AMEREN CORP
Form 10-Q
August 06, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

ý Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended June 30, 2015

OR

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

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	Ameren Illinois Company (Illinois Corporation) 6 Executive Drive Collinsville, Illinois 62234 (618) 343-8150	37-0211380

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

Ameren Corporation	Yes	ý	No	¨
Union Electric Company	Yes	ý	No	¨
Ameren Illinois Company	Yes	ý	No	¨

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Ameren Corporation	Yes	ý	No	¨
Union Electric Company	Yes	ý	No	¨
Ameren Illinois Company	Yes	ý	No	¨

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

	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company
Ameren Corporation	ý	¨	¨	¨
Union Electric Company	¨	¨	ý	¨
Ameren Illinois Company	¨	¨	ý	¨

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

Ameren Corporation	Yes	¨	No	ý
Union Electric Company	Yes	¨	No	ý
Ameren Illinois Company	Yes	¨	No	ý

The number of shares outstanding of each registrant's classes of common stock as of July 31, 2015, was as follows:

Ameren Corporation	Common stock, $0.01 par value per share - 242,634,798
Union Electric Company	Common stock, $5 par value per share, held by Ameren Corporation - 102,123,834
Ameren Illinois Company	Common stock, no par value, held by Ameren Corporation - 25,452,373

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

TABLE OF CONTENTS

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

GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words "our," "we" or "us" with respect to certain information that relates to Ameren, Ameren Missouri, and Ameren Illinois, collectively. When appropriate, subsidiaries of Ameren Corporation are named specifically as their various business activities are discussed. Refer to the Form 10-K for a complete listing of glossary terms and abbreviations. Only new or significantly changed terms and abbreviations are included below.

Clean Power Plan - "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units," a rule the EPA originally proposed in June 2014 and issued in final form on August 3, 2015, that establishes emission guidelines for states to follow in developing plans to reduce greenhouse gas emissions from existing fossil fuel-fired electric generating units. The final rule will become effective 60 days after it is published in the Federal Register.
FAC - Fuel adjustment clause, a fuel and purchased power cost recovery mechanism that allows Ameren Missouri to recover or refund, through customer rates, 95% of changes in net energy costs greater or less than the amount set in base rates without a traditional rate proceeding, subject to MoPSC prudence reviews.
Form 10-K - The combined Annual Report on Form 10-K for the year ended December 31, 2014, filed by the Ameren Companies with the SEC.
Net energy costs - Net energy costs, as defined in the FAC, include fuel and purchased power costs, including transportation, net of off-system sales. As of May 30, 2015, transmission revenues and substantially all transmission charges are excluded from net energy costs as a result of the April 2015 MoPSC electric rate order.
Net shared benefits - The value of the energy savings that are shared by Ameren Missouri and its customers under the MEEIA, net of the program costs to achieve those energy savings.

FORWARD-LOOKING STATEMENTS

Statements in this report not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in the Form 10-K, and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- regulatory, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, which may result from Ameren Missouri's notice of appeal of the MoPSC's April 2015 electric rate order; Ameren Missouri's December 2014 MEEIA filing; Ameren Illinois' April 2015 annual electric delivery service formula update filing; Ameren Illinois' January 2015 natural gas delivery service rate case filing; the complaint cases filed with the FERC seeking a reduction in the allowed base return on common equity under the MISO tariff; and future regulatory, judicial, or legislative actions that seek to change regulatory recovery mechanisms;
- the effect of Ameren Illinois participating in a performance-based formula ratemaking process under the IEIMA, including the direct relationship between Ameren Illinois' return on common equity and 30-year United States Treasury bond yields, the related financial commitments required by the IEIMA, and the resulting uncertain impact on the financial condition, results of operations, and liquidity of Ameren Illinois;
- our ability to align our overall spending, both operating and capital, with regulatory frameworks established by our regulators in an attempt to earn our allowed return on equity;
-

the effects of increased competition in the future due to, among other factors, deregulation of certain aspects of our business at either the state or federal level;

- changes in laws and other governmental actions, including monetary, fiscal, tax, and energy policies;
- the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency and distributed generation sources, which generate electricity at the site of consumption;
- the effectiveness of Ameren Missouri's customer energy efficiency programs, and the related amount of any net shared benefits and performance incentive earned under the current and proposed MEEIA plans;

1

- the timing of increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely manner;
- the cost and availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including our ability to recover the costs for such commodities and our customers' tolerance for the related rate increases;
- the effectiveness of our risk management strategies and our use of financial and derivative instruments;
- the ability to obtain sufficient insurance, including insurance relating to Ameren Missouri’s Callaway energy center, and to recover the costs of such insurance or in the absence of insurance the ability to recover uninsured losses;
- business and economic conditions, including their impact on key customers, interest rates, collection of our receivable balances, and demand for our products;
- the financial condition of Noranda and any reductions in the sales volumes used by its aluminum smelter in southeast Missouri, compared to the sales volumes assumed in determining Ameren Missouri’s electric rates;
- disruptions of the capital markets, deterioration in credit metrics of the Ameren Companies, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;
- the impact of the adoption of new accounting guidance and the application of appropriate technical accounting rules and guidance;
- actions of credit rating agencies and the effects of such actions;
- the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;
- the construction, installation, performance, and cost recovery of generation, transmission, and distribution assets;
- the effects of breakdowns or failures of equipment in the operation of natural gas distribution systems, such as leaks, explosions and mechanical problems, and compliance with natural gas distribution safety regulations;
- the effects of our increasing investment in electric transmission projects and uncertainty as to whether we will achieve our expected returns in a timely fashion, if at all;
- the extent to which Ameren Missouri prevails in its claim against an insurer in connection with the December 2005 breach of the upper reservoir at the Taum Sauk pumped-storage hydroelectric energy center;
- operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;
- the effects of strategic initiatives, including mergers, acquisitions and divestitures, and any related tax implications;
- the impact of current environmental regulations and new, more stringent, or changing requirements, including those related to greenhouse gases, other emissions and discharges, cooling water intake structures, CCR, and

energy efficiency, that are enacted over time and that could limit or terminate the operation of certain of our energy centers, increase our costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;
- the impact of complying with renewable energy portfolio requirements in Missouri;
- labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, and returns on benefit plan assets;
- the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;
- the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;
- the inability of Dynegy and IPH to satisfy their indemnity and other obligations to Ameren in connection with the divestiture of New AER to IPH;
- legal and administrative proceedings; and
- acts of sabotage, war, terrorism, cyber attacks, or other intentionally disruptive acts.

