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 June 30, 2018

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 001-32319

Sunstone Hotel Investors, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	20-1296886 (I.R.S. Employer Identification Number)
120 Vantis, Suite 350 Aliso Viejo, California (Address of Principal Executive Offices)	92656 (Zip Code)

Registrant's telephone number, including area code: (949) 330-4000

Indicate by check mark whether the registrant: (1) has 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) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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). Yes No

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

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

228,247,370 shares of Common Stock, $0.01 par value, as of July 25, 2018

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SUNSTONE HOTEL INVESTORS, INC.

QUARTERLY REPORT ON

FORM 10-Q

For the Quarterly Period Ended June 30, 2018

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PART I—FINANCIAL INFORMATION

Item 1.Financial Statements

SUNSTONE HOTEL INVESTORS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 544,900	$ 488,002
Restricted cash	74,989	71,309
Accounts receivable, net	46,540	34,219
Inventories	1,223	1,323
Prepaid expenses	11,289	10,464
Assets held for sale, net	42,389	122,807
Total current assets	721,330	728,124
Investment in hotel properties, net	3,089,181	3,106,066
Deferred financing fees, net	785	1,305
Other assets, net	34,317	22,317
Total assets	$ 3,845,613	$ 3,857,812
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 37,495	$ 31,810
Accrued payroll and employee benefits	19,776	26,687
Dividends and distributions payable	14,620	133,894
Other current liabilities	46,662	44,502
Current portion of notes payable, net	5,653	5,477
Liabilities of assets held for sale	4,061	189
Total current liabilities	128,267	242,559
Notes payable, less current portion, net	974,309	977,282
Capital lease obligations, less current portion	26,904	26,804
Other liabilities	30,802	28,989
Total liabilities	1,160,282	1,275,634
Commitments and contingencies (Note 11)		
Equity:		
Stockholders’ equity:		
Preferred stock, $0.01 par value, 100,000,000 shares authorized:		

6.95% Series E Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding at June 30, 2018 and December 31, 2017, stated at liquidation preference of $25.00 per share	115,000	115,000
6.45% Series F Cumulative Redeemable Preferred Stock, 3,000,000 shares issued and outstanding at June 30, 2018 and December 31, 2017, stated at liquidation preference of $25.00 per share	75,000	75,000
Common stock, $0.01 par value, 500,000,000 shares authorized, 228,254,255 shares issued and outstanding at June 30, 2018 and 225,321,660 shares issued and outstanding at December 31, 2017	2,283	2,253
Additional paid in capital	2,724,379	2,679,221
Retained earnings	1,017,181	932,277
Cumulative dividends and distributions	(1,299,121)	(1,270,013)
Total stockholders’ equity	2,634,722	2,533,738
Noncontrolling interest in consolidated joint venture	50,609	48,440
Total equity	2,685,331	2,582,178
Total liabilities and equity	$ 3,845,613	$ 3,857,812

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
REVENUES				
Room	$ 220,304	$ 223,653	$ 400,580	$ 414,020
Food and beverage	79,292	78,621	153,558	154,122
Other operating	17,851	16,522	34,755	31,397
Total revenues	317,447	318,796	588,893	599,539
OPERATING EXPENSES				
Room	54,900	54,557	105,995	105,849
Food and beverage	50,885	50,969	101,039	101,506
Other operating	4,357	4,033	8,298	7,864
Advertising and promotion	14,316	14,911	28,222	29,857
Repairs and maintenance	10,851	10,796	21,954	21,763
Utilities	6,974	7,291	14,449	14,513
Franchise costs	9,961	9,881	17,814	17,936
Property tax, ground lease and insurance	21,508	20,791	43,289	42,078
Other property-level expenses	35,518	35,766	69,425	70,504
Corporate overhead	7,594	7,573	14,696	14,352
Depreciation and amortization	37,334	39,525	74,022	80,332
Impairment loss	1,394	—	1,394	—
Total operating expenses	255,592	256,093	500,597	506,554
Operating income	61,855	62,703	88,296	92,985
Interest and other income	2,966	849	4,457	1,570
Interest expense	(11,184)	(13,084)	(20,060)	(24,333)
Loss on extinguishment of debt	—	—	—	(4)
Gain on sale of assets	—	1,189	15,659	45,474
Income before income taxes	53,637	51,657	88,352	115,692
Income tax (provision) benefit, net	(2,375)	(242)	1,365	(450)
NET INCOME	51,262	51,415	89,717	115,242
Income from consolidated joint venture attributable to noncontrolling interest	(2,374)	(2,183)	(4,813)	(4,175)
Preferred stock dividends	(3,207)	(3,207)	(6,414)	(6,414)
INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 45,681	$ 46,025	$ 78,490	$ 104,653
Basic and diluted per share amounts:				
Basic and diluted income attributable to common stockholders per common share	$ 0.20	$ 0.21	$ 0.35	$ 0.47
Basic and diluted weighted average common shares outstanding	225,232	220,130	224,760	219,614

Distributions declared per common share	$ 0.05	$ 0.05	$ 0.10	$ 0.10

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

UNAUDITED CONSOLIDATED STATEMENT OF EQUITY

(In thousands, except share and per share data)

eferred Stock ries E umber ares	Amount	Series F Number of Shares	Amount	Common Stock Number of Shares	Amount	Additional Paid in Capital	Retained Earnings	Cumulative Dividends and Distributions	N I C
600,000	$ 115,000	3,000,000	$ 75,000	225,321,660	$ 2,253	$ 2,679,221	$ 932,277	$ (1,270,013)	$
-	—	—	—	2,590,854	26	44,315	—	—	
-	—	—	—	341,741	4	843	—	—	
-	—	—	—	—	—	—	—	(22,694)	
-	—	—	—	—	—	—	—	(3,996)	
-	—	—	—	—	—	—	—	(2,418)	
-	—	—	—	—	—	—	—	—	
-	—	—	—	—	—	—	84,904	—	
600,000	$ 115,000	3,000,000	$ 75,000	228,254,255	$ 2,283	$ 2,724,379	$ 1,017,181	$ (1,299,121)	$

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 89,717	$ 115,242
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	489	310
Gain on sale of assets, net	(15,663)	(45,750)
Loss on extinguishment of debt	—	4
Noncash interest on derivatives and capital lease obligations, net	(4,177)	349
Depreciation	72,690	79,029
Amortization of franchise fees and other intangibles	1,463	1,624
Amortization of deferred financing fees	1,492	1,157
Amortization of deferred stock compensation	4,865	4,340
Impairment loss	1,394	—
Gain on hurricane-related damage	(1,100)	—
Deferred income taxes, net	(1,819)	—
Changes in operating assets and liabilities:		
Accounts receivable	(12,286)	(6,844)
Inventories	(53)	22
Prepaid expenses and other assets	(250)	2,804
Accounts payable and other liabilities	12,246	3,403
Accrued payroll and employee benefits	(5,755)	(5,416)
Net cash provided by operating activities	143,253	150,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of assets	137,036	150,155
Proceeds from property insurance	1,100	—
Acquisition deposits	(500)	(7,000)
Acquisitions of intangible assets	(18,484)	—
Renovations and additions to hotel properties and other assets	(87,141)	(59,499)
Payment for interest rate derivative	—	(19)
Net cash provided by investing activities	32,011	83,637
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from common stock offerings	45,125	76,218
Payment of common stock offering costs	(784)	(1,427)
Repurchase of common stock for employee withholding obligations	(4,232)	(3,793)
Proceeds from notes payable	—	240,000
Payments on notes payable	(3,764)	(181,186)
Payments of deferred financing costs	(5)	(13)
Dividends and distributions paid	(148,382)	(134,075)
Distributions to noncontrolling interest	(2,644)	(3,362)
Net cash used in financing activities	(114,686)	(7,638)

Net increase in cash and cash equivalents and restricted cash	60,578	226,273
Cash and cash equivalents and restricted cash, beginning of period	559,311	437,460
Cash and cash equivalents and restricted cash, end of period	$ 619,889	$ 663,733

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Supplemental Disclosure of Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet to the amount shown in the consolidated statements of cash flows:

	June 30,	
	2018	2017
Cash and cash equivalents	$ 544,900	$ 597,318
Restricted cash	74,989	66,415
Total cash and cash equivalents and restricted cash shown on the consolidated statements of cash flows	$ 619,889	$ 663,733

The Company paid the following amounts for interest and income taxes, during the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
	2018	2017
Cash paid for interest	$ 22,144	$ 17,686
Cash paid for income taxes	$ 242	$ 447

Supplemental Disclosure of Noncash Investing and Financing Activities

The Company’s noncash investing and financing activities during the six months ended June 30, 2018 and 2017 consisted of the following:

	Six Months Ended June 30,	
	2018	2017
Increase (decrease) in accounts payable related to renovations and additions to hotel properties and other assets	$ 175	$ (6,776)
Amortization of deferred stock compensation — construction activities	$ 214	$ 309
Dividends and distributions payable	$ 14,620	$ 14,465

See accompanying notes to consolidated financial statements.

