$ 2,423	$ 1,196	$ 921	$ 827	$ 1,740
Gas	1,421	332	350	-	209	488	-	530
Other	354	71	5	4	42	3	1	21
	22,100	13,073	2,037	2,427	1,447	1,412	828	2,291
Less: Accumulated depreciation and amortization	8,196	5,437	878	972	231	697	329	111
	13,904	7,636	1,159	1,455	1,216	715	499	2,180
Construction work in progress:								
Nuclear fuel in process	103	103	-	-	-	-	-	-
Other	1,062	450	15	228	278	22	256	40
Property and plant, net	$ 15,069	$ 8,189	$ 1,174	$ 1,683	$ 1,494	$ 737	$ 755	$ 2,220

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries as well as intercompany eliminations.
(b) Includes CILCO (Illinois Regulated) and CILCO (AERG) with adjustments due to purchase accounting.

In March 2006, following the receipt of all required regulatory approvals, UE completed the purchase of a 640-megawatt CT facility located in Audrain County, Missouri, at a price of $115 million 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 UE assumed NRG's obligations under the lease. The lease will expire on December 1, 2023.

Also in March 2006, following the receipt of all required regulatory approvals, UE completed the purchase from subsidiaries of Aquila Inc., of the 510-megawatt Goose Creek CT facility in Piatt County, Illinois, at a price of $106 million, and the 340-megawatt Raccoon Creek CT facility located in Clay County, Illinois, at a price of $71 million.

The following table provides accrued capital expenditures at December 31, 2008, 2007 and 2006, which represent noncash investing activity excluded from the statements of cash flows:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP
2008:							
Accrued capital expenditures	**$ 213**	**$ 110**	**$ 3**	**$ 41**	**$ 45**	**$ 45**	**$ 14**
2007:							
Accrued capital expenditures	$ 153	$ 76	$ 3	$ 28	$ 35	$ 35	$ 7
2006:							
Accrued capital expenditures	$ 159	$ 92	$ 5	$ 22	$ 15	$ 15	$ 20

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

NOTE 4 – SHORT-TERM BORROWINGS AND LIQUIDITY

The liquidity needs of the Ameren Companies are typically supported through the use of available cash and drawings under committed bank credit facilities.

The following table summarizes the borrowing activity and relevant interest rates under the $1.15 billion credit facility described below for the years ended December 31, 2008 and 2007, respectively, and excludes letters of credit issued under this credit facility:

	Ameren (Parent)	UE	Genco	Total
2008:				
Average daily borrowings outstanding during 2008	**$ 389**	**$ 154**	**$ 41**	**$ 584**
Outstanding short-term debt at period end	**275**	**251**	**-**	**526**
Weighted-average interest rate during 2008	**3.58%**	**3.25%**	**3.97%**	**3.52%**
Peak short-term borrowings during 2008	**$ 675**	**$ 493**	**$ 150**	**$1,068**
Peak interest rate during 2008	**7.25%**	**5.65%**	**5.53%**	**7.25%**
2007:				
Average daily borrowings outstanding during 2007	$ 198	$ 292	$ 22	$ 512
Outstanding short-term debt at period end	550	82(a)	100	732(a)
Weighted-average interest rate during 2007	5.75%	5.66%	5.43%	5.68%
Peak short-term borrowings during 2007	$ 550	$ 506	$ 100	$ 856
Peak interest rate during 2007	8.25%	8.25%	5.76%	8.25%

(a) Includes issuances under commercial paper programs of $80 million at Ameren and UE supported by this facility as of December 31, 2007.

The following table summarizes the borrowing activity and relevant interest rates under the 2007 $500 million credit facility described below for the years ended December 31, 2008 and 2007:

	CIPS	CILCORP (Parent)	CILCO (Parent)	IP	AERG	Total
2008:						
Average daily borrowings outstanding during 2008	**$ -**	**$ 100**	**$ 56**	**$ 133**	**$ 95**	**$ 384**
Outstanding short-term debt at period end	**-**	**-**	**-**	**-**	**85**	**85**
Weighted-average interest rate during 2008	**-**	**4.62%**	**4.02%**	**4.28%**	**3.95%**	**4.25%**
Peak short-term borrowings during 2008	**$ -**	**$ 125**	**$ 75**	**$ 200**	**$ 150**	**$ 500**
Peak interest rate during 2008	**-**	**6.66%**	**6.47%**	**6.15%**	**6.22%**	**6.66%**
2007:						
Average daily borrowings outstanding during 2007	$ -	$ 105	$ 36	$ 134	$ 80	$ 355
Outstanding short-term debt at period end	-	125	75	175	65	440
Weighted-average interest rate during 2007	-	6.94%	6.43%	6.59%	6.86%	6.74%
Peak short-term borrowings during 2007	$ -	$ 125	$ 75	$ 200	$ 100	$ 500
Peak interest rate during 2007	-	8.63%	6.47%	6.64%	7.02%	8.63%

The following table summarizes the borrowing activity and relevant interest rates under the 2006 $500 million credit facility described below for the years ended December 31, 2008 and 2007, respectively:

	CIPS	CILCORP (Parent)	CILCO (Parent)	IP	AERG	Total
2008:						
Average daily borrowings outstanding during 2008	**$ 58**	**$ 50**	**$ 37**	**$ 27**	**$ 151**	**$ 323**
Outstanding short-term debt at period end	**62**	**50**	**-**	**-**	**151**	**263**
Weighted-average interest rate during 2008	**4.21%**	**4.50%**	**3.78%**	**4.08%**	**3.94%**	**4.07%**
Peak short-term borrowings during 2008	**$ 135**	**$ 50**	**$ 75**	**$ 150**	**$ 200**	**$ 465**
Peak interest rate during 2008	**6.31%**	**7.01%**	**5.98%**	**6.50%**	**7.01%**	**7.01%**
2007:						
Average daily borrowings outstanding during 2007	$ 98	$ 49	$ 63	$ 63	$ 107	$ 380
Outstanding short-term debt at period end	125	50	40	-	165	380
Weighted-average interest rate during 2007	6.52%	6.89%	6.35%	6.56%	6.84%	6.63%
Peak short-term borrowings during 2007	$ 135	$ 50	$ 100	$ 125	$ 200	$ 500
Peak interest rate during 2007	8.25%	7.04%	6.47%	6.64%	8.25%	8.25%

At December 31, 2008, Ameren and certain of its subsidiaries had $2.15 billion of committed credit facilities, consisting of the three facilities shown above, in the amounts of $1.15 billion, $500 million, and $500 million, maturing in July 2010, January 2010, and January 2010, respectively.

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. The termination date for UE and Genco is July 9, 2009, subject to the annual 364-day renewal provisions of the facility.

Under the $1.15 billion credit facility, the principal amount of each revolving loan will be due and payable no later than the final maturity of the facility in the case of Ameren and the last day of the then-applicable 364-day period in the case of UE and Genco. Swingline loans will be made on same-day notice and will mature five business days after they are made.

Ameren, UE and Genco will use the proceeds of any borrowings under the facility for general corporate purposes. These purposes include working capital and funding loans under the Ameren money pool arrangements.

The $1.15 billion credit facility may be used to support the commercial paper programs of Ameren and UE. However, Ameren and UE are currently limited in their access to the commercial paper market as a result of downgrades in their short-term credit ratings. Access to the $1.15 billion credit facility, the 2006 $500 million credit facility, and the 2007 $500 million credit facility for the Ameren Companies is subject to reduction as borrowings are made by affiliates.

CIPS, CILCORP, CILCO, IP and AERG are parties to the 2007 $500 million credit facility and to the 2006 $500 million credit facility.

The obligations of each borrower under the 2006 $500 million credit facility and the 2007 $500 million credit facility are several and not joint, and are not guaranteed by Ameren or any other subsidiary of Ameren. The maximum amount available to each borrower under the 2006 $500 million credit facility, including for issuance of letters of credit on its behalf, is limited as follows: CIPS – $135 million, CILCORP – $50 million, CILCO – $75 million, IP – $150 million and AERG – $200 million. Each of the companies has drawn various loans under this credit facility. Under the 2007 $500 million credit facility, the maximum amount available to each borrower, including for issuance of letters of credit on its behalf, is 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 borrowing authority under the 2006 $500 million credit facility and shifting, in one or more transactions, such capacity to the 2007 $500 million credit facility up to the same limits. The total borrowing authority of CIPS and CILCO under the 2006 $500 million credit facility and the 2007 $500 million credit facility cannot at any time exceed $135 million and $150 million, respectively, in the aggregate. Until either CIPS or CILCO elects to increase its borrowing capacity under the 2007 $500 million credit facility and issue first mortgage bonds as security for its obligations thereunder, as described below, it will not be considered a borrower under the 2007 $500 million credit facility and will not be subject to the covenants thereof (except as a subsidiary of a borrower). The borrowing companies will use the proceeds of any borrowings for working capital and other general corporate purposes. However, a portion of the borrowings by AERG may be limited to financing or refinancing the development, management and operation of any of its projects or assets. The 2006 and 2007 $500 million credit facilities will terminate on January 14, 2010.

The obligations of CIPS, CILCO and IP under the 2006 $500 million facility are secured by the issuance of first mortgage bonds by each such utility under its respective mortgage indenture in the amounts of $135 million, $75 million, and $150 million, respectively. The obligations of CILCO and IP under the 2007 $500 million credit facility are secured by the issuance of first mortgage bonds in the amounts of $75 million and $200 million, respectively. If either CIPS or CILCO elects to transfer borrowing authority from the 2006 $500 million credit facility to the 2007 $500 million credit facility, it must retire an appropriate amount of first mortgage bonds issued with respect to the 2006 $500 million credit facility and issue new bonds in an equal amount to secure its obligations under the 2007 $500 million credit facility. In July 2007, CILCO permanently reduced its $150 million of borrowing authority under the 2006 $500 million credit facility by $75 million and shifted that amount of capacity to the 2007 $500 million credit facility. CILCO is now considered a borrower under both credit facilities and is subject to the covenants of both. The obligations of CILCORP under both the 2006 $500 million credit facility and the 2007 $500 million credit facility are secured by a pledge of the common stock of CILCO. The obligations of AERG under both the 2006 $500 million credit facility and the 2007 $500 million credit facility are secured by a mortgage and security interest in its E.D. Edwards and Duck Creek power plants and related licenses, permits, and similar rights.

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. Assuming Lehman Brothers Bank, FSB does not fund its pro-rata share of funding or letter of credit issuance 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.

Based on outstanding borrowings under the $1.15 billion credit facility and the 2007 and 2006 $500 million credit facilities (including reductions for $9 million of letters of credit issued under the $1.15 billion credit facility and unfunded Lehman participations under the $1.15 billion credit facility and the 2006 $500 million credit facility), the available amounts under the facilities at December 31, 2008, were $540 million, $415 million, and $220 million, respectively.

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. If Ameren issues capital stock or other equity interests (except for director or employee benefit or dividend reinvestment plan purposes), or certain equity-like hybrid securities, or certain additional indebtedness in amounts exceeding $25 million, Ameren is required under the term loan agreement to use the resulting net proceeds to prepay amounts borrowed under the agreement. The lenders under the term loan agreement have waived this prepayment requirement to the extent that the net proceeds from the issuance of certain funded indebtedness are applied to repurchase or to redeem indebtedness of CILCORP. Additionally, if Ameren replaces its $1.15 billion credit facility with one or more credit facilities having a total available commitment in excess of $1.15 billion, Ameren is required under the term loan agreement to prepay amounts borrowed thereunder in an amount equal to the excess of the new commitments over $1.15 billion. Such mandatory prepayments are without premium or penalty (except for any funding indemnity due in respect of Eurodollar loans).

Borrowings under the $300 million term loan agreement will bear interest, at the election of Ameren, at (1) a Eurodollar rate plus a margin, which margin is subject to a floor of 0.90% per annum and a cap of 1.50% per annum, or (2) a rate equal to the higher of the prime rate or the federal funds effective rate plus 0.50% per year. Ameren used the proceeds borrowed under the term loan agreement to reduce amounts borrowed under the $1.15 billion credit facility, which thereby made additional amounts available for borrowing under that credit facility. The average annual interest rate for borrowing under the $300 million term loan agreement was 3.93% from its inception through December 31, 2008. The obligations of Ameren under the term loan agreement are unsecured. No subsidiary of Ameren is a party to, guarantor of, or borrower under the term loan agreement.

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. Borrowings under the $20 million term loan agreement will bear interest, at the election of Ameren, at (1) a rate equal to the applicable LIBOR rate plus 1.70% per annum, or (2) a rate equal to the highest of the prime rate, the federal funds effective rate plus 0.50% per annum and the applicable LIBOR rate plus 2.00% per annum. The obligations of Ameren under the $20 million term loan agreement are unsecured. No subsidiary of Ameren is a party to, guarantor of, or borrower under the agreement.

Indebtedness Provisions and Other Covenants

The Ameren Companies' bank credit facilities contain provisions that, among other things, place restrictions on their ability to incur liens, sell assets, and merge with other entities. The $1.15 billion credit facility contains provisions that limit total indebtedness of each of Ameren, UE and Genco to 65% of total consolidated capitalization pursuant to a calculation defined in the facility. Exceeding these debt levels would result in a default under the $1.15 billion credit facility.

The $1.15 billion credit facility also contains provisions for default, including cross-defaults, with respect to a borrower. Defaults can result from an event of default under any other facility covering indebtedness of that borrower or certain of its subsidiaries in excess of $50 million in the aggregate. The obligations of Ameren, UE and Genco under the facility are several and not joint, and except under limited circumstances, the obligations of UE and Genco are not guaranteed by Ameren or any other subsidiary. CIPS, CILCORP, CILCO, IP and AERG are not considered subsidiaries for purposes of the cross-default or other provisions.

Under the $1.15 billion credit facility, restrictions apply limiting investments in and other transfers to CIPS, CILCORP, CILCO, IP, AERG and their subsidiaries by Ameren and certain subsidiaries. Additionally, CIPS, CILCORP, CILCO, IP, AERG and their subsidiaries are excluded for purposes of determining compliance with the 65% total consolidated indebtedness to total consolidated capitalization financial covenant in the facility.

Both the 2007 $500 million credit facility and the 2006 $500 million credit facility entered into by CIPS, CILCORP, CILCO, IP and AERG limit the indebtedness of each borrower to 65% of consolidated total capitalization pursuant to a calculation set forth in the facilities. Events of default under these facilities apply separately to each borrower (and, except in the case of CILCORP, to their subsidiaries). An event of default under these facilities does not constitute an event of default under the $1.15 billion credit facility, or vice versa. In addition, 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, should receive a below-investment-grade credit rating from either Moody's or S&P, then each such borrower will be limited to common and preferred stock dividend payments of $10 million per year while such below-investment-grade credit rating is in effect. On July 26, 2006, Moody's downgraded CILCORP's senior unsecured long-term debt credit rating to below-investment-grade, causing it to be subject to this dividend payment limitation. No similar restriction applies to AERG, which is currently not rated by Moody's or S&P, if its debt-to-operating- cash-flow ratio, as set forth in these facilities, is less than or equal to a 3.0 to 1.0 ratio. 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's ability to pay dividends is therefore currently limited to a maximum of $10 million per fiscal year. CIPS, CILCO and IP are not currently limited in their dividend payments by this provision of the 2007 $500 million or 2006 $500 million credit facilities. Ameren's access to dividends from CILCO and AERG is currently limited by dividend restrictions at CILCORP.

The 2007 $500 million credit facility and the 2006 $500 million credit facility also limit the amount of other secured indebtedness issuable by each borrower. For CIPS, CILCO and IP, other secured debt is limited to that permitted under their respective mortgage indentures. For CILCORP, other debt secured by the pledge of CILCO common stock is limited (1) under the 2007 $500 million credit facility to $425 million (in addition to the principal amount of CILCORP's outstanding senior notes and senior bonds and its obligations under the 2006 $500 million credit facility) and (2) under the 2006 $500 million credit facility to $500 million (including the principal amount of CILCORP's outstanding senior notes and senior bonds and amounts drawn on the 2007 $500 million credit facility). For AERG, other debt secured on an equal basis with its obligations under the facilities is limited to $100 million by the 2007 $500 million credit facility (excluding amounts drawn by AERG under the 2006 $500 million credit facility) and $200 million by the 2006 $500 million credit facility. The limitations on other secured debt at CILCORP and AERG in the 2007 $500 million credit facility are subject to adjustment based on the borrowing sublimits of these entities under this facility or under the 2006 $500 million credit facility. In addition, the 2007 $500 million credit facility and the 2006 $500 million credit facility prohibit CILCO from issuing any preferred stock if, after such issuance, the aggregate liquidation value of all CILCO preferred stock issued after February 9, 2007, and July 14, 2006, respectively, would exceed $50 million.

Under the 2007 $500 million and 2006 $500 million credit facilities, each of CIPS, CILCO and IP was originally required to reserve future bonding capacity under its respective mortgage indentures (that is, it agreed to forgo the issuance of additional mortgage bonds otherwise permitted under the terms of each mortgage indenture). On March 26, 2008, CIPS, CILCO and IP and other parties to the credit facilities entered into amendments to the credit facilities, that eliminated this requirement.

The $300 million term loan agreement entered into in June 2008 has terms similar to the $1.15 billion credit facility, except that amounts repaid under the term loan agreement may not be reborrowed. The term loan agreement also contains nonfinancial covenants, including restrictions on the ability to incur liens, dispose of assets, and merge with other entities. In addition, the term loan agreement has nonfinancial covenants to limit the ability of Ameren to invest in or transfer assets to other entities, including affiliates. The events of default under the term loan agreement, including a cross-default to the occurrence of an event of default under the $1.15 billion credit facility or any other agreement covering indebtedness of Ameren and its subsidiaries in excess of $25 million in the aggregate, are similar to those contained in the $1.15 billion credit facility. Each of CIPS, CILCORP, CILCO, IP, AERG and each of their subsidiaries is excluded from the definition of "subsidiary" under the term loan agreement and accordingly is not subject to certain of the covenants, representations, or warranties under the term loan agreement. The term loan agreement requires Ameren to maintain consolidated indebtedness of not more then 65% of consolidated total capitalization pursuant to a calculation defined in the term loan agreement.

Under the $20 million term loan agreement entered into in January 2009, Ameren may elect, for up to three 30-day periods, to pay down and reduce to zero the outstanding principal balance. The term loan agreement also contains nonfinancial covenants, including restrictions on the ability to incur liens, dispose of assets, and merge with other entities. In addition, the term loan agreement has nonfinancial covenants to limit the ability of Ameren to invest in or transfer assets to other entities, including affiliates. The events of default under the term loan agreement, including a cross-default to the occurrence of an event of default under the $1.15 billion credit facility or any other agreement covering indebtedness of Ameren and its subsidiaries in excess of $50 million in the aggregate, are similar to those contained in the $1.15 billion credit facility. Each of CIPS, CILCORP, CILCO, IP, AERG and each of their subsidiaries is excluded from the definition of "subsidiary" under the term loan agreement and accordingly is not subject to certain of the covenants, representations, or warranties under the agreement. The term loan agreement requires Ameren to maintain a consolidated capitalization ratio of not more than 65% pursuant to a calculation defined in the agreement.

As of December 31, 2008, the ratios of total indebtedness to total consolidated capitalization, calculated in accordance with the provisions of the $1.15 billion credit facility for Ameren, UE and Genco were 54%, 51% and 53%, respectively. The ratios for CIPS, CILCORP, CILCO, IP and AERG, calculated in accordance with the provisions of the 2006 $500 million credit facility and the 2007 $500 million credit facility, were 51%, 60%, 48%, 53% and 45%, respectively. The ratio for Ameren calculated in accordance with the provisions of the $300 million term loan agreement was 54%.

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

Money Pools

Ameren has money pool agreements with and among its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. Separate money pools are maintained for utility and non-state-regulated entities. Ameren Services is responsible for the operation and administration of the money pool agreements.

Utility

Through the utility money pool, the pool participants may access the committed credit facilities. CIPS, CILCO and IP borrow from each other through the utility money pool agreement subject to applicable regulatory short-term borrowing authorizations. Ameren Services administers the utility money pool and tracks internal and external funds separately. Ameren and AERG may participate in the utility money pool only as lenders. Internal funds are surplus funds contributed to the utility money pool from participants. The primary source of external funds for the utility money pool is the 2006 $500 million and the 2007 $500 million credit facilities. The total amount available to the pool participants from the utility money pool at any given time is reduced by the amount of borrowings by their affiliates, but increased to the extent that the pool participants have surplus funds or contribute funds from other external sources. The availability of funds is also determined by funding requirement limits established by regulatory authorizations. CIPS, CILCO and IP rely on the utility money pool to coordinate and provide for certain short-term cash and working capital requirements. Borrowers receiving a loan under the utility money pool agreement must repay the principal amount of such loan, together with accrued interest. The rate of interest depends on the composition of internal and external funds in the utility money pool. The average interest rate for borrowing under the utility money pool for the year ended December 31, 2008, was 2.85% (2007 – 5.80%).

