Earnings Conference Call
Third Quarter 2008
November 6, 2008

Operator will introduce you, and then begin reading.

Steven Eschbach, Vice President - Investor Relations, speaks.

Good morning. Welcome to Integrys Energy Group's 2008 third quarter earnings conference call. Delivering formal remarks with me today are Larry Weyers, our Chairman, President, and Chief Executive Officer; Joe O'Leary, our Senior Vice President and Chief Financial Officer; Larry Borgard, President and Chief Operating Officer of Integrys Gas Group; Charlie Schrock, President and Chief Executive Officer of Wisconsin Public Service Corporation; and Mark Radtke, President of our nonregulated subsidiary, Integrys Energy Services.

The slides supporting today's presentation and an associated data package are located on our Web site at www.integrysgroup.com. Select Investors, select Presentations, and then today's presentation.

Before we begin, I will advise everyone that this call is being recorded and will be available for replay through February 17, 2009.

I need to direct you to Slides 2 and 3 of our presentation and to point out that this presentation contains forward-looking statements within the definition of the Securities and Exchange Commission's Safe Harbor rules including projected results for 2008 for Integrys Energy Group and its subsidiaries. Forward-looking statements are beyond the ability of Integrys Energy Group to control and, in many cases, Integrys Energy Group cannot predict what factors would cause actual results to differ materially from those indicated by forward-looking statements. I also refer you to the forward-looking statement section of yesterday's news release and to our filed Securities and Exchange Commission disclosure documents for further information. Except as may be required by federal securities laws, Integrys Energy Group and its subsidiaries undertake no obligation to publicly update or revise any forward-looking statement contained in this presentation, whether the result of new information, future events, or otherwise.

Slide 4 indicates that today's presentation includes non-GAAP financial information related to "diluted earnings per share from continuing operations – adjusted," "forward book value," and "managerial gross margin." We believe that diluted earnings per share from continuing operations – adjusted, forward book value, and managerial gross margin are useful measures for providing investors with additional insight into our operating performance and the effects of certain items that are not comparable from one period to the next. Please review the text of this slide regarding non-GAAP financial information.

I will now turn the call over to Larry Weyers. Larry...

Larry Weyers, Chairman, President, and Chief Executive Officer, speaks.

Thanks, Steve. Good morning, everyone, and thanks for joining us on the call today.

Now please turn to Slide 5. I want to start out with a slide that is similar to what we used during our second quarter 2008 conference call, and that is our prospects for future growth. Integrys Energy Group continues to have growth opportunities. Despite the turmoil that has occurred in the financial and credit markets over the past 90 days, our strategic focus has remained largely unchanged as evidenced by the fact that the main bullets have been carried over from our previous presentation without any changes except for narrowing our focus for our nonregulated operations to optimizing our existing business activity instead of expanding into new markets. I won't go through these as I did during our earnings conference call in August, but they are presented as a reminder for you.

The third quarter update on Slide 6 discusses market conditions and how we are handling them. I want to cover this briefly before the others provide you with additional details.

First is the fact that energy prices declined precipitously during the third quarter of 2008 – by about 40 percent – and this had a significant adverse impact in terms of reported results in accordance with generally accepted accounting principles. There are two important points that I want to bring out at this time. First, these are non-cash charges. Second, these are merely timing differences.

Additionally, our financial position and solid investment grade credit ratings have enabled us to weather the storm thus far. We have used the commercial paper market and have drawn on our credit facilities to carry out our short-term borrowing needs. We expect to continue with our long-term financing plans to support our capital expenditure programs and reduce our short-term debt levels.

Finally, we have been able to grow our nonregulated energy services business, with the third quarter of 2008 being our best ever in terms of economic value growth. Our near-term focus for this business segment has been to be more selective in terms of the business opportunities we are pursuing, and that worked very well for us during the third quarter.

