



*Moving Forward As A Leading
Midwest Energy Company*

February 21, 2007

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. You can identify these statements by the fact that they do not relate strictly to historical or current facts and often include words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” and other similar words. Although we believe we have been prudent in our plans and assumptions, there can be no assurance that indicated results will be realized. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated.

Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise. We recommend that you consult any further disclosures we make on related subjects in our 10-Q, 8-K, and 10-K reports to the Securities and Exchange Commission.

The following is a cautionary list of risks and uncertainties that may affect the assumptions which form the basis of forward-looking statements relevant to our business. These factors, and other factors not listed here, could cause actual results to differ materially from those contained in forward-looking statements.

- Unexpected costs and/or liabilities related to the merger, or the effects of purchase accounting may be different from Integrys Energy Group’s and Peoples Energy’s expectations;
- The successful combination of the operations of Integrys Energy Group and Peoples Energy;
- The combined company may be unable to achieve the forecasted synergies or it may take longer or cost more than expected to achieve these synergies;
- The credit ratings of Integrys Energy Group or its subsidiaries may be different from the current ratings of WPS Resources or its subsidiaries;
- Resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions regarding Integrys Energy Group’s regulated businesses;

Forward-Looking Statements

- The impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric and natural gas utility industry, changes in environmental, tax, and other laws and regulations to which Integrys Energy Group and its subsidiaries are subject, as well as changes in application of existing laws and regulations;
- Current and future litigation, regulatory investigations, proceedings or inquiries, including but not limited to, manufactured gas plant site cleanup and pending United States Environmental Protection Agency investigations of Wisconsin Public Service Corporation's generation facilities, and the appeal of the decision in the contested case proceeding regarding the Weston 4 air permit;
- Resolution of audits by the Internal Revenue Service and various state and foreign revenue agencies;
- The effects, extent, and timing of additional competition or regulation in the markets in which our subsidiaries operate;
- The impact of fluctuations in commodity prices, interest rates, and customer demand;
- Available sources and costs of fuels and purchased power;
- Our ability to control costs;
- Investment performance of employee benefit plan assets;
- Advances in technology;
- Effects of and changes in political, legal, and economic conditions and developments in the United States and Canada;
- The performance of projects undertaken by nonregulated businesses and the success of efforts to invest in and develop new opportunities;
- Potential business strategies, including mergers and acquisitions or dispositions of assets or businesses, which cannot be assured to be completed (such as construction of the Weston 4 power plant and additional investment in American Transmission Company related to construction of the Wausau, Wisconsin, to Duluth, Minnesota, transmission line);
- The direct or indirect effects resulting from terrorist incidents, natural disasters, or responses to such events;
- Financial market conditions and the results of financing efforts, including credit ratings and risks associated with commodity prices (in particular natural gas and electricity), interest rates, and counterparty credit;
- Weather and other natural phenomena, in particular the effect of weather on natural gas and electricity sales;
- The effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other factors discussed elsewhere herein and in other reports filed by us from time to time with the Securities and Exchange Commission.



Agenda

- Integrys Energy Group – A Leading Midwest Company
- Integration and Synergies
- Strategic Initiatives and Growth
- Synergy Potential
- Integration Timeline
- Strong Credit Profile
- Attractive Dividend
- Questions and Answers



Integrys Energy Group – Vision & Mission

Vision

People creating a premier and growing energy company

Mission

Provide customers with the best value in energy and related services



IntegrYS Energy Group – Goals

- Find opportunities to better serve our customers
- Build a motivated team dedicated to operational excellence
- Invest in capital projects that allow us to serve our customers better and generate reasonable returns
- Maintain a strong balance sheet and quality credit ratings
- Focus on building shareholder value

IntegrYS Energy Group – A Compelling Combination

- A larger and more diversified regulated utility business
 - ◆ Earnings from low-risk utility operations
 - ◆ Strong operational fit
 - ◆ Expanded market and regulatory diversity

- Better positioned to serve our regulated customers
 - ◆ Shared focus on operational excellence
 - ◆ Constructive regulatory approach
 - ◆ Planned capital investment