Non-state-regulated Subsidiaries

Ameren Services, Resources Company, Genco, AERG, Marketing Company, AFS, and other non-state-regulated Ameren subsidiaries have the ability, subject to Ameren parent company authorization and applicable regulatory short-term borrowing authorizations, to access funding from Ameren's $1.15 billion credit facility through a non-state-regulated subsidiary money pool agreement. The total amount available to the pool participants at any time is reduced by borrowings from Ameren made by its subsidiaries and is increased to the extent that other pool participants advance surplus funds to the non-state-regulated subsidiary money pool or remit funds from other external sources. See the discussion above for the amount available under the $1.15 billion credit facility at December 31, 2008. The non-state-regulated subsidiary money pool was established to coordinate and to provide short-term cash and working capital for Ameren's non-state-regulated activities. Borrowers receiving a loan under the non-state-regulated subsidiary money pool agreement must repay the principal amount of such loan, together with accrued interest. The rate of interest depends on the composition of internal and external funds in the non-state-regulated subsidiary money pool. These rates are based on the cost of funds used for money pool advances. The average interest rate for borrowing under the non-state-regulated subsidiary money pool for the year ended December 31, 2008 was 3.51% (2007 – 5.14%).

See Note 14 – Related Party Transactions for the amount of interest income and expense from the money pool arrangements recorded by the Ameren Companies for the years ended December 31, 2008, 2007, and 2006.

In addition, a unilateral borrowing agreement exists between Ameren, IP, and Ameren Services, which 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. Ameren Services is responsible for operation and administration of the agreement.

NOTE 5 – LONG-TERM DEBT AND EQUITY FINANCINGS

The following table presents long-term debt outstanding for the Ameren Companies as of December 31, 2008 and 2007:

	2008	2007
UE:		
First mortgage bonds:[a]		
6.75% Series due 2008	$ -	$148
5.25% Senior secured notes due 2012[b]	173	173
4.65% Senior secured notes due 2013[b]	200	200
5.50% Senior secured notes due 2014[b]	104	104
4.75% Senior secured notes due 2015[b]	114	114
5.40% Senior secured notes due 2016[b]	260	260
6.40% Senior secured notes due 2017[b]	425	425
6.00% Senior secured notes due 2018[b]	250	-
5.10% Senior secured notes due 2018[b]	200	200
6.70% Senior secured notes due 2019[b]	450	-
5.10% Senior secured notes due 2019[b]	300	300
5.00% Senior secured notes due 2020[b]	85	85
5.45% Series due 2028[c]	44	44
5.50% Senior secured notes due 2034[b]	184	184
5.30% Senior secured notes due 2037[b]	300	300

	2008	2007
Environmental improvement and pollution control revenue bonds: (a)(b)(c)(d)		
1991 Series due 2020	-	43
1992 Series due 2022	47	47
1998 Series A due 2033	60	60
1998 Series B due 2033	50	50
1998 Series C due 2033	50	50
2000 Series A due 2035	-	64
2000 Series B due 2035	-	63
2000 Series C due 2035	-	60
Subordinated deferrable interest debentures:		
7.69% Series A due 2036(e)	66	66
Capital lease obligations:		
City of Bowling Green capital lease (Peno Creek CT)	82	86
Audrain County capital lease (Audrain County CT)	240	240
Total long-term debt, gross	3,684	3,366
Less: Unamortized discount and premium	(7)	(6)
Less: Maturities due within one year	(4)	(152)
Long-term debt, net	$ 3,673	$ 3,208
CIPS:		
First mortgage bonds:(a)		
5.375% Senior secured notes due 2008(b)	$ -	$ 15
6.625% Senior secured notes due 2011(b)	150	150
7.61% Series 1997-2 due 2017	40	40
6.125% Senior secured notes due 2028(b)	60	60
6.70% Senior secured notes due 2036(b)	61	61
Environmental improvement and pollution control revenue bonds:		
2004 Series due 2025(a)(b)(c)(d)	-	35
2000 Series A 5.50% due 2014	51	51
1993 Series C-1 5.95% due 2026	35	35
1993 Series C-2 5.70% due 2026	8	8
1993 Series B-1 due 2028(d)	17	17
Total long-term debt, gross	422	472
Less: Unamortized discount and premium	(1)	(1)
Less: Maturities due within one year	-	(15)
Long-term debt, net	$ 421	$ 456
Genco:		
Unsecured notes:		
Senior notes Series D 8.35% due 2010	$ 200	$ 200
Senior notes Series F 7.95% due 2032	275	275
Senior notes Series H 7.00% due 2018	300	-
Total long-term debt, gross	775	475
Less: Unamortized discount and premium	(1)	(1)
Long-term debt, net	$ 774	$ 474
CILCORP (Parent):(f)		
Unsecured notes:		
8.70% Senior notes due 2009(g)	$ 124	$ 124
9.375% Senior bonds due 2029(g)	210	210
Fair-market value adjustments	49	55
Total long-term debt, gross	383	389
Less: Maturities due within one year	(126)	-
Long-term debt, net	$ 257	$ 389

	2008	2007
CILCO:		
First mortgage bonds:[a]		
8.875% Senior secured notes due 2013[b]	**$ 150**	$ -
6.20% Senior secured notes due 2016[b]	**54**	54
6.70% Senior secured notes due 2036[b]	**42**	42
Environmental improvement and pollution-control revenue bonds:[a][c]		
Series 2004 due 2039[b][d]	**-**	19
6.20% Series 1992B due 2012	**1**	1
5.90% Series 1993 due 2023	**32**	32
Total long-term debt, gross	**279**	148
Less: Maturities due within one year	**-**	-
Long-term debt, net	**$ 279**	$ 148
CILCORP consolidated long-term debt, net	**$ 536**	$ 537
IP:		
Mortgage bonds:[a]		
7.50% Series due 2009	**$ 250**	$ 250
6.25% Senior secured notes due 2016[b]	**75**	75
6.125% Senior secured notes due 2017[b]	**250**	250
6.250% Senior secured notes due 2018[b]	**337**	-
9.750% Senior secured notes due 2018[b]	**400**	-
Pollution control revenue bonds:[a][c]		
5.70% 1994A Series due 2024	**36**	36
5.40% 1998A Series due 2028	**19**	19
5.40% 1998B Series due 2028	**33**	33
1997 Series A, B and C due 2032[d]	**-**	150
Series 2001 Non-AMT due 2028[d]	**-**	112
Series 2001 AMT due 2017[d]	**-**	75
Fair-market value adjustments	**10**	18
Total long-term debt, gross	**1,410**	1,018
Less: Unamortized discount and premium	**(10)**	(4)
Less: Maturities due within one year	**(250)**	-
Long-term debt, net	**$ 1,150**	$ 1,014
Long-term debt payable to IP SPT:		
5.65% due 2008 A-7	**$ -**	$ 86
Less: Overfunded amount	**-**	(32)
Fair-market value adjustments	**-**	2
Total long-term debt payable to IP SPT	**-**	56
Less: Maturities due within one year	**-**	(56)
Long-term debt payable to IP SPT, net	**$ -**	$ -
Ameren consolidated long-term debt, net	**$ 6,554**	$ 5,689

(a) At December 31, 2008, most property and plant was mortgaged under, and subject to liens of, the respective indentures pursuant to which the bonds were issued. Substantially all of the long-term debt issued by UE, CIPS (excluding the tax-exempt debt), CILCO and IP is secured by a lien on substantially all of its property and franchises.

(b) These notes are collaterally secured by first mortgage bonds issued by UE, CIPS, CILCO, or IP, respectively, and will remain secured at each company until the following series are no longer outstanding with respect to that company: UE – 5.45% Series due 2028 (currently callable at 102% of par, declining to 101% of par in October 2009 and 100% of par in October 2010), 6.00% Series due 2018 and 6.70% Series due 2019; CIPS – 7.61% Series 1997-2 due 2017 (currently callable at 103.04% of par declining annually thereafter to 100% of par in June 2012) which, pursuant to a covenant contained in the 6.70% Series due 2036, may not be called in full prior to June 15, 2009; CILCO – 6.20% Series 1992B due 2012 (currently callable at 100% of par) 5.90% Series 1993 due 2023 (currently callable at 100% of par) and 8.875% Series due 2013; IP – 7.50% Series due 2009, 6.125% Series due 2017, 6.25% Series due 2018, 9.75% Series due 2018 and all IP pollution control revenue bonds.

(c) Environmental improvement or pollution control series secured by first mortgage bonds. In addition, all of the series except UE's 5.45% Series, CILCO's 6.20% Series 1992B, and 5.90% Series 1993 bonds are backed by an insurance guarantee policy.

(d) Interest rates, and the periods during which such rates apply, vary depending on our selection of certain defined rate modes. Maximum interest rates could range up to 18% depending upon the series of bonds. The average interest rates for the years 2008 and 2007 were as follows:

	2008	2007		2008	2007
UE 1991 Series	Retired	3.66%	CIPS Series 2004	Retired	3.68%
UE 1992 Series	3.66%	3.72%	CIPS 1993 Series B-1	1.98%	3.25%
UE 1998 Series A	3.97%	3.69%	CILCO Series 2004	Retired	3.68%
UE 1998 Series B	3.71%	3.66%	IP 1997 Series A	Retired	3.93%
UE 1998 Series C	4.06%	3.66%	IP 1997 Series B	Retired	3.89%
UE 2000 Series A	Retired	3.55%	IP 1997 Series C	Retired	3.84%
UE 2000 Series B	Retired	3.55%	IP Series 2001 (AMT)	Retired	3.89%
UE 2000 Series C	Retired	3.56%	IP Series 2001 (Non-AMT)	Retired	3.69%

(e) Under the terms of the subordinated debentures, UE may, under certain circumstances, defer the payment of interest for up to five years. Upon the election to defer interest payments, UE dividend payments to Ameren are prohibited. UE has not elected to defer any interest payments.

(f) CILCORP's long-term debt is secured by a pledge of the common stock of CILCO.

(g) These notes are subject to a revocable tender offer whereby holders may receive up to $1,057.50 and $1,230, respectively, for each $1,000 principal amount of 8.70% senior notes due 2009 and 9.375% senior bonds due 2029 tendered.

The following table presents the aggregate maturities of long-term debt, including current maturities, for the Ameren Companies at December 31, 2008:

	UE	CIPS	Genco	CILCORP (Parent)	CILCO	IP	Ameren Consolidated
2009	$ 4	$ -	$ -	$ 126[(a)]	$ -	$ 250	$ 380
2010	4	-	200	-	-	-	204
2011	4	150	-	-	-	-	154
2012	178	-	-	-	1	-	179
2013	205	-	-	-	150	-	355
Thereafter	3,289	272	575	210	128	1,150	5,624
Total	$ 3,684[(b)]	$ 422[(b)]	$ 775[(b)]	$ 336[(c)]	$ 279	$ 1,400[(b)(d)]	$ 6,896

(a) Includes $2 million of fair-market value adjustments related to CILCORP's current maturities of long-term debt.

(b) Excludes unamortized discount and premium of $7 million, $1 million, $1 million, and $10 million at UE, CIPS, Genco, and IP, respectively.

(c) Excludes $47 million related to CILCORP's long-term debt fair-market value adjustments.

(d) Excludes $10 million related to IP's long-term debt fair-market value adjustments.

All of the Ameren Companies expect to fund maturities of long-term debt, short-term debt and contractual obligations through a combination of cash flow from operations and external financing. See Note 4 – Short-term Borrowings and Liquidity for a discussion of external financing availability.

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.

Ameren

Ameren's acquisitions of CILCORP and IP resulted in fair value adjustments to long-term debt of $111 million and $195 million, respectively. The fair value adjustments are being amortized to interest expense over the remaining life or to the expected redemption date of each debt issuance. As of December 31, 2008, the remaining unamortized balance of the fair-market value adjustments for CILCORP and IP were $49 million and $10 million, respectively. At IP, the amortization of fair value adjustments is offset in interest expense by a related amortization of a regulatory asset. See Note 2 – Rate and Regulatory Matters for more information on the regulatory asset.

The following table presents the amortization of the CILCORP and IP fair value adjustments for the succeeding five years:

	CILCORP	IP
2009	$ 5	$ 5
2010	2	(a)
2011	2	(a)
2012	2	(a)
2013	2	(a)
Thereafter	36	4

(a) Amount is less than $1 million.

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 the 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 selling newly issued shares of 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 has now been merged into the Ameren 401(k) plan), Ameren issued 4.0 million, 1.7 million, and 1.9 million shares of common stock in 2008, 2007, and 2006, respectively, which were valued at $154 million, $91 million, and $96 million for the respective years.

In February 2007, $100 million of Ameren's 5.70% notes matured and were retired.

In May 2007, $250 million of Ameren's senior notes matured and were retired.

UE

In June 2007, UE issued $425 million of 6.40% senior secured notes due June 15, 2017, with interest payable semi-annually on June 15 and December 15 of each year, beginning in December 2007. These notes are secured by first mortgage bonds. UE received net proceeds of $421 million, which were used to repay short-term debt.

In connection with UE's June 2007 issuance of $425 million of senior secured notes, UE agreed, that so long as those senior secured notes are outstanding, it will not, prior to June 15, 2012, optionally redeem, purchase or otherwise retire in full its outstanding first mortgage bonds not subject to release provisions, thus causing a first mortgage bond release date to occur. Such release date is the date at which the security provided by the pledge under UE's first mortgage indenture would no longer be available to holders of any outstanding series of its senior secured notes and such indebtedness would become senior unsecured indebtedness ranking equally with any other outstanding senior unsecured indebtedness of UE. UE further agreed that the interest rate for these $425 million of senior secured notes will be subject to an increase of up to a maximum of 2.00% if such release date occurs between June 15, 2012, and June 15, 2017 (the maturity date of the $425 million senior secured notes), and if Moody's or S&P downgrades the rating assigned to these senior secured notes below investment grade as a result of the release within 30 days of such release (subject to extension if and for so long as the rating for such senior secured notes is under consideration for possible downgrade).

In April 2008, UE issued $250 million of 6.00% senior secured notes due April 1, 2018, with interest payable semiannually on April 1 and October 1 of each year, beginning in October 2008. These notes are secured by first mortgage bonds. UE received net proceeds of $248 million, which were used to redeem certain of UE's outstanding auction-rate environmental improvement revenue refunding bonds discussed below and to repay short-term debt. In connection with this issuance of $250 million of senior secured notes, UE agreed, that so long as these senior secured notes are outstanding, it will not, prior to maturity, cause a first mortgage bond release date to occur.

In April 2008, $63 million of UE's Series 2000B auction-rate environmental improvement revenue refunding bonds were redeemed at par value plus accrued interest.

In May 2008, $43 million of UE's Series 1991, $64 million of UE's Series 2000A and $60 million of UE's Series 2000C auction-rate environmental improvement revenue refunding bonds were redeemed at par value plus accrued interest. Also, in May 2008, $148 million of UE's 6.75% Series first mortgage bonds matured and were retired.

In June 2008, UE issued $450 million of 6.70% senior secured notes due February 1, 2019, with interest payable semiannually on February 1 and August 1 of each year, beginning in February 2009. These notes are secured by first mortgage bonds. UE received net proceeds of $446 million, which was used to repay short-term debt. A portion of that debt had been incurred so that UE could pay at maturity the 6.75% Series first mortgage bonds noted above. In connection with this issuance of $450 million of senior secured notes, UE agreed, that so long as these senior secured notes are outstanding, it will not, prior to maturity, cause a first mortgage bond release date to occur.

CIPS

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

In December 2008, $15 million of CIPS' 5.375% senior secured notes matured and were retired.

Genco

In April 2008, Genco issued and sold, with registration rights in a private placement, $300 million of 7.00% senior unsecured notes due April 15, 2018, with interest payable semiannually on April 15 and October 15 of each year, beginning in October 2008. Genco received net proceeds of

$298 million, which is used to fund capital expenditures, to repay short-term debt, and for general corporate purposes. Genco exchanged the outstanding unregistered unsecured notes for registered unsecured notes in July 2008.

CILCORP

As discussed above, in conjunction with Ameren's acquisition of CILCORP, CILCORP's long-term debt was increased to fair value by $111 million. Amortization related to fair-value adjustments was $6 million, $6 million, and $6 million for the years ended December 31, 2008, 2007, and 2006, respectively, and costs related to repayments were $- million, $- million, and $2 million for the years ended December 31, 2008, 2007, and 2006, respectively. These amounts were included in interest expense in the Consolidated Statements of Income of Ameren and CILCORP.

See Note 4 – Short-term Borrowings and Liquidity regarding CILCORP's pledge of the common stock of CILCO as security for its obligations under the 2006 $500 million credit facility and the 2007 $500 million credit facility.

In September 2008, CILCORP commenced a cash tender offer for any and all of its outstanding 8.70% senior notes due 2009 ($123.755 million aggregate principal amount) and its 9.375% senior bonds due 2029 ($210.565 million aggregate principal amount), collectively, the "notes." Concurrent with the tender offer, CILCORP solicited consents from the holders of the notes to certain proposed amendments to the indenture governing these securities. Any holder tendering securities as part of this offer is deemed to consent to the proposed amendments. No consents will be accepted separate from a tender of such holder's securities. The amendments would eliminate certain restrictive covenants in the indenture and the notes. The total consideration for each $1,000 principal amount of 2009 notes validly tendered on or prior to the current consent and expiration date, which has been extended to April 30, 2009, is $1,057.50. The total consideration includes a consent payment of $40 per $1,000 principal amount of such 2009 notes tendered on or prior to such date. The total consideration for each $1,000 principal amount of 2029 bonds validly tendered on or prior to the current April 30, 2009, consent and expiration date is $1,230, which includes a consent payment of $50 per $1,000 principal amount of such 2029 bonds tendered on or prior to such date. Holders validly tendering and not withdrawing notes on or before the extended consent and expiration date are eligible to receive the applicable total consideration. In addition, tenders of notes, including previously tendered notes, may be withdrawn (and related consents may be rescinded) at any time prior to April 30, 2009. As of January 28, 2009, CILCORP had received consents, net of those rescinded, from the holders of $121.3 million, or 98.0%, of its outstanding 2009 8.70% senior notes and $206.6 million, or 98.1%, of its outstanding 2029 bonds. Consummation of the tender offer and the consent solicitation is subject to a number of conditions, including the absence of certain adverse legal and market developments, as described in the offer to purchase. CILCORP has reserved the right to amend, further extend, terminate, or waive any conditions to the tender offer and the consent solicitation at any time. The impact on CILCORP's net income of the tender offer is expected to be approximately $3 million, if consummated.

CILCO

In July 2007, CILCO redeemed 11,000 shares of its 5.85% Class A preferred stock at a redemption price of $100 per share plus accrued and unpaid dividends. The redemption satisfied CILCO's mandatory sinking fund redemption requirement for this series of preferred stock for 2007.

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

In July 2008, CILCO redeemed the remaining 165,000 shares of its 5.85% Class A preferred stock at a redemption price of $100 per share plus accrued and unpaid dividends. The redemption completed CILCO's mandatory redemption obligations for this series of preferred stock.

In December 2008, CILCO issued $150 million of 8.875% senior secured notes due December 15, 2013, with interest payable semiannually on June 15 and December 15 of each year, beginning in June 2009. These notes are secured by first mortgage bonds. CILCO received net proceeds of $149 million, which were used to repay short-term debt. In connection with this issuance of $150 million of senior secured notes, CILCO agreed, that so long as these senior secured notes are outstanding, it will not, prior to maturity, cause a first mortgage bond release date to occur. The mortgage bond release date is the date at which the security provided by the pledge under CILCO's first mortgage indenture would no longer be available to holders of any outstanding series of its senior secured notes and such indebtedness would become senior unsecured indebtedness.

IP

As discussed above, in conjunction with Ameren's acquisition of IP, IP's long-term debt was increased to fair value by $195 million. Amortization related to fair value adjustments was $13 million for the year ended December 31, 2006, and was included in interest expense in the consolidated statements of income of Ameren and IP. Beginning in 2007, the amortization related to fair value adjustments was recoverable in rates and a regulatory asset was established. See Note 2 – Rate and Regulatory Matters for more information.

In November 2007, IP issued and sold, with registration rights in a private placement, $250 million of 6.125% senior secured notes due November 15, 2017, with interest payable semiannually on May 15 and November 15 of each year, beginning in May 2008. These notes are secured by mortgage bonds, which are subject to fallaway provisions as defined in the related financing agreements. IP received net proceeds of $248 million, which were used to repay short-term debt. IP exchanged the outstanding unregistered secured notes for registered secured notes in April 2008.

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

In May 2008, IP redeemed its $112 million Series 2001 Non-AMT, $75 million Series 2001 AMT, $70 million 1997 Series A, and $45 million 1997 Series B auction-rate pollution control revenue bonds at par value plus accrued interest. In June 2008, IP redeemed its $35 million 1997 Series C auction-rate pollution control revenue bonds at par value plus accrued interest.

In September 2008, IP redeemed the remaining portion of its $54 million principal amount 5.65% note payable to IP SPT. Previous redemptions occurred in the first and second quarters of 2008 for $19 million and $20 million, respectively. This was the remaining outstanding amount of $864 million of TFNs issued by the IP SPT in December 1998, as allowed under the Illinois Electric Utility Transition Funding Law.

