WEC Energy Group, Inc.

2016 Year End Earnings

Released February 1, 2017

TABLE OF CONTENTS

	Pages
Press Release	1
Income Statements	5
Balance Sheets	6
Statements of Cash Flows	7
Quarter GAAP Reconciliation	8
Full Year GAAP Reconciliation	9
Factors Affecting Adjusted Earnings - Quarter	10
Factors Affecting Adjusted Earnings - Full Year	11
Quarter Weather and Volumes	12
Full Year Weather and Volumes	13
Quarter and Full Year Retail Electric Sales Information	14
Other Financial Information	15
Credit Ratings	16
Reconciliation of Reported 2015 Adjusted Net Income and EPS	17
Preliminary Estimate of the Financial Impacts of the Potential Elements of Tax Reform	18



News

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WEC Energy Group posts 2016 fourth-quarter and full-year results

MILWAUKEE - WEC Energy Group, Inc. (NYSE: WEC) today recorded net income based on generally accepted accounting principles (GAAP) of $194.4 million, or 61 cents per share, for the fourth quarter of 2016 compared with $179.3 million, or 57 cents per share, for the fourth quarter of 2015. WEC Energy Group was formed on June 29, 2015, when Wisconsin Energy completed the acquisition of Integrys.

Fourth-quarter 2015 earnings include acquisition costs of 5 cents per share. Excluding these costs, WEC Energy Group's adjusted earnings per share for the fourth quarter of 2015 were 62 cents per share.

For the full-year 2016, WEC Energy Group recorded net income based on GAAP of $939.0 million, or $2.96 per share, compared to $638.5 million, or $2.34 per share, for the full-year 2015.

WEC Energy Group's adjusted earnings per share, which exclude acquisition costs, increased 33 cents per share, from $2.64 for the full-year 2015 to $2.97 for the full-year 2016.

"Our 2016 results reflect the positive impact from the Integrys acquisition," said Allen Leverett, president and chief executive officer. "Along with contributing to our strong financial performance, our employees helped lead the way as the company achieved successes in customer satisfaction, safety and network reliability."

At the end of December, WEC Energy Group's utilities were serving approximately 35,000 more customers than the same time a year ago. Wisconsin utilities added about 7,000 more electric customers and 12,000 more natural gas customers in the past year. The company's natural gas utilities in Illinois, Michigan and Minnesota are serving approximately 16,000 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 2.0 percent from 2015. Residential use of electricity was up 4.1 percent. Consumption of electricity by small commercial and industrial customers increased 2.3 percent.

Electricity use by large commercial and industrial customers - excluding the iron ore mines - was flat year over year.

On a weather-normal basis, retail deliveries of electricity - excluding the iron ore mines - increased 0.2 percent year over year.

	Net income *(millions)*	
	2016 Full Year	2015 Full Year*
Legacy Wisconsin Energy (including acquisition costs)	$605.5	$538.7
Interest on acquisition financing and purchase accounting	($9.3)	($6.5)
Integrys	$342.8	$106.3
WEC Energy Group GAAP	$939.0	$638.5
Acquisition costs - pre-tax	$3.5	$107.6
Tax impact	($1.4)	($25.4)
WEC Energy Group adjusted net income	$941.1	$720.7

	Earnings per share	
	2016 Full Year	2015 Full Year*
WEC Energy Group GAAP	$2.96	$2.34
Acquisition costs	$0.01	$0.30
WEC Energy Group adjusted EPS	$2.97	$2.64
Diluted average shares outstanding *(millions)*	316.9	272.7

**2015 full-year results include only two quarters of combined company earnings.*

Consolidated revenue for the fourth quarter of 2016 totaled $1.96 billion. This compares with consolidated revenue of $1.85 billion in the fourth quarter of 2015.

	Net income *(millions)*	
	2016 Q4	2015 Q4
WEC Energy Group GAAP	$194.4	$179.3
Acquisition costs - pre-tax	—	$27.8
Tax impact	—	($9.3)
WEC Energy Group adjusted net income	$194.4	$197.8

	Earnings per share	
	2016 Q4	2015 Q4
WEC Energy Group GAAP	$0.61	$0.57
Acquisition costs	—	$0.05
WEC Energy Group adjusted EPS	$0.61	$0.62
Diluted average shares outstanding *(millions)*	316.7	317.1

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 Wednesday, Feb. 1. The call will review 2016 fourth-quarter and full-year 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 49064943.

