



***Wisconsin Energy
Corporation***

**Bank of America Merrill Lynch
Power & Gas Leaders Conference
September 2009**

Cautionary Statement Regarding Forward-Looking Information

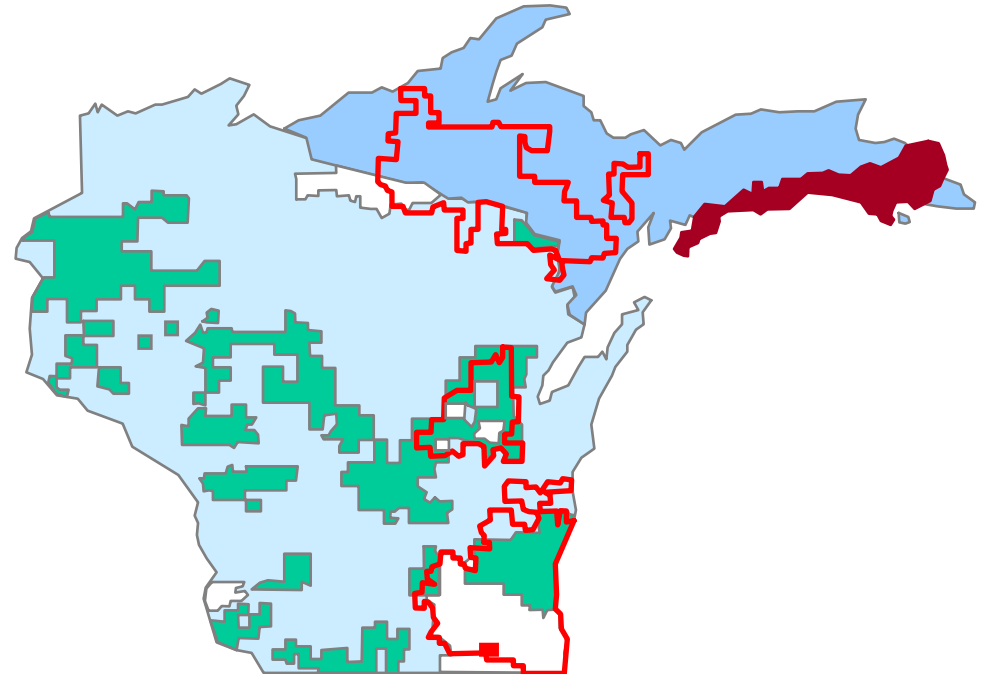
Much of the information contained in this presentation is forward-looking information based upon management's current expectations and projections that involve risks and uncertainties. Forward-looking information includes, among other things, information concerning earnings per share, earnings per share growth, dividend payouts and dividend payout ratios, construction costs and capital expenditures, customer and economic growth, electric sales and the capital structure. Readers are cautioned not to place undue reliance on this forward-looking information. Forward-looking information is not a guarantee of future performance and actual results may differ materially from those set forth in the forward-looking information. In addition to the assumptions and other factors referred to in connection with the forward-looking information, including successful resolution of the Wisconsin and Michigan retail rate cases; rate recovery of any costs above the PSCW approved amount including costs, if any, resulting from Bechtel's claims; and PSCW approval to build Glacier Hills Wind Park, factors that could cause Wisconsin Energy's actual results to differ materially from those contemplated in any forward-looking information or otherwise affect our future results of operations and financial condition include, among others, the following: general economic conditions; business, competitive and regulatory conditions in the deregulating and consolidating energy industry, in general, and, in particular, in the company's service territories; timing, resolution and impact of pending and future rate cases and other regulatory decisions; availability of the company's generating facilities; changes in purchased power costs; changes in coal or natural gas prices and supply and transportation availability; the ability to recover fuel and purchased power costs; varying weather conditions; construction risks; obtaining necessary investment capital to implement the company's Power the Future program; adverse interpretation or enforcement of permit conditions by permitting agencies; equity and bond market fluctuations; the investment performance of the company's pension and other post-retirement benefit plans; the impact of recent and future federal, state and local legislative and regulatory changes; foreign, governmental, economic, political and currency risks; and other factors described under the heading "Factors Affecting Results, Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and under the headings "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" contained in Wisconsin Energy's Form 10-K for the year ended December 31, 2008 and in subsequent reports filed with the Securities and Exchange Commission. Wisconsin Energy expressly disclaims any obligation to publicly update or revise any forward-looking information.

