Attachment K

Ratings Agency Reports

MOODY'S
INVESTORS SERVICE

Credit Opinion: Ameren Corporation

Global Credit Research - 23 Aug 2013

St. Louis, Missouri, United States

Ratings

Category	**Moody's Rating**
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured	Baa3
Subordinate Shelf	(P)Ba1
Pref. Shelf	(P)Ba2
Commercial Paper	P-3
Union Electric Company	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Secured	A3
Bkd Sr Unsec Bank Credit Facility	Baa3
Senior Unsecured Shelf	(P)Baa2
Pref. Stock	Ba1
Commercial Paper	P-3
Ameren Illinois Company	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Secured	A3
Bkd Sr Unsec Bank Credit Facility	Baa3
Senior Unsecured Shelf	(P)Baa2
Pref. Stock	Ba1
Commercial Paper	P-3

Contacts

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Key Indicators

[1]Ameren Corporation

	LTM 06/30/2013	**2012**	**2011**	**2010**
(CFO Pre-W/C + Interest) / Interest Expense	**4.2x**	**4.1x**	**4.3x**	**4.2x**
(CFO Pre-W/C) / Debt	**21.7%**	**20.3%**	**21.0%**	**21.7%**
(CFO Pre-W/C - Dividends) / Debt	**16.9%**	**15.6%**	**16.4%**	**17.4%**
Debt / Book Capitalization	**43.1%**	**46.3%**	**42.2%**	**45.0%**

[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

- Below average but improving regulatory environment in both Illinois and Missouri

- EIMA and SB 9 promise more certainty in ratemaking process

- Sale of merchant generation operations a credit positive

- Credit metrics supportive of current Baa3 rating

Corporate Profile

Ameren Corporation (Ameren, Baa3 stable) is the holding company of regulated electric and gas utility subsidiaries Union Electric Company (Ameren Missouri, Baa2 stable), Ameren Illinois Company (Ameren Illinois, Baa2 stable), and unregulated subsidiaries Ameren Energy Generating Company (Ameren Genco, B3 negative), Ameren Energy Resources Generating Company (AERG), and Ameren Energy Marketing Company. Ameren's unregulated operations, which include Ameren Genco, AERG and Ameren Energy Marketing Company are expected to be sold off by year's end.

SUMMARY RATING RATIONALE

Ameren's rating reflects below average but improving regulatory environment in both Missouri and Illinois and financial metrics that are supportive of its current Baa3 rating. Ameren's rating also reflects its position as a parent holding company that is diversified with regulated utilities operating in two states, and the modest $425 million of long-term debt at the parent company level. The sale of the merchant operation, once accomplished, will eliminate a significant credit overhang.

DETAILED RATING CONSIDERATIONS

- Regulatory environment in Missouri is improving but still below average

Historically, Missouri has been considered one of the more difficult regulatory jurisdictions in the US for electric utilities, characterized by regulatory lags and contentious disallowances a times. It also has an active intervener base and a restrictive regulatory commission. Though the situation has improved over the last few years, we still consider it somewhat below average. Union Electric's gas operation enjoys a considerably more favorable regulatory treatment but is a small part of its total operations.

To reduce regulatory lag, Union Electric has been filing rate cases frequently (four in last five years) and is likely to continue to do so given the level of capital spending and anemic sales volume growth. In the past few cases, the company was successful in raising rates substantially and made significant progress with the implementation of a fuel adjustment clause and cost trackers for pension/OPEB, vegetation management and storm costs. The company's request for a tracker on assets placed in service in between rate cases was rejected in the 2012 rate order. An effort to establish a rider for infrastructure replacement investments through legislation also failed to pass in May 2013. The approved parameters of the last rate case, which went into effect on January 2, 2013, were well within the industry norm - 9.8% return on equity with 52.3% common equity layer.

- EIMA and SB 9 promise more certainty in ratemaking process in Illinois

Illinois has historically been a challenging regulatory environment for utilities, but the situation is slowly improving with the passage of the Illinois Energy Infrastructure Modernization Act (EIMA) in late 2011 and SB 9 in 2013. Depending on how it is implemented, the EIMA could significantly reduce ratemaking uncertainty. Execution risk remains a concern given Illinois' history of contentious relationships between the Illinois Commerce Commission (ICC) and the state's investor-owned utilities, as most recently evidenced by the dispute between the ICC and investor-owned utilities over the application of EIMA in recent rate cases.

