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MOODY'S
INVESTORS SERVICE

CREDIT OPINION
10 March 2016

Update

Rate this Research

RATINGS

AMEREN CORPORATION

Domicile	St. Louis, Missouri, United States
Long Term Rating	Baa1
Type	LT Issuer Rating
Date	20 Nov 2015
Outlook	Stable
Date	20 Nov 2015

Please see the ratings section at the end of this report for more information.

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Ameren Corporation

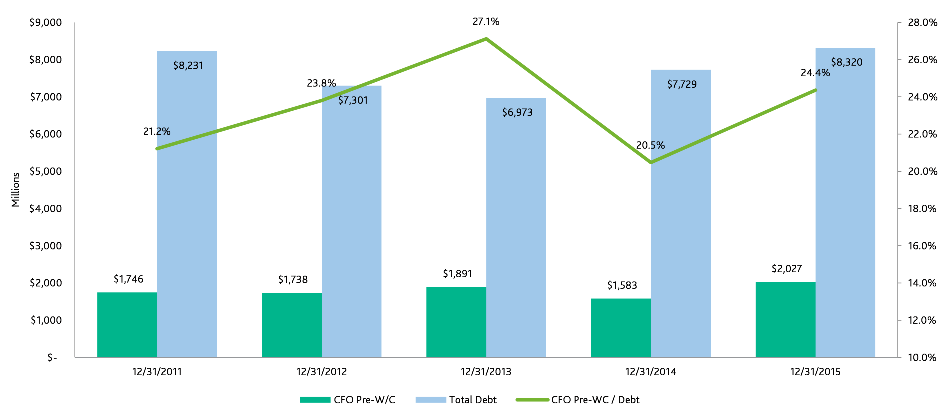
Regulated Electric and Gas Utility Holding Company

Summary Rating Rationale

Ameren Corporation's (Ameren) Baa1 rating reflects a challenging but stable regulatory environment in Missouri and a credit supportive regulatory environment in Illinois. It also incorporates Ameren's strong consolidated credit metrics, manageable parent company debt (approximately 11% of the total consolidated debt), and improved business risk profile. Ameren's rating also reflects its position as a parent holding company that is diversified with regulated utilities operating in two states, and considers its growing transmission rate base and the stability of cash flows associated with those investments. The sale of its merchant operation, which was completed in December 2013, as well as the sale of its remaining gas-fired merchant power plants in January 2014, eliminated its higher-risk business, thus lowering the overall risk profile of the company.

Exhibit 1

Historical CFO Pre-WC, Total Debt, and CFO Pre-WC to Debt



Source: Moody's Financial Metrics

Credit Strengths

» Material improvement in Illinois regulatory environment

» Strong financial profile and credit metrics

Credit Challenges

» Challenging but stable regulatory environment in Missouri

Rating Outlook

The stable outlook for Ameren incorporates our view that the company's overall risk profile has become less volatile and more measured. Also, it reflects our expectation that Ameren's focus on investing in projects with minimal regulatory lag in cost recovery will help maintain its overall credit profile. Based on its improved risk profile and transparency around utility subsidiary cash flows, we expect Ameren to maintain stable credit metrics.

Factors that Could Lead to an Upgrade

» Significant positive change in overall regulatory environment, most notably the regulatory environment in Missouri

» Meaningful improvement in Ameren's consolidated financial profile such that its cash flow from operation pre-working capital (CFO pre-WC) to debt ratio is above 24% on a sustained basis

Factors that Could Lead to a Downgrade

» Adverse regulatory or political developments in either Missouri or Illinois, including rate case outcomes that are credit negative

» Significant additional debt issued at the parent company level

» Inability to execute on its large capital spending plan in a fiscally responsible way

» Deterioration in financial metrics, including CFO Pre-WC to debt below 20% for a sustained period

Key Indicators

Exhibit 2

KEY INDICATORS [1]

Ameren Corporation

	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011
CFO pre-WC + Interest / Interest	6.3x	5.1x	5.3x	4.9x	4.3x
CFO pre-WC / Debt	24.4%	20.5%	27.1%	23.8%	21.2%
CFO pre-WC – Dividends / Debt	19.5%	15.4%	21.5%	18.5%	16.6%
Debt / Capitalization	43.3%	42.7%	41.2%	42.3%	42.0%

