AMEREN CORP
Form 10-Q
August 09, 2007

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

FORM 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended June 30, 2007

OR

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

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

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

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 require–ments for the past 90 days. Yes (X) No ( )

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

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

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

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

The number of shares outstanding of each registrant's classes of common stock as of July 31, 2007, was as follows:

Ameren Corporation	Common stock, $.01 par value per share – 207,601,632
Union Electric Company	Common stock, $5 par value per share, held by Ameren Corporation (parent company of the registrant) – 102,123,834
Central Illinois Public Service Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 25,452,373
Ameren Energy Generating Company	Common stock, no par value, held by Ameren Energy Development Company (parent company of the registrant and indirect subsidiary of Ameren

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

OMISSION OF CERTAIN INFORMATION

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

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

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This Form 10-Q contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements 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. Forward-looking statements should be read with the cautionary statements and important factors included on page 6 of this Form 10-Q under the heading “Forward-looking Statements.”

GLOSSARY OF TERMS AND ABBREVIATIONS

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

AERG – AmerenEnergy Resources Generating Company, a CILCO subsidiary that operates a non-rate-regulated electric generation business in Illinois.
AFS – Ameren Energy Fuels and Services Company, a Development Company subsidiary that procures fuel and natural gas and manages the related risks for the Ameren Companies.
Ameren – Ameren Corporation and its subsidiaries on a consolidated basis. In references to financing activities, acquisition activities, or liquidity arrangements, Ameren is defined as Ameren Corporation, the parent.
Ameren Companies – The individual registrants within the Ameren consolidated group.
Ameren Energy – Ameren Energy, Inc., an Ameren Corporation subsidiary that is a power marketing and risk management agent for UE.
Ameren Illinois Utilities– CIPS, IP and the rate-regulated electric and gas utility operations of CILCO.
Ameren Services –Ameren Services Company, an Ameren Corporation subsidiary that provides support services to Ameren and its subsidiaries.
ARO– Asset retirement obligations.
Baseload – The minimum amount of electric power delivered or required over a given period of time at a steady rate.
Capacity factor– A percentage measure that indicates how much of an electric power generating unit’s capacity was used during a specific period.
CILCO – Central Illinois Light Company, a CILCORP subsidiary that operates a rate-regulated electric and natural gas transmission and distribution business and a non-rate-regulated electric generation business through AERG, all in Illinois, as AmerenCILCO. CILCO owns all of the common stock of AERG.
CILCORP – CILCORP Inc., an Ameren Corporation subsidiary that operates as a holding company for CILCO and various non-rate-regulated subsidiaries.
CIPS – Central Illinois Public Service Company, an Ameren Corporation subsidiary that operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenCIPS.
CIPSCO –CIPSCO Inc., the former parent of CIPS.
CT – Combustion turbine electric generation equipment used primarily for peaking capacity.
CUB – Citizens Utility Board.
Development Company – Ameren Energy Development Company, which is a Resources Company subsidiary, and parent of Genco, Marketing Company and AFS.
DOE – Department of Energy, a U.S. government agency.
DRPlus – Ameren Corporation’s dividend reinvestment and direct stock purchase plan.
Dynegy – Dynegy Inc.
EEI – Electric Energy, Inc., an 80%-owned Ameren Corporation subsidiary (40% owned by UE and 40% owned by Development Company) that operates non-rate-regulated electric generation facilities and FERC-regulated transmission facilities in Illinois. The remaining 20% is owned by Kentucky Utilities Company.
ELPC – Environmental Law and Policy Center.
EPA – Environmental Protection Agency, a U.S. government agency.
Exchange Act – Securities Exchange Act of 1934, as amended.
FASB – Financial Accounting Standards Board, a rulemaking organization that establishes financial accounting and reporting standards in the United States.
FERC – The Federal Energy Regulatory Commission, a U.S. government agency.
FIN – FASB Interpretation. A FIN statement is an explanation intended to clarify accounting pronouncements previously issued by the FASB.
Fitch – Fitch Ratings, a credit rating agency.
Form 10-K –The combined Annual Report on Form 10-K for the year ended December 31, 2006, filed by the Ameren Companies with the SEC.

FSP– FASB Staff Position, which provides application guidance on FASB literature.
GAAP – Generally accepted accounting principles in the United States.
Genco – Ameren Energy Generating Company, a Development Company subsidiary that operates a non-rate-regulated electric generation business in Illinois and Missouri.
Gigawatthour – One thousand megawatthours.
Heating degree-days – The summation of negative differences between the mean daily temperature and a 65-degree Fahrenheit base. This statistic is useful as an indicator of demand for electricity and natural gas for winter space heating for residential and commercial customers.
ICC – Illinois Commerce Commission, a state agency that regulates the Illinois utility businesses and the rate-regulated operations of CIPS, CILCO and IP.
Illinois Customer Choice Law – Illinois Electric Service Customer Choice and Rate Relief Law of 1997, which provided for electric utility restructuring and introduced competition into the retail supply of electric energy in Illinois.
Illinois EPA– Illinois Environmental Protection Agency, a state government agency.
Illinois Regulated – A financial reporting segment consisting of the regulated electric and gas transmission and distribution businesses of CIPS, CILCO and IP.
IP –Illinois Power Company, an Ameren Corporation subsidiary. IP operates a rate-regulated electric and natural

gas transmission and distribution business in Illinois as AmerenIP.
IPA– Illinois Power Agency, a state government agency that would have broad authority to assist in the procurement of electric power for residential and nonresidential customers beginning in June 2009 pending enactment of legislation by the Illinois governor.
IP LLC– Illinois Power Securitization Limited Liability Company, which is a special-purpose Delaware limited-liability company. Under FIN 46R, Consolidation of Variable-interest Entities, IP LLC was no longer consolidated within IP's financial statements as of December 31, 2003.
IP SPT– Illinois Power Special Purpose Trust, which was created as a subsidiary of IP LLC to issue TFNs as allowed under the Illinois Customer Choice Law. Pursuant to FIN 46R, IP SPT is a variable-interest entity, as the equity investment is not sufficient to permit IP SPT to finance its activities without additional subordinated debt.
JDA – The joint dispatch agreement among UE, CIPS, and Genco under which UE and Genco jointly dispatched electric generation prior to its termination on December 31, 2006.
Kilowatthour– A measure of electricity consumption equivalent to the use of 1,000 watts of power over a period of one hour.
Marketing Company – Ameren Energy Marketing Company, a Development Company subsidiary that markets power for Genco, AERG and EEI.
Medina Valley– AmerenEnergy Medina Valley Cogen (No. 4) LLC and its subsidiaries, all Development Company subsidiaries, which indirectly own a 40-megawatt gas-fired electric generation plant.
Megawatthour – One thousand kilowatthours.
MGP – Manufactured gas plant.
MISO – Midwest Independent Transmission System Operator, Inc.
MISO Day Two Energy Market – A market that uses market-based pricing, incorporating transmission congestion and line losses, to compensate market participants for power.
Missouri Regulated – A financial reporting segment consisting of all the operations of UE's business, except for UE's 40% interest in EEI and other non-rate-regulated activities.
Money pool – Borrowing agreements among Ameren and its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. Separate money pools are maintained between rate-regulated and non-rate-regulated businesses. These are referred to as the utility money pool and the non-state-regulated subsidiary money pool, respectively.
Moody's – Moody's Investors Service Inc., a credit rating agency.
MoPSC – Missouri Public Service Commission, a state agency that regulates the Missouri utility business and operations of UE.
Non-rate-regulated Generation – A financial reporting segment consisting of the operations or activities of Genco, CILCORP holding company, AERG, EEI and Marketing Company.
NO_x – Nitrogen oxide.
NRC – Nuclear Regulatory Commission, a U.S. government agency.
NYMEX – New York Mercantile Exchange.
OCI – Other comprehensive income (loss) as defined by GAAP.
PGA – Purchased Gas Adjustment tariffs, which allow the passing through of the actual cost of natural gas to utility customers.
PUHCA 1935 – The Public Utility Holding Company Act of 1935, which was repealed effective February 8, 2006, by the Energy Policy Act of 2005 that was enacted on August 8, 2005.
PUHCA 2005– The Public Utility Holding Company Act of 2005, enacted as part of the Energy Policy Act of 2005, effective February 8, 2006.
Resources Company – Ameren Energy Resources Company, an Ameren Corporation subsidiary that consists of non-rate-regulated operations, including Development Company, Genco, Marketing Company, AFS, and Medina Valley.
S&P – Standard & Poor's Ratings Services, a credit rating agency that is a division of The McGraw-Hill Companies, Inc.
SEC – Securities and Exchange Commission, a U.S. government agency.

SFAS – Statement of Financial Accounting Standards, the accounting and financial reporting rules issued by the FASB.
SO_2 – Sulfur dioxide.
TFN – Transitional Funding Trust Notes issued by IP SPT as allowed under the Illinois Customer Choice Law. IP must designate a portion of cash received from customer billings to pay the TFNs. The proceeds received by IP are remitted to IP SPT. The proceeds are restricted for the sole purpose of making payments of principal and interest on, and paying other fees and expenses related to, the TFNs. Since the application of FIN 46R, IP does not consolidate IP SPT. Therefore, the obligation to IP SPT appears on IP's balance sheet.
TVA – Tennessee Valley Authority, a public power authority.
UE – Union Electric Company, an Ameren Corporation subsidiary that operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri as AmerenUE.