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SUNSTONE HOTEL INVESTORS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

Sunstone Hotel Investors, Inc. (the "Company") was incorporated in Maryland on June 28, 2004 in anticipation of an initial public offering of common stock, which was consummated on October 26, 2004. The Company, through its 100% controlling interest in Sunstone Hotel Partnership, LLC (the "Operating Partnership"), of which the Company is the sole managing member, and the subsidiaries of the Operating Partnership, including Sunstone Hotel TRS Lessee, Inc. (the "TRS Lessee") and its subsidiaries, is currently engaged in acquiring, owning, asset managing and renovating hotel properties. The Company may also sell certain hotel properties from time to time. The Company operates as a real estate investment trust ("REIT") for federal income tax purposes.

As a REIT, certain tax laws limit the amount of "non-qualifying" income the Company can earn, including income derived directly from the operation of hotels. The Company leases all of its hotels to its TRS Lessee, which in turn enters into long-term management agreements with third parties to manage the operations of the Company's hotels, in transactions that are intended to generate qualifying income. As of June 30, 2018, the Company had interests in 25 hotels (the "25 hotels"), one of which was considered held for sale, leaving 24 hotels currently held for investment (the "24 hotels"). The Company's third-party managers included the following:

	Number of Hotels	
Subsidiaries of Marriott International, Inc. or Marriott Hotel Services, Inc. (collectively, "Marriott")	9	
Interstate Hotels & Resorts, Inc.	4	
Highgate Hotels L.P. and an affiliate	3	
Crestline Hotels & Resorts	2	
Hilton Worldwide	2	
Hyatt Corporation	2	(1)
Davidson Hotels & Resorts	1	
HEI Hotels & Resorts	1	
Singh Hospitality, LLC	1	
Total hotels owned as of June 30, 2018	25	

(1) The Hyatt Regency Newport Beach, California was considered held for sale as of June 30, 2018, and subsequently sold in July 2018.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements as of June 30, 2018 and December 31, 2017, and for the three and six months ended June 30, 2018 and 2017, include the accounts of the Company, the Operating Partnership, the TRS Lessee and their controlled subsidiaries. All significant intercompany balances and transactions have been eliminated. If the Company determines that it has an interest in a variable interest entity, the Company will consolidate the entity when it is determined to be the primary beneficiary of the entity.

The accompanying interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and in conformity with the rules and regulations of the Securities and Exchange Commission. In the Company's opinion, the interim financial statements presented herein reflect all adjustments, consisting solely of normal and recurring adjustments, which are necessary to fairly present the interim financial statements. These financial statements should be read in conjunction with the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the Securities and Exchange Commission on February 14, 2018. Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

The Company does not have any comprehensive income other than what is included in net income. If the Company has any comprehensive income in the future such that a statement of comprehensive income would be necessary, the Company will include such statement in one continuous consolidated statement of operations.

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The Company has evaluated subsequent events through the date of issuance of these financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Earnings Per Share

The Company applies the two-class method when computing its earnings per share. Net income per share for each class of stock (common stock and convertible preferred stock) is calculated assuming all of the Company's net income is distributed as dividends to each class of stock based on their contractual rights.

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are considered participating securities and are included in the computation of earnings per share.

Basic earnings (loss) attributable to common stockholders per common share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) attributable to common stockholders per common share is computed based on the weighted average number of shares of common stock outstanding during each period, plus potential common shares considered outstanding during the period, as long as the inclusion of such awards is not anti-dilutive. Potential common shares consist of unvested restricted stock awards and the incremental common shares issuable upon the exercise of stock options, using the more dilutive of either the two-class method or the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per common share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Numerator:				
Net income	$ 51,262	$ 51,415	$ 89,717	$ 115,242
Income from consolidated joint venture attributable to noncontrolling interest	(2,374)	(2,183)	(4,813)	(4,175)
Preferred stock dividends	(3,207)	(3,207)	(6,414)	(6,414)
Distributions paid on unvested restricted stock compensation	(59)	(60)	(118)	(120)
Undistributed income allocated to unvested restricted stock compensation	(179)	(188)	(298)	(437)
Numerator for basic and diluted income attributable to common stockholders	$ 45,443	$ 45,777	$ 78,074	$ 104,096
Denominator:				
Weighted average basic and diluted common shares outstanding	225,232	220,130	224,760	219,614
Basic and diluted income attributable to common stockholders per common share	$ 0.20	$ 0.21	$ 0.35	$ 0.47

The Company's unvested restricted shares associated with its long-term incentive plan and shares associated with common stock options have been excluded from the above calculation of earnings per share for the three and six months ended June 30, 2018 and 2017, as their inclusion would have been anti-dilutive.

New Accounting Standards and Accounting Changes

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU No. 2014-09"). The core principle of ASU No. 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity applies a five-step model: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the

transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

In March 2016, the FASB clarified the principal versus agent guidance in ASU No. 2014-09 with its issuance of Accounting Standards Update No. 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)” (“ASU No. 2016-08”). In particular, ASU No. 2016-08 clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements, such as service transactions by explaining what a principal controls before the specified good or service is transferred to the customer. In addition, ASU No. 2016-08 reframes the indicators to focus on evidence that an entity is acting as a principal rather than as an agent.

In May 2016, the FASB amended ASU No. 2014-09’s guidance on transition, collectability, noncash consideration and the presentation of sales and other similar taxes with its issuance of Accounting Standards Update No. 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients” (“ASU No. 2016-12”). The amendments clarify that, for a contract to be considered completed at transition, all (or substantially all) of the revenue must have been recognized under legacy GAAP. This clarification is important because entities that use the modified retrospective transition approach need to apply the standard only to contracts that are not complete as of the date of initial application, and entities that use the full retrospective approach may apply certain practical expedients to completed contracts. In addition, ASU No. 2016-12 clarifies that an entity should consider the probability of collecting substantially all of the consideration to which it will be entitled in exchange for goods and services expected to be transferred to the customer rather than the total amount promised for all the goods or services in the contract. ASU No. 2016-12 also clarifies that an entity may consider its ability to manage its exposure to credit risk as part of the collectability assessment, as well as that the fair value of noncash consideration should be measured at contract inception when determining the transaction price. Finally, ASU No. 2016-12 allows an entity to make an accounting policy election to exclude from the transaction price certain types of taxes collected from a customer if it discloses that policy.

The Company adopted ASU No. 2014-09, along with the related clarifications and amendments in ASU No. 2016-08 and ASU No. 2016-12, in January 2018, using the modified retrospective approach to contracts that were not complete as of January 1, 2018. Due to the short-term nature of the Company’s revenue streams, the adoption of ASU No. 2014-09 did not have a material impact on the amount and timing of revenue recognized from rooms, food and beverage and other ancillary hotel services. In addition, the Company determined that presenting its revenue streams disaggregated into the categories of rooms, food and beverage, and other on its consolidated statements of operations depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors, and that no further disaggregation is needed. See Revenue Recognition in Note 2 for additional disclosures.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, “Leases (Topic 842)” (“ASU No. 2016-02”), which will require lessees to put most leases on their balance sheets but recognize expenses in the income statement in a manner similar to today’s accounting. A lessee will be required to record a right-of-use asset and a lease liability for all leases with a term greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases today. ASU No. 2016-02 also

eliminates today's real estate-specific provisions and changes the guidance on sale-leaseback transactions, initial direct costs and lease executory costs for all entities. All entities will classify leases to determine how to recognize lease-related revenue and expense. Classification will continue to affect amounts that lessors record on the balance sheet. ASU No. 2016-02 will become effective during the first quarter of 2019, and initially required a modified retrospective approach for leases that exist or are entered into after the date of initial application, with an option to use certain transition relief. In January 2018, the FASB issued Accounting Standards Update No. 2018-01, "Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842" ("ASU No. 2018-01"), which allows a company to elect a practical expedient regarding land easements. By electing this practical expendient, the Company will not be required to reassess whether a land easement not previously accounted for as a lease would now be a lease. In July 2018, the FASB issued Accounting Standards Update No. 2018-10, "Codification Improvements to Topic 842, Leases" ("ASU No. 2018-10") and Accounting Standards Update No. 2018-11, "Leases (Topic 842): Targeted Improvements" ("ASU No. 2018-11"), both of which provide practical expendients that the Company intends to adopt. By adopting these practical expedients, the Company will not be required to reassess (i) whether an expired or existing contract meets the definition of a lease; (ii) the lease classification at the adoption date for existing leases; and (iii) whether costs previously capitalized as initial direct costs would continue to be amortized. In addition, the Company intends to adopt the lessor practical expedient provided by ASU No. 2018-11 whereby lessors, by class of underlying asset, will not be required to separate nonlease components from the associated lease component, if certain conditions are met. The Company does not intend to elect the hindsight practical expedient. ASU No. 2018-11 also adds a transition option to the new leases standard that allows entities to apply the transition provisions of the new standard at its adoption date instead of the earliest comparative period presented in its financial statements. The Company is creating an inventory of its leases and is analyzing its current ground lease obligations. The Company is evaluating the impact that ASU No. 2016-02, as well as the FASB's transition option, will have on its consolidated financial statements, and, other than the inclusion of operating leases on the Company's balance sheet, such effects have not yet been determined.

