

Wisconsin Energy Corporation

February 2014

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 growth and dividend payout ratios, share repurchases, debt redemptions, construction costs and capital expenditures, investment opportunities, corporate initiatives, rate base, and future electric sales. 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, 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, including business and competitive conditions in the company's service territories; timing, resolution and impact of future rate cases and other regulatory decisions; availability of the company's generating facilities and/or distribution systems; unanticipated changes in fuel and purchased power costs; key personnel changes; varying weather conditions; continued industry consolidation; our ability to mitigate the impact of Michigan customers switching to an alternative electric supplier; cyber-security threats; construction risks; equity and bond market fluctuations; the impact of any legislative and regulatory changes; current and future litigation and regulatory investigations; changes in accounting standards; 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, 2012 and in subsequent reports filed with the Securities and Exchange Commission.

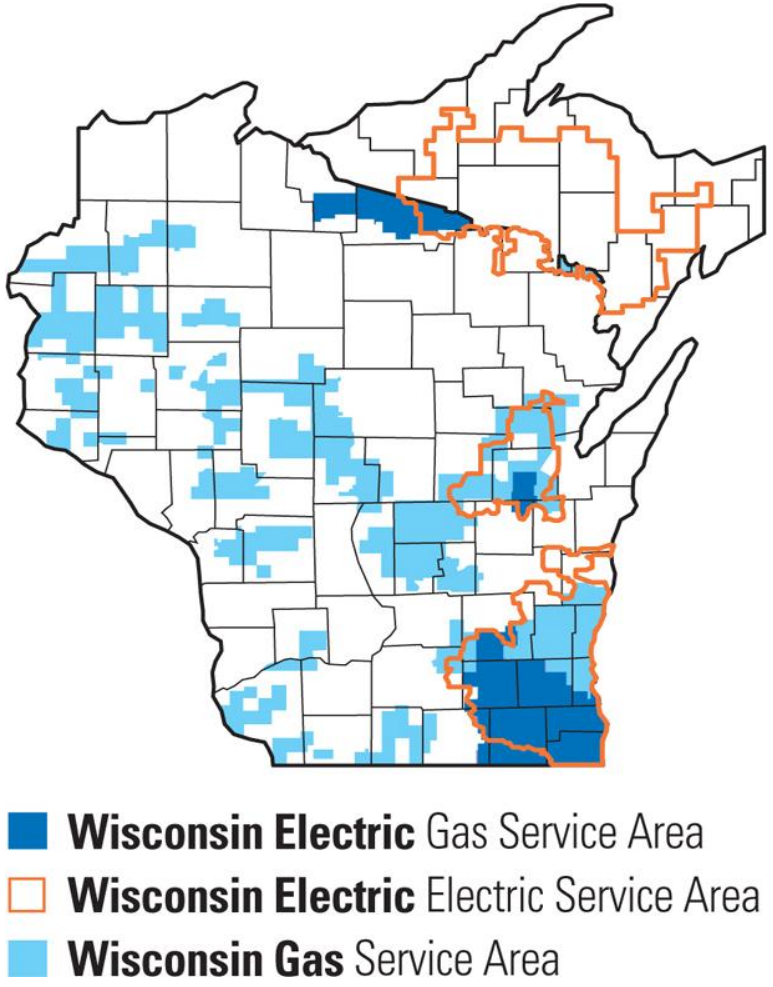
Wisconsin Energy expressly disclaims any obligation to publicly update or revise any forward-looking information.

Wisconsin Energy Corporation

Overview

Retail Electric and Gas Utilities

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



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Investment Thesis

An "Earn and Return" Company with a Low Risk Profile

- Positive free cash flow
- Targeted EPS growth of 4%-6%
- Best in class dividend growth - targeting a dividend payout ratio of 65%-70% of earnings in 2017
  - Implies 7%-8% dividend growth annually 2015-2017
  - In January, the board authorized an increase in the quarterly dividend to 39 cents a share
- $300 million share buyback program authorized from 2014 through 2017
- Proven management team that has delivered strong financial results and operational excellence
- Balanced regulatory climate

Wisconsin Energy Corporation

A Track Record of Performance

Consistent Earnings and Dividend Growth

Wisconsin Energy is the only company in the

- S&P Electric Index
- S&P Utilities Index
- Philadelphia Utility Index
- Dow Jones Utilities Average

that has grown earnings per share and dividends per share every year since 2003

Wisconsin Energy Corporation

A Track Record of Performance

Industry Leading Total Shareholder Returns

	One Year	Three Year	Five Year	Ten Year
Wisconsin Energy	**16.1%**	**55.5%**	**131.8%**	**227.1%**
S&P Utilities Index	13.2%	37.5%	62.3%	141.8%
S&P Electric Index	7.8%	29.7%	38.7%	132.4%
Philadelphia Utility Index	11.0%	31.6%	53.0%	137.1%
Dow Jones Utilities Average	12.7%	37.1%	64.2%	170.5%

Annualized returns for periods ending 12/31/2013

Source: Bloomberg data, assumes all dividends were reinvested and returns were compounded daily