New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement. Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues:				
Electric	$1,250	$1,235	$2,393	$2,341
Gas	151	184	564	672
Total operating revenues	1,401	1,419	2,957	3,013
Operating Expenses:				
Fuel	205	198	411	402
Purchased power	101	112	240	226
Gas purchased for resale	46	79	282	383
Other operations and maintenance	427	411	828	829
Provision for Callaway construction and operating license (Note 2)	69	—	69	—
Depreciation and amortization	200	183	393	364
Taxes other than income taxes	116	114	241	241
Total operating expenses	1,164	1,097	2,464	2,445
Operating Income	237	322	493	568
Other Income and Expense:				
Miscellaneous income	16	21	35	39
Miscellaneous expense	6	4	17	13
Total other income	10	17	18	26
Interest Charges	89	89	177	181
Income Before Income Taxes	158	250	334	413
Income Taxes	59	99	125	163
Income from Continuing Operations	99	151	209	250
Income (Loss) from Discontinued Operations, Net of Taxes (Note 12)	52	(1)	52	(2)
Net Income	151	150	261	248
Less: Net Income from Continuing Operations Attributable to Noncontrolling Interests	1	1	3	3
Net Income (Loss) Attributable to Ameren Corporation:				
Continuing Operations	98	150	206	247
Discontinued Operations	52	(1)	52	(2)
Net Income Attributable to Ameren Corporation	$150	$149	$258	$245
Earnings (Loss) per Common Share – Basic:				
Continuing Operations	$0.40	$0.62	$0.85	$1.02
Discontinued Operations	0.21	(0.01)	0.21	(0.01)
Earnings per Common Share – Basic	$0.61	$0.61	$1.06	$1.01
Dividends per Common Share	$0.41	$0.40	$0.82	$0.80
Average Common Shares Outstanding – Basic	242.6	242.6	242.6	242.6

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

3

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Income from Continuing Operations	$99	$151	$209	$250
Other Comprehensive Income from Continuing Operations, Net of Taxes				
Pension and other postretirement benefit plan activity, net of income taxes of $4, $3, $4 and $3, respectively	4	3	4	3
Comprehensive Income from Continuing Operations	103	154	213	253
Less: Comprehensive Income from Continuing Operations Attributable to Noncontrolling Interests	1	1	3	3
Comprehensive Income from Continuing Operations Attributable to Ameren Corporation	102	153	210	250
Income (Loss) from Discontinued Operations, Net of Taxes	52	(1)	52	(2)
Other Comprehensive Loss from Discontinued Operations, Net of Taxes	—	—	—	—
Comprehensive Income (Loss) from Discontinued Operations Attributable to Ameren Corporation	52	(1)	52	(2)
Comprehensive Income Attributable to Ameren Corporation	$154	$152	$262	$248

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

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

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$2	$5
Accounts receivable – trade (less allowance for doubtful accounts of $21 and $21, respectively)	456	423
Unbilled revenue	302	265
Miscellaneous accounts and notes receivable	112	81
Materials and supplies	500	524
Current regulatory assets	223	295
Current accumulated deferred income taxes, net	286	352
Other current assets	95	86
Assets of discontinued operations (Note 12)	15	15
Total current assets	1,991	2,046
Property and Plant, Net	17,986	17,424
Investments and Other Assets:		
Nuclear decommissioning trust fund	555	549
Goodwill	411	411
Regulatory assets	1,560	1,582
Other assets	649	664
Total investments and other assets	3,175	3,206
TOTAL ASSETS	$23,152	$22,676
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$395	$120
Short-term debt	886	714
Accounts and wages payable	486	711
Taxes accrued	126	46
Interest accrued	98	85
Current regulatory liabilities	120	106
Other current liabilities	413	434
Liabilities of discontinued operations (Note 12)	32	33
Total current liabilities	2,556	2,249
Long-term Debt, Net	5,981	6,120
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	3,931	3,923
Accumulated deferred investment tax credits	64	64
Regulatory liabilities	1,912	1,850
Asset retirement obligations	589	396
Pension and other postretirement benefits	689	705
Other deferred credits and liabilities	524	514
Total deferred credits and other liabilities	7,709	7,452
Commitments and Contingencies (Notes 2, 9, 10 and 12)		
Ameren Corporation Stockholders' Equity:		
Common stock, $.01 par value, 400.0 shares authorized – shares outstanding of 242.6	2	2

Other paid-in capital, principally premium on common stock	5,606	5,617
Retained earnings	1,161	1,103
Accumulated other comprehensive loss	(5)	(9)
Total Ameren Corporation stockholders’ equity	6,764	6,713
Noncontrolling Interests	142	142
Total equity	6,906	6,855
TOTAL LIABILITIES AND EQUITY	$23,152	$22,676

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

5

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,			
	2015		2014	
Cash Flows From Operating Activities:				
Net income	$261		$248	
(Income) loss from discontinued operations, net of taxes	(52	)	2	
Adjustments to reconcile net income to net cash provided by operating activities:				
Provision for Callaway construction and operating license	69		—	
Depreciation and amortization	387		349	
Amortization of nuclear fuel	47		47	
Amortization of debt issuance costs and premium/discounts	11		11	
Deferred income taxes and investment tax credits, net	116		178	
Allowance for equity funds used during construction	(11	)	(16	)
Stock-based compensation costs	14		15	
Other	(13	)	(8	)
Changes in assets and liabilities:				
Receivables	(80	)	(62	)
Materials and supplies	25		35	
Accounts and wages payable	(180	)	(180	)
Taxes accrued	81		68	
Regulatory assets and liabilities	65		(98	)
Assets, other	25		54	
Liabilities, other	(27	)	(21	)
Pension and other postretirement benefits	28		21	
Counterparty collateral, net	2		15	
Net cash provided by operating activities – continuing operations	768		658	
Net cash used in operating activities – discontinued operations	(1	)	(4	)
Net cash provided by operating activities	767		654	
Cash Flows From Investing Activities:				
Capital expenditures	(846	)	(883	)
Nuclear fuel expenditures	(28	)	(26	)
Purchases of securities – nuclear decommissioning trust fund	(117	)	(290	)
Sales and maturities of securities – nuclear decommissioning trust fund	110		283	
Proceeds from note receivable – Marketing Company	10		70	
Contributions to note receivable – Marketing Company	(7	)	(78	)
Other	3		2	
Net cash used in investing activities – continuing operations	(875	)	(922	)
Net cash provided by investing activities – discontinued operations	—		152	
Net cash used in investing activities	(875	)	(770	)
Cash Flows From Financing Activities:				
Dividends on common stock	(199	)	(194	)
Dividends paid to noncontrolling interest holders	(3	)	(3	)
Short-term debt, net	172		425	
Redemptions and maturities of long-term debt	(114	)	(692	)
Issuances of long-term debt	249		598	
Capital issuance costs	(2	)	(4	)
Other	2		2	

Net cash provided by financing activities – continuing operations	105	132
Net cash used in financing activities – discontinued operations	—	—
Net cash provided by financing activities	105	132
Net change in cash and cash equivalents	(3)	16
Cash and cash equivalents at beginning of year	5	30
Cash and cash equivalents at end of period	$2	$46

