Ameren Corp.

Full Rating Report

Ratings

Long-Term IDR	BBB+
Short-Term IDR	F2
Commercial Paper	F2
Senior Unsecured Debt	BBB+

IDR – Issuer Default Rating.

Rating Outlook

Long-Term IDR	Stable

Financial Data

Ameren Corp.

($ Mil.)	12/31/13	12/31/12
Revenue	5,838	6,828
Gross Margin	3,965	4,333
Operating EBITDA	1,890	2,113
Net Income	289	(974)
CFO	1,693	1,690
Total Adjusted Debt	6,271	6,957
Total Capitalization	12,793	13,444
Capex/Depreciation (x)	1.98	1.62

Related Research

2014 Outlook: Utilities, Power, and Gas (Electricity Sales Unplugged) (December 2013)

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Key Rating Drivers

Reduced Business Risk: Ameren Corp.'s (AEE) divestiture of its volatile merchant operations significantly reduces business risk and allows the company to focus entirely on growing its more stable and predictable utility businesses. The divestiture results in the removal of $825 million of existing merchant debt from AEE's consolidated capital structure and generates interest expense savings of approximately $59 million per annum.

Robust Financial Performance: Tariff increases at AEE's regulated utility subsidiaries, Union Electric Co. (UE) and Ameren Illinois Company (AIC), continued efficient management of consolidated leverage with opportunistic debt redemption and interest savings, and incremental earnings stemming from transmission investments should continue to support a sound financial profile, in Fitch Ratings' view. Fitch forecasts the ratios of adjusted debt/EBITDAR, FFO lease-adjusted leverage and FFO fixed-charge coverage to average 3.4x, 3.4x, and 5.2x, respectively, over 2014–2016.

Solid Utility Financial Profile: UE and AIC generate relatively stable and predictable cash flows with limited commodity exposure. Fitch forecasts both subsidiaries will display solid credit protection measures for their respective rating categories over 2014–2016, with FFO-adjusted leverage measures in the low 3x range. UE and AIC represented approximately 67% and 33% of consolidated operating EBITDA, respectively, for the fiscal year ended Dec. 31, 2013.

Rising Capex: AEE plans to spend between $8.1 billion and $8.7 billion of consolidated capex over 2014–2018, compared with approximately $6.4 billion over the previous five years. Planned capex includes spending $2.25 billion on Federal Energy Regulatory Commission (FERC)-regulated transmission investments. Fitch considers FERC regulation to be among the most favorable in the sector, reflecting higher allowed returns, the inclusion of construction work in process (CWIP) in rate base, and timely recovery of invested capital.

Strong Liquidity: Consolidated liquidity totals $1.74 billion, including $1.71 billion of unused credit facilities and $30 million of cash and cash equivalents, at Dec. 31, 2013. Consolidated long-term debt maturities are manageable with $534 million due in 2014, $120 million due in 2015, and $395 million due in 2016. AEE's credit profile also reflects a low level of parent-only debt and expectations that AEE will continue to manage parent-only leverage in a conservative manner.

Rating Sensitivities

Positive Rating Action: No positive rating actions are anticipated in the near term.

Negative Rating Action: Any negative rating actions at the utilities, such as those due to adverse rate decisions in regulatory proceedings, would likely lead to a negative rating action at AEE, given the strong earnings and cash flow linkages.

Financial Overview

Liquidity and Debt Structure

The funding needs of AEE's regulated utility subsidiaries are supported through the use of available cash, short-term intercompany borrowings, drawings under bank credit facilities, and an intercompany money pool. A total of $1 billion of credit capacity is available for borrowings under UE's bank credit facility, and a total of $1.1 billion of credit capacity is available under AIC's bank credit facility. Both credit facilities mature in November 2017.

Each credit facility is shared with AEE. Under the UE credit facility, UE's sublimit is $800 million, while AEE's is $500 million. Under the AIC credit facility, AIC's sublimit is $800 million, while AEE's is $300 million. There was $1.74 billion of consolidated available liquidity, including $1.71 billion of unused credit facilities and $30 million of cash and cash equivalents, at Dec. 31, 2013. The bank credit facilities also provide back-up support to AEE's $800 million commercial paper (CP) program and UE's $500 million CP program. AEE (parent only) had $368 million of CP borrowings and $14 million of letters of credit outstanding at Dec. 31, 2013.