Now we will take a more in-depth look at how we are accomplishing our goals. Joe O’Leary will discuss our third quarter 2008 financial results, anticipated financings and construction expenditure opportunities, and revised guidance for 2008 earnings per share. Then Charlie Schrock, Larry Borgard, and Mark Radtke will follow with brief operational updates. I will then return to wrap up our formal remarks, and moderate a question and answer session. I will now turn the call over to Joe O’Leary. Joe…

Joe O'Leary, Senior Vice President and Chief Financial Officer, speaks.

Thank you, Larry.

Turning to Slide 7, during the third quarter of 2008, in accordance with generally accepted accounting principles, which are commonly referred to as GAAP, we recognized a net loss of 59.1 million dollars compared with income available for common shareholders of 43.2 million dollars in the same quarter a year ago. This resulted in a net loss per share of 77 cents for the quarter ended September 30, 2008, compared with diluted earnings per share of 56 cents for the same quarter in 2007.

There are 8 key items driving the 102.3 million dollar quarter-over-quarter change from income available for common shareholders for the third quarter ended 2007 to the net loss for the same quarter in 2008, and we have presented them in after-tax dollars. Keep in mind that the accounting results for the third quarter of 2008 included net after-tax non-cash accounting losses of 79.6 million dollars at Integrys Energy Services. The non-cash accounting losses were primarily related to the required accounting treatment of derivative electric supply contracts that were used to economically hedge non-derivative electric customer sales contracts. When electric energy prices fell during the third quarter, Integrys Energy Services was required, under GAAP, to adjust the electric supply contracts to fair value, resulting in the recognition of non-cash accounting losses. However, the related customer sales contracts could not be adjusted to fair value. Integrys Energy Services will recover net after-tax non-cash accounting losses when electricity is physically delivered to customers and the related derivative electric supply contracts are settled. Although not apparent from the non-cash accounting losses, the 2008 third quarter was strong for all of our reportable business segments. You will find more details in our earnings news release issued last night.

Additional detail related to the quarter-over-quarter drivers by segment can be found in the Appendix contained in the slide deck for today's presentation and in the Form 10-Q report we filed with the Securities and Exchange Commission last evening.

Moving on to Slide 8, I would like to update you on our current liquidity situation as well as cash needs and generation over the next couple of quarters. We currently have credit facilities totaling approximately 2.4 billion dollars that are supported by 27 different financial institutions. We have JP Morgan Chase Bank, Mizuho Corporate Bank, Bank of America, Citibank, UBS, and U.S. Bank among the financial institutions participating in our credit facilities. This represents an increase of 400 million dollars from what we had available at September 30, 2008, as we have since expanded our credit facilities by entering into short-term debt and revolving credit agreements in November. We currently have approximately 1 billion dollars of the credit facilities unused and available for us to support our short-term borrowing needs.

During the third quarter, the country's credit crunch challenged us in terms of our short-term borrowing. Commercial paper financing was possible for the most part, albeit for shorter maturities and at rates that were approximately 2 percentage points higher than in early September. On one occasion during the third quarter, commercial paper was not available for us, but we were able to draw down on our bank lines for the time period needed. Since the end of the third quarter, we have made additional draws on bank lines due to market conditions. Our total short-term borrowing levels are similar, we have simply substituted bank borrowing for commercial paper. Our balance sheet and solid investment credit ratings continue to serve us well during these unprecedented market conditions.

There is also good news regarding our subsequent cash requirements through 2010 in terms of long-term debt maturities, with less than 300 million dollars coming due through those years. And, as we are now heading into the winter heating season, our natural gas storage cycle at the regulated natural gas distribution utilities and Integrys Energy Services fulfillment of customer obligations is expected to generate approximately 1.1 billion dollars of cash through April 2009 as we deliver the natural gas from storage to our customers and fulfill customer obligations. Our capital expenditure plan, as I will outline a little later, can be pared back if needed, depending upon capital market conditions.