Access also may be gained through the company's website (wecenergygroup.com). Select ‘Fourth 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 fourth-quarter and full-year performance. The materials will be available at 6:30 a.m. Central time on Wednesday, Feb. 1.

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 Feb. 15, 2017. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 49064943.

Non-GAAP earnings measures

We have provided adjusted earnings (non-GAAP earnings) in this news 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, Minnesota Energy Resources and Upper Michigan 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 $30 billion of assets, 8,000 employees and 55,000 stockholders of record.

Tables follow

WEC ENERGY GROUP, INC.

CONSOLIDATED INCOME STATEMENTS (Unaudited)	Three Months Ended December 31		Year Ended December 31	
(in millions, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Operating revenues	**$ 1,963.0**	$ 1,848.3	**$ 7,472.3**	$ 5,926.1
Operating expenses				
Cost of sales	**745.5**	682.6	**2,647.4**	2,240.1
Other operation and maintenance	**614.5**	555.7	**2,185.5**	1,709.3
Depreciation and amortization	**193.1**	179.2	**762.6**	561.8
Property and revenue taxes	**48.2**	50.6	**194.7**	164.4
Total operating expenses	**1,601.3**	1,468.1	**5,790.2**	4,675.6
Operating income	**361.7**	380.2	**1,682.1**	1,250.5
Equity in earnings of transmission affiliate	**38.8**	25.7	**146.5**	96.1
Other income, net	**8.2**	18.7	**80.8**	58.9
Interest expense	**102.6**	107.0	**402.7**	331.4
Other expense	**(55.6)**	(62.6)	**(175.4)**	(176.4)
Income before income taxes	**306.1**	317.6	**1,506.7**	1,074.1
Income tax expense	**111.4**	137.7	**566.5**	433.8
Net income	**194.7**	179.9	**940.2**	640.3
Preferred stock dividends of subsidiary	**0.3**	0.6	**1.2**	1.8
Net income attributed to common shareholders	**$ 194.4**	$ 179.3	**$ 939.0**	$ 638.5
Earnings per share				
Basic	**$ 0.62**	$ 0.57	**$ 2.98**	$ 2.36
Diluted	**$ 0.61**	$ 0.57	**$ 2.96**	$ 2.34
Weighted average common shares outstanding				
Basic	**315.6**	315.7	**315.6**	271.1
Diluted	**316.7**	317.1	**316.9**	272.7
Dividends per share of common stock	**$ 0.4950**	$ 0.4600	**$ 1.9800**	$ 1.7400

WEC ENERGY GROUP, INC.

CONSOLIDATED BALANCE SHEETS (Unaudited) *(in millions, except share and per share amounts)*	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	**$ 37.5**	$ 49.8
Accounts receivable and unbilled revenues, net of reserves of $108.0 and $113.3, respectively	**1,241.7**	1,028.6
Materials, supplies, and inventories	**587.6**	687.0
Assets held for sale	**—**	96.8
Prepayments	**204.4**	285.8
Other	**97.5**	58.8
Current assets	**2,168.7**	2,206.8
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation of $8,214.6 and $7,919.1, respectively	**19,915.5**	19,189.7
Regulatory assets	**3,087.9**	3,064.6
Equity investment in transmission affiliate	**1,443.9**	1,380.9
Goodwill	**3,046.2**	3,023.5
Other	**461.0**	489.7
Long-term assets	**27,954.5**	27,148.4
Total assets	**$ 30,123.2**	$ 29,355.2
Liabilities and Equity		
Current liabilities		
Short-term debt	**$ 860.2**	$ 1,095.0
Current portion of long-term debt	**157.2**	157.7
Accounts payable	**861.5**	815.4
Accrued payroll and benefits	**163.8**	169.7
Other	**388.9**	471.2
Current liabilities	**2,431.6**	2,709.0
Long-term liabilities		
Long-term debt	**9,158.2**	9,124.1
Deferred income taxes	**5,146.6**	4,622.3
Deferred revenue, net	**566.2**	579.4
Regulatory liabilities	**1,563.8**	1,392.2
Environmental remediation liabilities	**633.6**	628.2
Pension and OPEB obligations	**498.6**	543.1
Other	**1,164.4**	1,071.7
Long-term liabilities	**18,731.4**	17,961.0
Commitments and contingencies		
Common shareholders' equity		
Common stock – $0.01 par value; 325,000,000 shares authorized; 315,614,941 and 315,683,496 shares outstanding, respectively	**3.2**	3.2
Additional paid in capital	**4,309.8**	4,347.2
Retained earnings	**4,613.9**	4,299.8
Accumulated other comprehensive income	**2.9**	4.6
Common shareholders' equity	**8,929.8**	8,654.8
Preferred stock of subsidiary	**30.4**	30.4
Total liabilities and equity	**$ 30,123.2**	$ 29,355.2

