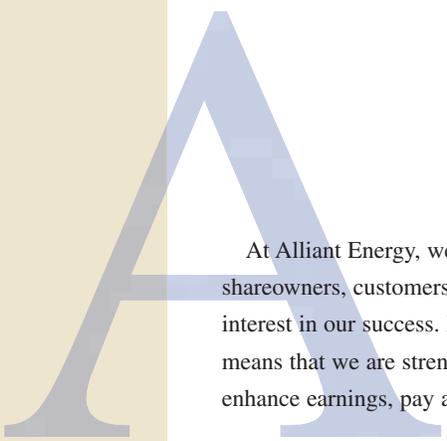


BUILDING STRENGTH AND VALUE



2003 ANNUAL REPORT





1	Financial Overview
2	Company at a Glance
4	Letter to Shareowners
8	Frequently Asked Shareowner Questions
13	Senior Management Team
14	Board of Directors
16	Alliant Energy Officers
17	Financial Information
18	Management’s Discussion and Analysis of Financial Condition and Results of Operations
39	Report on the Financial Information
40	Independent Auditors’ Report
41	Consolidated Financial Statements
47	Notes to Consolidated Financial Statements
74	Selected Financial and Operating Statistics
76	Definitions
77	Shareowner Information

At Alliant Energy, we are **building strength and value** for our shareowners, customers, employees and others who have a vested interest in our success. But just what does that mean? Of course, it means that we are strengthening our financial position in order to enhance earnings, pay a market competitive dividend and deliver

stock price appreciation. It’s about building long-term shareowner value.

But, it’s even more than that.

You should also take our annual report theme literally. Our updated strategic plan focuses on growing our earnings by building new domestic utility generating capacity to serve our customers’ increasing energy needs while — at the same time — protecting the environment.



We are building strength and value by continuing to do what we already do well — providing the reliable utility service our customers demand. As you will read in the following pages, our domestic generation plans call for utilizing a diversified portfolio approach to meet our customers’ future needs through coal, natural gas and renewable energy sources as well as continuing our focus on energy efficiency.



We expect to continue to augment this domestic utility-centric focus by maintaining our strategic investments in the international energy market as well as other targeted energy-related investments.

Our domestic utilities are not only our foundation, they are our future. We will seek modest, yet sustainable growth. We will remain committed to maintaining our investment-grade credit ratings and a strong balance sheet. And we will build strength and value for all of our stakeholders.

ABOUT US

Alliant Energy is an energy holding company that serves more than three million customers worldwide. Providing domestic utility customers in the Midwest with electric and natural gas services remains our top priority. Our other key business platforms include targeted international energy markets, non-regulated generation and our Integrated Services business. Alliant Energy, headquartered in Madison, Wis., is a Fortune 1000 company traded on the New York Stock Exchange under the symbol ‘LNT.’ For more information, visit our Web site at www.alliantenergy.com

This annual report contains forward-looking statements. These statements should be considered in light of the disclaimer on page 18.



(Dollars in millions, except per share data)

	2003	2002	Change
Operating revenues	\$3,128	\$2,487	26%
Net income:			
Income from continuing operations	\$160	\$88	82%
Income from discontinued operations	\$30	\$19	58%
Cumulative effect of changes in accounting principles	(\$6)	-	N/A
Net income	\$184	\$107	72%
Diluted earnings per average common share:			
Income from continuing operations	\$1.57	\$0.97	62%
Income from discontinued operations	\$0.30	\$0.21	43%
Cumulative effect of changes in accounting principles	(\$0.06)	-	N/A
Net income	\$1.81	\$1.18	53%
Domestic utility electric sales to retail customers (thousands of megawatt-hours)	25,573	25,455	-
Total domestic utility electric sales (thousands of megawatt-hours)	31,252	30,457	3%
Domestic utility gas sold and transported (thousands of dekatherms)	105,889	103,038	3%
Construction and acquisition expenditures (a)	\$839	\$657	28%
Total assets at year-end	\$7,775	\$7,814	-
Cash flows from operating activities (continuing operations)	\$420	\$555	(24%)
Total debt to capitalization ratio	48%	60%	N/A
Common shares outstanding at year-end (in thousands)	110,963	92,304	20%
Dividends declared per common share	\$1.00	\$2.00	(50%)
Market value per share at year-end	\$24.90	\$16.55	50%
Book value per share at year-end	\$21.37	\$19.89	7%

(a) These amounts do not include construction and acquisition expenditures for discontinued operations of \$42 million and \$214 million for 2003 and 2002, respectively.

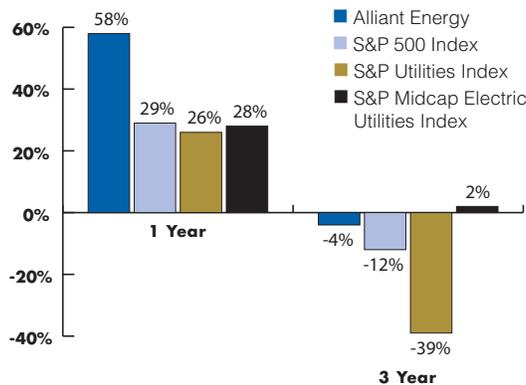
The financial data should be read in conjunction with the audited financial statements and related notes of Alliant Energy. The reported financial data are not necessarily indicative of future operating results or financial position.

Diluted earnings per average common share



Total shareowner return*

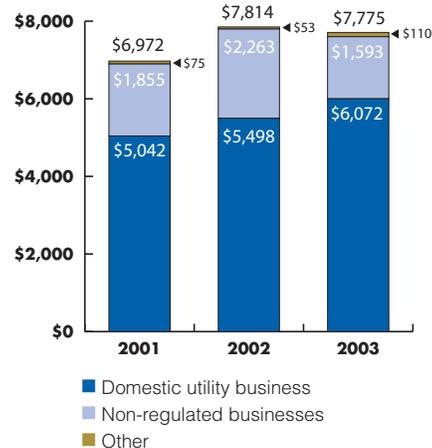
at Dec. 31, 2003



* Dividends plus stock price appreciation

Total assets at year-end

(in millions)

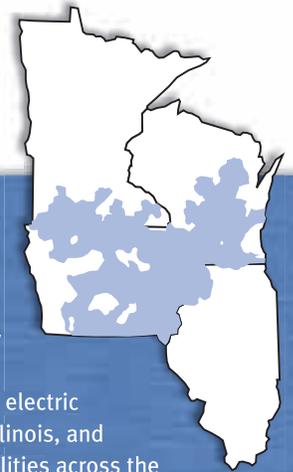




Who we are...

