Wisconsin Energy Corporation

2015 First Quarter Earnings

Released May 5, 2015

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News

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May 5, 2015

Wisconsin Energy posts 2015 first quarter results

- ***Adjusted first quarter earnings were 90 cents a share***

MILWAUKEE - Wisconsin Energy (NYSE: WEC) today reported net income of $195.8 million or 86 cents a share for the first quarter of 2015. This compares to net income of $207.6 million or 91 cents a share for the first quarter of 2014.

Costs related to the acquisition of Integrys Energy reduced earnings by 4 cents a share in the most recent quarter. Excluding the effect of this item, adjusted earnings for the first quarter of 2015 were 90 cents a share.

First quarter 2015 revenues totaled $1.39 billion. Revenues were $1.70 billion in the first quarter of 2014 - driven by the polar vortex and higher spot market prices for natural gas.

“While this winter was colder than normal, we did not experience the extreme conditions that persisted throughout the winter months last year,” said Gale Klappa, chairman and chief executive officer. “However, the second month of this year was actually colder than February of 2014, and we delivered more natural gas to our retail customers this February than during any other February in history - exceeding the previous record by 5.5 percent.

“Overall, the quarter was marked by high reliability and effective cost controls. In addition, we continued to see an uptick in customer growth, particularly in our natural gas distribution business,” Klappa said.

At the end of March 2015, the company was serving nearly 9,800 more natural gas customers and approximately 6,100 more electric customers than a year ago.

On a weather-normal basis for the latest quarter, electricity use by large commercial and industrial customers increased by 0.6 percent. Weather normal consumption of electricity by small commercial and industrial customers was flat, while residential electricity use declined by 3.1 percent.

Earnings per share listed in this news release are on a fully diluted basis.

Conference call
A conference call is scheduled for 1 p.m. Central time on May 5, 2015. The presentation will review 2015 first quarter earnings and will discuss the company's outlook for the future.

All interested parties, including stockholders, news media and the general public, are invited to listen to the presentation. The conference call may be accessed by dialing 866-439-9410 up to 15 minutes before the call begins. International callers may dial 706-643-5658. The conference ID is 20191671. Access also may be gained through the company's website (wisconsinenergy.com). Select 'First Quarter Earnings Release and Conference Call' and then select 'Go to webcast.' In conjunction with this earnings announcement, Wisconsin Energy will post on its website a package of detailed financial information on its first quarter performance. The materials will be available at 6:30 a.m. Central time on May 5, 2015.

Replay
A replay will be available on the website and by phone after the presentation. Access to the webcast replay will be available on the website by 5 p.m. Central time on May 5, 2015. Access to a phone replay also will be available after the presentation and remain accessible through May 19, 2015. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 20191671.

Non-GAAP Earnings Measures
Adjusted earnings (non-GAAP earnings), which generally exclude nonoperational items that are not associated with the company's ongoing operations, are provided as a complement to, and should not be considered as an alternative to, reported earnings presented in accordance with GAAP. The excluded items are not indicative of the company's operating performance. Therefore, we believe that the presentation of adjusted earnings is relevant and useful to investors to understand Wisconsin Energy's operating performance. Management uses such measures internally to evaluate the company's performance and manage its operations.

Wisconsin Energy Corporation (NYSE: WEC), based in Milwaukee, is one of the nation's premier energy companies, serving more than 1.1 million electric customers in Wisconsin and Michigan's Upper Peninsula and approximately 1.1 million natural gas customers in Wisconsin. The company's principal utility is We Energies. The company's other major subsidiary, We Power, designs, builds and owns electric generating plants.

Wisconsin Energy (wisconsinenergy.com), a component of the S&P 500, has more than $15 billion of assets, 4,300 employees and approximately 40,000 stockholders of record.