In October 2008, IP issued and sold, with registration rights in a private placement, $400 million of 9.75% senior secured notes due November 15, 2018, with interest payable semiannually on November 15 and May 15 of each year, beginning in May 2009. IP received net proceeds of $391 million, which were used to repay short-term debt. In connection with IP's October 2008 issuance of $400 million of senior secured notes, IP agreed that, so long as these senior secured notes are outstanding, it will not, prior to maturity, cause a first mortgage bond release date to occur. In February 2009, IP commenced an offer to exchange the outstanding unregistered secured notes for registered secured notes.

Indenture Provisions and Other Covenants

UE's, CIPS', CILCO's and IP's indenture provisions and articles of incorporation include covenants and provisions related to the issuances of first mortgage bonds and preferred stock. UE, CIPS, CILCO and IP are required to meet certain ratios to issue first mortgage bonds and preferred stock. The following table includes the required and actual earnings coverage ratios for interest charges and preferred dividends and bonds and preferred stock issuable for the 12 months ended December 31, 2008, at an assumed interest and dividend rate of 8%.

	Required Interest Coverage Ratio[(a)]	Actual Interest Coverage Ratio	Bonds Issuable[(b)]	Required Dividend Coverage Ratio[(c)]	Actual Dividend Coverage Ratio	Preferred Stock Issuable
UE	≥2.0	3.0	$ 1,102	≥2.5	40.4	$ 1,126
CIPS	≥2.0	2.1	33	≥1.5	1.4	-
CILCO	≥2.0[(d)]	13.5	181	≥2.5	51.4	331[(e)]
IP	≥2.0	2.0	296	≥1.5	1.0	-

(a) Coverage required on the annual interest charges on first mortgage bonds outstanding and to be issued. Coverage is not required in certain cases when additional first mortgage bonds are issued on the basis of retired bonds.

(b) Amount of bonds issuable based either on meeting required coverage ratios or unfunded property additions, whichever is more restrictive. The amounts shown also include bonds issuable based on retired bond capacity of $161 million, $18 million, $44 million and $286 million, at UE, CIPS, CILCO and IP, respectively.

(c) Coverage required on the annual interest charges on all long-term debt (CIPS only) and the annual dividend on preferred stock outstanding and to be issued, as required in the respective company's articles of incorporation. For CILCO, this ratio must be met for a period of 12 consecutive calendar months within the 15 months immediately preceding the issuance.

(d) In lieu of meeting the interest coverage ratio requirement, CILCO may attempt to meet an earnings requirement of at least 12% of the principal amount of all mortgage bonds outstanding and to be issued. For the 12 months ended December 31, 2008, CILCO had earnings equivalent to at least 31% of the principal amount of all mortgage bonds outstanding.

(e) See Note 4 – Short-term Borrowings and Liquidity for a discussion regarding a restriction on the issuance of preferred stock by CILCO under the 2006 $500 million credit facility and the 2007 $500 million credit facility.

UE's mortgage indenture contains certain provisions that restrict the amount of common dividends that can be paid by UE. Under this mortgage indenture, $31 million of total retained earnings was restricted against payment of common dividends, except those dividends payable in common stock, which left $1.8 billion of free and unrestricted retained earnings at December 31, 2008.

CILCO's articles of incorporation contain certain provisions that prohibit the payment of dividends on its common stock (1) from either paid-in surplus or any surplus created by a reduction of stated capital or capital stock, or (2) if at the time of dividend declaration, there shall not remain to the credit of earned surplus account (after deducting the amount of such dividends) an amount at least equal to two times the annual dividend requirement on all outstanding shares of CILCO's preferred stock.

Genco's and CILCORP's indentures include provisions that require the companies to maintain certain debt service coverage and/or debt-to-capital ratios in order for the companies to pay dividends, to make certain principal or interest payments, to make certain loans to or investments in affiliates, or to incur additional indebtedness. The following table summarizes these ratios for the 12 months ended December 31, 2008:

	Required Interest Coverage Ratio	Actual Interest Coverage Ratio	Required Debt-to-Capital Ratio	Actual Debt-to-Capital Ratio
Genco[a]	≥1.75[b]	6.9	≤60%	51%
CILCORP[c]	≥2.2	3.8	≤67%	32%

(a) Interest coverage ratio relates to covenants regarding certain dividend, principal and interest payments on certain subordinated intercompany borrowings. The debt-to-capital ratio relates to a debt incurrence covenant, which also requires an interest coverage ratio of 2.5 for the most recently ended four fiscal quarters.

(b) Ratio excludes amounts payable under Genco's intercompany note to CIPS. The ratio must be met both for the prior four fiscal quarters and for the succeeding four six-month periods.

(c) CILCORP must maintain the required interest coverage ratio and debt-to-capital ratio in order to make any payment of dividends or intercompany loans to affiliates other than direct or indirect subsidiaries.

Genco's debt incurrence-related ratio restrictions and restricted payment limitations under its indenture may be disregarded if both Moody's and S&P reaffirm the ratings of Genco in place at the time of the debt incurrence after considering the additional indebtedness. Even if CILCORP is not in compliance with these restrictions, CILCORP may still make payments of dividends or intercompany loans if its senior long-term debt rating is at least BB+ from S&P, Baa2 from Moody's, and BBB from Fitch. At December 31, 2008, CILCORP's senior long-term debt ratings from S&P, Moody's and Fitch were BB+, Ba2, and BBB-, respectively. The common stock of CILCO is pledged as security to the holders of CILCORP's senior notes and bonds and credit facility obligations.

In order for the Ameren Companies to issue securities in the future, they will have to comply with any applicable tests in effect at the time of any such issuances.

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.

NOTE 6 – OTHER INCOME AND EXPENSES

The following table presents Other Income and Expenses for each of the Ameren Companies for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Ameren:[a]			
Miscellaneous income:			
Interest and dividend income	$ 15	$ 27	$ 10
Interest income on industrial development revenue bonds	28	28	28
Allowance for equity funds used during construction	28	5	4
Other	9	15	8
Total miscellaneous income	$ 80	$ 75	$ 50
Miscellaneous expense:			
Donations	$ (13)	$ (13)	$ (5)
Other	(18)	(12)	(14)
Total miscellaneous expense	$ (31)	$ (25)	$ (19)
UE:			
Miscellaneous income:			
Interest and dividend income	$ 5	$ 4	$ 3
Interest income on industrial development revenue bonds	28	28	28
Allowance for equity funds used during construction	28	4	3
Other	1	2	4
Total miscellaneous income	$ 62	$ 38	$ 38
Miscellaneous expense:			
Donations	$ (3)	$ (2)	$ (2)
Other	(6)	(5)	(6)
Total miscellaneous expense	$ (9)	$ (7)	$ (8)

	2008	2007	2006
CIPS:			
Miscellaneous income:			
Interest and dividend income	$ 9	$ 16	$ 15
Other	2	1	2
Total miscellaneous income	$ 11	$ 17	$ 17
Miscellaneous expense:			
Donations	$ (2)	$ (2)	$ (1)
Other	(1)	(1)	(1)
Total miscellaneous expense	$ (3)	$ (3)	$ (2)
Genco:			
Miscellaneous income:			
Interest and dividend income	$ 1	$ -	$ -
Total miscellaneous income	$ 1	$ -	$ -
Miscellaneous expense:			
Other	$ (1)	$ -	$ -
Total miscellaneous expense	$ (1)	$ -	$ -
CILCORP:			
Miscellaneous income:			
Interest and dividend income	$ 1	$ 4	$ 2
Other	1	1	-
Total miscellaneous income	$ 2	$ 5	$ 2
Miscellaneous expense:			
Donations	$ (2)	$ (1)	$ (1)
Other	(3)	(4)	(3)
Total miscellaneous expense	$ (5)	$ (5)	$ (4)
CILCO:			
Miscellaneous income:			
Interest and dividend income	$ 1	$ 4	$ 1
Other	1	1	-
Total miscellaneous income	$ 2	$ 5	$ 1
Miscellaneous expense:			
Donations	$ (2)	$ (1)	$ (1)
Other	(3)	(5)	(3)
Total miscellaneous expense	$ (5)	$ (6)	$ (4)
IP:			
Miscellaneous income:			
Interest and dividend income	$ 5	$ 8	$ 4
Other	6	6	2
Total miscellaneous income	$ 11	$ 14	$ 6
Miscellaneous expense:			
Donations	$ (3)	$ (3)	$ (1)
Other	(2)	(2)	(3)
Total miscellaneous expense	$ (5)	$ (5)	$ (4)

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

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

We use derivatives principally to manage the risk of changes in market prices for natural gas, fuel, electricity, and emission allowances. Price fluctuations in natural gas, fuel, and electricity may cause any of the following:

- an unrealized appreciation or depreciation of our contracted commitments to purchase or sell when purchase or sale prices under the commitments are compared with current commodity prices;
- market values of fuel and natural gas inventories or purchased power that differ from the cost of those commodities in inventory; or
- actual cash outlays for the purchase of these commodities that differ from anticipated cash outlays.

The derivatives that we use to hedge these risks are governed by our risk management policies for forward contracts, futures, options, and swaps. Our net positions are continually assessed within our structured hedging programs to determine whether new or offsetting transactions are required. The goal of the hedging program is generally to mitigate financial risks while ensuring that sufficient volumes are available to meet our requirements.

Certain derivative contracts are entered into on a regular basis as part of our risk management program, but these do not qualify for hedge accounting or the normal purchase and normal sales exceptions under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

Accordingly, such contracts are recorded at fair value. Changes in the fair value are charged or credited to the income statement in the period in which the change occurs. Contracts we enter into as part of our risk management program may be settled financially, by physical delivery, or net settled with the counterparty.

Cash Flow Hedges

Our risk management processes identify the relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The mark-to-market value of cash flow hedges will continue to fluctuate with changes in market prices up to contract expiration.

We monitor and value derivative positions daily as part of our risk management processes. We use published sources for pricing when possible to mark positions to market. We rely on modeled valuations only when no other method exists.

The following table presents the pretax net gain (loss) for the years ended December 31, 2008, 2007 and 2006, of power hedges included in Operating Revenues – Electric. This pretax net gain (loss) represents the impact of discontinued cash flow hedges, the ineffective portion of cash flow hedges, and the reversal of amounts previously recorded in OCI for transactions that have since been delivered or settled:

Gains (Losses)	2008	2007	2006
Ameren	**$ 103**	$ 40	$ 9
UE	**7**	-	11
Genco	**-**	-	2
IP	**-**	-	(7)

(a) Includes amounts from Ameren registrants and non-registrant subsidiaries.

Other Derivatives

The following table represents the net change in market value for the years ended December 31, 2008, 2007 and 2006, of option and swap transactions used to manage our positions in SO_2 allowances, coal, heating oil, FTRs and power. Certain of these transactions are treated as nonhedge transactions under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. The net changes in the market value of nonhedge power and gas transactions are recorded in Operating Revenues – Electric, and Operating Revenues – Gas, while the net changes in the market value of coal, heating oil, and SO_2 options and swaps is recorded as Operating Expenses – Fuel.

Gains (Losses)	2008	2007	2006
SO_2 options and swaps:			
Ameren(a)	**$ -**	$ 8	$(2)
UE	**-**	6	4
Genco	**-**	1	(4)
Coal options:			
Ameren(a)	**-**	2	(2)
UE	**-**	2	(2)
Heating oil options:			
Ameren(a)	**(53)**	6	(2)
UE	**(26)**	1	-
Genco	**(16)**	1	-
CILCORP/CILCO	**(3)**	-	-
FTRs:			
Ameren(a)	**3**	-	-
UE	**2**	-	-
Nonhedge power swaps and forwards:			
Ameren(a)	**2**	(2)	-
Gas forwards and swaps:			
Ameren(a)	**(12)**	-	-
UE	**(3)**	-	-
CILCORP/CILCO	**(6)**	-	-

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

During the third quarter ended September 30, 2008, UE entered into foreign currency forward contracts. These derivative instruments are intended to fix the amount of U.S. dollars UE will pay for future equipment deliveries denominated in euros as part of a firm commitment to purchase heavy forgings, which would be used in building a second nuclear unit. These forward contracts qualify as fair value hedges and, as a result, both the derivative positions and the foreign currency exposure on the firm commitment are recorded at fair value. Changes in the fair value of both the derivative instrument and the hedged item are recorded in earnings. For the year ended December 31, 2008, this hedging program was highly effective, resulting in no impact to net income.

The following table presents the carrying value of all derivative instruments and the amount of pretax net gains (losses) on derivative instruments in Accumulated OCI, regulatory assets, or regulatory liabilities, at December 31, 2008 and 2007:

	Ameren[(a)]	UE	CIPS	Genco	CILCORP/ CILCO	IP
2008:						
Derivative instruments carrying value:						
Other current assets	$ 207	$ 50	$ -	$ -	$ -	$ -
Other assets	47	-	-	-	-	-
Other current liabilities	155	24	31	1	29	56
Other deferred credits and liabilities[(b)]	79	10	53	-	30	78
Gains (losses) deferred in Accumulated OCI:						
Power forwards[(c)]	84	40	-	-	-	-
Interest rate swaps[(d)(e)]	(11)	-	-	(11)	-	-
Gains (losses) deferred in regulatory assets or liabilities:						
Gas forwards and futures contracts[(f)]	(118)	(16)	(27)	-	(25)	(50)
Financial contracts[(g)]	-	-	(56)	-	(29)	(85)
2007:						
Derivative instruments carrying value:						
Other current assets	$ 35	$ 7	$ 1	$ 2	$ 2	$ 2
Other assets	9	1	38	-	20	61
Other current liabilities	24	1	1	6	1	8
Other deferred credits and liabilities	7	-	-	-	-	-
Gains (losses) deferred in Accumulated OCI:						
Power forwards	15	4	-	-	-	-
Interest rate swaps	(2)	-	-	(2)	-	-
Gas swaps and futures contracts	-	-	-	-	1	-
Coal options	1	1	-	-	-	-
Gains (losses) deferred in regulatory assets or liabilities:						
Gas forwards and futures contracts	(2)	1	(1)	-	-	(2)
Financial contracts[(g)]	-	-	40	-	19	57

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

(b) Includes Ameren's and UE's carrying value of fair value foreign currency forward contracts.

(c) Represents the mark-to-market value for the hedged portion of electricity price exposure for periods of up to three years, including $123 million and $39 million in 2009 at Ameren and UE, respectively.

(d) Includes a gain associated with interest rate swaps at Genco that were a partial hedge of the interest rate on debt issued in June 2002. The swaps cover the first 10 years of debt that has a 30-year maturity, and the gain in OCI is amortized over a 10-year period that began in June 2002. The carrying value at December 31, 2008 was $2 million.

(e) Includes a loss associated with interest rate swaps at Genco. The swaps were executed during the fourth quarter of 2007 as a partial hedge of interest rate risks associated with Genco's April 2008 debt issuance. The cumulative gain and loss on the interest rate swaps will be amortized over a 10-year period that began in April 2008. The carrying value at December 31, 2008, was $13 million.

(f) Represents gains associated with natural gas swaps and futures contracts. The swaps are a partial hedge of our natural gas requirements through October 2012 at UE, through March 2013 at CIPS and IP, and through March 2012 at CILCORP and CILCO.

(g) Current losses deferred as regulatory assets of $14 million at CIPS, $7 million at CILCO, and $21 million at IP that were recorded in other current assets at December 31, 2008. Current gains deferred as regulatory liabilities include $2 million at CIPS, $1 million at CILCO, and $2 million at IP that were recorded in other current liabilities at December 31, 2007.

As part of the Illinois electric settlement agreement, the Ameren Illinois Utilities entered into financial contracts with Marketing Company. These financial contracts are derivative instruments being accounted for as cash flow hedges at the Ameren Illinois Utilities and Marketing Company. Consequently, the Ameren Illinois Utilities and Marketing Company record the fair value of the contracts on their respective balance sheets and the changes to the fair value in regulatory assets or liabilities for the Ameren Illinois Utilities and OCI at Marketing Company. In Ameren's consolidated financial statements, all financial statement effects of the derivative instruments are eliminated. See Note 2 – Rate and Regulatory Matters for additional information on these financial contracts.

Derivative instruments are subject to various credit-related losses in the event of nonperformance by counterparties to the contracts. In order to mitigate these risks, collateral requirements are established. As of December 31, 2008, Ameren, UE, CIPS, CILCORP, CILCO and IP had collateral postings with external parties of $109 million, $15 million, $26 million, $16 million, $16 million, and $36 million, respectively. The amount of collateral external counterparties posted with Ameren was $7 million at December 31, 2008. The amounts of collateral external counterparties posted with UE, CIPS, CILCORP, CILCO, and IP were immaterial at December 31, 2008. See Note 14 – Related Party Transactions for information regarding collateral postings with affiliates.

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. On October 21, 2008, Ameren sent notice to Lehman

Commodity Services terminating all transactions between Genco, UE, 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.

NOTE 8 – FAIR VALUE MEASUREMENTS

SFAS No. 157 provides a framework for measuring fair value for all assets and liabilities that are measured and reported at fair value. The Ameren Companies adopted SFAS No. 157 as of the beginning of their 2008 fiscal year for financial assets and liabilities and as of the beginning of their 2009 fiscal year for nonfinancial assets and liabilities, except those already reported at fair value on a recurring basis. The impact of the adoption of SFAS No. 157 for financial assets and liabilities at January 1, 2008, and for nonfinancial assets and liabilities at January 1, 2009, was not material. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use various methods to determine fair value, including market, income, and cost approaches. With these approaches, we adopt certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk or the risks inherent in the inputs to the valuation. Inputs to valuation can be readily observable, market-corroborated, or unobservable. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS No. 157 also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. All financial assets and liabilities carried at fair value are classified and disclosed in one of the following three hierarchy levels:

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

Level 2: Market-based inputs corroborated by third-party brokers or exchanges based on transacted market data. Level 2 assets and liabilities include certain assets held in UE's Nuclear Decommissioning Trust Fund, including corporate bonds and other fixed-income securities, and certain over-the-counter derivative instruments, including natural gas swaps and financial power transactions. Derivative instruments classified as Level 2 are valued using corroborated observable inputs, such as pricing services or prices from similar instruments that trade in liquid markets. Our development and corroboration process entails obtaining multiple quotes or prices from outside sources. To derive our forward view to price our derivative instruments at fair value, we average the midpoints of the bid/ask spreads. To validate forward prices obtained from outside parties, we compare the pricing to recently settled market transactions. Additionally, a review of all sources is performed to identify any anomalies or potential errors. Further, we consider the volume of transactions on certain trading platforms in our reasonableness assessment of the averaged midpoint.

Level 3: Unobservable inputs that are not corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies that use significant unobservable inputs. Level 3 assets and liabilities include derivative instruments that trade in less liquid markets, where pricing is largely unobservable, including the financial contracts entered into between the Ameren Illinois Utilities and Marketing Company as part of the Illinois electric settlement agreement. We value Level 3 instruments using pricing models with inputs that are often unobservable in the market, as well as certain internal assumptions. Our development and corroboration process entails obtaining multiple quotes or prices from outside sources. As a part of our reasonableness review, a review of all sources is performed to identify any anomalies or potential errors.

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

We consider nonperformance risk in our valuation of derivative instruments by analyzing the credit standing of our counterparties and considering any counterparty credit enhancements (e.g., collateral). SFAS No. 157 also requires that the fair value measurement of liabilities reflect the nonperformance risk of the reporting entity, as applicable. Therefore, we have factored the impact of our credit standing as well as any potential credit enhancements into the fair value measurement of both derivative assets and derivative liabilities. Included in our valuation, and based on current market conditions, is a valuation adjustment for counterparty default derived from market data such as the price of credit default swaps, bond yields, and credit ratings. Ameren recorded $5 million in losses in the fourth quarter of 2008 related to valuation adjustments for counterparty default risk. At December 31, 2008, the counterparty default risk valuation adjustment related to net derivative (assets) liabilities totaled $(1) million, $- million, $9 million, $6 million, and $16 million for Ameren, UE, CIPS, CILCORP/CILCO and IP, respectively.

The following table sets forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of December 31, 2008:

		Quoted Prices in Active Markets for Identified Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:					
Ameren[(a)]	Other current assets	$ -	$ -	$ 6	$ 6
	Derivative assets[(b)]	1	19	234	254
	Nuclear Decommissioning Trust Fund[(c)]	164	81	2	247
UE	Derivative assets	-	14	36	50
	Nuclear Decommissioning Trust Fund[(c)]	164	81	2	247
CIPS	Derivative assets[(b)]	-	-	-	-
Genco	Derivative assets[(b)]	-	-	-	-
CILCORP/CILCO	Derivative assets[(b)]	-	-	-	-
IP	Derivative assets[(b)]	-	-	-	-
Liabilities:					
Ameren[(a)]	Derivative liabilities[(b)]	$ 9	$ 6	$ 219	$ 234
UE	Derivative liabilities[(b)]	-	3	31	34
CIPS	Derivative liabilities[(b)]	-	-	84	84
Genco	Derivative liabilities[(b)]	-	-	1	1
CILCORP/CILCO	Derivative liabilities[(b)]	4	-	55	59
IP	Derivative liabilities[(b)]	-	-	134	134

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) The derivative asset and liability balances are presented net of counterparty credit considerations.
(c) Balance excludes ($8) million of receivables, payables, and accrued income, net.

