

# THIRD QUARTER 2012 RESULTS

11.09.12



# CAUTIONARY STATEMENTS

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## Regulation G Statement

Ameren has presented certain information in this presentation on a diluted cents per share basis. These diluted per share amounts reflect certain factors that directly impact Ameren's total earnings per share. The core (non-GAAP) earnings per share and core (non-GAAP) earnings per share guidance exclude one or more of the following: asset impairment and other charges including the Taum Sauk regulatory disallowance, changes in the income tax benefit recognized in conjunction with asset impairment and other charges and the annual estimated effective income tax rate, and net unrealized mark-to-market gains or losses. Ameren uses core (non-GAAP) earnings internally for financial planning and for analysis of performance. Ameren also uses core (non-GAAP) earnings as primary performance measurements when communicating with analysts and investors regarding our earnings results and outlook, as the company believes that core (non-GAAP) earnings allow the company to more accurately compare its ongoing performance across periods.

In providing consolidated and segment core (non-GAAP) earnings guidance, there could be differences between core (non-GAAP) earnings and earnings prepared in accordance with GAAP as a result of our treatment of certain items, such as those listed above. Ameren is unable to estimate the impact, if any, on future GAAP earnings of such items.

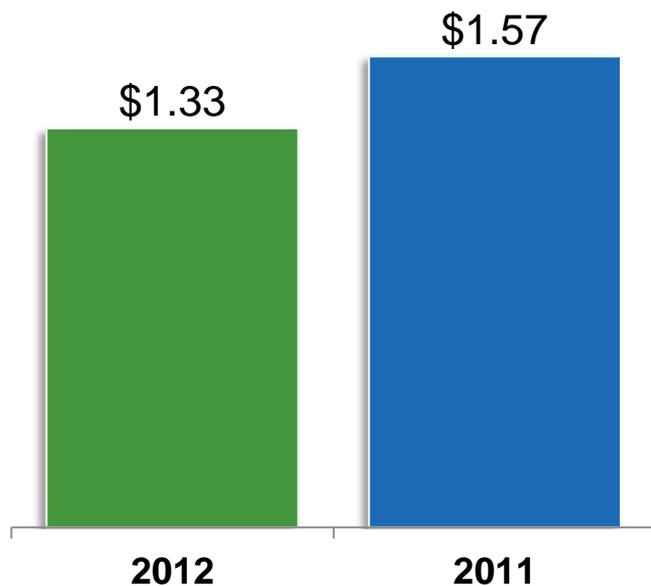
In this presentation, Ameren has also presented free cash flow, which is a non-GAAP measure. Ameren calculates free cash flow by subtracting its cash flows from investing activities (which include capital expenditures), dividends on common stock, dividends paid to noncontrolling interest holders and net advances received for construction from its cash flows from operating activities. Ameren uses free cash flow internally and when communicating with analysts and investors to measure its ability to generate cash.

## Forward-looking Statements

Statements in this presentation not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Ameren is providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. In addition to factors discussed in this presentation, Ameren's periodic reports filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934 contain a list of factors and a discussion of risks, which could cause actual results to differ materially from management expectations suggested in such "forward-looking" statements. All "forward-looking" statements included in this presentation are based upon information presently available, and Ameren, except to the extent required by the federal securities laws, undertakes no obligation to update or revise publicly any "forward-looking" statements to reflect new information or current events.

# CORE EARNINGS SUMMARY

## Core Earnings Per Share Q3 2012 vs. Q3 2011



## Key Core Earnings Drivers

### Regulated Utilities

- ↓ Illinois Sept. 2012 electric rate order and change in quarterly distribution of revenues and earnings under formula ratemaking
- ↓ Missouri electric sales
- ↓ Missouri higher effective income tax rate
- ↑ Missouri 2011 electric rate adjustment

### Merchant Generation

- ↓ Lower power prices & higher fuel costs

See page 9 for GAAP to core (non-GAAP) results reconciliation.

