INTERSTATE POWER & LIGHT CO
Form 10-Q
August 06, 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 **June 30, 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 July 31, 2008:

Alliant Energy Corporation	Common stock, $0.01 par value, 110,450,391 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)

TABLE OF CONTENTS

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, capital expenditures 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 potential purchases of the Riverside Energy Center (Riverside) and 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, including changing environmental laws and regulations and the ability to recover through rates all environmental compliance costs; 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, including uncertainties associated with efforts to remediate the effects of the June 2008 Midwest flooding, reimbursement of storm-related costs covered by insurance, rate relief for costs associated with restoration, and the impact of the flooding on the economic conditions of the affected service territories; economic and political conditions in their service territories; 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.

1

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 June 30,		For the Six Months Ended June 30,	
	2008	2007	**2008**	2007
	(dollars in millions, except per share amounts)			
Operating revenues:				
Utility:				
Electric	**$576.7**	$565.5	**$1,144.4**	$1,119.0
Gas	**121.1**	94.0	**429.6**	382.3

Other	**15.6**	15.4	**33.5**	33.4
Non-regulated	**114.0**	71.3	**211.9**	124.2
	827.4	746.2	**1,819.4**	1,658.9
Operating expenses:				
Utility:				
Electric production fuel and purchased power	**305.2**	292.9	**606.7**	573.2
Cost of gas sold	**86.8**	60.9	**318.9**	272.8
Other operation and maintenance	**169.0**	142.3	**333.8**	306.9
Non-regulated operation and maintenance	**96.5**	60.1	**177.3**	101.4
Depreciation and amortization	**61.7**	66.0	**123.3**	132.0
Taxes other than income taxes	**26.2**	27.0	**52.3**	54.8
	745.4	649.2	**1,612.3**	1,441.1
Operating income	**82.0**	97.0	**207.1**	217.8
Interest expense and other:				
Interest expense	**30.3**	27.7	**60.0**	57.3
Equity income from unconsolidated investments, net	**(7.2)**	(7.0)	**(14.7)**	(14.5)
Allowance for funds used during construction	**(4.2)**	(1.9)	**(7.4)**	(3.4)
Preferred dividend requirements of subsidiaries	**4.7**	4.7	**9.4**	9.4
Interest income and other	**(4.2)**	(2.4)	**(11.3)**	(10.9)
	19.4	21.1	**36.0**	37.9
Income from continuing operations before income taxes	**62.6**	75.9	**171.1**	179.9
Income taxes	**10.8**	30.9	**51.2**	69.7
Income from continuing operations	**51.8**	45.0	**119.9**	110.2
Income from discontinued operations, net of tax	**9.0**	3.6	**9.0**	2.3
Net income	**$60.8**	$48.6	**$128.9**	$112.5
Weighted average number of common shares outstanding (basic) (000s)	**110,168**	112,778	**110,158**	114,099
Earnings per weighted average common share (basic):				
Income from continuing operations	**$0.47**	$0.40	**$1.09**	$0.97
Income from discontinued operations	**0.08**	0.03	**0.08**	0.02
Net income	**$0.55**	$0.43	**$1.17**	$0.99

Weighted average number of common shares outstanding (diluted) (000s)	**110,322**	113,026	**110,313**	114,390
Earnings per weighted average common share (diluted):				
Income from continuing operations	**$0.47**	$0.40	**$1.09**	$0.96
Income from discontinued operations	**0.08**	0.03	**0.08**	0.02
Net income	**$0.55**	$0.43	**$1.17**	$0.98
Dividends declared per common share	**$0.35**	$0.3175	**$0.70**	$0.635

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

2

ALLIANT ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	June 30, 2008	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Utility:		
Electric plant in service	**$5,670.4**	$5,633.7
Gas plant in service	**741.0**	726.3
Other plant in service	**468.4**	466.8
Accumulated depreciation (accum. depr.)	**(2,689.8)**	(2,692.5)
Net plant	**4,190.0**	4,134.3
Construction work in progress:		
Whispering Willow - East Wind Farm	**151.2**	-
Cedar Ridge Wind Farm	**109.5**	41.8
Other	**179.5**	153.6
Other, less accum. depr.	**22.5**	4.6
Total utility	**4,652.7**	4,334.3
Non-regulated and other:		
Non-regulated Generation, less accum. depr.	**234.9**	240.5
Other non-regulated investments, less accum. depr.	**63.9**	66.1
Alliant Energy Corporate Services, Inc. and other, less accum. depr.	**40.9**	39.0
Total non-regulated and other	**339.7**	345.6
	4,992.4	4,679.9
Current assets:		
Cash and cash equivalents	**573.9**	745.6

Accounts receivable:		
Customer, less allowance for doubtful accounts	**141.2**	154.7
Unbilled utility revenues	**102.3**	151.6
Other, less allowance for doubtful accounts	**75.8**	40.6
Income tax refunds receivable	**74.5**	13.5
Production fuel, at weighted average cost	**90.2**	92.2
Materials and supplies, at weighted average cost	**49.0**	45.6
Gas stored underground, at weighted average cost	**37.1**	70.5
Regulatory assets	**28.7**	58.5
Derivative assets	**108.1**	34.1
Other	**95.3**	65.4
	1,376.1	1,472.3
Investments:		
Investment in American Transmission Company LLC	**181.6**	172.2
Other	**68.5**	65.7
	250.1	237.9
Other assets:		
Regulatory assets	**478.5**	491.7
Deferred charges and other	**306.8**	307.9
	785.3	799.6
Total assets	**$7,403.9**	$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	June 30, 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 110,455,511 and 110,359,314 shares	**$1.1**	$1.1
Additional paid-in capital	**1,494.2**	1,483.4
Retained earnings	**1,254.3**	1,205.2
Accumulated other comprehensive income	**2.8**	0.2
Shares in deferred compensation trust - 245,095 and 294,196 shares at a weighted average cost of $30.93 and $29.65 per share	**(7.6)**	(8.7)
Total common equity	**2,744.8**	2,681.2
Cumulative preferred stock of subsidiaries, net	**243.8**	243.8
Long-term debt, net (excluding current portion)	**1,403.2**	1,404.5

	4,391.8	4,329.5
Current liabilities:		
Current maturities	**138.5**	140.1
Commercial paper	**207.0**	81.8
Other short-term borrowings	**0.1**	29.5
Accounts payable	**355.5**	346.7
Regulatory liabilities	**125.1**	86.5
Accrued taxes	**51.6**	74.7
Other	**197.9**	177.7
	1,075.7	937.0
Other long-term liabilities and deferred credits:		
Deferred income taxes	**856.1**	822.9
Regulatory liabilities	**673.1**	656.4
Pension and other benefit obligations	**200.1**	206.4
Other	**205.0**	233.6
	1,934.3	1,919.3
Minority interest	**2.1**	3.9
Total capitalization and liabilities	**$7,403.9**	$7,189.7

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

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

	For the Six Months Ended June 30,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	**$128.9**	$112.5
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**123.3**	132.0
Other amortizations	**23.2**	24.0
Deferred tax expense (benefit) and investment tax credits	**(5.7)**	18.6
Equity income from unconsolidated investments, net	**(14.7)**	(14.5)
Distributions from equity method investments	**12.8**	9.9
Other	**2.4**	(13.7)
Other changes in assets and liabilities:		
Accounts receivable	**(9.7)**	95.1
Sale of accounts receivable	**40.0**	-
Income tax refunds receivable	**(61.0)**	(13.6)

Gas stored underground	**33.4**	1.9
Derivative assets	**(90.7)**	2.1
Regulatory assets	**15.8**	81.9
Accounts payable	**34.9**	4.7
Accrued taxes	**(22.9)**	1.9
Derivative liabilities	**(4.5)**	(56.3)
Regulatory liabilities	**52.3**	(21.1)
Accrued incentive compensation and other	**(7.3)**	(64.7)
Net cash flows from operating activities	**250.5**	300.7
Cash flows used for investing activities:		
Construction and acquisition expenditures:		
Utility business	**(429.5)**	(230.3)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	**(14.3)**	(10.5)
Proceeds from asset sales	**2.4**	124.1
Purchases of emission allowances	**-**	(23.9)
Other	**18.0**	22.8
Net cash flows used for investing activities	**(423.4)**	(117.8)
Cash flows from (used for) financing activities:		
Common stock dividends	**(77.1)**	(72.8)
Repurchase of common stock	**(1.5)**	(235.6)
Proceeds from issuance of common stock	**1.3**	32.6
Reductions in long-term debt	**(3.1)**	(222.5)
Net change in short-term borrowings	**95.8**	165.7
Other	**(14.2)**	9.0
Net cash flows from (used for) financing activities	**1.2**	(323.6)
Net decrease in cash and cash equivalents	**(171.7)**	(140.7)
Cash and cash equivalents at beginning of period	**745.6**	266.0
Cash and cash equivalents at end of period	**$573.9**	$125.3

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

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 and six months ended June 30, 2008 and 2007, the condensed consolidated financial position at June 30, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the six months ended June 30, 2008 and 2007 have been made. Results for the three and six months ended June 30, 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 -

<u>Derivatives</u> - 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 June 30, 2008 and Dec. 31, 2007.

<u>Costs for Proposed Base-load, Clean Air Compliance and Wind Projects</u> - 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	
	June 30, 2008	Dec. 31, 2007	**June 30, 2008**	Dec. 31, 2007	**June 30, 2008**	Dec. 31, 2007
WPL s base-load project (a)	**$23.2**	$17.3	**$--**	$--	**$23.2**	$17.3
IPL s base-load project (b)	**20.3**	12.0	**20.3**	12.0	**--**	--
Clean air compliance projects	**13.7**	12.2	**7.4**	7.5	**6.3**	4.7
Wind projects (c)	**1.4**	28.6	**--**	27.2	**1.4**	1.4
	$58.6	$70.1	**$27.7**	$46.7	**$30.9**	$23.4

(a) WPL s proposed 300 megawatt (MW) coal-fired electric generating facility with a preferred location in Cassville, Wisconsin, which WPL expects to be in service in 2013. Costs include certain items that benefit existing units.
(b) IPL s proposed 630 MW coal-fired electric generating facility in Marshalltown, Iowa, which IPL expects to be in service in 2013.
(c) Includes IPL s proposed 200 MW Whispering Willow - East 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 on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets.

(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 and six months ended June 30 was as follows (in thousands):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Weighted average common shares outstanding:				
Basic EPS calculation	**110,168**	112,778	**110,158**	114,099
Effect of dilutive securities	**154**	248	**155**	291

Diluted EPS calculation	**110,322**	113,026	**110,313**	114,390

(d) Cash and Cash Equivalents - At June 30, 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):

	June 30, 2008	Dec. 31, 2007
Total cash and cash equivalents	**$574**	$746
Money market fund investments	**$556**	$737
Interest rates on money market fund investments	**2.57 2.70%**	4.83 - 4.99%

(e) Utility Property, Plant and Equipment -

Utility Plant Retirements Related to Severe Flooding **-** During the second quarter of 2008, severe flooding in Cedar Rapids, Iowa caused significant damage at several facilities owned by IPL, including its Prairie Creek and Sixth Street generating stations, certain office and operating buildings and several distribution substations. Based on an initial assessment of the damage at these facilities, Alliant Energy and IPL recorded approximately $68 million of estimated retirements of utility plant. These retirements were recorded as reductions to Utility plant in service and Accumulated depreciation on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets at June 30, 2008. Alliant Energy and IPL plan to complete a more formal assessment of the damage to the Prairie Creek and Sixth Street generating stations in the third quarter of 2008, after which they will update, if required, their initial estimate of retirements related to utility plant damaged by the severe flooding.

Construction Work in Progress for Whispering Willow - East Wind Farm - During the second quarter of 2008, Corporate Services, as agent for IPL and WPL, entered into a master supply agreement with Vestas-American Wind Technology, Inc. (Vestas) for the purchase of 500 MW of wind turbine generator sets and related equipment to support IPL s and WPL s wind generation plan. Upon execution of the master supply agreement, IPL made an initial payment of $138 million for 200 MW of wind turbine generator sets and related equipment to be utilized in its Whispering Willow - East wind farm. This initial payment by IPL was included in Construction work in progress - Whispering Willow - East Wind Farm on Alliant Energy s and IPL s Condensed Consolidated Balance Sheets at June 30, 2008. Refer to Note 12(a) for additional information regarding the master supply agreement executed in the second quarter of 2008.

(f) 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 and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Interest income	**($4.3)**	($2.4)	**($11.2)**	($7.2)
Gains on investment sales, net	**--**	(0.2)	**--**	(3.8)
Other	**0.1**	0.2	**(0.1)**	0.1
	($4.2)	($2.4)	**($11.3)**	($10.9)

The supplemental cash flows information for Alliant Energy s Condensed Consolidated Statements of Cash Flows for the six months ended June 30 was as follows (in millions):

	2008	2007
Cash paid during the period for:		
Income taxes, net of refunds	**$133.3**	$63.2
Interest, net of capitalized interest	**72.1**	63.3
Noncash investing and financing activities:		
Debt assumed by buyer of Mexico business	**--**	5.0

(g) New Accounting Pronouncements - In May 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 162, The Hierarchy of Generally Accepted Accounting Principles. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS No. 162 will be effective for Alliant Energy, IPL and WPL 60 days following the SEC s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles. SFAS 162 is not expected to have any impact on their financial condition or results of operations.

In April 2008, the FASB issued FASB Staff Position (FSP) No. SFAS 142-3, Determination of the Useful Life of Intangible Assets. FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under SFAS 142, Goodwill and Other Intangible Assets, and requires expanded disclosures related to intangible assets. Alliant Energy, IPL and WPL are required to adopt FSP SFAS 142-3 on Jan. 1, 2009. FSP SFAS 142-3 is not expected to have a material impact on their financial condition or results of operations.

In March 2008, the FASB issued 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 have any impact on 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 FSP No. FASB Interpretation 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.