- Complementary and growing nonregulated energy marketing businesses

- Continued focus on rigorous asset management strategy

- Divest oil and natural gas production business



IntegrYS – A Compelling Combination

- \$94 million in tangible steady-state annual synergies achievable within 5 years
- Attractive dividend – quarterly common stock dividend with a rate of \$0.66 per common share (a 14.8% increase from WPS Resources \$0.575 per common share)
- Long-term dividend payout objective of 60% to 65%
- Earnings per share long-term growth rate targeted at 6% to 8%, which excludes costs to achieve merger synergy savings and purchase accounting adjustments relating to the merger
- Strong balance sheet and credit profile



Regulated natural gas customers	684,000	978,000	1,662,000
Regulated electric customers	481,000	—	481,000
Regulatory jurisdictions	WI, MI, MN	IL	WI, MI, MN, IL
Non-regulated natural gas volumes (Bcf)	638	96	734
Non-regulated electric volumes (GWh)	5,534	1,859	7,393
Total assets (\$bn)	\$ 6.9	\$ 4.0	\$10.9
Market capitalization (\$bn) ¹	\$ 2.3	\$ 1.7	\$ 4.0
Enterprise value (\$bn) ¹	\$ 4.4	\$ 3.0	\$ 7.4
Adjusted EBITDA (\$mm)	\$416 ²	\$245 ³	\$661
Regulated adjusted EBITDA as a % of total	79% ⁴	61%	72%

Note: Customer data as of 12/31/06; balance sheet data as of 12/31/06; market cap and enterprise value data as of 12/31/06; volume and adjusted EBITDA for the twelve months ended 12/31/06

¹ Share price as of 12/29/06 and shares outstanding as of 12/31/06

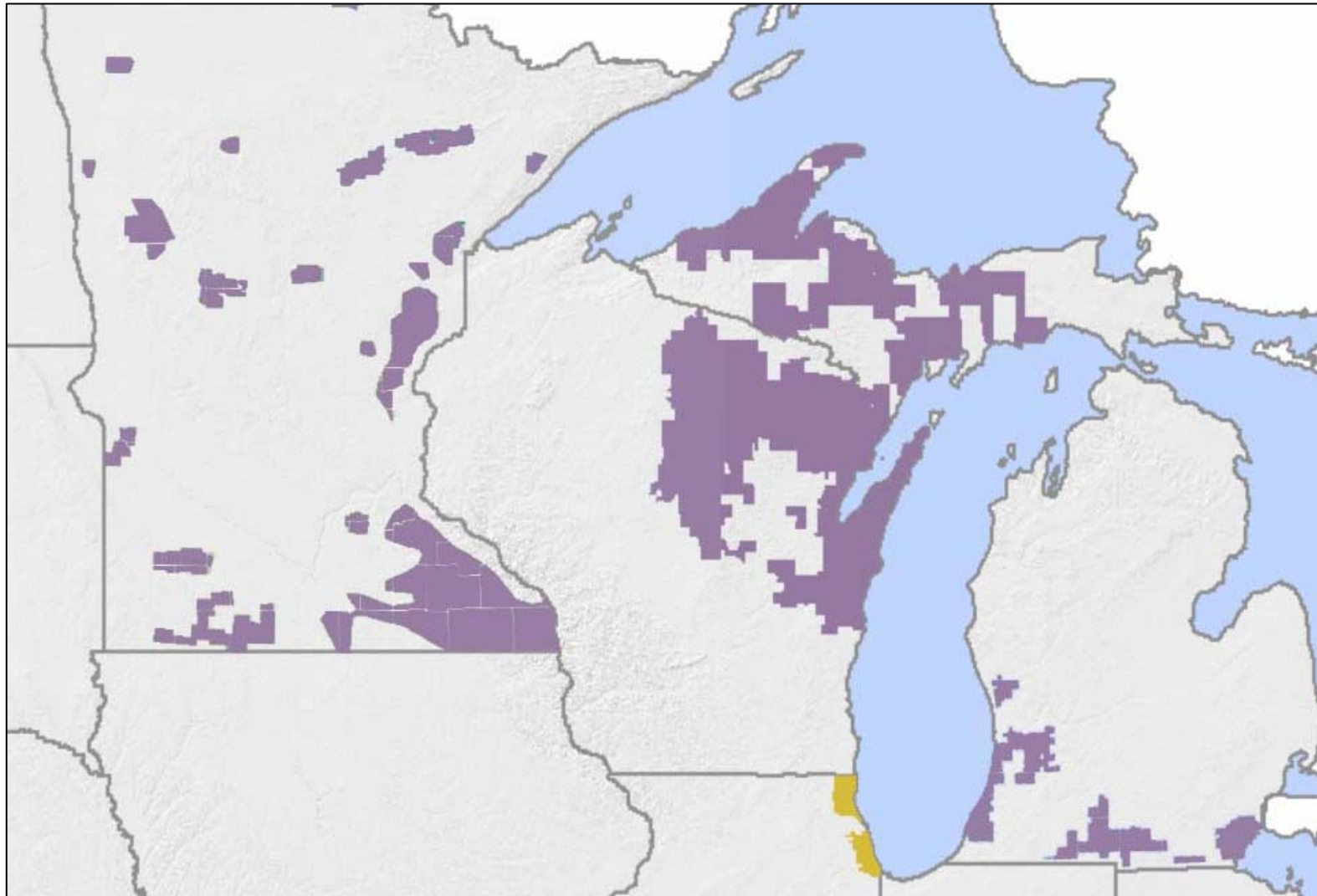
² Reported EBITDA, adjusted for MGU and MERC transition costs and merger costs

