Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets as compared with the carrying value of the assets. If impairment has occurred, we recognize the amount of the impairment by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value.

Environmental Costs

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

Unamortized Debt Discount, Premium and Expense

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

Revenue

Utility Revenues

Our utility operating companies (UE, CIPS, CILCO and IP) record operating revenue for electric and gas service when delivered to customers. We accrue an estimate of electric and gas revenues for service rendered, but unbilled, at the end of each accounting period.

Interchange Revenues

The following table presents the interchange revenues included in Operating Revenues – Electric for the years ended December 31, 2004, 2003 and 2002:

	2004	2003	2002
Ameren(a)(b)	**$ 404**	$ 351	$ 259
UE	**340**	320	257
CIPS	**37**	37	35
Genco	**163**	140	99
CILCORP(c)	**46**	19	10
CILCO	**46**	19	10
IP(d)	**-**	-	7

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.

(b) Includes interchange revenues at EEI of $53 million for the year ended December 31, 2004 (2003 - $56 million; 2002 - $59 million). 2002 amounts represent predecessor information. 2003 amounts include January 2003 predecessor information, which was $3 million. CILCORP consolidates CILCO and therefore includes CILCO amounts in its balances.

(c) 2002 and 2003 amounts represent predecessor information. 2004 amount includes January - September 2004 predecessor information which was less than $1 million.

Trading Activities

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

Purchased Power

The following table presents the purchased power expenses included in Operating Expenses – Fuel and Purchased Power for the years ended December 31, 2004, 2003 and 2002. See Note 14 – Related Party Transactions for further information on affiliate purchased power transactions.

	2004	2003	2002
Ameren[(a)]	$ 454	$ 294	$ 167
UE	203	179	229
CIPS	325	341	418
Genco	150	152	119
CILCORP[(b)]	43	205	155
CILCO	43	202	155
IP[(c)]	624	681	698

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.

(b) 2002 amounts represent predecessor information. 2003 amounts include January 2003 predecessor information, which was $12 million. CILCORP consolidates CILCO and therefore includes CILCO amounts in its balances.

(c) 2002 and 2003 amounts represent predecessor information. 2004 amount includes January - September 2004 predecessor information which was $496 million.

Fuel and Gas Costs

In UE's, CIPS', CILCO's and IP's retail electric utility jurisdictions, there are no provisions for adjusting rates in response to changes in the cost of fuel for electric generation. In UE's, CIPS', CILCO's and IP's retail gas utility jurisdictions, changes in gas costs are generally reflected in billings to gas customers through PGA clauses.

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

Stock-based Compensation

Effective January 1, 2003, Ameren adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-based Compensation," by using the prospective method of adoption under SFAS No. 148, "Accounting for Stock-based Compensation – Transition and Disclosure," for all employee awards granted or with terms modified on or after January 1, 2003.

Prior to 2003, Ameren, CILCORP and IP accounted for stock options granted under long-term incentive plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees." No stock-based employee compensation cost was recognized for options granted under Ameren's plan, either under the AES Stock Option Plan in which CILCORP's employees participated or under the equity compensation plans of Dynegy in which IP employees participated, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

Effective January 1, 2003, predecessor IP adopted the fair value recognition provisions of SFAS No. 123, with respect to options granted to its employees under Dynegy's plans, by using the prospective method of adoption under SFAS No. 148. As a result, all stock options granted after January 1, 2003, were accounted for on a fair value basis. IP incurred compensation expense over the vesting period of the options in an amount equal to the fair value of the options. On October 1, 2004, as a result of Ameren's acquisition of IP, all unvested stock options granted to IP employees became null and void.

In December 2004, the FASB issued SFAS No. 123 (as revised SFAS No. 123R), "Share Based Payment," which revises SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123R will require companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The fair value of the award will be remeasured subsequently at each reporting date through the settlement date; the changes in fair value will be recognized as compensation cost in each period. The fair-value based method in this statement is similar to the fair-value based method in SFAS No. 123 in most respects. SFAS No. 123R is effective for Ameren for the quarterly period ending September 30, 2005. The statement applies to all awards granted or modified after the effective date. The adoption of this statement is not expected to have a material adverse impact on our results of operations, financial position, or liquidity upon adoption.

Had compensation cost for all stock options and stock awards granted prior to 2003 been determined on a fair-value basis consistent with SFAS No. 123, net income would have approximated the following pro forma amounts for the years ended December 31, 2004, 2003 and 2002, respectively.

	Year Ended December 31,		
Ameren[a]	**2004**	**2003**	**2002**
Net income as reported	$ 530	$ 524	$ 382
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects[a]	3	3	2
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects	4	4	3
Pro forma net income	$ 529	$ 523	$ 381
Basic earnings per share as reported	$ 2.84	$ 3.25	$ 2.61
Basic earnings per share pro forma	2.84	3.25	2.61
Diluted earnings per share as reported	2.84	3.25	2.60
Diluted earnings per share pro forma	2.84	3.24	2.60

	Predecessor Year Ended December 31,
CILCORP[a]	**2002**[a]
Net income as reported	$ 25
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects[a]	-
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects	2
Pro forma net income	$ 23

	Predecessor		
		Year Ended December 31,	
IP[a]	**January 1, 2004 to September 30, 2004**	**2003**	**2002**
Net income as reported	$ 112	$ 117	$ 161
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects[a]	-	-	-
Deduct: Total stock-based employee compensation expense determined under fair-value based method for all awards, net of related tax effects	3	4	4

Pro forma net income	$ 109	$ 113	$ 157

(a) Ameren and CILCORP have not granted stock options after January 1, 2003. CILCORP information subsequent to 2002 is not presented, as all CILCORP options were either paid out or assumed by AES in connection with Ameren's acquisition of CILCORP. For IP, compensation expense recorded for stock options granted after January 1, 2003, was negligible for the nine months ended September 30, 2004, and the years ended December 31, 2003 and 2002. On October 1, 2004, as a result of Ameren's acquisition of IP, all unvested stock options granted to IP employees became null and void. Therefore, information subsequent to September 30, 2004 is not presented.

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

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. Excise taxes reflected on Illinois electric customer bills are imposed on the consumer. 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 years ended 2004, 2003 and 2002:

	2004	2003	2002
Ameren(a)	$ 134	$ 137	$ 116
UE	103	101	103
CIPS	13	14	13
Genco	-	-	-
CILCORP(b)	12	24	16
CILCO(c)	12	24	16
IP(d)	36	40	41

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; and excludes amounts for CILCORP and CILCO prior to the acquisition date of January 31, 2003.

(b) 2002 amounts represent predecessor information. 2003 amounts include January 2003 predecessor information, which was $2 million. CILCORP consolidates CILCO and therefore includes CILCO amounts in its balances.

(c) With the exception of taxes reflected on CILCO customer bills issued prior to October 27, 2003, excise taxes at CILCO are recorded as tax collections payable and are included on the Balance Sheet as Taxes Accrued.

(d) 2002 and 2003 amounts represent predecessor information. 2004 amount includes January - September 2004 predecessor information, which was $30 million.

Income Taxes

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

We recognize that regulators will probably reduce future revenues for deferred tax liabilities initially recorded at rates in excess of the current statutory rate. Therefore, reductions in the deferred tax liability, which were recorded due to decreases in the statutory rate, were credited to a regulatory liability. A regulatory asset has been established to recognize the probable future recovery in rates of future income taxes resulting principally from the reversal of Allowance for Funds Used During Construction – Equity and temporary differences related to property, plant, and equipment acquired before 1976, which were unrecognized temporary differences prior to the adoption of SFAS 109.

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

Earnings Per Share

There were no differences between the basic and diluted earnings per share amounts for Ameren in 2004 and 2003. The inclusion of assumed stock option conversions in the calculation of earnings per share resulted in dilution of $0.01 per share for 2002. The assumed stock option conversions increased the number of shares outstanding in the diluted earnings per share calculation by 196,709 shares in 2004, 289,244 shares in 2003 and 332,909 shares in 2002. As only the Ameren parent company has publicly held common stock, earnings per share calculations are not relevant, so they are not presented for any of the other Ameren Companies.

Accounting Changes and Other Matters

SFAS No. 143 – "Accounting for Asset Retirement Obligations"

We adopted the provisions of SFAS No. 143, effective January 1, 2003. SFAS No. 143 provides the accounting requirements for asset retirement obligations associated with tangible, long-lived assets. SFAS No. 143 requires us to record the estimated fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which the liabilities are incurred and to capitalize a corresponding amount as part of the book value of the related long-lived asset. In subsequent periods, we are required to make adjustments in asset retirement obligations based on changes in estimated fair value. Corresponding increases in asset book values are depreciated over the remaining useful life of the related asset. Uncertainties as to the probability, timing or amount of cash flows associated with an asset retirement obligation affect our estimates of fair value.

Upon adoption of the standard, Ameren and Genco recognized a net after-tax gain of $18 million in the first quarter of 2003 for the cumulative effect of change in accounting principle. Prior to Ameren's acquisition of CILCORP, predecessor CILCORP and CILCO recognized a net after-tax gain in 2003 of $4 million and $24 million, respectively, for the cumulative effect of change in accounting principle. In addition, in accordance with SFAS No. 143, estimated net future removal costs associated with Ameren's, UE's, CIPS', CILCORP's and CILCO's rate-regulated operations that had previously been embedded in accumulated depreciation were reclassified as a regulatory liability.

Prior to Ameren's acquisition of IP, predecessor IP recognized a net after-tax loss upon adoption of SFAS No. 143 of $2 million for the cumulative effect of change in accounting principle. At January 1, 2004, IP's asset retirement obligation liability totaled $1 million for obligations under an operating lease. This asset retirement obligation related to the dismantling of the generation plant and remediation of the plant site at Tilton, Illinois, which IP had leased to DMG. In July 2004, IP sold the Tilton assets to DMG and eliminated the related asset retirement obligation liability as part of the accounting for that transaction. Thus, IP had no asset retirement obligation liabilities recorded at December 31, 2004.

Upon adoption of SFAS No. 143, UE recorded asset retirement obligations related to UE's Callaway nuclear plant decommissioning costs and to retirement costs for a UE river structure. Additionally, Genco recorded an asset retirement obligation for the retirement costs for a Genco power plant ash pond. CILCORP and CILCO recorded asset retirement obligations related to CILCO's power plant ash ponds (now owned by AERG).

Asset retirement obligations at Ameren and UE increased by $24 million for the year ended December 31, 2004, to reflect the accretion of obligations to their present value. Increases to Genco's, CILCORP's and CILCO's asset retirement obligations due to accretion were immaterial during this period. Substantially all of this accretion was recorded as an increase to regulatory assets. Additionally, Ameren and CILCO's asset retirement obligations increased by approximately $2 million during the year ended December 31, 2004, due to revisions in estimated future cash flows to retire CILCO's ash ponds.

In addition to those obligations that have been identified and valued, we determined that certain other asset retirement obligations exist. However, we were unable to estimate the fair value of those obligations because the probability, timing, or cash flows associated with the obligations were indeterminable. We do not believe that these obligations, when incurred, will have a material adverse impact on our results of operations, financial position, or liquidity.

The fair value of the nuclear decommissioning trust fund for UE's Callaway nuclear plant is reported in Nuclear Decommissioning Trust Fund in Ameren's and UE's Consolidated Balance Sheets. This amount is legally restricted: It may be used only to fund the costs of nuclear decommissioning. Changes in the fair value of the trust fund are recorded as an increase or decrease to the regulatory asset recorded in connection with the adoption of SFAS No. 143.

In June 2004, the FASB issued an exposure draft on a proposed interpretation of SFAS No. 143. The FASB is expected to issue a final interpretation in the first quarter of 2005. Under the interpretation, a legal obligation to perform an asset retirement activity that is conditional on a future event is within the scope of SFAS No. 143. Accordingly, an entity would be required to recognize a liability for the fair value of an asset retirement obligation that is conditional on a future event if the liability's fair value can be estimated reasonably. The exposure draft provides examples of conditional asset retirement obligations that may need to be recognized under the provisions of the interpretation, including asbestos removal. This proposed interpretation could require accrual of additional liabilities by Ameren and its subsidiaries and could result in increased expense, which, while not yet quantified, could be material. This proposed interpretation would be effective for us no later than December 31, 2005, if issued in its current form.

FIN No. 46 – "Consolidation of Variable-interest Entities"

In January 2003, the FASB issued FIN No. 46, which changed the consolidation requirements for special-purpose entities (SPEs) and non-special-purpose entities (non-SPEs) that meet the criteria for designation as variable-interest entities (VIEs). In December 2003, the FASB revised FIN No. 46 (FIN No. 46R) to clarify certain aspects of FIN No. 46 and to modify the effective dates of the new guidance. FIN No. 46R provides guidance on the accounting for entities that are controlled through means other than voting rights by another entity. FIN No. 46R requires a VIE to be consolidated by a company if that company is designated as the primary beneficiary.