8

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 the 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 the settlement is 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. In May 2008, WPL received authorization from FERC to implement the settlement rates on an interim basis effective June 1, 2008 pending FERC consideration of the filed settlement. As of June 30, 2008, WPL has fully accrued anticipated refunds, including interest, of $10 million related to revenues collected during June 1, 2007 through May 31, 2008. Assuming FERC approval of the settlement, no refunds are expected for revenues collected after May 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. As of June 30, 2008, WPL estimated the over-recovery of retail fuel-related costs during this period to be $21 million, including interest. WPL refunded to its retail electric customers $4 million in 2007 and $3 million during the first quarter of 2008. In March 2008, WPL filed a request for approval with the PSCW to refund to its retail electric customers the remaining amount, including interest. As of June 30, 2008, the total refund amount anticipated to be paid to retail electric customers was $14 million, including interest. WPL expects to receive the PSCW s decision in the third quarter of 2008. As of June 30, 2008, WPL reserved for the refund amounts, including interest, 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 and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Net income	**$60.8**	$48.6	**$128.9**	$112.5
Unrealized gains (losses) on securities, net of tax	**1.9**	--	**2.5**	(0.1)
Pension and other postretirement benefits amortizations, net of tax	**0.1**	0.1	**0.1**	0.3
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)	**2.0**	0.1	**2.6**	(0.3)
Comprehensive income	**$62.8**	$48.7	**$131.5**	$112.2

(4) SALES OF ACCOUNTS RECEIVABLE

At June 30, 2008 and Dec. 31, 2007, IPL had sold in the aggregate $140 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% generally due to state income taxes, tax credits, effects of utility rate making and certain non-deductible expenses.

In the second quarter of 2008, Alliant Energy reached a settlement with the Internal Revenue Service (IRS) which finalized the audit of its U.S. federal income tax returns for calendar years 2002 through 2004. As a result of completing the audit and recording known adjustments for the tax returns for calendar years 2005 and 2006, Alliant Energy and IPL recorded decreases in their liabilities for unrecognized tax benefits and related interest, net of tax, and changes to their provision for income taxes, including the impacts of $12.6 million and $7.8 million, respectively, of income tax benefits allocated to continuing operations in the second quarter of 2008.

Alliant Energy reduced its liability for unrecognized tax benefits by $12.3 million ($3.2 million allocated to continuing operations and $9.1 million allocated to discontinued operations) in the second quarter of 2008 upon the completion of the audit of its U.S. federal income tax returns for calendar years 2002 through 2004. The completion of the audit of Alliant Energy s U.S. federal income tax returns for calendar years 2002 through 2004 did not result in any material changes to the unrecognized tax benefits of IPL or WPL. Alliant Energy, IPL and WPL do not anticipate any material changes will be made to their unrecognized tax benefits during the 12 months ended June 30, 2009.

Refer to Note 12(e) for discussion of a tax contingency related to capital gains from the sale of IPL s electric transmission assets and 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 and six months ended June 30 were as follows (in millions):

	Pension Benefits				Other Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Service cost	**$4.0**	$5.0	**$8.1**	$10.0	**$2.1**	$2.0	**$4.2**	$4.1
Interest cost	**13.6**	12.6	**27.3**	25.2	**3.8**	3.5	**7.6**	6.9
Expected return on plan assets	**(18.6)**	(16.6)	**(37.3)**	(33.3)	**(2.2)**	(1.9)	**(4.5)**	(3.8)
Amortization of:								
Transition obligation	**--**	--	**--**	--	**0.1**	--	**0.1**	0.1
Prior service cost (credit)	**0.8**	0.7	**1.5**	1.5	**(0.9)**	(1.0)	**(1.8)**	(1.9)
Actuarial loss	**1.1**	2.3	**2.1**	4.5	**0.8**	1.1	**1.7**	2.1
Settlement loss	**--**	2.1	**--**	2.1	**--**	--	**--**	--
	$0.9	$6.1	**$1.7**	$10.0	**$3.7**	$3.7	**$7.3**	$7.5

In the above table, the settlement loss of $2.1 million for the three and six months ended June 30, 2007 related to payments made to a retired executive.

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 $7 million, respectively, have been contributed through June 30, 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(g) for additional information.

(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 (expenses) recognized for the three and six months ended June 30 was as follows (in millions):

	Alliant Energy		IPL		WPL	
	2008	2007	**2008**	2007	**2008**	2007
<u>Three Months Ended June 30:</u>						
Share-based compensation expense (credit)	**$0.1**	($0.2)	**$0.1**	($0.1)	**$--**	($0.1)
Income tax expenses	**--**	(0.1)	**--**	(0.1)	**--**	(0.1)
<u>Six Months Ended June 30:</u>						
Share-based compensation expense	**$1.0**	$4.3	**$0.6**	$2.2	**$0.4**	$1.6
Income tax benefits	**0.4**	1.7	**0.2**	0.8	**0.1**	0.6

As of June 30, 2008, total unrecognized compensation cost related to all share-based compensation awards was $8.6 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 June 30, 2008 and Dec. 31, 2007. A summary of the performance shares activity for the six months ended June 30 was as follows:

	2008 Shares (a)	2007 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 June 30	**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 target number of shares.

Information related to nonvested performance shares and their fair values at June 30, 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 June 30, 2008	$34.26	$34.26	$34.26
Estimated payout percentage based on performance criteria	71%	83%	131%
Fair value of each nonvested performance share	$24.32	$28.44	$44.88

At June 30, 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 six months ended June 30 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	**46,226**	**35.63**	41,700	36.66
Vested	**(38,850)**	**28.06**	(51,379)	25.81
Forfeited	**(1,625)**	**33.44**	--	--
Nonvested shares at June 30	**171,583**	**32.56**	173,207	30.61

The weighted average fair value of time-based restricted stock granted during the three months ended June 30, 2008 was $35.89. There were no grants of time-based restricted stock during the three months ended June 30, 2007.

Performance-contingent restricted stock - A summary of the performance-contingent restricted stock activity for the six months ended June 30 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 during first quarter	**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 June 30	**124,185**	**39.28**	135,348	32.42

Non-qualified Stock Options - A summary of the stock option activity for the six months ended June 30 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	**(45,661)**	**29.02**	(1,169,041)	27.89
Outstanding at June 30	**497,183**	**27.30**	599,195	27.32
Exercisable at June 30	**497,183**	**27.30**	599,195	27.32

The weighted average remaining contractual term for options outstanding and exercisable at June 30, 2008 was three years. The aggregate intrinsic value of options outstanding and exercisable at June 30, 2008 was $3.5 million.

Other information related to stock option activity for the three and six months ended June 30 was as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Cash received from stock options exercised	**$0.6**	$7.2	**$1.3**	$32.6

Aggregate intrinsic value of stock options exercised	**0.1**	4.5	**0.3**	15.5
Income tax benefit from the exercise of stock options	**--**	1.8	**0.1**	6.3
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 half of 2008 was as follows:

Shares outstanding at Jan. 1, 2008	110,359,314
Equity incentive plans (Note 6(b))	137,925
Other (a)	(41,728)
Shares outstanding at June 30, 2008	110,455,511

(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 second quarter of 2008, common stock dividend payments from each of IPL and WPL to their parent, Alliant Energy, were suspended due to Alliant Energy having sufficient cash reserves to make common stock dividend payments to its shareowners. IPL and WPL expect to make common stock dividend payments in the fourth quarter of 2008 in the amount of three regular quarterly dividend payments, consistent with current rate case dividend assumptions and capital structures approved by their respective state regulatory commissions.

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

(8) DEBT

(a) Short-term Debt - At June 30, 2008, commercial paper issued under Alliant Energy s, IPL s and WPL s credit facilities was as follows (dollars in millions; Not Applicable (N/A)):

	Alliant Energy (Consolidated)	Parent Company	IPL	WPL
Commercial paper:				
Amount outstanding	$207	$--	$69	$138
Maturity	1 day	N/A	1 day	1 day
Interest rates	3.10-3.15%	N/A	3.15%	3.10%
Available credit facility capacity	$443	$100	$231	$112

(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 and six months ended June 30 was as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
American Transmission Company LLC (ATC)	**($7.7)**	($6.6)	**($15.0)**	($13.0)
Other	**0.5**	(0.4)	**0.3**	(1.5)
	($7.2)	($7.0)	**($14.7)**	($14.5)

(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(g) 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.

Alliant Energy s recurring fair value measurements subject to the disclosure requirements of SFAS 157 at June 30, 2008 were as follows (in millions):

		Fair Value Measurements at June 30, 2008 Using:		
	Fair Value Measurements at June 30, 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	$127.5	$0.6	$82.8	$44.1

Available-for-sale securities	9.5	9.5	--	--
Liabilities:				
Derivative liabilities	21.3	--	3.5	17.8

Additional information for Alliant Energy s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and six months ended June 30, 2008 is as follows (in millions):

	Derivative Assets and Liabilities, net
Three months ended June 30, 2008	
Beginning balance, April 1, 2008	$10.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	18.4
Purchases, sales, issuances and settlements, net	(2.8)
Ending balance, June 30, 2008	$26.3
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 June 30, 2008 (a)	$26.3
Six months ended June 30, 2008	
Beginning balance, Jan. 1, 2008	$27.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	11.8
Purchases, sales, issuances and settlements, net	(13.2)
Ending balance, June 30, 2008	$26.3
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 June 30, 2008 (a)	$26.3

(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 primarily 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	
	June 30, 2008	Dec. 31, 2007	**June 30, 2008**	Dec. 31, 2007	**June 30, 2008**	Dec. 31, 2007
Current derivative assets	**$108.1**	$34.1	**$81.4**	$19.0	**$26.7**	$14.9
Non-current derivative assets	**19.4**	2.7	**18.8**	2.4	**0.1**	--

Current derivative liabilities	**17.0**	24.3	**13.3**	16.6	**3.7**	7.7
Non-current derivative liabilities	**4.3**	1.5	**1.3**	1.5	**3.0**	--

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, financial transmission rights acquired to manage transmission congestion costs, swap contracts to mitigate pricing volatility for natural gas supplied to their retail customers and embedded foreign currency derivatives related to Euro-denominated payment terms included in a wind turbine supply contract. Changes in derivative assets and liabilities during the first half of 2008 were primarily due to natural gas price fluctuations and financial transmission rights acquired in the second quarter of 2008.

(b) Weather Derivatives - In May 2008, IPL and WPL each entered into separate non-exchange traded swap agreements based on cooling degree days (CDD) measured in Cedar Rapids, Iowa and Madison, Wisconsin, respectively, to reduce the impact of weather volatility on IPL s and WPL s electric margins for the period June 1, 2008 to Aug. 31, 2008. Alliant Energy will receive or pay up to $10.2 million ($7.0 million for IPL and $3.2 million for WPL) from or to the counterparty at the end of the contract term if actual CDD for June 1, 2008 to Aug. 31, 2008 are less or greater than the CDD specified in the contracts. The actual CDD in June 2008 were lower than those specified in the contracts, resulting in IPL and WPL accruing receivables from the counterparty under the agreements of $2.4 million and $0.9 million, respectively, in the second quarter of 2008.

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 gains (losses) resulting from changes in the value of weather derivatives for the three and six months ended June 30 was as follows (in millions):

	Electric Utility Operating Revenues				Gas Utility Operating Revenues			
	Three Months		Six Months		Three Months		Six Months	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Alliant Energy	**$3.3**	$2.4	**$0.7**	$0.2	**$--**	$--	**($2.8)**	($2.2)
IPL	**2.4**	2.3	**0.7**	0.6	**--**	--	**(1.5)**	(1.2)
WPL	**0.9**	0.1	**--**	(0.4)	**--**	--	**(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 June 30, 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 (a)	$700	$186	$514
Clean air compliance projects	37	37	--

(a) Primarily related to capital purchase obligations under a master supply agreement executed in the second quarter of 2008 with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment to support IPL s and WPL s wind generation plan. A portion of the future payments are denominated in Euros and therefore are subject to change with fluctuations in currency exchange rates. In addition, the master supply agreement includes pricing terms which are subject to change if steel prices or diesel fuel prices change by more than 10% between measurement dates defined in the master supply agreement. The amounts included in the above table reflect currency exchange rates, steel prices and diesel fuel prices at June 30, 2008.

(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 June 30, 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)	$1,702	$1,110	$592
Natural gas	604	183	421
Coal (a)	377	132	56
Other (b)	145	62	7

(a) Corporate Services has entered into system-wide coal purchase contracts on behalf of IPL and WPL that include minimum future commitments of $189 million that have not been directly assigned to IPL and WPL since the specific needs of each utility were not yet known as of June 30, 2008.
(b) Includes individual commitments incurred during the normal course of business that exceeded $1 million at June 30, 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 June 30, 2008. The terms of the indemnifications provided by Alliant Energy at June 30, 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	159 (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 June 30, 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 June 30, 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 June 30, 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 $25 million ($20 million for IPL and $5 million for WPL) to $48 million ($41 million for IPL and $7 million for WPL). At June 30, 2008, Alliant Energy, IPL and WPL had recorded $35 million, $29 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 and Clean Air Mercury Rule or any successor regulations to those rules, 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 IRS audited Alliant Energy s federal income tax returns for calendar years 2002 through 2004. As a result of its audit, the IRS notified Alliant Energy in 2007 that it proposed certain adjustments to these tax returns. The most significant adjustment was to defer until 2006 $257 million of capital losses primarily included in Alliant Energy s 2002 tax return related to its former Brazil investments. In the second quarter of 2008, Alliant Energy agreed to the deferral of the $257 million of capital losses until 2006 as part of a settlement of its federal income tax returns for calendar years 2002 through 2004 finalized with the IRS on June 30, 2008. Deferring these capital losses until 2006 is not expected to have a material adverse impact on Alliant Energy s financial condition, results of operations and cash flows given Alliant Energy s expected ability to utilize these capital losses before they expire. Alliant Energy currently plans to use these 2006 capital losses to offset capital gains generated from the sale of IPL s electric transmission assets in 2007. The capital gain from the sale of IPL s electric transmission assets will be reviewed by the IRS as part of the current examination of Alliant Energy s federal income tax return for calendar years 2005 through 2007.

(f) Property Insurance Recoveries - In June 2008, the Midwest experienced severe flooding that impacted the operations of several Alliant Energy companies including IPL, WPL and Resources. The impacts of the severe flooding were scattered throughout Alliant Energy s service territory with the most significant impacts occurring in Cedar Rapids, Iowa, which is part of IPL s service territory. The severe flooding in Cedar Rapids, Iowa resulted in significant property damage, electric and steam service outages and the evacuation of and damage to various office and operational facilities.

Alliant Energy has a property insurance policy that provides coverage up to $100 million for covered flood losses incurred by various subsidiaries including IPL, WPL and Resources. Insurance recoveries under the policy are subject to a $1.5 million deductible per occurrence and certain sub-limits, most notably a $10 million sub-limit for covered losses related to temporary replacement equipment and facilities. Covered property generally includes generating assets, substations, office and operating buildings and non-fuel inventories. Excluded property generally includes the electric distribution system, railroad infrastructure, vehicles and fuel. In addition, Alliant Energy and its subsidiaries do not have any business interruption coverage for lost revenues from the disruption of service.