³ Reported EBITDA, adjusted for gas charge settlement and merger costs

⁴ Regulated split based on data for twelve months ending 12/31/06 and includes WPSR electric utility segments, gas utility segment, and equity from ATC

Strong and Diversified Regulated Utility Business

Regulated service territory



■ WPS Resources

■ Peoples Energy

Serving Over 2 Million Regulated Customers

	WPS Resources	Peoples Energy
Electric customers	481,000	0
Natural gas customers	684,000	978,000
Current authorized ROEs	WPSC: 10.9% MERC: 11.71% MGUC: 11.4% UPPCO: 10.75%	Peoples Gas: 11.1% NSG: 11.3%
Regulated jurisdictions	WI, MN, MI	IL
Customer split (Res/C&I)	90% / 10%	94% / 6%

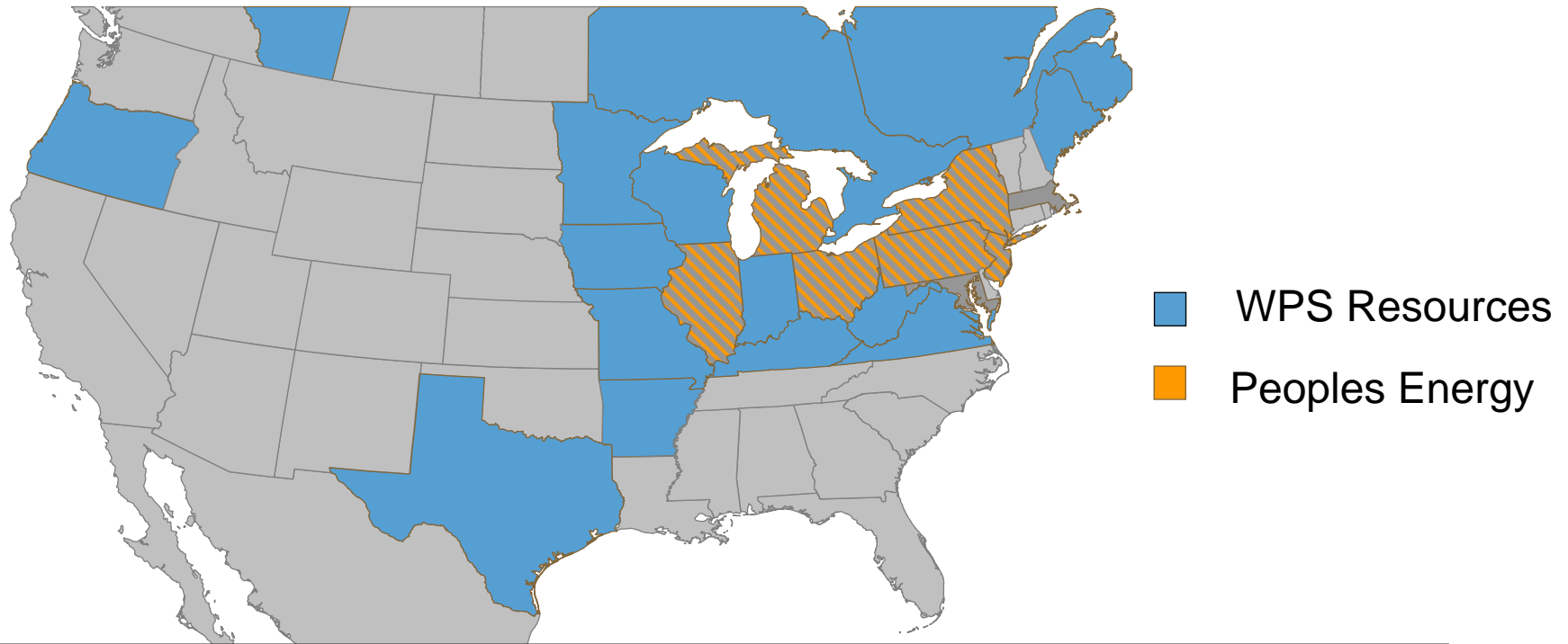


Regulated Utilities Highlights

- Stable organic earnings growth
 - ◆ Attractive service territories
 - ◆ Generation and distribution focused capital investment program
- Shared core values across organization
- Constructive regulatory approach
- Synergy potential
 - ◆ Opportunities to create value through sharing of best practices
 - ◆ Direct cost savings through elimination of redundant and overlapping functions
- Balance sheet strength

Complementary Nonregulated Energy Marketing Businesses

Combined energy marketing operations



Statistic	WPS Resources	Peoples Energy	Combined
Bcf delivered ¹	638	96	734
GWh delivered ¹	5,534	1,859	7,393
Power generation capacity (MW) ²	363	NA	363

13 ¹ For the twelve months ended 12/31/06, excluding discontinued operations
² As of 12/31/06, excluding discontinued operations

