WEC Energy Group, Inc.

2016 Third Quarter Earnings

Released October 26, 2016

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WEC Energy Group

News

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Oct. 26, 2016

WEC Energy Group posts third-quarter results

MILWAUKEE - WEC Energy Group Inc. (NYSE: WEC) recorded net income based on generally accepted accounting principles (GAAP) of $217.0 million, or 68 cents per share, for the third quarter of 2016 compared with $182.5 million, or 58 cents per share, for the third quarter of 2015. WEC Energy Group was formed on June 29, 2015, when Wisconsin Energy completed the acquisition of Integrys.

WEC Energy Group's adjusted earnings per share for the third quarter, which exclude acquisition costs of one cent per share, increased 11 cents per share, from 58 cents in the third quarter of 2015 to 69 cents in the third quarter of 2016.

“Our results reflect the positive impact from the Integrys acquisition and warmer-than-normal weather in the third quarter," said Allen Leverett, president and chief executive officer. "This was the second-warmest third quarter in southeastern Wisconsin in the past 84 years."

Consolidated revenue totaled $1.7 billion for both the third quarter of 2016 and 2015. The financial results of Integrys were included in both quarters.

At the end of September, WEC Energy Group's utilities were serving approximately 38,000 more customers than the same time a year ago. Wisconsin utilities added about 7,000 more electric customers and nearly 13,000 more natural gas customers in the past year. The company's natural gas utilities in Illinois, Michigan, and Minnesota are serving approximately 18,000 more customers compared to a year ago.

Retail deliveries of electricity for Wisconsin Electric Power Co. and Wisconsin Public Service Corp. - excluding the iron ore mines in Michigan's Upper Peninsula - increased 4.1 percent from last year's third quarter. Residential use of electricity was up 8.1 percent. Consumption of electricity by small commercial and industrial customers increased 3.6 percent.

Electricity use by large commercial and industrial customers - excluding the iron ore mines - increased 0.8 percent.

On a weather-normal basis, retail deliveries of electricity - excluding the iron ore mines - were flat, quarter over quarter.

	Net income *(millions)*	
	2016 Q3	2015 Q3
WEC Energy Group GAAP	$217.0	$182.5
Acquisition costs - pre-tax	$3.5	$6.1
Tax impact	($1.4)	($3.6)
WEC Energy Group adjusted net income	$219.1	$185.0

	Earnings per share	
	2016 Q3	2015 Q3
WEC Energy Group GAAP	$0.68	$0.58
Acquisition costs	$0.01	—
WEC Energy Group adjusted EPS	$0.69	$0.58
Diluted average shares outstanding *(millions)*	316.9	317.1

For the first nine months of 2016, WEC Energy Group recorded net income based on GAAP of $744.6 million, or $2.35 per share, compared to $459.2 million, or $1.78 per share, for the first nine months of 2015.

WEC Energy Group's adjusted earnings per share for the first nine months, which exclude acquisition costs, increased 33 cents per share, from $2.03 for the first nine months of 2015 to $2.36 for the first nine months of 2016.

	Net income *(millions)*	
	2016 YTD	2015 YTD*
Legacy Wisconsin Energy (Including acquisition costs)	$479.5	$413.5
Interest on acquisition financing and purchase accounting	($6.7)	($3.7)
Integrys	$271.8	$49.4
WEC Energy Group GAAP	$744.6	$459.2
Acquisition costs - pre-tax	$3.5	$79.8
Tax impact	($1.4)	($16.1)
WEC Energy Group adjusted net income	$746.7	$522.9

	Earnings per share	
	2016 YTD	2015 YTD*
WEC Energy Group GAAP	$2.35	$1.78
Acquisition costs	$0.01	$0.25
WEC Energy Group adjusted EPS	$2.36	$2.03
Diluted average shares outstanding *(millions)*	317.0	257.8

**2015 YTD results include only one quarter of combined company earnings.*

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

Conference call

A conference call is scheduled for 1:30 p.m. Central time on Wednesday, Oct. 26. The call will review 2016 third-quarter earnings and will discuss the company's outlook for the future.

All interested parties, including stockholders, news media and general public, are invited to listen. 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 86199017.

Access also may be gained through the company's website (wecenergygroup.com). Select ‘Third Quarter Earnings Release and Conference Call’ and then select ‘Webcast’. In conjunction with this earnings announcement, WEC Energy Group 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 Wednesday, Oct. 26.

Replay

A replay will be available on the website and by phone after the call. Access to the webcast replay will be available on the website about two hours after the call. Access to a phone replay also will be available approximately two hours after the call and remain accessible through Nov. 9, 2016. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 86199017.

Non-GAAP earnings measures

We have provided adjusted earnings (non-GAAP earnings) in this press release as a complement to, and not as an alternative to, reported earnings presented in accordance with GAAP. The adjusted earnings exclude costs related to the acquisition of Integrys, which 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 WEC Energy Group's operating performance. Management uses such measures internally to evaluate the company's performance and manage its operations.

