WISCONSIN ENERGY NYSE-WEC

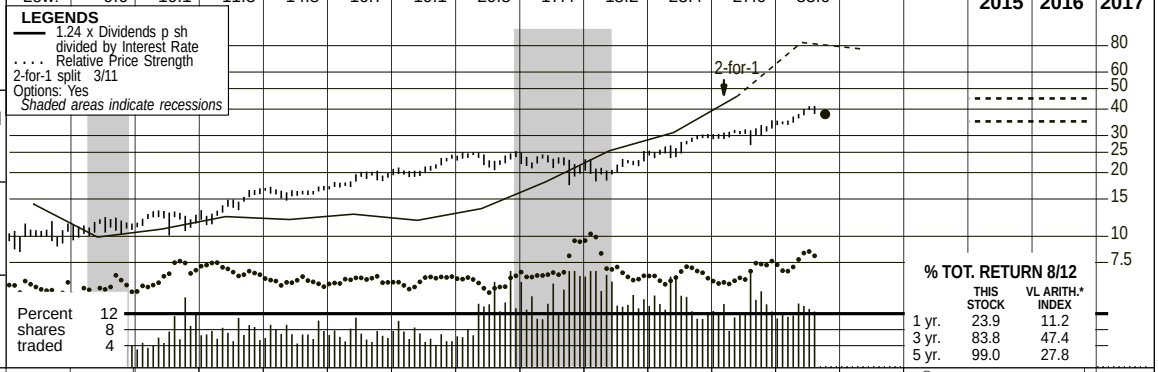
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
37.87	16.0	(Trailing: 16.5 Median: 14.0)	1.05	3.5%	VALUE LINE

TIMELINESS 3 Lowered 1/13/12
SAFETY 1 Raised 3/23/12
TECHNICAL 3 Raised 8/3/12
BETA .65 (1.00 = Market)

High:	12.3	13.2	16.8	17.3	20.4	24.3	25.2	24.8	25.3	30.5	35.4	41.5
Low:	9.6	10.1	11.3	14.8	16.7	19.1	20.5	17.4	18.2	23.4	27.0	33.6

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 1.24 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 3/11
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+20%)	8%
Low	35	(-10%)	2%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	4	0	2	0	2	3	4	5	0
to Sell	4	0	2	0	4	3	4	6	0

Institutional Decisions

	4Q2011	1Q2012	2Q2012
to Buy	188	191	187
to Sell	175	178	178
Hld's(000)	158257	157172	146079

% TOT. RETURN 8/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	23.9	11.2
3 yr.	83.8	47.4
5 yr.	99.0	27.8

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
7.94	7.93	8.56	9.56	14.14	17.02	16.10	17.12	14.66	16.31	17.08	18.12	18.95	17.65	17.98	19.46	*18.45*	*19.75*	Revenues per sh	*22.50*
2.13	1.48	2.06	2.26	2.24	2.72	2.84	2.86	2.58	2.89	2.90	2.98	2.95	3.11	3.30	3.68	*3.90*	*4.15*	"Cash Flow" per sh	*5.00*
.99	.27	.83	.94	.54	.92	1.16	1.13	.93	1.28	1.32	1.42	1.52	1.60	1.92	2.18	*2.30*	*2.35*	Earnings per sh A	*2.75*
.75	.77	.78	.78	.69	.40	.40	.40	.42	.44	.46	.50	.54	.68	.80	1.04	*1.20*	*1.36*	Div'd Decl'd per sh B ■	*1.80*
1.77	1.56	1.76	2.22	2.64	3.01	2.54	2.95	2.85	3.40	4.17	5.28	4.86	3.50	3.41	3.60	*3.30*	*3.10*	Cap'l Spending per sh	*3.00*
8.71	8.25	8.23	8.44	8.50	8.91	9.22	9.96	10.65	11.46	12.35	13.25	14.27	15.26	16.26	17.20	*18.00*	*18.65*	Book Value per sh C	*20.50*
223.36	225.73	231.21	237.81	237.29	230.84	232.06	236.85	233.97	233.96	233.94	233.89	233.84	233.82	233.77	230.49	*230.50*	*230.50*	Common Shs Outst'g D	*230.50*
14.3	NMF	18.0	13.3	18.7	12.1	10.5	12.4	17.5	14.5	16.0	16.5	14.8	13.3	14.0	14.2	*Bold figures are*		Avg Ann'l P/E Ratio	*14.5*
.90	NMF	.94	.76	1.22	.62	.57	.71	.92	.77	.86	.88	.89	.89	.89	.90	*Value Line*		Relative P/E Ratio	*.95*
5.4%	6.0%	5.2%	6.3%	6.8%	3.6%	3.3%	2.8%	2.6%	2.4%	2.2%	2.1%	2.4%	3.2%	3.0%	3.3%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 6/30/12
Total Debt $5191.8 mill. **Due in 5 Yrs** $1802.6 mill.
LT Debt $4297.5 mill. **LT Interest** $244.3 mill.
Incl. $120.0 mill. capitalized leases.
(LT interest earned: 3.9x)
Leases, Uncapitalized Annual rentals $16.3 mill.
Pension Assets-12/11 $1.26 bill. **Oblig.** $1.33 bill.
Pfd Stock $30.4 mill. **Pfd Div'd** $1.2 mill.
260,000 shs. 3.60%, $100 par, callable at $101;
44,498 shs. 6%, $100 par.
Common Stock 230,447,077 shs.