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

6

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues:				
Electric	$859	$871	$1,601	$1,620
Gas	24	28	82	96
Other	1	1	1	1
Total operating revenues	884	900	1,684	1,717
Operating Expenses:				
Fuel	205	198	411	402
Purchased power	19	29	58	64
Gas purchased for resale	7	11	38	51
Other operations and maintenance	229	221	440	446
Provision for Callaway construction and operating license (Note 2)	69	—	69	—
Depreciation and amortization	124	117	242	233
Taxes other than income taxes	85	81	165	159
Total operating expenses	738	657	1,423	1,355
Operating Income	146	243	261	362
Other Income and Expense:				
Miscellaneous income	12	16	23	30
Miscellaneous expense	2	2	5	6
Total other income	10	14	18	24
Interest Charges	55	54	110	106
Income Before Income Taxes	101	203	169	280
Income Taxes	39	76	65	105
Net Income	62	127	104	175
Other Comprehensive Income	—	—	—	—
Comprehensive Income	$62	$127	$104	$175
Net Income	$62	$127	$104	$175
Preferred Stock Dividends	1	1	2	2
Net Income Available to Common Stockholder	$61	$126	$102	$173

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

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
BALANCE SHEET
(Unaudited) (In millions, except per share amounts)

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$—	$1
Accounts receivable – trade (less allowance for doubtful accounts of $7 and $8, respectively)	227	190
Accounts receivable – affiliates	13	65
Unbilled revenue	213	146
Miscellaneous accounts and notes receivable	54	35
Materials and supplies	371	347
Current regulatory assets	133	163
Other current assets	89	92
Total current assets	1,100	1,039
Property and Plant, Net	11,017	10,867
Investments and Other Assets:		
Nuclear decommissioning trust fund	555	549
Regulatory assets	660	695
Other assets	389	391
Total investments and other assets	1,604	1,635
TOTAL ASSETS	$13,721	$13,541
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$266	$120
Short-term debt	38	97
Accounts and wages payable	183	405
Accounts payable – affiliates	43	56
Taxes accrued	151	32
Interest accrued	73	58
Current regulatory liabilities	58	18
Other current liabilities	124	117
Total current liabilities	936	903
Long-term Debt, Net	3,869	3,879
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,826	2,806
Accumulated deferred investment tax credits	61	61
Regulatory liabilities	1,188	1,147
Asset retirement obligations	582	389
Pension and other postretirement benefits	275	274
Other deferred credits and liabilities	30	30
Total deferred credits and other liabilities	4,962	4,707
Commitments and Contingencies (Notes 2, 8, 9 and 10)		
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	1,784	1,569
Preferred stock	80	80

Retained earnings	1,579	1,892
Total stockholders’ equity	3,954	4,052
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$13,721	$13,541

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

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2015	2014
Cash Flows From Operating Activities:		
Net income	$104	$175
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for Callaway construction and operating license	69	—
Depreciation and amortization	238	220
Amortization of nuclear fuel	47	47
Amortization of debt issuance costs and premium/discounts	3	4
Deferred income taxes and investment tax credits, net	27	61
Allowance for equity funds used during construction	(9)	(15)
Changes in assets and liabilities:		
Receivables	(80)	(97)
Materials and supplies	(24)	—
Accounts and wages payable	(180)	(163)
Taxes accrued	123	(65)
Regulatory assets and liabilities	63	(49)
Assets, other	16	43
Liabilities, other	35	40
Pension and other postretirement benefits	14	11
Net cash provided by operating activities	446	212
Cash Flows From Investing Activities:		
Capital expenditures	(289)	(375)
Nuclear fuel expenditures	(28)	(26)
Purchases of securities – nuclear decommissioning trust fund	(117)	(290)
Sales and maturities of securities – nuclear decommissioning trust fund	110	283
Other	(4)	(5)
Net cash used in investing activities	(328)	(413)
Cash Flows From Financing Activities:		
Dividends on common stock	(415)	(155)
Dividends on preferred stock	(2)	(2)
Short-term debt, net	(59)	185
Money pool borrowings, net	—	(44)
Maturities of long-term debt	(114)	(104)
Issuances of long-term debt	249	350
Capital contribution from parent	224	—
Capital issuance cost	(2)	(2)
Net cash provided by (used in) financing activities	(119)	228
Net change in cash and cash equivalents	(1)	27
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of period	$—	$28

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

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Revenues:				
Electric	$386	$364	$776	$717
Gas	127	155	482	576
Total operating revenues	513	519	1,258	1,293
Operating Expenses:				
Purchased power	87	86	189	167
Gas purchased for resale	39	67	244	331
Other operations and maintenance	202	195	404	395
Depreciation and amortization	73	64	146	127
Taxes other than income taxes	29	32	72	78
Total operating expenses	430	444	1,055	1,098
Operating Income	83	75	203	195
Other Income and Expense:				
Miscellaneous income	4	5	11	8
Miscellaneous expense	2	1	7	5
Total other income	2	4	4	3
Interest Charges	33	29	66	59
Income Before Income Taxes	52	50	141	139
Income Taxes	20	21	55	56
Net Income	32	29	86	83
Other Comprehensive Loss, Net of Taxes:				
Pension and other postretirement benefit plan activity, net of income taxes (benefit) of $-, $-, $(1) and $(1), respectively	(1)	(1)	(2)	(2)
Comprehensive Income	$31	$28	$84	$81
Net Income	$32	$29	$86	$83
Preferred Stock Dividends	1	1	2	2
Net Income Available to Common Stockholder	$31	$28	$84	$81

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

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
BALANCE SHEET
(Unaudited) (In millions)

	June 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$—	$1
Accounts receivable – trade (less allowance for doubtful accounts of $13 and $13, respectively)	207	212
Accounts receivable – affiliates	8	22
Unbilled revenue	89	119
Miscellaneous accounts receivable	11	9
Materials and supplies	129	177
Current regulatory assets	89	129
Current accumulated deferred income taxes, net	159	160
Other current assets	10	15
Total current assets	702	844
Property and Plant, Net	6,416	6,165
Investments and Other Assets:		
Goodwill	411	411
Regulatory assets	893	883
Other assets	78	78
Total investments and other assets	1,382	1,372
TOTAL ASSETS	$8,500	$8,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$129	$—
Short-term debt	12	32
Borrowings from money pool	25	15
Accounts and wages payable	229	207
Accounts payable – affiliates	43	50
Taxes accrued	10	17
Interest accrued	25	24
Customer deposits	73	77
Mark-to-market derivative liabilities	35	42
Current environmental remediation	43	52
Current regulatory liabilities	53	84
Other current liabilities	80	100
Total current liabilities	757	700
Long-term Debt, Net	2,112	2,241
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,454	1,408
Regulatory liabilities	724	703
Pension and other postretirement benefits	292	277
Environmental remediation	198	199
Other deferred credits and liabilities	221	192
Total deferred credits and other liabilities	2,889	2,779
Commitments and Contingencies (Notes 2, 8 and 9)		

Stockholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	—	—
Other paid-in capital	1,980	1,980
Preferred stock	62	62
Retained earnings	694	611
Accumulated other comprehensive income	6	8
Total stockholders' equity	2,742	2,661
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$8,500	$8,381

