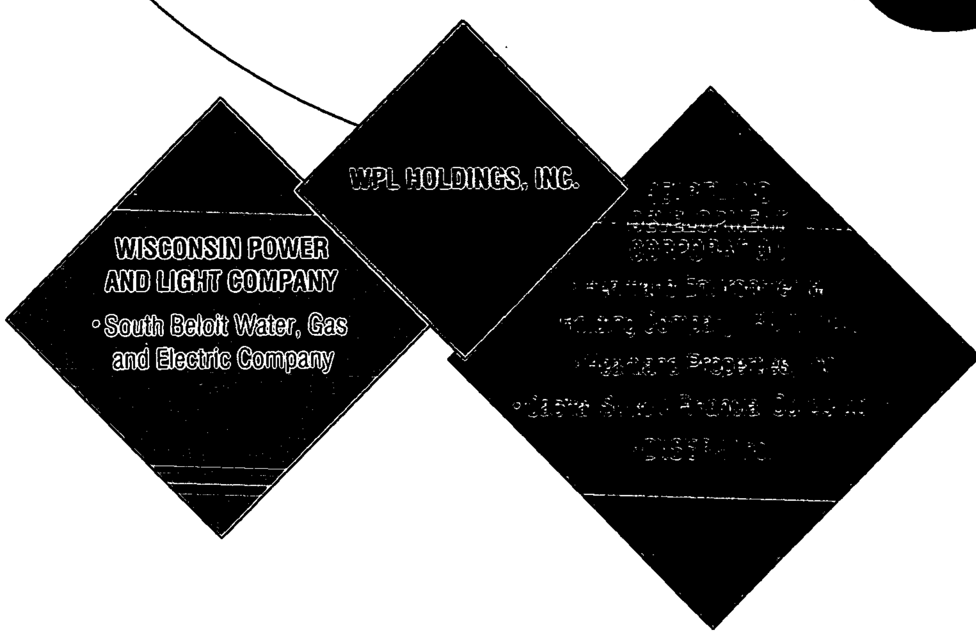
WPL HOLDINGS, INC.:

COMPETING ON THE LEADING EDGE

CORPORATE ORGANIZATION

WPL Holdings, Inc. is the parent holding company of Wisconsin Power and Light Company and Heartland Development Corporation. Formed in 1988 as the result of a corporate restructuring, the company is headquartered in Madison, Wisconsin. With assets of nearly $1.6 billion, WPL Holdings is continuing a performance record that demonstrates premier quality and financial excellence. Wisconsin Power and Light Company, the holding company's regulated utility subsidiary, provides electric energy, natural gas and water to 378,600 customers in south-central Wisconsin at prices that are among the lowest in the nation. Through Heartland Development Corporation, WPL Holdings is expanding its opportunities beyond those of a successful utility into nonutility businesses in three major areas: energy, environmental services and affordable housing.



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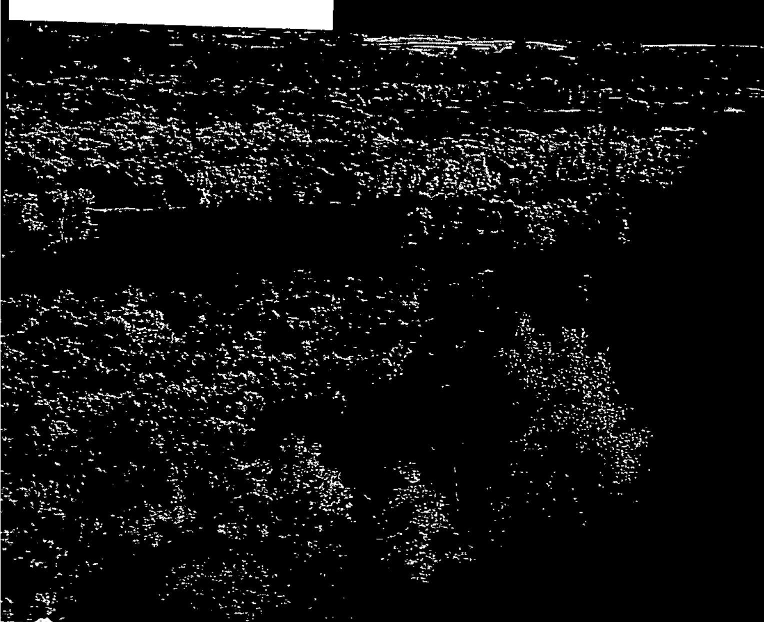


1992 HIGHLIGHTS

WISCONSIN POWER and LIGHT
On the leading edge of...

- Operating performance
- Regulatory change
- Technology
- Environmental stewardship
- Work-force diversity

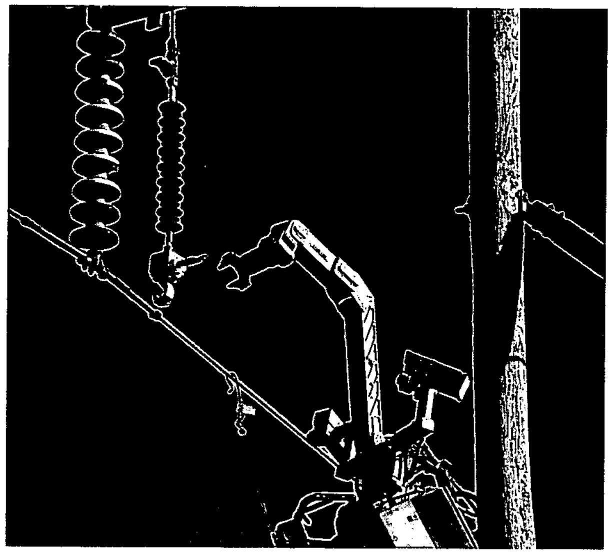
HEARTLAND DEVELOPMENT
On the leading edge of...

- Environmental technologies for a global market
- High-quality affordable housing

WPL HOLDINGS
On the leading edge of...

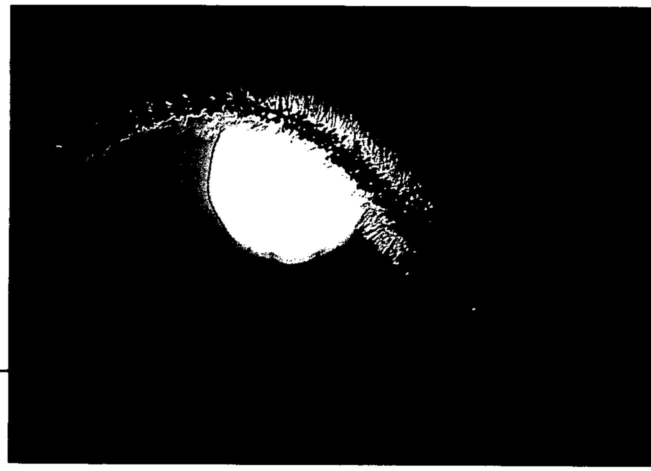
- Financial performance

P&L generating units ranked first in the nation for reliability. mpany operates six of the eight most cost-effective units in sconsin. ... page 9



WP&L was the first electric utility in the nation to announce the sale of air emissions credits. ... page 9

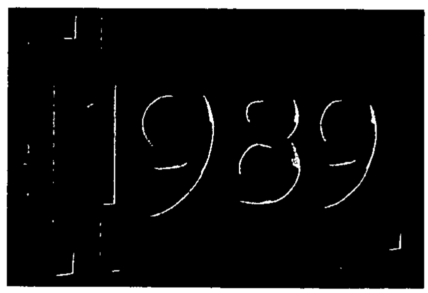
WP&L is involved in two "first-of-their-kind-in-the-world" projects: using a robotic arm to repair and maintain high-voltage power lines, and operating a nitrogen-oxide-reduction coal-reburn facility at one of its power plants. ... page 10



WP&L received national and state recognition for its commitment to the environment: Renew America environmental achievement award, three of 10 Electric Power Research Institute environmental innovator awards, Wisconsin Bureau of Endangered Resources achievement award. ... page 8

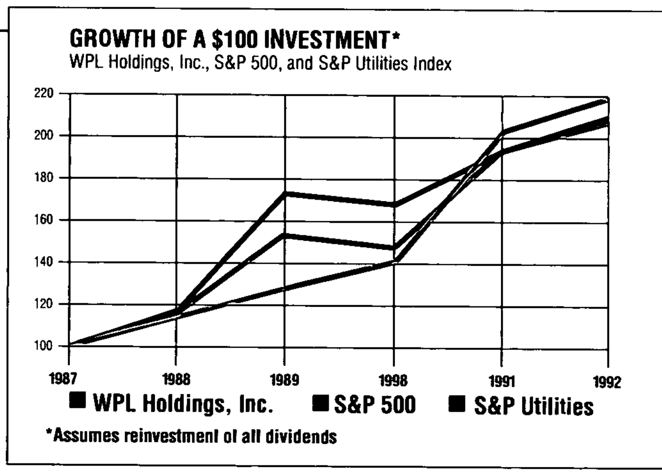
WP&L was one of four companies nationwide, and the only mid-sized utility, to receive the Edison Electric Institute affirmative-action award for its focus on work-force diversity. The other recipients were large utilities serving major urban areas. ... page 10

With its record-breaking growth in earnings and sales, RMT is pursuing opportunities to export its environmental expertise to new international growth markets, in addition to Venezuela and Mexico, where it now operates. ... page 17



The fastest-growing company in Dane County, Wis., Heartland Properties is the largest single corporate investor in high-quality affordable housing in Wisconsin and one of the largest in the nation. ... page 18

WPL Holdings has rewarded its shareowners with a five-year total return on common stock that exceeded the performance of both the Standard & Poor's 500 and the S&P Utilities Index.



Erroll B. Davis, Jr.

COMPETING ON THE LEADING EDGE

"An exceptional year of achievement for the company, despite a decrease in earnings from the record levels of the previous two years," said Erroll B. Davis, Jr., providing his view of 1992, his second full year as President and Chief Executive Officer of WPL Holdings, Inc. (Highlights of the year's accomplishments appear on pages 2 and 3.)

"The company is still primarily weather-driven, and in 1992, we experienced the unique combination of the coolest summer in 25 years and a winter that was nearly 8 percent warmer than the 30-year average. The weather, combined with an electric rate decrease, resulted in reduced revenues and earnings for our utility subsidiary, Wisconsin Power and Light," he explained. "Within Heartland Development, the parent company of our nonregulated businesses, however, profitability grew and contributed 8 cents per share to 1992 earnings."

Then, characteristically, Davis turned his attention to the future of a company viewed by many as being on the leading edge of change within the energy industry. "I'm very pleased with the progress that the company and its two subsidiaries made in 1992 in laying the groundwork vital to achieving our goal of becoming a customer- and strategy-driven, total-quality organization."

Q: WPL Holdings is widely viewed as one of the nation's leading utility holding companies. What are you and your management team doing to enhance that leadership position in the face of continuously increasing competitive pressures?

A: Our four-fold strategy is quite basic for a company competing in changing marketplaces. First, we will continue to focus on anticipating and meeting customers' needs and being the first to provide them with the most cost-effective and responsive mix of products and services.

Second, we will continue to emphasize the need to re-engineer our work processes and to continuously improve those processes throughout the company. We are increasingly providing employees at every level with the tools they need to implement continuous quality improvement of their work processes. We simply must continuously change if we are to sustain our present competitive advantage.

Third, we will not hesitate to take appropriate business risks for Wisconsin Power and Light as well as for Heartland Development. We will emphasize the need for the utility to create competitive advantage in an industry where it is difficult to achieve sustainable advantage. There should, however, always be a premium in the utility industry for those businesses more willing than others to take risks. We will not have the luxury of reacting to change. WP&L, like Heartland Development, must aggressively define its strategies and then move quickly in those directions.

Finally, we will continue to encourage, challenge and reward employee innovation for the benefit of our customers. One of our key competitive advantages is a high-quality, talented and creative work force, whose innovative ideas and solutions to problems continuously benefit our customers and attract nationwide attention.

Q: What is the present competitive position and short-term market outlook for WPL Holdings' two subsidiaries?

A: First, let me address our utility subsidiary's prospects. Wisconsin Power and Light today enjoys an excellent competitive position in Wisconsin as a result of its attempts to be at the cutting edge in all markets in which it does business. But the future market outlook for WP&L and all utilities will be significantly impacted, both in the short- and long-term, by the comprehensive National Energy Policy Act of 1992.

The new law requires open access of a utility's transmission system for potential use by other utilities not necessarily on that utility's system. We anticipate that open access will be followed by some form of retail wheeling, by which industrial, commercial and perhaps even residential customers will be able to use utilities' transmission and distribution systems to access alternate electric-power suppliers.

These events will forever change the utility industry. And, the change will be explosive. It will result in the basic restructuring of the utility industry as we know it.

WP&L *will* participate in that industry restructuring and, where consistent with the interests of our customers, we will help lead the forces of change.

Now, turning to our nonutility subsidiary, I believe that Heartland Development is well positioned competitively in two major areas. The company's Heartland Properties subsidiary is the market leader in high-quality affordable housing in Wisconsin. And, Heartland Development's environmental- and energy-consulting businesses compete successfully in both international and national markets.

The future market outlook for Heartland Development is one of explosive and profitable growth. The company has targeted three major energy markets that provide the greatest opportunity for continued growth: environmental products and services, demand-side-management consulting, and energy products and services.

Q: The mission for your utility business is "to become a profitable and growing regional supplier of energy products and services." What is your strategy for maximizing the growth of Wisconsin Power and Light?

A: In addition to ensuring the continued growth of our core Wisconsin markets, our strategy has three major components.

First, we will continue to grow and expand our very successful wholesale business.

Second, we also are continuing to expand our noncommodity (nonregulated) products and services marketing programs that already extend beyond WP&L's service area. These efforts clearly move the company closer to fulfilling its mission.

Our latest new-service offering is a recently formed energy-brokering service. Brokering is the process of purchasing commodities and reselling them, and earning a profit in exchange for the service. We expect to purchase and sell electricity and natural gas in a competitive marketplace with fewer regulatory restrictions and at prices that are primarily dictated by the market. We expect to compete with existing gas and electric brokering companies, other utilities and emerging non-utility brokering businesses.

And last, we will focus on the competitiveness of Wisconsin industry and increase our efforts to help our business customers control the costs of using our energy products and services.

Q: What is your plan to maximize the growth of Heartland Development?

A: In the short-term, the company will be a niche player in utility-related and environmental-consulting marketplaces. We will use our February 1993 acquisition of A&C Enercom Consultants, Inc. as a foundation for marketing an array of energy products and services to the utility industry.

I expect that the environmental business will continue to grow, spurred both by acquisitions and unparalleled market growth.

The company will also continue its extremely successful investments in affordable housing. We fully intend to monetize our intellectual capital — our expertise in this field — by expanding our consulting and other professional services.

Q: How do you plan to not only maintain, but to build shareowner value in a cost-competitive environment?

A: Within the utility, being a lower-cost, responsive player will be a key to success in a competitive environment. The utility will continue its efforts to push regulatory changes in ways and time frames that are consistent with doing business in an evolving and more competitive marketplace. These changes should allow us to capitalize more fully on the creativity and productivity of our work force. Our outstanding performance, customer-service record and innovative and effective management of our utility business must benefit our shareowners in the future just as it benefits our customers today.

We believe strongly that the return on our shareowners' investment in the utility should not be a function of our ability to increase our regulated asset base. Rather, it should result from our ability to respond to our customers' needs and to make the most cost-effective management decisions. Our strategy is to find ways to continue to effectively serve our customers while, at the same time, continuing to reward our shareowners with a competitive return on their investment.

The nonutility business will create substantial value for our shareowners by continuing to acquire or develop profitable investments — such as our affordable-housing program — and by continuing to capitalize on opportunities to complement the utility within the limits of Wisconsin's utility-holding-company law. Heartland Development's operating units already are profitable, and one business unit — Heartland Properties — is, in fact, contributing a return on equity greater than that of Wisconsin Power and Light.

Q: What is your vision for WPL Holdings?

A: My goal for WPL Holdings as a whole is to become a customer- and strategy-driven, total-quality organization, consistently ranked among the nation's most profitable utility holding companies. Today, we have two distinct operating units — WP&L and Heartland Development. Tomorrow, as our utility restructures in response to market forces, I expect that these distinctions will disappear and that we will be a modern corporation responding to its customers' needs for energy-related, housing and environmental services.

Erroll B. Davis, Jr.
President and Chief Executive Officer
WPL Holdings, Inc.
February 5, 1993

BOARD OF DIREC

As of December 31, 1992

Errell B. Davis, Jr.

WPL Holdings' Board of Oirecters is composed of six outside directors in addition to inside director Erroll B. Davis, Jr.

Erroll B. Oavis, Jr., 48
President and Chief Executive Officer,
WPL Holdings, Inc. and
Wisconsin Power and Light Company,
and Chairman of the Board,
Heartland Development Corporation
A director since 1982

Rockne G. Flowers, 61
President and Director,
Nelson Industries, Inc.
(muffler, filter, industrial-silencer, and active sound and vibration-control technology and manufacturing firm),
Stoughton, Wisconsin
A director since 1981

Arnold M. Nemirow, 49
President, Chief Executive Officer and Director,
Wausau Paper Mills Company
(pulp and paper manufacturer),
Wausau, Wisconsin
A director since 1991

Milton E. Neshek, 62
President, Chief Executive Officer and Director,
Godfrey, Neshek,
Worth & Leibsle, S.C. (law firm),
Elkhorn, Wisconsin;
and Director, General Counsel,
Assistant Secretary and Manager,
New Market Development,
Kikkoman Foods, Inc.
(food-products manufacturer),
Walworth, Wisconsin
A director since 1986

Henry C. Prange, 65
Director and
Retired Chairman of the Board,
H.C. Prange Company
(retail department stores),
Green Bay, Wisconsin
A director since 1986

WPL HOLDINGS, INC. MANAGEMENT

Rockne G. Flnwers

Arncld M. Nemirow

Milten E. Neshek

Henry C. Prange

Judith D. Pyle

. Underkofle

Judith O. Pyle, 49
Vice Chair and Senior Vice President-Corporate Marketing,
Rayovac Corporation
(battery and lighting-products manufacturer),
Madison, Wisconsin
Elected to the board May 20, 1992

James R. Underkofler, 69
Retired Chairman of the Board and Chief Executive Officer,
WPL Holdings, Inc., and
Retired Chairman of the Board,
Wisconsin Power and Light Company and Heartland Development Corporation
A director since 1981

1992 BOARD CHANGES

Juditb O. Pyle was elected to the Board of Directors in May. She is Vice Chair and Senior Vice President-Corporate Marketing of Rayovac Corporation, an international battery and lighting-products manufacturer headquartered in Madison, Wisconsin.

Gerard E. Veneman retired from the Board of Directors in May. He is the retired President and Chief Executive Officer of Nekoosa Papers, Inc. Veneman served on Wisconsin Power and Light Company's board from 1980 to 1990, WPL Holdings' board since 1986 and Heartland Development Corporation's board since 1990.

CORPORATE OFFICERS

As of December 31, 1992

Erroll B. Davis, Jr., 48 (1978)
President and
Chief Executive Officer

John G. Fabie, 54 (1966)
Corporate Secretary and Treasurer

Steven F. Price, 40 (1984)
Assistant Corporate Secretary
and Assistant Treasurer

(Date in parenthesis indicates the year that the person joined Wisconsin Power and Light Company)

COMMITTEES OF THE BOARD

The Board of Directors of WPL Holdings, Inc. met six times in 1992. The board has three committees, which also met during the year.

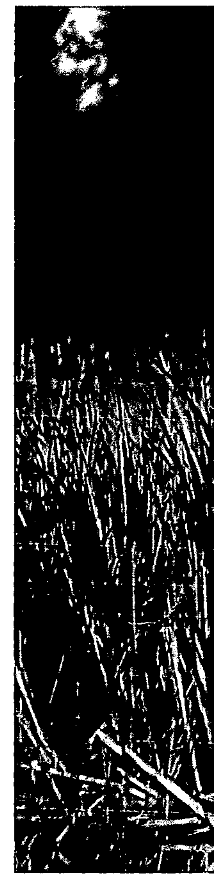
The Audit Committee recommends the independent auditors to be selected by the shareowners at the Annual Meeting. The committee reviews with the independent auditors the scope and results of the audit and matters regarding the company's financial-reporting and internal-accounting controls. It meets with the management and independent auditors to discuss and review accounting and reporting principles, policies and practices to be used. Both the internal and the independent auditors periodically meet alone with the committee and have authority to contact it on any matters requiring its attention. The committee consists of all board members who are not employees or officers of the company. The committee met twice in 1992.

