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Moody's Investors Service

Global Credit Research
Credit Opinion
30 JAN 2009

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Credit Opinion: Central Illinois Public Service Company

Central Illinois Public Service Company

Springfield, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
First Mortgage Bonds	Baa3
Senior Secured	Baa3
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3

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Key Indicators

[1]

Central Illinois Public Service Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	2.7x	2.5x	3.7x	3.6x
(CFO Pre-W/C) / Debt	10%	10%	17%	17%
(CFO Pre-W/C - Dividends) / Debt	3%	3%	8%	10%
(CFO Pre-W/C - Dividends) / Capex	21%	27%	55%	79%
Debt / Book Capitalization	44%	47%	42%	39%
EBITA Margin %	4%	7%	9%	11%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months
- Some lingering political and regulatory uncertainty in Illinois

- Execution risk in the implementation of new power procurement procedures in Illinois
- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

Corporate Profile

Central Illinois Public Service Company (CIPS; Ba1 Issuer Rating, stable outlook) is a regulated electric and natural gas transmission and distribution utility in Illinois. CIPS is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$22 million electric delivery service rate increase and an \$8 million gas delivery service rate increase based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity for natural gas delivery service. The rate order compares to a revised CIPS rate request for a \$26 million increase in electric delivery service rates and a \$10 million increase in gas delivery service rates.

SUMMARY RATING RATIONALE

CIPS' Ba1 Issuer Rating reflects a reasonably supportive rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, and a stabilized political and regulatory environment in the state. Offsetting these positive developments is the utility's limited financial flexibility resulting from the expiration of its bank credit facility in January 2010; higher operating costs; below investment grade coverage metrics exhibited by the utility in 2007 and 2008; the potential for continued regulatory lag in the recovery of rising operating and other costs; and execution risk inherent in the implementation of power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned electric utilities to a rate freeze in 2007, although CIPS received a reasonably supportive rate case outcome in its most recent delivery service rate case in September 2008

CIPS' rating reflects the stability provided by a 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing effect that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement procedures in the state. Although Moody's views the ICC's September 2008 rate case decision as reasonably supportive, CIPS has indicated that it expects to file for rate relief more frequently in Illinois because of rising costs and rate base investments, which could be challenging in a recessionary environment. The ICC also rejected cost recovery mechanisms for bad debt expense and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two-thirds of power requirements will continue to be met by previous auction contracts in place until they roll off over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

CIPS' financial coverage metrics decreased considerably in 2007 and during the first nine months of 2008 from previous years to levels that are at or below investment grade parameters, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working capital interest coverage of 2.5 times and CFO pre-working capital to debt of 10% in 2007 and 2.7 times and 10%, respectively, for the twelve-months ending September 30, 2008. The company has been negatively affected by increased operating costs, higher spending for transmission and distribution system reliability, low returns, and regulatory lag. There were also changes in rate design aimed at mitigating high winter heating bills that have pressured financials for the first part of 2008. This should largely reverse itself by the end of the year.

Liquidity Profile

CIPS' liquidity profile is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months. Although Moody's expects that all or a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, CIPS had \$96 million of short-term debt outstanding, consisting of draws under one of its bank revolving credit facilities, and \$15 million of current maturities of long-term debt. CIPS itself has somewhat more short-term debt availability under its revolver limits than Ameren's other Illinois utilities, which is important considering that CIPS is highly constrained in its ability to issue first mortgage bonds and preferred stock due to insufficient earnings coverage ratios, with only \$38 million of first mortgage bond capacity available from retired bond capacity as of September 30, 2008.

CIPS, Central Illinois Light Company (CILCO), CILCORP Inc., Illinois Power (IP), and AmerenEnergy Resources Generating Company (AERG) collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's \$1.15 billion facility. CIPS, CILCO, and IP also participate in a utility money pool arrangement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively. Under the terms of the amended agreement, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively.

Rating Outlook

The stable outlook reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonably supportive outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that CIPS will successfully renew all or most of its bank facilities at some point during 2009.

What Could Change the Rating - Up

CIPS' ratings could be raised if the company enters into adequate liquidity arrangements; if the Illinois Power Agency successfully executes power procurement procedures that continues to reduce political and regulatory risk in the state; if future distribution rate cases provided sufficient rate relief; if financial metrics return to levels expected for an investment grade rating, including CFO pre-working capital interest coverage of at least 2.7x and CFO pre-working capital to debt of at least 13% on a sustainable basis.

What Could Change the Rating - Down

CIPS' ratings could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank facility expiration dates in January 2010, if there is additional political intervention in the regulatory process; if future distribution rate cases do not provide sufficient rate relief; or if rising operating costs or other factors put additional pressure on financial metrics such that they fall further below investment grade parameters, including CFO pre-working capital interest coverage below 2.7x and CFO pre-working capital to debt below 13%.

Rating Factors

Central Illinois Public Service Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low

CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Global Credit Research
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30 JAN 2009

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Credit Opinion: Central Illinois Light Company

Central Illinois Light Company

Peoria, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
Senior Secured	Baa2/LGD2
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba1/LGD4
Ult Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3
Parent: CILCORP Inc.	
Outlook	Stable
Corporate Family Rating	Ba1

Contacts

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Key Indicators

[1]

Central Illinois Light Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	7.5x	5.7x	7.2x	7.2x
(CFO Pre-W/C) / Debt	37%	26%	32%	31%
(CFO Pre-W/C - Dividends) / Debt	36%	26%	18%	25%
(CFO Pre-W/C - Dividends) / Capex	63%	59%	69%	91%
Debt / Book Capitalization	37%	43%	40%	36%
EBITA Margin %	14%	15%	11%	8%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months

- Some lingering political and regulatory uncertainty in Illinois
- Execution risk in the implementation of new power procurement procedures in Illinois
- Significant environmental capital expenditures at its generation subsidiary

Corporate Profile

Central Illinois Light Company d/b/a AmerenCILCO (CILCO; Ba1 Issuer Rating, stable outlook), a subsidiary of Ameren's intermediate holding company CILCORP, Inc. (Ba2 senior unsecured, stable outlook), is a regulated electric and natural gas transmission and distribution utility with a service territory in southern Illinois. It also includes the unregulated generation subsidiary AmerenEnergy Resources Generating Company (AERG), which is unrated. CILCORP is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

In December 2008, CILCO issued \$150 million of 5-year senior secured notes at a rate of 8.875%, the proceeds of which were used to pay off short-term debt, including draws under Ameren's Illinois utility bank credit facility.

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$3 million electric delivery service rate decrease and a \$9 million gas delivery service rate decrease, based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity for natural gas delivery service. This rate order compares to a revised CILCO rate request of a \$3 million increase in electric delivery service rates and a \$7 million decrease in gas delivery service rates.

In September 3, 2008, Ameren announced a tender offer for approximately \$334 million of bonds outstanding at CILCORP, Inc., which the company intends to finance at the parent company level. Consents from over 99% of bondholders were received in September, although the tender offer has been extended several times since then and all of the debt remains outstanding at CILCORP.

SUMMARY RATING RATIONALE

CILCO's Ba1 Issuer Rating reflects a reasonable rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, a stabilized political and regulatory environment in the state, and consistently strong standalone financial metrics. Offsetting these positive credit characteristics are high short-term debt levels and limited financial flexibility due to the near-term expiration of the company's revolving credit facility on January 14, 2010. The company also faces increased operating costs; high environmental capital expenditures at its AERG unregulated generating subsidiary; the potential for continued regulatory lag with regard to the recovery of costs; and execution risk inherent in the implementation of new power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Strong standalone financial metrics for its rating category are offset by significant debt at its intermediate parent company CILCORP and limited financial flexibility

CILCO's financial metrics are very strong for its rating, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working interest coverage of 5.7 times and CFO pre-working capital to debt of 26% in 2007 and 7.5 times and 37%, respectively, for the twelve months ending September 30, 2008. CILCO's rating is constrained by the relatively high level of debt at CILCORP, which exhibits significantly lower financial metrics on a consolidated basis than its utility subsidiary. These metrics include CFO pre-working capital interest coverage of 2.8 times and CFO pre-working capital to debt of 11% in 2007 and 3.5 times and 13%, respectively, for the twelve-months ending September 30, 2008. CILCO's metrics are also likely to be pressured by an anticipated increase in environmental capital expenditures at its subsidiary AERG, discussed below. This has resulted in particularly high short-term debt levels, constraining the financial flexibility of both CILCO and CILCORP as they approach the expiration of their bank credit facility in January 2010 (discussed in more detail under the Liquidity section below).

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007, although CILCO received a relatively reasonable rate case outcome in September 2008

CILCO's ratings reflect the stability provided by a 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing impact that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement policies and procedures in the state.