With respect to our nonregulated energy marketing business segment, Integrys Energy Services, our strategy has been to adjust our pricing to reflect the increase in operating costs, business risks, and cash margin requirements. Mark Radtke will have more to say on this later.

Moving to Slide 9, I will give you an update on our long-term financing needs through the end of 2009. Earlier this week, we closed on long-term financing transactions – a 45 million dollar, 7 percent, 5-year private placement of first mortgage bonds and a 5 million dollar, 8 percent, 10-year private placement of first mortgage bonds for Peoples Gas as well as a 6.5 million dollar, 7 percent, 5-year private placement of first mortgage bonds for North Shore Gas. While these rates are higher than we have become accustomed to in recent years, we were pleased to be able to access the capital markets under current conditions. For the balance of 2008, we still expect to issue long-term debt of up to 300 million dollars for the parent holding company, Integrys Energy Group, and 125 million dollars for Wisconsin Public Service. We are also still planning a 100 million dollar offering in 2009 for Wisconsin Public Service. Our plans may change, however, depending on market conditions. As far as common equity, earlier this year we indicated that we would not need additional equity through 2009. However, we may need to revise our plans as we re-evaluate market conditions.

Slide 10, shows our projected construction expenditures for 2008 through 2010. The 125 million dollar increase in construction expenditures at the utilities since our second quarter 2008 earnings conference call is comprised of an 82 million dollar increase primarily due to higher costs for cast iron main replacement at Peoples Gas, an 18 million dollar increase in Federal Energy Regulatory Commission mandated hydro projects at Upper Peninsula Power, 14 million dollars for Integrys Energy Services' solar projects, 10 million dollars for the laterals to connect to the Guardian Pipeline, and 10 million dollars for wind facilities at Wisconsin Public Service. Some of the dollars have shifted slightly among the three years as well. Keep in mind that we are able to postpone some of our construction expenditures if the credit market and economic conditions warrant a change in plans.

The American Transmission Company published a new ten-year forecast in September, mentioning in a news release that 2.7 billion dollars will need to be invested in the next 10 years to ensure that the power grid will continue to meet the needs of its customers in Wisconsin and Michigan’s Upper Peninsula. This is evidence that there is continued earnings growth potential from our 34 percent equity investment in that company. We expect to provide additional equity contributions to American Transmission Company of approximately 35 million dollars in 2008, 24 million dollars in 2009, and 12 million in 2010.

Slide 11 shows our estimated utility depreciation through 2010. The data has been modified since last quarter’s conference call in accordance with our revised capital expenditures.

Now we will move on to our 2008 financial guidance, which is covered in Slide 12.

We expect our 2008 diluted earnings per share to be between 3 dollars and 11 cents and 3 dollars and 22 cents for Integrys Energy Group. This is a reduction from our previous guidance.

Also included in the news release and supplemental data package is the projected guidance range for 2008 diluted earnings per share from continuing operations – adjusted, which is anticipated to be between 3 dollars and 33 cents and 3 dollars and 44 cents. This is a reduction from our previous guidance. See our slides, news release, and supplemental data package for further details relating to this guidance.

Slide 13 summarizes the key drivers in the change in the 2008 earnings guidance as compared to what we provided as guidance last August. The key drivers behind the change in both the lower- and upper-end ranges of our 2008 guidance are related to:

- Increased interest expense,
- Increased bad debt expenses, which includes 6 cents of additional bad debt expense due to the Lehman Brother's bankruptcy,
- Reduced land sales, and
- A decrease in Integrys Energy Services' earnings due to a potential solar project syndication that requires lower capital expenditures with the addition of a syndication partner.

I will now turn this call over to Charlie Schrock, President and Chief Executive Officer of Wisconsin Public Service, for an update on our Wisconsin and Upper Michigan utilities. Charlie…

Charlie Schrock, President of Wisconsin Public Service, speaks.

Thank you, Joe, and I ask our listeners to refer to Slide 14.