FORWARD-LOOKING STATEMENTS

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

- regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the failure of the Illinois governor to enact legislation implementing the comprehensive rate relief programs and agreement, the enactment of alternative legislation rolling back and freezing electric rates at 2006 levls or similar actions that impair the full and timely recovery of costs in Illinois, or the enactment of alternative legislation taxing electric generators in Illinois;
- the impact of the termination of the JDA;
- changes in laws and other governmental actions, including monetary and fiscal policies;
- the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;
- the effects of participation in the MISO;
- the availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including the ability to recover the costs for such commodities;
- the effectiveness of our risk management strategies and the use of financial and derivative instruments;
- prices for power in the Midwest;
- business and economic conditions, including their impact on interest rates;
- disruptions of the capital markets or other events that make the Ameren Companies' access to necessary capital more difficult or costly;
- the impact of the adoption of new accounting standards and the application of appropriate technical accounting rules and guidance;
- actions of credit rating agencies and the effects of such actions;
- weather conditions and other natural phenomena;
- the impact of system outages caused by severe weather conditions or other events;
- generation plant construction, installation and performance, including costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident and the plant's future operation;
- recoverability through insurance of costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident;
- operation of UE's nuclear power facility, including planned and unplanned outages, and decommissioning costs;
- the effects of strategic initiatives, including acquisitions and divestitures;
- the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which could have a negative financial effect;
- labor disputes, future wage and employee benefits costs, including changes in returns on benefit plan assets;
- the inability of our counterparties and affiliates to meet their obligations with respect to contracts and financial instruments;
- the cost and availability of transmission capacity for the energy generated by the Ameren Companies' facilities or required to satisfy energy sales made by the Ameren Companies;
- legal and administrative proceedings; and
- acts of sabotage, war, terrorism or intentionally disruptive acts.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating Revenues:				
Electric	**$ 1,514**	$ 1,378	**$ 2,972**	$ 2,589
Gas	**209**	172	**770**	761
Total operating revenues	**1,723**	1,550	**3,742**	3,350
Operating Expenses:				
Fuel	**263**	247	**526**	499
Purchased power	**314**	277	**687**	550
Gas purchased for resale	**133**	104	**554**	557
Other operations and maintenance	**426**	394	**822**	746
Depreciation and amortization	**169**	162	**345**	323
Taxes other than income taxes	**96**	90	**198**	203
Total operating expenses	**1,401**	1,274	**3,132**	2,878
Operating Income	**322**	276	**610**	472
Other Income and Expenses:				
Miscellaneous income	**20**	11	**34**	16
Miscellaneous expense	**(4)**	(1)	**(4)**	(1)
Total other income	**16**	10	**30**	15
Interest Charges	**108**	87	**206**	164
Income Before Income Taxes, Minority Interest and Preferred Dividends of Subsidiaries	**230**	199	**434**	323
Income Taxes	**78**	68	**149**	112
Income Before Minority Interest and Preferred Dividends of Subsidiaries	**152**	131	**285**	211
Minority Interest and Preferred Dividends of Subsidiaries	**9**	8	**19**	18
Net Income	**$ 143**	$ 123	**$ 266**	$ 193
Earnings per Common Share – Basic and Diluted	**$ 0.69**	$ 0.60	**$ 1.29**	$ 0.94
Dividends per Common Share	**$ 0.635**	$ 0.635	**$ 1.270**	$ 1.270
Average Common Shares Outstanding	**207.1**	205.4	**206.9**	205.1

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, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ **687**	$ 137
Accounts receivable – trade (less allowance for doubtful accounts of $31 and $11, respectively)	**562**	418
Unbilled revenue	**304**	309
Miscellaneous accounts and notes receivable	**222**	160
Materials and supplies	**612**	647
Other current assets	**178**	203
Total current assets	**2,565**	1,874
Property and Plant, Net	**14,538**	14,286
Investments and Other Assets:		
Investments in leveraged leases	**13**	13
Nuclear decommissioning trust fund	**301**	285
Goodwill	**831**	831
Intangible assets	**206**	217
Other assets	**730**	641
Regulatory assets	**1,347**	1,431
Total investments and other assets	**3,428**	3,418
TOTAL ASSETS	$ **20,531**	$ 19,578
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ **203**	$ 456
Short-term debt	**1,619**	612
Accounts and wages payable	**455**	671
Taxes accrued	**120**	58
Other current liabilities	**423**	405
Total current liabilities	**2,820**	2,202
Long-term Debt, Net	**5,511**	5,285
Preferred Stock of Subsidiary Subject to Mandatory Redemption	**18**	18
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	**2,039**	2,144
Accumulated deferred investment tax credits	**113**	118
Regulatory liabilities	**1,216**	1,234
Asset retirement obligations	**564**	549
Accrued pension and other postretirement benefits	**1,040**	1,065
Other deferred credits and liabilities	**378**	169
Total deferred credits and other liabilities	**5,350**	5,279
Preferred Stock of Subsidiaries Not Subject to Mandatory Redemption	**195**	195
Minority Interest in Consolidated Subsidiaries	**19**	16
Commitments and Contingencies (Notes 2, 8, and 9)		
Stockholders' Equity:		

Common stock, $.01 par value, 400.0 shares authorized –				
shares outstanding of 207.0 and 206.6, respectively		**2**		2
Other paid-in capital, principally premium on common stock		**4,551**		4,495
Retained earnings		**2,023**		2,024
Accumulated other comprehensive income		**42**		62
Total stockholders’ equity		**6,618**		6,583
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**20,531**	$	19,578

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

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

	Six Months Ended June 30, 2007	2006
Cash Flows From Operating Activities:		
Net income	**$ 266**	$ 193
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	**(2)**	-
Depreciation and amortization	**357**	340
Amortization of nuclear fuel	**15**	16
Amortization of debt issuance costs and premium/discounts	**10**	7
Deferred income taxes and investment tax credits, net	**(8)**	(19)
Loss on sale of noncore properties	**-**	4
Minority interest	**13**	12
Other	**7**	1
Changes in assets and liabilities:		
Receivables	**(195)**	168
Materials and supplies	**35**	25
Accounts and wages payable	**(62)**	(214)
Taxes accrued	**59**	(33)
Assets, other	**(69)**	63
Liabilities, other	**67**	10
Pension and other postretirement benefit obligations	**50**	46
Net cash provided by operating activities	**543**	619
Cash Flows From Investing Activities:		
Capital expenditures	**(715)**	(449)
CT acquisitions	**-**	(292)
Nuclear fuel expenditures	**(24)**	(25)
Proceeds from sale of noncore properties	**-**	11
Purchases of securities – nuclear decommissioning trust fund	**(75)**	(53)
Sales of securities – nuclear decommissioning trust fund	**65**	48
Purchases of emission allowances	**(9)**	(38)
Sales of emission allowances	**3**	4
Other	**1**	(1)
Net cash used in investing activities	**(754)**	(795)
Cash Flows From Financing Activities:		
Dividends on common stock	**(263)**	(260)
Capital issuance costs	**(3)**	(2)
Short-term debt, net	**1,007**	204
Dividends paid to minority interest	**(10)**	(14)
Redemptions, repurchases, and maturities of long-term debt	**(443)**	(86)
Issuances:		
Common stock	**48**	57
Long-term debt	**425**	232
Net cash provided by financing activities	**761**	131
Net change in cash and cash equivalents	**550**	(45)

Cash and cash equivalents at beginning of year		**137**		96
Cash and cash equivalents at end of period	**$**	**687**	$	51

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

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

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating Revenues:				
Electric - excluding off-system	**$ 579**	$ 584	**$ 1,030**	$ 1,013
Electric - off-system	**89**	103	**211**	241
Gas	**29**	22	**105**	91
Other	**-**	1	**1**	1
Total operating revenues	**697**	710	**1,347**	1,346
Operating Expenses:				
Fuel	**143**	124	**268**	249
Purchased power	**29**	68	**62**	135
Gas purchased for resale	**15**	12	**64**	56
Other operations and maintenance	**222**	196	**446**	367
Depreciation and amortization	**84**	81	**171**	161
Taxes other than income taxes	**60**	59	**117**	118
Total operating expenses	**553**	540	**1,128**	1,086
Operating Income	**144**	170	**219**	260
Other Income and Expenses:				
Miscellaneous income	**12**	8	**20**	12
Miscellaneous expense	**(6)**	(2)	**(8)**	(4)
Total other income	**6**	6	**12**	8
Interest Charges	**51**	44	**97**	80
Income Before Income Taxes and Equity in Income of Unconsolidated Investment	**99**	132	**134**	188
Income Taxes	**30**	50	**41**	69
Income Before Equity in Income of Unconsolidated Investment	**69**	82	**93**	119
Equity in Income of Unconsolidated Investment, Net of Taxes	**12**	10	**26**	24
Net Income	**81**	92	**119**	143
Preferred Stock Dividends	**2**	2	**3**	3
Net Income Available to Common Stockholder	**$ 79**	$ 90	**$ 116**	$ 140

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

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

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 209**	$ 1
Accounts receivable – trade (less allowance for doubtful accounts of $8 and $6, respectively)	**220**	145
Unbilled revenue	**157**	120
Miscellaneous accounts and notes receivable	**164**	128
Advances to money pool	**12**	18
Accounts receivable – affiliates	**59**	33
Materials and supplies	**267**	236
Other current assets	**56**	45
Total current assets	**1,144**	726
Property and Plant, Net	**8,000**	7,882
Investments and Other Assets:		
Nuclear decommissioning trust fund	**301**	285
Intangible assets	**58**	58
Other assets	**474**	526
Regulatory assets	**790**	810
Total investments and other assets	**1,623**	1,679
TOTAL ASSETS	**$ 10,767**	$ 10,287
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	**$ 152**	$ 5
Short-term debt	**426**	234
Intercompany note payable – Ameren	**37**	77
Accounts and wages payable	**159**	313
Accounts payable – affiliates	**114**	185
Taxes accrued	**142**	66
Other current liabilities	**229**	191
Total current liabilities	**1,259**	1,071
Long-term Debt, Net	**3,212**	2,934
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	**1,273**	1,293
Accumulated deferred investment tax credits	**86**	89
Regulatory liabilities	**838**	827
Asset retirement obligations	**504**	491
Accrued pension and other postretirement benefits	**370**	374
Other deferred credits and liabilities	**83**	55
Total deferred credits and other liabilities	**3,154**	3,129
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholders' Equity:		
Common stock, $5 par value, 150.0 shares authorized – 102.1 shares outstanding	**511**	511

Preferred stock not subject to mandatory redemption		**113**		113
Other paid-in capital, principally premium on common stock		**739**		739
Retained earnings		**1,775**		1,783
Accumulated other comprehensive income		**4**		7
Total stockholders' equity		**3,142**		3,153
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**10,767**	$	10,287

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

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

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows From Operating Activities:		
Net income	**$ 119**	$ 143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**171**	161
Amortization of nuclear fuel	**15**	16
Amortization of debt issuance costs and premium/discounts	**3**	3
Deferred income taxes and investment tax credits, net	**15**	11
Other	**-**	(5)
Changes in assets and liabilities:		
Receivables	**(174)**	(15)
Materials and supplies	**(31)**	(13)
Accounts and wages payable	**(136)**	(180)
Taxes accrued	**76**	54
Assets, other	**55**	30
Liabilities, other	**17**	35
Pension and other postretirement obligations	**15**	18
Net cash provided by operating activities	**145**	258
Cash Flows From Investing Activities:		
Capital expenditures	**(355)**	(222)
CT acquisitions	**-**	(292)
Nuclear fuel expenditures	**(24)**	(25)
Changes in money pool advances	**6**	-
Proceeds from intercompany note receivable – CIPS	**-**	67
Purchases of securities – nuclear decommissioning trust fund	**(75)**	(53)
Sales of securities – nuclear decommissioning trust fund	**65**	48
Sales of emission allowances	**2**	2
Net cash used in investing activities	**(381)**	(475)
Cash Flows From Financing Activities:		
Dividends on common stock	**(127)**	(84)
Dividends on preferred stock	**(3)**	(3)
Capital issuance costs	**(3)**	-
Short-term debt, net	**192**	284
Intercompany note payable – Ameren, net	**(40)**	-
Issuances of long-term debt	**425**	-
Capital contribution from parent	**-**	1
Net cash provided by financing activities	**444**	198
Net change in cash and cash equivalents	**208**	(19)
Cash and cash equivalents at beginning of year	**1**	20
Cash and cash equivalents at end of period	**$ 209**	$ 1