Tables follow

WISCONSIN ENERGY CORPORATION
CONSOLIDATED CONDENSED INCOME STATEMENTS
(Unaudited)

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars, Except Per Share Amounts)	
Operating Revenues	$ 1,387.9	$ 1,695.0
Operating Expenses		
Fuel and purchased power	297.7	318.6
Cost of gas sold	316.2	591.5
Other operation and maintenance	280.7	275.4
Depreciation and amortization	105.1	100.6
Property and revenue taxes	31.9	30.6
Total Operating Expenses	1,031.6	1,316.7
Treasury Grant	2.5	3.5
Operating Income	358.8	381.8
Equity in Earnings of Transmission Affiliate	16.1	17.3
Other Income, net	3.0	1.1
Interest Expense, net	59.7	62.3
Income Before Income Taxes	318.2	337.9
Income Tax Expense	122.4	130.3
Net Income	$ 195.8	$ 207.6
Earnings Per Share		
Basic	$ 0.87	$ 0.92
Diluted	$ 0.86	$ 0.91
Weighted Average Common Shares Outstanding (Millions)		
Basic	225.5	225.8
Diluted	227.3	227.7
Dividends Per Share of Common Stock	$ 0.4225	$ 0.39

WISCONSIN ENERGY CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 2015	December 31, 2014
	(Millions of Dollars)	
Assets		
Property, Plant and Equipment, Net	$ 11,316.0	$ 11,257.7
Investments		
Equity investment in transmission affiliate	431.1	424.1
Other	33.0	32.8
Total Investments	464.1	456.9
Current Assets		
Cash and cash equivalents	65.2	61.9
Accounts receivable, net	437.3	352.1
Accrued revenues	221.6	291.3
Materials, supplies and inventories	289.7	400.6
Current deferred tax asset, net	170.3	242.7
Prepayments and other	142.3	186.8
Total Current Assets	1,326.4	1,535.4
Deferred Charges and Other Assets		
Regulatory assets	1,270.0	1,271.2
Goodwill	441.9	441.9
Other	317.2	200.3
Total Deferred Charges and Other Assets	2,029.1	1,913.4
Total Assets	$ 15,135.6	$ 15,163.4
Capitalization and Liabilities		
Capitalization		
Common equity	$ 4,510.6	$ 4,419.7
Preferred stock of subsidiary	30.4	30.4
Long-term debt	4,169.2	4,186.4
Total Capitalization	8,710.2	8,636.5
Current Liabilities		
Long-term debt due currently	426.8	424.1
Short-term debt	563.0	617.6
Accounts payable	291.9	363.3
Accrued payroll and benefits	58.8	95.1
Other	219.8	168.6
Total Current Liabilities	1,560.3	1,668.7
Deferred Credits and Other Liabilities		
Regulatory liabilities	820.3	830.6
Deferred income taxes - long-term	2,942.4	2,906.7
Deferred revenue, net	604.7	614.1
Pension and other benefit obligations	203.5	203.8
Other	294.2	303.0
Total Deferred Credits and Other Liabilities	4,865.1	4,858.2
Total Capitalization and Liabilities	$ 15,135.6	$ 15,163.4

WISCONSIN ENERGY CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31	
	2015	2014
	(Millions of Dollars)	
Operating Activities		
Net income	$ 195.8	$ 207.6
Reconciliation to cash		
Depreciation and amortization	108.2	103.7
Contributions to qualified benefit plans	(100.0)	—
Deferred income taxes and investment tax credits, net	106.6	111.6
Working capital and other	19.1	(37.8)
Cash Provided by Operating Activities	329.7	385.1
Investing Activities		
Capital expenditures	(149.5)	(129.2)
Investment in transmission affiliate	(1.3)	(3.9)
Other, net	(5.5)	(6.0)
Cash Used in Investing Activities	(156.3)	(139.1)
Financing Activities		
Common stock repurchased under benefit plans, net	(15.0)	(18.8)
Common stock repurchased under repurchase plan	—	(18.6)
Dividends paid on common stock	(95.3)	(88.1)
Change in debt, net	(63.9)	(124.1)
Other, net	4.1	5.2
Cash Used in Financing Activities	(170.1)	(244.4)
Change in Cash	3.3	1.6
Cash at Beginning of Period	61.9	26.0
Cash at End of Period	$ 65.2	$ 27.6

Wisconsin Energy Corporation
First Quarter 2015 and 2014 Results - Factors Affecting Earnings
All Values in Millions Except Earnings per Share

