ALLIANT ENERGY CORP
Form 10-Q
May 01, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2008**

or

o 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	Name of Registrant, State of Incorporation, Address of Principal Executive Offices and Telephone Number	IRS Employer Identification Number
1-9894	ALLIANT ENERGY CORPORATION (a Wisconsin corporation) 4902 N. Biltmore Lane Madison, Wisconsin 53718 Telephone (608)458-3311	39-1380265
0-4117-1	INTERSTATE POWER AND LIGHT COMPANY (an Iowa corporation) Alliant Energy Tower Cedar Rapids, Iowa 52401 Telephone (319)786-4411	42-0331370
0-337	WISCONSIN POWER AND LIGHT COMPANY (a Wisconsin corporation) 4902 N. Biltmore Lane Madison, Wisconsin 53718 Telephone (608)458-3311	39-0714890

This combined Form 10-Q is separately filed by Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company. Information contained in the Form 10-Q relating to Interstate Power and Light Company and Wisconsin Power and Light Company is filed by such registrant on its own behalf. Each of Interstate Power and Light Company and Wisconsin Power and Light Company makes no representation as to information relating to registrants other than itself.

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Alliant Energy Corporation - Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o

Interstate Power and Light Company - Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o

Wisconsin Power and Light Company - Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company o

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Number of shares outstanding of each class of common stock as of April 30, 2008:

Alliant Energy Corporation	Common stock, $0.01 par value, 110,434,604 shares outstanding
Interstate Power and Light Company	Common stock, $2.50 par value, 13,370,788 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)
Wisconsin Power and Light Company	Common stock, $5 par value, 13,236,601 shares outstanding (all of which are owned beneficially and of record by Alliant Energy Corporation)

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FORWARD-LOOKING STATEMENTS

Statements contained in this report that are not of historical fact are forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties of Alliant Energy Corporation (Alliant Energy), Interstate Power and Light Company (IPL) and Wisconsin Power and Light Company (WPL) include: federal and state regulatory or governmental actions, including the impact of energy-related and tax legislation and regulatory agency orders; their ability to obtain adequate and timely rate relief to allow for, among other things, the recovery of operating costs and deferred expenditures, the earning of reasonable rates of return and the payment of expected levels of dividends; current or future litigation, regulatory investigations, proceedings or inquiries; developments that adversely impact their ability to implement their strategic plans including unanticipated issues in connection with construction of their new generating facilities and WPL s proposed purchase of Alliant Energy Resources, Inc. s (Resources) electric generating facility in Neenah, Wisconsin; issues related to the availability of their generating facilities and the supply and delivery of fuel and purchased electricity and price thereof, including the ability to recover and retain purchased power, fuel and fuel-related costs through rates in a timely manner; the impact fuel and fuel-related prices and other economic conditions may have on their customers demand for utility services; issues associated with environmental remediation efforts and with environmental compliance generally; potential impacts of any future laws or regulations regarding global climate change or carbon emissions reductions; weather effects on results of operations; financial impacts of hedging strategies, including the impact of weather hedges on their earnings; unplanned outages at their generating facilities and risks related to recovery of incremental costs through rates; the direct or indirect effects resulting from terrorist incidents or responses to such incidents; unanticipated impacts that storms or natural disasters in their service territories may have on their operations; economic and political conditions in their service territories; their ability to collect unpaid utility bills; the growth rate of ethanol and biodiesel production in their service territories; Alliant Energy s ability to achieve and/or sustain its dividend payout ratio goal; any material post-closing adjustments related to any of their past asset divestitures; employee workforce factors, including changes in key executives, collective bargaining agreements or work stoppages; continued access to the capital markets under competitive terms and rates; access to technological developments; issues related to electric transmission, including operating in the Midwest Independent Transmission System Operator (MISO) energy market, the impacts of potential future billing adjustments from MISO and recovery of costs incurred; inflation and interest rates; the impact of necessary accruals for the terms of their incentive compensation plans; the effect of accounting pronouncements issued periodically by standard-setting bodies; their ability to continue cost controls and operational efficiencies; their ability to utilize tax capital losses generated to date, and those that may be generated in the future, before they expire; their ability to successfully complete ongoing tax audits and appeals with no material impact on their earnings and cash flows; and factors listed in Risk Factors in Item 1A and Other Matters - Other Future Considerations. Alliant Energy, IPL and WPL assume no obligation, and disclaim any duty, to update the forward-looking statements in this report.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended March 31, **2008**	2007
	(dollars in millions, except per share amounts)	
Operating revenues:		
Utility:		
Electric	**$567.7**	$553.5
Gas	**308.5**	288.3
Other	**17.9**	18.0
Non-regulated	**97.9**	52.9
	992.0	912.7
Operating expenses:		

Utility:		
Electric production fuel and purchased power	**301.5**	280.3
Cost of gas sold	**232.1**	211.9
Other operation and maintenance	**164.8**	164.6
Non-regulated operation and maintenance	**80.8**	41.3
Depreciation and amortization	**61.6**	66.0
Taxes other than income taxes	**26.1**	27.8
	866.9	791.9
Operating income	**125.1**	120.8
Interest expense and other:		
Interest expense	**29.7**	29.6
Equity income from unconsolidated investments	**(7.5)**	(7.5)
Allowance for funds used during construction	**(3.2)**	(1.5)
Preferred dividend requirements of subsidiaries	**4.7**	4.7
Interest income and other	**(7.1)**	(8.5)
	16.6	16.8
Income from continuing operations before income taxes	**108.5**	104.0
Income taxes	**40.4**	38.8
Income from continuing operations	**68.1**	65.2
Loss from discontinued operations, net of tax	**-**	(1.3)
Net income	**$68.1**	$63.9
Weighted average number of common shares outstanding (basic) (000s)	**110,148**	115,420
Weighted average number of common shares outstanding (diluted) (000s)	**110,304**	115,754
Earnings per weighted average common share (basic and diluted):		
Income from continuing operations	**$0.62**	$0.56
Loss from discontinued operations	**-**	(0.01)
Net income	**$0.62**	$0.55
Dividends declared per common share	**$0.35**	$0.3175

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	**March 31, 2008**	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	**$5,680.5**	$5,633.7
Gas plant in service	**733.5**	726.3
Other plant in service	**476.1**	466.8
Accumulated depreciation	**(2,727.7)**	(2,692.5)
Net plant	**4,162.4**	4,134.3
Construction work in progress:		
Cedar Ridge Wind Farm	**99.1**	41.8
Other	**156.5**	153.6
Other, less accumulated depreciation (accum. depr.)	**21.3**	4.6
Total utility	**4,439.3**	4,334.3
Non-regulated and other:		
Non-regulated Generation, less accum. depr.	**237.6**	240.5
Other non-regulated investments, less accum. depr.	**66.3**	66.1
Alliant Energy Corporate Services, Inc. and other, less accum. depr.	**39.5**	39.0
Total non-regulated and other	**343.4**	345.6
	4,782.7	4,679.9
Current assets:		
Cash and cash equivalents	**632.4**	745.6
Accounts receivable:		
Customer, less allowance for doubtful accounts	**275.6**	154.7
Unbilled utility revenues	**128.1**	151.6
Other, less allowance for doubtful accounts	**68.5**	40.6
Production fuel, at weighted average cost	**82.7**	92.2
Materials and supplies, at weighted average cost	**47.2**	45.6
Gas stored underground, at weighted average cost	**12.9**	70.5
Regulatory assets	**45.7**	58.5
Derivative assets	**41.1**	34.1
Other	**67.9**	78.9
	1,402.1	1,472.3
Investments:		
Investment in American Transmission Company LLC	**174.3**	172.2
Other	**65.8**	65.7

	240.1	237.9
Other assets:		
Regulatory assets	**467.7**	491.7
Deferred charges and other	**296.5**	307.9
	764.2	799.6
Total assets	**$7,189.1**	$7,189.7

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)(Continued)

CAPITALIZATION AND LIABILITIES	March 31, 2008	December 31, 2007
	(in millions, except per share and share amounts)	
Capitalization:		
Common stock - $0.01 par value - authorized 240,000,000 shares; outstanding 110,436,824 and 110,359,314 shares	**$1.1**	$1.1
Additional paid-in capital	**1,493.3**	1,483.4
Retained earnings	**1,232.0**	1,205.2
Accumulated other comprehensive income	**0.8**	0.2
Shares in deferred compensation trust - 242,189 and 294,196 shares at a weighted average cost of $30.85 and $29.65 per share	**(7.5)**	(8.7)
Total common equity	**2,719.7**	2,681.2
Cumulative preferred stock of subsidiaries, net	**243.8**	243.8
Long-term debt, net (excluding current portion)	**1,403.6**	1,404.5
	4,367.1	4,329.5
Current liabilities:		
Current maturities	**140.1**	140.1
Commercial paper	**79.9**	81.8
Other short-term borrowings	**3.1**	29.5
Accounts payable	**333.9**	346.7
Regulatory liabilities	**85.9**	86.5
Accrued taxes	**87.4**	74.7
Other	**173.0**	177.7
	903.3	937.0

Other long-term liabilities and deferred credits:

Deferred income taxes	**838.4**	822.9
Regulatory liabilities	**665.5**	656.4
Pension and other benefit obligations	**199.6**	206.4
Other	**211.3**	233.6
	1,914.8	1,919.3
Minority interest	**3.9**	3.9
Total capitalization and liabilities	**$7,189.1**	$7,189.7

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	**$68.1**	$63.9
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**61.6**	66.0
Other amortizations	**11.8**	12.0
Deferred tax expense (benefit) and investment tax credits	**(1.3)**	10.2
Equity income from unconsolidated investments, net	**(7.5)**	(7.5)
Distributions from equity method investments	**6.4**	4.4
Other	**0.3**	(4.6)
Other changes in assets and liabilities:		
Accounts receivable	**(47.6)**	61.9
Sale of accounts receivable	**(75.0)**	(50.0)
Income tax refunds receivable	**13.4**	16.7
Gas stored underground	**57.6**	41.8
Derivative assets	**(10.0)**	(1.9)
Regulatory assets	**5.8**	80.8
Accounts payable	**(9.7)**	(19.4)
Accrued taxes	**13.0**	(4.3)
Derivative liabilities	**(23.3)**	(61.9)
Regulatory liabilities	**5.9**	(19.3)
Deferred revenues	**32.3**	0.4
Accrued incentive compensation and other	**(14.9)**	(21.6)
Net cash flows from operating activities	**86.9**	167.6
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	**(126.5)**	(97.4)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	**(6.3)**	(5.2)
Proceeds from asset sales	**0.4**	57.9

Purchases of emission allowances	**-**	(23.9)
Changes in restricted cash	**(1.2)**	11.9
Other	**17.3**	11.6
Net cash flows used for investing activities	**(116.3)**	(45.1)
Cash flows used for financing activities:		
Common stock dividends	**(38.6)**	(36.8)
Repurchase of common stock	**(1.4)**	(145.1)
Proceeds from issuance of common stock	**0.7**	25.4
Reductions in long-term debt	**(1.0)**	(62.0)
Net change in short-term borrowings	**(28.3)**	(76.6)
Changes in cash overdrafts	**(16.9)**	12.3
Other	**1.7**	4.6
Net cash flows used for financing activities	**(83.8)**	(278.2)
Net decrease in cash and cash equivalents	**(113.2)**	(155.7)
Total cash and cash equivalents at beginning of period	**745.6**	266.0
Total cash and cash equivalents at end of period	**632.4**	110.3
Less: cash and cash equivalents classified as held for sale at end of period	**-**	0.1
Cash and cash equivalents at end of period	**$632.4**	$110.2

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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ALLIANT ENERGY CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by Alliant Energy, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S.) (GAAP) have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include Alliant Energy and its consolidated subsidiaries (including IPL, WPL, Resources and Alliant Energy Corporate Services, Inc. (Corporate Services)). These financial statements should be read in conjunction with the financial statements and the notes thereto included in Alliant Energy s, IPL s and WPL s latest combined Annual Report on Form 10-K.

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three months ended March 31, 2008 and 2007, the condensed consolidated financial position at March 31, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007 have been made. Results for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2008. A change in management s estimates or assumptions could have a material impact on Alliant

Energy s financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation. Unless otherwise noted, the notes herein have been revised to exclude discontinued operations for all periods presented.

(b) Regulatory Assets and Liabilities -

Derivatives - IPL and WPL generally record regulatory assets or liabilities to offset the changes in fair value of derivatives. Refer to Note 11(a) for information regarding the fair value of derivatives at March 31, 2008 and Dec. 31, 2007.

