



“Our company’s values and focus on our core energy business has served as a guide as we addressed the challenges of the past year. Through it all, we have remained committed to achieving strong returns for you.”

**Gary L. Rainwater**

*Chairman, Chief Executive Officer and President  
Ameren Corporation*

## To My Fellow Shareholders,

2007 was a pivotal year for Ameren Corporation in the sense that we put in place several important building blocks for future success.

- In Illinois, we reached a comprehensive settlement with key stakeholders that will help our customers’ transition to new electric rates and bring stability to the power procurement process. This settlement provides significantly greater levels of legislative, regulatory and legal certainty, while enabling a viable, competitive power supply market to continue to develop in Illinois.

- In Missouri, we settled all state and federal issues associated with the 2005 Taum Sauk plant reservoir breach and began rebuilding this valuable power facility. The project, scheduled for completion in the fall of 2009, is expected to cost approximately \$450 million and to be

substantially covered by insurance. The reconstruction of the plant will also serve as an engine for economic growth for Southeast Missouri.

- And for all our customers, in the wake of the severe storms that hit our system in both states, we significantly increased investments to harden our electrical delivery system in order to provide industry-leading reliability and service.

Our belief is that by investing in infrastructure, we can make material improvements in service, which, in turn, will bring meaningful improvement in customer satisfaction. As in any business, serving customers well is critical to achieving solid returns for investors. I believe improved customer service and satisfaction will enable us to bring our rates of return more in line with returns normally allowed by utility regulatory commissions.

One example of this increased investment is Power On, AmerenUE's three-year, \$1 billion investment to improve the reliability of the company's Missouri electric delivery system and reduce emissions at its coal-fired plants. Ameren's Illinois utilities—AmerenCIPS, AmerenCILCO and AmerenIP—also plan to spend \$1 billion on infrastructure improvements between 2008 and 2010.

These and future investments will contribute to long-term earnings growth. In the near term, however, our rates are well below the levels necessary to recover current costs and to earn a fair return on investment. Returns in 2007 and expected returns in 2008 in our regulated Missouri and Illinois businesses are well below the levels allowed by both state utility commissions in our last rate cases.

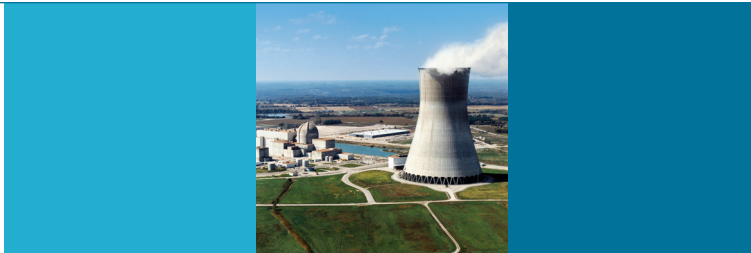
### **A Need to Recover Rising Costs**

For decades, we have been industry leaders in keeping our rates low through disciplined cost control and efficient operations. Even after recent rate increases, AmerenUE's electric rates are still about 40 percent below the national average, and rates for our Illinois utilities approximate the national average.

However, today, costs of every element of our business are rising at an unprecedented

pace. Since our customers' rates are typically set based on historical cost levels through a nearly one-year regulatory review, by the time new rates are put in place, they are already inadequate to fully recover current costs and earn a fair return on investment. Of course, rate increases are not popular among customers, even when rates have been far below the industry norm for many years. Therefore, in order to allow our customers to more easily adjust to higher energy prices, and to allow shareholders to earn a fair profit, we must not wait decades for rate increases, but seek smaller and more frequent increases. We must also seek automatic cost recovery mechanisms for large dollar items, like fuel and environmental investments.

Consequently, in late 2007, we filed with the Illinois Commerce Commission for an aggregate \$247 million increase in delivery rates for electricity and natural gas. We also requested cost recovery mechanisms for bad debts, electric infrastructure investments and gas decoupling. In Missouri, we plan to file for an electric rate increase in the second quarter of 2008. We will also request that fuel and environmental cost recovery mechanisms be implemented to recover our costs in a more timely manner.