The ICC has a history of authorizing below average rates of return and various disallowances that has led to this contentious relationship. The poor regulatory treatment has been a key negative credit factor for utilities operating in Illinois. The EIMA has the potential to reduce much of the uncertainty because it provides a formulaic ratemaking paradigm. Return on equity is calculated with a formula based on the 30-year treasury yield, with adjustments for quantitative performance measures. In contrast, the traditional rate case paradigm gives the utility commission much wider discretion over the ratemaking process and outcome.

There are concerns regarding implementation of the EIMA because it was opposed by both Governor Quinn and the ICC. Governor Quinn unsuccessfully vetoed EIMA, and the ICC opposed the initial passage of EIMA and used unfavorable parameters, such as average instead of year-end rate base, during Ameren Illinois' initial filing (for 2012 rates) and its first updated filing (for 2013 rates) under the formula rate plan. As a result, the more supportive legislature had to pass the follow-up SB 9 bill in May 2013 to clarify the parameters to be used, which are favorable to the company.

The passage of SB 9 should alleviate the disagreement between the ICC and the company over the implementation of EIMA in the near term, thus bringing EIMA one step closer to achieving its potential of encouraging more investment in utility infrastructure, mitigating regulatory lag, and creating a more transparent and less politically charged rate-setting process for the company. The outcome of the current formula rate filing (for 2014 rates), expected in December 2013, will go a long way in demonstrating the effectiveness of EIMA.

- Sale of merchant generation operations a credit positive

On March 14, 2013, the company announced that Dynegy, Inc. (B2 Corporate Family Rating, stable) agreed to acquire Ameren Genco and the rest of Ameren's merchant coal-fired generating portfolio. We view the planned sale as credit positive for Ameren as it will eliminate its higher-risk, merchant generating business.

- Credit metrics supportive of current rating levels

Consolidated interest coverage, as measured by CFO Pre-WC plus interest to interest, was 4.1x in 2012, down slightly from 4.3x in 2011, while CFO Pre-WC to debt has been in the 21% range for the past four years. Even though these credit metrics are strong for the rating, they benefited from very low tax burden arising from bonus tax depreciation and net operating losses, which may or may not continue. Going forward, Ameren's cash flow to debt metrics could decline but we expect the CFO Pre-WC/debt to remain above 15%, consistent with its rating level.

Liquidity Profile

Ameren has adequate liquidity. The company will likely generate negative free cash flow over the next few years due to rising capital expenditures at Ameren Illinois and Ameren Transmission Company of Illinois. However, Ameren's access to capital markets should not be an issue given its stable rate-regulated utility operations. Liquidity available to Ameren includes $2.1 billion of bank credit facilities, of which the company reported very minor usage as of June 30, 2013. Long-term debt maturities over the next twelve months on a consolidated basis total $884 million.

Rating Outlook

The stable rating outlook reflects the improving regulatory environment in both Missouri and Illinois and consolidated cash flow coverage metrics that are supportive of credit quality.

What Could Change the Rating - Up

The rating could be upgraded if the regulatory environment in Missouri and Illinois continue to improve, assuming that the merchant unit is successfully divested and the credit metrics are supportive of an upgrade.

What Could Change the Rating - Down

The rating could be lowered if there are adverse regulatory or political developments in either Missouri or Illinois, including unsupportive rate case outcomes, or if there is a decline in financial metrics, including CFO Pre-WC to debt below 15% for a sustained period.

Rating Factors

Ameren Corporation

Regulated Electric and Gas Utilities Industry [1][2]	LTM 06/30/2013		Moody's 12-18 month Forward View* As of August 2013	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Ba		Ba
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (5%)		A		A
b) Generation and Fuel Diversity (5%)		Ba		Ba
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	4.2x	Baa	3.7x-4.2x	A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.7%	Baa	19%-21%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	16.9%	Baa	13%-16%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	43.1%	A	42%-44%	Baa
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa3		Baa3

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 06/30/2013(LTM); Source: Moody's Financial Metrics

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Research Update:

Ameren Corp. And Subsidiaries Issuer Credit Ratings Raised To 'BBB+', Outlook Is Stable

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Table Of Contents

Research Update:

Ameren Corp. And Subsidiaries Issuer Credit Ratings Raised To 'BBB+', Outlook Is Stable