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

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30, 2015	2014
Cash Flows From Operating Activities:		
Net income	$86	$83
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	144	125
Amortization of debt issuance costs and premium/discounts	7	6
Deferred income taxes and investment tax credits, net	45	58
Other	(5)	(4)
Changes in assets and liabilities:		
Receivables	57	36
Materials and supplies	48	36
Accounts and wages payable	20	2
Taxes accrued	(6)	(5)
Regulatory assets and liabilities	(1)	(46)
Assets, other	8	10
Liabilities, other	(29)	(22)
Pension and other postretirement benefits	12	7
Counterparty collateral, net	—	15
Net cash provided by operating activities	386	301
Cash Flows From Investing Activities:		
Capital expenditures	(379)	(436)
Other	4	4
Net cash used in investing activities	(375)	(432)
Cash Flows From Financing Activities:		
Dividends on preferred stock	(2)	(2)
Short-term debt, net	(20)	105
Money pool borrowings, net	10	(56)
Redemptions of long-term debt	—	(163)
Issuances of long-term debt	—	248
Capital issuance costs	—	(2)
Advances received for construction	—	2
Net cash provided by (used in) financing activities	(12)	132
Net change in cash and cash equivalents	(1)	1
Cash and cash equivalents at beginning of year	1	1
Cash and cash equivalents at end of period	$—	$2

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

AMEREN CORPORATION (Consolidated)
UNION ELECTRIC COMPANY (d/b/a Ameren Missouri)
AMEREN ILLINOIS COMPANY (d/b/a Ameren Illinois)
COMBINED NOTES TO FINANCIAL STATEMENTS
(Unaudited)
June 30, 2015

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 the FERC. Ameren's primary assets are its equity interests in its subsidiaries, including Ameren Missouri and Ameren Illinois. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. Dividends on Ameren's common stock and the payment of expenses by Ameren 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 and in the Form 10-K.

- Union Electric Company, doing business as Ameren Missouri, operates a rate-regulated electric generation, transmission, and distribution business and a rate-regulated natural gas transmission and distribution business in Missouri.
- Ameren Illinois Company, doing business as Ameren Illinois, operates rate-regulated electric and natural gas transmission and distribution businesses in Illinois.

Ameren has various other subsidiaries that conduct activities such as the provision of shared services. Ameren also has a subsidiary, ATXI, that operates a FERC rate-regulated electric transmission business. ATXI is developing MISO-approved electric transmission projects, including the Illinois Rivers, Spoon River, and Mark Twain projects. Ameren is also pursuing projects to improve electric transmission system reliability within Ameren Missouri's and Ameren Illinois' service territories as well as competitive electric transmission investment opportunities outside of these territories, including investments outside of MISO.

The operating results, assets, and liabilities of the Elgin, Gibson City, Grand Tower, Meredosia, and Hutsonville energy centers have been presented separately as discontinued operations for all periods presented in this report. Unless otherwise stated, these notes to Ameren's financial statements exclude discontinued operations for all periods presented. See Note 12 - Divestiture Transactions and Discontinued Operations in this report for additional information regarding the discontinued operations presentation and Note 16 - Divestiture Transactions and Discontinued Operations under Part II, Item 8, of the Form

10-K for additional information regarding Ameren's divestiture of New AER in December 2013.

Ameren's financial statements are prepared on a consolidated basis, and therefore include the accounts of its majority-owned subsidiaries. All intercompany transactions have been eliminated. Ameren Missouri and Ameren Illinois have no subsidiaries, and therefore their financial statements are not prepared on a consolidated basis. 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. The results of operations of an interim period may not give a true indication of results that may be expected for a full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K.

Asset Retirement Obligations

The following table provides a reconciliation of the beginning and ending carrying amount of AROs for the six months ended June 30, 2015:

	Ameren	Ameren	Ameren

	Missouri	Illinois[a]	
Balance at December 31, 2014	$389	$7	$396
Accretion in 2015[b]	11	(c)	11
Change in estimates[d]	182	(c)	182
Balance at June 30, 2015	$582	$7	$589

(a) Included in “Other deferred credits and liabilities” on the balance sheet.

(b) Accretion expense was recorded as an increase to regulatory assets.

(c) Less than $1 million.

(d) The ARO increase resulted in a corresponding increase recorded to “Property and Plant, Net.” During the first quarter of 2015, Ameren and Ameren Missouri increased their AROs related to the decommissioning of the Callaway energy center by $99 million to reflect the 2015 cost study and funding analysis filed with the MoPSC, extension of the estimated operating life until 2044, and a reduction in the discount rate assumption. See Note 10 - Callaway Energy Center for additional information. In addition, during the second quarter of 2015, as a result of new federal regulations, Ameren and Ameren Missouri recorded an increase of $79 million to their AROs associated with CCR storage facilities. See Note 9 - Commitments and Contingencies for additional information. Also during the second quarter of 2015, Ameren and Ameren Missouri increased their AROs by $4 million due to a change in the estimated retirement dates of the Meramec and Rush Island energy centers as a result of the MoPSC’s April 2015 electric rate order.

Stock-based Compensation

A summary of nonvested performance share units at June 30, 2015, and changes during the six months ended June 30, 2015, under the 2006 Incentive Plan and the 2014 Incentive Plan are presented below:

	Number of Performance Share Units	Weighted-average Fair Value Per Performance Share Unit
Nonvested at January 1, 2015	1,162,377	$35.35
Granted[(a)]	567,240	52.88
Forfeitures	(1,944)	34.75
Vested[(b)]	(85,694)	46.79
Nonvested at June 30, 2015	1,641,979	$40.81

(a) Performance share units granted to certain executive and nonexecutive officers and other eligible employees in 2015 under the 2014 Incentive Plan.

(b) Performance share units vested due to the attainment of retirement eligibility by certain employees. Actual shares issued for retirement-eligible employees will vary depending on actual performance over the three-year measurement period.

The fair value of each performance share unit awarded in 2015 under the 2014 Incentive Plan was determined to be $52.88, which was based on Ameren's closing common share price of $46.13 at December 31, 2014, and lattice simulations. Lattice simulations are used to estimate expected share payout based on Ameren's total stockholder return for a three-year performance period relative to the designated peer group beginning January 1, 2015. The simulations can produce a greater fair value for the performance share unit than the applicable closing common share price because they include the weighted payout scenarios in which an increase in the share price has occurred. The significant assumptions used to calculate fair value also included a three-year risk-free rate of 1.10%, volatility of 12% to 18% for the peer group, and Ameren's attainment of a three-year average earnings per share threshold during the performance period.