WEC Energy Group (NYSE: WEC), based in Milwaukee, is one of the nation's premier energy companies, serving 4.4 million customers in Wisconsin, Illinois, Michigan and Minnesota.

The company's principal utilities are We Energies, Wisconsin Public Service, Peoples Gas, North Shore Gas, Michigan Gas Utilities and Minnesota Energy Resources. The company's other major subsidiary, We Power, designs, builds and owns electric generating plants.

WEC Energy Group (wecenergygroup.com), a component of the S&P 500, has approximately $29 billion of assets, 8,500 employees and 55,000 stockholders of record.

Tables follow

WEC ENERGY GROUP, INC.

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)	Three Months Ended September 30		Nine Months Ended September 30	
(in millions, except per share amounts)	2016	2015	2016	2015
Operating revenues	**$ 1,712.5**	$ 1,698.7	**$ 5,509.3**	$ 4,077.8
Operating expenses				
Cost of sales	**554.7**	590.6	**1,901.9**	1,557.5
Other operation and maintenance	**517.5**	535.9	**1,571.0**	1,153.6
Depreciation and amortization	**191.6**	176.5	**569.5**	382.6
Property and revenue taxes	**49.7**	50.0	**146.5**	113.8
Total operating expenses	**1,313.5**	1,353.0	**4,188.9**	3,207.5
Operating income	**399.0**	345.7	**1,320.4**	870.3
Equity in earnings of transmission affiliate	**38.3**	40.0	**107.7**	70.4
Other income, net	**7.5**	11.1	**72.6**	40.2
Interest expense	**99.1**	103.2	**300.1**	224.4
Other expense	**(53.3)**	(52.1)	**(119.8)**	(113.8)
Income before income taxes	**345.7**	293.6	**1,200.6**	756.5
Income tax expense	**128.4**	110.5	**455.1**	296.1
Net income	**217.3**	183.1	**745.5**	460.4
Preferred stock dividends of subsidiary	**0.3**	0.6	**0.9**	1.2
Net income attributed to common shareholders	**$ 217.0**	$ 182.5	**$ 744.6**	$ 459.2
Earnings per share				
Basic	**$ 0.69**	$ 0.58	**$ 2.36**	$ 1.79
Diluted	**$ 0.68**	$ 0.58	**$ 2.35**	$ 1.78
Weighted average common shares outstanding				
Basic	**315.6**	315.7	**315.6**	256.2
Diluted	**316.9**	317.1	**317.0**	257.8
Dividends per share of common stock	**$ 0.4950**	$ —	**$ 1.4850**	$ 1.2854

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) *(in millions, except share and per share amounts)*	September 30, 2016	December 31, 2015
Assets		
Property, plant, and equipment		
In service	**$ 26,965.3**	$ 26,249.5
Accumulated depreciation	**(8,141.5)**	(7,919.1)
	18,823.8	18,330.4
Construction work in progress	**756.2**	822.9
Leased facilities, net	**32.2**	36.4
Net property, plant, and equipment	**19,612.2**	19,189.7
Investments		
Equity investment in transmission affiliate	**1,453.1**	1,380.9
Other	**91.4**	85.8
Total investments	**1,544.5**	1,466.7
Current assets		
Cash and cash equivalents	**25.0**	49.8
Accounts receivable and unbilled revenues, net of reserves of $109.3 and $113.3, respectively	**871.5**	1,028.6
Materials, supplies, and inventories	**654.3**	687.0
Assets held for sale	**—**	96.8
Prepayments	**217.4**	285.8
Other	**49.5**	58.8
Total current assets	**1,817.7**	2,206.8
Deferred charges and other assets		
Regulatory assets	**3,004.6**	3,064.6
Goodwill	**3,046.2**	3,023.5
Other	**418.3**	403.9
Total deferred charges and other assets	**6,469.1**	6,492.0
Total assets	**$ 29,443.5**	$ 29,355.2
Capitalization and liabilities		
Capitalization		
Common stock - $.01 par value; 325,000,000 shares authorized; 315,617,299 and 315,683,496 shares outstanding, respectively	**$ 3.2**	$ 3.2
Additional paid in capital	**4,308.8**	4,347.2
Retained earnings	**4,575.8**	4,299.8
Accumulated other comprehensive income	**3.7**	4.6
Preferred stock of subsidiary	**30.4**	30.4
Long-term debt	**9,088.1**	9,124.1
Total capitalization	**18,010.0**	17,809.3
Current liabilities		
Current portion of long-term debt	**89.4**	157.7
Short-term debt	**789.4**	1,095.0
Accounts payable	**663.5**	815.4
Accrued payroll and benefits	**127.8**	169.7
Accrued interest	**115.2**	67.4
Other	**240.2**	403.8
Total current liabilities	**2,025.5**	2,709.0
Deferred credits and other liabilities		
Regulatory liabilities	**1,451.1**	1,392.2
Deferred income taxes	**5,067.0**	4,622.3
Deferred revenue, net	**569.5**	579.4
Pension and OPEB obligations	**545.1**	543.1
Environmental remediation	**608.3**	628.2
Other	**1,167.0**	1,071.7
Total deferred credits and other liabilities	**9,408.0**	8,836.9
Commitments and contingencies		
Total capitalization and liabilities	**$ 29,443.5**	$ 29,355.2