The bank credit agreements contain a financial covenant that states the total debt-to-capitalization ratio should be no greater than 65%. Additionally, and applicable to AEE only, the FFO plus interest-to-interest expense ratio should be no less than 2.0x. AEE and subsidiaries were well in compliance at year-end 2013.

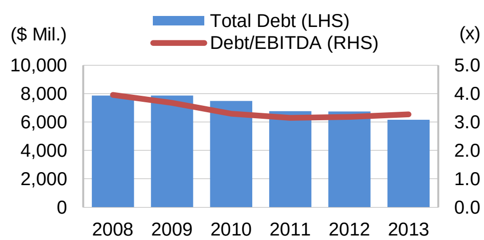
Debt Maturities and Liquidity

($ Mil., As of Dec. 31, 2013)

Debt Maturities	
2014	534
2015	120
2016	395
2017	681
Cash and Cash Equivalents	30
Undrawn Committed Facilities	1,718

Source: Fitch Ratings.

Total Debt and Leverage

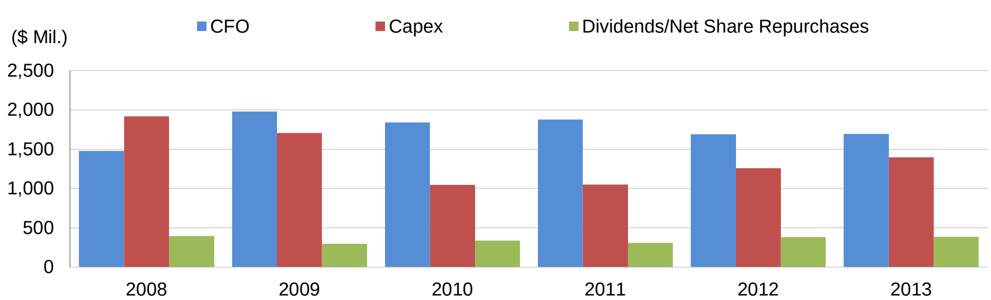


Source: Fitch Ratings.

Cash Flow Analysis

Fitch projects AEE's internally generated cash flows (CFO minus common dividends paid) to support nearly 80% of capex funding needs on average over 2014–2016. Fitch expects AEE's cash flows to benefit from the availability of approximately $600 million of consolidated tax

CFO and Cash Use



Source: Company data, Fitch Ratings.

Related Criteria

Rating U.S. Utilities, Power and Gas Companies (Sector Credit Factors) (March 2014) benefits, including $450 million at AEE, which management expects to realize into 2016. Cash flows will also benefit from the sustained solid financial profile of the utilities that provide steady dividend distributions and will not require any parent equity infusions over the forecast period.

Peer and Sector Analysis

Peer Group

Issuer	Country
BBB+	
Duke Energy Corporation	U.S.
BBB	
American Electric Power Company, Inc.	U.S.
DTE Energy Co.	U.S.

Source: Fitch Ratings.

Issuer Rating History

Date	LT IDR (FC)	Outlook/ Watch
March 14, 2014	BBB+	Stable
March 15, 2013	BBB	Stable
Jan. 28, 2013	BBB	Stable
Jan. 27, 2012	BBB	Stable
May 23, 2011	BBB	Stable
July 30, 2010	BBB	Stable
July 31, 2009	BBB+	Stable
Aug. 1, 2007	BBB+	Stable
April 2, 2007	BBB+	RWN
Oct. 10, 2006	A–	RWN
May 17, 2006	A–	Stable
Dec. 6, 2005	A–	Stable
Feb. 3, 2004	A–	Stable
May 29, 2003	A–	Stable
April 30, 2002	A+	RWN
Dec. 7, 2001	A+	Negative
Oct. 10, 2000	A+	Stable
June 27, 2000	A+	Stable