# 2012 CORE EARNINGS GUIDANCE

Regulated Utilities Midpoint	\$2.30
Merchant Generation Midpoint	\$0.10
<b>2012 Core (Non-GAAP) Earnings Guidance Range</b>	<b>\$2.35 - \$2.45</b>

- Midpoint of guidance affirmed
- Guidance range narrowed

2012 core (non-GAAP) earnings per share guidance excludes a first quarter asset impairment charge of \$1.55. Both GAAP and core (non-GAAP) earnings guidance exclude net unrealized mark-to-market gains or losses. 2012 GAAP earnings are expected to be in the range of \$0.80 to \$0.90 per share. This guidance assumes normal temperatures for the fourth quarter. In addition, Ameren's future results are subject to the effects of, among other things, regulatory decisions and legislative actions; energy center operations; energy, economic, and capital and credit market conditions; severe storms; unusual or otherwise unexpected gains or losses; and other risks and uncertainties outlined, or referred to, in the Forward-looking Statements section of this presentation and Ameren's periodic reports filed with the Securities and Exchange Commission.

# ILLINOIS REGULATORY UPDATE

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- In Sept. 2012, ICC issued disappointing order in electric delivery initial formula rate case
  - Believe ICC misapplied Illinois Energy Infrastructure Modernization Act (IEIMA)
  - Order jeopardizes ability to implement infrastructure improvements and job creation envisioned by General Assembly
  - Reducing or deferring \$30 million of previously planned 2013 capital spending and related job creation
- Filed appeal of ICC order in state appellate court
- Ameren Illinois is also reviewing potential legislative remedies to ensure goals of IEIMA are realized

# MISSOURI REGULATORY UPDATE

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- \$323 million electric rate increase request pending before MoPSC
  - Seeking to recover costs and investments already made to meet customers' expectations for safe, reliable and clean energy
  - Seeking to enhance existing regulatory framework for major storm costs and assets placed in service between rate cases
  - Evidentiary hearings completed
  - MoPSC order expected in early-mid Dec. 2012 with new rates effective in early Jan. 2013

# AMEREN TRANSMISSION UPDATE

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- ~\$1.1 billion Illinois Rivers project continues to move toward construction
- Constructive rate treatment approved by FERC
  - Construction work in progress in rate base
  - Hypothetical capital structure
  - Recovery of prudent costs if project abandoned due to issues outside company's control
- Completed 98 stakeholder meetings
  - At least three in each affected county
- Nov. 7, 2012 – Filed for ICC Certificate of Public Convenience and Necessity
- June 2013 – ICC order on Certificate filing (225 days after filing)
- Second half 2013 – Right of way acquisition expected to begin
- 2014 – Full range of construction activities

# MERCHANT GENERATION UPDATE

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- Continue to act to adjust to weak power prices and uncertain timeline for their recovery
- In Sept. 2012, Illinois Pollution Control Board unanimously approved MPS variance subject to conditions that we have accepted
  - Allows operation of all currently operating energy centers through 2019 without de-rates or shutdowns due to state SO<sub>2</sub> limitations
- Reduced 2012-2016 environmental capital spending plans by approximately \$35 million, compared to prior plans
  - Primarily due to vacated CSAPR and MPS variance

# RECONCILIATION – GAAP TO CORE RESULTS

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
GAAP Earnings per Share	\$ 1.54	\$ 1.18	\$ 0.75	\$ 2.05
Asset impairment and other charges	–	0.32	1.55	0.32
Increase in tax benefit related to asset impairment and annual estimated effective income tax rate <sup>1</sup>	(0.18)	–	–	–
Net unrealized mark-to-market activity, (gain) loss	(0.03)	0.07	(0.02)	0.05
<b>Core (Non-GAAP) Earnings per Share</b>	<b>\$ 1.33</b>	<b>\$ 1.57</b>	<b>\$ 2.28</b>	<b>\$ 2.42</b>

<sup>1</sup> Q1 2012 decrease in tax benefit of \$0.36 per share now fully reversed.