The Compensation and Personnel Committee functions as an executive-review group, evaluating overall management performance. The committee also reviews human-resource-development and management-development programs, benefit plans and changes and major provisions of negotiated union contracts. It sets policies for and approves the compensation of officers and managers. The committee is composed of all board members who are not and never have been employees or officers of the company. In 1992, the committee held four meetings.

The Nominating Committoe recommends nominees for election to the board and reviews the appropriateness of present directors' continued membership on the board. The committee consists of the chief executive officer and two members of the board who are not employees or officers of the company. The committee met twice in 1992.

WISCONSIN POWER AND LIGHT COMPANY

COMPETING ON THE LEADING EDGE OF THE ENERGY MARKETPLACE



ven for a leading-edge utility like Wisconsin Power and Light Company, 1992 was quite a year. For a company that expects to achieve firsts, it was a year of recognition in which all employees took great pride.

For example, environmental stewardship is a priority at Wisconsin Power and Light — a priority that is reflected in the company's day-to-day operations as well as in its corporate goals. In 1992, WP&L's commitment to environmental stewardship resulted in national and state recognition from three separate organizations.

While no other utility in the nation received more than one award, WP&L received three of the 10 environmental innovator awards presented to U.S. utilities by the Electric Power Research Institute. In the first year of its program, EPRI recognized three of the company's initiatives that help the environment while reducing energy costs: a proactive underground storage tank management program, the development of techniques to prevent pollution during boiler cleaning, and emissions testing while burning used tires to produce electricity.

WP&L's proactive approach to an environmental problem — converting used tires into an alternative fuel source for energy production — also earned an environmental achievement award from Renew America. In 1992, WP&L began the operation of a $2 million tire shredder that converts more than one million tires into an alternative fuel source that generates enough energy to supply power to over 4,000 customers per year.

Leaders of the nation's environmental community chose the company's program for its success in protecting the environment, while serving as a model that can be replicated around the country. Based in Washington, D.C., Renew America is a nonprofit organization whose board of directors includes representatives of the United Nations, national environmental groups and scientific organizations.

On the state level, the Wisconsin Bureau of Endangered Resources honored WP&L for its efforts, in partnership with the Wisconsin Department of Natural Resources, to restore the habitats of both the peregrine falcon and the ornate box turtle.

The company strongly believes that effective environmental practices are the most cost-effective way to do business. WP&L's long record of environmental achievements has saved the company and its customers money and has improved the environment, as well.

WP&L's emissions-trading program is representative of this strategic approach.

The company enhanced its competitive advantage with its May 12 announcement that it had become the first utility in the nation to sell sulfur-dioxide emissions credits under the federal 1990 Clean Air Act Amendments.

WP&L reported its sale of 25,000 to 35,000 credits in separate transactions to the nation's largest utility, the Tennessee Valley Authority, headquartered in Knoxville, Tenn., and to the Duquesne Light Co., Pittsburgh, Pa.

The clean-air law calls for national emissions of sulfur dioxide, the main component of acid rain, to be cut in half by the year 2000. To achieve national compliance without causing regional hardship, the U.S. Congress created a regulation that allows utilities to trade sulfur-dioxide emissions credits.

Because WP&L has reduced the emissions from its generating stations in advance of the federal regulations to levels that are below national requirements, the company received an incentive in the form of the emissions-transaction opportunity.

The emissions-allowance sale underscored WP&L's position as a utility leader in the area of national environmental policy and performance. The transaction also demonstrated the company's commitment to its shareowners and customers to continuously seek creative approaches to generating revenue and keeping its rates competitive.

WP&L's emissions-trade announcement received widespread media coverage at the local, state, national and international levels. From the front pages of *The Wall Street Journal* and *The New York Times* to National Public Radio and the *Nikki Financial Daily*, a Japanese newspaper, came reports of WP&L's ground-breaking initiative. Several news services, including the Associated Press and the Cable News Network, called WP&L one of the environmentally cleanest electric utilities in the nation.

Other corporations may portray themselves as "green" companies, but WP&L has a long and distinguished record to validate its reputation.

The company also was at the leading edge of the utility industry in 1992 in terms of its operating performance.

Two WP&L electric generating units ranked first in the nation for reliability in their respective categories, according to data compiled by the North American Electric Reliability Council. The top-performing plants are the Rock River Generating Station Unit 1, located near Beloit, Wis., and the Edgewater Generating Station Unit 4, located in Sheboygan.

In addition, WP&L operates seven of the nine generating units in Wisconsin with the lowest operations-and-maintenance cost per kilowatthour produced, and six of the top eight units in the state when fuel is included in the cost.

The company continued its string of firsts in 1992 in the new-technology arena.

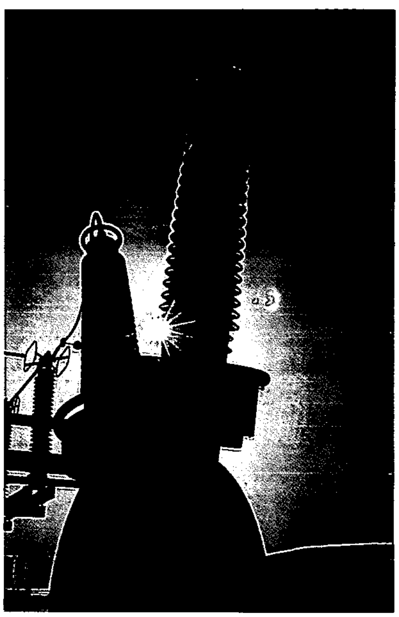
WP&L presently is operating the only

WP&L's innovative approaches to environmental problem-solving have made the company an industry model, according to the Electric Power Research Institute. An example of that innovation is WP&L's newest environmental program, Stewards of Nature. Developed by and for employees company wide, the program provides opportunities for them to participate in conservation-related activities while enjoying the outdoors with their families and friends. Activities in 1992 included a wetlands-preservation project and the planting of 4,000 trees.

nitrogen-oxide-reduction coal-reburn facility in the world. Co-funded by the U.S. Department of Energy, the Electric Power Research Institute and other utilities, the reburn technology was tested at WP&L's Nelson Dewey Generating Station in Cassville, Wis., and proved to be successful. By injecting pulverized coal into cyclone boilers, the company has reduced nitrogen-oxide emissions by more than 50 percent, while also cutting sulfur-dioxide emissions.

WP&L entered the world of robotics in 1992, when it became the first utility in the world to use and evaluate a robotic arm to repair and maintain high-voltage lines.

EPRI selected the company to test the robotic arm — called the TOMCAT 2000, or Teleoperator for Operations, Maintenance and Construction using Advanced Technology. The only one of its kind in the world, the TOMCAT robot is being evaluated for wide use in the electric utility industry.



Mounted at the top of a crane and operated by a line technician inside a control room at ground level, the TOMCAT robotic arm is capable of picking up and installing objects as small as a light bulb or as large as equipment weighing half a ton.

The robotic arm reduces the time required to perform repairs, report WP&L's line-operations employees, who continue to test the innovative tool. The TOMCAT's main benefit, however, is that it can be safely used to repair "live" high-voltage lines, enabling WP&L to keep the lines — and customers — in service. The result: significant cost savings for both the company and its customers.

In addition to its environmental, operational and technological leadership, WP&L is widely recognized for its creative and progressive approach to workplace issues.

For example, the company's family-sensitive policies include job sharing, flexible work schedules and long-term family leave. WP&L also takes pride in its progressive benefits and compensation programs, such as Gainsharing.

In early 1993, WP&L employees received their second payout from the Gainsharing Program that the company established in 1991 for all nonexecutive employees. The employee-involvement program encourages employees to permanently reduce costs and enables them to share in those cost savings by receiving an annual cash bonus. The bonus for 1992 was nearly three times the amount of the first year's payout.

WP&L is proud of its history of reliable electric service and competitive rates. The company's residential rates currently are at the same level that they were in 1982. WP&L's commercial/ industrial and municipal wholesale rates are the lowest in Wisconsin, and all of the company's rates rank among the lowest 25 percent in the nation.

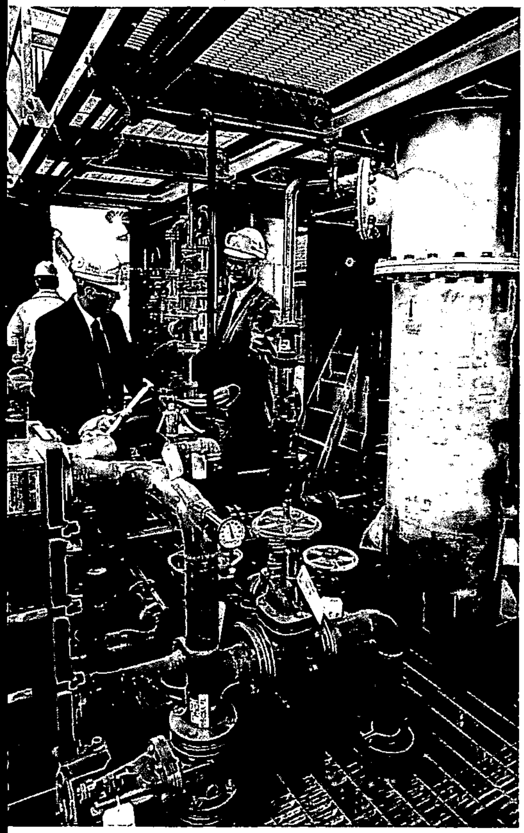
A key workplace issue is diversity, established by WP&L as a corporate goal during strategic planning in 1989 and today emerging as a strategic issue in an increasing number of corporations.

WP&L is committed to developing a productive employee team built on the diversity of the ideas, skills and experiences that its employees bring to the workplace. Promoting the diversification of its work force to bring greater creativity and strength to the WP&L team is vital to the company's ability to respond effectively to the needs of its diverse customer group. Building a diverse work force will enable WP&L to fully utilize its human resources to obtain a competitive advantage in the marketplace.

Vulcan Chemicals' plant in Port Edwards, Wis., not only is WP&L's largest electricity-consuming customer, but it also is one of the pioneering customers for the company's noncommodity (nonregulated) products and services program. Vulcan, for example, has used WP&L's infrared diagnostic service to evaluate its electrical system every year since the service began in 1987. That same year, the chloralkali manufacturer became the first customer to purchase WP&L's substation-maintenance service, which it also continues using today. The two companies also work closely on power-quality issues. "We're very satisfied at Vulcan in our business relationship with WP&L. It goes well beyond a typical customer-supplier approach and into the partnership arena," said James Boyd, right, Plant Manager. Added T. Michael Clement, left, Administration Manager: "WP&L continuously demonstrates the principles of never-ending improvement. The company is an absolute leader in its industry — a model utility."

In 1992, the company received national and local recognition for its efforts to increase the diversity of its work force. WP&L was one of four companies nationwide to receive the Edison Electric Institute Affirmative Action Award for its focus on work-force diversity through the efforts of its Diversity Steering Team. The Madison (Wis.) Equal Opportunities Commission also commended WP&L for outstanding achievement for this effort. Composed of employees from throughout the company, the Diversity Steering Team is leading the development of WP&L's comprehensive workplace diversity program.

Building on the solid foundation of a strong, talented and diverse work force,



Vulcan Chemicals' Port Edwards plant is the largest chemical manufacturer in Wisconsin. Electricity is part of the actual chemical process at the plant, which produces a total of 800 tons per day of four basic industrial commodity chemicals: chlorine, caustic soda, hydrochloric acid and caustic potash. The Port Edwards plant supplies the pulp and paper, food processing and agriculture industries of the region, and also ships caustic potash throughout the United States. In 1992, WP&L recognized the plant's 25 years of continuous production in Port Edwards. The plant's safety record is acknowledged as the best in the industry, and it is one of the most energy-efficient and environmentally advanced manufacturing facilities of its type in the nation. Vulcan Chemicals is a division of Vulcan Materials Company, ranked by *Fortune* magazine among the top 400 U.S. public corporations and headquartered in Birmingham, Ala.

WP&L strategically positioned itself in 1992 to take advantage of the accelerating changes in the utility marketplace. The company:

- strengthened strategic alliances, such as its relationship with its largest customer, the Wisconsin Public Power, Inc. SYSTEM,
- re-established a separate natural-gas organization and began an aggressive natural-gas expansion program,
- expanded its wholesale business, which now represents approximately 14 percent of its electric revenues and
- established an energy brokering business unit to purchase and sell electricity and natural gas in the competitive marketplace.

To achieve its mission "to become a profitable and growing regional supplier of energy products and services," WP&L continued to expand its noncommodity (nonregulated) products and services marketing programs in 1992. New products or service lines that the company is offering to both industrial and wholesale customers include power-quality consulting services, substation maintenance, thermal scanning, vehicle-maintenance services, electric protection equipment testing, power system construction and maintenance services and meter testing.

Not content to confine its efforts to its own customer base, WP&L is aggressively marketing the noncommodity program to customers of other utilities. The company has found a receptive customer base both within Wisconsin and outside the state on a national level.

WP&L's many successes and firsts in 1992 are the result of management's conscious decision several years ago to be aggressive — to position itself as a leader at the state and national levels — to challenge the status quo. That aggressive positioning is paying off, not only in terms of benefits to the company's shareowners and customers, but also to the environment.

The company and its employees look back on 1992 with pride, but their focus remains firmly on the future — an exciting future of innovation, new technologies, outstanding performance and legendary customer service. The employees of WP&L truly understand that to serve shareowners well both today and into the future, they must first serve their customers well both today and tomorrow.

Wisconsin Power and Light will maintain its leading-edge advantage in the dynamic and competitive future.

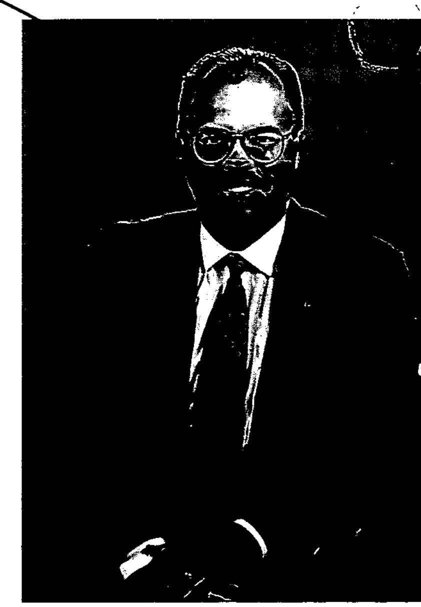
The face of diversity at Wisconsin Power and Light. The company has made a strategic business commitment to develop a work force that maximizes the strengths of its employees' diversity. As part of that commitment, the company began a diversity awareness training program for all employees in 1992. WP&L employees are, front row, from left: Ernesto Noriega and Kavita Maini. Second row, from left: Son Trinh, Wendy White Eagle, Ali Kazemi and Carolyn Creager.

WISCONSIN POWER AND LIGHT COMPANY BOARD OF

As of December 31, 1992

Wisconsin Power and Light's nine-member Board of Directors is composed of eigbt outside directors and one inside director, Erroll B. Davis, Jr. The directors' diverse business, educational, professional and civic expertise is a valuable asset to the company. Tbeir collective experience and judgment provide WP&L with a hroad perspective.

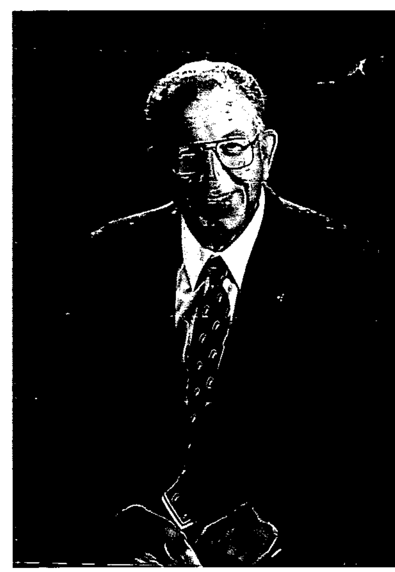
L. David Carley



Erroll B. Davis, Jr.

Milton E. Neshek

Henry C. Prange



Henry F. Scheig

L. David Carley, 64
President,
University Ventures, Inc.
(real-estate and financing firm in the construction of higher-educational facilities),
Washington, D.C.
A director since 1983;
first elected a director in 1975 and served until 1977

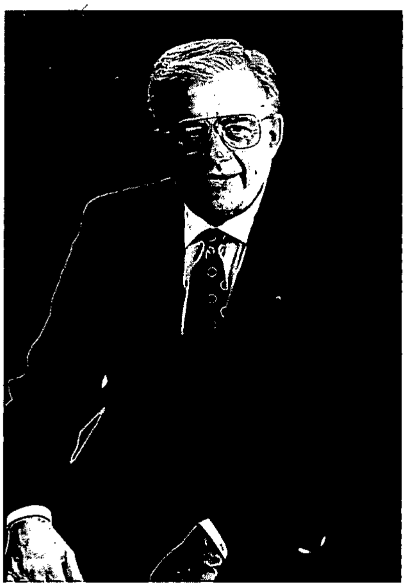
Erroll B. Davis, Jr., 48
President and
Chief Executive Officer,
WPL Holdings, Inc. and
Wisconsin Power and Light Company, and Chairman of the Board, Heartland Development Corporation
A director since 1984

Donald R. Haldeman, 56
Executive Vice President and Chief Executive Officer,
Rural Insurance Companies (mutual insurance group),
Madison, Wisconsin;
and farm owner and operator,
Norwalk, Wisconsin
A director since 1985

Katharine C. Lyall, 51
President,
University of Wisconsin System,
Madison, Wisconsin
A director since 1986

Milton E. Neshek, 62
President, Chief Executive Officer and Director,
Godfrey, Neshek, Worth & Leibsle, S.C. (law firm),
Elkhorn, Wisconsin;
and Director, General Counsel, Assistant Secretary and Manager, New Market Development,
Kikkoman Foods, Inc.
(food-products manufacturer),
Walworth, Wisconsin
A director since 1984

DIRECTORS



Donald R. Haldeman

Katharine C. Lyall

Carol T. Toussaint

James R. Underkofler

Henry C. Prange, 65
Director and
Retired Chairman of the Board,
H.C. Prange Company
(retail department stores),
Green Bay, Wisconsin
A director since 1965

Henry F. Scheig, 68
Chairman of the Board,
Aid Association for Lutherans
(fraternal benefit society),
Appleton, Wisconsin
A director since 1980

Carol T. Toussaint, 63
Consultant,
Madison, Wisconsin
A director since 1976

James R. Undorkofler, 69
Retired Chairman of the Board
and Chief Executive Officer,
WPL Holdings, Inc.,
and Retired Chairman of the Board,
Wisconsin Power and Light Company
and Heartland Development Corporation
A director since 1965

COMMITTEES OF THE BOARO

The Board of Directors of Wisconsin Power and Light Company met eight times in 1992. The board includes several committees, which also held meetings throughout the year.

The Audit Committee recommends the independent auditors to be selected by the shareowners at the Annual Meeting. The committee reviews with the independent auditors the scope and results of the audit and matters regarding the company's financial-reporting and internal-accounting controls. It meets with the management and independent auditors to discuss and review accounting and reporting principles, policies and practices to be used. Both the internal and the independent auditors periodically meet alone with the committee and have authority to contact it on any matters requiring its attention. The committee consists of all board members who are not employees or officers of the company. The committee met twice in 1992.

Tbe Compensation and Personnel Committee functions as an executive-review group, evaluating overall management performance. The committee also reviews human-resource-development and management-development programs, benefit plans and changes and major provisions of negotiated union contracts. It sets policies for and approves the compensation of officers and managers. The committee is composed of all board members who are not and never have been employees or officers of the company. In 1992, the committee held four meetings.

The Corporate Planning and Performance Committee examines corporate planning and performance, including the review of such items as sales and load forecasts, operating and construction budgets, financing programs and rate-case matters. The committee, which consists of all memhers of the Board of Directors, met three times in 1992.

Tbe Nominating Committee recommends nominees for election to the board and reviews the appropriateness of present directors' continued membership on the board. The committee consists of the WP&L president and chief executive officer and two directors who are not employees or officers of the company. The committee met once in 1992.