Although Moody's views the ICC's September 2008 rate case decision as reasonable, Ameren has indicated that it expects to file for rate relief more frequently in Illinois because of rising costs and rate base investments, which could be challenging in a recessionary environment. The ICC also rejected cost recovery mechanisms for bad debt expenses and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two-thirds of power requirements will continue to be met by previous auction contracts in place until they roll off over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Significant environmental capital expenditures at AERG

CILCO is unique among Ameren's three Illinois utilities in that it owns AERG, with 1,200 MW of unregulated generation, consisting of CILCO's former generating assets. AERG has significant capital expenditure requirements necessary to bring it into compliance with current environmental standards. CILCO's overall capital expenditures more than doubled in 2007 to \$254 million from \$119 million in 2006 and were a high \$223 million for the first nine months of 2008, for the most part due to AERG. Of the \$725 to \$870 million in capital expenditures forecasted over the next five years, approximately 85%, or \$620 to \$760 million, is for environmental compliance. Since AERG is unregulated, these costs cannot be recovered by CILCO through rates, but rather recovery will be dependent upon AERG's contracted rates and market prices on spot sales. Ameren has announced capital expenditure reductions and deferrals for 2009 since these capital expenditure projections were provided in their SEC filings.

Liquidity Profile

CILCO's liquidity profile is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months and high levels of short-term debt outstanding at both AERG and CILCORP. Although Moody's expects that at least a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, CILCO had \$305 million of short-term debt outstanding, of which \$155 million was at AERG, with an additional \$127 million at the intermediate holding company CILCORP. In addition, CILCO had \$171 million outstanding from the Ameren money pool at September 30, increasing aggregate short-term debt levels considerably. In December 2008, however, CILCO issued \$150 million of long-term senior secured notes, all of which was used to reduce short-term debt at CILCO, although none of the proceeds were used to reduce short-term debt at AERG. Ameren may complete additional long-term debt financings at its subsidiaries before their bank facilities come due to lower the level of short-term debt outstanding.

CILCO, CILCORP, Central Illinois Public Service Company (CIPS), Illinois Power (IP), and AERG collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions with Ameren and an event of default under these facilities does not constitute an event of default under Ameren's separate \$1.15 billion parent company credit facility. CILCO, CIPS, and IP also participate in a utility money pool agreement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively and CILCO had no of cash or cash equivalents on hand at September 30, 2008. Under the terms of the credit agreements, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively. In addition, covenants under the bank facilities limit CILCORP dividend payments to Ameren at \$10 million as long as CILCORP is rated below investment grade, restricting Ameren's access to dividends from CILCO and AERG.

Rating Outlook

The stable outlook on the ratings of CILCO and CILCORP reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonable outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that CILCO will successfully renew all or most of its bank facilities at some point during 2009.

What Could Change the Rating - Up

The ratings of CILCO and CILCORP could be raised if the companies enter into adequate liquidity arrangements to replace expiring bank credit facilities; if Ameren is successful in its pending tender offer for CILCORP debt, which will change the capital structure of the CILCORP corporate family considerably; if the Illinois Power Agency successfully executes power procurement procedures that continues to reduce regulatory and political risk in the state; and if future distribution rate cases provide sufficient rate relief.

What Could Change the Rating - Down

The ratings of CILCO and CILCORP could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank facility expiration dates in January 2010; if there is additional political intervention in the regulatory process; or if future distribution rate cases do not provide sufficient rate relief.

Rating Factors

Central Illinois Light Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research
 Credit Opinion
 30 JAN 2009

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Credit Opinion: Illinois Power Company

Illinois Power Company

Decatur, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
First Mortgage Bonds	Baa3
Senior Secured	Baa3
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3

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Key Indicators

[1]

Illinois Power Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	2.3x	2.7x	3.5x	4.6x
(CFO Pre-W/C) / Debt	9%	10%	13%	16%
(CFO Pre-W/C - Dividends) / Debt	2%	6%	13%	10%
(CFO Pre-W/C - Dividends) / Capex	13%	44%	82%	86%
Debt / Book Capitalization	51%	49%	45%	50%
EBITA Margin %	7%	8%	9%	13%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months
- Some lingering political and regulatory uncertainty in Illinois

- Execution risk in the implementation of new power procurement procedures in Illinois
- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

Corporate Profile

Illinois Power Company (IP; Ba1 Issuer Rating, stable outlook) is a regulated electric and natural gas transmission and distribution utility with a service territory in southern Illinois. IP is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

In October 2008, IP issued \$400 million of 10-year senior secured notes at a rate of 9.75% and a yield close to 10%, the proceeds of which were used to pay off short-term debt, including draws under Ameren's Illinois utility bank facility.

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$104 million electric delivery service rate increase and a \$40 million gas delivery service rate increase based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity with respect to natural gas delivery service. The rate order compares to a revised IP request for a \$127 million increase in electric delivery service rates and a \$10 million increase in gas delivery service rates.

SUMMARY RATING RATIONALE

IP's Ba1 Issuer Rating reflects a reasonably supportive rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, and a stabilized political and regulatory environment in the state. Offsetting these positive developments are the utility's limited financial flexibility resulting from the expiration of its bank credit facility on January 14, 2010, the below investment grade coverage metrics exhibited by the utility in 2007 and 2008; higher operating costs; the potential for continued regulatory lag in the recovery of rising operating and other costs; and the execution risk inherent in the implementation of new power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007, although IP received a reasonably supportive rate case outcome in its most recent delivery service rate case in September 2008

IP's rating reflects the stability provided by a 2007 electric rate settlement in Illinois as well as lingering uncertainty regarding the ongoing effect that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement procedures in the state. Although Moody's views the ICC September 2008 rate case decision as reasonably supportive, IP has indicated that it expects to file for rate relief more frequently in Illinois going forward because of rising costs and rate base investments, which could be challenging in a recessionary economic environment. The ICC also rejected cost recovery mechanisms for bad debt expense and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two thirds of power requirements will continue to be met by previous auctions contracts in place until they roll off in over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

IP's financial coverage metrics decreased considerably in 2007 and during the first nine months of 2008 from previous years to levels that are at or below investment grade parameters, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working capital interest coverage of 2.7 times and CFO pre-working capital to debt of 10% in 2007 and 2.3 times and 9%, respectively, for the twelve-months ending September 30, 2008. The company has been negatively affected by higher operating costs, higher

spending for transmission and distribution system reliability, low returns, and regulatory lag. There were also changes in rate design aimed at mitigating high winter heating bills that have pressured financials during the first part of 2008. This should largely reverse itself by the end of the year.

Liquidity Profile

IP's liquidity is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months. Although Moody's expects that all or a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, IP had a relatively high \$304 million of short-term debt outstanding, consisting of draws under the credit facilities. In October 2008, however, IP issued \$400 million of long-term senior secured notes, all of which was used to reduce short-term debt.

IP, Central Illinois Light Company (CILCO), CILCORP Inc., Central Illinois Public Service Company (CIPS), and AmerenEnergy Resources Generating Company (AERG) collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's separate \$1.15 billion facility. IP, CIPS, and CILCO also participate in a utility money pool arrangement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will at least have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively. Under the terms of the amended agreement, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively.

Rating Outlook

The stable outlook reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonably supportive outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that IP will successfully renew all or most of its bank facilities at some point in 2009.

What Could Change the Rating - Up

IP's ratings could be raised if the company enters into adequate liquidity arrangements to replace its expiring bank credit facilities; if the Illinois Power Agency successfully executes power procurement procedures that reduces political and regulatory risk in the state; if future distribution rate cases provide sufficient rate relief, if financial metrics return to levels expected for an investment grade rating, including CFO pre-working capital interest coverage of at least 2.7x and CFO pre-working capital to debt of at least 13% on a sustainable basis.

What Could Change the Rating - Down

IP's ratings could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank credit facility expiration dates in January 2010; if there is additional political intervention in the regulatory process in Illinois; if future distribution rate case outcomes do not provide sufficient rate relief; or if rising operating costs or other factors put additional pressure on financial metrics such that they fall further below investment grade parameters, including CFO pre-working capital interest coverage below 2.7x and CFO pre-working capital to debt below 13%.

Rating Factors

Illinois Power Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
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Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research

Credit Opinion

14 AUG 2008

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Credit Opinion: Ameren Corporation

Ameren Corporation

St. Louis, Missouri, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba1
Commercial Paper	P-3
Union Electric Company	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	Baa1
Senior Secured	Baa1
Senior Unsecured Shelf	(P)Baa2
Subordinate	Baa3
Preferred Stock	Ba1
Commercial Paper	P-3
Ameren Capital Trust I	
Outlook	Stable
Bkd Preferred Shelf	(P)Ba1

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Key Indicators

[1]

Ameren Corporation

	LTM 6/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	4.1x	4.2x	4.6x	5.2x
(CFO Pre-W/C) / Debt	17%	18%	20%	22%
(CFO Pre-W/C - Dividends) / Debt	10%	11%	12%	14%
(CFO Pre-W/C - Dividends) / Capex	53%	62%	81%	93%
Debt / Book Capitalization	48%	47%	43%	43%
EBITA Margin %	21%	19%	19%	20%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Corporate Profile

Ameren Corporation (Ameren, Baa3 Issuer Rating, stable outlook) is the holding company for regulated electric and gas utility subsidiaries Union Electric Company (d/b/a Ameren UE), Central Illinois Public Service Company (d/b/a AmerenCIPS), CILCORP Inc., Central Illinois Light Company (d/b/a AmerenCILCO), and Illinois Power Company (d/b/a AmerenIP), and unregulated subsidiaries AmerenEnergy Generating Company, Ameren Energy Resources Generating Company, and AmerenEnergy Marketing Company. Ameren serves 2.4 million electric customers and nearly one million natural gas customers in a 64,000 square-mile area in Missouri and Illinois.