The Ameren Companies do not have any interests in entities that are considered SPEs, other than IP's investment in IP LLC. FIN No. 46R was effective on March 31, 2004, for any interests the Ameren Companies held in non-SPEs. The adoption of FIN No. 46R did not have a material impact on the consolidated financial statements of the Ameren Companies. However, in connection with the adoption of FIN No. 46R, we have determined that the following significant variable-interests are held by the Ameren Companies:

- EEI. Ameren has an 80% ownership interest in EEI through UE's 40% interest and Resources Company's 40% interest. Under the FIN No. 46R model, Ameren, UE, and Resources Company have a variable-interest in EEI, and Ameren is the primary beneficiary. Accordingly, Ameren will continue to consolidate EEI, and UE will continue to account for its investment in EEI under the equity method of accounting. The maximum exposure to loss as a result of these variable-interests in EEI is limited to Ameren's, UE's, and Resources Company's equity investments in EEI.
- Tolling agreement. CILCO has a variable-interest in Medina Valley through a tolling agreement to purchase steam, chilled water, and electricity. We have concluded that CILCO is not the primary beneficiary of Medina Valley. Accordingly, CILCO does not consolidate Medina Valley. The maximum exposure to loss as a result of this variable-interest in the tolling agreement is not material.
- Leveraged lease and affordable housing partnership investments. Ameren, UE and CILCORP have investments in leveraged lease and affordable housing partnership arrangements that are variable-interests. We have concluded that none of these companies is a primary beneficiary of any of the VIEs related to these investments. The maximum exposure to loss as a result of these variable-interests is limited to the investments in these arrangements. At December 31, 2004, Ameren and CILCORP had net investments in leveraged leases of $140 million and $113 million, respectively. At December 31, 2004, Ameren, UE, and CILCORP had investments in affordable housing partnerships of $19 million, $6 million, and $7 million, respectively.
- IP SPT. Ameren acquired a variable-interest in IP SPT with the acquisition of IP on September 30, 2004. IP has a variable-interest in IP SPT, which was established in 1998 to issue TFNs. IP has indemnified and is liable to IP SPT if IP does not bill the applicable charges to its customers on behalf of IP SPT or if it does not remit the collection to IP SPT; however, the note holders are considered the primary beneficiaries of this special-purpose trust. Accordingly, Ameren and IP do not consolidate IP SPT.

FASB Staff Position SFAS No. 106-1 and FASB Staff Position SFAS No. 106-2 – "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003"

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Medicare Prescription Drug Act) became law. The Medicare Prescription Drug Act introduced a prescription drug benefit for retirees under Medicare as well as a federal subsidy for sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare prescription drug benefit. Through its postretirement benefit plans, Ameren provides retirees with prescription drug coverage that we believe is actuarially equivalent to the Medicare prescription drug benefit. In January 2004, the FASB issued FSP SFAS 106-1, which permitted a plan sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer the accounting for the effects of the Medicare Prescription Drug Act. We made this one-time election allowed by FSP SFAS 106-1.

In May 2004, the FASB issued FSP SFAS 106-2, which superseded FSP SFAS 106-1. FSP SFAS 106-2 provides guidance on accounting for the effects of the Medicare Prescription Drug Act for employers whose prescription drug benefits are actuarially equivalent to the drug benefit under Medicare Part D. Ameren elected to adopt FSP SFAS 106-2 during the second quarter ended June 30, 2004, retroactive to January 1, 2004. See Note 11 – Retirement Benefits for additional information on the impact of adoption of FSP SFAS 106-2.

Predecessor IP's adoption of FSP SFAS 106-2 on July 1, 2004, had no impact on IP's results of operations, financial position or liquidity because its drug benefit was not actuarially equivalent to the drug benefit under Medicare Part D.

EITF Issue No. 03-1, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments"

In March 2004, the EITF reached a consensus on EITF Issue No. 03-1, which provides guidance on evaluating whether an investment is other-than-temporarily impaired. The recognition and measurement provisions of EITF 03-1, which were to be effective for periods beginning after June 15, 2004, were delayed by the issuance of FSP EITF 03-1, "Effective Date of Paragraphs 10-20 of EITF Issue No. 03-1, 'The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,' " in September 2004. During the period of delay, we will continue to evaluate our investments, which primarily constitute our Nuclear Decommissioning Trust Fund, as required by existing authoritative guidance.

NOTE 2 – ACQUISITIONS

IP and EEI

On September 30, 2004, Ameren completed the acquisition of all the common stock and 662,924 shares of preferred stock of IP (based in Decatur, Illinois) and an additional 20% ownership interest in EEI from Dynegy and its subsidiaries. Ameren acquired IP to complement its existing Illinois gas and electric operations. The purchase included IP's rate-regulated electric and natural gas transmission and distribution business serving 600,000 electric and 415,000 gas customers in areas contiguous to our existing Illinois utility service territories. With the acquisition, IP became an Ameren subsidiary operating as AmerenIP. For a discussion of the regulatory agency approvals granted in connection with this acquisition, see Note 3 – Rate and Regulatory Matters.

The total transaction value was $2.3 billion, including the assumption of $1.8 billion of IP debt and preferred stock and consideration, including transaction costs, of $443 million in cash, net of $51 million cash acquired. In February 2005, Ameren received $5 million from Dynegy representing the final working capital adjustment pursuant to the terms of the stock purchase agreement. Ameren placed $100 million of the cash portion of the purchase price in a six-year escrow account pending resolution of certain contingent environmental obligations of IP and other Dynegy affiliates for which Ameren has been provided indemnification by Dynegy. See Note 15 – Commitments and Contingencies for information on the IP environmental matter to which the indemnification and escrow applies. In addition, this transaction included a fixed-price capacity power supply agreement for IP's annual purchase in 2005 and 2006 of 2,800 megawatts of electricity from DYPM. The contract was marked to fair value at closing of the acquisition. This agreement is expected to supply about 70% of IP's electric customer requirements during those two years. The remaining 30% of IP's power needs in 2005 and 2006 will be supplied by other companies. In the event that any of these suppliers are unable to supply the electricity required by these agreements, IP would be forced to find alternative suppliers to meet its load requirements, thus exposing itself to market price risk, which could have a material impact on Ameren's and IP's results of operations, financial position, or liquidity.

Ameren's financing plan for funding this acquisition included the issuance of new Ameren common stock. Ameren issued an aggregate of 30 million common shares in February 2004 and July 2004, which generated net proceeds of $1.3 billion. Proceeds from these issuances were used to finance the cash portion of the purchase price and to reduce IP debt assumed as part of this transaction and to pay related premiums. See Note 6 – Long-term Debt and Equity Financings for information on redemptions and repurchases of certain IP indebtedness after the acquisition.

The following table presents the estimated fair values of the assets acquired and liabilities assumed at the date of Ameren's acquisition of IP and the additional 20% ownership interest in EEI. Ameren is completing its valuations of the net assets and liabilities of IP and EEI acquired, including third-party valuations of property and plant, intangible assets, pension and other postretirement benefit obligations, and contingent obligations. As a result, the allocation of the purchase price is preliminary and subject to further adjustment. We expect to finalize purchase accounting in 2005. The fair value of IP's power supply agreements including the fixed-price capacity power supply agreement with DYPM, discussed above recorded at the acquisition date resulted in a net liability of

$109 million. In addition, we recorded a fair value adjustment, resulting in a net asset of $24 million, for IP's power supply agreement with EEI that expires at the end of 2006. The excess of the purchase price for IP's common stock and preferred stock over tangible net assets acquired has been allocated preliminarily to goodwill in the amount of $320 million, net of future tax benefits. For income tax purposes, we expect that a portion of the purchase price will be allocated to goodwill and that such portion will be deducted ratably over a 15-year period. No specifically identifiable intangible assets have been identified.

Current assets	$ 374
Property and plant	1,967
Investments and other noncurrent assets	387
Goodwill	320
Total assets acquired	3,048
Current liabilities	234
Long-term debt, including current maturities	1,982
Other noncurrent liabilities	450
Total liabilities assumed	2,666
Preferred stock assumed	13
Net assets acquired	$ 369

The following unaudited pro forma financial information presents a summary of Ameren's consolidated results of operations for the years ended December 31, 2004 and 2003, as if the acquisition of IP had been completed at the beginning of 2003, including pro forma adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired net assets. The pro forma financial information does not include cost savings that may result from the combination of Ameren with IP.

For the years ended December 31,	2004	2003
Operating revenues	$6,320	$ 6,123
Income before cumulative effect of change in accounting principle	7	
Cumulative effect of change in accounting principle, net of taxes		16
Net income	$ 677	$679
Earnings per share – basic		

	$ 3.49	$3.55
– diluted	$ 3.48	$3.55

This pro forma information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on the assumed date, nor is it an indication of trends for future results.

IP's Note Receivable from Former Affiliate of $2.3 billion was eliminated as of September 30, 2004, and prior to Ameren's acquisition of IP to meet the conditions of the closing. Steps to eliminate the Note were made: (1) reducing the principal balance by offsetting certain payables owed by IP to Illinova and other Dynegy entities; (2) offsetting the principal balance by the amount of interest that had been paid by Illinova to IP, but not yet earned; and (3) eliminating a portion in consideration of Illinova's assumption of IP's net deferred tax obligation and IP's contemporaneous repurchase (and cancellation immediately thereafter) of 39,892,213 of IP common shares. The 12,751,724 IP treasury shares held as of December 31, 2003, were canceled in 2004. The remaining principal balance of IP's Note Receivable from Former Affiliate was eliminated, as part of IP's overall recapitalization, with a corresponding reduction to IP's retained earnings. The elimination of IP's Note Receivable from Former Affiliate had no impact on IP's predecessor results of operations.

The portion of the total transaction value attributable to Ameren's acquisition of Dynegy's 20% ownership interest in EEI now held by Resources Company was $125 milion. This transaction was accounted for as a step acquisition. The excess of the purchase price for this ownership interest over 20% of the fair value of EEI's net assets acquired has been preliminarily allocated to property and plant ($80 million) and emission allowances ($41 million), partially offset by a net liability for power supply agreements ($24 million) and a reduction to net deferred tax assets ($38 million). The remaining excess was allocated to goodwill in the amount of $54 million, subject to change based on our final valuation.

CILCORP and Medina Valley

On January 31, 2003, Ameren completed the acquisition of all of the outstanding common stock of CILCORP from AES. CILCORP is the parent company of CILCO (based in Peoria, Illinois). With the acquisition, CILCO became an indirect Ameren subsidiary, but it remains a separate utility company, operating as AmerenCILCO. On February 4, 2003, Ameren also completed the acquisition from AES of Medina Valley, which indirectly owns a 40-megawatt, gas-fired electric generation plant. The results of operations for CILCORP and Medina Valley were included in Ameren's consolidated financial statements effective with the respective January and February 2003 acquisition dates.

The total acquisition cost was $1.4 billion and included the assumption by Ameren of CILCORP and Medina Valley debt of $895 million and consideration of $479 million in cash, net of $38 million cash acquired. The purchase price allocation for the acquisition of CILCORP and Medina Valley was finalized in January 2004, resulting in an $8 million decrease in goodwill primarily due to January 2004 adjustments to property and plant, income tax accounts, and accrued severance expenses. The following table presents the final estimated fair values of the assets acquired and liabilities assumed at the dates of our acquisitions of CILCORP and Medina Valley.

Current assets	$ 323
Property and plant	1,162
Investments and other noncurrent assets	154
Specifically identifiable intangible assets	6
Goodwill	561
Total assets acquired	2,206
Current liabilities	190
Long-term debt, including current maturities	937
Other noncurrent liabilities	521

Total liabilities assumed	1,648
Preferred stock assumed	41
Net assets acquired	$ 517

Specifically identifiable intangible assets of $6 million comprise retail customer contracts, which are subject to amortization with an average life of 10 years. Goodwill of $561 million (CILCORP - $554 million; Medina Valley - $7 million) was recognized in connection with the CILCORP and Medina Valley acquisitions. None of this goodwill is expected to be deductible for tax purposes.

NOTE 3 – RATE AND REGULATORY MATTERS

Below is a summary of significant regulatory proceedings. With respect to pending matters, we are unable to predict the ultimate outcome of these regulatory proceedings, the timing of the final decisions of the various agencies or the impact on our results of operations, financial position, or liquidity.

IP and EEI Acquisition

Ameren received all the regulatory agency approvals necessary to acquire IP and a 20% interest in EEI from Dynegy on September 30, 2004.

The principal ongoing condition of the FERC's approval of the acquisition was that 125 megawatts of EEI's power be sold to a nonaffiliate of Ameren. The Missouri Office of Public Counsel and a group of electric industrial customers of UE, both interveners in the FERC proceeding, have asked the FERC to reconsider its order deferring to the MoPSC on the question of whether UE should be required to preserve its current entitlement to the output of EEI's Joppa power plant facility. These appeals, which are pending, did not impede the completion of the acquisition on September 30, 2004. IP joined the MISO on September 30, 2004, satisfying an additional condition of the FERC's approval of the acquisition.