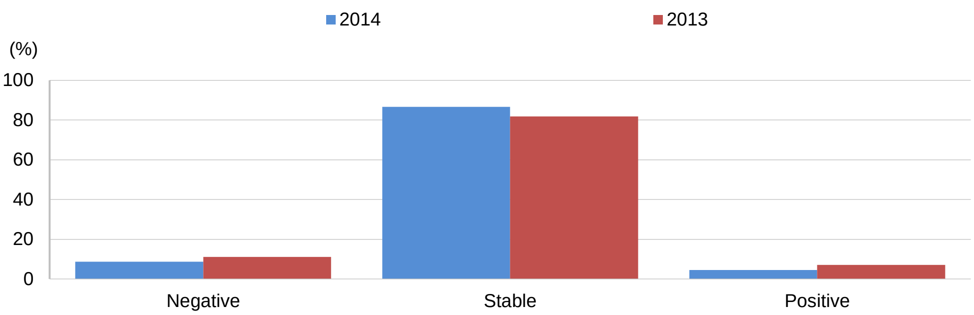
LT IDR – Long-term Issuer Default Rating.
FC – Foreign currency.
RWN – Rating Watch Negative.
Source: Fitch Ratings.

Peer Group Analysis

	Ameren Corp.	Duke Energy Corporation	American Electric Power Company, Inc.	DTE Energy Co.
LTM as of	12/31/13	12/31/13	12/31/13	12/31/13
Long-Term IDR	BBB+	BBB+	BBB	BBB
Outlook	Stable	Stable	Stable	Stable
Financial Statistics ($ Mil.)				
Revenue	5,838	24,598	15,015	9,641
YoY Revenue Growth (%)	(14.5)	25.4	2.6	12.2
EBITDA	1,890	8,205	4,482	2,268
EBITDA Margin (%)	32.4	33.4	29.9	23.5
FCF	(92)	(1,332)	(723)	(1,246)
Total Adjusted Debt	6,178	38,051	16,183	7,701
Cash and Cash Equivalents	30	1,501	118	52
Funds Flow from Operations	1,766	6,555	3,609	902
Capex	(1,397)	(5,526)	(3,624)	(1,892)
Net Equity Proceeds		(87)	84	39
Credit Metrics (x)				
EBITDAR/(Gross Interest Expense + Rents)	4.5	4.7	4.1	4.5
FFO Adjusted Leverage	2.9	4.7	3.9	6.6
Debt/EBITDAR	3.3	4.6	3.9	3.7
FFO Fixed-Charge Coverage	5.1	4.6	4.1	2.5
Capex/Depreciation (%)	197.9	196.8	242.9	206.3

IDR – Issuer Default Rating. YoY – Year over year.
Source: Fitch Ratings.

Sector Outlook Distribution



Source: Company data, Fitch Ratings.

Key Rating Issues

Merchant Divestiture

AEE's exit from volatile merchant operations significantly reduces business risk and allows the company to focus entirely on growing its more stable and predictable utility subsidiaries. The divestiture results in the removal of $825 million of existing merchant debt from AEE's consolidated capital structure and generates interest expense savings of approximately $59 million per year. Fitch notes AEE will retain some cash flow exposure for up to two years following the divesture in the form of credit support and guarantees for various merchant financial contracts, which are supported by a $25 million guarantee from acquirer Dynegy Inc. Fitch does not expect AEE to incur any significant cash outflows associated with the guarantees and has consequently not factored any related cash flow exposure in its analysis.

Illinois Regulatory Predictability

The Illinois legislation (S.B. 9) implemented in May 2013 clarified certain formula rate plan (FRP)-related provisions that had been the subject of material disagreement in previous proceedings. S.B. 9 provides increased regulatory predictability and is more supportive of AIC's credit quality, in Fitch's opinion. The FRP, implemented in October 2011, recognizes forward-looking rate base additions and includes a true-up mechanism minimizing, albeit not eliminating, regulatory lag. Fitch viewed the first two FRP rate decisions that resulted in $53 million of total rate reduction as less than favorable, suggesting Illinois regulation continued to be challenging. The new legislation requires the Illinois Commerce Commission (ICC) to use a year-end rate base and capital structure in all FRP proceedings. In previous FRP decisions, the ICC relied on an average rate base and capital structure, which essentially lowered the revenue requirement.