Alliant Energy, headquartered in Madison, Wis., is an energy holding company traded on the New York Stock Exchange under the symbol "LNT." Over the last year, we've undergone several changes in order to better align our strategy with the current market. Today, we are building strength and value by capitalizing on new opportunities in our domestic utility business. We expect our non-regulated businesses to contribute to shareowner value as well.

2



DOMESTIC UTILITY BUSINESS

Interstate Power and Light Company and Wisconsin Power and Light Company, our domestic utility subsidiaries, form the core of Alliant Energy. Our domestic utility business is not only our foundation, but as the primary target of our future capital investments, it is also our growth platform.

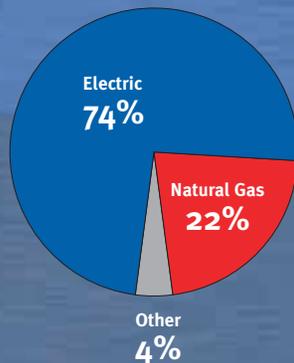
Our utilities provide safe, reliable, affordable and environmentally sound electric and natural gas services to customers in Iowa, Wisconsin, Minnesota and Illinois, and maintain a strong fleet of fossil-fuel, nuclear and renewable generating facilities across the

upper Midwest. Together, they have a nameplate generation capacity of approximately 5,200 megawatts (MW). We intend to increase that capacity by about 1,600 MW from 2004 through 2010.

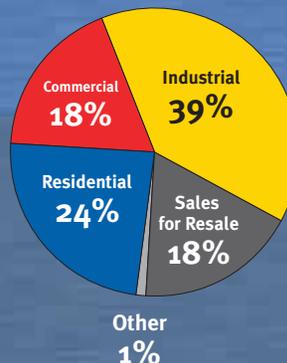
2003 STATISTICS

Maximum peak hour demand	5,887 MW
Number of electric customers	965,953
Number of natural gas customers	408,427
Total electric sales (thousands of MWh)	31,252
Natural gas sold and transported (thousands of Dth)	105,889

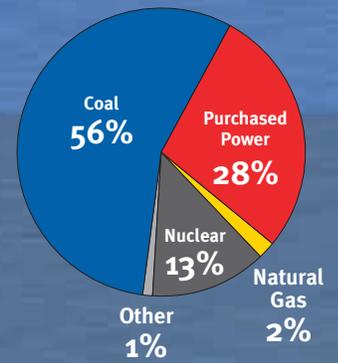
Operating Revenues



Electric Sales Mix



Electric Power Sources





NON - REGULATED BUSINESSES

Alliant Energy Resources, Inc. is the parent company for the majority of Alliant Energy's non-regulated businesses. With the exception of anticipated activities by our non-regulated generation business in support of our domestic utility generation plan, we do not expect these businesses to be consumers of significant amounts of additional investment capital going forward. However, we expect these businesses to be strong operations that contribute increasingly to earnings and shareowner value, and provide appropriate returns on the capital already invested. As a result, we view these businesses as ongoing business platforms in comparison to our growth platform, our domestic utility business.



Primary non-regulated business platforms

Non-regulated generation: In 2003, we refined the focus of our non-regulated generation business to primarily support the development, financing and construction of generation to meet the needs of our domestic utility business. Although we own one tolled, 309 MW, natural gas-fired power plant in Neenah, Wis., we will defer pursuit of other new non-regulated generation projects, other than potential projects to utilize existing equipment held by Non-regulated generation, or further acquisitions of existing tolled generation in the near term.

International: International has invested in energy generation and distribution companies and projects in select growing markets. We currently have investments in Brazil, China and New Zealand.

Integrated Services: Alliant Energy Integrated Services Company is involved in selling and delivering high value energy and environmental services to commercial, industrial and institutional customers.

Such services include energy infrastructure project development and construction management; energy planning, procurement and risk management services; and environmental engineering and site remediation services. In addition, Integrated Services also provides gas marketing and management services, and asset management services for pipelines and onsite generation.



Other investments: This includes investments in Laguna del Mar, Synfuel and transportation assets. In addition, we have various other modest investments related to economic development, energy technologies and telecommunications.



SUPPORT SERVICES

Alliant Energy Corporate Services, Inc. supports the other areas of the company with traditional administrative functions, including strategy, risk management, performance improvement, accounting and finance, fuel procurement, supply chain, corporate communications, legal, regulatory, internal audit, corporate governance, information technology, human resources, labor relations, infrastructure security, and environmental and safety management.



Our vision:

To be the customer's first choice for energy solutions.

Our Mission:

To exceed the customer's expectations for comfort, security and productivity.

Dear Fellow Shareowners,



Erroll B. Davis, Jr.
Chairman and CEO

The success we've enjoyed in meeting our most recent strategic challenges has energized the Alliant Energy team to position the company for continued future success.

We were acutely aware that we needed to turn things around financially in 2003 — and we delivered. By reducing debt by \$875 million through asset divestitures, our debt to total capitalization ratio now stands at 48%, down from 60% at the end of 2002. We delivered a 58% total return to shareowners in 2003 and increased diluted earnings per share from continuing operations by 62% over 2002. We further narrowed our focus and announced a flexible and balanced plan to build new generation to serve our domestic utility customers. Taken together, we believe these results are the very definition of successful execution. Without question, the Alliant

Energy team delivered in 2003.

With 2003 diluted earnings per share from continuing operations at \$1.57

and income from continuing operations of \$159.7 million, we improved significantly over our 2002 financial performance of \$0.97 per diluted share from continuing operations and income from continuing operations of \$87.5 million. Earnings per share also improved from \$1.18 in 2002 to \$1.81 in 2003.

In 2003, we also outperformed the market in terms of total shareowner return (dividends plus stock price appreciation), beating not only the S&P 500 Index, but also the S&P Utilities Index. Through the determination, strength and hard work of our employees, we have now completed all of the strategic actions we outlined in late 2002 to strengthen our financial profile. We did exactly what we said we would.

However, we are not resting on our laurels. The success we've enjoyed in meeting our most recent strategic challenges has energized this team to position the company for continued future success. We have learned much over the past two years, and the experience has made us stronger, more disciplined and more resolved.

But, before we discuss where we want to be tomorrow, we felt it appropriate to review just how we got to where we are today.

November 2002 Plan

Understanding the context for specific actions is always important, but never more so than when evaluating the U.S. energy market. Over the past two years, we have seen dramatic developments in our business and a virtual sea change in how many within the industry define themselves. In November 2002 — after the Enron debacle, the Arthur Andersen meltdown, the California energy crisis, tightened credit markets and some financial challenges of our own — we announced a series of strategic actions designed to strengthen our financial profile. In a letter to all shareowners dated Nov. 22, 2002, I listed five actions we said we were going to take in order to improve our financial strength. And, I am proud to say that we have successfully executed each and every one of them.