The ICC order approving Ameren's acquisition of IP contains several important provisions, including the following:

- The order requires IP to submit quarterly reports in 2005 and 2006 on certain milestones regarding IP's progress in achieving an estimated $33 million in annual synergies by the beginning of 2007, and provides for adjustments in IP's next electric and gas rate cases if IP fails to achieve those milestones.
- Commencing in 2007, IP will recover over four years, through rates, $67 million in reorganization costs related to the integration of IP into the Ameren system and the restructuring of IP. As of December 31, 2004, $59 million of reorganization costs were incurred and deferred as a regulatory asset.
- The order approves a tariff rider to recover the costs of asbestos-related litigation claims, subject to the following terms: beginning in 2007, 90% of cash expenditures in excess of the amount included in base electric rates will be recovered by IP from a $20 million trust fund established by IP and financed with contributions of
$10 million each by Ameren and Dynegy; if cash expenditures are less than the amount in base rates, IP will contribute 90% of the difference to the fund; once the trust fund is depleted, 90% of allowed cash expenditures in excess of base rates will be recovered through charges assessed to customers under the tariff rider.
- Ameren commits to cause an aggregate of at least $750 million principal amount of IP's long-term debt, including IP's $550 million principal amount of mortgage bonds 11.50% Series due 2010, to be redeemed, repurchased or retired on or before December 31, 2006. As of December 31, 2004, $700 million principal amount of IP debt was retired in accordance with this provision.
- The order provides IP with the ability to declare and pay $80 million of dividends on its common stock in 2005 and $160 million of dividends on its common stock cumulatively through 2006, provided IP has achieved an investment grade credit rating from S&P or Moody's. If, however, IP's $550 million principal amount of mortgage bonds 11.50% Series mortgage bonds due 2010 are not eliminated by December 31, 2006, IP may not thereafter declare or pay common dividends without seeking autho[illegible] from the ICC. As of December 31, 2004, less than $1 million of the 11.50% Series mortgage bonds due 2010 were outstanding.
- IP will establish a dividend policy comparable to the dividend policy of Ameren's other Illinois utilities consistent with a[illegible]ing and maintaining a common equity to total capitalization ratio between 50% to 60%.
- Ameren will commit IP to make between $275 million and $325 million in energy infrastructure investments over its first two years of ownership.

Intercompany Transfer of Electric Generating Facilities and Illinois Service Territory

In July 2004, the FERC approved the transfer from Genco to UE, at net book value ($240 million) of 550 megawatts of CTs, but the transfer remains subject to SEC approval under the PUHCA. Approval by the ICC is not required, contingent upon prior approval and execution of UE's transfer of its Illinois public utility operations to CIPS, as discussed below. Approval by the MoPSC is not required in order for this transfer of generating capacity to occur. However, the MoPSC has jurisdiction over UE's ability to recover the cost of the transferred generating facilities from its electric customers in its rates.

In May 2003, UE announced its plan to limit its public utility operations to the state of Missouri and to discontinue operating as a public utility subject to ICC regulation. UE is seeking to accomplish this by transferring its Illinois-based electric and natural gas businesses, including its Illinois-based distribution assets and certain of its transmission assets, at net book value, to CIPS. In 2004, UE's Illinois electric and gas service territory generated revenues of $165 million and had a net book property and plant value of $126 million at December 31, 2004. UE's electric generating facilities and a certain minor amount of its electric transmission facilities in Illinois would not be part of the transfer. UE proposes to transfer about half of the assets directly to CIPS in consideration for a CIPS subordinated promissory note, and approximately half of the assets by means of a dividend in kind to Ameren, followed by a capital contribution by Ameren to CIPS. The transfer was approved by the FERC in December 2003. In September 2004, the ICC authorized the transfer of UE's Illinois-based natural gas utility business. The ICC had already authorized the transfer of UE's Illinois-based electric utility business to CIPS in 2000. In February 2005, the MoPSC issued an order that approved the transfer subject to various conditions described below. The transfer of UE's Illinois-based utility businesses will also require the approval of the SEC under the provisions of the PUHCA. A filing seeking approval of both the transfer of UE's Illinois-based utility businesses and Genco's CTs was made with the SEC in October 2003. If completed, the transfers will be accounted for at book value with no gain or loss recognition, which is the appropriate treatment for transactions of this type between two entities under common control.

The MoPSC order approving UE's transfer of its Illinois-based utility businesses to CIPS included the following principal conditions:

- The order prevents UE from recovering in rates up to 6% of unknown UE generation-related liabilities associated with the generation that was formerly allocated to UE's Illinois service territory unless UE can show the benefits of the transfer of the Illinois service territory outweigh these costs in future rate cases.
- The order requires an amendment to the joint dispatch agreement among UE, Genco and CIPS, to declare that margins on short-term power sales will be divided based on generation output as opposed to load. This amendment is expected to provide UE with additional annual margins and Genco with reduced annual margins of $7 million to $24 million. However, this reduction to Genco's margins is expected to be mitigated by margins received from additional power sales by Genco (through Marketing Company) to CIPS to serve the transferred UE Illinois-based electric power business through the end of 2006 under the current power supply contracts.
- The order requires that, in a future rate case, revenues UE could have received for incremental energy transfers under the joint dispatch agreement resulting from the service territory transfer be imputed based on market prices unless UE can show the benefits of the transfer of the Illinois service territory outweigh the difference between the market prices and the actual cost-based charges for such incremental energy transfers.

Although not expressing dissatisfaction with the MoPSC order, UE, in February 2005, moved the MoPSC to clarify its order to provide that UE may complete the transfer prior to receipt of all regulatory approvals necessary to effectuate the required amendment to the joint dispatch agreement and also to provide that for rate-making purposes, the joint dispatch agreement amendment should be deemed to be made by UE as of the date the transfer is closed. This clarification of the MoPSC order is needed, according to UE's motion, to facilitate timely electric service to Noranda Aluminum, Inc. as discussed below. Also in February 2005, the Missouri Office of Public Counsel filed an application for rehearing of the MoPSC order asserting that the order is unlawful, unjust, unreasonable and arbitrary in various ways.

See Note 14 – Related Party Transactions for a more detailed discussion of the joint dispatch agreement.

Missouri

Electric

In August 2002, a stipulation and agreement resolved an excess earnings complaint brought against UE by the MoPSC staff following the expiration of UE's experimental alternative regulation plan. The resolution became effective following agreement by all parties to the case and approval by the MoPSC. The stipulation and agreement includes the following principal features:

- The phase-in of $110 million of electric rate reductions through April 2004, $50 million of which was retroactively effective as of April 1, 2002, $30 million of which became effective on April 1, 2003, and $30 million of which became effective on April 1, 2004.
- A rate moratorium providing for no changes in rates before July 1, 2006, subject to certain statutory and other exceptions. A commitment to contribute $14 million to programs for low-income energy assistance and weatherization, promotion of energy efficiency and economic development in UE's service territory in 2002, with additional payments of $3 million made annually on June 30, 2003, through June 30, 2006. This entire obligation was expensed in 2002.
- A commitment to make $2.25 billion to $2.75 billion in critical energy infrastructure investments from January 1, 2002 through June 30, 2006, including, among other things, the addition of more than 700 megawatts of new generation capacity and the replacement of steam generators at UE's Callaway nuclear plant. The 700 megawatts of new generation is expected to be satisfied by UE's addition of 240 megawatts in 2002 and the proposed transfer at net book value to UE of approximately 550 megawatts of generation assets from Genco, which is subject to receipt of necessary regulatory approvals. See Intercompany Transfer of Electric Generating Facilities and Illinois Service Territory within this Note for additional information on the proposed transfer.
- An annual reduction in UE's depreciation rates by $20 million, retroactive to April 1, 2002, based on an updated analysis of asset values, service lives, and accumulated depreciation levels.
- A one-time credit of $40 million that was accrued during the plan period. The entire amount was paid to UE's Missouri retail electric customers in 2002 for settlement of the final sharing period under the alternative regulation plan that expired June 30, 2001.
- A cost of service study must be filed by January 1, 2006.

Gas

In January 2004, a stipulation and agreement resolved a request by UE to increase annual natural gas rates. The resolution became effective following agreement by all parties to the case and approval by the MoPSC. The stipulation and agreement authorized an increase in annual gas delivery rates of $13 million, effective February 15, 2004. Other principal features of the stipulation and agreement include:

- A rate moratorium prohibiting changes in gas delivery rates before July 1, 2006, absent the occurrence of a significant, unusual event that has a major impact on UE.
- A commitment to make $15 million to $25 million in infrastructure improvement investments from July 1, 2003, through December 31, 2006, including replacement of cast iron main and unprotected steel service lines. UE agreed not to propose rate adjustments to recover infrastructure costs through a statutory infrastructure system replacement surcharge prior to January 1, 2006.
- Commitments to contribute an aggregate of $310,000 annually to programs for low-income weatherization, energy assistance, and energy-efficient equipment in UE's service territory.

Authority to Serve Noranda

UE filed in December 2004 with the MoPSC for authority to extend its Missouri electric service territory to include the area where Noranda Aluminum, Inc. (Noranda) is located. Earlier in December, Noranda and UE signed a 15-year agreement to supply up to approximately 470 megawatts (peak load) electric service (or approximately 5% of UE's generating capability, including purchases) to Noranda's primary aluminum smelter in southeast Missouri. The supply agreement would become effective June 1, 2005, subject to the satisfaction of certain conditions. The conditions include the MoPSC granting UE authority to extend its service territory to include the Noranda facility; completion of the transfer to UE of 550 megawatts of CTs at Pinckneyville and Kinmundy, Illinois, by Genco, as discussed above in this Note under Intercompany Transfer of Electric Generating Facilities and Illinois Service Territory; completion of the transfer of UE's Illinois service territory, also as discussed under that caption in this Note; and approval by the MoPSC of a proposed large customer transmission service rate. In February 2005, UE and other parties executed and filed a stipulation resolving all of the outstanding issues pending before the MoPSC. The stipulation is consistent in all material respects with UE's application filed in December 2004. The MoPSC is expected to issue an order by the end of March 2005. The transmission arrangements to allow for UE to serve Noranda are subject to FERC approval. In February 2005, the MJMEUC filed a protest at the FERC as to UE's filing made in January 2005 to amend the Interchange Agreement. In its protest, the MJMEUC recommended that the FERC approve UE's proposed amendment, but requested that the FERC condition its approval on UE being required to comply, after the fact, with the MISO Study Process. In early March 2005, UE filed its response contending that the FERC should not impose any conditions on the filing. A decision by the FERC is expected in late March 2005.

Illinois

Electric

In 2002, all of the Illinois residential, commercial and industrial customers of UE, CIPS, CILCO and IP had a choice in electric suppliers under the provisions of 1997 Illinois legislation related to the restructuring of the Illinois electric industry (the Illinois Customer Choice Law). Under the Illinois Customer Choice Law, UE, CIPS, CILCO and IP rates initially were frozen through January 1, 2005. Due to an amendment to the Illinois Customer Choice Law, the rate freeze was extended through January 1, 2007. As a result of this extension, and pursuant to orders of the ICC, CIPS and Marketing Company and CILCO and AERG extended their respective power supply agreements through December 31, 2006. See Note 14 – Related Party Transactions for a discussion of these affiliate power supply agreements.

The Illinois Customer Choice Law contains a provision requiring that half of excess earnings from the Illinois jurisdiction for the years 1998 through 2006 be refunded to UE's, CIPS', CILCO's and IP's Illinois customers. Excess earnings are defined by the Illinois Customer Choice Law as the portion of the two-year average annual rate of return on common equity in excess of 1.5% of the two-year average of the Index. The Index is defined as the sum of the average for the 12 months ended September 30 of the average monthly yields of the Treasury long-term average plus 7% for both UE and CIPS, 11% for CILCO and 8.5% for IP. Estimated refunds totaling less than $1 million to UE's Illinois customers are expected to be made during the period from April 1, 2004, through March 31, 2005, resulting from excess earnings during the year ended December 31, 2003. No refunds to CIPS', CILCO's or IP's Illinois customers are expected to be made during that period.

On December 31, 2006, the current Illinois electric rate freeze expires, as do supply contracts for generation to serve the power requirements of CIPS, CILCO and IP expire. Prior to December 31, 2006, determinations must be made as to how all Illinois distribution companies will procure their generation needs and how they will set future rates for the generation components and delivery service components of customer rates.

During 2004, the ICC conducted workshops to seek input from interested parties on the framework for retail electric rate determination and generation procurement after the current Illinois electric rate freeze and supply contracts expire on December 31, 2006. A report issued by the ICC in late 2004 outlines a process that received strong support in the workshops: It would have CIPS, CILCO and IP procure power through an auction monitored by the ICC. The form of power supply would meet the full requirements of the utility and the risk of fluctuations in power requirements would be borne by the supplier. In addition, the report noted that many stakeholders, including Ameren, supported a process whereby the price of power resulting from the auction would be the price used to determine the generation component of customer rates. This purchased power would be charged to customers through a pass-through mechanism. With regard to the delivery service component of customer rates, it is expected that all Illinois delivery service companies will file rate cases, at which time the delivery service component of customer rates will be updated. Genco and AERG would probably participate in the auction, but there may be a limit imposed by the ICC on the maximum amount of power they could supply CIPS, CILCO and IP. In February 2005, CIPS, CILCO and IP filed with the ICC a proposed format for the generation procurement auction, a rate mechanism to pass generation costs through to customers, and a process to update the delivery service portion of rates, among other things. These proposals are subject to review and approval by the ICC within eleven months of the filings. In addition, the Illinois legislature began hearings regarding the framework for retail rate determination and generation procurement in February 2005. We cannot predict what actions, if any, the Illinois legislature will take, or whether the ICC will approve our proposals for generation procurement or electric rate determination.