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Nine Months Ended September 30	
(in millions)	**2016**	**2015**
Operating Activities		
Net income	**$ 745.5**	$ 460.4
Reconciliation to cash provided by operating activities		
Depreciation and amortization	**581.5**	390.9
Deferred income taxes and investment tax credits, net	**439.5**	220.1
Contributions and payments related to pension and OPEB plans	**(23.5)**	(109.3)
Equity income in transmission affiliate, net of distributions	**(35.8)**	(17.8)
Change in –		
Accounts receivable and unbilled revenues	**185.2**	269.5
Materials, supplies, and inventories	**33.8**	(101.4)
Other current assets	**88.5**	75.6
Accounts payable	**(94.7)**	(55.9)
Other current liabilities	**(92.9)**	97.9
Other, net	**(105.2)**	(155.6)
Net cash provided by operating activities	**1,721.9**	1,074.4
Investing Activities		
Capital expenditures	**(1,000.1)**	(791.8)
Business acquisition, net of cash acquired of $156.3	**—**	(1,329.9)
Capital contributions to transmission affiliate	**(27.1)**	(5.6)
Proceeds from the sale of assets and businesses	**161.2**	26.7
Withdrawal of restricted cash from Rabbi trust for qualifying payments	**23.8**	0.7
Other, net	**0.6**	4.0
Net cash used in investing activities	**(841.6)**	(2,095.9)
Financing Activities		
Exercise of stock options	**40.4**	26.4
Purchase of common stock	**(105.6)**	(66.1)
Dividends paid on common stock	**(468.6)**	(310.9)
Issuance of long-term debt	**200.0**	1,650.0
Retirement of long-term debt	**(253.5)**	(27.1)
Change in short-term debt	**(305.6)**	(270.5)
Other, net	**(12.2)**	(20.0)
Net cash (used in) provided by financing activities	**(905.1)**	981.8
Net change in cash and cash equivalents	**(24.8)**	(39.7)
Cash and cash equivalents at beginning of period	**49.8**	61.9
Cash and cash equivalents at end of period	**$ 25.0**	$ 22.2

THIRD QUARTER 2016 AND 2015 — GAAP TO ADJUSTED EARNINGS RECONCILIATION

WEC Energy Group - adjusted (non-GAAP) earnings for the three months ended September 30, 2016 and 2015 exclude costs related to WEC Energy Group's acquisition of Integrys. These costs are included in reported GAAP earnings.

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
(in millions)	Reported GAAP Amounts	Acquisition Costs	WEC Energy Group - Adjusted (non-GAAP)	Reported GAAP Amounts	Acquisition Costs	WEC Energy Group - Adjusted (non-GAAP)
Operating revenues	**$ 1,712.5**	**$ —**	**$ 1,712.5**	$ 1,698.7	—	$ 1,698.7
Operating income (loss) by segment						
Wisconsin	**299.1**	**—**	**299.1**	256.6	—	256.6
Illinois	**11.7**	**—**	**11.7**	3.5	—	3.5
Other States	**(1.0)**	**—**	**(1.0)**	(3.7)	—	(3.7)
We Power	**93.7**	**—**	**93.7**	93.2	—	93.2
Corporate and other	**(4.5)**	**3.5**	**(1.0)**	(3.9)	6.1	2.2
Operating income	**399.0**	**3.5**	**402.5**	345.7	6.1	351.8
Equity in earnings of transmission affiliate	**38.3**	**—**	**38.3**	40.0	—	40.0
Other income, net	**7.5**	**—**	**7.5**	11.1	—	11.1
Interest expense	**99.1**	**—**	**99.1**	103.2	—	103.2
Other expense	**(53.3)**	**—**	**(53.3)**	(52.1)	—	(52.1)
Income before income taxes	**345.7**	**3.5**	**349.2**	293.6	6.1	299.7
Income tax expense	**128.4**	**1.4**	**129.8**	110.5	3.6	114.1
Net income	**217.3**	**2.1**	**219.4**	183.1	2.5	185.6
Preferred stock dividends of subsidiary	**0.3**	**—**	**0.3**	0.6	—	0.6
Net income attributed to common shareholders	**$ 217.0**	**$ 2.1**	**$ 219.1**	$ 182.5	$ 2.5	$ 185.0
Earnings per share						
Basic	**$ 0.69**	**$ —**	**$ 0.69**	$ 0.58	$ 0.01	$ 0.59
Diluted	**$ 0.68**	**$ 0.01**	**$ 0.69**	$ 0.58	$ —	$ 0.58
Weighted average common shares outstanding						
Basic	**315.6**	**315.6**	**315.6**	315.7	315.7	315.7
Diluted	**316.9**	**316.9**	**316.9**	317.1	317.1	317.1

THIRD QUARTER YTD 2016 AND 2015 — GAAP TO ADJUSTED EARNINGS RECONCILIATION

WEC Energy Group - adjusted (non-GAAP) earnings for the nine months ended September 30, 2015 exclude costs related to WEC Energy Group's acquisition of Integrys. These costs are included in reported GAAP earnings.

