



EEI Financial Forum

November 11, 2008

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Forward-Looking Statements

This presentation 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 unexpected liabilities related to the Peoples Energy merger;
- Integrys Energy Group may be unable to achieve the forecasted synergies anticipated from the Peoples Energy merger, or it may take longer or cost more than expected to achieve these synergies;
- Resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions impacting Integrys Energy Group’s regulated businesses;
- 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 industries and possible future initiatives to address concerns about global climate change, changes in environmental, tax and other laws and regulations to which Integrys Energy Group and its subsidiaries are subject, as well as changes in the application of existing laws and regulations;

Forward-Looking Statements

- Current and future litigation, regulatory investigations, proceedings or inquiries, including but not limited to, manufactured gas plant site cleanup and the contested case proceeding regarding the Weston 4 air permit;
- Resolution of audits or other tax disputes with the Internal Revenue Service and various state, local, and Canadian revenue agencies;
- The effects, extent, and timing of additional competition or regulation in the markets in which our subsidiaries operate;
- Available sources and costs of fuels and purchased power;
- Investment performance of employee benefit plan assets;
- Advances in technology;
- Effects of and changes in political and legal developments as well as economic conditions and the related impact on customer demand;
- Potential business strategies, including mergers, acquisitions, and construction or disposition of assets or businesses, which cannot be assured to be completed timely or within budgets;
- The direct or indirect effects of terrorist incidents, natural disasters, or responses to such events;
- The impacts of changing financial market conditions, credit ratings, and interest rates on our liquidity and financing efforts;
- The risks associated with changing commodity prices (particularly natural gas and electricity), including counterparty credit risk and the impact on general market liquidity;
- 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 in the 2007 Annual Report on Form 10-K and in other reports filed by us from time to time with the United States Securities and Exchange Commission.