Key accomplishments recently achieved for Wisconsin Public Service included Weston 4 being declared commercially operational on June 30. Recall that during our second quarter earnings conference call we mentioned that Weston 4 earned the 2008 Power Plant of the Year award from *POWER Magazine*. Since then, Weston 4 has been nominated as a finalist for two more awards—the 2008 Best Coal-Fired Project award given by *Power Engineering Magazine* and the ENR Energy Construction Project of the Year award, which is given for a construction project that shows innovation in approach to engineering problems and all-around excellence in implementation and is part of *Platts* 2008 Global Energy Awards. The winner of these awards will be named in December.

The Wisconsin Public Service general rate case filed on April 1 with the Public Service Commission of Wisconsin has advanced to the briefing stage. Forward energy prices for 2009 have declined significantly. We anticipate that when we refresh our filing toward the end of November, our revised revenue requirement request will go down to reflect these lower forecasted costs. There should be no impact on margins relating to this. Additionally, Wisconsin Public Service and the Citizens Utility Board filed an agreement with the Commission to implement a decoupling mechanism as a four-year pilot program, which, if approved as part of the general rate decision, is expected to stabilize revenues and earnings for Wisconsin Public Service. We are still expecting the Commission to finalize its decision by the end of 2008, with new electric and natural gas rates anticipated to be effective in January 2009. Additional information on the rate case can be found in the Appendix on Slide 30.

On July 4, we were granted approval to increase Wisconsin Public Service's 2008 retail electric rates through a surcharge of 18.3 million dollars, or about 2 percent, due to increased fuel and purchased power costs. However, with the decline in energy prices since July and corresponding lower fuel and purchased power costs, the Public Service Commission of Wisconsin ordered that the fuel and purchased power surcharge be subject to refund effective September 30, 2008. We expect that any over or under recovery of fuel costs will not be significant for the year.

The economy and weather has continued to have an impact on our customers' usage at Wisconsin Public Service as indicated on Slide 14. Weather normalized usage per customer is down across all classes for our electric operations at Wisconsin Public Service. Year-to-date, residential usage is down approximately 4 percent, while commercial and industrial customer usage is down approximately one percent. For the third quarter of 2008, weather-normalized usage per residential customer was down approximately 4 percent as well; while commercial and industrial customer usage was down approximately 3 percent for the quarter. This had an after-tax impact of 1.8 million dollars, or approximately 2 cents per share, for the third quarter of 2008.

Initiatives that will drive Wisconsin Public Service's value proposition are listed on Slide 15 and include construction of natural gas laterals to the Guardian 2 pipeline in Wisconsin, which we expect to be placed in-service by the end of 2008 at a cost of approximately 85 million dollars. This is about 10 million dollars more than anticipated earlier in the year, and the increase is the result of flooding caused by heavy rainfalls in June. Although the weather caused an increase in the expected capital cost, it did not cause an adverse impact on completion of the project as we expect construction of the pipeline laterals to be completed before the end of 2008.

We expect to close on the 250 million dollar purchase of the 99-megawatt Crane Creek Wind Farm project in November 2008, and to begin construction on this project around year-end. We anticipate that this project will be placed in service by the end of 2009. The project has been approved by the Public Service Commission of Wisconsin and is included in our current general rate case filing.

Now I'll turn the call over to Larry Borgard, President and Chief Operating Officer of Integrys Gas Group. Larry…

Larry Borgard, President and Chief Operating Officer – Integrys Gas Group, speaks.

Thanks, Charlie.

Recent key accomplishments in the Integrys Gas Group are indicated on Slide 16 and are primarily rate case-related.