Costs for Proposed Base-load, Clean Air Compliance and Wind Projects - IPL and WPL have incurred expenditures required for the planning and siting (commonly referred to as pre-certification or pre-construction costs) of certain proposed base-load, clean air compliance and wind projects. Cumulative costs for these projects were primarily recorded in Other assets - regulatory assets as follows (in millions):

	Alliant Energy		IPL		WPL	
	March 31, 2008	Dec. 31, 2007	**March 31, 2008**	Dec. 31, 2007	**March 31, 2008**	Dec. 31, 2007
WPL s base-load project (a)	**$19.6**	$17.3	**$--**	$--	**$19.6**	$17.3
IPL s base-load project (b)	**17.8**	12.0	**17.8**	12.0	**--**	--
Clean air compliance projects	**13.1**	12.2	**7.6**	7.5	**5.5**	4.7
Wind projects (c)	**1.5**	28.6	**--**	27.2	**1.5**	1.4
	$52.0	$70.1	**$25.4**	$46.7	**$26.6**	$23.4

(a) WPL s proposed 300 megawatt (MW) coal-fired electric generating facility, which WPL expects to be in service in 2013 with a preferred location in Cassville, Wisconsin.
(b) IPL s proposed 630 MW coal-fired electric generating facility, which IPL expects to be in service in 2013 with a preferred location in Marshalltown, Iowa.
(c) Includes IPL s proposed 200 MW wind farm in Franklin County, Iowa, expected to be in service in 2010. In February 2008, IPL received approval from the Iowa Utilities Board (IUB) to construct the project. Upon approval, the related cumulative pre-certification and pre-construction costs were transferred from Other assets - regulatory assets to Property, plant and equipment - Utility on Alliant Energy s, and Property, plant and equipment on IPL s, Condensed Consolidated Balance Sheets.

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(c) Common Shares Outstanding - A reconciliation of the weighted average common shares outstanding used in the basic and diluted earnings per weighted average common share (EPS) calculation for the three months ended March 31 was as follows (in thousands):

	2008	2007
Weighted average common shares outstanding:		
Basic EPS calculation	**110,148**	115,420
Effect of dilutive securities	**156**	334
Diluted EPS calculation	**110,304**	115,754

(d) Cash and Cash Equivalents - At March 31, 2008 and Dec. 31, 2007, the majority of Alliant Energy s cash and cash equivalents were invested in money market funds providing daily liquidity. The yield on these funds can fluctuate daily. Information on Alliant Energy s cash and cash equivalents was as follows (dollars in millions):

	March 31, 2008	Dec. 31, 2007

Total cash and cash equivalents	**$632**	$746
Money market fund investments	**$609**	$737
Interest rates on money market fund investments	**3.09 - 3.36%**	4.83 - 4.99%

(e) Supplemental Financial Information - The other (income) and deductions included in Interest income and other in Alliant Energy s Condensed Consolidated Statements of Income for the three months ended March 31 were as follows (in millions):

	2008	2007
Interest income	**($6.9)**	($4.8)
Gains on investment sales, net	**--**	(3.6)
Other	**(0.2)**	(0.1)
	($7.1)	($8.5)

The supplemental cash flows information for Alliant Energy s Condensed Consolidated Statements of Cash Flows for the three months ended March 31 was as follows (in millions):

	2008	2007
Cash paid during the period for:		
Interest, net of capitalized interest	**$44.0**	$36.6
Income taxes, net of refunds	**10.9**	2.3

(f) New Accounting Pronouncements - In March 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 161, Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. SFAS 161 requires enhanced qualitative and quantitative disclosures about an entity s derivative and hedging activities. Alliant Energy, IPL and WPL are required to adopt SFAS 161 by Jan. 1, 2009. SFAS 161 is not expected to impact their financial condition or results of operations.

In December 2007, the FASB issued SFAS 141(R), Business Combinations. SFAS 141(R) establishes principles and requirements for how the acquiring entity in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Alliant Energy, IPL and WPL are required to adopt SFAS 141(R) on Jan. 1, 2009. Because the provisions of SFAS 141(R) are only applied prospectively to business combinations after adoption, the impact to Alliant Energy, IPL and WPL cannot be determined until any business combinations occur.

In December 2007, the FASB issued SFAS 160, Noncontrolling Interests in Consolidated Financial Statements - Including an amendment of Accounting Research Bulletin (ARB) No. 51. SFAS 160 amends ARB No. 51, Consolidated Financial Statements, to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 also clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 also changes the way the consolidated income statement is presented, establishes a single method of accounting for changes in a parent s ownership interest in a subsidiary that do not result in deconsolidation, requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated and requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent s owners and the interests of the noncontrolling owners of a subsidiary. Alliant Energy, IPL and WPL are required to adopt SFAS 160 by Jan. 1, 2009 and are evaluating the implications of SFAS 160 on their financial condition and results of operations.

In April 2007, the FASB issued FASB Staff Position (FSP) No. FIN 39-1, Amendment of FIN 39, Offsetting of Amounts Related to Certain Contracts. FSP FIN 39-1 amends FIN 39 to permit the offsetting of amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement that have been offset. Alliant Energy, IPL and WPL adopted FSP FIN 39-1 on Jan. 1, 2008 with no material impact on their financial condition and results of operations.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115, which provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. Alliant Energy, IPL and WPL concluded as of Jan. 1, 2008 that they would not record any eligible items at fair value in accordance with SFAS 159 and therefore there was no impact on their financial condition and results of operations.

In September 2006, the FASB issued SFAS 157, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. Alliant Energy, IPL and WPL adopted SFAS 157 on Jan. 1, 2008 for financial instruments with no material impact on their financial condition and results of operations. In February 2008, the FASB issued FSP SFAS 157-1, Application of SFAS 157 to SFAS 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13, and FSP SFAS 157-2, Effective Date of SFAS 157. FSP SFAS 157-1 removes leasing transactions accounted for under SFAS 13 and related guidance from the scope of SFAS 157. FSP SFAS 157-2 delays the effective date of SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until Jan. 1, 2009. Refer to Note 10 for expanded disclosures about fair value measurements required by SFAS 157.

In September 2006, the FASB issued SFAS 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R), which requires an employer to recognize the overfunded or underfunded status of its benefit plans as an asset or liability on its balance sheet and to recognize the changes in the funded status of its benefit plans in the year in which they occur as a component of other comprehensive income. Alliant Energy, IPL and WPL adopted the recognition provision of SFAS 158 in 2006. SFAS 158 also requires an employer to measure benefit plan assets and obligations as of the end of its fiscal year. Alliant Energy, IPL and WPL adopted the measurement date transition provision of SFAS 158 in 2008, which resulted in reductions to their Jan. 1, 2008 balance of retained earnings of $2.7 million, $1.3 million and $1.2 million, respectively.

(2) UTILITY RATE REFUNDS

WPL and its wholesale customers reached a settlement of the issues identified in WPL s filing with the Federal Energy Regulatory Commission (FERC) requesting approval to implement a formula rate structure. Final written agreements with WPL s wholesale customers were filed with FERC in February 2008 and, if approved, will result in an over-collection of wholesale electric revenues beginning June 1, 2007. WPL will refund the over-collection, with interest, upon approval in accordance with FERC requirements. As of March 31, 2008, WPL has fully accrued anticipated refunds of $7 million related to revenues collected during June 1, 2007 through March 31, 2008.

In August 2007, WPL received approval from the Public Service Commission of Wisconsin (PSCW) to refund to its retail electric customers any over-recovery of retail fuel-related costs during the period June 1, 2007 through Dec. 31, 2007. WPL estimates the over-recovery of retail fuel-related costs during this period to be $20 million, including interest. WPL refunded to its retail electric customers $4 million in 2007 and $3 million during the first two months of 2008. In March 2008, WPL filed a request for approval with the PSCW to refund to its retail electric customers the remaining $13 million, including interest. WPL expects to receive the PSCW s decision in the second quarter of 2008. At March 31, 2008, WPL reserved for the remaining amounts anticipated to be paid to retail electric customers related to these refunds.

(3) COMPREHENSIVE INCOME

Alliant Energy s comprehensive income, and the components of other comprehensive income (loss), net of taxes, for the three months ended March 31 were as follows (in millions):

	2008	2007
Net income	**$68.1**	$63.9
Unrealized gains (losses) on securities, net of tax	**0.6**	(0.1)
Pension and other postretirement benefits amortizations, net of tax	**--**	0.2
Unrealized holding gains (losses) on qualifying derivatives, net of tax	**--**	--
Less: reclassification adjustment for gains included in net income, net of tax	**--**	0.5
Net unrealized losses on qualifying derivatives	**--**	(0.5)
Other comprehensive income (loss)	**0.6**	(0.4)
Comprehensive income	**$68.7**	$63.5

(4) SALES OF ACCOUNTS RECEIVABLE

At March 31, 2008 and Dec. 31, 2007, IPL had sold in the aggregate $25 million and $100 million, respectively, of accounts receivable.

(5) INCOME TAXES

The provision for income taxes for earnings from continuing operations is based on an estimated annual effective tax rate that excludes the impact of significant unusual or infrequently occurring items, discontinued operations or extraordinary items. The effective tax rate differs from the federal statutory rate of 35% principally due to state income taxes, tax credits, effects of utility rate making and certain non-deductible expenses. Refer to Note 12(e) for discussion of a tax contingency related to capital losses from Alliant Energy s former Brazil investments.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of Alliant Energy s qualified and non-qualified pension benefits and other postretirement benefits costs for the three months ended March 31 were as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Service cost	**$4.1**	$5.0	**$2.1**	$2.1
Interest cost	**13.7**	12.6	**3.8**	3.4
Expected return on plan assets	**(18.7)**	(16.7)	**(2.3)**	(1.9)
Amortization of:				
Transition obligation	**--**	--	**--**	0.1
Prior service cost (credit)	**0.7**	0.8	**(0.9)**	(0.9)
Actuarial loss	**1.0**	2.2	**0.9**	1.0
	$0.8	$3.9	**$3.6**	$3.8

Alliant Energy estimates that funding for the qualified pension, non-qualified pension and other postretirement benefits plans during 2008 will be $0, $3 million and $15 million, respectively, of which $0, $0 and $4 million, respectively, have been contributed through March 31, 2008.

In 2008, Alliant Energy, IPL and WPL adopted the measurement date transition provision of SFAS 158, which resulted in reductions to their Jan. 1, 2008 balance of retained earnings of $2.7 million, $1.3 million and $1.2 million, respectively. Refer to Note 1(f) for additional information.

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(b) Equity Incentive Plans - A summary of share-based compensation expense related to grants under Alliant Energy s 2002 Equity Incentive Plan (EIP) and the related income tax benefits recognized for the three months ended March 31 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2008	2007	**2008**	2007	**2008**	2007
Share-based compensation expense	**$0.9**	$4.5	**$0.5**	$2.3	**$0.4**	$1.7
Income tax benefits	**0.4**	1.8	**0.2**	0.9	**0.1**	0.7

As of March 31, 2008, total unrecognized compensation cost related to all share-based compensation awards was $10.4 million, which is expected to be recognized over a weighted average period of two years. Share-based compensation expense is recognized on a straight-line basis over the requisite service periods.

Performance Shares - Alliant Energy anticipates making future payouts of its performance shares in cash; therefore, performance shares were accounted for as liability awards at March 31, 2008 and Dec. 31, 2007. A summary of the performance shares activity for the three months ended March 31 was as follows:

	2008	2007
	Shares (a)	Shares (a)
Nonvested shares at Jan. 1	**221,834**	277,530
Granted	**65,516**	58,669
Vested	**(78,532)**	(104,074)
Forfeited	**--**	(10,291)
Nonvested shares at March 31	**208,818**	221,834

(a) Share amounts represent the target number of performance shares. The actual number of shares that will be paid out upon vesting is dependent upon actual performance and may range from zero to 200% of the number of target shares.

Information related to nonvested performance shares and their fair values at March 31, 2008, by year of grant, was as follows:

	2008	2007	2006
Nonvested performance shares	65,516	58,669	84,633
Alliant Energy common stock closing price on March 31, 2008	$35.01	$35.01	$35.01
Estimated payout percentage based on performance criteria	90%	104%	152%
Fair values of each nonvested performance share	$31.51	$36.41	$53.22

At March 31, 2008, fair values of nonvested performance shares were calculated using a Monte Carlo simulation to determine the anticipated total shareowner returns of Alliant Energy and its investor-owned utility peer group. Expected volatility was based on historical volatilities using daily stock prices over the past three years. Expected dividend yields were calculated based on the most recent quarterly dividend rates announced prior to the measurement date and stock prices at the measurement date. The risk-free interest rate was based on the three-year U.S. Treasury rate in effect as of the measurement date.