Excise Taxes

Ameren Missouri and Ameren Illinois collect certain excise taxes from customers that are levied on the sale or distribution of natural gas and electricity. Excise taxes are levied on Ameren Missouri's electric and natural gas businesses and on Ameren Illinois' natural gas business and are recorded gross in "Operating Revenues - Electric," "Operating Revenues - Gas" and "Operating Expenses - Taxes other than income taxes" on the statement of income or the statement of income and comprehensive income. Excise taxes for electric service in Illinois are levied on the customer and are therefore not included in Ameren Illinois' revenues and expenses. The following table presents excise taxes recorded in "Operating Revenues - Electric," "Operating Revenues - Gas" and "Operating Expenses - Taxes other than income taxes" for the three and six months ended June 30, 2015 and 2014:

	Three Months		Six Months	
	2015	2014	2015	2014
Ameren Missouri	$41	$39	$75	$73
Ameren Illinois	10	11	33	37
Ameren	$51	$50	$108	$110

Uncertain Tax Positions

The following table presents the total amount of reserves for unrecognized tax benefits (detriments) related to uncertain tax positions as of June 30, 2015, and December 31, 2014:

	June 30, 2015	December 31, 2014
Ameren	$—	$54
Ameren Missouri	—	—
Ameren Illinois	—	(1)

The following table presents the amount of reserves for unrecognized tax benefits, included in the table above, related to uncertain tax positions that, if recognized, would have impacted results of operations as of December 31, 2014:

	December 31, 2014
Ameren	$52
Ameren Missouri	—
Ameren Illinois	(1)

In March 2015, a settlement was reached with the IRS for the 2012 tax year. Since there were no uncertain tax positions related to the 2012 tax year, as of December 31, 2014, this settlement did not impact the amount of recorded unrecognized tax benefits.

In June 2015, a settlement was reached with the IRS for the 2013 tax year. This settlement resolved the uncertain tax position associated with the final tax basis of New AER and the related tax benefit resulting from the divested merchant generation business. The settlement resulted in a reduction of Ameren’s unrecognized tax benefits of $53 million and an increase to net income from discontinued operations.

It is reasonably possible that events will occur during the next 12 months that would cause the total amount of our unrecognized tax benefits to fluctuate. We do not believe any such fluctuations would be material to our results of operations, financial position, or liquidity.

State income tax returns are generally subject to examination for a period of three years after filing. We do not currently have material state income tax issues under examination, administrative appeal, or litigation. 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.

Earnings Per Share

There were no material differences between Ameren’s basic and diluted earnings per share amounts for the three and six months ended June 30, 2015 and 2014. The assumed settlement of dilutive performance share units had an immaterial impact on earnings per share.

Accounting and Reporting Developments

Below is a summary of recently issued authoritative accounting standards relevant to the Ameren Companies.

Revenue from Contracts with Customers

In 2014, FASB issued authoritative accounting guidance to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP. The guidance requires an entity to recognize an amount of revenue for the transfer of promised goods or services to customers that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. The guidance also requires additional disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In July 2015, FASB deferred the effective date of the new revenue standard to the first quarter of 2018. The guidance allows entities to choose one of two transition methods, either by applying the guidance retrospectively to each reporting period presented or by recording a cumulative effect adjustment to retained earnings in the period of initial adoption. The Ameren Companies are currently assessing the impacts of this guidance on their results of operations, financial positions and disclosures, as well as the transition method that they will use to adopt the guidance.

Presentation of Debt Issuance Costs

In April 2015, FASB issued authoritative accounting guidance to simplify the presentation of debt issuance costs. The guidance requires debt issuance costs to be presented in the balance sheet as a reduction to the associated debt liability. Currently, debt issuance costs are presented as a component of “Other assets” on the Ameren Companies’ balance sheets. As of June 30, 2015, Ameren, Ameren Missouri, and Ameren Illinois had debt issuance costs of $36 million, $20 million, and $16 million, respectively. The guidance will be effective for the Ameren Companies in the first quarter of 2016 and applied retrospectively, and it will not affect the Ameren Companies' results of operations or cash flows.

NOTE 2 - RATE AND REGULATORY MATTERS

Below is a summary of updates to significant regulatory proceedings and related lawsuits. See also Note 2 - Rate and Regulatory Matters under Part II, Item 8, of the Form 10-K. 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

2015 Electric Rate Order

In April 2015, the MoPSC issued an order approving an increase in Ameren Missouri’s annual revenues for electric service of $122 million, including $109 million related to the increase in net energy costs above those included in base rates previously authorized by the MoPSC. The remaining increase of $13 million approved by the order was for non-energy costs. The revenue increase was based on a 9.53% return on common equity, a capital structure composed of 51.8% common equity, and a rate base of $7.0 billion to reflect investments through December 31, 2014. Rate changes consistent with the order became effective on May 30, 2015.

The order approved Ameren Missouri’s request for continued use of the FAC; however, it changed the FAC to exclude all transmission revenues and substantially all transmission charges. In addition, the order did not approve the continued use of the regulatory tracking mechanisms for storm costs and vegetation management and infrastructure inspection costs. These changes to Ameren Missouri’s recovery mechanisms are expected to contribute to regulatory lag. The order did approve the continued use of the regulatory tracking mechanisms for pension and other postretirement benefits, renewable energy standard costs, solar rebates, and uncertain tax positions that the MoPSC authorized in earlier electric rate orders.

In addition, the order approved a reduction to Noranda’s electric rates with an offsetting increase in electric rates for Ameren Missouri’s other customers. The rate shift is revenue neutral to Ameren Missouri.

In June 2015, Ameren Missouri filed a notice of appeal with the Missouri Court of Appeals, Western District, reserving the right to appeal the exclusion of all transmission revenues and substantially all transmission charges from the FAC, the reduction to Noranda’s electric rates, and the level of Noranda’s sales volume included in the MoPSC’s order.

MEEIA Filing

The MEEIA established a regulatory framework that, among other things, requires the MoPSC to ensure that a utility’s financial incentives are aligned to help customers use energy more efficiently, to provide timely cost recovery, and to provide earnings opportunities associated with cost effective energy

efficiency programs. Missouri does not have a law mandating energy efficiency standards.
In August 2012, the MoPSC approved Ameren Missouri's customer energy efficiency programs, net shared benefits, and performance incentive for 2013 through 2015. The 2013 through 2015 plan anticipated Ameren Missouri would invest up to $147 million in customer energy efficiency programs, realize $100 million of net shared benefits, and be eligible for a performance incentive that would allow Ameren Missouri the potential to earn additional revenues by achieving certain customer energy efficiency goals, including $19 million if 100% of the goals are achieved during the three-year period. From January 2013 through June 2015, Ameren Missouri invested $95 million in customer energy efficiency programs and realized $115 million of net shared benefits. Ameren Missouri has not recorded revenues associated with the performance incentive, but does expect to exceed 100% of the customer energy efficiency goals by the end of 2015, subject to MoPSC review, and therefore expects to recognize revenues in excess of $19 million within the next two years.
In December 2014, Ameren Missouri filed a three-year energy efficiency plan with the MoPSC under the MEEIA for 2016 to 2018 that included a portfolio of customer energy efficiency programs along with a rider to collect the program costs, net shared benefits, and a performance incentive from customers. Ameren Missouri amended this proposed plan in June 2015 when it filed a non-unanimous stipulation and agreement with certain intervenor parties. If this plan is approved by the MoPSC, beginning in January 2016, Ameren Missouri intends to invest up to $197 million over three years in the proposed customer energy efficiency programs. Ameren Missouri requested continued use of a MEEIA rider, which allows Ameren Missouri to collect from, or refund to, customers any difference in the actual amounts incurred and the amounts collected from customers for the MEEIA program costs and net shared benefits. Ameren Missouri anticipates net shared benefits would be approximately $65 million during this three-year plan. In addition, similar to its existing MEEIA energy efficiency plan that ends in December 2015, Ameren Missouri requested a performance incentive that would allow it to potentially earn additional revenues by achieving certain customer energy efficiency goals, including $30 million if 100% of the goals are achieved during the three-year period. Ameren Missouri would need to achieve at least 70% of its customer energy efficiency goals before it earns a performance incentive.
In July 2015, the MoPSC staff and certain intervenor parties filed a non-unanimous stipulation and agreement that is unacceptable to Ameren Missouri. Even if approved by the MoPSC, Ameren Missouri is not required to implement an energy efficiency plan. There is no date by which the MoPSC must act with respect to the proposed customer energy efficiency plan. Ameren Missouri cannot predict the level of investment, net shared benefits, or performance incentive that the MoPSC may approve, if any, or whether it will ultimately implement a customer energy efficiency plan for the three-year period beginning in January 2016.