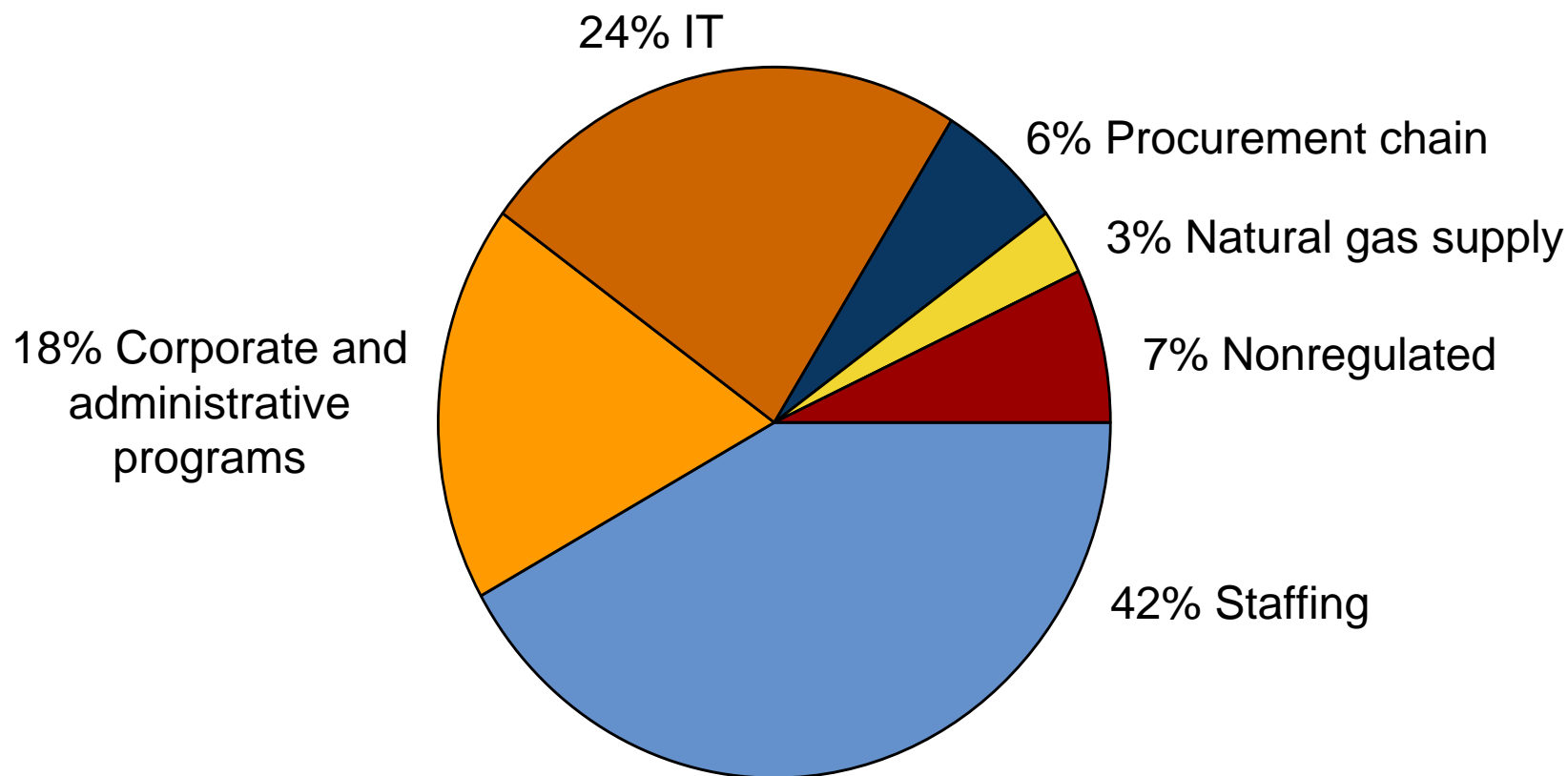


Nonregulated Highlights

- Complementary wholesale and retail energy marketing businesses
- Identified strategic growth opportunities
 - ◆ Retail and wholesale customer focus
 - ◆ Growth in new territories
- Disciplined approach to risk management
- Leverages expertise, reputation, and assets
- Expanded geographic reach
- Stronger Illinois presence as electric market opens

Synergy Potential

Estimated annual synergies



Estimated annual steady-state synergies
of approximately \$94 million

Synergy Potential (continued)

Merger Cost Savings and Costs to Achieve (Pre-tax Dollars in Millions)

	2006	2007	2008	2009	2010	2011	Total
Corporate and Regulated Savings	–	24	68	76	82	88	338
Nonregulated Savings	–	5	5	6	6	6	28
Total Savings	–	29	73	82	88	94	366
Costs to Achieve	(20) *	(91) **	(33)	(11)	(31)	–	(186)

* Includes \$18.2 million incurred by Peoples Energy.

** Anticipate that \$53 million of this will be capitalized.

Integration Timeline

- The total costs to achieve are approximately \$186 million
- Regulatory portion of costs to achieve is \$178 million
