

# WISCONSIN ENERGY CORPORATION

## COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### CHARTER

Approved: July 21, 2011

#### PURPOSE

The principal purposes of the Compensation Committee (Committee) are to (i) identify through succession planning potential executive officers of the Company and (ii) provide a competitive, performance-based executive and director compensation program that enables the Company to attract and retain key individuals and to motivate them to achieve the Company's short- and long-term goals. The Committee shall report all significant findings to the Board.

#### COMPOSITION

The Committee shall be comprised of three or more independent directors who are periodically appointed by the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine. One of the directors shall be appointed Committee Chair for a term to be determined by the Board. In the event the Committee Chair is unable to serve as Chair for a specific meeting, he/she shall designate one of the Committee members to preside. The Committee shall meet not less than twice per year.

#### DUTIES AND RESPONSIBILITIES

##### Compensation Philosophy and Committee Practices

- Determine and periodically review the Committee's compensation philosophy.
- Review and determine the compensation and benefits to be paid to the executive officers and oversee the compensation and benefits to be paid to other officers and key employees. Review and compare compensation components and the benefits being provided to executive officers of companies with which the Company is competing for executive talent.
- Establish the total compensation package for the CEO. Set annual and long-term performance goals for the CEO, annually evaluate the CEO's performance against such goals and determine compensation adjustments based on whether these goals have been achieved.
- Review and keep apprised of key market trends in non-employee director compensation and recommend changes as appropriate to the Board to engage, attract, and retain quality directors.
- Review and take into consideration the results of each advisory stockholder vote on compensation of the named executive officers ("Say-on-Pay") when determining future compensation policies and practices.

##### Elements of Officers' Compensation and Benefits

- *Base Salaries.* Annually review and adjust, if necessary, executive officers' salaries principally based on a comparison of each officer's salary to comparable competitive positions and the individual executive officer's experience, responsibilities and performance.

- *Incentive Compensation.* Administer, periodically review and approve significant changes to the Company's executive incentive compensation plans, and make recommendations to the Board, as needed.
- Determine overall scope of participation in the incentive plans and which executive officers shall participate in the plans. Determine the overall scope and weighting of performance measures and target award levels under the plans and the types of stock incentive compensation to be provided under the plans.
- Determine each executive officer's award under the incentive plans. Determine the aggregate incentive compensation awards for all participants in the plans as a group.
- Establish, review, and adjust as needed, the guidelines for ownership of Company stock by executive officers.
- *Benefits.* Annually review and adjust, as needed, the benefit package being offered to officers to ensure that the benefit package assists with attracting, retaining and motivating officers.
- Perform such duties and responsibilities as may be assigned to the Committee under the terms of the Company's benefit plans.

### **Non-Employee Directors' Compensation and Benefits**

- Annually review and adjust, as needed, the non-employee directors' compensation and benefit package to ensure that the package assists with attracting, retaining and motivating directors.
- Periodically, consider the Company stock ownership levels of directors.

### **Management Succession**

- Establish policies and principles for CEO selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the CEO.
- Review organizational changes that have a significant impact on the Company or its business.
- Review succession plans for executive officers.

### **Communications to Stockholders**

- Ensure that stockholders are adequately and accurately informed of the Committee's decisions. As part of this role, the Committee shall review and discuss the Compensation Discussion and Analysis with management, and based upon such review and discussion recommend to the Board of Directors its inclusion in the Company's proxy statement and annual report on Form 10-K in accordance with applicable rules and regulations.

### **Annual Performance Evaluation**

- Produce and provide to the Board an annual performance evaluation of the Committee. The evaluation shall compare the performance of the Committee with the requirements of this Charter. Recommend to the Board any improvements to the Charter.

**Other Matters**

- The Committee shall have sole authority to retain and terminate a compensation consultant to assist it in fulfilling its duties, including sole authority to approve the firm's fees and other retention terms.
- The Committee shall also be responsible for any other matters as may from time to time be requested by the Board of Directors and/or the Chief Executive Officer.
- The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.