Recent Developments

On August 13, 2008, Ameren's rating was lowered to Baa3 (Issuer Rating) from Baa2 as a result of declining consolidated cash flow coverage metrics, higher capital expenditures, and regulatory lag in the recovery of higher operating and investment costs. Ameren's short-term rating for commercial paper was also lowered to Prime-3 from Prime-2. In addition, the rating of subsidiary AmerenEnergy Generating Company was lowered to Baa3 (senior unsecured) from Baa2 due to higher business and operating risks, increased capital spending for environmental compliance, and anticipated higher debt issuances by this subsidiary going forward to finance these capital expenditures.

On July 28, 2008, Union Electric, Ameren's largest utility subsidiary, submitted a combined Construction and Operating License Application (COLA) to the Nuclear Regulatory Commission for a potential new nuclear power plant adjacent to the company's existing single unit Callaway Nuclear Plant. No final decision has been made on whether to proceed with the new plant.

On July 24, 2008, the newly created Illinois Power Agency (IPA) requested a three week extension from the Illinois Commerce Commission (ICC) to prepare power procurement plans in Illinois for the procurement year beginning June 1, 2009. The Agency now expects to complete the plans by September 3, 2008, instead of the legislatively mandated date of August 15, 2008.

On May 21, 2008, the ratings of Union Electric were lowered to Baa2 (Issuer Rating) from Baa1 as a result of lower cash flow coverage metrics; increased operating costs; large capital expenditures for environmental compliance and transmission and distribution system investment; and higher debt levels being incurred to finance these investments.

Rating Rationale

Ameren's rating reflects consolidated credit metrics that have declined from historical levels; increased operating costs being incurred throughout its system; higher capital expenditures at both its utility and nonutility subsidiaries; regulatory lag in obtaining timely cost recovery at its utilities; relatively high dividend payout ratio; potential long-term challenges posed by likely climate change legislation and possible new nuclear generation; and a stabilized political and regulatory environment in Illinois resulting from an August 2007 electric rate settlement agreement. Although there is still some uncertainty in Illinois regarding the treatment of future distribution rate cases and the operation of the newly created Illinois Power Agency, last year's settlement greatly reduced the possibility of a rate freeze being re-implemented in the state.

Ameren's rating also reflects its position as a holding company and considers the structural subordination of its rating to that of its operating subsidiaries, which maintain ratings of between Baa2 and Ba1 (senior unsecured). In particular, the recent downgrade of two of its major subsidiaries, Union Electric and AmerenGenco, will decrease the expected quality of cash flows upstreamed to the parent company. The rating reflects Ameren's diversification, with four utilities operating in two states; a concentration of coal fired generation; and a generally challenging regulatory environment in both of its jurisdictions plus no fuel, purchased power, or fuel adjustment clauses in place in Missouri.

The key drivers of Ameren's ratings are as follows:

- Consolidated financial metrics that have been pressured by increasing costs, large capital spending needs, and the company's high dividend payout ratio, although Moody's expects metrics to remain sufficient to maintain an investment grade rating

Ameren's consolidated financial metrics, as measured by the key ratios outlined in Moody's rating methodology for global regulated electric utilities, have exhibited declining trends over the last several years and are now more appropriate for the Baa3 rating level for a utility holding company with subsidiaries operating in below average regulatory environments. These ratios include interest coverage, as measured by CFO pre-working capital plus interest to interest, of 4.2x in 2007 and 4.1x for the twelve months ending 6/30/08, decreasing from as high as 6.0x in 2004. Similarly, Ameren's debt coverage ratio, as measured by cash flow from operations before working capital adjustments to debt, was 18% in 2007 and 17% for the twelve months ending 6/30/08, again falling steadily from a high of 24% in 2004.

Moody's expects Ameren's financial ratios to continue to be pressured by ongoing cost pressures, high capital

expenditure requirements at its regulated utilities, and regulatory lag in the recovery of operating and capital investment costs. Ameren currently has no long-term debt at the parent company; however, there may be some modest external financing needs at the parent going forward. In addition, the company has maintained a relatively high dividend payout ratio of nearly 90% in 2007 which, combined with high capital expenditures, has and is likely to continue to result in substantial negative free cash flow for the Ameren system overall.

Ameren could benefit to some degree over the near term from higher cash flow generated from its unregulated generating subsidiaries since below market contracts with their Illinois utility affiliates fully expired on December 31, 2007. However, these generation subsidiaries are predominantly coal fired and subject to substantial environmental compliance costs, which is likely to further increase debt levels and constrain their financial metrics over the longer term.

- Declining credit metrics, increasing costs, and higher capital expenditures at its utilities, most notably at its largest utility subsidiary, Union Electric (Baa2 senior unsecured, stable outlook), the largest source of dividends to the parent company

Ameren's ratings reflect declining cash flow coverage ratios at Union Electric, a vertically integrated utility subsidiary operating in and around St. Louis. Like the parent company, the utility's ratio of cash flow pre-working capital to debt has also fallen steadily over the last several years to 20% in 2008 from 31% in 2004 and it was 17% for the twelve months ending June 30, 2008. Similarly, CFO pre-working capital plus interest to interest has fallen from above 6.0x in 2004 and 2005 to 4.5x in 2007 and 4.4x for the twelve months ending June 30, 2008. These measures could fall further in coming years, although Moody's expects them to stabilize at or close to these levels, with future trends largely dependent on the outcome of its pending rate cases and the cost recovery provisions provided.

- A challenging regulatory environment in Missouri, with no fuel, purchased power, or environmental adjustment clauses in place, and significant regulatory lag for cost recovery

On April 4, 2008, Union Electric filed for a \$251 million or 12.1% rate increase based on a 10.9% return on equity, citing systemwide reliability improvements and cost increases for fuel, transportation, and other materials. The company also filed for approval to implement a fuel adjustment clause which was permitted by legislation passed in Missouri in 2005. Union Electric is one of the relatively few utilities in the country without a fuel and purchased power cost recovery mechanism which, although legislatively approved, was denied by the Missouri Public Service Commission (MPSC) during the company's last rate case. Any rate adjustment or fuel adjustment clause will not be in place until mid-2009, ensuring that significant regulatory lag in the recovery of costs will continue at least through 2008.

- Lingering political and regulatory uncertainty in Illinois, a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007

Ameren's rating reflects the stability provided by an August 28, 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing impact that the protracted electric rate controversy may have on future distribution rate cases and on the execution and success of new power procurement policies and procedures to be implemented in that state. The positive outlooks on the ratings of Ameren's Illinois utility subsidiaries reflect both the stabilized political and regulatory environment and the potential that the outcome of the currently pending rate distribution rate cases will reduce regulatory lag. Going forward, Ameren expects to file more frequent rate cases in both Missouri and Illinois in order to keep the aggregate size of each rate case comparatively small. Pending delivery service rate cases in Illinois are nearing completion, and the Illinois Commerce Commission staff has recommended against rate adjustment mechanisms for bad debt expense and new capital investments which, if agreed to the ICC itself, will contribute to continued regulatory lag in that state.

- Execution risk with regard to the implementation of the new power procurement procedures being put in place in Illinois

The comprehensive 2007 settlement regarding electric rates in Illinois provided for a request-for-proposal process whereby the Illinois utilities have contracted for their 2008 baseload, intermediate, and peaking requirements, subject to Illinois Commerce Commission review and approval. Beginning in 2009, power procurement will be accomplished through a competitive requests-for-proposal process overseen by a newly created state agency, the Illinois Power Agency. As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run request-for-proposal process is completed and executed by the Illinois Power Agency. Although the settlement provided the foundation for a potentially improving political and regulatory environment for electric utilities in Illinois, in Moody's opinion, the risk of further political intervention in the regulatory process remains until the new power procurement procedures are successfully implemented.

Liquidity

Ameren maintains an adequate liquidity profile and a Prime-3 short-term rating for commercial paper, which was

lowered from Prime-2 on August 13, 2008. Although cash flow from the operating companies has historically been strong and stable, it has not been sufficient to cover capital expenditures, dividends, acquisitions, and pension contributions in recent years. This has caused Ameren to rely to some degree on external financing sources, including equity issuances, to fund a portion of these expenditures. Ameren's capital expenditures have exhibited a rising trend in recent years, increasing from \$796 million in 2004 to \$1.4 billion in 2007. The company expects capital expenditures to total \$2.2 billion in 2008 and range from \$6.4 billion to \$8.4 billion for the four year period covering 2009 through 2012. As of June 30, 2008, Ameren had \$205 million of cash and cash equivalents on hand and a manageable \$285 million of long-term debt coming due throughout its system within the following four quarters.