First, we said we would **reduce our anticipated aggregate 2002 and 2003 capital expenditures by approximately \$400 million**, primarily in our non-regulated businesses. And, we did just that.

Second, we said we would make the difficult, but prudent, decision to **reduce our annual common stock dividend to \$1 per share**. As difficult as it was, we took that action. Our targeted annual dividend rate, which is now \$1 per share, is at a sustainable, yet still competitive, level. And, we believe the current tax treatment for dividend income, which we worked very hard to see enacted, further enhances the appeal of our dividend.

Third, we committed to **enhanced cost controls**. For example, Lean Six Sigma processes are now becoming a part of our culture at Alliant Energy. And, we expect they will yield cost savings as well as productivity enhancements far into the future. We also continue to focus on numerous other cost control initiatives, which is a normal part of our ongoing business. While we surpassed our cost savings goals in 2003, we probably will never be in a position to state this component of our strategic actions is complete. Instead, it is a commitment to continuous improvement.

Fourth, we announced we would **issue additional common equity of approximately \$200 to \$300 million**. In July, we delivered on that promise by issuing 17.3 million shares of our common stock. We raised net proceeds of \$318 million from this transaction and infused \$200 million into Wisconsin Power and Light Company and \$118 million into Interstate Power and Light Company.

Finally, our plan called for us to **divest certain non-core, non-strategic assets** and, ultimately, to achieve debt reduction in excess of \$800 million. Toward this end, we sold our Australian assets, our affordable housing business — primarily made up of Heartland Properties, Inc. — and our SmartEnergy, Inc. business, as well as various other modest asset sales. We crossed the last hurdle with the successful initial public offering of our oil and gas subsidiary, Whiting Petroleum Corporation.

Through these combined efforts, we reduced our debt levels by \$875 million through asset divestitures.

As you can see, we made five commitments to take action, followed by successful execution, in each of these five areas. The market recognized our progress, as our stock price appreciated about 60% between Nov. 22, 2002, and Dec. 31, 2003. We are executing on our promises and we are proud of our achievements in that regard. But, we also fully recognize that we owe our investors nothing less than that.



2004 and Beyond

As 2003 closed, these five strategic actions became part of our proud history. And, with a new focus on the future, we turned our attention to, “What’s next for Alliant Energy?”

Our strategic priorities for 2004 and beyond are rather straightforward. They are centered on three key themes: strategic focus, financial discipline and successful execution.

In short — we plan to build on our strengths which, in turn, will build strength and value.

We remain steadfast in our commitment to provide our customers with safe, reliable, affordable and environmentally sound energy — a commitment we have delivered on year-after-year.

And, while we expect annual sales growth within our domestic utility service territory to be a modest 1% to 3%, we do expect to increase, over time, our earnings and cash flows by prudently investing in utility infrastructure.

As we have all learned, we must maintain our commitment to financial prudence and discipline. We are committed to maintaining investment-grade credit ratings and a strong balance sheet. We will seek modest, yet sustainable, growth with our domestic utility business serving as our growth engine. We are committed to delivering solid long-term returns for our shareowners and maintaining an impeccable “say/do” ratio.

Domestic Utility Business

Without question, our industry has changed; the market has changed; and we have changed with it. Not all of that change has been painless. But, through this transformation, we now have investment opportunities in our domestic utility business that did not

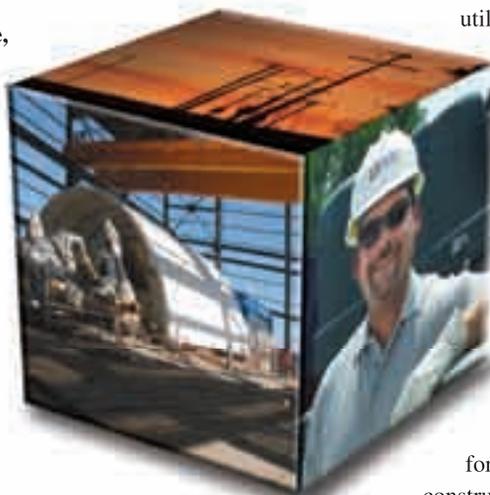
exist several years ago.

Progressive legislation was passed in Iowa that provides companies with the necessary ratemaking principles — and resulting increased regulatory and investment certainty — prior to making certain generation investments in Iowa.

Wisconsin also enacted legislation with the goal of assuring reliable electric energy

for Wisconsin. The law allows construction of merchant power plants in the state and streamlines the regulatory

approval process for building new generation and transmission facilities. Recently, the Public Service Commission of Wisconsin approved a lease-back structure for an affiliate plant, which provides a similar level of investment certainty.



These changes have enabled Alliant Energy to pursue additional generation investments in its domestic utility business to serve its customers and to provide shareowners with greater certainty regarding the returns on these investments.

We intend to put these enlightened policies to work for the benefit of our customers and our investors. Specifically, we plan to add 1,600 MW of nameplate generating capacity to our fleet from 2004 through 2010 (985 MW in Iowa and 615 MW in Wisconsin). This new generation capacity will be a mix of coal, natural gas and renewable energy sources. Our plans are modest, balanced, flexible and financially viable.

In order to continue to provide safe, reliable and affordable energy to our customers, the company has conducted a thorough review of future demand and believes that new generation will be needed to meet increasing customer demand, reduce reliance on purchased-power agreements and mitigate the impacts of potential future plant retirements. But, through a host of actions, we remain committed to our continuing efforts to improve the environmental performance of our generation fleet. Even beyond our belief that this is the right thing to do, it's just good business.

We will continue to support legislation that creates greater certainty around environmental protection. And, we staunchly believe the investors in companies that take a lead role in protecting the environment should be rewarded for achieving these goals, not penalized.

I would be remiss if I didn't emphasize just what underlies all of our generation plans: our continuing and persistent commitment to the safe, reliable, affordable and environmentally sound delivery of energy to our customers. Understand that we will invest in the appropriate infrastructure to ensure we meet this commitment. Through our domestic utility business, we will strive for continued excellence in electric and natural gas services with superior customer service.

We have also refined the focus of our non-regulated generation business; it will now focus primarily on supporting the development, financing and construction of generation to meet the needs of our domestic utility business. We will defer pursuit of other new non-regulated generation projects, other than potential projects to utilize existing equipment held by Non-regulated generation, or further acquisitions of existing tolled generation in the near term.

Clearly, we are concentrating on our core domestic utility business. However, through Alliant Energy Resources, we plan to continue our utility focus on select non-regulated businesses as well. We will continue to operate in the international arena, maintaining our investments primarily in Brazil, China and New Zealand, as well as investments in the non-regulated generation market and other select areas.