 - ◆ IT integration and upgrades – \$83 million
 - ◆ Severance and relocation – \$47 million
 - ◆ Transaction costs – \$21 million
 - ◆ Regulatory process – \$10 million
 - ◆ Integration and facility costs – \$9 million
 - ◆ Communication and insurance costs – \$8 million
- Target milestones
 - ◆ Second quarter 2007 – Nonregulated fully integrated
 - ◆ Year-end 2007 – Common Compensation and Benefits
 - ◆ Year-end 2008 – Common IT Platforms and Applications
 - ◆ Mid-year 2009 – Common Customer Information System

Investing in Capital Projects to Better Serve Our Growing Customer Base

Construction Expenditures by Company (Millions)	2007	2008	2009	Total
Wisconsin Public Service	260	276	229	765
Peoples Gas Light and Coke *	108	126	134	368
Upper Peninsula Power	12	25	11	48
Minnesota Energy Resources	17	14	15	46
North Shore Gas	11	11	11	33
Michigan Gas Utilities	9	8	8	25
Subtotal for Utilities	417	460	408	1,285
Peoples Energy Production **	126	–	–	126
Integrys Energy Services	13	5	5	23
Total Anticipated Capital Expenditures	556	465	413	1,434
American Transmission Company (equity contribution)	44	62	26	132

* Includes cast iron replacement program.

