



**American Gas Association  
Financial Forum**

**April 29 – May 1, 2007**



# **Gary L. Rainwater**

Chairman, President & Chief Executive Officer  
Ameren Corporation



# Cautionary Statements

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## **Regulation G Statement**

Ameren has presented certain information in this presentation on a diluted cents per share basis. These diluted per share amounts reflect certain factors that directly impact Ameren's total earnings per share. 2006 non-GAAP earnings per share excludes the impact of the severe 2006 storms, and 2007 non-GAAP earnings per share guidance excludes the impact of the severe January 2007 storms and the earnings impact of any legislative or regulatory actions related to electric rates in Illinois outside of the pending rehearing of the Ameren Illinois utilities' electric delivery service rate cases. Ameren believes this information is useful because it enables readers to better understand the impact of these factors on Ameren's earnings per share.

## **Forward-looking Statements**

Statements made in this presentation, which are not based on historical facts, are "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such "forward-looking" statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Ameren is providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. In addition to factors discussed in this presentation, Ameren's periodic reports filed with the SEC under the Securities Exchange Act of 1934 contain a list of factors and a discussion of risk factors, which could cause actual results to differ materially from management expectations as suggested by such "forward-looking" statements. All "forward-looking" statements included in this presentation are based upon information presently available, and Ameren assumes no obligation to update any "forward-looking" statements.

# Ameren Today



- Regional electric and gas utility
  - ➔ Missouri regulated generation, transmission and delivery business
    - 1.2 million electric and 125,000 gas customers
  - ➔ Illinois regulated transmission and delivery businesses
    - 1.2 million electric and 840,000 gas customers
  - ➔ Non-rate-regulated generation business
  
- NYSE-listed under AEE
  - ➔ Market cap. > \$10 billion
  - ➔ Component of the S&P 500



Ameren Service Territory

- AmerenUE
- AmerenCIPS
- AmerenCILCO
- AmerenIP

# Investment Highlights

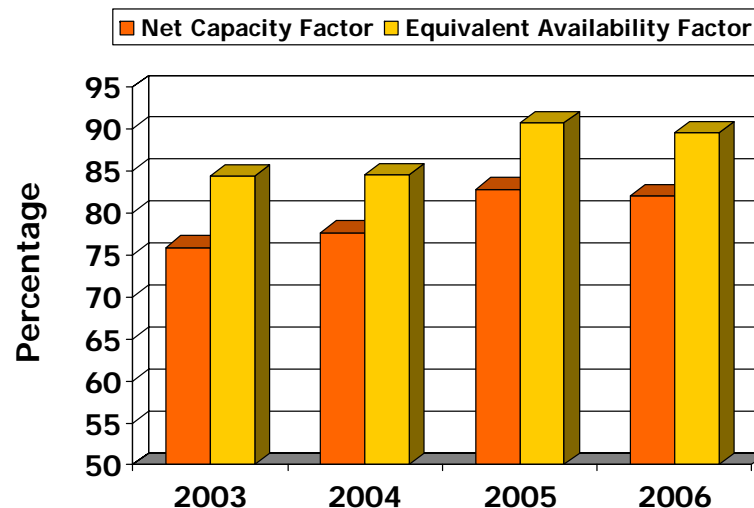
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- Track record of consistent operational and financial performance and strategic focus on “the basics”
- Top tier dividend yield (~ 5%)
  - ➔ Top 5 in S&P Electric Utilities Index
  - ➔ Top 10 in S&P 500 Index
- Solid total return potential
  - ➔ Legislative/regulatory uncertainties impacting stock price
- Strong balance sheet, conservative financial management
  - ➔ 47% net debt to total capital
  - ➔ Recent credit ratings pressure due to Illinois political situation

# Regulated Operations

- Missouri
  - ➔ 9,900 MW generation
    - Low cost 7,000 MW baseload coal-fired and nuclear fleet
  - ➔ Current rates 37% below national average
  - ➔ Pending rate case
  
- Illinois
  - ➔ Current rates approximate national average
  - ➔ Pending legislative/regulatory activity
  
- Strategic focus
  - ➔ Customer satisfaction
  - ➔ Infrastructure investment
  - ➔ Operational improvements
  - ➔ Cost control
  - ➔ Regulatory/legislative matters