UE's Rate Case Filing

UE plans to file an electric rate case in July 2014, with new rates to be effective in mid-2015. The primary drivers for the rate filing are the recovery of operating costs, including higher net fuel costs, and capital investments associated with the replacement of the nuclear reactor head at the Callaway plant and upgrades to precipitators at the coal-fired Labadie plant. Both projects are scheduled for completion during fourth-quarter 2014. UE has done relatively well in its most recent rate cases, including in the company's last rate order in December 2012, where it received 80% of its updated rate request. Fitch's base case model incorporates a rate increase relatively in line with prior decisions.

Rising Capex

AEE plans to spend between $8.1 billion and $8.7 billion of consolidated capex over 2014–2018, compared with approximately $6.4 billion over the previous five years. Planned capex includes spending $2.25 billion on FERC-regulated transmission investments via AIC and Ameren Transmission Co. of Illinois (ATXI). ATXI is building three Midcontinent Independent System Operator-approved multivalue projects for a total cost of $1.4 billion through 2019. FERC rate design provides for timely recovery of capital investments via annual rate reconciliations and permits inclusion of CWIP into rate base, supporting cash flows during the construction phase. AEE's remaining capex is earmarked towards the maintenance and upgrade of utility infrastructure, with a large portion of spend projected in Illinois, where the FRP regulatory framework applicable to the electric delivery business minimizes the lag associated with the recovery of those capital investments.

Organizational Structure — Ameren Corp.
($ Mil., As of Dec. 31, 3013)

Ameren Corp.
IDR — BBB+

8.875% Sr. Unsecured Notes due 2014	425
Consolidated Adjusted EBITDA	1,890

Ameren Illinois Co.
IDR — BBB

Adjusted EBITDA	658
6.200% Sr. Secured Notes due 2016	54
6.250% Sr. Secured Notes due 2016	75
6.125% Sr. Secured Notes due 2017	250
6.250% Sr. Secured Notes due 2018	144
9.750% Sr. Secured Notes due 2018	313
2.700% Sr. Secured Notes due 2022	400
6.125% Sr. Secured Notes due 2028	60
6.700% Sr. Secured Notes due 2036	61
6.700% Sr. Secured Notes due 2036	42
4.800% Sr. Secured Notes due 2043	280
5.900% Pollution Control Revenue Bonds due 2023	32
5.700% Pollution Control Revenue Bonds due 2024	36
5.950% Pollution Control Revenue Bonds due 2026	35
5.700% Pollution Control Revenue Bonds due 2026	8
Pollution Control Revenue Bonds due 2028	17
5.400% Pollution Control Revenue Bonds due 2028	19
5.400% Pollution Control Revenue Bonds due 2028	33

Union Electric
IDR — BBB+

Adjusted EBITDA	1,257
5.500% Sr. Secured Notes due 2014	104
4.750% Sr. Secured Notes due 2015	114
5.400% Sr. Secured Notes due 2016	260
6.400% Sr. Secured Notes due 2017	425
6.000% Sr. Secured Notes due 2018	179
5.100% Sr. Secured Notes due 2018	199
6.700% Sr. Secured Notes due 2019	329
5.100% Sr. Secured Notes due 2019	244
5.000% Sr. Secured Notes due 2020	85
5.500% Sr. Secured Notes due 2034	184
5.300% Sr. Secured Notes due 2037	300
8.450% Sr. Secured Notes due 2039	350
3.900% Sr. Secured Notes due 2042	485
Pollution Control Revenue Bonds due 2022	47
5.450% Pollution Control Revenue Bonds due 2028	[a]
Pollution Control Revenue Bonds due 2033	60
Pollution Control Revenue Bonds due 2033	50
Pollution Control Revenue Bonds due 2033	50
City of Bowling Green Capital Lease	59
Audrain County Capital Lease	240

Other Subsidiaries

Ameren Transmission Co. of Illinois	NR
Ameren Services Company	NR

[a]Less than $1 million outstanding. IDR – Issuer Default Rating. NR – Not rated.
Source: Company filings, Bloomberg, Fitch Ratings.