Noranda Contract Notification
Ameren Missouri supplies electricity to Noranda's aluminum smelter in southeast Missouri under a long-term power supply agreement. In May 2015, Ameren Missouri notified Noranda of its intent to terminate the agreement effective June 1, 2020. In order to remove Noranda from its service territory, Ameren Missouri would also be required to obtain approval from the MoPSC. Sales to Noranda represented 5% of Ameren Missouri's total electric revenue in 2014.
ATXI Transmission Projects
In May 2015, the MoPSC granted ATXI a certificate of convenience and necessity for the seven mile portion of the Illinois Rivers project located in Missouri.
In June 2015, ATXI made a filing with the MoPSC requesting a certificate of convenience and necessity for the Mark Twain project. The Mark Twain project is a MISO-approved 100-mile transmission line located in northeast Missouri. A decision is expected from the MoPSC in 2016.
Illinois
IEIMA
Under the provisions of the IEIMA's formula rate framework, which currently extends through 2019, Ameren Illinois' electric delivery service rates are subject to an annual revenue requirement reconciliation to its actual costs.Throughout each year, Ameren Illinois records a regulatory asset or a regulatory liability and a corresponding increase or decrease to operating revenues for any differences between the revenue requirement reflected in customer

rates for that year and its estimate of the probable increase or decrease in the revenue requirement expected to ultimately be approved by the ICC based on that year's actual costs incurred. As of June 30, 2015, Ameren Illinois had recorded regulatory assets of $24 million, $102 million, and $36 million, to reflect its expected 2015, 2014, and 2013 revenue requirement reconciliation adjustments, with interest, respectively. Ameren Illinois is collecting the 2013 revenue requirement reconciliation adjustment from customers during 2015.

In April 2015, Ameren Illinois filed with the ICC its annual electric delivery service formula rate update to establish the revenue requirement used for 2016 customer rates. Pending ICC approval, and if approved as filed, Ameren Illinois' update filing would result in a $110 million increase in Ameren Illinois' electric delivery service revenue requirement, beginning in January 2016. This update reflects an increase to the annual formula rate based on 2014 actual costs and expected net plant additions for 2015, an increase to include the 2014 revenue requirement reconciliation adjustment, and a decrease for the conclusion of the 2013 revenue requirement reconciliation adjustment, which will be fully collected from customers in 2015. In July 2015, the ICC staff submitted its calculation of the revenue requirement included in Ameren Illinois' update filing. The ICC staff recommended adjustments that would result in a $107 million increase in Ameren Illinois' electric delivery service revenue requirement. An ICC decision on this April 2015 filing is expected by December 2015.

2015 Natural Gas Delivery Service Rate Case

In January 2015, Ameren Illinois filed a request with the ICC seeking approval to increase its annual revenues for natural gas delivery service. In an attempt to reduce regulatory lag, Ameren Illinois used a 2016 future test year in this proceeding. Additionally, the request included a proposal to implement a volume balancing adjustment for residential and small nonresidential customers. The volume balancing adjustment would ensure that changes in natural gas sales volumes do not result in an over or under collection of natural gas revenues for these rate classes. This case includes a capital structure composed of 50% common equity and a rate base of $1.2 billion. In July 2015, Ameren Illinois, the ICC staff, and certain other intervenors filed a stipulation and agreement with the ICC that would result in rates that are based on a return on common equity of 9.6%. The agreement does not address all the positions with all of the parties in the case. Based on the terms in the agreement and the unresolved positions in the case, Ameren Illinois' request seeks an annual revenue increase of $45 million, which Ameren Illinois estimates is materially identical to the ICC staff's recommendation. The ICC staff and other intervenors did not oppose the volume balancing adjustment.

A decision by the ICC in this proceeding is required by December 2015, with new rates expected to be effective in January 2016. Ameren Illinois cannot predict the level of any delivery service rate changes the ICC may approve, whether the ICC will approve the volume balancing adjustment, or if the ICC will approve the agreement between Ameren Illinois, the ICC staff, and certain other intervenors. In addition, Ameren Illinois cannot predict whether any rate changes that may eventually be approved will be sufficient to enable Ameren Illinois to recover its costs and to earn a reasonable return on investments when the rate changes go into effect.

2013 Natural Gas Delivery Service Rate Order

In December 2013, the ICC issued a rate order that approved an increase in Ameren Illinois' revenues for natural gas delivery service based on a 9.1% return on common equity. In March 2014, Ameren Illinois filed with the Appellate Court of the Fourth District of Illinois an appeal of the allowed return on common equity included in the ICC's order. Ameren Illinois sought a 10.4% return on common equity in this rate case. In June 2015, the Appellate Court of the Fourth District upheld the ICC's rate order. Ameren Illinois does not intend to pursue any further appeals.

2015 ICC Purchased Power Reconciliation

In January 2015, the ICC issued an order that approved Ameren Illinois' reconciliation of revenues collected under its purchased power rider mechanism and Ameren Illinois' related cumulative power usage cost. In the first quarter of 2015, based on the January 2015 order, both Ameren and Ameren Illinois

recorded a $15 million increase to electric revenues for the recovery of this cumulative power usage cost from electric customers.

ATXI Transmission Project

In July 2015, Illinois administrative law judges issued a proposed order that recommended a certificate of public convenience and necessity and project approval for the Spoon River project. The Spoon River project is a MISO-approved 35-mile transmission line to be constructed in northwest Illinois. A final order from the ICC is expected in 2015. A certificate of public convenience and necessity is required before ATXI can proceed with right-of-way acquisition.

Federal

Ameren Illinois Electric Transmission Rate Refund

In July 2012, the FERC issued an order concluding that Ameren Illinois improperly included acquisition premiums, including goodwill, in determining the common equity used in its electric transmission formula rate and thereby inappropriately recovered a higher amount from its electric transmission customers. The order required Ameren Illinois to make refunds to customers for such improperly included amounts.

In July 2015, the FERC approved a settlement agreement between Ameren Illinois and the affected customers. The settlement agreement requires Ameren Illinois to make refunds and payments of $8 million to electric transmission customers, of which $6 million was outstanding as of June 30, 2015. Ameren Illinois refunded $2 million in the second quarter of 2015 as part of a separate proceeding. The settlement agreement also requires Ameren Illinois to take other actions, such as reducing common equity for electric transmission ratemaking purposes on a prospective basis.