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
(in millions)	Reported GAAP Amounts	Acquisition Costs	WEC Energy Group - Adjusted (non-GAAP)	Reported GAAP Amounts	Acquisition Costs	WEC Energy Group - Adjusted (non-GAAP)
Operating revenues	**$ 5,509.3**	**$ —**	**$ 5,509.3**	$ 4,077.8	—	$ 4,077.8
Operating income (loss) by segment						
Wisconsin	**841.3**	**—**	**841.3**	673.5	1.0	674.5
Illinois	**171.3**	**—**	**171.3**	3.5	—	3.5
Other States	**33.1**	**—**	**33.1**	(3.7)	—	(3.7)
We Power	**281.1**	**—**	**281.1**	278.9	—	278.9
Corporate and other	**(6.4)**	**3.5**	**(2.9)**	(81.9)	78.8	(3.1)
Operating income	**1,320.4**	**3.5**	**1,323.9**	870.3	79.8	950.1
Equity in earnings of transmission affiliate	**107.7**	**—**	**107.7**	70.4	—	70.4
Other income, net	**72.6**	**—**	**72.6**	40.2	—	40.2
Interest expense	**300.1**	**—**	**300.1**	224.4	—	224.4
Other expense	**(119.8)**	**—**	**(119.8)**	(113.8)	—	(113.8)
Income before income taxes	**1,200.6**	**3.5**	**1,204.1**	756.5	79.8	836.3
Income tax expense	**455.1**	**1.4**	**456.5**	296.1	16.1	312.2
Net income	**745.5**	**2.1**	**747.6**	460.4	63.7	524.1
Preferred stock dividends of subsidiary	**0.9**	**—**	**0.9**	1.2	—	1.2
Net income attributed to common shareholders	**$ 744.6**	**$ 2.1**	**$ 746.7**	$ 459.2	$ 63.7	$ 522.9
Earnings per share						
Basic	**$ 2.36**	**$ 0.01**	**$ 2.37**	$ 1.79	$ 0.25	$ 2.04
Diluted	**$ 2.35**	**$ 0.01**	**$ 2.36**	$ 1.78	$ 0.25	$ 2.03
Weighted average common shares outstanding						
Basic	**315.6**	**315.6**	**315.6**	256.2	256.2	256.2
Diluted	**317.0**	**317.0**	**317.0**	257.8	257.8	257.8

THIRD QUARTER 2016 AND 2015 RESULTS — FACTORS AFFECTING ADJUSTED EARNINGS

(in millions)	2016	2015	Change B(W)	Significant Factors
Adjusted operating income by segment				
Wisconsin	**$ 299.1**	$ 256.6	$ 42.5	
			30.3	Margin - weather
			14.3	Margin - rates/other
			3.7	O&M
			(7.0)	Depreciation
			1.2	Other
			42.5	
Illinois	**11.7**	3.5	8.2	Continued SMP Investment
Other States	**(1.0)**	(3.7)	2.7	
We Power	**93.7**	93.2	0.5	
Corporate and other	**(1.0)**	2.2	(3.2)	
Adjusted operating income	**402.5**	351.8	50.7	
Equity in earnings of transmission affiliate	**38.3**	40.0	(1.7)	
Other income, net	**7.5**	11.1	(3.6)	
Interest expense	**99.1**	103.2	4.1	LT Debt Retirements
Adjusted income before income taxes	**349.2**	299.7	49.5	
Income tax expense	**129.8**	114.1	(15.7)	
Adjusted net income	**219.4**	185.6	33.8	
Preferred stock dividends of subsidiary	**0.3**	0.6	0.3	
Adjusted net income attributed to common shareholders	**$ 219.1**	$ 185.0	$ 34.1	
EPS - Adjusted (Diluted)	**$ 0.69**	$ 0.58	0.11	
Weighted Average common shares outstanding - diluted	**316.9**	317.1		

THIRD QUARTER YTD 2016 AND 2015 RESULTS — FACTORS AFFECTING ADJUSTED EARNINGS

(in millions)	2016	2015	Change	Change Related to Integrys*	Remaining Change B(W)	Significant Factors
Adjusted operating income by segment						
Wisconsin	**$ 841.3**	$ 674.5	$ 166.8	$ 128.4	$ 38.4	
					13.1	Margin - weather
					40.3	Margin - rates/other
					(19.9)	Depreciation
					2.8	O&M
					2.1	Other
					38.4	
Illinois	**171.3**	3.5	167.8	159.6	8.2	Continued SMP Investment
Other States	**33.1**	(3.7)	36.8	34.1	2.7	
We Power	**281.1**	278.9	2.2	—	2.2	
Corporate and other	**(2.9)**	(3.1)	0.2	(1.4)	1.6	
Adjusted operating income	**1,323.9**	950.1	373.8	320.7	53.1	
Equity in earnings of transmission affiliate	**107.7**	70.4	37.3	39.6	(2.3)	
Other income, net	**72.6**	40.2	32.4	38.1	(5.7)	
Interest expense	**300.1**	224.4	(75.7)	68.5	(7.2)	Acquisition interest
Adjusted income before income taxes	**1,204.1**	836.3	367.8	329.9	37.9	
Income tax expense	**456.5**	312.2	(144.3)	128.2	(16.1)	
Adjusted net income	**747.6**	524.1	223.5	201.7	21.8	
Preferred stock dividends of subsidiary	**0.9**	1.2	0.3	—	0.3	
Adjusted net income attributed to common shareholders	**$ 746.7**	$ 522.9	$ 223.8	$ 201.7	$ 22.1	
EPS - Adjusted (Diluted)	**$ 2.36**	$ 2.03	$ 0.33			
Weighted Average common shares outstanding - diluted	**317.0**	257.8				

