

IntegrYS Energy Services (IES) Sale

- IES Overview
 - Provides retail gas and electric marketing across 22 states in the northeastern quadrant of the U.S. and D.C.
 - Sales of \$2 billion in 2013
- Now in the late stages of a competitive process to divest IES
- Expect to close in 2014
- IES' solar power generation business not part of sale



Key Takeaways of Transaction

- Combination creates the leading electric and natural gas utility in the Midwest and a top ten gas distribution company
- EPS growth of 5-7% coupled with strong dividend growth
- Ownership of the ATC positions us for additional transmission investment
- Positioned to deliver among the best risk-adjusted returns in the industry
 - Positive free cash flow



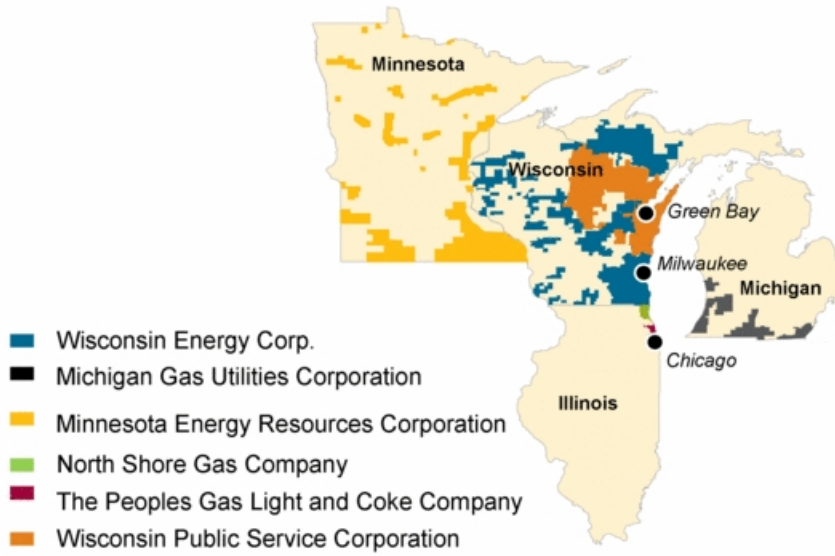
Presentation Outline

- Strategic Rationale
- Financial Summary and Approval Timeline
- Integrys Overview
- Appendix



Appendix

Combined Company Operating Company View



Note: assumes sale of Integrys' UPPCO subsidiary



Appendix

Creating a Premier Midwest Utility

	Standalone			Pro Forma
	WEC	TEG		
Regulated Jurisdictions	WI, MI	WI, IL, MI, MN	➔	WI, IL, MI, MN
Electric Customers (000s)	1,128	445	➔	1,573
Gas Customers (000s)	1,080	1,698	➔	2,778
Total Customers (000s)	2,208	2,143	➔	4,351
Electric Transmission (miles)	2,484	3,230	➔	5,714
Electric Distribution (miles)	45,597	25,100	➔	70,697
Gas Transmission (miles)	0	1,000	➔	1,000
Gas Distribution (miles)	20,967	22,300	➔	43,267
2013 Electric Rate Base (\$mm)	7,993	2,116	➔	10,109
2013 Gas Rate Base (\$mm)	1,331	2,478	➔	3,809
ATC Ownership (%)	26.20	34.07	➔	60.27

Note: Wisconsin Electric's Electric Customers includes 445 downtown Milwaukee industrial steam customers. Water 2013 Electric Rate Base excludes ATC and includes PTF. Iron and Pro Forma exclude discontinued operations and one-time items.



Appendix

Dividend Parity – Illustrative Example

(based on current annual dividends per share)

	<u>Per Share</u>
DIVIDEND EXCHANGE RATIO	
Wisconsin Energy 10 trading day average closing price at effective merger close date ⁽¹⁾	\$46.89
x Stock consideration exchange ratio	1.128x
= Value of stock consideration	\$52.89
+ Value of cash consideration	\$18.58
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= Total transaction consideration	\$71.47
/ Wisconsin Energy 10 trading day average closing price at effective merger close date ⁽¹⁾	\$46.89
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= Dividend Exchange Ratio	1.524x
ADJUSTED DIVIDEND	
Current Integrys dividend	\$2.72
+ Dividend Exchange Ratio	1.524x
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Implied Wisconsin Energy adjusted dividend	\$1.78
Current Wisconsin Energy dividend	\$1.56
Wisconsin Energy dividend uplift for parity	\$0.22 or 14.4%

1. For illustrative purposes, assumes Wisconsin Energy's 10 trading day average closing price at the effective merger close date is equal to Wisconsin Energy's closing stock price as of June 20th, 2014.