FERC Complaint Cases

In November 2013, a customer group filed a complaint case with the FERC seeking a reduction in the allowed base return on common equity for the FERC-regulated MISO transmission rate base under the MISO tariff to 9.15%. Currently, the FERC-allowed base return on common equity for MISO transmission owners is 12.38%. The FERC scheduled the case for hearing proceedings, requiring a proposed order from its administrative law judge to be issued no later than November 30, 2015, which will subsequently require FERC approval. The FERC has previously utilized a calculation to establish the allowed base return on common equity, which requires multiple inputs based on observable market data specific to the utility industry and broader macroeconomic data spanning unique time periods for each return on equity complaint case. We expect observable market data for the six months ended February 11, 2015 will be used in the November 2013 complaint case. As the maximum FERC-allowed refund period for the November 2013 complaint case ended in February 2015, another customer complaint case was filed in February 2015. The February 2015 complaint case seeks a reduction in the allowed base return on common equity for the FERC-regulated MISO transmission rate base under the MISO tariff to 8.67%. The FERC scheduled the February 2015 complaint case for hearing proceedings, requiring a proposed order from its administrative law judge to be issued no later than June 30, 2016, which will subsequently require FERC approval. We expect observable market data for the six months ended December 31, 2015 will be used in the February 2015 complaint case.

A 50 basis point reduction in the FERC-allowed return on common equity would reduce Ameren's and Ameren Illinois' annual earnings by an estimated $4 million and $2 million, respectively, based on 2015 projected rate base. Ameren and Ameren Illinois recorded current liabilities on their respective balance sheets as of June 30, 2015 representing their estimate of the potential refunds from the refund effective date of November 12, 2013. Ameren’s and Ameren Illinois’ recorded liabilities reflect the inputs used in the FERC’s calculation to establish the allowed base return on common equity, based on observable market data for the six months ended February 11, 2015, with respect to the November 2013 complaint case refund period, and based on current market data through June 30, 2015, with respect to the February 2015 complaint case refund period. Ameren’s and Ameren Illinois’ liabilities also reflect the 50 basis point adder discussed below, which became effective in early January 2015. Ameren Missouri did not record a liability as of June 30, 2015, and does not expect that a reduction in the FERC-allowed base return on common equity for MISO transmission owners would be material to its results of operations, financial position, or liquidity.

On January 6, 2015, a FERC-approved incentive adder of up to 50 basis points on the allowed base return on common equity for our participation in an RTO became effective. Collection of the incentive adder is deferred until the issuance of the final order addressing the initial MISO complaint case.

Combined Construction and Operating License

In 2008, Ameren Missouri filed an application with the NRC for a COL for a second nuclear unit at Ameren Missouri's existing Callaway County, Missouri, energy center site. In 2009, Ameren Missouri suspended its efforts to build a second nuclear unit at its existing Callaway site, and the NRC suspended review of the COL application. Prior to suspending its efforts, Ameren Missouri had capitalized $69 million related to the project. Due primarily to recent changes in vendor support for licensing efforts at the NRC, our assessment of long-term capacity needs, declining costs of alternative generation technologies, and the regulatory framework in Missouri, Ameren Missouri discontinued its efforts to license and build a second nuclear unit at its existing Callaway site. As a result of this decision, in the second quarter of 2015, Ameren and Ameren Missouri recognized a $69 million noncash pretax provision for all of the previously capitalized costs of the COL. Ameren Missouri intends to withdraw its COL application filed with the NRC in August 2015.

NOTE 3 - SHORT-TERM DEBT AND LIQUIDITY

The liquidity needs of the Ameren Companies are typically supported through the use of available cash, drawings under committed credit agreements, commercial paper issuances, or, in the case of Ameren Missouri and Ameren Illinois, short-term intercompany borrowings.

The 2012 Missouri Credit Agreement and the 2012 Illinois Credit Agreement, both of which expire on December 11, 2019, were not utilized for direct borrowings during the six months ended June 30, 2015, but were used to support commercial paper issuances and to issue letters of credit. Based on letters of credit issued under the 2012 Credit Agreements, as well as commercial paper outstanding, the aggregate amount of credit capacity available under the 2012 Credit Agreements to Ameren (parent), Ameren Missouri, and Ameren Illinois, collectively, at June 30, 2015, was $1.2 billion.

Commercial Paper

The following table presents commercial paper outstanding at Ameren (parent), Ameren Missouri, and Ameren Illinois as of June 30, 2015, and December 31, 2014:

	June 30, 2015	December 31, 2014
Ameren (parent)	$836	$585
Ameren Missouri	38	97
Ameren Illinois	12	32
Ameren Consolidated	$886	$714

18

The following table summarizes the borrowing activity and relevant interest rates under Ameren's (parent), Ameren Missouri's, and Ameren Illinois' commercial paper programs for the six months ended June 30, 2015 and 2014:

	Ameren (parent)	Ameren Missouri	Ameren Illinois	Ameren Consolidated
2015				
Average daily commercial paper outstanding	$754	$84	$5	$843
Weighted-average interest rate	0.57 %	0.50 %	0.44 %	0.56 %
Peak commercial paper during period[(a)]	$849	$294	$39	$1,108
Peak interest rate	0.70 %	0.60 %	0.60 %	0.70 %
2014				
Average daily commercial paper outstanding	$328	$146	$242	$607
Weighted-average interest rate	0.32 %	0.31 %	0.32 %	0.32 %
Peak commercial paper during period[(a)]	$503	$495	$300	$907
Peak interest rate	0.35 %	0.70 %	0.34 %	0.70 %

(a) The timing of peak commercial paper issuances varies by company, and therefore the peak amounts presented by company might not equal the Ameren Consolidated peak commercial paper issuances for the period.

Indebtedness Provisions and Other Covenants

The information below is a summary of the Ameren Companies' compliance with financial covenants in the 2012 Credit Agreements. See Note 4 - Short-term Debt and Liquidity under Part II, Item 8, in the Form 10-K for a detailed description of these provisions. The 2012 Credit Agreements also contain nonfinancial covenants, including restrictions on the ability to incur liens, to transact with affiliates, to dispose of assets, to make investments in or transfer assets to its affiliates, and to merge with other entities.

The 2012 Credit Agreements require each of Ameren, Ameren Missouri, and Ameren Illinois to maintain consolidated indebtedness of not more than 65% of its consolidated total capitalization pursuant to a defined calculation set forth in the agreements. As of June 30, 2015, the ratios of consolidated indebtedness to consolidated total capitalization, calculated in accordance with the 2012 Credit Agreements, were 51%, 50%, and 46%, for Ameren, Ameren Missouri, and Ameren Illinois, respectively. In addition, under the 2012 Illinois Credit Agreement and, by virtue of the cross-default provisions of the 2012 Missouri Credit Agreement, under the 2012 Missouri Credit Agreement, Ameren is required to maintain a ratio of consolidated funds from operations plus interest expense to consolidated interest expense of at least 2.0 to 1.0. However, the interest coverage requirement only applies at such times as Ameren does not have a senior long-term unsecured credit rating of at least Baa3 from Moody's or BBB- from S&P. As of June 30, 2015, Ameren exceeded the rating requirements; therefore, the interest coverage requirement was not applicable. Failure of a borrower to satisfy a financial covenant constitutes an immediate default under the applicable 2012 Credit Agreement.