Gas

In June 2004, IP filed with the ICC seeking authority to raise its natural gas delivery rates. In supplemental testimony, IP revised its requested rate increase to $25 million annually. The ICC staff in its rebuttal testimony recommended an increase in rates of $10.5 million. In January 2005, IP and the other parties in the proceeding submitted a partial settlement. If approved by the ICC, it will permit a rate increase of $11 million to $14 million. Issues relating to the proposed disallowance of costs associated with IP's Hillsboro storage field were not resolved by the parties' settlement; they were the subject of hearings held in January 2005. By law, the ICC is required to issue its decision about the partial settlement and the contested issues by May 2005. In the order approving Ameren's acquisition of IP, the ICC prohibits IP from filing for any proposed increase in gas delivery rates to be effective prior to January 1, 2007, beyond IP's pending request for a gas delivery rate increase. The ICC staff has proposed a disallowance of $7.6 million as a part of IP's 2003 PGA reconciliation proceeding related to the Hillsboro storage field.

In October 2003, the ICC issued orders awarding CILCO, CIPS and UE increases in annual natural gas delivery rates of $9 million, $7 million and $2 million, respectively. These new rates went into effect in November 2003.

Federal

Regional Transmission Organization

In December 1999, the FERC issued Order 2000, which required all utilities subject to the FERC jurisdiction to state their intentions for joining a RTO. The MoPSC issued an order in early 2004 authorizing UE to participate in the MISO for a five-year period, with participation after that period subject to further approvals by the MoPSC. Subsequently, the FERC issued a final order allowing UE's and CIPS' participation in the MISO. Under these orders, the MoPSC continues to set the transmission component of UE's rates to serve its bundled retail load. CILCO was already a member of the MISO; it transferred functional control of its transmission system to the MISO prior to our acquisition of CILCO. Genco does not own transmission assets, but pays the MISO to use the transmission system to transmit power from the Genco generating plants.

On May 1, 2004, functional control, but not ownership, of UE's and CIPS' transmission systems was transferred to the MISO through GridAmerica LLC. On September 30, 2004, prior to the completion of Ameren's acquisition of IP as required by the FERC's order approving the acquisition, IP transferred functional control, but not ownership, of its transmission system to the MISO. The transfers had no accounting impact on UE, CIPS and IP because they continue to own the transmission system assets. The participation by UE, CIPS and IP in the MISO is expected to increase annual costs by $10 million to $25 million in the aggregate. This could also result in a decrease in annual revenues of between $5 million and $15 million in the aggregate, depending upon the MISO's tariff structure. UE, CIPS, CILCO and IP may also be required to expand their transmission systems according to decisions made by the MISO rather than according to their internal planning process.

As a part of the transfer of functional control of UE's and CIPS' transmission systems to the MISO, Ameren received $26 million, which represented the refund of the $13 million exit fee paid by UE and the $5 million exit fee paid by CIPS, both of which were expensed when they left the MISO in 2001, plus $1 million interest on the exit fees and the reimbursement of $7 million that was invested in the proposed Alliance RTO. These refunds resulted in after-tax gains of $11 million, $8 million, and $3 million for Ameren, UE, and CIPS, respectively, which were recorded in other operations and maintenance expenses during the quarter ended June 30, 2004. As part of the transfer of functional control of IP's transmission system to the MISO at the end of September 2004, IP also received a refund of its MISO exit fee, plus interest on the exit fee, and RTO development costs resulting in after-tax gains of $9 million during the quarter ended September 30, 2004.

During late 2003 and early 2004, the FERC had ordered the elimination of regional through-and-out rates assessed by the MISO on transmission service between the MISO and PJM regions, to be effective May 1, 2004. However, in March 2004, the FERC accepted an agreement among affected transmission owners that retained the regional through-and-out rates until December 1, 2004. It also provided for continued negotiations aimed at developing a long-term transmission pricing structure based on specified principles to eliminate seams between the PJM and the MISO regions. In November 2004, the FERC announced that it had approved the new pricing structure to eliminate the seams between the MISO and PJM. The new rate structure applies for a fixed period ending January 31, 2008, and is based on the "license plate" rate design currently in place in both the MISO and PJM, under which payment of a single fee applicable to the transmission pricing zone in which the transmission customer's load is located entitles that customer to transmission service over the entire combined system. However, to avoid an abrupt cost shift as a result of the elimination of pancaked rates between the MISO and PJM, the FERC also ordered the adoption of Seams Elimination Cost Adjustments (SECA). In late November 2004, UE, CIPS, CILCO and IP made SECA filings with the FERC. Numerous comments were filed in January 2005. In February 2005, the FERC accepted for filing the SECA filings submitted in the proceeding to become effective December 1, 2004, subject to refund and surcharge as appropriate, and it established hearing procedures. Until the SECA filings have finally been approved by the FERC, we cannot predict the ultimate impact that such rate structure will have on UE's, CIPS', CILCO's and IP's costs and revenues.

In March 2004, the MISO tendered for filing at the FERC a proposed Open Access Transmission and Energy Markets Tariff (the Energy Markets Tariff), which is intended to supersede its existing OATT. The Energy Markets Tariff establishes rates, terms and conditions necessary for implementation of a centralized economic dispatch platform, including locational marginal-cost pricing and FTRs for transmission service within the MISO region. The Energy Markets Tariff also establishes market monitoring and mitigation procedures and codifies existing resource adequacy requirements placed on the MISO members by their states or applicable RRO. The MISO initially proposed to make the Energy Markets Tariff effective on December 1, 2004, subject to its ability to implement the Energy Markets Tariff. However, implementation of the Energy Markets Tariff is now expected to be effective on April 1, 2005. On August 6, 2004, the FERC accepted the MISO's Energy Markets Tariff, subject to further compliance filings. On November 8, 2004, the FERC issued an order denying the requests for rehearing that were filed by a number of the MISO stakeholders including Ameren. However, a final order from the FERC on the compliance filings made by the MISO in response to the FERC's August 6 order is still pending. At this time, Ameren is unable to determine the full impact that the Energy Markets Tariff will have until further information is available regarding the implementation of the Energy Markets Tariff.

Until UE, CIPS, CILCO and IP achieve some degree of operational experience participating in the MISO, we are unable to predict the ultimate impact that such participation or ongoing RTO developments at the FERC or other regulatory authorities will have on our results of operations, financial position, or liquidity.

Hydroelectric License Renewal

In November 2004, the FERC formally accepted UE's February 2004 license renewal application, and it solicited terms and conditions from the U.S. Department of Interior and various state agencies to renew the license for its Osage hydroelectric plant for an additional 50-year term. The current FERC license expires on February 28, 2006. The license application proposes to continue operations at the Osage plant as a peaking facility, to upgrade four turbine units, and to maximize the hydroelectric capacity of the plant.

New Market Power Analysis Screen Order

In an order issued in April 2004, the FERC replaced the Supply Margin Assessment Screen previously used to review the applications by sellers of electricity at wholesale for authorization to sell power at market-based rates. The new system uses two alternative measures of market power: (1) a pivotal supplier analysis and (2) a market share analysis, which is to be prepared on a seasonal basis. Applicants located in a RTO with sufficient market structure and a single energy market were permitted to base these measures of market power on the size of the market in the geographic region under the control of the RTO. Other applicants were required to base these measures of market power on the size of the market in the control area in which they operate. If the applicant passes both screens, a rebuttable presumption will exist that it lacks generation market power. If the applicant fails either screen, a rebuttable presumption will exist that it has market power. Under such circumstances, the applicant may either seek to rebut the presumption by preparing a delivered price test (identifying the amount of economic capacity from neighboring areas that can be delivered to the control area) or propose mitigation measures. Unless some other mitigation measure is adopted, the applicant's authority to sell power at market-based rates in areas where it has market power will be revoked, and the applicant will be required to sell at cost-based rates in those areas.

UE, Genco, CIPS, CILCO, AERG, Development Company, Marketing Company, and Medina Valley currently have authorization from the FERC to sell power at market-based rates. As required, these Ameren companies filed an updated market power analysis with the FERC in December 2004. All of the Ameren companies pass both screen measures for the market consisting of the entire MISO footprint. In their December filing, they wrote that because MISO's Day Two Markets, at such date, were scheduled to begin March 1, 2005, the MISO footprint was the only relevant market for measuring whether any of the Ameren companies possess market power as defined by the FERC. Also in their December filing, they offered to submit supplemental information that applies the new tests to smaller markets consisting of the control areas in which the Ameren companies sell power, if the MISO Day Two Markets did not begin on March 1, 2005, as originally scheduled. In January 2005, the effective date of the MISO Day Two was moved to April 1, 2005; however, with only a one-month delay, we still believe that applying the new screens on the basis of the entire MISO footprint is inappropriate. In January 2005, the MJMEUC filed a protest to our December filing. The MJMEUC is an association of Missouri municipal customers, that purchase transmission service from Ameren. In its protest, the MJMEUC contends that the Ameren companies have not shown they lack market power, that the MISO footprint is not the relevant market, and that the MISO's energy markets will not be sufficient to protect consumers from market power abuses, especially with respect to long-term markets. In February 2005, the Ameren companies filed a response to the MJMEUC's protest, responding to each of these claims. We are unable to anticipate how or when the FERC will respond to our December filing and to any supplemental filing. Therefore, we are unable to predict the ultimate impact the new screens will have on our ability to sell power at market-based rates.

Regulatory Assets and Liabilities

In accordance with SFAS No. 71, UE, CIPS, CILCO and IP defer certain costs pursuant to actions of regulators and are currently recovering such costs in rates charged to customers.

The following table presents our regulatory assets and regulatory liabilities at December 31, 2004 and 2003:

	Ameren(a)	UE	CIPS	CILCORP(b)	CILCO	IP(c)
2004:						
Regulatory assets:						
Income taxes(d)(e)	$ 335	$ 332	$ 2	$ 1	$ 1	$ -
Asset retirement obligation(e)(f)	124	124	-	-	-	-
Callaway costs(g)	73	73	-	-	-	-
Unamortized loss on reacquired debt(e)(h)	89	37		5	5	41
Recoverable costs – contaminated facilities(e)(i)	87	1		4	4	57
IP integration(j)	59	-	-	-	-	59
Recoverable costs – debt fair value adjustment(k)	40	-		-	-	40
Other(e)(l)	22	18	-	1	1	1
Total regulatory assets	$ 829	$ 585	$ 33	$ 11	$ 11	$ 198
Regulatory liabilities:						
Income taxes(m)	$ 219	$ 189	$ 13	$ 17	$ 17	$ (1)
Removal costs(n)	823	587	138	21	159	77
Total regulatory liabilities	$ 1,042	$ 776	$ 151	$ 38	$ 176	$ 76

	Ameren(a)	UE	CIPS	CILCORP(b)	CILCO	IP(c)
2003:						
Regulatory assets:						
Income taxes(d)(e)	$ 431	$ 425	$ -	$ 6	$ 6	$ -
Asset retirement obligation(e)(f)	122	122	-	-	-	-
Callaway costs(g)	77	77	-	-	-	-
Unamortized loss on reacquired debt(e)(h)	46	36		5	5	47

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Central Illinois Public Service Company	(1) X An Original (2) _ A Resubmission	/ /	2004/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

Recoverable costs – contaminated facilities(e)(i)	27	-		4	4	39
Transition period cost-recovery(o)	-	-		-	-	117
Clinton decommissioning cost-recovery(p)	-	-		-	-	5
Other(e)(l)	26	25	-	1	1	-
Total regulatory assets	$ 729	$ 685	$ 28	$ 16	$ 16	$ 208
Regulatory *liabilities*:						
Income taxes(m)	$ 127	$ 96	$ 14	$ 17	$ 17	$ 57
Removal costs(n)	697	556	131	7	150	72
Total regulatory liabilities	$ 824	$ 652	$ 145	$ 24	$ 167	$ 129

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.

(b) CILCORP *consolidates* CILCO *and therefore includes* CILCO *amounts in its balances.*

(c) 2003 amounts represent predecessor information.

(d) Amount represents SFAS No. 109 deferred tax asset. See Note 13 – Income Taxes for amortization period.

(e) These assets do not earn a return.

(f) Represents recoverable costs for asset retirement obligations at our rate-regulated operations. See SFAS No. 143 discussion in Note 1 – Summary of Significant *Accounting Policies.*

(g) Represents UE's Callaway nuclear plant operations and maintenance expenses, property taxes, and carrying costs incurred between the plant in-service date and the date the plant was reflected in rates. These costs are being amortized over the remaining life of the plant's current operating license through 2024.