During the second quarter of 2008, IPL incurred approximately $13 million of incremental other operation and maintenance expenses related to the severe flooding. IPL has estimated that approximately $7 million of these incremental operation and maintenance expenses are probable of recovery under the Alliant Energy property insurance policy. As a result, Alliant Energy and IPL have recognized a decrease in Other operation and maintenance on their Condensed Consolidated Statements of Income and increase in Accounts receivable - other on their Condensed Consolidated Balance Sheets of $7 million in the second quarter of 2008. Alliant Energy anticipates additional property insurance recoveries in the future from covered flood losses incurred in the second quarter of 2008 but is currently not able to estimate the amounts.

(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 Electric (in millions)	Gas	Other	Total	Non-regulated Businesses	Other	Alliant Energy Consolidated
Three Months Ended June 30, 2008							
Operating revenues	**$576.7**	**$121.1**	**$15.6**	**$713.4**	**$115.6**	**($1.6)**	**$827.4**
Operating income (loss)	**65.4**	**4.4**	**(1.2)**	**68.6**	**11.9**	**1.5**	**82.0**
Income from continuing operations				**36.2**	**12.6**	**3.0**	**51.8**
Income from discontinued operations, net of tax				**--**	**9.0**	**--**	**9.0**
Net income				**36.2**	**21.6**	**3.0**	**60.8**
Three Months Ended June 30, 2007							
Operating revenues	$565.5	$94.0	$15.4	$674.9	$72.7	($1.4)	$746.2
Operating income (loss)	87.6	3.0	(0.4)	90.2	6.3	0.5	97.0
Income from continuing operations				40.3	3.2	1.5	45.0
Income from discontinued operations, net of tax				--	3.6	--	3.6
Net income				40.3	6.8	1.5	48.6
Six Months Ended June 30, 2008							
Operating revenues	**$1,144.4**	**$429.6**	**$33.5**	**$1,607.5**	**$214.6**	**($2.7)**	**$1,819.4**
Operating income	**132.2**	**46.7**	**2.0**	**180.9**	**24.1**	**2.1**	**207.1**
Income from continuing operations				**91.8**	**21.0**	**7.1**	**119.9**
Income from discontinued operations, net of tax				**--**	**9.0**	**--**	**9.0**
Net income				**91.8**	**30.0**	**7.1**	**128.9**
Six Months Ended June 30, 2007							
Operating revenues	$1,119.0	$382.3	$33.4	$1,534.7	$127.0	($2.8)	$1,658.9
Operating income (loss)	166.1	42.0	(4.4)	203.7	13.1	1.0	217.8
Income from continuing operations				97.0	9.4	3.8	110.2
Income from discontinued operations, net of tax				--	2.3	--	2.3
Net income				97.0	11.7	3.8	112.5

(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 and six months ended June 30 was follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Operating expenses	**$0.2**	$1.8	**$0.2**	$3.7
Gain on sale of Mexico business (a)	**--**	(10.7)	**--**	(10.7)
Interest expense and other	**--**	0.5	**--**	1.6
Income (loss) before income taxes	**(0.2)**	8.4	**(0.2)**	5.4
Income tax expense (benefit) (b)	**(9.2)**	4.8	**(9.2)**	3.1
Income from discontinued operations, net of tax	**$9.0**	$3.6	**$9.0**	$2.3

(a) In the second quarter of 2007, Alliant Energy recorded a $10.7 million pre-tax gain related to the sale of its Mexico business. The increase in the fair value during the second quarter of 2007 that was realized upon sale of the Mexico business was largely due to the resolution of uncertainties regarding completion of the pending sale.

(b) In the second quarter of 2008, Alliant Energy reached a settlement with the IRS that finalized the audit of its U.S. federal income tax returns for calendar years 2002 through 2004. As a result of completing the audit and recording known adjustments for the tax returns for calendar years 2005 and 2006, Alliant Energy recorded decreases in its liabilities for unrecognized tax benefits and related interest, net of tax, and changes to its provision for income taxes including the impact of $9.0 million of income tax benefits allocated to its discontinued operations in the second quarter of 2008 largely related to its former Australia and China businesses.

(15) ASSET RETIREMENT OBLIGATIONS (AROs)

A reconciliation of the changes in AROs 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
Revisions in estimated cash flows (a)	**5.7**	0.1	**5.7**	--	**--**	0.1
Liabilities incurred (b)	**3.1**	0.5	**--**	0.5	**3.1**	--
Accretion expense	**1.2**	1.1	**0.9**	0.8	**0.3**	0.3
Liabilities settled	**(0.5)**	--	**(0.5)**	--	**--**	--
Balance at June 30	**$52.3**	$40.2	**$37.0**	$28.4	**$15.3**	$11.8

(a) In the second quarter of 2008, IPL increased its AROs by $5.7 million as a result of accelerating anticipated asbestos remediation expenditures at its Sixth Street and Prairie Creek generating stations due to the impacts of the severe Midwest flooding at these generating stations in June 2008.
(b) In the second quarter of 2008, WPL recorded an ARO of $3.1 million related to its Cedar Ridge wind farm.

(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 and RockGen Energy Center (RockGen) purchased power agreements (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. Alliant Energy s (primarily WPL s) costs, excluding fuel costs, related to the Riverside PPA were $19.6 million and $28.2 million for the three and six months ended June 30, 2008, and $20.7 million and $29.5 million for the three and six months ended June 30, 2007, respectively. WPL s costs, excluding fuel costs, related to the RockGen PPA were $4.0 million and $8.0 million for the three and six months ended June 30, 2008, and $3.9 million and $7.8 million for the three and six months ended June 30, 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:

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 June 30, 2008					
Operating revenues:					
Utility:					
Electric	$-	$-	$576.7	$-	$576.7
Gas	-	-	121.1	-	121.1
Other	-	-	15.6	-	15.6
Non-regulated	0.8	115.6	83.1	(85.5)	114.0

	0.8	115.6	796.5	(85.5)	827.4
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	305.2	-	305.2
Cost of gas sold	-	-	86.8	-	86.8
Other operation and maintenance	-	-	169.0	-	169.0
Non-regulated operation and maintenance	(0.1)	98.9	78.0	(80.3)	96.5
Depreciation and amortization	-	2.8	62.2	(3.3)	61.7
Taxes other than income taxes	-	2.0	25.9	(1.7)	26.2
	(0.1)	103.7	727.1	(85.3)	745.4
Operating income	0.9	11.9	69.4	(0.2)	82.0
Interest expense and other:					
Interest expense	0.1	3.5	30.7	(4.0)	30.3
Equity (income) loss from unconsolidated investments, net	-	0.9	(8.1)	-	(7.2)
Allowance for funds used during construction	-	-	(4.4)	0.2	(4.2)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7
Interest income and other	(61.2)	(4.6)	0.4	61.2	(4.2)
	(61.1)	(0.2)	23.3	57.4	19.4
Income from continuing operations before income taxes	62.0	12.1	46.1	(57.6)	62.6
Income tax expense (benefit)	1.3	(0.5)	9.9	0.1	10.8
Income from continuing operations	60.7	12.6	36.2	(57.7)	51.8
Income from discontinued operations, net of tax	-	9.0	-	-	9.0
Net income	$60.7	$21.6	$36.2	($57.7)	$60.8
Three Months Ended June 30, 2007					
Operating revenues:					
Utility:					
Electric	$-	$-	$565.5	$-	$565.5
Gas	-	-	94.0	-	94.0
Other	-	-	15.4	-	15.4
Non-regulated	-	72.7	82.2	(83.6)	71.3
	-	72.7	757.1	(83.6)	746.2
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	292.9	-	292.9
Cost of gas sold	-	-	60.9	-	60.9
Other operation and maintenance	-	-	142.3	-	142.3
Non-regulated operation and maintenance	0.3	61.6	73.4	(75.2)	60.1
Depreciation and amortization	-	3.1	69.4	(6.5)	66.0
Taxes other than income taxes	-	1.7	27.0	(1.7)	27.0
	0.3	66.4	665.9	(83.4)	649.2
Operating income (loss)	(0.3)	6.3	91.2	(0.2)	97.0
Interest expense and other:					
Interest expense	-	4.2	28.2	(4.7)	27.7
Equity (income) loss from unconsolidated investments, net	-	0.1	(7.1)	-	(7.0)
Allowance for funds used during construction	-	-	(2.0)	0.1	(1.9)
Preferred dividend requirements of subsidiaries	-	-	4.7	-	4.7

Interest income and other	(48.9)	(4.6)	(0.2)	51.3	(2.4)
	(48.9)	(0.3)	23.6	46.7	21.1
Income from continuing operations before income taxes	48.6	6.6	67.6	(46.9)	75.9
Income taxes	0.2	3.4	27.3	-	30.9
Income from continuing operations	48.4	3.2	40.3	(46.9)	45.0
Income from discontinued operations, net of tax	-	3.6	-	-	3.6
Net income	$48.4	$6.8	$40.3	($46.9)	$48.6

21

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)		
<u>Six Months Ended June 30, 2008</u>					
Operating revenues:					
Utility:					
Electric	$-	$-	$1,144.4	$-	$1,144.4
Gas	-	-	429.6	-	429.6
Other	-	-	33.5	-	33.5
Non-regulated	0.8	214.6	158.4	(161.9)	211.9
	0.8	214.6	1,765.9	(161.9)	1,819.4
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	606.7	-	606.7
Cost of gas sold	-	-	318.9	-	318.9
Other operation and maintenance	-	-	333.8	-	333.8
Non-regulated operation and maintenance	(0.1)	180.8	149.8	(153.2)	177.3
Depreciation and amortization	-	5.7	124.2	(6.6)	123.3
Taxes other than income taxes	-	4.0	50.2	(1.9)	52.3
	(0.1)	190.5	1,583.6	(161.7)	1,612.3
Operating income	0.9	24.1	182.3	(0.2)	207.1
Interest expense and other:					
Interest expense	0.1	7.1	60.9	(8.1)	60.0
Equity (income) loss from unconsolidated investments, net	-	0.9	(15.6)	-	(14.7)
Allowance for funds used during construction	-	-	(7.7)	0.3	(7.4)
Preferred dividend requirements of subsidiaries	-	-	9.4	-	9.4
Interest income and other	(130.0)	(9.7)	(0.6)	129.0	(11.3)
	(129.9)	(1.7)	46.4	121.2	36.0
Income from continuing operations before income taxes	130.8	25.8	135.9	(121.4)	171.1
Income taxes	2.2	4.8	44.1	0.1	51.2

Income from continuing operations	128.6	21.0	91.8	(121.5)	119.9
Income from discontinued operations, net of tax	-	9.0	-	-	9.0
Net income	$128.6	$30.0	$91.8	($121.5)	$128.9
<u>Six Months Ended June 30, 2007</u>					
Operating revenues:					
Utility:					
Electric	$-	$-	$1,119.0	$-	$1,119.0
Gas	-	-	382.3	-	382.3
Other	-	-	33.4	-	33.4
Non-regulated	-	127.0	162.6	(165.4)	124.2
	-	127.0	1,697.3	(165.4)	1,658.9
Operating expenses:					
Utility:					
Electric production fuel and purchased power	-	-	573.2	-	573.2
Cost of gas sold	-	-	272.8	-	272.8
Other operation and maintenance	-	-	306.9	-	306.9
Non-regulated operation and maintenance	0.3	104.3	145.5	(148.7)	101.4
Depreciation and amortization	0.1	6.2	138.9	(13.2)	132.0
Taxes other than income taxes	-	3.4	54.3	(2.9)	54.8
	0.4	113.9	1,491.6	(164.8)	1,441.1
Operating income (loss)	(0.4)	13.1	205.7	(0.6)	217.8
Interest expense and other:					
Interest expense	0.2	9.4	57.9	(10.2)	57.3
Equity income from unconsolidated investments, net	-	(0.7)	(13.8)	-	(14.5)
Allowance for funds used during construction	-	-	(3.6)	0.2	(3.4)
Preferred dividend requirements of subsidiaries	-	-	9.4	-	9.4
Interest income and other	(113.8)	(13.5)	(1.3)	117.7	(10.9)
	(113.6)	(4.8)	48.6	107.7	37.9
Income from continuing operations before income taxes	113.2	17.9	157.1	(108.3)	179.9
Income taxes	1.0	8.5	60.1	0.1	69.7
Income from continuing operations	112.2	9.4	97.0	(108.4)	110.2
Income from discontinued operations, net of tax	-	2.3	-	-	2.3
Net income	$112.2	$11.7	$97.0	($108.4)	$112.5

Alliant Energy Corporation Condensed Consolidating Balance Sheet as of June 30, 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	$-	$-	$5,670.4	$-	$5,670.4
Gas plant in service	-	-	741.0	-	741.0
Other plant in service	-	-	468.4	-	468.4
Accumulated depreciation	-	-	(2,689.8)	-	(2,689.8)
Leased Sheboygan Falls Energy Facility, net	-	-	104.8	(104.8)	-
Construction work in progress:					
Whispering Willow - East Wind Farm	-	-	151.2	-	151.2
Cedar Ridge Wind Farm	-	-	109.5	-	109.5
Other	-	-	179.5	-	179.5
Other, net	-	-	22.5	-	22.5
Total utility	-	-	4,757.5	(104.8)	4,652.7
Non-regulated and other, net	-	170.5	41.2	128.0	339.7
	-	170.5	4,798.7	23.2	4,992.4
Current assets:					
Cash and cash equivalents	461.0	65.1	47.8	-	573.9
Income tax refunds receivable	0.1	17.2	57.9	(0.7)	74.5
Gas stored underground, at weighted average cost	-	-	37.1	-	37.1
Regulatory assets	-	-	28.7	-	28.7
Derivative assets	-	0.1	108.0	-	108.1
Other	0.1	115.0	542.8	(104.1)	553.8
	461.2	197.4	822.3	(104.8)	1,376.1
Investments:					
Consolidated subsidiaries	2,263.1	-	-	(2,263.1)	-
Other	17.0	13.0	220.1	-	250.1
	2,280.1	13.0	220.1	(2,263.1)	250.1
Other assets	4.8	175.0	820.7	(215.2)	785.3
Total assets	$2,746.1	$555.9	$6,661.8	($2,559.9)	$7,403.9
CAPITALIZATION AND LIABILITIES					
Capitalization:					
Common stock and additional paid-in capital	$1,495.3	$262.8	$1,643.0	($1,905.8)	$1,495.3
Retained earnings	1,252.3	(104.2)	459.1	(352.9)	1,254.3
Accumulated other comprehensive income	2.8	2.9	-	(2.9)	2.8
Shares in deferred compensation trust	(7.6)	-	-	-	(7.6)
Total common equity	2,742.8	161.5	2,102.1	(2,261.6)	2,744.8
Cumulative preferred stock of subsidiaries, net	-	-	243.8	-	243.8
Long-term debt, net (excluding current portion)	-	105.6	1,297.6	-	1,403.2
	2,742.8	267.1	3,643.5	(2,261.6)	4,391.8
Current liabilities:					
Commercial paper	-	-	207.0	-	207.0
Other short-term borrowings	-	-	0.1	-	0.1
Regulatory liabilities	-	-	125.1	-	125.1
Accrued taxes	-	2.7	49.6	(0.7)	51.6
Other	3.8	92.9	700.1	(104.9)	691.9
	3.8	95.6	1,081.9	(105.6)	1,075.7