As of December 31, 1992

OFFICERS

Erroll B. Davis, Jr., 48 (1978)
President and Chief Executive Officer

James E. Johnson, 60 (1960)
Senior Vice President-Operations

A.J. (Nino) Amato, 41 (1985)
Vice President-Marketing and Strategic Planning

Norman E. Boys, 48 (1973)
Vice President-Power Production

David E. Ellestad, 52 (1960)
Vice President-Electrical Engineering and Operations

Edward M. Gleason, 52 (1977)
Vice President-Finance and Treasurer

William D. Harvey, 43 (1986)
Vice President-Natural Gas and General Counsel

Edward F. Killeen, 62 (1976)
Vice President-Information Services and Administration

***LuAnn G. Killeen**, 54 (1965)
Vice President-Information Services

Eliot G. Protsch, 39 (1978)
Vice President-Customer Services and Sales

Thomas L. Consigny, 58 (1968)
Assistant Vice President-Public Affairs

Daniel A. Doyle, 34 (1992)
Controller

John G. Fahie, 54 (1966)
Corporate Secretary and Director of Shareowner Services

Thomas L. Hanson, 39 (1980)
Assistant Treasurer

Steven F. Price, 40 (1984)
Assistant Corporate Secretary

Martin W. Seitz, 44 (1978)
Assistant Controller

FIELD-OPERATIONS MANAGEMENT

DIRECTORS OF CUSTOMER SERVICES

Joanne C. Acomb, 50 (1977)
South (Beloit)

Philip E. Crawford, 51 (1960)
West (Portage)

Barbara A. Siehr, 41 (1976)
North (Fond du Lac)

DIRECTORS OF SALES

Thomas L. Adelman, 48 (1968)
South (Janesville)

Gary F. Sartorius, 45 (1970)
West (Baraboo)

Jan M. Scott, 37 (1978)
North (Sheboygan)

GENERATING STATION MANAGERS

***Carl R. Diehls**, 57 (1955)
Columbia (Portage)

James M. Campbell, 55 (1969)
Nelson Dewey (Cassville)

Kenneth J. Koele, 44 (1974)
Edgewater (Sheboygan)

James D. Loock, 46 (1973)
Rock River and Blackhawk (Beloit)

GENERAL OFFICE DEPARTMENT HEADS

Daniel L. Bartel, 48 (1967)
Director of Electrical Engineering

Roger L. Baumann, 50 (1970)
Director of Products and Services

James W. Bindl, 48 (1976)
Director of Quality Support and Organizational Development

Linda G. Brei, 44 (1988)
Director of Corporate Communications

Willie B. Collins, 44 (1984)
Director of Internal Audits

Ronald L. Cowan, 46 (1971)
Director of Wholesale Services

Carolyn L. Creager, 43 (1981)
Director of Economic and Community Development

Stanley D. Darden, 39 (1975)
Project Director-Delivery System

John D. Grawe, 44 (1971)
Director of Gas Engineering and Operations

William J. Holewinski, 46 (1973)
Director of Generating Station Engineering

Glen R. Kielley, 49 (1983)
Director of Employee Relations

William R. Knight, 48 (1983)
Director of Fuel Services

John W. Lauh, 53 (1967)
Director of Administrative Services and Real Estate

Thaddeus A. Miller, 50 (1974)
Director of Integrated Electric Planning

Dale G. Moody, 48 (1966)
Director of Electrical Operations

Peggy Howard Moore, 42 (1987)
Director of Market Research and Evaluation

Suzette M. Mullooly, 45 (1972)
Project Director-Business System Process Innovation

Donald G. Neumeyer, 45 (1970)
Project Director-Work Management

Jules A. Nicolet, 49 (1977)
Director of Customer Information Services

Bernard P. Nugent, 46 (1981)
Director of Workplace Relations

W. Keith Penniston, 57 (1957)
General Manager of Customer Services

Thomas M. Schroeder, 47 (1971)
Director of Cogeneration

David J. Shaw, 37 (1986)
Project Director-Facilities Coordination

Joseph E. Shefchek, 36 (1984)
Director of Environmental Affairs and Research

Larry L. Studesville, 45 (1973)
General Manager of Sales

Barbara J. Swan, 41 (1987)
Associate General Counsel

Linda A. Taplin-Canto, 38 (1980)
Project Director-Supervisor Campaign

Dennis W. Vickers, 43 (1983)
Director of Information Planning and Operations

Scott B. Wallace, 52 (1969)
Director of System Operations and Analysis

George E. Wennerlyn, 49 (1968)
Director of Gas Supply and Gas Pricing

Anne M. Wilms, 35 (1986)
Director of Information Systems and Services

Michael J. Wish, 46 (1974)
Director of Sales Support

Charlotte D. Woods, 50 (1980)
Director of Materials Management

Arno C. Wright, 48 (1962)
Project Director-Operations Benchmarking

Kim K. Zuhlke, 39 (1978)
Director of Marketing and Sales Services

WISCONSIN POWER & LIGHT FOUNDATION, INC.

Donald R. Piepenburg, 59 (1970)
Vice President and Executive Director

(Date in parenthesis indicates year the person joined WP&L)

1992 MANAGEMENT CHANGES

WP&L implemented a new field-organization structure July 1 that focuses company resources on the customer services and sales functions. The field organization is composed of three territories — North, South and West. Each territory has two main offices, one headed by a Director of Sales and the other headed by a Director of Customer Services.

The Directors of Sales are **Thomas L. Adelman**, South; **Gary F. Sartorius**, West; and **Jan M. Scott**, North. They previously were District Managers in Lake Geneva, Tomah and Sheboygan, respectively.

The Directors of Customer Services are **Joanne C. Acomb**, South; **Philip E. Crawford**, West; and **Barbara A. Siehr**, North. They had been District Managers in Beloit, Dane County and Fond du Lac, respectively.

The Directors of Sales report to **Larry L. Studesville**, General Manager of Sales. He previously was Manager of Customer Services.

The Directors of Customer Services report to **W. Keith Penniston**, General Manager of Customer Services. He had been Manager of Customer Services.

WP&L further realigned its organizational structure August 1 when it integrated its engineering strengths with its customer-service initiatives. **James E. Johnson** was appointed Senior Vice President-Operations. He had been Vice President and General Manager-Customer Services.

Reporting to Johnson are **David E. Ellestad**, Vice President-Electrical Engineering and Operations, and **Eliot G. Protsch**, Vice President-Customer Services and Sales. Protsch previously was Vice President and General Manager-Energy Services. **David J. Shaw** was named Project Director-Facilities Coordination. He had been District Manager, Beaver Dam.

The company also re-established a separate natural-gas organization August 1 by combining the gas operations and gas supply functions under **William D. Harvey**, Vice President-Natural Gas and General Counsel. Harvey previously was Vice President and General Counsel.

The gas management team includes **John D. Grawe**, continuing as Director of Gas Engineering and Operations, and **George E. Wennerlyn**, Director of Gas Supply and Gas Pricing. Wennerlyn had been Director of Rate Design and Gas Supply.

CORPORATE PROFILE

The company's subsidiary is:
South Beloit Water, Gas and Electric Company

Total assets $1.4 billion

Operating revenues $601 million

Percentage of operating revenues

Electric	80.0%
Natural gas	19.4
Water	.6
	100%

Net income $55.4 million

Customers
378,600 (total electric, gas and water)

Electric	% of revenue	% of sales
Residential & Farm	36.0%	26.7%
Industrial	26.9	34.4
Commercial	19.2	15.8
Wholesale	14.1	20.3
Class A/other	3.8	2.8
	100%	100%

Natural gas	% of revenue	% of sales
Residential	53.4%	39.0%
Commercial firm	25.5	22.6
Industrial firm	5.6	5.4
Interruptible	12.2	8.7
Transportation/other	3.3	24.3
	100%	100%

Service area
16,000 square miles in south-central Wisconsin — approximately one-third of the state

Total employees 2,673

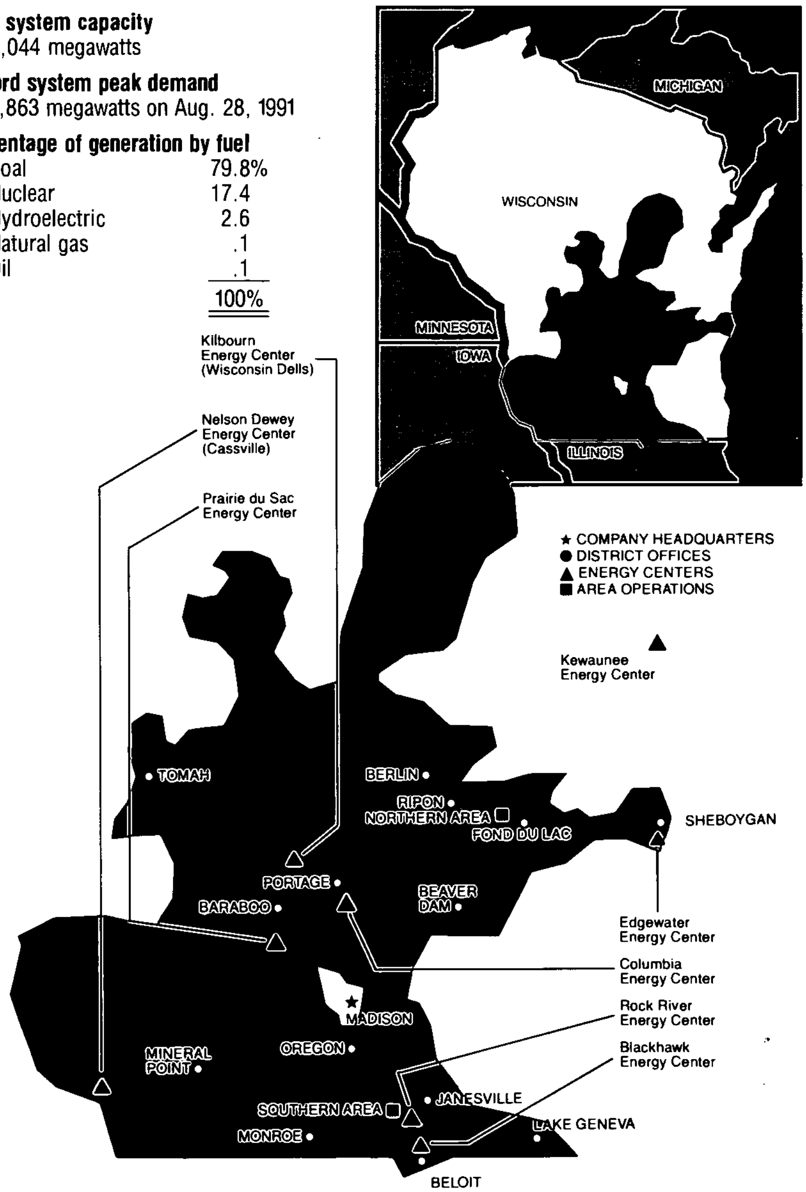
Organization
Corporate headquarters: Madison, Wisconsin
14 district offices in three territories
Two area operations supporting district and company functions
Four coal-fired generating stations operated by WP&L (including two jointly owned)
One dual-fuel (natural gas or coal) generating station
Two hydroelectric generating stations
One nuclear plant not operated by WP&L (jointly owned)

Total system capacity
2,044 megawatts

Record system peak demand
1,863 megawatts on Aug. 28, 1991

Percentage of generation by fuel

Coal	79.8%
Nuclear	17.4
Hydroelectric	2.6
Natural gas	.1
Oil	.1
	100%



Additional management changes:

Edward F. Killeen was appointed Vice President-Information Services and Administration. He previously was Vice President-Planning and Administration.

Daniel A. Doyle was elected Controller. Doyle had been Controller and Chief Accounting Officer of Central Vermont Public Service Corporation since 1988.

Mary Fujimoto, Assistant Corporate Secretary, retired after 21 years of service. **Steven F. Price** was elected to succeed Fujimoto. Price had been Cash Management Supervisor, Treasury Department.

Linda G. Brei was appointed Director of Corporate Communications. She previously was Manager of Economic and Community Development.

Carolyn L. Creager was named Director of Economic and Community Development. She had been Client Relations Manager, Employee Relations.

Stanley D. Darden was appointed Project Director-Delivery System. He previously was District Manager, Mineral Point.

James D. Loock was appointed Generating Station Manager, Rock River and Blackhawk. He previously was Director of Generating Station Engineering.

Suzette M. Mullooly was named Project Director-Business System Process Innovation. She had been Director of the Customer Service and Dispatch Centers.

Donald G. Neumeyer was appointed Project Director-Work Management. He previously was Director of Information Systems and Services.

Thomas M. Schroeder was named Director of Cogeneration. He had been District Manager, Janesville.

Linda A. Taplin-Canto was appointed Project Director-Supervisor Campaign. She previously was Director of Sales-West.

Anne M. Wilms was appointed Director of Information Systems and Services. She previously was Manager of Information Systems.

Michael J. Wish was named Director of Sales Support. He had been Project Director-Sales Measurement.

In 1992, WP&L offered a voluntary early-retirement program for both union and nonunion employees. The 55 employees who took advantage of the program, effective January 1, 1993, included **LuAnn G. Killeen, Vice President-Information Services, who retired after 27 years of service, and **Carl R. Diehls**, Generating Station Manager, Columbia, who had 37 years of service.*

COMPETING ON THE LEADING EDGE OF A NATIONAL AND WORLD MARKET

Heartland Development Corporation has uniquely positioned itself to respond to some of the most significant challenges facing the United States today. Issues evolving from the 1990 Clean Air Act Amendments, the National Energy Policy Act of 1992, the new administration's energy, environmental and tax policies, and potential legislation supporting the continued development of affordable housing will provide the driving market forces for Heartland Development.

These issues are more than dynamic

President and Chief Executive Officer
Heartland Development Corporation

- **Environmental services** — Heartland Environmental Holding Company, along with its principal subsidiary, RMT, Inc. — one of the nation's leading environmental service providers to the foundry, pulp and paper, and textile industries — is positioning itself to become a world leader in marketing a full range of environmental products and services to these and other key industries.
- **Affordable housing** — Heartland Properties, Inc. is one of the nation's largest investors in and developers of quality affordable housing. The company provides specialized consulting services and products to utilities, large corporate investors and government agencies interested in duplicating the successes achieved in the Heartland Properties' housing portfolio.

Heartland Development Corporation's businesses are active investments. The company's President and Chief Executive Officer Lance W. Ahearn and his management team are directly involved in the operations of its businesses, including strategic and financial planning, human-resource issues and policies.

Heartland Development's 1992 performance made a positive contribution toward creating shareowner value. After achieving a modest profit for the first time in 1991, Heartland Development contributed 8 cents per share to the holding company's 1992 earnings.

The services offered by Heartland Development's three principal business units are much in demand in today's world. The combined services and working relationships between and

Heartland Properties' investment saved the historic, century-old Fox River Mills in Appleton, Wisconsin, from the wrecking ball and created a showcase waterfront urban community for a variety of income levels.

among these companies have the potential to yield dynamic, innovative solutions to the challenges of the '90s. In 1993, the company will focus on opportunities to maximize the synergies between these developed business units.

Energy Supply-Side Products and Services ENSERV, Inc.

ENSERV, Inc., to date, has focused its efforts on the commercial development of a low-sulfur, low-ash, high-Btu, clean-burning solid fuel called K-Fuel®, which can be burned in existing coal-fired units to generate steam and electricity. Despite its potential, particularly in view of the requirements of the 1990 Clean Air Act Amendments and the National Energy Policy Act of 1992, financing of the first-of-its-kind, $100 million project has proved to be a challenging task in today's financial markets. At present, initial funding for this innovative project has been raised through an $18.7 million matching grant obtained from the Department of Energy/ ThermoChem, Inc., Clean Coal Technology-IV Program.

Utility Marketing/ Demand-Side-Management Products and Services A&C Enercom Consultants, Inc.

In February 1993, Heartland Development announced the acquisition of A&C Enercom Consultants, Inc., a national utility marketing consulting firm. A&C Enercom provides marketing and demand-side-management services to more than 300 utilities and their customers to help them save energy and preserve the environment. It is the largest provider of demand-side-management services in the United States. Current U.S. spending on demand-side management is approximately $2 billion per year and industry experts estimate that figure will increase to the $50-billion-per-year level by 2005.

The acquisition of A&C Enercom firmly establishes Heartland Development as a significant presence in the environmental/ energy marketplace. Heartland Development's management believes that A&C Enercom's leadership role in demand- side-management provides an excellent foundation for expanding its other subsidiaries' current products and services to the utility industry and to its commercial customers, including the packaging of energy and environmental services. With nearly $40 million in revenues and over 500 employees, the Atlanta, Ga.-based company has more than 30 offices throughout the nation.

While Heartland Environmental Holding Company specializes in pollution reduction, control and prevention, A&C Enercom approaches the market from a different perspective by preventing pollution through demand-side-management services and consumer education.

Environmental Products and Services Heartland Environmental Holding Company

Heartland Environmental Holding Company, formed in December 1991, directs Heartland Development's environmental initiatives. The wholly owned subsidiary provides a full range of environmental products and services designed to help its clients integrate environmental issues into their total business operations.

The foundation of Heartland Environmental Holding Company is RMT, Inc., headquartered in Madison, Wis. RMT's consulting, engineering and laboratory business provides the knowledge, experience and market position that will serve as the basis for growth in revenue and profit.

For RMT, 1992 was a record-breaking year in terms of both earnings and sales. Its fast-paced growth produced revenues of nearly $46 million, an 18 percent increase over 1991 revenues. RMT, which opened two new offices in 1992, employs more than 500 people in 12 offices throughout the United States.

With RMT's expertise as the cornerstone, the environmental holding company will establish market-share leadership by making key acquisitions that expand its customer base and complement RMT's existing strengths. In January 1993, the company acquired Hydroscience, Inc., a firm specializing in waste-water processing, and in February 1993 added Four-Nines, a business specializing in air-pollution control.

The company will assist its clients in managing their exposure to environmental risk by providing a full range of environmental services and products specific to their businesses. Its emphasis on cutting-edge technologies is one way in which Heartland will differentiate itself from other companies.

Heartland Environmental Holding Company's market potential is worldwide. Already, RMT is operating in Venezuela and Mexico to service its U.S.-based multinational clients.

Affordable Housing and Related Services Heartland Properties, Inc.

Heartland Properties, Inc. has rapidly grown from its formation in 1988 and completion of its first project in 1989. It is currently the largest single corporate investor in and developer of high-quality affordable housing in Wisconsin and one of the largest in the nation. At year-end 1992, its portfolio of properties exceeded $92 million. The company now provides affordable and market-rate housing for more than 2,000 Wisconsin families and individuals.

1992 was a year of significant growth for Heartland Properties:

- Heartland Properties contributed record earnings in 1992. The earnings and cash flow of Heartland Properties has played an important role in supporting the growth of Heartland Development's other business units.
- The company created more than 50 new jobs in Wisconsin. The majority of the jobs were created to manage Heartland Properties' portfolio of properties, monitor regulations imposed on all housing, and position the company for future growth.
- The company developed a comprehensive system for tracking compliance with affordable-housing regulations and a unique software program called Track Pro 42. The Internal Revenue Service announced mandatory monitoring in 1992, which would become effective in 1993. The procedures and programs developed by Heartland Properties will be extremely marketable to other affordable-housing developers as the monitoring program takes effect.

Existing and potential customers for Heartland Properties' services include other public utilities and large corporate investors. The company offers these customers a broad spectrum of consulting and contract-development services for the development of quality, community-based affordable housing.

To meet the challenges of the future, Heartland Development Corporation believes that the focus on conserving energy, while reducing pollution and preserving the environment, will provide a competitive edge in positioning its family of companies. Heartland Development plans to be a national leader in managing energy and environmental issues and the demand for quality affordable housing. The company is well on its way to achieving this goal.

HEARTLAND DEVELOPMENT CORPORATION MANAGEMENT

BOARD OF DIRECTORS

As of December 31, 1992

Heartland Oevelopment Corporations's Board of Directors is composed of four eutside directors and two inside directors.

Erroll B. Oavis, Jr., 48
President and
Chief Executive Officer,
WPL Holdings, Inc.
and Wisconsin Power
and Light Company,
and Chairman of the Board,
Heartland Development
Corporation
A director since 1988

Lance W. Abearn, 43
President and Chief Executive
Officer, Heartland Development
Corporation
A director since 1990

Rockne G. Flowers, 60
President and Director,
Nelson Industries, Inc.
(muffler, filter, industrial-silencer, and active sound and vibration-control technology and manufacturing firm),
Stoughton, Wisconsin
A director since 1990

Arnold M. Nemirow, 49
President, Chief Executive
Officer and Director,
Wausau Paper Mills Company
(pulp and paper manufacturer),
Wausau, Wisconsin
A director since 1991

James R. Underkofler, 69
Retired Chairman of the Board
and Chief Executive Officer,
WPL Holdings, Inc., and
Retired Chairman of the Board,
Wisconsin Power and Light
Company and Heartland
Development Corporation
A director since 1988

Judith D. Pyle, 49
Vice Chair and Senior
Vice President-Corporate
Marketing, Rayovac Corporation
(battery and lighting-products
manufacturer),
Madison, Wisconsin
Elected to the board
May 19, 1992

COMMITTEES OF THE BOARD

The Board of Directors of Heartland Development Corporation met six times in 1992. The board has two committees, which also met during the year.