Key Areas to be Covered

- Overview of the Company
- Forecast of Electric Sales
- Rate Case Activity – 2009 and 2010
- Renewables Strategy
- Update on Oak Creek Construction
- Earnings Outlook

Overview of Wisconsin Energy Retail Electric and Gas Utilities

- Largest electric and gas company in Wisconsin
 - 1.1 million electric customers
 - 1.0 million natural gas customers



□ Wisconsin Electric Power Company:
Gas Service Area

□ Wisconsin Electric Power Company:
Electric Service Area

■ Edison Sault Electric Power Company:
Electric Service Area

■ Wisconsin Gas LLC Service Area



Overview of Wisconsin Energy Power the Future Plan

- Power the Future
 - We Power builds, finances, and owns four new generating units
 - Two natural gas units - now complete
 - Two coal units - nearing completion
 - Leased to and operated by Wisconsin Electric under 25 and 30 year leases

Overview of Wisconsin Energy Power the Future Plan

	<u>Natural Gas</u>	<u>Coal</u>
Capacity	1,150 MW	1,030 MW ¹
Investment	\$664 million	\$1.8 billion ²
ROE	12.7%	12.7%
Equity	53%	55%
Initial Lease Term	25 Years	30 Years
Targeted In-service Dates	Unit 1 – July 16, 2005 Unit 2 – May 23, 2008	Unit 1 – 2009 Unit 2 – 2010
Consolidated Net Income	\$34 million	\$100 million ³

¹All capacity and investment amounts reflect WEC ownership only.

²Does not include costs as a result of delays caused by litigation. These are estimated to be \$50 to \$55 million. Also does not include potential costs as a result of Bechtel's claims submitted December 22, 2008. We believe these costs are recoverable, but recovery is subject to our final calculation of costs and to review and approval by the PSCW.

³First full year of operation – includes allocation of holding company debt.

Overview of Wisconsin Energy Wholesale Electric Transmission

- Wisconsin Energy owns 26.2% of American Transmission Company (ATC)
- In 2008, ATC contributed \$32 million to our net income
 - Represented 9% of consolidated earnings
- ATC's projected capital investment over the next ten years is \$2.7 billion
- Regulated by the FERC for purposes of rates and returns
 - 12.2% return on equity with true-up mechanism
 - Transmission siting comes under state jurisdiction

Electric Sales – Forecast

2009 Forecast vs. 2008 Normalized

	Original 2009 <u>Forecast</u>	Revision #1 2009 Forecast <u>(May 2009)</u>	Revision #2 2009 Forecast <u>(July 2009)</u>
Residential	0.2%	- 1.5%	-1.9%
Small C&I	-2.5%	- 5.8%	-5.4%
Large C&I (ex. Mines)	-6.0%	-11.3%	-12.5%
Total Large C&I	-8.7%	-15.2%	-16.7%
Total Retail	-4.0%	- 8.1%	-8.5%

Electric Sales - 2009 Forecast vs. 2008 Normalized Measure of Concentration

Mining & Metals, Paper, and Automotive	- 9.0%
All Other	<u>- 7.7%</u>
Total Large C&I	-16.7%

Wisconsin Retail Electric & Gas Rate Cases

- Initial Filing in March
 - Electric \$77 million (2.8%)
 - WE-Gas \$22 million (3.6%)
 - WG-Gas \$39 million (4.6%)
- July Sales Forecast Update
 - Electric – reduced forecast sales \$50 million
 - Gas – no change
- 10.75% return on equity with 48.5% to 53.5% equity ratio for Wisconsin Electric and 45.0% to 50.0% equity ratio for Wisconsin Gas
- Combined rate base for Wisconsin Electric and Wisconsin Gas is projected to be \$6 billion in 2010
 - Includes all jurisdictions and products (electric, gas, and steam)

Wisconsin Retail Electric & Gas Rate Cases

Expected Schedule

2009

Initial Filing	March 13
Update Electric Sales	July 2
Staff/Intervenor Testimony	September 3 & 8
Rebuttal	September 18
Surrebuttal	September 25
Public Hearings	September 29
Technical Hearings	September 30
PSCW Decision & Order	December