Operating Income by Segment	2015	2014	Significant Factors	B(W)
Utility Energy	$ 276.5	$ 292.7		$ (16.2)
			Rate Case	14.7
			Weather	(20.6)
			Depreciation	(4.3)
			Other, net	(6.0)
			Total Utility	(16.2)
Non-Utility Energy	91.6	90.2		1.4
Corporate & Other	(9.3)	(1.1)	Acquisition Related Costs	(8.2)
Total Operating Income	358.8	381.8		(23.0)
Equity in Earnings of Transmission Affiliate	16.1	17.3		(1.2)
Other Income, net	3.0	1.1	Higher AFUDC	1.9
Interest Expense, net	59.7	62.3	Lower Interest Rates	2.6
Income Before Income Taxes	318.2	337.9		(19.7)
Income Tax Expense	122.4	130.3		7.9
Net Income	$ 195.8	$ 207.6		$ (11.8)
Earnings Per Share (Diluted)	$ 0.86	$ 0.91		$ (0.05)
Average Diluted Shares Outstanding (Millions)	227.3	227.7		

Wisconsin Energy Corporation
First Quarter 2015 and 2014 Revenues and Volumes

Consolidated Revenues - $ Millions	2015	2014	Change
Utility Electric	$ 868.9	$ 885.8	$ (16.9)
Utility Gas	490.2	778.0	(287.8)
Other	28.8	31.2	(2.4)
Total Revenues	$ 1,387.9	$ 1,695.0	$ (307.1)
Weather -- Degree Days (a)			
Heating (3,277 Normal)	3,656	4,033	(377)

(a) As measured at Mitchell International Airport in Milwaukee, Wisconsin. Normal degree days are based upon a 20-year moving average.

	Electric Revenues			MWh		
Electric Utility Operations	2015	2014	Change	2015	2014	Change
	(Millions of Dollars)			(Thousands)		
Customer Class						
Residential	$ 310.8	$ 319.2	$ (8.4)	2,008.3	2,162.6	(7.1)%
Small Commercial/Industrial	258.8	260.0	(1.2)	2,225.2	2,253.2	(1.2)%
Large Commercial/Industrial	175.0	151.2	23.8	2,159.1	1,792.9	20.4 %
Other - Retail	6.0	6.1	(0.1)	39.0	39.4	(1.0)%
Total Retail	750.6	736.5	14.1	6,431.6	6,248.1	2.9 %
Wholesale - Other	30.9	40.8	(9.9)	420.0	604.8	(30.6)%
Resale - Utilities	62.4	91.8	(29.4)	2,104.7	1,443.5	45.8 %
Other Operating Revenues	24.3	15.3	9.0	—	—	
Total	868.2	884.4	(16.2)	8,956.3	8,296.4	8.0 %
Electric Customer Choice (b)	0.7	1.4	(0.7)	250.0	601.2	(58.4)%
Total, including electric customer choice	$ 868.9	$ 885.8	$ (16.9)			

(b) Represents distribution sales for customers who have purchased power from an alternative electric supplier in Michigan.

	Gross Margin (c)			Therms		
Gas Utility Operations	2015	2014	Change	2015	2014	Change
	(Millions of Dollars)			(Millions)		
Customer Class						
Residential	$ 113.4	$ 119.6	$ (6.2)	427.2	465.6	(8.2)%
Commercial/Industrial	40.9	48.0	(7.1)	239.6	273.5	(12.4)%
Interruptible	0.5	0.7	(0.2)	6.1	7.2	(15.3)%
Total Retail	154.8	168.3	(13.5)	672.9	746.3	(9.8)%
Transported Gas	17.3	16.2	1.1	372.2	312.3	19.2 %
Other	1.9	2.0	(0.1)	—	—	
Total Gross Margin	174.0	186.5	(12.5)	1,045.1	1,058.6	(1.3)%
Add: Cost of Gas Sold	316.2	591.5	(275.3)			
Gas Revenues	$ 490.2	$ 778.0	$ (287.8)			

(c) Gas margins reflect revenues less the cost of gas. We believe gross margin is a better performance indicator than revenues because changes in the cost of gas sold flow through to revenue under gas cost recovery mechanisms.

