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AMEREN CORP
Form 10-Q
November 10, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

✓ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended September 30, 2014

OR

.. Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	Ameren Illinois Company (Illinois Corporation) 6 Executive Drive Collinsville, Illinois 62234 (618) 343-8150	37-0211380

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Registrant	Yes	✓	No	..
Ameren Corporation	Yes	✓	No	..
Union Electric Company	Yes	✓	No	..
Ameren Illinois Company	Yes	✓	No	..

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Registrant	Yes	✓	No	..
Ameren Corporation	Yes	✓	No	..
Union Electric Company	Yes	✓	No	..
Ameren Illinois Company	Yes	✓	No	..

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Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

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	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company
Ameren Corporation	ý	..	..	..
Union Electric Company	..	..	ý	..
Ameren Illinois Company	..	..	ý	..

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Ameren Corporation	Yes	..	No	ý
Union Electric Company	Yes	..	No	ý
Ameren Illinois Company	Yes	..	No	ý

The number of shares outstanding of each registrant's classes of common stock as of October 31, 2014, was as follows:

Ameren Corporation	Common stock, \$0.01 par value per share - 242,634,798
Union Electric Company	Common stock, \$5 par value per share, held by Ameren Corporation - 102,123,834
Ameren Illinois Company	Common stock, no par value, held by Ameren Corporation - 25,452,373

This combined Form 10-Q is separately filed by Ameren Corporation, Union Electric Company, and Ameren Illinois Company. Each registrant hereto is filing on its own behalf all of the information contained in this quarterly report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

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This report contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements should be read with the cautionary statements and important factors under the heading “Forward-looking Statements.” Forward-looking statements are all statements other than statements of historical fact, including those statements that are identified by the use of the words “anticipates,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” and similar expressions.

GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words “our,” “we” or “us” with respect to certain information that relates to Ameren, Ameren Missouri and Ameren Illinois, collectively. When appropriate, subsidiaries of Ameren Corporation are named specifically as their various business activities are discussed. Refer to the Form 10-K for a complete listing of glossary terms and abbreviations. Only new or significantly changed terms and abbreviations are included below.

2006 Incentive Plan - The 2006 Omnibus Incentive Compensation Plan, which became effective in May 2006 and provided for compensatory stock-based awards to eligible employees and directors. The 2006 Omnibus Incentive Compensation Plan was replaced prospectively for new grants by the 2014 Incentive Plan.

2014 Incentive Plan - The 2014 Omnibus Incentive Compensation Plan, which became effective in April 2014 and provides for compensatory stock-based awards to eligible employees and directors.

Clean Power Plan - “Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units,” a proposed rule issued by the EPA on June 18, 2014.

Form 10-K - The combined Annual Report on Form 10-K for the year ended December 31, 2013, filed by the Ameren Companies with the SEC.

NEIL - Nuclear Electric Insurance Limited, which includes all of its affiliated companies.

Net energy cost - Net energy cost, as defined in the FAC, includes fuel and purchased power costs, including transportation charges and revenues, net of off-system sales.

FORWARD-LOOKING STATEMENTS

Statements in this report 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, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in the Form 10-K and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

regulatory, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, such as Ameren Missouri’s July 2014 electric rate case filing; Ameren Illinois’ appeals of the ICC’s electric and natural gas

rate orders issued in December 2013; Ameren Illinois’ April 2014 annual electric delivery service formula update filing; FERC settlement procedures regarding a potential Ameren Illinois electric transmission rate refund; the complaint case filed with FERC seeking a reduction in the allowed return on common equity under the MISO tariff; and future regulatory, judicial, or legislative actions that seek to change regulatory recovery mechanisms; the effect of Ameren Illinois participating in a performance-based formula ratemaking process under the IEIMA, including the direct relationship between Ameren Illinois’ return on common equity and 30-year United States Treasury bond yields, the related financial commitments required by the IEIMA, and the resulting uncertain impact on the financial condition, results of operations, and liquidity of Ameren Illinois; the potential extension of the IEIMA after its current sunset provision at the end of 2017, and any changes to the performance-based formula ratemaking process or required financial commitments; the effects of Ameren Illinois’ expected participation, beginning in 2015, in the regulatory framework provided by the state of Illinois’ Natural Gas Consumer, Safety and Reliability Act, which allows for the use of a rider to recover costs of certain natural gas infrastructure investments made between rate cases; the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at either the state or federal levels and the implementation of deregulation; changes in laws and other governmental actions, including monetary, fiscal, and tax policies;