Integrys Energy Group – Vision and Mission

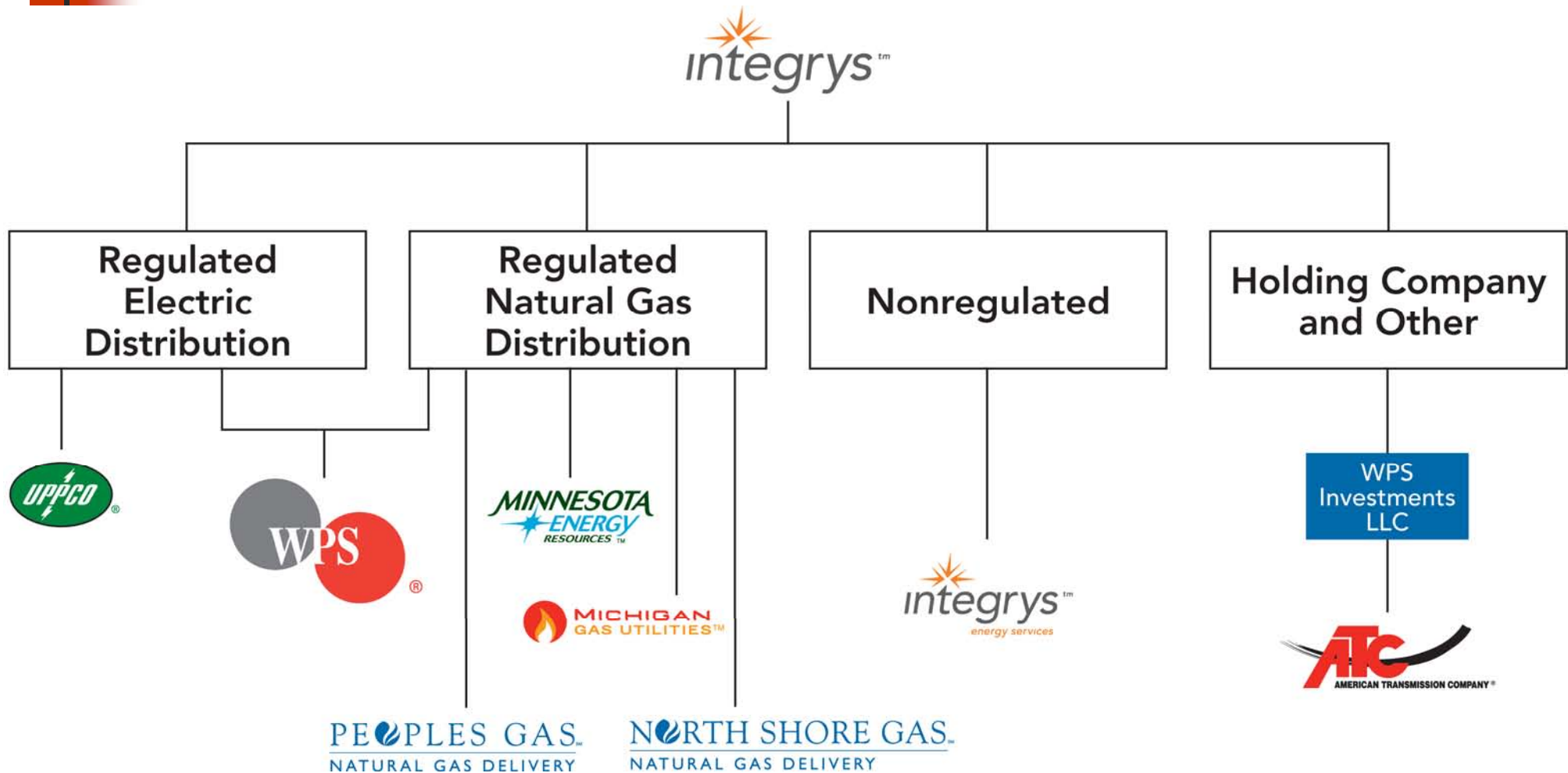
Vision

People creating a premier and
growing energy company

Mission

Provide customers with the best value in
energy and related services

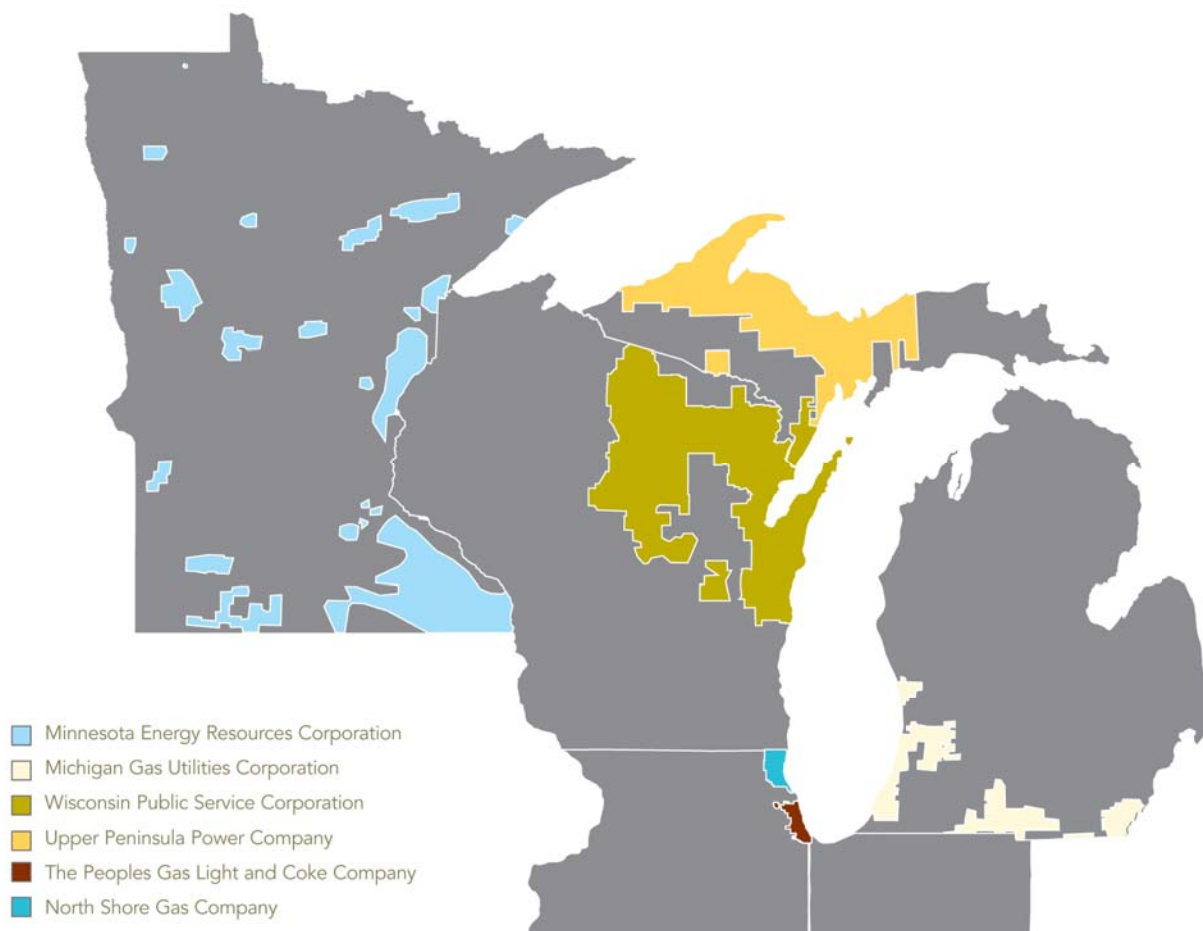
Integrlys Energy Group – A Leading Midwest Energy Company



\$3.5 billion market cap

Strong and Diversified Regulated Utility Business

Regulated service territory



- Serving the Midwest for 125 years
- Stable organic earnings growth
 - ◆ Attractive service territories
 - ◆ Generation and distribution capital investment program
- Constructive regulatory approach
- Delivering superior customer service

Regulated Utilities Serving Over 2 Million Customers

	PGL	NSG	MERC	MGUC	WPSC		UPPCO
As of 12/31/2007							
Electric Customers					433,000		52,000
Natural Gas Customers	830,000	158,000	207,000	165,000	314,000		
Generation capacity (megawatts)					1,757.4		58.9
Natural gas storage (Bcf)	47.3	6.9*	3.6*	5.1	8.1*		
For the period ending 12/31/2007							
Annual electric volumes (million megawatt-hours)					14.8		1.2
Annual natural gas throughput (Bcf)	124.1	25.8	70.5	31.1	78.8		
Retail as of 12/31/2007							
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Estimated rate base/investment (\$ millions), IL	1,157	177					
Estimated rate base/investment (\$ millions), WI					338	1,288	
Estimated rate base/investment (\$ millions), MI				170	3	15	84.5
Estimated rate base/investment (\$ millions), MN			186				
Wholesale as of 12/31/07							
Estimated rate base/investment (\$ millions)						174	7.5

* Represents contracted storage.