Non-regulated Businesses

Because they have been the target of much discussion and debate, I would emphasize that our international investments are making solid progress.

We have strong partnerships in China and our investment there is profitable ... and we expect it will remain profitable in the coming years. Our investment in New Zealand also was profitable in 2003. Aside from some modest capital investments in our generation portfolio in China that will be generated through internal cash flows from our existing China investments or from non-recourse debt, we do not expect to make significant additional investments in either of these markets.

On balance, we made great progress in Brazil in 2003. Rate increases were implemented at all five of the Brazilian operating companies throughout 2003. Electric sales volumes increased approximately 7% in 2003 over 2002 and were also higher than the sales levels in the last year before drought related and government imposed electricity rationing. Foreign currency rates improved in 2003 as well. We made progress on improving the in-country debt profile of our Brazilian investment by restructuring approximately \$245 million of Brazil-based short- and long-term debt.

In 2003, our in-country Brazil earnings were positive, but we still incurred a net loss of \$14 million after allocated debt capital and overhead charges. However, I emphasize that the \$14 million loss compares favorably to a loss of \$47 million in 2002. The results for the fourth quarter of 2003 were positive, which marks the first quarter that the bottom-line results have been positive since we made our initial investment in Brazil.

We are encouraged to see our considerable efforts in Brazil now beginning to bear fruit. But, while significant progress has been made in turning these investments around, I would note that we will not be satisfied until we translate that progress into realizing a consistent and reasonable rate of return on our Brazilian investment. We fully recognize that we still have considerable work yet to do.



Wisconsin Power and Light Company signed a purchased-power agreement for 453 MW of electrical output from the Riverside Energy Center in the town of Beloit, Wis. Commercial operation of the plant is expected to begin in May 2004.



The 550 MW natural gas-fired Emery Generating Station near Mason City, Iowa, is scheduled to begin generating electricity in the second quarter of 2004.

We will also maintain several other non-regulated businesses. Although we expect these businesses to add to shareowner value over time, we do not expect to invest significant additional capital in them.

In short, Alliant Energy Resources will continue to play a role at Alliant Energy. But, rather than serve as a growth platform, it will serve as an ongoing business platform to augment and support our core domestic utility business.

Financial Plan Going Forward

After living through what has been a most tumultuous time in our industry's history, we very carefully reviewed the financial viability of our strategic actions going forward. We believe it will take an investment of roughly \$650 million over the next seven years to implement our domestic utility generation plan. We anticipate having the time and the ability to adapt our plans to meet changing conditions as necessary. These changes could be related to various factors, including energy demand in our service territories, environmental regulations, capital markets or technology shifts.

We project our capital expenditures to be \$700 million in 2004 and \$610 million in 2005. Of those amounts, 87% in 2004 and 89% in 2005 will be directed toward our domestic utility business. Going forward, we are committed to maintaining investment-grade credit ratings that were affirmed in January 2004 after reviews by both Moody's and Standard & Poor's.



Building Strength and Value

We have certainly shifted our strategic direction over the last several years at Alliant Energy. But, be assured, there are many things at your company that have not changed.

Our commitment to our customers is unwavering. Despite the industry turmoil, we have never

lost sight of our responsibilities to our customers. That commitment is certainly evident in industry benchmarks, including our customer satisfaction levels and plant reliability. Our commitment goes far beyond just keeping the lights on ... it's about providing an exceptional energy value for our customers.

We remain committed to supporting the communities we are proud to serve, protecting the environment and providing our employees with a meaningful and diverse work environment ... a place where everyone is treated with respect. Understand that while our strategic plan may change or bend with market conditions, our commitment to these core values is unyielding.

And, of course, we are staunchly committed to creating value for you, our shareowners. In fact, all employees take the execution of our strategic plan and mission personally and have a vested interest in our success.

As a personal aside, I'd like to bid farewell to two long-time Board members who will retire following our 2004 Annual Meeting of Shareowners. Alan Arends has provided impeccable leadership and sound guidance since he joined our Board in 1993. Second, I want to give special thanks to Wayne Stoppelmoor who has served as a director since 1986, as Vice Chairman of the Board on two occasions since the merger and has devoted 44 years to Alliant Energy and its predecessor companies through both the prosperous and the challenging times. On behalf of the Alliant Energy Board, its employees and all its shareowners, I extend a heartfelt thank you to both of these fine gentlemen.

While I am sad to see Alan and Wayne leave, I am pleased to welcome Michael Bennett and Ann Newhall as new members of our Board. We look forward to leveraging success from their fresh ideas, perspectives and outlooks.



While I am continuing as chairman and chief executive officer of Alliant Energy, William (Bill) Harvey has now taken over more of the day-to-day operational responsibilities as the company's new president and chief operating officer. I am confident that,

with Bill's broad-based utility operational experience, Alliant Energy will continue to build on its progress.

I'd also like to recognize and welcome Eliot Protsch as our new chief financial officer. Eliot has been an integral part of our senior management team for many years and has now agreed to take an even greater role in the financial management of Alliant Energy ... and I couldn't be more pleased.

On behalf of the entire Board of Directors, I want to thank our shareowners, customers and employees for their patience and support as we've engineered this very successful turnaround in 2003. We remain committed to continued excellence going forward as we focus on building strength and value for you, our shareowners.

Sincerely,

Erroll B. Davis, Jr.
Chairman and Chief Executive Officer

Straighttalk

WITH ERROLL DAVIS

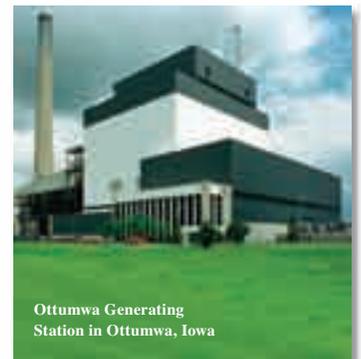
8

While our domestic utility business is our foundation and current growth platform, we will also maintain certain non-regulated businesses, including our international and non-regulated generation investments and our Integrated Services business.

Your strategic actions for 2004 seem to focus primarily on your domestic utility operations. Aren't you reverting back to being just a regional utility?

We have no plans to revert to being **solely** a regional utility. Instead, we are moving forward, building on the foundation of our domestic utilities. Our domestic utilities have always been our foundation, our focus and our future. Now, they are also our growth engine.

We now have opportunities to invest in utility generation that did not exist a few short years ago — opportunities, I might add, that provide greater certainty for our shareowners. Our customers' growing energy needs will require additional infrastructure, including new power plants. In addition, new generation will be needed to help reduce reliance on purchased-power agreements and mitigate the impacts of potential future plant retirements. We will continue to purchase energy and capacity in the market and intend to remain a net purchaser of both, but at a reduced level. And, when we do purchase power, we will focus our efforts on purchasing from in-state generating sources first.



