



Wisconsin Energy Corporation

Bank of America/Merrill Lynch Conference

September 2011

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, rate case activity, earnings per share growth, cash flow, dividend payouts and dividend payout ratios, debt repayment, share repurchases, construction costs and capital expenditures, investment opportunities, rate base 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, without limitation, rate recovery of any costs above the PSCW approved amount for the Oak Creek expansion; PSCW approval of utility construction projects, including infrastructure upgrades; and continued growth in earnings from ATC, 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; unanticipated changes in purchased power costs; unanticipated changes in coal or natural gas prices and supply and transportation availability; key personnel changes; the ability to recover fuel and purchased power costs; varying weather conditions; catastrophic weather-related or terrorism-related damage; construction risks, including those associated with the construction of new environmental controls and renewable generation; 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; current and future litigation, regulatory investigations, proceedings or inquiries, including the pending lawsuit against the company's pension plan, FERC matters, and IRS audits and other tax matters; the effect of accounting pronouncements issued periodically by standard setting bodies, including any requirement for U.S. registrants to follow International Financial Reporting Standards instead of GAAP; 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, 2010 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 Wisconsin Energy
- Retail Electric and Gas Utilities
- Power the Future
- Wholesale Electric Transmission
- Earnings Outlook

Overview of Wisconsin Energy

Estimated Rate Base and Power the Future Investment at 12/31/11

\$9.7 Billion



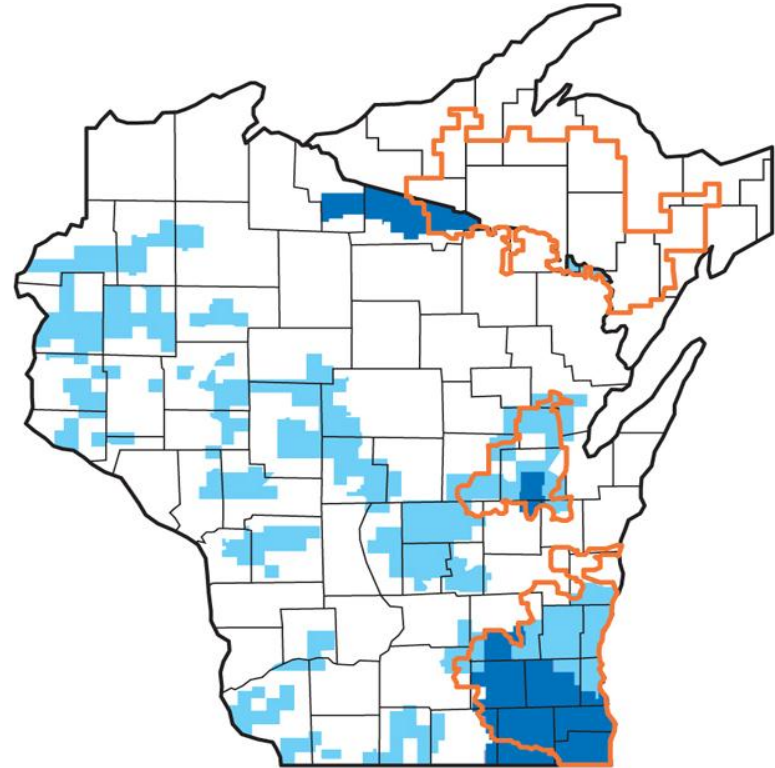
■ Utilities ■ PTF ■ Transmission

- **Retail Electric and Gas Utilities**
 - Wisconsin, Michigan, and FERC jurisdictions
 - 48.5% to 53.5% equity for Wisconsin Electric
 - 10.4% allowed ROE
 - 45% to 50% equity for Wisconsin Gas
 - 10.5% allowed ROE
- **Power the Future**
 - 53% to 55% equity levels in lease agreements
 - 12.7% ROE fixed in lease agreements
- **Wholesale Electric Transmission**
 - FERC jurisdictional
 - 50% equity level for rates
 - 12.2% ROE with true-up

Note: Value for retail electric and gas utilities represents rate base.
Power the Future value is book value of investment.
Wholesale electric transmission is 26.2% of ATC's rate base.