# Q3 2012 CORE EARNINGS ANALYSIS

**2012 core EPS \$1.33 vs. 2011 core EPS \$1.57**

## Key Drivers:

### Regulated Utilities

- ↓ Illinois Sept. 2012 electric rate order and change in quarterly distribution of revenues and earnings under formula ratemaking \$(0.12)
- ↓ Missouri electric sales margin: \$(0.04)
  - Temperatures similar to Q3 2011 but +\$0.10 vs. normal
- ↓ Missouri higher effective income tax rate: \$(0.04)
- ↑ Missouri 2011 electric rate adjustment: +\$0.05

### Merchant Generation

- ↓ Lower power prices and higher fuel costs: \$(0.10)
- ↑ Lower depreciation expense: +\$0.05
- ↑ Lower plant operations and maintenance expenses: +\$0.02

Note: Q3 2012 EPS variances, versus Q3 2011, are based on Q3 2011 average common shares outstanding of 241.7 million. See page 9 for GAAP to core (non-GAAP) reconciliation.

# 2012 CASH FLOW GUIDANCE UPDATE

(\$ in Millions)	<b><u>2012 Guidance</u></b>
Cash flows from operating activities	\$1,585
Capital expenditures	(1,335)
Other cash flows from investing activities	(60)
Dividends: common, EEI and preferred	(395)
Advances for construction, net of repayments	--
Free cash flow	\$ (205)
Add back premiums paid on long-term debt repurchases <sup>1</sup>	138
Adjusted free cash flow	\$ (67)

- Regulated utility segments expected to be free cash flow negative
- Merchant generation segment expected to cover its cash needs

<sup>1</sup> Included in cash from operating activities. Expect to recover over life of newly-issued debt through regulatory process.

# ILLINOIS ELECTRIC DELIVERY FORMULA RATES EARNINGS IMPACTS

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- Electric delivery earnings reflect true-up for current year's rate base, actual cost of service and formula ROE, as well as ICC ratemaking adjustments
  - Quarterly revenues and earnings impacted by timing and amount of operating costs
- 2012 electric delivery earnings guidance incorporates impacts of Sept. 2012 ICC order:
  - Estimated 2012 average electric delivery rate base of \$1.97 billion
  - Hypothetical equity ratio of 51.49%
  - Estimated average 2012 30-year U.S. Treasury yield of 2.9%
  - Non-recoverable costs including:
    - ~\$9 million of ICC ratemaking adjustments
    - ~\$7.5 million for certain electric system rework
    - ~\$9 million of required donations, \$7.5 million of this is one-time

# ILLINOIS ELECTRIC DELIVERY FORMULA RATES PENDING ANNUAL UPDATE FILING

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- Ameren Illinois' first annual update case for electric delivery formula rates is nearing conclusion
- Administrative Law Judges' Proposed Order issued Nov. 7, 2012
  - Proposed Order is in line with ICC's Sept. 2012 order in initial case
- Schedule
  - ICC decision deadline is Dec. 16, 2012
  - New rates effective in Jan. 2013

# ILLINOIS AMI DEPLOYMENT PLAN

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- ICC reviewing our modified Smart Grid Advanced Metering Infrastructure deployment plan to determine if cost-beneficial
  - Our filing shows positive net present value for installation of advanced meters for 62% of electric customers
  - \$230 million estimated investment over 8 years, part of required \$625 million incremental investment over 10 years
  - ICC order expected in Nov. 2012
  - Construction of system to begin in Q3 2013, with first meters installed in Q2 2014