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In November 2016, the FASB issued Accounting Standards Update No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" ("ASU No. 2016-18"), which requires entities to show the changes in total cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. When cash, cash equivalents, restricted cash and restricted cash equivalents are presented in more than one line item on the balance sheet, the guidance requires a reconciliation of the totals in the statement of cash flows to the related caption in the balance sheet. The Company adopted ASU No. 2016-18 in January 2018. As a result, amounts included in restricted cash on the Company's consolidated balance sheet are included with cash and cash equivalents on the consolidated statement of cash flows. A reconciliation of the totals in the statement of cash flows to the related caption in the balance sheet has been added as a supplemental disclosure to the Company's consolidated statements of cash flows. The adoption of this standard did not change the Company's balance sheet presentation.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" ("ASU No. 2017-01"), which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. Under the new guidance, an entity first determines whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set of transferred assets and activities is not a business. If it is not met, the entity then evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The Company adopted ASU No. 2017-01 in January 2018. The Company will analyze future hotel acquisitions and sales to determine if the transaction qualifies as the purchase or disposition of a business or an asset. Transaction costs associated with asset acquisitions will be capitalized, while the same costs associated with a business combination will continue to be expensed as incurred. In addition, asset acquisitions will not be subject to a measurement period, as are business combinations. Depending on the Company's conclusion, ASU No. 2017-01 may have an effect on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU No. 2017-04"), which eliminates the requirement to calculate the implied fair value of goodwill (i.e., Step 2 of today's goodwill impairment test) to measure a goodwill impairment charge. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The standard does not change the guidance on completing Step 1 of the goodwill impairment test. An entity will still be able to perform today's optional qualitative goodwill impairment assessment before determining whether to proceed to Step 1. ASU No. 2017-04 will become effective in the first quarter of 2019, with early adoption permitted, and the guidance is to be applied prospectively. The Company elected to early adopt ASU No. 2017-04 in January 2018, with no material impact on its consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting" ("ASU No. 2017-09"), which clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. The new guidance will allow companies to make certain changes to awards without accounting for them as modifications, but it does not change the accounting for modifications. Under ASU No. 2017-09, an entity will not apply modification accounting to a

share-based payment award if all of the following are the same immediately before and after the change: the award's fair value (or calculated or intrinsic value, if those measurement methods are used); the award's vesting conditions; and the award's classification as an equity or liability instrument. The Company adopted ASU No. 2017-09 in January 2018 with no impact to its consolidated financial statements.

Noncontrolling Interest

The Company's consolidated financial statements include an entity in which the Company has a controlling financial interest. Noncontrolling interest is the portion of equity (net assets) in a subsidiary not attributable, directly or indirectly, to a parent. Such noncontrolling interest is reported on the consolidated balance sheets within equity, separately from the Company's equity. On the consolidated statements of operations, revenues, expenses and net income or loss from the less-than-wholly owned subsidiary are reported at their consolidated amounts, including both the amounts attributable to the Company and the noncontrolling interest. Income or loss is allocated to the noncontrolling interest based on its weighted average ownership percentage for the applicable period. The consolidated statement of equity includes beginning balances, activity for the period and ending balances for each component of stockholders' equity, noncontrolling interest and total equity.

At both June 30, 2018 and December 31, 2017, the noncontrolling interest reported in the Company's financial statements consisted of a third-party's 25.0% ownership interest in the Hilton San Diego Bayfront.

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Property and Equipment

Impairment losses are recorded on long-lived assets to be held and used by the Company when indicators of impairment are present and the future undiscounted net cash flows expected to be generated by those assets, based on the Company's expected investment horizon, are less than the assets' carrying amount. If such assets are considered to be impaired, the related assets are adjusted to their estimated fair value and an impairment is recognized. The impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. In computing fair value, the Company uses a discounted cash flow analysis to estimate the fair value of its hotel properties, taking into account each property's expected cash flow from operations and estimated proceeds from the disposition of the property. The factors addressed in determining estimated proceeds from disposition include anticipated operating cash flow in the year of disposition and terminal capitalization rate.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to hotel guests, which is generally defined as the date upon which a guest occupies a room and/or utilizes the hotel's services. Room revenue is recognized over a guest's stay at a previously agreed upon daily rate. Additionally, some of the Company's hotel rooms are booked through independent internet travel intermediaries. If the guest pays the independent internet travel intermediary directly, revenue for the room is booked by the Company at the price the Company sold the room to the independent internet travel intermediary, less any discount or commission paid. If the guest pays the Company directly, revenue for the room is booked by the Company on a gross basis. A majority of the Company's hotels participate in frequent guest programs sponsored by the hotel brand owners whereby the hotel allows guests to earn loyalty points during their hotel stay. The Company expenses charges associated with these programs as incurred, and recognizes revenue at the amount it will receive from the brand when a guest redeems their loyalty points by staying at one of the Company's hotels. In addition, some contracts for rooms or food and beverage services require an advance deposit, which the Company records as deferred revenue (or a contract liability) and recognizes once the performance obligations are satisfied.

Food and beverage revenue and other ancillary services revenue are generated when a customer chooses to purchase goods or services separately from a hotel room. These revenue streams are recognized during the time the goods or services are provided to the customer at the amount the Company expects to be entitled to in exchange for those goods or services. For those ancillary services provided by third parties, the Company assesses whether it is the principal or the agent. If the Company is the principal, revenue is recognized based upon the gross sales price. If the Company is the agent, revenue is recognized based upon the commission earned from the third party.

Additionally, the Company collects sales, use, occupancy and other similar taxes at its hotels, which the Company presents on a net basis (excluded from revenues) in its consolidated statements of operations.

Trade receivables and contract liabilities consisted of the following (in thousands):

	June 30, 2018 (unaudited)	December 31, 2017
Trade receivables, net (1)	$ 22,342	$ 20,773
Contract liabilities (2)	$ 13,738	$ 13,454

(1) Trade receivables are included in accounts receivable, net on the accompanying consolidated balance sheets.
(2) Contract liabilities consist of advance deposits, and are included in other current liabilities on the accompanying consolidated balance sheets. Of the amount outstanding at December 31, 2017, approximately $2.1 million and $11.5 million was recognized in revenue during the three and six months ended June 30, 2018, respectively.

Segment Reporting

The Company considers each of its hotels to be an operating segment, none of which meets the threshold for a separate reportable segment. Currently, the Company operates in one reportable segment, hotel ownership.

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3. Investment in Hotel Properties

Investment in hotel properties, net consisted of the following (in thousands):

	June 30, 2018 (unaudited)	December 31, 2017						
Land	$ 604,866	$ 605,054						
Buildings and improvements	3,039,104	3,049,569						
Furniture, fixtures and equipment	488,042	484,749						
Intangible assets	60,413	48,371						
Franchise fees	980	980						
Construction in progress	56,569	61	**17**	17	**56**	30	**(4)**	(9)
Ameren	**95**	73	**17**	17	**57**	31	**28**	21
Uranium (pounds in thousands)								
Ameren Missouri & Ameren	**5,361**	5,553	**(e)**	(e)	**(e)**	(e)	**131**	148

(a) Contracts through December 2017, March 2015, September 2035, and October 2024 for coal, natural gas, power, and uranium, respectively, as of June 30, 2012.
(b) Contracts through December 2016 for power as of June 30, 2012.
(c) Contracts through December 2014, October 2016, April 2015, and December 2016 for coal, fuel oils, natural gas, and power, respectively, as of June 30, 2012.
(d) Contracts through October 2014, October 2016, May 2032, and December 2013 for fuel oils, natural gas, power, and uranium, respectively, as of June 30, 2012.
(e) Not applicable.
(f) Includes AERG contracts for coal and fuel oils, Marketing Company contracts for natural gas and power, and intercompany eliminations for power.
(g) Fuel oils consist of heating and crude oil.

Authoritative guidance regarding derivative instruments requires that all contracts considered to be derivative instruments be recorded on the balance sheet at their fair values, unless the NPNS exception applies. See Note 7 - Fair Value Measurements for our methods of assessing the fair value of derivative instruments. Many of our physical contracts, such as our coal and purchased power contracts, qualify for the NPNS exception to derivative accounting rules. The revenue or expense on NPNS contracts is recognized at the contract price upon physical delivery.