Note: Estimated rate base/investment dollars for all companies as of December 31, 2007. Most regulatory authorities use 13-month averages to determine authorized rate base/investments in rate proceedings.

Regulated Utilities Regulatory Rate Base and ROE

	PGL	NSG	MERC	MGUC	WPSC		UPPCO
	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Electric	Electric
Retail last authorized, IL/MN							
Rate base/investment (\$ millions)	1,212	182	125				
Allowed ROE	10.19%	9.99%	11.71%				
Authorized regulatory equity %	56.00%	56.00%	50.00%				
Date of decision	2/5/2008	2/5/2008	7/29/2003				
Retail last authorized, MI							
Rate base/investment (\$ millions)				170 ⁽²⁾	2	14	87.3
Allowed ROE				11.40%	14.25%	10.60%	10.75%
Authorized regulatory equity %				44.89%	42.40%	56.39%	54.93%
Date of decision				3/12/2003	6/7/1983	12/4/2007	6/27/2006
Retail last authorized, WI							
Rate base/investment (\$ millions)					352	1,241 ⁽¹⁾	
Allowed ROE					10.90%	10.90%	
Authorized regulatory equity %					57.46%	57.46%	
Date of decision					1/11/2007	1/11/2007	
Wholesale last authorized							
Rate base/investment (\$ millions)						168	7.7
Allowed ROE						11.00%	*
Authorized regulatory equity %						57.46% ⁽³⁾	*
Date of decision						11/19/2004	*

Notes:

(1) - Authorized rate base includes \$475 million of construction work-in-progress.

(2) - MGUC's last rate case was settled by previous owner, with no value stated for rate base/investment (12/31/07 estimated value represented here).

(3) - Authorized regulatory equity percent is equal to retail actual equity percent.

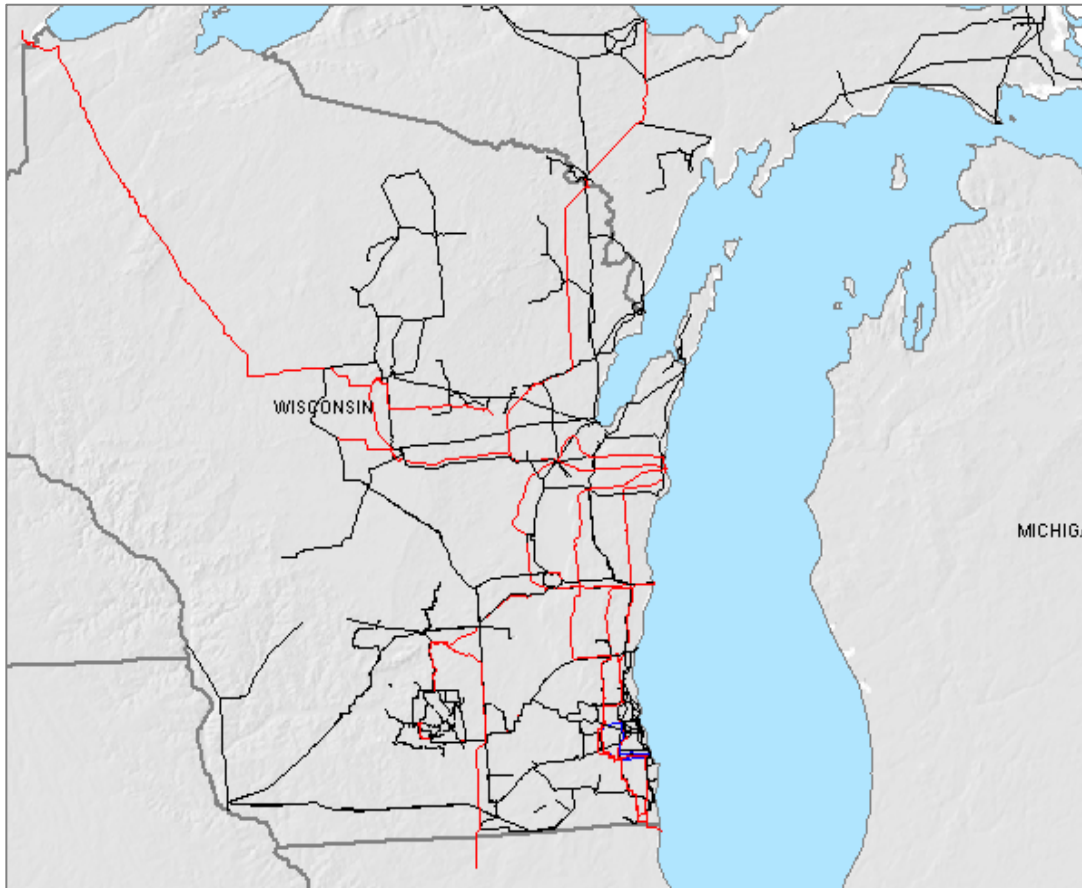
* - All rates are based on individual contracts with customers, consequently no allowed ROE, and authorized equity percent applies.