Ameren funds its short-term financing needs with commercial paper and borrowings under committed credit facilities, and had a high \$1.45 billion of short-term debt outstanding (on a consolidated basis) as of June 30, 2008, with short-term debt levels having been elevated for much of the last year compared to the much lower \$612 million outstanding at December 31, 2006. These higher short-term debt levels can be attributed to the Illinois subsidiaries being more heavily drawn on their bank facilities and delays in terming out debt due to difficult credit market conditions and other factors. In June 2008, Ameren entered into a \$300 million fully drawn bank term loan agreement due June 24, 2009, which was for the most part used to repay outstandings under its revolving credit agreement. Ameren operates two money pools (a utility money pool and a non-regulated subsidiary money pool) among its various subsidiaries to more efficiently provide for short-term cash and working capital requirements throughout the organization.

In July 2006, Ameren amended its \$1.15 billion multi-borrower credit facility supporting its commercial paper programs. As of June 30, 2008, there was \$708 million available under the facility. The amended facility expires on July 14, 2010 with respect to Ameren, although Union Electric and AmerenGenco's access to their respective sub-limits under the facility (\$500 million and \$150 million, respectively) have 364-day terms with current expiration dates of July 9, 2009. However, since neither of these borrowing sub-limits have term loan options associated with them, the annual renewal option subjects them to annual refinancing risk. Both subsidiaries, however, have access to Ameren's money pool, mitigating this risk to some degree. AmerenCIPS, CILCORP, AmerenCILCO, and AmerenIP can no longer borrow under this facility, as Ameren put in place separate credit facilities for these entities.

Under the terms of the amended agreement, Ameren, Union Electric, and AmerenGenco must each maintain a total debt to capitalization ratio no greater than 65%. As of June 30, 2008, all three companies were in compliance with this covenant. The ratio of total indebtedness to total capitalization (calculated in accordance with the agreement) for Ameren, Union Electric, and Ameren Energy Generating was 55%, 49%, and 51%, respectively, at June 30, 2008.

AmerenCIPS, AmerenCILCO, AmerenIP, CILCORP, and AmerenEnergy Resources Generating Company (AERG) maintain two \$500 million multiyear, senior secured credit facilities that expire in January 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's \$1.15 billion facility. AmerenCIPS, AmerenCILCO, AmerenIP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the two facilities, respectively. As of June 30, 2008, these facilities were relatively heavily drawn, with only \$250 million of the \$1 billion available. Under the terms of these agreements, AmerenCIPS, CILCORP, AmerenCILCO, AmerenIP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At June 30, 2008, the ratio for CIPS, CILCORP, CILCO, IP and AERG was 49%, 58%, 44%, 49%, and 43%, respectively. While overall liquidity for the consolidated Ameren group of companies is deemed adequate, given the limited amount of excess availability at the Illinois utilities, there is relatively little cushion to absorb any material unanticipated operating cash shortfalls or other liquidity needs.

Rating Outlook

The stable rating outlook reflects consolidated financial metrics that are expected to remain strong for the Baa3 rating category, the stabilized political and regulatory environment in Illinois, and Moody's expectation that rate recovery in both Illinois and Missouri will be adequate to maintain its utility ratings and credit quality at least at current levels.

What Could Change the Rating - Up

The rating could be upgraded if there is a significant improvement in the political and regulatory environment for electric utilities in Illinois and Missouri, including the implementation of rate adjustment mechanisms; if operating costs and capital environmental requirements begin to moderate from currently high levels; if one or more of its major subsidiaries is upgraded; or if there is an improvement in consolidated cash flow coverage ratios, including cash flow from operations before working capital adjustments plus interest to interest above 4.5x or cash flow from operations before working capital adjustments to debt above 20% on a sustainable basis.

What Could Change the Rating - Down

Ameren's rating could be lowered if there are material increases in operating costs and/or capital expenditure requirements; adverse regulatory developments in either of its jurisdictions, including unresponsive outcomes of pending rate cases; if the company issues a significant amount of debt at the parent company level; if any of its major subsidiaries is downgraded; or if there is a continued decline in consolidated cash flow coverage ratios, including cash flow from operations before working capital adjustments plus interest to interest below 3.5x or cash flow from operations before working capital adjustments to debt falling below 15% for an extended period.

Rating Factors

Ameren Corporation

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research
 Credit Opinion
 30 JAN 2009

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Credit Opinion: Central Illinois Public Service Company

Central Illinois Public Service Company

Springfield, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
First Mortgage Bonds	Baa3
Senior Secured	Baa3
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3

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Key Indicators

[1]

Central Illinois Public Service Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	2.7x	2.5x	3.7x	3.6x
(CFO Pre-W/C) / Debt	10%	10%	17%	17%
(CFO Pre-W/C - Dividends) / Debt	3%	3%	8%	10%
(CFO Pre-W/C - Dividends) / Capex	21%	27%	55%	79%
Debt / Book Capitalization	44%	47%	42%	39%
EBITA Margin %	4%	7%	9%	11%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months
- Some lingering political and regulatory uncertainty in Illinois

- Execution risk in the implementation of new power procurement procedures in Illinois
- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

Corporate Profile

Central Illinois Public Service Company (CIPS; Ba1 Issuer Rating, stable outlook) is a regulated electric and natural gas transmission and distribution utility in Illinois. CIPS is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$22 million electric delivery service rate increase and an \$8 million gas delivery service rate increase based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity for natural gas delivery service. The rate order compares to a revised CIPS rate request for a \$26 million increase in electric delivery service rates and a \$10 million increase in gas delivery service rates.

SUMMARY RATING RATIONALE

CIPS' Ba1 Issuer Rating reflects a reasonably supportive rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, and a stabilized political and regulatory environment in the state. Offsetting these positive developments is the utility's limited financial flexibility resulting from the expiration of its bank credit facility in January 2010; higher operating costs; below investment grade coverage metrics exhibited by the utility in 2007 and 2008; the potential for continued regulatory lag in the recovery of rising operating and other costs; and execution risk inherent in the implementation of power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned electric utilities to a rate freeze in 2007, although CIPS received a reasonably supportive rate case outcome in its most recent delivery service rate case in September 2008

CIPS' rating reflects the stability provided by a 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing effect that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement procedures in the state. Although Moody's views the ICC's September 2008 rate case decision as reasonably supportive, CIPS has indicated that it expects to file for rate relief more frequently in Illinois because of rising costs and rate base investments, which could be challenging in a recessionary environment. The ICC also rejected cost recovery mechanisms for bad debt expense and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two-thirds of power requirements will continue to be met by previous auction contracts in place until they roll off over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

CIPS' financial coverage metrics decreased considerably in 2007 and during the first nine months of 2008 from previous years to levels that are at or below investment grade parameters, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working capital interest coverage of 2.5 times and CFO pre-working capital to debt of 10% in 2007 and 2.7 times and 10%, respectively, for the twelve-months ending September 30, 2008. The company has been negatively affected by increased operating costs, higher spending for transmission and distribution system reliability, low returns, and regulatory lag. There were also changes in rate design aimed at mitigating high winter heating bills that have pressured financials for the first part of 2008. This should largely reverse itself by the end of the year.

Liquidity Profile

CIPS' liquidity profile is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months. Although Moody's expects that all or a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, CIPS had \$96 million of short-term debt outstanding, consisting of draws under one of its bank revolving credit facilities, and \$15 million of current maturities of long-term debt. CIPS itself has somewhat more short-term debt availability under its revolver limits than Ameren's other Illinois utilities, which is important considering that CIPS is highly constrained in its ability to issue first mortgage bonds and preferred stock due to insufficient earnings coverage ratios, with only \$38 million of first mortgage bond capacity available from retired bond capacity as of September 30, 2008.

CIPS, Central Illinois Light Company (CILCO), CILCORP Inc., Illinois Power (IP), and AmerenEnergy Resources Generating Company (AERG) collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's \$1.15 billion facility. CIPS, CILCO, and IP also participate in a utility money pool arrangement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively. Under the terms of the amended agreement, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively.

Rating Outlook

The stable outlook reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonably supportive outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that CIPS will successfully renew all or most of its bank facilities at some point during 2009.

What Could Change the Rating - Up

CIPS' ratings could be raised if the company enters into adequate liquidity arrangements; if the Illinois Power Agency successfully executes power procurement procedures that continues to reduce political and regulatory risk in the state; if future distribution rate cases provided sufficient rate relief; if financial metrics return to levels expected for an investment grade rating, including CFO pre-working capital interest coverage of at least 2.7x and CFO pre-working capital to debt of at least 13% on a sustainable basis.