Other long-term liabilities and deferred credits:					
Deferred income taxes	(2.2)	177.3	679.6	1.4	856.1
Other	1.7	13.8	1,256.8	(194.1)	1,078.2
	(0.5)	191.1	1,936.4	(192.7)	1,934.3
Minority interest	-	2.1	-	-	2.1
Total capitalization and liabilities	$2,746.1	$555.9	$6,661.8	($2,559.9)	$7,403.9

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
Income tax refunds receivable	-	0.1	47.3	(33.9)	13.5
Gas stored underground, at weighted average cost	-	-	70.5	-	70.5
Regulatory assets	-	-	58.5	-	58.5
Derivative assets	-	0.2	33.9	-	34.1
Other	2.9	71.0	565.2	(89.0)	550.1
	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:					
Commercial paper	-	-	81.8	-	81.8
Other short-term borrowings	-	-	29.5	-	29.5
Regulatory liabilities	-	-	86.5	-	86.5
Accrued taxes	6.1	34.1	68.4	(33.9)	74.7
Other	5.7	71.9	676.8	(89.9)	664.5
	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

24

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

	Alliant Energy Parent Company	Resources	Other Alliant Energy Subsidiaries	Consolidating Adjustments	Consolidated Alliant Energy
<u>Six Months Ended June 30, 2008</u>			(in millions)		
Net cash flows from (used for) operating activities	$46.8	($25.7)	$291.3	($61.9)	$250.5
Cash flows used for investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(429.5)	-	(429.5)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(6.5)	(7.8)	-	(14.3)
Proceeds from asset sales	-	3.3	(0.9)	-	2.4
Other	(99.9)	0.1	18.4	99.4	18.0
Net cash flows used for investing activities	(99.9)	(3.1)	(419.8)	99.4	(423.4)
Cash flows from (used for) financing activities:					
Common stock dividends	(77.1)	-	(51.9)	51.9	(77.1)
Repurchase of common stock	(1.5)	-	-	-	(1.5)
Proceeds from issuance of common stock	1.3	-	-	-	1.3
Reductions in long-term debt	-	(2.1)	(1.0)	-	(3.1)
Net change in short-term borrowings	-	-	95.8	-	95.8

Other	2.1	2.3	70.8	(89.4)	(14.2)
Net cash flows from (used for) financing activities	(75.2)	0.2	113.7	(37.5)	1.2
Net decrease in cash and cash equivalents	(128.3)	(28.6)	(14.8)	-	(171.7)
Cash and cash equivalents at beginning of period	589.3	93.7	62.6	-	745.6
Cash and cash equivalents at end of period	$461.0	$65.1	$47.8	$-	$573.9
Six Months Ended June 30, 2007					
Net cash flows from operating activities	$92.6	$17.5	$309.3	($118.7)	$300.7
Cash flows from (used for) investing activities:					
Construction and acquisition expenditures:					
Utility business	-	-	(230.3)	-	(230.3)
Alliant Energy Corporate Services, Inc. and non-regulated businesses	-	(4.8)	(5.7)	-	(10.5)
Proceeds from asset sales	-	72.5	51.6	-	124.1
Other	(4.9)	13.2	(20.1)	10.7	(1.1)
Net cash flows from (used for) investing activities	(4.9)	80.9	(204.5)	10.7	(117.8)
Cash flows used for financing activities:					
Common stock dividends	(72.8)	-	(100.6)	100.6	(72.8)
Repurchase of common stock	(235.6)	-	-	-	(235.6)
Proceeds from issuance of common stock	32.6	-	-	-	32.6
Reductions in long-term debt	-	(37.7)	(184.8)	-	(222.5)
Net change in short-term borrowings	130.0	(130.0)	165.7	-	165.7
Other	(0.3)	3.8	(1.9)	7.4	9.0
Net cash flows used for financing activities	(146.1)	(163.9)	(121.6)	108.0	(323.6)
Net decrease in cash and cash equivalents	(58.4)	(65.5)	(16.8)	-	(140.7)
Cash and cash equivalents at beginning of period	167.1	67.3	31.6	-	266.0
Cash and cash equivalents at end of period	$108.7	$1.8	$14.8	$-	$125.3

25

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:					
Six Months Ended June 30, 2008					
Cash paid during the period for:					
Income taxes, net of refunds	$6.7	$55.6	$71.0	$-	$133.3
Interest, net of capitalized interest	1.6	15.2	55.3	-	72.1
Six Months Ended June 30, 2007					
Cash paid (refunded) during the period for:					
Income taxes, net of refunds	$16.9	($24.2)	$70.5	$-	$63.2
Interest, net of capitalized interest	0.6	4.7	58.0	-	63.3
Noncash investing and financing activities:					
Debt assumed by buyer of Mexico business	-	5.0	-	-	5.0

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	**2008**	2007
	(in millions)			
Operating revenues:				
Electric utility	**$301.7**	$294.8	**$578.8**	$573.1
Gas utility	**70.6**	55.1	**250.7**	221.6
Steam and other	**13.1**	12.7	**29.2**	29.1
	385.4	362.6	**858.7**	823.8
Operating expenses:				
Electric production fuel and purchased power	**142.0**	129.0	**263.0**	251.7
Cost of gas sold	**52.0**	37.3	**191.9**	165.0
Other operation and maintenance	**112.3**	87.7	**220.6**	189.8
Depreciation and amortization	**32.8**	36.1	**65.1**	71.9
Taxes other than income taxes	**14.0**	15.4	**27.9**	31.5
	353.1	305.5	**768.5**	709.9
Operating income	**32.3**	57.1	**90.2**	113.9
Interest expense and other:				
Interest expense	**14.9**	16.3	**29.4**	32.6
Allowance for funds used during construction	**(1.9)**	(1.5)	**(3.2)**	(2.6)
Interest income	**-**	(0.2)	**(0.5)**	(0.7)
	13.0	14.6	**25.7**	29.3
Income before income taxes	**19.3**	42.5	**64.5**	84.6
Income tax expense (benefit)	**(1.2)**	16.1	**14.8**	31.4
Net income	**20.5**	26.4	**49.7**	53.2
Preferred dividend requirements	**3.8**	3.8	**7.7**	7.7
Earnings available for common stock	**$16.7**	$22.6	**$42.0**	$45.5

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

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

ASSETS	June 30, 2008	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Electric plant in service	**$3,411.8**	$3,419.3
Gas plant in service	**384.0**	378.7
Steam plant in service	**51.4**	54.0
Other plant in service	**227.0**	228.0
Accumulated depreciation	**(1,547.6)**	(1,584.3)
Net plant	**2,526.6**	2,495.7
Construction work in progress:		
Whispering Willow - East Wind Farm	**151.2**	-
Other	**107.1**	92.8
Other, less accumulated depreciation	**19.0**	2.0
	2,803.9	2,590.5
Current assets:		
Cash and cash equivalents	**0.6**	39.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	**29.9**	79.8
Other, less allowance for doubtful accounts	**47.0**	25.2
Income tax refunds receivable	**47.9**	44.6
Production fuel, at weighted average cost	**58.7**	55.2
Materials and supplies, at weighted average cost	**23.0**	21.5
Gas stored underground, at weighted average cost	**2.6**	32.6
Regulatory assets	**16.4**	31.2
Derivative assets	**81.4**	19.0
Other	**10.4**	6.6
	317.9	355.1
Investments	**16.0**	17.6
Other assets:		
Regulatory assets	**283.8**	294.8
Deferred charges and other	**122.3**	104.0
	406.1	398.8

Total assets	**$3,543.9**	$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 BALANCE SHEETS (UNAUDITED) (Continued)

CAPITALIZATION AND LIABILITIES	June 30, 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	**32.6**	21.0
Total common equity	**1,039.1**	927.5
Cumulative preferred stock	**183.8**	183.8
Long-term debt, net (excluding current portion)	**760.5**	761.5
	1,983.4	1,872.8
Current liabilities:		
Current maturities	**2.3**	2.3
Commercial paper	**69.0**	-
Other short-term borrowings	**0.1**	29.5
Accounts payable	**123.1**	141.6
Accounts payable to associated companies	**40.4**	28.8
Regulatory liabilities	**85.9**	37.3
Accrued taxes	**47.1**	50.8
Other	**90.3**	80.9
	458.2	371.2
Other long-term liabilities and deferred credits:		
Deferred income taxes	**416.6**	422.6
Regulatory liabilities	**498.5**	482.5
Pension and other benefit obligations	**51.7**	50.7
Other	**135.5**	162.2
	1,102.3	1,118.0
Total capitalization and liabilities	**$3,543.9**	$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 Six Months Ended June 30,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	**$49.7**	$53.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**65.1**	71.9
Deferred tax expense (benefit) and investment tax credits	**(11.7)**	1.0
Other	**8.5**	3.0
Other changes in assets and liabilities:		
Accounts receivable	**(9.0)**	57.1
Sale of accounts receivable	**40.0**	-
Gas stored underground	**30.0**	21.9
Regulatory assets	**9.7**	50.4
Derivative assets	**(78.8)**	(1.5)
Accounts payable	**(14.4)**	(20.7)
Accrued taxes	**(3.1)**	(11.3)
Regulatory liabilities	**63.1**	(8.8)
Derivative liabilities	**(3.5)**	(25.6)
Other	**(16.3)**	(4.9)
Net cash flows from operating activities	**129.3**	185.7
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	**(260.3)**	(135.9)
Proceeds from sale of utility assets in Illinois	**-**	28.1
Purchases of emission allowances	**-**	(23.9)
Other	**(6.4)**	(5.1)
Net cash flows used for investing activities	**(266.7)**	(136.8)
Cash flows from (used for) financing activities:		
Common stock dividends	**(29.1)**	(55.0)
Preferred stock dividends	**(7.7)**	(7.7)
Capital contribution from parent	**100.0**	-
Reductions in long-term debt	**(1.0)**	(79.8)
Net change in short-term borrowings	**39.6**	88.6
Other	**(3.2)**	4.8
Net cash flows from (used for) financing activities	**98.6**	(49.1)
Net decrease in cash and cash equivalents	**(38.8)**	(0.2)

Cash and cash equivalents at beginning of period	**39.4**	0.5
Cash and cash equivalents at end of period	**$0.6**	$0.3
Supplemental cash flows information:		
Cash paid during the period for:		
Interest	**$27.1**	$34.9
Income taxes, net of refunds	**$32.0**	$41.7

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

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 and six months ended June 30, 2008 and 2007, the condensed consolidated financial position at June 30, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the six months ended June 30, 2008 and 2007 have been made. Results for the three and six months ended June 30, 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

IPL s comprehensive income, and the components of other comprehensive income, net of taxes, for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Earnings available for common stock	**$16.7**	$22.6	**$42.0**	$45.5
Other comprehensive income:				
Pension and other postretirement benefits				
amortizations, net of tax	**--**	0.1	**--**	0.1
Comprehensive income	**$16.7**	$22.7	**$42.0**	$45.6

(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 and six months ended June 30 were as follows (in millions):

	Qualified Pension Benefits				Other Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Service cost	**$1.5**	$1.6	**$3.0**	$3.1	**$0.7**	$0.7	**$1.4**	$1.4
Interest cost	**4.0**	3.6	**7.9**	7.2	**1.8**	1.8	**3.6**	3.6
Expected return on plan assets	**(5.4)**	(4.8)	**(10.8)**	(9.6)	**(1.5)**	(1.4)	**(3.0)**	(2.8)
Amortization of:								
Transition obligation	**--**	--	**--**	--	**0.1**	0.1	**0.1**	0.1
Prior service cost (credit)	**0.2**	0.2	**0.5**	0.5	**(0.4)**	(0.5)	**(0.8)**	(0.9)
Actuarial loss	**--**	0.3	**0.1**	0.6	**0.5**	0.7	**1.0**	1.4
	$0.3	$0.9	**$0.7**	$1.8	**$1.2**	$1.4	**$2.3**	$2.8

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 and, as a result, IPL is allocated pension and other postretirement benefits costs associated with Corporate Services. 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 and six months ended June 30 as follows (in millions):

31

	Pension Benefits				Other Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Non-bargaining IPL employees								
participating in other plans	**($0.9)**	($0.4)	**($1.8)**	($0.7)	**N/A**	N/A	**N/A**	N/A
Allocated Corporate Services costs	**0.2**	1.9	**0.5**	2.7	**$0.3**	$0.4	**$0.7**	$0.7

Included in pension benefits for allocated Corporate Services costs for the three and six months ended June 30, 2007 was a settlement loss of $1.2 million related to payments made to a retired executive.

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 $2 million has been contributed to the other postretirement benefits plans through June 30, 2008.