If we determine that a contract meets the definition of a derivative and is not eligible for the NPNS exception, we review the contract to determine if it qualifies for hedge accounting. We also consider whether gains or losses resulting from such derivatives qualify for regulatory deferral. Contracts that qualify for cash flow hedge accounting are recorded at fair value with changes in fair value charged or credited to accumulated OCI in the period in which the change occurs, to the extent the hedge is effective. To the extent the hedge is ineffective, the related changes in fair value are charged or credited to the statement of income or the statement of income and comprehensive income in the period in which the change occurs. When the contract is settled or delivered, the net gain or loss is recorded in the statement of income or the statement of income and comprehensive income.

Derivative contracts that qualify for regulatory deferral are recorded at fair value, with changes in fair value recorded as regulatory assets or regulatory liabilities in the period in which the change occurs. Ameren Missouri and Ameren Illinois believe derivative gains and losses deferred as regulatory assets and regulatory liabilities are probable of recovery or refund through future rates charged to customers. Regulatory assets and regulatory liabilities are amortized to operating income as related losses and gains are reflected in rates charged to customers. Therefore, gains and losses on these derivatives have no effect on operating income.

Certain derivative contracts are entered into on a regular basis as part of our risk management program but do not qualify for the NPNS exception, hedge accounting, or regulatory deferral accounting. Such contracts are recorded at fair value, with changes in fair value charged or credited to the statement of income or the statement of income and comprehensive income in the period in which the change occurs.

Authoritative accounting guidance permits companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a liability) against fair value amounts recognized for derivative instruments that are executed with the same counterparty under the same master netting arrangement. The Ameren Companies did not elect to adopt this guidance for any eligible financial instruments or other items.

The following table presents the carrying value and balance sheet location of all derivative instruments as of June 30, 2012, and December 31, 2011:

	Balance Sheet Location	Ameren[a]	Ameren Missouri	Ameren Illinois	Genco
2012:					
Derivative assets designated as hedging instruments					
Commodity contracts:					
Power	MTM derivative assets	$ 23	$ (b)	$ (b)	$ (b)
	Other assets	31	-	-	-
	Total assets	$ 54	$ -	$ -	$ -
Derivative liabilities designated as hedging instruments					
Commodity contracts:					
Power	MTM derivative liabilities	$ 1	$ (b)	$ -	$ (b)
	Total liabilities	$ 1	$ -	$ -	$ -
Derivative assets not designated as hedging instruments[c]					
Commodity contracts:					
Fuel oils	MTM derivative assets	$ 13	$ (b)	$ (b)	$ (b)
	Other current assets	-	8	-	4
	Other assets	5	4	-	1
Natural gas	MTM derivative assets	10	(b)	(b)	(b)
	Other current assets	-	2	2	5
	Other assets	-	-	-	-
Power	MTM derivative assets	110	(b)	(b)	(b)
	Other current assets	-	39	-	-
	Other assets	35	2	-	-
	Total assets	$ 173	$ 55	$ 2	$ 10
Derivative liabilities not designated as hedging instruments[c]					
Commodity contracts:					
Coal	MTM derivative liabilities	$ 4	$ (b)	$ -	$ (b)
	Other current liabilities	-	-	-	4
	Other deferred credits and liabilities	6	-	-	4
Fuel oils	MTM derivative liabilities	5	(b)	-	(b)
	Other current liabilities	-	2	-	2
	Other deferred credits and liabilities	6	2	-	3
Natural gas	MTM derivative liabilities	91	(b)	78	(b)

	Other current liabilities	**-**	**12**	**-**	**1**
	Other deferred credits and liabilities	**77**	**11**	**66**	**-**
Power	MTM derivative liabilities	**96**	**(b)**	**19**	**(b)**
	MTM derivative liabilities - affiliates	**(b)**	**(b)**	**114**	**(b)**

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	Balance Sheet Location	Ameren[(a)]	Ameren Missouri	Ameren Illinois	Genco
	Other current liabilities	**$ -**	**$ 15**	**$ -**	**$ -**
	Other deferred credits and liabilities	**117**	**2**	**88**	**-**
Uranium	MTM derivative liabilities	**1**	**(b)**	**-**	**(b)**
	Other current liabilities	**-**	**1**	**-**	**-**
	Total liabilities	**$ 403**	**$ 45**	**$ 365**	**$ 14**
2011:					
Derivative assets designated as hedging instruments					
Commodity contracts:					
Power	MTM derivative assets	$ 8	$ (b)	$ (b)	$ (b)
	Other assets	16	-	-	-
	Total assets	$ 24	$ -	$ -	$ -
Derivative liabilities designated as hedging instruments					
Commodity contracts:					
Power	Other deferred credits and liabilities	$ 1	$ -	$ -	$ -
	Total liabilities	$ 1	$ -	$ -	$ -
Derivative assets not designated as hedging instruments[(c)]					
Commodity contracts:					
Fuel oils	MTM derivative assets	$ 29	$ (b)	$ (b)	$ (b)
	Other current assets	-	17	-	10
	Other assets	8	6	-	1
Natural gas	MTM derivative assets	6	(b)	(b)	(b)
	Other current assets	-	2	1	2
	Other assets	-	-	1	-
Power	MTM derivative assets	72	(b)	(b)	(b)
	Other current assets	-	30	-	-
	Other assets	99	-	77	-
	Total assets	$ 214	$ 55	$ 79	$ 13
Derivative liabilities not designated as hedging instruments[(c)]					
Commodity contracts:					
Fuel oils	MTM derivative liabilities	$ 2	$ (b)	$ -	$ (b)
	Other current liabilities	-	1	-	1
Natural gas	MTM derivative liabilities	106	(b)	90	(b)
	Other current liabilities	-	13	-	2
	Other deferred credits and liabilities	92	13	79	-
Power	MTM derivative liabilities	53	(b)	9	(b)
	MTM derivative liabilities - affiliates	(b)	(b)	200	(b)
	Other current liabilities	-	9	-	-
	Other deferred credits and liabilities	26	-	8	-
Uranium	Other deferred credits and liabilities	1	1	-	-
	Total liabilities	$ 280	$ 37	$ 386	$ 3

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) Balance sheet line item not applicable to registrant.
(c) Includes derivatives subject to regulatory deferral.

The following table presents the cumulative amount of pretax net gains (losses) on all derivative instruments in accumulated OCI and regulatory assets or regulatory liabilities as of June 30, 2012, and December 31, 2011:

	Ameren	Ameren Missouri	Ameren Illinois	Genco	Other [(a)]
2012:					
Cumulative gains (losses) deferred in accumulated OCI:					
Power derivative contracts[(b)]	**$ 45**	**$ -**	**$ -**	**$ -**	**$ 45**
Interest rate derivative contracts[(c)(d)]	**(8)**	**-**	**-**	**(8)**	**-**
Cumulative gains (losses) deferred in regulatory liabilities or assets:					
Fuel oils derivative contracts[(e)]	**5**	**5**	**-**	**-**	**-**
Natural gas derivative contracts[(f)]	**(163)**	**(21)**	**(142)**	**-**	**-**
Power derivative contracts[(g)]	**(82)**	**24**	**(221)**	**-**	**115**
Uranium derivative contracts[(h)]	**(1)**	**(1)**	**-**	**-**	**-**
2011:					

Cumulative gains (losses) deferred in accumulated OCI:					
Power derivative contracts[b]	$ 19	$ -	$ -	$ -	$ 19
Interest rate derivative contracts[c][d]	(8)	-	-	(8)	-
Cumulative gains (losses) deferred in regulatory liabilities or assets:					
Fuel oils derivative contracts[e]	19	19	-	-	-
Natural gas derivative contracts[f]	(191)	(24)	(167)	-	-
Power derivative contracts[g]	81	21	(140)	-	200
Uranium derivative contracts[h]	(1)	(1)	-	-	-