(h) Represents losses related to repaid debt. These amounts are being amortized over the lives of the related new debt issues or the remaining lives of the old debt issues if no new debt was issued.

(i) Represents the recoverable portion of accrued environmental site liabilities primarily collected from electric and gas customers through ICC-approved revenue riders in Illinois.

(j) Represents reorganization costs related to the integration of IP into the Ameren system and the restructuring of IP. Per the ICC order approving Ameren's acquisition of IP, these costs are recoverable over four years after 2006 through rates.

(k) Represents a portion of IP's unamortized debt fair value adjustment recorded upon Ameren's acquisition of IP at September 30, 2004. This portion will be amortized over the remaining life of the related debt upon expiration of the electric rate freeze in Illinois in 2006.

(l) Represents Y2K expenses being amortized over six years starting in 2002, in conjunction with the *2002 settlement of UE's Missouri electric rate case and a DOE* decommissioning assessment being amortized over 14 years through 2007. In addition, this amount includes the portion of merger-related expenses applicable to the Missouri retail jurisdiction, which are being amortized through 2007 based on a MoPSC order.

(m) Represents unamortized portion of investment tax credit and federal excess taxes. See Note 13 – Income Taxes for amortization period.

(n) Represents estimated funds collected for the eventual dismantling and removing plant from service, net of salvage value, upon retirement related to our rate-regulated operations. See SFAS No. 143 discussion in Note *1 – Summary of Significant Accounting Policies.*

(o) Represents potentially noncompetitive investment costs (stranded costs) that IP was allowed to recover from retail customers during the transition period (until December 31, 2006) through frozen bundled rates and transition charges from customers who select other electric suppliers.

(p) Represents ICC-allowed decommissioning costs associated with IP's former nuclear plant. The regulatory asset for the probable future collections from rate payers of decommissioning costs was amortized as the decommissioning costs are collected. See Note 15 – Commitments and Contingencies for further discussion.

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

IP's predecessor financial statements included a cost-recovery asset related to the recovery of certain stranded costs during the Illinois Customer Choice Law transition period, which extends until December 31, 2006. IP had recorded a regulatory asset of $341 million in 1998 for the portion of its stranded costs it expected to recover during the transition period. The transition-period cost-recovery asset amortization reflected in IP's predecessor statement of income was $29 million during the nine months ended September 30, 2004, $39 million in 2003, and $71 million in 2002. No value was assigned to the transition-period cost-recovery asset in the allocation of the purchase price for IP upon the acquisition by Ameren on September 30, 2004. See Note 2 – Acquisitions for more information regarding the purchase price allocation.

NOTE 4 – PROPERTY AND PLANT, NET

The following table presents property and plant, net for each of the Ameren Companies at December 31, 2004 and 2003:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO	IP(b)
2004:							
Property and plant, at original cost:							
Electric	$ 18,050	$11,082	$ 1,314	$2,538	$ 1,008	$ 1,560	$1,490
Gas	1,248	312	302	-	176	455	458
Other	262	39	5	-	48	2	1
	19,560	11,433	1,621	2,538	1,232	2,017	1,949
Less: Accumulated depreciation and amortization	6,994	4,885	673	831	105	904	30
	12,566	6,548	948	1,707	1,127	1,113	1,919
Construction work in progress:							
Nuclear fuel in process	90	90	-	-	-	-	-
Other	641	437	5	42	52	52	65
Property and plant, net	$ 13,297	$7,075	$ 953	$1,749	$ 1,179	$ 1,165	$1,984
2003:							
Property and plant, at original cost:							
Electric	$ 16,050	$10,715	$ 1,289	$2,530	$ 981	$ 1,475	$2,279
Gas	743	282	295	-	166	445	770
Other	211	37	5	-	2	2	-
	17,004	11,034	1,589	2,530	1,149	1,922	3,049
Less: Accumulated depreciation and amortization	6,591	4,688	642	777	58	857	1,199
	10,413	6,346	947	1,753	1,091	1,065	1,850
Construction work in progress:							
Nuclear fuel in process	66	66	-	-	-	-	-
Other	441	346	8	21	36	36	99
Property and plant, net	$ 10,920	$6,758	$ 955	$1,774	$ 1,127	$ 1,101	$1,949

(a) 2003 amounts exclude amounts for IP; includes amounts for non-Registrant Ameren subsidiaries as well as intercompany eliminations.
(b) 2003 amounts represent predecessor information.

NOTE 5 – SHORT-TERM BORROWINGS AND LIQUIDITY

Short-term borrowings typically consist of commercial paper issuances and drawings under committed bank credit facilities with maturities generally within 1 to 45 days.

The following table summarizes the short-term borrowing activity and relevant interest rates for the years ended December 31, 2004 and 2003, respectively:

	Ameren(a)	UE	IP(b)
2004:			
Short-term borrowings at December 31, 2004	$ 417	$ 375	$ -
Average daily borrowings outstanding during the year	47	33	-
Weighted average interest rate during 2004	2.19%	1.56%	0.0%
Peak short-term borrowings during 2004	419	375	-
Peak interest rate during 2004	2.97%	2.40%	0.0%
2003:			
Short-term borrowings at December 31, 2003	$ 161	$ 150	$ -
Average daily borrowings outstanding during the year	24	24	33
Weighted average interest rate during 2003	1.10%	1.10%	2.60%
Peak short-term borrowings during 2003	228	228	100
Peak interest rate during 2003	2.08%	1.20%	2.60%

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.

(b) 2003 represents predecessor information.

At December 31, 2004, certain of the Ameren Companies had commited bank credit facilities totaling $1,164 million, $789 million of which was available for use, subject to applicable regulatory short-term borrowing authorizations, by UE, CIPS, CILCO, IP, and Ameren Services through a utility money pool arrangement. At December 31, 2004, UE had $375 million of commercial paper borrowings outstanding, which reduced the available amounts under these facilities. All of the $789 million was available for use, subject to applicable regulatory short-term borrowing authorizations, by Ameren directly, by CILCORP through direct short-term borrowings from Ameren, and by most of the non-rate-regulated subsidiaries including, but not limited to, Resources Company, Genco, Marketing Company, AFS, AERG, and Ameren Energy, through a non-state-regulated subsidiary money pool agreement. 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 between rate-regulated and non-rate-regulated entities. In addition, a unilateral borrowing agreement exists between Ameren, IP and Ameren Services, which enables IP to make short-term borrowings directly from Ameren. The aggregate amount of borrowings outstanding at any time by IP under the unilateral borrowing agreement and the utility money agreement, together with any outstanding external short-term borrowings by IP, may not exceed $500 million pursuant to authorizations from the ICC and the SEC under the PUHCA. Ameren Services is responsible for operation and administration of the agreements. See Note 14 -- Related Party Transactions for a detailed explanation of the money pool arrangements and the unilateral borrowing agreement. The committed bank credit facilities are used to support our commercial paper programs under which $375 million was outstanding for Ameren on a consolidated basis at December 31, 2004 (2003 - $150 million). Access to our credit facilities for all Ameren Companies is subject to reduction based on use by affiliates.

In April 2004, UE renewed, for an additional one-year term, its $75 million 364-day committed credit facility, which is to be used for general corporate purposes, including support of its commercial paper program. This facility makes borrowings available at various interest rates based on London Interbank Offered Rate (LIBOR), agreed rates, and other options. CIPS, CILCO and IP can access this facility through the utility money pool agreement.

In July 2004, Ameren entered into two new revolving credit facilities totaling $700 million to be used for general corporate purposes, including support of Ameren and UE commercial paper programs. The $700 million in new facilities includes a $350 million three-year revolving credit facility and a $350 million five-year revolving credit facility. These new credit facilities replaced Ameren's existing $235 million 364-day revolving credit facility, which matured in July 2004, and a $130 million multiyear revolving credit facility, which would have matured in July 2005. In September 2004, an existing Ameren $235 million multiyear revolving facility, which matures in July 2006, was amended and restated to accommodate Ameren's acquisition of IP and to conform with the two credit facilities entered into in July 2004.

EEI has two bank credit agreements totaling $45 million with maturities through June 2005. At December 31, 2004, $7 million was available under these committed credit facilities.

Borrowings under Ameren's non-state-regulated subsidiary money pool agreement by Genco, Development Company, and Medina Valley, each an "exempt wholesale generator," are considered investments for purposes of the 50% SEC aggregate investment limitation. Based on Ameren's aggregate investment in these "exempt wholesale generators" as of December 31, 2004, the maximum permissible borrowings under Ameren's non-state-regulated subsidiary money pool pursuant to this limitation for these entities totaled $507 million.

Indebtedness Provisions and Other Covenants

Certain of the Ameren Companies' bank credit agreements contain provisions which, among other things, place restrictions on the ability to incur liens, sell assets, and merge with other entities. Certain of these credit agreements also contain a provision that limits Ameren's, UE's, CIPS' and CILCO's total indebtedness to 60% of total capitalization pursuant to a calculation defined in the agreement. Exceeding these debt levels would result in a default under the credit arrangements. As of December 31, 2004, the ratio of total indebtedness to total capitalization (calculated in accordance with this provision) for Ameren, UE, CIPS and CILCO was 50%, 44%, 53% and 43%, respectively (2003 - 52%, 44%, 54%, 53%). From and after March 31, 2005, IP's total indebtedness will also be limited by this provision. In addition, certain of these credit agreements contain indebtedness cross-default provisions and material adverse change clauses that could trigger a default under these facilities in the event that any of Ameren's subsidiaries (subject to the definition in the underlying credit agreements), other than certain project finance subsidiaries, defaults in indebtedness in excess of $50 million. The credit agreements also require us to meet minimum ERISA funding rules.

None of the Ameren Companies' credit agreements or financing arrangements contain credit rating triggers. One of EEI's credit agreements contains a credit rating trigger under which a default can occur in the event any of the sponsor's (as defined in the credit agreements) credit rating falls below Baa3 or BBB- by Moody's and S&P and the sponsor does not cover a payment default. A $100 million CILCO bank term loan containing a credit rating trigger was repaid in February 2004. At December 31, 2004, the Ameren Companies and EEI were in compliance with their credit agreement provisions and covenants.

NOTE 6 – LONG-TERM DEBT AND EQUITY FINANCINGS

The following table presents long-term debt outstanding for the Ameren Companies and EEI as of December 31, 2004 and 2003:

		2004		2003
Ameren Corporation (parent):				
2002 5.70% notes due 2007	$	**100**	$	100
Senior notes due 2007		**345**		345
Total long-term debt, gross		**445**		445
Less: Maturities due within one year		**-**		-
Long-term debt, net	$	**445**	$	445
UE:				
First mortgage bonds:[a]				
6.875% Series due 2004	$	**-**	$	188
7.375% Series due 2004		**-**		85
6.75% Series due 2008		**148**		148
5.25% Senior secured notes due 2012		**173**		173
4.65% Senior secured notes due 2013		**200**		200
4.75% Senior secured notes due 2015		**114**		114
5.10% Senior secured notes due 2018		**200**		200

7.00% Series due 2024	-	100
5.45% Series due 2028[(b)]	44	44
5.50% Senior secured notes due 2034	184	184
5.10% Senior secured notes due 2019	300	-
5.50% Senior secured notes due 2014	104	-
Environmental improvement and pollution control revenue bonds: [(b)(c)]		
1991 Series due 2020	43	43
1992 Series due 2022	47	47
1998 Series A due 2033	60	60
1998 Series B due 2033	50	50
1998 Series C due 2033	50	50
2000 Series A due 2035	64	64
2000 Series B due 2035	63	63
2000 Series C due 2035	60	60
Subordinated deferrable interest debentures		
7.69% Series A due 2036[(d)]	66	66
Capital lease obligations:		
Nuclear fuel lease	-	67
City of Bowling Green lease (Peno Creek CT)	96	100
Total long-term debt, gross	2,066	2,106
Less: *Unamortized discount and premium*	(4)	(4)
Less: Maturities due within one year	(3)	(344)
Long-term debt, net	$ 2,059	$ 1,758
CIPS:		
First mortgage bonds:[(a)]		
6.49% Series 1995-1 due 2005	$ 20	$ 20
7.05% Series 1997-2 due 2006	20	20
5.375% Series due 2008	15	15
6.625% Series due 2011	150	150
7.61% Series 1997-2 due 2017	40	40
6.125% Series due 2028	60	60
Environmental improvement Series 2004 due 2025[(a)(b)(c)]	35	-
Pollution control revenues bonds 2000 Series A 5.50% due 2014[(c)]	51	51
1993 Series C-1 5.95% due 2026[(e)]	35	35

1993 Series C-2 5.70% due 2026	8	25
1993 Series A 6.375% due 2028	-	35
1993 Series B-1 5.0% due 2028[c]	17	17
1993 Series B-2 5.90% due 2028	-	18
Total long-term debt, gross	451	486
Less: Unamortized discount and premium	(1)	(1)
Less: Maturities due within one year	(20)	-
Long-term debt, net	$ 430	$ 485