Tbe Audit Committee recommends to the Board of Directors the independent auditors of the company. The committee reviews with the independent auditors the scope and results of the audit and matters regarding the company's financial-reporting and internal-accounting controls. It meets with the management and independent auditors to discuss the company's accounting and reporting principles, policies and practices. The committee, which consists of all outside members of the Board of Directors, held two meetings in 1992.

The Nominating Committee recommends nominees for election to the Board of Directors and reviews the appropriateness of present directors' continued membership on the board. The committee is composed of the chairperson of the board, the president (when the chairperson is not also the president), and two nonmanagement board members. The committee met once in 1992.

CORPORATE OFFICERS

Erroll B. Oavis, Jr., 48
Chairman of the Board

Lance W. Abearn, 43
President and Chief Executive Officer

Thomas A. Landgraf, 44
Treasurer and Secretary

Oouglas J. Weinberg, 35
Controller

Marilyn C. Bottorff, 46
Assistant Secretary

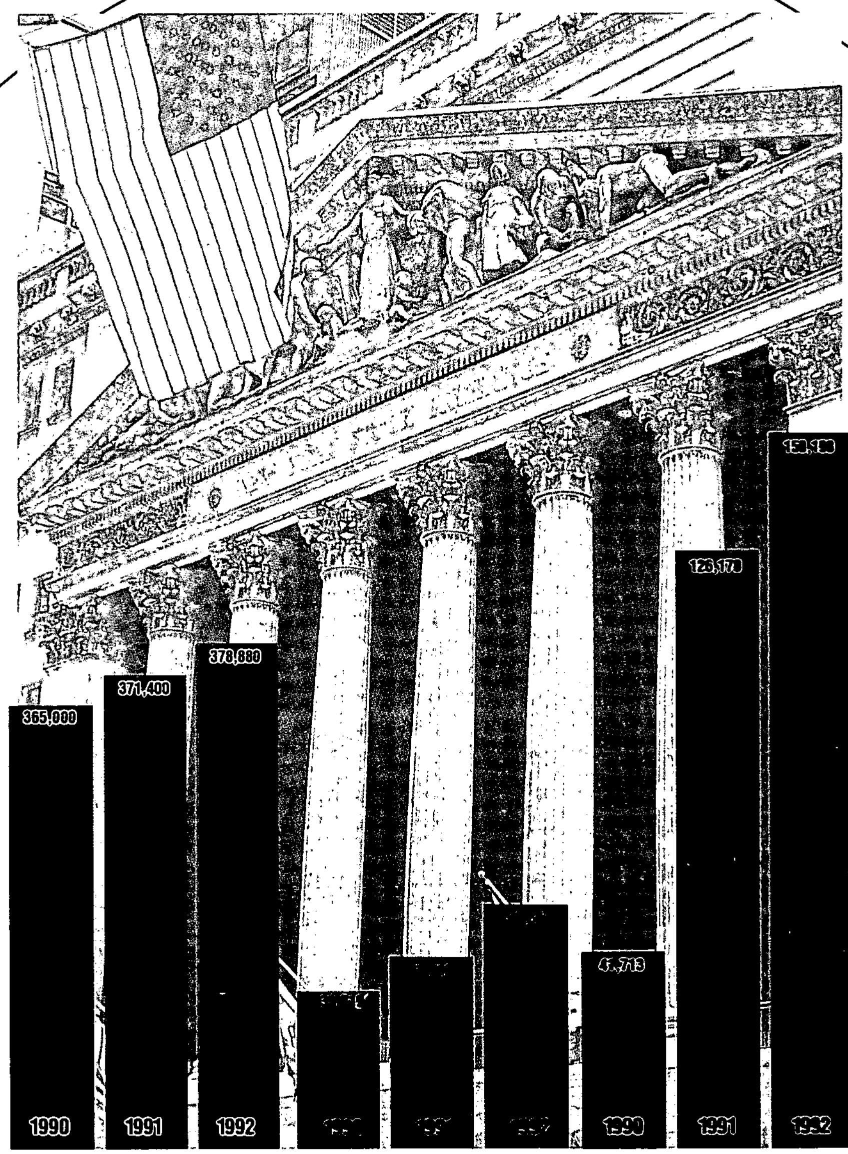
Jobn G. Fabie, 54
Assistant Secretary

1992 BOARD CHANGES

Judith D. Pyle was elected to the Board of Directors in May. She is Vice Chair and Senior Vice President-Corporate Marketing of Rayovac Corporation, an international battery and lighting-products manufacturer headquartered in Madison, Wisconsin.

Gorard E. Veneman retired from the Board of Directors in May. He is the retired President and Chief Executive Officer of Nekoosa Papers, Inc. Veneman served on Wisconsin Power and Light Company's board from 1980 to 1990, WPL Holdings' board since 1986 and Heartland Development Corporation's board since 1990.

WPL HOLDINGS, INC. FINANCIAL SECTION



WP&L Growth in Total Customers

Heartland Development Operating Revenues (in millions)

Heartland Development Total Assets (in millions)

CONTENTS

1992 FINANCIAL HIGHLIGHTS

					Percent Change		
	1992	1991	1987	1982	1 Yr.	5 Yrs.	10 Yrs.
Financial							
(dollars in thousands, except per-share data)							
Operating revenues	**$651,724**	$651,518	$549,382	$512,477	0.0%	18.6%	27.2%
Net income	**57,021**	64,934	54,965	42,256	(12.2)	3.7	34.9
Earnings per share	**2.11**	2.43	2.08	1.75	(13.2)	1.4	20.6
Dividends per share	**1.86**	1.80	1.54	1.10	3.3	20.8	69.1
Book value per share	**17.61**	17.09	15.04	11.39	3.0	17.1	54.6
Market price per share	**33.875**	32.75	21.75	12.00	3.4	55.7	182.3
Operations							
Electric sales (thousand kWh)	**9,807,043**	9,968,900	9,057,930	6,969,875	(1.6)	8.3	40.7
Electric customers	**354,705**	347,908	327,930	306,831	2.0	8.2	15.6
Fuel cost per kWh (cents)	**1.37**	1.39	1.50	1.61	(1.4)	(8.7)	(14.9)
Gas sales (thousand therms)	**292,882**	290,779	243,190	259,924	0.7	20.4	12.7
Gas customers	**131,669**	128,027	114,788	103,469	2.8	14.7	27.3
Purchased gas expense per therm delivered (cents)	**26.3**	24.4	28.0	40.0	7.8	(6.1)	(34.3)

SELECTED FINANCIAL DATA

	1992	1991	1990	1989	1988
	(In Millions Except for Per Share Data)				
Operating revenues	**$ 652**	$ 652	$ 618	$ 605	$ 601
Net income	**$ 57**	$ 65	$ 60	$ 51	$ 58
Earnings per share	**$ 2.11**	$ 2.43	$ 2.23	$ 1.93	$ 2.18
Total assets (at December 31)	**$1,557**	$1,376	$1,261	$1,198	$1,178
Long-term debt, net (at December 31)	**$ 418**	$ 367	$ 343	$ 297	$ 299
Cash dividends paid per share	**$ 1.86**	$ 1.80	$ 1.74	$ 1.68	$ 1.62

OVERVIEW

Earnings per share of WPL Holdings, Inc. (the "company") common stock decreased 13 percent to $2.11 in 1992 compared with $2.43 in 1991. The decline in earnings primarily reflects a decrease in earnings from the company's utility subsidiary, Wisconsin Power and Light Company ("WP&L"). A combination of an electric rate decrease in March 1992 and significantly cooler summer weather led to lower electric revenues, gross margins and earnings at WP&L. The lower electric revenues were offset somewhat by WP&L's continued success in reducing operations, fuel and capital costs. WP&L earnings were also affected by the recognition of a $4.9 million, before-tax refund to natural gas customers during 1992. The refund was the result of a revision in the calculation of the purchased gas adjustment clause. Heartland Development Corporation's ("HDC"), the parent company of the company's nonregulated businesses, contribution to earnings was slightly lower in 1992 compared with 1991, primarily due to the recognition in 1991 of a $2.8 million after-tax gain on the sale of a telecommunications investment. Exclusive of the sale, HDC's profitability increased in 1992 due to the success of its investments in affordable housing and the continued growth in the profitability of its environmental consulting business.

1992 COMPARED WITH 1991

Electric Operations

	1992	1991
	(In Thousands)	
Electric revenues —		
Residential and farm	**$171,887**	$179,751
Industrial	**128,467**	124,212
Commercial	**91,707**	92,628
Wholesale	**67,326**	68,154
Class A	**10,159**	14,677
Other	**8,189**	9,130
Total electric revenues	**477,735**	488,552
Electric production fuels and purchased power	**147,887**	150,796
Gross margin	**$329,868**	$337,756

WP&L's electric margin decreased $7.9 million, or 2 percent, in 1992 as a result of a $10.8 million (2 percent) decrease in revenues offset by a $2.9 million (2 percent) decrease in the associated electric production fuels and purchased power costs compared with 1991. Lower electric sales in 1992 accounted for the majority of the decline in electric margins. Cooling degree days were down 60 percent in 1992 compared with the prior year and were 27 percent below normal. The impact of the unseasonably cool summer weather was most evident in the residential customer class. As detailed below, kilowatthour ("kWh") sales to residential customers, the most weather-sensitive customer class, decreased 4 percent and resulted in a corresponding 4 percent ($7.9 million) decline in residential electric revenues.

	1992	1991	Change
	(kWhs In Thousands)		%
Electric Sales —			
Residential and farm	**2,614,439**	2,729,917	(4)
Industrial	**3,377,132**	3,185,101	6
Commercial	**1,551,623**	1,558,297	—
Wholesale	**1,994,722**	1,979,832	1
Class A	**213,697**	461,357	(54)
Other	**55,230**	54,376	2
Total	**9,807,043**	9,968,880	(2)

The overall 2 percent decrease in electric sales is not as dramatic as the degree day information would suggest as a result of a 6 percent increase in sales to industrial customers due to improved economic conditions in 1992 compared with 1991. Corresponding to increased sales, industrial revenues increased 3 percent ($4.3 million) to $128.5 million. Sales to commercial customers remained flat despite the negative weather impact, as a result of increased customer growth in this sector and the improving economy. As a result of significantly lower weather-related peak demands, sales and revenues to other Class A utilities decreased 54 percent and $4.5 million, respectively.

Electric revenues were affected by changes in retail electric rates during the period. Under the Wisconsin retail electric fuel adjustment procedure prescribed by the Public Service Commission of Wisconsin ("PSCW"), retail electric rates may be adjusted if cumulative fuel costs vary from an authorized annual range. In accordance with the provisions of this procedure, WP&L reduced its retail electric rates by $.0006 per kWh (an approximately 1 percent decrease in retail electric rates), effective March 31, 1992. A similar reduction of $.00035 per kWh was effective May 3, 1991 through July 31, 1991, in accordance with the provisions of that procedure.

Electric production fuels expense decreased $7.0 million in response to reduced kWh sales, lower fuel costs and a greater reliance on purchased power. The average cost of fuel used by WP&L during 1992 was $1.308 per million Btu, compared with $1.327 per Btu in 1991. The combined cost of fuel used by WP&L was $1.365 per kWh in 1992, compared with $1.392 per kWh in 1991. Purchased power expense increased $4 million in 1992 due to the greater availability of purchased power at competitive prices, including higher contracted capacity charges in 1992.

Gas Operations

	1992	1991
	(In Thousands)	
Gas revenues	**$119,362**	$117,775
Purchased gas expense	**77,112**	70,834
Gross margin	**$ 42,250**	$ 46,941

Gas margins decreased $4.7 million due to the combined effects of a $1.6 million increase in revenues, a $6.3 million increase in purchased gas expense, and a $4.9 million revenue reduction associated with the customer refund discussed above. The overall increase in gas revenues in 1992 compared with 1991 resulted primarily from the recovery of increased purchased gas costs through the purchased gas adjustment clause. As a result of comparable weather between years and an increase in gas customers, there was a moderate, 1 percent increase in total gas therms delivered.

	1992	1991	Change
	(kWhs In Thousands)		%
Gas Sales —			
Residential	**114,131**	114,772	—
Firm	**82,087**	83,451	(2)
Interruptible	**25,497**	26,025	(2)
Transportation	**69,244**	61,001	14
Other	**1,923**	5,530	(65)
Total	**292,882**	290,779	1

WP&L transports gas for its large industrial and commercial customers that purchase gas directly from other suppliers. This transported gas accounted for approximately 24 percent and 21 percent of the company's total therms delivered in 1992 and 1991, respectively. The rates charged for this service are designed to recover the same margin as gas sold directly by WP&L. The 9 percent increase in purchased gas expense reflects the moderate increase in the demand for natural gas and the higher cost of natural gas on the spot market. The price increase results from the negative impact of Hurricane Andrew on gulf coast gas production and supplier anticipation of wintertime supply constraints.

Other Operating Revenues

Other operating revenues increased $9.4 million between years, primarily due to increased business for RMT, Inc. ("RMT"), HDC's environmental consulting and engineering subsidiary. RMT's 1992 revenues increased $7.1 million, or 18 percent, over 1991. HDC anticipates continued revenue growth from RMT and other newly acquired environmental operations because of increased environmental regulation, which will increase the demand for such services. Also contributing to the increase in other operating revenues in 1992 compared with 1991 were increased rental revenues from the significant number of new affordable housing units placed in service at Heartland Properties, Inc. ("HPI") in 1992. During 1992, HPI increased its net investment in affordable housing and historic rehabilitation properties to $92 million. Occupancy rates in the 57 properties under management at December 31, 1992, averaged 90 percent during 1992.

Other Operation and Maintenance Expense

Other operation and maintenance expense increased $1.1 million and $2.2 million, respectively, compared with 1991. The increase in other operations expense is the result of increased costs at HDC offset somewhat by reduced costs at WP&L. RMT's and HPI's operation expenses increased $5.8 million (17 percent) and $2.6 million, respectively, in 1992 compared with 1991, corresponding to the growth experienced in their respective businesses. As a result of WP&L's cost containment efforts, other operations expense at WP&L, which primarily includes administrative and general expenses, decreased $7.9 million in 1992 compared with 1991. Contributing to the decrease were the following: a $4.1 million decrease in WP&L's conservation program expenditures as a result of PSCW authorization of the amortization of an escrow adjustment due to prior year underspending; a $1.3 million decrease in fees associated with the sale of WP&L's accounts receivable due to a decline in interest rates and a reduction in the average amount of receivables sold from $71.3 million on average per month in 1991, to $68.8 million in 1992; and reduced employee benefit expenses. Maintenance expenses increased in 1992 over 1991 primarily due to

WP&L's tree trimming program, increased costs associated with scheduled overhauls at generating units and major service restoration expenses related to three tornados, which caused extensive damage to WP&L's service area during the summer of 1992.

Depreciation Expense

The $5.6 million increase in depreciation expense in 1992 compared with 1991 is primarily due to property additions.

Allowance for Funds Used During Construction ("AFUDC") and Other, net

Total AFUDC increased $1.7 million in 1992 compared with 1991, reflecting the greater amounts of construction work in progress, which includes the costs associated with the construction of two 86-megawatt combustion-turbine generators. Other, net decreased between years, primarily due to a $2.8 million after-tax gain on the sale of certain non-utility investments that was recorded in 1991.

Interest Expense

Interest expense on long-term debt increased $1 million between years, primarily due to increased capital expenditures related to HPI's investments in affordable housing and to increased incremental debt outstanding at WP&L. This increase was somewhat offset by WP&L's refinancing activities during 1992. To take advantage of recent low interest rates, WP&L issued $279 million principal amount of first mortgage bonds, of which $235 million was used to refinance the aggregate principal amount of existing series. The bonds, which had coupon payments ranging from 8 to 10 percent, were replaced with issues having coupons of 6.125 percent to 8.6 percent. Interest related to short-term borrowing requirements increased $2.3 million in 1992 compared with 1991, principally due to higher short-term borrowing levels in 1992, at lower average interest rates of 3.78 percent in 1992 compared with 7.42 percent in 1991.

Income Taxes

Income taxes decreased $9.2 million between years, primarily due to lower taxable income and an increase in tax credits associated with affordable housing investments in 1992 compared with 1991.

1991 COMPARED WITH 1990

Earnings per share of the company's common stock increased 9 percent to $2.43 in 1991 compared with $2.23 in 1990, as a result of increased earnings of WP&L and HDC. Earnings from WP&L's electric operations increased as a result of warmer weather during the summer of 1991 compared with 1990, and HDC's net income increased by a $2.8 million after-tax gain on the sale of a telecommunications investment. The higher operating revenues were partially offset by a $2.9 million increase in operating expenses, including increased purchased power and purchased gas expenses, increased costs associated with medical and other benefit plans and general inflationary pressures.

Electric and Gas Operations

WP&L's electric margin increased $10.5 million, or 3 percent, in 1991 compared with 1990 as a result of a 4 percent increase in revenues offset by a 5 percent increase in the associated electric production fuels and purchased power costs. Unusually hot, humid weather in the second and third quarters of 1991 contributed to increased electric revenues and related expenses compared with the same period in 1990. On numerous occasions during this period, WP&L exceeded the prior system peak demand of 1,819 megawatts (MW) recorded in 1988. The highest demand was recorded on August 28, 1991, at 1,863 MW. As a result of an increased demand for electricity, kWh sales increased 4.7 percent in 1991 compared with 1990. The increase in sales is not as dramatic as the degree day information would suggest as a result of relatively flat sales in the industrial sector due to economic conditions.

Electric revenues also were affected by changes in retail electric rates during the period. During the first five months of 1991, fuel costs and purchased power expense were higher than the same period in 1990, but they were below that originally forecasted and utilized in WP&L's latest rate order. As a result of this reduced overall cost per kWh, WP&L implemented a rate reduction of $.00035 per kWh effective May 3, 1991 through July 31, 1991, in accordance with the provisions of the Wisconsin retail electric fuel adjustment procedure discussed above.

Gas margins increased $1.9 million as a result of a $7.4 million increase in revenues offset by a $5.5 million increase in purchased gas expense. Comparatively colder weather in the first and fourth quarters of 1991 resulted in an increase in the demand for natural gas, as evidenced by a 7.4 percent increase in total therms sold. Corresponding to this increase in sales, gas revenues and purchased gas expense increased between years by 7 percent and 8 percent, respectively.

Other Operating Revenues

Other operating revenues increased $7.9 million between years, primarily due to increased business for RMT, which reported an increase in revenues of $5.4 million, or 16 percent, over 1990.

Other Operation Expenses

Other operation and maintenance expense increased $16.3 million compared with 1990. Contributing to the increase was a $6.1 million increase in costs associated with medical and other benefit plans, a $2.6 million increase in WP&L's conservation program expenditures and a $4.1 million increase in HDC's operating expenses. RMT's operation expenses increased $3.1 million, or 10 percent, in 1991 compared with 1990, corresponding to the growth in its environmental consulting services.

Depreciation Expense

Several factors affected depreciation expense in 1991. Utility plant additions of $73.9 million during 1991 increased the provision. Offsetting this increase were two changes that decreased annual depreciation expense beginning August 1, 1990. First is the amortization of contributions in aid of construction ("CIAC") in compliance with the change to the Federal Energy Regulatory Commission ("FERC") system of accounts. The amortization period for CIAC is five years for electric and gas and 10 years for water. This item reduced 1991 and 1990 depreciation expense approximately $4.1 million and $1.7 million, respectively, and will reduce depreciation expense by $4.1 million annually through 1995. Second is the implementation of lower straight-line depreciation rates as provided for in WP&L's 1990-1994 Depreciation Study, which was filed with the PSCW in December 1989. The lower straight-line rates reduced 1991 and 1990 depreciation expense by $3 million and $1.2 million, respectively.

AFUDC and Other, net

Total AFUDC increased $.7 million in 1991 compared with 1990, reflecting the greater amounts of construction work in progress. Other, net increased between years by $5.7 million. Factors contributing to the net increase include the recording in 1991 of a $2.8 million after-tax gain on the sale of certain nonutility investments and a $1.2 million increase in earnings of the nuclear decommissioning trust fund due to improved market conditions during 1991. Also, in the fourth quarter of 1990, the company recorded a $2.6 million reserve for nonutility investments and an additional $1.1 million reserve associated with a coal contract assessment by the PSCW in 1989.