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(a) Includes amounts for Marketing Company and intercompany eliminations.
(b) Represents net gains associated with power derivative contracts at Ameren. These contracts are a partial hedge of electricity price exposure through December 2016 as of June 30, 2012. Current gains of $17 million and $5 million were recorded at Ameren as of June 30, 2012, and December 31, 2011, respectively.
(c) Includes net gains associated with interest rate swaps at Genco that were a partial hedge of the interest rate on debt issued in June 2002. The swaps covered the first 10 years of debt that has a 30-year maturity, and the gain in OCI was amortized over a 10-year period that began in June 2002. The balance of the gain was fully amortized as of June 30, 2012. The carrying value at December 31, 2011, was less than $1 million.
(d) Includes net losses associated with interest rate swaps at Genco. The swaps were executed during the fourth quarter of 2007 as a partial hedge of interest rate risks associated with Genco s April 2008 debt issuance. The loss on the interest rate swaps is being amortized over a 10-year period that began in April 2008. The carrying value at June 30, 2012, and December 31, 2011, was a loss of $8 million and $9 million, respectively. Over the next twelve months, $1.4 million of the loss will be amortized.
(e) Represents net gains on fuel oils derivative contracts at Ameren Missouri. These contracts are a partial hedge of Ameren Missouri s transportation costs for coal through October 2014 as of June 30, 2012. Current gains deferred as regulatory liabilities include $7 million and $7 million at Ameren and Ameren Missouri as of June 30, 2012, respectively. Current losses deferred as regulatory assets include $2 million and $2 million at Ameren and Ameren Missouri as of June 30, 2012, respectively. Current gains deferred as regulatory liabilities include $16 million and $16 million at Ameren and Ameren Missouri as of December 31, 2011, respectively. Current losses deferred as regulatory assets include $1 million and $1 million at Ameren and Ameren Missouri as of December 31, 2011, respectively.
(f) Represents net losses associated with natural gas derivative contracts. These contracts are a partial hedge of natural gas requirements through October 2016 at Ameren, Ameren Missouri, and Ameren Illinois, in each case as of June 30, 2012. Current gains deferred as regulatory liabilities include $2 million and $2 million at Ameren and Ameren Illinois, respectively, as of June 30, 2012. Current losses deferred as regulatory assets include $88 million, $10 million, and $78 million at Ameren, Ameren Missouri and Ameren Illinois, respectively, as of June 30, 2012. Current gains deferred as regulatory liabilities include $1 million and $1 million at Ameren and Ameren Illinois, respectively, as of December 31, 2011. Current losses deferred as regulatory assets include $101 million, $11 million, and $90 million at Ameren, Ameren Missouri and Ameren Illinois, respectively, as of December 31, 2011.
(g) Represents net losses associated with power derivative contracts. These contracts are a partial hedge of power price requirements through May 2032 at Ameren and Ameren Illinois and through December 2015 at Ameren Missouri, in each case as of June 30, 2012. Current gains deferred as regulatory liabilities include $37 million and $37 million at Ameren and Ameren Missouri, respectively, as of June 30, 2012. Current losses deferred as regulatory assets include $33 million, $14 million, and $133 million at Ameren, Ameren Missouri and Ameren Illinois, respectively, as of June 30, 2012. Current gains deferred as regulatory liabilities include $29 million and $29 million at Ameren and Ameren Missouri, respectively, as of December 31, 2011. Current losses deferred as regulatory assets include $17 million, $8 million, and $209 million at Ameren, Ameren Missouri and Ameren Illinois, respectively, as of December 31, 2011.
(h) Represents net losses on uranium derivative contracts at Ameren Missouri. These contracts are a partial hedge of our uranium requirements through December 2013 as of June 30, 2012. Current losses deferred as regulatory assets include $1 million and $1 million at Ameren and Ameren Missouri as of June 30, 2012, respectively. Current losses deferred as regulatory assets include less than $1 million and less than $1 million at Ameren and Ameren Missouri as of December 31, 2011, respectively.

Derivative instruments are subject to various credit-related losses in the event of nonperformance by counterparties to the transaction. Exchange-traded contracts are supported by the financial and credit quality of the clearing members of the respective exchanges and have nominal credit risk. In all other transactions, we are exposed to credit risk. Our credit risk management program involves establishing credit limits and collateral requirements for counterparties, using master trading and netting agreements, and reporting daily exposure to senior management.

We believe that entering into master trading and netting agreements mitigates the level of financial loss that could result from default by allowing net settlement of derivative assets and liabilities. We generally enter into the following master trading and netting agreements: (1) International Swaps and Derivatives Association Agreement, a standardized financial natural gas and electric contract; (2) the Master Power Purchase and Sale Agreement, created by the Edison Electric Institute and the National Energy Marketers Association, a standardized contract for the purchase and sale of wholesale power; and (3) the North American Energy Standards Board Inc. agreement, a standardized contract for the purchase and sale of natural gas. These master trading and netting agreements allow the counterparties to net settle sale and purchase transactions. Further, collateral requirements are calculated at a master trading and netting agreement level by counterparty.

Concentrations of Credit Risk

In determining our concentrations of credit risk related to derivative instruments, we review our individual counterparties and categorize each counterparty into one of eight groupings according to the primary business in which each engages. The following table presents the maximum exposure, as of June 30, 2012, and December 31, 2011, if counterparty groups were to completely fail to perform on contracts by grouping. The maximum exposure is based on the gross fair value of financial instruments, including NPNS contracts, which excludes collateral held, and does not consider the legally binding right to net transactions based on master trading and netting agreements.

	Affiliates[(a)]	Coal Producers	Commodity Marketing	Electric Utilities	Financial Companies	Municipalities/ Cooperatives	Oil and Gas Companies	Retail Companies	Total

		Companies							
2012:									
AMO	**$ 1**	**$ 1**	**$ 2**	**$ 6**	**$ 15**	**$ 4**	**$ -**	**$ -**	**$ 29**
AIC	**-**	**-**	**1**	**-**	**1**	**-**	**-**	**-**	**2**

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	Affiliates[a]	Coal Producers	Commodity Marketing Companies	Electric Utilities	Financial Companies	Municipalities/ Cooperatives	Oil and Gas Companies	Retail Companies	Total
Genco	**$ -**	**$ -**	**$ 2**	**$ -**	**$ 1**	**$ -**	**$ 3**	**$ -**	**$ 6**
Other[b]	**187**	**10**	**46**	**14**	**18**	**465[c]**	**1**	**103**	**844**
Ameren	**$ 188**	**$ 11**	**$ 51**	**$ 20**	**$ 35**	**$ 469**	**$ 4**	**$ 103**	**$ 881**
2011:									
AMO	$ 1	$ 35	$ 1	$ 4	$ 26	$ 4	$ -	$ -	$ 71
AIC	-	-	84	-	1	-	-	-	85
Genco	-	1	1	2	6	-	3	-	13
Other[b]	275	1	3	10	51	194[c]	-	87	621
Ameren	$ 276	$ 37	$ 89	$ 16	$ 84	$ 198	$ 3	$ 87	$ 790

(a) Primarily comprised of Marketing Company s exposure to Ameren Illinois related to financial contracts. The exposure is not eliminated at the consolidated Ameren level for purposes of this disclosure, as it is calculated without regard to the offsetting affiliate counterparty s liability position. See Note 14 - Related Party Transactions in the Form 10-K for additional information on these financial contracts.
(b) Includes amounts for Marketing Company, AERG, and AFS.
(c) Primarily composed of Marketing Company s exposure to NPNS contracts with terms through September 2035.

The potential loss on counterparty exposures is reduced by the application of master trading and netting agreements and collateral held to the extent of reducing the exposure to zero. Collateral includes both cash collateral and other collateral held. The amount of cash collateral held by Ameren and Marketing Company from counterparties and based on the contractual rights under the agreements to seek collateral, as well as the maximum exposure as calculated under the individual master trading and netting agreements, was $2 million from marketing companies at June 30, 2012. Cash collateral held by Ameren and Marketing Company was less than $1 million from retail companies at December 31, 2011. As of June 30, 2012, other collateral used to reduce exposure consisted of letters of credit in the amount of $7 million held by Ameren and Marketing Company. As of December 31, 2011, other collateral used to reduce exposure consisted of letters of credit in the amount of $9 million, $1 million, $1 million, and $7 million held by Ameren, Ameren Missouri, Genco, and Marketing Company, respectively.

The following table presents the potential loss after consideration of collateral and application of master trading and netting agreements as of June 30, 2012, and December 31, 2011:

	Affiliates[a]	Coal Producers	Commodity Marketing Companies	Electric Utilities	Financial Companies	Municipalities/ Cooperatives	Oil and Gas Companies	Retail Companies	Total
2012:									
AMO	**$ -**	**$ -**	**$ 2**	**$ 2**	**$ 8**	**$ 4**	**$ -**	**$ -**	**$ 16**
AIC	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**1**
Genco	**-**	**-**	**1**	**-**	**-**	**-**	**1**	**-**	**2**
Other[b]	**186**	**5**	**38**	**3**	**13**	**459[c]**	**-**	**102**	**806**
Ameren	**$ 186**	**$ 5**	**$ 42**	**$ 5**	**$ 21**	**$ 463**	**$ 1**	**$ 102**	**$ 825**
2011:									
AMO	$ 1	$ 35	$ 1	$ 3	$ 22	$ 4	$ -	$ -	$ 66
AIC	-	-	84	-	-	-	-	-	84
Genco	-	-	-	1	1	-	2	-	4
Other[b]	273	-	3	5	42	187[c]	-	86	596
Ameren	$ 274	$ 35	$ 88	$ 9	$ 65	$ 191	$ 2	$ 86	$ 750

(a) Primarily comprised of Marketing Company s exposure to Ameren Illinois related to financial contracts. The exposure is not eliminated at the consolidated Ameren level for purposes of this disclosure, as it is calculated without regard to the offsetting affiliate counterparty s liability position. See Note 14 - Related Party Transactions in the Form 10-K for additional information on these financial contracts.
(b) Includes amounts for Marketing Company, AERG, and AFS.
(c) Primarily composed of Marketing Company s exposure to NPNS contracts with terms through September 2035.