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Year Ended December 31	
(in millions)	**2016**	**2015**
Operating activities		
Net income	**$ 940.2**	$ 640.3
Reconciliation to cash provided by operating activities		
Depreciation and amortization	**762.6**	583.5
Deferred income taxes and investment tax credits, net	**493.8**	418.7
Contributions and payments related to pension and OPEB plans	**(28.7)**	(121.0)
Equity income in transmission affiliate, net of distributions	**(46.6)**	(11.0)
Change in –		
Accounts receivable and unbilled revenues	**(180.7)**	84.0
Materials, supplies, and inventories	**100.0**	(69.4)
Other current assets	**103.1**	(27.2)
Accounts payable	**34.4**	(9.3)
Other current liabilities	**(20.8)**	14.1
Other, net	**(53.8)**	(209.1)
Net cash provided by operating activities	**2,103.5**	1,293.6
Investing activities		
Capital expenditures	**(1,423.7)**	(1,266.2)
Business acquisition, net of cash acquired of $156.3	**—**	(1,329.9)
Capital contributions to transmission affiliate	**(42.3)**	(8.7)
Proceeds from the sale of assets and businesses	**166.3**	28.9
Withdrawal of restricted cash from Rabbi trust for qualifying payments	**26.6**	1.4
Other, net	**3.0**	57.0
Net cash used in investing activities	**(1,270.1)**	(2,517.5)
Financing activities		
Exercise of stock options	**41.6**	30.1
Purchase of common stock	**(108.0)**	(74.7)
Dividends paid on common stock	**(624.9)**	(455.4)
Redemption of WPS preferred stock	**—**	(52.7)
Issuance of long-term debt	**400.0**	2,150.0
Retirement of long-term debt	**(306.0)**	(529.6)
Change in short-term debt	**(234.8)**	163.0
Other, net	**(13.6)**	(18.9)
Net cash (used in) provided by financing activities	**(845.7)**	1,211.8
Net change in cash and cash equivalents	**(12.3)**	(12.1)
Cash and cash equivalents at beginning of year	**49.8**	61.9
Cash and cash equivalents at end of year	**$ 37.5**	$ 49.8

FOURTH QUARTER 2016 AND 2015 — GAAP TO ADJUSTED EARNINGS RECONCILIATION

WEC Energy Group - adjusted (non-GAAP) earnings for the three months ended December 31, 2015 exclude costs related to WEC Energy Group's acquisition of Integrys. These costs are included in reported GAAP earnings. There were no costs related to WEC Energy Group's acquisition of Integrys recorded for the three months ended December 31, 2016.