Interest Expense

Interest on long-term debt increased $4.4 million due to the issuance of $50 million Series V bonds in December 1990 that was somewhat offset by lower average interest rates in 1991 compared with 1990, due to lower interest rates related to bond refinancings. In addition, interest related to short-term borrowing requirements decreased as a direct result of lower average interest rates of 7.42 percent in 1991 compared with 9.02 percent in 1990.

Income Taxes

Income taxes increased $3.3 million between years, primarily due to higher taxable income in 1991 compared with 1990.

LIQUIDITY AND CAPITAL RESOURCES

Rates and Regulatory Matters

On December 22, 1992, WP&L received final decisions from the PSCW on its retail rate application filed in December 1991. The final order authorized an annual retail electric rate decrease of $816,000, or .20 percent; a natural gas rate decrease of $300,000, or .25 percent; and a water rate increase of $209,000, or 7.96 percent. These rates became effective January 1, 1993. In addition, the PSCW ordered the deferral to such periods of all revenue associated with the sale of emission allowance credits. Such revenues will be amortized to reduce revenue requirements in the periods that the allowance credits are generated under the law and utilized. The PSCW supported WP&L's position on a number of electric-and-gas-rate-design issues, including the merger of WP&L's two gas-supply areas and the endorsement of an optional and experimental 12-hour time-of-day rate. The regulatory return on common equity for WP&L was reduced from the present 12.9 percent to 12.4 percent.

On January 4, 1993, WP&L filed a request with the PSCW to increase annual retail rates as follows: $20.5 million, or 5 percent for retail electric customers; $3.6 million, or 2.9 percent for natural gas customers; and $.3 million, or 11.1 percent for water customers. As proposed, these rate increases will be placed in effect no earlier than August 1, 1993, and will remain in effect for the test year ending July 31, 1994. The requested rate increase is needed to cover construction expenditures, regulatory compliance, rising operational costs, and the cost of future decommissioning of the Kewaunee Nuclear Power Plant.

Electric and Gas Sales Outlook

WP&L is forecasting no more than a 3 to 4 percent annual electric rate increase and a 1 percent annual gas rate increase on average during the next five years ending December 31, 1997. These forecasts are subject to a number of assumptions, including the economy and weather. WP&L anticipates that its customer base will remain strong in the electric sectors and that favorable gas prices over alternative fuels prices should result in sales growth in gas sectors. Growth in customers' demand for electric service will require capacity additions. WP&L intends to meet the capacity growth through purchases, investment in combustion-turbines, demand-side management programs such as direct load control, rate options including interruptible rates, conservation programs and upgrades of existing plants to increase output.

Financing and Capital Structure

The level of short-term borrowings fluctuates based on seasonal corporate needs, the timing of long-term financing and market conditions. The company anticipates that short-term debt funds will continue to be available at reasonable costs due to strong ratings by independent utility analysts and rating services. Commercial paper has been rated A-1+ by Standard & Poor's Corp. (S&P) and P-1 by Moody's Investors Service (Moody's). Bank lines of credit of $70 million at December 31, 1992, although seldom used, are available to support these borrowings (see "Notes to Consolidated Financial Statements," Note 5). In addition, the company continues to use proceeds from the sales of accounts receivable and unbilled revenues to finance long-term cash needs.

As discussed in more detail below at "Capital Requirements," the company does not anticipate that the costs incurred to remediate manufactured gas plant sites will have a material adverse effect on liquidity.

The company's capitalization at December 31, 1992, including the current maturities of long-term debt and short-term debt, consisted of 44.2 percent common equity, 5.5 percent preferred stock and 50.3 percent long-term debt. The increase in the debt ratio to total capitalization compared to prior years, primarily stems from the company's continued outlays of capital for affordable housing investments.

In order to take advantage of historically low interest rates and reduce its average cost of capital, WP&L completed major refinancing activities during 1992 and 1991. During 1992, WP&L issued $279 million first mortgage bonds, of which $235 million was used to refinance existing series. The bonds, which had coupon payments ranging from 8 to 10 percent, were replaced with issues having coupons of 6.125 percent to 8.6 percent. During 1991, WP&L refinanced $33.9 million aggregate principal amount of first mortgage bonds, which was issued at fixed rates of 7.75 percent to 8.25 percent, through the issuance of variable rate demand bonds. The remaining proceeds of the new issuances were used for payment of short-term debt and general corporate purposes.

Through 1992, HPI has worked with various municipal housing and community development authorities in Wisconsin on the issuance of $38 million double tax exempt Housing Enhancement and Rehabilitation Trust Securities ("HEARTS") Bonds.

Capital Requirements

The company's largest subsidiary, WP&L, is capital-intensive and requires large investments in long-lived assets. Therefore, the company's most significant capital requirements relate to construction expenditures. Estimated capital requirements of WP&L for the next five years are as follows:

	Capital Requirements				
	1993	1994	1995	1996	1997
	(In Millions)				
Construction expenditures	$149.9	$153.4	$163.2	$165.3	$139.0
Changes in working capital and other	(2.7)	.2	(4.9)	(2.6)	.6
Construction and operating capital	147.2	153.6	158.3	162.7	139.6
Manufactured gas plant site remediation expenditures	1.4	4.4	2.9	3.4	7.1
Total capital requirements	$148.6	$158.0	$161.2	$166.1	$146.7

Included in the construction expenditures estimates, in addition to the recurring additions and improvements to the distribution and transmission systems, are the construction of three 86-megawatt combustion-turbine generators expected to become operational in 1994 through 1996.

WP&L will incur only modest costs during the five-year period to meet state acid rain legislation. The Wisconsin legislation, which became effective January 1, 1993, establishes annual system-wide sulfur emissions limits for each utility system in the state. To meet these limits, it was necessary for WP&L to install $10.4 million of boiler and pollution control equipment prior to January 1, 1993. There will be no increase in fuel costs compared to current levels to maintain further compliance. Wisconsin's 1986 Acid Rain Law is more stringent than the phase 1 requirements of the federal legislation. As a result, phase 1 requirements of the federal law will not result in significant compliance cost increases. Installation costs for additional emissions monitoring equipment and coal handling equipment are estimated to total $3.5 million for the period 1993 through 1995. These costs have been included in the forecasted construction expenditures above. Phase 2 federal requirements are currently more stringent than Wisconsin's Acid Rain Law, but additional capital costs are unlikely at this time.

Another commitment relates to the investigation and remediation of manufactured gas plant ("MGP") sites. Historically, WP&L has owned 11 properties that have been associated with the production of manufactured gas. Currently, WP&L owns five of these sites, three are owned by municipalities and the remaining three are owned by private companies. In 1989, WP&L initiated investigation of these MGP sites. The Wisconsin Department of Natural Resources ("DNR") has been involved in reviewing preliminary investigation plans and has received reports regarding these investigations. Based on the results of WP&L's preliminary investigations, which principally focused on feasibility studies to identify the technologies, remedial actions and costs associated with any necessary remediation during the five-year period 1992-1996, WP&L had recorded an estimated liability and corresponding deferred charge of approximately $15 million as of December 31, 1991.

In 1992, and into the beginning of 1993, WP&L continued its investigations and studies. In this connection, WP&L has confirmed that there is no contamination at two of the sites and has received a close out letter from the DNR related to one of those sites and has requested a close out letter for the other site. Additionally, the investigation of historical records at a third site indicates a minimal likelihood of any significant environmental impacts. In February 1993, WP&L completed more current cost estimates for the environmental remediation of the eight remaining sites. The results of this more current analysis indicate that during the next 35 years, WP&L will expend approximately $81 million for continuing feasibility studies, continuing data collection, soil remediation activities, groundwater research, groundwater remediation activities, including construction of slurry containment walls and the installation of groundwater pump and treatment facilities. This estimate is based on various assumptions, including the scope of remediation activities and remediation technologies, among others, that are subject to continuous review, update and revision by management. Accordingly, the results of the more current analysis of environmental remediation activities, particularly as they relate to the cost of the program, will likely require revision in the future.

Based on the cost estimate set forth above, which assumes a 4 percent average inflation over the 35-year period, WP&L will spend approximately $1.4 million, $4.4 million, $2.9 million, $3.4 million, $7.1 million and $6.7 million in 1993 through 1998, respectively, for feasibility studies, continuing data collection, soil remediation activities, groundwater research and groundwater remediation activities, including construction of slurry containment walls. The cost estimate also contemplates that primarily groundwater pump and treatment activities will take place after 1998 through and including 2027. During this time, WP&L estimates that it will incur average annual costs of $2.0 million to complete the planned groundwater remediation activities.

In conjunction with WP&L's last two retail rate orders and recent rate orders issued by the PSCW in connection with the rate cases of other Wisconsin utilities, the PSCW has consistently approved the recovery in rates of incurred cost deferrals of environmental remediation activities. With respect to WP&L, the PSCW has approved a five year amortization of and return on the unamortized balance of incurred environmental costs that have been deferred to date.

Beginning January 1, 1993, the effective date of WP&L's latest rate order, WP&L is amortizing to expense $.3 million on an annual basis. Based on regulatory accounting policy of amortizing deferred environmental costs over a five year period and the annual environmental cost estimates set forth in the aforementioned study, WP&L will amortize approximately $2.0 million on an average annual basis during the period 1993 through and including 2033.

Based on the present regulatory record at the PSCW, management believes that the prospective cost of remediating the MGP sites will be recovered in rates.

In recognition of the opportunities created by the Clean Air Act Amendments of 1990, HDC is pursuing the expansion of its energy related products and services, and its environmental services through future acquisitions. In addition to increasing its investment in affordable housing, HPI plans to market its affordable housing expertise by expanding its business to provide other corporate/public investors with assistance in the development, consultation and financing of affordable housing projects. HDC's estimated capital expenditures total $70 million and $30 million for 1993 and 1994, respectively, and $20 million for 1995, 1996 and 1997, respectively.

Capital Resources

One of the company's objectives is to finance construction expenditures through internally generated funds supplemented, when required, by outside financing. With this objective in place, the company has financed an average of 67 percent of its construction expenditures during the last five years from internal sources. During the next five years, the company expects this percentage to be reduced as the major construction expenditures are completed. As part of the company's external financing plans, it anticipates the need to raise approximately $50 million of equity capital in 1993 and another $50 million in 1994.

The company provides shareowners with a competitive return on their investment while supplying customers with high-quality products and services at the lowest possible cost. In 1992, shareowners realized a 9.1 percent total return on their investment in the company, calculated as the total of dividend yield plus market appreciation of company common stock. In addition, the company increased its dividends by 3.4 percent and issued 528,142 new shares of common stock through its Dividend Reinvestment and Stock Purchase Plan, generating proceeds of $17.5 million in 1992. Market value per share increased 3.4 percent to $33.875 per share at December 31, 1992 compared with $32.75 per share at December 31, 1991. Return on equity for 1992 was 12.4 percent and has averaged 13.5 percent over the last five years.

INFLATION

Under ratemaking methodologies prescribed by the various commissions that regulate WP&L, projected or forecasted operating costs, including the impacts of inflation, are incorporated into WP&L revenue requirements. Accordingly, the impacts of inflation on WP&L are significantly mitigated.

FINANCIAL ACCOUNTING STANDARDS BOARD (the "FASB") ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Currently, there are three accounting standards issued by the FASB that are effective in years after 1992 and that have not been implemented by the company. In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The statement requires the company, effective January 1, 1993, to accrue postretirement welfare benefits during the years an employee renders service. The PSCW has approved regulatory treatment of other postretirement benefits costs based on the provision of SFAS 106, effective January 1, 1993. Accordingly, additional revenues will offset the increased cost recognition required under SFAS 106, resulting in no material impact on the company's financial statement position or results of operations. Refer to "Notes to Consolidated Financial Statements," Note 1j, for additional discussion of this item.

In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires adoption of the new tax accounting and disclosure rules effective January 1, 1993. For WP&L, it is expected that the deferred income tax assets and liabilities as a result of the adoption of this statement will be offset by regulatory assets and liabilities representing the expected future revenue requirement impact of these adjustments. For HDC, the effect of adoption is not expected to be material. Refer to "Notes to Consolidated Financial Statements," Note 1k, for additional discussion of this item.

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). SFAS 112 requires adoption of the new accounting and disclosure rules effective January 1, 1994. The ultimate impact on net earnings is not expected to be material in view of the anticipated inclusion of such amounts by WP&L in its rates. Refer to "Notes to Consolidated Financial Statements," Note 1j, for additional discussion of this item.

REPORT ON THE FINANCIAL INFORMATION

WPL Holdings, Inc. management is responsible for all the information appearing in this annual report and for the accuracy and internal consistency of that information. The consolidated financial statements that follow have been prepared in accordance with generally accepted accounting principles. In addition to selecting appropriate accounting principles, management is responsible for the manner of presentation and for the reliability of the financial information. In fulfilling that responsibility, it is necessary for management to make estimates based on currently available information and judgments of current conditions and circumstances.

Through a well-developed system of internal controls, management seeks to ensure the integrity and objectivity of the financial information presented in this report. This system of internal control is designed to provide reasonable assurance that the assets of the company are safeguarded and that the transactions are executed according to management's authorizations and are recorded in accordance with the appropriate accounting principles.

The Board of Directors participates in the financial information reporting process through its Audit Committee, whose composition and duties are described on page 7 of this Annual Report.

Erroll B. Davis, Jr.
President and Chief Executive Officer
WPL Holdings, Inc.

Edward M. Gleason
Vice President-Finance and Treasurer
Wisconsin Power and Light Company

February 5, 1993

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To WPL Holdings, Inc.:

We have audited the accompanying consolidated balance sheets and statements of capitalization of WPL HOLDINGS, INC. (a Wisconsin corporation) and subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of income, common shareowners' investment and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WPL Holdings, Inc. and subsidiaries as of December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

Milwaukee, Wisconsin,
February 5, 1993.

ARTHUR ANDERSEN & CO.

WPL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	1992	1991	1990
	(In Thousands Except for Per Share Data)		
Operating revenues (Note 1h):			
Electric	**$477,735**	$488,552	$470,819
Gas	**119,362**	117,775	110,423
Other	**54,627**	45,191	37,249
	651,724	651,518	618,491
Operating expenses:			
Electric production fuels	**123,440**	130,406	125,817
Purchased power	**24,427**	20,390	17,703
Purchased gas	**77,112**	70,834	65,348
Other operation	**176,713**	175,608	160,488
Maintenance	**45,081**	42,883	41,704
Depreciation	**59,507**	53,877	55,297
Taxes other than income	**29,261**	26,534	25,820
	535,541	520,532	492,177
Operating income	**116,183**	130,986	126,314
Other income and (deductions):			
Allowance for equity funds used during construction (Note 1c)	**2,351**	1,073	—
Other, net	**2,432**	3,258	(2,403)
	4,783	4,331	(2,403)
Interest expense:			
Interest on long-term debt	**33,884**	32,892	28,500
Allowance for borrowed funds used during construction (Note 1c)	**(1,329)**	(886)	(1,304)
Other	**5,011**	2,754	4,872
	37,566	34,760	32,068
Income before income taxes	**83,400**	100,557	91,843
Income taxes (Note 1k)	**22,568**	31,812	28,494
Preferred stock dividends of subsidiary	**3,811**	3,811	3,811
Net income	**$ 57,021**	$ 64,934	$ 59,538
Weighted average number of shares of common stock outstanding (Note 3a)	**27,043**	26,730	26,663
Earnings per share	**$ 2.11**	$ 2.43	$ 2.23
Cash dividends paid per share	**$ 1.86**	$ 1.80	$ 1.74

The accompanying notes are an integral part of the consolidated financial statements.

WPL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

December 31,	1992	1991
ASSETS	*(In Thousands)*	
Utility plant (Notes 1c and 2):		
Plant in service —		
Electric	**$1,443,344**	$1,389,925
Gas	**179,733**	171,662
Water	**19,542**	18,691
Common	**93,973**	84,668
	1,736,592	1,664,946
Dedicated decommissioning funds, at cost (Note 1i)	**40,377**	36,640
	1,776,969	1,701,586
Less — Accumulated provision for depreciation (Note 1i)	**719,987**	675,589
	1,056,982	1,025,997
Construction work in progress	**58,973**	27,135
Nuclear fuel, net (Note 1d)	**16,923**	18,682
Total utility plant	**1,132,878**	1,071,814
Other property and equipment (Note 1e):		
Land and improvements	**6,944**	4,786
Buildings and improvements	**95,736**	51,160
Equipment	**7,735**	8,248
	110,415	64,194
Less — Accumulated provision for depreciation (Note 1i)	**8,4D2**	5,458
	102,013	58,736
Construction work in progess	**4,979**	7,999
Total other property and equipment	**106,992**	66,735
Investments (Note 1f)	**13,998**	15,785
Current assets:		
Cash and equivalents (Note 1m)	**4,280**	6,604
Net accounts receivable and unbilled revenue, less allowance for doubtful accounts of $732,000 and $949,000, respectively (Note 1l)	**49,690**	40,580
Fossil fuel, at average cost (Note 5)	**18,985**	21,651
Materials, supplies and gas in storage, at average cost	**25,964**	29,136
Prepayments and other	**21,832**	26,336
Total current assets	**120,751**	124,307
Restricted cash	**12,129**	35,642
Deferred charges and other (Notes 1g and 1j)	**87,499**	46,556
Environmental remediation costs (Note 5d)	**82,698**	15,459
TOTAL ASSETS	**$1,556,945**	$1,376,298
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareowners' investment (Note 3a)	**$ 480,951**	$ 457,742
Preferred stock not mandatorily redeemable	**59,963**	59,963
Long-term debt, net (Note 3b)	**417,849**	367,489
Total capitalization	**958,763**	885,194
Current liabilities:		
Current maturities of long-term debt (Note 3b)	**985**	4,415
Variable rate demand bonds (Note 3b)	**57,075**	57,875
Short-term debt (Note 6)	**70,095**	52,326
Accounts payable and accruals	**76,778**	73,459
Accrued payroll and vacation	**12,171**	13,907
Accrued (prepaid) taxes	**(1,874)**	3,197
Accrued interest	**7,968**	6,836
Other	**18,366**	20,654
Total current liabilities	**241,564**	232,669
Other credits:		
Accumulated deferred income taxes (Note 1k)	**180,835**	171,723
Accumulated deferred investment tax credits (Note 1k)	**44,662**	46,788
Accrued environmental remediation costs (Note 5d)	**81,425**	15,000
Deferred credits and other (Note 1n)	**49,696**	24,924
	356,618	258,435
Commitments and contingencies (Notes 2 and 5)		
TOTAL CAPITALIZATION AND LIABILITIES	**$1,556,945**	$1 376,298

The accompanying notes are an integral part of the consolidated financial statements.

WPL HOLOINGS, INC.
CONSOLIOATEO STATEMENTS OF CASH FLOWS

Year Ended December 31,	1992	1991	1990
		(In Thousands)	
Cash flows generated from (used for) operating activities:			
Net income	**$ 57,021**	$ 64,934	$ 59,538
Adjustments to reconcile net income to net cash generated from operating activities:			
Depreciation	**59,507**	53,877	55,297
Deferred income taxes	**8,124**	4,571	2,254
Investment tax credit restored	**(2,125)**	(2,141)	(2,437)
Amortization of nuclear fuel	**7,961**	8,310	9,887
Allowance for equity funds used during construction	**(2,351)**	(1,073)	—
Other	**(1,731)**	3,278	1,695
Changes in assets and liabilities:			
Restricted cash	**23,513**	(35,642)	—
Net accounts receivable and unbilled revenue (Note 1l)	**(9,110)**	(2,304)	4,960
Fossil fuel	**2,666**	(1,474)	(2,440)
Materials, supplies and gas in storage	**3,172**	322	(5,017)
Prepayments and other	**4,504**	(6,197)	1,496
Accounts payable and accruals	**3,319**	(1,286)	16,862
Accrued taxes	**(5,071)**	(1,843)	(1,931)
Other, net	**(11,696)**	7,167	(8,325)
Net cash generated from operating activities	**137,703**	90,499	131,839
Cash flows generated from (used for) financing activities:			
Issuance of long-term debt (Note 3b)	**289,384**	61,217	57,215
Issuance of variable rate demand bonds (Note 3b)	**—**	33,875	—
Long-term debt maturities, redemptions and sinking fund requirements (Note 3b)	**(243,641)**	(42,787)	(9,882)
Net change in short-term debt	**17,769**	21,576	(11,394)
Common stock cash dividends, less dividends reinvested	**(32,668)**	(44,805)	(46,392)
Other	**(1,144)**	531	—
Net cash generated from (used for) financing activities	**29,700**	29,607	(10,453)
Cash flows generated from (used for) investing activities:			
Additions to utility plant, excluding AFUDC	**(123,321)**	(90,972)	(71,932)
Allowance for borrowed funds used during construction	**(1,329)**	(886)	(1,304)
Dedicated decommissioning funds	**(3,737)**	(3,840)	(3,371)
Purchase of other property and equipment	**(43,343)**	(42,419)	(16,195)
Other	**2,003**	(944)	(8,117)
Net cash (used for) investing activities	**(169,727)**	(139,061)	(100,919)
Net increase (decrease) in cash and equivalents	**(2,324)**	(18,955)	20,467
Cash and equivalents at beginning of year	**6,604**	25,559	5,092
Cash and equivalents at end of year	**$ 4,280**	$ 6,604	$ 25,559
Supplemental disclosures of cash flow information:			
Cash paid during the year:			
Interest on debt, less amount capitalized	**$ 37,763**	$ 36,998	$ 32,705
Preferred stock dividends of subsidiary	**$ 3,811**	$ 3,811	$ 3,811
Income taxes	**$ 21,201**	$ 32,194	$ 28,539
Noncash financing activities:			
Dividends reinvested	**$ 17,533**	$ 3,285	$ —

The accompanying notes are an integral part of the consolidated financial statements.