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Derivative Instruments with Credit Risk-Related Contingent Features

Our commodity contracts contain collateral provisions tied to the Ameren Companies credit ratings. If we were to experience an adverse change in our credit ratings, or if a counterparty with reasonable grounds for uncertainty regarding performance of an obligation requested adequate assurance of performance, additional collateral postings might be required. The following table presents, as of June 30, 2012, and December 31, 2011, the aggregate fair value of all derivative instruments with credit risk-related contingent features in a gross liability position, the cash collateral posted, and the aggregate amount of additional collateral that could be required to be posted with counterparties. The additional collateral required is the net liability position allowed under the master trading and netting agreements, assuming (1) the credit risk-related contingent features underlying these agreements were triggered on June 30, 2012, or December 31, 2011, and (2) those counterparties with rights to do so requested collateral:

	Aggregate Fair Value of Derivative Liabilities[(a)]	Cash Collateral Posted	Potential Aggregate Amount of Additional Collateral Required[(b)]
2012:			
Ameren Missouri	**$ 146**	**$ 7**	**$ 125**
Ameren Illinois	**174**	**91**	**106**
Genco	**48**	**1**	**41**
Other[(c)]	**86**	**12**	**63**
Ameren	**$ 454**	**$ 111**	**$ 335**
2011:			
Ameren Missouri	$ 102	$ 8	$ 86
Ameren Illinois	220	96	125
Genco	55	1	58
Other[(c)]	79	11	63
Ameren	$ 456	$ 116	$ 332

(a) Prior to consideration of master trading and netting agreements and including NPNS contract exposures.
(b) As collateral requirements with certain counterparties are based on master trading and netting agreements, the aggregate amount of additional collateral required to be posted is after consideration of the effects of such agreements.
(c) Includes amounts for Marketing Company and Ameren (parent).

Cash Flow Hedges

The following table presents the pretax net gain or loss for the three and six months ended June 30, 2012, and 2011, associated with derivative instruments designated as cash flow hedges.

Three Months	Gain (Loss) Recognized in OCI[(a)]	Location of (Gain) Loss Reclassified from OCI into Income[(b)]	(Gain) Loss Reclassified from OCI into Income[(b)]	Location of Gain (Loss) Recognized in Income[(c)]	Gain (Loss) Recognized in Income[(c)]
2012:					
Ameren:[(d)]					
Power	**$ 5**	Operating Revenues - Electric	**$ 2**	Operating Revenues - Electric	**$ (1)**
Interest rate[(e)]	**-**	Interest Charges	**(f)**	Interest Charges	**-**
Genco:					
Interest rate[(e)]	**-**	Interest Charges	**(f)**	Interest Charges	**-**
2011:					
Ameren:[(d)]					
Power	$ (3)	Operating Revenues - Electric	$ 1	Operating Revenues - Electric	$ 3
Interest rate[(e)]	-	Interest Charges	(f)	Interest Charges	-
Genco:					

Interest rate[e]		-	Interest Charges		(f)	Interest Charges		-
Six Months								
2012:								
Ameren:[d]								
Power	**$**	**23**	Operating Revenues - Electric	**$**	**6**	Operating Revenues - Electric	**$**	**1**
Interest rate[e]		**-**	Interest Charges		**(f)**	Interest Charges		**-**
Genco:								
Interest rate[e]		**-**	Interest Charges		**(f)**	Interest Charges		**-**
2011:								
Ameren:[d]								
Power	$	(7)	Operating Revenues - Electric	$	2	Operating Revenues - Electric	$	2
Interest rate[e]		-	Interest Charges		(f)	Interest Charges		-
Genco:								
Interest rate[e]		-	Interest Charges		(f)	Interest Charges		-

(a) Effective portion of gain (loss).
(b) Effective portion of (gain) loss on settlements.
(c) Ineffective portion of gain (loss) and amount excluded from effectiveness testing.
(d) Includes amounts from Ameren registrant and nonregistrant subsidiaries.
(e) Represents interest rate swaps settled in prior periods. The cumulative gain and loss on the interest rate swaps is being amortized into income over a 10-year period.
(f) Less than $1 million.

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Other Derivatives

The following table represents the net change in market value for derivatives not designated as hedging instruments for the three and six months ended June 30, 2012 and 2011:

		Location of Gain (Loss) Recognized in Income	Gain (Loss) Recognized in Income			
			Three Months		Six Months	
			2012	2011	2012	2011
Ameren[a]	Coal	Operating Expenses - Fuel	**$ (6)**	$ -	**$ (10)**	$ -
	Fuel oils	Operating Expenses - Fuel	**(18)**	(9)	**(13)**	10
	Natural gas (generation)	Operating Expenses - Fuel	**4**	-	**5**	-
	Power	Operating Revenues - Electric	**7**	(5)	**6**	(7)
		Total	**$ (13)**	$ (14)	**$ (12)**	$ 3
Ameren Missouri	Natural gas (generation)	Operating Expenses - Fuel	**$ -**	$ -	**$ -**	$ (1)
Genco	Coal	Operating Expenses - Fuel	**$ (5)**	$ -	**$ (8)**	$ -
	Fuel oils	Operating Expenses - Fuel	**(14)**	(8)	**(10)**	7
	Natural gas (generation)	Operating Expenses - Fuel	**4**	-	**4**	-
	Power	Operating Revenues	**-**	(1)	**-**	(1)
		Total	**$ (15)**	$ (9)	**$ (14)**	$ 6

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

Derivatives that Qualify for Regulatory Deferral

The following table represents the net change in market value for derivatives that qualify for regulatory deferral for the three and six months ended June 30, 2012, and 2011:

			Gain (Loss) Recognized in Regulatory Liabilities or Regulatory Assets			
			Three Months		Six Months	
			2012	2011	2012	2011
Ameren[a]	Fuel oils		**$ (19)**	$ (13)	**$ (14)**	$ 16
	Natural gas		**46**	3	**28**	34
	Power		**(1)**	88	**(163)**	90
	Uranium		**-**	(3)	**-**	(4)
		Total	**$ 26**	$ 75	**$ (149)**	$ 136
Ameren Missouri	Fuel oils		**$ (19)**	$ (13)	**$ (14)**	$ 16
	Natural gas		**5**	1	**3**	4
	Power		**4**	23	**3**	23
	Uranium		**-**	(3)	**-**	(4)
		Total	**$ (10)**	$ 8	**$ (8)**	$ 39
Ameren Illinois	Natural gas		**$ 41**	$ 2	**$ 25**	$ 30
	Power		**63**	121	**(81)**	148
		Total	**$ 104**	$ 123	**$ (56)**	$ 178

(a) Includes amounts for intercompany eliminations.

As part of the 2007 Illinois Electric Settlement Agreement and subsequent Illinois power procurement processes, Ameren Illinois entered into financial contracts with Marketing Company. These financial contracts are derivative instruments. They are accounted for as cash flow hedges by Marketing Company and as derivatives that qualify for regulatory deferral by Ameren Illinois. Consequently, Ameren Illinois and Marketing Company record the fair value of the contracts on their respective balance sheets and the changes to the fair value in regulatory assets or liabilities by Ameren Illinois and OCI by Marketing Company. In Ameren s consolidated financial statements, all financial statement effects of the derivative instruments entered into among affiliates were eliminated. The fair value of the financial contracts included in MTM derivative

liabilities - affiliates on Ameren Illinois balance sheet totaled $114 million and $200 million at June 30, 2012, and December 31, 2011, respectively. See Note 14 - Related Party Transactions under Part II, Item 8, of the Form 10-K for additional information on these financial contracts.

NOTE 7 - FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We use various methods to determine fair value, including market, income, and cost approaches. With these approaches, we adopt certain assumptions that market participants would use in pricing the asset or liability, including assumptions about market risk or the risks inherent in the inputs to the valuation. Inputs to valuation can be readily observable, market-corroborated,

or unobservable. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Authoritative accounting guidance established a fair value hierarchy that prioritizes the inputs used to measure fair value. All financial assets and liabilities carried at fair value are classified and disclosed in one of the following three hierarchy levels:

Level 1: Inputs based on quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities are primarily exchange-traded derivatives and assets, including cash and cash equivalents and listed equity securities, such as those held in Ameren Missouri s Nuclear Decommissioning Trust Fund.