On July 31, we filed with the Minnesota Public Utilities Commission to increase retail natural gas delivery rates by 22 million dollars, or 6.4 percent, for customers of Minnesota Energy Resources. In the filing, we requested the entire rate increase be granted as interim rates, subject to refund, and we were granted a 19.8 million dollar interim rate increase, subject to refund, on October 1, 2008. Higher rates are needed as a result of general inflation coupled with low sales growth and increased costs to provide customer service. This is the first distribution rate increase request since 2000 for our Minnesota customers, and we expect final rates to be effective in June 2009. Additional information on the rate case can be found in the Appendix on Slide 31.

In May, we filed to increase retail natural gas rates by 13.9 million dollars, or 5.81 percent, for Michigan Gas Utilities' customers. In the rate filing, we requested a 10.7 million dollar, or 4.44 percent, interim rate increase for immediate rate relief, subject to refund. On October 29, the Michigan Public Service Commission staff recommended that the Commission authorize a 3.5 million dollar interim natural gas rate increase. The recommendation is based on a 10.7 percent return on equity and a 7.83 percent return on average rate base valued at 202.1 million dollars for a 2007 calendar test year adjusted for certain known-and-measurable changes. We are anticipating an order on the interim rates in December at the earliest. We would expect final rates to follow in the second quarter of 2009. This is the first distribution rate increase request since 2003 for Michigan Gas Utilities' customers. Additional information on the rate case can be found in the Appendix on Slide 32.

Initiatives that will drive the Gas Group's value proposition are indicated on Slide 17. Now that we have effectively integrated the Gas Group's regulated natural gas utilities both operationally and financially, we are moving forward with rate filings so that our rate base investments and expenses are adequately reflected in rates and we have an opportunity to earn our allowed rates of return. As a result, you can expect to see us move forward with the accelerated investment in replacing cast iron and unprotected steel pipe in Chicago if we can achieve an appropriate rate recovery mechanism. Recall that approximately 2,000 miles of the 4,000 miles of mains in Chicago need replacement, which amounts to a 3.4 billion dollar capital project over a number of years.

We continue to monitor the bad debt situation at all of our natural gas distribution utilities. Bad debt expense is up quarter-over-quarter for Integrys Gas Group as a whole, but bad debt expense is down year-to-date for Michigan Gas Utilities and

Minnesota Energy Resources. This came about as a result of decisive action on our customers' delinquent accounts in April 2007. We introduced eligible customers to funding sources to assist them in becoming current on their natural gas distribution bills. We also took the needed step of shutting off service to those customers who had not paid their bills and were unable to access publicly available funding sources. This resulted in a substantial improvement in the bad debt situation at these companies on a year-to-date basis.

Bad debt expense for Peoples Gas and North Shore Gas is up for the quarter and year-to-date following the national trend of many natural gas companies, due largely to higher energy prices on overall accounts receivable balances, as well as an increase in the number of past due accounts related to worsening economic conditions. A similar debt reduction plan was implemented with our delinquent customers at Peoples Gas and North Shore Gas. A debt reduction program can have a 12-month lag before positive financial results can be achieved as was evident from our experience with Michigan Gas Utilities and Minnesota Energy Resources. Consequently, we don't expect to see a material turn-around in our bad debt situation at Peoples Gas and North Shore Gas until the second quarter of 2009 at the earliest. However, this could be longer given current economic conditions. We are continuing to monitor our bad debt situation at all of our natural gas distribution companies for any improvements we can make along the way.

Now Mark Radtke, President of Integrys Energy Services, will discuss our nonregulated operations. Mark…

Mark Radtke, President of Integrys Energy Services, speaks.

Thanks, Larry.

Although you wouldn't know it from our GAAP results, our nonregulated business had its best economic quarter ever. Natural gas and electric forward prices decreased almost 40 percent during the quarter and continued to decline even further in October. While this creates the non-cash accounting losses that were mentioned earlier, this falling price environment provided attractive hedging opportunities for our customers who began to return to their longer term contracting norms. This is clearly evident in our Managerial Gross Margin and forward book volume metrics.

