Wisconsin Energy Corporation

2013 Third Quarter Earnings

Released October 30, 2013

Contents

	Pages
Press Release	1
Income Statements	3
Balance Sheets	4
Statements of Cash Flows	5
Factors Affecting 3rd Qtr	6
Factors Affecting Year to Date	7
3rd Qtr Revenues and Sales	8
Year to Date Revenues and Sales	9
Normalized Retail Electric Sales	10
Cash Flow Information	11
Credit Ratings	12

Wisconsin Energy Corporation

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News

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October 30, 2013

Wisconsin Energy posts 2013 third quarter and nine month results

MILWAUKEE - Wisconsin Energy (NYSE: WEC) today reported net income of $137.5 million or 60 cents a share for the third quarter of 2013. This compares with net income of $156.1 million or 67 cents a share for the third quarter of 2012.

Third quarter 2013 revenues were $1.05 billion. Revenues totaled $1.04 billion in the same quarter last year. This year's third quarter earnings were affected by a return to normal weather compared to a much warmer than normal summer last year, and by bill credits to customers in anticipation of a federal grant the company expects to receive for building a biomass-fueled power plant in northern Wisconsin.

For the first nine months of 2013, the company recorded net income of $433.1 million or $1.88 a share - down from $447.5 million or $1.92 a share in the corresponding nine months a year ago.

"Strong operating performance and the impact of the company's share repurchase program were positive factors underlying our third quarter results. Milder weather was the major negative factor," said Gale Klappa, chairman and chief executive officer.

"Of course, last summer the region experienced record heat. But with a return to more typical summer temperatures, customer demand for air conditioning dropped significantly in this year's third quarter," Klappa added.

Residential use of electricity in the July through September period was down by 8.9 percent. Consumption of electricity by small commercial and industrial customers declined by 3 percent. Electricity use by large commercial and industrial customers - excluding the iron ore mines in Michigan's Upper Peninsula - was 3.5 percent lower.

On a weather-normalized basis, retail consumption of electricity - excluding the iron ore mines - was down by 1.8 percent.

At the end of September, the company was serving approximately 2,700 more electric customers and 5,000 more natural gas customers than a year ago.

“Operationally, the company continues to perform at a high level. Cash generation remains strong, and our financial performance is on track through the first nine months of the year,” said Klappa.

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 Oct. 30, 2013. The presentation will review 2013 third 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 80350976. Access also may be gained through the company's website (wisconsinenergy.com). Click 'Third Quarter Earnings Release and Conference Call' and then click 'Go to webcast.' In conjunction with this earnings announcement, Wisconsin Energy will post on its website a package of detailed financial information on its third quarter performance. The materials will be available at 6:30 a.m. Central time on Oct. 30, 2013.

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 about two hours after the presentation. Access to a phone replay also will be available approximately two hours after the presentation and remain accessible through Nov. 13, 2013. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 80350976.

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 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 $14 billion of assets, approximately 4,500 employees and more than 41,000 stockholders of record.

Tables follow

WISCONSIN ENERGY CORPORATION

CONSOLIDATED CONDENSED INCOME STATEMENTS

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
	(Millions of Dollars, Except Per Share Amounts)			
Operating Revenues	$ 1,053.2	$ 1,039.3	$ 3,340.7	$ 3,175.2
Operating Expenses				
Fuel and purchased power	339.1	336.4	886.2	848.9
Cost of gas sold	61.6	55.5	446.9	368.0
Other operation and maintenance	268.1	244.6	821.6	798.8
Depreciation and amortization	96.9	91.8	289.1	269.7
Property and revenue taxes	29.5	30.4	88.4	90.9
Total Operating Expenses	795.2	758.7	2,532.2	2,376.3
Operating Income	258.0	280.6	808.5	798.9
Equity in Earnings of Transmission Affiliate	17.1	17.1	51.0	48.9
Other Income, net	5.1	9.0	15.3	33.6
Interest Expense, net	62.0	60.9	190.3	181.3
Income Before Income Taxes	218.2	245.8	684.5	700.1
Income Tax Expense	80.7	89.7	251.4	252.6
Net Income	$ 137.5	$ 156.1	$ 433.1	$ 447.5
Earnings Per Share				
Basic	$ 0.61	$ 0.68	$ 1.90	$ 1.94
Diluted	$ 0.60	$ 0.67	$ 1.88	$ 1.92
Weighted Average Common Shares Outstanding (Millions)				
Basic	226.8	230.4	228.0	230.4
Diluted	228.8	232.9	230.2	233.1
Dividends Per Share of Common Stock	$ 0.3825	$ 0.30	$ 1.0625	$ 0.90