Since it went online in 1984, AmerenUE's Callaway Nuclear Plant has achieved the fourth highest generation record among the 104 nuclear power units operating in the U.S., having now generated more than 200 million megawatt-hours. Callaway's lifetime generation through 2006 ranks it 20th in the world out of 445 nuclear units operating in 30 countries. Though no decision has been made to add a second unit at the site, in 2007 AmerenUE took steps to preserve that option.



The bottom line is that we are now in a rising cost environment following many years of declining costs for our customers. As a result, it is now more important than ever to obtain constructive outcomes for our rate cases in Illinois and Missouri. We must recover our costs and realize appropriate returns on our investments in order to continue investing in our energy infrastructure on a timely basis to provide our customers with the safe, reliable service they expect.

**We will protect our customers' and your interests in arguing our case for a balanced, reasoned approach to reductions of greenhouse gases.**

#### Planning for a Cleaner Environment

Programs, like Power On, demonstrate that we are responding to our customers' need for improved reliability—burying lines where appropriate, increasing our pole and line maintenance programs, stepping up our tree-trimming and removals and more.

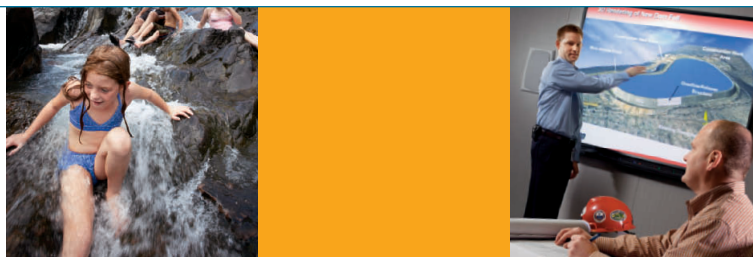
However, we also know that our customers are concerned about the environment.

Power On sets aside \$500 million for environmental improvements, including a scrubber we are installing at AmerenUE's Sioux Plant.

We are also installing scrubbers on the non-rate-regulated generation side of our business at the Duck Creek Plant and Coffeen Power Station. These technologies will remove at least 95 percent of the plants' sulfur dioxide emissions.

Our environmental plans are discussed in more detail in our first comprehensive environmental report, *"Stewardship: Balancing the Needs of Our Environment, Our Customers and Our Economy."* This publication—which you can view at [www.ameren.com/EnvReport](http://www.ameren.com/EnvReport)—also states that Ameren would firmly support a mandated reduction in carbon dioxide (CO<sub>2</sub>) emissions as long as that requirement effectively balances the benefits to the environment against cost to consumers and the risk of economic disruption to the economy in the Midwest and throughout the nation.

After extensive analysis, we have concluded that any federal climate legislation must include reductions for all greenhouse gas sources, set compliance timelines consistent with development and deployment of advanced technologies, be global in approach and recognize the significant economic impact reducing CO<sub>2</sub> will have on our



With support from the Missouri Department of Natural Resources, the Department of Conservation, AmerenUE and its contractors, and others, the state of Missouri reopened Johnson's Shut-Ins State Park for swimming in 2007. The popular tourist site was severely damaged by the 2005 breach of AmerenUE's Taum Sauk pumped-storage plant's upper reservoir. The company has now settled all issues with the state of Missouri, and work is under way to bring this critical plant back in service by late 2009.

region's consumers and businesses. Our current analysis shows that under some policy scenarios being considered, because of the dependence on coal-fired generation in the Midwest, household costs could rise significantly and rates for electricity could double by 2030.

We will protect our customers' and your interests in arguing our case for a balanced, reasoned approach to reductions of greenhouse gases, and we look forward to continuing our active engagement in discussions about this important issue at both federal and state levels. I encourage you to also get involved in this important debate.

### Future Generation to Meet Our Customer Needs

Related to the topic of the environmental report is the question of Ameren's next addition of baseload generation—the “work-horse” plants that operate virtually year-round, 24 hours a day, so that Ameren's customers have the power they need, when they need it.