In the first quarter of 2008 and 2007, Alliant Energy s performance share payouts were valued at $5.0 million and $5.9 million, respectively, and consisted of a combination of cash and common stock (3,835 shares and 8,641 shares, respectively).

Restricted Stock - Restricted stock issued under the EIP consists of time-based and performance-contingent restricted stock.

Time-based restricted stock - A summary of the time-based restricted stock activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	**Weighted Average Fair Value**	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	**165,832**	**$30.66**	182,886	$27.89
Granted	**45,776**	**35.63**	41,700	36.66
Vested	**(35,300)**	**27.73**	(13,304)	26.05
Nonvested shares at March 31	**176,308**	**32.54**	211,282	29.73

Performance-contingent restricted stock - A summary of the performance-contingent restricted stock activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	**Weighted Average Fair Value**	Shares	Weighted Average Fair Value
Nonvested shares at Jan. 1	**135,348**	**$32.42**	149,563	$28.12
Granted	**65,516**	**40.49**	58,669	37.94
Vested	**(54,991)**	**28.20**	(58,015)	28.04
Forfeited	**(21,688)**	**28.19**	(14,869)	28.06
Nonvested shares at March 31	**124,185**	**39.28**	135,348	32.42

Non-qualified Stock Options - A summary of the stock option activity for the three months ended March 31 was as follows:

	2008		2007	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Outstanding at Jan. 1	**542,844**	**$27.45**	1,768,236	$27.70
Exercised	**(24,429)**	**28.20**	(903,272)	28.15
Outstanding at March 31	**518,415**	**27.41**	864,964	27.23
Exercisable at March 31	**518,415**	**27.41**	864,964	27.23

The weighted average remaining contractual term for options outstanding and exercisable at March 31, 2008 was three years. The aggregate intrinsic value of options outstanding and exercisable at March 31, 2008 was $3.9 million.

Other information related to stock option activity for the three months ended March 31 was as follows (in millions):

	2008	2007
Cash received from stock options exercised	**$0.7**	$25.4
Aggregate intrinsic value of stock options exercised	**0.2**	11.0
Income tax benefit from the exercise of stock options	**0.1**	4.5
Total fair value of stock options vested during period	**--**	0.4

(7) COMMON STOCK

A summary of Alliant Energy s common stock activity during the first quarter of 2008 was as follows:

Shares outstanding at Jan. 1, 2008	110,359,314
Equity incentive plans (Note 6(b))	117,868
Other (a)	(40,358)
Shares outstanding at March 31, 2008	110,436,824

(a) Includes shares transferred from employees to Alliant Energy to satisfy tax withholding requirements in connection with the vesting of certain restricted stock under the EIP.

In the first quarter of 2008, IPL received a capital contribution of $100 million from its parent.

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(8) DEBT

(a) Short-term Debt - At March 31, 2008, commercial paper issued under Alliant Energy s, IPL s and WPL s credit facilities, letters of credit outstanding and other short-term borrowings were as follows (dollars in millions; Not Applicable (N/A)):

	Alliant Energy (Consolidated)	Parent Company	IPL	WPL
Commercial paper:				
Amount outstanding	$79.9	$--	$8.3	$71.6
Maturity	1 day	N/A	1 day	1 day
Interest rates	3.40-3.55%	N/A	3.55%	3.40%
Letters of credit outstanding	$11.0 (a)	$11.0 (a)	$--	$--
Available credit facility capacity	$559.1 (a)	$89.0 (a)	$291.7	$178.4
Other short-term borrowings:				
Amount outstanding	$3.1	$--	$3.1	$--
Maturity	30 days	N/A	30 days	N/A
Interest rate	4.04%	N/A	4.04%	N/A

(a) In March 2007, a $10.8 million letter of credit was issued under Alliant Energy s credit agreement on behalf of Alliant Energy Neenah, LLC (Neenah). This letter of credit provides security for Neenah s performance of its obligations under the purchased power agreement (PPA) with We Energies through May 2008. This letter of credit reduced Alliant Energy s available borrowing capacity under its credit agreement.

(b) Long-term Debt - In March 2008, IPL and WPL converted certain pollution control revenue bonds from variable interest rates to fixed interest rates as follows (dollars in millions):

	Amount Converted	Due Dates	Fixed Interest Rate
IPL	$38.4	2014	5%
WPL	24.5	2014 and 2015	5%
WPL	14.6	2015	5.375%

(9) UNCONSOLIDATED EQUITY INVESTMENTS

Equity (income) loss from Alliant Energy s unconsolidated investments accounted for under the equity method of accounting for the three months ended March 31 was as follows (in millions):

	2008	2007
American Transmission Company LLC (ATC)	**($7.3)**	($6.4)
Other	**(0.2)**	(1.1)
	($7.5)	($7.5)

(10) FAIR VALUE MEASUREMENTS

On Jan. 1, 2008, Alliant Energy adopted the provisions of SFAS 157, with the exception of nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. These nonrecurring nonfinancial assets and nonfinancial liabilities included asset retirement obligations and goodwill. Refer to Note 1(f) for additional information on SFAS 157.

Valuation Hierarchy - SFAS 157 establishes a three-tier fair value hierarchy for disclosure of the inputs used to measure fair value. Level 1 inputs include observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are unadjusted quoted prices in active markets for similar assets and liabilities that are either directly or indirectly observable. Level 3 inputs are unobservable inputs for the assets or liabilities for which little or no market data exist, therefore requiring Alliant Energy, IPL and WPL to develop their own estimates of fair value.

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Alliant Energy s recurring fair value measurements subject to the disclosure requirements of SFAS 157 at March 31, 2008 were as follows (in millions):

		Fair Value Measurements at March 31, 2008 Using:		
	Fair Value Measurements at March 31, 2008	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivative assets	$46.8	$--	$34.8	$12.0

Available-for-sale securities	6.1	6.1	--	--
Liabilities:				
Derivative liabilities	(2.5)	--	(1.2)	(1.3)

Additional information for Alliant Energy s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) is as follows (in millions):

	Derivative Assets and Liabilities, net
Beginning balance, Jan. 1, 2008	$27.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(6.6)
Purchases, sales, issuances and settlements, net	(10.4)
Ending balance, March 31, 2008	$10.7
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at March 31, 2008 (a)	($1.5)

(a) Recorded in Regulatory assets and Regulatory liabilities on Alliant Energy s Condensed Consolidated Balance Sheet.

Valuation Techniques - Available-for-sale securities reflected in Level 1 of the valuation hierarchy are primarily related to Resources investment in Capstone Turbine Corporation s common stock and IPL s investments in various debt and equity securities that are measured at fair value each reporting period using quoted market prices on listed exchanges. Derivative instruments reflected in Level 2 of the valuation hierarchy are primarily related to natural gas swap contracts utilized by IPL and WPL. These natural gas swap contracts are transacted with counterparties and mirror exchange-traded futures. Therefore, these natural gas swap contracts can be measured at fair value each reporting period using data that is observable in the market place based on activity traded on the public exchange. Derivative instruments reflected in Level 3 of the hierarchy represent financial transmission rights utilized by IPL and WPL that are measured at fair value each reporting period using monthly or annual auction shadow prices from relevant auctions.

(11) DERIVATIVE INSTRUMENTS

(a) Accounting for Derivative Instruments - Alliant Energy records derivative instruments at fair value on the balance sheet as assets or liabilities. IPL and WPL generally record changes in the derivatives fair values with offsets to regulatory assets or liabilities. Current derivative assets were included in Derivative assets, non-current derivative assets were included in Deferred charges and other, current derivative liabilities were included in Other current liabilities and non-current derivative liabilities were included in Other long-term liabilities and deferred credits on the Condensed Consolidated Balance Sheets as follows (in millions):

	Alliant Energy		IPL		WPL	
	March 31, 2008	Dec. 31, 2007	**March 31, 2008**	Dec. 31, 2007	**March 31, 2008**	Dec. 31, 2007
Current derivative assets	**$41.1**	$34.1	**$33.5**	$19.0	**$7.5**	$14.9
Non-current derivative assets	**5.7**	2.7	**5.4**	2.4	**--**	--
Current derivative liabilities	**1.8**	24.3	**1.7**	16.6	**0.1**	7.7
Non-current derivative liabilities	**0.7**	1.5	**0.7**	1.5	**--**	--

IPL s and WPL s derivative assets and liabilities are primarily related to purchase contracts to supply fixed-price natural gas for the natural gas-fired electric generating facilities they operate, swap contracts to mitigate pricing volatility for natural gas supplied to their retail customers and financial transmission rights. Changes in derivative assets and liabilities during the first quarter of 2008 were primarily due to natural gas price fluctuations and settlements of financial transmission rights.

(b) Weather Derivatives - In October 2007, IPL and WPL each entered into separate non-exchange traded swap agreements based on heating degree days (HDD) measured in Cedar Rapids, Iowa and Madison, Wisconsin, respectively, to reduce the impact of weather volatility on IPL s and WPL s margins for the period Nov. 1, 2007 to March 31, 2008. The actual HDD for the period Nov. 1, 2007 to Dec. 31, 2007 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty $3.6 million (IPL paying $2.2 million and WPL paying $1.4 million) in January 2008. In addition, the actual HDD for the period Jan. 1, 2008 to March 31, 2008 were higher than those specified in the contracts, resulting in Alliant Energy paying the counterparty $5.4 million ($3.2 million for IPL and $2.2 million for WPL) in April 2008.

A summary of the losses resulting from changes in the value of weather derivatives for the three months ended March 31 was as follows (in millions):

	Electric Utility Operating Revenues		Gas Utility Operating Revenues	
	2008	2007	**2008**	2007
Alliant Energy	**($2.6)**	($2.2)	**($2.8)**	($2.2)
IPL	**(1.7)**	(1.7)	**(1.5)**	(1.2)
WPL	**(0.9)**	(0.5)	**(1.3)**	(1.0)

(12) COMMITMENTS AND CONTINGENCIES

(a) Capital Purchase Obligations - Alliant Energy, IPL and WPL have entered into capital purchase obligations that contain minimum future commitments. At March 31, 2008, Alliant Energy s, IPL s and WPL s minimum future commitments related to certain capital expenditures for their proposed wind and clean air compliance projects were as follows (in millions):

	Alliant Energy	IPL	WPL
Wind projects	$38	$10	$28
Clean air compliance projects	38	38	--

(b) Operating Expense Purchase Obligations - Alliant Energy, IPL and WPL have entered into operating expense purchase obligations that contain minimum future commitments. The most significant of these purchase obligations relate to commodity supply, transportation and storage contracts for their utility operations. At March 31, 2008, Alliant Energy s, IPL s and WPL s minimum future commitments related to these operating expense purchase obligations were as follows (in millions):

	Alliant Energy	IPL	WPL
Purchased power (excluding operating leases)	$1,664	$1,128	$536
Natural gas	554	165	389
Coal (a)	355	109	58
Other (b)	83	49	6

(a) Corporate Services has entered into system-wide coal purchase contracts on behalf of IPL and WPL that include minimum future commitments of $188 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet known as of March 31, 2008.
(b) Includes individual commitments incurred during the normal course of business that exceeded $1 million at March 31, 2008.

(c) Guarantees and Indemnifications - Alliant Energy provided indemnifications associated with various sales of its non-regulated and utility businesses/assets for losses resulting from potential breach of the representations and warranties made by Alliant Energy on the sale dates and for the breach of its obligations under the sale agreements. Alliant Energy believes the likelihood of having to make any material cash payments under these indemnifications is remote. Alliant Energy recorded liabilities of $1 million related to these indemnifications as of March 31, 2008. The terms of the indemnifications provided by Alliant Energy at March 31, 2008 for the various sales were generally as follows (in millions):

Businesses/Assets Sold	Disposal Date	Maximum Limit	Expiration Date
Three generating facilities in China	First quarter of 2006	$37	February 2009
IPL s interest in the Duane Arnold Energy Center	First quarter of 2006	30 (a)	January 2009
Brazil	First quarter of 2006	10	January 2011
WPL s water utility in South Beloit, Illinois	Third quarter of 2006	1 (b)	July 2008
New Zealand	Fourth quarter of 2006	165 (c)	March 2012
Mexico	Second quarter of 2007	20	June 2012
IPL s electric transmission assets	Fourth quarter of 2007	196 (a)	March 2009

(a) Indemnification provided by IPL
(b) Indemnification provided by WPL
(c) Based on exchange rates at March 31, 2008

WPL also issued an indemnity to the buyer of the Kewaunee Nuclear Power Plant (Kewaunee) to cover certain potential costs the buyer may incur related to the outage at Kewaunee in 2005. At March 31, 2008, WPL had a $2 million obligation recognized related to this indemnity, which represents WPL s remaining maximum exposure.