Ottumwa Generating Station in Ottumwa, Iowa

Our domestic utilities have always been our foundation, our focus and our future. Now, they are also our growth engine.



While our domestic utility business is our foundation and current growth platform, we will also maintain certain non-regulated businesses, including our international and non-regulated generation investments and our Integrated Services business.

You said you plan to add new generation capacity; just what are your specific plans?

From 2004 through 2010, we expect to add approximately 1,600 MW of nameplate generating capacity to our fleet: 985 MW in Iowa and 615 MW in Wisconsin.

Through our new strategic actions, we are also reaffirming our already strong commitment to environmental stewardship by reflecting this commitment in any plant we are involved in building. We will continue to improve the environmental performance of our existing plants through our proven NOx reduction SmartBurnSM technology, as well as through other pollution-abatement equipment.

We expect the capital expenditures associated with our proposed new generation to be approximately \$650 million over the next seven years. Timelines and sites will be announced as plans for specific projects are finalized over the course of the plan timeframe.

I would also note that our strategic plan stresses not only building new generation, but also flexibility. After all, our ability to continue to maximize long-term shareowner value requires the continuous evaluation of current economic, political and regulatory environments, as well as our resulting organization structure and strategic plan and actions. In other words, every aspect of our operation is examined frequently in order to maximize our long-term financial health. In short, if changes in our course must be made, we will make them.

Does nuclear energy play a role in Alliant Energy's future energy portfolio?



Alliant Energy maintains a diverse energy portfolio that includes nuclear energy. In 2003, nuclear energy represented roughly 13% of our electric power sources.

We believe that the best way to continue to provide our customers with safe, reliable, affordable and environmentally sound energy is by maintaining a diverse energy portfolio. That way, we're protected if one source temporarily becomes unavailable or is too expensive.

Our current portfolio includes coal, natural gas, renewable and nuclear power. In 2003, nuclear energy represented roughly 13% of our electric power sources.

The benefits of nuclear power are very clear. Nuclear power plants generate no emissions and, therefore

— with prudent safety and security precautions — remain an important and clean source of power. But, clearly, there are also financial risks associated with nuclear power.



Operating and maintenance costs, as well as significant capital expenditures, are part of operating any facility. But changing regulations and the age of a facility make it extremely difficult to predict what these operating costs would be.

In 2003, we were presented with a unique opportunity to sell Wisconsin Power and Light Company's interest in the 543 MW Kewaunee Nuclear Power Plant (KNPP) to Dominion Resources, Inc., a large and experienced operator of nuclear power plants. Pending regulatory approvals, we expect the transaction to be completed by the fall of 2004.

Although we decided to sell, we will continue to buy energy and capacity from KNPP, at least equivalent to the amounts received from the plant had current ownership continued. With this long-term contract, our actual reliance on nuclear power will not change; it will simply be reflected in the future as purchased power. The purchased-power agreements also provide a stable price for energy generated by nuclear power until 2013, when the plant's current operating license will expire.

Our top priorities in this transaction were to proceed in the best interests of our customers, shareowners and employees. By selling this plant and securing a long-term purchased-power agreement, we expect to continue enjoying the benefits of having nuclear power in our energy portfolio while obtaining greater certainty on our operating and maintenance costs.

Note that we do not currently have any plans to sell our 70% ownership interest in our only other nuclear facility, the 583 MW Duane Arnold Energy Center, located in Palo, Iowa.

It appears that the company has been very active in filing rate cases over the past several years. Why is that?

The only way for a regulated utility to recover the costs it prudently incurs to provide safe, reliable, affordable and environmentally sound utility service is to work through the regulatory process of filing a rate case.

Raising rates is never a decision that we take lightly, however. Throughout the United States, there is an increasing recognition of the importance of investing in utility infrastructure — power plants, pipelines, substations, transmission lines and the technology that ties the system together. After a period of relatively low investment as energy consumption caught up with the infrastructure constructed in the 1970s and 1980s, we have now entered into a cycle of new construction. Unlike the steady or falling prices experienced during the 1980s and 1990s when few new plants or new transmission lines were being built, prices for utility service historically tend to increase as new facilities are brought into service.

For example, in March 2004, we filed a rate case in Iowa to begin seeking recovery of the \$400 million Emery Generating Station. The Emery Generating Station plays a key role in providing continued reliable electric service in Iowa and will make the state less dependent on out-of-state generation sources. But, the cost of our investment in this plant must be reflected in the prices customers pay for electric service and is a major component of this rate increase request.

Unquestionably, there is a price to be paid for having the reliable utility service our customers have come to expect and demand. We have a variety of energy efficiency programs and other services in place to help customers manage their energy use which, in turn, helps address the issues related to rising prices. However, there is a far greater price to be paid for unreliable utility service. The wide-scale blackouts that occurred in August 2003 provided ample evidence of just how dependent our entire economy and quality of life have become on electricity. We are committed to ensuring our customers have that reliable service and will make the investments necessary to meet that commitment. Our ability to meet that commitment is, of course, conditioned on being able to recover the costs of making those investments.



What is your philosophy about dividends?

We take our commitment to our traditional income investors very seriously and realize they rely on a stable and market competitive dividend from Alliant Energy.

In addition, it is our obligation to create enhanced value for our investors. We also must consider the impact the dividend has on our various credit metrics and associated credit ratings as well as our continued ability to fund our capital requirements and debt maturities.

Our general intention is to maintain a dividend payout ratio similar to standard industry averages. That currently is in a range of approximately 60% to 70% of our utility earnings.

That said, our Board of Directors, which is charged with balancing these obligations and setting the dividend each quarter, will continue to re-evaluate our dividend policy and will consider all constituents and the implications of its decision on an ongoing basis.

What is the status of your investment in Brazil?

As we have discussed in the past, this investment has not met our return expectations to date for a variety of reasons. While some of the significant factors leading to this disappointing performance have been outside our control, we have focused on improving those aspects that are within our control. As evidenced by the \$0.36 per share improvement in our financial results from Brazil in 2003 compared to 2002, that focus is beginning to bear fruit.

We made great progress in 2003 and we expect that trend to continue in 2004. But, challenges remain. While we are pleased with the significant improvement we realized in 2003 as it relates to the financial performance of our Brazilian investments, we are re-examining the operations and the structure of our investments in order to accelerate operational and financial improvements. This

includes further cost reductions and more advantageous forms of financing. To this end, we are currently discussing with our partners in Brazil various options to accomplish these goals. For example, we believe paying down debt, rather than



paying dividends to the shareowners of the Brazilian investments, would result in improved financial results. As can be the case in any business relationship, our discussions with our partners in Brazil

on these issues and the other challenges we have faced related to these investments, have strained our current relationship with our partners. Given the circumstances, this is certainly understandable. We are, however, committed to working with our partners to reach reasonable resolution of these issues.