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

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

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating Revenues:				
Electric	**$ 193**	$ 181	**$ 404**	$ 341
Gas	**36**	30	**137**	127
Other	**-**	1	**2**	1
Total operating revenues	**229**	212	**543**	469
Operating Expenses:				
Purchased power	**127**	113	**277**	230
Gas purchased for resale	**21**	16	**95**	88
Other operations and maintenance	**41**	38	**84**	76
Depreciation and amortization	**16**	15	**33**	31
Taxes other than income taxes	**9**	9	**18**	21
Total operating expenses	**214**	191	**507**	446
Operating Income	**15**	21	**36**	23
Other Income and Expenses:				
Miscellaneous income	**5**	4	**8**	9
Miscellaneous expense	**(1)**	-	**(1)**	(1)
Total other income	**4**	4	**7**	8
Interest Charges	**10**	8	**18**	15
Income Before Income Taxes	**9**	17	**25**	16
Income Taxes	**4**	2	**9**	2
Net Income	**5**	15	**16**	14
Preferred Stock Dividends	**-**	-	**1**	1
Net Income Available to Common Stockholder	**$ 5**	$ 15	**$ 15**	$ 13

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

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

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 148	$ 6
Accounts receivable – trade (less allowance for doubtful accounts of $8 and $2, respectively)	65	55
Unbilled revenue	32	43
Accounts receivable – affiliates	2	10
Current portion of intercompany note receivable – Genco	39	37
Current portion of intercompany tax receivable – Genco	9	9
Advances to money pool	-	1
Materials and supplies	51	71
Other current assets	43	46
Total current assets	389	278
Property and Plant, Net	1,160	1,155
Investments and Other Assets:		
Intercompany note receivable – Genco	87	126
Intercompany tax receivable – Genco	111	115
Other assets	29	27
Regulatory assets	134	146
Total investments and other assets	361	414
TOTAL ASSETS	$ 1,910	$ 1,847
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	$ 135	$ 35
Accounts and wages payable	44	36
Accounts payable – affiliates	39	81
Taxes accrued	6	10
Other current liabilities	34	36
Total current liabilities	258	198
Long-term Debt, Net	471	471
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes and investment tax credits, net	275	297
Regulatory liabilities	221	224
Accrued pension and other postretirement benefits	83	90
Other deferred credits and liabilities	44	24
Total deferred credits and other liabilities	623	635
Commitments and Contingencies (Notes 2 and 8)		
Stockholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	-	-
Other paid-in capital	190	190
Preferred stock not subject to mandatory redemption	50	50
Retained earnings	317	302
Accumulated other comprehensive income	1	1

Total stockholders' equity		**558**		543
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**1,910**	$	1,847

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

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

	Six Months Ended June 30, 2007			2006
Cash Flows From Operating Activities:				
Net income	$	**16**	$	14
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		**33**		31
Amortization of debt issuance costs and premium/discounts		**1**		-
Deferred income taxes and investment tax credits, net		**(10)**		(16)
Other		**-**		(1)
Changes in assets and liabilities:				
Receivables		**13**		39
Materials and supplies		**20**		21
Accounts and wages payable		**(30)**		(8)
Taxes accrued		**(4)**		(19)
Assets, other		**6**		22
Liabilities, other		**(4)**		(3)
Pension and other postretirement obligations		**3**		-
Net cash provided by operating activities		**44**		80
Cash Flows From Investing Activities:				
Capital expenditures		**(39)**		(41)
Proceeds from intercompany note receivable – Genco		**37**		34
Changes in money pool advances		**1**		(17)
Net cash used in investing activities		**(1)**		(24)
Cash Flows From Financing Activities:				
Dividends on common stock		**-**		(25)
Dividends on preferred stock		**(1)**		(1)
Capital issuance costs		**-**		(1)
Short-term debt, net		**100**		-
Changes in money pool borrowings		**-**		(2)
Redemptions, repurchases, and maturities:				
Long-term debt		**-**		(20)
Intercompany note payable – UE		**-**		(67)
Issuances of long-term debt		**-**		61
Net cash provided by (used in) financing activities		**99**		(55)
Net change in cash and cash equivalents		**142**		1
Cash and cash equivalents at beginning of year		**6**		-
Cash and cash equivalents at end of period	$	**148**	$	1

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Operating Revenues	**$ 185**	$ 238	**$ 428**	$ 485
Operating Expenses:				
Fuel	**74**	61	**155**	130
Purchased power	**(1)**	89	**20**	185
Other operations and maintenance	**49**	47	**83**	79
Depreciation and amortization	**18**	17	**36**	35
Taxes other than income taxes	**4**	5	**10**	11
Total operating expenses	**144**	219	**304**	440
Operating Income	**41**	19	**124**	45
Miscellaneous Income	**1**	-	**1**	-
Interest Charges	**14**	15	**28**	30
Income Before Income Taxes	**28**	4	**97**	15
Income Taxes	**11**	2	**37**	7
Net Income	**$ 17**	$ 2	**$ 60**	$ 8

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

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

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1	$ 1
Accounts receivable – affiliates	100	96
Accounts receivable – trade	5	19
Materials and supplies	97	96
Other current assets	29	5
Total current assets	232	217
Property and Plant, Net	1,558	1,539
Intangible Assets	64	74
Other Assets	18	20
TOTAL ASSETS	$ 1,872	$ 1,850
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Current portion of intercompany note payable – CIPS	$ 39	$ 37
Borrowings from money pool	239	123
Accounts and wages payable	36	52
Accounts payable – affiliates	73	66
Current portion of intercompany tax payable – CIPS	9	9
Taxes accrued	20	22
Other current liabilities	21	22
Total current liabilities	437	331
Long-term Debt, Net	474	474
Intercompany Note Payable – CIPS	87	126
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	146	165
Accumulated deferred investment tax credits	8	9
Intercompany tax payable – CIPS	111	115
Asset retirement obligations	32	31
Accrued pension and other postretirement benefits	40	34
Other deferred credits and liabilities	31	2
Total deferred credits and other liabilities	368	356
Commitments and Contingencies (Notes 2 and 8)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 2,000 shares outstanding	-	-
Other paid-in capital	428	428
Retained earnings	103	156
Accumulated other comprehensive loss	(25)	(21)
Total stockholder's equity	506	563
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 1,872	$ 1,850

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

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

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows From Operating Activities:		
Net income	**$ 60**	$ 8
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	**(1)**	-
Depreciation and amortization	**52**	51
Deferred income taxes and investment tax credits, net	**8**	(8)
Other	**1**	(1)
Changes in assets and liabilities:		
Receivables	**10**	27
Materials and supplies	**(1)**	(26)
Accounts and wages payable	**13**	36
Taxes accrued, net	**(2)**	(23)
Assets, other	**(26)**	-
Liabilities, other	**(2)**	(4)
Pension and other postretirement obligations	**3**	3
Net cash provided by operating activities	**115**	63
Cash Flows From Investing Activities:		
Capital expenditures	**(77)**	(39)
Purchases of emission allowances	**(5)**	(26)
Sales of emission allowances	**1**	1
Net cash used in investing activities	**(81)**	(64)
Cash Flows From Financing Activities:		
Dividends on common stock	**(113)**	(71)
Changes in money pool borrowings	**116**	57
Intercompany notes payable – CIPS	**(37)**	(34)
Capital contribution from parent	**-**	50
Net cash provided by (used in) financing activities	**(34)**	2
Net change in cash and cash equivalents	**-**	1
Cash and cash equivalents at beginning of year	**1**	-
Cash and cash equivalents at end of period	**$ 1**	$ 1

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

CILCORP INC.
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating Revenues:				
Electric	**$ 162**	$ 98	**$ 337**	$ 190
Gas	**60**	48	**195**	198
Other	**1**	-	**1**	-
Total operating revenues	**223**	146	**533**	388
Operating Expenses:				
Fuel	**14**	29	**37**	53
Purchased power	**61**	6	**133**	8
Gas purchased for resale	**42**	32	**145**	151
Other operations and maintenance	**45**	48	**87**	93
Depreciation and amortization	**19**	19	**38**	37
Taxes other than income taxes	**6**	4	**14**	13
Total operating expenses	**187**	138	**454**	355
Operating Income	**36**	8	**79**	33
Other Income and Expenses:				
Miscellaneous income	**-**	1	**2**	1
Miscellaneous expense	**(2)**	(1)	**(3)**	(2)
Total other expenses	**(2)**	-	**(1)**	(1)
Interest Charges	**15**	13	**29**	25
Income (Loss) Before Income Taxes and Preferred Dividends of Subsidiaries	**19**	(5)	**49**	7
Income Taxes (Benefit)	**6**	(6)	**16**	(3)
Income Before Preferred Dividends of Subsidiaries	**13**	1	**33**	10
Preferred Dividends of Subsidiaries	**1**	-	**1**	1
Net Income	**$ 12**	$ 1	**$ 32**	$ 9

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

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

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 108**	$ 4
Accounts receivable – trade (less allowance for doubtful accounts of $5 and $1, respectively)	**49**	47
Unbilled revenue	**35**	45
Accounts receivable – affiliates	**30**	10
Advances to money pool	**-**	42
Materials and supplies	**79**	93
Other current assets	**40**	42
Total current assets	**341**	283
Property and Plant, Net	**1,357**	1,277
Investments and Other Assets:		
Goodwill	**542**	542
Intangible assets	**45**	48
Other assets	**19**	16
Regulatory assets	**56**	75
Total investments and other assets	**662**	681
TOTAL ASSETS	**$ 2,360**	$ 2,241
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Current maturities of long-term debt	**$ -**	$ 50
Short-term debt	**465**	215
Intercompany note payable – Ameren	**-**	73
Accounts and wages payable	**40**	54
Accounts payable – affiliates	**63**	60
Taxes accrued	**3**	3
Other current liabilities	**48**	58
Total current liabilities	**619**	513
Long-term Debt, Net	**539**	542
Preferred Stock of Subsidiary Subject to Mandatory Redemption	**18**	18
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	**183**	201
Accumulated deferred investment tax credits	**7**	7
Regulatory liabilities	**67**	73
Accrued pension and other postretirement benefits	**151**	171
Other deferred credits and liabilities	**55**	26
Total deferred credits and other liabilities	**463**	478
Preferred Stock of Subsidiary Not Subject to Mandatory Redemption	**19**	19
Commitments and Contingencies (Notes 2 and 8)		