(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(g) 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 June 30, 2008 were as follows (in millions):

		Fair Value Measurements at June 30, 2008 Using:		
	Fair Value Measurements at June 30, 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	$100.2	$--	$81.2	$19.0
Available-for-sale securities	2.8	2.8	--	--
Liabilities:				
Derivative liabilities	14.6	--	3.5	11.1

Additional information for IPL s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and six months ended June 30, 2008 is as follows (in millions):

	Derivative Assets and Liabilities, net
Three months ended June 30, 2008	
Beginning balance, April 1, 2008	$4.4
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	6.6
Purchases, sales, issuances and settlements, net	(3.1)
Ending balance, June 30, 2008	$7.9
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 June 30, 2008 (a)	$7.9
Six months ended June 30, 2008	
Beginning balance, Jan. 1, 2008	$15.0
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	0.4
Purchases, sales, issuances and settlements, net	(7.5)
Ending balance, June 30, 2008	$7.9
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 June 30, 2008 (a)	$7.9

(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 June 30, 2008				
Operating revenues	**$301.7**	**$70.6**	**$13.1**	**$385.4**
Operating income (loss)	**31.7**	**1.9**	**(1.3)**	**32.3**
Earnings available for common stock				**16.7**
Three Months Ended June 30, 2007				
Operating revenues	$294.8	$55.1	$12.7	$362.6
Operating income (loss)	57.5	0.4	(0.8)	57.1
Earnings available for common stock				22.6
Six Months Ended June 30, 2008				
Operating revenues	**$578.8**	**$250.7**	**$29.2**	**$858.7**
Operating income	**67.2**	**20.5**	**2.5**	**90.2**
Earnings available for common stock				**42.0**
Six Months Ended June 30, 2007				
Operating revenues	$573.1	$221.6	$29.1	$823.8
Operating income (loss)	99.1	15.0	(0.2)	113.9
Earnings available for common stock				45.5

(18) RELATED PARTIES

IPL and WPL are parties to a system coordination and operating agreement. The agreement, which has been approved by FERC, provides a contractual basis for coordinated planning, construction, operation and maintenance of the interconnected electric generation systems of IPL and WPL. Prior to June 1, 2008, the agreement allowed the interconnected system to be operated as a single entity with off-system sales and purchases made to market excess system capability or to meet system capability deficiencies. Such sales and purchases were allocated among IPL and WPL based on procedures included in the agreement. Effective June 1, 2008, a change was made to designate IPL and WPL as two separate entities transacting with MISO. This change eliminated the need for internal allocations based on procedures in the agreement and resulted in separate statements from MISO of sales and purchases for IPL and WPL.

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

	For the Three Months Ended June 30, **2008**	2007	For the Six Months Ended June 30, **2008**	2007
	(in millions)			
Operating revenues:				
Electric utility	**$275.0**	$270.7	**$565.6**	$545.9
Gas utility	**50.5**	38.9	**178.9**	160.7
Other	**2.5**	2.7	**4.3**	4.3
	328.0	312.3	**748.8**	710.9
Operating expenses:				
Electric production fuel and purchased power	**163.2**	163.9	**343.7**	321.5

Cost of gas sold	**34.8**	23.6	**127.0**	107.8
Other operation and maintenance	**56.7**	54.6	**113.2**	117.1
Depreciation and amortization	**26.6**	27.3	**53.6**	54.8
Taxes other than income taxes	**10.4**	9.8	**20.6**	19.9
	291.7	279.2	**658.1**	621.1
Operating income	**36.3**	33.1	**90.7**	89.8
Interest expense and other:				
Interest expense	**15.1**	11.0	**29.8**	23.0
Equity income from unconsolidated investments	**(8.1)**	(7.1)	**(15.6)**	(13.8)
Allowance for funds used during construction	**(2.3)**	(0.4)	**(4.2)**	(0.8)
Interest income and other	**-**	-	**(0.1)**	(0.3)
	4.7	3.5	**9.9**	8.1
Income before income taxes	**31.6**	29.6	**80.8**	81.7
Income taxes	**11.2**	11.0	**29.3**	28.5
Net income	**20.4**	18.6	**51.5**	53.2
Preferred dividend requirements	**0.9**	0.9	**1.7**	1.7
Earnings available for common stock	**$19.5**	$17.7	**$49.8**	$51.5

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	**June 30, 2008**	December 31, 2007
	(in millions)	
Property, plant and equipment:		
Electric plant in service	**$2,258.6**	$2,214.4
Gas plant in service	**357.0**	347.6
Other plant in service	**190.0**	184.8
Accumulated depreciation	**(1,142.2)**	(1,108.2)
Net plant	**1,663.4**	1,638.6

Leased Sheboygan Falls Energy Facility, less accumulated amortization	**104.8**	107.9
Construction work in progress:		
Cedar Ridge Wind Farm	**109.5**	41.8
Other	**72.4**	60.8
Other, less accumulated depreciation	**3.5**	2.6
	1,953.6	1,851.7
Current assets:		
Cash and cash equivalents	**11.7**	0.4
Accounts receivable:		
Customer, less allowance for doubtful accounts	**154.1**	168.6
Other, less allowance for doubtful accounts	**27.6**	14.5
Production fuel, at weighted average cost	**31.5**	37.0
Materials and supplies, at weighted average cost	**22.7**	21.5
Gas stored underground, at weighted average cost	**34.5**	37.9
Regulatory assets	**12.3**	27.3
Prepaid gross receipts tax	**36.1**	36.7
Derivative assets	**26.7**	14.9
Other	**21.9**	24.5
	379.1	383.3
Investments:		
Investment in American Transmission Company LLC	**181.6**	172.2
Other	**22.6**	23.1
	204.2	195.3
Other assets:		
Regulatory assets	**194.7**	196.9
Deferred charges and other	**144.7**	161.4
	339.4	358.3
Total assets	**$2,876.3**	$2,788.6

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) (Continued)

CAPITALIZATION AND LIABILITIES	**June 30, 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	**427.6**	401.8
Total common equity	**1,062.7**	1,036.8
Cumulative preferred stock	**60.0**	60.0
Long-term debt, net (excluding current portion)	**537.0**	537.0
	1,659.7	1,633.8
Current liabilities:		
Current maturities	**60.0**	60.0
Commercial paper	**138.0**	81.8
Accounts payable	**114.2**	109.6
Accounts payable to associated companies	**42.8**	38.3
Regulatory liabilities	**39.2**	49.2
Other	**43.7**	42.1
	437.9	381.0
Other long-term liabilities and deferred credits:		
Deferred income taxes	**282.5**	269.9
Regulatory liabilities	**174.6**	173.9
Capital lease obligations - Sheboygan Falls Energy Facility	**114.8**	116.1
Pension and other benefit obligations	**72.5**	71.0
Other	**134.3**	142.9
	778.7	773.8
Total capitalization and liabilities	**$2,876.3**	$2,788.6

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

36

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

	For the Six Months Ended June 30,	
	2008	2007
	(in millions)	
Cash flows from operating activities:		
Net income	**$51.5**	$53.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	**53.6**	54.8
Other amortizations	**19.2**	19.4

Deferred tax expense (benefit) and investment tax credits	**13.6**	(4.6)
Equity income from unconsolidated investments	**(15.6)**	(13.8)
Distributions from equity method investments	**12.8**	9.9
Other	**(2.9)**	(0.7)
Other changes in assets and liabilities:		
Accounts receivable	**1.4**	38.4
Gas stored underground	**3.4**	(20.0)
Derivative assets	**(11.9)**	2.9
Regulatory assets	**6.1**	31.5
Accounts payable	**25.2**	11.2
Derivative liabilities	**(1.0)**	(28.2)
Regulatory liabilities	**(10.8)**	(12.3)
Other	**0.2**	4.7
Net cash flows from operating activities	**144.8**	146.4
Cash flows used for investing activities:		
Utility construction and acquisition expenditures	**(169.2)**	(94.4)
Proceeds from sale of utility assets in Illinois	**-**	23.5
Other	**18.6**	3.1
Net cash flows used for investing activities	**(150.6)**	(67.8)
Cash flows from (used for) financing activities:		
Common stock dividends	**(22.8)**	(45.6)
Preferred stock dividends	**(1.7)**	(1.7)
Reductions in long-term debt	**-**	(105.0)
Net change in short-term borrowings	**56.2**	77.1
Changes in cash overdrafts	**(13.1)**	(3.1)
Other	**(1.5)**	(0.7)
Net cash flows from (used for) financing activities	**17.1**	(79.0)
Net increase (decrease) in cash and cash equivalents	**11.3**	(0.4)
Cash and cash equivalents at beginning of period	**0.4**	1.6
Cash and cash equivalents at end of period	**$11.7**	$1.2
Supplemental cash flows information:		
Cash paid during the period for:		
Interest	**$28.0**	$23.1
Income taxes, net of refunds	**$22.1**	$42.0

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 and six months ended June 30, 2008 and 2007, the condensed consolidated financial position at June 30, 2008 and Dec. 31, 2007, and the condensed consolidated statements of cash flows for the six months ended June 30, 2008 and 2007 have been made. Results for the three and six months ended June 30, 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 and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Earnings available for common stock	**$19.5**	$17.7	**$49.8**	$51.5
Other comprehensive income:				
Pension and other postretirement benefits				
amortizations, net of tax	**--**	0.2	**--**	0.3
Comprehensive income	**$19.5**	$17.9	**$49.8**	$51.8

(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 and six months ended June 30 were as follows (in millions):

Qualified Pension Benefits		Other Postretirement Benefits	
Three Months	Six Months	Three Months	Six Months

	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Service cost	**$1.4**	$1.4	**$2.7**	$2.8	**$0.8**	$0.9	**$1.6**	$1.7
Interest cost	**3.7**	3.4	**7.5**	6.9	**1.4**	1.3	**2.8**	2.6
Expected return on plan assets	**(5.3)**	(4.8)	**(10.7)**	(9.6)	**(0.4)**	(0.5)	**(0.9)**	(0.9)
Amortization of:								
Prior service cost (credit)	**0.2**	0.2	**0.4**	0.4	**(0.3)**	(0.2)	**(0.5)**	(0.5)
Actuarial loss	**0.2**	0.7	**0.5**	1.4	**0.3**	0.2	**0.5**	0.5
	$0.2	$0.9	**$0.4**	$1.9	**$1.8**	$1.7	**$3.5**	$3.4

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 and, as a result, WPL is allocated pension and other postretirement benefits costs associated with Corporate Services. 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 and six months ended June 30 as follows (in millions):

	Pension Benefits				Other Postretirement Benefits			
	Three Months		Six Months		Three Months		Six Months	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Non-bargaining WPL employees participating in other plans	**($0.8)**	($0.2)	**($1.5)**	($0.4)	**N/A**	N/A	**N/A**	N/A
Allocated Corporate Services costs	**0.2**	1.3	**0.4**	1.8	**$0.3**	$0.2	**$0.5**	$0.4

Included in pension benefits for allocated Corporate Services costs for the three and six months ended June 30, 2007 was a settlement loss of $0.8 million related to payments made to a retired executive.

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 $3 million has been contributed to the other postretirement benefits plans through June 30, 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(g) 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 June 30, 2008 were as follows (in millions):

	Fair Value Measurements at June 30, 2008 Using:		
Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs

	at June 30, 2008	or Liabilities (Level 1)	(Level 2)	(Level 3)
Derivative assets	$26.8	$--	$1.7	$25.1
Derivative liabilities	6.7	--	--	6.7

Additional information for WPL s recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for the three and six months ended June 30, 2008 is as follows (in millions):

	Derivative Assets and Liabilities, net
Three months ended June 30, 2008	
Beginning balance, April 1, 2008	$6.3
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	11.8
Purchases, sales, issuances and settlements, net	0.3
Ending balance, June 30, 2008	$18.4
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 June 30, 2008 (a)	$18.4
Six months ended June 30, 2008	
Beginning balance, Jan. 1, 2008	$12.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	11.4
Purchases, sales, issuances and settlements, net	(5.7)
Ending balance, June 30, 2008	$18.4
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 June 30, 2008 (a)	$18.4

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

39

(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 (in millions)	Gas	Other	Total
Three Months Ended June 30, 2008				
Operating revenues	**$275.0**	**$50.5**	**$2.5**	**$328.0**
Operating income	**33.7**	**2.5**	**0.1**	**36.3**
Earnings available for common stock				**19.5**
Three Months Ended June 30, 2007				
Operating revenues	$270.7	$38.9	$2.7	$312.3
Operating income	30.1	2.6	0.4	33.1
Earnings available for common stock				17.7
Six Months Ended June 30, 2008				
Operating revenues	**$565.6**	**$178.9**	**$4.3**	**$748.8**
Operating income (loss)	**65.0**	**26.2**	**(0.5)**	**90.7**
Earnings available for common stock				**49.8**

Six Months Ended June 30, 2007				
Operating revenues	$545.9	$160.7	$4.3	$710.9
Operating income (loss)	67.0	27.0	(4.2)	89.8
Earnings available for common stock				51.5

(18) RELATED PARTIES

IPL and WPL are parties to a system coordination and operating agreement. The agreement, which has been approved by FERC, provides a contractual basis for coordinated planning, construction, operation and maintenance of the interconnected electric generation systems of IPL and WPL. Prior to June 1, 2008, the agreement allowed the interconnected system to be operated as a single entity with off-system sales and purchases made to market excess system capability or to meet system capability deficiencies. Such sales and purchases were allocated among IPL and WPL based on procedures included in the agreement. Effective June 1, 2008, a change was made to designate IPL and WPL as two separate entities transacting with MISO. This change eliminated the need for internal allocations based on procedures in the agreement and resulted in separate statements from MISO of sales and purchases for IPL and WPL.

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

<u>Description of Business</u> - 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 second quarter were as follows (dollars in millions, except per share amounts):

	2008		2007	
Continuing operations:	**Net Income**	**EPS**	Net Income	EPS
Utility	**$36.2**	**$0.33**	$40.3	$0.36
Non-regulated (Resources)	**12.6**	**0.11**	3.2	0.03
Parent company and other (interest income, taxes, and administrative and general)	**3.0**	**0.03**	1.5	0.01
Income from continuing operations	**51.8**	**0.47**	45.0	0.40
Income from discontinued operations	**9.0**	**0.08**	3.6	0.03
Net income	**$60.8**	**$0.55**	$48.6	$0.43

Earnings from continuing operations for Alliant Energy s utility business were lower in the second quarter of 2008 as compared to the same period in 2007 due to impacts from the severe Midwest flooding in June 2008, higher transmission-related costs at IPL and the net impact of weather and weather hedging activities on electric margins. These items were partially offset by $0.07 per share of income tax benefits recognized from finalizing a U.S. federal income tax audit in the second quarter of 2008 and annual adjustments to electric unbilled revenue estimates.

Earnings from continuing operations for Alliant Energy s non-regulated businesses were higher in the second quarter of 2008 as compared to the same period in 2007 primarily due to $0.04 per share of income tax benefits recognized from finalizing a U.S. federal income tax audit in the second quarter of 2008 and improved earnings from the RMT and WindConnect® businesses. Earnings from continuing operations for the parent company and other were higher in the second quarter of 2008 as compared to the same period in 2007 primarily due to higher interest income earned on short-term investments purchased with a portion of the IPL electric transmission asset sale proceeds, which IPL distributed 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 tl various factors impacting the respective earnings during the second quarter of 2008 and 2007.