* WEC Energy Group completed the acquisition of Integrys on June 29, 2015. Because of the timing of this acquisition, income statement activity related to Integrys for the first two quarters of 2016 was broken out of the above analysis as a separate variance. WEC Energy Group reported no income statement activity related to Integrys for the first two quarters of 2015.

THIRD QUARTER 2016 AND 2015 WEATHER AND VOLUMES Weather — Degree Days	2016	2015	Change
Wisconsin Gas and Wisconsin Electric [1]			
Heating (123 Normal)	**27**	94	**(71.3)%**
Cooling (527 Normal)	**781**	521	**49.9 %**
Wisconsin Public Service [2]			
Heating (208 Normal)	**79**	120	**(34.2)%**
Cooling (352 Normal)	**426**	396	**7.6 %**
Peoples Gas and North Shore Gas [3]			
Heating (85 Normal)	**23**	66	**(65.2)%**
Minnesota Energy Resources and Michigan Gas [4]			
Heating (181 normal)	**83**	131	**(36.6)%**

[1] Normal degree days are based on a 20-year moving average of monthly temperatures from Mitchell International Airport in Milwaukee, Wisconsin.

[2] Normal degree days are based on a 20-year moving average of monthly temperatures from the Green Bay, Wisconsin Weather Station.

[3] Normal degree days are based on a 12-year moving average of monthly temperatures from Chicago's O'Hare airport.

[4] Normal degree days for Minnesota Energy Resources and Michigan Gas are based on a 20-year moving average and 15-year moving average, respectively, of monthly temperatures from various weather stations throughout their respective territories.

ELECTRIC UTILITY OPERATIONS - THIRD QUARTER *(in thousands)*	MWh Wisconsin 2016	Wisconsin 2015	Change
Customer class			
Residential	**3,291.0**	3,044.2	8.1 %
Small commercial/industrial	**3,592.4**	3,470.8	3.5 %
Large commercial/industrial	**3,441.7**	3,357.0	2.5 %
Other — retail	**36.4**	41.1	(11.4)%
Total retail	**10,361.5**	9,913.1	4.5 %
Wholesale	**1,006.9**	1,004.4	0.2 %
Resale — utilities	**2,544.4**	2,460.8	3.4 %
Total MWh sales	**13,912.8**	13,378.3	4.0 %
Electric Customer Choice *	**62.5**	66.4	(5.9)%

* Represents distribution sales for customers who have purchased power from an alternative electric supplier in Michigan and relates to both small and large commercial/industrial customers.

GAS UTILITY OPERATIONS - THIRD QUARTER	Therms											
	2016				2015				Change			
(in millions)	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total
Customer class												
Residential	**54.3**	**52.9**	**14.7**	**121.9**	59.5	56.2	13.6	129.3	(8.7)%	(5.9)%	8.1 %	(5.7)%
Commercial/industrial	**54.6**	**15.1**	**10.1**	**79.8**	53.8	15.2	14.0	83.0	1.5 %	(0.7)%	(27.9)%	(3.9)%
Total retail	**108.9**	**68.0**	**24.8**	**201.7**	113.3	71.4	27.6	212.3	(3.9)%	(4.8)%	(10.1)%	(5.0)%
Transported natural gas	**260.3**	**104.0**	**146.0**	**510.3**	245.9	103.7	122.6	472.2	5.9 %	0.3 %	19.1 %	8.1 %
Total therms delivered	**369.2**	**172.0**	**170.8**	**712.0**	359.2	175.1	150.2	684.5	2.8 %	(1.8)%	13.7 %	4.0 %

THIRD QUARTER YTD 2016 AND 2015 WEATHER AND VOLUMES Weather — Degree Days *	2016	2015	Change
Wisconsin Gas and Wisconsin Electric			
Heating (4,413 Normal)	**4,058**	**4,684**	**(13.4)%**
Cooling (685 Normal)	**977**	**620**	**57.6 %**