The market approach is used to measure the fair value of equity securities held in Ameren Missouri s Nuclear Decommissioning Trust Fund. Equity securities in this fund are representative of the S&P 500 index, excluding securities of Ameren Corporation, owners and/or operators of nuclear power plants and the trustee and investment managers. The S&P 500 index is comprised of stocks of large capitalization companies.

Level 2: Market-based inputs corroborated by third-party brokers or exchanges based on transacted market data. Level 2 assets and liabilities include certain assets held in Ameren Missouri s Nuclear Decommissioning Trust Fund, including corporate bonds and other fixed-income securities, U.S. treasury and agency securities, and certain over-the-counter derivative instruments, including natural gas and financial power transactions.

Fixed income securities are valued using prices from independent, industry recognized data vendors who provide values that are either exchange based or matrix based. The fair value measurements of fixed income securities classified as Level 2 are based on inputs other than quoted prices that are observable for the asset or liability. Examples are matrix pricing, market corroborated pricing, and inputs such as yield curves and indices. Level 2 fixed income securities in the Nuclear Decommissioning Trust Fund are comprised primarily of corporate bonds, asset-backed securities and U.S. agency bonds.

Derivative instruments classified as Level 2 are valued by corroborated observable inputs, such as pricing services or prices from similar instruments that trade in liquid markets. Our development and corroboration process entails obtaining multiple quotes or prices from outside sources. To derive our forward view to price our derivative instruments at fair value, we average the midpoints of the bid/ask spreads. To validate forward prices obtained from outside parties, we compare the pricing to recently settled market transactions. Additionally, a review of all sources is performed to identify any anomalies or potential errors. Further, we consider the volume of transactions on certain trading platforms in our reasonableness assessment of the averaged midpoint. Natural gas derivative contracts are valued based upon exchange closing prices without significant unobservable adjustments. Power derivative contracts are valued based upon the use of multiple forward prices provided by third parties. The prices are averaged and shaped to a monthly profile when needed without significant unobservable adjustments.

Level 3: Unobservable inputs that are not corroborated by market data. Level 3 assets and liabilities are valued by internally developed models and assumptions or methodologies that use significant unobservable inputs. Level 3 assets and liabilities include derivative instruments that trade in less liquid markets, where pricing is largely unobservable, including the financial contracts entered into between Ameren Illinois and Marketing Company as part of the 2007 Illinois Electric Supply Agreement. We value Level 3 instruments by using pricing models with inputs that are often unobservable in the market, as well as certain internal assumptions. Our development and corroboration process entails obtaining multiple quotes or prices from outside sources. As a part of our reasonableness review, an evaluation of all sources is performed to identify any anomalies or potential errors.

We perform an analysis each quarter to determine the appropriate hierarchy level of the assets and liabilities subject to fair value measurements. Financial assets and liabilities are classified in their entirety according to the lowest level of input that is significant to the fair value measurement. All assets and liabilities whose fair value measurement is based on significant unobservable inputs are classified as Level 3.

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The following table describes the valuation techniques and unobservable inputs for the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy for the three months ended June 30, 2012:

		Fair Value				Range [Weighted
		Assets	Liabilities	Valuation Technique(s)	Unobservable Input	Average]
Level 3 Derivative asset and liability - commodity contracts[(a)]:						
Ameren[(b)]	Fuel oils	$ 6	$ (2)	Discounted Cash Flow	Escalation rate(%)[(c)]	0.50 - 0.78 [.72]
					Counterparty credit risk(%)[(d),(e)]	0.12 - 4 [2]
					Ameren credit risk(%)[(d),(e)]	4 - 23 [9]
				Option model	Volatilities(%)[(c)]	23 - 33 [26]
	Power[(f)]	182	(192)	Option model	Volatilities(%)[(d)]	17 - 143 [34]
					Average bid/ask consensus peak and offpeak pricing - forwards/swaps ($/MWh)[(d)]	21 - 44 [36]
				Discounted Cash Flow	Average bid/ask consensus peak and offpeak pricing - forwards/swaps ($/MWh)[(d)]	18 - 51 [34]
					Estimated auction price for FTRs ($/MW)[(c)]	(672) - 7,200 [138]
					Nodal basis ($/MWh)[(c)]	(6) - (0.50) [(3)]
					Counterparty credit risk(%)[(d),(e)]	0.06 - 12 [4]
					Ameren credit risk(%)[(d),(e)]	4 - 5 [5]
				Fundamental energy production model	Estimated future gas prices ($/mmbtu)[(c)]	4 - 6 [5]
				Contract price allocation	Estimated renewable energy credit costs ($/credit)[(c)]	5 - 7 [6]
	Uranium	-	(1)	Discounted Cash Flow	Average bid/ask consensus pricing ($/pound)[(c)]	62 - 63 [62]
Ameren Missouri	Fuel oils	$ 5	$ (2)	Discounted Cash Flow	Escalation rate(%)[(c)]	0.50 - 0.75 [.65]
					Counterparty credit risk(%)[(d),(e)]	0.12 - 2 [2]
					Ameren credit risk(%)[(d),(e)]	5
				Option model	Volatilities(%)[(c)]	23 - 33 [25]
	Power[(f)]	31	(5)	Option model	Volatilities(%)[(d)]	43 - 143 [76]
					Average bid/ask consensus peak and offpeak pricing - ($/MWh)[(d)]	24 - 32 [27]
				Discounted Cash Flow	Average bid/ask consensus peak and offpeak pricing - forwards/swaps ($/MWh)[(d)]	21 - 46 [25]
					Estimated auction price for FTRs ($/MW)[(c)]	(149) - 1,851 [140]
					Nodal basis ($/MWh)[(c)]	(3) - (0.48) [(2)]
					Counterparty credit risk(%)[(d),(e)]	0.42 - 12 [7]
					Ameren Missouri credit risk(%)[(d),(e)]	5
	Uranium	-	(1)	Discounted Cash Flow	Average bid/ask consensus pricing ($/pound)[(c)]	62 - 63 [62]
Ameren Illinois	Power[(f)]	$ -	$ (221)	Discounted Cash Flow	Average bid/ask consensus peak and offpeak pricing - forwards/swaps ($/MWh)[(c)]	19 - 45 [26]
					Nodal basis ($/MWh)[(d)]	(4) - (1) [(2)]
					Ameren Illinois credit risk (%)[(d),(e)]	5
				Fundamental energy production model	Estimated future gas prices ($/mmbtu)[(c)]	4 - 6 [5]

				Contract price allocation	Estimated renewable energy credit costs ($/credit)[c]	5 - 7 [6]
Genco	Fuel oils	$ 1	$ -	Discounted Cash Flow	Escalation rate[c]	0.50 - 0.78 [0.71]
					Counterparty credit risk (%)[d],[e]	2
					Genco credit risk(%)[d],[e]	23
				Option model	Volatilities (%)[c]	23 - 33 [24]

(a) The derivative asset and liability balances are presented net of counterparty credit considerations.
(b) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(c) Generally, significant increases (decreases) in this input in isolation would result in a significantly higher (lower) fair value measurement.
(d) Generally, significant increases (decreases) in this input in isolation would result in a significantly lower (higher) fair value measurement.
(e) Counterparty credit risk is only applied to derivative asset balances. Ameren, Ameren Missouri, Ameren Illinois, and Genco credit risk is only applied to derivative liability balances.

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(f) Power valuations utilize visible third party pricing evaluated by month for peak and off-peak through 2015. Valuations beyond 2015 utilize fundamentally modeled pricing by month for peak and off-peak.

In accordance with applicable authoritative accounting guidance, we consider nonperformance risk in our valuation of derivative instruments by analyzing the credit standing of our counterparties and considering any counterparty credit enhancements (e.g., collateral). The guidance also requires that the fair value measurement of liabilities reflect the nonperformance risk of the reporting entity, as applicable. Therefore, we have factored the impact of our credit standing as well as any potential credit enhancements into the fair value measurement of both derivative assets and derivative liabilities. Included in our valuation, and based on current market conditions, is a valuation adjustment for counterparty default derived from market data such as the price of credit default swaps, bond yields, and credit ratings. Ameren recorded losses totaling $2 million and less than $1 million in the first six months of 2012 and 2011, respectively, related to valuation adjustments for counterparty default risk. Genco recorded gains of less than $1 million and losses of less than $1 million in the first six months of 2012 and 2011, respectively, related to valuation adjustments for counterparty default risk. At June 30, 2012, the counterparty default risk (asset)/liability valuation adjustment related to derivative contracts totaled $7 million, less than $1 million, $14 million, and less than $1 million for Ameren, Ameren Missouri, Ameren Illinois and Genco, respectively. At December 31, 2011, the counterparty default risk (asset)/liability valuation adjustment related to derivative contracts totaled $1 million, less than $1 million, $19 million, and less than $(1) million for Ameren, Ameren Missouri, Ameren Illinois and Genco, respectively.