WPL HOLOINGS, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION

December 31,	1992	1991
	(In Thousands)	
Common shareowners' investment (Notes 1a and 3a):		
Common stock, $.01 par value, authorized — 100,000,000 shares; issued and outstanding — 27,312,805 shares and 26,784,663 shares at December 31, 1992 and 1991, respectively	$ 273	$ 268
Additional paid-in capital	203,710	187,208
Reinvested earnings	276,968	270,266
Total common shareowners' investment	480,951	457,742
Preferred stock not mandatorily redeemable:		
Wisconsin Power and Light Company —		
Cumulative, without par value, $100 stated value, authorized 3,750,000 shares, maximum aggregate stated value $150,000,000; 599,630 shares issued and outstanding		
Preferred stock without mandatory redemption —		
4.50% series, 99,970 shares outstanding	9,997	9,997
4.80% series, 74,912 shares outstanding	7,491	7,491
4.96% series, 64,979 shares outstanding	6,498	6,498
4.40% series, 29,957 shares outstanding	2,996	2,996
4.76% series, 29,947 shares outstanding	2,995	2,995
8.48% series, 149,865 shares outstanding	14,986	14,986
7.56% series, 150,000 shares outstanding	15,000	15,000
Total preferred stock	59,963	59,963
First mortgage bonds (Note 3b):		
Wisconsin Power and Light Company —		
Series K, 4¼%, due 1992	—	3,827
Series L, 6¼%, due 1998	8,899	8,899
Series M, 8%, due 1999	—	24,509
Series N, 8⅞%, due 2000	—	24,900
Series O, 8%, due 2001	—	29,995
Series P, 8⅞%, due 2004	—	35,000
Series Q, 8⅞%, due 2006	—	35,000
Series R, 9⅛%, due 2008	—	35,000
1984 Series A, variable rate, due 2014 (2.95% average rate for 1992)	8,500	8,500
1988 Series A, variable rate, due 2015 (3.05% average rate for 1992)	14,700	15,500
1986 Series T, 10%, due 2016	—	50,000
1990 Series V, 9.3%, due 2025	50,000	50,000
1991 Series A, variable rate, due 2015 (2.56% average rate for 1992)	16,000	16,000
1991 Series B, variable rate, due 2005 (2.56% average rate for 1992)	16,000	16,000
1991 Series C, variable rate, due 2000 (2.56% average rate for 1992)	1,000	1,000
1991 Series D, variable rate, due 2000 (2.56% average rate for 1992)	875	875
Series W, 8.6%, due 2027	90,000	—
Series X, 7.75%, due 2004	62,000	—
Series Y, 7.6%, due 2005	72,000	—
Series Z, 6⅛%, due 1997	55,000	—
Total first mortgage bonds	394,974	355,005
Heartland Development Corporation —		
1991 Series A, 6.85%, due 2023	26,855	29,295
1991 Series B, variable rate, due 2003 (4.0% at December 31, 1992)	7,860	6,640
1992 Series taxable bonds, 7.55%, due 2024	2,100	—
Other mortgage notes payable, 0% - 10.75%, due 1994-2041	35,139	30,136
	71,954	66,071
WPL Holdings, Inc. —		
8.96% Senior note, due 1997	10,000	10,000
Other	463	572
	10,463	10,572
Less —		
Current maturities and sinking fund requirements	(985)	(4,415)
Variable rate demand bonds	(57,075)	(57,875)
Unamortized discount	(1,482)	(1,869)
Total long-term debt, net	417,849	367,489
TOTAL CAPITALIZATION	$958,763	$885,194

The accompanying notes are an integral part of the consolidated financial statements.

WPL HOLOINGS, INC.

CONSOLIDATED STATEMENTS DF COMMON SHAREOWNERS' INVESTMENT

Year Ended December 31,	1992	1991	1990
	(In Thousands)		
Common stock:			
Balance at beginning of year	**$ 268**	$ 267	$ 267
Received in connection with dividend reinvestment plan	**5**	1	—
Balance at end of year	**273**	268	267
Additional paid-in capital:			
Balance at beginning of year	**187,208**	183,274	182,964
Received in connection with dividend reinvestment and employee benefit plans stock issuances	**17,528**	3,284	—
Other	**(1,026)**	650	310
Balance at end of year	**203,710**	187,208	183,274
Reinvested earnings:			
Balance at beginning of year	**270,266**	253,541	240,706
Net income	**57,021**	64,934	59,538
Cash dividends ($1.86 per share, $1.80 per share and $1.74 per share, respectively)	**(50,201)**	(48,090)	(46,392)
Expense of issuing common stock and other	**(118)**	(119)	(311)
Balance at end of year	**276,968**	270,266	253,541
TOTAL COMMON SHAREOWNERS' INVESTMENT (Notes 1a and 3a)	**$480,951**	$457,742	$437,082

The accompanying notes are an integral part of the consolidated financial statements.

WPL HOLDINGS, INC.

NOTES TO CONSOLIOATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES:

a. **Business and Consolidation:**

WPL Holdings, Inc. (the "company" or "WPLH") is the parent holding company of Wisconsin Power and Light Company ("WP&L") and Heartland Development Corporation ("HDC"). The consolidated financial statements include the company and its consolidated subsidiaries, WP&L and HDC, along with their respective subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation. Certain amounts from prior years have been reclassified to conform with the current year presentation. These reclassifications had no effect on previously reported net income.

WP&L is a public utility engaged principally in generating, purchasing, distributing and selling electric energy in portions of southern and central Wisconsin. It also purchases, distributes, transports and sells natural gas in parts of these areas. WP&L's principal consolidated subsidiary is South Beloit Water, Gas and Electric Company.

HDC and its principal subsidiaries are engaged in business development in three major areas: environmental and engineering consulting through the Environmental Holding Company ("EHC") which is the parent company of RMT, Inc. ("RMT"), affordable housing and historic rehabilitation through Heartland Properties, Inc. ("HPI") and the development of alternative energy technologies through ENSERV, Inc.

b. **Regulation:**

WP&L's financial records are maintained in accordance with the uniform system of accounts prescribed by its regulators. The Public Service Commission of Wisconsin ("PSCW") and the Illinois Commerce Commission have jurisdiction over retail rates, which represent approximately 86 percent of electric revenues plus all retail gas revenues. The Federal Energy Regulatory Commission ("FERC") has jurisdiction over wholesale electric rates representing approximately 14 percent of electric revenues.

c. **Utility Plant:**

Utility plant is recorded at original cost. Such cost includes material, labor, overhead and an allowance for funds used during construction ("AFUDC"). AFUDC represents capitalized financing costs and does not contribute to the current cash flow of WP&L. The composite retail AFUDC rates approved by the PSCW were 9.63 percent, 10.08 percent and 10.21 percent for the years 1992, 1991 and 1990, respectively.

Normal repairs and replacements of minor items of property are charged to maintenance expense. Ordinary depreciable property retirements, including removal costs less salvage value, are charged to accumulated depreciation upon removal from utility plant accounts, and no gain or loss is recognized. Substantially all of WP&L's utility plant is pledged as security for its first mortgage bonds.

d. **Nuclear Fuel:**

Nuclear fuel is recorded at its original cost and is amortized to expense based upon the quantity of heat produced for the generation of electricity. This accumulated amortization assumes that any plutonium and uranium in the spent nuclear fuel will have no residual value. Estimated future disposal costs of such fuel are expensed based on kilowatthours ("kWh") generated. Under the Nuclear Waste Policy Act of 1982, the U.S. Department of Energy ("DOE") is responsible for the ultimate storage and disposal of spent nuclear fuel removed from nuclear reactors. Disposal costs paid to DOE by WP&L are recovered in electric rates. Interim storage space for spent nuclear fuel is provided at the Kewaunee Nuclear Power Plant, and expenses associated with this storage are recognized as current operating costs. Currently there is on-site storage capacity for spent fuel through the year 1999.

Nuclear fuel, net consists of:

	December 31,	
	1992	1991
	(In Thousands)	
Original cost of nuclear fuel	**$140,652**	$135,847
Less — Accumulated amortization	**123,729**	117,165
Nuclear fuel, net	**$ 16,923**	$ 18,682

The National Energy Policy Act, which was enacted into law in 1992, makes electric utility companies liable for the cost to decontaminate and decommission federally owned and operated uranium enrichment facilities. Generally, each utility will be assessed a fee equal to its prorated share of enrichment services received from the Federal facilities. At December 31, 1992, WP&L accrued in "Deferred Credits and Other", $6.2 million representing its estimated prorata assessment and charged "Deferred Charges and Other" in the same amount reflecting management's assessment that such costs are recoverable in future rates.

e. **Other Property and Equipment:**

Other property and equipment additions are recorded at cost, including capitalization of interest costs incurred during construction. Additions and improvements that substantially extend the asset's useful life are capitalized. Maintenance and repairs are charged to operations. Upon retirement, sale or other disposition, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in other income. As of December 31, 1992 and 1991, other property and equipment, net includes $94.4 million and $52.9 million, respectively, of rental property and equipment associated with HDC's affordable housing and historic rehabilitation project developments.

f. **Investments:**

Investments in entities which are less than a majority owned or controlled are accounted for on the equity method, except for less than 20 percent owned entities, which are accounted for on the cost method.

g. **Deferred Charges and Other:**

Certain costs are deferred and amortized in accordance with authorized or expected rate-making treatment. As of December 31, 1992 and 1991, deferred charges and other primarily include regulatory assets and other noncurrent items representing the following:

	1992	1991
	(In Thousands)	
Unamortized debt redemption expense	**$15,384**	$ 3,015
Decontamination and decommissioning costs of Federal enrichment facilities (Notes 1d and 1n)	**6,150**	—
Emission allowance credits receivable	**5,335**	—
Early retirement program costs (Notes 1j and 1n)	**4,373**	—
Prepaid pension costs (Note 1j)	**21,226**	15,920
Conservation loans to WP&L customers (at market)	**12,257**	12,525
Other	**22,774**	15,096
	$87,499	$46,556

h. **Revenue:**

WP&L accrues utility revenues for services provided but not yet billed at each month end.

WP&L is required to provide service (and grant credit) to customers within its defined service territory and is precluded by statute from discontinuing service to residential customers during certain periods of the year. WP&L continuously reviews its customers' credit-worthiness and requests deposits or refunds deposits based upon that review. As a result of its diversified customer base and its sale of receivables discussed in Note 1l, WP&L does not have any significant concentrations of credit risk in the December 31, 1992 accounts receivable balance.

An automatic fuel adjustment clause for the FERC wholesale portion of WP&L's electric business operates to increase or decrease monthly rates based on changes in fuel costs. The PSCW retail electric rates provide a range from which actual fuel costs may vary in relation to costs forecasted and used in rates. If actual fuel costs fall outside this range, a hearing may be held to determine if a rate change is necessary, and a rate increase or decrease can result.

WP&L's gas rates permit, subject to PSCW review, the recovery for refunding to all customers, any increases and decreases in the cost of gas purchased from WP&L's suppliers through a monthly purchased gas adjustment clause.

Various industrial gas customers purchase their gas directly from suppliers and transport it through WP&L's distribution system at applicable transportation rates. Transportation rates are designed to recover all costs of gas distribution and a return on gas plant investment.

Other operating revenues primarily represent professional services related to RMT operations and rental income associated with HPI's investments in affordable housing and historic rehabilitation projects.

i. **Depreciation:**

The company uses the straight-line method of depreciation. Straight-line depreciation is computed on the average balance of depreciable property at individual straight-line rates. The PSCW periodically approves the depreciation rates used by WP&L. The approved composite rates were as follows:

	Electric	Gas	Water	Common
	%	%	%	%
1992	**3.4**	**3.7**	**2.6**	**7.1**
1991	3.4	3.7	2.6	6.9
1990	3.4	3.6	2.2	6.9

Estimated useful lives related to other property and equipment (Note 1e) are from three to 12 years for equipment and 31.5 to 40 years for buildings and improvements.

Depreciation expense related to the Kewaunee Nuclear Power Plant includes a provision for the decommissioning of the plant which totaled $3.9 million, $4.1 million and $3.7 million in 1992, 1991 and 1990, respectively. Wisconsin utilities operating nuclear generating plants are required by the PSCW to establish external trust funds to provide for the decommissioning of such plants. The market value of the investments in the funds established by WP&L at December 31, 1992 and 1991, totaled $42.8 million and $39.8 million, respectively. Earnings of the funds are recorded as other income. WP&L's share of the decommissioning costs of this plant is estimated to be $140 million (in 1992 dollars) based on a site specific study, performed in 1992, using immediate dismantlement as the method of decommissioning.

j. **Employee Benefit Plans:**

Pension Plans:

WP&L has noncontributory defined benefit retirement plans covering substantially all employees. The benefits are based upon years of service and levels of compensation. WP&L's funding policy is to contribute at least the statutory minimum to a trust.

The projected unit credit actuarial cost method was used to compute net pension costs and the accumulated and projected benefit obligations. The discount rate used in determining those benefit obligations was 8 percent for 1992 and 1991, and 8.75 percent for 1990. The long-term rate of return on assets used in determining those benefit obligations was 10 percent for the years 1990 through 1992.

The following table sets forth the funded status of the WP&L plans and amounts recognized in the company's Consolidated Balance Sheets at December 31, 1992 and 1991:

	1992	1991
	(In Thousands)	
Accumulated benefit obligation —		
Vested benefits	**$(119,883)**	$(107,435)
Nonvested benefits	**(869)**	(779)
	$(120,752)	$(108,214)
Projected benefit obligation	**$(144,760)**	$(129,789)
Plan assets at fair value, primarily common stocks and fixed income securities	**164,771**	158,093
Plan assets in excess of projected benefit obligation	**20,011**	28,304
Unrecognized net transition asset	**(24,270)**	(26,718)
Unrecognized prior service cost	**9,510**	5,514
Unrecognized net loss	**15,975**	8,820
Prepaid pension costs, included in deferred charges and other	**$ 21,226**	$ 15,920

The net pension provision (benefit) for 1992, 1991 and 1990 included the following components:

	1992	1991	1990
	(In Thousands)		
Service cost	**$ 3,912**	$ 3,167	$ 2,519
Interest cost on projected benefit obligation	**10,615**	9,469	8,551
Actual return on assets	**(12,143)**	(30,035)	(1,216)
Net amortization and deferral	**(5,317)**	14,603	(14,893)
Net pension (benefit)	**$ (2,933)**	$ (2,796)	$ (5,039)

In conjunction with an early retirement program implemented in 1992, WP&L has accrued a liability of $4.4 million representing benefits payable to early retirees. These costs are being amortized over a three year period beginning January 1, 1993, consistent with rate recovery (see Note 1g).

WP&L also offers other noncontributory supplemental retirement plans to key executives, including postretirement medical and postretirement life insurance plans. Such costs are accrued over the service life of the executives and totaled $353,000, $444,000 and $901,000 for 1992, 1991 and 1990, respectively.

Postretirement Health-care and Life Insurance:

WP&L also currently provides certain postretirement health-care and life insurance benefits for its employees. The costs for these plans, based on an actuarial determination, were $1,335,000, $1,078,000 and $811,000 for 1992, 1991 and 1990, respectively, for retirees only.

In December 1990, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), which establishes accounting and reporting standards for retirement benefits other than pensions. SFAS 106 requires that the expected cost of these benefits must be charged to expense during the years that the employees render service. The assumptions and calculations involved in determining the accrual closely parallel pension accounting requirements.

The company plans to prospectively adopt SFAS 106 effective January 1, 1993, and to amortize the discounted present value of the transition obligation to expense over a 20 year period. Management has engaged actuaries who have made a preliminary review using 1992 data. Based on the actuaries' preliminary review, the unfunded postretirement benefit obligation at December 31, 1992, measured in accordance with the new standard, is estimated to be $31 million, and the 1993 expense due to the implementation of SFAS 106 is estimated to increase to $5.4 million.

The PSCW has approved regulatory treatment of other postretirement benefits costs based on the provision of SFAS 106, effective January 1, 1993. Accordingly, additional revenues will offset the increased cost recognition required under SFAS 106, resulting in no material impact on the company's financial statement position or results of operations.

Retirement Savings Plans ("401(k)"):

The company and its subsidiaries offer 401(k) plans to eligible employees. The total employers' contributions under these plans were $821,000, $665,000 and $629,000 for 1992, 1991 and 1990, respectively.

Other Postemployment Benefits:

In November 1992, the FASB issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" ("SFAS 112"). SFAS 112 establishes standards of financial accounting and reporting for the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement. The company has not yet determined the effect of adopting SFAS 112, which must occur no later than 1994; however, the ultimate impact on net earnings is not expected to be material in view of the anticipated inclusion of such amounts by WP&L in its rates.

k. **Income Taxes:**

The company files a consolidated federal income tax return. Under the terms of an agreement between WPLH and its subsidiaries, WP&L and HDC calculate their respective federal tax provisions and make payments to WPLH as if they were separate taxable entities.

Depreciation expense computed for tax purposes reflects the use of various liberalized depreciation methods. Deferred income taxes are recorded for any book to tax income recognition timing differences. In connection with the adoption of the FERC system of accounts, the PSCW adopted the concept of full tax normalization of amounts previously flowed through by WP&L for rate making. The PSCW has approved the various amortization periods (11 to 16 years for plant related items and five years for all other items) for these amounts, which totaled approximately $36.6 million at December 31, 1991.

The following table reconciles the statutory Federal income tax rate to the effective income tax rate:

	1992	1991	1990
Statutory Federal income tax rate	**34.0%**	34.0%	34.0%
State income taxes, net of federal benefit	**7.0**	5.0	4.8
Investment tax credits restored	**(2.7)**	(2.2)	(2.8)
Amortization of excess deferred taxes	**(1.8)**	(1.6)	(2.2)
Affordable housing and historical tax credits	**(7.5)**	(1.9)	(2.4)
Other differences, net	**(.6)**	(.4)	1.0
Effective income tax rate	**28.4%**	32.9%	32.4%

The breakdown of income tax expense as reflected in the Consolidated Statements of Income is as follows:

	1992	1991	1990
	(In Thousands)		
Income taxes:			
Current Federal	**$19,014**	$26,197	$24,919
Current state	**5,343**	5,904	5,914
Deferred	**8,124**	4,571	2,254
Investment tax credit restored	**(2,125)**	(2,141)	(2,437)
Affordable housing and historical tax credits	**(7,788)**	(2,719)	(2,156)
	$22,568	$31,812	$28,494

Items which resulted in deferred income tax expense are as follows:

	1992	1991	1990
	(In Thousands)		
Utility plant timing differences	**$4,104**	$4,317	$3,704
Qualified nuclear decommissioning trust contribution	**709**	709	709
Employee benefits	**2,081**	2,105	1,976
Other, net	**1,230**	(2,560)	(4,135)
	$8,124	$4,571	$2,254

In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires adoption of the new accounting and disclosure rules in 1993. The objective of SFAS 109 is to recognize deferred tax assets and liabilities for the expected future tax consequences of existing differences between financial reporting and tax reporting bases of assets and liabilities. SFAS 109 requires adjustments to reflect deferred income taxes relating to any temporary differences for which deferred taxes were not previously recorded and the adjustment of accumulated deferred income taxes to the amount the company expects to pay under the current tax rate in effect. For WP&L, it is expected that the deferred income tax assets and liabilities as a result of the adoption of this statement will be offset by regulatory assets and liabilities representing the expected future revenue requirement impact of these adjustments. For HDC, the effect of adoption is not expected to be material.

l. **Net Accounts Receivable:**

WP&L has a contract with a financial organization to sell, with limited recourse, certain accounts receivable. These receivables include those resulting from sales to other public utilities as well as from billings to the co-owners of the jointly owned electric generating plants that WP&L operates. The contract allows WP&L to sell up to $100 million of receivables at any time. Consideration paid to the financial organization under this contract includes, along with various other fees, a monthly discount charge on the outstanding balance of receivables sold that approximated a 6.17 percent annual rate charged during 1992. These costs are recovered in retail utility rates as an operating expense. All billing and collection functions remain the responsibility of WP&L. The contract expires August 19, 1995, unless extended by mutual agreement.