American Transmission Company



Service territory

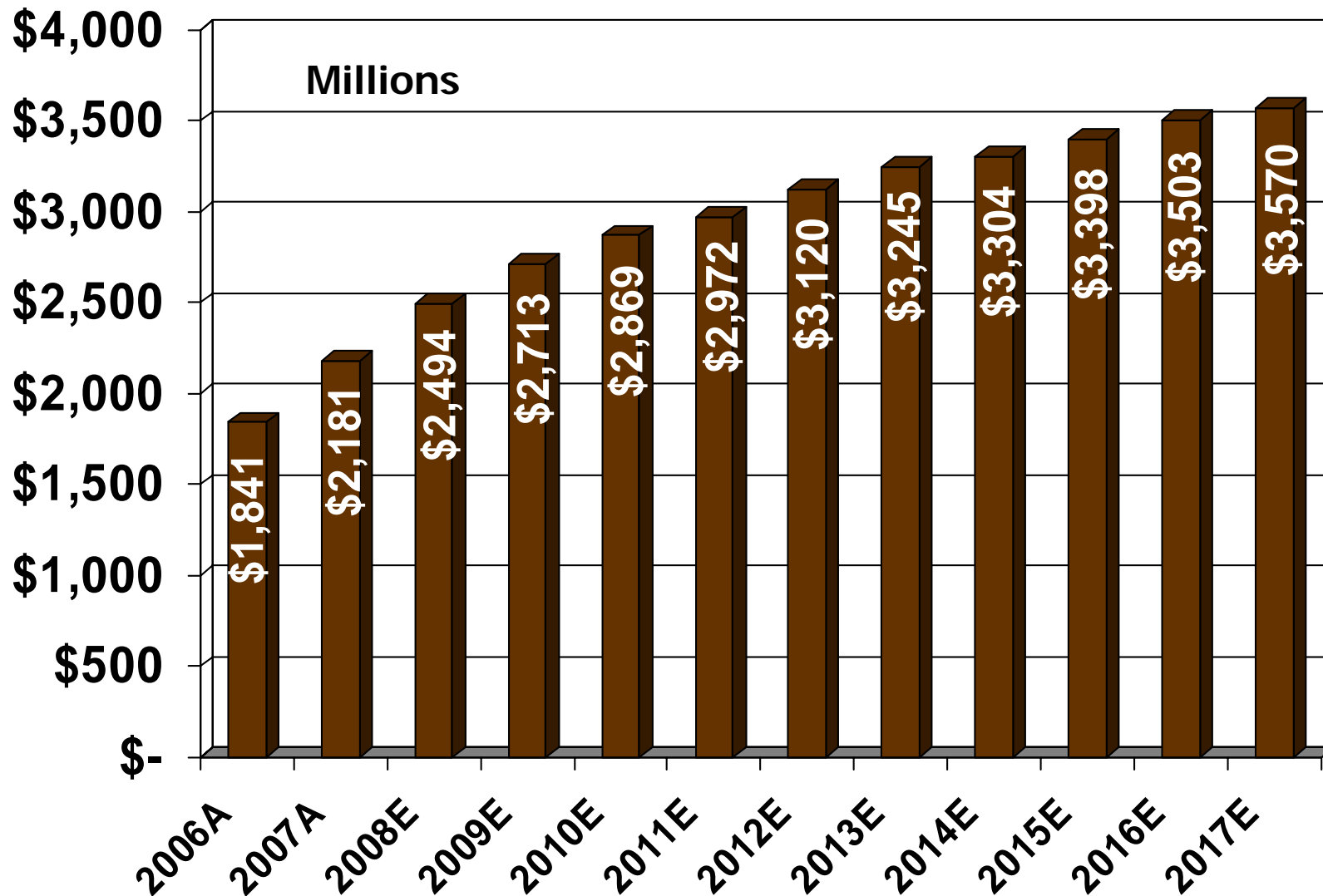
■ 345kV-499kV ■ 230kV-344kV ■ Below 230kV



ATC key operating statistics

- Over \$2.5 billion in transmission assets
 - ◆ Announced in 2008 plans to spend \$2.7 billion over next 10 years
- Authorized ROE: 12.2% on 50% equity
 - ◆ Rate design includes true-up mechanism and return on CWIP

ATC – Investment in Net Plant



Source: ATC 2007 Annual Report, p. 15; accessible at http://www.atcllc.com/documents/AR_single_FNL.pdf

Investing in Regulated Utility Capital Projects

	(Millions)			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Capital Expenditures for Regulated Utility Operations	\$ 448	\$ 603	\$ 487	\$ 1,538
Estimated Depreciation for Regulated Utility Operations	<u>197</u>	<u>203</u>	<u>232</u>	<u>632</u>
Net Growth in Rate Base Investment	<u><u>\$ 251</u></u>	<u><u>\$ 400</u></u>	<u><u>\$ 255</u></u>	<u><u>\$ 906</u></u>