What Could Change the Rating - Down

CIPS' ratings could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank facility expiration dates in January 2010, if there is additional political intervention in the regulatory process; if future distribution rate cases do not provide sufficient rate relief; or if rising operating costs or other factors put additional pressure on financial metrics such that they fall further below investment grade parameters, including CFO pre-working capital interest coverage below 2.7x and CFO pre-working capital to debt below 13%.

Rating Factors

Central Illinois Public Service Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low

CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research
Credit Opinion
30 JAN 2009

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Credit Opinion: Central Illinois Light Company

Central Illinois Light Company

Peoria, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
Senior Secured	Baa2/LGD2
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba1/LGD4
Ult Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3
Parent: CILCORP Inc.	
Outlook	Stable
Corporate Family Rating	Ba1

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Key Indicators

[1]

Central Illinois Light Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	7.5x	5.7x	7.2x	7.2x
(CFO Pre-W/C) / Debt	37%	26%	32%	31%
(CFO Pre-W/C - Dividends) / Debt	36%	26%	18%	25%
(CFO Pre-W/C - Dividends) / Capex	63%	59%	69%	91%
Debt / Book Capitalization	37%	43%	40%	36%
EBITA Margin %	14%	15%	11%	8%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months

- Some lingering political and regulatory uncertainty in Illinois
- Execution risk in the implementation of new power procurement procedures in Illinois
- Significant environmental capital expenditures at its generation subsidiary

Corporate Profile

Central Illinois Light Company d/b/a AmerenCILCO (CILCO; Ba1 Issuer Rating, stable outlook), a subsidiary of Ameren's intermediate holding company CILCORP, Inc. (Ba2 senior unsecured, stable outlook), is a regulated electric and natural gas transmission and distribution utility with a service territory in southern Illinois. It also includes the unregulated generation subsidiary AmerenEnergy Resources Generating Company (AERG), which is unrated. CILCORP is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

In December 2008, CILCO issued \$150 million of 5-year senior secured notes at a rate of 8.875%, the proceeds of which were used to pay off short-term debt, including draws under Ameren's Illinois utility bank credit facility.

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$3 million electric delivery service rate decrease and a \$9 million gas delivery service rate decrease, based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity for natural gas delivery service. This rate order compares to a revised CILCO rate request of a \$3 million increase in electric delivery service rates and a \$7 million decrease in gas delivery service rates.

In September 3, 2008, Ameren announced a tender offer for approximately \$334 million of bonds outstanding at CILCORP, Inc., which the company intends to finance at the parent company level. Consents from over 99% of bondholders were received in September, although the tender offer has been extended several times since then and all of the debt remains outstanding at CILCORP.

SUMMARY RATING RATIONALE

CILCO's Ba1 Issuer Rating reflects a reasonable rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, a stabilized political and regulatory environment in the state, and consistently strong standalone financial metrics. Offsetting these positive credit characteristics are high short-term debt levels and limited financial flexibility due to the near-term expiration of the company's revolving credit facility on January 14, 2010. The company also faces increased operating costs; high environmental capital expenditures at its AERG unregulated generating subsidiary; the potential for continued regulatory lag with regard to the recovery of costs; and execution risk inherent in the implementation of new power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Strong standalone financial metrics for its rating category are offset by significant debt at its intermediate parent company CILCORP and limited financial flexibility

CILCO's financial metrics are very strong for its rating, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working interest coverage of 5.7 times and CFO pre-working capital to debt of 26% in 2007 and 7.5 times and 37%, respectively, for the twelve months ending September 30, 2008. CILCO's rating is constrained by the relatively high level of debt at CILCORP, which exhibits significantly lower financial metrics on a consolidated basis than its utility subsidiary. These metrics include CFO pre-working capital interest coverage of 2.8 times and CFO pre-working capital to debt of 11% in 2007 and 3.5 times and 13%, respectively, for the twelve-months ending September 30, 2008. CILCO's metrics are also likely to be pressured by an anticipated increase in environmental capital expenditures at its subsidiary AERG, discussed below. This has resulted in particularly high short-term debt levels, constraining the financial flexibility of both CILCO and CILCORP as they approach the expiration of their bank credit facility in January 2010 (discussed in more detail under the Liquidity section below).

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007, although CILCO received a relatively reasonable rate case outcome in September 2008

CILCO's ratings reflect the stability provided by a 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing impact that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement policies and procedures in the state.

Although Moody's views the ICC's September 2008 rate case decision as reasonable, Ameren has indicated that it expects to file for rate relief more frequently in Illinois because of rising costs and rate base investments, which could be challenging in a recessionary environment. The ICC also rejected cost recovery mechanisms for bad debt expenses and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two-thirds of power requirements will continue to be met by previous auction contracts in place until they roll off over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Significant environmental capital expenditures at AERG

CILCO is unique among Ameren's three Illinois utilities in that it owns AERG, with 1,200 MW of unregulated generation, consisting of CILCO's former generating assets. AERG has significant capital expenditure requirements necessary to bring it into compliance with current environmental standards. CILCO's overall capital expenditures more than doubled in 2007 to \$254 million from \$119 million in 2006 and were a high \$223 million for the first nine months of 2008, for the most part due to AERG. Of the \$725 to \$870 million in capital expenditures forecasted over the next five years, approximately 85%, or \$620 to \$760 million, is for environmental compliance. Since AERG is unregulated, these costs cannot be recovered by CILCO through rates, but rather recovery will be dependent upon AERG's contracted rates and market prices on spot sales. Ameren has announced capital expenditure reductions and deferrals for 2009 since these capital expenditure projections were provided in their SEC filings.

Liquidity Profile

CILCO's liquidity profile is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months and high levels of short-term debt outstanding at both AERG and CILCORP. Although Moody's expects that at least a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, CILCO had \$305 million of short-term debt outstanding, of which \$155 million was at AERG, with an additional \$127 million at the intermediate holding company CILCORP. In addition, CILCO had \$171 million outstanding from the Ameren money pool at September 30, increasing aggregate short-term debt levels considerably. In December 2008, however, CILCO issued \$150 million of long-term senior secured notes, all of which was used to reduce short-term debt at CILCO, although none of the proceeds were used to reduce short-term debt at AERG. Ameren may complete additional long-term debt financings at its subsidiaries before their bank facilities come due to lower the level of short-term debt outstanding.

CILCO, CILCORP, Central Illinois Public Service Company (CIPS), Illinois Power (IP), and AERG collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions with Ameren and an event of default under these facilities does not constitute an event of default under Ameren's separate \$1.15 billion parent company credit facility. CILCO, CIPS, and IP also participate in a utility money pool agreement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively and CILCO had no of cash or cash equivalents on hand at September 30, 2008. Under the terms of the credit agreements, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively. In addition, covenants under the bank facilities limit CILCORP dividend payments to Ameren at \$10 million as long as CILCORP is rated below investment grade, restricting Ameren's access to dividends from CILCO and AERG.

Rating Outlook

The stable outlook on the ratings of CILCO and CILCORP reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonable outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that CILCO will successfully renew all or most of its bank facilities at some point during 2009.

What Could Change the Rating - Up

The ratings of CILCO and CILCORP could be raised if the companies enter into adequate liquidity arrangements to replace expiring bank credit facilities; if Ameren is successful in its pending tender offer for CILCORP debt, which will change the capital structure of the CILCORP corporate family considerably; if the Illinois Power Agency successfully executes power procurement procedures that continues to reduce regulatory and political risk in the state; and if future distribution rate cases provide sufficient rate relief.

What Could Change the Rating - Down

The ratings of CILCO and CILCORP could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank facility expiration dates in January 2010; if there is additional political intervention in the regulatory process; or if future distribution rate cases do not provide sufficient rate relief.

Rating Factors

Central Illinois Light Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research
 Credit Opinion
 30 JAN 2009

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Credit Opinion: Illinois Power Company

Illinois Power Company

Decatur, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
First Mortgage Bonds	Baa3
Senior Secured	Baa3
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3

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Key Indicators

[1]

Illinois Power Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	2.3x	2.7x	3.5x	4.6x
(CFO Pre-W/C) / Debt	9%	10%	13%	16%
(CFO Pre-W/C - Dividends) / Debt	2%	6%	13%	10%
(CFO Pre-W/C - Dividends) / Capex	13%	44%	82%	86%
Debt / Book Capitalization	51%	49%	45%	50%
EBITA Margin %	7%	8%	9%	13%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months
- Some lingering political and regulatory uncertainty in Illinois

- Execution risk in the implementation of new power procurement procedures in Illinois
- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

Corporate Profile

Illinois Power Company (IP; Ba1 Issuer Rating, stable outlook) is a regulated electric and natural gas transmission and distribution utility with a service territory in southern Illinois. IP is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

In October 2008, IP issued \$400 million of 10-year senior secured notes at a rate of 9.75% and a yield close to 10%, the proceeds of which were used to pay off short-term debt, including draws under Ameren's Illinois utility bank facility.