As of December 31, 1992 and 1991, proceeds from the sale of accounts receivable totaled $69 million and $70 million, respectively. During 1992, WP&L sold an average of $68.8 million of accounts receivable per month, compared with $71.3 million in 1991.

m. **Cash and Equivalents:**

The company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

n. **Deferred Credits and Other:**

Effective January 1, 1993, the PSCW authorized WP&L to defer all revenue associated with the sale of emission allowance credits under the Federal Clean Air Act. These revenues will be used to reduce revenue requirements in the periods that the allowance credits are transferred. As of December 31, 1992 and 1991, deferred credits and other primarily include regulatory liabilities and other noncurrent items representing the following:

	1992	1991
	(In Thousands)	
Decontamination and decommissioning costs of Federal enrichment facilities (Notes 1d and 1g)	**$ 6,150**	$ —
Emission allowance credits (Note 1g)	**6,535**	—
Early retirement program costs (Notes 1g and 1j)	**4,373**	—
Deferred compensation plan costs	**4,073**	3,692
Customer advances	**19,373**	16,302
Other	**9,192**	4,930
	$49,696	$24,924

NOTE 2. JOINTLY OWNED UTILITY PLANTS AND CONSTRUCTION COMMITMENTS:

WP&L participates with other Wisconsin utilities in the construction and operation of several jointly owned utility generating plants. The chart below represents WP&L's proportionate share of such plants as reflected in the Consolidated Balance Sheets at December 31, 1992 and 1991:

				1992			1991		
	Ownership Interest %	Inservice Date	Plant MW Capacity	**Plant in Service**	**Accumulated Provision for Depreciation**	**CWIP**	Plant In Service	Accumulated Provision for Depreciation	CWIP
						(In Thousands)			
Coal:									
Columbia Energy Center	**46.2**	1975 & 1978	1,023	**$158,315**	**$ 72,262**	**$2,280**	$158,293	$ 69,151	$ 16
Edgewater Unit 4	**68.2**	1969	330	**47,226**	**24,587**	**178**	43,544	23,547	724
Edgewater Unit 5	**75.0**	1985	380	**230,656**	**53,215**	**208**	233,633	49,314	116
Nuclear:									
Kewaunee Nuclear Power Plant ..	**41.0**	1974	535	**127,651**	**64,219**	**1,703**	124,321	60,619	2,229
Total				**$563,848**	**$214,283**	**$4,369**	$559,791	$202,631	$3,085

Each of the respective joint owners is responsible for the issuance of its own securities to finance its portion of the construction costs. WP&L's share of operations and maintenance expenses is included in the appropriate expense categories in the Consolidated Statements of Income.

The company's capital expenditures for 1993 are estimated to total $218.6 million. Substantial commitments have been incurred in connection with such expenditures.

NOTE 3. CAPITALIZATION:

a. **Common Shareowners' Investment:**

During 1992 and 1991, respectively, the company issued 528,142 and 122,110 new shares of common stock through its Dividend Reinvestment and Stock Purchase Plan, generating proceeds of $17.5 million and $3.3 million. The plan invests in common stock of the company, the source of which may be either newly issued shares or outstanding shares of common stock purchased on the open market. During 1990, all shares issued through the plan were purchased on the open market.

In February 1989, the Board of Directors of the company declared a dividend distribution of one common stock purchase right ("right") on each outstanding share of the company's common stock. Each right would initially entitle shareowners to buy one-half of one share of the company's common stock at an exercise price of $60.00 per share, subject to adjustment. The rights are not currently exercisable, but would become exercisable if certain events occurred related to a person or group acquiring or attempting to acquire 20 percent or more of the outstanding shares of common stock. The rights expire on February 22, 1999, unless the rights are earlier redeemed or exchanged by the company. Authorized shares of common stock total 100,000,000 as of December 31, 1992, and can be categorized as follows:

	No. Of Shares
Issued and outstanding	27,312,805
Reserved for issuance for:	
Dividend Reinvestment and Stock Purchase Plan	1,103,247
Common Stock Rights Agreement	13,656,403
Unreserved	57,927,545
Total authorized	100,000,000

A retail rate order effective January 1, 1993, requires WP&L to maintain a utility common equity level of 49.53 percent of total utility capitalization during the projected test year August 1, 1992 to July 31, 1993. In addition, the PSCW ordered that it must approve the payment of dividends by WP&L to the company that are in excess of the level forecasted in the projected test year ($53 million), if such dividends would reduce WP&L's average common equity ratio below 49.53 percent.

b. **Long-term Debt:**

During 1992, WP&L issued $279 million principal amount of first mortgage bonds, of which $235 million was used to refinance the aggregate principal amount of existing series in order to take advantage of historically lower interest rates. The remaining proceeds were used for the payment of short-term debt and general corporate purposes.

During 1991, WP&L refinanced its 1975 Series A, B and C and 1980 Series A tax-exempt Pollution Control Revenue Bonds. The original obligation of $33.9 million, which was issued at fixed rates of 7.75% to 8.25%, was refinanced with variable rate demand bonds. This debt, along with both the 1984 and 1988 Series A variable rate demand Pollution Control Revenue Bonds, are classified as short-term debt for all periods presented because the bonds are being subject to mandatory repurchase provisions in the event that due to unusual market conditions, the remarketing agent is unable to sell the bonds to investors. Although variable rate demand bonds are classified as current liabilities, WP&L intends to use these bonds as a source of long-term financing.

During 1992 and 1991, HPI issued double tax exempt Housing Enhancement and Rehabilitation Trust Securities ("HEARTS") Bonds. HPI has pledged the gross revenues of the housing projects funded by the bonds as a first source of bond debt service payment. Additionally, various reserve funds are established to back up the gross revenue pledge. There are also commitments from HPI, HDC and the company to replenish the reserve funds to required levels should the reserves ever be drawn upon by the bond trustee.

Current maturities of long-term debt are as follows: $1.0 million in 1993, $1.8 million in 1994, $1.1 million in 1995, $2.0 million in 1996 and $56.7 million in 1997.

NOTE 4. DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and equivalents — The carrying amount approximates fair value because of the short maturity of these items.

Dedicated decommissioning funds — The fair values of these funds are estimated based on quoted market prices for those or similar investments.

Investments — Generally, the fair value of investments is not readily determinable; however, management does not believe that fair value and the recorded cost of such investments differ significantly.

Long-term debt — The fair value of the company's long-term debt, including variable rate demand bonds, is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the company for debt of the same remaining maturation.

The estimated fair values of the company's financial instruments as of December 31, 1992, are as follows:

	Carrying Amount	Fair Value
	(In Thousands)	
Dedicated decommissioning funds	$ 40,377	$ 42,751
Cash and equivalents	$ 4,280	$ 4,280
Investments	$ 13,998	$ 13,987
Short-term debt	$ 70,095	$ 70,095
Variable rate demand bonds	$ 57,075	$ 57,075
Long-term debt	$418,834	$431,542

NOTE 5. COMMITMENTS AND CONTINGENCIES:

a. Coal Contract Assessment:

In November 1989, the PSCW concluded that WP&L did not properly administer a coal contract for the jointly owned Columbia Energy Center (of which WP&L owns 46.2 percent), resulting in an assessment of approximately $9 million to compensate ratepayers for excess fuel costs having been incurred over the 1974-1988 time frame. In the final rate order, effective November 13, 1989, the PSCW indicated that a refund should be made by WP&L to its customers and ordered WP&L to make payments by August 1, 1990, of $2,862,000 and $1,980,000 to Wisconsin Public Service Corporation and Madison Gas and Electric Company, respectively, for refund to their customers. As a result, WP&L recorded a reserve in 1990 which had an after-tax affect of reducing 1990 net income by $4.9 million.

On September 7, 1990, WP&L appealed that PSCW decision in the Dane County Circuit Court (the "court"). On April 18, 1991, the court reversed the PSCW order imposing the $9 million assessment on the grounds that same represented unlawful retroactive ratemaking. The court's decision was appealed by the PSCW to the Wisconsin Court of Appeals which agreed that the ordering of a refund constituted unlawful retroactive rate-making. The PSCW and the Wisconsin Industrial Energy Group have both petitioned the Wisconsin Supreme Court for review of the Wisconsin Court of Appeals' decision. Until all avenues for appeal of this decision by the PSCW and intervenor groups have been closed, WP&L does not plan to adjust the reserve.

b. Coal Contract Commitments:

To ensure an adequate supply of coal, WP&L has entered into certain long-term coal contracts. These contracts include a demand or take-or-pay clause under which payments are required if contracted quantities are not purchased by WP&L. Certain conditions may arise that require WP&L to make payments under these demand or take-or-pay clauses. WP&L has demand or take-or-pay contracts obligating purchases (or payments in lieu thereof), and has related transportation contracts. Purchase obligations on these coal and rail contracts total approximately $267 million through December 31, 2004. WP&L's management believes that it will meet minimum coal purchase obligations under the contracts or recover through future rates any demand or take-or-pay costs if minimum purchase obligations are not met. Minimum purchase obligations on these contracts over the next five years are estimated to be $61 million in 1993 and 1994, $21 million in 1995, and $17 million in 1996 and 1997, respectively.

c. **Purchased Power:**

Under firm purchase power contracts, WP&L is obligated to pay $9.2 million, $7.2 million, $6.7 million, $4.1 million and $6.8 million in 1993, 1994, 1995, 1996 and 1997, respectively.

d. **Manufactured Gas Plant Sites:**

Historically, WP&L has owned 11 properties that have been associated with the production of manufactured gas. Currently, WP&L owns five of these sites, three are owned by municipalities, and the remaining three are owned by private companies. In 1989, WP&L initiated investigation of these manufactured gas plant sites. The Wisconsin Department of Natural Resources ("DNR") has been involved in reviewing preliminary investigation plans and has received reports regarding these investigations. Based on the results of WP&L's preliminary investigations, which principally focused on feasibility studies to identify the technologies, remedial actions and costs associated with any necessary remediation during the five year period 1992-1996, WP&L had recorded an estimated liability and corresponding deferred charge of approximately $15 million as of December 31, 1991.

In 1992, and into the beginning of 1993, WP&L continued its investigations and studies. In this connection, WP&L has confirmed that there is no contamination at two of the sites and has received a close out letter from the DNR related to one of those sites and has requested a close out letter for the other site. Additionally, the investigation of historical records at a third site indicates a minimal likelihood of any significant environmental impacts. In February 1993, WP&L completed more current cost estimates for the environmental remediation of the eight remaining sites. The results of this more current analysis indicate that during the next 35 years, WP&L will expend approximately $81 million for continuing feasibility studies, continuing data collection, soil remediation activities, groundwater research, groundwater remediation activities, including construction of slurry containment walls and the installation of groundwater pump and treatment facilities. This estimate is based on various assumptions, including the scope of remediation activities and remediation technologies, among others, that are subject to continuous review, update and revision by management. Accordingly, the results of the more current analy environmental remediation activities, particularly they relate to the cost of the program, will likely req revision in the future.

Based on the cost estimate set forth above, which assumes a 4 percent average inflation over the 35 year period, WP&L will spend approximately $1.4 million, $4.4 million, $2.9 million, $3.4 million, $7.1 million and $6.7 million in 1993 through 1998, respectively, for feasibility studies, continuing data collection, soil remediation activities, groundwater research and groundwater remediation activities, including construction of slurry containment walls. The cost estimate also contemplates that primarily groundwater pump and treatment activities will take place after 1998 through and including 2027. During this time, WP&L estimates that it will incur average annual costs of $2.0 million to complete the planned groundwater remediation activities.

In conjunction with WP&L's last two retail rate orders and recent rate orders issued by the PSCW in connection with the rate cases of other Wisconsin utilities, the PSCW has consistently approved the recovery in rates of incurred cost deferrals of environmental remediation activities. With respect to WP&L, the PSCW has approved a five year amortization of and return on the unamortized balance of incurred environmental costs that have been deferred to date.

Beginning January 1, 1993, the effective date of WP&L's latest rate order, WP&L is amortizing to expense $.3 million on an annual basis. Based on regulatory accounting policy of amortizing deferred environmental costs over a five year period and the annual environmental cost estimates set forth in the aforementioned study, WP&L will amortize approximately $2.0 million on an average annual basis during the period 1993 through and including 2033.

Based on the present regulatory record at the PSCW, management believes that the prospective cost of remediating these manufactured gas plant sites will be recovered in rates.

e. **Clean Air Legislation:**

Fuel contract commitments are affected by the acid rain legislation enacted by the Wisconsin Legislature in 1986 and by Congress' Clean Air Act Amendments of 1990. The Wisconsin legislation, which became effective January 1, 1993, establishes annual system-wide sulfur emissions limits for each utility system in the state. To meet these limits, it was necessary for WP&L to install $10.4 million of boiler and pollution control equipment prior to January 1, 1993. There will be no increase in fuel costs compared to current costs to comply with this legislation. Wisconsin's 1986 Acid Rain Law is more stringent than the phase 1 requirements of

1990 federal legislation. As a result, phase 1 requirements of the federal law are not expected to result in significant compliance cost increases. Installation costs for additional emissions monitoring equipment and coal handling equipment are estimated to total $3.5 million for the period 1993 through 1995. Phase 2 federal requirements in 2000 are more stringent than Wisconsin's Acid Rain Law, but additional capital costs are unlikely at this time.

f. **Nuclear Liability Insurance:**

The Price Anderson Act provides for the payment of funds for public liability claims arising from a nuclear incident. Accordingly, in the event of a nuclear incident, WP&L, as a 41 percent owner of the Kewaunee Nuclear Power Plant, is subject to an assessment of approximately $27.1 million per incident for its ownership share of this reactor, and not more than $4.1 million per incident, per calendar year.

Through its membership in Nuclear Electric Insurance Limited ("NEIL"), WP&L has obtained property damage and decontamination insurance totaling $1.3 billion for loss from damage at the Kewaunee Nuclear Power Plant. In addition, WP&L maintains outage and replacement power insurance coverage in the event a prolonged outage exceeds 21 weeks. This coverage totals $99 million.

g. **FERC Order No. 636:**

On April 10, 1992 the FERC issued its Order No. 636 which requires interstate pipelines to restructure their services. On August 3, 1992, the FERC issued Order No. 636-A which substantially reaffirmed the content of the original order. Under the order, existing pipeline sales service would be "unbundled" such that gas supplies would be sold separately from interstate transportation services. This restructuring will occur through tariff filings by pipelines after negotiations with their customers. Customers, such as WP&L, will benefit from enhanced access to competitively priced gas supplies, as well as from more flexible transportation services. On the other hand, pipelines will seek to recover from their customers certain transition costs associated with restructuring. Any such recovery would be subject to prudence hearings at the FERC and state regulatory commissions.

NOTE 6. SHORT-TERM DEBT AND LINES OF CREDIT:

The company and its subsidiaries maintain bank lines of credit, most of which are at the bank prime rates, to obtain short-term borrowing flexibility, including pledging lines of credit as security for any commercial paper outstanding. Amounts available under these lines of credit totaled $70 million, $52.5 million and $62 million as of December 31, 1992, 1991 and 1990, respectively. The company and its subsidiaries either pay commitment fees, maintain compensating balances, or a combination of both to the lenders. There are no legal restrictions on withdrawal of compensating balances. In accordance with normal banking practice, such lines of credit generally may be withdrawn at the discretion of the lenders. Information regarding short-term debt and lines of credit is as follows:

	1992	1991 *(In Thousands)*	1990
As of end of year —			
Lines of credit borrowings	**$ —**	$ —	$ 5,086
Commercial paper outstanding	**$26,000**	$23,000	$18,000
Notes payable outstanding	**$44,095**	$29,326	$ 7,615
Compensating balance requirements	**$ —**	$ 75	$ 174
Discount rates on commercial paper	**3.15% - 3.90%**	4.68% - 5.50%	7.92% - 8.05%
Interest rates on notes payable	**3.46% - 3.62%**	4.74% - 8.96%	9.0% - 12.5%
For the year ended —			
Maximum month-end amount of short-term debt	**$70,155**	$55,350	$68,669
Average amount of short-term debt (based on daily outstanding balances)	**$41,882**	$24,323	$45,237
Average interest rate on short-term debt	**3.76%**	7.42%	9.02%

NOTE 7. SUBSEQUENT EVENT — ACQUISITION:

In February 1993, a subsidiary of HDC acquired A&C Enercom Consultants, Inc. ("A&C"), a Georgia corporation, for cash and new shares of the company's common stock. A&C provides demand side management and energy efficiency services, primarily to public electric and gas utility companies. A&C gross revenues (unaudited) in 1992 totaled approximately $35 million.

NOTE 8. SEGMENT INFORMATION:

The following table sets forth certain information relating to the company's consolidated operations.

	Year Ended December 31, 1992	1991	1990
		(In Thousands)	
OPERATION INFORMATION:			
Customer revenues —			
Electric	**$ 477,735**	$ 488,552	$ 470,819
Gas	**119,362**	117,775	110,423
Other	**54,627**	45,191	37,249
Total operating revenues	**$ 651,724**	$ 651,518	$ 618,491
Operating income (loss) —			
Electric	**$ 109,459**	$ 116,339	$ 113,549
Gas	**8,724**	15,070	13,508
Other (a)	**(2,000)**	(423)	(743)
Other income and (deductions), net	**4,783**	4,331	(2,403)
Interest expense, net	**(37,566)**	(34,760)	(32,068)
Income taxes	**(22,568)**	(31,812)	(28,494)
Preferred stock dividends of subsidiary	**(3,811)**	(3,811)	(3,811)
Net income	**$ 57,021**	$ 64,934	$ 59,538
INVESTMENT INFORMATION:			
Identifiable assets, including allocated common plant at December 31 —			
Electric	**$1,064,418**	$1,014,032	$ 988,072
Gas	**128,267**	122,176	121,401
Other	**364,260**	240,090	151,476
Total assets	**$1,556,945**	$1,376,298	$1,260,949
OTHER INFORMATION:			
Construction and nuclear fuel expenditures —			
Electric	**$ 113,252**	$ 86,829	$ 75,444
Gas	**13,974**	9,856	9,072
Other	**44,852**	43,449	16,403
Total construction and nuclear fuel expenditures	**$ 172,078**	$ 140,134	$ 100,919
Provision for depreciation —			
Electric	**$ 49,554**	$ 45,319	$ 47,392
Gas	**6,578**	6,038	6,448
Other	**3,375**	2,520	1,457
Total provision for depreciation	**$ 59,507**	$ 53,877	$ 55,297

(a) Excludes the effects of affordable housing and historical tax credits of $7.8 million, $2.7 million and $2.2 million in 1992, 1991 and 1990, respectively.

NOTE 9. CONSOLIDATED QUARTERLY FINANCIAL DATA (Unaudited):

Seasonal factors significantly affect WP&L and, therefore, the data presented below should not be expected to be comparable between quarters nor necessarily indicative of the results to be expected for an annual period.

The amounts below were not audited by independent public accountants, but reflect all adjustments necessary, in the opinion of the company, for a fair presentation of the data. In the fourth quarter of 1991, net income and earnings per share were increased by a $2.8 million after-tax gain (10 cents per share) on the sale of HDC's partnership interest in a telecommunications investment.