Stockholder's Equity:				
Common stock, no par value, 10,000 shares authorized – 1,000 shares outstanding		**-**		-
Other paid-in capital		**627**		627
Retained earnings		**43**		11
Accumulated other comprehensive income		**32**		33
Total stockholder's equity		**702**		671
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	**$**	**2,360**	$	2,241

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

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

	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Cash Flows From Operating Activities:		
Net income	**$ 32**	$ 9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**38**	50
Amortization of debt issuance costs and premium/discounts	**1**	-
Deferred income taxes and investment tax credits	**(3)**	(4)
Loss on sale of noncore properties	**-**	4
Other	**-**	(1)
Changes in assets and liabilities:		
Receivables	**(12)**	55
Materials and supplies	**14**	20
Accounts and wages payable	**3**	(20)
Taxes accrued	**(3)**	(13)
Assets, other	**(2)**	20
Liabilities, other	**(7)**	(9)
Pension and postretirement benefit obligations	**1**	1
Net cash provided by operating activities	**62**	112
Cash Flows From Investing Activities:		
Capital expenditures	**(127)**	(48)
Proceeds from note receivable – Resources Company	**-**	42
Proceeds from sale of noncore properties	**-**	11
Changes in money pool advances	**42**	-
Purchases of emission allowances	**-**	(12)
Sales of emission allowances	**-**	1
Net cash used in investing activities	**(85)**	(6)
Cash Flows From Financing Activities:		
Dividends on common stock	**-**	(50)
Capital issuance costs	**-**	(1)
Short-term debt, net	**250**	-
Changes in money pool borrowings	**-**	(89)
Intercompany note payable – Ameren, net	**(73)**	(30)
Redemptions, repurchases, and maturities of long-term debt	**(50)**	(12)
Issuances of long-term debt	**-**	96
Net cash provided by (used in) financing activities	**127**	(86)
Net change in cash and cash equivalents	**104**	20
Cash and cash equivalents at beginning of year	**4**	3
Cash and cash equivalents at end of period	**$ 108**	$ 23

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
(Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	**2006**	**2007**	**2006**
Operating Revenues:				
Electric	**$ 162**	$ 98	**$ 337**	$ 190
Gas	**60**	48	**195**	198
Other	**1**	-	**1**	-
Total operating revenues	**223**	146	**533**	388
Operating Expenses:				
Fuel	**12**	25	**34**	48
Purchased power	**61**	6	**133**	8
Gas purchased for resale	**42**	32	**145**	151
Other operations and maintenance	**46**	52	**87**	93
Depreciation and amortization	**18**	17	**36**	34
Taxes other than income taxes	**5**	4	**13**	13
Total operating expenses	**184**	136	**448**	347
Operating Income	**39**	10	**85**	41
Other Income and Expenses:				
Miscellaneous income	**1**	-	**2**	-
Miscellaneous expense	**(2)**	(1)	**(3)**	(2)
Total other expenses	**(1)**	(1)	**(1)**	(2)
Interest Charges	**5**	4	**11**	8
Income Before Income Taxes	**33**	5	**73**	31
Income Taxes (Benefit)	**12**	(3)	**26**	6
Net Income	**21**	8	**47**	25
Preferred Stock Dividends	**1**	1	**1**	1
Net Income Available to Common Stockholder	**$ 20**	$ 7	**$ 46**	$ 24

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

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions)

	June 30, 2007	December 31 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 95	$ 3
Accounts receivable – trade (less allowance for doubtful accounts of $5 and $1, respectively)	49	47
Unbilled revenue	35	45
Accounts receivable – affiliates	27	9
Advances to money pool	-	42
Materials and supplies	79	93
Other current assets	32	32
Total current assets	317	271
Property and Plant, Net	1,356	1,275
Intangible Assets	2	2
Other Assets	22	18
Regulatory Assets	56	75
TOTAL ASSETS	$ 1,753	$ 1,641
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ -	$ 50
Short-term debt	290	165
Accounts and wages payable	40	54
Accounts payable – affiliates	63	47
Taxes accrued	3	3
Other current liabilities	39	47
Total current liabilities	435	366
Long-term Debt, Net	148	148
Preferred Stock Subject to Mandatory Redemption	18	18
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	148	166
Accumulated deferred investment tax credits	7	7
Regulatory liabilities	198	206
Accrued pension and other postretirement benefits	151	171
Other deferred credits and liabilities	55	24
Total deferred credits and other liabilities	559	574
Commitments and Contingencies (Notes 2 and 8)		
Stockholders' Equity:		
Common stock, no par value, 20.0 shares authorized – 13.6 shares outstanding	-	-
Preferred stock not subject to mandatory redemption	19	19
Other paid-in capital	429	415
Retained earnings	145	99
Accumulated other comprehensive income	-	2
Total stockholders' equity	593	535

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**1,753**	$	1,641

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
(Unaudited) (In millions)

	Six Months Ended June 30, 2007	2006
Cash Flows From Operating Activities:		
Net income	**$ 47**	$ 25
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**37**	40
Amortization of debt issuance costs and premium/discounts	**1**	-
Deferred income taxes and investment tax credits	**(3)**	(3)
Loss on sale of noncore properties	**-**	6
Other	**-**	(1)
Changes in assets and liabilities:		
Receivables	**(10)**	53
Materials and supplies	**14**	22
Accounts and wages payable	**16**	(20)
Taxes accrued	**(3)**	(17)
Assets, other	**(7)**	15
Liabilities, other	**(4)**	(5)
Pension and postretirement benefit obligations	**1**	4
Net cash provided by operating activities	**89**	119
Cash Flows From Investing Activities:		
Capital expenditures	**(127)**	(48)
Proceeds from sale of noncore properties	**-**	11
Changes in money pool advances	**42**	-
Purchases of emission allowances	**-**	(12)
Sales of emission allowances	**-**	1
Net cash used in investing activities	**(85)**	(48)
Cash Flows From Financing Activities:		
Dividends on common stock	**-**	(50)
Dividends on preferred stock	**(1)**	(1)
Capital issuance costs	**-**	(1)
Short-term debt, net	**125**	-
Changes in money pool borrowings	**-**	(95)
Redemptions, repurchases, and maturities of long-term debt	**(50)**	-
Issuances of long-term debt	**-**	96
Capital contribution from parent	**14**	-
Net cash provided by (used in) financing activities	**88**	(51)
Net change in cash and cash equivalents	**92**	20
Cash and cash equivalents at beginning of year	**3**	2
Cash and cash equivalents at end of period	**$ 95**	$ 22

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

ILLINOIS POWER COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Operating Revenues:				
Electric	**$ 280**	$ 271	**$ 552**	$ 513
Gas	**85**	67	**326**	322
Other	**-**	1	**2**	1
Total operating revenues	**365**	339	**880**	836
Operating Expenses:				
Purchased power	**178**	171	**367**	348
Gas purchased for resale	**56**	36	**241**	237
Other operations and maintenance	**63**	61	**122**	120
Depreciation and amortization	**19**	18	**40**	37
Amortization of regulatory assets	**4**	-	**8**	-
Taxes other than income taxes	**16**	16	**37**	38
Total operating expenses	**336**	302	**815**	780
Operating Income	**29**	37	**65**	56
Other Income and Expenses:				
Miscellaneous income	**3**	1	**5**	2
Miscellaneous expense	**-**	(1)	**(1)**	(2)
Total other income	**3**	-	**4**	-
Interest Charges	**20**	12	**36**	24
Income Before Income Taxes	**12**	25	**33**	32
Income Taxes	**5**	9	**13**	12
Net Income	**7**	16	**20**	20
Preferred Stock Dividends	**-**	-	**1**	1
Net Income Available to Common Stockholder	**$ 7**	$ 16	**$ 19**	$ 19

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

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ILLINOIS POWER COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions)

	June 30, 2007	December 31, 2006
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 143**	$ -
Accounts receivable - trade (less allowance for doubtful accounts of $11 and $3, respectively)	**124**	105
Unbilled revenue	**78**	101
Accounts receivable – affiliates	**-**	1
Materials and supplies	**93**	122
Other current assets	**38**	27
Total current assets	**476**	356
Property and Plant, Net	**2,169**	2,134
Investments and Other Assets:		
Investment in IP SPT	**9**	8
Goodwill	**214**	214
Other assets	**51**	62
Regulatory assets	**368**	401
Total investments and other assets	**642**	685
TOTAL ASSETS	**$ 3,287**	$ 3,175
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt to IP SPT	**$ 51**	$ 51
Short-term debt	**325**	75
Borrowings from money pool	**-**	43
Accounts and wages payable	**76**	119
Accounts payable – affiliates	**51**	67
Taxes accrued	**5**	7
Other current liabilities	**65**	72
Total current liabilities	**573**	434
Long-term Debt, Net	**768**	772
Long-term Debt to IP SPT	**47**	92
Deferred Credits and Other Liabilities:		
Regulatory liabilities	**90**	110
Accrued pension and other postretirement benefits	**214**	230
Accumulated deferred income taxes	**132**	138
Other deferred credits and other noncurrent liabilities	**98**	53
Total deferred credits and other liabilities	**534**	531
Commitments and Contingencies (Notes 2 and 8)		
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	**120**	101

Accumulated other comprehensive income		**5**		5
Total stockholders' equity		**1,365**		1,346
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**3,287**	$	3,175

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

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

	Six Months Ended June 30, 2007	2006
Cash Flows From Operating Activities:		
Net income	**$ 20**	$ 20
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**42**	15
Amortization of debt issuance costs and premium/discounts	**4**	2
Deferred income taxes	**6**	20
Changes in assets and liabilities:		
Receivables	**5**	66
Materials and supplies	**29**	31
Accounts and wages payable	**(40)**	(62)
Assets, other	**(7)**	12
Liabilities, other	**2**	(24)
Pension and other postretirement benefit obligations	**12**	5
Net cash provided by operating activities	**73**	85
Cash Flows From Investing Activities:		
Capital expenditures	**(92)**	(82)
Other	**(1)**	-
Net cash used in investing activities	**(93)**	(82)
Cash Flows From Financing Activities:		
Dividends on preferred stock	**(1)**	(1)
Capital issuance costs	**-**	(1)
Short-term debt, net	**250**	-
Changes in money pool borrowings, net	**(43)**	(21)
Redemptions, repurchases and maturities of long-term debt	**(43)**	(46)
Issuance of long-term debt	**-**	75
Overfunding of TFNs	**-**	(8)
Net cash provided by (used in) financing activities	**163**	(2)
Net change in cash and cash equivalents	**143**	1
Cash and cash equivalents at beginning of year	**-**	-
Cash and cash equivalents at end of period	**$ 143**	$ 1

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

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

COMBINED NOTES TO FINANCIAL STATEMENTS
(Unaudited)
June 30, 2007

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, which are separate, independent legal entities with separate businesses, assets and liabilities, operate rate-regulated electric generation, transmission and distribution businesses, rate-regulated natural gas transmission and distribution businesses and non-rate-regulated electric generation businesses in Missouri and Illinois. Dividends on Ameren's common stock depend on distributions made to it by its subsidiaries. Ameren's principal subsidiaries are listed below. Also see the Glossary of Terms and Abbreviations at the front of this report.