Weston 4 Project

Weston 4



- Approximate construction cost: \$1,600 per kilowatt
- Estimated construction cost for similar plant today: \$2,500-\$3,000 per kilowatt

Project overview

- 500 MW low sulfur coal-fired base-load generation facility
- In service 1st quarter 2008, full commercial operation June 30, 2008
- Dairyland Power Cooperative owns 30% interest in Weston 4



Weston 4 Accolades

- Earned POWER Magazine's 2008 Plant of the Year award
 - See:
http://www.powermag.com/ArchivedArticleDisplay2.aspx?a=32-CS_Plant&y=2008&m=august
- Nominated for two additional awards
 - Power Engineering Magazine's 2008 Best Coal-Fired Project Award
 - Platts *Engineering News Record* (ENR) Energy Construction Project of the Year

Wisconsin Public Service Rate Case

Wisconsin Jurisdiction

- Filed for \$117.2 million increase in retail electric rates for 2009, plus an adjustment for fuel related costs, in 2010. Staff proposed \$100.1 million increase in retail electric rates for 2009 and 2.0%, plus an adjustment for fuel related costs, in 2010.

	<u>Amended Request</u>	<u>Staff Proposed</u>
▪ Rate Base/Investment:	\$ 1,389,959,000	\$1,350,097,000
▪ Return on Equity: (company requested 11.5%)	10.9%	10.7%
▪ Equity Component:	58.1%	53.4%

- Filed for \$11.7 million increase in retail natural gas rates in 2009 and no increase in 2010. Staff proposed \$3.75 million decrease in retail natural gas rates.

	<u>Filed For</u>	<u>Staff Proposed</u>
▪ Rate Base/Investment:	\$414,047,000	\$434,657,000
▪ Return on Equity: (company requested 11.5%)	10.9%	10.7%
▪ Equity Component:	58.1%	53.4%

- Requested decoupling for natural gas and electric service

- Filed: April 1, 2008
- Audit: Completed July 28, 2008
- Staff testimony filed August 29, 2008
- Hearings: September 25 and 26, 2008
- Written decision anticipated: December 2008
- Docket number: 6690-UR-119
- Web site: http://psc.wi.gov/apps/erf_search/content/result.aspx

Michigan Gas Utilities Rate Case

- In May requested \$13.9 million, 5.8%, increase in retail natural gas delivery rates from Michigan Public Service Commission
 - Rate Base/Investment: \$204 million
 - Return on Equity: 11.25%
 - Equity Component: 50.01%
- Requested 4.4% interim rate increase while Commission considers request.
 - Commission staff recommended \$3.5 million, 10.75% return on equity, and a 7.83% return on average rate base of \$202.1 million
 - Interim rate order expected March 2009
 - Final rates expected second quarter 2009
- Web site:
<http://efile.mpasc.cis.state.mi.us/cgi-bin/efile/viewcase.pl?casenum=15549>

Minnesota Energy Resources Rate Case

- In July requested \$22.0 million, 6.4%, increase in retail natural gas delivery rates from Minnesota Public Utilities Commission
 - Rate Base/Investment: \$201 million
 - Return on Equity: 11.25%
 - Equity Component: 50%
- Requested full 6.4% interim rate increase while Commission considers request
 - Interim rates of \$19.8 million, 90% of \$22 million requested, approved, and were effective October 1, 2008
 - Final rates expected in June 2009
- Web site:
<https://www.edockets.state.mn.us/EFiling/ShowFile.do?DocNumber=5405047>