** Assumes ownership through 2007.



Working with Regulators to Ensure High Service Levels

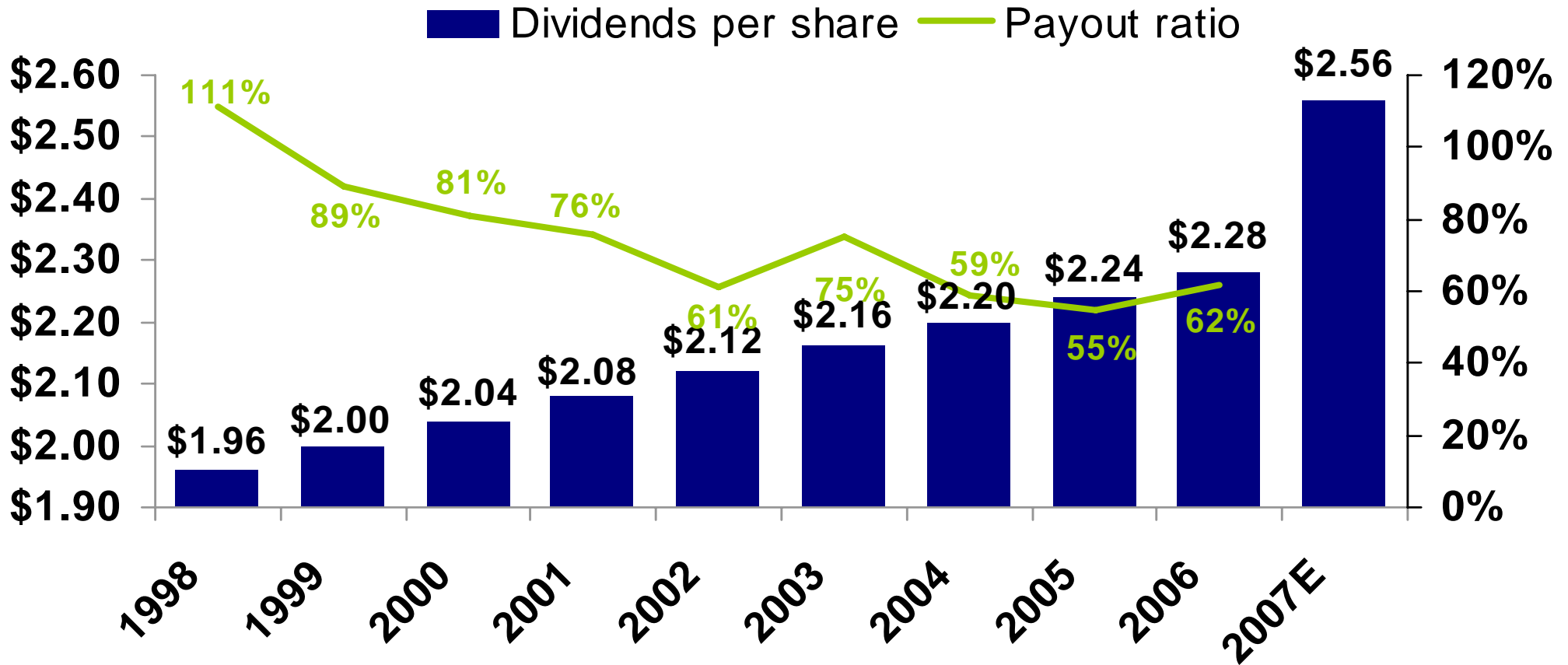
- Continue sharing core values across organization.
- Working hard for constructive regulatory approach is critical to success.
- Anticipate filing rate cases during the first quarter of 2007 for Peoples Gas and North Shore Gas
- Normal process in Illinois would give decision in first quarter of 2008.



Commitment to Strong Balance Sheet and Quality Credit Ratings

- Commitment to maintaining a strong balance sheet
- Maintain quality credit ratings to provide access to financial resources

Announced 14.8% Dividend Increase



- 66 consecutive years of dividends paid
- 48 consecutive years of dividend increases
- ◆ S&P High Yield Dividend Aristocrat Index
- ◆ Mergent Dividend Achiever



A Leading Regional Energy Company That Will ...

- Focus on excellence in customer service
- Grow and enhance core regulated utility business
- Continue to build nonregulated energy marketing business
- Carry on our asset management strategy
- Maintain quality credit ratings
- Create long-term shareholder value



WPS



PEOPLES
ENERGY.

Questions and Answers



Appendices



Reconciliation of Adjusted EBITDA to EBITDA

NOTE

Integrys Energy Group, Inc. prepares financial statements in accordance with generally accepted accounting principles in the United States (GAAP). In addition, Integrys Energy Group may from time to time present non-GAAP financial information. We note that the presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in conformance with GAAP.