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

Ameren has various other subsidiaries responsible for the short- and long-term marketing of power, procurement of fuel, management of commodity risks, and provision of other shared services. Ameren has an 80% ownership interest in EEI through UE and Development Company, which each own 40% of EEI. Ameren consolidates EEI for financial reporting purposes, while UE reports EEI under the equity method. The following table presents summarized financial information of EEI for the three months and six months ended June 30, 2007 and 2006.

	Three Months		Six Months	
	2007	**2006**	**2007**	**2006**
Operating revenues	**$ 109**	$ 88	**$ 206**	$ 184
Operating income	**51**	42	**105**	98
Net income	**32**	26	**66**	60

The financial statements of the Ameren Companies (except CIPS) are prepared on a consolidated basis and therefore include the accounts of their majority-owned subsidiaries. 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) 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 for a full year. Certain reclassifications have been made to the prior year's financial statements to conform to 2007 reporting. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K.

Earnings Per Share

There were no material differences between Ameren's basic and diluted earnings per share amounts for the three months and six months ended June 30, 2007 and 2006, due to an immaterial number of stock options, restricted stock and performance share units outstanding.

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

A summary of nonvested shares as of June 30, 2007, and changes during the six-month period ended June 30, 2007, under the Long-term Incentive Plan of 1998, as amended, and the 2006 Omnibus Incentive Compensation Plan (2006 Plan) is presented below:

	Performance Share Units		Restricted Shares	
	Shares	Weighted-average Fair Value Per Unit	Shares	Weighted-average Fair Value Per Share
Nonvested at January 1, 2007	338,516	$ 56.07	377,776	$ 45.79
Granted[(a)]	357,573	59.60	-	-
Dividends	-	-	7,849	49.56
Forfeitures	(9,667)	56.31	(5,841)	46.47
Vested[(b)]	(11,566)	59.30	(70,391)	43.84
Nonvested at June 30, 2007	674,856	$ 57.88	309,393	$ 46.23

(a) Includes performance share units (share units) granted to certain executive and non-executive officers and other eligible employees in February 2007 under the 2006 Plan.

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

The fair value of each share unit awarded in February 2007 under the 2006 Plan was determined to be $59.60 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.

Ameren recorded compensation expense of $4 million and $3 million for the quarters ended June 30, 2007 and 2006, respectively, and a related tax benefit of $2 million and $1 million for the quarters ended June 30, 2007 and 2006, respectively. Ameren recorded compensation expense of $9 million and $5 million for each of the six-month periods ended June 30, 2007 and 2006, respectively, and a related tax benefit of $4 million and $2 million for the six-month periods ended June 30, 2007 and 2006, respectively. As of June 30, 2007, total compensation cost of $29 million related to nonvested awards not yet recognized is expected to be recognized over a weighted-average period of 3 years.

Accounting Changes and Other Matters

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

FIN 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, Ameren may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties on income taxes, accounting for income taxes in interim periods, and requires expanded disclosures.

The Ameren Companies adopted the provisions of FIN 48 on January 1, 2007. The amount of unrecognized tax benefits as of January 1, 2007, was $155 million, $58 million,
$15 million, $36 million, $18 million, $18 million and $12 million for Ameren, UE, CIPS, Genco, CILCORP, CILCO and IP, respectively. Of these unrecognized tax benefits on January 1, 2007, $20 million, $6 million, less than $1 million, less than $1 million, and less than $1 million for Ameren, UE, CIPS, Genco, and CILCORP, respectively, would impact the respective company's effective tax rate, if recognized.

As of January 1, 2007, the Ameren Companies adopted a policy of recognizing interest and penalties accrued on tax liabilities on a gross basis as interest expense or penalty 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. As of January 1, 2007, Ameren, UE, CIPS, Genco, CILCORP, CILCO, and IP had recorded a liability of $12 million, $5 million, less than $1 million, $4 million, $1 million, less than $1 million, and less than $1 million, respectively, for the payment of interest with respect to unrecognized tax benefits and no amount for penalties with respect to unrecognized tax benefits.

All of the Ameren Companies' federal income tax returns are closed through 2001. The Ameren Companies are currently under federal income tax return examination for years 2002 through 2004. State income tax returns are generally subject to examination for a period of three years after filing of the respective 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 have state income tax returns in the process of examination. The Ameren Companies also do not have material state income tax issues in the process of administrative appeals or litigation.

The Ameren Companies are not aware of an event that is reasonably possible of occurring that would cause the total amount of unrecognized tax benefits to significantly increase or decrease within twelve months after the date of the Ameren Companies' adoption of FIN 48.

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 disclosures about fair value measurements. SFAS No. 157 clarifies that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. This standard is effective as of the beginning of our 2008 fiscal year. We are still determining the impact the adoption of SFAS No. 157 will have on our results of operations, financial position, and liquidity, if any; however, at this time, we do not expect the impact to be material.

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 many financial instruments and certain assets and liabilities at fair value 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 is effective as of the beginning of our 2008 fiscal year. We are currently evaluating whether we will elect the fair value option for any of our eligible financial instruments and 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 are currently evaluating whether we will elect to apply the accounting policies permitted under this pronouncement. The adoption of FSP FIN 39-1 will have no impact on net income.

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. We evaluate goodwill for impairment in the fourth quarter of each year, or more frequently if events and circumstances indicate that the asset might be impaired. Ameren's and IP's goodwill relates to the acquisitions of IP and an additional 20% ownership interest in EEI in 2004, and Ameren's and CILCORP's goodwill relates to the acquisitions of CILCORP and Medina Valley in 2003. For the period from January 1, 2007 to June 30, 2007, there were no changes in the carrying amount of goodwill.

Intangible Assets. At June 30, 2007, intangible assets consisted of emission allowances of $206 million at Ameren, $58 million at UE, $64 million at Genco, $2 million at CILCORP and $45 million at CILCO. 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. During the second quarter of 2006, a $4 million impairment was recorded for customer contracts.

The following table presents the net amount of emission allowances consumed or (sold) for Ameren, UE, Genco, CILCORP and CILCO during the three months and six months ended June 30, 2007 and 2006.

	Three Months		**Six Months**	
	2007	**2006**	**2007**	**2006**
Ameren[(a)]	$ 13	$ 14	$ 20	$ 25
UE	-	-	(3)	(2)
Genco	8	7	15	15
CILCORP[(b)]	1	6	3	11
CILCO	(1)	3	-	6

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Includes allowances consumed that were recorded through purchase accounting.

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Excise Taxes

Excise taxes reflected on Missouri electric, Missouri gas, and Illinois gas customer bills are imposed on us. They are recorded gross in Operating Revenues and Taxes Other than Income Taxes on the statement of income. Excise taxes reflected on Illinois electric customer bills are imposed on the consumer and are therefore not included in revenues and expenses. They are recorded as tax collections payable and included in Taxes Accrued. The following table presents excise taxes recorded in Operating Revenues and Taxes Other than Income Taxes for the three months and six months ended June 30, 2007 and 2006:

	Three Months		Six Months	
	2007	**2006**	**2007**	**2006**
Ameren	**$ 40**	$ 39	**$ 82**	$ 85
UE	**28**	27	**50**	52
CIPS	**3**	3	**8**	9
CILCORP	**3**	2	**7**	6
CILCO	**3**	2	**7**	6
IP	**6**	7	**17**	18

Asset Retirement Obligations

AROs at Ameren and UE increased compared to December 31, 2006, to reflect the accretion of obligations to their fair values.

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

Electric

With the expiration of an electric rate moratorium that provided for no changes in UE's electric rates before July 1, 2006, UE filed in July 2006 a request with the MoPSC for a proposed average increase in electric rates of 17.7%, or $361 million based on a requested return on equity of 12.0%. This rate increase filing was based on a test year ended June 30, 2006, and was updated for known and measurable items through January 1, 2007. 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. The MoPSC order also included the following significant provisions:

- Acceptance without rate adjustment of the expiration of UE's cost-based power supply contract with EEI, which expired in December 2005.
- Allowance of the full cost of certain CTs purchased or built in the past few years to be included in UE's rate base.
- Establishment of a regulatory tracking mechanism, through the use of a regulatory liability account, 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. These deferred amounts will be addressed as part of the fuel expense calculation in UE's next rate case. The MoPSC allowed an annual base level of SO_2 emission allowance sales of up to $5 million, which UE can recognize in its statement of income.
    - Approval of a regulatory tracking mechanism for pension and postretirement benefit costs.
-

Change of income tax method associated with cost of property removal, net of salvage, to the normalization method of accounting, which reduced income tax expense in the calculation of UE's electric rates and for financial reporting purposes.

- Establishment of off-system sales base level of $230 million used in determining UE's revenue requirement.
- Extension of UE's Callaway nuclear plant and fossil generation plant lives used in calculating depreciation expense for electric rates and financial reporting purposes.
- MoPSC staff directed to review a possible loss in capacity sales as a result of the breach of the upper reservoir of the Taum Sauk pumped-storage hydroelectric facility.
- Establishment of a requirement to fund low-income energy assistance and energy conservation programs; half of such funding will be recoverable through rates to customers.
- Denial of UE's request to implement a fuel and purchased power cost recovery mechanism.

In June 2007, the MoPSC denied UE's and other intervenors' applications for rehearing with respect to certain aspects of the MoPSC rate order. In July 2007, UE appealed certain aspects of the MoPSC decision, principally the 10.2% return on equity granted by the MoPSC, to the Circuit Court of Cole County in Jefferson City, Missouri. The Office of Public Counsel and the Missouri attorney general, who were both intervenors in the electric rate case, also appealed certain aspects of the MoPSC decision to the Circuit Court of Cole County.