the effects on demand for our services resulting from technological advances, including advances in customer energy efficiency and distributed generation sources, which generate electricity at the site of consumption;

the effectiveness of Ameren Missouri's energy efficiency programs and the ability to earn incentive awards under the MEEIA;

the timing of increasing capital expenditure and operating expense requirements and our ability to timely recover these costs;

the cost and availability of fuel, such as coal, natural gas, and enriched uranium, used to produce electricity; the cost and availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including our ability to recover the costs for such commodities;

the effectiveness of our risk management strategies and the use of financial and derivative instruments;

business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products;

disruptions of the capital markets, deterioration in credit metrics of the Ameren Companies, or other events that may have an adverse effect on the cost or availability of capital, including short-term credit and liquidity;

our assessment of our liquidity;

the impact of the adoption of new accounting guidance and the application of appropriate technical accounting rules and guidance;

actions of credit rating agencies and the effects of such actions;

the impact of weather conditions and other natural phenomena on us and our customers, including the impact of system outages;

generation, transmission, and distribution asset construction, installation, performance, and cost recovery;

- the effects of our increasing investment in electric transmission projects and uncertainty as to whether we will achieve our expected returns in a timely fashion, if at all;

the extent to which Ameren Missouri prevails in its claim against an insurer in connection with its Taum Sauk pumped-storage hydroelectric energy center incident;

the extent to which Ameren Missouri is permitted by its regulators to recover in rates the investments it made in connection with additional nuclear generation at its Callaway energy center;

operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, and decommissioning costs;

the effects of strategic initiatives, including mergers, acquisitions and divestitures, and any related tax implications;

the impact of current environmental regulations and new, more stringent or changing requirements, including those related to greenhouse gases, other emissions and discharges, cooling water intake structures, CCR, and energy efficiency, that are enacted over time and that could limit or terminate the operation of certain of our energy centers, increase our costs or investment requirements, result in an impairment of our assets, cause us to sell our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;

the impact of complying with renewable energy portfolio requirements in Missouri;

labor disputes, workforce reductions, future wage and employee benefits costs, including changes in discount rates, mortality tables, and returns on benefit plan assets;

the inability of our counterparties to meet their obligations with respect to contracts, credit agreements, and financial instruments;

the cost and availability of transmission capacity for the energy generated by Ameren Missouri's energy centers or required to satisfy Ameren Missouri's energy sales;

the inability of Dynegy and IPH to satisfy their indemnity and other obligations to Ameren in connection with the divestiture of New AER to IPH;

legal and administrative proceedings; and

acts of sabotage, war, terrorism, cyber attacks or intentionally disruptive acts.

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Electric	\$1,523	\$1,507	\$3,864	\$3,823
Gas	147	131	819	693
Total operating revenues	1,670	1,638	4,683	4,516
Operating Expenses:				
Fuel	236	222	638	648
Purchased power	112	128	335	400
Gas purchased for resale	49	42	432	344
Other operations and maintenance	404	383	1,236	1,229
Depreciation and amortization	187	175	551	528
Taxes other than income taxes	121	121	362	354
Total operating expenses	1,109	1,071	3,554	3,503
Operating Income	561	567	1,129	1,013
Other Income and Expense:				
Miscellaneous income	21	20	60	51
Miscellaneous expense	7	5	20	18
Total other income	14	15	40	33
Interest Charges	85	88	266	289
Income Before Income Taxes	490	494	903	757
Income Taxes	194	187	357	288
Income from Continuing Operations	296	307	546	469
Loss from Discontinued Operations, Net of Taxes (Note 12)	(1	) (3	) (3	) (212
Net Income	295	304	543	257
Less: Net Income from Continuing Operations Attributable to Noncontrolling Interests	2	2	5	5
Net Income (Loss) Attributable to Ameren Corporation:				
Continuing Operations	294	305	541	464
Discontinued Operations	(1	) (3	) (3	) (212
Net Income Attributable to Ameren Corporation	\$293	\$302	\$538	\$252
Earnings (Loss) per Common Share – Basic:				
Continuing Operations	\$1.21	\$1.26	\$2.23	\$1.92
Discontinued Operations	—	(0.01	) (0.01	) (0.88
Earnings per Common Share – Basic	\$1.21	\$1.25	\$2.22	\$1.04
Earnings (Loss) per Common Share – Diluted:				
Continuing Operations	\$1.20	\$1.25	\$2.21	\$1.91
Discontinued Operations	—	(0.01) (0.01) (0.88
Earnings per Common Share – Diluted	\$1.20	\$1.24	\$2.20	\$1.03