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** Gas Service Area
- **Wisconsin Electric** Electric Service Area
- **Wisconsin Gas** Service Area

Regulatory Environment

■ Wisconsin Commission

- 3 Commissioners
- Gubernatorial appointment, Senate confirmation
- Chairman: Gubernatorial appointment
- Terms
 - 6 year—staggered terms

■ Michigan Commission

- 3 Commissioners
- Gubernatorial appointment, Senate confirmation
- Chairman: Gubernatorial appointment
- Terms
 - 6 year—staggered terms

Wisconsin Commissioners			
Name	Party	Began Serving	Term Ends
Phil Montgomery Chairman	R	03/2011	03/2017
Eric Callisto	D	05/2008	03/2015
Ellen Nowak	R	07/2011	03/2013

Michigan Commissioners			
Name	Party	Began Serving	Term Ends
Orjiakor Isiogu Chairman	D	08/2007	07/2013
Vacant			
Greg R. White	I	12/2009	07/2015

Rate Case Activity

Wisconsin Jurisdiction

- Filed an application with the Wisconsin Public Service Commission requesting no net increase in base rates in 2012
 - Authorizes the company to suspend amortization of \$148M of regulatory costs in 2012
 - Authorizes \$148M of carrying costs and depreciation on air quality controls at Oak Creek and the Glacier Hills Wind Park
 - Schedules a proceeding to establish a 2012 fuel cost plan
 - Authorizes the refund of \$26M from Wisconsin Electric's settlement of spent nuclear fuel litigation with the U.S. Department of Energy
 - Authorizes the company to reopen the rate proceeding in 2012 for rates effective in 2013
- Under a traditional rate case, we would have filed for an increase of approximately 6 % for Wisconsin Electric's retail electric customers
- Briefings due September 12. Final decision on our proposal expected in early October

Rate Case Activity

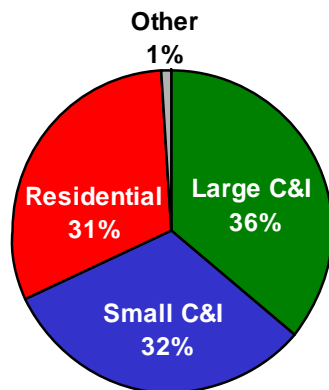
Michigan Jurisdiction

- Filed rate case on July 5
- Requested \$14.9 million annually -- an 8.4% increase
 - includes a DOE settlement refund of \$2.7 million
- Expect to self-implement \$7.7 million -- a 4.4% increase in January 2012
- Filed for a 10.4% ROE
- Final rates effective July 2012