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
Source: Moody's Financial Metrics

Detailed Rating Considerations

- Material improvement in Illinois regulatory environment

The regulatory environment in Illinois improved meaningfully when the Energy Infrastructure Modernization Act (EIMA) was enacted in 2011 and was extended by two years until the end of 2019. The EIMA provides a transparent rate setting mechanism, which resets the allowed returns on equity (ROE) every year by using a formula equaling the average of the monthly yields of the 30-year US treasury yields for the calendar year plus 580 basis points adjusted for Ameren Illinois' operating performance. The year-end rate base and capital structure are used in all rate reconciliations, minimizing regulatory lag. Under the EIMA, Ameren Illinois will have a formulaic cost recovery mechanism and be able to earn an appropriate return on its infrastructure investments through at least 2019.

In addition, Ameren Illinois now has an infrastructure rider for its natural gas operations which should minimize some regulatory lag. Ameren Illinois' last gas distribution rate case concluded in December 2015. In this rate case, the Illinois Commerce Commission (ICC) authorized a $44.5 million increase based on a 9.6% ROE and a 50% equity ratio, as well as a future test year ending December 31, 2016 as requested by the utility. The rate base was valued at $1.187 billion. In addition, the ICC allowed Ameren Illinois to recover 70%

of its fixed cost from its residential and small commercial customers. The remaining fixed cost is now allowed to be recovered through the requested volume balancing adjustment (VBA) rider. The VBA, a full revenue decoupling mechanism, permits the utility to collect revenue from its residential and small business customers independent of changes in sales volume, a credit positive.

Ameren Illinois' last annual electric formula rate update also concluded in December 2015, and the new rates became effective on January 1, 2016. In this case, the ICC authorized a $106 million increase which was based on a 9.14% ROE and a 50% equity ratio. The rate base was valued at $2.48 billion. Similar to the authorized rate increase, Ameren Illinois' request was for a $109.2 million rate increase based on a 9.14% ROE with a 50% equity ratio. Its proposed rate base value was $2.49 billion. As the rates are now reset based on the formulaic approach, the ratemaking process is no longer contentious as some rate cases have been in the past, a credit positive. Prior to the passage of the EIMA, the ICC had a history of authorizing below average rates of return and disallowances in rate cases that led to a sometimes contentious relationship with the utilities and longer regulatory lag.

- Challenging but stable regulatory environment in Missouri

Historically, we have considered Missouri's regulatory environment to be less credit supportive for electric utilities due to longer regulatory lag and contentious disallowances in some past rate cases. Missouri's restrictive regulation is further compounded by a very active intervener base. While recent decisions and the implementation of various riders have demonstrated an improvement in the regulatory environment, we still consider it challenging. We also view Ameren Missouri's ability to recover costs and earn appropriate returns as below average. On the other hand, Ameren Missouri's gas business operates under a considerably more favorable regulatory framework but is a small part of its total operations.

To mitigate Missouri's longer regulatory lag, Ameren Missouri has filed frequent rate cases over the last several years. In its first rate case filing in over two years, on July 3, 2014, Ameren Missouri requested an increase in its electric base rates by $264.1 million, based on a 10.4% ROE with a 51.59% common equity layer and a $7.3 billion electric rate base for the test year ended March 31, 2014. The Missouri Public Service Commission (MPSC) issued its final order on April 29, 2015, authorizing a $121.5 million base rate increase based on a 9.53% ROE and a 51.76% equity structure, effective May 30, 2015.

Ameren Missouri had previously made some regulatory progress with the implementation of a fuel adjustment clause (FAC) and cost trackers for pension/OPEB, vegetation management, and storm costs. However, in this most recent case, tracking mechanisms associated with storm costs, vegetation management, and infrastructure inspections were all deemed no longer necessary, resulting in discontinuation. Such changes in recovery mechanisms will not only contribute to future regulatory lag, but can also be an indication of a less credit supportive regulatory environment. Ameren Missouri estimates that transmission charges previously included in the FAC that are now included in base rates totaled $30 million in 2014 and are expected to increase to $41 million in 2015. Ameren Missouri expects transmission charges to increase to $53 million in 2016, with further cost increases expected in the foreseeable future. Ameren Missouri will now have to rely on its general rate cases to recover these costs.