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015		
(in millions, except earnings per share)	Reported GAAP Amounts	Reported GAAP Amounts	Acquisition Costs	WEC Energy Group - Adjusted (non-GAAP)
Operating revenues	**$ 1,963.0**	$ 1,848.3	$ —	$ 1,848.3
Operating income (loss) by segment				
Wisconsin	**185.7**	210.7	13.2	223.9
Illinois	**68.3**	74.6	1.3	75.9
Other States	**16.8**	9.7	0.1	9.8
We Power	**94.5**	94.5	—	94.5
Corporate and other	**(3.6)**	(9.3)	13.2	3.9
Operating income	**361.7**	380.2	27.8	408.0
Equity in earnings of transmission affiliate	**38.8**	25.7	—	25.7
Other income, net	**8.2**	18.7	—	18.7
Interest expense	**102.6**	107.0	—	107.0
Other expense	**(55.6)**	(62.6)	—	(62.6)
Income before income taxes	**306.1**	317.6	27.8	345.4
Income tax expense	**111.4**	137.7	9.3	147.0
Net income	**$ 194.7**	$ 179.9	$ 18.5	$ 198.4
Preferred stock dividends of subsidiary	**0.3**	0.6	—	0.6
Net income attributed to common shareholders	**$ 194.4**	$ 179.3	$ 18.5	$ 197.8
Earnings per share				
Basic	**$ 0.62**	$ 0.57	$ 0.06	$ 0.63
Diluted	**$ 0.61**	$ 0.57	$ 0.05	$ 0.62
Weighted average common shares outstanding				
Basic	**315.6**	315.7	315.7	315.7
Diluted	**316.7**	317.1	317.1	317.1

FULL YEAR 2016 AND 2015 — GAAP TO ADJUSTED EARNINGS RECONCILIATION

WEC Energy Group - adjusted (non-GAAP) earnings for the year ended December 31, 2016 and 2015 exclude costs related to WEC Energy Group's acquisition of Integrys. These costs are included in reported GAAP earnings.

	Year Ended December 31, 2016			Year Ended December 31, 2015		
(in millions, except earnings per share)	Reported GAAP Amounts	Integrys and Acquisition Impacts	WEC Energy Group - Adjusted (non-GAAP)	Reported GAAP Amounts	Integrys and Acquisition Impacts	WEC Energy Group - Adjusted (non-GAAP)
Operating revenues	**$ 7,472.3**	**$ —**	**$ 7,472.3**	$ 5,926.1	$ —	$ 5,926.1
Operating income (loss) by segment						
Wisconsin	**1,027.0**	**—**	**1,027.0**	884.2	14.2	898.4
Illinois	**239.6**	**—**	**239.6**	78.1	1.3	79.4
Other States	**49.9**	**—**	**49.9**	6.0	0.1	6.1
We Power	**375.6**	**—**	**375.6**	373.4	—	373.4
Corporate and other	**(10.0)**	**3.5**	**(6.5)**	(91.2)	92.0	0.8
Operating Income	**1,682.1**	**3.5**	**1,685.6**	1,250.5	107.6	1,358.1
Equity in earnings of transmission affiliate	**146.5**	**—**	**146.5**	96.1	—	96.1
Other income, net	**80.8**	**—**	**80.8**	58.9	—	58.9
Interest expense	**402.7**	**—**	**402.7**	331.4	—	331.4
Other expense	**(175.4)**	**—**	**(175.4)**	(176.4)	—	(176.4)
Income before income taxes	**1,506.7**	**3.5**	**1,510.2**	1,074.1	107.6	1,181.7
Income tax expense	**566.5**	**1.4**	**567.9**	433.8	25.4	459.2
Net income	**$ 940.2**	**$ 2.1**	**$ 942.3**	$ 640.3	$ 82.2	$ 722.5
Preferred stock dividends of subsidiary	**1.2**	**—**	**1.2**	1.8	—	1.8
Net income attributed to common shareholders	**$ 939.0**	**$ 2.1**	**$ 941.1**	$ 638.5	$ 82.2	$ 720.7
Earnings per share						
Basic	**$ 2.98**	**$ —**	**$ 2.98**	$ 2.36	$ 0.30	$ 2.66
Diluted	**$ 2.96**	**$ 0.01**	**$ 2.97**	$ 2.34	$ 0.30	$ 2.64
Weighted average common shares outstanding						
Basic	**315.6**	**315.6**	**315.6**	271.1	271.1	271.1
Diluted	**316.9**	**316.9**	**316.9**	272.7	272.7	272.7