Alliant Energy also continues to guarantee the abandonment obligations of Whiting Petroleum Corporation under the Point Arguello partnership agreements. The guarantee does not include a maximum limit. As of March 31, 2008, the present value of the abandonment obligations is estimated at $10 million. Alliant Energy believes that no payments will be made under this guarantee.

(d) Environmental Matters -

Manufactured Gas Plant (MGP) Sites - IPL and WPL have current or previous ownership interests in 40 and 14 sites, respectively, previously associated with the production of gas for which they may be liable for investigation, remediation and monitoring costs relating to the sites. IPL and WPL have received letters from state environmental agencies requiring no further action at nine and seven sites, respectively. Additionally, IPL has met state environmental agency expectations at three additional sites requiring no further action for soil remediation. IPL and WPL are working pursuant to the requirements of various federal and state agencies to investigate, mitigate, prevent and remediate, where necessary, the environmental impacts to property, including natural resources, at and around the sites in order to protect public health and the environment. IPL and WPL record environmental liabilities related to these MGP sites based upon periodic studies, most recently updated in the third quarter of 2007. Management currently estimates the range of remaining costs to be incurred for the investigation, remediation and monitoring of Alliant Energy s sites to be $27 million ($21 million for IPL and $6 million for WPL) to $50 million ($42 million for IPL and $8 million for WPL). At March 31, 2008, Alliant Energy, IPL and WPL had recorded $37 million, $31 million and $6 million, respectively, in current and non-current environmental liabilities for their remaining costs to be incurred for these MGP sites.

Other Environmental Contingencies - In addition to the environmental liabilities discussed above, Alliant Energy, IPL and WPL also monitor various environmental regulations which may have a significant impact on their future operations. Given uncertainties regarding the ultimate outcome, timing and compliance plans for these environmental regulations, Alliant Energy, IPL and WPL are currently not able to determine the financial impact of these regulations but do believe that future capital investments and/or modifications to their electric generating facilities to comply with these regulations could be significant. Specific environmental regulations that may require significant future expenditures by Alliant Energy, IPL and WPL include, among others: Clean Air Interstate Rule, Clean Air Mercury Rule, Section 316(b) of the Clean Water Act, Wisconsin State Thermal Rule, Wisconsin State Mercury Rule, Ozone National Ambient Air Quality Standards and proposed legislation to regulate the emission of greenhouse gases (GHG).

(e) Tax Matters - The Internal Revenue Service (IRS) is currently examining Alliant Energy s tax returns for calendar years 2002 through 2004. As a result of its examination, the IRS notified Alliant Energy in 2007 that it is proposing certain adjustments to these tax returns. The most significant adjustment is to defer until 2006 $257 million of capital losses primarily included in Alliant Energy s 2002 tax return related to its former Brazil investments. Alliant Energy is in discussions with the IRS regarding this adjustment and anticipates the finalization of the audit of Alliant Energy s tax returns for calendar years 2002 through 2004 in the second quarter of 2008. Deferring these capital losses until 2006 could have a material adverse impact on Alliant Energy s financial condition, results of operations and cash flows if Alliant Energy is unable to generate sufficient capital gains in the future to offset a 2006 capital loss within the statutory carryforward period expiring in 2011. Alliant Energy is not able to predict the ultimate outcome of this matter.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to Alliant Energy s business segments is as follows. Intersegment revenues were not material to Alliant Energy s operations.

	Utility Business				Non-regulated		Alliant Energy
	Electric	Gas	Other	Total	Businesses	Other	Consolidated
	(in millions)						
Three Months Ended March 31, 2008							
Operating revenues	**$567.7**	**$308.5**	**$17.9**	**$894.1**	**$99.0**	**($1.1)**	**$992.0**
Operating income	**66.8**	**42.3**	**3.2**	**112.3**	**12.2**	**0.6**	**125.1**
Net income				**55.6**	**8.4**	**4.1**	**68.1**
Three Months Ended March 31, 2007							
Operating revenues	$553.5	$288.3	$18.0	$859.8	$54.3	($1.4)	$912.7
Operating income (loss)	78.5	39.0	(4.0)	113.5	6.8	0.5	120.8
Income from continuing operations				56.7	6.2	2.3	65.2
Loss from discontinued operations, net of tax				--	(1.3)	--	(1.3)
Net income				56.7	4.9	2.3	63.9

(14) DISCONTINUED OPERATIONS

Alliant Energy has completed the disposal of numerous non-regulated and utility businesses and other assets in order to strengthen its financial profile and narrow its strategic focus and risk profile. The following businesses/assets were sold during 2007 and qualified as assets held for sale as defined by SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets, before they were sold:

Business/Asset	Disposal Date	Segment
Non-regulated business - Mexico	Second quarter of 2007	Non-regulated businesses
Utility businesses/assets:		
WPL s electric and gas utility assets in Illinois	First quarter of 2007	Utility - Electric and Gas
IPL s electric and gas utility assets in Illinois	First quarter of 2007	Utility - Electric and Gas
IPL s electric transmission assets	Fourth quarter of 2007	Utility - Electric

The operating results of the non-regulated business listed in the above table have been separately classified and reported as discontinued operations in Alliant Energy s Condensed Consolidated Statements of Income. The operating results of the utility businesses/assets listed in the above table have not been reported as discontinued operations due to Alliant Energy s continuing involvement in the operations of these businesses/assets after the disposal transaction.

A summary of the components of discontinued operations in Alliant Energy s Condensed Consolidated Statements of Income for the three months ended March 31, 2007 was as follows (in millions):

Operating expenses	$1.9
Interest expense and other	1.1
Loss before income taxes	(3.0)
Income tax benefit	(1.7)
Loss from discontinued operations, net of tax	($1.3)

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(15) ASSET RETIREMENT OBLIGATIONS

A reconciliation of the changes in asset retirement obligations associated with long-lived assets is as follows (in millions):

	Alliant Energy		IPL		WPL	
	2008	2007	**2008**	2007	**2008**	2007
Balance at Jan. 1	**$42.8**	$38.5	**$30.9**	$27.1	**$11.9**	$11.4
Accretion expense	**0.6**	0.6	**0.4**	0.4	**0.2**	0.2
Liabilities incurred	**--**	0.5	**--**	0.5	**--**	--
Revisions in estimated cash flows	**--**	0.1	**--**	--	**--**	0.1
Liabilities settled	**(0.1)**	--	**(0.1)**	--	**--**	--
Balance at March 31	**$43.3**	$39.7	**$31.2**	$28.0	**$12.1**	$11.7

(16) VARIABLE INTEREST ENTITIES

After making an ongoing exhaustive effort, Alliant Energy concluded it was unable to obtain the information necessary from the counterparties (subsidiaries of Calpine Corporation (Calpine)) for the Riverside Energy Center (Riverside) and RockGen Energy Center (RockGen) PPAs to determine whether the counterparties are variable interest entities per FIN 46R, Consolidation of Variable Interest Entities, and if Alliant Energy is the primary beneficiary. These PPAs are currently accounted for as operating leases. The counterparties sell some or all of their generating capacity to WPL and can sell their energy output to WPL. Alliant Energy s maximum exposure to loss from these PPAs is undeterminable due to the inability to obtain the necessary information to complete such evaluation. For the three months ended March 31, 2008 and 2007, Alliant Energy s (primarily WPL s) costs, excluding fuel costs, related to the Riverside PPA were $8.6 million and $8.8 million, respectively. WPL s costs, excluding fuel costs, related to the RockGen PPA were $4.0 million and $3.9 million for the three months ended March 31, 2008 and 2007, respectively.

(17) CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

Alliant Energy has fully and unconditionally guaranteed the payment of principal and interest on the exchangeable senior notes issued by Resources (a wholly-owned subsidiary of Alliant Energy) and, as a result, is required to present condensed consolidating financial statements. No Alliant Energy subsidiaries are guarantors of Resources debt securities. The Other Alliant Energy Subsidiaries column includes amounts for IPL, WPL and Corporate Services. Alliant Energy s condensed consolidating financial statements are as follows:

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Alliant Energy Corporation Condensed Consolidating Statements of Income (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
			(in millions)		
Three Months Ended March 31, 2008					
Operating revenues:					
Utility:					
Electric	$-	$-	$567.7	$-	$567.7
Gas	-	-	308.5	-	308.5
Other	-	-	17.9	-	17.9
Non-regulated	-	99.0	75.3	(76.4)	97.9
	-	99.0	969.4	(76.4)	992.0
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	301.5	-	301.5
Cost of gas sold	-	-	232.1	-	232.1
Other operation and maintenance	-	-	164.8	-	164.8
Non-regulated operation and maintenance	-	81.9	71.8	(72.9)	80.8
Depreciation and amortization	-	2.9	62.0	(3.3)	61.6
Taxes other than income taxes	-	2.0	24.3	(0.2)	26.1
	-	86.8	856.5	(76.4)	866.9
Operating income	-	12.2	112.9	-	125.1
Interest expense and other:					
Interest expense	-	3.6	30.2	(4.1)	29.7
Equity income from unconsolidated investments	-	-	(7.5)	-	(7.5)
Allowance for funds used during construction	-	-	(3.3)	0.1	(3.2)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7
Interest income and other	(68.8)	(5.1)	(1.0)	67.8	(7.1)
	(68.8)	(1.5)	23.1	63.8	16.6
Income from continuing operations before income taxes	68.8	13.7	89.8	(63.8)	108.5
Income taxes	0.9	5.3	34.2	-	40.4
Net income	$67.9	$8.4	$55.6	($63.8)	$68.1
Three Months Ended March 31, 2007					
Operating revenues:					
Utility:					
Electric	$-	$-	$553.5	$-	$553.5
Gas	-	-	288.3	-	288.3
Other	-	-	18.0	-	18.0
Non-regulated	-	54.3	80.4	(81.8)	52.9
	-	54.3	940.2	(81.8)	912.7
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	280.3	-	280.3
Cost of gas sold	-	-	211.9	-	211.9
Other operation and maintenance	-	-	164.6	-	164.6
Non-regulated operation and maintenance	-	42.7	72.1	(73.5)	41.3
Depreciation and amortization	0.1	3.1	69.5	(6.7)	66.0
Taxes other than income taxes	-	1.7	27.3	(1.2)	27.8
	0.1	47.5	825.7	(81.4)	791.9

Operating income (loss)	(0.1)	6.8	114.5	(0.4)	120.8
Interest expense and other:					
Interest expense	0.2	5.2	29.7	(5.5)	29.6
Equity income from unconsolidated investments	-	(0.8)	(6.7)	-	(7.5)
Allowance for funds used during construction	-	-	(1.6)	0.1	(1.5)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7
Interest income and other	(64.9)	(8.9)	(1.1)	66.4	(8.5)
	(64.7)	(4.5)	25.0	61.0	16.8
Income from continuing operations before income taxes	64.6	11.3	89.5	(61.4)	104.0
Income taxes	0.8	5.1	32.8	0.1	38.8
Income from continuing operations	63.8	6.2	56.7	(61.5)	65.2
Loss from discontinued operations, net of tax	-	(1.3)	-	-	(1.3)
Net income	$63.8	$4.9	$56.7	($61.5)	$63.9

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Alliant Energy Corporation Condensed Consolidating Balance Sheet as of March 31, 2008 (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
ASSETS			(in millions)		
Property, plant and equipment:					
Utility:					
Electric plant in service	$-	$-	$5,680.5	$-	$5,680.5
Gas plant in service	-	-	733.5	-	733.5
Other plant in service	-	-	476.1	-	476.1
Accumulated depreciation	-	-	(2,727.7)	-	(2,727.7)
Leased Sheboygan Falls Energy Facility, net	-	-	106.3	(106.3)	-
Construction work in progress:					
Cedar Ridge Wind Farm	-	-	99.1	-	99.1
Other	-	-	156.5	-	156.5
Other, net	-	-	21.3	-	21.3
Total utility	-	-	4,545.6	(106.3)	4,439.3
Non-regulated and other, net	-	174.5	40.0	128.9	343.4
	-	174.5	4,585.6	22.6	4,782.7
Current assets:					
Cash and cash equivalents	487.2	126.1	19.1	-	632.4
Accounts receivable, net	5.8	71.9	499.0	(104.5)	472.2
Gas stored underground, at weighted average cost	-	-	12.9	-	12.9
Other	5.1	30.2	290.9	(41.6)	284.6
	498.1	228.2	821.9	(146.1)	1,402.1
Investments:					
Consolidated subsidiaries	2,203.2	-	-	(2,203.2)	-
Other	16.3	10.7	213.1	-	240.1