WISCONSIN ENERGY CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

	September 30, 2013	December 31, 2012
	(Millions of Dollars)	
Assets		
Property, Plant and Equipment, Net	$ 10,805.2	$ 10,572.2
Investments		
Equity investment in transmission affiliate	396.7	378.3
Other	36.5	35.5
Total Investments	433.2	413.8
Current Assets		
Cash and cash equivalents	18.5	35.6
Accounts receivable, net	299.0	285.3
Accrued revenues	161.0	278.1
Materials, supplies and inventories	367.6	360.7
Current deferred tax asset, net	230.8	46.3
Prepayments and other	161.3	307.9
Total Current Assets	1,238.2	1,313.9
Deferred Charges and Other Assets		
Regulatory assets	1,267.4	1,339.0
Goodwill	441.9	441.9
Other	186.9	204.2
Total Deferred Charges and Other Assets	1,896.2	1,985.1
Total Assets	$ 14,372.8	$ 14,285.0
Capitalization and Liabilities		
Capitalization		
Common equity	$ 4,198.1	$ 4,135.1
Preferred stock of subsidiary	30.4	30.4
Long-term debt	4,370.9	4,453.8
Total Capitalization	8,599.4	8,619.3
Current Liabilities		
Long-term debt due currently	371.0	412.1
Short-term debt	361.8	394.6
Accounts payable	296.9	368.4
Accrued payroll and benefits	90.8	100.9
Other	170.7	167.3
Total Current Liabilities	1,291.2	1,443.3
Deferred Credits and Other Liabilities		
Regulatory liabilities	830.7	866.5
Deferred income taxes - long-term	2,470.3	2,117.0
Deferred revenue, net	676.8	709.7
Pension and other benefit obligations	214.5	244.0
Other	289.9	285.2
Total Deferred Credits and Other Liabilities	4,482.2	4,222.4
Total Capitalization and Liabilities	$ 14,372.8	$ 14,285.0

WISCONSIN ENERGY CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30	
	2013	2012
	(Millions of Dollars)	
Operating Activities		
Net income	$ 433.1	$ 447.5
Reconciliation to cash		
Depreciation and amortization	297.6	278.2
Contributions to qualified benefit plans	—	(100.0)
Deferred income taxes and investment tax credits, net	219.8	249.6
Working capital and other	99.8	117.1
Cash Provided by Operating Activities	1,050.3	992.4
Investing Activities		
Capital expenditures	(497.7)	(477.5)
Investment in transmission affiliate	(7.9)	(13.1)
Change in restricted cash	2.7	36.0
Other, net	(41.9)	(36.8)
Cash Used in Investing Activities	(544.8)	(491.4)
Financing Activities		
Common stock issued (repurchased), net	(145.2)	(59.7)
Dividends paid on common stock	(242.3)	(207.4)
Change in debt, net	(146.0)	(235.0)
Other, net	10.9	—
Cash Used in Financing Activities	(522.6)	(502.1)
Change in Cash	(17.1)	(1.1)
Cash at Beginning of Period	35.6	14.1
Cash at End of Period	$ 18.5	$ 13.0

Wisconsin Energy Corporation
Third Quarter 2013 and 2012 Results - Factors Affecting Earnings

All Values in Millions Except Earnings per Share

Operating Income by Segment	2013	2012	Significant Factors	B(W)
Utility Energy	$ 166.6	$ 191.0		$ (24.4)
			Depreciation	(5.2)
			Weather	(22.9)
			Other, net	3.7
			Total Utility	(24.4)
Non-Utility Energy	93.2	91.5		1.7
Corporate & Other	(1.8)	(1.9)		0.1
Total Operating Income	258.0	280.6		(22.6)
Equity in Earnings of Transmission Affiliate	17.1	17.1		—
Other Income, net	5.1	9.0	Lower AFUDC	(3.9)
Interest Expense, net	62.0	60.9	Lower Cap Int	(1.1)
Income Before Income Taxes	218.2	245.8		(27.6)
Income Tax Expense	80.7	89.7		9.0
Net Income	$ 137.5	$ 156.1		$ (18.6)
Earnings Per Share (Diluted)	$ 0.60	$ 0.67		$ (0.07)
Average Diluted Shares Outstanding (Millions)	228.8	232.9		

Wisconsin Energy Corporation
Nine Months Ended September 30, 2013 and 2012 - Factors Affecting Earnings