FOURTH QUARTER 2016 AND 2015 RESULTS — FACTORS AFFECTING ADJUSTED EARNINGS

(in millions)	2016	2015	Change B(W)	Significant Factors
Adjusted operating income (loss) by segment				
Wisconsin	**$ 185.7**	$ 223.9	$ (38.2)	
			25.8	Margin - weather
			0.9	Margin - rates/fuel
			(54.7)	O&M
			(7.1)	Depreciation
			(5.9)	Earnings sharing
			2.8	Other
			(38.2)	
Illinois	**68.3**	75.9	(7.6)	
Other States	**16.8**	9.8	7.0	Margin - weather/rates
We Power	**94.5**	94.5	—	
Corporate and other	**(3.6)**	3.9	(7.5)	
Adjusted operating income	**361.7**	408.0	(46.3)	
Equity in earnings of transmission affiliate	**38.8**	25.7	13.1	ALJ decision in Dec. 2015 to lower ATC ROE
Other income, net	**8.2**	18.7	(10.5)	ITF tax credits in 2015*
Interest expense	**102.6**	107.0	4.4	LT Debt Retirements
Adjusted income before income taxes	**306.1**	345.4	(39.3)	
Income tax expense	**111.4**	147.0	35.6	
Adjusted net income	**194.7**	198.4	(3.7)	
Preferred stock dividends of subsidiary	**0.3**	0.6	0.3	
Adjusted net income attributed to common shareholders	**$ 194.4**	$ 197.8	$ (3.4)	
EPS - Adjusted (Diluted)	**$ 0.61**	$ 0.62	(0.01)	
Weighted Average common shares outstanding - diluted	**316.7**	317.1		

* We completed the sale of Integrys Transportation Fuels (ITF), a provider of CNG fueling services and a single-source provider of CNG fueling facility design, construction, operation and maintenance, in the first quarter of 2016

FULL YEAR 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 (loss) by segment						
Wisconsin	**$ 1,027.0**	$ 898.4	$ 128.6	$ 128.4	$ 0.2	
					38.9	Margin - weather
					41.2	Margin - rates/other
					(27.0)	Depreciation
					(24.4)	Earnings Sharing
					(33.4)	O&M
					4.9	Other
					0.2	
Illinois	**239.6**	79.4	160.2	159.6	0.6	
Other States	**49.9**	6.1	43.8	34.1	9.7	Margin - rates
We Power	**375.6**	373.4	2.2	—	2.2	
Corporate and other	**(6.5)**	0.8	(7.3)	(1.4)	(5.9)	
Adjusted operating income	**1,685.6**	1,358.1	327.5	320.7	6.8	
Equity in earnings of transmission affiliate	**146.5**	96.1	50.4	39.6	10.8	ALJ decision in Dec. 2015 to lower ATC ROE
Other income, net	**80.8**	58.9	21.9	38.1	(16.2)	ITF tax credits in 2015**
Interest expense	**402.7**	331.4	(71.3)	68.5	(2.8)	
Adjusted income before income taxes	**1,510.2**	1,181.7	328.5	329.9	(1.4)	
Income tax expense	**567.9**	459.2	(108.7)	128.2	19.5	
Adjusted net income	**942.3**	722.5	219.8	201.7	18.1	
Preferred stock dividends of subsidiary	**1.2**	1.8	0.6	—	0.6	
Adjusted net income attributed to common shareholders	**$ 941.1**	$ 720.7	$ 220.4	$ 201.7	$ 18.7	
EPS - Adjusted (Diluted)	**$ 2.97**	$ 2.64	$ 0.33			
Weighted Average common shares outstanding - diluted	**316.9**	272.7				

* 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.