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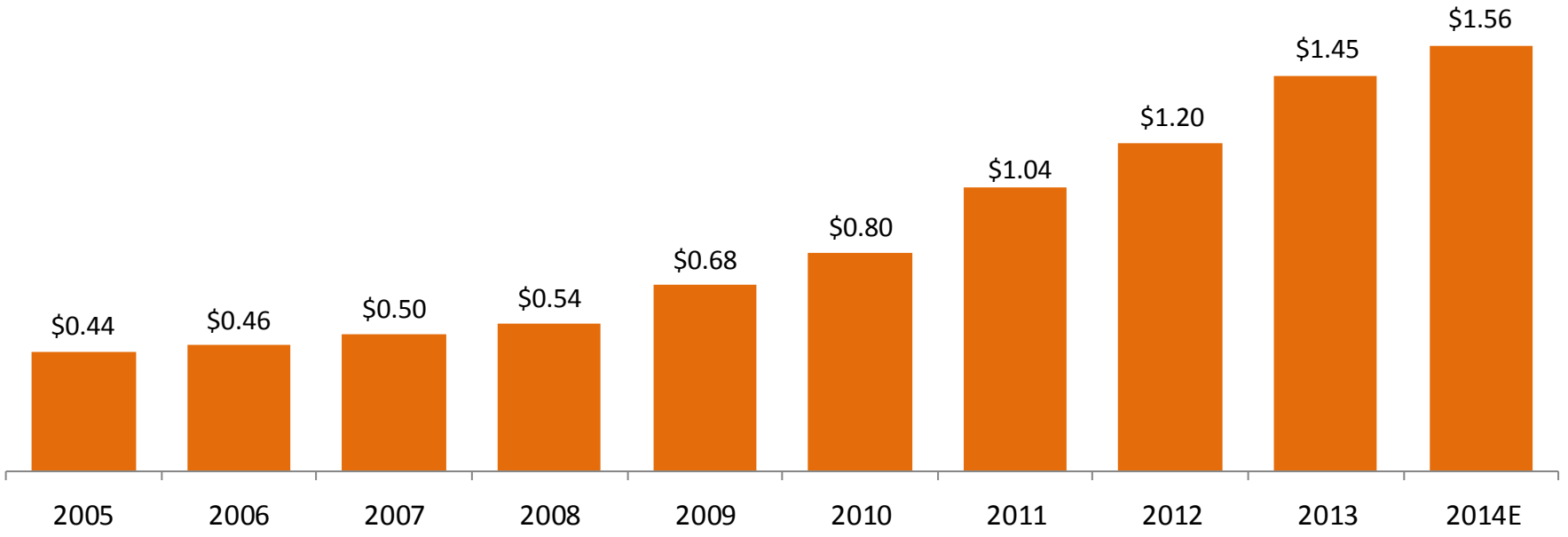
A Track Record of Performance

Industry Leading Dividend Growth



Targeting dividend payout ratio of 65 - 70 percent of earnings in 2017

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A Track Record of Performance

Leading Reliability and Customer Satisfaction



- Named the most reliable utility …
  - In the U.S. in 2013
  - In the Midwest nine of the past 12 years
- During 2013, achieved highest customer satisfaction ratings in past decade …
  likely best ever

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A Track Record of Performance

Power the Future Investments – Natural Gas

Meeting the Region's Energy Needs

Capacity 1,090 MW

Investment $664 million

ROE 12.7%

Equity 53%

In Service Dates

Unit 1 – July 2005

Unit 2 – May 2008

Cost Per Unit of Capacity $609/kW



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A Track Record of Performance

Power the Future Investments – Coal

Meeting the Region's Energy Needs

Capacity	1,030 MW[1]
Investment	$2 billion[1]
ROE	12.7%
Equity	55%
In Service Dates	Unit 1 – February 2010, Unit 2 – January 2011
Cost Per Unit of Capacity	Approximately $1,950/kW



1 All capacity and investment amounts reflect WEC ownership only. Demonstrated capacity for the coal units is 1,057 MW – value shown in table is amount guaranteed in lease agreement.

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A Track Record of Performance

Dramatic Change in Environmental Performance

- From 2000 to 2014...
  - Power plant capacity — up 50% 
  - Emissions of
    - nitrogen oxide
    - sulfur dioxide
    - mercury
    - particulate matter

    — down 80% 

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A Track Record of Performance

Strong Financial Foundation

Positive Cash Flow …

- Project $500 million of free cash flow from 2014-2018
- Expect to generate free cash flow each year after reaching target dividend payout ratio in 2017

Solid credit ratings …

	Moody's	S&P	Fitch
WEC	A2	A-	A-
WE	A1	A-	A
WG	A1	A	A-

Well Funded Pension …

- Over 100% funded at year-end 2013
- More than $330 million in contributions in 2011 and 2012