	2,219.5	10.7	213.1	(2,203.2)	240.1
Other assets	4.7	175.3	798.5	(214.3)	764.2
Total assets	$2,722.3	$588.7	$6,419.1	($2,541.0)	$7,189.1
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stock and additional paid-in capital	$1,494.4	$262.8	$1,642.9	($1,905.7)	$1,494.4
Retained earnings	1,230.1	(125.8)	422.8	(295.1)	1,232.0
Accumulated other comprehensive income	0.8	0.8	-	(0.8)	0.8
Shares in deferred compensation trust	(7.5)	-	-	-	(7.5)
Total common equity	2,717.8	137.8	2,065.7	(2,201.6)	2,719.7
Cumulative preferred stock of subsidiaries, net	-	-	243.8	-	243.8
Long-term debt, net (excluding current portion)	-	106.1	1,297.5	-	1,403.6
	2,717.8	243.9	3,607.0	(2,201.6)	4,367.1
Current liabilities:					
Other short-term borrowings	-	-	3.1	-	3.1
Other	4.9	152.7	889.7	(147.1)	900.2
	4.9	152.7	892.8	(147.1)	903.3
Other long-term liabilities and deferred credits:					
Deferred income taxes	(2.1)	166.4	672.8	1.3	838.4
Other	1.7	21.8	1,246.5	(193.6)	1,076.4
	(0.4)	188.2	1,919.3	(192.3)	1,914.8
Minority interest	-	3.9	-	-	3.9
Total capitalization and liabilities	$2,722.3	$588.7	$6,419.1	($2,541.0)	$7,189.1

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Alliant Energy Corporation Condensed Consolidating Balance Sheet as of December 31, 2007 (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
ASSETS			(in millions)		
Property, plant and equipment:					
Utility:					
Electric plant in service	$-	$-	$5,633.7	$-	$5,633.7
Gas plant in service	-	-	726.3	-	726.3
Other plant in service	-	-	466.8	-	466.8
Accumulated depreciation	-	-	(2,692.5)	-	(2,692.5)
Leased Sheboygan Falls Energy Facility, net	-	-	107.9	(107.9)	-
Construction work in progress:					
Cedar Ridge Wind Farm	-	-	41.8	-	41.8
Other	-	-	153.6	-	153.6
Other, net	-	-	4.6	-	4.6
Total utility	-	-	4,442.2	(107.9)	4,334.3
Non-regulated and other, net	-	176.2	39.4	130.0	345.6

	-	176.2	4,481.6	22.1	4,679.9
Current assets:					
Cash and cash equivalents	589.3	93.7	62.6	-	745.6
Accounts receivable, net	2.7	58.3	358.8	(72.9)	346.9
Gas stored underground, at weighted average cost	-	-	70.5	-	70.5
Other	0.2	13.0	346.1	(50.0)	309.3
	592.2	165.0	838.0	(122.9)	1,472.3
Investments:					
Consolidated subsidiaries	2,093.2	-	-	(2,093.2)	-
Other	16.2	9.0	212.7	-	237.9
	2,109.4	9.0	212.7	(2,093.2)	237.9
Other assets	4.6	175.0	859.9	(239.9)	799.6
Total assets	$2,706.2	$525.2	$6,392.2	($2,433.9)	$7,189.7
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stock and additional paid-in capital	$1,484.5	$262.8	$1,542.8	($1,805.6)	$1,484.5
Retained earnings	1,203.5	(134.0)	421.7	(286.0)	1,205.2
Accumulated other comprehensive income	0.2	0.2	-	(0.2)	0.2
Shares in deferred compensation trust	(8.7)	-	-	-	(8.7)
Total common equity	2,679.5	129.0	1,964.5	(2,091.8)	2,681.2
Cumulative preferred stock of subsidiaries, net	-	-	243.8	-	243.8
Long-term debt, net (excluding current portion)	-	106.0	1,298.5	-	1,404.5
	2,679.5	235.0	3,506.8	(2,091.8)	4,329.5
Current liabilities:					
Other short-term borrowings	-	-	29.5	-	29.5
Other	11.8	106.0	913.5	(123.8)	907.5
	11.8	106.0	943.0	(123.8)	937.0
Other long-term liabilities and deferred credits:					
Deferred income taxes	(2.1)	148.7	675.1	1.2	822.9
Other	17.0	31.6	1,267.3	(219.5)	1,096.4
	14.9	180.3	1,942.4	(218.3)	1,919.3
Minority interest	-	3.9	-	-	3.9
Total capitalization and liabilities	$2,706.2	$525.2	$6,392.2	($2,433.9)	$7,189.7

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Alliant Energy Corporation Condensed Consolidating Statements of Cash Flows (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
Three Months Ended March 31, 2008			(in millions)		

Net cash flows from operating activities	$51.9	$30.1	$73.9	($69.0)	$86.9
Cash flows used for investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(126.5)	-	(126.5)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(2.4)	(3.9)	-	(6.3)
Proceeds from asset sales	-	0.4	-	-	0.4
Changes in restricted cash	-	(1.1)	(0.1)	-	(1.2)
Other	(112.0)	0.1	17.4	111.8	17.3
Net cash flows used for investing activities	(112.0)	(3.0)	(113.1)	111.8	(116.3)
Cash flows from (used for) financing activities:					
Common stock dividends	(38.6)	-	(52.0)	52.0	(38.6)
Repurchase of common stock	(1.4)	-	-	-	(1.4)
Proceeds from issuance of common stock	0.7	-	-	-	0.7
Reductions in long-term debt	-	-	(1.0)	-	(1.0)
Net change in short-term borrowings	(4.8)	-	(23.5)	-	(28.3)
Changes in cash overdrafts	-	5.3	(22.2)	-	(16.9)
Other	2.1	-	94.4	(94.8)	1.7
Net cash flows from (used for) financing activities	(42.0)	5.3	(4.3)	(42.8)	(83.8)
Net increase (decrease) in cash and cash equivalents	(102.1)	32.4	(43.5)	-	(113.2)
Cash and cash equivalents at beginning of period	589.3	93.7	62.6	-	745.6
Cash and cash equivalents at end of period	$487.2	$126.1	$19.1	$-	$632.4
Three Months Ended March 31, 2007					
Net cash flows from (used for) operating activities	$58.0	($8.0)	$184.2	($66.6)	$167.6
Cash flows from (used for) investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(97.4)	-	(97.4)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(2.4)	(2.8)	-	(5.2)
Proceeds from asset sales	-	6.3	51.6	-	57.9
Purchases of emission allowances	-	-	(23.9)	-	(23.9)
Changes in restricted cash	-	12.0	(0.1)	-	11.9
Other	(9.4)	-	7.3	13.7	11.6
Net cash flows from (used for) investing activities	(9.4)	15.9	(65.3)	13.7	(45.1)
Cash flows used for financing activities:					
Common stock dividends	(36.8)	-	(50.6)	50.6	(36.8)
Repurchase of common stock	(145.1)	-	-	-	(145.1)
Proceeds from issuance of common stock	25.4	-	-	-	25.4
Reductions in long-term debt	-	(37.2)	(24.8)	-	(62.0)
Net change in short-term borrowings	36.4	(36.4)	(76.6)	-	(76.6)
Changes in cash overdrafts	-	(2.8)	15.1	-	12.3
Other	-	2.8	(0.5)	2.3	4.6
Net cash flows used for financing activities	(120.1)	(73.6)	(137.4)	52.9	(278.2)
Net decrease in cash and cash equivalents	(71.5)	(65.7)	(18.5)	-	(155.7)
Total cash and cash equivalents at beginning of period	167.1	67.3	31.6	-	266.0
Total cash and cash equivalents at end of period	95.6	1.6	13.1	-	110.3
Less: cash and cash equivalents classified as held for sale at end of period	-	0.1	-	-	0.1
Cash and cash equivalents at end of period	$95.6	$1.5	$13.1	$-	$110.2

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Alliant Energy Corporation Condensed Consolidating Statements of Cash Flows (Continued) (Unaudited)

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
			(in millions)		
Supplemental Cash Flows Information:					
Three Months Ended March 31, 2008					
Cash paid (refunded) during the period for:					
Interest, net of capitalized interest	$1.6	$3.6	$38.8	$-	$44.0
Income taxes, net of refunds	3.8	(2.2)	9.3	-	10.9
Three Months Ended March 31, 2007					
Cash paid (refunded) during the period for:					
Interest, net of capitalized interest	0.5	3.1	33.0	-	36.6
Income taxes, net of refunds	15.0	(14.0)	1.3	-	2.3

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended March 31, **2008**	2007
	(in millions)	
Operating revenues:		
Electric utility	**$277.1**	$278.3
Gas utility	**180.1**	166.5
Steam and other	**16.1**	16.4
	473.3	461.2
Operating expenses:		
Electric production fuel and purchased power	**121.0**	122.7
Cost of gas sold	**139.9**	127.7
Other operation and maintenance	**108.3**	102.1
Depreciation and amortization	**32.3**	35.8
Taxes other than income taxes	**13.9**	16.1
	415.4	404.4
Operating income	**57.9**	56.8
Interest expense and other:		
Interest expense	**14.5**	16.3
Allowance for funds used during construction	**(1.3)**	(1.1)
Interest income	**(0.5)**	(0.5)
	12.7	14.7

Income before income taxes	**45.2**	42.1
Income taxes	**16.0**	15.3
Net income	**29.2**	26.8
Preferred dividend requirements	**3.9**	3.9
Earnings available for common stock	**$25.3**	$22.9

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	**March 31, 2008**	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Electric plant in service	**$3,453.5**	$3,419.3
Gas plant in service	**381.4**	378.7
Steam plant in service	**55.4**	54.0
Other plant in service	**232.6**	228.0
Accumulated depreciation	**(1,603.1)**	(1,584.3)
Net plant	**2,519.8**	2,495.7
Construction work in progress	**88.2**	92.8
Other, less accumulated depreciation	**18.7**	2.0
	2,626.7	2,590.5
Current assets:		
Cash and cash equivalents	**5.0**	39.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	**162.2**	79.8
Other, less allowance for doubtful accounts	**36.3**	25.2
Income tax refunds receivable	**19.5**	44.6
Production fuel, at weighted average cost	**53.6**	55.2
Materials and supplies, at weighted average cost	**21.5**	21.5
Gas stored underground, at weighted average cost	**2.5**	32.6
Regulatory assets	**30.6**	31.2
Derivative assets	**33.5**	19.0
Other	**4.9**	6.6
	369.6	355.1

Investments	**16.4**	17.6
Other assets:		
Regulatory assets	**271.1**	294.8
Deferred charges and other	**108.8**	104.0
	379.9	398.8
Total assets	**$3,392.6**	$3,362.0

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	March 31, 2008	December 31, 2007
	(in millions, except per share and share amounts)	
Capitalization:		
Common stock - $2.50 par value - authorized 24,000,000 shares; 13,370,788 shares outstanding	**$33.4**	$33.4
Additional paid-in capital	**973.1**	873.1
Retained earnings	**15.9**	21.0
Total common equity	**1,022.4**	927.5
Cumulative preferred stock	**183.8**	183.8
Long-term debt, net (excluding current portion)	**760.5**	761.5
	1,966.7	1,872.8
Current liabilities:		
Current maturities	**2.3**	2.3
Commercial paper	**8.3**	-
Other short term borrowings	**3.1**	29.5
Accounts payable	**110.9**	141.6
Accounts payable to associated companies	**47.6**	28.8
Regulatory liabilities	**49.9**	37.3
Accrued taxes	**38.9**	50.8
Other	**66.5**	80.9
	327.5	371.2
Other long-term liabilities and deferred credits:		
Deferred income taxes	**420.9**	422.6
Regulatory liabilities	**486.7**	482.5

Pension and other benefit obligations	**51.8**	50.7
Other	**139.0**	162.2
	1,098.4	1,118.0
Total capitalization and liabilities	**$3,392.6**	$3,362.0

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

INTERSTATE POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from (used for) operating activities:		
Net income	**$29.2**	$26.8
Adjustments to reconcile net income to net cash flows from (used for) operating activities:		
Depreciation and amortization	**32.3**	35.8
Deferred tax expense (benefit) and investment tax credits	**(5.2)**	0.9
Other	**2.7**	0.5
Other changes in assets and liabilities:		
Accounts receivable	**(15.5)**	28.9
Sale of accounts receivable	**(75.0)**	(50.0)
Income tax refunds receivable	**25.1**	-
Gas stored underground	**30.1**	31.5
Regulatory assets	**1.0**	50.0
Derivative assets	**(17.5)**	(5.7)
Accounts payable	**(8.5)**	(16.6)
Accrued taxes	**(11.2)**	2.1
Regulatory liabilities	**14.5**	(3.3)
Derivative liabilities	**(15.7)**	(29.8)
Other	**1.8**	8.5
Net cash flows from (used for) operating activities	**(11.9)**	79.6
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	**(61.2)**	(72.1)
Proceeds from sale of utility assets in Illinois	**-**	28.1
Purchases of emission allowances	**-**	(23.9)
Other	**(1.8)**	6.8
Net cash flows used for investing activities	**(63.0)**	(61.1)
Cash flows from (used for) financing activities:		
Common stock dividends	**(29.1)**	(27.5)

Preferred stock dividends	**(3.9)**	(3.9)
Capital contribution from parent	**100.0**	-
Reductions in long-term debt	**(1.0)**	(24.8)
Net change in short-term borrowings	**(18.1)**	17.9
Changes in cash overdrafts	**(7.1)**	21.3
Other	**(0.3)**	0.2
Net cash flows from (used for) financing activities	**40.5**	(16.8)
Net increase (decrease) in cash and cash equivalents	**(34.4)**	1.7
Cash and cash equivalents at beginning of period	**39.4**	0.5
Cash and cash equivalents at end of period	**$5.0**	$2.2
Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest	**$17.8**	$21.1
Income taxes, net of refunds	**($3.0)**	$2.0

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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INTERSTATE POWER AND LIGHT COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Except as modified below, the Alliant Energy Notes to Condensed Consolidated Financial Statements are incorporated by reference insofar as they relate to IPL. The notes that follow herein set forth additional specific information for IPL and are numbered to be consistent with the Alliant Energy Notes to Condensed Consolidated Financial Statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by IPL, without audit, pursuant to the rules and regulations of the SEC. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include IPL and its consolidated subsidiaries. IPL is a direct subsidiary of Alliant Energy. These financial statements should be read in conjunction with the financial statements and the notes thereto included in IPL s latest combined Annual Report on Form 10-K.