- Long-term capital investments focused on Ameren Illinois and Ameren Transmission Company of Illinois

Ameren plans to expand its rate base by approximately 6.5% (compounded annual growth rate) over the next five years, from approximately $12.1 billion in 2015 to $16.7 billion in 2020. Particular focus will be on expanding its FERC-regulated transmission investments at Ameren Transmission Company of Illinois (ATXI, not rated) and Ameren Illinois' electric and gas infrastructure investments, including Ameren Illinois' FERC-regulated transmission investments. Ameren expects its FERC-regulated transmission rate base to grow by 20% (CAGR), Ameren Illinois' electric and gas distribution rate base to grow by approximately 6% (CAGR), and approximately 11% (CAGR), respectively, compared to around 2% compounded annual growth for Ameren Missouri's rate base over the same period. We believe the long-term investment plan focused on FERC-regulated transmission projects and Ameren Illinois' electric and gas distribution business enhance the transparency and stability around Ameren's earnings and cash flow. The formula based rates in Illinois and at the FERC minimize regulatory lag and allow Ameren to earn appropriate returns without the uncertainty of potentially contentious rate cases.

Furthermore, we believe Ameren's business risk profile has improved in recent years. In December 2013, Ameren completed its divestiture of Ameren Energy Resources (AER, not rated), which was comprised of a merchant coal-fired generation portfolio, to

Dynegy, Inc. (B2 stable). The sale of AER eliminated much of Ameren's exposure to commodity and related market risk as well as some of its environmental risk.

- Strong financial profile and credit metrics

We expect Ameren to maintain a stable credit profile with its focus on regulated utility investments and operations. In 2015, the 3-year Moody's adjusted cash flow from operations (CFO) pre-WC to debt, interest coverage, and retained cash flow (RCF) to debt ratios were 23.9%, 5.6x, and 18.7%, respectively. In 2014 and 2015, Ameren's net income from continuing operations was $587 million and $579 million, compared to $512 million in 2013, largely driven by higher earnings through the formula rates in Illinois and its FERC regulated investments. Ameren also benefited from higher natural gas rates due to the new rates which became effective in early 2014. We expect Ameren to maintain a stable financial profile as it continues to make investments under the EIMA and the FERC. Based on its large formula-rate based investment cost recovery and constructive outcomes in rate cases, Ameren should be able to maintain three-year average CFO pre-WC to debt and interest coverage ratios ranging from 21% to 24% and from 5.5x to 6.0x, respectively, over the next 12-18 months.

Liquidity Analysis

Ameren's short-term rating is P-2 and we expect the company to have a good liquidity profile over the next 12 months.

Ameren maintains two bank credit facilities totaling $2.1 billion, one as a co-borrower with Ameren Missouri for $1.0 billion and another as a co-borrower with Ameren Illinois for $1.1 billion. In December 2014, both agreements were amended and extended by two years to mature in December 2019. Under the Ameren Missouri agreement, Ameren and Ameren Missouri have sub-limits of $700 million and $800 million, respectively. Under Ameren Illinois' agreement, Ameren and Ameren Illinois have sub-limits of $500 million and $800 million, respectively. At the end of 2015, $301 million of commercial paper was outstanding under both credit agreements, of which all was issued by the parent company.

There is no material adverse change clause that could prevent borrowing under either credit facility. Under the terms of the credit facility, Ameren, Ameren Missouri and Ameren Illinois must each maintain a total debt to capitalization ratio of no greater than 65%. At December 31, 2015, all three entities were in compliance with this covenant with debt to total capitalization ratios of 51%, 49% and 47%, respectively.

Given the company's sizable capital spending program, we expect Ameren to continue generating negative free cash flow over the next 2-3 years. We expect Ameren to use a combination of internally generated cash and debt to fund this program. We believe Ameren will utilize the credit sublimit available under the credit agreements to fund the FERC-regulated transmission investment at ATXI over the near- and medium-term. Over the long-term, once ATXI is more financially independent, it is possible that the funding of these projects will be financed through external borrowings.