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

ELECTRIC UTILITY OPERATIONS - THIRD QUARTER YTD	MWh						
	Wisconsin 2016			Wisconsin 2015			Change
(in thousands)	We Energies	WPS*	Total	We Energies	WPS*	Total	We Energies
Customer class							
Residential	**6,206.7**	**2,194.9**	**8,401.6**	5,968.7	775.7	6,744.4	4.0 %
Small commercial/industrial	**6,882.3**	**3,058.5**	**9,940.8**	6,738.4	1,090.2	7,828.6	2.1 %
Large commercial/industrial	**7,006.5**	**3,148.0**	**10,154.5**	6,812.2	1,056.8	7,869.0	2.9 %
Other — retail	**103.9**	**20.1**	**124.0**	107.0	6.9	113.9	(2.9)%
Total retail	**20,199.4**	**8,421.5**	**28,620.9**	19,626.3	2,929.6	22,555.9	2.9 %
Wholesale	**803.0**	**1,957.3**	**2,760.3**	972.2	738.8	1,711.0	(17.4)%
Resale — utilities	**6,290.6**	**348.3**	**6,638.9**	6,105.6	347.7	6,453.3	3.0 %
Total MWh sales	**27,293.0**	**10,727.1**	**38,020.1**	26,704.1	4,016.1	30,720.2	2.2 %
Electric Customer Choice **	**182.7**	**19.1**	**201.8**	383.0	—	383.0	(52.3)%

* As a result of the Integrys acquisition being effective on June 29, 2015, the percentage change in volumes reflected in the above table for WPS was not meaningful. Financial information for WPS was included in 2016 WEC Energy Group results for all three quarters ended September 30, 2016, but was only included in 2015 WEC Energy Group results for the third quarter ended September 30, 2015.

** Represents distribution sales for customers who have purchased power from an alternative electric supplier in Michigan and relates to both small and large commercial/industrial customers.

GAS UTILITY OPERATIONS - THIRD QUARTER YTD	Therms										
	2016					2015					Change
	Wisconsin					Wisconsin					
(in millions)	We Energies	WPS*	Illinois*	Other* States	Total	We Energies	WPS*	Illinois*	Other* States	Total	We Energies
Customer class											
Residential	**530.4**	**162.1**	**623.1**	**198.4**	**1,514.0**	576.8	13.6	56.2	13.6	660.2	(8.0)%
Commercial/industrial	**314.7**	**111.6**	**130.7**	**125.5**	**682.5**	344.1	17.7	15.2	14.0	391.0	(8.5)%
Total retail	**845.1**	**273.7**	**753.8**	**323.9**	**2,196.5**	920.9	31.3	71.4	27.6	1,051.2	(8.2)%
Transported natural gas	**626.2**	**305.6**	**606.6**	**530.2**	**2,068.6**	614.5	75.5	103.7	122.6	916.3	1.9 %
Total therms delivered	**1,471.3**	**579.3**	**1,360.4**	**854.1**	**4,265.1**	1,535.4	106.8	175.1	150.2	1,967.5	(4.2)%

* As a result of the Integrys acquisition being effective on June 29, 2015, the percentage change in volumes reflected in the above table for the Illinois and Other States segments, as well as WPS, was not meaningful. Financial information for these operations were included in 2016 WEC Energy Group results for all three quarters ended September 30, 2016, but were only included in 2015 WEC Energy Group results for the third quarter ended September 30, 2015.

RETAIL ELECTRIC SALES VOLUME INFORMATION[1]

THREE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

DELIVERED VOLUMES - TOTAL WISCONSIN	Three Months Ended September 30		Annual
	2016 Actual vs. 2015 Actual	2016 Normalized vs. 2015 Normalized [3]	2016 Forecast vs. 2015 Normalized [2],[3],[4]
Residential	8.1%	(0.5)%	(0.4)%
Small commercial/industrial	3.6%	0.7 %	(0.6)%
Large commercial/industrial (ex. mines)	0.8%	(0.2)%	0.9 %
Total large commercial/industrial	2.2%	1.2 %	(1.3)%
Total retail sales volumes	4.4%	0.5 %	(0.8)%
Retail (ex. mines)	4.1%	— %	— %

RETAIL ELECTRIC SALES VOLUME INFORMATION[1]

NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

DELIVERED VOLUMES - TOTAL WISCONSIN	Nine Months Ended September 30		Annual
	2016 Actual vs. 2015 Actual [1]	2016 Normalized vs. 2015 Normalized [1],[3]	2016 Forecast vs. 2015 Normalized [2],[3],[4]
Residential	3.8%	0.5 %	(0.4)%
Small commercial/industrial	1.9%	1.0 %	(0.6)%
Large commercial/industrial (ex. mines)	0.1%	(0.7)%	0.9 %
Total large commercial/industrial	0.7%	(0.1)%	(1.3)%
Total retail sales volumes	2.0%	0.4 %	(0.8)%
Retail (ex. mines)	1.9%	0.3 %	— %

[1] For comparative purposes, these percentages include retail electric sales volume information for both Wisconsin Electric Power Company and Wisconsin Public Service Corporation for the nine months ended September 30, 2015, respectively. Because Integrys was acquired effective June 29, 2015, we are including both actual and normalized sales volumes for Wisconsin Public Service that were recognized prior to the acquisition and are not reflected in our 2015 financial statements.