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three months ended March 31, 2008 and 2007, the condensed consolidated financial position at March 31, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007 have been made. Results for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2008. A change in management s estimates or assumptions could have a material impact on IPL s financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation.

(3) COMPREHENSIVE INCOME

For the three months ended March 31, 2008 and 2007, IPL had no other comprehensive income, thus IPL s comprehensive income was equal to its earnings available for common stock for all periods.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of IPL s qualified pension benefits and other postretirement benefits costs for the three months ended March 31 were as follows (in millions):

	Qualified Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Service cost	**$1.5**	$1.5	**$0.7**	$0.7
Interest cost	**3.9**	3.6	**1.8**	1.8
Expected return on plan assets	**(5.4)**	(4.8)	**(1.5)**	(1.4)
Amortization of:				
Prior service cost (credit)	**0.3**	0.3	**(0.4)**	(0.4)
Actuarial loss	**0.1**	0.3	**0.5**	0.7
	$0.4	$0.9	**$1.1**	$1.4

In the above table, the pension benefits costs represent only those respective costs for bargaining unit employees of IPL covered under the bargaining unit pension plans that are sponsored by IPL. The other postretirement benefits costs represent costs for all IPL employees. Corporate Services provides services to IPL. The following table includes qualified pension benefits costs (credits) for IPL s non-bargaining employees who are participants in other Alliant Energy plans, and the allocated pension and other postretirement benefits costs associated with Corporate Services for IPL for the three months ended March 31 as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Non-bargaining IPL employees participating in other plans	**($0.9)**	($0.3)	**N/A**	N/A
Allocated Corporate Services costs	**0.3**	0.8	**$0.4**	$0.3

IPL estimates that funding for the qualified pension plans for its bargaining unit employees and other postretirement benefits plans for 2008 will be $0 and $5 million, respectively, of which $1 million has been contributed to the other postretirement benefits plans through March 31, 2008.

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(10) FAIR VALUE MEASUREMENTS

On Jan. 1, 2008, IPL adopted the provisions of SFAS 157, with the exception of nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. These nonrecurring nonfinancial assets and nonfinancial liabilities included asset retirement obligations. Refer to Notes

1(f) and 10 of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional information on SFAS 157.

IPL s recurring fair value measurements subject to the disclosure requirements of SFAS 157 at March 31, 2008 were as follows (in millions):

		Fair Value Measurements at March 31, 2008 Using:		
	Fair Value Measurements at March 31, 2008	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Derivative assets	$38.9	$--	$33.3	$5.6
Available-for-sale securities	3.0	3.0	--	--
Liabilities:				
Derivative liabilities	(2.4)	--	(1.2)	(1.2)

Additional information for IPL s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) is as follows (in millions):

	Derivative Assets and Liabilities, net
Beginning balance, Jan. 1, 2008	$15.0
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(6.2)
Purchases, sales, issuances and settlements, net	(4.4)
Ending balance, March 31, 2008	$4.4
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at March 31, 2008 (a)	($1.5)

(a) Recorded in Regulatory assets and Regulatory liabilities on IPL s Condensed Consolidated Balance Sheet.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to IPL s business segments is as follows. Intersegment revenues were not material to IPL s operations.

	Electric (in millions)	Gas	Other	Total
Three Months Ended March 31, 2008				
Operating revenues	**$277.1**	**$180.1**	**$16.1**	**$473.3**
Operating income	**35.5**	**18.6**	**3.8**	**57.9**
Earnings available for common stock				**25.3**
Three Months Ended March 31, 2007				
Operating revenues	$278.3	$166.5	$16.4	$461.2
Operating income	41.6	14.6	0.6	56.8
Earnings available for common stock				22.9

WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Operating revenues:		
Electric utility	**$290.6**	$275.2
Gas utility	**128.4**	121.8
Other	**1.8**	1.6
	420.8	398.6
Operating expenses:		
Electric production fuel and purchased power	**180.5**	157.6
Cost of gas sold	**92.2**	84.2
Other operation and maintenance	**56.5**	62.5
Depreciation and amortization	**27.0**	27.5
Taxes other than income taxes	**10.2**	10.1
	366.4	341.9
Operating income	**54.4**	56.7
Interest expense and other:		
Interest expense	**14.7**	12.0
Equity income from unconsolidated investments	**(7.5)**	(6.7)
Allowance for funds used during construction	**(1.9)**	(0.4)
Interest income and other	**(0.1)**	(0.3)
	5.2	4.6
Income before income taxes	**49.2**	52.1
Income taxes	**18.1**	17.5
Net income	**31.1**	34.6
Preferred dividend requirements	**0.8**	0.8
Earnings available for common stock	**$30.3**	$33.8

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	March 31, 2008	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Electric plant in service	**$2,227.0**	$2,214.4
Gas plant in service	**352.1**	347.6
Other plant in service	**188.1**	184.8
Accumulated depreciation	**(1,124.6)**	(1,108.2)
Net plant	**1,642.6**	1,638.6
Leased Sheboygan Falls Energy Facility, less accumulated amortization	**106.3**	107.9
Construction work in progress:		
Cedar Ridge Wind Farm	**99.1**	41.8
Other	**68.3**	60.8
Other, less accumulated depreciation	**2.6**	2.6
	1,918.9	1,851.7
Current assets:		
Cash and cash equivalents	**9.0**	0.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	**173.1**	168.6
Other, less allowance for doubtful accounts	**31.1**	14.5
Production fuel, at weighted average cost	**29.1**	37.0
Materials and supplies, at weighted average cost	**22.9**	21.5
Gas stored underground, at weighted average cost	**10.4**	37.9
Regulatory assets	**15.1**	27.3
Prepaid gross receipts tax	**28.1**	36.7
Derivative assets	**7.5**	14.9
Other	**16.8**	24.5
	343.1	383.3
Investments:		
Investment in American Transmission Company LLC	**174.3**	172.2
Other	**22.3**	23.1
	196.6	195.3
Other assets:		
Regulatory assets	**196.6**	196.9
Deferred charges and other	**145.7**	161.4
	342.3	358.3
Total assets	**$2,800.9**	$2,788.6

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	March 31, 2008	December 31, 2007
	(in millions, except per share and share amounts)	
Capitalization:		
Common stock - $5 par value - authorized 18,000,000 shares; 13,236,601 shares outstanding	**$66.2**	$66.2
Additional paid-in capital	**568.9**	568.8
Retained earnings	**408.0**	401.8
Total common equity	**1,043.1**	1,036.8
Cumulative preferred stock	**60.0**	60.0
Long-term debt, net (excluding current portion)	**537.0**	537.0
	1,640.1	1,633.8
Current liabilities:		
Current maturities	**60.0**	60.0
Commercial paper	**71.6**	81.8
Accounts payable	**122.0**	109.6
Accounts payable to associated companies	**47.8**	38.3
Regulatory liabilities	**36.0**	49.2
Other	**56.8**	42.1
	394.2	381.0
Other long-term liabilities and deferred credits:		
Deferred income taxes	**271.5**	269.9
Regulatory liabilities	**178.8**	173.9
Capital lease obligations - Sheboygan Falls Energy Facility	**115.5**	116.1
Pension and other benefit obligations	**72.5**	71.0
Other	**128.3**	142.9
	766.6	773.8
Total capitalization and liabilities	**$2,800.9**	$2,788.6

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

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WISCONSIN POWER AND LIGHT COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Three Months Ended March 31,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	**$31.1**	$34.6
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**27.0**	27.5
Other amortizations	**9.6**	9.6
Deferred tax expense (benefit) and investment tax credits	**2.2**	(3.6)
Equity income from unconsolidated investments	**(7.5)**	(6.7)
Distributions from equity method investments	**6.4**	4.4
Other	**(1.3)**	(0.3)
Other changes in assets and liabilities:		
Accounts receivable	**(21.1)**	23.1
Production fuel	**7.9**	8.6
Gas stored underground	**27.5**	10.3
Regulatory assets	**4.8**	30.8
Prepaid gross receipts tax	**8.6**	8.3
Accounts payable	**(3.8)**	(14.4)
Accrued taxes	**16.4**	15.0
Derivative liabilities	**(7.6)**	(29.6)
Other	**4.8**	13.4
Net cash flows from operating activities	**105.0**	131.0
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	**(65.3)**	(25.3)
Proceeds from sale of utility assets in Illinois	**-**	23.5
Other	**16.7**	(1.2)
Net cash flows used for investing activities	**(48.6)**	(3.0)
Cash flows used for financing activities:		
Common stock dividends	**(22.9)**	(23.1)
Preferred stock dividends	**(0.8)**	(0.8)
Net change in short-term borrowings	**(10.2)**	(94.5)
Changes in cash overdrafts	**(13.1)**	(5.9)
Other	**(0.8)**	(0.4)
Net cash flows used for financing activities	**(47.8)**	(124.7)
Net increase in cash and cash equivalents	**8.6**	3.3
Cash and cash equivalents at beginning of period	**0.4**	1.6
Cash and cash equivalents at end of period	**$9.0**	$4.9

Supplemental cash flows information:		
Cash paid (refunded) during the period for:		
Interest	**$21.6**	$12.6
Income taxes, net of refunds	**($2.6)**	$4.1

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

WISCONSIN POWER AND LIGHT COMPANY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Except as modified below, the Alliant Energy Notes to Condensed Consolidated Financial Statements are incorporated by reference insofar as they relate to WPL. The notes that follow herein set forth additional specific information for WPL and are numbered to be consistent with the Alliant Energy Notes to Condensed Consolidated Financial Statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The interim condensed consolidated financial statements included herein have been prepared by WPL, without audit, pursuant to the rules and regulations of the SEC. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, although management believes that the disclosures are adequate to make the information presented not misleading. The condensed consolidated financial statements include WPL and its consolidated subsidiaries. WPL is a direct subsidiary of Alliant Energy. These financial statements should be read in conjunction with the financial statements and the notes thereto included in WPL s latest combined Annual Report on Form 10-K.

In the opinion of management, all adjustments, which unless otherwise noted are normal and recurring in nature, necessary for a fair presentation of the condensed consolidated results of operations for the three months ended March 31, 2008 and 2007, the condensed consolidated financial position at March 31, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the three months ended March 31, 2008 and 2007 have been made. Results for the three months ended March 31, 2008 are not necessarily indicative of results that may be expected for the year ending Dec. 31, 2008. A change in management s estimates or assumptions could have a material impact on WPL s financial condition and results of operations during the period in which such change occurred. Certain prior period amounts have been reclassified on a basis consistent with the current period financial statement presentation.