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Dividends per Common Share	\$0.40	\$0.40	\$1.20	\$1.20
Average Common Shares Outstanding – Basic	242.6	242.6	242.6	242.6
Average Common Shares Outstanding – Diluted	244.3	245.1	244.3	244.4

The accompanying notes are an integral part of these consolidated financial statements.

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AMEREN CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited) (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Income from Continuing Operations	\$296	\$307	\$546	\$469
Other Comprehensive Income (Loss), Net of Taxes				
Pension and other postretirement benefit plan activity, net of income taxes (benefit) of \$-, \$(5), \$3 and \$3, respectively	—	(5)	) 3	5
Comprehensive Income from Continuing Operations	296	302	549	474
Less: Comprehensive Income from Continuing Operations Attributable to Noncontrolling Interests	2	2	5	5
Comprehensive Income from Continuing Operations Attributable to Ameren Corporation	294	300	544	469
Loss from Discontinued Operations, Net of Taxes	(1	) (3	) (3	) (212
Other Comprehensive Loss from Discontinued Operations, Net of Taxes	—	(5	) —	(16
Comprehensive Loss from Discontinued Operations Attributable to Ameren Corporation	(1	) (8	) (3	) (228
Comprehensive Income Attributable to Ameren Corporation	\$293	\$292	\$541	\$241

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except per share amounts)

	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$13	\$30
Accounts receivable – trade (less allowance for doubtful accounts of \$21 and \$18, respectively)	467	404
Unbilled revenue	203	304
Miscellaneous accounts and notes receivable	117	196
Materials and supplies	561	526
Current regulatory assets	199	156
Current accumulated deferred income taxes, net	301	106
Other current assets	66	85
Assets of discontinued operations (Note 12)	15	165
Total current assets	1,942	1,972
Property and Plant, Net	16,991	16,205
Investments and Other Assets:		
Nuclear decommissioning trust fund	529	494
Goodwill	411	411
Intangible assets	20	22
Regulatory assets	1,259	1,240
Other assets	724	698
Total investments and other assets	2,943	2,865
TOTAL ASSETS	\$21,876	\$21,042
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$119	\$534
Short-term debt	753	368
Accounts and wages payable	466	806
Taxes accrued	161	55
Interest accrued	105	86
Current regulatory liabilities	132	216
Other current liabilities	350	351
Liabilities of discontinued operations (Note 12)	33	45
Total current liabilities	2,119	2,461
Long-term Debt, Net	5,825	5,504
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	3,845	3,250
Accumulated deferred investment tax credits	59	63
Regulatory liabilities	1,805	1,705
Asset retirement obligations	385	369
Pension and other postretirement benefits	400	466
Other deferred credits and liabilities	522	538
Total deferred credits and other liabilities	7,016	6,391
Commitments and Contingencies (Notes 2, 9, 10 and 12)		
Ameren Corporation Stockholders' Equity:		

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Common stock, \$.01 par value, 400.0 shares authorized – shares outstanding of 242.6	2	2
Other paid-in capital, principally premium on common stock	5,612	5,632
Retained earnings	1,154	907
Accumulated other comprehensive income	6	3
Total Ameren Corporation stockholders' equity	6,774	6,544
Noncontrolling Interests	142	142
Total equity	6,916	6,686
TOTAL LIABILITIES AND EQUITY	\$21,876	\$21,042