Missouri Regulated Coal-fired Generation

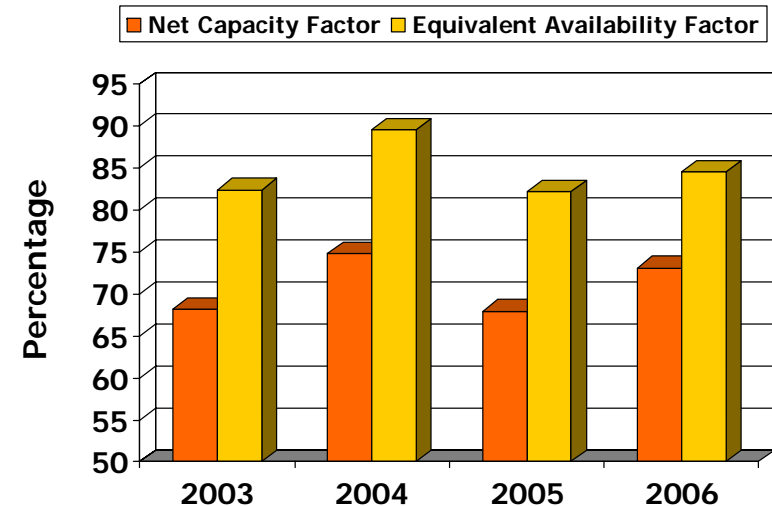


# Non-rate-regulated Generation

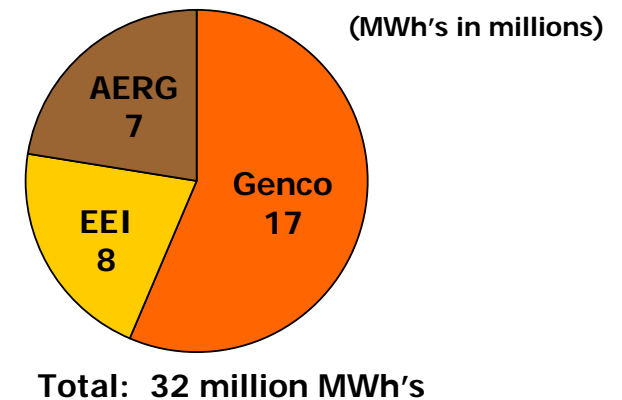


- 6,500 MW generation
  - ➔ Low-cost 4,600 MW baseload coal-fired fleet
- Multi-year marketing strategy
  - ➔ Optimize value & mitigate commodity price risk
  - ➔ ~ 90% of 2007 output hedged
  - ➔ Targeting to hedge 85-90% of 2008 generation
- Strategic focus
  - ➔ Operational improvements
  - ➔ Power marketing
  - ➔ Risk management
  - ➔ Cost control
  - ➔ Environmental project management

Non-rate-regulated Coal-fired Generation



Estimated 2007 Generation



# Regulatory/Legislative Matters

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- Significant activity in IL and MO that is of strategic importance
- Rising fuel, power supply and other costs, and significant investments necessitate rate increases
- Legislation in Illinois General Assembly to rollback and freeze electric rates at 2006 levels would have material adverse consequences if enacted
  - ➔ Believe such legislation is unconstitutional
  - ➔ Will vigorously pursue all legal actions and strategies to protect our interests
  - ➔ Committed to a constructive solution that is in the best interests of all Illinois stakeholders

# **Warner L. Baxter**

Executive Vice President & Chief Financial Officer  
Ameren Corporation

# Missouri Regulated Matters



- AmerenUE requested electric and gas delivery rate increases
  - ➔ \$361 million electric and \$11 million gas rate increase requests
    - MoPSC approved annual gas revenue increase of \$6 million effective April 2007
  - ➔ MoPSC staff recommended up to a \$168 million electric rate decrease. Other interveners also made recommendations.
- Settlement of several issues with MoPSC staff and other parties
  - ➔ AmerenUE's revised rate increase request is \$245 million (12% ROE)
  - ➔ MoPSC staff's revised recommendation is a rate reduction of \$75 million (9% ROE)
- Remaining key issues include:
  - ➔ Return on equity
  - ➔ Off-system sales margins
  - ➔ EEI contract expiration
  - ➔ Depreciation
  - ➔ Fuel and purchased power cost recovery mechanism
  - ➔ Emission allowance sales
- Decision expected by June 2007