2010

New Rates Expected	January 1
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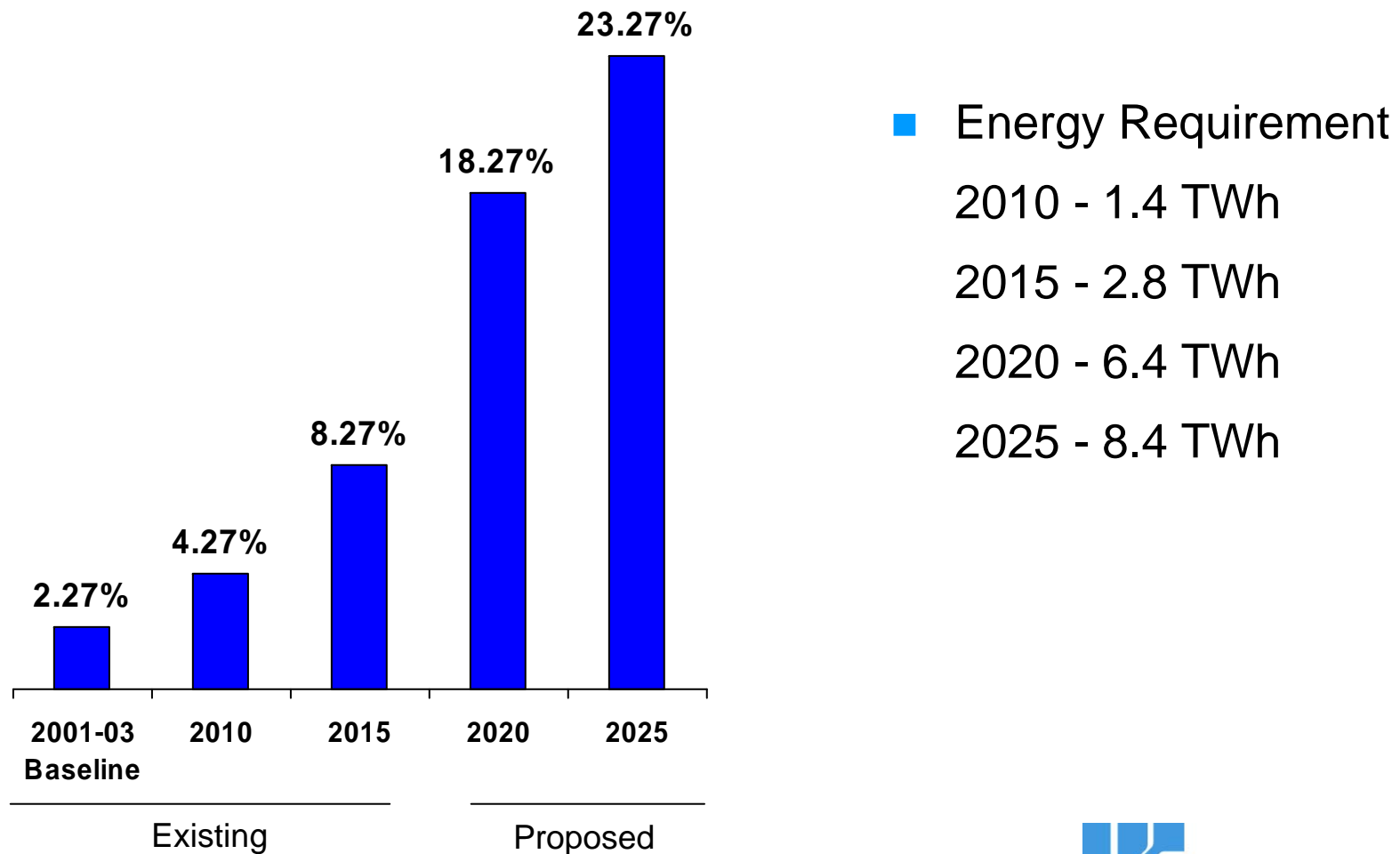
Michigan Retail Electric Rate Case

- Filed July 3 – complete by state law August 3
- \$42 million increase (33%)
- Three part filing under new state law that allows for self-implemented increases subject to refund
 - \$22 million at later of Jan 1, 2010 and Oak Creek Unit 1 in-service date
 - Up to \$16 million on final decision date, no later than July 2, 2010
 - \$4 million at Oak Creek Unit 2 in-service
- Return on equity and equity ratio range match Wisconsin filing
- Key drivers are Power the Future and transition from historical to forward test period

