

**Illinois Power Company**  
**Summary of Proposed Accounting Entries for Elimination of Intercompany Note**  
**and Estimated Balance of Common Equity at Closing**

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Entry I</b>			
145	Notes receivable from associated companies		XX,XXX,XXX
190	Accumulated deferred income taxes		XX,XXX,XXX
201	Common stock issued	XX,XXX,XXX	
216,216.1	Unappropriated retained earnings	XX,XXX,XXX	
234	Accounts payable to associated companies	XX,XXX,XXX	
236	Taxes accrued (current taxes)	XX,XXX,XXX	
253	Other deferred credits (interest paid but unearned)	XX,XXX,XXX	
282	Accumulated deferred income taxes-Other property	XX,XXX,XXX	
283	Accumulated deferred income taxes-Other	XX,XXX,XXX	
	To record the elimination of certain IP payables and interest paid but unearned and corresponding reduction in Intercompany Note, and the elimination of the remaining balance of the Intercompany Note in consideration of IP's net deferred tax obligations and the contemporaneous repurchase of IP's common stock		
<b>Entry II</b>			
182.3	Other regulatory assets		XX,XXX,XXX
190	Accumulated deferred income taxes		XX,XXX,XXX
254	Other regulatory liabilities	XX,XXX,XXX	
282	Accumulated deferred income taxes-Other property		XX,XXX,XXX
283	Accumulated deferred income taxes-Other	XX,XXX,XXX	
	To record elimination of FAS 109 ADIT and FAS 109 regulatory assets and liabilities		
<b>Entry III</b>			
190	Accumulated deferred income taxes		XX,XXX,XXX
219	Accumulated other comprehensive income	XX,XXX,XXX	
	To record reversal of OCI ADIT related to minimum pension liability		

		Amount (millions of dollars)
<b><u>Estimated Balance of Common Equity at Closing (1)</u></b>		
Total common equity at 12/31/03		\$1,485
Intercompany note balance	\$2,271	
Elimination of intercompany payables	(30)	
Netting interest paid but unearned against Intercompany Note	(70)	
Elimination of ADIT	<u>(1,031)</u>	
Remaining balance of Intercompany Note	<u>\$1,140</u>	
Recapitalization of remaining balance of Intercompany Note including the repurchase of common stock		(1,140)
Reverse OCI ADIT for minimum pension liability		<u>(6)</u>
Estimated common equity balance at closing		<u>\$339</u>

(1) The amounts are for illustrative purposes only and will reflect actual amounts at closing.