[2] For comparative purposes, these percentages include retail electric sales volume information for both Wisconsin Electric Power Company and Wisconsin Public Service Corporation for full year 2015. Because Integrys was acquired effective June 29, 2015, we are including normalized sales volumes for Wisconsin Public Service that were recognized prior to the acquisition and are not reflected in our 2015 financial statements.

[3] Normalized — 20 year average weather adjusted. An adjustment for leap year is also factored into the nine month percentages.

[4] Actual results may differ materially from these forecasts because of seasonal, economic and other factors

OTHER FINANCIAL INFORMATION
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

EBIT and EBITDA	**2016**	**2015**
(in millions)	**Actual**	**Actual**
Net income attributed to common shareholders	**$ 744.6**	$ 459.2
Income tax expense	**455.1**	296.1
Interest expense	**300.1**	224.4
EBIT	**1,499.8**	979.7
Depreciation and amortization	**569.5**	382.6
EBITDA	**$ 2,069.3**	$ 1,362.3

Capitalization Structure	**September 30, 2016**	
(in millions)	**Actual**	**Adjusted [1]**
Common equity	**$ 8,891.5**	$ 9,141.5
Preferred stock of subsidiary	**30.4**	30.4
Long-term debt (including current maturities)	**9,177.5**	8,927.5
Short-term debt	**789.4**	789.4
Total capitalization	**$ 18,888.8**	$ 18,888.8
Total debt	**$ 9,966.9**	$ 9,716.9
Ratio of debt to total capitalization	**52.8%**	51.4%

[1] Included in Long-Term Debt is the $500.0 million principal amount of WEC Energy Group's 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 $250.0 million of the Junior Notes to Common Equity and $250.0 million to Long-Term Debt.

CREDIT RATINGS

	S & P	Moody's	Fitch
WEC Energy Group, Inc.			
Senior unsecured debt	BBB+	A3	BBB+
Commercial paper	A-2	P-2	F2
Junior subordinated notes	BBB	Baa1	BBB-
Wisconsin Electric			
Senior unsecured debt	A-	A1	A+
Commercial paper	A-2	P-1	F1
Wisconsin Public Service			
Senior unsecured debt	A-	A1	A+
Commercial paper	A-2	P-1	F1
Wisconsin Gas			
Senior unsecured debt	A	A1	A
Commercial paper	A-1	P-1	F2
Peoples Gas Light & Coke			
Senior secured debt	N/A	Aa3	A+
Commercial paper	A-2	P-1	F2
North Shore Gas			
Senior secured debt	N/A	N/A	AA-
Elm Road Generating Station Supercritical, LLC			
Senior debt	A-	A1	A+
Integrys Holding, Inc.			
Senior unsecured debt	BBB+	A3	BBB+
Junior subordinated notes	BBB	Baa1	BBB-

WEC ENERGY GROUP, INC.
Reconciliation of 2015 Adjusted Net Income and EPS Reported in 2016 compared to 2015

Reconciliation of 2015 Adjusted Net Income - Third Quarter *(millions)*	**Net income**	
	2015 Q3	
WEC Energy Group GAAP	**$182.5**	
Acquisition costs	$6.1	
Tax impact	$(3.6)	
WEC Energy Group adjusted Q3 2015 net income reported Q3 2016	**$185.0**	*
Interest on acquisition financing and purchase accounting for 2015	$2.7	
Integrys 2015	$(49.4)	
WEC Energy Group adjusted Q3 2015 net income reported Q3 2015	**$138.3**	**

Reconciliation of 2015 Adjusted EPS - Third Quarter	**Earnings per share**	
	2015 Q3	
WEC Energy Group GAAP	**$0.58**	
Acquisition costs	—	
WEC Energy Group adjusted Q3 2015 EPS reported Q3 2016	**$0.58**	*
Interest on acquisition financing and purchase accounting for 2015	$0.01	
Integrys and impact of additional shares 2015	$0.02	
WEC Energy Group adjusted Q3 2015 EPS reported Q3 2015	**$0.61**	**

Reconciliation of 2015 Adjusted Net Income - Third Quarter YTD *(millions)*	**Net income**	
	2015 YTD	
WEC Energy Group GAAP	**$459.2**	
Acquisition costs	$79.8	
Tax impact	$(16.1)	
WEC Energy Group adjusted YTD 2015 net income reported Q3 2016	**$522.9**	*
Interest on acquisition financing and purchase accounting for 2015	$3.7	
Integrys 2015	$(49.4)	
WEC Energy Group adjusted YTD 2015 net income reported Q3 2015	**$477.2**	**