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Nine Months Ended September 30,	
	2014	2013
Cash Flows From Operating Activities:		
Net income	\$543	\$257
Loss from discontinued operations, net of taxes	3	212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	526	500
Amortization of nuclear fuel	70	46
Amortization of debt issuance costs and premium/discounts	16	18
Deferred income taxes and investment tax credits, net	370	258
Allowance for equity funds used during construction	(26)	(26)
Stock-based compensation costs	20	19
Other	(9)	14
Changes in assets and liabilities:		
Receivables	16	(88)
Materials and supplies	(34)	7
Accounts and wages payable	(187)	(102)
Taxes accrued	100	104
Assets, other	(123)	20
Liabilities, other	(70)	(24)
Pension and other postretirement benefits	(27)	(34)
Counterparty collateral, net	20	34
Net cash provided by operating activities – continuing operations	1,208	1,215
Net cash provided by (used in) operating activities – discontinued operations	(5)	99
Net cash provided by operating activities	1,203	1,314
Cash Flows From Investing Activities:		
Capital expenditures	(1,310)	(943)
Nuclear fuel expenditures	(28)	(34)
Purchases of securities – nuclear decommissioning trust fund	(365)	(147)
Sales and maturities of securities – nuclear decommissioning trust fund	354	134
Proceeds from note receivable – Marketing Company	79	—
Contributions to note receivable – Marketing Company	(84)	—
Other	3	(1)
Net cash used in investing activities – continuing operations	(1,351)	(991)
Net cash provided by (used in) investing activities – discontinued operations	139	(42)
Net cash used in investing activities	(1,212)	(1,033)
Cash Flows From Financing Activities:		
Dividends on common stock	(291)	(291)
Dividends paid to noncontrolling interest holders	(5)	(5)
Short-term debt, net	385	—
Redemptions and maturities of long-term debt	(692)	—
Issuances of long-term debt	598	—
Capital issuance costs	(4)	—
Other	1	—
Net cash used in financing activities – continuing operations	(8)	(296)
Net cash used in financing activities – discontinued operations	—	—

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Net cash used in financing activities	(8) (296)
Net change in cash and cash equivalents	(17) (15)
Cash and cash equivalents at beginning of year	30	209	
Cash and cash equivalents at end of period	13	194	
Less cash and cash equivalents at end of period – discontinued operations	—	25	
Cash and cash equivalents at end of period – continuing operations	\$13	\$169	

The accompanying notes are an integral part of these consolidated financial statements.

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UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
 STATEMENT OF INCOME AND COMPREHENSIVE INCOME
 (Unaudited) (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Electric	\$1,076	\$1,075	\$2,696	\$2,667
Gas	21	17	117	110
Other	—	1	1	1
Total operating revenues	1,097	1,093	2,814	2,778
Operating Expenses:				
Fuel	236	222	638	648
Purchased power	25	33	86	100
Gas purchased for resale	7	4	58	52
Other operations and maintenance	228	212	677	686
Depreciation and amortization	118	114	351	338
Taxes other than income taxes	89	91	248	247
Total operating expenses	703	676	2,058	2,071
Operating Income	394	417	756	707
Other Income and Expense:				
Miscellaneous income	15	16	45	44
Miscellaneous expense	4	2	10	10
Total other income	11	14	35	34
Interest Charges	53	43	159	159
Income Before Income Taxes	352	388	632	582
Income Taxes	129	149	234	217
Net Income	223	239	398	365
Other Comprehensive Income	—	—	—	—
Comprehensive Income	\$223	\$239	\$398	\$365
Net Income	\$223	\$239	\$398	\$365
Preferred Stock Dividends	1	1	3	3
Net Income Available to Common Stockholder	\$222	\$238	\$395	\$362

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)

BALANCE SHEET

(Unaudited) (In millions, except per share amounts)

	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$1	\$1
Accounts receivable – trade (less allowance for doubtful accounts of \$7 and \$5, respectively)	261	191
Accounts receivable – affiliates	12	1
Unbilled revenue	134	168
Miscellaneous accounts and notes receivable	86	57
Materials and supplies	350	352
Current regulatory assets	137	118
Other current assets	40	71
Total current assets	1,021	959
Property and Plant, Net	10,660	10,452
Investments and Other Assets:		
Nuclear decommissioning trust fund	529	494
Intangible assets	20	22
Regulatory assets	539	534
Other assets	410	443
Total investments and other assets	1,498	1,493
TOTAL ASSETS	\$13,179	\$12,904
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$119	\$109
Borrowings from money pool	—	105
Short-term debt	65	—
Accounts and wages payable	189	387
Accounts payable – affiliates	32	30
Taxes accrued	200	220
Interest accrued	66	57
Current regulatory liabilities	11	57
Other current liabilities	99	82
Total current liabilities	781	1,047
Long-term Debt, Net	3,885	3,648
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,656	2,524
Accumulated deferred investment tax credits	55	59
Regulatory liabilities	1,107	1,041
Asset retirement obligations	383	366
Pension and other postretirement benefits	147	189
Other deferred credits and liabilities	44	37
Total deferred credits and other liabilities	4,392	4,216
Commitments and Contingencies (Notes 2, 8, 9 and 10)		
Stockholders' Equity:		
Common stock, \$5 par value, 150.0 shares authorized – 102.1 shares outstanding	511	511