The following table summarizes the changes in the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy for the year ended December 31, 2008:

		Beginning Balance at January 1, 2008	Realized and Unrealized Gains (Losses): Included in Earnings[(a)]	Included in OCI	Included in Regulatory Assets/ Liabilities	Total Realized and Unrealized Gains (Losses)	Purchases, Issuances, and Other Settlements, Net	Net Transfers Into (Out of) Level 3	Ending Balance at December 31, 2008	Change in Unrealized Gains (Losses) Related to Assets/ Liabilities Still Held at December 31, 2008
Other current assets	Ameren	$ -	$ -	$ -	$ -	$ -	$ -	$ 6	$ 6	$ -
Net derivative contracts	Ameren	$ 19	$ (18)	$ 13	$ (35)	$ (40)	$ 8	$ 28	$ 15	$ (206)
	UE	3	1	13	13	27	(42)	17	5	(6)
	CIPS	38	(1)	-	(127)	(128)	6	-	(84)	(106)
	Genco	1	(2)	-	-	(2)	-	-	(1)	-
	CILCORP/CILCO	21	(34)	-	(43)	(77)	1	-	(55)	(62)
	IP	55	(1)	-	(209)	(210)	21	-	(134)	(174)
Nuclear Decommissioning Trust Fund	Ameren	$ 5	$ -	$ -	$ -	$ -	$ (3)	$ -	$ 2	$ -
	UE	5	-	-	-	-	(3)	-	2	-

(a) Net gains and losses on power options are recorded in Operating Revenues – Electric, while net gains and losses on coal, heating oil, and SO_2 options and swaps are recorded as Operating Expenses – Fuel.

Transfers in or out of Level 3 represent either (1) existing assets and liabilities that were previously categorized as a higher level but were recategorized to Level 3 because the inputs to the model became unobservable during the period, or (2) existing assets and liabilities that were previously classified as Level 3 but were recategorized to a higher level because the lowest significant input became observable during the period. Transfers between Level 2 and Level 3 were primarily caused by changes in availability of financial power trades observable on electronic exchanges compared with previous periods for the year ended December 31, 2008. Any reclassifications are reported as transfers in/out of Level 3 at the fair value measurement reported at the beginning of the period in which the changes occur.

The Ameren Companies' carrying amounts of cash and cash equivalents, accounts receivable, short-term borrowings, and accounts payable approximate fair value because of the short-term nature of these instruments. The estimated fair value of long-term debt and preferred stock is based on the quoted market prices for same or similar issues for companies with similar credit profiles or on the current rates offered to the Ameren Companies for similar financial instruments.

The following table presents the carrying amounts and estimated fair values of our long-term debt and preferred stock at December 31, 2008 and 2007:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Ameren:[a]				
Long-term debt and capital lease obligations (including current portion)	**$ 6,934**	**$ 6,144**	$ 5,912	$ 5,821
Preferred stock	**195**	**100**	211	147
UE:				
Long-term debt and capital lease obligations (including current portion)	**$ 3,677**	**$ 3,156**	$ 3,360	$ 3,255
Preferred stock	**113**	**62**	113	85
CIPS:				
Long-term debt (including current portion)	**$ 421**	**$ 371**	$ 471	$ 472
Preferred stock	**50**	**22**	50	27
Genco:				
Long-term debt (including current portion)	**$ 774**	**$ 661**	$ 474	$ 510
CILCORP:				
Long-term debt (including current portion)	**$ 662**	**$ 630**	$ 537	$ 516
Preferred stock	**19**	**10**	35	27
CILCO:				
Long-term debt (including current portion)	**$ 279**	**$ 255**	$ 148	$ 149
Preferred stock	**19**	**10**	35	27
IP:				
Long-term debt (including current portion)	**$ 1,400**	**$ 1,326**	$ 1,070	$ 1,067
Preferred stock	**46**	**24**	46	32

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

NOTE 9 – NUCLEAR DECOMMISSIONING TRUST FUND INVESTMENTS

UE has investments in debt and equity securities that are held in a trust fund for the purpose of funding the decommissioning of its Callaway nuclear plant. See Note 16 – Callaway Nuclear Plant for further information. We have classified these investments as available for sale, and we have recorded all such investments at their fair market value at December 31, 2008, and 2007.

Investments by the nuclear decommissioning trust fund have a target allocation of 60% to 70% in equity securities with the balance invested in fixed-income securities. Due to recent market conditions, the equity securities weighting was below targeted levels at December 31, 2008. In January 2009, UE rebalanced its investments to align with its targeted equity securities weighting.

The following table presents proceeds from the sale of investments in UE's nuclear decommissioning trust fund and the gross realized gains and losses on those sales for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Proceeds from sales	**$ 497**	$ 128	$ 98
Gross realized gains	**5**	4	2
Gross realized losses	**8**	3	2

Net realized and unrealized gains and losses are reflected in regulatory assets or regulatory liabilities on Ameren's and UE's Consolidated Balance Sheets. This reporting is consistent with the method we use to account for the decommissioning costs recovered in rates. Gains or losses on assets in the trust fund could result in lower or higher funding requirements for decommissioning costs, which we believe would be reflected in electric rates paid by UE's customers. See Note 2 – Rate and Regulatory Matters.

The following table presents the costs and fair values of investments in debt and equity securities in UE's nuclear decommissioning trust fund at December 31, 2008 and 2007:

Security Type	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
2008:				
Debt securities	**$ 109**	**$ 5**	**$ 3**	**$ 111**
Equity securities	**123**	**40**	**29**	**134**
Cash	**2**	**-**	**-**	**2**
Other[(a)]	**(8)**	**-**	**-**	**(8)**
Total	**$ 226**	**$ 45**	**$ 32**	**$ 239**
2007:				
Debt securities	$ 109	$ 3	$ 1	$ 111
Equity securities	104	97	7	194
Cash	1	-	-	1
Other[(a)]	1	-	-	1
Total	$ 215	$ 100	$ 8	$ 307

(a) Represents payables relating to pending security purchases, net of receivables related to pending securities sales and interest receivables.

The following table presents the costs and fair values of investments in debt securities in UE's nuclear decommissioning trust fund according to their contractual maturities at December 31, 2008:

	Cost	Fair Value
Less than 5 years	$ 40	$ 40
5 years to 10 years	37	38
Due after 10 years	32	33
Total	$ 109	$ 111

We have unrealized losses relating to certain available-for-sale investments included in our decommissioning trust fund, recorded as regulatory assets as discussed above. Decommissioning will not occur until the operating license for our nuclear facility expires. UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license to 2044. The following table presents the fair value and the gross unrealized losses of the available-for-sale securities held in UE's nuclear decommissioning trust fund. They are aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2008:

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Debt securities	$ 20	$ 2	$ 7	$ 1	$ 27	$ 3
Equity securities	30	16	6	13	36	29
Total	$ 50	$ 18	$ 13	$ 14	$ 63	$ 32

NOTE 10 – STOCKHOLDER RIGHTS PLAN AND PREFERRED STOCK

Stockholder Rights Plan

In 1998, Ameren's board of directors adopted a share purchase rights plan designed to assure stockholders of fair and equal treatment in the event of a proposed takeover. The rights were exercisable only if a person or group acquired 15% or more of Ameren's outstanding common stock or announced a tender offer that would result in ownership by a person or group of 15% or more of the Ameren common stock. Ameren's stockholder rights plan expired on October 9, 2008, and Ameren's Board of Directors decided not to renew it.

Preferred Stock

All classes of UE's, CIPS', CILCO's and IP's preferred stock are entitled to cumulative dividends and have voting rights. Ameren has 100 million shares of $0.01 par value preferred stock authorized, with no shares outstanding. CIPS has 2.6 million shares of no par value preferred stock authorized, with no shares outstanding. UE has 7.5 million shares of $1 par value preference stock authorized and CILCO has 2 million shares of no par value preference stock authorized, with no such preference stock outstanding. IP has 5 million shares of no par value serial preferred stock authorized and 5 million shares of no par value preference stock authorized, with no such serial preferred stock and preference stock outstanding. No shares of preference stock have been issued by any of the Ameren Companies.

The following table presents the outstanding preferred stock of UE, CIPS, CILCO and IP that is not subject to mandatory redemption. The preferred stock is entitled to cumulative dividends and is redeemable, at the option of the issuer, at the prices presented as of December 31, 2008 and 2007:

		Redemption Price (per share)	2008	2007
UE:				
Without par value and stated value of $100 per share, 25 million shares authorized				
$3.50 Series	130,000 shares	$ 110.00	$ 13	$ 13
$3.70 Series	40,000 shares	104.75	4	4
$4.00 Series	150,000 shares	105.625	15	15
$4.30 Series	40,000 shares	105.00	4	4
$4.50 Series	213,595 shares	110.00[a]	21	21
$4.56 Series	200,000 shares	102.47	20	20
$4.75 Series	20,000 shares	102.176	2	2
$5.50 Series A	14,000 shares	110.00	1	1
$7.64 Series	330,000 shares	103.82[b]	33	33
Total			$ 113	$ 113
CIPS:				
With par value of $100 per share, 2 million shares authorized				
4.00% Series	150,000 shares	$ 101.00	$ 15	$ 15
4.25% Series	50,000 shares	102.00	5	5
4.90% Series	75,000 shares	102.00	8	8
4.92% Series	50,000 shares	103.50	5	5
5.16% Series	50,000 shares	102.00	5	5
6.625% Series	125,000 shares	100.00	12	12
Total			$ 50	$ 50
CILCO:				
With par value of $100 per share, 1.5 million shares authorized				
4.50% Series	111,264 shares	$ 110.00	$ 11	$ 11
4.64% Series	79,940 shares	102.00	8	8
Total			$ 19	$ 19
IP:				
With par value of $50 per share, 5 million shares authorized				
4.08% Series	225,510 shares	$ 51.50	$ 12	$ 12
4.20% Series	143,760 shares	52.00	7	7
4.26% Series	104,280 shares	51.50	5	5
4.42% Series	102,190 shares	51.50	5	5
4.70% Series	145,170 shares	51.50	7	7
7.75% Series	191,765 shares	50.00	10	10
Total			$ 46	$ 46
Less: Shares of IP preferred stock owned by Ameren			(33)	(33)
Total Ameren			$ 195	$ 195

(a) In the event of voluntary liquidation, $105.50.
(b) Declining to $100 per share in 2012.

NOTE 11 – RETIREMENT BENEFITS

We offer defined benefit and postretirement benefit plans covering substantially all employees of UE, CIPS, CILCORP, CILCO, IP, EEI, and Ameren Services and certain employees of Resources Company and its subsidiaries, including Genco. Ameren uses a measurement date of December 31 for its pension and postretirement benefit plans.

We adopted the provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106 and 132(R)," effective December 31, 2006. SFAS No. 158 requires employers to recognize the overfunded or underfunded positions of defined benefit postretirement plans, including pension plans, as an asset or liability in their balance sheets. Employers must also recognize as a component of OCI, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. Upon adoption of this provision, Ameren recorded the unfunded obligation of its defined benefit and postretirement benefit plans. The unfunded obligation is the difference between plan assets and the projected benefit obligation for defined benefit plans or accumulated postretirement benefit obligation for postretirement benefit plans. Ameren's adoption of SFAS No. 158 resulted in increases (decreases) to Ameren's, UE's, CIPS', Genco's, CILCORP's, CILCO's, and IP's accrued pension and other postretirement benefits of $406 million, $234 million, $95 million, $36 million, $(51) million, $55 million, and $(8) million, respectively. UE, CIPS, CILCO and IP recorded regulatory assets of $270 million, $108 million, $63 million, and $205 million, respectively, based on the expected recovery of these costs from ratepayers. The adoption of SFAS No. 158 had no material impact on accumulated other comprehensive income at Ameren. CILCORP and IP recognized gains in accumulated other comprehensive income of $29 million and $5 million, respectively, net of taxes, as a result of SFAS No. 158 obligations being reduced from those previously recognized. Genco and CILCO recorded a charge to accumulated other comprehensive income of $25 million and $2 million, respectively, net of taxes.

Investment Strategy and Return on Asset Assumption

The primary objective of the Ameren retirement plan and postretirement benefit plans is to provide eligible employees with pension and postretirement health care benefits. 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. Projected rates of return for each asset class were estimated 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.

Pension benefits are based on the employees' years of service and compensation. 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. Taking into consideration our assumptions at December 31, 2008, the investment performance in 2008, and our 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. Our policy for postretirement benefits is primarily to fund the Voluntary Employee Beneficiary Association (VEBA) trusts to match the annual postretirement expense.

The following table presents the benefit liability recorded in the balance sheets of each of the Ameren Companies as of December 31, 2008:

	2008
Ameren[(a)]	$ 1,499
UE	496
CIPS	79
Genco	67
CILCORP	216
CILCO	216
IP	314

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

The following table presents the funded status of our pension and postretirement benefit plans for the years ended December 31, 2008 and 2007:

	2008		2007	
	Pension Benefits[a]	Postretirement Benefits[a]	Pension Benefits[a]	Postretirement Benefits[a]
Change in benefit obligation:				
Net benefit obligation at beginning of year	**$ 3,076**	**$ 1,253**	$ 3,120	$ 1,297
Service cost	**60**	**18**	63	21
Interest cost	**186**	**70**	180	72
Plan amendments	**2**	**-**	3	-
Participant contributions	**-**	**14**	-	12
Actuarial (gain) loss	**145**	**(105)**	(126)	(83)
Reflection of Medicare Part D:				
Benefits paid	**(166)**	**(73)**	(164)	(71)
Less federal subsidy on benefits paid	**-**	**5**	-	5
Net benefit obligation at end of year	**3,303**	**1,182**	3,076	1,253
Accumulated benefit obligation at end of year	**3,051**	**(b)**	2,837	(b)
Change in plan assets:				
Fair value of plan assets at beginning of year	**2,698**	**787**	2,608	742
Actual return on plan assets	**(205)**	**(187)**	202	49
Employer contributions	**66**	**47**	52	51
Federal subsidy on benefits paid	**-**	**5**	-	4
Participant contributions	**-**	**14**	-	12
Benefits paid	**(166)**	**(73)**	(164)	(71)
Fair value of plan assets at end of year	**2,393**	**593**	2,698	787
Funded status – deficiency	**910**	**589**	378	466
Accrued benefit cost at December 31	**$ 910**	**$ 589**	$ 378	$ 466
Amounts recognized in the balance sheet consist of:				
Current liability	**$ 2**	**$ 2**	$ 3	$ 2
Noncurrent liability	**908**	**587**	375	464
Total	**$ 910**	**$ 589**	$ 378	$ 466
Amounts recognized in regulatory assets consist of:				
Net actuarial loss	**$ 597**	**$ 327**	$ 142	$ 233
Prior service cost (credit)	**40**	**(40)**	49	(45)
Transition obligation	**-**	**12**	-	16
Amounts recognized in accumulated OCI consist of:				
Net actuarial (gain) loss	**57**	**43**	(34)	17
Prior service cost (credit)	**10**	**(16)**	10	(20)
Transition obligation	**-**	**-**	-	-
Total	**$ 704**	**$ 326**	$ 167	$ 201

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries.
(b) Not applicable.

Ameren's current reconciliation of funded status shows certain amounts that will be recognized as a benefit cost in future years. The unrecognized loss in postretirement benefits is largely a result of declining discount rates over the past several years and market losses on plan assets.

No plan assets are expected to be returned to Ameren during 2009.

The market value of plan assets in 2008 declined by 7% and 26% for the pension and postretirement benefit plans, respectively. In 2008, investment losses in Ameren's pension plan were partially offset by a gain on interest rate swaps, which had a notional value of $700 million at December 31, 2008. The swaps were intended to mitigate the impacts on the funded status of the plan resulting from decreases in the discount rate in the calculation of the pension liability. During 2008, U.S. Treasury yields declined significantly, resulting in Ameren's pension plan recognizing a $336 million net gain from its interest rate swaps. Ameren closed its interest rate swap position in early 2009. Ameren's postretirement benefit plan did not have a similar interest rate hedge.

The following table presents the assumptions used to determine our benefit obligations at December 31, 2008 and 2007:

	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Discount rate at measurement date	**5.75%**	6.15%	**5.75%**	6.05%
Increase in future compensation	**4.00**	4.00	**4.00**	4.00
Medical cost trend rate (initial)	-	-	**7.00**	9.00
Medical cost trend rate (ultimate)	-	-	**5.00**	5.00
Years to ultimate rate	-	-	**4 years**	4 years

The following table presents the cash contributions made to our defined benefit retirement plan qualified trusts and to our postretirement plans during 2008 and 2007:

	Pension Benefits		Postretirement Benefits	
	2008	2007	2008	2007
Ameren(a)	**$ 66**	$ 52	**$ 47**	$ 51
UE	**36**	28	**13**	27
CIPS	**5**	5	**2**	4
Genco	**5**	4	**-**	-
CILCORP	**7**	4	**8**	13
CILCO	**7**	4	**8**	13
IP	**11**	9	**24**	7

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

Ameren determines the discount rate assumptions by using an interest rate yield curve to make judgments pursuant to EITF No. D-36, "Selection of Discount Rates Used for Measuring Defined Benefit Pension Obligations and Obligations of Postretirement Benefit Plans Other Than Pensions." The yield curve is based on the yields of more than 300 high-quality, noncallable corporate bonds with maturities between zero and 30 years. A theoretical spot-rate curve constructed from this yield curve is then used as a guide to develop a discount rate matching the plans' payout structure.

In determining the current year market-related asset value, the prior-year market-related value of assets is adjusted by contributions, disbursements, and expected return, plus 25% of the actual return in excess of (or less than) expected return for the four prior years.

The following table presents our target allocations for 2009 and our pension and postretirement plan asset categories as of December 31, 2008 and 2007. Ameren's pension plan debt security weighting was at the high end of the target allocation range at the end of 2008. Due to current market conditions, Ameren expects the debt security weighting will remain near the high end of the target allocation range in 2009.

Asset Category	Target Allocation 2009	Percentage of Plan Assets at December 31, 2008	2007
Pension Plan:			
Equity securities	30 - 80%	**36%**	52%
Debt securities	25 - 60	**56**	40
Real estate	0 - 10	**6**	6
Other	0 - 10	**2**	2
Total		**100%**	100%
Postretirement Plan:			
Equity securities	30 - 80%	**51%**	62%
Debt securities	15 - 55	**43**	33
Other	0 - 15	**6**	5
Total		**100%**	100%

The following table presents the components of the net periodic benefit cost for our pension and postretirement benefit plans during 2008, 2007 and 2006:

	Pension Benefits Ameren[(a)]	Postretirement Benefits Ameren[(a)]
2008:		
Service cost	**$ 60**	**$ 18**
Interest cost	**186**	**70**
Expected return on plan assets	**(213)**	**(58)**
Amortization of:		
Transition obligation	**-**	**2**
Prior service cost	**11**	**(8)**
Actuarial loss	**3**	**9**
Net periodic benefit cost	**$ 47**	**$ 33**
2007:		
Service cost	$ 63	$ 21
Interest cost	180	72
Expected return on plan assets	(206)	(53)
Amortization of:		
Transition obligation	-	2
Prior service cost	11	(8)
Actuarial loss	22	24
Net periodic benefit cost	$ 70	$ 56
2006:		
Service cost	$ 63	$ 22
Interest cost	173	72
Expected return on plan assets	(198)	(50)
Amortization of:		
Transition obligation	-	2
Prior service cost	11	(7)
Actuarial loss	42	35
Net periodic benefit cost	$ 91	$ 74

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

The estimated amounts that will be amortized from regulatory assets and accumulated OCI into net periodic benefit cost in 2009 are as follows:

	Pension Benefits Ameren[(a)]	Postretirement Benefits Ameren[(a)]
Regulatory assets:		
Net actuarial loss	$ 39	$ 20
Prior service cost (credit)	8	(4)
Transition obligation	-	4
Accumulated OCI:		
Net actuarial loss	$ 1	$ -
Prior service cost (credit)	2	(3)
Transition obligation	-	-
Total	$ 50	$ 17

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries

Prior service cost is amortized on a straight-line basis over the average future service of active participants benefiting under the plan. The net actuarial loss subject to amortization is amortized on a straight-line basis over 10 years.