(3) COMPREHENSIVE INCOME

WPL s comprehensive income, and the components of other comprehensive income, net of taxes, for the three months ended March 31 were as follows (in millions):

	2008	2007

Earnings available for common stock	**$30.3**	$33.8
Other comprehensive income:		
Pension and other postretirement benefits amortizations, net of tax	**--**	0.1
Comprehensive income	**$30.3**	$33.9

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - The components of WPL s qualified pension benefits and other postretirement benefits costs for the three months ended March 31 were as follows (in millions):

	Qualified Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Service cost	**$1.3**	$1.4	**$0.8**	$0.8
Interest cost	**3.8**	3.5	**1.4**	1.3
Expected return on plan assets	**(5.4)**	(4.8)	**(0.5)**	(0.4)
Amortization of:				
Prior service cost (credit)	**0.2**	0.2	**(0.2)**	(0.3)
Actuarial loss	**0.3**	0.7	**0.2**	0.3
	$0.2	$1.0	**$1.7**	$1.7

In the above table, the pension benefits costs represent only those respective costs for bargaining unit employees of WPL covered under the bargaining unit pension plan that is sponsored by WPL. The other postretirement benefits costs represent costs for all WPL employees. Corporate Services provides services to WPL. The following table includes qualified pension benefits costs (credits) for WPL s non-bargaining employees who are participants in other Alliant Energy plans, and the allocated pension and other postretirement benefits costs associated with Corporate Services for WPL for the three months ended March 31 as follows (in millions):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Non-bargaining WPL employees participating in other plans	**($0.7)**	($0.2)	**N/A**	N/A
Allocated Corporate Services costs	**0.2**	0.5	**$0.2**	$0.2

WPL estimates that funding for the qualified pension plan for its bargaining unit employees and other postretirement benefits plans for 2008 will be $0 and $7 million, respectively, of which $2 million has been contributed to the other postretirement benefits plans through March 31, 2008.

(10) FAIR VALUE MEASUREMENTS

On Jan. 1, 2008, WPL adopted the provisions of SFAS 157, with the exception of nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities. These nonrecurring nonfinancial assets and nonfinancial liabilities included asset retirement obligations. Refer to Notes 1(f) and 10 of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional information on SFAS 157.

WPL s recurring fair value measurements subject to the disclosure requirements of SFAS 157 at March 31, 2008 were as follows (in millions):

Fair Value Measurements at March 31, 2008 Using:
Quoted Prices

	Fair Value Measurements at March 31, 2008	in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative assets	$7.5	$--	$1.1	$6.4
Derivative liabilities	(0.1)	--	--	(0.1)

Additional information for WPL s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) is as follows (in millions):

	Derivative Assets and Liabilities, net
Beginning balance, Jan. 1, 2008	$12.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	(0.4)
Purchases, sales, issuances and settlements, net	(6.0)
Ending balance, March 31, 2008	$6.3
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at March 31, 2008 (a)	$--

(a) Recorded in Regulatory assets and Regulatory liabilities on WPL s Condensed Consolidated Balance Sheet.

(13) SEGMENTS OF BUSINESS

Certain financial information relating to WPL s business segments is as follows. Intersegment revenues were not material to WPL s operations.

	Electric	Gas	Other	Total
	(in millions)			
Three Months Ended March 31, 2008				
Operating revenues	**$290.6**	**$128.4**	**$1.8**	**$420.8**
Operating income (loss)	**31.3**	**23.7**	**(0.6)**	**54.4**
Earnings available for common stock				**30.3**
Three Months Ended March 31, 2007				
Operating revenues	$275.2	$121.8	$1.6	$398.6
Operating income (loss)	36.9	24.4	(4.6)	56.7
Earnings available for common stock				33.8

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MDA)

This MDA includes information relating to Alliant Energy, IPL and WPL, as well as Resources and Corporate Services. Where appropriate, information relating to a specific entity has been segregated and labeled as such. The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements included in this report as well as the financial statements, notes and MDA included in Alliant Energy s, IPL s and WPL s latest combined Annual Report on Form 10-K. Unless otherwise noted, all per share references in MDA refer to earnings per diluted share.

EXECUTIVE SUMMARY

Description of Business - Alliant Energy is an investor-owned public utility holding company whose primary subsidiaries are IPL, WPL, Resources and Corporate Services. IPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in Iowa and Minnesota. WPL is a public utility engaged principally in the generation and distribution of electric energy and the distribution and transportation of natural gas in selective markets in Wisconsin. WPL also owns an approximate 17% interest in ATC, a transmission-only utility operating in Wisconsin, Michigan, Illinois and Minnesota. Resources manages a relatively small portfolio of businesses through two distinct platforms: Non-regulated Generation (manages electric generating facilities) and other non-regulated investments (includes investments in environmental, consulting, engineering and renewable energy services through its RMT, Inc. (RMT) and WindConnect® businesses, transportation and several other modest investments). Corporate Services provides administrative services to Alliant Energy and its subsidiaries. An illustration of Alliant Energy s primary businesses is shown below.

Alliant Energy

Utility	Non-regulated (Resources)	Parent and Other
- IPL (Utility services in IA & MN)	- RMT and WindConnect®	- Parent Company
- WPL (Utility services in WI)	- Transportation	- Corporate Services
- WPL s interest in ATC	- Non-regulated Generation	

Summary of Historical Results of Operations - Alliant Energy s net income and EPS for the first quarter were as follows (dollars in millions, except per share amounts):

	2008		2007	
Continuing operations:	**Net Income**	**EPS**	Net Income	EPS
Utility	**$55.6**	**$0.50**	$56.7	$0.49
Non-regulated (Resources)	**8.4**	**0.08**	6.2	0.05
Parent company and other (interest income, taxes, and administrative and general)	**4.1**	**0.04**	2.3	0.02
Income from continuing operations	**68.1**	**0.62**	65.2	0.56
Loss from discontinued operations	**--**	**--**	(1.3)	(0.01)
Net income	**$68.1**	**$0.62**	$63.9	$0.55

Income from continuing operations for Alliant Energy s utility business was slightly lower in the first quarter of 2008 as compared to the same period in 2007 due to higher retail fuel-related costs at WPL and higher transmission-related costs at IPL. These items were substantially offset by the positive impacts on electric and gas sales caused by colder weather in the first quarter of 2008 as compared to the first quarter of 2007 and costs related to winter storms in IPL s service territory that reduced income in the first quarter of 2007. Earnings per share from continuing operations for Alliant Energy s utility business were slightly higher in the first quarter of 2008 as compared to the same period in 2007 due to the accretive effect of fewer shares outstanding in 2008 following the completion of an Alliant Energy common stock repurchase program in 2007.

Income from continuing operations for Alliant Energy s non-regulated businesses was higher in the first quarter of 2008 as compared with the first quarter of 2007 primarily due to improved earnings from the RMT and WindConnect® business. Income from continuing operations for the parent company and other was higher in the first quarter of 2008 as compared to the same period in 2007 primarily due to higher interest income earned on short-term securities purchased with a portion of

the proceeds from the sale of IPL s transmission assets, which IPL transferred to the parent company in the fourth quarter of 2007.

Refer to Alliant Energy s Results of Operations, IPL s Results of Operations and WPL s Results of Operations for additional details regarding th various factors impacting the respective earnings during the first quarter of 2008 and 2007.

STRATEGIC OVERVIEW

A summary of Alliant Energy s strategic overview is included in the combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended Dec. 31, 2007 and has not changed materially from the items reported in the 2007 Form 10-K, except as described below.

Utility Generation Plan - Alliant Energy s current utility generation plan through 2013 is as follows (Not Applicable (N/A)):

Primary Generation Type	Project Name / Location	Capacity (MW)	Expected Availability Date	Cost Estimate (a)	Current Capitalized Costs (b)	Actual / Expected Regulatory Decision Date
IPL:						
Wind	Whispering Willow Franklin County, IA	200	2010	$400 - $450	$11	February 2008
Coal	Sutherland #4 Marshalltown, IA	350	2013	950 - 1,050	18	Second half of 2008
WPL:						
Wind	Cedar Ridge Fond du Lac County, WI	68	Fourth quarter of 2008	165	99	May 2007
Natural-gas	Neenah Energy Facility Neenah, WI	300	2009	95	N/A	Second half of 2008
Wind	Bent Tree Freeborn County, MN	200	2010	400 - 450	1	First quarter of 2009
Coal	Nelson Dewey #3 Cassville, WI	300	2013	850 - 950	20	Fourth quarter of 2008
Natural-gas	Riverside Energy Center Beloit, WI	600	2013	365 - 375	N/A	2012 - 2013
					$149	

(a) Cost estimates represent IPL s or WPL s estimated portion of the total escalated construction and acquisition expenditures in millions of dollars and exclude allowance for funds used during construction (AFUDC), if applicable. WPL expects the purchase price for the Neenah facility to be based on the book value of the facility on the transfer date.

(b) Costs represent capitalized expenditures in millions of dollars as of March 31, 2008, including pre-certification/pre-construction costs recorded in Construction Work In Progress and Other assets - regulatory assets on the respective Condensed Consolidated Balance Sheets. Refer to Note 1(b) of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional details of costs recorded in Other assets - regulatory assets.

Whispering Willow - In February 2008, IPL received approval from the IUB to construct the wind farm, which includes a return on common equity of 11.7% and a 25-year depreciable life for up to 200 MW of capacity. The advanced rate making principles for this project, as approved by the IUB, included a predetermined level, or cost cap, for construction costs. If final construction costs for the project exceed this cost cap, IPL will be required to demonstrate the construction costs above the cost cap are prudent and reasonable in order to recover the additional costs in electric rates. The expected commercial operation date of the 200 MW of capacity is subject to the availability of wind turbines. IPL has secured development rights on an additional approximate 300 MW of capacity in Franklin County, Iowa. Future development of the balance of the wind farm will depend on numerous factors such as renewable portfolio standards and availability of wind turbines. As of March 31, 2008, IPL s capitalized costs related to the additional approximate 300 MW of capacity were $17 million.

Sutherland #4 - The site of the new 630 MW coal-fired electric generating facility, which also includes an additional 19 MW equivalent of steam cogeneration for use by nearby industries, is adjacent to the existing Sutherland Generating Station (Sutherland) in Marshalltown, Iowa. In April 2008, the IUB issued its oral decision approving, with certain conditions, IPL s siting certificate application for the facility. These certain conditions would require IPL to: 1) periodically review the viability of carbon capture and sequestration technology for the proposed facility with the IUB; 2) utilize switch grass, corn stalks or other similar agriculturally-based products for 5% and 10% of the facility s fuel source within two and five years, respectively, of the proposed facility becoming operational; 3) derive 10% of IPL's electric generation in Iowa from renewables by 2013; and 4) increase that amount of renewables to 25% by 2028. The IUB s decision to grant certification for construction is also contingent upon IPL receiving all necessary regulatory approvals and permits related to the proposed facility, including approval of advanced rate making principles and an air permit. In March 2008, IPL filed for advanced rate making principles with the IUB for its share of the cost of the facility and expects to receive a decision from the IUB in the second half of 2008. IPL requested a return on common equity of 12.55% in its filing with the IUB. IPL also expects to receive a decision from the Iowa Department of Natural Resources (DNR) on its air permit for the proposed facility in the second half of 2008.

In November 2007, IPL, Central Iowa Power Cooperative (CIPCO) and Corn Belt Power Cooperative (Corn Belt) signed a joint operating agreement for joint ownership in the proposed facility. IPL expects to utilize up to 350 MW of output, while CIPCO and Corn Belt will each utilize 100 MW of output. In January 2008, seven participating members of the North Iowa Municipal Electric Cooperative Association entered into agreements for joint ownership in the proposed facility and expect to utilize 16.5 MW of output in aggregate. Additionally, IPL expects to obtain additional partners or enter into PPAs for the remaining 82.5 MW of output. The cost estimate for Sutherland #4 of $950 million to $1,050 million noted in the table above reflects IPL s utilization of 350 MW of output. IPL has selected Black and Veatch Construction, Inc. to provide engineering and procurement services and Kiewit Power Constructors Company to provide construction services for the proposed expansion. IPL plans to utilize super critical pulverized coal technology and a hybrid coal and biomass fuel capability for the proposed facility.

In February 2008, IPL proposed to permanently reduce its generating fleet s GHG emissions by retiring certain coal-fired generating units (Lansing Units 2 and 3) and switching the fuel source of certain other coal-fired units to natural gas (all Dubuque Units). IPL filed these proposed changes with the IUB as part of its application for advanced rate making principles for Sutherland #4. These proposed changes to IPL s generating fleet will be effective when Sutherland #4 becomes available in 2013 and are contingent upon IPL receiving regulatory approval of its advanced rate making principles application for Sutherland #4.