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$104 million electric delivery service rate increase and a \$40 million gas delivery service rate increase based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity with respect to natural gas delivery service. The rate order compares to a revised IP request for a \$127 million increase in electric delivery service rates and a \$10 million increase in gas delivery service rates.

SUMMARY RATING RATIONALE

IP's Ba1 Issuer Rating reflects a reasonably supportive rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, and a stabilized political and regulatory environment in the state. Offsetting these positive developments are the utility's limited financial flexibility resulting from the expiration of its bank credit facility on January 14, 2010, the below investment grade coverage metrics exhibited by the utility in 2007 and 2008; higher operating costs; the potential for continued regulatory lag in the recovery of rising operating and other costs; and the execution risk inherent in the implementation of new power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007, although IP received a reasonably supportive rate case outcome in its most recent delivery service rate case in September 2008

IP's rating reflects the stability provided by a 2007 electric rate settlement in Illinois as well as lingering uncertainty regarding the ongoing effect that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement procedures in the state. Although Moody's views the ICC September 2008 rate case decision as reasonably supportive, IP has indicated that it expects to file for rate relief more frequently in Illinois going forward because of rising costs and rate base investments, which could be challenging in a recessionary economic environment. The ICC also rejected cost recovery mechanisms for bad debt expense and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two thirds of power requirements will continue to be met by previous auctions contracts in place until they roll off in over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

IP's financial coverage metrics decreased considerably in 2007 and during the first nine months of 2008 from previous years to levels that are at or below investment grade parameters, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working capital interest coverage of 2.7 times and CFO pre-working capital to debt of 10% in 2007 and 2.3 times and 9%, respectively, for the twelve-months ending September 30, 2008. The company has been negatively affected by higher operating costs, higher

spending for transmission and distribution system reliability, low returns, and regulatory lag. There were also changes in rate design aimed at mitigating high winter heating bills that have pressured financials during the first part of 2008. This should largely reverse itself by the end of the year.

Liquidity Profile

IP's liquidity is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months. Although Moody's expects that all or a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, IP had a relatively high \$304 million of short-term debt outstanding, consisting of draws under the credit facilities. In October 2008, however, IP issued \$400 million of long-term senior secured notes, all of which was used to reduce short-term debt.

IP, Central Illinois Light Company (CILCO), CILCORP Inc., Central Illinois Public Service Company (CIPS), and AmerenEnergy Resources Generating Company (AERG) collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's separate \$1.15 billion facility. IP, CIPS, and CILCO also participate in a utility money pool arrangement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will at least have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively. Under the terms of the amended agreement, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively.

Rating Outlook

The stable outlook reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonably supportive outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that IP will successfully renew all or most of its bank facilities at some point in 2009.

What Could Change the Rating - Up

IP's ratings could be raised if the company enters into adequate liquidity arrangements to replace its expiring bank credit facilities; if the Illinois Power Agency successfully executes power procurement procedures that reduces political and regulatory risk in the state; if future distribution rate cases provide sufficient rate relief, if financial metrics return to levels expected for an investment grade rating, including CFO pre-working capital interest coverage of at least 2.7x and CFO pre-working capital to debt of at least 13% on a sustainable basis.

What Could Change the Rating - Down

IP's ratings could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank credit facility expiration dates in January 2010; if there is additional political intervention in the regulatory process in Illinois; if future distribution rate case outcomes do not provide sufficient rate relief; or if rising operating costs or other factors put additional pressure on financial metrics such that they fall further below investment grade parameters, including CFO pre-working capital interest coverage below 2.7x and CFO pre-working capital to debt below 13%.

Rating Factors

Illinois Power Company

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
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Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research
 Credit Opinion
 14 AUG 2008

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Credit Opinion: Ameren Corporation

Ameren Corporation

St. Louis, Missouri, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba1
Commercial Paper	P-3
Union Electric Company	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	Baa1
Senior Secured	Baa1
Senior Unsecured Shelf	(P)Baa2
Subordinate	Baa3
Preferred Stock	Ba1
Commercial Paper	P-3
Ameren Capital Trust I	
Outlook	Stable
Bkd Preferred Shelf	(P)Ba1

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Key Indicators

[1]

Ameren Corporation

	LTM 6/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	4.1x	4.2x	4.6x	5.2x
(CFO Pre-W/C) / Debt	17%	18%	20%	22%
(CFO Pre-W/C - Dividends) / Debt	10%	11%	12%	14%
(CFO Pre-W/C - Dividends) / Capex	53%	62%	81%	93%
Debt / Book Capitalization	48%	47%	43%	43%
EBITA Margin %	21%	19%	19%	20%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Corporate Profile

Ameren Corporation (Ameren, Baa3 Issuer Rating, stable outlook) is the holding company for regulated electric and gas utility subsidiaries Union Electric Company (d/b/a Ameren UE), Central Illinois Public Service Company (d/b/a AmerenCIPS), CILCORP Inc., Central Illinois Light Company (d/b/a AmerenCILCO), and Illinois Power Company (d/b/a AmerenIP), and unregulated subsidiaries AmerenEnergy Generating Company, Ameren Energy Resources Generating Company, and AmerenEnergy Marketing Company. Ameren serves 2.4 million electric customers and nearly one million natural gas customers in a 64,000 square-mile area in Missouri and Illinois.

Recent Developments

On August 13, 2008, Ameren's rating was lowered to Baa3 (Issuer Rating) from Baa2 as a result of declining consolidated cash flow coverage metrics, higher capital expenditures, and regulatory lag in the recovery of higher operating and investment costs. Ameren's short-term rating for commercial paper was also lowered to Prime-3 from Prime-2. In addition, the rating of subsidiary AmerenEnergy Generating Company was lowered to Baa3 (senior unsecured) from Baa2 due to higher business and operating risks, increased capital spending for environmental compliance, and anticipated higher debt issuances by this subsidiary going forward to finance these capital expenditures.

On July 28, 2008, Union Electric, Ameren's largest utility subsidiary, submitted a combined Construction and Operating License Application (COLA) to the Nuclear Regulatory Commission for a potential new nuclear power plant adjacent to the company's existing single unit Callaway Nuclear Plant. No final decision has been made on whether to proceed with the new plant.

On July 24, 2008, the newly created Illinois Power Agency (IPA) requested a three week extension from the Illinois Commerce Commission (ICC) to prepare power procurement plans in Illinois for the procurement year beginning June 1, 2009. The Agency now expects to complete the plans by September 3, 2008, instead of the legislatively mandated date of August 15, 2008.

On May 21, 2008, the ratings of Union Electric were lowered to Baa2 (Issuer Rating) from Baa1 as a result of lower cash flow coverage metrics; increased operating costs; large capital expenditures for environmental compliance and transmission and distribution system investment; and higher debt levels being incurred to finance these investments.

Rating Rationale

Ameren's rating reflects consolidated credit metrics that have declined from historical levels; increased operating costs being incurred throughout its system; higher capital expenditures at both its utility and nonutility subsidiaries; regulatory lag in obtaining timely cost recovery at its utilities; relatively high dividend payout ratio; potential long-term challenges posed by likely climate change legislation and possible new nuclear generation; and a stabilized political and regulatory environment in Illinois resulting from an August 2007 electric rate settlement agreement. Although there is still some uncertainty in Illinois regarding the treatment of future distribution rate cases and the operation of the newly created Illinois Power Agency, last year's settlement greatly reduced the possibility of a rate freeze being re-implemented in the state.

Ameren's rating also reflects its position as a holding company and considers the structural subordination of its rating to that of its operating subsidiaries, which maintain ratings of between Baa2 and Ba1 (senior unsecured). In particular, the recent downgrade of two of its major subsidiaries, Union Electric and AmerenGenco, will decrease the expected quality of cash flows upstreamed to the parent company. The rating reflects Ameren's diversification, with four utilities operating in two states; a concentration of coal fired generation; and a generally challenging regulatory environment in both of its jurisdictions plus no fuel, purchased power, or fuel adjustment clauses in place in Missouri.

The key drivers of Ameren's ratings are as follows:

- Consolidated financial metrics that have been pressured by increasing costs, large capital spending needs, and the company's high dividend payout ratio, although Moody's expects metrics to remain sufficient to maintain an investment grade rating

Ameren's consolidated financial metrics, as measured by the key ratios outlined in Moody's rating methodology for global regulated electric utilities, have exhibited declining trends over the last several years and are now more appropriate for the Baa3 rating level for a utility holding company with subsidiaries operating in below average regulatory environments. These ratios include interest coverage, as measured by CFO pre-working capital plus interest to interest, of 4.2x in 2007 and 4.1x for the twelve months ending 6/30/08, decreasing from as high as 6.0x in 2004. Similarly, Ameren's debt coverage ratio, as measured by cash flow from operations before working capital adjustments to debt, was 18% in 2007 and 17% for the twelve months ending 6/30/08, again falling steadily from a high of 24% in 2004.