All Values in Millions Except Earnings per Share

Operating Income by Segment	2013	2012	Significant Factors	B(W)
Utility Energy	$ 536.1	$ 533.2		$ 2.9
			Weather	14.6
			Impact of Leap Year - 2012	(6.7)
			Depreciation	(19.4)
			Other, net	14.4
			Total Utility	2.9
Non-Utility Energy	276.4	270.2		6.2
Corporate & Other	(4.0)	(4.5)		0.5
Total Operating Income	808.5	798.9		9.6
Equity in Earnings of Transmission Affiliate	51.0	48.9		2.1
Other Income, net	15.3	33.6	Lower AFUDC	(18.3)
Interest Expense, net	190.3	181.3	Lower Cap Int	(9.0)
Income Before Income Taxes	684.5	700.1		(15.6)
Income Tax Expense	251.4	252.6		1.2
Net Income	$ 433.1	$ 447.5		$ (14.4)
Earnings Per Share (Diluted)	$ 1.88	$ 1.92		$ (0.04)
Average Diluted Shares Outstanding (Millions)	230.2	233.1		

Wisconsin Energy Corporation
Third Quarter 2013 and 2012 Revenues and Sales

Consolidated Revenues - $ Millions	2013	2012	Change
Utility Electric	$ 911.0	$ 901.2	$ 9.8
Utility Gas	120.6	116.7	3.9
Other	21.6	21.4	0.2
Total Revenues	$ 1,053.2	$ 1,039.3	$ 13.9
Weather -- Degree Days (a)			
Heating (124 Normal)	130	138	(8)
Cooling (549 Normal)	540	735	(195)

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

	Electric Revenues			MWh Sales		
Electric Utility Operations	2013	2012	Change	2013	2012	Change
	(Millions of Dollars)			(Thousands)		
Customer Class						
Residential	$ 332.7	$ 340.2	$ (7.5)	2,207.7	2,422.5	(8.9)%
Small Commercial/Industrial	287.9	284.2	3.7	2,381.6	2,456.3	(3.0)%
Large Commercial/Industrial	200.2	200.7	(0.5)	2,326.3	2,486.1	(6.4)%
Other - Retail	5.5	5.4	0.1	34.6	34.6	— %
Total Retail	826.3	830.5	(4.2)	6,950.2	7,399.5	(6.1)%
Wholesale - Other	32.6	40.0	(7.4)	405.8	411.7	(1.4)%
Resale - Utilities	45.4	17.8	27.6	1,430.2	596.3	139.8 %
Other Operating Revenues	6.7	12.9	(6.2)	—	—	
Total	$ 911.0	$ 901.2	$ 9.8	8,786.2	8,407.5	4.5 %

	Gross Margin (b)			Therm Deliveries		
Gas Utility Operations	2013	2012	Change	2013	2012	Change
	(Millions of Dollars)			(Millions)		
Customer Class						
Residential	$ 37.4	$ 37.9	$ (0.5)	47.2	46.2	2.2 %
Commercial/Industrial	9.4	10.2	(0.8)	33.3	33.1	0.6 %
Interruptible	0.3	0.3	—	2.8	2.3	21.7 %
Total Retail	47.1	48.4	(1.3)	83.3	81.6	2.1 %
Transported Gas	10.9	11.8	(0.9)	236.0	269.7	(12.5)%
Other	1.0	1.0	—	—	—	
Total Gross Margin	59.0	61.2	(2.2)	319.3	351.3	(9.1)%
Add: Cost of Gas Sold	61.6	55.5	6.1			
Gas Revenues	$ 120.6	$ 116.7	$ 3.9			

(b) 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

Nine Months Ended September 30, 2013 and 2012 Revenues and Sales

Consolidated Revenues - $ Millions	2013	2012	Change
Utility Electric	$ 2,516.5	$ 2,451.1	$ 65.4
Utility Gas	751.6	656.3	95.3
Other	72.6	67.8	4.8
Total Revenues	$ 3,340.7	$ 3,175.2	$ 165.5
Weather -- Degree Days (a)			
Heating (4,316 Normal)	4,630	3,513	1,117
Cooling (720 Normal)	678	1,041	(363)

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

	Electric Revenues			MWh Sales		
Electric Utility Operations	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
	(Millions of Dollars)			(Thousands)		
Customer Class						
Residential	$ 913.1	$ 891.7	$ 21.4	6,103.6	6,354.0	(3.9)%
Small Commercial/Industrial	798.0	779.1	18.9	6,700.1	6,777.3	(1.1)%
Large Commercial/Industrial	566.4	569.0	(2.6)	6,885.6	7,339.7	(6.2)%
Other - Retail	17.0	16.6	0.4	109.6	111.2	(1.4)%
Total Retail	2,294.5	2,256.4	38.1	19,798.9	20,582.2	(3.8)%
Wholesale - Other	109.3	112.3	(3.0)	1,444.7	1,113.1	29.8 %
Resale - Utilities	91.5	43.2	48.3	2,880.9	1,392.1	106.9 %
Other Operating Revenues	21.2	39.2	(18.0)	—	—	
Total	$ 2,516.5	$ 2,451.1	$ 65.4	24,124.5	23,087.4	4.5 %