Overview

- Ameren Corp.'s sale of its coal merchant assets demonstrates management's ability to effectively execute on its revised lower risk strategy focused on its regulated operations.
- We are raising the issuer credit ratings on Ameren, Ameren Illinois Co., and Ameren Missouri to 'BBB+' from 'BBB'. The outlook is stable.
- We are raising the rating on Ameren Corp.'s senior unsecured debt to 'BBB' from 'BBB-'. We are also raising the ratings on Ameren Illinois and Ameren Missouri's senior secured debt to 'A' from 'A-'. We view Ameren Illinois and Ameren Missouri as 'core' subsidiaries of Ameren Corp.
- The stable outlook reflects our view that the 'excellent' business risk profile will continue to marginally improve, reflecting disproportionate investments to the company's lower risk transmission business and that the financial measures will continue to be in the middle of the range for the 'significant' financial risk profile category.

Rating Action

On Dec. 4, 2013, Standard & Poor's Ratings Services raised its issuer credit rating on Ameren Corp., Ameren Illinois Co. (AI), and Ameren Missouri (AM) to 'BBB+' from 'BBB'. The outlook is stable. We also raised the rating on Ameren Corp.'s senior unsecured debt to 'BBB' from 'BBB-', raised the ratings on Ameren Illinois and Ameren Missouri's senior secured debt to 'A' from 'A-', and raised the rating on the unsecured debt at Ameren Illinois to 'BBB+' from 'BBB'. We removed all the ratings from CreditWatch Positive, where we placed them on March 14, 2013.

Rationale

The upgrades reflect management's commitment to credit quality and the high certainty regarding the company's strategic direction. The company will be a fully rate-regulated business with primary operations in Illinois and Missouri. Furthermore, management will center its time, focus, and energy on effectively managing regulatory risk and expanding its regulated businesses. The successful implementation of both initiatives supports credit quality, in our view. The upgrades also reflect our assessment of the company's business risk profile as "excellent" and its financial risk profile as "significant".

Standard & Poor's bases its ratings on Ameren, AI and AM on the consolidated group credit profile and application of our Group Rating Methodology. AI and

AM are deemed core entities that are integral to Ameren and are therefore rated at the same level as Ameren.

Our 'excellent' business risk assessment on Ameren incorporates our "very low" industry risk assessment of the regulated utility industry and a "very low" country risk based on the company's sole focus on U.S. operations and markets. The company's size (more than 3.3 million electric and gas customers) and regulatory diversity that includes the Illinois Commerce Commission (ICC), Missouri Public Service Commission, and the Federal Energy Regulatory Commission (FERC) support its credit quality. Furthermore, the company's strategic decision to disproportionately invest in lower risk electric transmission that the FERC regulates, which we view as one of the most credit-supportive jurisdictions, prospectively strengthens the company's business risk profile. The company has worked diligently with its stakeholders in Illinois to reduce regulatory lag and we expect that the company will continue similar efforts in Missouri. Negative for the company's business risk profile is the continued weak economic growth in its service territory, particularly Missouri, which has dampened overall sales growth.

We base our significant assessment of Ameren's financial risk profile on our expectations that financial measures will moderately weaken from current levels, reflecting the company increased capital spending. We expect annual capital spending to well exceed $1.5 billion over the next three years, reflecting higher investments in lower risk regulated electric transmission. For the 12 months ended Sept. 30, 2013, funds from operations was 21% and debt to EBITDA was 3.5x. We expect that the higher capital spending will be partially offset by ongoing rate case increases and the use of infrastructure riders that will allow some of Ameren's subsidiaries to earn their allowed return on equity. We expect that Ameren's core financial measures will be in the middle of the significant range of the medial volatility table.

Our base case projections assume:
- U.S. GDP growth of 1.6% this year and 2.5% in 2014.
- The company's sales growth is essentially flat, reflecting a combination of persistently slow economic growth in its service territory and ongoing customer conservation efforts.
- Management of regulatory risk continues to gradually improve in Illinois.
- Annual capital spending that is greater than $1.5 billion.
- Disproportionate capital investments in electric regulated transmission.
- The company can earn its allowed return on equity for assets regulated by the FERC.
- Operating measures for safety, reliability, and generation availability continue to gradually improve.

This results in the following core financial ratios:
- Funds from operations to debt of 16% to 19% for the next three years.
- Debt to EBITDA of 3.9x to 4.2x for the next three years.
- Both financial measures are comfortably in the middle of the significant financial risk profile range.