# PENDING MISSOURI ELECTRIC RATE CASE

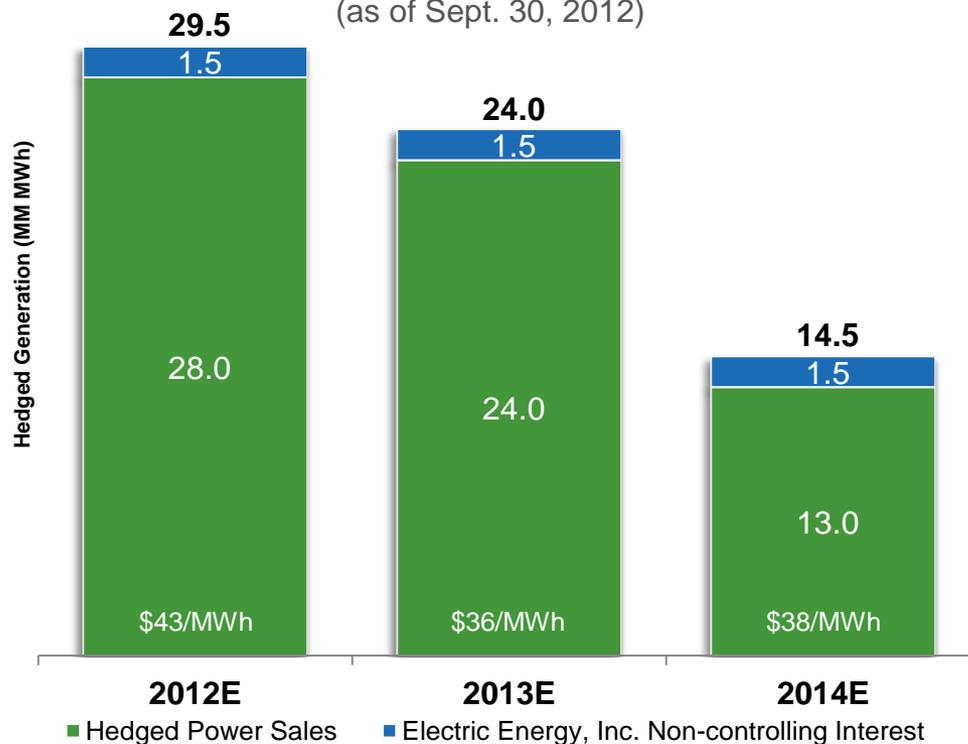
- \$323 million annual electric rate increase request as updated in Oct. 2012
  - \$73 million for higher net fuel costs
  - \$80 million for MoPSC approved enhanced energy efficiency cost recovery
  - \$170 million for other non-fuel costs
  - Seeking new storm cost tracking mechanism and plant-in-service accounting proposals
- MoPSC staff recommended \$210 million annual increase as updated in Oct. 2012
  - Primary drivers of \$113 million of difference, compared to our request:
    - Lower ROE of 9.0% vs. our 10.5% request: \$(88) million
    - No recovery of 2011 voluntary separation expenses: \$(9) million
    - Lower cash working capital: \$(5) million
    - Property taxes: \$(5) million
    - ESOP deduction for income taxes: \$(3) million
  - Continue pension/OPEB and vegetation management/infrastructure inspection cost trackers
  - Change FAC sharing to 85/15 from current 95/5
  - Move recovery of transmission costs currently in FAC to base rates
  - Reject storm cost tracking mechanism and plant-in-service accounting proposals
- MoPSC order expected in early-mid Dec. 2012, with new rates effective in early Jan. 2013

# MERCHANT GENERATION POWER HEDGING OVERVIEW

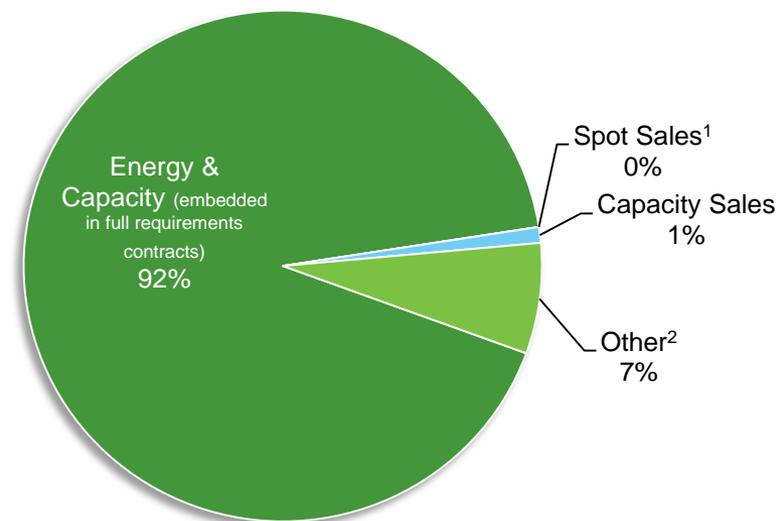
- Expected 2012 generation of ~26.0 MM MWh<sup>1</sup>
  - 2012 hedged power sales exceed expected economic generation. Settlement realized in earnings.
- Capacity-only revenues expected to be \$15-\$30 million annually for 2012-2014

## Hedged Power Sales

(as of Sept. 30, 2012)



## 2012E Revenue Breakdown



<sup>1</sup> Includes 100% of non-controlling interest in Electric Energy, Inc.