Gas

In March 2007, a stipulation and agreement was approved by the MoPSC, which resolved a July 2006 request by UE to the MoPSC to increase annual natural gas delivery revenues by $11 million. The stipulation and agreement authorized an increase in annual natural gas delivery revenues of $6 million, effective April 1, 2007. Other principal provisions of the stipulation and agreement include:

- UE agreed not to file a natural gas delivery rate case before March 15, 2010. This agreement does not prevent UE from filing to recover infrastructure costs through a statutory infrastructure system replacement surcharge (ISRS) during this three-year rate moratorium. The return on equity to be used by UE for purposes of any future ISRS tariff filing is 10.0%.
  - Authorization for UE to transition from four PGA rates to a single PGA rate for all its gas customers.

Taum Sauk

In June 2007, the MoPSC opened an investigation of the breach of the upper reservoir at UE's Taum Sauk pumped-storage hydroelectric facility in December 2005. There is no statutory deadline for the completion of this investigation. See Note 8 – Commitments and Contingencies for additional information.

Illinois

Electric

Under the Illinois Customer Choice Law, as amended, CIPS', CILCO's and IP's rates were frozen through January 1, 2007.New electric rates for CIPS, CILCO and IP went into effect on January 2, 2007, reflecting delivery service tariffs approved by the ICC in November 2006 and full cost recovery of power purchased on behalf of Ameren Illinois Utilities' customers in accordance with a January 2006 order that approved the power procurement auction and related tariffs. As a result of these new electric rates going into effect, the estimated average annual residential rate overall increase in 2007 was expected to be 40% to 55% over 2006 rates. The estimated average annual residential rate overall increase for electric heat customers was expected to be 60% to 80% over 2006 rates.

Due to the magnitude of these rate increases, various legislators supported legislation that would have reduced and frozen the electric rates of CIPS, CILCO and IP to the rates that were in effect prior to January 2, 2007, and would have imposed a tax on electric generation in Illinois to help fund customer assistance programs. The Illinois governor also supported rate rollback and freeze legislation. In July 2007, an agreement was reached among key stakeholders in Illinois that could avoid such legislation and addresses the increase in electric rates and the future power procurement process in Illinois. The terms of the agreement, which includes a comprehensive rate relief and customer assistance program, are set forth in a letter dated July 24, 2007, to the leaders of the Illinois General Assembly and the Illinois attorney general, in a release and settlement agreement with the Illinois attorney general, in funding agreements among the parties contributing to the rate relief and assistance programs and in legislation (Proposed Legislation), which was passed by the Illinois General Assembly in late July 2007. The settlement agreement will be effective only upon enactment of this Proposed Legislation by the Illinois governor. The following is a discussion of this agreement, including its impact on future power procurement for the Ameren Illinois Utilities, and outstanding significant regulatory and related legal matters affecting our Illinois electric operations.

Electric Agreement

The agreement was the result of many months of negotiations among leaders of the House of Representatives and Senate in Illinois, the office of the Illinois attorney general, Ameren, on behalf of its affiliates, including Marketing Company, Genco, and AERG, the Ameren Illinois Utilities, Exelon Corporation (Exelon), on behalf of Exelon Generation Company LLC, Commonwealth Edison Company, Exelon's Illinois electric utility subsidiary, Dynegy Holdings Inc., Midwest Generation, LLC, and MidAmerican Energy Company. The comprehensive program would provide approximately $1 billion of funding for rate relief for certain electric customers in Illinois, including approximately $488 million to customers of the Ameren Illinois Utilities. Pursuant to the rate relief program, the Ameren Illinois Utilities, Genco and AERG, have agreed to make aggregate contributions of $150 million over a four-year period, with $60 million coming from the Ameren Illinois Utilities (CIPS - $21 million; CILCO - $11 million; IP - $28 million), $62 million from Genco and $28 million from AERG. Below is a summary of the total customer relief and assistance to be provided to the customers of the Ameren Illinois Utilities, the Ameren Illinois Utilities', Genco's and AERG's portion of the funding that is expected to be disbursed and the expected charges to earnings as a result of the program and agreement, subject to enactment of the Proposed Legislation:

	Total Relief/Assistance to Ameren Illinois Customers	**Ameren Subsidiaries' Funding[(a)]**	**Estimated Ameren Earnings Per Share Impact[(b)]**
2007	$ 253,000,000	$ 86,000,000	$ 0.26
2008	132,000,000	37,000,000	0.11
2009	97,000,000	25,000,000	0.07
2010	6,000,000	2,000,000	0.01
Total	$ 488,000,000	$ 150,000,000	$ 0.45

(a) Includes a $4.5 million contribution in 2007 towards funding of a newly-created IPA.
(b) Includes estimated cost of proposed forgiveness of outstanding customer late payment fees.

The Ameren Illinois Utilities, Genco and AERG will recognize in their financial statements the costs of their respective rate relief contributions in a manner corresponding with the timing of the funding included in the above table if the Proposed Legislation is enacted into law by the Illinois governor.

Other electric generators and utilities in Illinois have 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 would bill the Generators for their proportionate share of that month's rate relief and assistance, which would be due in 30 days. If any escrow funds have been provided by the Generators, these funds would be drawn prior to seeking reimbursement from the Generators.

The rate relief program would preserve existing rates and rate structures, and the Ameren Illinois Utilities would continue to have the right to file new electric delivery service rate cases with the ICC at the respective utility's discretion. The redesign of all-electric customers' rates is still subject to an ongoing case with the ICC designed to reduce seasonal fluctuations for residential customers who use large amounts of electricity while allowing utilities to fully recover costs. We expect the ICC will issue a final order by September 2007, which would allow implementation of any rate design changes by the next winter heating season. The 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 this agreement would expire and any funds set aside in support of the commitments would be refunded to the utilities and Generators.

As part of the agreement, the current reverse auction used for power procurement in Illinois would be discontinued immediately and replaced with a new power procurement process. In 2008, Illinois utilities would contract for their necessary baseload, intermediate and peaking power requirements through a request-for-proposal process, subject to ICC review and approval. Also as part of the agreement, existing supply contracts from the September 2006 reverse auction would remain in place. As part of the rate relief program, the Ameren Illinois Utilities entered into financial contracts with Marketing Company (for the benefit of Genco and AERG), to lock-in prices for 400 to 1,000 megawatts annually of their baseload power requirements from 2008 through 2012 at relevant market prices. These contracts do not include capacity and are not load-following products. These contracts have been executed but are not effective, and prices are subject to change, until enactment of the Proposed Legislation by the Illinois governor.

Period	**Volume**
June 1, 2008 – December 31, 2008	400 MW
January 1, 2009 – May 31, 2009	400 MW
June 1, 2009 – December 31, 2009	800 MW
January 1, 2010 – May 31, 2010	800 MW
June 1, 2010 – December 31, 2010	1,000 MW
January 1, 2011 – December 31, 2011	1,000 MW
January 1, 2012 – December 31, 2012	1,000 MW

Under the terms of the agreement, these financial contracts would be deemed prudent, and the Ameren Illinois Utilities would be permitted full cost recovery of their costs in rates.

Beginning in June 2009 and thereafter, power procurement would be accomplished through competitive requests for proposals to supply the separate baseload, intermediate and peaking power needs of the utility instead of the full requirements, load-following supply contracts previously procured through a reverse auction. The power procurement process that is expected to be implemented would require the IPA to develop an annual Procurement Plan (Plan) for the Ameren Illinois Utilities and Commonwealth Edison. Each Plan would govern a utility's procurement of power to meet the expected load requirements that are not met by pre-existing contracts or generation facilities. Subject to ICC approval, the Ameren Illinois Utilities would be allowed to lease, or invest in, generation facilities. The objective of each Plan would be to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time taking into account any benefits of price stability for the utilities' eligible retail customers. The power procurement process provides that each Plan be submitted to the ICC for initial approval; if approved, the final design and implementation of a Plan would be overseen by an independent procurement administrator selected by the proposed IPA and a procurement monitor selected by the ICC. The IPA would have broad authority to assist in the procurement of electric power for residential and nonresidential customers beginning in June 2009. Winning proposals would be selected on the basis of price, compared for reasonableness to benchmarks developed by the procurement administrator and procurement monitor, and approved by the ICC.

The power procurement process would provide that each electric utility in Illinois file proposed tariffs with the ICC, which would be designed to pass-through to customers the costs of procuring electric power supply with no mark-up on the price paid by the utility, plus any reasonable costs that the utility incurred in arranging and providing for the supply of electric power. All such procurement costs would be deemed to have been prudently incurred and recoverable through rates.

The agreement provides that the Ameren Illinois Utilities would have a right to maintain membership in a FERC-approved regional transmission organization of their choice for a period of at least 15 years.

The agreement also includes a commitment to energy conservation programs designed to reduce energy consumption through increased energy efficiency and demand response. In addition, 2% of the Illinois utilities' electricity would be procured from renewable sources beginning June 1, 2008, with that percentage increasing in subsequent years, subject to limits on customer rate impacts. The provision for full and timely recovery of the cost of these commitments is also included in the agreement.

The agreement provides that all pending litigation and regulatory actions by the office of the Illinois attorney general relating to the reverse auction procurement process, which was used to determine market-based rates effective January 1, 2007, and the electric space heating marketing practices of the Ameren Illinois Utilities would be withdrawn with prejudice. The litigation and regulatory actions include those filed by the office of the attorney general with the FERC, the ICC, the United States Court of Appeals for the District of Columbia Circuit and the Circuit Court of the First Judicial Circuit Jackson County, Illinois and the Appellate Court of Illinois, Second Judicial Circuit.

Finally, the agreement would establish the authority to obtain accelerated review by the ICC of a merger or combination of the three Ameren Illinois Utilities, if requested in the future.

Delivery Service Rate Cases

CIPS, CILCO and IP filed rate cases with the ICC in December 2005 to modify their electric delivery service rates effective January 2, 2007. CIPS, CILCO and IP requested to increase their annual revenues for electric delivery service by $202 million in the aggregate (CIPS - $14 million, CILCO - $43 million and IP - $145 million). In November 2006, the ICC issued an order approving an annual revenue increase for electric delivery service of $97 million in the aggregate (CIPS - $8 million decrease, CILCO - $21 million increase and IP - $84 million increase). In December 2006, the ICC granted the Ameren Illinois Utilities' petition for rehearing of the November 2006 order on the recovery of certain administrative and general expenses, totaling $50 million, that were disallowed. In May 2007, the ICC issued an order denying recovery of these expenses. No further appeal of the ICC order is being pursued by the Ameren Illinois Utilities. Prior to January 2, 2007, most customers of the Ameren Illinois Utilities were taking service under a frozen bundled electric rate, which included the cost of power, so these delivery service revenue changes do not directly correspond to a change in CIPS', CILCO's or IP's revenues or earnings under the new electric delivery service rates.