UE, CIPS, Genco, CILCORP, CILCO and IP are responsible for their share of the pension and postretirement costs. The following table presents the pension costs and the postretirement benefit costs incurred for the years ended December 31, 2008, 2007 and 2006:

	Pension Costs			Postretirement Costs		
	2008	2007	2006	2008	2007	2006
Ameren[(a)]	**$ 47**	$ 70	$ 91	**$ 33**	$ 58	$ 74
UE	**35**	44	51	**13**	26	40
CIPS	**7**	10	11	**3**	6	9
Genco	**5**	7	9	**2**	3	3
CILCORP	**(2)**	-	10	**1**	8	9
CILCO	**5**	8	13	**6**	13	14
IP	**(2)**	4	9	**14**	13	13

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

The expected pension and postretirement benefit payments from qualified trust and company funds and the federal subsidy for postretirement benefits related to prescription drug benefits, which reflect expected future service, are as follows:

	Pension Benefits		Postretirement Benefits		
	Paid from Qualified Trust	Paid from Company Funds	Paid from Qualified Trust	Paid from Company Funds	Federal Subsidy
2009	$ 192	$ 3	$ 83	$ 2	$ 5
2010	194	3	89	2	6
2011	200	3	94	3	6
2012	207	3	97	3	6
2013	213	2	100	3	6
2014 - 2018	1,183	10	530	13	33

The following table presents the assumptions used to determine net periodic benefit cost for our pension and postretirement benefit plans for the years ended December 31, 2008, 2007 and 2006:

	Pension Benefits			Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Ameren, UE, CIPS , Genco, CILCORP, CILCO and IP:						
Discount rate at measurement date	**6.15%**	5.85%	5.60%	**6.05%**	5.80%	5.60%
Expected return on plan assets[(a)]	**8.25**	8.50	8.50	**8.25**	8.50	8.50
Increase in future compensation	**4.00**	4.00	3.25	**4.00**	4.00	3.25
Medical cost trend rate (initial)	-	-	-	**9.00**	9.00	8.00
Medical cost trend rate (ultimate)	-	-	-	**5.00**	5.00	5.00
Years to ultimate rate	-	-	-	**4 years**	4 years	3 years

(a) The Ameren Companies will utilize an expected return on plan assets of 8% in 2009.

The table below reflects the sensitivity of Ameren's plans to potential changes in key assumptions:

	Pension		Postretirement	
	Service Cost and Interest Cost	Projected Benefit Obligation	Service Cost and Interest Cost	Postretirement Benefit Obligation
0.25% decrease in discount rate	$ 1	$ 104	$ -	$ 30
0.25% increase in salary scale	2	13	-	-
1.00% increase in annual medical trend	-	-	2	29
1.00% decrease in annual medical trend	-	-	(2)	(26)

Other

Ameren sponsors a 401(k) plan for eligible employees. The Ameren plan covered all eligible employees of the Ameren Companies at December 31, 2008. The plans allowed employees to contribute a portion of their base pay in accordance with specific guidelines. Ameren matched a percentage of the employee contributions up to certain limits. Ameren's matching contributions to the 401(k) plan totaled $23 million, $21 million, and $19 million in 2008, 2007, and 2006, respectively. Prior to February 1, 2008, CIPS employees represented by IBEW Local 702 were covered by a separate 401(k) plan. The CIPS-related 401(k) plan was merged into the Ameren plan effective February 1, 2008. CIPS' matching contributions to the CIPS-related 401(k) plan were less than $1 million annually in 2008, 2007 and 2006.

The following table presents the portion of the 401(k) matching contribution to the Ameren plan for each of the Ameren Companies for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Ameren[(a)]	**$ 23**	$ 21	$ 19
UE	**14**	14	13
CIPS	**2**	1	1
Genco	**2**	1	1
CILCORP	**2**	2	2
CILCO	**2**	2	2
IP	**2**	3	2

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

NOTE 12 – STOCK-BASED COMPENSATION

Ameren's long-term incentive plan for eligible employees, called the Long-term Incentive Plan of 1998 (1998 Plan), was replaced prospectively by the 2006 Omnibus Incentive Compensation Plan (2006 Plan) effective May 2, 2006. The 2006 Plan provides for a maximum of 4 million common shares to be available for grant to eligible employees and directors. No new awards may be granted under the 1998 Plan; however, previously granted awards continue to vest or to be exercisable in accordance with their original terms and conditions. The 2006 Plan awards may be stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance share units, cash-based awards, and other stock-based awards.

A summary of nonvested shares as of December 31, 2008, and changes during the year ended December 31, 2008, under the 1998 Plan and the 2006 Plan are presented below:

	Performance Share Units		Restricted Shares	
	Shares	Weighted-average Fair Value Per Unit	Shares	Weighted-average Fair Value Per Share
Nonvested at January 1, 2008	669,403	$ 57.88	316,768	$ 46.23
Granted[(a)]	495,847	32.35	-	-
Dividends	-	-	13,364	38.91
Unearned or forfeited[(b)]	(213,854)	55.82	(2,163)	48.19
Earned and vested[(c)]	(275,419)	49.37	(114,286)	44.05
Nonvested at December 31, 2008	675,977	$ 43.28	213,683	$ 47.46

(a) Includes performance share units (share units) granted to certain executive and nonexecutive officers and other eligible employees in February 2008 under the 2006 Plan.
(b) Includes share units granted in 2006 that were not earned based on performance provisions of the awarded grants.
(c) Includes share units granted in 2006 that vested as of December 31, 2008, that were earned pursuant to the provisions of the award grants. Also includes share units that vested due to attainment of retirement eligibility by certain employees. Actual shares issued for retirement-eligible employees will vary depending on actual performance over the three-year measurement period.

Ameren recorded compensation expense of $22 million, $18 million, and $11 million for the years ended December 31, 2008, 2007, and 2006, respectively, and a related tax benefit of $8 million, $7 million, and $4 million for the years ended December 31, 2008, 2007, and 2006, respectively. As of December 31, 2008, total compensation cost of $13 million related to nonvested awards not yet recognized is expected to be recognized over a weighted-average period of 19 months.

Performance Share Units

Performance share unit awards were granted under the 1998 Plan and the 2006 Plan from 2006 to 2008. With these awards, a share unit will vest and entitle an employee to receive shares of Ameren common stock (plus accumulated dividends) if, at the end of the three-year performance period, Ameren has achieved certain performance goals and the individual remains employed by Ameren. The exact number of shares issued pursuant to a share unit will vary from 0% to 200% of the target award, depending on actual company performance relative to the performance goals. When a share unit awarded from 2006 to 2008 vests, Ameren will issue the related shares to the employee two years after vesting, but dividends on the shares will be paid to the employee at the same time they are paid to other shareholders.

The fair value of each share unit awarded in February 2008 under the 2006 Plan was determined to be $32.35, based on Ameren's closing common share price of $44.30 per share at the grant date and lattice simulations used to estimate expected share payout based on Ameren's attainment of certain financial measures relative to the designated peer group. The significant assumptions used to calculate fair value also included a three-year risk-free rate of 2.264%, dividend yields of 2.3% to 5.4% for the peer group, volatility of 14.43% to 21.51% for the peer group, and Ameren's maintenance of its $2.54 annual dividend over the performance period.

The fair value of each share unit awarded in February 2007 under the 2006 Plan was determined to be $59.60. That figure was based on Ameren's closing common share price of $53.99 per share at the grant date and lattice simulations used to estimate expected share payout based on Ameren's attainment of certain financial measures relative to the designated peer group. The significant assumptions used to calculate fair value also included a three-year risk-free rate of 4.735%, dividend yields of 2.3% to 5.2% for the peer group, volatility of 12.91% to 18.33% for the peer group, and Ameren's maintenance of its $2.54 annual dividend over the performance period.

Restricted Stock

Restricted stock awards in Ameren common stock were granted under the 1998 Plan from 2001 to 2005. Restricted shares have the potential to vest over a seven-year period from the date of grant if the company achieves certain performance levels. An accelerated vesting provision included in this plan reduces the vesting period from seven years to three years if the earnings growth rate exceeds a prescribed level.

Stock Options

Ameren

Options in Ameren common stock were granted under the 1998 Plan at a price not less than the fair-market value of the common shares at the date of grant. Granted options vest over a period of five years, beginning at the date of grant, and they permit accelerated exercising upon the occurrence of certain events, including retirement. There have not been any stock options granted since December 31, 2000. Outstanding options of 85,800 at December 31, 2008, expire on various dates through 2010. There is no expense from stock options for the years ended December 31, 2008, 2007 and 2006, as all options granted were fully vested.

NOTE 13 – INCOME TAXES

The following table presents the principal reasons why the effective income tax rate differed from the statutory federal income tax rate for the years ended December 31, 2008, 2007 and 2006:

	Ameren	UE	CIPS	Genco	CILCORP	CILCO	IP
2008:							
Statutory federal income tax rate:	35%	35%	35%	35%	35%	35%	35%
Increases (decreases) from:							
Permanent items[a]	(1)	1	(1)	(2)	(3)	(1)	7
Depreciation differences	-	(1)	(2)	-	(1)	(1)	-
Amortization of investment tax credit	(1)	(1)	(10)	-	(1)	(1)	-
State tax	4	3	5	5	4	5	5
Reserve for uncertain tax positions	(1)	(1)	(1)	(1)	1	-	2
Other[b]	(2)	-	(1)	(1)	(4)	(1)	1
Effective income tax rate	34%	36%	25%	36%	31%	36%	50%
2007:							
Statutory federal income tax rate:	35%	35%	35%	35%	35%	35%	35%
Increases (decreases) from:							
Permanent items[a]	(2)	(2)	2	(1)	(5)	(2)	1
Depreciation differences	-	-	3	-	(2)	(1)	(3)
Amortization of investment tax credit	(1)	(1)	(6)	(1)	(2)	(1)	-
State tax	4	4	6	5	3	3	5
Reserve for uncertain tax positions	(1)	(1)	-	-	-	-	-
Other[c]	(1)	(2)	(4)	-	1	-	(1)
Effective income tax rate	34%	33%	36%	38%	30%	34%	37%
2006:							
Statutory federal income tax rate:	35%	35%	35%	35%	35%	35%	35%
Increases (decreases) from:							
Permanent items[a]	(2)	(2)	-	(4)	(d)	(5)	1
Sales of noncore properties	(2)	-	-	-	(d)	(2)	-
Nondeductible expenses	1	2	-	-	(d)	-	-
Depreciation differences	1	2	(5)	-	(d)	(3)	-
Amortization of investment tax credit	(1)	(1)	(3)	(1)	(d)	(2)	-
State tax	4	3	5	5	(d)	5	5
Reserve for uncertain tax positions	(1)	-	(2)	(2)	(d)	(11)	-
Other[c]	(2)	(1)	(1)	(2)	(d)	-	(1)
Effective income tax rate	33%	38%	29%	31%	(d)	17%	40%

(a) Permanent items are treated differently for book and tax purposes and primarily include Internal Revenue Code Section 199 production activity deductions for Ameren, UE, Genco, CILCORP and CILCO, company-owned life insurance for Ameren, CILCORP and CILCO, SFAS No. 106-2 Medicare Part D for Ameren, UE, Genco, CILCORP and CILCO, employee stock ownership plan dividends for Ameren, and nondeductible expenses for IP.

(b) Primarily includes settlements with state taxing authorities for Ameren, state apportionment changes for Ameren, CIPS, Genco, CILCORP, and CILCO, research credits for Ameren, Genco, CILCORP, and CILCO and low-income housing tax credits for Ameren and CIPS.

(c) Primarily includes low-income housing tax credits for Ameren, UE, CIPS, Genco, CILCORP, and IP.

(d) The 2006 difference between the reported federal income tax benefit and income tax expense calculated using the statutory rate resulted primarily from tax benefits from permanent effects of company-owned life insurance ($1 million), Internal Revenue Code Section 199 production activity deductions ($1 million), plant-related depreciation differences ($2 million), investment tax credit amortization ($1 million), adjustments to reserves for uncertain tax positions ($6 million), reconciliation of tax return to accrual ($2 million), leveraged leases ($1 million) and state tax impact of $1 million.

The following table presents the components of income tax expense (benefit) for the years ended December 31, 2008, 2007 and 2006:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP
2008:							
Current taxes:							
Federal	**$ 165**	**$ 37**	**$ 4**	**$ 81**	**$ 15**	**$ 25**	**$ (11)**
State	**10**	**5**	**3**	**15**	**(9)**	**5**	**(11)**
Deferred taxes:							
Federal	**130**	**86**	**2**	**5**	**6**	**9**	**17**
State	**31**	**11**	**(2)**	**-**	**8**	**1**	**10**
Deferred investment tax credits, amortization	**(9)**	**(5)**	**(2)**	**(1)**	**(1)**	**(1)**	**-**
Total income tax expense	**$ 327**	**$ 134**	**$ 5**	**$ 100**	**$ 19**	**$ 39**	**$ 5**
2007:							
Current taxes:							
Federal	$ 311	$ 105	$ 21	$ 49	$ 21	$ 36	$ 3
State	17	8	2	9	6	5	(2)
Deferred taxes:							
Federal	7	22	(10)	17	1	1	11
State	4	10	(2)	4	(6)	(2)	3
Deferred investment tax credits, amortization	(9)	(5)	(2)	(1)	(1)	(1)	-
Total income tax expense	$ 330	$ 140	$ 9	$ 78	$ 21	$ 39	$ 15
2006:							
Current taxes:							
Federal	$ 179	$ 123	$ 21	$ (6)	$ (16)	$ 3	$ (33)
State	33	22	7	4	(3)	(1)	(3)
Deferred taxes:							
Federal	80	52	(7)	20	4	2	63
State	2	(7)	(4)	5	5	7	10
Deferred investment tax credits, amortization	(10)	(6)	(2)	(1)	(1)	(1)	-
Total income tax expense (benefit)	$ 284	$ 184	$ 15	$ 22	$ (11)	$ 10	$ 37

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

The following table presents the deferred tax assets and deferred tax liabilities recorded as a result of temporary differences at December 31, 2008 and 2007:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP
2008:							
Accumulated deferred income taxes, net liability (asset):							
Plant related	**$ 2,377**	**$ 1,427**	**$ 182**	**$ 289**	**$ 242**	**$ 242**	**$ 205**
Deferred intercompany tax gain/basis step-up	**4**	**(3)**	**90**	**(87)**	**-**	**-**	**-**
Regulatory assets (liabilities), net	**37**	**44**	**(4)**	**-**	**(3)**	**(3)**	**-**
Deferred benefit costs	**(281)**	**(92)**	**(5)**	**(32)**	**(54)**	**(59)**	**(1)**
Purchase accounting	**38**	**-**	**-**	**-**	**43**	**-**	**(33)**
Leveraged leases	**6**	**-**	**-**	**-**	**-**	**-**	**-**
Asset retirement obligation	**(27)**	**5**	**-**	**(21)**	**(11)**	**(11)**	**-**
Other	**(19)**	**(12)**	**(10)**	**2**	**(29)**	**(13)**	**(10)**
Total net accumulated deferred income tax liabilities(b)	**$ 2,135**	**$ 1,369**	**$ 253**	**$ 151**	**$ 188**	**$ 156**	**$ 161**
2007:							
Accumulated deferred income taxes, net liability (asset):							
Plant related	$ 2,186	$ 1,355	$ 171	$ 276	$ 224	$ 224	$ 149
Deferred intercompany tax gain/basis step-up	4	(4)	99	(95)	-	-	-
Regulatory assets (liabilities), net	36	42	(2)	-	(3)	(3)	-
Deferred benefit costs	(209)	(91)	(8)	(11)	(60)	(54)	30
Purchase accounting	33	-	-	-	45	-	(42)
Leveraged leases	7	-	-	-	-	-	-
Asset retirement obligation	(35)	(11)	-	(14)	(9)	(9)	-
Other	(39)	(39)	(10)	12	(21)	(10)	(2)
Total net accumulated deferred income tax liabilities(c)	$ 1,983	$ 1,252	$ 250	$ 168	$ 176	$ 148	$ 135

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Includes $3 million, $5 million, $24 million, $15 million, and $15 million as current assets recorded in the balance sheets for UE, CIPS, CILCORP, CILCO, and IP, respectively. Includes $4 million and $15 million as current liabilities recorded in the balance sheets for Ameren and Genco, respectively.
(c) Includes $61 million, $21 million, $8 million, $17 million, $7 million and $13 million as current assets recorded in the balance sheets for Ameren, UE, CIPS, CILCORP, CILCO, and IP, respectively. Includes $7 million as current liabilities recorded in the balance sheet for Genco.

Ameren, CILCORP and IP have Illinois net operating loss carryforwards of $15 million, $11 million, and $4 million, respectively. These will begin to expire in 2019.

On February 20, 2009, the Illinois Supreme Court handed down its decision in *Exelon Corporation v. The Department of Revenue*, which concluded that an electric utility in Illinois qualifies for the Illinois investment tax credit. The decision in the case may have implications for the Ameren Companies' income, sales, and use taxes. The Ameren Companies are assessing the impact the decision may have on their results of operations, financial position or liquidity.

FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of SFAS No. 109* (FIN 48)

On January 1, 2007, the Ameren Companies adopted the provisions of FIN 48, which addresses the determination of whether tax benefits claimed or expected to be claimed on an income tax return should be recorded in the financial statements.

A reconciliation of the change in the unrecognized tax benefit balance from January 1, 2007, to December 31, 2008, is as follows:

	Ameren	UE	CIPS	Genco	CILCORP	CILCO	IP
Unrecognized tax benefits – January 1, 2007	$ 155	$ 58	$ 15	$ 36	$ 18	$ 18	$ 12
Increases based on tax positions prior to 2007	31	4	-	10	3	3	-
Decreases based on tax positions prior to 2007	(21)	(8)	(3)	(8)	-	-	(2)
Increases based on tax positions related to 2007	17	6	-	6	5	5	-
Changes related to settlements with taxing authorities	(60)	(28)	(12)	(4)	(7)	(7)	(10)
Decreases related to the lapse of statute of limitations	(6)	(6)	-	-	-	-	-
Unrecognized tax benefits – December 31, 2007	$ 116	$ 26	$ -	$ 40	$ 19	$ 19	$ -
Increases based on tax positions prior to 2008	16	2	-	4	2	2	-
Decreases based on tax positions prior to 2008	(46)	(13)	-	(9)	(4)	(4)	-
Increases based on tax positions related to 2008	31	6	-	13	8	8	-
Changes related to settlements with taxing authorities	(7)	(1)	-	(1)	-	-	-
Decreases related to the lapse of statute of limitations	-	-	-	-	-	-	-
Unrecognized tax benefits – December 31, 2008	**$ 110**	**$ 20**	**$ -**	**$ 47**	**$ 25**	**$ 25**	**$ -**
Total unrecognized tax benefits (detriments) that, if recognized, would impact the effective tax rates as of December 31, 2008	**$ 12**	**$ 1**	**$ -**	**$ (2)**	**$ -**	**$ -**	**$ -**

As of January 1, 2007, the Ameren Companies adopted a policy of recognizing interest expense (income) and penalties accrued on tax liabilities on a pretax basis as interest expense (income) or miscellaneous expense in the statements of income. Prior to January 1, 2007, the Ameren Companies recognized such items in the provision for taxes on a net-of-tax basis.

A reconciliation of the change in the liability (receivable) for interest on unrecognized tax benefits from January 1, 2007, to December 31, 2008, is as follows:

	Ameren	UE	CIPS	Genco	CILCORP	CILCO	IP
Liability (receivable) for interest – January 1, 2007	$ 12	$ 5	$ 1	$ 4	$ 1	$ 1	$ -
Interest expense (income) for 2007	5	-	-	3	1	1	-
Liability (receivable) for interest – December 31, 2007	$ 17	$ 5	$ 1	$ 7	$ 2	$ 2	$ -
Interest expense (income) for 2008	(7)	(3)	(1)	(3)	-	-	-
Liability (receivable) for interest – December 31, 2008	**$ 10**	**$ 2**	**$ -**	**$ 4**	**$ 2**	**$ 2**	**$ -**

As of January 1, 2007, December 31, 2007, and December 31, 2008, the Ameren Companies have accrued no amount for penalties with respect to unrecognized tax benefits.

Ameren is currently under U.S. federal income tax examination by the Internal Revenue Service for years 2005, 2006, and 2007. State income tax returns are generally subject to examination for a period of three years after filing of the return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. The Ameren Companies do not now have material state income tax issues under examination, administrative appeals, or litigation.

It is reasonably possible that events will occur during the next 12 months that would cause the total amount of unrecognized tax benefits for the Ameren Companies to increase or decrease. However, the Ameren Companies do not believe such increases or decreases would be material to their financial condition or results of operations.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Ameren Companies have engaged in, and may in the future engage in, affiliate transactions in the normal course of business. These transactions primarily consist of gas and power purchases and sales, services received or rendered, and borrowings and lendings. Transactions between affiliates are reported as intercompany transactions on their financial statements, but are eliminated in consolidation for Ameren's financial statements. Below are the material related party agreements.

Illinois Electric Settlement Agreement

As part of the Illinois electric settlement agreement, the Ameren Illinois Utilities, Genco, and AERG agreed to make aggregate contributions of $150 million over four years as part of a comprehensive program providing $1 billion of funding for rate relief to certain Illinois electric customers, including customers of the Ameren Illinois Utilities. At December 31, 2008, CIPS, CILCO and IP had receivable balances from Genco for reimbursement of customer rate relief of $1 million, less than $1 million, and $1 million, respectively. Also at December 31, 2008, CIPS, CILCO and IP had receivable balances from AERG for reimbursement of customer rate relief of less than $1 million, less than $1 million, and $1 million, respectively. During the year ended December 31, 2008, Genco incurred charges to earnings of $17 million for customer rate relief contributions and program funding reimbursements to the Ameren Illinois Utilities (CIPS – $6 million, CILCO – $3 million, IP – $8 million), and AERG incurred charges to earnings of $8 million (CIPS – $3 million, CILCO – $1 million, and IP – $4 million). The Ameren Illinois Utilities recorded most of the reimbursements received from Genco and AERG as electric revenue with an immaterial amount recorded as miscellaneous revenue.