Renewable Energy Opportunity

Wisconsin Renewable Portfolio Standard

Required Percentage of Wisconsin Retail Sales



Renewable Energy Opportunity

Wind Projects

- Blue Sky Green Field
 - Completed May 2008
 - 145 MW, \$295 million investment
- Glacier Hills
 - Targeting PSCW approval 1Q 2010 and 2011 in service
 - 162 MW, \$367 million investment, exclusive of AFUDC
- Potential for 50 MW of short term Power Purchase Agreements



Renewable Energy Opportunity

Biomass and Solar Projects

- Biomass projects
 - Announced 50MW project on September 1
 - Approximately \$250 million gross investment with a target in service date of 2013
 - Considering a second project with similar size and timing
 - Potential investment tax credit of 30% -- this would bring net investment for each to \$175 million
- 12.5 MW of solar projects
 - \$85 to \$90 million investment
 - Targeting 2013 in service date for initial projects
- All of these projects are subject to PSCW review and approval

Update on Oak Creek Expansion

- Targeted in service dates
 - Coal and water handling facilities are in service
 - Unit 1 – December 29, 2009
 - Unit 2 – August 29, 2010
- In December 2008, Bechtel submitted claims for schedule relief and additional costs
 - \$413 million for the alleged effects of severe weather, changed local labor conditions and other factors
 - \$72 million for the delayed start of construction in 2005
 - These claims are for the project as a whole
- We have now begun binding arbitration to resolve these disputes with Bechtel

Projected Earnings Base in 2011

Electric and Gas Utilities \$2.83

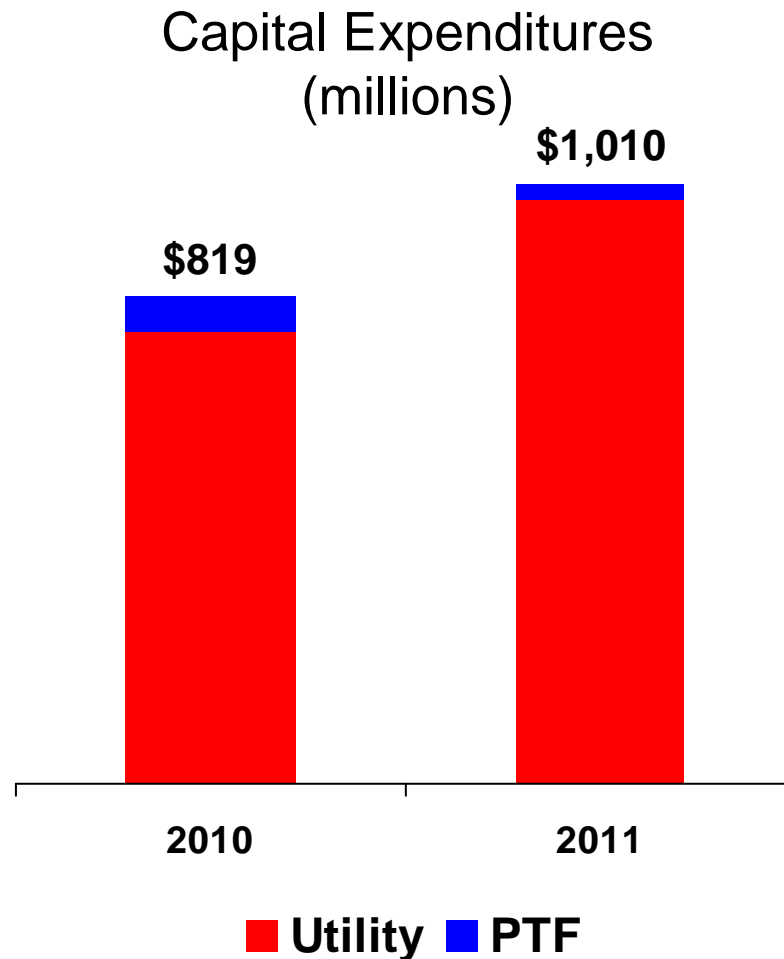
Power the Future
- including allocated holding
company debt \$1.14

Wholesale/Transmission Electric \$0.33

Unallocated holding company debt (\$0.30)