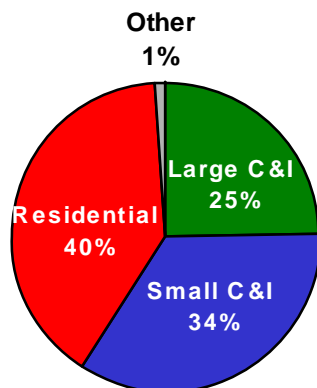
Wisconsin Energy

Electric Retail Customer Base

2010 Retail KWh Sales Mix



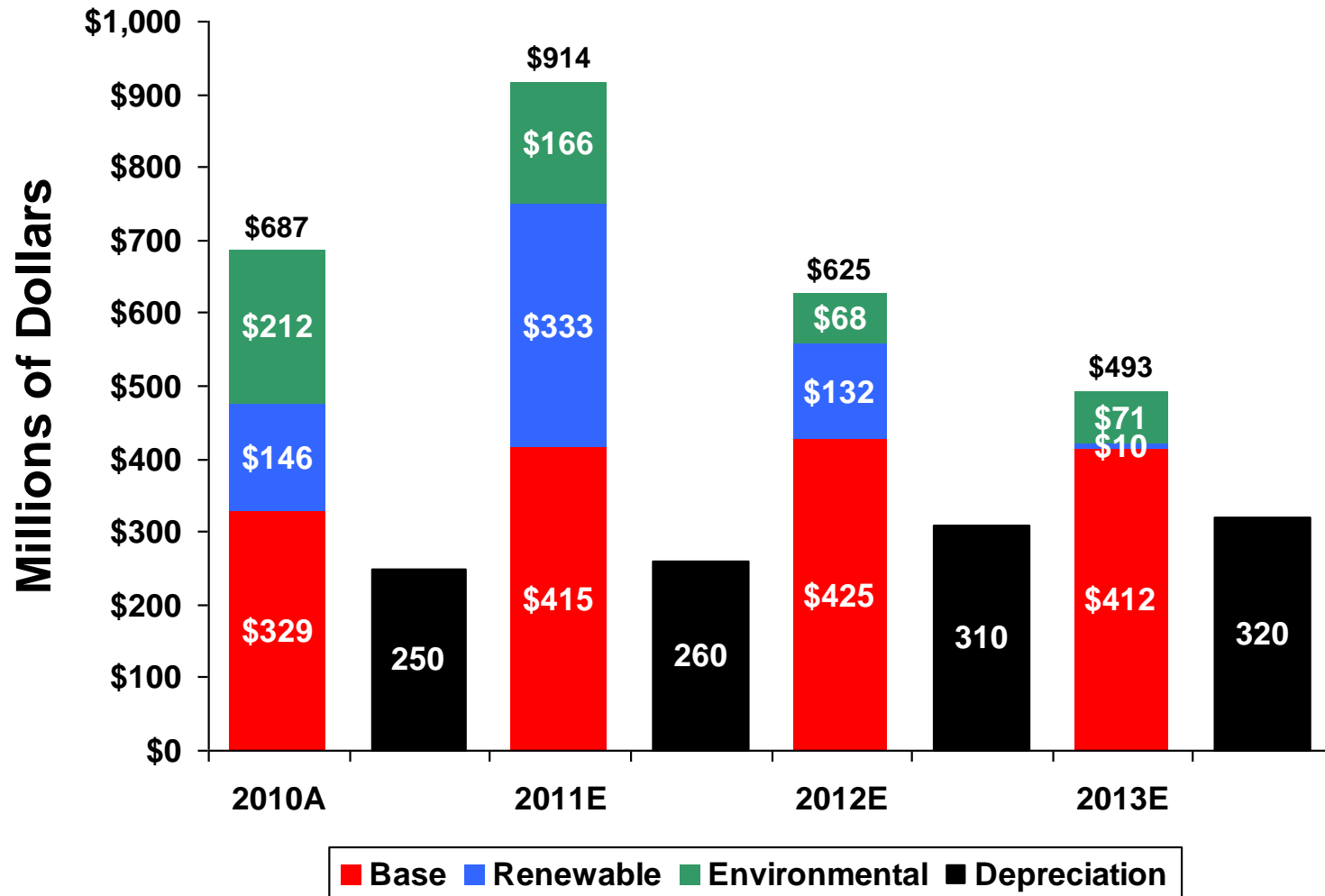
2010 Retail Revenues



C&I Sector Small & Large	% of 2010 Electric Sales
Office	12.4%
Mining	11.4%
Retail	6.4%
Health Care	5.7%
Paper & Products	5.5%
Primary Metals	5.5%
Education	4.6%
Food & Products	4.6%