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Appendix

Regulated Enterprise Value as Multiple of 2015 Rate Base Calculation (\$ Billions)

Enterprise Value (excluding ATC proportional debt)	\$9.1
+ ATC proportional debt	0.7
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= Enterprise Value (including ATC proportional debt)	\$9.8
- Approximate Book Value of Non-Regulated Businesses	(0.5)
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= Regulated Enterprise Value	\$9.3
2015E Rate Base - Electric and Gas Utilities	\$4.9
+ 2015E Rate Base – ATC Proportional	1.1
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= 2015E Total Rate Base	\$6.0
Regulated Enterprise Value / 2015E Total Rate Base	1.55x

Note: ATC values based on Integrys ownership of approximately 34%



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Appendix

IntegrYS Regulated Utilities – Regulatory Rate Base and Return on Equity

	PGL	NSG	MERC	MGU	WPS		UPPCO
	PEOPLES GAS NATURAL GAS DELIVERED	NORTH SHORE GAS NATURAL GAS DELIVERED	MINNESOTA ENERGY	MICHIGAN GAS UTILITIES	Wisconsin	Wisconsin	UPPCO
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Retail last authorized, IL/MN							
Rate base/investment (\$ millions)	1,495	201	190				
Allowed ROE	9.28%	9.28%	9.70%				
Authorized regulatory equity %	50.43%	50.32%	50.48%				
Date of decision	12/18/2013	12/18/2013	7/13/2012				
Retail last authorized, MI							
Rate base/investment (\$ millions)				210 ⁽¹⁾	2	14	218 ⁽²⁾
Allowed ROE				10.25%	14.25%	10.60%	10.15%
Authorized regulatory equity %				48.62% ⁽¹⁾	42.40%	56.39%	41.10%
Date of decision				11/14/2013	6/7/1983	12/4/2007	12/19/2013
Retail last authorized, WI							
Rate base/investment (\$ millions)					383 ⁽³⁾	1,918 ⁽³⁾	
Allowed ROE					10.20%	10.20%	
Authorized regulatory equity %					50.14%	50.14%	
Date of decision					12/18/2013	12/18/2013	
Wholesale last authorized							
Rate base/investment (\$ millions)						299 ⁽⁴⁾	3 ⁽⁵⁾
Allowed ROE						-	-
Authorized regulatory equity %						-	-
Date of decision						-	-

Notes:

- (1) The MGU rate case was settled with no stated rate base value. \$210 million corresponds to MGU's filed amount with deferred taxes included in the capital structure. Rate base would be \$177 million, and the common equity ratio would be 50.12%, with deferred taxes in rate base.
- (2) The UPPCO rate case was settled with no stated rate base value. \$221 million corresponds to UPPCO's filed amount, with deferred taxes included in the capital structure. Rate base would be \$161 million, and the common equity ratio would be 56.74%, with deferred taxes in rate base.
- (3) Wisconsin includes working capital.
- (4) Service provided under FERC Tariff and Market-Based Rate Contracts, each of which is formula based.
- (5) Primarily Distribution Service served under the Joint Tariff for the Sales of Ancillary Services ("JAST").



Filed pursuant to Rule 425 under the
Securities Act of 1933, as amended, and
deemed filed under Rule 14a-12 under the
Securities Exchange Act of 1934, as amended

Filer: Wisconsin Energy Corporation
Filer's Commission File No.: 001-09057

Subject Company: Integrys Energy Group, Inc.
Commission File No.: 1-11337
Date: June 27, 2014

On June 27, 2014, Wisconsin Energy sent a copy of the press release describing the acquisition of Integrys to its retired employees.

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PUBLISHED BY WE ENERGIES FOR RETIRED EMPLOYEES



Wisconsin Energy to acquire Integritys Energy Group for \$9.1 billion in cash, stock and assumed debt - creating a leading Midwest electric and gas utility

- Larger, more diverse regulated utility company with the financial strength and technical depth to meet customers' future energy needs; creates 8th largest natural gas distribution company in America
- Companies reiterate commitment to Integritys' 5-year plan to invest up to \$3.5 billion in infrastructure and operational initiatives to maintain high levels of reliability and improve customer service
- Combined company will have majority ownership of American Transmission Company, LLC
- Integritys shareholders to receive a 17.3 percent premium to Integritys' closing price on June 20, 2014, and a 22.8 percent premium to the volume-weighted average share price over the past 30 trading days
- Integritys to divest Integritys Energy Services
- Positions Wisconsin Energy to deliver enhanced earnings growth; accretive to Wisconsin Energy's earnings per share in first full calendar year after closing

June 23, 2014 – Wisconsin Energy Corp. (NYSE: WEC) and Integritys Energy Group Inc. (NYSE: TEG) announced that they have entered into a definitive agreement under which Wisconsin Energy will acquire Integritys in a

transaction valued at \$9.1 billion. Upon completion of the transaction, the combined company will be named WEC Energy Group, Inc.

The combination of Wisconsin Energy and Integritys brings together two strong and well-regarded utility operators with complementary geographic footprints to create a larger, more diverse Midwest electric and natural gas delivery company with the operational expertise, scale and financial resources to meet the region's future energy needs.

The combined entity is projected to have a regulated rate base of \$16.8 billion in 2015, serve more than 4.3 million total gas and electric customers across Wisconsin, Illinois, Michigan and Minnesota, and operate nearly 71,000 miles of electric distribution lines and more than 44,000 miles of gas transmission and distribution lines. The combination brings together Wisconsin Energy's top-performing electric and gas utility – We Energies – and Integritys' strong electric and gas utilities – Wisconsin Public Service, Peoples Gas, North Shore Gas, Minnesota Energy Resources and Michigan Gas Utilities.



We Energies – Energy You Can Depend On