** We completed the sale of Integrys Transportation Fuels (ITF), a provider of CNG fueling services and a single-source provider of CNG fueling facility design, construction, operation and maintenance, in the first quarter of 2016

FOURTH QUARTER WEATHER AND VOLUMES Weather — Degree Days	2016	2015	Change
Wisconsin Gas and Wisconsin Electric [1]			
Heating (2,266 Normal)	**2,010**	1,784	**12.7%**
Cooling (9 Normal)	**14**	2	**600.0%**
Wisconsin Public Service [2]			
Heating (2,603 Normal)	**2,234**	2,095	**6.6%**
Cooling (5 Normal)	**4**	—	**N/A**
Peoples Gas and North Shore Gas [3]			
Heating (2,164 Normal)	**2,026**	1,747	**16.0%**
Minnesota Energy Resources and Michigan Gas [4]			
Heating (2,526 normal)	**2,289**	2,062	**11.0%**

(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 - FOURTH QUARTER *(in thousands)*	MWh Wisconsin 2016	Wisconsin 2015	Change
Customer class			
Residential	**2,597.3**	2,474.5	5.0 %
Small commercial/industrial	**3,139.1**	3,030.9	3.6 %
Large commercial/industrial	**3,095.5**	3,306.6	(6.4)%
Other — retail	**48.2**	48.7	(1.0)%
Total retail	**8,880.1**	8,860.7	0.2 %
Wholesale	**944.3**	877.1	7.7 %
Resale — utilities	**2,122.7**	2,623.8	(19.1)%
Total MWh sales	**11,947.1**	12,361.6	(3.4)%

GAS UTILITY OPERATIONS - FOURTH 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	**322.4**	**282.5**	**80.1**	**685.0**	269.0	244.5	71.1	584.6	19.9%	15.5%	12.7%	17.2%
Commercial/industrial	**184.2**	**56.9**	**52.7**	**293.8**	165.6	48.0	46.9	260.5	11.2%	18.5%	12.4%	12.8%
Total retail	**506.6**	**339.4**	**132.8**	**978.8**	434.6	292.5	118.0	845.1	16.6%	16.0%	12.5%	15.8%
Transported natural gas	**338.8**	**248.7**	**166.0**	**753.5**	304.2	224.7	157.0	685.9	11.4%	10.7%	5.7%	9.9%
Total therms delivered	**845.4**	**588.1**	**298.8**	**1,732.3**	738.8	517.2	275.0	1,531.0	14.4%	13.7%	8.7%	13.1%

FULL YEAR WEATHER AND VOLUMES Weather — Degree Days *	2016	2015	Change
Wisconsin Gas and Wisconsin Electric			
Heating (6,679 Normal)	**6,068**	**6,468**	**(6.2)%**
Cooling (694 Normal)	**991**	**622**	**59.3 %**

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

ELECTRIC UTILITY OPERATIONS - FULL YEAR	MWh						
	Wisconsin 2016			Wisconsin 2015			Change
(in thousands)	We Energies	WPS*	Total	We Energies	WPS*	Total	We Energies
Customer class							
Residential	**8,136.6**	**2,862.3**	**10,998.9**	7,789.3	1,429.6	9,218.9	4.5 %
Small commercial/industrial	**9,061.1**	**4,052.0**	**13,113.1**	8,835.9	2,053.3	10,889.2	2.5 %
Large commercial/industrial	**9,217.6**	**4,201.0**	**13,418.6**	9,492.0	2,053.8	11,545.8	(2.9)%
Other — retail	**143.4**	**28.8**	**172.2**	147.7	14.9	162.6	(2.9)%
Total retail	**26,558.7**	**11,144.1**	**37,702.8**	26,264.9	5,551.6	31,816.5	1.1 %
Wholesale	**1,134.2**	**2,570.4**	**3,704.6**	1,234.0	1,354.1	2,588.1	(8.1)%
Resale — utilities	**8,282.1**	**479.5**	**8,761.6**	8,577.6	499.5	9,077.1	(3.4)%
Total MWh sales	**35,975.0**	**14,194.0**	**50,169.0**	36,076.5	7,405.2	43,481.7	(0.3)%

* 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 the entire year ended December 31, 2016, but was only included in 2015 WEC Energy Group results for the last two quarters.