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. These financial contracts do not include capacity, are not load-following products, and do not involve the physical delivery of energy. These financial contracts are derivative instruments being accounted for as cash flow hedges at the Ameren Illinois Utilities and Marketing Company. Consequently, the Ameren Illinois Utilities and Marketing Company record the fair value of the contracts on their respective balance sheets and the changes to the fair value in regulatory assets or liabilities for the Ameren Illinois Utilities and OCI at Marketing Company. Below are the contracted volumes and prices per megawatthour.

Period	Volume	Price per Megawatthour
June 1, 2008 – December 31, 2008	400 MW	$ 47.45
January 1, 2009 – May 31, 2009	400 MW	49.47
June 1, 2009 – December 31, 2009	800 MW	49.47
January 1, 2010 – May 31, 2010	800 MW	51.09
June 1, 2010 – December 31, 2010	1,000 MW	51.09
January 1, 2011 – December 31, 2011 ...	1,000 MW	52.06
January 1, 2012 – December 31, 2012 ...	1,000 MW	53.08

Electric Power Supply Agreements

The following table presents the amount of physical gigawatthour sales under related party electric power supply agreements for the years ended December 31, 2008, 2007, and 2006:

	December 31,		
	2008	2007	2006
Genco sales to Marketing Company[(a)] ...	-	-	21,941
Marketing Company sales to CIPS[(a)]	-	-	12,593
Genco sales to Marketing Company[(b)] ..	**16,551**	17,425	-
AERG sales to Marketing Company[(b)] ...	**6,677**	5,316	-
Marketing Company sales to CIPS[(c)]	**2,050**	2,396	-
Marketing Company sales to CILCO[(c)] ...	**909**	1,167	-
Marketing Company sales to IP[(c)]	**2,870**	3,493	-

(a) These agreements expired or terminated on December 31, 2006.

(b) 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 all the associated energy commencing on January 1, 2007.

(c) Marketing Company contracted with CIPS, CILCO, and IP to provide power based on the results of the Illinois reverse auction in September 2006. The values in this table reflect the physical sales volumes provided in that agreement.

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

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

Both the Genco PSA and the AERG PSA will 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 accordance with a January 2006 ICC order, an auction was held in September 2006 to procure power for CIPS, CILCO and IP beginning January 1, 2007. Through the auction, Marketing Company contracted with CIPS, CILCO and IP to provide power for residential and small commercial customers (less than one megawatt of demand) as follows:

	Term Ending		
Term	May 31, 2008 17 Months	May 31, 2009 29 Months	May 31, 2010 41 Months
Megawatts[a]	300	750	750
Cost per megawatthour	$ 64.77	$ 64.75	$ 66.05

(a) Before impact to Ameren Illinois Utilities' load due to customer switching.

One-third of the Ameren Illinois Utilities' supply contracts that served the load needs of their fixed-price residential and small commercial customers, and all of the supply contracts that served large commercial and industrial customers, expired on May 31, 2008. To replace these expired supply contracts, the Ameren Illinois Utilities used RFP processes in early 2008, pursuant to the Illinois electric settlement agreement, to contract for the necessary energy and capacity requirements for the period from June 1, 2008, through May 31, 2009. Marketing Company was one of the winning suppliers in the Ameren Illinois Utilities' energy and capacity RFPs. Marketing Company entered into financial instruments that fixed the price that the Ameren Illinois Utilities will pay for about two million megawatthours at approximately $60 per megawatthour. Marketing Company contracted to supply a portion of the Ameren Illinois Utilities' capacity for $6 million. In addition, UE contracted to supply a portion of the Ameren Illinois Utilities' capacity for $1 million.

Separately, the Ameren Illinois Utilities used an RFP process to procure ancillary services for 2007 and 2008 required to maintain reliable operation of their transmission systems. Both UE and Marketing Company were among the winning suppliers in both years' ancillary services RFPs. In January 2009, the Ameren Illinois Utilities began procuring ancillary services from the MISO ancillary services market.

On June 1, 2008, FERC accepted an electric resource sharing agreement among the Ameren Illinois Utilities for various joint costs of the Ameren Illinois Utilities, including capacity, renewable energy credits, and rate swaps. The purpose of the agreement is to allocate these costs among the Ameren Illinois Utilities in an equitable manner, based on their respective retail loads.

Interconnection and Transmission Agreements

UE, CIPS and IP are parties to an interconnection agreement for the use of their respective transmission lines and other facilities for the distribution of power. In addition, CILCO and IP, and CILCO and CIPS, are parties to similar interconnection agreements. These agreements have no contractual expiration date, but may be terminated by any party with three years' notice.

Generator Interconnection Agreement

In 2008, Genco and CIPS signed an agreement requiring Genco to fund the construction costs of upgrades to CIPS' transmission system. The transmission upgrades are required to support the additional electric power upgrades being made at Genco's Coffeen power plant. Under the agreement, Genco will pay CIPS for the costs of the transmission upgrades. When the transmission assets are placed in service, CIPS will be required to repay Genco, with interest, for the costs of the transmission upgrades. At December 31, 2008, CIPS had recorded $2 million in Other Deferred Credits and Liabilities and Genco had recorded $2 million in Accounts Receivable – Affiliates. These transactions were eliminated in consolidation on Ameren's financial statements.

Joint Dispatch Agreement

Prior to December 31, 2006, UE and Genco dispatched electric generation under a joint dispatch agreement among UE, CIPS and Genco. UE and Genco had the option to serve their load requirements from their own generation first, and then each could give its affiliates access to any available generation at incremental cost. Any excess generation not used by UE or Genco to serve load requirements was sold to third parties on a short-term basis. To allocate power costs between UE and Genco, an intercompany sale was recorded by the company providing the power. By mutual consent of UE, CIPS, and Genco, the JDA was terminated on December 31, 2006.

The following table presents the amount of gigawatthour sales under the JDA during the year ended December 31, 2006:

	2006
UE sales to Genco	10,072
Genco sales to UE	3,917

The following table presents the short-term power sales margins under the JDA for UE and Genco during the year ended December 31, 2006:

	2006
UE	$ 108
Genco	33
Total	$ 141

Support Services Agreements

Costs of support services provided by Ameren Services, AFS, and Ameren Energy, Inc., until December 31, 2007, to their affiliates, including wages, employee benefits, professional services, and other expenses are based on, or are an allocation of, actual costs incurred. Ameren Energy, Inc. was dissolved on December 31, 2007.

Executory Tolling, Gas Sales, and Transportation Agreements

Under an executory tolling agreement, CILCO purchased steam, chilled water, and electricity from Medina Valley. In January 2009, CILCO transferred the tolling agreement to Marketing Company. In connection with the tolling agreement, Medina Valley purchases gas to fuel its generating facility from AFS under a fuel supply and services agreement.

Under a gas transportation agreement, Genco acquires gas transportation service from UE for its Columbia, Missouri, CTs. This agreement expires in February 2016.

Transitional Funding Securitization Financing Agreement

See Note 1 – Summary of Significant Accounting Policies for further information. In 2008, the TFNs were redeemed.

Money Pools

See Note 5 – Long-term Debt and Equity Financings for discussion of affiliate borrowing arrangements.

Intercompany Borrowings

Genco's subordinated note payable to CIPS associated with the transfer in 2000 of CIPS' electric generating assets and related liabilities to Genco matures on May 1, 2010. On May 1, 2005, Genco issued to CIPS an amended and restated subordinated promissory note in the principal amount of $249 million with an interest rate of 7.125% per year. Interest income and expense for this note recorded by CIPS and Genco, respectively, was $7 million, $10 million, and $12 million for the years ended December 31, 2008, 2007, and 2006, respectively.

CILCORP had outstanding borrowings directly from Ameren of $152 million and $2 million, at December 31, 2008 and 2007, respectively. The average interest rate on these borrowings was 3.6% for the year ended December 31, 2008 (2007 – 5.14%). CILCORP recorded interest expense of $1 million, less than $1 million, and $7 million for Ameren borrowings for the years ended December 31, 2008, 2007, and 2006, respectively.

UE had outstanding borrowings directly from Ameren of $92 million at December 31, 2008. The average interest rate on these borrowings was 3.6% for the year ended December 31, 2008. UE recorded interest expense of $1 million, $4 million, and $1 million for Ameren borrowings for the years ended December 31, 2008, 2007, and 2006, respectively.

At December 31, 2007, UE held a $30 million intercompany note receivable from its wholly owned subsidiary, Union Electric Development Corporation. This note was transferred to Ameren Development Company from Union Electric Development Corporation in connection with the merger discussed below under Intercompany Transfers. The note was paid off in November 2008. The average interest rate on this note while outstanding during 2008 was 5.17%. UE recorded interest revenue of $2 million for this note for the year ended December 31, 2008.

Collateral Postings

Under the terms of the power supply agreements between Marketing Company and the Ameren Illinois Utilities, which were entered into as part of the September 2006 Illinois power procurement auction, cash collateral must be posted by Marketing Company under certain market conditions to protect the Ameren Illinois Utilities in the event of nonperformance by Marketing Company. The collateral postings are unilateral, meaning that Marketing Company as the supplier is the only counterparty required to post collateral. At December 31, 2008, there were no collateral postings by Marketing Company related to the 2006 auction power supply agreements, and at December 31, 2007, Marketing Company had posted $1 million, less than $1 million, and $1 million for the benefit of CIPS, CILCO, and IP, respectively.

In addition, under the terms of the 2008 Illinois power procurement RFPs, cash collateral must be posted by Marketing Company and the Ameren Illinois Utilities under certain market conditions. The collateral postings are bilateral, meaning that either counterparty may be required to post collateral. As of December 31, 2008, the Ameren Illinois Utilities had cash collateral postings as follows with Marketing Company: CIPS – $7 million, CILCO – $4 million, and IP – $11 million. These bilateral collateral postings were eliminated in consolidation on Ameren's financial statements.

Operating Leases

Under an operating lease agreement, Genco leased certain CTs at a Joppa, Illinois, site to its former parent, Development Company, for an initial term of 15 years, expiring September 30, 2015. Genco recorded operating revenues from the lease agreement of $2 million, $11 million, and $11 million for the three years ended December 31, 2008, 2007, and 2006, respectively. Under an electric power supply agreement with Marketing Company, Development Company supplied the capacity and energy from these leased units to Marketing Company, which in turn supplied the energy to Genco. By mutual agreement of the parties, this lease agreement and this power supply agreement were terminated in February 2008, when an internal reorganization merged Development Company into Resources Company.

Intercompany Transfers

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

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

The following table presents the impact on UE, CIPS, Genco, CILCORP, CILCO, and IP of related party transactions for the years ended December 31, 2008, 2007 and 2006. It is based primarily on the agreements discussed above and the money pool arrangements discussed in Note 4 – Short-term Borrowings and Liquidity.

Agreement	Income Statement Line Item		UE	CIPS	Genco	CILCORP[a]	IP
Genco and AERG power supply agreements with Marketing Company	Operating Revenues	**2008**	**$ (b)**	**$ (b)**	**$ 893**	**$ 344**	**$ (b)**
		2007	(b)	(b)	831	279	(b)
Ancillary services and capacity agreements with CIPS, CILCO and IP[c]	Operating Revenues	**2008**	**13**	**(b)**	**(b)**	**(b)**	**(b)**
		2007	18	(b)	(b)	(b)	(b)
Power supply agreement with Marketing Company – expired December 31, 2006	Operating Revenues	2006	(b)	(b)	793	5	(b)
UE and Genco gas transportation agreement	Operating Revenues	**2008**	**1**	**(b)**	**(b)**	**(b)**	**(b)**
		2007	1	(b)	(b)	(b)	(b)
		2006	1	(b)	(b)	(b)	(b)
JDA – terminated December 31, 2006	Operating Revenues	2006	196	(b)	97	(b)	(b)
Genco gas sales to distribution companies	Operating Revenues	**2008**	**(b)**	**(b)**	**7**	**(b)**	**(b)**
Total Operating Revenues		**2008**	**$ 14**	**$ (b)**	**$ 900**	**$ 344**	**$ (b)**
		2007	19	(b)	831	279	(b)
		2006	197	(b)	890	5	(b)
UE and Genco gas transportation agreement	Fuel	**2008**	**$ (b)**	**$ (b)**	**$ 1**	**$ (b)**	**$ (b)**
		2007	(b)	(b)	1	(b)	(b)
		2006	(b)	(b)	1	(b)	(b)
CIPS, CILCO and IP agreements with Marketing Company[d]	Purchased Power	**2008**	**$ (b)**	**$145**	**$ (b)**	**$ 65**	**$204**
		2007	(b)	157	(b)	76	227
Ancillary services and capacity agreements with UE[c]	Purchased Power	**2008**	**(b)**	**4**	**(b)**	**2**	**7**
		2007	(b)	6	(b)	3	9
Ancillary services agreement with Marketing Company	Purchased Power	**2008**	**(b)**	**6**	**(b)**	**3**	**8**
		2007	(b)	3	(b)	1	4
JDA – terminated December 31, 2006	Purchased Power	2006	97	(b)	196	(b)	(b)
Power supply agreement with Marketing Company – expired December 31, 2006	Purchased Power	2006	(b)	448	(b)	1	(b)
Executory tolling agreement with Medina Valley	Purchased Power	**2008**	**(b)**	**(b)**	**(b)**	**39**	**(b)**
		2007	(b)	(b)	(b)	38	(b)
		2006	(b)	(b)	(b)	39	(b)
Total Purchased Power		**2008**	**$ (b)**	**$155**	**$ (b)**	**$ 109**	**$219**
		2007	(b)	166	(b)	118	240
		2006	97	448	196	40	(b)
Insurance recoveries	Operating Revenues and Purchased Power	**2008**	**$ (e)**	**$ (b)**	**$ (11)**	**$ (4)**	**$ (b)**
		2007	(12)	(b)	(2)	(7)	(b)

Agreement	Income Statement Line Item		UE	CIPS	Genco	CILCORP[(a)]	IP
Gas purchases from Genco	Gas Purchased for Resale	**2008**	**$ (b)**	**$ (e)**	**$ (b)**	**$ 6**	**$ (b)**
Ameren Services support services agreement	Other Operations and Maintenance	**2008**	**$ 130**	**$50**	**$28**	**$51**	**$76**
		2007	137	47	24	49	73
		2006	136	47	23	48	71
Ameren Energy, Inc. support services agreement	Other Operations and Maintenance	**2008**	**(f)**	**(b)**	**(f)**	**(b)**	**(b)**
		2007	8	(b)	(e)	(b)	(b)
		2006	7	(b)	2	(b)	(b)
AFS support services agreement	Other Operations and Maintenance	**2008**	**7**	**2**	**3**	**2**	**2**
		2007	6	2	2	2	2
		2006	5	1	2	2	2
Insurance premiums[(g)]	Other Operations and Maintenance	**2008**	**8**	**(b)**	**4**	**3**	**(b)**
		2007	19	(b)	4	2	(b)
Total Other Operations and Maintenance Expenses		**2008**	**$ 145**	**$52**	**$35**	**$56**	**$78**
		2007	170	49	30	53	75
		2006	148	48	27	50	73
Money pool borrowings (advances)	Interest (Expense) Income	**2008**	**$ (e)**	**$ (e)**	**$ (e)**	**$ (e)**	**$ (e)**
		2007	(e)	(e)	8	(e)	1
		2006	(e)	2	10	4	2

(a) Amounts represent CILCORP and CILCO activity.
(b) Not applicable.
(c) Represents ancillary services to the Ameren Illinois Utilities in 2007 and 2008 and capacity to the Ameren Illinois Utilities beginning in June 2008.
(d) Represents power supply costs under agreements entered into as part of the Illinois September 2006 auction and the 2008 energy and capacity RFPs.
(e) Amount less than $1 million.
(f) Ameren Energy, Inc. was eliminated December 31, 2007, through an internal reorganization.
(g) Represents insurance premiums paid to an affiliate for replacement power, property damage and terrorism coverage.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

We are involved in legal, tax and regulatory proceedings before various courts, regulatory commissions, and governmental 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 these notes to our financial statements, will not have a material adverse effect on our results of operations, financial position, or liquidity.

See also Note 1 – Summary of Significant Accounting Policies, Note 2 – Rate and Regulatory Matters, Note 14 – Related Party Transactions and Note 16 – Callaway Nuclear Plant in this report.

Callaway Nuclear Plant

The following table presents insurance coverage at UE's Callaway nuclear plant at December 31, 2008. The property coverage and the nuclear liability coverage must be renewed on October 1 and January 1, respectively, of each year.

Type and Source of Coverage	Maximum Coverages	Maximum Assessments for Single Incidents
Public liability and nuclear worker liability:		
American Nuclear Insurers	$ 300[(a)]	$ -
Pool participation	10,461	117.5[(b)]
	$10,761[(c)]	$ 117.5
Property damage:		
Nuclear Electric Insurance Ltd.	$ 2,750[(d)]	$ 21.6
Replacement power:		
Nuclear Electric Insurance Ltd	$ 490[(e)]	$ 8.5
Energy Risk Assurance Company	$ 64[(f)]	$ -

(a) Provided through mandatory participation in an industry-wide retrospective premium assessment program.
(b) Retrospective premium under the Price-Anderson liability provisions of the Atomic Energy Act of 1954, as amended. This is subject to retrospective assessment with respect to a covered loss in excess of $300 million from an incident at any licensed U.S. commercial reactor, payable at $17.5 million per year.
(c) Limit of liability for each incident under Price-Anderson. This limit is subject to change to account for the effects of inflation and changes in the number of licensed reactors.
(d) Provides for $500 million in property damage and decontamination, excess property insurance, and premature decommissioning coverage up to $2.25 billion for losses in excess of the $500 million primary coverage.

(e) Provides the replacement power cost insurance in the event of a prolonged accidental outage at a nuclear plant. Weekly indemnity of $4.5 million for 52 weeks, which commences after the first eight weeks of an outage, plus $3.6 million per week for 71.1 weeks thereafter.

(f) Provides the replacement power cost insurance in the event of a prolonged accidental outage at a nuclear plant. The coverage commences after the first 52 weeks of insurance coverage from Nuclear Electric Insurance Ltd. and is for a weekly indemnity of $900,000 for 71 weeks in excess of the $3.6 million per week set forth above. Energy Risk Assurance Company is an affiliate and has reinsured this coverage with third-party insurance companies. See Note 14 – Related Party Transactions for more information on this affiliate transaction.

The Price-Anderson Act is a federal law that limits the liability for claims from an incident involving any licensed United States commercial nuclear power facility. The limit is based on the number of licensed reactors. The limit of liability and the maximum potential annual payments are adjusted at least every five years for inflation to reflect changes in the Consumer Price Index. The five-year inflationary adjustment as prescribed by the most recent Price-Anderson Act renewal was effective October 29, 2008. Owners of a nuclear reactor cover this exposure through a combination of private insurance and mandatory participation in a financial protection pool, as established by Price-Anderson.

After the terrorist attacks on September 11, 2001, Nuclear Electric Insurance Ltd. confirmed that losses resulting from terrorist attacks would be covered under its policies. However, Nuclear Electric Insurance Ltd. imposed an industry-wide aggregate policy limit of $3.24 billion within a 12-month period for coverage for such terrorist acts.

If losses from a nuclear incident at the Callaway nuclear plant exceed the limits of, or are not subject to, insurance, or if coverage is unavailable, UE is at risk for any uninsured losses. If a serious nuclear incident were to occur, it could have a material adverse effect on Ameren's and UE's results of operations, financial position, or liquidity.

Leases

The following table presents our lease obligations at December 31, 2008:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	After 5 Years
Ameren:(a)					
Capital lease payments(b)	$ 717	$ 32	$ 65	$ 65	$ 555
Less amount representing interest	395	28	56	55	256
Present value of minimum capital lease payments	322	4	9	10	299
Operating leases(c)	392	39	66	54	233
Total lease obligations	$ 714	$ 43	$ 75	$ 64	$ 532
UE:					
Capital lease payments(b)	$ 717	$ 32	$ 65	$ 65	$ 555
Less amount representing interest	395	28	56	55	256
Present value of minimum capital lease payments	322	4	9	10	299
Operating leases(c)	174	15	28	25	106
Total lease obligations	$ 496	$ 19	$ 37	$ 35	$ 405
CIPS:					
Operating leases(c)	$ 2	$ -	$ 1	$ 1	$ -
Genco:					
Operating leases(c)	$ 143	$ 9	$ 17	$ 17	$ 100
CILCORP and CILCO:					
Operating leases(c)	$ 18	$ 1	$ 3	$ 2	$ 12
IP:					
Operating leases(c)	$ 8	$ 3	$ 4	$ 1	$ -

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

(b) See Properties under Part I, Item 2 of this report for further information.

(c) 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.

