



***Wisconsin Energy  
Corporation***

**Credit Suisse Energy Summit**

**February 2013**

## 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, construction costs and capital expenditures, investment opportunities, 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.

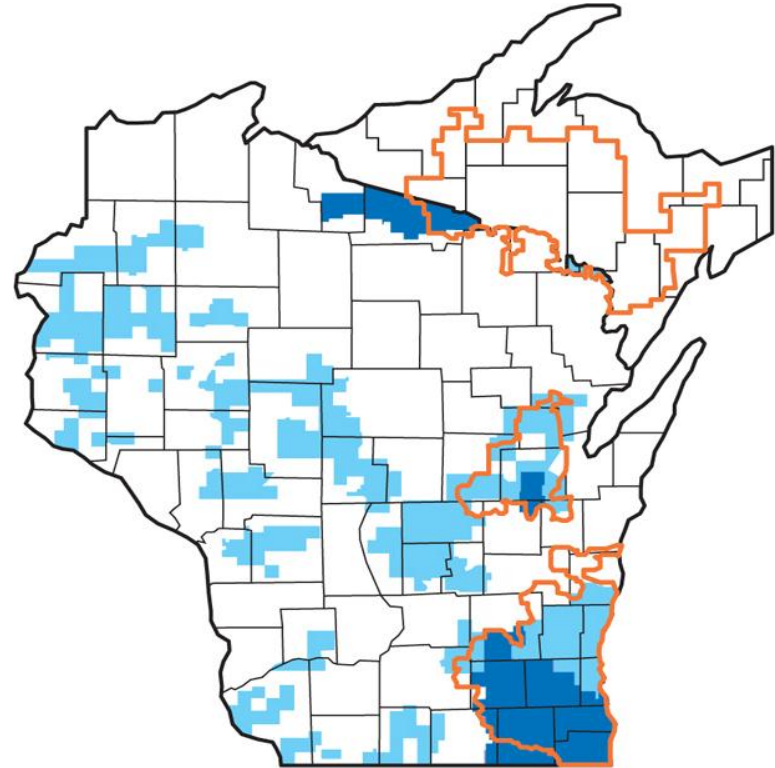
In addition to the assumptions and other factors referred to in connection with the forward-looking information, factors that could cause Wisconsin Energy's actual results to differ materially from those contemplated in any forward-looking information or otherwise affect our future results of operations 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; cyber-security threats; construction risks; equity and bond market fluctuations; the impact of recent and future federal, state and local 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, 2011 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.

# Overview

## Retail Electric and Gas Utilities

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



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

# 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 - moving to a 60% dividend payout ratio in 2014 and targeting 65%-70% in 2017
  - Implies 7%-10% dividend growth each year
- \$300 million share buyback program authorized through 2013
  - \$152 million completed through 2012
- Proven management team that has delivered strong financial results and operational excellence
- Constructive regulatory climate

*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

Total Shareholder Return\*

# Three-Year Performance

## Wisconsin Energy

**63.0%**

Dow Jones Industrial Average

36.3%

S&P 500 Index

36.3%

NASDAQ Composite Index

38.0%

Philadelphia Utility Index

25.3%

S&P Electric Index

24.6%

\* Through 2012

# Total Shareholder Return\*

## Five-Year Performance

### Wisconsin Energy

**76.2%**

Dow Jones Industrial Average

13.8%

S&P 500 Index

8.6%

NASDAQ Composite Index

20.4%

Philadelphia Utility Index

0.3%

S&P Electric Index

-4.5%

\* Through 2012

# Total Shareholder Return\*

## Ten-Year Performance

<b>Wisconsin Energy</b>	<b>285.2%</b>
Dow Jones Industrial Average	102.7%
S&P 500 Index	98.6%
NASDAQ Composite Index	147.2%
Philadelphia Utility Index	166.6%
S&P Electric Index	167.8%

\* Through 2012



*A Track Record of Performance*

# Leading Reliability and Customer Satisfaction



- Named the most reliable utility in the Midwest
- Eighth time in the past 11 years
- During 2012, achieved highest customer satisfaction ratings in past decade ... likely best ever
- More than 350,000 proactive customer interactions annually