	Gross Margin (b)			Therm Deliveries		
Gas Utility Operations	**2013**	**2012**	**Change**	**2013**	**2012**	**Change**
	(Millions of Dollars)			(Millions)		
Customer Class						
Residential	$ 196.0	$ 184.5	$ 11.5	567.8	436.9	30.0 %
Commercial/Industrial	65.5	59.4	6.1	332.2	254.2	30.7 %
Interruptible	1.3	1.2	0.1	12.9	9.9	30.3 %
Total Retail	262.8	245.1	17.7	912.9	701.0	30.2 %
Transported Gas	37.4	38.6	(1.2)	777.7	876.9	(11.3)%
Other	4.5	4.6	(0.1)	—	—	
Total Gross Margin	304.7	288.3	16.4	1,690.6	1,577.9	7.1 %
Add: Cost of Gas Sold	446.9	368.0	78.9			
Gas Revenues	$ 751.6	$ 656.3	$ 95.3			

(b) 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)

	Third Quarter	
	2013 Actual vs. 2012 Actual	2013 Normalized vs. 2012 Normalized
Residential	(8.9)%	(0.4)%
Small Commercial/Industrial	(3.0)%	(2.5)%
Large Commercial/Industrial (ex. Mines)	(3.5)%	(2.7)%
Total Large Commercial/Industrial	(6.4)%	(5.7)%
Total Retail Sales	(6.1)%	(2.9)%
Retail (Excluding Mines)	(5.2)%	(1.8)%

	Nine Months		Annual (b)
	2013 Actual vs. 2012 Actual	2013 Normalized vs. 2012 Normalized	2013 Budget vs. 2012 Normalized
Residential	(3.9)%	(0.2)%	0.1 %
Small Commercial/Industrial	(1.1)%	(0.6)%	0.3 %
Large Commercial/Industrial (ex. Mines)	(3.7)%	(1.8)%	0.2 %
Total Large Commercial/Industrial	(6.2)%	(4.6)%	(2.4)%
Total Retail Sales	(3.8)%	(1.9)%	(0.7)%
Retail (Excluding Mines)	(2.9)%	(0.8)%	0.2 %

(a) Normalized - 20 year average weather adjusted. The nine months has also been adjusted for leap year in 2012 which caused a decline in normalized sales of approximately 0.4% relative to 2012.

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

Wisconsin Energy Corporation
Cash Flow Information
Nine Months Ended September 30, 2013 and 2012

All Values in Millions

EBIT and EBITDA	2013	2012
Net Income	$ 433.1	$ 447.5
Income Taxes	251.4	252.6
Interest	190.3	181.3
EBIT	874.8	881.4
Depreciation and Amortization	297.6	278.2
EBITDA	$ 1,172.4	$ 1,159.6

Funds From Operations		
Net Income	$ 433.1	$ 447.5
Depreciation and Amortization	297.6	278.2
Contributions to Qualified Benefit Plans	—	(100.0)
Deferred Income Taxes and Investment Tax Credits, net	219.8	249.6
Working Capital and Other	99.8	117.1
Total Operating Cash Flows	1,050.3	992.4
Change in Restricted Cash	2.7	36.0
Funds From Operations	$ 1,053.0	$ 1,028.4

Capitalization Structure	September 30, 2013	
	Actual	Adjusted
Common Equity	$ 4,198.1	$ 4,448.1
Preferred Stock of Subsidiary	30.4	30.4
Long-Term Debt (including current maturities)	4,741.9	4,491.9
Short-Term Debt	361.8	361.8
Total Capitalization	$ 9,332.2	$ 9,332.2
Total Debt	$ 5,103.7	$ 4,853.7

Ratio of Debt to Total Capitalization	54.7%	52.0%

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-2	F2
Unsecured Senior Debt	BBB+	A3	A-
Unsecured Junior Notes	BBB	Baa1	BBB
Wisconsin Electric			
Commercial Paper	A-2	P-1	F1
Unsecured Senior Debt	A-	A2	A+
Wisconsin Gas			
Commercial Paper	A-2	P-1	F1
Unsecured Senior Debt	A-	A2	A
Elm Road Generating Station Supercritical LLC			
Senior Debt	A-	A2	A+

* All S&P, Moody's and Fitch ratings outlooks for the Companies are stable.