We lease various facilities, office equipment, plant equipment, and rail cars under operating leases. We also have capital leases relating to UE's Peno Creek and Audrain County CT facilities. The following table presents total rental expense, included in other operations and maintenance expenses, for the years ended December 31, 2008, 2007 and 2006:

	2008	2007	2006
Ameren[(a)]	**$ 19**	$ 15	$ 15
UE	**20**	19	20
CIPS	**9**	9	9
Genco	**2**	2	2
CILCORP and CILCO	**7**	7	6
IP	**13**	12	11

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

Other Obligations

To supply a portion of the fuel requirements of our generating plants, we have entered into various long-term commitments for the procurement of coal, natural gas, and nuclear fuel. We also have entered into various long-term commitments for the purchase of electricity and natural gas for distribution. The following table presents the estimated fuel, electric capacity, and natural gas commitments at December 31, 2008. In addition, the following table presents in the Other column minimum purchase commitments for heavy forgings contracts related to a potential second nuclear unit, meter reading contracts, and an Ameren tax credit obligation. Ameren's tax credit obligation is a $75 million note payable issued for an investment in a low-income real estate development partnership to acquire New Markets Tax Credits. This note payable was netted against the related investment in Other Assets at December 31, 2008, as Ameren has a legally enforceable right to offset it under FIN 39.

	Coal	Gas	Nuclear	Electric Capacity	Other	Total
Ameren:[(a)]						
2009	$ 728	$ 486	$ 68	$ 14	$ 63	$ 1,359
2010	841	399	75	-	89	1,404
2011	652	268	53	-	79	1,052
2012	440	176	67	-	79	762
2013	31	82	59	-	40	212
Thereafter[(b)]	-	173	173	-	292	638
Total	$ 2,692	$ 1,584	$ 495	$ 14	$ 642	$ 5,427
UE:						
2009	$ 393	$ 80	$ 68	$ 14	$ 31	$ 586
2010	429	67	75	-	57	628
2011	313	47	53	-	46	459
2012	136	32	67	-	46	281
2013	-	23	59	-	24	106
Thereafter[(b)]	-	38	173	-	168	379
Total	$ 1,271	$ 287	$ 495	$ 14	$ 372	$ 2,439
CIPS:						
2009	$ -	$ 106	$ -	$ (c)	$ 4	$ 110
2010	-	71	-	-	2	73
2011	-	60	-	-	2	62
2012	-	44	-	-	2	46
2013	-	30	-	-	2	32
Thereafter[(b)]	-	28	-	-	18	46
Total	$ -	$ 339	$ -	$ -	$ 30	$ 369
Genco:						
2009	$ 134	$ 10	$ -	$ -	$ -	$ 144
2010	185	8	-	-	-	193
2011	129	8	-	-	-	137
2012	112	5	-	-	-	117
2013	-	3	-	-	-	3
Thereafter[(b)]	-	8	-	-	-	8
Total	$ 560	$ 42	$ -	$ -	$ -	$ 602

	Coal	Gas	Nuclear	Electric Capacity	Other	Total
CILCORP and CILCO:						
2009	$ 62	$ 113	$ -	$ (c)	$ 3	$ 178
2010	84	93	-	-	3	180
2011	85	64	-	-	3	152
2012	79	40	-	-	3	122
2013	31	15	-	-	3	49
Thereafter(b)	-	91	-	-	25	116
Total	$ 341	$ 416	$ -	$ -	$ 40	$ 797
IP:						
2009	$ -	$ 162	$ -	$ (c)	$ 11	$ 173
2010	-	158	-	-	10	168
2011	-	88	-	-	11	99
2012	-	54	-	-	11	65
2013	-	11	-	-	11	22
Thereafter(b)	-	8	-	-	81	89
Total	$ -	$ 481	$ -	$ -	$ 135	$ 616

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Commitments for natural gas and nuclear fuel are until 2021 and 2020, respectively.
(c) At December 31, 2008, less than $1 million of electric capacity contracts were executed for the Ameren Illinois Utilities for 2009 with approximately 33% of the capacity resources dedicated to CIPS, 17% to CILCO, and 50% to IP. For 2009, approximately one-third of the Ameren Illinois Utilities capacity was obtained through the Illinois power procurement auction. The IPA plans to go forward with RFPs to purchase capacity for the Ameren Illinois Utilities during the first half of 2009. See below for additional information.

Ameren Illinois Utilities' Purchased Power Agreements

Commencing January 1, 2007, CIPS, CILCO and IP were required to obtain all electric supply requirements for customers who do not purchase electric supply from third-party suppliers. The power procurement costs incurred by CIPS, CILCO and IP are passed directly to their customers. CIPS, CILCO and IP entered into power supply contracts with the winning bidders, including their affiliate, Marketing Company, in the Illinois reverse power procurement auction held in September 2006. 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 residential and small commercial customers (with less than one megawatt 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.

One-third of the Ameren Illinois Utilities' supply contracts that served the load needs of their fixed-price residential and small commercial customers, and all of the supply contracts that served large commercial and industrial customers, expired on May 31, 2008. The Ameren Illinois Utilities used RFP processes in early 2008 to replace these expired supply contracts, pursuant to the Illinois electric settlement agreement. Specifically, the Ameren Illinois Utilities used RFPs to procure energy swaps, capacity, and renewable energy credits for the period June 1, 2008, through May 31, 2009. The Ameren Illinois Utilities contracted to purchase approximately two million megawatthours of energy swaps at an average price of $60 per megawatthour. As a result of a capacity RFP, the Ameren Illinois Utilities contracted to purchase about 1,800 megawatts of capacity at an average price of $50 per MW-day. A renewable energy credits RFP resulted in the Ameren Illinois Utilities contracting to purchase 415,000 credits at an average price of $17 per credit.

Existing supply contracts from the September 2006 auction remain in place. Through the Illinois procurement auction held in September 2006, CIPS, CILCO and IP contracted for their anticipated fixed-price loads for residential and small commercial customers (less than one megawatt of demand) as follows:

	Term Ending	
Term	May 31, 2009 29 Months	May 31, 2010 41 Months
CIPS' load in megawatts(a)	639	639
CILCO's load in megawatts(a)	328	328
IP's load in megawatts(a)	928	928
Total load in megawatts(a)	1,895	1,895
Cost per megawatthour	$ 64.75	$ 66.05

(a) Represents peak forecast load for CIPS, CILCO and IP. Actual load could be different if customers elect not to purchase power pursuant to the power procurement auction but instead to receive power from a different supplier. Load could also be affected by weather, among other things.

Illinois Electric Settlement Agreement

The Illinois electric settlement agreement provides $1 billion of funding over a four-year period beginning in 2007 for rate relief for certain electric customers in Illinois. Funding for the settlement will come 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 remain 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.

Also as part of the Illinois electric settlement agreement, the Ameren Illinois Utilities entered into financial contracts with Marketing Company to lock in energy prices for 400 to 1,000 megawatts annually of their round-the-clock power requirements from 2008 to 2012. See Note 14 – Related Party Transactions for additional information.

Environmental Matters

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. Our activities often require complex and lengthy processes as we 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. As new laws or regulations are promulgated, we assess their applicability and implement the necessary modifications to our facilities or our operations. The more significant matters are discussed below.

Clean Air Act

Both federal and state laws require significant reductions in SO_2 and NO_x emissions that result from burning fossil fuels. 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 it 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 both 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. 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, or 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, all filed petitions for rehearing with the U.S. Court of Appeals. In December 2008, the U.S. Court of Appeals essentially reversed its July 2008 decision to vacate the federal Clean Air Interstate Rule. The U.S. Court of Appeals granted the EPA petition for reconsideration and remanded 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 has adopted state rules to implement the federal Clean Air Interstate Rule for regulating SO_2 and NO_x emissions from electric generating units. 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 federal Clean Air Visibility Rule. The rules are expected to reduce NO_x emissions 30% and SO_2 emissions 75% by 2015. As a result of the Missouri rules, UE will manage allowances and install pollution control equipment. Missouri also adopted state rules to implement the federal Clean Air Mercury Rule. However, those 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 that 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. This rule, when fully implemented, is expected to reduce mercury emissions 90%, NO_x emissions 50%, and SO_2 emissions 70% by 2015 in Illinois. As a result of the Illinois rules, Genco, AERG and EEI will need to procure allowances and install pollution control equipment. Current plans include installing scrubbers for SO_2 reduction as well as 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. With the Illinois EPA's concurrence, they now 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 would 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.

In March 2008, the EPA finalized regulations 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. State implementation plans will need to be submitted in 2013 unless Illinois and Missouri seek extensions for various requirement dates. Additional emission reductions may be required as a result of the 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 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
CILCO	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.

Emission Allowances

Both federal and state laws require significant reductions in SO_2 and NO_x emissions that result from burning fossil fuels. The Clean Air Act created marketable commodities called allowances under the Acid Rain Program, the NO_x Budget Trading Program, and the federal Clean Air Interstate Rule. All existing generating facilities have been allocated allowances based on past production and the statutory emission reduction goals. NO_x allowances allocated under the NO_x Budget Trading Program can be used for the seasonal NO_x program under the federal Clean Air Interstate Rule. If additional allowances are needed for new generating facilities, they can be purchased from facilities that have excess allowances or from allowance banks. In addition, the Illinois rules to implement the federal Clean Air Interstate Rule include an allowance set aside for new generating facilities. Our generating facilities comply with the SO_2 limits through the use and purchase of allowances, through the use of low-sulfur fuels, and through the application of pollution control technology. Our generating facilities are expected to comply with the NO_x limits through the use and purchase of allowances or through the application of pollution control technology, including low-NO_x burners, over-fire air systems, combustion optimization, rich-reagent injection, selective noncatalytic reduction, and selective catalytic reduction systems.

See Note 1 – Summary of Significant Accounting Policies for the SO_2 and NO_x emission allowances held and the related SO_2 and NO_x emission allowance book values that were carried as intangible assets as of December 31, 2008.

UE, Genco, CILCO and EEI expect to use a substantial portion of the SO_2 and NO_x allowances for ongoing operations. Environmental regulations, including the Clean Air Interstate Rule, the timing of the installation of pollution control equipment, and the level of operations, will have a significant impact on the number of allowances actually required for ongoing operations. The Clean Air Interstate Rule requires a reduction in SO_2 emissions by increasing the ratio of Acid Rain Program allowances surrendered. The current Acid Rain Program requires the surrender of one SO_2 allowance for every ton of SO_2 that is emitted. Unless revised by the EPA as a result of the U.S. Court of Appeals remand, the Clean Air Interstate Rule program will require that SO_2 allowances of vintages 2010 through 2014 be surrendered at a ratio of two allowances for every ton of emission. SO_2 allowances with vintages of 2015 and beyond will be required to be surrendered at a ratio of 2.86 allowances for every ton of emission. In order to accommodate this change in surrender ratio and to comply with the federal and state regulations, UE, Genco, AERG, and EEI expect to install control technology designed to further reduce SO_2 emissions, as discussed above.

The Clean Air Interstate Rule has both an ozone season program and an annual program for regulating NO_x emissions, with separate allowances issued for each program. The Clean Air Interstate Rule ozone season program replaced the NO_x Budget Trading Program beginning in 2009. Both sets of allowances for the years 2009 through 2014 were issued by the Missouri Department of Natural Resources in December 2007. Allocations for UE's Missouri generating facilities were 11,665 tons per ozone season and 26,842 tons annually. Allocations for Genco's generating facility in Missouri were one ton for the ozone season and three tons annually. Both sets of allowances for the years 2009 through 2011 were issued by the Illinois EPA in April 2008. Allocations for UE's, Genco's, AERG's, and EEI's Illinois generating facilities were 90, 3,442, 1,368, and 1,758 tons per ozone season, respectively, and 93, 8,300, 3,418, and 4,564 tons annually.

Global Climate

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 a level that is 6% below 2005 levels by 2020 and 80% below 2005 levels by the year 2050. In addition, new leadership in the Energy and Commerce Committee is considering aggressive climate legislation.

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, it is likely that some form of federal greenhouse gas legislation 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, such as a "safety valve" that provides a ceiling price for emission allowance purchases. 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 the 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 also could affect the cost of heating for our utility customers and many industrial processes. Under some policy scenarios being considered by Congress, Ameren believes that wholesale natural gas costs could rise significantly as well. Higher costs for energy could contribute to reduced demand for 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 to 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 as well as other similarly situated electric power generators to close some coal-fired facilities. As a result, mandatory limits could have a material adverse impact on Ameren's, UE's, Genco's, AERG's and EEI's results of operations, financial position, or liquidity.

Ameren has taken actions to address the global climate issue. These include:

- seeking partners to develop wind energy for our generation portfolio;
- participating in DOE-sponsored research into the feasibility of sequestering CO_2 underground in the Illinois basin, the Plains sequestration partnership, and a Missouri sequestration project to be conducted in Southwest Missouri;
- increasing the operating efficiency and capacity of our nuclear and hydroelectric plants to provide more energy to offset fossil generation;
- participating in the PowerTree Carbon Company, LLC, whose purpose is to reforest acreage in the lower Mississippi valley to sequester carbon;
- using coal combustion byproducts as a direct replacement for cement, thereby reducing carbon emissions at cement kilns;
- participating in a DOE and state of Missouri Department of Natural Resources project evaluating Missouri wind resources for the next generation of wind turbines;
- funding a project investigating opportunities to reduce nitrous oxide (N_2O), a potent greenhouse gas from agricultural usage, and tracking those reductions;
- participating in the Illinois Clean Energy Community Foundation, a program that supports energy efficiency, promotes renewable energy, and provides educational opportunities;
- establishing Pure Power, UE's voluntary renewable energy program that allows UE's electric customers to support development of wind farms and other renewable energy facilities in the Midwest;
- purchasing Renewable Energy Credits, as when the Ameren Illinois Utilities purchased 415,000 renewable energy credits in April 2008; and
- participating in funding the new Consortium for Clean Coal Utilization research center at Washington University, which will investigate clean coal technologies, such as oxy-fuel combustion and CO_2 capture and storage.

The impact on us of future initiatives related to greenhouse gas emissions and global warming is unknown. Although compliance costs are unlikely in the near future, our costs of complying with any mandated federal or state greenhouse gas program could have a material impact on our future results of operations, financial position, or liquidity.

Clean Water Act

In July 2004, the EPA issued rules under the Clean Water Act that require cooling-water intake structures to have the best technology available for minimizing adverse environmental impacts on aquatic species. These rules pertain to all existing generating facilities that currently employ a cooling-water intake structure whose flow exceeds 50 million gallons per day. The rules may require us to install additional intake screens or other protective measures and to do extensive site-specific study and monitoring. There is also the possibility that the rules may lead to the installation of cooling towers on some of our facilities. In January 2007, the U.S. Court of Appeals for the Second Circuit remanded many provisions of these rules to the EPA for revision. In April 2008, the U.S. Supreme Court agreed to hear an appeal of the lower court ruling. The U.S. Supreme Court heard the case in December 2008. The EPA is expected to reissue the rules early in 2009. Until a decision is issued by the Supreme Court and the new rules are adopted, and the studies on the power plants are completed, we are unable to estimate the costs of complying with these rules. Such costs are not expected to be incurred prior to 2012.

New Source Review

The EPA has been conducting an 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 New Source Review (NSR) requirements or New Source Performance Standards under the Clean Air Act. The EPA's inquiries focus on whether the best available emission control technology was or should have been used at such power plants when major maintenance or capital improvements were performed.

In April 2005, Genco received a request from the EPA for information pursuant to Section 114(a) of the Clean Air Act. It sought detailed operating and maintenance history data with respect to Genco's Coffeen, Hutsonville, Meredosia and Newton facilities, EEI's Joppa facility, and AERG's E.D. Edwards and Duck Creek facilities. In December 2006, the EPA issued a second Section 114(a) request to Genco regarding projects at the Newton facility. All of these facilities are coal-fired power plants. In September 2008, the EPA issued a third Section 114(a) request regarding projects at all of Ameren's Illinois coal-fired power plants. We are in the process of responding to this request. We are also currently in discussions with the EPA and the state of Illinois regarding resolution of these matters, but we are unable to predict the outcome of these discussions.

In March 2008, Ameren received a request from the EPA for information pursuant to Section 114(a) of the Clean Air Act seeking detailed operating and maintenance history data with respect to UE's Labadie, Meramec, Rush Island, and Sioux facilities. All of these facilities are coal-fired power plants. The information request required UE to provide responses to specific EPA questions regarding certain projects and maintenance activities in order to determine UE's compliance with state and federal regulatory requirements. UE is complying with this information request, but we are unable to predict the outcome of this matter.

Resolution of these matters could have a material adverse impact on the future results of operations, financial position, or liquidity of Ameren, UE, Genco, AERG and EEI. A resolution could result in increased capital expenditures for the installation of control technology, increased operations and maintenance expenses, and fines or penalties.

Remediation

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

As of December 31, 2008, CIPS, CILCO and IP owned or were otherwise responsible for several former MGP sites in Illinois. CIPS has 14, CILCO 4, and IP 25. All of these sites are in various stages of investigation, evaluation and remediation. Under its current schedule, Ameren anticipates that remediation at these sites should be completed by 2015. The ICC permits each company to recover remediation and litigation costs associated with its former MGP sites from its Illinois electric and natural gas utility customers through environmental adjustment rate riders. To be recoverable, such costs must be prudently and properly incurred, and costs are subject to annual reconciliation review by the ICC. As of December 31, 2008, estimated obligations were: CIPS – $17 million to $29 million, CILCO – $8 million to $13 million, IP –$74 million to $143 million. CIPS, CILCO and IP recorded liabilities of $17 million, $8 million, and $74 million, respectively, to represent estimated minimum obligations, as no other amount within the range was a better estimate.

CIPS is also responsible for the cleanup of a former landfill in Coffeen, Illinois. As of December 31, 2008, CIPS estimated its obligation at $0.5 million to $6 million. CIPS recorded a liability of $0.5 million to represent its estimated minimum obligation for this site, as no other amount within the range was a better estimate. IP is also responsible for the cleanup of a landfill, underground storage tanks, and a water treatment plant in Illinois. As of December 31, 2008, IP recorded a liability of $1 million to represent its best estimate of the obligation for these sites.

In addition, UE owns or is otherwise responsible for 10 MGP sites in Missouri and one in Iowa. UE does not currently have in effect in Missouri a rate rider mechanism that permits remediation costs associated with MGP sites to be recovered from utility customers. See Note 2 – Rate and Regulatory Matters for information on a Missouri law enabling the MoPSC to put in place environmental cost recovery mechanisms for Missouri utilities. UE does not have any retail utility operations in Iowa that would provide a source of recovery of these remediation costs. As of December 31, 2008, UE estimated its obligation at $3 million to $4 million. UE recorded a liability of $3 million to represent its estimated minimum obligation for its MGP sites, as no other amount within the range was a better estimate. UE also is responsible for four electric sites in Missouri that have corporate cleanup liability, most as a result of federal agency mandates.

In June 2000, the EPA notified UE and numerous other companies, including Solutia, that former landfills and lagoons in Sauget, Illinois, may contain soil and groundwater contamination. These sites are known as Sauget Area 2. From about 1926 until 1976, UE operated a power generating facility adjacent to Sauget Area 2. UE currently owns a parcel of property that was once used as a landfill. Under the terms of an Administrative Order and Consent, UE has joined with other PRPs to evaluate the extent of potential contamination with respect to Sauget Area 2.

Sauget Area 2 investigations overseen by the EPA are largely completed, and the results will be submitted to the EPA in June 2009. Following this submission, the EPA will ultimately select a remedy alternative and begin negotiations with various PRPs to implement it. Over the last several years, numerous other parties have joined the PRP group and presumably will participate in the funding of any required remediation. In addition, Pharmacia Corporation and Monsanto Company have agreed to assume the liabilities related to Solutia's former chemical waste landfill in the Sauget Area 2, notwithstanding Solutia's filing for bankruptcy protection. As of December 31, 2008, UE estimated its obligation at $1 million to $10 million. UE recorded a liability of $1 million to represent its estimated minimum obligation, as no other amount within the range was a better estimate.

In March 2008, the EPA issued an administrative order requesting that CIPS participate in a portion of an environmental cleanup of a site within Sauget Area 2 previously occupied by Clayton Chemical Company. CIPS was formerly a customer of Clayton Chemical Company, which before its dissolution was a recycler of waste solvents and oil. Other former customers of Clayton Chemical Company were issued similar orders by the EPA. Pursuant to that order, CIPS and three other PRPs agreed to install an engineered barrier on portions of the Clayton Chemical Company site. This work is expected to be concluded in the first quarter of 2009. As of December 31, 2008, CIPS recorded a liability of $0.25 million to represent its best estimate of its obligation for this site.

In July 2008, the EPA issued an administrative order to UE pertaining to a former coal tar distillery operated by Koppers Company or its predecessor and successor companies. UE is the current owner of the site but did not conduct any of the manufacturing operations involving coal tar or its byproducts. UE is currently in negotiations with other PRPs concerning the scope of future site investigations. As of December 31, 2008, UE estimated its obligation at $2 million to $5 million. UE recorded a liability of $2 million to represent its estimated minimum obligation, as no other amount within the range was a better estimate.