MARKET CAP: $8.7 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
3736.2	4054.3	3431.1	3815.5	3996.4	4237.8	4431.0	4127.9	4202.5	4486.4	*4250*	*4550*	Revenues ($mill)	*5200*
270.8	269.2	221.2	304.8	313.7	337.7	359.8	378.4	455.6	514.0	*535*	*550*	Net Profit ($mill)	*640*
37.4%	35.5%	37.5%	32.9%	35.8%	39.1%	37.6%	36.5%	35.4%	33.9%	*36.0%*	*36.5%*	Income Tax Rate	*36.5%*
4.1%	6.9%	10.0%	12.5%	19.0%	23.8%	27.2%	25.0%	18.6%	16.4%	*9.0%*	*7.0%*	AFUDC % to Net Profit	*6.0%*
59.8%	59.9%	56.2%	52.8%	51.3%	50.3%	54.8%	51.9%	50.6%	53.6%	*54.0%*	*53.5%*	Long-Term Debt Ratio	*52.5%*
39.6%	39.6%	43.3%	46.7%	48.2%	49.2%	44.8%	47.7%	49.0%	46.0%	*46.0%*	*46.5%*	Common Equity Ratio	*47.0%*
5400.3	5963.3	5762.3	5741.5	5992.8	6302.1	7442.0	7473.1	7764.5	8608.0	*9040*	*9300*	Total Capital ($mill)	*10025*
4398.8	5926.1	5903.1	6362.9	7052.5	7681.2	8517.0	9070.5	9601.5	10160	*10555*	*10870*	Net Plant ($mill)	*11525*
7.1%	6.3%	5.6%	7.0%	6.6%	7.0%	6.3%	6.4%	7.5%	7.5%	*7.5%*	*7.5%*	Return on Total Cap'l	*8.0%*
12.5%	11.3%	8.8%	11.2%	10.7%	10.8%	10.7%	10.5%	11.9%	12.9%	*13.0%*	*12.5%*	Return on Shr. Equity	*13.5%*
12.6%	11.4%	8.8%	11.3%	10.8%	10.9%	10.7%	10.6%	12.0%	12.9%	*13.0%*	*13.0%*	Return on Com Equity E	*13.5%*
8.3%	7.4%	4.9%	7.5%	7.1%	7.1%	7.0%	6.2%	7.0%	6.8%	*6.0%*	*5.5%*	Retained to Com Eq	*5.0%*
35%	35%	45%	34%	35%	35%	35%	42%	41%	47%	*52%*	*57%*	All Div'ds to Net Prof	*65%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-8.1	+6.0	-.5
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	6.57	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	5812	5908	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.2	+.3	+.2
Fixed Charge Cov. (%)	281	312	339