Appeals of 2006 ICC Procurement Order

Various parties, including CIPS, CILCO, IP, the Illinois attorney general, CUB, and ELPC, appealed to Illinois district appellate courts the ICC's denial of rehearing requests with respect to its January 2006 order, which approved the power procurement auction and related tariffs. In August 2006, the Supreme Court of Illinois ordered that the appeals be consolidated in the appellate court for the Second Judicial Circuit in Illinois. The Second Judicial Circuit appellate court granted a motion of the Illinois attorney general to dismiss CIPS', CILCO's and IP's appeal regarding the need for an annual postauction prudence review claiming that it was filed prematurely. CIPS, CILCO and IP appealed that decision to the Illinois Supreme Court, where it was denied in March 2007. The Illinois attorney general's appeal at the Second Judicial Circuit appellate court would be withdrawn as part of the agreement discussed above. CUB's and ELPC's appeals at the Second Judicial Circuit appellate court are still pending.

Power Procurement Auction Class Action Lawsuits

Ameren, CIPS, CILCO, IP, Commonwealth Edison Company and its parent company, Exelon, and 15 electricity suppliers, including Marketing Company, which are selling power to the Illinois utilities pursuant to contracts entered into as a result of the September 2006 power procurement auction, were named as defendants in two similar class action lawsuits filed in the Circuit Court of Cook County, Illinois in March 2007. The asserted class seeks to represent all customers who purchased electric service from Commonwealth Edison Company or the Ameren Illinois Utilities. Both lawsuits allege, among other things, that the Illinois utilities and the power suppliers illegally manipulated prices in the September 2006 power procurement auction. The relief sought in both lawsuits is actual damages to be determined at trial and legal costs, including attorneys' fees. One of the lawsuits also seeks punitive damages and recovery of illegal profits and excludes the Ameren Illinois Utilities from the requests for relief. In April 2007, the defendants in these lawsuits filed notices removing these cases to the U.S. District Court for the Northern District of Illinois. Defendants have pending motions to dismiss. These two class action lawsuits are not affected by the agreement discussed above.

Summary

The settlement agreement will not be effective until enabling legislation, which has been passed by the Illinois General Assembly, is enacted into law by the Illinois governor. We are unable to predict the actions the Illinois General Assembly, the Illinois attorney general or Illinois governor may take that might affect electric rates, the power procurement process for CIPS, CILCO and IP or pending litigation and regulatory actions if the settlement agreement is not enacted into law. If any decision is made or action occurs that impairs the ability of CIPS, CILCO and IP to fully recover purchased power or distribution costs from their electric customers in a timely manner, and such decision or action is not promptly enjoined, it could result in material adverse consequences to Ameren, CIPS, CILCORP, CILCO and IP. These consequences could include a significant drop in credit ratings to deep junk (or speculative) status, the inability to access the capital markets on reasonable terms, higher borrowing costs, higher power supply costs, an inability to make timely energy infrastructure investments, requirements to post collateral or other assurances for certain obligations, significant risk of disruption in electric and gas service, significant job losses, and ultimately the finanical insolvency and bankruptcy of CIPS, CILCORP, CILCO and IP. In addition, Ameren, CILCORP and IP would need to assess whether they are required to record a charge for goodwill impairment for the goodwill that was recorded when Ameren acquired CILCORP and IP. Furthermore, if the Ameren Illinois Utilities are unable to recover their costs from customers, the utilities could be required to cease applying for the electric portions of their businesses SFAS No. 71. "Accounting for the Effects of Certain Types of Regulation," which allows the Ameren Illinois Utilities to defer certain costs pursuant to actions of rate regulators and to recover such costs in rates charged to customers. This could result in the elimination of the Ameren Illinois Utilities' regulatory assets and liabilities recorded on their, CILCORP's and Ameren's balance sheets and a one-time extraordinary charge on their, CILCORP's and Ameren's statements of income that could be material, Ameren's, CILCORP's and IP's assessment of any goodwill impairment and Ameren's, CIPS, CILCORP's, CILCO's and IP's continued application of SFAS No.71, for the electric portions of the Ameren Illinois Utilities' businesses, would include consideration of, among other things, their views on the ultimate success of their legal actions and strategies to enjoin the implementation of, and ultimately invalidate, any enacted legislation, decision, or other action that would impair the Ameren Illinois Utilities' ability to recover their costs form customers through rates.

Federal

FERC Order – MISO Charges

In May 2007 Ameren Services, on behalf of UE, CIPS CILCO and IP, filed with the United States Court of Appeals for the District of Columbia Circuit, an appeal of the FERC's March 2007 order involving the reallocation of certain MISO operational costs among MISO participants, retroactive to 2005. We are unable to predict how the court might rule; however, the range of potential outcomes spans from requiring additional payments of up to $9 million from IP if the Court rules against us, to receiving refunds of up to $28 million (UE - $20 million, CIPS - $5 million, CILCO - $4 million, Genco - $5 million, and Marketing Company - $3 million, net of additional payments of up to $9 million from IP) if it rules in our favor.

UE Power Purchase Agreement with Entergy Arkansas, Inc.

In July 2007, as a consequence of a series of orders issued by FERC addressing a complaint filed by the Louisiana Public Service Commission against Entergy Arkansas, Inc. (Entergy) and certain of its affiliates, which alleged unjust and unreasonable cost allocations, Entergy commenced billing UE for additional charges under a 165 megawatt power purchase agreement. These additional charges to UE are expected to approximate $13 million for the remainder of 2007 and additional amounts during the term of the power purchase agreement, which terminates effective August 25, 2009. Although UE was not a party to the FERC proceedings that gave rise to these increases in charges, UE is seeking intervention in a related FERC proceeding for the purpose of challenging the increases. UE is unable to predict whether FERC will grant its request to intervene or the nature of any substantive relief that UE may obtain from FERC.

NOTE 3 – CREDIT FACILITIES AND LIQUIDITY

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

The following table summarizes the borrowing activity and relevant interest rates as of June 30, 2007, under the $1.15 billion credit facility and 2007 and 2006 $500 million credit facilities:

$1.15 Billion Credit Facility[a]	**Ameren (Parent)**	**UE**	**Genco**	**Ameren Total**
June 30, 2007:				
Average daily borrowings outstanding during 2007	$ 180	$ 496	$ -	$ 676
Outstanding short-term debt at period end	350	426	-	776
Weighted-average interest rate during 2007	5.82%	5.72%	-	5.75%
Peak short-term borrowings during 2007	$ 350	$ 506	-	$ 856
Peak interest rate during 2007	8.25%	5.92%	-	8.25%

(a) Includes commercial paper programs at Ameren and UE supported by this credit facility.

2007 $500 Million Credit Facility	CIPS	CILCORP (Parent)	CILCO (Parent)	IP	AERG	Total
June 30, 2007:						
Average daily borrowings outstanding during 2007	$ -	$ 125	$ -	$ 149	$ 90	$ 364
Outstanding short-term debt at period end	-	125	-	200	100	425
Weighted-average interest rate during 2007	-	6.91%	-	6.54%	6.85%	6.74%
Peak short-term borrowings during 2007	$ -	$ 125	$ -	$ 200	$ 100	$ 425
Peak interest rate during 2007	-	7.04%	-	6.64%	7.02%	7.04%
2006 $500 Million Credit Facility	**CIPS**	**CILCORP (Parent)**	**CILCO (Parent)**	**IP**	**AERG**	**Total**
June 30, 2007:						
Average daily borrowings outstanding during 2007	$ 78	$ 44	$ 45	$ 50	$ 78	$ 295
Outstanding short-term debt at period end	135	50	75	125	115	500
Weighted-average interest rate during 2007	6.48%	6.79%	6.11%	6.55%	6.85%	6.58%
Peak short-term borrowings during 2007	$ 135	$ 50	$ 75	$ 125	$ 115	$ 500
Peak interest rate during 2007	6.64%	7.04%	6.47%	6.64%	8.25%	8.25%

At June 30, 2007, 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.

Effective July 12, 2007, the termination date for UE's and Genco's direct borrowing sublimit under the $1.15 billion credit facility was extended to July 10, 2008, pursuant to the annual 364-day renewal provisions of the facility. The $1.15 billion credit facility will terminate on July 14, 2010 with respect to Ameren.

The 2007 $500 million credit facility was entered into on February 9, 2007, by CIPS, CILCORP, CILCO, IP and AERG. Borrowing authority under this facility was effective immediately for CILCORP and AERG, and effective for CIPS, CILCO and IP on March 9, 2007, upon the receipt of regulatory approvals.

The obligations of IP under the 2007 $500 million credit facility were secured by the issuance on March 9, 2007, of mortgage bonds in the amount of $200 million. CIPS and CILCO cannot utilize any amount of their borrowing authority under the 2007 $500 million credit facility until they reduce their borrowing authority by an equal amount under the 2006
$500 million credit facility. If CIPS or CILCO elect to transfer borrowing authority from the 2006 $500 million credit facility to the 2007 $500 million credit facility, that company 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 $1.15 billion credit facility was used to support the commercial paper programs that included $126 million of outstanding commercial paper of UE as of June 30, 2007.

Access to the $1.15 billion credit facility, the 2007 $500 million credit facility and the 2006 $500 million credit facility for the Ameren Companies and AERG is subject to reduction as borrowings are made by affiliates. 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.

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 operation and administration of the money pool agreements.

Utility

CIPS, CILCO and IP borrow from each other through the utility money pool agreement subject to applicable regulatory short-term borrowing authorizations. AERG may make loans to, but may not borrow from, the utility money pool. Although UE and Ameren Services are parties to the utility money pool agreement, they are not currently borrowing or lending under the agreement. The average interest rate for borrowing under the utility money pool for the three months and six months ended June 30, 2007, was 5.6% and 5.8%, respectively (2006 – 5.0% and 4.7%, respectively).

Non-state-regulated Subsidiaries

Ameren Services, Resources Company, Genco, AERG, Marketing Company, AFS, Ameren Energy and other non-state-regulated Ameren subsidiaries have the ability, subject to Ameren parent company authorization, to access funding from Ameren's $1.15 billion credit facility through a non-state-regulated subsidiary money pool agreement subject to applicable regulatory short-term borrowing authorizations. At June 30, 2007, $369 million was available through the non-state-regulated subsidiary money pool, excluding additional funds available through excess cash balances. The average interest rate for borrowing under the non-state-regulated subsidiary money pool for the three months and six months ended June 30, 2007, was 5.1% and 4.9%, respectively (2006 – 4.6% and 4.5%, respectively).

See Note 7 – Related Party Transactions for the amount of interest income (expense) from the money pool arrangements recorded by the Ameren Companies for the three months and six months ended June 30, 2007 and 2006.

Indebtedness Provisions and Other Covenants

The information below presents a summary of the Ameren Companies' compliance with indebtedness provisions and other covenants. See Note 5 – Credit Facilities and Liquidity in the Form 10-K, for a detailed description of those provisions.