In February 2008, AmerenUE filed an integrated resource plan with the Missouri Public Service Commission. It was developed with significant stakeholder input from a broad spectrum of organizations. This plan

details how the company expects to supply safe, reliable electricity in coming years, while protecting the environment.

---

**We will study a wide range of technologies to meet our customers' energy needs in the future, including advanced coal technologies and nuclear power.**

---

In summary, the plan recommends aggressively pursuing energy efficiency programs, expanding the role of renewable energy, increasing operational efficiency at existing plants, and evaluating a range of options for new baseload generating facilities.

We will study a wide range of technologies to meet our customers' energy needs in the future, including advanced coal technologies and nuclear power. As a result of the long time required to design, license and build a baseload power plant, this year we expect to file a construction and operating license application with the Nuclear Regulatory Commission for a new nuclear unit at our Callaway site.



Ameren employees are active in their communities. AmerenUE Vice President, Public Relations Karen Foss (above left) helps Boy Scouts place energy efficient, long-lasting compact fluorescent light bulbs in boxes of food headed to needy senior citizens. Employees volunteer for countless community projects across the company's 64,000-square-mile service territory, from planting trees (above right) to participating in food and blood drives.

While this does not mean we have made a final decision to add a second unit at Callaway, it preserves that option for us.

### Optimizing Our Power Generation Business

In our non-rate-regulated generation operations, we continued, in 2007, to invest in our plants to improve their productivity, as well as to effectively market the power they produce.

Looking ahead, we will continue to focus on optimizing this business by increasing plant availability and plant output. By 2010, we expect our non-rate-regulated plant output to increase approximately 10 percent over 2007 levels, to nearly 33 million megawatthours.

And while we currently believe that rising costs, including fuel, depreciation and financing costs, will largely offset these productivity gains in the near-term, we believe our plants will be well-positioned for earnings growth in the future should energy and capacity prices improve.

### A Bright Future

I believe that in 2007 we laid a solid foundation for future success. Looking ahead, we expect to achieve significant earnings growth in our business. That growth is expected to come primarily from our regulated businesses through the higher levels of investment I have outlined,

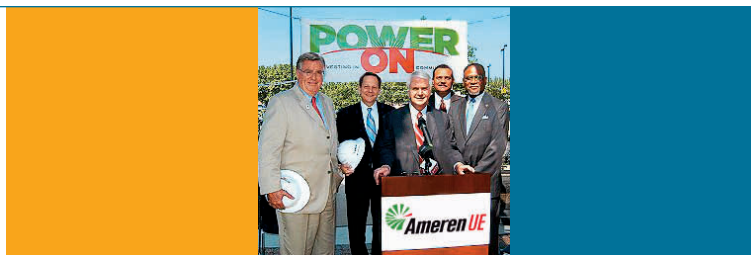
as well as through improving the returns in these businesses as a result of more frequent, but smaller rate increases. We also expect to continue to improve the operation of our non-rate-regulated generating plants and position them for earnings growth should power markets improve in the years ahead.

When we put all that together, we see average earnings growth on the order of 4% to 6% per year through 2010, achieving earnings of approximately \$3.70 per share by 2010. By 2011, we believe we will be able to achieve \$4 per share with continued earnings growth thereafter. We are committed to realizing this goal. We are committed to providing the strong sustainable dividend we have for the past century. And we are committed to laying a solid foundation for future dividend growth.

I thank you for your continued support, and I hope you can attend this year's Annual Shareholders Meeting on April 22 at The St. Louis Art Museum.



Gary L. Rainwater  
*Chairman, Chief Executive Officer and President  
Ameren Corporation*



From left, Dick Fleming, chief executive officer of the St. Louis Regional Chamber and Growth Association; the Honorable Francis Slay, mayor of the City of St. Louis; Tom Voss, AmerenUE president and chief executive officer; Richard Mark, AmerenUE senior vice president, Missouri Energy Delivery; and Charlie Dooley, St. Louis County Executive, kick off Power On—AmerenUE's \$1 billion commitment to improving distribution system reliability and enhancing the environmental performance of its power plants.