The ratings also reflect the application of a one-notch negative adjustment for our "comparable rating analysis." This reflects our expectations that the company's business risk profile will generally remain at the lower end of the excellent business risk profile category. Pressuring the company's business risk profile is the company's management of regulatory risk that, although improving, continues to result in regulatory lag in some of its businesses so that the company cannot consistently earn its allowed return on equity. In addition, the slow economic growth in the company's service territory is generally also weaker when compared with peers. We also view the company's operation of a single nuclear generating plant as a relatively higher-risk, increasing the company's operating risk compared with peers.

Liquidity

We consider liquidity to be "adequate" under our liquidity methodology. The company's projected liquidity sources--mostly operating cash flow and available bank lines--exceed its projected uses, which consist mainly of maintenance capital spending and debt maturities, by about 1.3x. Ameren's ability to absorb high-impact, low probability events with limited need for refinancing, flexibility to lower capital spending or sell assets, its sound bank relationships, solid standing in credit markets, and generally prudent risk management also support our assessment that liquidity is adequate. Specifically, we believe liquidity sources would exceed uses even if EBITDA were to decrease by 15%. In our assessment, Ameren has good relationships with its banks and has a good standing in the credit markets, having successfully issued debt during a variety of credit conditions.

Ameren's credit agreement includes financial covenants requiring consolidated debt to total capitalization of less than 65% and consolidated funds from operation plus interest expense to consolidated interest expense that is greater than 2x. As of Sept. 30, 2013, the company was in compliance with these covenants and we expect it will maintain a comfortable level of compliance.

Outlook

The rating outlook reflects our base case forecast level of adjusted funds from operations to debt of about 18% and debt to EBITDA of about 4x. Fundamental to our forecast is our expectation that the company will continue to manage its regulatory risk, enabling some of the regulated companies to earn their allowed return on equity. We also expect that the company will disproportionately invest in lower risk rate-regulated electric transmission assets that will gradually strengthen the company's business risk profile.

Upside scenario

We could raise the ratings if the company's business risk profile improves such that the regulatory lag consistently diminishes and that the economic growth in the company's service territory strengthens. We could also raise the ratings if the company's financial measures improve above our base forecast, such that the core financial ratios are consistently at the high end of the significant financial risk profile category. This could occur when the company completes its large capital projects while simultaneously effectively managing costs.

Downside scenario

We could lower the ratings if the company's ability to manage its regulatory risk weakens or if its financial performance unexpectedly deteriorates such that the core financial measures are consistently below the range for the significant financial risk profile category. This could occur if rate case outcomes are consistently weaker than expected, regulatory lag increases, or if there is a material increase to capital spending that is primarily funded with debt.

Ratings Score Snapshot

Corporate Credit Rating: BBB+/Stable/A-2

Business risk: Excellent

- Industry risk: Very low risk
- Country risk: Very low risk
- Competitive position: Strong
- Financial risk: Significant
- Cash flow leverage: Significant

Anchor: a-

Modifiers:

- Diversification: No impact
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Neutral (no impact)
- Management and Governance: Satisfactory (no impact)
- Comparable rating analysis: Unfavorable (-1 notch)

Recovery analysis

- We rate the senior unsecured debt at Ameren one notch lower than the corporate credit rating because of structural subordination. This results from priority obligations exceeding 20% of total assets.
- We assign recovery ratings to first-mortgage bonds (FMB) issued by U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the rating category and the extent of the collateral coverage. The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria (see "Collateral Coverage and Issue Notching Rules for '1+' and '1' Recovery Ratings on Senior Bonds

Secured by Utility Real Property," published Feb. 14, 2013).
- The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.
- Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories, depending on the calculated ratio.
- AM's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of about 3x supports a recovery rating of '1+' and an issue rating two notches above the ICR.
- AI's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of about 3.5x supports a recovery rating of '1+' and an issue rating two notches above the ICR.

Related Criteria And Research

- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign—Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013

Ratings List

Ratings Raised

	To	From
Ameren Corp.		
Ameren Missouri		
Corp. credit rating	BBB+/Stable/A-2	BBB/Watch Pos/A-2
American Illinois Co.		
Corp. credit rating	BBB+/Stable/NR	BBB/Watch Pos/A-2
Ameren Corp.		
Senior unsecured	BBB	BBB-/Watch Pos
American Illinois Co.		
Ameren Missouri		

Senior secured	A	A-/Watch Pos
Recovery Rating	1+	1+

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