



Responsibility: Board of Directors - Audit and Oversight Committee
Original Issue Date: June 4, 2004
Revised: October 20, 2011; October 15, 2009; July 24, 2008
Reviewed: October 20, 2011
Approved: Board of Directors - Audit and Oversight Committee

Audit and Oversight Committee Policy:

Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

The Audit and Oversight Committee of the Board of Directors of Wisconsin Energy Corporation is responsible for appointing and overseeing the Corporation's independent auditor. The Committee has the sole and ultimate authority to appoint, retain and evaluate the services of the independent auditor. The Audit and Oversight Committee is committed to ensuring the independence of the auditor, both in appearance as well as in fact. When evaluating the independence of the auditor, the Committee considers whether a relationship with or service provided by the auditor:

- creates a mutual or conflicting interest with the Corporation;
- places the auditor in the position of auditing their own work;
- results in the auditor functioning as management or an employee of the Corporation; or
- places the auditor in a position of being an advocate for the Corporation.

Pre-Approval Process

Before engagement of the independent auditor for the next year's audit, the independent auditor will submit a detailed description of services anticipated to be rendered during the following year for the Committee to approve. Annual pre-approval will be deemed effective for a period of twelve months from the date of the pre-approval, unless the Committee specifically provides for a different period. Annual pre-approvals shall establish a fee level for all permissible non-audit services. Any proposed services exceeding this level will require additional approval by the Committee.

The Audit and Oversight Committee delegates pre-approval authority to the Committee's chair. The Committee chair shall report any pre-approval decisions at the next Committee meeting. The Audit and Oversight Committee shall not delegate to management its responsibilities to pre-approve services performed by the independent auditor.

Audit Services include professional services rendered in connection with the audit of (i) the annual financial statements of the Corporation and its subsidiaries, and (ii) the effectiveness of internal control over financial reporting. Audit Services also include reviews of interim financial statements included in Form 10-Q filings of the Corporation and its subsidiaries and services normally provided in connection with statutory and regulatory filings or engagements (including comfort letters, statutory audits, attest services, internal control reviews and assistance with documents filed with the Securities and Exchange Commission (SEC)).

Audit Related Services include professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are traditionally provided by the auditor. These services can include benefit plan audits, consultations regarding implementation of accounting standards and due diligence related to mergers and acquisitions.

Tax Services include all services related to tax compliance, tax advice, and tax planning both on an international and domestic level. This includes preparation of tax returns, claims for refunds, payment planning, and tax law interpretation.

In connection with seeking the Audit and Oversight Committee's pre-approval of a permissible tax service, the independent auditor will (i) provide to the Committee (or the Committee chair) a written description of the nature and scope of the proposed tax service, and (ii) communicate to the Committee that the service is permissible and does not impact the firm's independence.

All Other Services include all other permissible professional services rendered by the independent auditor that cannot be classified in one of the other categories. These other permissible services include, among others, local office seminars, conferences and webcasts, and receipt of industry publications. The Audit and Oversight Committee has determined that it shall pre-approve services that would be classified in this category unless the services would impair the independence of the auditor or are prohibited by the SEC or the Public Company Accounting Oversight Board (PCAOB). Utilization of these services shall be in accordance with the requirements set forth in this Policy and within the Corporation's Code of Business Conduct.

Prohibited Activities are services prohibited by the SEC or by the PCAOB to be performed by the Corporation's independent auditor. These services include:

- bookkeeping or other services related to the accounting records or financial statements of the Corporation;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker-dealer, investment advisor or investment banking services;
- legal services and expert services unrelated to the audit;
- services provided for a contingent fee or commission; and
- services related to planning, marketing or opining in favor of the tax treatment of
 - (i) a confidential transaction, where "confidential transaction" means a transaction for which the Corporation pays an advisor a fee and in which the advisor places a limitation on disclosure by the Corporation of the tax treatment or tax structure of the transaction and the limitation on disclosure protects the confidentiality of the advisor's tax strategies, or
 - (ii) an aggressive tax position transaction that was initially recommended, directly or indirectly, by the independent auditor where "aggressive tax position transaction" means a transaction that has tax avoidance as a significant purpose, unless the proposed tax treatment is at least more likely than not to be allowable under

applicable tax laws, and includes without limitation a "listed transaction" as identified by the Internal Revenue Service under applicable Treasury regulations.

In addition, the independent auditor may not provide any services, including personal financial counseling and tax services, to any officer or other employee of the Corporation in a financial reporting oversight role or chair of the Audit and Oversight Committee or an immediate family member of such an individual, including spouses, spousal equivalents and dependents.

Reporting Procedure

Management shall report to the Audit and Oversight Committee, for approval for inclusion in the Corporation's proxy statement, fees for professional audit services provided by the independent auditor for the current and prior fiscal year and fees billed for other services rendered during those periods. Management shall periodically report this information to the Audit and Oversight Committee throughout the year.