Moody's expects Ameren's financial ratios to continue to be pressured by ongoing cost pressures, high capital

expenditure requirements at its regulated utilities, and regulatory lag in the recovery of operating and capital investment costs. Ameren currently has no long-term debt at the parent company; however, there may be some modest external financing needs at the parent going forward. In addition, the company has maintained a relatively high dividend payout ratio of nearly 90% in 2007 which, combined with high capital expenditures, has and is likely to continue to result in substantial negative free cash flow for the Ameren system overall.

Ameren could benefit to some degree over the near term from higher cash flow generated from its unregulated generating subsidiaries since below market contracts with their Illinois utility affiliates fully expired on December 31, 2007. However, these generation subsidiaries are predominantly coal fired and subject to substantial environmental compliance costs, which is likely to further increase debt levels and constrain their financial metrics over the longer term.

- Declining credit metrics, increasing costs, and higher capital expenditures at its utilities, most notably at its largest utility subsidiary, Union Electric (Baa2 senior unsecured, stable outlook), the largest source of dividends to the parent company

Ameren's ratings reflect declining cash flow coverage ratios at Union Electric, a vertically integrated utility subsidiary operating in and around St. Louis. Like the parent company, the utility's ratio of cash flow pre-working capital to debt has also fallen steadily over the last several years to 20% in 2008 from 31% in 2004 and it was 17% for the twelve months ending June 30, 2008. Similarly, CFO pre-working capital plus interest to interest has fallen from above 6.0x in 2004 and 2005 to 4.5x in 2007 and 4.4x for the twelve months ending June 30, 2008. These measures could fall further in coming years, although Moody's expects them to stabilize at or close to these levels, with future trends largely dependent on the outcome of its pending rate cases and the cost recovery provisions provided.

- A challenging regulatory environment in Missouri, with no fuel, purchased power, or environmental adjustment clauses in place, and significant regulatory lag for cost recovery

On April 4, 2008, Union Electric filed for a \$251 million or 12.1% rate increase based on a 10.9% return on equity, citing systemwide reliability improvements and cost increases for fuel, transportation, and other materials. The company also filed for approval to implement a fuel adjustment clause which was permitted by legislation passed in Missouri in 2005. Union Electric is one of the relatively few utilities in the country without a fuel and purchased power cost recovery mechanism which, although legislatively approved, was denied by the Missouri Public Service Commission (MPSC) during the company's last rate case. Any rate adjustment or fuel adjustment clause will not be in place until mid-2009, ensuring that significant regulatory lag in the recovery of costs will continue at least through 2008.

- Lingering political and regulatory uncertainty in Illinois, a state that narrowly avoided subjecting its investor owned utilities to a rate freeze in 2007

Ameren's rating reflects the stability provided by an August 28, 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing impact that the protracted electric rate controversy may have on future distribution rate cases and on the execution and success of new power procurement policies and procedures to be implemented in that state. The positive outlooks on the ratings of Ameren's Illinois utility subsidiaries reflect both the stabilized political and regulatory environment and the potential that the outcome of the currently pending rate distribution rate cases will reduce regulatory lag. Going forward, Ameren expects to file more frequent rate cases in both Missouri and Illinois in order to keep the aggregate size of each rate case comparatively small. Pending delivery service rate cases in Illinois are nearing completion, and the Illinois Commerce Commission staff has recommended against rate adjustment mechanisms for bad debt expense and new capital investments which, if agreed to the ICC itself, will contribute to continued regulatory lag in that state.

- Execution risk with regard to the implementation of the new power procurement procedures being put in place in Illinois

The comprehensive 2007 settlement regarding electric rates in Illinois provided for a request-for-proposal process whereby the Illinois utilities have contracted for their 2008 baseload, intermediate, and peaking requirements, subject to Illinois Commerce Commission review and approval. Beginning in 2009, power procurement will be accomplished through a competitive requests-for-proposal process overseen by a newly created state agency, the Illinois Power Agency. As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run request-for-proposal process is completed and executed by the Illinois Power Agency. Although the settlement provided the foundation for a potentially improving political and regulatory environment for electric utilities in Illinois, in Moody's opinion, the risk of further political intervention in the regulatory process remains until the new power procurement procedures are successfully implemented.

Liquidity

Ameren maintains an adequate liquidity profile and a Prime-3 short-term rating for commercial paper, which was

lowered from Prime-2 on August 13, 2008. Although cash flow from the operating companies has historically been strong and stable, it has not been sufficient to cover capital expenditures, dividends, acquisitions, and pension contributions in recent years. This has caused Ameren to rely to some degree on external financing sources, including equity issuances, to fund a portion of these expenditures. Ameren's capital expenditures have exhibited a rising trend in recent years, increasing from \$796 million in 2004 to \$1.4 billion in 2007. The company expects capital expenditures to total \$2.2 billion in 2008 and range from \$6.4 billion to \$8.4 billion for the four year period covering 2009 through 2012. As of June 30, 2008, Ameren had \$205 million of cash and cash equivalents on hand and a manageable \$285 million of long-term debt coming due throughout its system within the following four quarters.

Ameren funds its short-term financing needs with commercial paper and borrowings under committed credit facilities, and had a high \$1.45 billion of short-term debt outstanding (on a consolidated basis) as of June 30, 2008, with short-term debt levels having been elevated for much of the last year compared to the much lower \$612 million outstanding at December 31, 2006. These higher short-term debt levels can be attributed to the Illinois subsidiaries being more heavily drawn on their bank facilities and delays in terming out debt due to difficult credit market conditions and other factors. In June 2008, Ameren entered into a \$300 million fully drawn bank term loan agreement due June 24, 2009, which was for the most part used to repay outstanding under its revolving credit agreement. Ameren operates two money pools (a utility money pool and a non-regulated subsidiary money pool) among its various subsidiaries to more efficiently provide for short-term cash and working capital requirements throughout the organization.

In July 2006, Ameren amended its \$1.15 billion multi-borrower credit facility supporting its commercial paper programs. As of June 30, 2008, there was \$708 million available under the facility. The amended facility expires on July 14, 2010 with respect to Ameren, although Union Electric and AmerenGenco's access to their respective sub-limits under the facility (\$500 million and \$150 million, respectively) have 364-day terms with current expiration dates of July 9, 2009. However, since neither of these borrowing sub-limits have term loan options associated with them, the annual renewal option subjects them to annual refinancing risk. Both subsidiaries, however, have access to Ameren's money pool, mitigating this risk to some degree. AmerenCIPS, CILCORP, AmerenCILCO, and AmerenIP can no longer borrow under this facility, as Ameren put in place separate credit facilities for these entities.

Under the terms of the amended agreement, Ameren, Union Electric, and AmerenGenco must each maintain a total debt to capitalization ratio no greater than 65%. As of June 30, 2008, all three companies were in compliance with this covenant. The ratio of total indebtedness to total capitalization (calculated in accordance with the agreement) for Ameren, Union Electric, and Ameren Energy Generating was 55%, 49%, and 51%, respectively, at June 30, 2008.

AmerenCIPS, AmerenCILCO, AmerenIP, CILCORP, and AmerenEnergy Resources Generating Company (AERG) maintain two \$500 million multiyear, senior secured credit facilities that expire in January 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's \$1.15 billion facility. AmerenCIPS, CILCORP, AmerenCILCO, AmerenIP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the two facilities, respectively. As of June 30, 2008, these facilities were relatively heavily drawn, with only \$250 million of the \$1 billion available. Under the terms of these agreements, AmerenCIPS, CILCORP, AmerenCILCO, AmerenIP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At June 30, 2008, the ratio for CIPS, CILCORP, CILCO, IP and AERG was 49%, 58%, 44%, 49%, and 43%, respectively. While overall liquidity for the consolidated Ameren group of companies is deemed adequate, given the limited amount of excess availability at the Illinois utilities, there is relatively little cushion to absorb any material unanticipated operating cash shortfalls or other liquidity needs.

Rating Outlook

The stable rating outlook reflects consolidated financial metrics that are expected to remain strong for the Baa3 rating category, the stabilized political and regulatory environment in Illinois, and Moody's expectation that rate recovery in both Illinois and Missouri will be adequate to maintain its utility ratings and credit quality at least at current levels.

What Could Change the Rating - Up

The rating could be upgraded if there is a significant improvement in the political and regulatory environment for electric utilities in Illinois and Missouri, including the implementation of rate adjustment mechanisms; if operating costs and capital environmental requirements begin to moderate from currently high levels; if one or more of its major subsidiaries is upgraded; or if there is an improvement in consolidated cash flow coverage ratios, including cash flow from operations before working capital adjustments plus interest to interest above 4.5x or cash flow from operations before working capital adjustments to debt above 20% on a sustainable basis.

What Could Change the Rating - Down

Ameren's rating could be lowered if there are material increases in operating costs and/or capital expenditure requirements; adverse regulatory developments in either of its jurisdictions, including unsupportive outcomes of pending rate cases; if the company issues a significant amount of debt at the parent company level; if any of its major subsidiaries is downgraded; or if there is a continued decline in consolidated cash flow coverage ratios, including cash flow from operations before working capital adjustments plus interest to interest below 3.5x or cash flow from operations before working capital adjustments to debt falling below 15% for an extended period.