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Other paid-in capital, principally premium on common stock	1,560	1,560
Preferred stock not subject to mandatory redemption	80	80
Retained earnings	1,970	1,842
Total stockholders' equity	4,121	3,993
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$13,179	\$12,904

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

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UNION ELECTRIC COMPANY (d/b/a AMEREN MISSOURI)
 STATEMENT OF CASH FLOWS
 (Unaudited) (In millions)

	Nine Months Ended September 30,	
	2014	2013
Cash Flows From Operating Activities:		
Net income	\$398	\$365
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	329	313
Amortization of nuclear fuel	70	46
FAC prudence review charge	—	26
Amortization of debt issuance costs and premium/discounts	5	6
Deferred income taxes and investment tax credits, net	139	62
Allowance for equity funds used during construction	(24)	(22)
Other	1	1
Changes in assets and liabilities:		
Receivables	(76)	(148)
Materials and supplies	3	27
Accounts and wages payable	(151)	(124)
Taxes accrued	(22)	260
Assets, other	(10)	59
Liabilities, other	6	(78)
Pension and other postretirement benefits	(8)	(12)
Net cash provided by operating activities	660	781
Cash Flows From Investing Activities:		
Capital expenditures	(548)	(480)
Nuclear fuel expenditures	(28)	(34)
Money pool advances, net	—	24
Purchases of securities – nuclear decommissioning trust fund	(365)	(147)
Sales and maturities of securities – nuclear decommissioning trust fund	354	134
Other	(6)	(3)
Net cash used in investing activities	(593)	(506)
Cash Flows From Financing Activities:		
Dividends on common stock	(268)	(320)
Dividends on preferred stock	(3)	(3)
Short-term debt, net	65	—
Money pool borrowings, net	(105)	—
Maturities of long-term debt	(104)	—
Issuances of long-term debt	350	—
Capital issuance costs	(2)	—
Net cash used in financing activities	(67)	(323)
Net change in cash and cash equivalents	—	(48)
Cash and cash equivalents at beginning of year	1	148
Cash and cash equivalents at end of period	\$1	\$100

The accompanying notes as they relate to Ameren Missouri are an integral part of these financial statements.

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
 STATEMENT OF INCOME AND COMPREHENSIVE INCOME
 (Unaudited) (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Revenues:				
Electric	\$445	\$432	\$1,162	\$1,160
Gas	127	115	703	585
Other	—	—	—	2
Total operating revenues	572	547	1,865	1,747
Operating Expenses:				
Purchased power	89	96	256	303
Gas purchased for resale	43	38	374	292
Other operations and maintenance	185	166	580	538
Depreciation and amortization	66	59	193	182
Taxes other than income taxes	31	30	109	102
Total operating expenses	414	389	1,512	1,417
Operating Income	158	158	353	330
Other Income and Expense:				
Miscellaneous income	4	4	12	7
Miscellaneous expense	2	3	7	7
Total other income	2	1	5	—
Interest Charges	31	31	90	96
Income Before Income Taxes	129	128	268	234
Income Taxes	54	51	110	93
Net Income	75	77	158	141
Other Comprehensive Loss, Net of Taxes:				
Pension and other postretirement benefit plan activity, net of income taxes (benefit) of \$(1), \$(1), \$(2) and \$(2), respectively	—	—	(2)	(2)
Comprehensive Income	\$75	\$77	\$156	\$139
Net Income	\$75	\$77	\$158	\$141
Preferred Stock Dividends	—	—	2	2
Net Income Available to Common Stockholder	\$75	\$77	\$156	\$139

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)

BALANCE SHEET

(Unaudited) (In millions)