On balance, when we look at both our progress and the challenges that remain, we continue to believe there is potential for enhanced growth in Brazil despite the setbacks of the last few years.

What is Lean Six Sigma all about?

Cost control is one of the key elements of the five strategic actions we announced in November 2002. Our employees have always sought out ways to control costs and, like most companies, we have gone through multiple exercises in significant belt tightening. In looking at our own past efforts, and some of the “slash and burn” efforts taking place at other companies in our



industry, we have observed these approaches will generally reduce costs in the short term, but not in the long term. We are committed to controlling costs for the benefit of both our customers and our shareowners, but that commitment rings hollow if it is not sustainable. Lean Six Sigma provides a tool to reduce costs, improve processes and create efficiencies that will drive down costs, not only in a given time period, but for years to come.

Lean Six Sigma is a tool to reduce variability in processes, thereby improving predictability

and efficiency, ultimately resulting in significant cost reduction. The focus of Lean Six Sigma is to understand the process based on tangible and measurable data and then “fix it for the last time.” We have consulted with a number of Fortune 500 companies, which includes a number of our customers, that have successfully deployed Lean Six Sigma within their respective organizations and we are adopting those best practices as we implement Lean Six Sigma at Alliant Energy.

While still early in the deployment process, Lean Six Sigma is already delivering results beyond our expectations and we expect greater results in the coming years.

If we are to provide the returns our shareowners deserve while doing all that we can to control the costs that impact what our customers pay for service, we must utilize the best tools available. We believe Lean Six Sigma provides just such a tool.

We take our commitment to our traditional income investors very seriously and realize they rely on a stable and market competitive dividend from Alliant Energy.

A successful team has diverse, talented people that are able to work well together, respect each others' viewpoints and – ultimately – make the team more than the sum of its parts. I believe we have such a team, not only at the most senior levels but throughout the organization.

*Erroll B. Davis, Jr.
Chairman and CEO*



How does Alliant Energy's organizational structure help the company achieve its goals?

Most companies have organizational charts and structures that have simply evolved over time. For example, changes or reorganizations may have occurred to suit individual skills or to meet the immediate needs of the organization — needs that may have already changed. Team members simply get used to the way things are and organizations continue to operate ... but probably not up to full potential.

At Alliant Energy, we recognize that the deregulated utility industry we thought would occur following our merger will not likely be implemented in our markets any time soon. Therefore, in 2003, we created a cross-functional group to look at the way the entire company was organized and to study if we were structured in a way to achieve our current financial and operational goals, and be responsive to the realities of our markets today.

Through this extensive evaluation, we decided that certain organizational changes could improve our performance and increase accountability for both results and cost control measures.



Specifically, we have separated our corporate center activities, or our strategy, risk management, accounting and finance, legal, regulatory, corporate communications, performance improvement,

internal audit, corporate governance and administrative functions, from our operations. Now, all groups responsible for core operations report to our president and chief operating officer, Bill Harvey, while our corporate center activities are under the direction of other executives and report directly to me, as does Bill.

We expect this new structure will provide stronger operational alignment while limiting multiple reporting relationships, clarify decision rights and streamline work.

In short, we made these changes to help ensure that Alliant Energy becomes more effective and efficient, positioning us to meet our strategic goals. Note that we also are continuing to improve accountability for results, ensuring that individuals do what they commit to do. Therefore, as has been the case in the past, progress toward our goals will help determine individual performance assessments which, in turn, will influence monetary rewards.

As with many other things — our organizational structure remains a work in progress. We will continue to evaluate our progress and make changes to ensure we are structured in a way that will help us meet our current goals and — ultimately — allow us to improve our operational and financial performance.



Meet Alliant Energy's Leaders



Erroll B. Davis, Jr., 59
Chairman and Chief Executive Officer
Joined the company in 1978.



William D. Harvey, 54
President and Chief Operating Officer
Joined the company in 1986.



Eliot G. Protsch, 50
Senior Executive Vice President
and Chief Financial Officer
Joined the company in 1978.



Barbara J. Swan, 52
Executive Vice President and General
Counsel
President, Wisconsin Power and Light
Company
Joined the company in 1987.



Pamela J. Wegner, 56
Executive Vice President-Strategy and
Performance
President, Alliant Energy Corporate
Services, Inc.
Joined the company in 1993.



Erroll B. Davis, Jr.
*Chairman of the Board
 Director since 1982
 Age 59*

Mr. Davis has served as Chairman of the Board since 2000 and as Chief Executive Officer of the Company since 1990. He also served as President of the Company from 1990 through 2003. Mr. Davis joined WP&L in 1978 and served as President of WP&L from 1987 to 1998. He was elected Chief Executive Officer of WP&L in 1988. He has also served as Chief Executive Officer of AER and IP&L (or predecessor companies) since 1998. He is a member of the Boards of Directors of BP p.l.c.; PPG Industries, Inc.; Electric Power Research Institute; and the Edison Electric Institute. Mr. Davis has served as a Director of WP&L since 1984, of AER since 1988 and of IP&L (or predecessor companies) since 1998.



Wayne H. Stoppelmoor
Vice Chairman of the Board, Director since 1986, Age 69

Mr. Stoppelmoor served as Vice Chairman of the Board of the Company from April 1998 until April 2000 and from May 2003 until present. He was Chairman, President and Chief Executive Officer of Interstate Power Company (a predecessor company of Alliant Energy) from 1986 until his retirement in 1997. Mr. Stoppelmoor has served as a Director of IP&L (or predecessor companies) since 1986 and of WP&L and AER since 1998.



Alan B. Arends
*Director since 1993
 Age 70*

Mr. Arends is Chairman of the Board of Directors of Alliance Benefit Group Financial Services Corp., Albert Lea, Minn., an employee benefits company that he founded in 1983. He has served as a Director of IP&L (or predecessor companies) since 1993 and of WP&L and AER since 1998.



Michael L. Bennett
*Director since 2003
 Age 50*

Mr. Bennett has served as President and Chief Executive Officer of Terra Industries, Inc., an international producer of nitrogen products and methanol ingredients headquartered in Sioux City, Iowa, since April 2001. From 1997 to 2001, he was Executive Vice President and Chief Operating Officer of Terra Industries, Inc. He also serves as Chairman of the Board for Terra Nitrogen Corp., a subsidiary of Terra Industries, Inc. Mr. Bennett has served as a Director of IP&L, WP&L and AER since August 2003.