In December 2004, AERG submitted a comprehensive package to the Illinois EPA to address groundwater and surface water issues associated with the recycle pond, ash ponds, and reservoir at the Duck Creek power plant facility. Information submitted by AERG is currently under review by the Illinois EPA. CILCORP and CILCO both have a liability of $1.9 million at December 31, 2008, on their Consolidated Balance Sheets for the estimated cost of the remediation effort, which involves treating and discharging recycle-system water in order to address these groundwater and surface water issues.

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

Ash Ponds

In December 2008, an ash pond dike failed at a non-Ameren owned utility company releasing approximately one billion gallons of coal ash slurry. The ash was deposited primarily over 300 acres, destroying three homes. As a result of this incident, there has been increased activity at both the state and federal level to examine the need for additional regulation of utility ash pond facilities and coal-combustion wastes. It is anticipated that some form of additional regulation concerning the integrity of ash ponds and the handling and disposal of coal combustion waste may be forthcoming within the next two years. At this time, we are unable to predict the outcome any such regulations might have on our results of operations, financial position, or liquidity.

Polychlorinated Biphenyls Information Request

Polychlorinated biphenyls (PCBs) are a blend of chemical compounds that were historically used in a variety of industrial products because of their chemical and thermal stability. In natural gas systems, PCBs were used as a compressor lubricant and a valve sealant before their sale for these applications was banned by the EPA in 1979. During the third quarter of 2007, the Ameren Illinois Utilities received requests from the Illinois attorney general and from the EPA for information regarding their experiences with PCBs in their gas distribution systems. The Ameren Illinois Utilities responded to these information requests.

The Ameren Illinois Utilities have evaluated their gas distribution systems for the presence of PCBs. They believe that the presence of PCBs is limited to discrete areas and is not widespread throughout their service territories. We cannot predict whether any further actions will be required on the part of the Ameren Illinois Utilities regarding this matter or what the ultimate outcome will be.

Pumped-storage Hydroelectric Facility Breach

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 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 has begun 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.

In December 2006, 11 business owners filed a lawsuit regarding the Taum Sauk breach. The suit, which was filed in the Missouri Circuit Court of Reynolds County and remains pending, contains allegations of negligence, violations of the Missouri Clean Water Act, and various other statutory and common law claims. It seeks damages relating to business losses, lost profit, and unspecified punitive damages. UE has filed a motion to dismiss the lawsuit, arguing that Missouri law does not permit the plaintiffs to recover purely economic losses under theories of negligence and strict liability. This motion is currently pending.

In December 2008, the Department of the Army, Corps of Engineers filed a lawsuit regarding the Taum Sauk breach. The suit, which was filed in the U.S. District Court in Cape Girardeau, Missouri, and remains pending, claims that Clearwater Lake in southeast Missouri was damaged by sediment from the Taum Sauk breach. This litigation is in its early stages, and we are evaluating the merits of the allegations. We are unable to predict the timing or outcome of this litigation, or its possible effect on UE's results of operations, financial position, or liquidity.

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 paid to FERC. UE expects that the total cost for cleanup, damage and liabilities, excluding costs to rebuild the reservoir, will range from $200 million to $220 million. As of December 31, 2008, UE had paid $181 million, including costs resulting from the FERC-approved stipulation and consent agreement. UE accrued a $18 million liability while expensing $33 million and recording a $166 million receivable due from insurance companies. As of December 31, 2008, UE had received $85 million from insurance companies, which reduced the insurance receivable balance to $81 million.

As of December 31, 2008, UE had recorded a $332 million receivable due from insurance companies related to the rebuilding of the facility and the reimbursement of replacement power costs. As of December 31, 2008, UE had received $158 million from insurance companies, which reduced the insurance receivable balance as of December 31, 2008, to $174 million.

Under UE's insurance policies, all claims by or against UE are subject to review by its insurance carriers.

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

Mechanics' Liens

In November 2007, the primary subcontractor on a 2007 maintenance outage at AERG's Duck Creek facility filed a complaint for foreclosure of its mechanic's lien of $19 million plus interest against AERG. That action was filed in the Circuit Court of Fulton County, Illinois. Subsequently, various second-tier subcontractors of the primary subcontractor also filed for foreclosure of their mechanics' lien claims against AERG in the Circuit Court of Fulton County, Illinois, in addition to filing their claims against the primary subcontractor. Approximately 13 mechanics' liens claiming $23 million plus interest in the aggregate were filed as of December 31, 2008, against AERG for labor or material for the 2007 maintenance outage. These claims were primarily based on additional work outside of the original contract scope. Effective as of December 17, 2008, AERG entered into a Settlement and Release Agreement with the primary contractor. It provides that in exchange for AERG's payment of $19 million to the primary contractor, the primary contractor will, among other things, release Ameren from any existing or future claims they may have, pay off and obtain full releases of all mechanics' liens filed against AERG and dismiss all mechanics' lien claims against AERG in the Fulton County litigation made by the primary subcontractor and all second-tier subcontractors', and indemnify, defend and hold AERG harmless from all such claims by these parties. The resolution of these liens and lawsuits did not have a material impact on CILCO's results of operations, financial position, or liquidity.

Asbestos-related Litigation

Ameren, UE, CIPS, Genco, CILCO and IP have been named, along with numerous other parties, in a number of lawsuits filed by plaintiffs claiming varying degrees of injury from asbestos exposure. Most have been filed in the Circuit Court of Madison County, Illinois. The total number of defendants named in each case is significant; as many as 161 parties are named in some pending cases and as few as six in others. However, in the cases pending as of December 31, 2008, the average number of parties was 68.

The claims filed against Ameren, UE, CIPS, Genco, CILCO and IP allege injury from asbestos exposure during the plaintiffs' activities at our present or former electric generating plants. Former CIPS plants are now owned by Genco, and former CILCO plants are now owned by AERG. Most of IP's plants were transferred to a former parent subsidiary prior to Ameren's acquisition of IP. As a part of the transfer of ownership of the CIPS and CILCO generating plants, CIPS and CILCO have contractually agreed to indemnify Genco and AERG, respectively, for liabilities associated with asbestos-related claims arising from activities prior to the transfer. Each lawsuit seeks unspecified damages that, if awarded at trial, typically would be shared among the various defendants.

The following table presents the pending asbestos-related lawsuits filed against the Ameren Companies as of December 31, 2008:

Specifically Named as Defendant						
Ameren	UE	CIPS	Genco	CILCO	IP	Total[a]
3	25	31	-	10	36	67

(a) Total does not equal the sum of the subsidiary unit lawsuits because some of the lawsuits name multiple Ameren entities as defendants.

As of December 31, 2008, six asbestos-related lawsuits were pending against EEI. The general liability insurance maintained by EEI provides coverage with respect to liabilities arising from asbestos-related claims.

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 are 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 recovered through charges assessed to customers under the tariff rider.

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

NOTE 16 – CALLAWAY NUCLEAR PLANT

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

Electric utility rates charged to customers provide for the recovery of the Callaway nuclear plant's decommissioning costs, which include decontamination, dismantling, and site restoration costs, over an assumed 40-year life of the plant, ending with the expiration of the plant's operating license in 2024. UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license to 2044. It is assumed that the Callaway nuclear plant site will be decommissioned based on the immediate dismantlement method and removal from service. Ameren and UE have recorded an ARO for the Callaway nuclear plant decommissioning costs at fair value, which represents the present value of estimated future cash outflows. See Note 1 – Summary of Significant Accounting Policies for additional information on asset retirement obligations. Decommissioning costs are charged to the costs of service used to establish electric rates for UE's customers. These costs amounted to $7 million in each of the years 2008, 2007 and 2006. Every three years, the MoPSC requires UE to file an updated cost study for decommissioning its Callaway nuclear plant. Electric rates may be adjusted at such times to reflect changed estimates. The latest study was filed in September 2008. The 2008 study included the minor tritium contamination discovered on the Callaway nuclear plant site, which did not result in a significant increase in the decommissioning cost estimate. Costs collected from customers are deposited in an external trust fund to provide for the Callaway nuclear plant's decommissioning. If the assumed return on trust assets is not earned, we believe that it is probable that any such earnings deficiency will be recovered in rates. The fair value of the nuclear decommissioning trust fund for UE's Callaway nuclear plant is reported as Nuclear Decommissioning Trust Fund in Ameren's and UE's Consolidated Balance Sheets. This amount is legally restricted. It may be used only to fund the costs of nuclear decommissioning. Changes in the fair value of the trust fund are recorded as an increase or decrease to the nuclear decommissioning trust fund and to a regulatory asset or regulatory liability, as appropriate.

See Note 2 – Rate and Regulatory Matters for information on the COLA filed by UE with the NRC for a potential new nuclear unit and Note 9 – Nuclear Decommissioning Trust Fund Investments.

NOTE 17 – SEGMENT INFORMATION

Ameren has three reportable segments: Missouri Regulated, Illinois Regulated, and Non-rate-regulated Generation. The Missouri Regulated segment for Ameren includes all the operations of UE's business as described in Note 1 – Summary of Significant Accounting Policies, except for UE's 40% interest in EEI (which in February 2008 was transferred to Resources Company through an internal reorganization) and other non-rate-regulated activities, which are in Other. The Illinois Regulated segment for Ameren consists of the regulated electric and gas transmission and distribution businesses of CIPS, CILCO, and IP, as described in Note 1 – Summary of Significant Accounting Policies. The Non-rate-regulated Generation segment for Ameren consists primarily of the operations or activities of Genco, the CILCORP parent company, AERG, EEI, and Marketing Company. The category called Other primarily includes Ameren parent company activities and the leasing activities of CILCORP, AERG, Resources Company, and CIPSCO Investment Company. CIPSCO Investment Company was eliminated on March 31, 2008, through an internal reorganization.

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

CILCORP and CILCO have two reportable segments: Illinois Regulated and Non-rate-regulated Generation. The Illinois Regulated segment for CILCORP and CILCO consists of the regulated electric and gas transmission and distribution businesses of CILCO. The Non-rate-regulated Generation segment for CILCORP and CILCO consists of the generation business of AERG. For CILCORP and CILCO, Other comprises leveraged lease investments, parent company activity, and minor activities not reported in the Illinois Regulated or Non-rate-regulated Generation segments for CILCORP.

The following tables present information about the reported revenues and specified items included in net income of Ameren, UE, CILCORP, and CILCO for the years ended December 31, 2008, 2007 and 2006, and total assets as of December 31, 2008, 2007 and 2006.

Ameren

	Missouri Regulated	Illinois Regulated	Non-rate-regulated Generation	Other	Intersegment Eliminations	Consolidated
2008						
External revenues	$ 2,922	$ 3,433	$ 1,482	$ 2	$ -	$ 7,839
Intersegment revenues	38	45	455	18	(556)	-
Depreciation and amortization	329	219	109	28	-	685
Interest and dividend income	33	15	3	30	(38)	43
Interest expense	193	144	99	44	(40)	440
Income taxes (benefit)	134	16	217	(40)	-	327
Net income (loss)(a)	234	32	352	(13)	-	605
Capital expenditures	874	359	611	52	-	1,896
Total assets(b)	11,524	7,079	4,622	1,227	(1,795)	22,657
2007						
External revenues	$ 2,915	$ 3,318	$ 1,315	$ 14	$ -	$ 7,562
Intersegment revenues	46	62	497	40	(645)	-
Depreciation and amortization	333	217	105	26	-	681
Interest and dividend income	34	26	2	52	(59)	55
Interest expense	194	132	107	29	(39)	423
Income taxes (benefit)	143	25	182	(20)	-	330
Net income(a)	281	47	281	9	-	618
Capital expenditures	625	321	395	40	-	1,381
Total assets(b)	10,852	6,385	4,027	965	(1,501)	20,728
2006						
External revenues	$ 2,584	$ 3,338	$ 926	$ 47	$ -	$ 6,895
Intersegment revenues	227	15	788	27	(1,057)	-
Depreciation and amortization	335	192	106	28	-	661
Interest and dividend income	33	20	1	34	(50)	38
Interest expense	171	95	103	29	(48)	350
Income taxes (benefit)	184	65	78	(43)	-	284
Net income(a)	267	115	138	27	-	547
Capital expenditures	782	314	160	28	-	1,284
Total assets(b)	10,254	6,280	3,612	1,161	(1,672)	19,635

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

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

UE

	Missouri Regulated	Other(a)	Consolidated UE
2008			
Revenues	$ 2,960	$ -	$ 2,960
Depreciation and amortization	329	-	329
Interest expense	193	-	193
Income taxes	134	-	134
Net income(b)	234	11	245
Capital expenditures	874	-	874
Total assets	11,524	-	11,524
2007			
Revenues	$ 2,961	$ -	$ 2,961
Depreciation and amortization	333	-	333
Interest expense	194	-	194
Income taxes (benefit)	143	(3)	140
Net income(b)	281	55	336
Capital expenditures	625	-	625
Total assets	10,852	51	10,903

	Missouri Regulated	Other[a]	Consolidated UE
2006			
Revenues	$ 2,811	$12	$ 2,823
Depreciation and amortization	335	-	335
Interest expense	171	-	171
Income taxes	184	-	184
Net income[b]	267	76	343
Capital expenditures	782	-	782
Total assets	10,254	36	10,290

(a) Included 40% interest in EEI through February 29, 2008.
(b) Represents net income available to the common stockholder (Ameren).

CILCORP

	Illinois Regulated	Non-rate-regulated Generation	Other	Intersegment Eliminations	Consolidated CILCORP
2008					
External revenues	**$ 805**	**$ 342**	**$ -**	**$ -**	**$ 1,147**
Intersegment revenues	**3**	**-**	**-**	**(3)**	**-**
Depreciation and amortization	**50**	**31**	**-**	**-**	**81**
Interest expense	**16**	**39**	**-**	**-**	**55**
Income taxes	**5**	**14**	**-**	**-**	**19**
Net income (loss)[a]	**16**	**27**	**(1)**	**-**	**42**
Capital expenditures	**61**	**258**	**-**	**-**	**319**
Total assets[b]	**1,402**	**1,680**	**2**	**(219)**	**2,865**
2007					
External revenues	$ 732	$ 279	$ -	$ -	$ 1,011
Intersegment revenues	-	4	-	(4)	-
Depreciation and amortization	54	24	-	-	78
Interest expense	18	46	-	-	64
Income taxes	-	21	-	-	21
Net income[a]	9	38	-	-	47
Capital expenditures	64	190	-	-	254
Total assets[b]	1,202	1,455	1	(199)	2,459
2006					
External revenues	$ 713	$ 34	$ -	$ -	$ 747
Intersegment revenues	-	181	-	(181)	-
Depreciation and amortization	53	22	-	-	75
Interest expense	15	37	-	-	52
Income taxes (benefit)	12	(19)	(4)	-	(11)
Net income (loss)[a]	25	(3)	(3)	-	19
Capital expenditures	53	66	-	-	119
Total assets[b]	1,217	1,246	4	(217)	2,250

(a) Represents net income available to the common stockholders (Ameren); 100% of CILCO's preferred stock dividends are included in the Illinois Regulated segment.
(b) Total assets for Illinois Regulated and Non-rate-regulated Generation include an allocation of goodwill and other purchase accounting amounts related to CILCO that are recorded at CILCORP (parent company).

CILCO

	Illinois Regulated	Non-rate-regulated Generation	Other	Intersegment Eliminations	Consolidated CILCO
2008					
External revenues	**$ 805**	**$ 342**	**$ -**	**$ -**	**$ 1,147**
Intersegment revenues	**3**	**-**	**-**	**(3)**	**-**
Depreciation and amortization	**50**	**27**	**-**	**-**	**77**
Interest expense	**16**	**5**	**-**	**-**	**21**
Income taxes	**5**	**34**	**-**	**-**	**39**
Net income[a]	**16**	**52**	**-**	**-**	**68**
Capital expenditures	**61**	**258**	**-**	**-**	**319**
Total assets	**1,212**	**1,081**	**-**	**1**	**2,294**
2007					
External revenues	$ 732	$ 279	$ -	$ -	$ 1,011
Intersegment revenues	-	4	-	(4)	-
Depreciation and amortization	54	19	-	-	73
Interest expense	18	8	1	-	27
Income taxes	-	39	-	-	39
Net income[a]	9	65	-	-	74
Capital expenditures	64	190	-	-	254
Total assets	1,012	859	-	(9)	1,862
2006					
External revenues	$ 713	$ 34	$ -	$ -	$ 747
Intersegment revenues	-	181	-	(181)	-
Depreciation and amortization	53	17	-	-	70
Interest expense	15	3	-	-	18
Income taxes (benefit)	12	2	(4)	-	10
Net income (loss)[a]	25	23	(3)	-	45
Capital expenditures	53	66	-	-	119
Total assets	1,029	642	1	(22)	1,650

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

SELECTED QUARTERLY INFORMATION (Unaudited) (In millions, except per share amounts)

Quarter Ended	Operating Revenues	Operating Income	Net Income	Earnings per Common Share - Basic and Diluted
Ameren				
March 31, 2008	**$ 2,081**	**$ 321**	**$ 138**	**$ 0.66**
March 31, 2007	2,025	294	123	0.59
June 30, 2008	**1,790**	**444**	**206**	**0.98**
June 30, 2007	1,728	326	143	0.69
September 30, 2008	**2,060**	**428**	**204**	**0.97**
September 30, 2007	1,997	481	244	1.18
December 31, 2008	**1,908**	**169**	**57**	**0.27**
December 31, 2007	1,812	258	108	0.52

Quarter Ended	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Net Income (Loss) Available to Common Stockholder
UE				
March 31, 2008	**$ 724**	**$ 111**	**$ 64**	**$ 63**
March 31, 2007	650	68	33	32
June 30, 2008	**771**	**232**	**124**	**122**
June 30, 2007	697	144	81	79
September 30, 2008	**875**	**195**	**99**	**98**
September 30, 2007	945	317	193	192
December 31, 2008	**590**	**(24)**	**(36)**	**(38)**
December 31, 2007	669	61	35	33
CIPS				
March 31, 2008	**$ 290**	**$ 8**	**$ 3**	**$ 2**
March 31, 2007	314	23	12	11
June 30, 2008	**207**	**3**	**(3)**	**(3)**
June 30, 2007	229	15	5	5
September 30, 2008	**217**	**14**	**7**	**6**
September 30, 2007	224	8	1	-
December 31, 2008	**268**	**17**	**8**	**7**
December 31, 2007	238	3	(1)	(2)
Genco[a]				
March 31, 2008	**$ 233**	**$ 83**	**$ 46**	**$ 46**
March 31, 2007	244	83	43	43
June 30, 2008	**196**	**133**	**74**	**74**
June 30, 2007	186	41	17	17
September 30, 2008	**238**	**46**	**20**	**20**
September 30, 2007	221	55	25	25
December 31, 2008	**241**	**68**	**35**	**35**
December 31, 2007	225	79	40	40
CILCORP[a]				
March 31, 2008	**$ 345**	**$ 47**	**$ 20**	**$ 20**
March 31, 2007	315	44	21	21
June 30, 2008	**232**	**19**	**4**	**4**
June 30, 2007	226	36	12	12
September 30, 2008	**264**	**40**	**18**	**18**
September 30, 2007	211	17	1	1
December 31, 2008	**306**	**14**	**-**	**-**
December 31, 2007	259	37	13	13

Quarter Ended	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Net Income (Loss) Available to Common Stockholder
CILCO				
March 31, 2008	**$345**	**$48**	**$ 26**	**$ 26**
March 31, 2007	315	47	27	27
June 30, 2008	**232**	**22**	**12**	**11**
June 30, 2007	226	39	21	20
September 30, 2008	**264**	**43**	**24**	**24**
September 30, 2007	211	23	10	10
December 31, 2008	**306**	**19**	**7**	**7**
December 31, 2007	259	34	18	17
IP				
March 31, 2008	**$503**	**$27**	**$ 3**	**$ 2**
March 31, 2007	515	40	15	14
June 30, 2008	**360**	**8**	**(10)**	**(10)**
June 30, 2007	365	29	7	7
September 30, 2008	**353**	**29**	**5**	**4**
September 30, 2007	356	8	(4)	(5)
December 31, 2008	**480**	**39**	**7**	**7**
December 31, 2007	410	32	8	8

(a) Genco and CILCORP had no preferred stock outstanding.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A and ITEM 9A(T). CONTROLS AND PROCEDURES.

Each of the Ameren Companies was required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and related SEC regulations as to management's assessment of internal control over financial reporting for the 2008 fiscal year.

(a) Evaluation of Disclosure Controls and Procedures

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

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, an evaluation was conducted of the effectiveness of each of the Ameren Companies' internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). After making that evaluation under the framework in *Internal Control - Integrated Framework* issued by the COSO, management concluded that each of the Ameren Companies' internal control over financial reporting was effective as of December 31, 2008. The effectiveness of Ameren's internal control over financial reporting as of December 31, 2008, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report herein under Part II, Item 8. This annual report does not include an attestation report of UE's, Genco's, CIPS', CILCO's, CILCORP's or IP's (the Subsidiary Registrants) independent registered public accounting firm regarding internal control over financial reporting. Management's report for the Subsidiary Registrants was not subject to attestation by the independent registered public accounting firm because temporary rules of the SEC permit the company to provide only management's report in this annual report.