The following table sets forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of June 30, 2012:

		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:					
Ameren[a]	Derivative assets - commodity contracts[b]:				
	Fuel oils	$ 12	$ -	$ 6	$ 18
	Natural gas	5	5	-	10
	Power	-	17	182	199
	Total derivative assets - commodity contracts	$ 17	$ 22	$ 188	$ 227
	Nuclear Decommissioning Trust Fund[c]:				
	Cash and cash equivalents	$ 4	$ -	$ -	$ 4
	Equity securities:				
	U.S. large capitalization	247	-	-	247
	Debt securities:				
	Corporate bonds	-	43	-	43
	Municipal bonds	-	1	-	1
	U.S. treasury and agency securities	-	87	-	87
	Asset-backed securities	-	12	-	12
	Other	-	1	-	1
	Total Nuclear Decommissioning Trust Fund	$ 251	$ 144	$ -	$ 395
	Total Ameren	$ 268	$ 166	$ 188	$ 622
Ameren	Derivative assets - commodity contracts[b]:				
Missouri	Fuel oils	$ 7	$ -	$ 5	$ 12
	Natural gas	2	-	-	2
	Power	-	10	31	41
	Total derivative assets - commodity contracts	$ 9	$ 10	$ 36	$ 55
	Nuclear Decommissioning Trust Fund[c]:				
	Cash and cash equivalents	$ 4	$ -	$ -	$ 4
	Equity securities:				
	U.S. large capitalization	247	-	-	247
	Debt securities:				
	Corporate bonds	-	43	-	43
	Municipal bonds	-	1	-	1
	U.S. treasury and agency securities	-	87	-	87

	Asset-backed securities		-		12		-		12
	Other		-		1		-		1
	Total Nuclear Decommissioning Trust Fund	$	251	$	144	$	-	$	395
	Total Ameren Missouri	$	260	$	154	$	36	$	450
Ameren	Derivative assets - commodity contracts(b):								
Illinois	Natural gas	$	-	$	2	$	-	$	2

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		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Genco	Derivative assets - commodity contracts[b]:				
	Fuel oils	$ 4	$ -	$ 1	$ 5
	Natural gas	2	3	-	5
	Total Genco	$ 6	$ 3	$ 1	$ 10
Liabilities:					
Ameren[a]	Derivative liabilities - commodity contracts[b]:				
	Coal	$ 10	$ -	$ -	$ 10
	Fuel oils	9	-	2	11
	Natural gas	15	153	-	168
	Power	-	22	192	214
	Uranium	-	-	1	1
	Total Ameren	$ 34	$ 175	$ 195	$ 404
Ameren Missouri	Derivative liabilities - commodity contracts[b]:				
	Fuel oils	2	-	2	4
	Natural gas	11	12	-	23
	Power	-	12	5	17
	Uranium	-	-	1	1
	Total Ameren Missouri	$ 13	$ 24	$ 8	$ 45
Ameren Illinois	Derivative liabilities - commodity contracts[b]:				
	Natural gas	$ 2	$ 142	$ -	$ 144
	Power	-	-	221	221
	Total Ameren Illinois	$ 2	$ 142	$ 221	$ 365
Genco	Derivative liabilities - commodity contracts[b]:				
	Coal	$ 8	$ -	$ -	$ 8
	Fuel oils	5	-	-	5
	Natural gas	1	-	-	1
	Total Genco	$ 14	$ -	$ -	$ 14

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) The derivative asset and liability balances are presented net of counterparty credit considerations.
(c) Balance excludes $(9) million of receivables, payables, and accrued income, net.

The following table sets forth, by level within the fair value hierarchy, our assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Assets:					
Ameren[a]	Derivative assets - commodity contracts[b]:				
	Fuel oils	$ 33	$ -	$ 4	$ 37
	Natural gas	4	-	2	6
	Power	-	2	193	195
	Total derivative assets - commodity contracts	$ 37	$ 2	$ 199	$ 238
	Nuclear Decommissioning Trust Fund[c]:				

	Cash and cash equivalents	$	3	$	-	$	-	$	3
	Equity securities:								
	U.S. large capitalization		234		-		-		234
	Debt securities:								
	Corporate bonds		-		44		-		44
	Municipal bonds		-		1		-		1
	U.S. treasury and agency securities		-		65		-		65
	Asset-backed securities		-		10		-		10
	Other		-		1		-		1
	Total Nuclear Decommissioning Trust Fund	$	237	$	121	$	-	$	358
	Total Ameren	$	274	$	123	$	199	$	596
Ameren	Derivative assets - commodity contracts[(b)]:								
Missouri	Fuel oils	$	20	$	-	$	3	$	23
	Natural gas		2		-		-		2
	Power		-		1		29		30
	Total derivative assets - commodity contracts	$	22	$	1	$	32	$	55

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		Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
	Nuclear Decommissioning Trust Fund[c]:				
	Cash and cash equivalents	$ 3	$ -	$ -	$ 3
	Equity securities:				
	U.S. large capitalization	234	-	-	234
	Debt securities:				
	Corporate bonds	-	44	-	44
	Municipal bonds	-	1	-	1
	U.S. treasury and agency securities	-	65	-	65
	Asset-backed securities	-	10	-	10
	Other	-	1	-	1
	Total Nuclear Decommissioning Trust Fund	$ 237	$ 121	$ -	$ 358
	Total Ameren Missouri	$ 259	$ 122	$ 32	$ 413
Ameren Illinois	Derivative assets - commodity contracts[b]:				
	Natural gas	$ -	$ -	$ 2	$ 2
	Power	-	-	77	77
	Total Ameren Illinois	$ -	$ -	$ 79	$ 79
Genco	Derivative assets - commodity contracts[b]:				
	Fuel oils	$ 10	$ -	$ 1	$ 11
	Natural gas	2	-	-	2
	Total Genco	$ 12	$ -	$ 1	$ 13
Liabilities:					
Ameren[a]	Derivative liabilities - commodity contracts[b]:				
	Fuel oils	$ 2	$ -	$ -	$ 2
	Natural gas	22	-	176	198
	Power	-	2	78	80
	Uranium	-	-	1	1
	Total Ameren	$ 24	$ 2	$ 255	$ 281
Ameren Missouri	Derivative liabilities - commodity contracts[b]:				
	Fuel oils	$ 1	$ -	$ -	$ 1
	Natural gas	12	-	14	26
	Power	-	1	8	9
	Uranium	-	-	1	1
	Total Ameren Missouri	$ 13	$ 1	$ 23	$ 37
Ameren Illinois	Derivative liabilities - commodity contracts[b]:				
	Natural gas	7	-	162	169
	Power	-	-	217	217
	Total Ameren Illinois	$ 7	$ -	$ 379	$ 386
Genco	Derivative liabilities - commodity contracts[b]:				
	Fuel oils	$ 1	$ -	$ -	$ 1
	Natural gas	2	-	-	2
	Total Genco	$ 3	$ -	$ -	$ 3

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
(b) The derivative asset and liability balances are presented net of counterparty credit considerations.
(c) Balance excludes $(1) million of receivables, payables, and accrued income, net.

The following table summarizes the changes in the fair value of financial assets and liabilities classified as Level 3 in the fair value hierarchy for the three months ended June 30, 2012:

	Net derivative commodity contracts				
Three Months	**Ameren Missouri**	**Ameren Illinois**	**Genco**	**Other[c]**	**Ameren**

Fuel oils:										
Beginning balance at April 1, 2012	$	7	$	(a)	$	2	$	-	$	9
Realized and unrealized gains (losses):										
Included in earnings[(b)]		-		(a)		(2)		-		(2)
Included in regulatory assets/liabilities		(4)		(a)		(a)		(a)		(4)
Total realized and unrealized gains (losses)		(4)		(a)		(2)		-		(6)
Purchases		2		(a)		1		-		3
Sales		(1)		(a)		-		-		(1)
Settlements		(1)		(a)		-		-		(1)
Ending balance at June 30, 2012	$	3	$	(a)	$	1	$	-	$	4
Change in unrealized gains (losses) related to assets/liabilities held at June 30, 2012	$	(2)	$	(a)	$	-	$	-	$	(2)

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Three Months	Net derivative commodity contracts Ameren Missouri	Ameren Illinois	Genco	Other(c)	Ameren
Power:					
Beginning balance at April 1, 2012	$ 20	$ (284)	$ -	$ 240	$ (24)
Realized and unrealized gains (losses):					
Included in earnings(b)	-	-	-	(1)	(1)
Included in OCI	-	-	-	10	10
Included in regulatory assets/liabilities	(4)	(1)	(a)	(5)	(10)
Total realized and unrealized gains (losses)	(4)	(1)	-	4	(1)
Purchases	22	-	-	6	28
Sales	-	-	-	6	6
Settlements	(11)	64	-	(73)	(20)
Transfers into Level 3	-	-	-	1	1
Transfers out of Level 3	(1				