First, let's discuss Managerial Gross Margin which we use to measure our business performance on an economic basis. On Slide 18, you'll see that our Managerial Gross Margin has grown to almost 260 million dollars for the year, a 107 million dollar increase since June 30, 2008 as set forth in the slides from our second quarter 2008 earnings conference call. This compares to a 56 million dollar increase for the third quarter of 2007. The primary difference between this metric and GAAP margins is that Managerial Gross Margin includes the changes in fair value of all commodity contracts, regardless of their treatment under the derivative accounting rules, making it a more complete representation of economic performance during the period. Over the life of any contract, GAAP margins and Managerial Gross Margins will eventually be the same, but the timing of recognition can be dramatically different.

Both of our retail business units benefited from the energy price decline as you can see from the increase in the forward book values. While we were confident that customers would eventually return to longer term contracts, we take a great deal of pride in the fact that they continue to choose Integrys Energy Services.

Our wholesale business units also had a strong quarter. Our natural gas team was able to capitalize on opportunities to optimize our natural gas in storage and related hedges in order to create additional margin in the forward book. The differential or spread between this summer and the coming winter's natural gas price was sufficient to justify the injection of additional natural gas into the ground. To secure the intended margin levels, we lock in the seasonal price spread using various exchange-based and over-the-counter contracts. Most of the stored natural gas will be withdrawn throughout the peak winter months of December, January, and February.

Not to be outdone, our wholesale electric team added a number of new customers to the portfolio. Additionally, we have diligently grown our renewable energy credit business, having completed over four times the business volume during the first three quarters of this year compared to all of 2007. This type of business fits nicely into our clean and green asset strategy and overall focus on expanding the level of renewable activity in our business.

Slide 19 summarizes contracted natural gas and electric volumes for you.

We have previously discussed Managerial Gross Margin and how it differs from GAAP gross margin. The large derivative accounting losses and inventory write-downs that are reflected in our GAAP results are not reflected in our Managerial Gross Margin results as they do not represent changes in the economic value of our portfolio. It's understandable, however, that you would be interested in seeing how that mismatch will reverse over time. On Slide 20, we have scheduled out the future earnings stream that would occur if prices remained at September 30 levels. You can see that approximately 90 million dollars of our current portfolio will be realized in the fourth quarter of 2008, while the remainder falls into 2009 and beyond. With that being said, we cannot predict the impact that derivative accounting treatment might have on transactions that settle beyond the current year. Further decreases in energy prices will push GAAP margins into the future, while energy price increases will accelerate the recognition of GAAP margins. It is important to note that the amounts on this slide are based on current contracts and prices and do not reflect future new business and further optimization of our portfolio of assets.

Slide 21 takes it one step further by giving a total adjustment that eliminates the volatility that derivative accounting can introduce. The Mark-to-Market Volatility Adjustment line items represent the difference between GAAP and Managerial Gross Margin-based earnings. As we have described in the past, this measure removes the timing mismatches caused by derivative accounting rules and provides a better perspective on the value we actually created during the period. All of the other numbers on this schedule are reflected in our reported actual earnings per share information that Joe O'Leary referred to earlier. So, while a year ago our GAAP results would have been increased by 200 thousand dollars, as indicated on Slide 21, under this year's conditions, to get a better picture of business economic performance, our results would have been increased by 120.9 million dollars.

Slide 22 highlights some of the initiatives we see for the continued success of Integrys Energy Services. Given the current credit market conditions that are expected to continue into the foreseeable future as well as the volatile energy marketplace, our near-term focus will be to improve our existing business operations. While there are many opportunities to add new business, we are being very selective so that we can manage the business within our means.

You may ask, what are we experiencing as a result of the current financial conditions? Certainly a more complex credit risk assessment given the rapid deterioration we have seen among certain counterparties and dramatic commodity price movement; increased financing costs, a direct result of the turmoil in the credit markets; and a reduced number of active wholesale counterparties in the energy marketplace, which results in concentration risk and higher supply costs.