# Illinois Regulated Matters

- 10-year electric rate freeze and supply contracts expired at end of 2006
- CIPS, CILCO and IP electric delivery service rate cases
  - ➔ ICC ordered annual aggregate revenue increase of \$97 million versus a request of over \$200 million
  - ➔ Order included ROE of approximately 10%, but significant disallowance of costs (based on a 2004 test year)
  - ➔ Rehearing request granted on \$50 million administrative and general cost disallowance.
  - ➔ ALJ issued proposed order in April 2007 recommending no additional rate increase. ICC decision on rehearing due by May 2007
- Power supply auction completed in September 2006
  - ➔ Clearing price of \$65 per MWh for residential and small commercial customers and \$85 per MWh for large commercial and industrial customers. 97% of large commercial and industrial customers switched to alternative suppliers.
- New electric rates went into effect January 2, 2007
  - ➔ Estimated average annual residential overall increase of 40% to 55%; 60% to 80% for electric heat customers
  - ➔ ICC reviewing rate design for all classes of customers

# Illinois Regulated Matters



- Illinois governor and various legislators support rolling back and freezing electric rates at 2006 levels due to significant rate increases
  - ➔ SB 1592 - 1 year rate freeze legislation (Ameren Illinois utilities only) passed in Senate
    - Amended by House of Representatives committee to include Commonwealth Edison
- Financial insolvency and bankruptcy of Ameren Illinois utilities if legislation rolling back rates to 2006 levels is enacted and not promptly halted by the courts
- S&P, Moody's and Fitch have all downgraded credit ratings due to legislative actions
- Strongly believe a rate rollback and freeze would be unconstitutional
  - ➔ Will aggressively protect our interests



# Illinois Regulated Matters

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- Committed to a constructive solution that is in the best interests of all Illinois stakeholders
  - \$150+ million customer relief package has been offered
- Open to a dialogue with stakeholders for a constructive long-term solution to meet the power supply needs of our customers. Could include the following concepts:
  - Modifying or replacing current auction power procurement process
  - Allowing regulated utilities to enter into ICC-approved long-term power supply arrangements
  - Allowing regulated utilities to purchase and/or build generating plants
  - Reconsidering options for residential and small commercial customer choice
  - Giving large electric, non-residential users and certain other customers the option to either select re-regulated bundled rates or purchase electricity from alternative suppliers

# 2007 Earnings Guidance

(Issued and effective as of February 15, 2007)



<b>2006 GAAP Earnings per Share</b>	<b>\$ 2.66</b>
2006 Severe storms	0.26
<b>2006 Non-GAAP Earnings per Share</b>	<b>\$ 2.92</b>
Illinois regulated margins, net	0.04
Missouri regulated rates (midpoint)	0.19
Other electric margins	1.34
Fuel costs	(0.34)
Weather	0.04
Callaway refueling outage	(0.07)
Plant maintenance	(0.11)
Distribution system reliability	(0.05)
Labor and employee benefits	(0.17)
Bad debt expense	(0.08)
Depreciation and amortization	(0.08)
Dilution and financing, net	(0.11)
Taum Sauk	0.15
Emission allowance sales	(0.17)
Sale of non-core properties	(0.16)
ICC December 2006 order - contributions	0.05
Other, net	(0.04)
<b>2007 Non-GAAP EPS Guidance Range<sup>(a)</sup></b>	<b>\$ 3.15 - \$3.60</b>

(a) Costs of January 2007 severe storms and the earnings impact of any legislative or regulatory actions related to electric rates in Illinois outside of the pending rehearing of the DST cases are excluded from guidance. Variances reflect single point estimates, but a range of outcomes could occur around each of these variables.