Jack B. Evans
*Director since 2000
 Age 55*

Mr. Evans is a Director and since 1996 has served as President of The Hall-Perrine Foundation, a private philanthropic corporation in Cedar Rapids, Iowa. Previously, Mr. Evans was President and Chief Operating Officer of SCI Financial Group, Inc., a regional financial services firm. Mr. Evans is a Director of Gazette Communications, Nuveen Institutional Advisory Corp., and Vice Chairman and a Director of United Fire and Casualty Company. Mr. Evans has served as a Director of IP&L (or predecessor companies), WP&L and AER since 2000. **Mr. Evans is Chairperson of the Audit Committee.**



Katharine C. Lyall
*Director since 1986
 Age 62*

Ms. Lyall is President of the University of Wisconsin System in Madison, Wis. In addition to her administrative position, she is a professor of economics at the University of Wisconsin-Madison. Ms. Lyall has announced that she will retire as President of the University of Wisconsin System no later than Aug. 31, 2004. She serves on the Boards of Directors of M&I Corporation and the Carnegie Foundation for the Advancement of Teaching. Ms. Lyall has served as a Director of WP&L since 1986, of AER since 1994 and of IP&L (or predecessor companies) since 1998.



Singleton B. McAllister
 Director since 2001
 Age 51

Ms. McAllister has been a partner in the public law and policy strategies group of the Washington, D. C. law firm office of Sonnenschein, Nath & Rosenthal, LLP, since 2003. She previously was a partner at Patton Boggs LLP, a Washington, D.C. law firm from 2001 to 2003. From 1996 until 2001, Ms. McAllister was General Counsel for the United States Agency for International Development. She was also a partner at Reed, Smith, Shaw and McClay where she specialized in government relations and corporate law. Ms. McAllister has served as a Director of IP&L (or predecessor companies), WP&L and AER since 2001.



Ann K. Newhall
 Director since 2003
 Age 52

Ms. Newhall is Executive Vice President, Chief Operating Officer, Secretary and a Director of Rural Cellular Corporation, a cellular communications corporation, located in Alexandria, Minn. She has served as Executive Vice President and Chief Operating Officer since August 2000, as Secretary since February 2000 and as a Director since August 1999. Prior to assuming her current positions, she served as Senior Vice President and General Counsel from 1999 to 2000. She was previously a shareholder and President of the Moss & Barnett law firm in Minneapolis, Minn. Ms. Newhall has served as a Director of IP&L, WP&L and AER since August 2003.



David A. Perdue
 Director since 2001
 Age 54

Mr. Perdue is Chairman of the Board and Chief Executive Officer of Dollar General Corporation, a retail sales organization headquartered in Goodlettsville, Tenn. He was elected Chief Executive Officer and a Director in April 2003 and elected Chairman of the Board in June 2003. From July 2002 to March 2003, he was Chairman and Chief Executive Officer of Pillowtex Corporation, a textile manufacturing company located in Kannapolis, N.C. From 1998 to 2002, he was employed by Reebok International Limited, where he served as President of the Reebok Brand from 2000 to 2002. Mr. Perdue has served as a Director of IP&L (or predecessor companies), WP&L and AER since 2001.



Judith D. Pyle
 Director since 1992
 Age 60

Ms. Pyle is President of Judith Dion Pyle and Associates, a financial services company located in Middleton, Wis. Prior to assuming her current position in 2003, she served as Vice Chair of The Pyle Group, a financial services company located in Madison, Wis. She previously served as Vice Chairman and Senior Vice President of Corporate Marketing of Rayovac Corporation, a battery and lighting products manufacturer located in Madison, Wis. In addition, Ms. Pyle is Vice Chairman of Georgette Klinger, Inc., and a Director of Uniek, Inc. Ms. Pyle has served as a Director of WP&L since 1994, of AER since 1992 and of IP&L (or predecessor companies) since 1998. **Ms. Pyle is Chairperson of the Compensation and Personnel Committee.**



Robert W. Schlutz
 Director since 1989
 Age 67

Mr. Schlutz is President of Schlutz Enterprises, a diversified farming and retailing business in Columbus Junction, Iowa. Mr. Schlutz has served as a Director of IP&L (or predecessor companies) since 1989 and of WP&L and AER since 1998. **Mr. Schlutz is Chairperson of the Environmental, Nuclear, Health and Safety Committee.**



Anthony R. Weiler
 Director since 1979
 Age 67

Mr. Weiler is Chairman and President of A.R. Weiler Co. LLC, a consulting firm for home furnishings organizations. He was previously a Senior Vice President of Heilig-Meyers Company, a national furniture retailer headquartered in Richmond, Va. He is a Director of the Retail Home Furnishings Foundation. Mr. Weiler has served as a Director of IP&L (or predecessor companies) since 1979 and of WP&L and AER since 1998. **Mr. Weiler is Chairperson of the Nominating and Governance Committee.**

Ages are as of Dec. 31, 2003. Each election date represents the first year of Board affiliation with a company that ultimately became part of the Alliant Energy family.

Audit Committee

Jack B. Evans (Chairperson)
Alan B. Arends
Michael L. Bennett
Singleton B. McAllister
David A. Perdue

**Compensation and Personnel
Committee**

Judith D. Pyle (Chairperson)
Alan B. Arends
Michael L. Bennett
Singleton B. McAllister
David A. Perdue

**Nominating and Governance
Committee**

Anthony R. Weiler (Chairperson)
Katharine C. Lyall
Ann K. Newhall
Robert W. Schlutz

**Environmental, Nuclear, Health and
Safety Committee**

Robert W. Schlutz (Chairperson)
Katharine C. Lyall
Ann K. Newhall
Judith D. Pyle
Anthony R. Weiler

Capital Approval Committee

Erroll B. Davis, Jr. (Chairperson)*
Michael L. Bennett
Jack B. Evans
Anthony R. Weiler

*Non-voting committee member

Committee members are as of
Jan. 28, 2004.