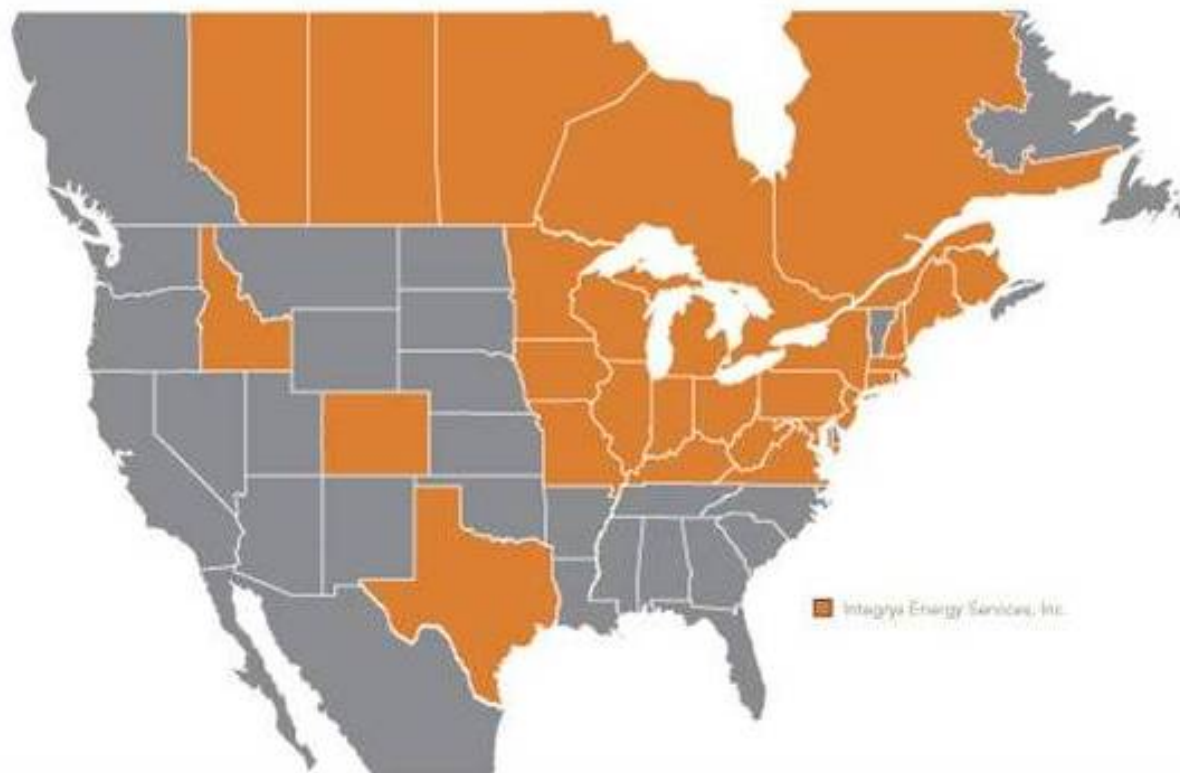


Prospects for Future Growth in Value – Regulated Utilities

- Wisconsin Public Service
 - Continue construction of natural gas pipeline laterals connecting to the Guardian II pipeline – \$85 million project expected to be completed by year-end 2008
 - Acquire wind farm project
 - 99 megawatts in Iowa
 - Expected to close on \$250 million purchase in November 2008
 - Expected in service by end of 2009
- Regulated Natural Gas Segment
 - Complete rate case process in Michigan and Minnesota to obtain approval for rate requests
 - Acceleration of investment in Chicago infrastructure
 - Program in place to reduce bad debt

IntegrYS Energy Services – Snapshot

- Serve 140,000 Customers
 - Northeast quadrant of US, adjacent portions of Canada, Texas, and Alberta, Canada
 - 32 pipelines and 6 electric markets
- Service Center locations
 - United States: CO, IL, KY, ME, MI, NH, NY, OH, TX, VA, WI
 - Canada: AB, ON, QC
- 2007 Annual Sales Data
 - Revenue: \$7 billion
 - Natural gas sales: 765 BCF
 - Electric sales: 18.2 million megawatt-hours





IntegrYS Energy Services – Prospects for Future Growth in Value

- Optimize business to enhance bottom-line growth
 - Focus on obtaining new customers in current markets
 - Geographic expansion on hold
- Solar projects
- Other renewable energy products and services to accommodate customers' environmental strategies

Commitment to Strong Balance Sheet and Credit Ratings

Current Credit Ratings

	<u>Standard & Poor's</u>	<u>Moody's</u>
IntegrYS Energy Group, Inc.		
Corporate credit rating	A-	*
Senior unsecured debt	BBB+	A3
Commercial paper	A-2	P-2
Credit facility	-	A3
Junior hybrid subordinated notes	BBB	Baa1

* Has not issued a corporate credit rating.



Liquidity

■ Credit Facilities

- Approximately \$2.4 billion
- 27 financial institutions
- Expanded credit facilities by \$400 million in November
- Currently, approximately \$1 billion is available

■ Subsequent Cash Needs/Generation

- Maturities of long-term debt – less than \$300 million through 2010
- Impacts of natural gas storage cycle and fulfillment of customer obligations expected to generate \$1.1 billion of cash through April 2009
 - \$400 million for natural gas distribution utilities
 - \$700 million for Integrys Energy Services
- Flexibility with capital expenditure program