WPS Resources: Reconciliation of Adjusted EBITDA to EBITDA

(Millions)	Year Ended 12/31/2006
Operating income	\$249.8
Miscellaneous income and minority interest	46.0
Depreciation	106.1
EBITDA	\$401.9
<u>Adjustments:</u>	
MERC and MGUC transition costs	11.8
Merger costs	2.2
Adjusted EBITDA	\$415.9

WPS Resources: Regulated Utility Segments

Reconciliation of Adjusted EBITDA to EBITDA

(Millions)	Year Ended 12/31/2006		
	Electric Utility Segment	Gas Utility Segment	Total Regulated
Operating income	\$163.6	\$17.3	\$180.9
Miscellaneous income	2.6	1.0	3.6
Depreciation	66.0	28.7	94.7
EBITDA	\$232.2	\$47.0	\$279.2
<u>Adjustments:</u>			
ATC earnings	\$ 39.0	\$ -	\$ 39.0
MERC and MGUC transition costs	-	11.8	11.8
Adjusted EBITDA	\$271.2	\$58.8	\$330.0

Peoples Energy: Reconciliation of Adjusted EBITDA to EBITDA

(Millions)	Year Ended 9/30/2006	Quarter Ended 12/31/2006	Quarter Ended 12/31/2005	LTM 12/31/2006
Operating income	\$ 1.8	\$57.9	\$(22.5)	\$ 82.2
Other income and expense	8.3	1.9	1.3	8.9
Depreciation and amortization	118.4	30.4	29.0	119.8
EBITDA	\$128.5	\$90.2	\$ 7.8	\$210.9
<u>Adjustments:</u>				
Gas charge settlement	\$107.3	\$ -	\$ 91.7	\$ 15.6
Merger costs	8.9	9.3	-	18.2
Adjusted EBITDA	\$244.7	\$99.5	\$ 99.5	\$244.7

Peoples Energy: Utility Registrants

Reconciliation of Adjusted EBITDA to EBITDA

Peoples Gas Light and Coke Company (Millions)	Year Ended 9/30/2006	Quarter Ended 12/31/2006	Quarter Ended 12/31/2005	LTM 3/31/2006
Operating income	\$(40.1)	\$36.9	\$(35.8)	\$ 32.6
Other income and expense	5.6	1.2	0.9	5.9
Depreciation and amortization	56.9	14.4	13.7	57.6
EBITDA	\$ 22.4	\$52.5	\$(21.2)	\$ 96.1
<u>Adjustment:</u>				
Gas charge settlement	\$103.0	\$ -	\$ 74.7	\$ 28.3
Adjusted EBITDA	\$125.4	\$52.5	\$ 53.5	\$124.4

Peoples Energy: Utility Registrants

Reconciliation of Adjusted EBITDA to EBITDA

North Shore Gas Company (Millions)	Year Ended 9/30/2006	Quarter Ended 12/31/2006	Quarter Ended 12/31/2005	LTM 3/31/2006
Operating income	\$13.3	\$7.9	\$(8.8)	\$ 30.0
Other income and expense	1.2	0.2	0.1	1.3
Depreciation and amortization	5.7	1.5	1.4	5.8
EBITDA	\$20.2	\$9.6	\$(7.3)	\$ 37.1
<u>Adjustment:</u>				
Gas charge settlement	\$ 4.3	\$ -	\$17.0	\$(12.7)
Adjusted EBITDA	\$24.5	\$9.6	\$ 9.7	\$ 24.4

Peoples Energy: Utility Registrants

Reconciliation of Adjusted EBITDA to EBITDA

Utility Registrants - Combined (Millions)	Year Ended 9/30/2006	Quarter Ended 12/31/2006	Quarter Ended 12/31/2005	LTM 3/31/2006
Operating income	\$(26.8)	\$44.8	\$(44.6)	\$ 62.6
Other income and expense	6.8	1.4	1.0	7.2
Depreciation and amortization	62.6	15.9	15.1	63.4
EBITDA	\$ 42.6	\$62.1	\$(28.5)	\$133.2
<u>Adjustment:</u>				
Gas charge settlement	\$107.3	\$ -	\$ 91.7	\$ 15.6
Adjusted EBITDA	\$149.9	\$62.1	\$ 63.2	\$148.8

Estimated Utility Depreciation

Depreciation by Company (Millions)	2007	2008	2009	Total
Wisconsin Public Service	105	120	135	360
Peoples Gas Light and Coke	60	60	62	182
Upper Peninsula Power	6	6	6	18
Minnesota Energy Resources	10	11	11	32
North Shore Gas	6	6	6	18
Michigan Gas Utilities	8	8	8	24
Total for Utilities	195	211	228	634