SEVERE MIDWEST WEATHER

General **-** In June 2008, the Midwest experienced severe flooding, tornadoes and thunderstorms that impacted the operations of several Alliant Energy companies, including IPL, WPL and Resources. The severe weather resulted in significant property damage to generating facilities, distribution substations and railroad infrastructure, the loss of electric and steam sales and customers due to mandatory evacuations and the destruction of homes and businesses, the evacuation of and damage to various office and operational facilities, and the disruption of short haul railroad services. Alliant Energy has restored service to those customers in its service territory that are capable of receiving service and currently expects the rebuilding and business continuity activities associated with its damaged properties to continue for several months.

Property Damage - Property damage from the severe weather was scattered throughout Alliant Energy s service territory with the most significant impacts occurring in the Cedar Rapids, Iowa area where the Cedar River crested approximately 20 feet above flood stage on June 13, 2008 exceeding the 500-year flood plain boundaries. Property damaged by the severe weather included, among other assets, the following key facilities and their contents: IPL s 185 MW Prairie Creek and 55 MW Sixth Street Generating Stations, IPL s general office building, IPL s electrical distribution operations center, Resources railroad bridge over the Cedar River and several of IPL s distribution substations. In the second quarter of 2008, estimated retirements of utility plant damaged by the severe weather were charged to accumulated depreciation and estimates of all other assets damaged by the severe weather were charged to operating expenses. Alliant Energy will charge future costs to acquire replacement property to property, plant and equipment and future costs to repair damaged property to operating expense as these costs are incurred.

Generating Facility Impacts - IPL s Sutherland Generating Station in Marshalltown, Iowa was shutdown for approximately two weeks during June 2008 due to flooding at the facility, but has since been restored to full operations with no significant damage to the facility from the flooding. IPL s Prairie Creek and Sixth Street Generating Stations in Cedar Rapids, Iowa were also shutdown in June 2008 and remain out of service due to significant damage to the facilities caused by the severe flooding. Prairie Creek Generating Station is expected to return to service by the end of 2008. After a final damage assessment is completed at the Sixth Street Generating Station, a decision will be made on if, and when, the facility will return to service. IPL s Prairie Creek and Sixth Street Generating Stations represent approximately 240 MW, or less than 10%, of IPL s summer electric generating capability and substantially all of IPL s steam generating capability. IPL anticipates procuring replacement purchased power while the Prairie Creek and Sixth Street Generating Stations are offline to satisfy its electric load requirements. IPL is leasing a limited number of small standby generating units during the summer electric peaking season to contribute to the reliability of the electric grid in the Cedar Rapids area. The incremental costs of procuring replacement purchased power and the fuel to power the leased standby generating units will be charged to electric production fuel and purchased power expense and are expected to be recovered from retail electric customers in accordance with IPL s utility fuel cost recovery mechanism resulting in no material impact on IPL s electric margins. The incremental costs of leasing the small standby generating units will be charged to operating expenses. IPL also expects to lease natural gas-fired package boilers and water treatment systems to produce steam to meet the demand of its steam customers in the Cedar Rapids area while its Prairie Creek and Sixth Street Generating Stations are out of service. IPL has entered into new contracts with its steam customers that allow IPL to recover the incremental leasing and fuel costs incurred to resume steam service.

Sales Impacts - Temporary disruptions of electric and steam services associated with the severe weather caused Alliant Energy s and IPL s operating revenues to be lower than anticipated beginning in June 2008. At the peak of the disruptions caused by the severe weather, approximately 40,000 electric customers of IPL were unable to receive service. IPL also has approximately 200 steam customers in Cedar Rapids, who take high-pressure steam for production purposes or low-pressure steam for hot water and heat, that lost service in June 2008 when the Prairie Creek and Sixth Street Generating Stations were shutdown. The most significant impacts on revenues of these disruptions related to several large industrial customers in the Cedar Rapids area who were unable to receive service. Alliant Energy has restored service to those customers in its service territory that are capable of receiving service. Restoration for customers who are currently unable to accept service will be dependent on major repairs or reconstruction of customer facilities and homes and validation by local authorities of habitability and electrical safety of customers structures.

Insurance Coverage - Alliant Energy s property insurance policy provides coverage up to $100 million for covered flood losses, subject to a $1.5 million deductible per occurrence and certain sub-limits, most notably a $10 million sub-limit for covered losses related to temporary replacement equipment and facilities. Covered property generally includes generating assets, substations, office and operating buildings and non-fuel inventories, including costs incurred to protect, repair or replace such property. Excluded property generally includes the electric distribution system, railroad infrastructure, vehicles and fuel. In addition, Alliant Energy does not have any business interruption coverage for lost revenues from the disruption of service. At the end of each reporting period during the restoration activities, Alliant Energy plans to record a receivable for the amount of flood losses recognized to date that are considered probable of future recovery under the insurance policy. The offsetting credit to this receivable will be recorded to operating expense to offset the operating expense used to support the receivable. In addition, the offsetting credit to any insurance proceeds received that are attributable to recovery of utility assets retired due to flood damages will be recorded to accumulated depreciation. Any covered flood losses recognized subsequent to Alliant Energy reaching its $100 million aggregate limit or any applicable sub-limits will not be offset by any portion of the credits from insurance recoveries.

Cost Recovery Mechanisms - Alliant Energy and IPL have several mechanisms to mitigate the adverse financial impacts of the severe Midwest weather. First, Alliant Energy has property insurance to cover a portion of the flood losses. Second, IPL s utility fuel cost recovery mechanism allows it to recover the cost of replacement purchased power and fuel for small standby generating units from its retail electric customers. Third, IPL has entered into new contracts with its steam customers that allow IPL to recover the incremental costs incurred for natural gas-fired package boilers and water treatment systems required to resume steam service. Finally, IPL is evaluating regulatory options for cost recovery of any remaining costs from the severe Midwest weather not covered by the recovery mechanisms above.

Financial Impacts - Alliant Energy and IPL currently estimate the total cost of the severe weather in June 2008 to be approximately $200 million to $250 million for 2008. These costs are largely due to the operating and capital expenditures required to restore operations, expenditures for replacement purchased power due to generating facility outages and lost operating margins due to disruptions in electric and steam service. Based on the estimated financial impacts of the severe weather in June 2008 and the cost recovery mechanisms noted above, Alliant Energy estimates its 2008 utilities earnings will decrease by approximately $0.15 per share ($0.07 in the second quarter of 2008 and $0.08 in the second half of 2008) primarily due to reductions in electric and steam margins from disruptions in service caused by the severe flooding in the Cedar Rapids area and operating expenses for restoration activities that may not be recoverable from cost recovery mechanisms. Alliant Energy also anticipates its 2008 capital expenditures will increase by approximately $60 million ($55 million at IPL and $5 million at Resources) associated with rebuilding activities following the severe flooding. Alliant Energy and IPL do not believe additional expenditures for restoration activities and loss of revenues from service disruptions associated with the severe flooding will have a significant impact on their liquidity given their current liquidity positions and the cost recovery mechanisms noted above, most notably the anticipated proceeds from the property insurance policy. The financial impacts of the severe weather in June 2008 have not had and are not expected to have a material impact on WPL s or Resources results of operations and cash flows. Alliant Energy s and IPL s current estimates of the 2008 financial impacts of the severe Midwest weather are subject to change due to several uncertainties, most notably the timing of when certain customers will resume taking service and the extent of property damage at the Prairie Creek and Sixth Street Generating Stations currently being assessed by external advisors.

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); To Be Determined (TBD)):

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 - East Franklin County, IA	200	2010	$400 - $450	$151	February 2008
Coal	Sutherland #4 Marshalltown, IA	350	2013	950 - 1,050	20	Second half of 2008
WPL:						
Wind	Cedar Ridge Fond du Lac County, WI	68	Fourth quarter of 2008	165	110	May 2007
Natural-gas	Neenah Energy Facility Neenah, WI	300	2009	95	N/A	Second half of 2008
Wind	Bent Tree	200	2010	425 - 475	1	First quarter

	Freeborn County, MN					of 2009
Wind	TBD	200	By 2013	TBD	--	TBD
Coal	Nelson Dewey #3 Cassville, WI	300	2013	1,100 - 1,200	23	Fourth quarter of 2008
Natural-gas	Riverside Energy Center Beloit, WI	600	2013	365 - 375	N/A	2012 2013
					$305	

(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 June 30, 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 the fourth quarter of 2007, IPL acquired approximately 500 MW of wind site capacity in Franklin County, Iowa referred to as the Whispering Willow wind farm. In February 2008, IPL received approval from the IUB to construct a wind farm with capacity of up to 200 MW, which includes a return on common equity of 11.7% and a 25-year depreciable life. 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. In June 2008, Corporate Services, as agent for IPL and WPL, entered into a master supply agreement with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment. IPL anticipates utilizing 200 MW of wind turbine generator sets and related equipment under the master supply agreement for the initial 200 MW of the Whispering Willow wind farm, known as the Whispering Willow - East wind farm.

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 June 30, 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 by 1% per year to an amount of 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 KBV Sutherland Power Constructors, a joint venture between Black and Veatch Construction, Inc. and Kiewit Power Constructors Company, to provide engineering, procurement and 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.

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 intends to 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. In June 2008, WPL filed for approval from FERC for the NEF purchase.

Bent Tree - In April 2008, WPL announced it entered into a letter of intent to purchase a 400 MW wind farm site in Freeborn County, Minnesota. WPL currently anticipates the purchase of the site to be complete by the end of 2008. In June 2008, WPL filed a Certificate of Public Convenience and Necessity (CPCN) application with the PSCW and a Certificate of Need application with the Minnesota Public Utilities Commission (MPUC) to develop 200 MW of this capacity beginning in 2009. In June 2008, WPL also filed a Site Permit application with the MPUC for a multi-phase 400 MW facility, with the first phase consisting of a 200 MW wind farm beginning in 2009. WPL expects the PSCW to issue a ruling on its CPCN application by the end of 2008 and the MPUC to issue a decision on the Site Permit and Certificate of Need applications in late 2008 or early 2009. In June 2008, Corporate Services, as agent for IPL and WPL, entered into a master supply agreement with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment. WPL anticipates utilizing 200 MW of wind turbine generator sets and related equipment under the master supply agreement for the initial 200 MW of the Bent Tree wind farm. 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 execution of a transmission interconnect agreement. 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 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.

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.

Proposals for Reductions in GHG Emissions -

IPL s Proposal - In 2008, IPL announced proposals to permanently reduce GHG emissions through the following actions:

- Retire IPL s coal-fired Units 2 and 3 at the Lansing Generating Station once Sutherland #4 begins operations
- Permanently switch the fuel source of all of IPL s Dubuque Generating Station Units from coal to natural gas once Sutherland #4 begins operations
- Utilize renewable resource fuels (such as switch grass, waste wood and corn stalks) at Sutherland #4 for up to 10% of total fuels, depending on regulatory requirements

These proposals, together with the impact of IPL s energy efficiency programs, are projected to result in reductions in GHG emissions that more than offset the GHG emissions from Sutherland #4. IPL included the proposed changes to its generation fleet as part of its application for advanced rate making principles for Sutherland #4 filed with the IUB in March 2008. These proposed changes to IPL s generating fleet are contingent upon IPL receiving regulatory approval for Sutherland #4.

WPL s Proposal - In 2008, WPL announced proposals to permanently reduce GHG emissions through the following actions:

- Retire WPL s coal-fired Edgewater Generating Station Unit 3 once the proposed expansion at Nelson Dewey #3 begins operations
- Increase WPL s wind generation to almost 500 MW by 2013 including the Cedar Ridge wind farm, Bent Tree wind farm and 200 MW from wind sites yet to be determined
- Increase the amount of renewable resource fuels (such as switch grass, waste wood and corn stalks) used at the proposed expansion at Nelson Dewey #3 to 10% of total fuels after one year of operations, and to 20% of total fuels after five years of operations
- Aggressively build upon its current energy efficiency measures

These proposals are projected to result in reductions in GHG emissions that more than offset the GHG emissions from the proposed expansion at Nelson Dewey #3. WPL included the proposed changes to its generation fleet as part of its testimony filing with the PSCW in June 2008 related to the proposed expansion of Nelson Dewey #3. The proposed changes to WPL s generation fleet are contingent upon WPL receiving regulatory approval for Nelson Dewey #3.

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	Mar-08	$16	$16	Apr-08	TBD	TBD	N/A
2009/2010 Retail	E/G	Feb-08	92	N/A	N/A	TBD	TBD	TBD

2008 Retail	E	Apr-07	26	N/A	N/A	$26	Jan-08	10.80%
2007 Wholesale	E	Sep-06	(b)	(b)	(b)	TBD	TBD	TBD
2007 Retail	E/G	Mar-06	96	N/A	N/A	34	Jan-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 anticipated 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 being recovered in retail electric rates at the time of the filing. In the second quarter of 2008, WPL received an order from the PSCW authorizing the requested interim increase, subject to refund, effective in April 2008. Based upon actual WPL fuel costs through June 2008 and an updated projection of fuel-related costs for the remainder of 2008, WPL currently anticipates that the rate increase authorized in the pending final order may be less than the interim amount approved. WPL anticipates receiving a final written order from the PSCW regarding its request in the second half of 2008. WPL has reserved $1 million as of June 30, 2008 for possible refunds based upon its estimate of the rate increase expected in the final order.

WPL s 2007 Wholesale Rate Case - WPL and its wholesale customers reached a settlement of the issues identified in the 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 the settlement is 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. In May 2008, WPL received authorization from FERC to implement the settlement rates on an interim basis effective June 1, 2008 pending FERC consideration of the filed settlement. As of June 30, 2008, WPL has fully accrued anticipated refunds, including interest, of $10 million related to revenues collected during June 1, 2007 through May 31, 2008. Assuming FERC approval of the settlement, no refunds are currently expected for revenues collected after May 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. As of June 30, 2008, WPL estimated the over-recovery of retail fuel-related costs during this period to be $21 million, including interest. WPL refunded to its retail electric customers $4 million in 2007 and $3 million during the first quarter of 2008. In March 2008, WPL filed a request for approval with the PSCW to refund to its retail electric customers the remaining amount, including interest. As of June 30, 2008, the total refund amount anticipated to be paid to retail electric customers was $14 million, including interest. WPL expects to receive the PSCW s decision in the third quarter of 2008. As of June 30, 2008, WPL reserved for the refund amounts, including interest, 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 July 2008, PSCW Commissioners voted to formally proceed with the promulgation of new retail electric fuel-related cost recovery rules in Wisconsin that were developed by PSCW staff in 2007. 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. The PSCW proposed the new rule become effective in January 2009. The PSCW expressed its intention to send revised rules to the legislature, following the statutory review process, by September 2008. WPL is currently unable to predict the final outcome of this initiative.