■ Support for Integrys Energy Services

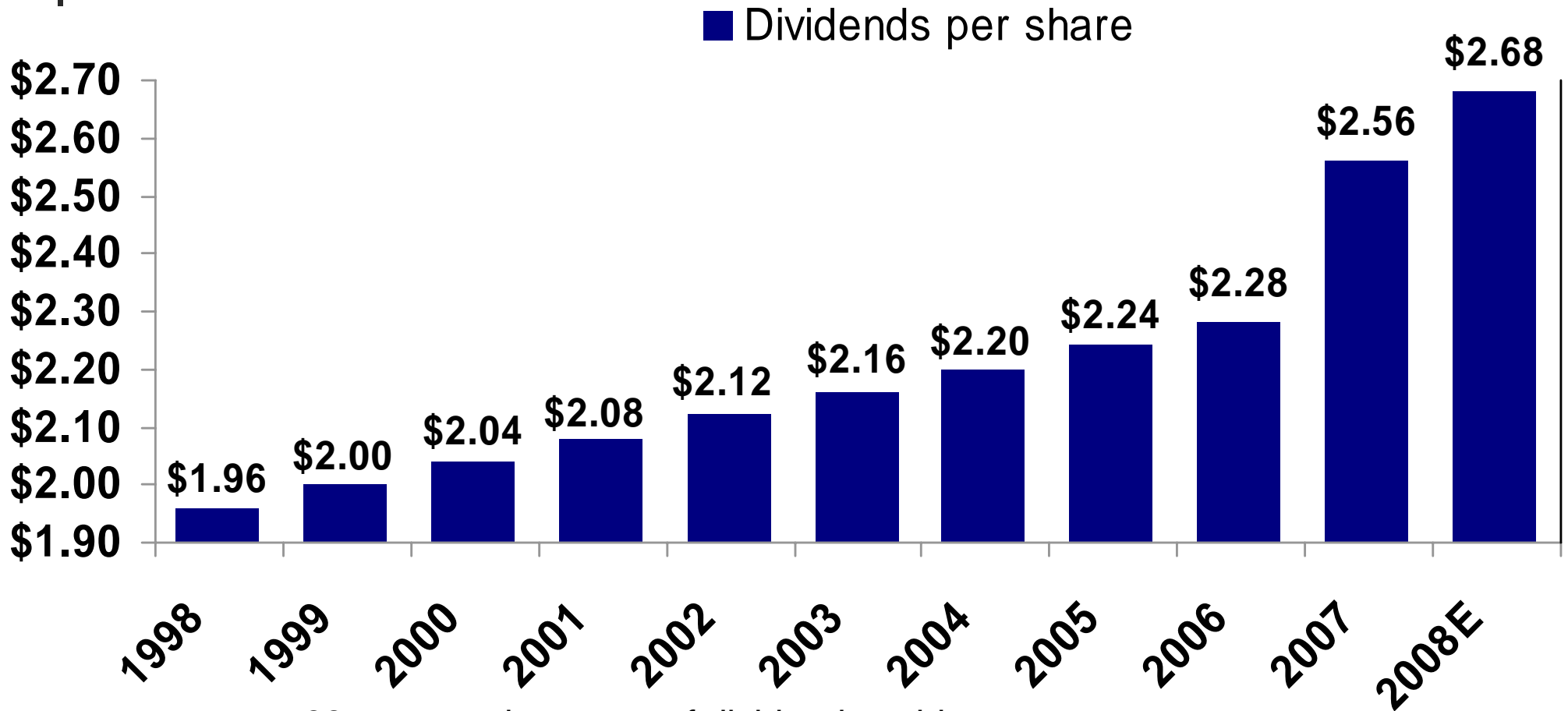
- Adjusted pricing to accommodate increase in operating costs, business risks, and cash margin requirements



Long-Term Financings Summary

- Long-Term Debt, 2008
 - Recently completed transactions
 - Peoples Gas, \$50 million
 - North Shore Gas, \$6.5 million
 - Expected transactions
 - Integrys Energy Group, up to \$300 million
 - Wisconsin Public Service, \$125 million
- Long-Term Debt, 2009
 - Wisconsin Public Service, \$100 million
- Equity
 - No new issuance through 2009 planned at this time – will reassess given market conditions

Recent Dividend Payments



- 68 consecutive years of dividends paid
- 50 consecutive years of dividend increases
 - ◆ S&P High Yield Dividend Aristocrat Index
 - ◆ Mergent Dividend Achiever
- Long-term target dividend payout ratio of 60-65% of earnings



President Selection Process

- Larry Weyers asked Board of Directors to begin the process
- Announced search in September 2008
- Five member Board committee working with prominent international search firm to carefully evaluate internal and external candidates to be considered for President
- Expect new President to be appointed in second quarter of 2009, expected to assume CEO title at Larry Weyers' retirement
- Larry Weyers will remain as Chairman of the Board as needed to ensure smooth transition



Prospects for our Future

- Regulated Utility Growth
 - Regulatory catch-up due to rate case moratoriums from recent acquisitions
 - Increasing investment in environmental and electric renewable projects
 - Increasing investment in natural gas cast iron main replacement
 - Continued investment in American Transmission Company
- Nonregulated Opportunities
 - Focused on optimizing existing business footprint
 - Continuing to gain expertise in renewables
 - Asset management optimization
 - Hedge to lock in margins as soon as practicable, limit speculative trading
- Enhance Shareholder Value
 - Continuing our strong dividend track record
 - Increasing earnings per share, long-term, by 6 to 8 percent on an average annualized basis, subject to market conditions



Questions?



Appendix

Estimated Synergy Savings and External Costs to Achieve

Updated Merger Cost Savings and External Costs to Achieve (Pre-tax Dollars in Millions)							
	2006A	2007A	2008E	2009E	2010E	2011E	Total
Total Estimated Synergy Savings - Current	–	38	73	89	100	106	406
Estimated Synergies Savings on February 21, 2007	–	29	73	82	88	94	366
Total Estimated Costs to Achieve - Current	(20) ¹	(91) ²	(35) ³	(9)	–	–	(155)
Estimated Costs to Achieve on February 21, 2007	(20) ¹	(91) ⁴	(33) ⁵	(11)	(31)	–	(186)

- (1) Includes/included \$18.2 million incurred by Peoples Energy.
- (2) Includes \$13.1 million of system write-offs, all of which were capitalized. Overall \$54.6 million was capitalized.
- (3) Anticipate that \$6.8 million will be capitalized.
- (4) Included \$34.5 million of system write-offs, of which \$11.7 million would have been capitalized. Overall \$59 million was capitalized.
- (5) Anticipated that \$6 million would have been capitalized.