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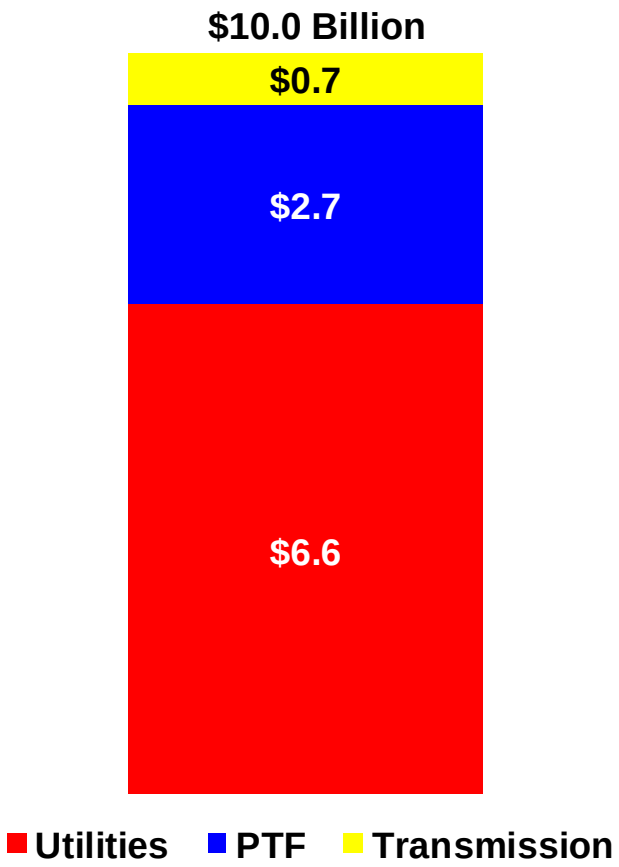
Summary of our Core Business

Rate Base and Power the Future Investment at 12/31/13



- **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.

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Where We Go From Here

Major Segment Earnings for 2012 – 2014

Projecting earnings per share growth of 4-6% annually from the 2011 base

	2012A	2013A	2014E
Electric and Gas Utilities	$1.55	$1.67	$1.67 to $1.77
Power the Future (1)	$0.69	$0.72	$0.73
Wholesale Electric Transmission (2)	$0.17	$0.18	$0.19
Unallocated holding company debt (3)	($0.06)	($0.06)	($0.06)
	$2.35	$2.51	$2.53 to $2.63

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

(2) 26.2% investment in ATC

(3) Includes unallocated holding company debt and other miscellaneous corporate costs

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Where We Go From Here

Delivering the Future

- From 2014 through 2018, our plan is to invest $3.2 to $3.5 billion in needed infrastructure projects that will:
  - Renew and modernize our grid
  - Meet new environmental standards
  - Reduce our operating costs for customers

- From 2014 through 2023, our plan is to invest $6.5 to $7.1 billion in needed infrastructure

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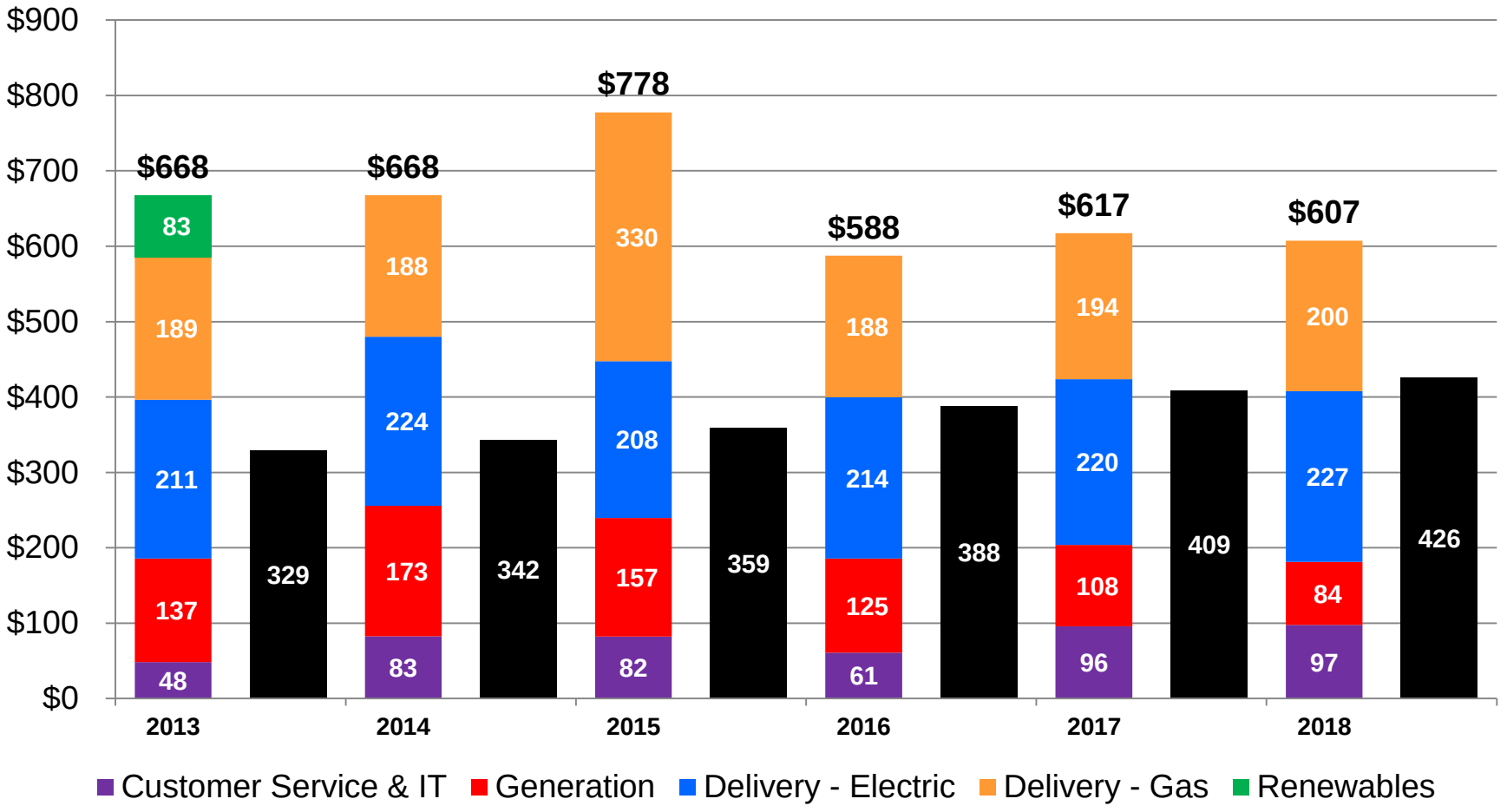
Where We Go From Here