Wisconsin Energy Corporation
Normalized Retail Electric Sales (a)

Delivered Volumes

	Three Months Ended March 31		Annual (b)
	2015 Actual vs. 2014 Actual	2015 Normalized vs. 2014 Normalized	2015 Budget vs. 2014 Normalized
Residential	(7.1)%	(3.1)%	0.2 %
Small Commercial/Industrial	(1.2)%	— %	0.3 %
Large Commercial/Industrial (ex. Mines)	(0.5)%	(0.5)%	(0.3)%
Total Large Commercial/Industrial	0.6 %	0.6 %	(0.2)%
Total Retail Sales	(2.4)%	(0.7)%	0.1 %
Retail (ex. Mines)	(3.0)%	(1.2)%	0.1 %

Energy Sales

	Three Months Ended March 31		Annual (b)
	2015 Actual vs. 2014 Actual	2015 Normalized vs. 2014 Normalized	2015 Budget vs. 2014 Normalized
Residential	(7.1)%	(3.1)%	0.2 %
Small Commercial/Industrial	(1.2)%	— %	0.3 %
Large Commercial/Industrial (ex. Mines)	(0.5)%	(0.5)%	(0.3)%
Total Large Commercial/Industrial	20.4 %	20.4 %	(0.3)%
Total Retail Sales	2.9 %	5.0 %	0.1 %
Retail (ex. Mines)	(3.1)%	(1.2)%	0.1 %

(a) Normalized - 20 year average weather adjusted.

(b) Actual results may differ materially from these forecasts because of seasonal, economic and other factors.

Wisconsin Energy Corporation
Cash Flow Information
Three Months Ended March 31, 2015 and 2014
All Values in Millions

EBIT and EBITDA	2015	2014
Net Income	$ 195.8	$ 207.6
Income Taxes	122.4	130.3
Interest	59.7	62.3
EBIT	377.9	400.2
Depreciation and Amortization	108.2	103.7
EBITDA	$ 486.1	$ 503.9

Funds From Operations		
Net Income	$ 195.8	$ 207.6
Depreciation and Amortization	108.2	103.7
Contributions to Qualified Benefit Plans	(100.0)	—
Deferred Income Taxes and Investment Tax Credits, net	106.6	111.6
Working Capital and Other	19.1	(37.8)
Funds From Operations	$ 329.7	$ 385.1

Capitalization Structure	March 31, 2015	
	Actual	Adjusted
Common Equity	$ 4,510.6	$ 4,760.6
Preferred Stock of Subsidiary	30.4	30.4
Long-Term Debt (including current maturities)	4,596.0	4,346.0
Short-Term Debt	563.0	563.0
Total Capitalization	$ 9,700.0	$ 9,700.0
Total Debt	$ 5,159.0	$ 4,909.0
Ratio of Debt to Total Capitalization	53.2%	50.6%

Adjusted: Included in Long-Term Debt is the $500 million aggregate principal amount of the 2007 Series A Junior Subordinated Notes due 2067 as these debt securities are reflected as long-term debt on our Consolidated Balance Sheets. The adjusted presentation attributes $250 million of the Junior Notes to Common Equity and $250 million to Long-Term Debt.

Credit Ratings*

	S & P	Moody's	Fitch
Wisconsin Energy Corporation			
Commercial Paper	A-2	P-1	F2
Unsecured Senior Debt	BBB+	A2	A-
Unsecured Junior Notes	BBB	A3	BBB
Wisconsin Electric			
Commercial Paper	A-2	P-1	F1
Unsecured Senior Debt	A-	A1	A+
Wisconsin Gas			
Commercial Paper	A-1	P-1	F1
Unsecured Senior Debt	A	A1	A
Elm Road Generating Station Supercritical LLC			
Senior Debt	A-	A1	A+

* All ratings outlooks for the Companies are stable, except for Wisconsin Energy Corporation, which are negative.

Wisconsin Energy Corporation
GAAP Reconciliation

All Values in Millions Except Earnings per Share

Adjusted (non-GAAP) earnings for the three months ended March 31, 2015 exclude external, after-tax costs related to Wisconsin Energy's acquisition of Integrys Energy Group. These costs are included in reported GAAP earnings.

	Three Months Ended March 31, 2015
Net Income	
Reported GAAP Earnings	$ 195.8
Acquisition Costs, after tax	8.3
Adjusted (non-GAAP) Earnings	$ 204.1
Diluted Earnings Per Share	
Reported GAAP Earnings	$ 0.86
Acquisition Costs, after tax	0.04
Adjusted (non-GAAP) Earnings	$ 0.90