Rating Factors

Ameren Corporation

Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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Moody's Investors Service

Global Credit Research

Credit Opinion

30 JAN 2009

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Credit Opinion: Central Illinois Public Service Company

Central Illinois Public Service Company

Springfield, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Ba1
First Mortgage Bonds	Baa3
Senior Secured	Baa3
Senior Unsecured Shelf	(P)Ba1
Preferred Stock	Ba3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured Shelf	(P)Baa3
Subordinate Shelf	(P)Ba1
Preferred Shelf	(P)Ba2
Commercial Paper	P-3

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Key Indicators

[1]

Central Illinois Public Service Company

	LTM 9/30/08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	2.7x	2.5x	3.7x	3.6x
(CFO Pre-W/C) / Debt	10%	10%	17%	17%
(CFO Pre-W/C - Dividends) / Debt	3%	3%	8%	10%
(CFO Pre-W/C - Dividends) / Capex	21%	27%	55%	79%
Debt / Book Capitalization	44%	47%	42%	39%
EBITA Margin %	4%	7%	9%	11%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Limited financial flexibility due to the expiration of its bank facilities in less than 12 months
- Some lingering political and regulatory uncertainty in Illinois

- Execution risk in the implementation of new power procurement procedures in Illinois
- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

Corporate Profile

Central Illinois Public Service Company (CIPS; Ba1 Issuer Rating, stable outlook) is a regulated electric and natural gas transmission and distribution utility in Illinois. CIPS is a wholly-owned subsidiary of Ameren Corporation (Ameren; Baa3 Issuer Rating, stable outlook).

Recent Events

On September 24, 2008, the Illinois Commerce Commission (ICC) approved a rate order authorizing a \$22 million electric delivery service rate increase and an \$8 million gas delivery service rate increase based on a 10.65% return on equity for electric delivery service and a 10.68% return on equity for natural gas delivery service. The rate order compares to a revised CIPS rate request for a \$26 million increase in electric delivery service rates and a \$10 million increase in gas delivery service rates.

SUMMARY RATING RATIONALE

CIPS' Ba1 Issuer Rating reflects a reasonably supportive rate order in its most recent electric and gas delivery service rate case, the negotiated 2007 rate settlement in Illinois that averted a rate freeze, and a stabilized political and regulatory environment in the state. Offsetting these positive developments is the utility's limited financial flexibility resulting from the expiration of its bank credit facility in January 2010; higher operating costs; below investment grade coverage metrics exhibited by the utility in 2007 and 2008; the potential for continued regulatory lag in the recovery of rising operating and other costs; and execution risk inherent in the implementation of power procurement procedures by the newly created Illinois Power Agency.

DETAILED RATING CONSIDERATIONS

- Some lingering political and regulatory uncertainty in a state that narrowly avoided subjecting its investor owned electric utilities to a rate freeze in 2007, although CIPS received a reasonably supportive rate case outcome in its most recent delivery service rate case in September 2008

CIPS' rating reflects the stability provided by a 2007 settlement agreement on electric rates in Illinois as well as lingering uncertainty regarding the ongoing effect that the protracted electric rate controversy may have on future rate cases and on the execution and success of new power procurement procedures in the state. Although Moody's views the ICC's September 2008 rate case decision as reasonably supportive, CIPS has indicated that it expects to file for rate relief more frequently in Illinois because of rising costs and rate base investments, which could be challenging in a recessionary environment. The ICC also rejected cost recovery mechanisms for bad debt expense and electric infrastructure investments, riders that Moody's would have viewed as credit supportive.

- Execution risk in the implementation of new power procurement procedures in Illinois

Beginning this year, power procurement will be accomplished through a competitive requests-for-proposal (RFP) process overseen by a newly created state agency, the Illinois Power Agency (IPA). As a result, there will continue to be uncertainty regarding power procurement policies and procedures in the state at least until the first state run RFP process is completed. The IPA expects to complete its first power procurement RFP early this year for approximately one third of Illinois' generation requirements. In addition to execution risk in creating and implementing these new procedures, the IPA runs the risk of generating additional political controversy if the process does not go well or leads to large rate increases. This is somewhat mitigated by the staggered nature of the first RFP in that it only addresses one third of overall power requirements. The other two-thirds of power requirements will continue to be met by previous auction contracts in place until they roll off over the next two years, at which point the IPA will procure all of the power requirements of the state.

- Coverage metrics that have been at or below Moody's investment grade parameters in both 2007 and 2008

CIPS' financial coverage metrics decreased considerably in 2007 and during the first nine months of 2008 from previous years to levels that are at or below investment grade parameters, using guidelines outlined in Moody's rating methodology for global regulated electric utilities. This includes CFO pre-working capital interest coverage of 2.5 times and CFO pre-working capital to debt of 10% in 2007 and 2.7 times and 10%, respectively, for the twelve-months ending September 30, 2008. The company has been negatively affected by increased operating costs, higher spending for transmission and distribution system reliability, low returns, and regulatory lag. There were also changes in rate design aimed at mitigating high winter heating bills that have pressured financials for the first part of 2008. This should largely reverse itself by the end of the year.

Liquidity Profile

CIPS' liquidity profile is currently adequate, although it maintains very limited financial flexibility due primarily to the expiration of its bank credit facilities in less than 12 months. Although Moody's expects that all or a portion of these bank credit facilities will be renewed at some point during 2009, constrained bank and credit market conditions make the timing, structure, pricing, and size of the renewed facilities more uncertain. As of September 30, 2008, CIPS had \$96 million of short-term debt outstanding, consisting of draws under one of its bank revolving credit facilities, and \$15 million of current maturities of long-term debt. CIPS itself has somewhat more short-term debt availability under its revolver limits than Ameren's other Illinois utilities, which is important considering that CIPS is highly constrained in its ability to issue first mortgage bonds and preferred stock due to insufficient earnings coverage ratios, with only \$38 million of first mortgage bond capacity available from retired bond capacity as of September 30, 2008.

CIPS, Central Illinois Light Company (CILCO), CILCORP Inc., Illinois Power (IP), and AmerenEnergy Resources Generating Company (AERG) collectively maintain two \$500 million multiyear, senior secured credit facilities expiring on January 14, 2010. Borrowings under these facilities are several and not joint, and are not guaranteed by Ameren or any other Ameren subsidiary. The facilities do not contain cross-default provisions and an event of default under these facilities does not constitute an event of default under Ameren's \$1.15 billion facility. CIPS, CILCO, and IP also participate in a utility money pool arrangement with the parent company, giving them access to additional funds if necessary, although Moody's does not believe that the parent company credit facility by itself is of sufficient size to provide liquidity to the entire Ameren organization. The Illinois utilities will have to renew all or a large portion of their bank facilities or consider alternative sources of short-term financing in order to maintain adequate liquidity going forward. In addition, the Ameren parent company credit facility expires in less than 18 months on July 14, 2010.

CIPS, CILCORP, CILCO, IP, and AERG have aggregate sub-limits of \$135 million, \$175 million, \$150 million, \$350 million, and \$300 million under the facilities, respectively. Under the terms of the amended agreement, CIPS, CILCORP, CILCO, IP, and AERG must also maintain a ratio of total debt to capitalization of no greater than 65%. At September 30, 2008, the ratios for CIPS, CILCORP, CILCO, IP and AERG were 52%, 60%, 48%, 51%, and 44%, respectively.

Rating Outlook

The stable outlook reflects the more constructive political and regulatory environment for utilities in Illinois following the August 2007 electric rate settlement, and a reasonably supportive outcome of its most recent delivery service rate case. It also assumes that the newly created Illinois Power Agency will execute an efficient and orderly power procurement process for 2009 and going forward that will continue to reduce both political and regulatory risk in the state. The stable outlook is also based on our expectation that CIPS will successfully renew all or most of its bank facilities at some point during 2009.

What Could Change the Rating - Up

CIPS' ratings could be raised if the company enters into adequate liquidity arrangements; if the Illinois Power Agency successfully executes power procurement procedures that continues to reduce political and regulatory risk in the state; if future distribution rate cases provided sufficient rate relief; if financial metrics return to levels expected for an investment grade rating, including CFO pre-working capital interest coverage of at least 2.7x and CFO pre-working capital to debt of at least 13% on a sustainable basis.

What Could Change the Rating - Down

CIPS' ratings could be lowered if the company does not enter into adequate liquidity arrangements well in advance of their current bank facility expiration dates in January 2010, if there is additional political intervention in the regulatory process; if future distribution rate cases do not provide sufficient rate relief; or if rising operating costs or other factors put additional pressure on financial metrics such that they fall further below investment grade parameters, including CFO pre-working capital interest coverage below 2.7x and CFO pre-working capital to debt below 13%.

Rating Factors

Central Illinois Public Service Company

Select Key Ratios for Global Regulated Electric

Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low

CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5
CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-70	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

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