Five-Year Capital Investment in our Retail Utilities

(*Projected Investment, In millions*)



Depreciation expected to average $375 million annually over the five-year period

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Delivering the Future – Electric Overview

Between 2014 and 2018, we plan to:

- Rebuild 2,000 miles of electric distribution lines that are more than 50 years old
- Replace:
  - 18,500 power poles
  - 20,000 transformers
  - Hundreds of substation components



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Delivering the Future – Gas Overview

Between 2014 and 2018, we also plan to:

- Replace:
  - 1,100 miles of vintage plastic and steel gas mains
  - 83,000 individual gas distribution lines
  - 233,000 meter sets



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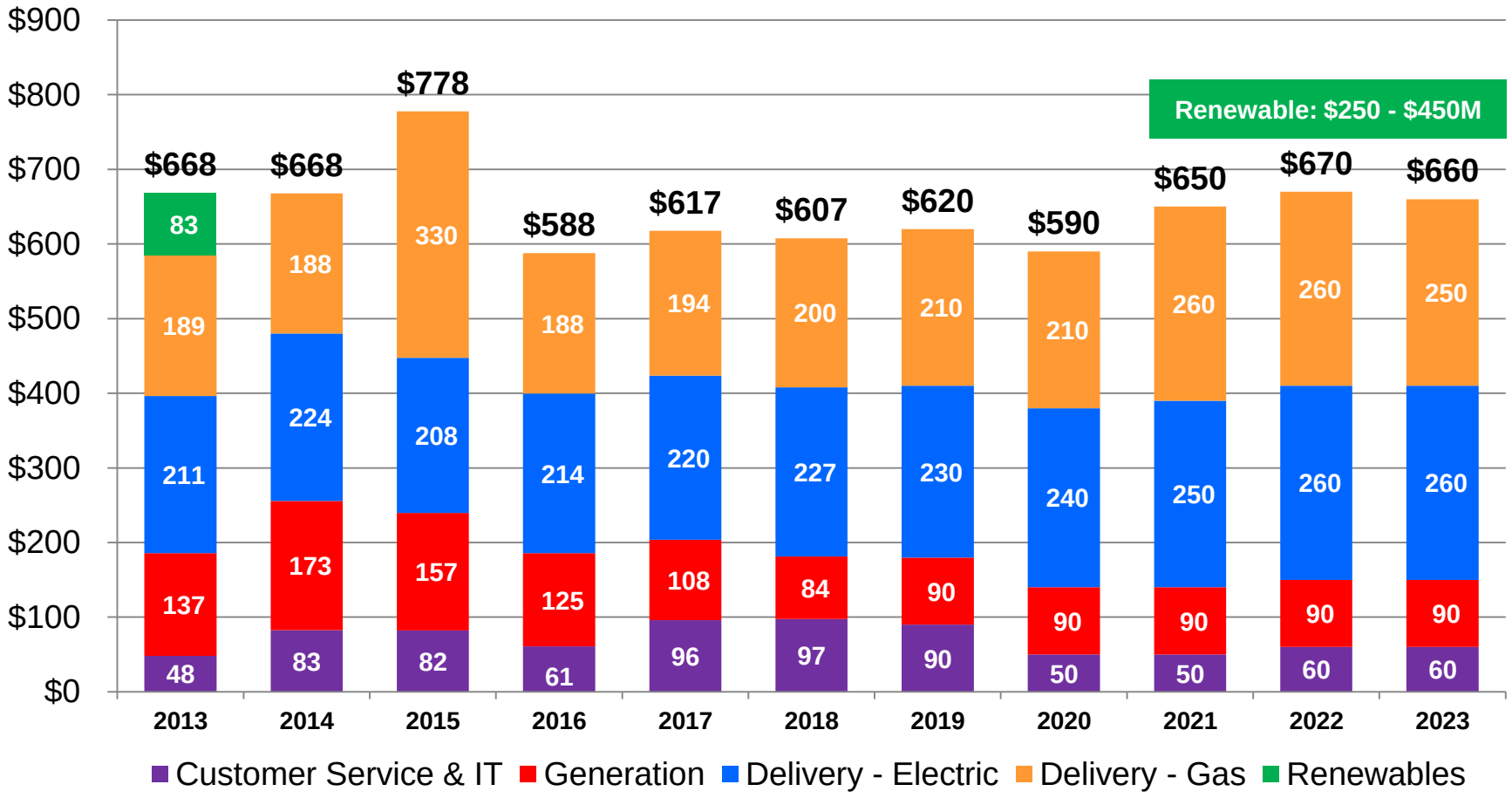
Where We Go From Here