	2004	2003
Genco:		
Unsecured notes:		
2000 Senior notes Series C 7.75% due 2005	$ 225	$ 225
2000 Senior notes Series D 8.35% due 2010	200	200
2002 Senior notes Series F 7.95% due 2032	275	275
Total long-term debt, gross	700	700
Less: Unamortized discount and premium	(2)	(2)
Less: Maturities due within one year	(225)	-
Long-term debt, net	$ 473	$ 698
CILCORP (parent):[f]		
8.70% Senior notes due 2009	$ 198	$ 198
9.375% Senior notes due 2029	220	237
Fair market value adjustments	83	96
Long-term debt, net	$ 501	531
CILCO:		
First mortgage bonds[a]:		
7.50% Series due 2007	$ 50	$ 50
Medium-term notes:[a]		
6.13% Series due 2005	16	16
7.73% Series due 2025	20	20
Pollution control refunding bonds[a] [b]		
Series 2004 due 2039[c]	19	-
6.50% Series 1992C due 2010	-	5
6.20% Series 1992B due 2012	1	1

6.50% Series 1992A due 2018		-		14
5.90% Series 1993 due 2023		32		32
Bank term loans:				
Secured bank term loan due 2004		-		100
Total long-term debt, gross		138		238
Less: Unamortized discount and premium		-		-
Less: Maturities due within one year		(16)		(100)
Long-term debt, net	$	122	$	138
CILCORP consolidated long-term debt, net	$	623	$	669
IP:				
Mortgage Bonds(a):				
6.75% series due 2005	$	70	$	70
7.50% series due 2009		250		250
7.50% series due 2025		-		66
11.50% series due 2010		-		550
Pollution control revenue bonds(a)(b)				
5.70% 1994A Series due 2024		36		36
7.40% 1994B Series due 2024		-		84
5.40% 1998A Series due 2028		19		19
5.40% 1998B Series due 2028		33		33
Adjustable rate series due 2032 (1997 Series A, B and C)(c)		150		150
Adjustable rate series due 2028 (Series 2001)(c)		112		112
Adjustable rate series due 2017 (Series 2001)(c)		75		75
Tilton capital lease obligation		-		71
Fair market value adjustments		43		9
Total long-term debt, gross		788		1,525
Less: Unamortized discount and premium		(5)		(19)
Less: Maturities due within one year		(70)		(71)
Long-term debt, net	$	713	$	1,435
Long-term debt payable to IP SPT				
5.38% due 2005 A-5	$	20	$	106
5.54 due 2007 A-6		175		175
5.65 due 2008 A-7		139		139
Fair market value adjustments		18		(1)
Total long-term debt payable to IP SPT		352		419

Less: Maturities due within one year[g]		(74)		(74)
Long-term debt payable to IP SPT, net	$	278	$	345

		2004		2003
EEI:				
2000 Bank term loan, 7.61% due 2004	$	-	$	40
1991 Senior medium term notes 8.60% due through 2005		7		13
1994 Senior medium term notes 6.61% due through 2005		8		16
Total long-term debt, gross		15		69
Less: Maturities due within one year		15		54
Long-term debt, net	$	-	$	15
Less: IP Long-term debt prior to acquisition date		-		(1,780)
Ameren consolidated long-term debt, net	$	5,021	$	4,070

(a) At December 31, 2004, a majority of property and plant was mortgaged under, and subject to liens of, the respective indentures pursuant to which the bonds were issued. Substantially all of long-term debt issued by UE, CIPS, CILCO and IP is secured by a lien on substantially all of its property and franchises.

(b) Environmental Improvement or Pollution Control Series secured by first mortgage bonds. In addition, UE's 1991, 1992, 1998 and 2000 series; CIPS' 2004 series and CILCO's 2004 series bonds are backed by an insurance guarantee policy.

(c) Interest rates, and the periods during which such rates apply, vary depending on our selection of certain defined rate modes. The average interest rates for the years 2004 and 2003 were as follows:

	2004	2003			2004	2003
UE 1991 Series	1.39%	1.60%		CIPS Series 2004	1.56%	-
UE 1992 Series	1.43%	1.64%		CILCO Series 2004	1.55%	-
UE 1998 Series A		1.30%	1.75%	IP 1997 Series A	1.68%	1.85%
UE 1998 Series B		1.28%	1.75%	IP 1997 Series B	1.55%	1.75%
UE 1998 Series C		1.26%	1.77%	IP 1997 Series C	1.535%	1.55%
UE 2000 Series A		1.19%	1.80%	IP Series 2001 (amortizing)	1.56%	1.85%
UE 2000 Series B		1.24%	1.77%	IP Series 2001	1.58%	1.75%
UE 2000 Series C		1.23%	1.75%			

(d) Under the terms of the subordinated debentures, UE may, under certain circumstances, defer the payment of interest for up to five years. Upon the election to defer interest payments, UE dividend payments to Ameren are prohibited.

(e) Variable-rate tax-exempt pollution control indebtedness that was converted to long-term fixed rates.

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

(g) IP's long-term debt payable to IP SPT was reduced by $12 million of overfunding at both December 31, 2004 and 2003.

The following table presents the aggregate maturities of long-term debt for the Ameren Companies at December 31, 2004:

	Ameren	UE	CIPS	Genco	CILCORP (parent)[a]	CILCO	IP[b]	Ameren
2005[c]	$ -	$ 3	$ 20	$ 225	$ -	$ 16	$ 144	$ 423
2006	-	4	20	-	-	-	86	110
2007	445	4	-	-	-	50	86	585
2008	-	152	15	-	-	-	87	254

2009	-	4	-	-	198	-	250	452
Thereafter	-	1,899	396	475	220	72	426	3,488
Total	$ 445	$2,066	$ 451	$ 700	$ 418	$ 138	$ 1,079	$ 5,312

(a) Excludes $83 million related to CILCORP's long-term debt fair market value adjustments.
(b) Excludes $61 million related to IP's long-term debt fair market value adjustments.
(c) Total maturities of $423 million include $15 million of EEI current maturities of long-term debt.

All of the Ameren Companies expect to fund maturities of long-term debt and contractual obligations through a combination of cash flow from operations and external financing. See Note 5 – Short-term Borrowings and Liquidity for a discussion of external financing availability.

The following table presents the authorized amounts under Form S-3 shelf registration statements filed and declared effective for certain of the Ameren Companies as of January 31, 2005:

	Authorized Date	Authorized Amount	Issued	Available
Ameren(a)	June 2004	$ 2,000	$ 459	$ 1,541
UE(b)	September 2003	1,000	689	311
CIPS	May 2001	250	150	100

(a) Ameren issued securities totaling $875 million under the August 2002 shelf registration statement and $459 million under the September 2003 shelf registration statement.
(b) UE issued securities totaling $200 million in 2003, $404 million in 2004 and $85 million in January 2005.

Ameren

In February 2004, Ameren issued, pursuant to an August 2002 SEC Form S-3 shelf registration statement, 19.1 million shares of its common stock at $45.90 per share, for net proceeds of $853 million. This issuance substantially depleted all of the capacity under the August 2002 shelf registration statement. In June 2004, the SEC declared effective a Form S-3 shelf registration statement filed by Ameren and its subsidiary trusts covering the offering from time to time of up to $2 billion of various types of securities, including long-term debt, trust preferred securities, and equity securities. In July 2004, Ameren issued, pursuant to the June 2004 Form S-3 shelf registration statement, 10.9 million shares of its common stock at $42.00 per share, for net proceeds of $445 million. The proceeds from both of these offerings were used to pay the cash portion of the purchase price for our acquisition of IP and Dynegy's 20% interest in EEI and, as described below under IP, to reduce IP debt assumed as part of the acquisition and to pay related premiums.

The purchase of IP on September 30, 2004, included the assumption of IP debt and preferred stock at closing of $1.8 billion. The assumed debt and preferred stock included $936 million of mortgage bonds, $509 million of pollution control indebtedness supported by mortgage bonds, $352 million of TFNs issued by IP SPT, and $13 million of preferred stock not acquired and owned by Ameren. Upon acquisition, total IP debt was increased to fair value by $191 million. The adjustment to the fair value of each debt series is being amortized over its remaining life, or to the expected redemption date, to interest expense.

In March 2004, the SEC declared effective a Form S-3 registration statement filed by Ameren in February 2004, authorizing the offering of 6 million additional shares of its common stock under DRPlus. Shares of common stock sold under DRPlus are, at Ameren's option, newly issued shares or treasury shares, or shares purchased in the open market or in privately negotiated transactions. Ameren is currently selling newly issued shares of its common stock under DRPlus. In December 2001, Ameren began issuing new shares of common stock in connection with certain of our 401(k) plans pursuant to effective Form S-8 registration statements. Under DRPlus and our 401(k) plans, Ameren issued a total of 2.3 million shares of common stock in 2004 valued at $107 million. Under the DRPlus and our 401(k) plans, Ameren issued 2.5 million and 2.3 million shares of common stock in 2003 and 2002, respectively, which were valued at $105 million and $93 million for the respective years.

In March 2002, Ameren issued $345 million of adjustable conversion-rate equity security units and $227 million (gross proceeds) of common stock (5 million shares at $39.50 per share and 750,000 shares, pursuant to the exercise of an option granted to the underwriters, at $38.865 per share). The $25 adjustable conversion-rate equity security units each consisted of an Ameren senior unsecured note with a principal amount of $25 and a contract to purchase, for $25, a fraction of a share of Ameren common stock on May 15, 2005. The senior unsecured notes were recorded at their fair value of $345 million and will mature on May 15, 2007. Total distributions on the equity security units were originally made at an annual rate of 9.75%, consisting of quarterly interest payments on the senior unsecured notes at the initial annual rate of 5.20% and contract adjustment payments under the stock purchase contracts at the annual rate of 4.55%. In February 2005, the annual interest rate on $375 million principal amount of Ameren's senior unsecured notes due May 15, 2007, was reset from 5.20% to 4.263%. The stock purchase contracts require holders to purchase 8.7 million to 7.4 million shares of Ameren common stock on May 15, 2005, at the market price at that time, subject to a minimum share purchase price of $39.50 and a maximum of $46.61. The stock purchase contracts included a pledge of the related senior unsecured notes as collateral for the stock purchase obligation. As a result of the February 2005 remarketing of the senior unsecured notes, treasury securities were substituted for the senior unsecured notes and are currently pledged as collateral for the stock purchase obligation and the senior unsecured notes were released from the pledge. In 2002, we recorded the net present value of the stock purchase contract adjustment payments of $46 million as an increase in Other Deferred Credits and Liabilities to reflect our obligation and a decrease in Other Paid-in Capital to reflect the fair value of the stock purchase contract. The liability for the stock purchase contract adjustment payments (December 31, 2004 - $6 million; December 31, 2003 - $21 million) will be reduced as such payments are made through May 15, 2005.

As discussed above, in February 2005, the annual interest rate on the $345 million principal amount of Ameren's senior unsecured notes due May 15, 2007 was reset from 5.20% to 4.263%. These senior unsecured notes were originally issued in March 2002 as a component of Ameren's publicly traded adjustable conversion-rate equity security units. As required by the original terms of the agreement, the interest rate was reset because Ameren remarketed these senior unsecured notes. The proceeds from the remarketing of the senior unsecured notes were used by the former holders of the adjustable conversion-rate equity security units to purchase treasury securities to secure their obligations to purchase Ameren common stock pursuant to the stock purchase contracts in May 2005. As part of this remarketing, Ameren also repurchased $95 million in principal amount of the senior unsecured notes; it has subsequently retired these notes.

UE

In 2004, UE received a capital contribution from Ameren totaling $16 million, as a result of an allocation of income tax benefit in 2004 and 2003, pursuant to the tax-allocation agreement among the Ameren Companies.

UE had a lease agreement, scheduled to expire on August 31, 2031, that provided for the financing of a portion of its nuclear fuel that was processed for use or was consumed at UE's Callaway nuclear plant. In February 2004, UE terminated this lease with a final payment of $67 million made in January 2004.

In February and March 2004, in connection with the delivery of bond insurance policies to secure the environmental improvement and pollution control revenue bonds (Series 1991, 1992, 1998A, 1998B, 1998C, 2000A, 2000B and 2000C) previously issued by the Missouri Environmental Authority, UE delivered separate series of its first mortgage bonds (which are subject to fallaway provisions, as defined in the related financing agreements, similar to those included in its first mortgage bonds that secure UE's senior secured notes) to secure its respective obligations under the existing loan agreements with the Missouri Environmental Authority relating to such environmental improvement and pollution control revenue bonds. As a result, the environmental improvement and pollution control revenue bonds were rated Aaa, AAA, and AAA by Moody's, S&P, and Fitch, respectively.

In May 2004, UE issued, pursuant to its September 2003 SEC Form S-3 shelf registration statement, $104 million of 5.50% senior secured notes due May 15, 2014, with interest payable semi-annually on May 15 and November 15 of each year beginning in November 2004. UE received net proceeds of $103 million, which were used to redeem its $100 million 7.00% first mortgage bonds due 2024.