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	3.0%	3.0%	*3.5%*
"Cash Flow"	3.5%	4.0%	*7.0%*
Earnings	9.0%	10.0%	*6.5%*
Dividends	3.0%	14.0%	*13.5%*
Book Value	6.5%	7.0%	*4.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	1396.2	842.5	821.9	1067.3	4127.9
2010	1248.6	890.9	973.2	1089.8	4202.5
2011	1328.7	991.7	1052.8	1113.2	4486.4
2012	1191.2	944.7	*964.1*	*1150*	*4250*
2013	*1350*	*1000*	*1000*	*1200*	*4550*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.60	.27	.25	.48	1.60
2010	.55	.37	.47	.53	1.92
2011	.72	.41	.55	.49	2.18
2012	.74	.51	*.56*	*.49*	*2.30*
2013	*.80*	*.45*	*.56*	*.54*	*2.35*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.135	.135	.135	.135	.54
2009	.169	.169	.169	.169	.68
2010	.20	.20	.20	.20	.80
2011	.26	.26	.26	.26	1.04
2012	.30	.30	.30		

BUSINESS: Wisconsin Energy Corporation is a holding company for We Energies, which provides electric, gas & steam service in Wisconsin. Customers: 1.1 mill. elec., 1.1 mill. gas. Acq'd WICOR 4/00. Discontinued pump-manufacturing operations in '04. Sold Point Beach nuclear plant in '07. Electric revenue breakdown: residential, 36%; small commercial & industrial, 31%; large commercial & industrial, 24%; other, 9%. Generating sources: coal, 54%; gas, 7%; hydro, 1%; wind, 1%; purchased, 37%. Fuel costs: 42% of revs. '11 reported deprec. rate (utility): 2.8%. Has 4,600 employees. Chairman, President & CEO: Gale E. Klappa. Inc.: WI. Address: 231 W. Michigan St., P.O. Box 1331, Milwaukee, WI 53201. Tel.: 414-221-2345. Internet: www.wisconsinenergy.com.

Wisconsin Energy has a rate case pending in Wisconsin. The company's utilities in the state are seeking electric rate increases of $172.6 million (6.2%) in 2013 and $37.1 million in 2014, a gas rate decrease of $17.1 million in 2013, and small tariff hikes for steam. The staff of the Wisconsin commission is not contesting the 10.4%-10.5% returns on equity that the utilities are requesting. New rates should go into effect at the start of 2013.

An electric rate hike in Michigan took effect in late June. The regulators boosted Wisconsin Electric's tariffs by $9.2 million (5.2%), based on a 10.1% ROE. This was above the $7.7 million raise that the utility self-implemented six months earlier.

Earnings will likely advance at a mid-single-digit clip in 2012. This year, the utility avoided a rate increase by suspending $140.1 million of regulatory amortization. Average shares outstanding are down slightly, as well. We have raised our earnings estimate by a nickel a share due to favorable weather conditions. Our revised estimate is at the midpoint of Wisconsin Energy's targeted range of $2.28-$2.32 a share.

We have cut our 2013 earnings estimate by $0.05 a share. Wisconsin Energy's stock-repurchase authorization has $200 million remaining. We had estimated that the stock would be bought back next year, but are no longer doing so due to the high share price, which is up about 10% so far this year.

Wisconsin Energy has signaled that its dividends will probably be raised by more than 10% in 2013 and 2014. Over the past several years, the company has had a payout ratio that is well below the industry average. The board wants to change this, and is targeting a payout ratio of about 60% by 2014.

The high expected dividend growth is reflected in this stock's valuation. The dividend yield is nearly a full percentage point below the utility mean, and the relative price-earnings ratio is higher than it has been historically. Despite the strong dividend growth we project over the 3- to 5-year period, total return potential is unexciting because the quotation is already within our 2015-2017 Target Price Range.

Paul E. Debbas, CFA *September 21, 2012*

(A) Diluted EPS. Excl. nonrec. gains (losses): '99, (5¢); '00, 10¢ net; '02, (44¢); '03, (10¢) net; '04, (42¢); gains on disc. ops.: '04, 77¢; '05, 2¢; '06, 2¢; '09, 2¢; '10, 1¢; '11, 6¢. '11 EPS don't add due to rounding. Next earnings report due early Nov. **(B)** Div'ds historically paid in early Mar., June, Sept. & Dec. ■ Div'd reinvestment plan avail. **(C)** Incl. intang. In '11: $7.29/sh. **(D)** In mill., adj. for split. **(E)** Rate base: Net orig. cost. Rates all'd on com. eq. in WI in '10: 10.4%-10.5%; earned on avg. com. eq., '11: 13.1%. Regulat. Climate: Above Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	95

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