# Ameren Calendar

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## Illinois

- Illinois General Assembly session Through May 2007
- Electric delivery service rate case rehearing order May 2007
- ICC rate design investigation – target order date September 2007
- Power procurement auction January 2008

## Missouri

- MoPSC electric rate case order May/June 2007

## Investor Relations

- Q1 2007 Quiet Period Began April 7, 2007
- Q2 2007 Quiet Period Begins July 7, 2007
- Q3 2007 Quiet Period Begins October 7, 2007

# Appendix

# 2007 Segment Guidance

(Issued and effective as of February 15, 2007)



## Net Income (in millions)

Missouri Regulated	\$ 305
Illinois Regulated	115
Non-rate-regulated Generation	285
Other	(5)

**2007 Non-GAAP Net Income Guidance Range<sup>(a)</sup> \$650 - \$750**

(a) Costs of January 2007 severe storms and the earnings impact of any legislative or regulatory actions related to electric rates in Illinois outside of the pending rehearing of the DST cases are excluded from guidance. Segment contributions reflect single point estimates, but a range of outcomes could occur around each segment's earnings.

# MO Regulated Segment



- Major factors impacting 2007 earnings
  - Resolution of rate cases
  - Elimination of joint dispatch agreement
  - Regulatory lag associated with rising fuel and transportation, labor, material, bad debt, depreciation, and financing costs
  - Increased delivery system investment
  - Callaway refueling and maintenance outage in Spring 2007
  - Lower Taum Sauk costs
  - Reduced storm costs - January 2007 storm costs are excluded from guidance
  - Reduced emission allowance sales levels
- Major 2007 assumptions
  - Arbitrary midpoint (\$103 million pre-tax) of original MoPSC staff and company positions in rate cases effective June 1, 2007
    - No other regulatory conditions assumed
  - Generation capacity factor of 82%
  - Fuel cost increase of 25%
  - Rising non-fuel costs
  - Normal weather



# IL Regulated Segment

## ■ Major factors impacting 2007 earnings

- ICC electric rate case order of \$97 million versus request of over \$200 million
- Rising labor, material, bad debt, depreciation, and financing costs
- Expect to earn well below allowed ROE due to ICC order, rising costs and regulatory lag
- Conversion from 2006 bundled rates to delivery service rates with power cost pass-through in 2007

November 2006 delivery services order - \$97 million	\$ 0.30
Pending ICC rehearing order (midpoint)	0.05
2006 lower purchased power costs	(0.10)
2006 customer switching	(0.08)
2006 IP purchase accounting	(0.13)
	<u>\$ 0.04</u>

- Initial amortization of IP integration costs and pension/OPEB regulatory assets
- Increased delivery system investment
- Reduced storm costs - January 2007 storm costs are excluded from guidance

## ■ Major 2007 assumptions

- Arbitrary midpoint (\$25 million pre-tax) of rehearing request on administrative and general expenses in electric rate case effective June 1, 2007
- Normal weather
- Rising costs
- Earnings impact of any legislative or regulatory actions related to electric rates in Illinois outside of the pending rehearing of the delivery service rate cases is excluded from guidance

# Non-rate-regulated Generation Segment



- Major factors impacting 2007 earnings
  - ➔ Significant increase in margin due to expiration of below-market power sales agreements during 2006 and replacement at higher prices
  - ➔ Elimination of joint dispatch agreement
  - ➔ Higher fuel costs
  - ➔ Reduced emission allowance sales levels
  - ➔ Major maintenance outages / increased expenses
  - ➔ Escalating labor and material costs
- Major 2007 assumptions
  - ➔ Improved plant operations
    - Generation output of approximately 32 million MWh
    - Generation capacity factor of 78% (2006 – 73%)
  - ➔ Hedged approximately 90% of output - 29 million MWhrs at approximately \$51 per MWh
    - Auction sales of 7.6 million MWh in 2007 (2008 – 6.8 million; 2009 – 4.3 million)
    - Average spot market price assumption of approximately \$40 per MWh
  - ➔ Fuel cost increase of 9%
  - ➔ Rising non-fuel costs

# 2007 Capital Expenditures

(Issued and effective as of February 15, 2007)



(in millions)

## Capital Expenditures

MO Regulated	\$	564
IL Regulated		325
Non-rate-regulated generation		400
Other		38
		<u>\$ 1,327</u>

- Includes environmental capital expenditures of \$330 million

# Environmental Strategy

(Issued and effective as of February 15, 2007)