\$4.00

Retail Electric and Gas Utilities Expected Earnings



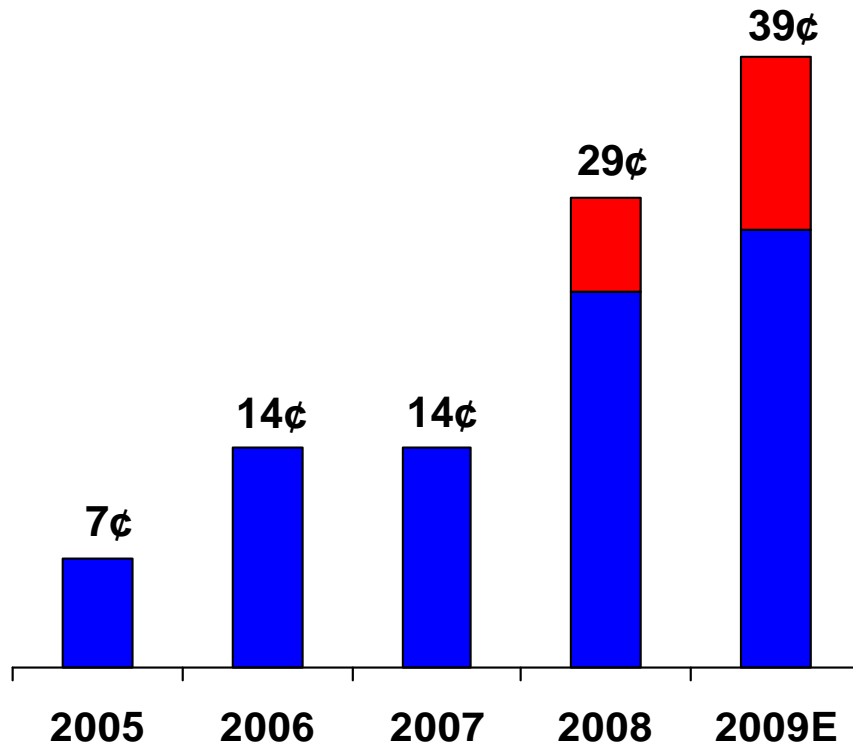
Key Assumptions

- Average \$800 million per year in capital expenditures vs. \$325 million of annual depreciation (includes new renewable projects discussed in this package)
- Translates into \$475 million annual rate base growth
- Assumes 2011 in service for Glacier Hills, and successful outcomes in retail rate cases
- Utilities are projected to contribute \$2.83 to EPS in 2011 with currently allowed ROE's

Power the Future Progress

2005 - 2009

Earnings per Share Contribution Consolidated Basis



■ Oak Creek Water & Coal Handling Systems

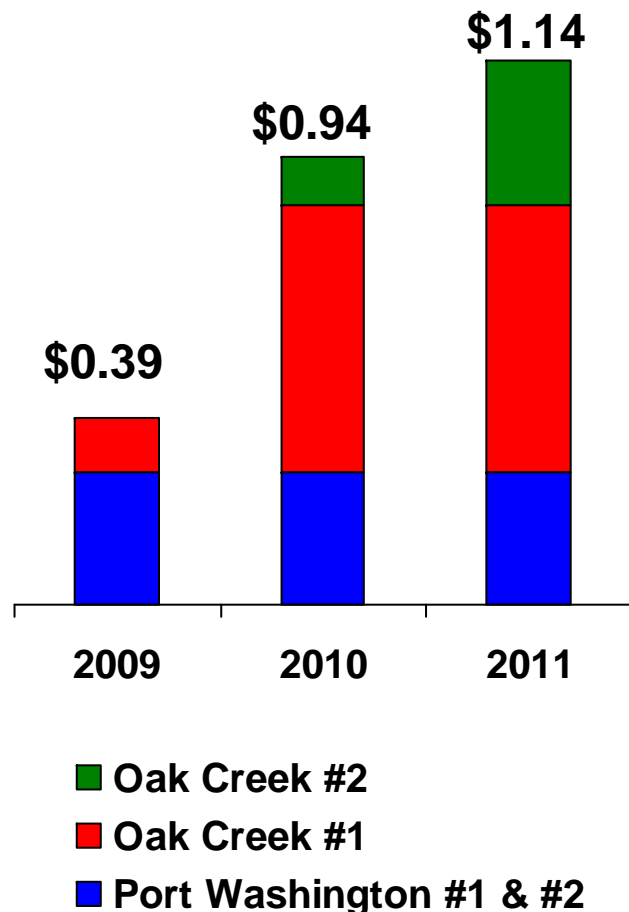
■ Port Washington #1 & #2

- Port Washington units completed on time and on budget (2005, 2008)
- All environmental permit litigation settled at Oak Creek in July 2008
- Port Washington units among the most efficient and cost effective (< \$600/kW) gas units in MISO