In September 2004, UE issued, pursuant to its September 2003 SEC Form S-3 shelf registration statement, $300 million of 5.10% senior secured notes due October 1, 2019, with interest payable semi-annually on April 1 and October 1 of each year beginning in April 2005. UE received net proceeds of $298 million, which were used to repay short-term debt temporarily incurred to fund the maturity of UE's $188 million 6.875% first mortgage bonds on August 1, 2004, and to repay other short-term debt, which consisted of borrowings under the utility money pool arrangement.

In January 2005, UE issued, pursuant to its September 2003 SEC Form S-3 shelf registration statement, $85 million of 5.00% senior secured notes due February 1, 2020, with interest payable semi-annually on February 1 and August 1 of each year beginning in August 2005. UE received net proceeds of $83 million, which were used to repay short-term debt temporarily incurred to fund the maturity of UE's $85 million 7.375% 2004 first mortgage bonds.

In December 2002, upon receipt of all necessary federal and state regulatory approvals, UE, pursuant to Missouri economic development statutes, conveyed most of its Peno Creek CT facility to the city of Bowling Green, Missouri in exchange for the issuance by the city of a taxable industrial development revenue bond in the amount of $103 million. Concurrently, the city leased back the facility to UE for a term of 20 years. The lease term is the same as the final maturity of the bond purchased by UE. Although the lease is a capital lease, no capital was raised in the transaction. UE is responsible for making rental payments under the lease in an amount sufficient to pay the debt service of the bond. The city's ownership of the facility during the term of the bond and the lease will result in property tax savings to UE. Under the terms of the lease, UE retains all operation and maintenance responsibilities for the facility and ownership of the facility is returned to UE at the expiration of the lease.

CIPS

In November 2004, CIPS issued, through the Illinois Finance Authority, $35 million of Series 2004 environmental improvement revenue refunding bonds due in 2025, currently in a variable-rate Dutch auction interest rate mode. These bonds are insured by a bond insurance policy and secured by first mortgage bonds (which are subject to fallaway provisions, as defined in the related financing agreements, similar to those which secure CIPS' senior secured notes). As a result, the environmental improvement revenue refunding bonds were rated Aaa, AAA, and AAA by Moody's, S&P, and Fitch, respectively. The proceeds received from the issuance of the $35 million Series 2004 bonds were used to redeem, at par, CIPS' $35 million 6.375% 1993 Series A due 2028 pollution-control revenue bonds. In December 2004, CIPS redeemed prior to maturity, $18 million of its 5.90% 1993 Series B-2 pollution control bonds due 2028 and $17 million of its $25 million 5.70% 1993 Series C-2 pollution control bonds due 2026. These redemptions were made with available cash and borrowings from the utility money pool agreement.

Ameren, UE and CIPS may sell all, or a portion of, the remaining securities registered under their open SEC registration statements if market conditions and capital requirements warrant. Any offer and sale will be made only by means of a prospectus meeting the requirements of the Securities Act of 1933 and its rules and regulations.

CILCORP

In conjunction with Ameren's acquisition of CILCORP, CILCORP's long-term debt was recorded at fair value. This resulted in recognition of fair-value adjustment increases of $71 million related to CILCORP's 9.375% senior bonds due 2029 and $40 million related to its 8.70% senior notes due 2009. Amortization related to these fair value adjustments was $8 million for the year ended December 31, 2004 (2003 - $7 million), and was included in interest expense in the Consolidated Statements of Income of Ameren and CILCORP.

In May 2004, CILCORP repurchased $15 million in principal amount of its 9.375% senior bonds. In July 2004, it repurchased an additional $2 million in principal amount of these bonds. In conjunction with these debt repurchases, the fair-value adjustment on these bonds was reduced by
$5 million for the year ended December 31, 2004.

CILCO

In February 2004, CILCO repaid its secured bank term loan totaling $100 million with borrowings from the utility money pool agreement.

In November 2004, CILCO issued, through the Illinois Finance Authority, $19 million of Series 2004 environmental improvement revenue refunding bonds due in 2039, currently in a variable-rate Dutch auction interest rate mode. These bonds are insured by a bond insurance policy and are secured by first mortgage bonds (which are subject to fallaway provisions, as defined in the related financing agreements, similar to those included in the first mortgage bonds which secure UE's and CIPS' senior secured notes). As a result, the environmental improvement revenue refunding bonds were rated Aaa, AAA, and AAA by Moody's, S&P, and Fitch, respectively. The

Series 2004 bonds are subject to a mandatory sinking fund redemption totaling $5 million at par on October 1, 2026, with the remainder of $14 million in principal amount due October 1, 2039. The proceeds received from the issuance were used to redeem CILCO's $14 million 6.50% Series 1992 A due 2018 and $5 million 6.50% Series 1992 C due 2010 pollution control revenue bonds.

IP

In conjunction with Ameren's acquisition of IP, IP's long-term debt was increased to fair value by $195 million. Amortization related to fair-value adjustments was $14 million for the year ended December 31, 2004 (2003 - $1 million) and was included in interest expense in the Consolidated Statements of Income of Ameren and IP.

In November 2004, pursuant to an equity clawback provision in the related bond indenture, IP redeemed $192.5 million principal amount of its 11.50% Series mortgage bonds due 2010. The redemption price was equal to $1,115 per $1,000 principal amount, plus accrued and unpaid interest to the redemption date. Also in November 2004, IP completed a cash tender offer for $351 million of these bonds. The tender offer consideration paid was $1,214 per $1,000 principal amount plus accrued and unpaid interest to the settlement date. This tender offer satisfied IP's indenture obligation to offer to purchase the bonds resulting from the change of control of IP upon its acquisition by Ameren. In December 2004, IP repurchased an additional $6.5 million principal amount of these bonds at a redemption price of $1,207 per $1000 principal amount plus accrued unpaid interest. At December 31, 2004, only $33,000 principal amount of these bonds remained outstanding.

In December 2004, IP redeemed $66 million principal amount of its 7.50% Series mortgage bonds due 2025 at a redemption price of 103.105% of the principal amount plus accrued interest and $84 million in principal amount of its 7.40% Series 1994 B pollution control bonds due 2024 at a redemption price of 102% of the principal amount plus accrued and unpaid interest. This indebtedness, along with the redemption and repurchase of the 11.50% Series mortgage bonds due 2010 described above, were funded by IP through equity contributions made by Ameren in the fourth quarter of 2004 totaling $871 million. In conjunction with these debt repurchases, the fair value adjustment on IP's long-term debt was reduced by $103 million for the year ended December 31, 2004.

In December 1998, the IP SPT issued $864 million of TFNs as allowed under the Illinois Electric Utility Transition Funding Law. In accordance with the Transitional Funding Securitization Financing Agreement, IP must designate a portion of the cash received from customer billings to fund payment of the TFNs. The amounts received are remitted to the IP SPT and are restricted for the sole purpose of paying down the TFNs. Due to the adoption of FIN No. 46R and resulting deconsolidation of IP SPT, certain amounts of restricted cash are netted against the current portion of IP's long-term debt payable to IP SPT on IP's December 31, 2004 and 2003, consolidated balance sheets.

In September 1999, IP entered into an operating lease on four gas turbines located in Tilton, Illinois and a separate land lease at the Tilton site. IP sublet the turbines to a predecessor of DMG in October 1999. In July 2004, subsequent to the expiration of a statutory notice period after a filing at the ICC, IP terminated its lease with the original lessor. DMG then executed a transfer agreement under which the original lessor sold the turbine assets to DMG for the full contract price of $81 million. Additionally, IP assigned its associated land lease on the Tilton site to a predecessor of DMG. For additional information relating to the Tilton capital lease and related asset retirement obligation liability and remeasurement, see Note 1 – Summary of Significant Accounting Policies.

EEI

In June 2004, EEI repaid its $40 million bank term loan at maturity with proceeds received from EEI's credit facilities.

In December 2004, EEI repaid $6 million of its 8.60% medium-term notes and $8 million of its 6.61% medium-term notes with proceeds received from EEI's credit facilities.

Indenture Provisions and Other Covenants

UE

UE's indenture agreements and articles of incorporation include covenants and provisions related to the issuances of first mortgage bonds and preferred stock. For the issuance of additional first mortgage bonds, earnings coverage of twice the annual interest charges on first mortgage bonds outstanding and to be issued is required. For the 12 months ended December 31, 2004, UE had a coverage ratio of 8.2 times the annual interest charges on the first mortgage bonds outstanding, which would permit UE to issue an additional $3.7 billion of first mortgage bonds at an assumed interest rate of 7%. For the issuance of additional preferred stock, earnings coverage of at least 2.5 times the annual dividend on preferred stock outstanding and to be issued is required under UE's articles of incorporation. For the 12 months ended December 31, 2004, UE had a coverage ratio of 63 times the annual dividend requirement on preferred stock outstanding, which would permit UE to issue an additional $2 billion in preferred stock at an assumed dividend rate of 7%. The ability to issue such securities in the future will depend on such tests at that time.

In addition, UE's mortgage indenture contains certain provisions that restrict the amount of common dividends that can be paid by UE. Under this mortgage indenture, $31 million of total retained earnings was restricted against payment of common dividends, except those dividends payable in common stock, which left $1.7 billion of free and unrestricted retained earnings at December 31, 2004.

CIPS

CIPS' indenture agreements and articles of incorporation include covenants that must be complied with before first mortgage bonds and preferred stock are issued. For the issuance of additional first mortgage bonds, earnings coverage of twice the annual interest charges on first mortgage bonds outstanding and to be issued is required, except in certain cases when additional first mortgage bonds are issued on the basis of retired bonds. For the 12 months ended December 31, 2004, CIPS had a coverage ratio of 3.1 times the annual interest charges for one year on the aggregate amount of bonds outstanding. Consequently, the most restrictive test under the indenture agreements would allow CIPS to issue an additional $134 million of first mortgage bonds, assuming an interest rate of 7%. For the issuance of additional preferred stock, earnings coverage of 1.5 times annual interest charges on all long-term debt and the annual preferred stock dividends is required under CIPS' articles of incorporation. For the 12 months ended December 31, 2004, CIPS had a coverage ratio of 2.1 times the sum of the annual interest charges and dividend requirements on all long-term debt and preferred stock outstanding as of December 31, 2004, and consequently had the availability to issue an additional $182 million of preferred stock, assuming a dividend rate of 7%. The ability to issue such securities in the future will depend on such coverage ratios at that time.

Genco

Genco's senior note indenture includes provisions that require it to maintain a senior debt service coverage ratio of at least 1.75 to 1 (for both the prior four fiscal quarters and for the succeeding four six-month periods) in order to pay dividends or to make payments of principal or interest under certain subordinated indebtedness, excluding amounts payable under its intercompany note payable to CIPS. For the 12 months ended December 31, 2004, this ratio was 5.0 to 1. In addition, the indenture also restricts Genco from incurring any additional indebtedness, with the exception of certain permitted indebtedness defined in the indenture, unless its senior debt service coverage ratio equals at least 2.5 to 1 for the most recently ended four fiscal quarters and its senior debt to total capital ratio would not exceed 60% – both after giving effect to the additional indebtedness on a pro-forma basis. This debt incurrence restriction is to be disregarded if both Moody's and S&P reaffirm the ratings of Genco in place at the time of debt incurrence after considering the additional indebtedness. As of December 31, 2004, Genco's senior debt to total capital ratio was 53%.

CILCORP

Covenants in CILCORP's indenture governing its $475 million (original issuance amount) senior notes and bonds require CILCORP to maintain a debt-to-capital ratio no greater than 0.67 to 1 and an interest coverage ratio of at least 2.2 to 1 in order to make any payment of dividends or intercompany loans to affiliates other than to its direct and indirect subsidiaries, including CILCO. However, in the event CILCORP is not in compliance with these tests, CILCORP may make such 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. For the 12 months ended December 31, 2004, CILCORP's debt-to-capital ratio was 0.58 to 1 and its interest coverage ratio was 2.3 to 1, calculated in accordance with applicable provisions of this indenture. At December 31, 2004, CILCORP's senior long-term debt ratings from S&P, Moody's, and Fitch were BBB+, Baa2, and BBB+, respectively. The common stock of CILCO is pledged as security to the holders of these senior notes and bonds.

CILCO

CILCO's indenture agreement and articles of incorporation include covenants that must be compiled with before CILCO may issue first mortgage bonds and preferred stock. For the issuance of additional first mortgage bonds, an earnings coverage of twice the annual interest requirements on first mortgage bonds outstanding and to be issued, or earnings of at least 12% of the principal amount of all bonds outstanding and to be issued is required, except in certain cases when additional first mortgage bonds are issued on the basis of retired bonds. For the 12 months ended December 31, 2004, CILCO had an earnings coverage ratio of 7.5 times the annual interest charges for one year on the aggregate amount of bonds outstanding or at least 53% of the principal amount of all mortgage bonds outstanding under the mortgage. Accordingly, the most restrictive test under the indenture agreement would allow CILCO to issue an additional $47 million of first mortgage bonds. For the issuance of additional shares of preferred stock, the articles of incorporation would allow CILCO to issue an additional $47 million of first mortgage bonds. For the issuance of additional shares of preferred stock, the articles of incorporation provide that no class of shares with rights superior to the currently issued preferred stock as to payment of dividends or as to assets shall be issued, unless the net income available for the payment of the dividends for a period of 12 consecutive calendar months within the 15 months immediately preceding the issuance shall be at least 2 ½ times the annual dividend requirements of all then-outstanding shares of preferred stock. Consequently, the most restrictive test under which CILCO could issue additional shares of preferred stock would allow CILCO to issue additional preferred stock in the amount of $155 million.