	September 30, 2014	December 31, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1	\$ 1
Accounts receivable – trade (less allowance for doubtful accounts of \$14 and \$13, respectively)	192	201
Accounts receivable – affiliates	2	—
Unbilled revenue	69	135
Miscellaneous accounts receivable	6	13
Materials and supplies	211	174
Current regulatory assets	62	38
Current accumulated deferred income taxes, net	125	45
Other current assets	17	26
Total current assets	685	633
Property and Plant, Net	6,030	5,589
Investments and Other Assets:		
Goodwill	411	411
Regulatory assets	712	701
Other assets	145	120
Total investments and other assets	1,268	1,232
TOTAL ASSETS	\$7,983	\$7,454
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term debt	\$ 189	\$—
Borrowings from money pool	16	56
Accounts and wages payable	212	243
Accounts payable – affiliates	28	18
Taxes accrued	16	23
Customer deposits	71	79
Current environmental remediation	53	43
Current regulatory liabilities	121	159
Other current liabilities	148	150
Total current liabilities	854	771
Long-term Debt, Net	1,940	1,856
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,330	1,116
Accumulated deferred investment tax credits	3	4
Regulatory liabilities	698	664
Pension and other postretirement benefits	189	197
Environmental remediation	202	232
Other deferred credits and liabilities	165	166
Total deferred credits and other liabilities	2,587	2,379
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholders' Equity:		
Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	—	—

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Other paid-in capital	1,965	1,965
Preferred stock not subject to mandatory redemption	62	62
Retained earnings	566	410
Accumulated other comprehensive income	9	11
Total stockholders' equity	2,602	2,448
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$7,983	\$7,454

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

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AMEREN ILLINOIS COMPANY (d/b/a AMEREN ILLINOIS)
 STATEMENT OF CASH FLOWS
 (Unaudited) (In millions)

	Nine Months Ended September	
	30,	2013
	2014	2013
Cash Flows From Operating Activities:		
Net income	\$ 158	\$ 141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	190	178
Amortization of debt issuance costs and premium/discounts	10	11
Deferred income taxes and investment tax credits, net	136	120
Other	(6	) (7
Changes in assets and liabilities:		
Receivables	80	66
Materials and supplies	(37	) (20
Accounts and wages payable	1	31
Taxes accrued	(5	) (2
Assets, other	(102	) (33
Liabilities, other	(31	) 1
Pension and other postretirement benefits	(12	) (13
Counterparty collateral, net	14	34
Net cash provided by operating activities	396	507
Cash Flows From Investing Activities:		
Capital expenditures	(633	) (462
Other	6	6
Net cash used in investing activities	(627	) (456
Cash Flows From Financing Activities:		
Dividends on common stock	—	(45
Dividends on preferred stock	(2	) (2
Short-term debt, net	189	—
Money pool borrowings, net	(40	) (3
Redemptions of long-term debt	(163) —
Issuances of long-term debt	248	—
Capital issuance costs	(2) —
Other	1	—
Net cash provided by (used in) financing activities	231	(50
Net change in cash and cash equivalents	—	1
Cash and cash equivalents at beginning of year	1	—
Cash and cash equivalents at end of period	\$ 1	\$ 1

The accompanying notes as they relate to Ameren Illinois are an integral part of these financial statements.

AMEREN CORPORATION (Consolidated)
UNION ELECTRIC COMPANY (d/b/a Ameren Missouri)
AMEREN ILLINOIS COMPANY (d/b/a Ameren Illinois)
COMBINED NOTES TO FINANCIAL STATEMENTS
(Unaudited)

September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005, administered by FERC. Ameren's primary assets are its equity interests in its subsidiaries. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. Dividends on Ameren's common stock and the payment of parent company expenses by Ameren depend on distributions made to it by its subsidiaries. Ameren's principal subsidiaries are listed below. Also see the Glossary of Terms and Abbreviations at the front of this report and in the Form 10-K.

Union Electric Company, doing business as Ameren Missouri, operates a rate-regulated electric generation, transmission, and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri. Ameren Missouri supplies electric service to 1.2 million customers and natural gas service to 127,000 customers.

Ameren Illinois Company, doing business as Ameren Illinois, operates a rate-regulated electric and natural gas transmission and distribution business in Illinois. Ameren Illinois supplies electric service to 1.2 million customers and natural gas service to 807,000 customers.