- Clean Air Interstate (CAIR) and Mercury Rules expected to require reductions in SO<sub>2</sub>, NO<sub>x</sub> and mercury emissions over the next 10 years
- Agreement with Illinois EPA for SO<sub>2</sub>, NO<sub>x</sub>, mercury and fine particulates
- Expected CAIR and mercury rule-related capital expenditures:

(in millions)	<b>2007</b>	<b>2008 - 2011</b>	<b>2012 – 2016</b>	<b>Total</b>
AmerenUE	\$110	\$630 - \$ 830	\$910 - \$1,180	\$1,650 - \$2,120
Genco	110	820 - 1,060	180 - 260	1,110 - 1,430
AERG	100	185 - 240	95 - 140	380 - 480
EEI	10	185 - 240	165 - 220	360 - 470
<b>Total Ameren</b>	<b>\$330</b>	<b>\$1,820 - \$2,370</b>	<b>\$1,350 - \$1,800</b>	<b>\$3,500 - \$4,500</b>

- Continue to experience rising cost pressures for labor and materials
- Does not include any expenditures associated with any potential carbon emission control legislation
- Regulated costs (nearly 50%) are expected to be recoverable in rates
  - Environmental cost recovery mechanism rules to be developed in Missouri

# 2008 Outlook

- Full year impact of new electric and gas rates in Missouri
- Full year impact of rehearing results of 2006 delivery service rate cases in Illinois
  - ➔ Necessity and timing of new Illinois electric delivery service cases dependent, in part, on results of rehearing
  - ➔ Impact of other legislative/regulatory actions is unknown
- Non-rate-regulated Generation business:
  - ➔ Enhanced margins associated with the expiration of one million MWh of below-market wholesale contracts and continued improvement in baseload plant operations
  - ➔ Currently have 55% to 60% of 2008 non-rate-regulated output hedged
    - Target to hedge 85% - 90% of output by January 2008
  - ➔ Illinois power procurement auction expected to be held in January 2008
- Higher expenses/regulatory lag
  - ➔ Fuel cost increases (up 5% - 10%)
- Callaway nuclear plant refueling outage – Fall 2008
- Higher environmental compliance expenditures

# Financial Strength

- Credit ratings
  - ➔ S&P = BBB-, negative credit watch (downgraded in April 2007)
  - ➔ Moody's = Baa2, review for possible downgrade (downgraded in March 2007)
  - ➔ Fitch = BBB+, negative credit watch (downgraded in April 2007)
  - ➔ Ameren Illinois utilities' issuer credit rating downgraded to junk
  - ➔ Credit rating downgrades due to IL political/regulatory uncertainty
- 47% debt/capitalization
- Manageable debt maturities
  - ➔ Available credit of \$1.0 billion at December 31, 2006
  - ➔ \$500 million credit facility added Q1 2007
- Conservative financial and operating strategy

<b>December 2006</b>	
Debt, net	\$ 5,904 <sup>(a)</sup>
Preferred stock	195
Common equity	<u>6,583</u>
Total capitalization	\$12,682
<b>Debt Maturities</b>	
2007	\$451
2008	249
2009	374

(a) Net of cash and notes receivable associated with two capital leases

# Major Regulatory Proceedings

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## Illinois

Web site (<http://eweb.icc.state.il.us/e-docket>)

Case # 05-0160, 05-0161, 05-0162 – Power procurement (Order issued)

Case # 06-0070, 06-0071, 06-0072 - Delivery services rate increases (Order issued, rehearing granted)

Case # 06-0779, 06-0780, 06-0781 – Customer elect plan

Case # 07-0172, 07-0173, 07-0174 – Enhancements to customer elect plan

Case # 07-0165 – Investigation of rate design

## Missouri

Web site (<http://www.psc.mo.gov/efis.asp>)

Case # ER-2007-0002 - Electric rate case

Case # GR-2007-0003 – Gas rate case (Order issued)

Case # EO-2007-0037 – July storms

## FERC

Web site (<http://www.ferc.gov/docs-filing/elibrary.asp>)

Case # EL07-47 – Illinois attorney general request for FERC investigation of pricing in Illinois auction