Ten-Year Capital Investment in our Retail Utilities

(*Projected Investment, In millions*)



Depreciation expected to average $425 million annually over the ten-year period

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Where We Go From Here

Ten-Year Capital Projection 2014 - 2023

$6.5 to $7.1 billion investment in our core business



Plus Additional Growth Opportunities

- ATC – Traditional Footprint
  - $3.0 to $3.6 billion
  - WEC Ownership 26.2%
- DATC – Outside ATC Traditional Footprint
  - $4.0 billion +
  - WEC Interest 13.1%
- Natural Gas Expansion/Conversion
- State of Wisconsin Energy Assets
- Share Repurchases

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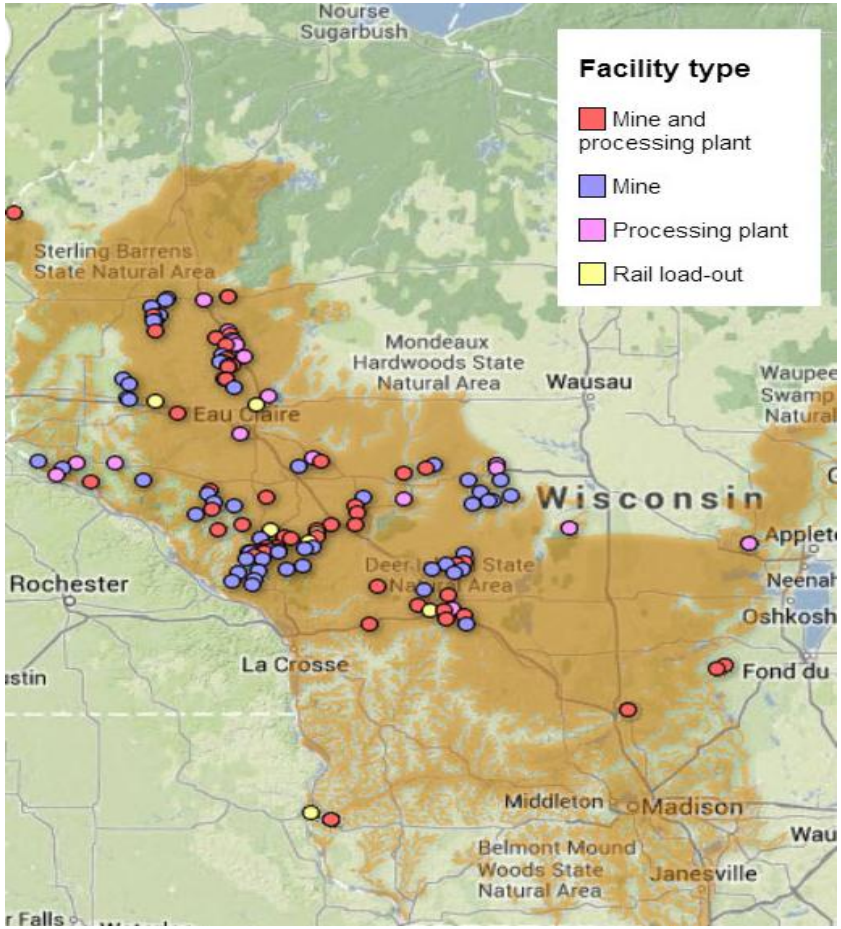
Where We Go From Here

Western Wisconsin Gas Expansion

- Additional natural gas distribution capacity needed to address reliability and to meet growth in customer demand
  - Propane conversion - nine municipalities have passed franchise resolutions to receive natural gas service
  - Frac sand mining - increase from 10 to 115 licensed sand mining operations since 2010
- Seeking approval from the Wisconsin Commission
  - Environmental surveys complete
- Expected initial investment for the 85-mile lateral: $150-$170 million

Sand Plants – Wisconsin



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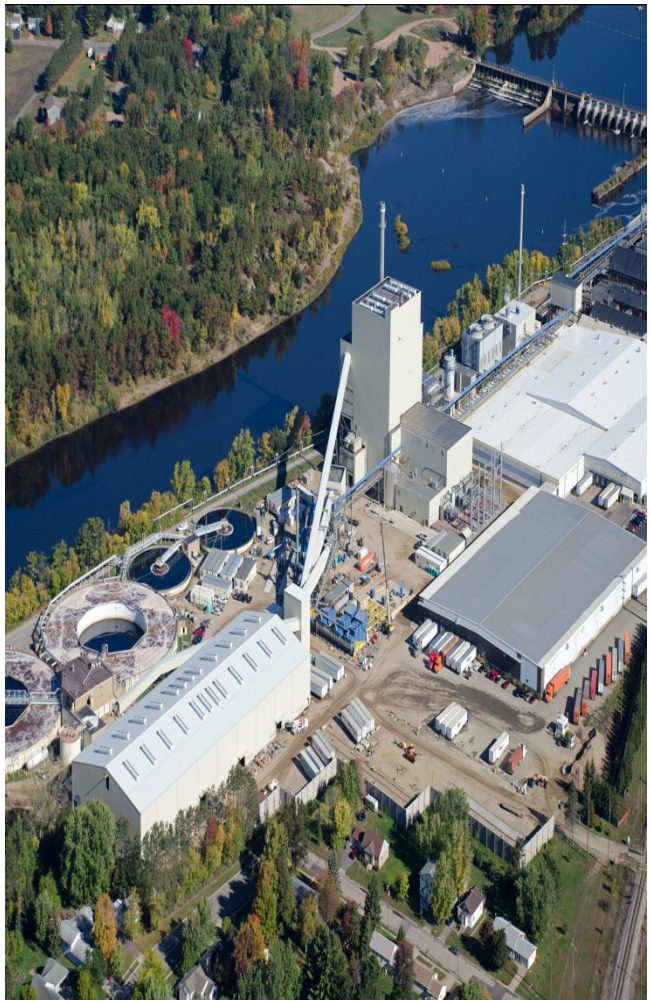
Where We Go From Here