Other Recent Regulatory Developments -

Severe Midwest Flooding - In June 2008, IPL filed a request with the MPUC to defer incremental electric and gas operation and maintenance expenses, including overtime labor and excluding fuel, incurred as a result of the severe Midwest flooding that occurred in its service territory in the second quarter of 2008. MPUC action on this deferral request is expected by the end of the third quarter of 2008. If approved, recovery of costs would be considered in future regulatory proceedings. IPL is also currently in ongoing discussions with the IUB on estimated costs of the severe Midwest flooding in its service territory and related cost recovery options. At June 30, 2008, IPL had not recognized any assets for the potential recovery in future regulatory proceedings of operation and maintenance expenses being incurred as a result of the severe Midwest flooding.

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. The statutory deadline for seeking judicial review of the MPUC s order approving IPL s sale of its electric transmission assets to ITC Midwest LLC (ITC) has passed and no appeal was filed.

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. In June 2008, WPL filed for approval from FERC for the NEF purchase. Refer to Strategic Overview - Utility Generation Plan for additional information.

MISO Wholesale Energy Market - In June 2008, the IUB issued an order extending a temporary waiver which allows all costs and credits incurred by IPL to participate in the MISO market that relate to its Iowa retail customers to be included in IPL s Iowa energy adjustment clause until June 30, 2010.

WPL Depreciation Study - In February 2008, the PSCW issued an order approving the implementation of updated depreciation rates for WPL effective July 1, 2008 as a result of a recently completed depreciation study. In June 2008, FERC accepted the updated depreciation rates for use in WPL s wholesale formula rates.

ALLIANT ENERGY S RESULTS OF OPERATIONS

Overview - Second Quarter Results - Refer to Executive Summary for an overview of Alliant Energy s second 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 June 30 were as follows:

	Revenues and Costs (dollars in millions)			MWhs Sold (MWhs in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$183.4**	$180.3	2%	**1,599**	1,602	--
Commercial	**127.6**	125.3	2%	**1,476**	1,475	--
Industrial	**181.7**	184.6	(2%)	**3,133**	3,236	(3%)
Retail subtotal	**492.7**	490.2	1%	**6,208**	6,313	(2%)
Sales for resale:						
Wholesale	**49.1**	43.3	13%	**882**	875	1%
Bulk power and other	**18.8**	15.2	24%	**327**	548	(40%)
Other	**16.1**	16.8	(4%)	**43**	41	5%
Total revenues/sales	**576.7**	565.5	2%	**7,460**	7,777	(4%)

Electric production fuel and purchased power expense	**305.2**	292.9	4%
Margins	**$271.5**	$272.6	--

Second Quarter 2008 vs. Second Quarter 2007 Summary - Electric margins decreased $1 million, primarily due to the net impacts of weather conditions and Alliant Energy s weather hedging activities, an estimated $5 million reduction in electric margins from the loss of retail sales during electric service outages caused by severe flooding in IPL s service territory in the second quarter of 2008, $3 million of lower wheeling revenues at IPL largely due to the sale of its electric transmission assets in December 2007 and lower industrial sales volumes at WPL due to the negative impact the slowing economy in the second quarter of 2008 had on WPL s large industrial customers. These items were substantially offset by the impact of annual adjustments to unbilled revenue estimates, which is discussed below in Unbilled Revenue Estimates, $4 million of purchased power capacity costs at WPL in the second quarter of 2007 related to a contract that ended in December 2007 and improved recoveries of retail fuel-related costs at WPL. Refer to Severe Midwest Weather for additional discussion of the anticipated financial impacts of the severe flooding that occurred in the second quarter of 2008.

Electric margins and MWh sales for Alliant Energy for the six months ended June 30 were as follows:

	Revenues and Costs (dollars in millions)			MWhs Sold (MWhs in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$395.5**	$390.1	1%	**3,741**	3,660	2%
Commercial	**246.8**	248.3	(1%)	**2,987**	2,973	--
Industrial	**341.3**	347.8	(2%)	**6,192**	6,243	(1%)
Retail subtotal	**983.6**	986.2	--	**12,920**	12,876	--
Sales for resale:						
Wholesale	**100.9**	80.7	25%	**1,824**	1,683	8%
Bulk power and other	**34.2**	23.9	43%	**592**	1,129	(48%)
Other	**25.7**	28.2	(9%)	**87**	86	1%
Total revenues/sales	**1,144.4**	1,119.0	2%	**15,423**	15,774	(2%)
Electric production fuel and purchased power expense	**606.7**	573.2	6%			
Margins	**$537.7**	$545.8	(1%)			

First Half 2008 vs. First Half 2007 Summary - Electric margins decreased $8 million, or 1%, primarily due to higher electric production fuel and purchased power expenses at WPL, an estimated $5 million reduction in electric margins from the loss of retail sales during electric service outages caused by the severe flooding in IPL s service territory in the second quarter of 2008, $5 million of lower wheeling revenues at IPL largely due to the sale of its electric transmission assets in December 2007, the impacts of the sale of IPL s and WPL s electric distribution properties in Illinois in February 2007 and lower industrial sales volumes at WPL due to the negative impact the slowing economy in the second quarter of 2008 had on WPL s large industrial customers. These items were partially offset by the impact of annual adjustments to unbilled revenue estimates, $8 million of purchased power capacity costs at WPL in the second quarter of 2007 related to a contract that ended in December 2007, the loss of retail sales during electric service outages caused by the winter storms in IPL s service territory in the first quarter of 2007 and increased electric demand from IPL s large grain processing industrial customers during the first quarter of 2008 compared to the first quarter of 2007.

Unbilled Revenue Estimates - In the second quarter of each year, when weather impacts on electric sales volumes are historically minimal, Alliant Energy refines its estimates of unbilled electric revenues. Adjustments resulting from these refined estimates can increase (e.g. 2008) or decrease (e.g. 2007) electric margins reported in the second quarter. Estimated increases (decreases) in Alliant Energy s electric margins from the annual adjustments to unbilled revenue estimates recorded in the second quarter were as follows (in millions):

	2008	2007
IPL	**$3**	($2)
WPL	**--**	(4)
Alliant Energy	**$3**	($6)

Fuel and Purchased Power Energy (Fuel-related) Cost Recoveries - Alliant Energy s fuel-related costs increased $12 million, or 4%, in the second quarter of 2008 and $34 million, or 6%, in the first half of 2008, 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 second quarter and first half of 2008 were lower than the forecasted fuel-related costs used to set retail rates during such periods. WPL estimates the lower than forecasted retail fuel-related costs increased electric margins by approximately $12 million and $7 million in the second quarter and first half of 2008, respectively. WPL s retail fuel-related costs incurred in the second quarter and first half of 2007 were also lower than the forecasted fuel-related costs used to set retail rates during such periods. WPL estimates the lower than forecasted retail fuel-related costs increased electric margins by approximately $9 million and $16 million in the second quarter and first half of 2007, respectively. Retail fuel-related costs are typically greatest in the second half of each year when electricity demand is at its peak. As a result, WPL expects retail fuel-related costs incurred during the second half of 2008 will be higher than retail fuel-related rates collected from its customers during such period resulting in an anticipated negative impact on electric margins. 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 and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Weather impacts on demand compared to normal weather	**($6)**	$--	**$--**	$1
Gains from weather derivatives (a)	**3**	2	**--**	--
Net weather impact	**($3)**	$2	**$--**	$1

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

CDD in Alliant Energy s service territories for both the three and six months ended June 30 were as follows:

	Actual		
CDD (a):	**2008**	2007	Normal
Cedar Rapids, Iowa (IPL)	**26**	89	99
Madison, Wisconsin (WPL)	**28**	69	70

(a) Actual CDD are calculated using a 70 degree base. Normal degree days are calculated using a rolling 20-year average.

Alliant Energy utilizes weather derivatives based on CDD to reduce the potential volatility on its electric margins during the summer months of June through August. Refer to Note 11(b) of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional information regarding weather derivatives entered into by IPL and WPL in the second quarter of 2008 to reduce potential volatility on their electric margins from June 1, 2008 through Aug. 31, 2008.

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 tables. 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 tables. 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 second quarter and second half of 2008 compared to the same periods in 2007 were largely due to changes in revenues from sales in the 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 June 30 were as follows:

	Revenues and Costs (dollars in millions)			Dths Sold (Dths in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$62.7**	$49.0	28%	**3,990**	3,581	11%
Commercial	**39.1**	29.0	35%	**2,952**	2,736	8%
Industrial	**11.1**	6.5	71%	**962**	754	28%
Retail subtotal	**112.9**	84.5	34%	**7,904**	7,071	12%
Interdepartmental	**1.5**	2.7	(44%)	**466**	334	40%
Transportation/other	**6.7**	6.8	(1%)	**12,366**	13,099	(6%)
Total revenues/sales	**121.1**	94.0	29%	**20,736**	20,504	1%
Cost of gas sold	**86.8**	60.9	43%			
Margins	**$34.3**	$33.1	4%			

Second Quarter 2008 vs. Second Quarter 2007 Summary - Gas margins increased $1 million, or 4%, primarily due to the net impacts of weather conditions and Alliant Energy s weather hedging activities, partially offset by a decrease in weather-normalized retail sales largely due to the negative impacts high natural gas prices and the slowing economy in the second quarter of 2008 had on customer usage during such period.

Gas margins and Dth sales for Alliant Energy for the six months ended June 30 were as follows:

Revenues and Costs (dollars in millions)	Dths Sold (Dths in thousands)

	2008	2007	Change	2008	2007	Change
Residential	**$242.5**	$219.6	10%	**19,086**	17,725	8%
Commercial	**143.4**	122.2	17%	**12,922**	11,572	12%
Industrial	**25.2**	22.1	14%	**2,476**	2,481	--
Retail subtotal	**411.1**	363.9	13%	**34,484**	31,778	9%
Interdepartmental	**3.4**	6.6	(48%)	**735**	837	(12%)
Transportation/other	**15.1**	11.8	28%	**31,277**	29,559	6%
Total revenues/sales	**429.6**	382.3	12%	**66,496**	62,174	7%
Cost of gas sold	**318.9**	272.8	17%			
Margins	**$110.7**	$109.5	1%			

First Half 2008 vs. First Half 2007 Summary - Gas margins increased $1 million, or 1%, primarily due to the net impacts of weather conditions and Alliant Energy s weather hedging activities, substantially offset by $3 million of gains from WPL s performance-based gas commodity cost recovery program (benefits were allocated between ratepayers and WPL) in the first half of 2007 and a decrease in weather-normalized retail sales largely due to the negative impacts high natural gas prices and the slowing economy in the first half of 2008 had on customer usage during such period.

Natural Gas Cost Recoveries - Alliant Energy s cost of gas sold increased $26 million, or 43%, and $46 million, or 17%, in the second quarter and first half of 2008, respectively, primarily due to an increase in natural gas prices and an increase in Dths sold. Due to Alliant Energy s rate recovery mechanisms for natural gas costs, these changes in cost of gas sold resulted in comparable changes in gas revenues and, therefore, did not have a significant impact on gas margins.

Impacts of Weather Conditions - Estimated increases (decreases) to Alliant Energy s gas margins from the net impacts of weather and Alliant Energy s weather hedging activities for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Weather impacts on demand compared to normal weather	**$1**	($1)	**$9**	$--
Losses from weather derivatives (a)	**--**	--	**(3)**	(2)
Net weather impact	**$1**	($1)	**$6**	($2)

(a) Recorded in Transportation/other revenues in the above tables.

HDD in Alliant Energy s service territories for the three and six months ended June 30 were as follows:

	Three Months			Six Months		
	Actual			Actual		
HDD (a):	**2008**	2007	Normal	**2008**	2007	Normal
Cedar Rapids, Iowa (IPL)	**797**	657	682	**4,723**	4,110	4,001
Madison, Wisconsin (WPL)	**840**	751	860	**4,780**	4,260	4,329

(a) Actual HDD are calculated using a 65 degree base. Normal degree days are calculated using a rolling 20-year average.

Alliant Energy utilizes weather derivatives based on HDD to reduce the potential volatility on its margins during the winter months of November through March.

Performance-based Gas Commodity Recovery Program - Effective Nov. 1, 2007, WPL s gas performance incentive sharing mechanism was terminated and replaced with a modified one-for-one pass through of gas costs. WPL s performance-based gas commodity recovery program resulted in gains which increased gas margins by $0 and $3 million in the second quarter and first half of 2007, respectively.

Refer to Rates and Regulatory Matters for discussion of various electric and gas rate filings.

Utility Other Revenues - Other revenues for the utilities were unchanged for both the three- and six-month periods, as higher steam revenues at IPL prior to the severe flooding that occurred in IPL s service territory in the second quarter of 2008 were offset by the loss of steam sales at IPL during the steam service outages caused by the severe flooding. The higher steam revenues prior to the severe flooding were primarily due to higher fuel-related costs charged to steam customers, which are included in utility other operation and maintenance expenses. Refer to Severe Midwest Weather for additional discussion of the anticipated financial impacts of the severe flooding that occurred in the second quarter of 2008.

Non-regulated Revenues - Alliant Energy s non-regulated revenues for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
RMT and WindConnect®	**$98.2**	$56.2	**$180.7**	$94.9
Transportation	**8.7**	8.0	**17.7**	15.6
Non-regulated Generation	**7.1**	7.0	**13.2**	13.5
Other	**--**	0.1	**0.3**	0.2
	$114.0	$71.3	**$211.9**	$124.2

The increased RMT and WindConnect® revenues for the three- and six-month periods were primarily due to revenues earned on several large construction management projects related to wind farms for WindConnect® during the second quarter and first half of 2008. These increased revenues were largely offset by costs from the large construction management projects included in non-regulated operation and maintenance expenses. The growth in demand for the WindConnect® services is impacted by tax credits available to wind farms completed prior to Jan. 1, 2009. Legislation is currently being debated to extend the tax credits available to wind farms completed after 2008.