# Customer Satisfaction

- Highest customer satisfaction ratings in the past decade
- Likely the best ever
  - 80.8% very satisfied with We Energies
  - 91.4% satisfied or very satisfied with We Energies
  - 88.6% very satisfied with the transaction
  - 94.5% satisfied or very satisfied with the transaction

*A Track Record of Performance*

## **Power the Future Investments – Natural Gas**

*Meeting the Region's Energy Needs*

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**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



*A Track Record of Performance*

# Power the Future Investments – Coal

*Meeting the Region's Energy Needs*

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**Capacity** 1,030 MW<sup>1</sup>

**Investment** \$2 billion<sup>1</sup>

**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



<sup>1</sup> All capacity and investment amounts reflect WEC ownership only. Demonstrated capacity for the coal units is 1,056 MW – value shown in table is amount guaranteed in lease agreement.

# **Dramatic Change in Environmental Performance**

- From 2000 to 2013...

- Power plant capacity

up 50%



- Emissions of

nitrogen oxide

sulfur dioxide

mercury

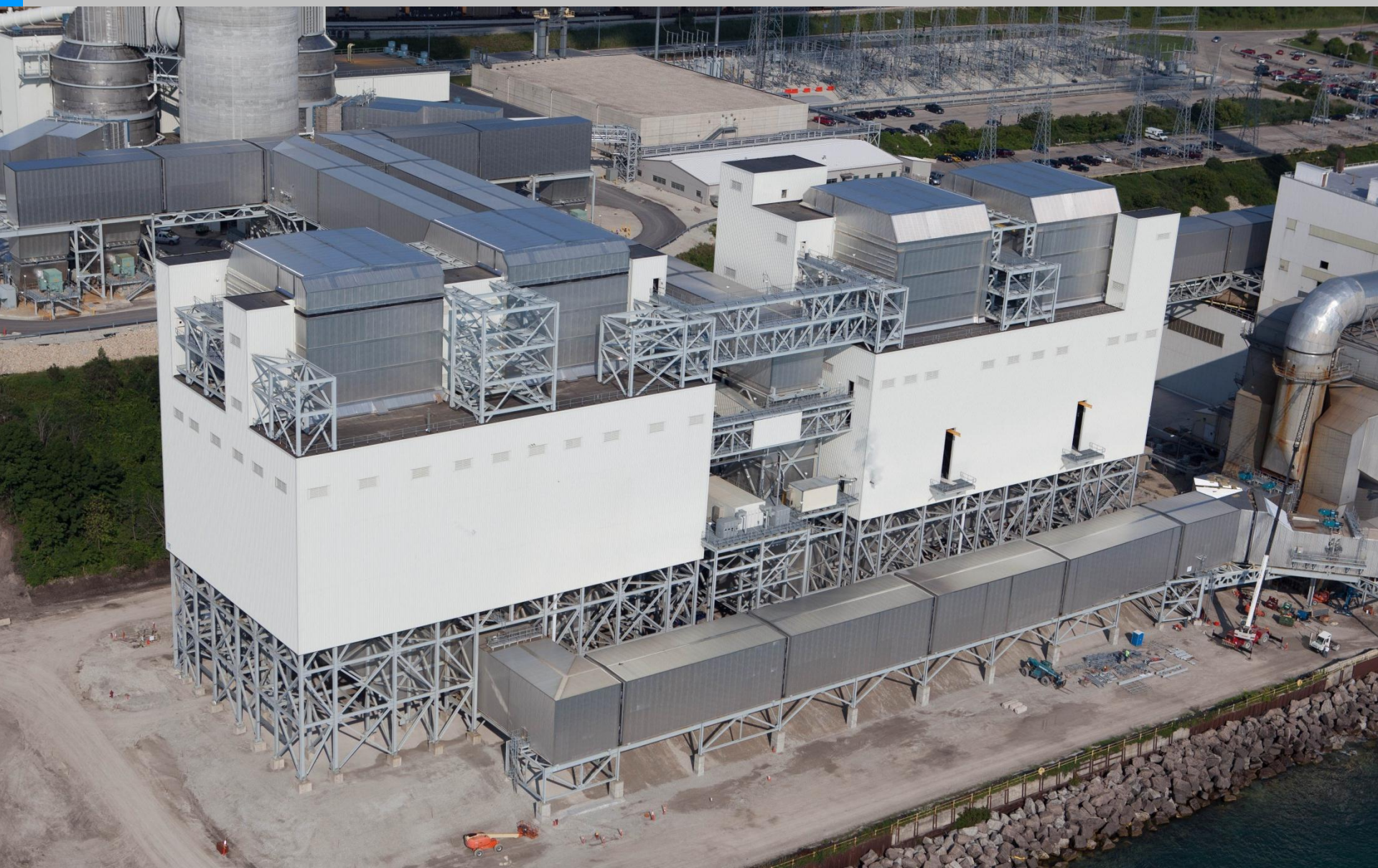
particulate matter

down 80%



*A Track Record of Performance*

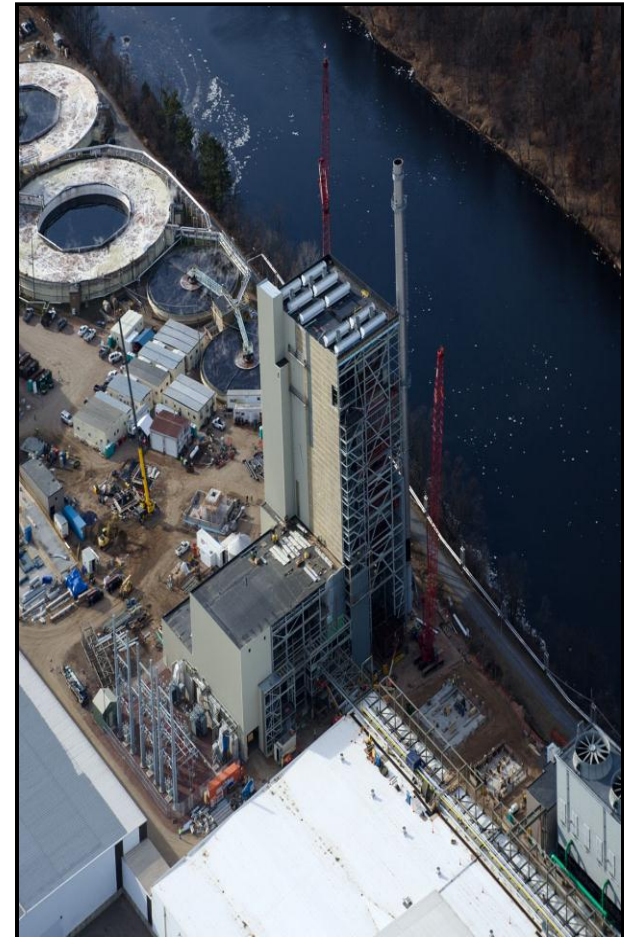
# **State of the Art Emission Controls**



*Where We Go From Here*

# Renewable Energy Investments

- Biomass Plant
  - 50MW
  - Projected investment of \$245-\$255 million
  - Approved by Wisconsin commission and Domtar Inc.
  - Targeting completion by the end of 2013
  
- Montfort Wind Energy Center
  - 30MW
  - Purchased from a subsidiary of NextEra Energy, Inc.
  - Purchase price of \$27 million
  - Approved by Wisconsin Commission and completed in December 2012
  
- We've also completed several renewable energy transactions. We expect to be in compliance with the Wisconsin renewable portfolio standard through 2019



*Where We Go From Here*

# Delivering the Future – Electric Overview

Between now and 2017,  
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





*Where We Go From Here*

# Delivering the Future – Gas Overview

Between now and 2017,  
we also plan to:

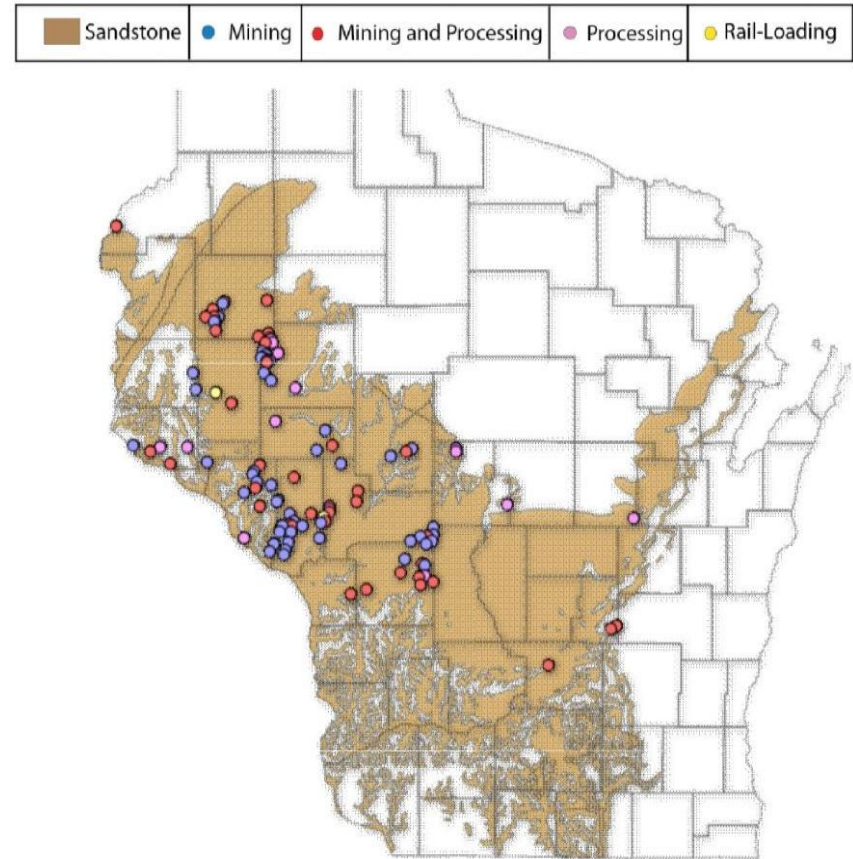
- Replace:
  - 1,250 miles of fiberglass, plastic and steel gas mains
  - 83,000 individual gas distribution lines
  - 233,000 meter sets



# Western Wisconsin Gas Expansion

- Additional natural gas capacity needed to address reliability and to meet growth in customer demand
  - Demand driven in part by propane conversion and frac sand mining
- Plan to seek approval from the Wisconsin Commission in 2013
- Expected initial investment: \$150 million

## Sand Plants – Wisconsin



# *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
- Conversion cost estimated at \$60 to \$65 million
  - Included in our 2013–2017 capital budget



# Delivering the Future

- From 2013 through 2017, 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
  - Add clean, renewable energy to our fleet

## **Multiple Opportunities Being Evaluated**

- Additional capital for fuel blending at the Oak Creek Expansion units
- Divestiture of energy assets by the State of Wisconsin
- New transmission projects outside of Wisconsin and Michigan through our 26.2 percent ownership of American Transmission Company
- Investment required to meet future EPA rules

# Best in Class

## Financial Flexibility

- We project more than \$500 million of free cash flow after capital spending and dividends over the five-year period 2013-2017

Where We Go From Here

# Industry Leading Dividend Growth

- The directors raised the quarterly dividend in January to 34 cents a share – equivalent to an annual rate of \$1.36 a share
  - 13.3 percent increase over the 2012 amount



**Wisconsin Energy Corporation**

## **Industry Leading Dividend Growth**

- We're targeting a 60 percent payout ratio in 2014
  - Supports a double digit increase next year
- The directors also approved a target payout ratio of 65-70 percent in 2017
  - Supports 7-8 percent increases from 2015-2017



# Financial Flexibility for Share Repurchases

- Board has authorized management to purchase up to \$300 million of Wisconsin Energy common stock through the end of 2013
- Buyback program was 50% complete at the end of 2012
  - Repurchased 4.65 million shares at an average price of \$32.63 a share
  - Spent \$151.8 million

# 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
  - Have received final regulatory approvals and rate treatment is in place
- 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