IP

IP's indenture agreements and articles of incorporation include covenants and provisions related to the issuance of first mortgage bonds and preferred stock. For the issuance of additional first mortgage bonds based on property additions, earnings coverage of twice the annual interest charges on first mortgage bonds outstanding and to be issued is required. For the 12 months ended December 31, 2004, IP had a coverage ratio of 1.88 times the annual interest charges on the first mortgage bonds outstanding, which would not permit IP to issue any additional first mortgage bonds based on property additions. However, as of December 31, 2004, IP had the ability to issue $1.3 billion of bonds based upon retired bond capacity, for which no earnings coverage test is required. For the issuance of additional preferred stock, earnings coverage of at least 1.5 times the annual dividend on preferred stock outstanding and to be issued is required under IP's articles of incorporation. For the 12 months ended December 31, 2004, IP had a coverage ratio of 1.37 times the annual dividend requirement on preferred stock outstanding, which would not permit IP to issue any additional preferred stock. The ability to issue such securities in the future will depend on such tests at that time.

The IP SPT TFNs contain restrictions that prohibit IP LLC from making any loan or advance to, or certain investments in, any other person. Also, as long as the TFNs are outstanding, the IP SPT shall not, directly or indirectly, pay any dividend or make any distribution (by reduction of capital or otherwise) to any owner of a beneficial interest in the IP SPT.

See Note 3 – Rate and Regulatory Matters for restrictions on IP's ability to declare and pay common stock dividends imposed by the ICC order approving Ameren's acquisition of IP.

Off-Balance Sheet Arrangements

At December 31, 2004, 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 7 – RESTRUCTURING CHARGES AND OTHER SPECIAL ITEMS

Ameren and UE recorded a pretax coal contract settlement gain of $51 million in 2003. This gain represented a return of coal costs plus accrued interest accumulated by a coal supplier for reclamation of a coal mine that supplied a UE power plant. UE entered into a settlement agreement with the coal supplier to return the accumulated reclamation funds, which were paid to UE ratably through December 2004.

CILCO recorded $2 million and $21 million in acquisition integration costs in 2004 and 2003, respectively. The 2004 costs primarily represented severance and relocation amounts. The 2003 costs represented write-offs of software without future benefit as of the acquisition date ($13 million), severance and relocation costs ($5 million), and an increase in the bad debt reserve related to one customer for which there was significant collection concern at the acquisition date ($3 million). These amounts were offset against goodwill at CILCORP through purchase accounting and, therefore, there was no impact to Ameren's Consolidated Statement of Income.

Ameren recorded voluntary employee retirement and other restructuring charges of $92 million in 2002. These charges included a voluntary retirement program charge of $75 million based on voluntary retirements of approximately 550 employees. Of the $75 million charge, UE recorded $51 million, CIPS recorded $14 million, Genco recorded $8 million, and other Ameren companies recorded $2 million. These charges related primarily to special termination benefits associated with our pension and postretirement benefit plans. Most of the employees who voluntarily retired accepted retirement in 2002 and left Ameren in early 2003.

In addition, in 2002, Ameren recorded a charge of $17 million primarily associated with the retirement of 343 megawatts of rate-regulated generating capacity at UE's Venice, Illinois plant and temporary suspension of operations of two coal-fired generating units (126 megawatts) at Genco's Meredosia, Illinois plant.

NOTE 8 – OTHER INCOME AND DEDUCTIONS

The following table presents Other Income and Deductions for each of the Ameren Companies for the years ended December 31, 2004, 2003 and 2002:

	2004	2003	2002
Ameren:[a]			
Miscellaneous income:			
Interest and dividend income	$ 18	$ 10	$ 8
Gain on disposition of property	-	-	3
Allowance for equity funds used during construction	10	4	6
Other	4	13	4
Total miscellaneous income	$ 32	$ 27	$ 21
Miscellaneous expense:			
Minority interest in subsidiary	$ (4)	$ (7)	$ (14)
Donations, including 2002 UE electric rate settlement	(5)	(5)	(26)
Other	-	(10)	(10)
Total miscellaneous expense	$ (9)	$ (22)	$ (50)
UE:			
Miscellaneous income:			
Interest and dividend income	$ 8	$ 7	$ 2
Equity in earnings of subsidiary	5	7	14
Gain on disposition of property	-	-	3
Allowance for equity funds used during construction	10	4	5
Other	2	5	7
Total miscellaneous income	$ 25	$ 23	$ 31
Miscellaneous expense:			
Donations, including 2002 electric rate settlement	$ (3)	$ (2)	$ (26)
Other	(4)	(5)	(9)
Total miscellaneous expense	$ (7)	$ (7)	$ (35)
CIPS:			
Miscellaneous income:			
Interest and dividend income	$ 24	$ 27	$ 31
Equity in earnings of subsidiary	-	-	1
Other	-	-	2
Total miscellaneous income	$ 24	$ 27	$ 34
Miscellaneous expense:			
Other	$ (1)	$ (3)	$ (2)
Total miscellaneous expense	$ (1)	$ (3)	$ (2)

Genco:			
Miscellaneous expense:			
Other	$ -	$ (1)	$ -
Total miscellaneous expense	$ -	$ (1)	$ -
CILCORP:[(b)]			
Miscellaneous income:			
Interest and dividend income	$ 1	$ 1	$ -
Other	-	-	3
Total miscellaneous income	$ 1	$ 1	$ 3
Miscellaneous expense:			
Other	$ (5)	$ (3)	$ (2)
Total miscellaneous expense	$ (5)	$ (3)	$ (2)
CILCO:			
Miscellaneous income:			
Other	$ -	$ -	$ 2
Total miscellaneous income	$ -	$ -	$ 2
Miscellaneous expense:			
Other	$ (5)	$ (4)	$ (2)
Total miscellaneous expense	$ (5)	$ (4)	$ (2)
IP:[(c)]			
Miscellaneous income:			
Interest income from former affiliates	$ -	$ 170	$ 170
Interest and dividend income	1	7	2
Contribution in aid of construction	-	-	7
Allowance for equity funds used during construction	-	1	-
Other	-	5	6
Total miscellaneous income	$ 1	$ 183	$ 185

	2004	2003	2002
Miscellaneous expense:			
Loss on disposition of property	$ -	$ -	$ (1)
Other	-	(4)	(10)
Total miscellaneous expense	$ -	$ (4)	$ (11)

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.

(b) 2002 amounts represent predecessor information. January 2003 predecessor amounts were zero. CILCORP consolidates CILCO and therefore includes CILCO amounts in its balances.

(c) 2003 and 2002 amounts represent predecessor information. January through September 2004 predecessor miscellaneous income and expense amounts were $144 million and $1 million, respectively.

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Certain derivative contracts are entered into on a regular basis as part of our risk management program but do not qualify for hedge accounting or the normal purchase and sale exceptions under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. Accordingly, these contracts are recorded at fair value with changes in the fair value charged or credited to the income statement in the period in which the change occurred. Contracts we enter into as part of our risk management program may be settled financially, by physical delivery, or net settled with the counterparty.

Cash Flow Hedges

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

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

The following table presents balances in certain accounts for cash flow hedges as of December 31, 2004 and 2003:

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO
2004:						
Balance Sheet:						
Other assets	$ 35	$ 4	$ 6	$ 6	$ 14	$ 14
Other deferred credits and liabilities	14	14	-	-	-	-
Accumulated OCI:						
Power forwards(b)	-	-	-	-	-	-
Interest rate swaps(c)	4	-	-	4	-	-
Gas swaps and future contracts(d)	26	4	6	-	11	11
Call options(e)	-	-	-	-	-	-
2003:						
Balance Sheet:						
Other assets	$ 16	$ 2	$ 1	$ 6	$ -	$ 6

Other deferred credits and liabilities	4	3	-	1	-	-

	Ameren(a)	UE	CIPS	Genco	CILCORP	CILCO
Accumulated OCI:						
Power forwards(b)	$ 3	$ -	$ -	$ 3	$ -	$ -
Interest rate swaps(c)	5	-	-	5	-	-
Gas swaps and futures contracts(d)	6	-	1	-	-	5
Call options(e)	2	2	-	-	-	-

(a) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.
(b) Represents the mark-to-market value for the hedged portion of electricity price exposure for periods generally less than one year. Certain contracts designated as hedges of electricity price exposure have terms up to three years.
(c) Represents a gain associated with interest rate swaps at Genco that were a partial hedge of the interest rate on debt issued in June 2002. The swaps cover the first 10 years of debt that has a 30-year maturity and the gain in OCI is amortized over a 10-year period that began in June 2002.
(d) Represents a gain associated with natural gas swaps and futures contracts. The swaps are a partial hedge of our natural gas requirements through March 2008.
(e) Represents the mark-to-market gain of two call options to purchase coal that are accounted for as cash flow hedges. One of these options to purchase coal expired in October 2003 and the other option expires in July 2005.

The pretax net gain or loss on power forward derivative instruments included in Other Income and (Deductions) at Ameren, UE and Genco, which represents the impact of discontinued cash flow hedges, the ineffective portion of cash flow hedges, and the reversal of amounts previously recorded in OCI due to transactions going to delivery or settlement, was less than a $1 million loss for Ameren, UE and Genco for the year ended December 31, 2004 (2003 - less than a $1 million loss for Ameren, UE, and Genco).

Other Derivatives

The following table represents the net change in market value of option transactions, which are used to manage our positions in SO_2 allowances, coal, heating oil, and electricity or power. Certain of these transactions are treated as nonhedge transactions under SFAS No. 133. The net change in the market value of SO_2 options is recorded in Operating Revenues – Electric, while the net change in the market value of coal, heating oil and electricity or power options is recorded as Operating Expenses – Fuel and Purchased Power.

Gains (Losses)(a)	2004	2003	2002
SO_2 options:			
Ameren(b)	$ (8)	$ 1	$ 2
UE	(10)	(2)	3
Genco	2	3	(1)
Coal options:			
Ameren(b)	-	1	1
UE	-	2	1

Power options:			
Ameren(b)	-	-	2
UE	-	-	1
Genco	-	-	1

(a) Heating oil option gains and losses were less than $1 million for all periods shown above.
(b) Excludes amounts for IP prior to the acquisition date of September 30, 2004; excludes amounts for CILCORP prior to the acquisition date of January 31, 2003; and includes amounts for Ameren Registrant and non-Registrant subsidiaries and intercompany eliminations.
(c) 2002 amounts represent predecessor information. January 2003 predecessor amounts were zero.

Through the market allocation process, UE, CIPS, Genco, CILCO and IP have been granted FTRs associated with the advent of the MISO Day Two Market. Marketing Company has been granted FTRs for its participation in the PJM-Com Ed market. We sought and received FTRs with the intent to hedge (offset) congestion charges related to our physical electricity business. Depending on the congestion on the transmission grid and prices at various points on the grid, FTRs could result in either charges or credits. We use complex grid modeling tools to determine which FTRs we wish to nominate in the FTR allocation process. There is risk that we may incorrectly model the amount of FTRs we need, and there is the potential that some of the FTR hedges could be ineffective.

NOTE 10 – STOCKHOLDER RIGHTS PLAN AND PREFERRED STOCK

Stockholder Rights Plan

Ameren's board of directors has adopted a share purchase rights plan designed to assure stockholders of fair and equal treatment in the event of a proposed takeover. The rights are exercisable only if a person or group acquires 15% or more of Ameren's outstanding common stock or announces a tender offer, which would result in ownership by a person or group of 15% or more of the Ameren common stock. Each right will entitle the holder to purchase one one-hundredth of a newly issued preferred stock at an exercise price of $180. If a person or group acquires 15% or more of Ameren's outstanding common stock, each right will entitle its holder (other than such person or members of such group) to purchase, at the right's then-current exercise price, a number of Ameren's common shares having a market value of twice such price. In addition, if Ameren is acquired in a merger or other business combination transaction after a person or group has acquired 15% or more of Ameren's outstanding common stock, each right will entitle its holder to purchase, at the right's then-current exercise price, a number of the acquiring company's common shares having a market value of twice such price. The acquiring person or group will not be entitled to exercise these rights. These rights expire in 2008. One right will accompany each new share of Ameren common stock prior to such expiration date.

Preferred Stock

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

The following table presents the outstanding preferred stock of UE, CIPS, CILCO and IP that is not subject to mandatory redemption and is entitled to cumulative dividends and is redeemable, at the option of the issuer, at the prices presented as of December 31, 2004 and 2003:

		Redemption Price (per share)	2004	2003
UE:				
Without par value and stated value of $100 per share, 25 million shares authorized				
$3.50 Series	130,000 shares	$ 110.00	$ 13	$ 13
$3.70 Series	40,000 shares	104.75	4	4