Retail Electric and Gas Utilities

Expected Levels of Investment and Depreciation

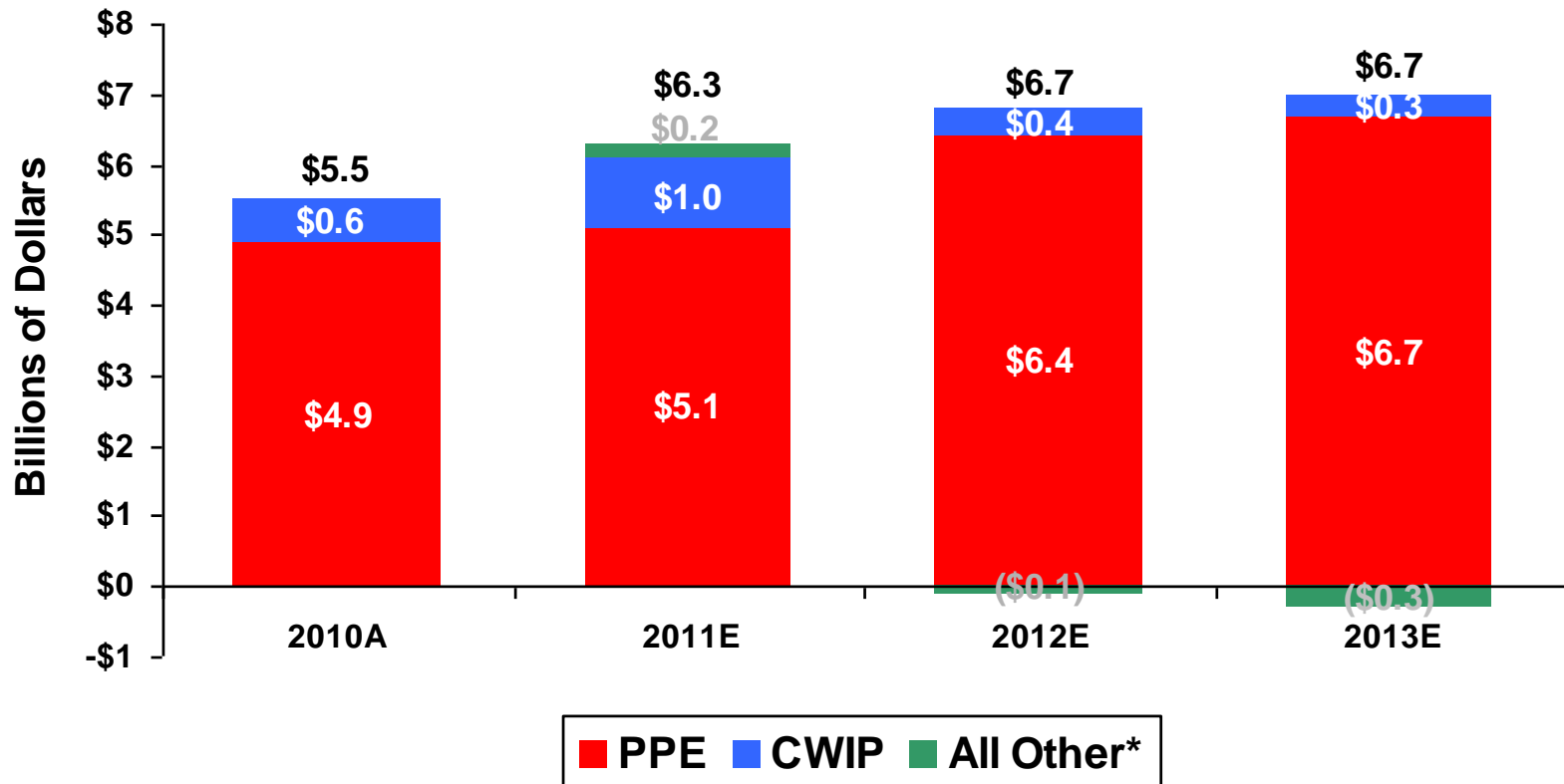


*Total depreciation expense was \$250 million in 2010, and is expected to be \$260, \$310 and \$320 million in 2011, 2012, and 2013 respectively for utilities on a combined basis.