Cedar Ridge - In May 2007, WPL received approval from the PSCW to construct the project, however, WPL did not accept the PSCW s Act 7 decision, which included a return on common equity of 10.50% compared to WPL s requested return on common equity of 12.90%. Instead, WPL will proceed with applying traditional rate making procedures for the recovery of and return on its capital costs for this wind farm.

Neenah Energy Facility (NEF) - In April 2008, WPL received approval from the PSCW to purchase Resources 300 MW, simple cycle, natural gas-fired electric generating facility in Neenah, Wisconsin. WPL intends to replace the output currently obtained under the RockGen PPA with output from NEF. WPL currently plans to acquire NEF effective June 1, 2009, which coincides with the expected termination of WPL s RockGen PPA scheduled for May 31, 2009. WPL expects to file for approval from FERC for the NEF purchase in the second quarter of 2008.

Bent Tree - In April 2008, WPL entered into a letter of intent to purchase a 400 MW wind farm site in Freeborn County, Minnesota. WPL plans to file for approval from the PSCW and the Minnesota Public Utilities Commission (MPUC) in the second quarter of 2008 to construct 200 MW of this capacity. WPL expects to use traditional rate making procedures for the recovery of and return on its capital costs for the 200 MW of capacity. The expected commercial operation date is subject to the timing of pending regulatory approvals and availability of wind turbines. Future development of the balance of the wind farm will depend on numerous factors such as renewable portfolio standards and availability of wind turbines.

Nelson Dewey #3 - The preferred site of the new facility is adjacent to the existing Nelson Dewey Generating Station (Nelson Dewey) in Cassville, Wisconsin. In February 2007, WPL filed for approval from the PSCW to proceed with construction of the new facility and to specify in advance rate making principles. In its initial regulatory application, WPL requested a return on common equity of 12.95% along with a capital structure that includes a 50% common equity ratio. In April 2008, WPL updated its regulatory application to request a return on common equity of 12.50%. In December 2007, the PSCW determined WPL s Certificate of Public Convenience and Necessity (CPCN) application was complete, thereby initiating the construction permitting process. By law, the PSCW has up to 360 days (180 days plus an optional 180 day extension) from the date the application was determined complete to make a final ruling on the proposed expansion. WPL has selected Washington Group International to provide engineering, procurement, and construction services for the proposed expansion. The current cost estimate includes expenditures for facilities that will be shared with the existing units at Cassville, Wisconsin. WPL plans to utilize circulating fluidized bed technology and a hybrid coal and biomass fuel capability for the new facility.

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Riverside Energy Center - WPL has a PPA with a subsidiary of Calpine related to Riverside that extends through May 31, 2013 and provides WPL the option to purchase Riverside at the end of the PPA term. For planning purposes, WPL is currently assuming it will exercise its option to purchase Riverside, a 600 MW natural-gas fired electric generating facility in Beloit, Wisconsin, to replace the output currently obtained under the PPA.

RATES AND REGULATORY MATTERS

A summary of Alliant Energy s rates and regulatory matters is included in the combined Annual Report on Form 10-K filed by Alliant Energy, IPL and WPL for the year ended Dec. 31, 2007 and has not changed materially from the items reported in the 2007 Form 10-K, except as described below.

Utility Rate Cases - Details of Alliant Energy s rate cases impacting its historical and future results of operations are as follows (dollars in millions; Electric (E); Gas (G); Not Applicable (N/A); To Be Determined (TBD); Fuel-related only (F-R)):

Rate Case	**Utility Type**	**Filing Date**	**Increase Requested**	**Interim Increase Granted (a)**	**Interim Effective Date**	**Final Increase Granted (a)**	**Final Effective Date**	**Return on Common Equity**
WPL:								
2008 Retail (F-R)	E	3/08	$16	$16	4/08	TBD	TBD	N/A
2009/2010 Retail	E/G	2/08	92	N/A	N/A	TBD	TBD	TBD
2008 Retail	E	4/07	26	N/A	N/A	$26	1/08	10.80%
2007 Wholesale	E	9/06	(b)	(b)	(b)	TBD	TBD	TBD
2007 Retail	E/G	3/06	96	N/A	N/A	34	1/07	10.80%

(a) Interim rate relief is implemented, subject to refund, pending determination of final rates. The final rate relief granted replaces the amount of interim rate relief granted.
(b) Refer to WPL s 2007 Wholesale Rate Case below for additional information.

WPL s 2008 Fuel-related Retail Rate Case - In March 2008, WPL filed a request with the PSCW to increase annual retail electric rates by $16 million to recover increased electric fuel and purchased energy costs (fuel-related costs). Actual fuel-related costs through February 2008, combined with projections of continued higher fuel-related costs for the remainder of 2008, significantly exceeded the amounts currently recovered in retail electric rates. In April 2008, WPL received an order from the PSCW authorizing an interim increase, subject to refund, effective in April 2008. WPL anticipates receiving a final written order from the PSCW regarding its request in the third quarter of 2008.

WPL s 2007 Wholesale Rate Case - WPL and its wholesale customers reached a settlement of the issues identified in WPL s filing with FERC requesting approval to implement a formula rate structure. Final written agreements with WPL s wholesale customers were filed with FERC in February 2008 and, if approved, will result in an over-collection of wholesale electric revenues beginning June 1, 2007. WPL will refund the over-collection, with interest, upon approval in accordance with FERC requirements. As of March 31, 2008, WPL has fully accrued anticipated refunds of $7 million related to revenues collected during June 1, 2007 through March 31, 2008.

WPL s 2007 Retail Rate Case - In August 2007, WPL received approval from the PSCW to refund to its retail electric customers any over-recovery of retail fuel-related costs during the period June 1, 2007 through Dec. 31, 2007. WPL estimates the over-recovery of retail fuel-related costs during this period to be $20 million, including interest. WPL refunded to its retail electric customers $4 million in 2007 and $3 million during the first two months of 2008. In March 2008, WPL filed a request for approval with the PSCW to refund to its retail electric customers the remaining $13 million, including interest. WPL expects to receive the PSCW s decision in the second quarter of 2008. At March 31, 2008, WPL reserved for the remaining amounts anticipated to be paid to retail electric customers related to these refunds.

Utility Fuel Cost Recovery -

Potential Changes to WPL s Electric Fuel-related Cost Recovery Mechanism - In March 2008, PSCW Commissioners voted to formally begin the process of promulgating new retail electric fuel-related cost recovery rules in Wisconsin after making certain revisions to the proposed rules drafted by PSCW staff in 2007. Formal action by the PSCW following a public hearing and comment period, as well as subsequent legislative committee review, are required before any changes to the current rules could become effective. WPL is currently unable to predict the final outcome of this initiative.

Other Recent Regulatory Developments -

IPL s Electric Transmission Assets Sale - In December 2007, the Office of the Attorney General - Small Business and Residential Utilities Division (OAG) filed a request with the MPUC for a Stay and Motion for Reconsideration of the MPUC s decision approving, with certain conditions, IPL s request to sell its electric transmission assets. In April 2008, the MPUC issued its decision denying the OAG s petition for reconsideration.

Neenah Energy Facility - In April 2008, WPL received approval from the PSCW to purchase Resources 300 MW, simple cycle, natural gas-fired electric generating facility in Neenah, Wisconsin. Refer to Strategic Overview - Utility Generation Plan for additional information.

ALLIANT ENERGY S RESULTS OF OPERATIONS

Overview - First Quarter Results - Refer to Executive Summary for an overview of Alliant Energy s first quarter 2008 and 2007 earnings and the various components of Alliant Energy s business.

Utility Electric Margins - Electric margins and megawatt-hour (MWh) sales for Alliant Energy for the three months ended March 31 were as follows:

Revenues and Costs (dollars in millions)			MWhs Sold (MWhs in thousands)		
2008	2007	Change	**2008**	2007	Change

Residential	**$212.1**	$209.8	1%	**2,142**	2,058	4%
Commercial	**119.2**	123.0	(3%)	**1,511**	1,498	1%
Industrial	**159.6**	163.2	(2%)	**3,059**	3,007	2%
Retail subtotal	**490.9**	496.0	(1%)	**6,712**	6,563	2%
Sales for resale:						
Wholesale	**51.8**	37.4	39%	**942**	808	17%
Bulk power and other	**15.4**	8.7	77%	**265**	581	(54%)
Other	**9.6**	11.4	(16%)	**44**	45	(2%)
Total revenues/sales	**567.7**	553.5	3%	**7,963**	7,997	--
Electric production fuel and purchased power expense	**301.5**	280.3	8%			
Margins	**$266.2**	$273.2	(3%)			

First Quarter 2008 vs. First Quarter 2007 Summary - Electric margins decreased $7 million, or 3%, primarily due to higher electric production fuel and purchased power expenses at WPL, the impacts of the sale of IPL s and WPL s electric distribution properties in Illinois in February 2007 and $2 million of lower wheeling revenues at IPL largely due to the sale of its electric transmission assets in December 2007. These decreases were partially offset by the net impacts of weather conditions and Alliant Energy s weather hedging activities, an increase in weather-normalized retail sales volumes, $4 million of purchased power capacity costs at WPL in the first quarter of 2007 related to a contract that ended in December 2007 and the loss of retail sales during the outages caused by the winter storms in IPL s service territory in the first quarter of 2007. The increase in weather-normalized retail sales volumes was largely due to an extra day of sales in the first quarter of 2008 as compared to the first quarter of 2007 due to 2008 being a leap year, a 1% increase in the number of retail customers and increased electric demand from IPL s large grain processing industrial customers.

Fuel and Purchased Power Energy (Fuel-related) Cost Recoveries - Alliant Energy s fuel-related costs increased $21 million, or 8%, primarily due to increased commodity prices. Due to IPL s rate recovery mechanisms for fuel-related costs, changes in fuel-related costs resulted in comparable changes in electric revenues and, therefore, did not have a significant impact on IPL s electric margins. WPL s rate recovery mechanism for wholesale fuel-related costs provides for subsequent adjustments to its wholesale electric rates for changes in commodity costs, thereby mitigating impacts of changes to commodity costs on its electric margins.

WPL s retail fuel-related costs incurred in the first quarter of 2008 were higher than the forecasted fuel-related costs used to set retail rates during such period. WPL estimates the higher than forecasted retail fuel-related costs decreased electric margins by approximately $5 million in the first quarter of 2008. WPL s fuel-related costs incurred in the first quarter of 2007 were lower than the forecasted fuel-related costs used to set retail rates during such period. WPL estimates the lower than forecasted retail fuel-related costs increased electric margins by approximately $7 million in the first quarter of 2007. Refer to Rates and Regulatory Matters for information regarding WPL s retail electric fuel-related rate increase request filed with the PSCW in March 2008 and potential changes to WPL s retail electric fuel-related cost recovery mechanism.

Impacts of Weather Conditions (excluding the impacts of winter storms in IPL s service territory) - Estimated increases (decreases) to Alliant Energy s electric margins from the net impacts of weather and Alliant Energy s weather hedging activities for the three months ended March 31 were as follows (in millions):

	2008	2007
Weather impacts on demand compared to normal weather	**$6**	$1
Losses from weather derivatives (a)	**(3)**	(2)
Net weather impact	**$3**	($1)

(a) Recorded in Other revenues in the above table.

Wholesale Sales - Wholesale and retail sales volumes were impacted by IPL s and WPL s sales of their respective electric distribution properties in Illinois in February 2007. Prior to these asset sales, electric revenues and MWhs sold to retail customers in Illinois were included in residential, commercial and industrial sales in the above table. Upon completion of these asset sales, IPL and WPL entered into separate wholesale agreements to continue to provide electric services to their former retail customers in Illinois. Electric revenues and MWhs sold under these wholesale agreements are included in wholesale sales in the above table. The lower pricing for wholesale customers as compared to retail customers resulted in a decrease to electric margins following the sale of the electric distribution properties in Illinois.

Bulk Power and Other Sales - Bulk power and other revenue changes for the first quarter of 2008 compared to the same period in 2007 were largely due to changes in revenues from sales in the restructured wholesale energy market operated by MISO. These changes in revenues were largely offset by changes in electric production fuel and purchased power expense and therefore did not have a significant impact on electric margins.

Utility Gas Margins - Gas margins and dekatherm (Dth) sales for Alliant Energy for the three months ended March 31 were as follows:

	Revenues and Costs (dollars in millions)			Dths Sold (Dths in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$179.8**	$170.6	5%	**15,096**	14,144	7%
Commercial	**104.3**	93.2	12%	**9,970**	8,836	13%
Industrial	**14.1**	15.6	(10%)	**1,514**	1,727	(12%)
Retail subtotal	**298.2**	279.4	7%	**26,580**	24,707	8%
Interdepartmental	**1.9**	3.9	(51%)	**269**	503	(47%)
Transportation/other	**8.4**	5.0				