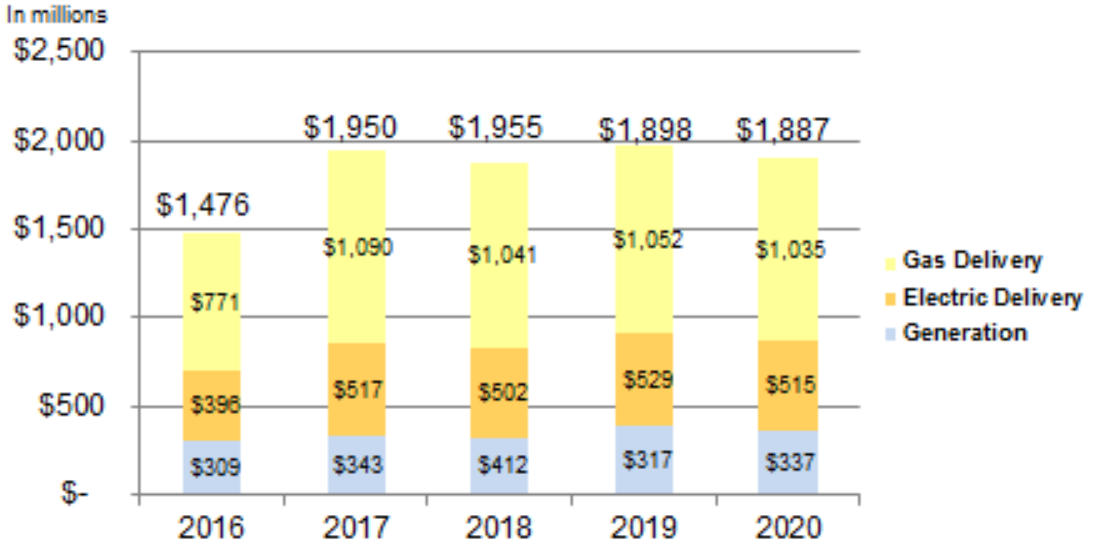
Reconciliation of 2015 Adjusted EPS - YTD	**Earnings per share**	
	2015 YTD	
WEC Energy Group GAAP	**$1.78**	
Acquisition costs	$0.25	
WEC Energy Group adjusted Q3 2015 YTD EPS reported Q3 2016	**$2.03**	*
Interest on acquisition financing and purchase accounting for 2015	$0.01	
Integrys and impact of additional shares 2015	$0.06	
WEC Energy Group adjusted Q3 2015 YTD EPS reported Q3 2015	**$2.10**	**

**In 2016, because the results of Integrys are integrated into our budgets and forecasts, adjusted EPS reported for 2015 includes Integrys earnings, all interest related to the acquisition financing, all income statement impacts related to the fair value adjustments required by purchase accounting, and all shares issued in conjunction with the acquisition. Only costs related to the acquisition of Integrys, which are not indicative of WEC Energy Group's operating performance, are excluded from 2015 adjusted EPS.*

***In 2015, investors had informed management they were interested in, and focused on, the performance of legacy Wisconsin Energy and subsidiaries, excluding the impact of the Integrys acquisition. As such, adjusted EPS reported for 2015 excluded Integrys earnings, all interest related to the acquisition financing, all income statement impacts related to the fair value adjustments required by purchase accounting, and all shares issued in conjunction with the acquisition.*

Line of Business View

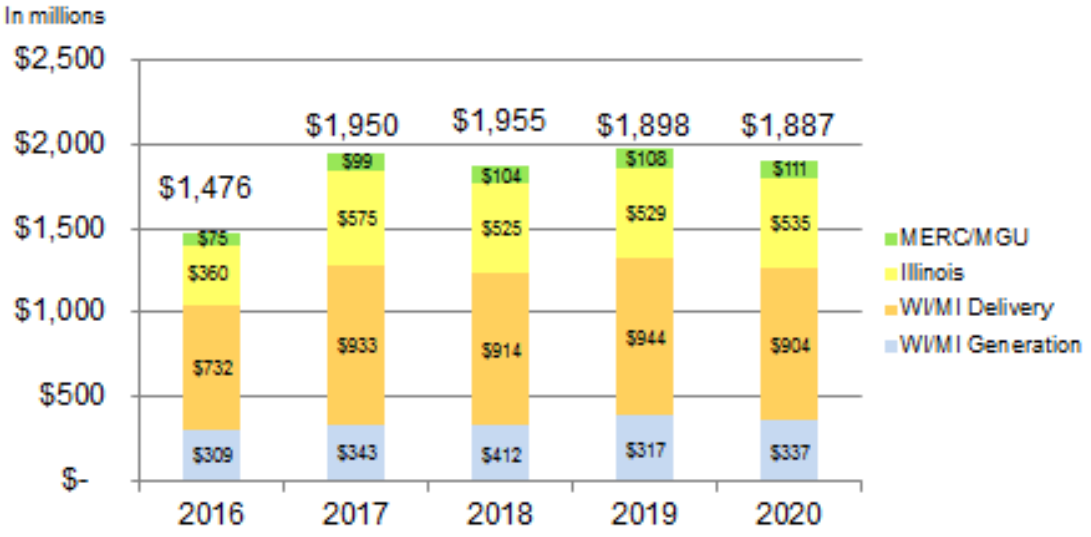
Five Year Capital Projection 2016-2020



- Total capital spend over the five-year period of $9.0 - $9.5 billion

State View

Five Year Capital Projection 2016-2020



- Depreciation at the utilities expected to average $790 million annually over the five-year period