Renewable Energy Investments

- Biomass plant completed
  - 50MW
  - Investment of $269 million
  - Commercial operation began in November of 2013
- Renewable fleet in place
  - Glacier Hills Wind Park (162 MW, in service since 2011)
  - Blue Sky Green Field Wind Park (145 MW, in service since 2008)
  - Montfort Wind Energy Center (30 MW, purchased in 2012)
- We expect to be in compliance with the Wisconsin renewable portfolio standard through 2022



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Where We Go From Here

Valley Power Plant

- In 2012 announced plans to convert Valley from coal to natural gas
- Targeting completion of the conversion for late 2015 or early 2016
  - Follows completion of a $26 million gas pipeline upgrade with expected completion in 2014
- Received verbal approval from the Wisconsin Commission



- Projected conversion cost for Valley: $65 to $70 million

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Where We Go From Here

Twin Falls Hydroelectric Powerhouse

- In 2012 announced plans to build a new powerhouse at Twin Falls
  - Existing powerhouse is in need of repair
- All major permits have been obtained
- Construction began in the fall of 2013 with scheduled completion in 2016
- Expected cost: $60 to $65 million



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Where We Go From Here

Michigan Retail Choice

- Two iron ore mines in Michigan's Upper Peninsula switched to an alternate energy supplier effective September 1, 2013
- Presque Isle Power Plant Impacts:
  - Reached agreement with Wolverine Power Cooperative to end joint venture
  - Assessing interest of other potential owners
- MISO filed 'System Support Resource' agreement with FERC at the end of January for payments to support operation of the plant for one year

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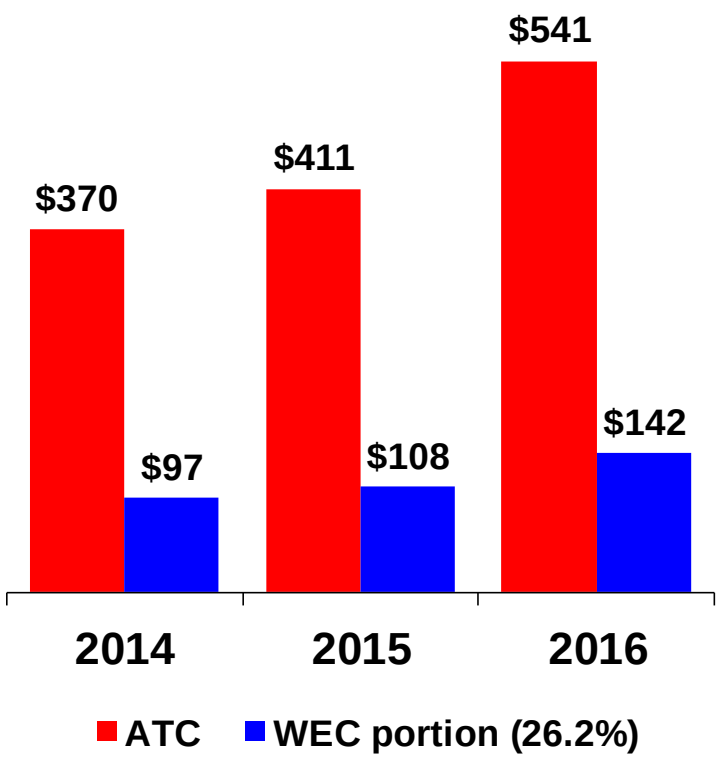
Where We Go From Here

Growth at American Transmission Company

Projected Capital Expenditures (Millions of Dollars)



Key Assumptions

- ATC rate base at year end 2014 is projected to be about $2.9 billion
- ATC projects a need for $3.0-$3.6 billion of transmission improvements in its footprint from 2013 to 2022
- Implies average $68 million effective annual rate base growth for WEC from 2014 to 2016
- Excludes potential transmission projects outside ATC's traditional footprint