Erroll B. Davis, Jr., 59 [1978]
Chairman and Chief Executive Officer

William D. Harvey, 54 [1986]
President and Chief Operating Officer

Eliot G. Protsch, 50 [1978]
*Senior Executive Vice President and Chief
Financial Officer*

James E. Hoffman, 50 [1995]
*Executive Vice President-Business
Development*

Barbara J. Swan, 52 [1987]
*Executive Vice President and General
Counsel*

Pamela J. Wegner, 56 [1993]
*Executive Vice President-Strategy and
Performance*

Thomas L. Aller, 54 [1993]
Senior Vice President-Energy Delivery

Timothy R. Bennington, 59 [1997]
Vice President-Generation

Dundeana K. Doyle, 45 [1984]
Vice President-Strategy and Risk

Robin W. Gates, 51 [1999]
Vice President-Performance Improvement

Vern A. Gebhart, 50 [1975]
*Vice President-Customer Service
Operations-West*

Thomas L. Hanson, 50 [1980]
Vice President and Treasurer

Peggy Howard Moore, 53 [1987]
*Vice President-Customer Service and
Operations Support*

John E. Kratchmer, 41 [1985]
*Vice President-Controller and Chief
Accounting Officer*

John O. Larsen, 40 [1988]
*Vice President-Technical and Integrated
Services*

Christopher J. Lindell, 48 [1981]
Vice President-Shared Services

Theresa M. Mulford, 46 [1996]
Vice President-Regulatory Affairs

Barbara A. Siehr, 52 [1976]
*Vice President-Customer Service
Operations-East*

Kim K. Zuhlke, 50 [1978]
Vice President-New Energy Resources

F. J. Buri, 49 [1999]
Corporate Secretary

Patricia L. Reininger, 51 [2000]
Assistant Corporate Secretary

Joan M. Thompson, 46 [1977]
Assistant Controller

Enrique Bacalao, 54 [1998]
Assistant Treasurer

Officers are as of Jan. 28, 2004.
Ages are as of Dec. 31, 2003.

*Dates in brackets represent the year each
person joined a company that ultimately
became part of the Alliant Energy family.*



Stock Exchange Listings	Stock exchange	Trading symbol	Newspaper abbreviation
Alliant Energy — Common	New York Stock Exchange	LNT	AlliantEngy
Interstate Power and Light Company — 8.375% Preferred — 7.10% Preferred	New York Stock Exchange	IPL Pr B IPL Pr C	InststPwrLt pfB InststPwrLt pfC
Wisconsin Power and Light Company — 4.50% Preferred	American Stock Exchange	WIS_PR	WIP&L pf

All other Wisconsin Power and Light Company preferred are traded on the over-the-counter market.

Web site address:

www.alliantenergy.com/shareowners

Common Stock Quarterly Price Ranges and Dividends

Quarter	2003			2002		
	High	Low	Dividend	High	Low	Dividend
First	\$ 18.30	\$ 14.98	\$.25	\$ 31.01	\$ 28.67	\$.50
Second	20.60	16.03	.25	30.85	24.75	.50
Third	22.70	18.69	.25	25.77	16.35	.50
Fourth	25.09	21.94	.25	19.89	14.28	.50
Year	25.09	14.98	1.00	31.01	14.28	2.00

Alliant Energy Corporation 2003 year-end common stock price: \$24.90

2004 Record and Dividend Payment Dates

Anticipated record and payment dates are as follows:

COMMON STOCK	
Record dates	Payment dates
Jan. 30	Feb. 14
Apr. 30	May 15
July 30	Aug. 14
Oct. 29	Nov. 15

Alliant Energy had 53,231 shareowners of record as of Dec. 31, 2003. Shareowner records are maintained in the corporate headquarters in Madison, Wis.

Street-name accounts

Shareowners whose stock is held by banks or brokerage firms and who wish to receive quarterly reports directly from the company should contact Shareowner Services to be placed on the mailing list. Reports also may be obtained through our Web site.

Annual meeting

The 2004 Annual Meeting of Shareowners will be held at the Grand River Center, 500 Bell St., Dubuque, Iowa, on Friday, May 21, 2004, at 1 p.m. (Central Daylight Time).

Form 10-K information

Upon request, the company will provide, without charge, copies of the Annual Report on Form 10-K for the year ended Dec. 31, 2003, as filed with the Securities and Exchange Commission (SEC). All reports filed with the SEC also are available through our Web site.

Analyst inquiries

Inquiries from the financial community may be directed to:

Alliant Energy
Attn: Investor Relations
P.O. Box 77007
Madison, WI 53707-1007
Phone: (608) 458-4950
Fax: (608) 458-4824
E-mail: invest@alliantenergy.com

Shareowner inquiries

Inquiries from individual shareowners may be directed to:

Alliant Energy
Attn: Shareowner Services
P.O. Box 2568
Madison, WI 53701-2568
Phone: (608) 458-3110
Toll-free: 1-800-356-5343
Fax: (608) 458-3321
E-mail: shareownerservices@alliantenergy.com

The company's Shareowner Services representatives are available to assist you from 8:30 a.m. to 4:30 p.m. (Central Standard Time) each business day.

Stock transfer agent and registrar

Contact Shareowner Services for Alliant Energy common stock and all preferred stock of Interstate Power and Light Company and Wisconsin Power and Light Company.

Mail written inquiries to the address in the section above.

Shareowner Connection – electronic on-line access – just a click away!

With 24-hour access via the Web, seven days a week, shareowners and prospective shareowners can:

- Examine reinvestment and certificate account details and balances
- Obtain payment information
- View statements
- Vote proxies
- Change address information
- Find and print tax information
- Open a new account at any time

Go to www.alliantenergy.com/shareowners. Follow instructions for first-time visitors.

Duplicate mailings

If you receive duplicate mailings of proxies, dividend checks or other mailings because of slight differences in the registration of your accounts, please call Shareowner Services for instructions on combining your accounts. To reduce the volume of paper you receive from us, you may wish to consider electronic access (see Shareowner Connection—electronic on-line access section preceding).

Shareowner information

The company's annual report and shareowner communications focus on the shareowner audience. Your questions and ideas are always welcome. Please direct them to Shareowner Services.

Shareowner Direct Plan

The Shareowner Direct Plan is available to all shareowners of record, first-time investors, customers, vendors and employees. Through the plan, shareowners may buy common stock directly through the company without paying any brokerage commissions, fees or service charges.

Full details are in the prospectus, which can be obtained through our Web site or by calling Shareowner Services.

Direct deposit

Shareowners who are not reinvesting their dividends through the Shareowner Direct Plan may choose to have their quarterly dividend electronically deposited in their checking or savings account through this service. Electronic deposit may be initiated or changed through our Web site at www.alliantenergy.com/shareowners or by contacting Shareowner Services.



**Alliant Energy
Corporate Headquarters**

4902 North Biltmore Lane
P.O. Box 77007
Madison, WI 53707-1007
General information: 1.800.ALLIANT
Shareowner Services: 1.800.356.5343

Operating Headquarters

200 First St., S.E.
Cedar Rapids, IA 52401
1.800.373.1303

1000 Main St.
Dubuque, IA 52001
1.800.611.9330

Current information about
Alliant Energy is available on the
Web at www.alliantenergy.com.



We're on for you.™

LNT
LISTED
NYSE

The common stock of Alliant Energy Corp. is traded
on the New York Stock Exchange under the symbol LNT.