The Ameren Companies' bank credit facilities contain provisions which, among other things, place restrictions on the 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 default provisions, including cross defaults, with respect to a borrower under the facility that can result from the occurrence of 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, AERG and IP 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, discussed above, 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), and an event of default under these facilities does not constitute an event of default under the $1.15 billion credit facility and 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, have received a below-investment-grade credit rating by either Moody's or S&P, then such borrower will be limited to capital stock dividend payments of $10 million per year each, 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. A similar restriction applies to AERG if its debt-to-operating cash flow ratio, as set forth in these facilities, is above a 3.0 to 1.0 ratio. As of June 30, 2007, AERG did not meet this test in the 2007 $500 million credit facility and the 2006 $500 million credit facility and thus was subject to the dividend restriction. 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 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 thereunder. For CIPS, CILCO and IP, other secured debt is limited to that permitted under their respective mortgage indentures. For CILCORP, other secured debt is limited to $425 million (including the principal amount of CILCORP's outstanding senior notes and senior bonds) under the 2007 $500 million credit facility and $550 million (including the principal amount of CILCORP’s outstanding senior notes and senior bonds as well as amounts drawn under the 2007 $500 million credit facility) under the 2006 $500 million credit facility, secured in each case by the pledge of CILCO common stock. For AERG, other secured debt is limited to $100 million under the 2007 $500 million credit facility and $200 million under the 2006 $500 million credit facility secured on an equal basis with its obligations under the facilities. 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 giving effect to 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.

The 2007 $500 million credit facility provides that CIPS, CILCO and IP will agree to reserve future bonding capacity under their respective mortgage indentures (that is, agree to forego the issuance of additional mortgage bonds otherwise permitted under the terms of each mortgage indenture) in the following amounts (subject to, in the case of CIPS and CILCO, their then current borrowing sublimits under the facility and similar provisions in the 2006 facility): CIPS, prior to December 31, 2007 - $50 million, on and after December 31, 2007, but prior to December 31, 2008 - $100 million, on and after December 31, 2008, but prior to December 31, 2009 - $150 million, on and after December 31, 2009 - $200 million; CILCO, prior to December 31, 2007 - $25 million, on and after December 31, 2007, but prior to December 31, 2008 - $50 million, on and after December 31, 2008, but prior to December 31, 2009 - $75 million, on and after December 31, 2009 - $150 million; and IP, prior to December 31, 2008 - $100 million, on and after December 31, 2008, but prior to December 31, 2009 - $200 million, on and after December 31, 2009 - $350 million.

The 2006 $500 million credit facility provides that CIPS, CILCO and IP will agree to reserve future bonding capacity under their respective mortgage indentures in the following amounts: CIPS, prior to December 31, 2007 - $50 million, on and after December 31, 2007, but prior to December 31, 2008 - $100 million, on and after December 31, 2008 - $150 million; CILCO - $25 million; and IP - $100 million.

As of June 30, 2007, the ratio of total indebtedness to total consolidated capitalization, calculated in accordance with the provisions of the $1.15 billion credit facility for Ameren, UE and Genco was 53%, 53% and 54%, respectively. The ratios for CIPS, CILCORP, CILCO, IP and AERG, calculated in accordance with the provisions of the 2007 $500 million credit facility and 2006 $500 million credit facility, were 53%, 57%, 43%, 47% and 40%, respectively.

None of Ameren’s credit facilities or financing arrangements contain credit rating triggers that would cause an event of default or acceleration of repayment of outstanding balances. At June 30, 2007, the Ameren Companies were in compliance with their credit facility provisions and covenants.

NOTE 4 – LONG-TERM DEBT AND EQUITY FINANCINGS

Ameren

Under DRPlus, pursuant to an effective SEC Form S-3 registration statement, and under our 401(k) plans, pursuant to effective SEC Form S-8 registration statements, Ameren issued a total of 0.5 million new shares of common stock valued at $27 million and 0.9 million new shares valued at $48 million in the three months and six months ended June 30, 2007, respectively.

In February 2007, $100 million of Ameren’s 2002 5.70% notes matured and were retired.

In May 2007, $250 million of Ameren’s senior notes related to its 2002 equity security units matured and were retired.

UE

In June 2007, UE issued, pursuant to an effective SEC Form S-3 shelf registration statement, $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. UE received net proceeds of $422 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, for so long as those senior secured notes are outstanding, that it would 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 if such release date occurred between June 15, 2012 and the maturity date of the senior secured notes issued in June 2007 of June 15, 2017, the interest rate for these senior secured notes will be subject to an increase of up to a maximum of 2.00% if within 30 days (subject to extension if and for so long as the rating for such senior secured notes is under consideration for possible downgrade) of such release date Moody's or S&P downgrades the rating assigned to these senior secured notes below investment grade as a result of the occurrence of the release. Any interest rate increase on these senior secured notes will take effect from the first day of the interest period during which such rating downgrade requires an increase in the interest rate.

CIPS

See Note 5 – Credit Facilities and Liquidity in the Form 10-K regarding CIPS' agreement under the 2007 $500 million credit facility and the 2006 $500 million credit facility to reserve future bonding capacity under its mortgage indenture.

CILCORP

In conjunction with Ameren's acquisition of CILCORP, CILCORP's long-term debt was recorded at fair value. Amortization related to these fair value adjustments was $1 million (2006 - $1 million) and $3 million (2006 - $3 million) for the three months and six months ended June 30, 2007, respectively, and was included as a reduction to interest expense in the Consolidated Statements of Income of Ameren and CILCORP. See Note 5 – Credit Facilities and Liquidity in the Form 10-K, regarding CILCORP's pledge of the common stock of CILCO as security for CILCORP's obligations under the 2007 $500 million credit facility and the 2006 $500 million credit facility.

CILCO

In January 2007, $50 million of CILCO's 7.50% first mortgage bonds matured and were retired.

See Note 5 – Credit Facilities and Liquidity in the Form 10-K regarding CILCO's agreement under the 2007 $500 million credit facility and the 2006 $500 million credit facility to reserve future bonding capacity under its mortgage indenture.

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.

IP

In conjunction with Ameren's acquisition of IP, IP's long-term debt was recorded at fair value. Amortization related to these fair value adjustments was $3 million (2006 - $3 million) and $6 million (2006 - $7 million) for the three months and six months ended June 30, 2007, respectively, and was included as a reduction to interest expense in the Consolidated Statements of Income of Ameren and IP.

See Note 5 – Credit Facilities and Liquidity in the Form 10-K regarding IP's agreement under the 2007 $500 million credit facility and the 2006 $500 million credit facility to reserve future bonding capacity under its mortgage indenture.

Indenture Provisions and Other Covenants

The information below presents a summary of the Ameren Companies' compliance with indenture provisions and other covenants. See Note 6 – Long-term Debt and Equity Financings in the Form 10-K, for a detailed description of those provisions.

UE's, CIPS', CILCO's and IP's indenture provisions and articles of incorporation include covenants and provisions related to the issuances of first mortgage bonds and preferred stock. The following table includes the required and actual earnings coverage ratios for interest charges and preferred dividends and bonds and preferred stock issuable based on the 12 months ended June 30, 2007, at an assumed interest and dividend rate of 7%.

	Required Interest Coverage Ratio[a][b]	Actual Interest Coverage Ratio	Bonds Issuable[c][d]	Required Dividend Coverage Ratio[e]	Actual Dividend Coverage Ratio	Preferred Stock Issuable
UE	≥2.0	3.9	$ 1.982	≥2.5	43.9	$ 1,405
CIPS	≥2.0	3.8	178	≥1.5	2.1	211
CILCO	≥2.0[f]	11.3	84	≥2.5	36.5	370[g]
IP	≥2.0	3.3	258	≥1.5	1.8	205

Coverage required on the annual interest charges on mortgage bonds outstanding and to be issued.

(a)

(b) Coverage is not required in certain cases when additional mortgage bonds are issued on the basis of retired bonds.

(c) Amount of bonds issuable based on either meeting required coverage ratios or unfunded property additions, whichever is more restrictive. In addition to these tests, UE, CIPS, CILCO and IP have the ability to issue bonds based upon retired bond capacity of $17 million, $3 million, $175 million, and $914 million, respectively, for which no earnings coverage test is required.

(d) Amounts are net of future bonding capacity restrictions agreed to by CIPS, CILCO and IP under the 2007 $500 million credit facility and the 2006 $500 million credit facility entered into by these companies. See Note 3 – Credit Facilities and Liquidity for further discussion.

(e) 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.

(f) 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 three months and six months ended June 30, 2007, CILCO had earnings equivalent to at least 43% of the principal amount of all mortgage bonds outstanding.

(g) See Note 3 – Credit Facilities and Liquidity for a discussion regarding a restriction on the issuance of preferred stock by CILCO under the 2007 500 million credit facility and the 2006 $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 retained earnings was restricted against payment of common dividends, except those dividends payable in common stock, which left $1.7 billion of free and unrestricted retained earnings at June 30, 2007.

Genco's and CILCORP's indentures include provisions that require the companies to maintain certain debt service coverage and debt-to-capital ratios in order for the companies to pay dividends, to make certain principal or interest payments, to make certain loans to affiliates, or to incur additional indebtedness. The following table summarizes these ratios for the 12 months ended June 30, 2007:

	Required Interest Coverage Ratio	Actual Interest Coverage Ratio	Required Debt–to-Capital Ratio	Actual Debt–to-Capital Ratio
Genco [(a)]	≥1.75[(b)]	5.9	≤60%	52%
CILCORP[(c)]	≥2.2	3.3	≤67%	29%

(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 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 and must be met for both the prior four fiscal quarters and for the four succeeding 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 to its direct or indirect subsidiaries.

Genco's ratio restrictions 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. In the event CILCORP is not in compliance with these restrictions, CILCORP may 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 June 30, 2007, CILCORP's senior long-term debt ratings from S&P, Moody's and Fitch were B+, Ba2, and BB+, 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 June 30, 2007, 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 5 – OTHER INCOME AND EXPENSES

The following table presents Other Income and Expenses for each of the Ameren Companies for the three months and six months ended June 30, 2007 and 2006:

	Three Months		Six Months	
	2007	2006	2007	2006
Ameren:[(a)]				
Miscellaneous income:				
Interest and dividend income	**$ 14**	$ 8	**$ 25**	$ 11
Allowance for equity funds used during construction	**-**	-	**-**	1
Other	**6**	3	**9**	4

Total miscellaneous income	**$**	**20**	$	11	**$**	**34**	$	16
Miscellaneous expense:								
Other	**$**	**(4)**	$	(1)	**$**	**(4)**	$	(1)
Total miscellaneous expense	**$**	**(4)**	$	(1)	**$**	**(4)**	$	(1