Retail Electric and Gas Utilities

Projected Rate Base

Average Total Utility Rate Base

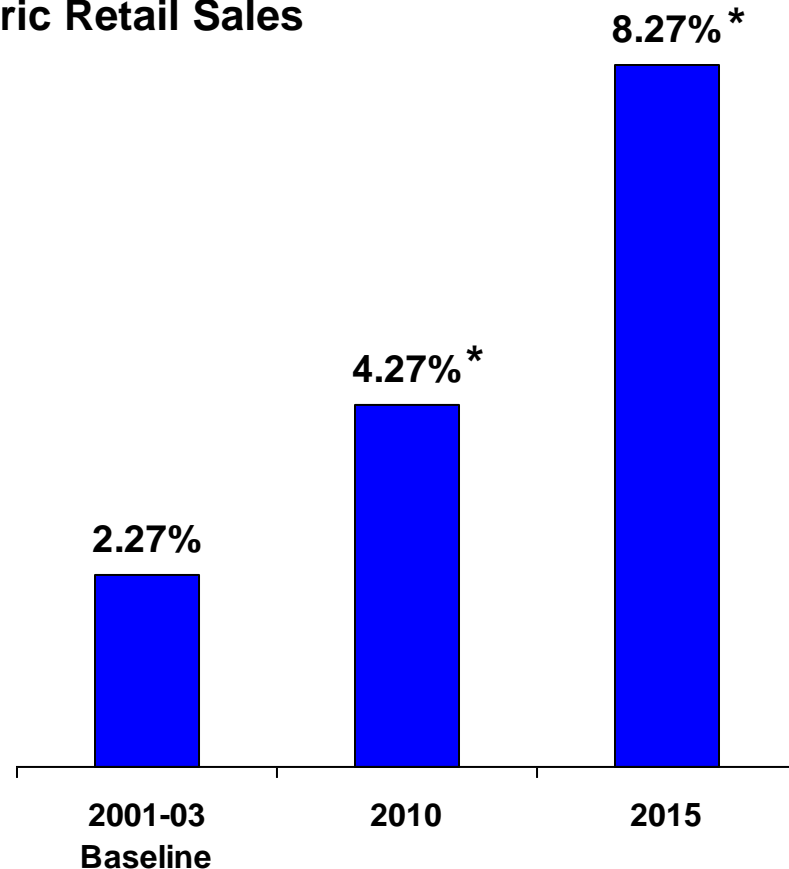


*All other is comprised of customer advances, def. taxes, inventory and implied working capital.

Renewable Energy Opportunity

Renewable Portfolio Standard in Wisconsin

Required Percentage for Wisconsin Electric Retail Sales



*Requirements at a Wisconsin state level are 5% and 10% in 2010 and 2015 respectively. In terms of energy this is estimated to be 1.4 TWh in 2010 and 2.5 TWh in 2015.

Renewable Energy Opportunity

- Glacier Hills
 - 162 MW
 - Estimated investment of \$361 million
 - Expected completion December of 2011
- Biomass
 - 50MW
 - Estimated investment of \$255 million
 - Approved by PSCW and Domtar Inc.
 - Expected completion by the end of 2013
- Wisconsin Electric has executed 165MW of renewable energy transactions to help achieve compliance with the Wisconsin Renewable Portfolio Standard
- We expect to be in compliance with the Wisconsin Renewable Portfolio Standard through 2016



Power the Future Plan

	<u>Natural Gas</u>	<u>Coal</u>
Capacity	1,090 MW ¹	1,030 MW ¹
Investment	\$664 million	\$2.0 billion
ROE	12.7%	12.7%
Equity	53%	55%
Initial Lease Term	25 Years	30 Years
In-service Dates	Unit 1 – July 16, 2005 Unit 2 – May 23, 2008	Unit 1 – February 2, 2010 Unit 2 – January 12, 2011
Consolidated Net Income 2012 Estimate	\$38 million ²	\$ 121 million ²

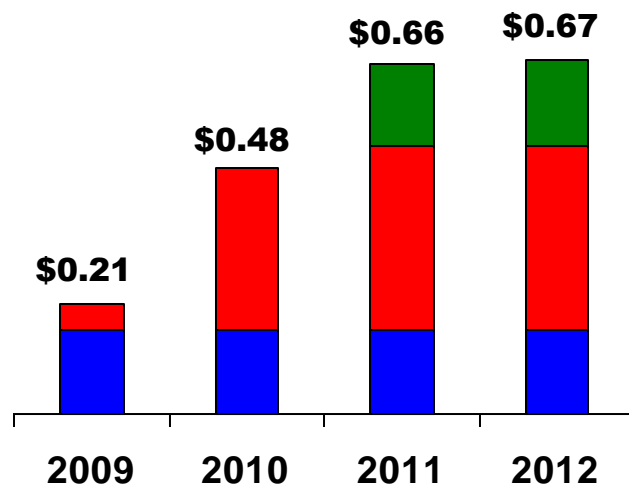
¹All capacity and investment amounts reflect WEC ownership only. Demonstrated capacity for the natural gas units is 1,150MW – value shown in table is amount guaranteed in lease agreement.