<sup>2</sup> Revenues of approximately \$89M from non-hedge strategies, ancillary sales, mark-to-market and other revenues included in this amount.



# MERCHANT GENERATION FUEL HEDGING OVERVIEW

## Baseload Fuel and Transportation

(as of Sept. 30, 2012)

### 2012E

Baseload hedged fuel costs	~\$24.00/MWh
Coal hedged	~25 MM MWh
Base transportation hedged	up to 28 MM MWh <sup>1</sup>
Fuel surcharge hedged	up to 25 MM MWh

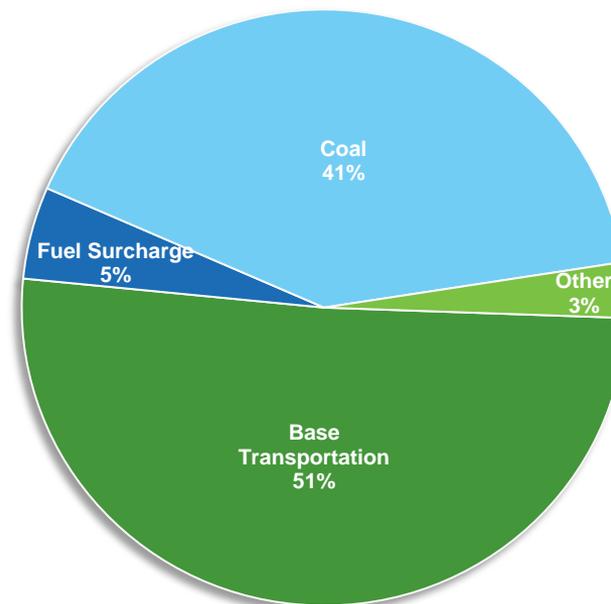
### 2013E

Baseload hedged fuel costs	~\$23.50/MWh
Coal hedged	~22 MM MWh
Base transportation hedged	up to 27 MM MWh
Fuel surcharge hedged	up to 22 MM MWh

### 2014E

Baseload hedged fuel costs	~\$24.00/MWh
Coal hedged	~13 MM MWh
Base transportation hedged	up to 21 MM MWh
Fuel surcharge hedged	up to 13 MM MWh

## Components of 2012E Baseload Fuel Cost



<sup>1</sup> 2012 minimum take required by transportation contracts is equivalent to ~21 MM MWh.

Fuel position and costs include 100% of Electric Energy, Inc. requirements.

Items not shown, but included in the total price, include: emissions, taxes, fuel surcharge hedge costs, railcars and other charges.



## APPENDIX



# SELECTED PENDING REGULATORY PROCEEDINGS

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## Illinois

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- Illinois Rivers project filing for Certificate of Public Convenience and Necessity: 12-0598
- 2012 electric delivery formula rate update filing docket number: 12-0293
- Multi-Year Performance Metrics: 12-0089
- Smart Grid Advanced Metering Infrastructure Deployment Plan: 12-0244
- Website: <http://www.icc.illinois.gov/e-docket/>

## Missouri

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- 2012 electric rate case filing docket number: ER-2012-0166
- Request for accounting order related to fixed costs not recovered as a result of loss of Noranda load due to Jan. 2009 storm: EU-2012-0027
- Required fuel adjustment clause audit: EO-2012-0074
- Website: <https://www.efis.psc.mo.gov/mpsc/DocketSheet.html>

## Federal Energy Regulatory Commission

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- Solicitation of comments on capacity portability between MISO and PJM: AD12-16-000
- Requests for constructive rate treatment for Spoon River and Mark Twain projects and for forward-looking rate calculation for Ameren Illinois: ER12-2216

# AMEREN CALENDAR

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## Investor Relations

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EEI Financial Conference  
Q4 2012 quiet period begins  
Q4 2012 earnings release and call

Nov. 12-13, 2012  
Jan. 8, 2013  
Feb. 2013