On December 31, 2015, Ameren had $292 million cash on hand. Ameren issued $700 million of senior unsecured notes in November 2015, $350 million in 5-year notes and $350 million in 10-year notes. The proceeds were used to reduce its outstanding commercial paper balance, which had been partly used to fund transmission projects at ATXI. Prior to the debt issuance, Ameren had no long-term debt outstanding at the parent level. Ameren Missouri and Ameren Illinois both issued $250 million of senior secured notes in April 2015 and December 2015, respectively. The next debt maturity within the Ameren family is at Ameren Illinois when $129 million is due in June 2016.

Corporate Profile

Ameren Corporation (Ameren, Baa1 stable) is the parent holding company of regulated electric and gas utilities in Missouri and Illinois. Union Electric Company (dba Ameren Missouri, Baa1 stable), Ameren's largest utility, is vertically integrated with a service territory in and around the city of St. Louis and serves approximately 1.2 million electric customers and 127,000 natural gas customers. Ameren Missouri is regulated by the Missouri Public Service Commission (PSC). Ameren Illinois Company (Ameren Illinois, A3 stable) operates a regulated electric transmission and distribution (T&D) and natural gas distribution business, serving approximately 1.2 million electric and 813,000 natural gas customers in central and southern Illinois. Its rates are regulated by the Illinois Commerce Commission (ICC) as well as the Federal Energy Regulatory Commission (FERC). Ameren has also been steadily growing its transmission business called Ameren Transmission Company of Illinois (ATXI, not rated), which is under the regulatory purview of the FERC.

Rating Methodology and Scorecard Factors

Exhibit 3

Rating Factors				
Ameren Corporation				
Regulated Electric and Gas Utilities Industry Grid [1][2]	**Current FY 12/31/2015**		**Moody's 12-18 Month Forward View As of 3/10/2016 [3]**	
Factor 1 : Regulatory Framework (25%)	**Measure**	**Score**	**Measure**	**Score**
a) Legislative and Judicial Underpinnings of the Regulatory Framework	A	A	A	A
b) Consistency and Predictability of Regulation	Baa	Baa	A	A
Factor 2 : Ability to Recover Costs and Earn Returns (25%)				
a) Timeliness of Recovery of Operating and Capital Costs	A	A	A	A
b) Sufficiency of Rates and Returns	Baa	Baa	Baa	Baa
Factor 3 : Diversification (10%)				
a) Market Position	Baa	Baa	Baa	Baa
b) Generation and Fuel Diversity	Ba	Ba	Ba	Ba
Factor 4 : Financial Strength (40%)				
a) CFO pre-WC + Interest / Interest (3 Year Avg)	5.6x	A	5.5x - 6x	A
b) CFO pre-WC / Debt (3 Year Avg)	23.9%	A	21% - 24%	A
c) CFO pre-WC – Dividends / Debt (3 Year Avg)	18.7%	A	16% - 19%	A
d) Debt / Capitalization (3 Year Avg)	42.4%	A	40% - 45%	A
Rating:				
Grid-Indicated Rating Before Notching Adjustment		A3		A3
HoldCo Structural Subordination Notching	-1	-1	-1	-1
a) Indicated Rating from Grid		Baa1		Baa1
b) Actual Rating Assigned		Baa1		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.
[2] As of 12/31/2015
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Financial Metrics

Ratings

Exhibit 4

Category	Moody's Rating
AMEREN CORPORATION	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Subordinate Shelf	(P)Baa2
Commercial Paper	P-2
UNION ELECTRIC COMPANY	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A2
Senior Secured	A2
Senior Unsecured Shelf	(P)Baa1
Subordinate Shelf	(P)Baa2
Pref. Stock	Baa3
Commercial Paper	P-2
AMEREN ILLINOIS COMPANY	
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured	A1
Senior Unsecured Shelf	(P)A3
Subordinate Shelf	(P)Baa1
Pref. Stock	Baa2
Commercial Paper	P-2
ILLINOIS POWER COMPANY	
Outlook	No Outlook
Senior Secured	A1
Pref. Stock	Baa2
CENTRAL ILLINOIS LIGHT COMPANY	
Outlook	No Outlook
Bkd Senior Secured	A1

Source: Moody's Investors Service

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