52

Utility Other Operation and Maintenance Expenses - Second Quarter 2008 vs. Second Quarter 2007 Summary - Alliant Energy s other operation and maintenance expenses for the utilities increased $27 million, due to the following reasons (amounts represent variances between second quarter 2008 and second quarter 2007 in millions):

Alliant

	Energy	IPL	WPL
Higher transmission-related expenses at IPL	$15	$15	$--
Incremental expenses related to severe flooding in 2008, net of estimated insurance recoveries	6	6	--
Higher electric generation expenses at IPL	3	3	--
Higher employee health care costs	2	1	1
Higher steam generation expenses at IPL	1	1	--
Lower pension and other postretirement benefits expenses	(5)	(3)	(2)
Other	5	2	3
	$27	$25	$2

Transmission-related expenses at IPL increased primarily due to $17 million of charges in the second quarter of 2008 for transmission services provided by ITC following the sale of IPL s electric transmission assets to ITC in December 2007. These transmission-related charges from ITC were partially offset by transmission-related operating expenses incurred in the second quarter of 2007 including $2 million in operation and maintenance expenses, $4 million in depreciation and amortization expenses and $2 million in taxes other than income taxes, as well as the positive impacts on earnings from the application of the sale proceeds. Electric generation expenses at IPL increased primarily due to a planned maintenance outage at its M.L. Kapp Plant in the second quarter of 2008, partially offset by a planned maintenance outage at its Ottumwa Generating Station in the second quarter of 2007. Steam generation expenses increased at IPL primarily due to higher fuel-related costs resulting from increased commodity prices. Pension and other postretirement benefits expenses decreased primarily due to a reduction in the amortization of actuarial losses and the impact of higher funding levels of the qualified pension plans. The lower sale of accounts receivable expenses were largely due to IPL s use of a portion of the proceeds from the sale of its electric transmission assets to reduce its level of accounts receivable sales. Refer to Severe Midwest Weather for additional discussion of the anticipated financial impacts of the severe flooding that occurred in the second quarter of 2008.

First Half 2008 vs. First Half 2007 Summary - Alliant Energy s other operation and maintenance expenses for the utilities increased $27 million, due to the following reasons (amounts represent variances between first half 2008 and first half 2007 in millions):

	Alliant Energy	IPL	WPL
Higher transmission-related expenses at IPL	$32	$32	$--
Incremental expenses related to severe flooding in 2008, net of estimated insurance recoveries	6	6	--
Higher employee health care costs	5	2	3
Higher steam generation expenses at IPL	3	3	--
Higher electric generation expenses at IPL	3	3	--
Lower pension and other postretirement benefits expenses	(9)	(5)	(4)
Incremental expenses at IPL related to winter storms in 2007	(6)	(6)	--
Regulatory-related charge at WPL in 2007	(4)	--	(4)
Lower long-term incentive-related compensation expenses	(3)	(2)	(1)
Lower sale of accounts receivable expenses at IPL	(3)	(3)	--
Other	3	1	2
	$27	$31	($4)

Transmission-related expenses at IPL increased primarily due to $36 million of charges in the first half of 2008 for transmission services provided by ITC following the sale of IPL s electric transmission assets to ITC in December 2007. These transmission-related charges from ITC were partially offset by transmission-related operating expenses incurred in the first half of 2007 including $4 million in operation and maintenance expenses, $8 million in depreciation and amortization expenses and $3 million in taxes other than income taxes, as well as the positive impacts on earnings from the application of the sale proceeds. Steam generation expenses increased at IPL primarily due to higher fuel-related costs resulting from increased commodity prices. Electric generation expenses increased at IPL primarily due to planned maintenance outages in 2008. Pension and other postretirement benefits expenses decreased primarily due to a reduction in the amortization of actuarial losses and the impact of higher funding levels of the qualified pension plans. The lower long-term incentive-related compensation expenses were primarily due to lower performance levels of Alliant Energy s common stock price in the first half of 2008 as compared to the first half of 2007 relative to total shareowner return metrics established within the incentive plans. The lower sale of accounts receivable expenses were largely due to IPL s use of a portion of the proceeds from the sale of its electric transmission assets to reduce its level of accounts receivable sales.

Non-regulated Operation and Maintenance Expenses - Alliant Energy s non-regulated operation and maintenance expenses for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
RMT and WindConnect®	**$92.1**	$53.5	**$167.8**	$88.6
Transportation	**5.4**	3.9	**9.8**	7.8
Non-regulated Generation	**1.2**	2.4	**2.2**	4.6
Other (includes eliminations)	**(2.2)**	0.3	**(2.5)**	0.4
	$96.5	$60.1	**$177.3**	$101.4

The RMT and WindConnect® variance was largely driven by project costs associated with the execution of large construction management projects and higher incentive-related compensation expenses of $2 million and $4 million for the three- and six-month periods, respectively. The Other expenses variance was largely due to a gain on the sale of real estate assets in the second quarter of 2008 and increased eliminations of intercompany operating expenses.

Depreciation and Amortization Expenses - Depreciation and amortization expenses decreased $4 million and $9 million for the three- and six-month periods, respectively, primarily due to $4 million and $8 million of depreciation expense in the second quarter and first half of 2007, respectively, related to IPL s electric transmission assets that were sold in December 2007 and lower amortization expenses from enterprise resource planning (ERP) software that became fully amortized in the third quarter of 2007. These items were partially offset by additional depreciation expense from the impact of utility property additions.

Taxes Other than Income Taxes - Taxes other than income taxes decreased $1 million and $3 million for the three- and six-month periods, respectively, primarily due to lower property taxes at IPL following the sale of its electric transmission assets in December 2007.

Refer to Other Matters - Other Future Considerations - IPL s Electric Transmission Assets Sale for discussion of the estimated impact on future operations of IPL s sale of its electric transmission assets.

Interest Expense - Second Quarter 2008 vs. Second Quarter 2007 Summary - Alliant Energy s interest expense increased $3 million, due to the following reasons (amounts represent variances between second quarter 2008 and second quarter 2007 in millions):

	Alliant Energy	IPL	WPL
Interest expense variances from certain reductions in long-term debt:			

WPL s 7% debentures in June 2007	($1)	$--	($1)
IPL s 6% collateral trust bonds in November 2007	(1)	(1)	--
Interest expense variances from certain issuances of long-term debt:			
WPL s 6.375% debentures in August 2007	5	--	5
	$3	($1)	$4

First Half 2008 vs. First Half 2007 Summary - Alliant Energy s interest expense increased $3 million, due to the following reasons (amounts represent variances between first half 2008 and first half 2007 in millions; Alliant Energy Neenah, LLC (Neenah)):

	Alliant Energy	IPL	WPL
Interest expense variances from certain reductions in long-term debt:			
WPL s 7% debentures in June 2007	($3)	$--	($3)
IPL s 6.875% collateral trust bonds in May 2007	(1)	(1)	--
IPL s 6% collateral trust bonds in November 2007	(2)	(2)	--
Resources credit facility related to Neenah in March 2007	(1)	--	--
Interest expense variances from certain issuances of long-term debt:			
WPL s 6.375% debentures in August 2007	10	--	10
	$3	($3)	$7

Equity Income from Unconsolidated Investments - Refer to Note 9 of Alliant Energy s Notes to Condensed Consolidated Financial Statements for details of Alliant Energy s equity income from unconsolidated investments.

AFUDC - AFUDC increased $2 million and $4 million for the three- and six-month periods, respectively, primarily due to the AFUDC recognized in 2008 related to the construction of WPL s Cedar Ridge wind farm.

Interest Income and Other - Second Quarter 2008 vs. Second Quarter 2007 Summary - Interest income and other increased $2 million primarily due to increased interest income from higher balances of cash and cash equivalents in the second quarter of 2008 as compared to the second quarter of 2007. The higher balances of cash and cash equivalents are largely due to the proceeds received from the sale of IPL s electric transmission assets in December 2007.

First Half 2008 vs. First Half 2007 Summary - Interest income and other was unchanged as increased interest income from higher balances of cash and cash equivalents in the first half of 2008 as compared to the first half of 2007 was offset by a $4 million pre-tax gain realized from the sale of an investment in the first quarter of 2007.

Refer to Notes 1(d) and 1(f) of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional information regarding Alliant Energy s cash and cash equivalents and interest income and other, respectively.

Income Taxes - The effective income tax rates for Alliant Energy s continuing operations were 16.0% and 28.4% for the three- and six-month periods ended June 30, 2008, compared with 38.3% and 36.8%, respectively, for the same periods in 2007. The decreased effective tax rates for both the three- and six-month periods were primarily due to $12.6 million of income tax benefits recorded in the second quarter of 2008 as a result of finalizing the audit of Alliant Energy s U.S. federal income tax returns for calendar years 2002 through 2004 and recording known adjustments for the tax returns for calendar years 2005 and 2006. The decreased effective tax rates for both the three- and six-month periods were also due to changes in the impact of property related differences for which deferred tax expense is not recorded pursuant to Iowa rate making principles. The decreased effective tax rate for the six-month period was partially offset by a reserve recorded at WPL in the first quarter of 2008 for a tax-related regulatory asset.

Income from Discontinued Operations - Refer to Note 14 of Alliant Energy s Notes to Condensed Consolidated Financial Statements for discussion of Alliant Energy s discontinued operations.

IPL S RESULTS OF OPERATIONS

Overview - Second Quarter Results - Earnings available for common stock decreased $6 million primarily due to lower electric margins and higher operating expenses, partially offset by a lower effective income tax rate.

Electric Margins - Electric margins and MWh sales for IPL for the three months ended June 30 were as follows:

	Revenues and Costs (dollars in millions)			MWhs Sold (MWhs in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$99.0**	$95.2	4%	**877**	865	1%
Commercial	**75.3**	72.8	3%	**945**	935	1%
Industrial	**99.8**	99.8	--	**1,925**	1,988	(3%)
Retail subtotal	**274.1**	267.8	2%	**3,747**	3,788	(1%)
Sales for resale:						
Wholesale	**5.5**	5.5	--	**106**	109	(3%)
Bulk power and other	**13.0**	10.4	25%	**235**	329	(29%)
Other	**9.1**	11.1	(18%)	**24**	24	--
Total revenues/sales	**301.7**	294.8	2%	**4,112**	4,250	(3%)
Electric production fuel and purchased power expense	**142.0**	129.0	10%			
Margins	**$159.7**	$165.8	(4%)			

Second Quarter 2008 vs. Second Quarter 2007 Summary - Electric margins decreased $6 million, or 4%, primarily due to an estimated $5 million reduction in electric margins from the loss of retail sales during electric service outages caused by the severe flooding in IPL s service territory in the second quarter of 2008, the net impacts of weather conditions and IPL s weather hedging activities and $3 million of lower wheeling revenues resulting from the sale of IPL s electric transmission assets in December 2007. These items were partially offset by the impact of IPL s annual adjustments to unbilled revenue estimates. Refer to Severe Midwest Weather for additional discussion of the anticipated financial impacts of the severe flooding that occurred in the second quarter of 2008.

Electric margins and MWh sales for IPL for the six months ended June 30 were as follows:

	Revenues and Costs (dollars in millions)			MWhs Sold (MWhs in thousands)		
	2008	2007	Change	**2008**	2007	Change
Residential	**$206.6**	$202.6	2%	**2,063**	1,979	4%
Commercial	**141.2**	142.9	(1%)	**1,882**	1,857	1%
Industrial	**182.1**	186.2	(2%)	**3,827**	3,821	--
Retail subtotal	**529.9**	531.7	--	**7,772**	7,657	2%
Sales for resale:						
Wholesale	**11.2**	8.9	26%	**220**	176	25%
Bulk power and other	**23.2**	14.2	63%	**419**	611	(31%)
Other	**14.5**	18.3	(21%)	**48**	48	--
Total revenues/sales	**578.8**	573.1	1%	**8,459**	8,492	--
Electric production fuel and purchased power expense	**263.0**	251.7	4%			
Margins	**$315.8**	$321.4	(2%)			

First Half 2008 vs. First Half 2007 Summary - Electric margins decreased $6 million, or 2%, primarily due to an estimated $5 million reduction in electric margins from the loss of retail sales during electric service outages caused by the severe flooding in IPL s service territory in the second quarter of 2008, $5 million of lower wheeling revenues resulting from the sale of IPL s electric transmission assets in December 2007 and the impacts of IPL s sale of its electric distribution properties in Illinois in February 2007. These items were partially offset by the impact of IPL s annual adjustments to unbilled revenue estimates, the loss of retail sales during electric service outages caused by the winter storms in the first quarter of 2007 and increased electric demand from IPL s large grain processing industrial customers during the first quarter of 2008 compared to the first quarter of 2007.

Impacts of Weather Conditions (excluding the impacts of winter storms in IPL s service territory) - Estimated increases (decreases) to IPL s electric margins from the net impacts of weather and IPL s weather hedging activities for the three and six months ended June 30 were as follows (in millions):

	Three Months		Six Months	
	2008	2007	**2008**	2007
Weather impacts on demand compared to normal weather	**($4)**	$--	**$--**	$1
Gains from weather derivatives (a)	**2**	2	**--**	--
Net weather impact	**($2)**	$2	**$--**	$1

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

Refer to Alliant Energy s Results of Operations - Utility Electric Margins for details on IPL s CDD data, recoveries of electric fuel and purchased power energy costs, IPL s sale of its Illinois electric distribution properties in February 2007, IPL s annual adjustments to unbilled revenue estimates and MISO-related transactions. Refer to Note 11(b) of Alliant Energy s Notes to Condensed Consolidated Financial Statements for additional information regarding weather derivatives entered into by IPL in the second quarter of 2008 to reduce potential volatility on its electric margins from June 1, 2008 through Aug. 31, 2008.

Gas Margins - Gas margins and Dth sales for IPL for the three months ended June 30 were as follows:

Revenues and Costs (dollars in millions) Dths Sold (Dths in thousands)

	2008	2007	Change	2008	2007	Change
Residential	**$35.7**	$28.3	26%	**2,356**	2,049	15%
Commercial	**22.3**	17.0	31%	**1,720**	1,557	10%
Industrial	**8.3**	5.9	41%	**727**	679	7%
Retail subtotal	**66.3**	51.2	29%	**4,803**	4,285	12%
Interdepartmental	**1.0**	0.6	67%	**92**	62	48%
Transportation/other	**3.3**	3.3	--	**8,250**	7,800	6%
Total revenues/sales	**70.6**	55.1	28%	**13,145**	12,147	8%
Cost of gas sold	**52.0**	37.3	39%			
Margins	**$18.6**	$17.8	4%			

Second Quarter 2008 vs. Second Quarter 2007 Summary - Gas margins increased $1 million, or 4%, primarily due to the net impacts of weather conditions and IPL s weather hedging activities. This increase was partially offset by a decrease in weather-normalized retail sales largely due to the negative impacts high natural gas prices and the slowing economy in the second quarter of 2008 had on customer usage during such period.

Gas margins and Dth sales for IPL for the six months ended June 30 were as follows:

Revenues and Costs (dollars in millions)		Dths Sold (Dths in thousands)
2008	2007	