Note: Unchanged from second quarter earnings conference call

Investing in Capital Projects to Better Serve Our Growing Customer Base

Construction Expenditures by Company (Millions)	2008	2009	2010	Total
Wisconsin Public Service	\$275	\$376	\$206	\$857
Peoples Gas Light *	114	139	220	473
Upper Peninsula Power	23	50	20	93
Minnesota Energy Resources	18	15	16	49
North Shore Gas	10	15	15	40
Michigan Gas Utilities	8	8	10	26
Subtotal for Utilities	\$448	\$603	\$487	\$1,538
IntegrYS Energy Services	52	13	3	68
IntegrYS Business Support	26	36	28	90
Total Anticipated Capital Expenditures	\$526	\$652	\$518	\$1,696
American Transmission Company (equity contribution)	35	24	12	71

* Includes accelerated cast iron main replacement program in 2010.

Estimated Utility Depreciation

Depreciation by Company (Millions)	2008	2009	2010	Total
Wisconsin Public Service	\$104	\$103	\$117	\$324
Peoples Gas Light and Coke	62	67	78	207
Upper Peninsula Power	6	7	9	22
Minnesota Energy Resources	11	12	13	36
North Shore Gas	7	7	7	21
Michigan Gas Utilities	7	7	8	22
Total for Utilities	\$197	\$203	\$232	\$632

Diluted EPS from Continuing Operations – Adjusted – Guidance Given Nov. 6, 2008

Diluted Earnings Per Share Information - Non-GAAP Financial Information

<i>Actual 2007 with 2008 Forecasts</i>	Actual 2007	Potential 2008 Diluted EPS Ranges	
		Low Scenario	High Scenario
Diluted EPS from continuing operations	\$ 2.48	\$ 3.06	\$ 3.17
Diluted EPS from discontinued operations	1.02	0.05	0.05
Total Diluted EPS	\$ 3.50	\$ 3.11	\$ 3.22
Average Shares of Common Stock – Diluted (millions)	71.8	76.9	76.9

Information on Special Items:

Diluted earnings per share from continuing operations, as adjusted for special items and their financial impact on the actual 2007 diluted earnings per share from continuing operations and 2008 diluted earnings per share from continuing operations guidance are as follows:

Diluted EPS from continuing operations	\$ 2.48	\$ 3.06	\$ 3.17
Adjustments (net of taxes):			
Synfuel – realized and unrealized oil option gains/losses, tax credits, production costs, premium amortization, deferred gain recognition, and royalties	(0.24)	(0.01)	(0.01)
Gains on asset sales	(0.02)	-	-
Integrys Energy Services' power contract in Maine liquidated in 2005	0.01	-	-
Goodwill impairment loss	-	0.08	0.08
Impacts of purchase accounting adjustments due to Peoples Energy merger	0.14	0.09	0.09
External transition costs related to Peoples Energy merger	0.15	0.11	0.11
Diluted EPS from continuing operations – adjusted	\$ 2.52	\$ 3.33	\$ 3.44
Weather impact – regulated utilities (as compared to normal)			
Electric – favorable/(unfavorable)	0.03	-	-
Natural gas – favorable/(unfavorable)	(0.16)	0.10	0.10
Total weather impact	\$ (0.13)	\$ 0.10	\$ 0.10

Key Assumptions for 2008:

- Normal weather for the remainder of the year
- Continued availability of generating units
- Impacts of purchase accounting/transition costs related to merger
- Anticipated merger synergy savings
- Rate relief for our utilities as recently approved by regulators
- Excludes any impact of negative non-cash lower of cost or market inventory adjustments and derivative mark-to-market volatility in 2008 (such mark-to-market volatility is expected to include about \$20 million of net mark-to-market after-tax losses in 2008 relating to contracts terminating in 2008 that had net mark-to-market after-tax gains recognized in 2007)

Diluted EPS from Continuing Operations – Adjusted – Guidance Drivers Given Nov. 6, 2008

	<u>2008</u>	
	<u>Low</u>	<u>High</u>
Previous Guidance, August 7, 2008	\$ 3.63	\$ 3.83
Revised Guidance, November 6, 2008	<u>3.33</u>	<u>3.44</u>
Difference	<u>\$ (0.30)</u>	<u>\$ (0.39)</u>
Key Drivers:		
Increased interest expense	\$ (0.09)	\$ (0.03)
Increased bad debt expense – primarily Lehman Brothers	\$ (0.08)	\$ (0.08)
Reduced land sales	\$ (0.07)	\$ (0.07)
Decrease in Integrys Energy Services' earnings – a potential solar project syndication	\$ (0.01)	\$ (0.17)
Other	\$ (0.05)	\$ (0.04)



Third Quarter 2008 Update

- Precipitous decline in energy prices during three months ended September 30, 2008, caused significant non-cash mark-to-market losses
 - Non-cash charges
 - Timing differences
- Financial position and solid investment grade credit ratings enable us to continue moving forward during the country's credit crisis
- Economic growth at Integrys Energy Services, but more selective with business opportunities



Investment Merits

- Sound business focus
- Growing investment opportunities in regulated utilities and American Transmission Company
- Growing nonregulated business
- Delivering long-term earnings per share growth
- Superior dividend track record
- Financial strength