Power the Future

Expected Earnings

Earnings per Share Contribution Consolidated Basis

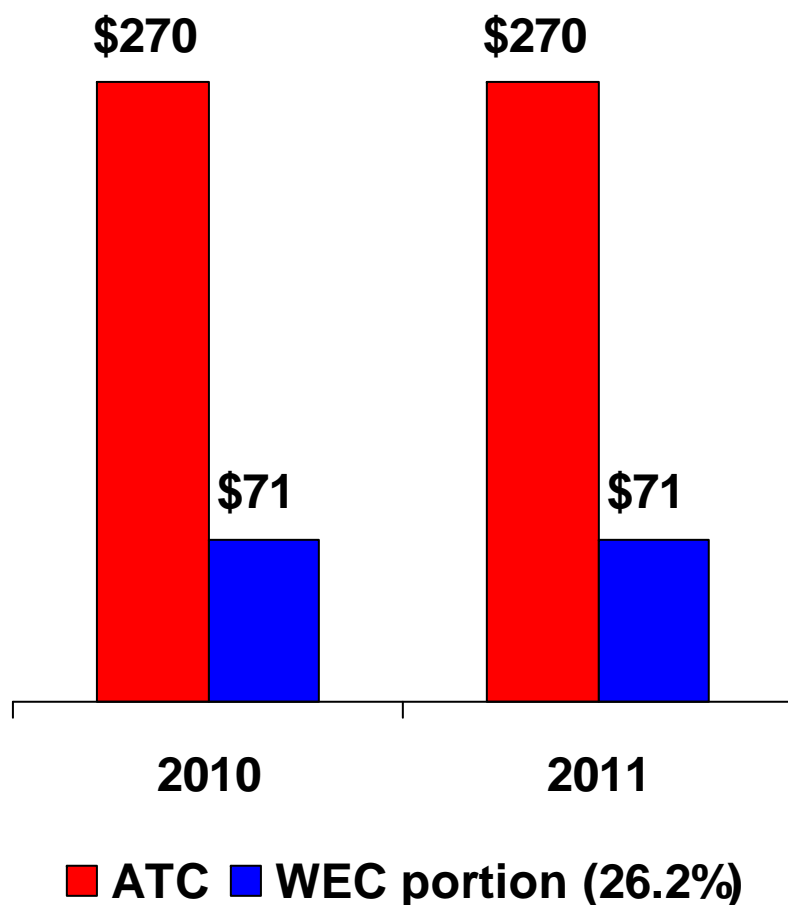


Key Assumptions

- Oak Creek #1 in service Dec. 2009 and Oak Creek #2 in service Aug. 2010
- Both units at target cost and online for all of 2011
- Free cash flow of \$166 million in 2011 – after capex and debt repayment at We Power level
- Earnings contribution expected to grow somewhat over time as debt repayment occurs

Wholesale Electric Transmission Expected Earnings

Average Capital Expenditures



Key Assumptions

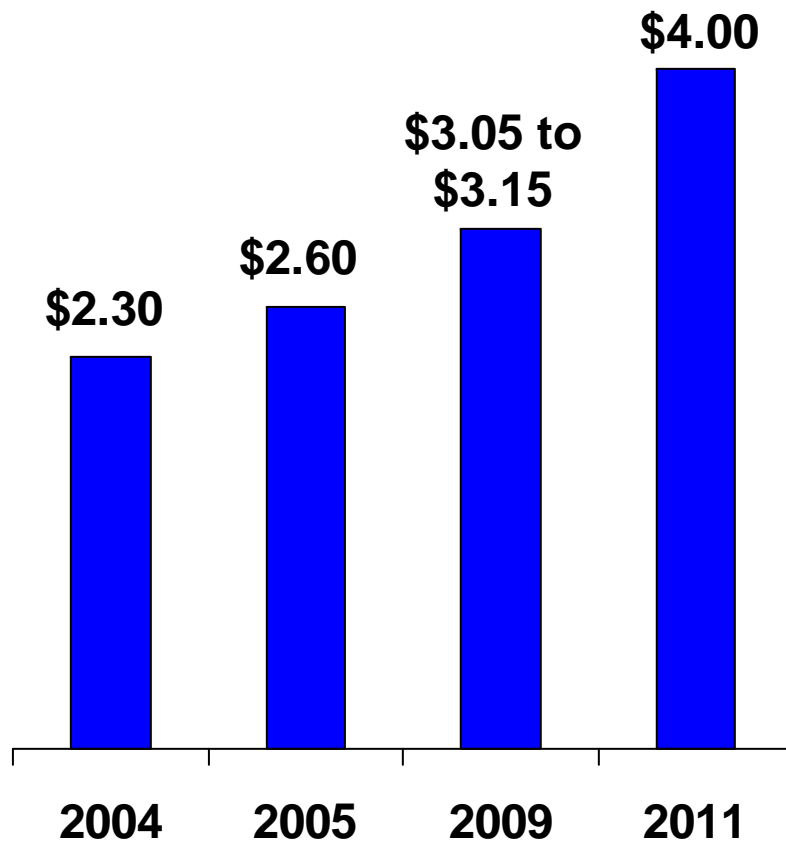
- ATC expected to average \$270 million annual capital expenditures vs. \$140 million of annual depreciation
- Implies \$34 million effective annual rate base growth for WEC
- Expect a \$0.33 contribution to EPS in 2011
- Does not include potential transmission projects for renewables or other regional overlay