²Includes allocation of holding company debt.

Power the Future

Expected Earnings

Earnings per Share Contribution Consolidated Basis



- Oak Creek #2
- Oak Creek #1
- Port Washington #1 & #2

Key Assumptions

- Oak Creek Unit 2 in service January 12, 2011
- Cost estimate of \$2 billion for WEC's ownership of the coal units
- Free cash flow of \$248 million in 2012 – after capex and debt repayment at We Power level
- Earnings contribution expected to grow somewhat over time as debt repayment occurs

*Includes allocation of holding company interest.
Capitalized interest benefit not included.

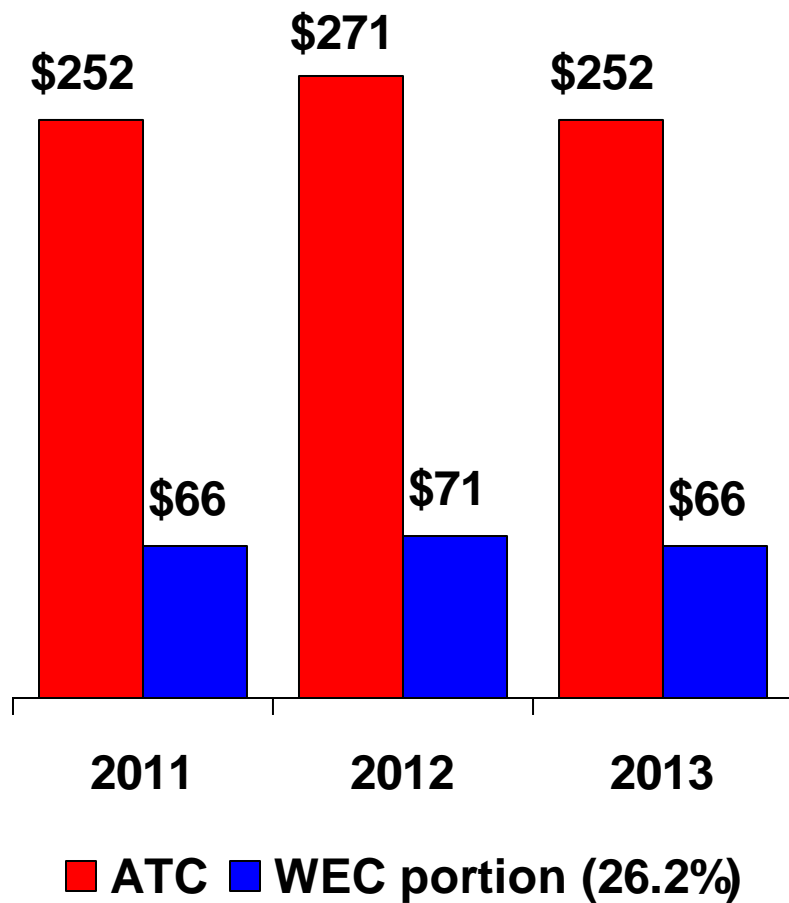
Wholesale Electric Transmission

- Wisconsin Energy owns 26.2% of American Transmission Company (ATC)
- ATC is projected to contribute approximately 16 cents to our EPS this year
 - Represents almost 8% of consolidated earnings
- ATC's projected capital investment over the next ten years is \$3.4 billion
 - ATC rate base at year end 2011 is projected to be about \$2.6 billion
- Regulated by the FERC for purposes of rates and returns
 - 12.2% return on equity with true-up mechanism
 - Transmission siting is under state jurisdiction
- Non-exclusive joint venture with Duke Energy announced April 13th
 - Adds potential investment opportunities outside its current footprint

