

Following are conditions that Applicant and Staff agree to regarding Ameren Corporation's ("Ameren") proposal to lift the current common dividend restriction on Illinois Power (IP) upon achieving an investment grade credit rating from at least one nationally recognized credit rating agency.

1. The common dividend restriction the Commission imposed on IP in docket No. 02-0561 would be terminated after the closing of the proposed reorganization if and at such time as IP achieves an investment grade credit rating from at least one nationally recognized credit rating agency, subject to the conditions and agreements indicated below.

2. Ameren agrees that until IP achieves an investment grade credit rating from both Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's"), IP will not pay common dividends **unless** (i) Ameren maintains at least a BBB-corporate credit rating from S&P and a Baa3 corporate credit rating from Moody's or (ii) the Commission issues an order authorizing IP to resume declaring and paying common dividends. Ameren will provide the Manager of Finance evidence of its investment grade credit rating and the amount of the common dividend within five business days of IP's declaration of a common dividend.

3. Ameren agrees that in the event IP has not redeemed all of the 11.5% bonds by December 31, 2006, IP may not thereafter declare or pay common dividends until such time as the Commission issues an order authorizing IP to resume declaring and paying common dividends.

4. Ameren agrees that, until such time as all of Illinois Power 11.5% first mortgage bonds are redeemed the upper limit of total common dividends IP can pay to Ameren at any given calendar year will be determined as follows:

a. For 2005: \$80 million

b. For 2006: \$160 million less cumulative common dividends paid to Ameren since the consummation of Ameren's acquisition of IP.

5. Ameren agrees that for ratemaking purposes, the cost of any long-term debt issued by IP after acquisition by Ameren and before it returns to investment grade level (as rated by Moody's and Standard & Poor's) would be imputed at the cost of utility bonds rated in the triple-B category (i.e. Baa/BBB) with similar terms to maturity.

6. Ameren agrees that for gas and electric ratemaking purposes, IP's 11.5% long-term debt series will be imputed to the cost of utility bonds rated in the triple-B category (i.e. Baa/BBB) with eight-year terms to maturity. This would include the current IP gas rate case, Docket No. 04-0476, if the proposed transaction in 04-0294 is consummated before the end of this rate case.