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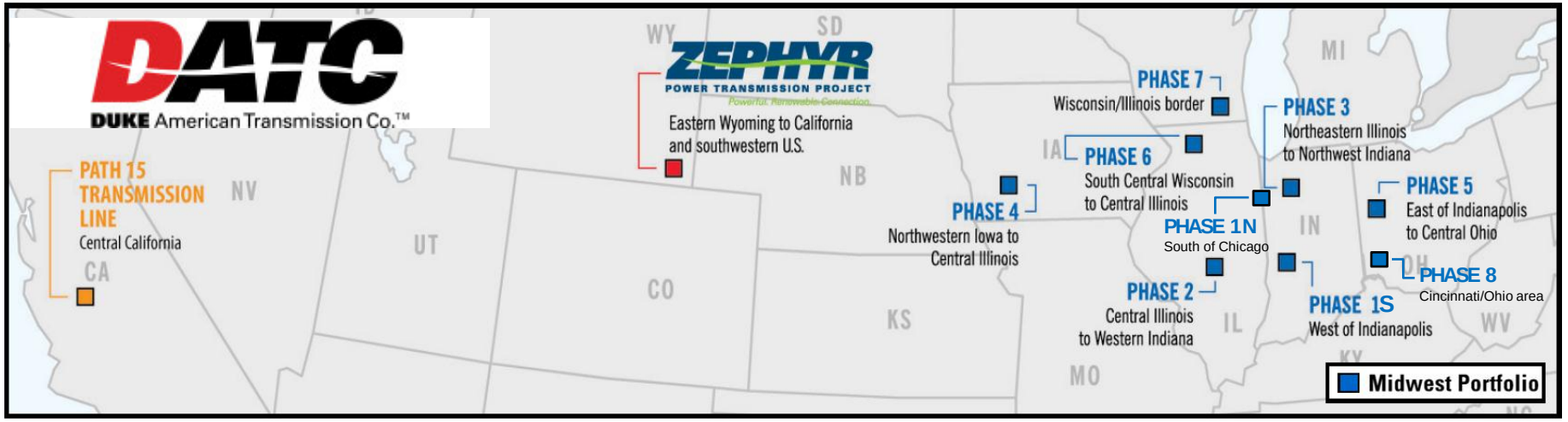
Where We Go From Here

DATC



- Joint venture between Duke Energy and ATC (DATC)
  - Ownership is split 50/50 between Duke and ATC
- DATC has identified three distinct investment opportunities
  - California's Path 15 transmission line (purchased interest on April 30, 2013)
  - Transmission projects in the Midwest
    - Approximately $4 billion of potential investment over ten years
  - Zephyr Power Transmission Project

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Where We Go From Here

Industry Leading Dividend Growth

- The board of directors raised the quarterly dividend in January to 39 cents a share – equivalent to an annual rate of $1.56 a share
  - Represents a 30% increase over the rate in effect during 2012
- The board of directors also affirmed a target payout ratio of 65-70 percent of earnings in 2017
  - Supports 7-8 percent dividend increases from 2015-2017

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Where We Go From Here

Financial Flexibility for Share Repurchases

- The board of directors authorized management to purchase up to $300 million of Wisconsin Energy common stock from 2014 – 2017
- Original share buyback program authorized the purchase of up to $300 million of Wisconsin Energy common stock from 2011 – 2013
- At the end of 2013
  - Repurchased 7.7 million shares at an average price of $36.19 a share
  - Invested $277.8 million

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Where We Go From Here

Holding Company Debt Retirement

- Our free cash position enables us to consider the early retirement of holding company obligations

- Two major debt instruments at the holding company
  - $200 million bond with a 6.2% coupon expiring in 2033
  - $500 million hybrid security with a 6.25% coupon converting to a floating rate in 2017

- Timing and magnitude of retirement depends on several factors including interest rates and our potential capital investments

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Key Takeaways on Wisconsin Energy

An "Earn and Return" Company with a Low Risk Profile

- Power the Future program now complete
  - Highly visible earnings and strong cash flow
- Well managed utility franchises with rate base growth
- Investment in American Transmission Company provides an additional regulated growth opportunity
- Positioned to deliver among the best risk-adjusted returns in the industry
  - Positive free cash flow
  - Best in class dividend growth story