Quarter Ended	Revenues	Operating Income	Net Income	Earnings Per Share
		(In Thousands except for Per Share Data)		
1992:				
March 31	**$178,049**	**$35,847**	**$18,420**	**$.69**
June 30	**140,220**	**17,078**	**7,100**	**.26**
September 30	**151,360**	**25,077**	**12,147**	**.45**
December 31	**182,095**	**38,181**	**19,354**	**.71**
1991:				
March 31	$177,064	$36,751	$18,849	$.71
June 30	147,878	21,102	10,309	.39
September 30	152,232	35,968	17,897	.67
December 31	174,344	37,165	17,879	.66

ANCIAL AND OPERATING STATISTICS

	Year Ended December 31,						
	1992	1991	1990	1989	1988	1987	1982
Consolidated Statements of Income *(In Thousands)*							
Operating revenues:							
Electric	**$477,735**	$488,552	$470,819	$463,075	$454,269	$438,561	$370,863
Gas	**119,362**	117,775	110,423	107,783	116,982	106,643	138,388
Other (a)	**54,627**	45,191	37,249	33,960	29,682	4,178	3,226
Total operating revenues	**651,724**	651,518	618,491	604,818	600,933	549,382	512,477
Operating expenses:							
Electric production fuels	**123,440**	130,406	125,817	127,062	128,895	129,276	107,283
Purchased power	**24,427**	20,390	17,703	29,935	23,087	15,913	13,934
Purchased gas	**77,112**	70,834	65,348	61,343	76,702	67,988	104,046
Other operations and maintenance (a)	**221,794**	218,491	202,192	191,536	175,218	138,938	109,425
Depreciation	**59,507**	53,877	55,297	54,572	52,272	49,448	36,145
Taxes other than income	**29,261**	26,534	25,820	24,193	23,832	23,036	17,573
Total operating expenses	**535,541**	520,532	492,177	488,641	480,006	424,599	388,406
Operating income	**116,183**	130,986	126,314	116,177	120,927	124,783	124,071
Other income (expenses), net (a)	**2,432**	3,258	(2,403)	(4,716)	1,257	(415)	(203)
AFUDC — equity	**2,351**	1,073	—	—	—	—	1,601
AFUDC — debt	**1,329**	886	1,304	1,808	1,629	1,018	2,401
Interest on debt	**(38,895)**	(35,646)	(33,372)	(31,121)	(30,887)	(30,130)	(30,638)
Income before income taxes	**83,400**	100,557	91,843	82,148	92,926	95,256	97,232
Income taxes	**(22,568)**	(31,812)	(28,494)	(26,855)	(31,181)	(36,477)	(49,877)
Preferred dividends of subsidiary	**(3,811)**	(3,811)	(3,811)	(3,811)	(3,812)	(3,814)	(5,099)
Net income	**$ 57,021**	$ 64,934	$ 59,538	$ 51,482	$ 57,933	$ 54,965	$ 42,256
Per share data (b):							
Earnings per share	**$ 2.11**	$ 2.43	$ 2.23	$ 1.93	$ 2.18	$ 2.08	$ 1.75
Cash dividends paid per share	**$ 1.86**	$ 1.80	$ 1.74	$ 1.68	$ 1.62	$ 1.54	$ 1.10
Book value per share at year-end	**$ 17.61**	$ 17.09	$ 16.39	$ 15.90	$ 15.65	$ 15.04	$ 11.39
Market value per share at year-end	**$ 33 7/8**	$ 32 3/4	$ 24 1/2	$ 24 3/8	$ 23	$ 21 3/4	$ 12
Shares outstanding at year-end (in 000s)	**27,313**	26,785	26,663	26,663	26,663	26,473	26,473
Weighted average shares outstanding (in 000s)	**27,043**	26,730	26,663	26,663	26,528	26,473	26,473
Other:							
Effective income tax rate	**28.40%**	32.88%	32.40%	34.30%	35.00%	38.30%	51.30%
Embedded cost of long-term debt	**8.19%**	8.44%	8.65%	8.65%	8.58%	8.64%	8.71%
Embedded cost of preferred stock	**6.36%**	6.36%	6.36%	6.36%	6.36%	6.36%	7.19%
Dividend coverage ratio	**2.79x**	1.94x	2.90x	2.91x	3.73x	2.35x	4.60x
Return on common equity	**12.4%**	14.6%	14.0%	12.4%	14.3%	14.2%	15.7%

(a) The financial statements of WPL Holdings, Inc. were consolidated with the operations of its subsidiaries effective January 1, 1988. For prior periods, nonutility subsidiary net revenues and expenses are included with "Other income (expenses), net." Such amounts are not material to a fair presentation of financial results and, therefore, periods prior to January 1, 1988, were not restated.

(b) As adjusted for 2-for-1 stock split for shareowners of record on September 2, 1988

FINANCIAL AND OPERATING STATISTICS

	December 31,						
	1992	1991	1990	1989	1988	1987	1982
Consolidated Balance Sheets (a) *(In Thousands)*							
Assets							
Utility plant	**$1,736,592**	$1,664,946	$1,612,117	$1,554,992	$1,481,131	$1,407,434	$942,839
Dedicated decommissioning funds	**40,377**	36,640	32,800	29,429	25,873	23,110	—
Less: accumulated depreciation	**719,987**	675,589	640,458	590,012	549,107	503,965	312,076
	1,056,982	1,025,997	1,004,459	994,409	957,897	926,579	630,763
Construction work in progress	**58,973**	27,135	17,714	14,151	20,259	15,325	141,227
Nuclear fuel, net	**16,923**	18,682	19,290	24,110	21,056	18,629	9,426
Other property and equipment, net, and investments	**120,990**	82,520	48,568	31,669	19,140	16,027	14,324
Current assets	**120,751**	124,307	133,609	112,141	141,753	147,586	119,573
Deferred charges and other	**182,326**	97,657	37,309	21,647	17,968	11,174	4,909
Total assets	**$1,556,945**	$1 376,298	$1,260,949	$1,198,127	$1,178,073	$1,135,320	$920,222
Capitalization and liabilities							
Common shareowners' investment	**$ 480,951**	$ 457,742	$ 437,082	$ 423,937	$ 417,327	$ 398,123	$279,697
Preferred stock	**59,963**	59,963	59,963	59,963	59,963	60,000	69,706
Long-term debt, net	**417,849**	,367,489	342,812	297,184	299,188	314,297	294,276
Total capitalization	**958,763**	885,194	839,857	781,084	776,478	772,420	643,679
Current maturities of long-term debt	**985**	4,415	10,200	9,410	13,813	—	108
Variable rate demand bonds	**57,075**	57,875	24,000	24,000	24,000	8,500	—
Other current liabilities	**183,504**	170,379	150,822	151,469	137,817	134,537	121,524
Other noncurrent liabilities	**356,618**	258,435	236,070	,232,164	225,965	219,863	68,635
Total capitalization and liabilities	**$1,556,945**	$1,376,298	$1,260,949	$1,198,127	$1,178,073	$1,135,320	$833,946
Year-end capitalization ratios							
Common	**44.2%**	45.8%	48.3%	49.5%	49.8%	47.8%	42.2%
Preferred	**5.5**	6.0	6.6	7.0	7.2	7.2	10.5
Debt (b)	**50.3**	48.2	45.1	43.5	43.0	45.0	47.3
Total capitalization	**100.0%**	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Key financial ratios — utility only							
Times interest earned							
Before tax (including AFUDC)	**3.59x**	4.02x	4.12x	3.84x	4.10x	4.17x	3.99x
Before tax (excluding AFUDC)	**3.48x**	3.96x	4.08x	3.78x	4.04x	4.14x	3.86x
After tax (including AFUDC)	**2.66x**	2.97x	3.07x	2.86x	3.05x	2.95x	2.38x
Ratio of earnings to fixed charges and preferred dividend requirements							
Before tax (including AFUDC)	**3.06x**	3.41x	3.48x	3.23x	3.44x	3.45x	3.05x
After tax (including AFUDC)	**2.39x**	2.66x	2.74x	2.55x	2.71x	2.62x	2.04x
Construction expenditures financed internally	**57%**	80%	93%	71%	72%	98%	74%
Total utility capital requirements financed internally	**51%**	67%	80%	85%	108%	63%	70%
Utility Bond rating —							
Moody's Investors Service, Inc.	**Aa**	Aa	Aa	Aaa	Aaa	Aaa	Aa
Standard & Poor's Corp.	**AA**	AA	AA	AA	AA+	AA+	AA

(a) These statements have been retroactively restated to reflect Wisconsin Power and Light Company's adoption of the Federal Energy Regulatory Commission Uniform System of Accounts, with minor modifications, effective January 1990.

(b) Includes variable rate demand bonds and short term debt outstanding on December 31

ANCIAL AND OPERATING STATISTICS

	Year Ended December 31,						
	1992	1991	1990	1989	1988	1987	1982
Consolidated Electric Statistics							
Customers served (end of period):							
Residential and farm	**310,702**	304,825	302,942	295,163	293,210	287,857	270,924
Commercial and industrial	**43,014**	41,869	40,993	40,136	38,736	39,113	34,945
Wholesale	**30**	31	31	32	35	35	41
Other	**959**	1,183	1,157	928	942	925	921
Total	**354,705**	347,908	345,123	336,259	332,923	327,930	306,831
Electric operating revenues (In 000s):							
Residential and farm	**$171,887**	$179,751	$170,875	$168,787	$165,034	$156,064	$143,236
Commercial and industrial	**220,174**	216,840	214,590	211,026	210,367	197,786	161,978
Wholesale	**67,326**	68,154	65,983	64,091	63,654	62,794	47,061
Other	**18,348**	23,807	19,371	19,171	15,214	21,917	18,588
Total	**$477,735**	$488,552	$470,819	$463,075	$454,269	$438,561	$370,863
Sales — megawatthours (In 000s):							
Residential and farm	**2,614**	2,730	2,566	2,533	2,515	2,352	2,154
Commercial and industrial	**4,929**	4,743	4,667	4,571	4,522	4,177	3,104
Wholesale	**1,995**	1,980	1,885	1,823	1,752	1,634	1,289
Other	**269**	516	407	673	434	895	423
Total	**9,807**	9,969	9,525	9,600	9,223	9,058	6,970
Generation and purchases (MWh in 000s):							
Steam	**6,758**	7,841	7,262	6,585	6,712	6,940	5,089
Nuclear	**1,455**	1,508	1,599	1,534	1,605	1,644	1,569
Hydroelectric	**214**	247	224	156	157	179	246
Purchases	**1,131**	968	1,009	1,933	1,312	846	594
Other	**6**	18	8	14	20	11	4
Total	**9,564**	10,582	10,102	10,222	9,806	9,620	7,502
System capacity at time of peak demand (MW):							
Company-owned	**1,934**	1,932	1,936	1,915	1,912	1,904	1,631
Firm purchases and sales (net)	**110**	70	(55)	83	(83)	(6)	158
Total	**2,044**	2,002	1,881	1,998	1,829	1,898	1,789
Native system peak demand (a)	**1,782**	1,863	1,798	1,777	1,819	1,634	1,252
Firm demand at system peak (b)	**1,680**	1,775	1,718	1,705	1,748	1,579	1,234
Consolidated Gas Statistics							
Customers served (end of period)	**131,669**	128,027	124,698	121,111	117,940	114,788	103,469
Gas operating revenues (In 000s):							
Residential	**$ 63,699**	$ 63,521	$ 59,793	$ 61,158	$ 65,190	$ 59,939	$ 61,660
Commercial and industrial firm	**37,154**	36,407	34,051	33,507	35,871	34,280	44,854
Interruptible	**14,589**	12,051	11,563	8,399	8,051	6,492	28,174
Transportation and other	**3,920**	5,796	5,016	4,719	7,870	5,932	3,700
Total	**$119,362**	$117,775	$110,423	$107,783	$116,982	$106,643	$138,388
Therm deliveries (In 000s):							
Residential	**114,131**	114,772	102,048	116,232	109,678	94,690	106,587
Commercial and industrial firm	**82,087**	83,451	74,325	84,235	76,957	67,116	86,666
Interruptible	**25,497**	26,025	35,434	33,297	24,844	21,688	65,293
Transportation and other	**71,167**	66,531	59,030	60,456	65,085	59,696	1,378
Total	**292,882**	290,779	270,837	294,220	276,564	243,190	259,924
Degree days:							
Heating	**7,050**	7,055	6,733	7,784	7,505	6,528	7,898
Cooling	**342**	858	629	524	902	766	409

(a) Includes contract interruptible demand served at time of system peak

(b) Native system peak less contract interruptible demand served at time of peak

SHAREOWNER INFORMATION

The company had 42,264 shareowners on December 31, 1992, based on the number of shareowner accounts. Shareowner account records are maintained in the corporate general office in Madison, Wisconsin.

DO YOU WANT TO RECEIVE YOUR DIVIDEND CHECKS, ANNUAL REPORTS, QUARTERLY REPORTS AND PROXIES ON A MORE TIMELY BASIS AND SAVE YOUR COMPANY MONEY?

Timeliness in receiving your dividend checks and shareowner communications may depend upon how your stock is held. Only *registered shareowners* have their mailings sent to them directly by the company.

When an individual or institution acquires stock, there are two ways in which the ownership of the shares may be held:

Registered Ownership

The owner may have the actual stock certificate registered in the individual's name or, if the owner is a company, in the company's name. This type of ownership is referred to as "registered ownership." *By holding shares in this manner, the owner's name and address will appear on the company's shareowner records and the owner will receive dividend checks, proxy statements and other communications directly from the company in a timely manner.*

Beneficial Ownership

The owner may have a bank, broker or other financial institution — known as a "nominee" — physically retain the shares of stock, but establish an account on the owner's behalf. This type of ownership is referred to as "beneficial" or "street name" ownership. *By holding shares in this manner, the owner receives dividend checks, proxy statements and the annual report through the bank, broker or nominee, not directly from the company.* As a result of the additional steps necessary to distribute materials to shareowners who are not registered owners, receipt of your dividend checks, proxy statement, annual report and any additional reports can be delayed by two or more weeks when compared with a direct mailing from the company. In addition, it costs the company more to send informational material through nominees to shareowners whose stock is beneficially held. If you want to receive your dividend checks and shareowner information directly from the company, please contact Shareowner Services.

A survey of the company's registered and beneficial shareowners found that a frequent reason why stock was held beneficially was that shareowners did not want to worry about the safekeeping of their certificates.

For those shareowners who presently have their WPL Holdings' common stock held beneficially for safekeeping reasons but would like to receive the annual and quarterly reports and proxy material on a more timely basis, the company's Dividend Reinvestment and Stock Purchase Plan may be the answer. Shareowners can have their WPL Holdings' common stock certificates transferred into the plan. At no charge, the company will act as the custodian of the certificates. To take advantage of this service, you must become a participant in the plan. Under the plan, all dividends on shares of stock transferred into the plan are automatically reinvested to purchase additional shares. Participants in the plan receive proxy material, annual and quarterly reports and any other shareowner material directly from the company. Complete information about the plan is presented in the plan prospectus, which is available from the company.

All individual shareowner account information is maintained on a confidential basis.

MARKET INFORMATION

	Exchange Listings Stock Exchange	Trading Symbol	News Abbreviation
WPL Holdings, Inc. common	New York Stock Exchange	WPH	WPL Hldg
Wisconsin Power and Light Co. 4.50% preferred	American Stock Exchange	Wis Pr	WiscPL

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

Percent of shareowners who are Wisconsin residents*	
WPL Holdings' common	56%
WP&L preferred	74%
Average common-stock holding	707 shares
Holdings by individual investors*	Approximately 59% of total shares

*Includes Dividend Reinvestment and Stock Purchase Plan and Employee Stock Ownership Plan participants

Quarterly Common-Stock Price Ranges and Dividends

	1992			1991		
Quarter	**High**	**Low**	**Dividend**	**High**	**Low**	**Dividend**
First	\$33	29⅝	.465	26½	22⅝	.45
Second	34⅝	30¾	.465	27½	24¼	.45
Third	36⅞	33⅜	.465	30¼	25⅛	.45
Fourth	36	31⅞	.465	32¾	28	.45
Year	\$36⅞	\$29⅝	\$1.86	\$32¾	\$22⅝	\$1.80

Year-end stock price: \$33⅞

Wisconsin Power and Light Company preferred-stock dividends per share for each quarter during 1992 were as follows:

Series	Dividend	Series	Dividend
4.40%	\$1.10	4.96%	\$1.24
4.50%	\$1.125	7.56%	\$1.89
4.76%	\$1.19	8.48%	\$2.12
4.80%	\$1.20		

1993 RECORD AND DIVIDEND-PAYMENT DATES

As authorized by the WPL Holdings, Inc. and Wisconsin Power and Light Company Boards of Directors, record and dividend-payment dates normally are as follows:

WPL Holdings, Inc. Common Stock

Record Dates	Payment Dates
Jan. 29	Feb. 13
April 30	May 15
July 30	Aug. 14
Oct. 29	Nov. 15

Wisconsin Power and Light Company Preferred Stock

Record Dates	Payment Dates
Feb. 26	March 15
May 28	June 15
Aug. 31	Sept. 15
Nov. 30	Dec. 15

DIVIDEND CHECKS NOT RECEIVED

If you do not receive your dividend check on the appropriate payment date, we suggest that you wait about 10 days after the payment date to allow for any delays in mail delivery. After that time, call Shareowner Services at the toll-free number listed on the next page.

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The Dividend Reinvestment and Stock Purchase Plan provides an economical and convenient method for the company's shareowners and employees, employees of its majority-owned subsidiaries and preferred shareowners of Wisconsin Power and Light Company to purchase shares of the company's common stock. Participants in the plan may make optional cash payments of up to $25,000 per month to purchase additional shares. Investment dates normally occur on the 15th of each month. To encourage participation, there are no brokerage commissions, fees or service charges for purchases under the plan.

You may obtain a copy of the plan prospectus detailing the features of the plan by contacting Shareowner Services.

ANNUAL MEETING

Shareowners of WPL Holdings, Inc. and Wisconsin Power and Light Company are cordially invited to attend the corporate Annual Meeting at 10 a.m. local time Wednesday, May 19, 1993. This year's Annual Meeting will be held at the Dane County Memorial Coliseum, 1881 Expo Mall, Madison, Wisconsin. Details about the meeting, its location and events preceding and following it will be sent to shareowners when proxy materials are distributed. Proxy materials will be mailed to shareowners in early April.

FORM 10-K INFORMATION

Upon request, the company will provide, without charge, copies of Form 10-K, as filed with the Securities and Exchange Commission. Direct your request to Shareowner Services.

SHAREOWNER SERVICES

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

252-3110 in Madison
1-800-356-5343 toll-free

Please direct written inquiries to:

WPL Holdings, Inc.
Attn: Shareowner Services
P. O. Box 2568
Madison, WI 53701-2568

ANALYST INQUIRIES

Inquiries from the financial community may be directed to:

Susan J. Kosmo
Wisconsin Power and Light Company
Attn: Investor Relations
P. O. Box 192
Madison, WI 53701-0192
Telephone: 608-252-4851

STOCK TRANSFER AGENT AND REGISTRAR

For WPL Holdings, Inc. common stock and Wisconsin Power and Light Company preferred stock:

WPL Holdings, Inc.
Attn: Shareowner Services
P.O. Box 2568
Madison, WI 53701-2568

QUESTIONS YOU MAY HAVE ABOUT YOUR SHAREOWNER ACCOUNT

Q. How should I notify the company of my new address?

A. For the protection of our shareowners, the company requires that a change of address be in writing and signed by the registered owner. If the shares are registered in more than one name, each shareowner must sign.

Q. Can my dividend be sent electronically to my bank?

A. Yes. You may have your quarterly dividends electronically deposited in your checking or savings account. This service — free of charge to WPL Holdings' shareowners — will give you immediate access to your money on the dividend-payment date. It also will eliminate the possibility of mail delays and lost, stolen or destroyed dividend checks. Call Shareowner Services to receive detailed information and enrollment forms.

Q. How can I change the name (registration) on my stock certificate?

A. The requirements for a basic transfer of stock are as follows:

- Sign the certificate on the back exactly as your name appears on the face of the certificate. Your signature must be witnessed and guaranteed by a medallion signature program member (financial institution or broker). The signature of a notary public is not acceptable.
- Complete the assignment section on the back of the certificate (above your endorsement) providing the name, address and Social Security number of the person(s) to whom the new stock is to be issued. Also, be sure to indicate the number of shares to be transferred.
- Forward the stock certificate and a letter of instruction to Shareowner Services at the address listed above. To avoid the expense and inconvenience of replacement, we recommend that you send certificates by registered or certified mail.
- The new certificate will be forwarded to the address you provide in about two weeks.

More complex transfers may require additional information and supporting documents to effect the transfer. You may obtain information and assistance by contacting Shareowner Services.

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WPL Holdings, Inc.

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