Ameren has various other subsidiaries responsible for activities such as the provision of shared services. Ameren also has a subsidiary, ATXI, that operates a FERC rate-regulated electric transmission business and is constructing the Illinois Rivers project.

The operating results, assets, and liabilities for New AER and the Elgin, Gibson City, Grand Tower, Meredosia, and Hutsonville energy centers have been presented separately as discontinued operations for all periods presented in this report. Unless otherwise stated, these notes to Ameren's financial statements exclude discontinued operations for all periods presented. On January 31, 2014, Medina Valley completed its sale of the Elgin, Gibson City, and Grand Tower gas-fired energy centers to Rockland Capital. See Note 12 - Divestiture Transactions and Discontinued Operations in this report for additional information regarding the discontinued operations presentation and Note 16 - Divestiture Transactions and Discontinued Operations under Part II, Item 8, of the Form 10-K for additional information regarding Ameren's divestiture of New AER in December 2013.

The financial statements of Ameren are prepared on a consolidated basis, and therefore include the accounts of its majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Ameren Missouri and Ameren Illinois have no subsidiaries, and therefore their financial statements are not prepared on a consolidated basis. All tabular dollar amounts are in millions, unless otherwise indicated.

Our accounting policies conform to GAAP. Our financial statements reflect all adjustments (which include normal, recurring adjustments) that are necessary, in our opinion, for a fair presentation of our results. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. The results of operations of an interim period may not give a true indication of results that may be expected for a full year. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K.

Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Ameren Corporation common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common stockholders by the diluted weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that would occur if certain stock-based performance share units were settled.

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The following table presents Ameren's basic and diluted earnings per share calculations and reconciles the weighted-average number of common shares outstanding to the diluted weighted-average number of common shares outstanding for the three and nine months ended September 30, 2014, and 2013:

	Three Months		Nine Months	
	2014	2013	2014	2013
Net income (loss) attributable to Ameren Corporation:				
Continuing operations	\$294	\$305	\$541	\$464
Discontinued operations	(1	) (3	) (3	) (212
Net income attributable to Ameren Corporation	\$293	\$302	\$538	\$252
Average common shares outstanding - basic	242.6	242.6	242.6	242.6
Assumed settlement of performance share units	1.7	2.5	1.7	1.8
Average common shares outstanding - diluted	244.3	245.1	244.3	244.4
Earnings (loss) per common share – basic:				
Continuing operations	\$1.21	\$1.26	\$2.23	\$1.92
Discontinued operations	—	(0.01	) (0.01	) (0.88
Earnings per common share – basic	\$1.21	\$1.25	\$2.22	\$1.04
Earnings (loss) per common share – diluted:				
Continuing operations	\$1.20	\$1.25	\$2.21	\$1.91
Discontinued operations	—	(0.01	) (0.01	) (0.88
Earnings per common share – diluted	\$1.20	\$1.24	\$2.20	\$1.03

There were no potentially dilutive securities excluded from the diluted earnings per share calculations for the three and nine months ended September 30, 2014, and 2013.

Stock-based Compensation

Ameren's long-term incentive plan available for eligible employees and directors, the 2006 Incentive Plan, was replaced prospectively for new grants by the 2014 Incentive Plan effective April 24, 2014. The 2014 Incentive Plan provides for a maximum of 8 million common shares to be available for grant to eligible employees and directors, and retains many of the features of the 2006 Incentive Plan. To the extent that the issuance of a share that is subject to an outstanding award under the 2006 Incentive Plan, as of April 24, 2014, would cause Ameren to exceed the maximum authorized shares under the 2006 Incentive Plan, the issuance of that share will take place under the 2014 Incentive Plan and will therefore reduce the maximum number of shares that may be granted under the 2014 Incentive Plan. The 2014 Incentive Plan awards may be stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance share units, cash-based awards, and other stock-based awards.

A summary of nonvested performance share units at September 30, 2014, and changes during the nine months ended September 30, 2014, under the 2006 Incentive Plan and the 2014 Incentive Plan are presented below:

	Performance Share Units	
	Share Units	Weighted-average Fair Value Per Share Unit at Grant Date
Nonvested at January 1, 2014	1,218,544	\$33.23
Granted ^(a)	685,026	38.90
April Grants ^(b)		