Key Metrics

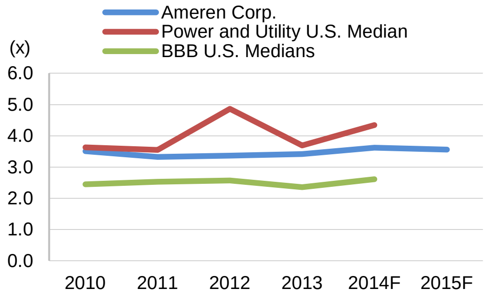
Definitions

- Leverage: Gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock divided by FFO plus gross interest paid plus preferred dividends plus rental expense.
- Interest Cover: FFO plus gross interest paid plus preferred dividends divided by gross interest paid plus preferred dividends.
- FCF/Revenue: FCF after dividends divided by revenue.
- FFO/Debt: FFO divided by gross debt plus lease adjustment minus equity credit for hybrid instruments plus preferred stock.

Fitch's expectations are based on the agency's internally produced, conservative rating case forecasts. They do not represent the forecasts of rated issuers individually or in aggregate. Key Fitch forecasts assumptions include:

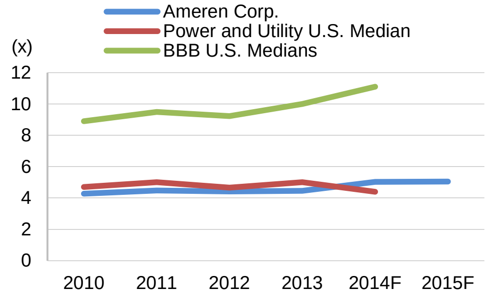
- AIC's electric rates adjusted annually via FRP proceedings.
- Balanced rate outcome at UE with new rates effective May 2015.
- Flat sales growth.
- Capex averaging approximately $1.9 billion over 2014–2016.

Leverage: Total Adjusted Debt/ Operating EBITDAR



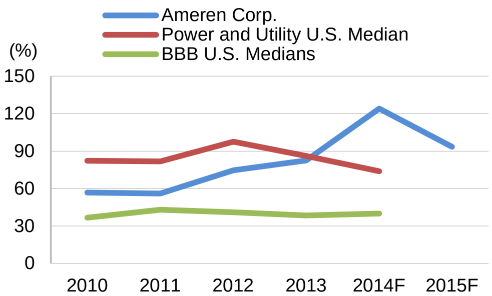
F – Forecast.
Source: Company data, Fitch Ratings.

Interest Coverage: Operating EBITDA/Gross Interest Expense



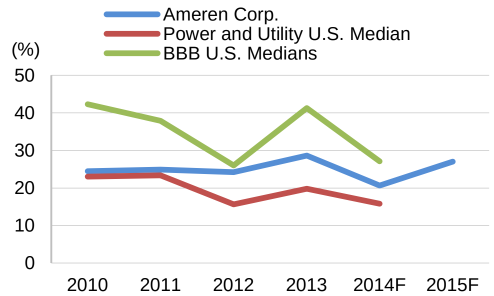
F – Forecast.
Source: Company data, Fitch Ratings.

Capex/CFO



F – Forecast.
Source: Company data, Fitch Ratings.

FFO/Debt



F – Forecast.
Source: Company data, Fitch Ratings.

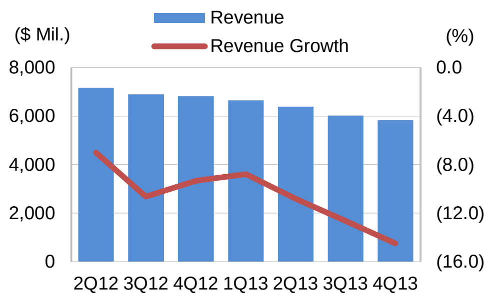
Company Profile

AEE is a public utility holding company whose primary assets are its equity interests in its two regulated utility subsidiaries, UE and AIC. AEE's financial profile reflects the financial support it receives from them in the form of dividends for the payment of corporate expenses, debt service obligations, and dividends to common shareholders. AEE also owns ATXI, a wholly owned electric transmission subsidiary that operates under FERC regulation. UE and AIC represented approximately 67% and 33% of consolidated operating EBITDA, respectively, for the year ended Dec. 31, 2013.

AEE completed the divestiture of its unregulated merchant business, Ameren Energy Resources Co., to a subsidiary of Dynegy on Dec. 2, 2013. AEE will retain some cash flow exposure for up to two years following the divestiture in the form of credit support and guarantees for various merchant financial contracts, which are supported by a $25 million guarantee from Dynegy. AEE recorded a loss from discontinued operations (net of taxes) of $223 million in 2013 from the sale of the merchant business.