Financing and Dividend Policy

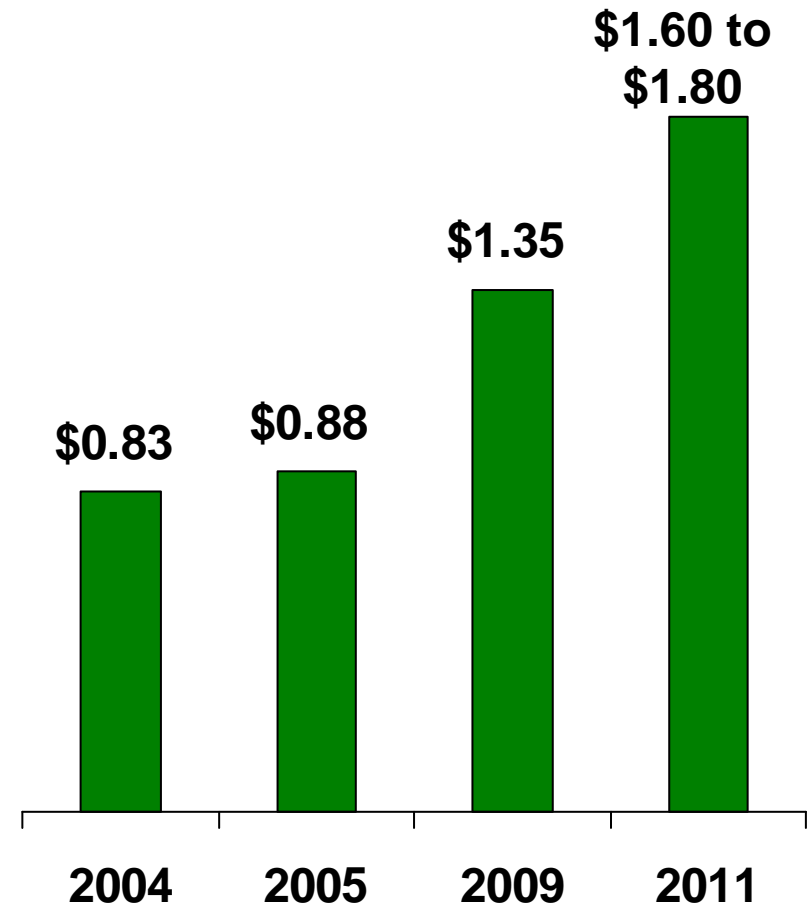
- Capital Structure Goals
 - Maintain debt to capital at no more than 60% during Power the Future construction
 - Reach approximately 55% debt to capital by the end of 2012
 - Assumes half of hybrid securities are treated as common equity
- Current Dividend Policy
 - Target is a dividend payout ratio of 40-45 percent of earnings in each year from 2009 – 2011 and a target of 45-50 percent of earnings after 2011
- Do not expect to issue any additional shares

Projected Growth in Earnings and Dividends

Earnings per Share



Dividends per Share



Key Takeaways on Wisconsin Energy

- Solid utility franchises with strong projected growth in rate base
- Power the Future program nearing completion – highly visible earnings and cash flow
- Investment in American Transmission Company provides an additional regulated growth opportunity
- Positioned to deliver among the best risk-adjusted returns in the industry