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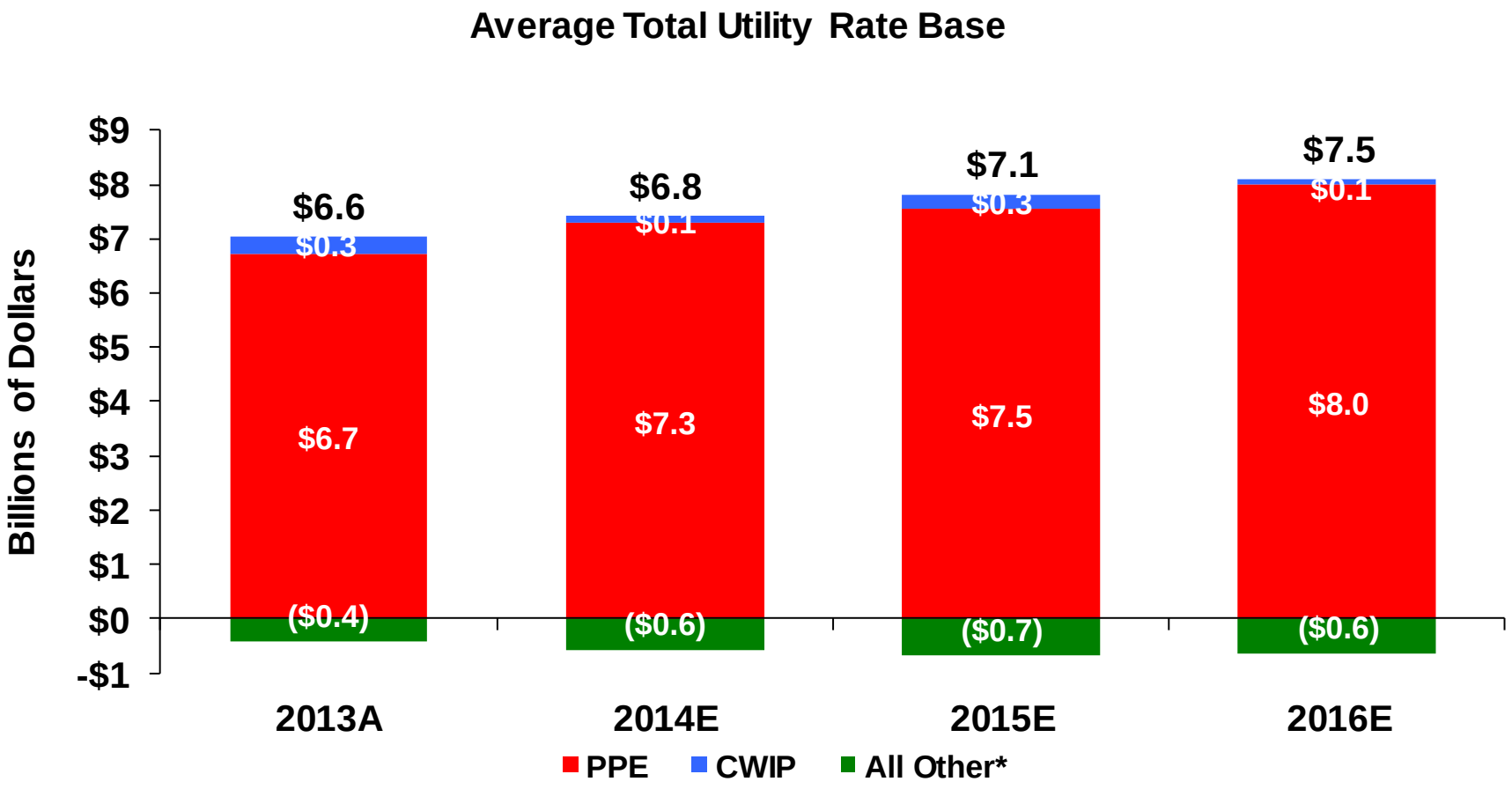
Appendix

Where We Go From Here

Projected Rate Base



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

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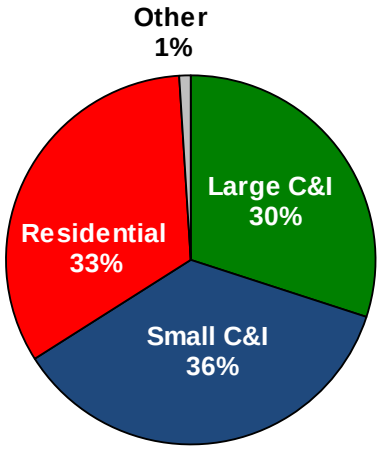
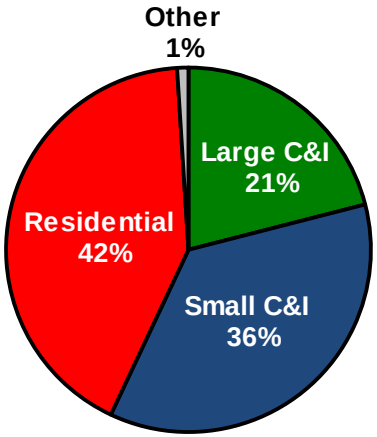
Electric Retail Customer Base

2013 Retail KWh Sales Mix*



2013 Retail Revenues*



C&I Sector Largest Segments*	% of 2013 Electric C&I Sales
Office	13.5%
Retail	7.0%
Primary Metals	6.6%
Health Care	6.3%
Food	5.7%
Education	5.3%
Hospitality	5.0%
C&I Machinery	4.7%

*Excludes Michigan Retail Choice Customers

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Forecast of Electric Sales*

	2014 Forecast vs. 2013 Actual	2014 Forecast vs. 2013 Normalized
Residential	-0.6%	0.4%
Small C&I	-0.4%	0.3%
Large C&I (ex. Mines)	1.0%	0.9%
Total Retail w/o Mines	0.0%	0.5%

*Delivered Volumes

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Forecast of Electric Sales*

	2014 Forecast vs. 2013 Actual	2014 Forecast vs. 2013 Normalized
Residential	-0.6%	0.4%
Small C&I	-0.6%	0.1%
Large C&I (ex. Mines)	-0.7%	-0.8%
Total Retail w/o Mines	-0.6%	-0.1%

*Supply and Distribution Volumes

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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	03/2019

Michigan Commissioners			
Name	Party	Began Serving	Term Ends
John D. Quackenbush Chairman	R	10/2011	07/2017
Greg R. White	I	12/2009	07/2015
Sally Talberg	I	07/2013	07/2019

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