Wholesale Electric Transmission

Expected Earnings

Projected Capital Expenditures (Millions of Dollars)



Key Assumptions

- ATC projects a need for \$3.4 billion of transmission improvements in its footprint from 2010 to 2019
- Implies average \$30 million effective annual rate base growth for WEC from 2011 to 2013
- Expect a \$0.16 and \$0.17 contribution to EPS in 2011 and 2012 respectively
- Excludes potential transmission projects outside ATC's traditional footprint

Projected Earnings Base for 2010 - 2012

	<u>2010A</u>	<u>2011E</u>	<u>2012E</u>
Electric and Gas Utilities	\$1.34	\$1.41 to \$1.45	\$6.7 billion rate base
Power the Future ⁽¹⁾	\$0.48	\$0.66	\$0.67
Wholesale Electric Transmission ⁽²⁾	\$0.15	\$0.16	\$0.17
Unallocated holding company debt⁽³⁾	(\$0.05)	(\$0.13)	(\$0.09)
	\$1.92	\$2.10 to \$2.14	

⁽¹⁾Includes allocation of approximately \$375 million of 6.25% rate holding company debt

⁽²⁾26.2% Investment in ATC

⁽³⁾Reflects repayment of \$450 million of senior notes on April 1, 2011 with \$224 million of cash on hand March 31, 2011 and \$226 million of commercial paper issuance. The commercial paper is expected to be repaid by the end of 2012.

Forecast of Electric Sales 2011

	2011 Forecast vs. 2010 Actual	2011 Forecast vs. 2010 Normalized
Residential	-3.2%	-0.4%
Small C&I	-1.0%	0.5%
Large C&I (ex. Mines)	-2.8%	-2.0%
Total Large C&I	-2.2%	-1.6%
Total Retail	-2.1%	-0.6%

Financing Policy

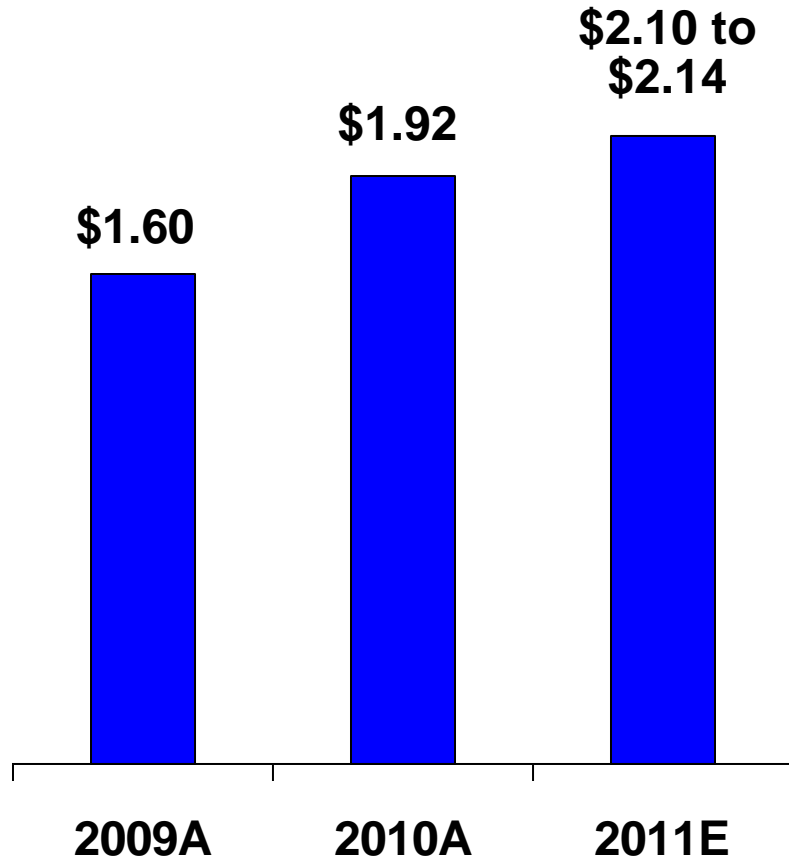
- Capital Structure Goals
 - Maintain debt to capital below 55% by the end of 2013
 - Actual ratio was 54.1% at the end of 2010
 - Assumes half of hybrid securities are treated as common equity