How are we responding? We are closely monitoring exposures to financial institutions and taking mitigation steps where necessary; more closely monitoring counterparty concentrations; increasing our margin requirements to account for increased costs and risks; and shoring up and increasing our credit with others, where possible.

What is our end result? We are able to add new customers within our existing markets, but we have put plans to expand into new geographical markets on hold. The energy marketing business climate has changed dramatically for us as well as our peers, increasing operating costs, business risks, and cash margin requirements for our economic hedging activities. My sense is that we took a leadership position when increasing prices to reflect these new realities, and that is working well for us at this point.

Other initiatives include our photovoltaic solar projects. We have a number of projects in advanced stages of development or installation on both the East and West Coasts that we expect will add up to 7 megawatts of solar capacity before the year is out.

Additionally, we have launched our Ecovations Renewable Gas product in Ohio, which permits customers to elect, at no additional cost to them, to have 8 percent of their natural gas come from renewable sources such as landfills. We have positioned ourselves to offer other renewable products and services to meet the needs of our customers and have developed a carbon footprint reporting capability to help our customers put forth their environmental strategies. We expect our early success with this foundational work, coupled with a great deal of interest from our growing customer base, to serve as an important source of business—business that is aligned with resource scarcity and climate change concerns.

Now, I will turn the call back to Larry Weyers. Larry…

The Chairman, President, and Chief Executive Officer speaks.

Thanks, Mark.

Before I summarize the key points from today's discussion, let me briefly discuss the steps in the succession planning process at Integrys Energy Group that will ultimately result in the naming of a new President and Chief Executive Officer to take my place when I retire.

As indicated on Slide 23, I asked the Board to begin the process that was announced in September to ensure that we have the best internal and external candidates available to fill the role of President of Integrys Energy Group. Five members of our Board are working with an internationally recognized executive search firm to develop rigorous criteria to evaluate the candidates.

Although there are a number of leaders within the company who have the potential to assume my role, we want to find the best person to lead the company, to represent our customers, shareholders, and employees, and the process will evaluate both internal and external candidates. By starting now, we will have time to evaluate the candidates, select an individual, and work through a smooth transition.

We expect to have the successful candidate appointed before the end of the second quarter of 2009. I would expect that the person selected for this role will serve as President during a transition period and then add the responsibilities of CEO. The transition period does not have a firm end date. The Board has asked that I remain as Chairman of the Board for a period of time, and I have agreed to do so. You can be reassured that I am committed to remaining throughout this process and will be here to weather the current economic challenges. I have not determined an exact retirement date, but will remain flexible in working with the Board on ensuring that the transition to a new President is as seamless as possible.

Now, let me remind you of the key points from today's discussion relating to the drivers of our future earnings growth. First, growth will be driven by excellent investment potential across the enterprise and the rate case process at our regulated utilities. Second, we have opportunities for growing profitability at our nonregulated energy services business. Third, we expect to continue enhancing shareholder value for our investors through dividend increases and by increasing our earnings per share by 6 to 8 percent on an average annualized long-term basis, although we will be evaluating whether 6 to 8 percent is still an achievable growth target as we re-evaluate long-term market conditions. Finally, as set forth in Slide 24, our earnings guidance for 2008 for diluted earnings per share from continuing operations – adjusted is between 3 dollars and 33 cents and 3 dollars and 44 cents.

We appreciate you listening to our prepared remarks, now I would like to open the floor to questions.

STOP

Allow operator to give instructions.

Repeat the question before answering.

Signal for the last question.

Take last question and then end the call with the following:

Steve Eschbach, Vice President – Investor Relations speaks:

Thank you for being a part of our third quarter earnings conference call. A replay of this conference call will be available until February 17, 2009, by dialing toll free 866-453-1995.

The text for today's presentation is available on our Web site at www.integrysgroup.com. Just select Investors and then Presentations.

If you have additional questions, you may contact me at 312-228-5408 or Donna Sheedy at 920-433-1857.