The 2012 Credit Agreements contain default provisions that apply separately to each borrower; provided, however, that a default of Ameren Missouri or Ameren Illinois under the applicable 2012 Credit Agreement will also be deemed to constitute a default of Ameren under such agreement. Defaults include a cross-default of such borrower under any other agreement covering outstanding indebtedness of such borrower and certain

subsidiaries (other than project finance subsidiaries and nonmaterial subsidiaries) in excess of $75 million in the aggregate (including under the other 2012 Credit Agreement). However, under the default provisions of the 2012 Credit Agreements, any default of Ameren under any 2012 Credit Agreement that results solely from a default of Ameren Missouri or Ameren Illinois thereunder does not result in a cross-default of Ameren under the other 2012 Credit Agreement. Further, the 2012 Credit Agreement default provisions provide that an Ameren default under any of the 2012 Credit Agreements does not constitute a default by Ameren Missouri or Ameren Illinois.

None of the Ameren Companies' credit agreements or financing arrangements contain credit rating triggers that would cause a default or acceleration of repayment of outstanding balances. The Ameren Companies were in compliance with the covenants in their credit agreements at June 30, 2015.

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.

Ameren Missouri, Ameren Illinois, and ATXI may participate in the utility money pool as both lenders and borrowers. Ameren and Ameren Services may participate in the utility money pool only as a lender. Surplus internal funds are contributed to the utility money pool from participants. The primary sources of external funds for the utility money pool are the 2012 Credit Agreements and the commercial paper programs. The total amount available to the pool participants from the utility money pool at any given time is reduced by the amount of borrowings made by participants, but is increased to the extent that the pool participants advance surplus funds to the utility money pool or remit funds from other external sources. The availability of funds is also determined by funding requirement limits established by regulatory authorizations. Participants 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 both the three and six months ended June 30, 2015, was 0.08% (2014 - 0.19% and 0.29%, respectively).

See Note 8 - Related Party Transactions for the amount of interest income and expense from the money pool arrangements recorded by the Ameren Companies for the three and six months ended June 30, 2015 and 2014.

NOTE 4 - LONG-TERM DEBT AND EQUITY

Ameren Missouri

In March 2015, Ameren Missouri received cash capital contributions of $224 million from Ameren (parent).

In April 2015, Ameren Missouri issued $250 million of 3.65% senior secured notes due April 15, 2045, with interest payable semiannually on April 15 and October 15 of each year, beginning October 15, 2015. Ameren Missouri received proceeds of $247 million, which were used to repay outstanding short-term debt, including short-term debt that Ameren Missouri incurred in connection with the repayment of $114 million of its 4.75% senior secured notes that matured on April 1, 2015.

Indenture Provisions and Other Covenants

Ameren Missouri's and Ameren Illinois' indentures, credit facilities, and articles of incorporation include covenants and provisions related to issuances of first mortgage bonds and preferred stock. Ameren Missouri and Ameren Illinois are required to meet certain ratios to issue additional first mortgage bonds and preferred stock. A failure to achieve these ratios would not result in a default under these covenants and provisions, but would restrict the companies' ability to issue bonds or preferred stock. The following table summarizes the required and actual interest coverage ratios, and dividend coverage ratios, and bonds and preferred stock issuable as of June 30, 2015, at an assumed annual interest rate of 5% and dividend rate of 6%.

	Required Interest Coverage Ratio[(a)]	Actual Interest Coverage Ratio	Bonds Issuable[(b)]	Required Dividend Coverage Ratio[(c)]	Actual Dividend Coverage Ratio	Preferred Stock Issuable
Ameren Missouri	≥2.0	3.5	$3,305	≥2.5	94.4	$2,095
Ameren Illinois	≥2.0	6.7	3,533 [(d)]	≥1.5	2.8	203 [(e)]

(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 required coverage ratios or unfunded property additions, whichever is more restrictive. The amounts shown also include bonds issuable based on retired bond capacity of $946 million and $204 million at Ameren Missouri and Ameren Illinois, respectively.

(c) Coverage required on the annual dividend on preferred stock outstanding and to be issued, as required in the respective company's articles of incorporation.

(d) Amount of bonds issuable by Ameren Illinois based on unfunded property additions and retired bonds solely under the former IP mortgage indenture. The amount of bonds issuable by Ameren Illinois is also subject to the lien restrictions contained in the 2012 Illinois Credit Agreement.

(e) Preferred stock issuable is restricted by the amount of preferred stock that is currently authorized by Ameren Illinois' articles of incorporation.

Ameren Missouri and Ameren Illinois and certain other Ameren subsidiaries are subject to Section 305(a) of the Federal Power Act, which makes it unlawful for any officer or director of a public utility, as defined in the Federal Power Act, to participate in the making or paying of any dividend from any funds "properly included in capital account." The FERC has consistently interpreted the provision to allow dividends to be paid as long as (1) the source of the dividends is clearly disclosed, (2) the dividends are not excessive, and (3) there is no self-dealing on the part of corporate officials. At a minimum, Ameren believes that dividends can be paid by its subsidiaries that are public utilities from retained earnings. In addition, under Illinois law, Ameren Illinois may not pay any dividend on its stock, unless, among other things, its earnings and earned surplus are sufficient to declare and pay a dividend after provision is made for reasonable and proper reserves, or unless Ameren Illinois has specific authorization from the ICC. Ameren Illinois' articles of incorporation require dividend payments on its common stock to be based on ratios of common

stock to total capitalization and other provisions related to certain operating expenses and accumulations of earned surplus. Ameren Illinois committed to the FERC to maintain a minimum of 30% equity in its capital structure. As of June 30, 2015, Ameren Illinois had 53% equity in its capital structure.
In order for the Ameren Companies to issue securities in the future, we have to comply with all applicable requirements in effect at the time of any such issuances.
Off-Balance-Sheet Arrangements
At June 30, 2015, 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. See Note 12 - Divestiture Transactions and Discontinued Operations for Ameren (parent) guarantees and letters of credit issued to support New AER based on the transaction agreement with IPH.

NOTE 5 - OTHER INCOME AND EXPENSES

The following table presents the components of “Other Income and Expenses” in the Ameren Companies’ statements of income for the three and six months ended June 30, 2015 and 2014:

	Three Months		Six Months	
	2015	2014	2015	2014
Ameren:[(a)]				
Miscellaneous income:				
Allowance for equity funds used during construction	$6	$9	$11	$16
Interest income on industrial development revenue bonds	6	7	13	14
Interest income	4	2	8	5
Other	—	3	3	4
Total miscellaneous income	$16	$21	$35	$39
Miscellaneous expense:				
Donations	$2	$1	$10	$6
Other	4	3	7	7
Total miscellaneous expense	$6			