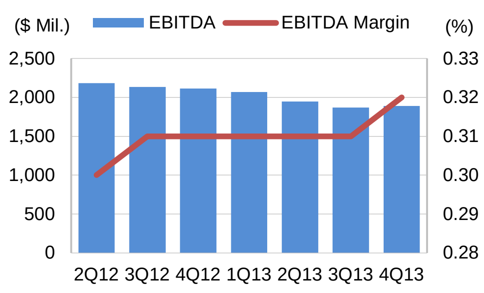
Business Trends

Revenue Dynamics



Source: Fitch Ratings.

EBITDA Dynamics



Source: Fitch Ratings.

Pension Analysis

Pension Analysis

($ Mil.)	2013	2012
PBO (Under)/Over Funded Status	(439)	(958)
Pension Funded Analysis (%)	88.7	76.9
Estimated Pension Outflows/(FFO+Pension Contribution) (%)	8.0	12.5

Source: Fitch Ratings.

Fitch does not consider AEE's pension funding level to be a credit concern. AEE made a contribution of $156 million to its pension plan in 2013. AEE expects to make annual contributions of $20 million–$100 million in each of the next five years, with aggregate estimated contributions of $270 million.

Financial Summary — Ameren Corp.

($ Mil., Fiscal Years Ended Dec. 31)	2010	2011	2012	2013
Fundamental Ratios (%)				
Operating EBITDAR/(Gross Interest Expense + Rents) (x)	4.3	4.4	4.3	4.5
FFO Fixed-Charge Coverage (x)	4.3	4.4	4.3	5.1
Total Adjusted Debt/Operating EBITDAR (x)	3.4	3.2	3.2	3.3
FFO/Total Adjusted Debt	30.6	31.3	30.7	35.0
FFO-Adjusted Leverage (x)	3.3	3.2	3.3	2.9
Common Dividend Payout	264.7	72.3	(39.2)	134.3
Internal Cash/Capex	140.9	143.0	103.9	93.4
Capex/Depreciation	136.7	133.9	162.5	197.9
Return on Equity	1.8	6.6	(13.4)	4.4
Profitability				
Revenues	7,638	7,531	6,828	5,838
Revenue Growth (%)	7.7	(1.4)	(9.3)	(14.5)
Net Revenues	4,540	4,428	4,333	3,965
Operating and Maintenance Expense	1,821	1,820	1,752	1,617
Operating EBITDA	2,270	2,151	2,113	1,890
Operating EBITDAR	2,299	2,198	2,161	1,922
Depreciation and Amortization Expense	765	785	775	706
Operating EBIT	1,505	1,366	1,338	1,184
Gross Interest Expense	506	456	453	398
Net Income for Common	139	519	(974)	289
Operating Maintenance Expense % of Net Revenues	40.1	41.1	40.4	40.8
Operating EBIT % of Net Revenues	33.2	30.8	30.9	29.9
Cash Flow				
CFFO	1,842	1,878	1,690	1,693
Change in Working Capital	10	191	58	(73)
Funds from Operations	1,832	1,687	1,632	1,766
Dividends	(368)	(375)	(382)	(388)
Capex	(1,046)	(1,051)	(1,259)	(1,397)
FCF	**428**	**452**	**49**	**(92)**
Net Other Investment Cash Flow	24	12	18	(326)
Net Change in Debt	(431)	(736)	(26)	247
Net Equity Proceeds	28	65	—	—
Capital Structure				
Short-Term Debt	269	148	—	368
Total Long-Term Debt	7,226	6,618	6,748	5,810
Total Debt with Equity Credit	7,495	6,766	6,748	6,178
Total Adjusted Debt with Equity Credit	7,747	7,000	6,957	6,271
Total Hybrid Equity and Minority Interest	83	78	80	71
Total Common Shareholder's Equity	7,730	7,919	6,616	6,544
Total Capital	**15,308**	**14,763**	**13,444**	**12,793**
Total Debt/Total Capital (%)	49.0	45.8	50.2	48.3
Total Hybrid Equity and Minority Interest/Total Capital (%)	0.5	0.5	0.6	0.6
Common Equity/Total Capital (%)	50.5	53.6	49.2	51.2

Source: Fitch Ratings.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.