Dividend / Share Repurchase

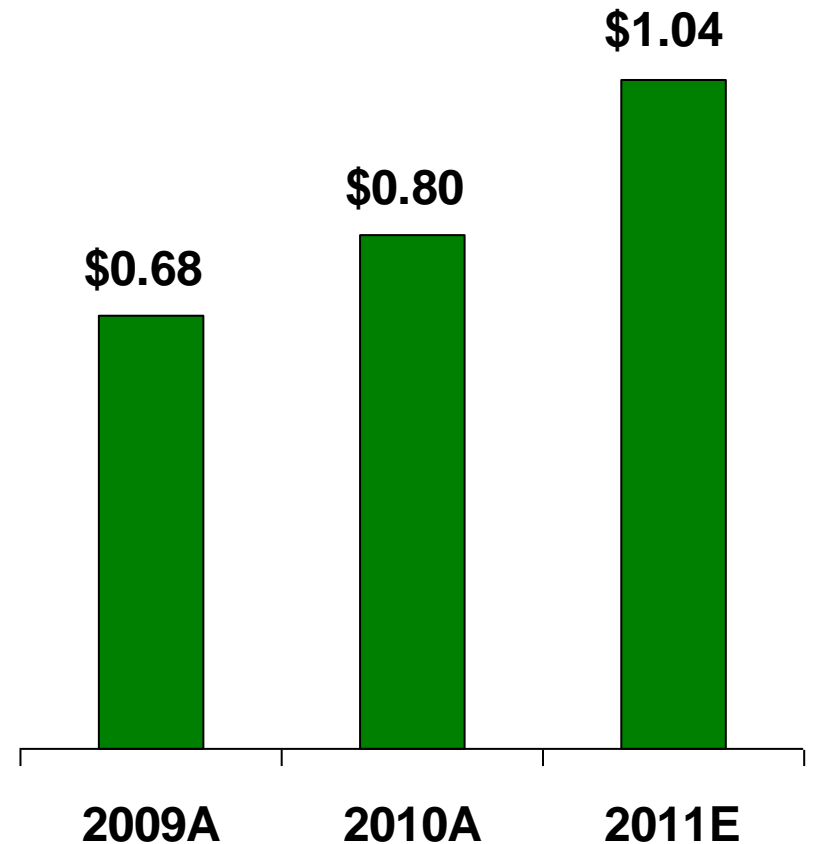
- Move to a dividend payout ratio that is competitive with our peers
 - Adopted a policy that trends to a 60% payout ratio over the period 2012 to 2015
 - Beginning in 2012, this policy should support annual dividend increases in the 8 to 9 percent range over the forecast period
- To maintain appropriate financial strength and provide value to our investors, we plan to:
 - Implement a share repurchase plan – through the end of 2013 – that calls for us to buy back up to \$300 million of Wisconsin Energy common stock through open market purchases or privately negotiated transactions
 - Final size of the program will be based on actual capital spending
- We do not expect to issue any additional shares

Projected Growth in Earnings and Dividends

Earnings per Share



Dividends per Share



Potential Investment Opportunities

- Divestiture of energy assets by the State of Wisconsin
- Investment in fuel flexibility at new Oak Creek coal units
- Investment in aging gas and electric distribution infrastructure
- Renewable energy investments beyond 2016
- Investment in aging generation facilities such as hydro rebuilds
- Investment required to meet future EPA rules

Key Takeaways on Wisconsin Energy

- Power the Future program now complete
 - Highly visible earnings and strong cash flow
- Solid utility franchises with rate base growth
 - Power the Future 2 driven by environmental upgrades, renewable energy projects and network improvements
- Investment in American Transmission Company provides an additional regulated growth opportunity
- Positioned to deliver among the best risk-adjusted returns in the industry