GAS UTILITY OPERATIONS - FULL YEAR	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	**778.2**	**236.7**	**905.6**	**278.5**	**2,199.0**	780.0	79.4	300.7	84.7	1,244.8	(0.2)%
Commercial/industrial	**457.2**	**153.3**	**187.6**	**178.2**	**976.3**	470.4	57.0	63.2	60.9	651.5	(2.8)%
Total retail	**1,235.4**	**390.0**	**1,093.2**	**456.7**	**3,175.3**	1,250.4	136.4	363.9	145.6	1,896.3	(1.2)%
Transported natural gas	**853.1**	**417.5**	**855.3**	**696.2**	**2,822.1**	822.0	172.2	328.4	279.6	1,602.2	3.8 %
Total therms delivered	**2,088.5**	**807.5**	**1,948.5**	**1,152.9**	**5,997.4**	2,072.4	308.6	692.3	425.2	3,498.5	0.8 %

* 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 the entire year ended December 31, 2016, but were only included in 2015 WEC Energy Group results for the last two quarters.

RETAIL ELECTRIC SALES VOLUME INFORMATION

THREE MONTHS ENDED DECEMBER 31, 2016 AND 2015

DELIVERED VOLUMES - TOTAL WISCONSIN	Three Months Ended December 31		Annual
	2016 Actual vs. 2015 Actual	2016 Normalized vs. 2015 Normalized [2]	2017 Budget vs. 2016 Normalized [2], [3]
Residential	5.0 %	(0.2)%	(0.2)%
Small commercial/industrial	3.5 %	0.8 %	0.5 %
Large commercial/industrial (ex. mines)	(0.3)%	(0.6)%	0.3 %
Total large commercial/industrial	(6.6)%	(6.9)%	(4.4)%
Total retail sales volumes	0.1 %	(2.3)%	(1.4)%
Retail (ex. mines)	2.7 %	— %	0.2 %

RETAIL ELECTRIC SALES VOLUME INFORMATION

YEAR ENDED DECEMBER 31, 2016 AND 2015

DELIVERED VOLUMES - TOTAL WISCONSIN	Year Ended December 31		Annual
	2016 Actual vs. 2015 Actual [1]	2016 Normalized vs. 2015 Normalized [1], [2]	2017 Budget vs. 2016 Normalized [2], [3]
Residential	4.1 %	0.4 %	(0.2)%
Small commercial/industrial	2.3 %	0.9 %	0.5 %
Large commercial/industrial (ex. mines)	— %	(0.7)%	0.3 %
Total large commercial/industrial	(1.1)%	(1.8)%	(4.4)%
Total retail sales volumes	1.5 %	(0.2)%	(1.4)%
Retail (ex. mines)	2.0 %	0.2 %	0.2 %

[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 year ended December 31, 2015. 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] Normalized — 20 year average weather adjusted. An adjustment for leap year is also factored into the full year percentages.

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

OTHER FINANCIAL INFORMATION
YEAR ENDED DECEMBER 31, 2016 AND 2015

EBIT and EBITDA	**2016**	**2015**
(in millions)	**Actual**	**Actual**
Net income attributed to common shareholders	**$ 939.0**	$ 638.5
Income tax expense	**566.5**	433.8
Interest expense	**402.7**	331.4
EBIT	**1,908.2**	1,403.7
Depreciation and amortization	**762.6**	561.8
EBITDA	**$ 2,670.8**	$ 1,965.5

Capitalization Structure	**December 31, 2016**	
(in millions)	**Actual**	**Adjusted [(1)]**
Common equity	**$ 8,929.8**	$ 9,179.8
Preferred stock of subsidiary	**30.4**	30.4
Long-term debt (including current maturities)	**9,315.4**	9,065.4
Short-term debt	**860.2**	860.2
Total capitalization	**$ 19,135.8**	$ 19,135.8
Total debt	**$ 10,175.6**	$ 9,925.6
Ratio of debt to total capitalization	**53.2%**	51.9%

[(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 - Fourth Quarter *(millions)*	**Net income**	
	2015 Q4	
WEC Energy Group GAAP	**$179.3**	
Acquisition costs	$27.8	
Tax impact	$(9.3)	
WEC Energy Group adjusted Q4 2015 net income reported Q4 2016	**$197.8**	*
Interest on acquisition financing and purchase accounting for 2015	$2.9	
Integrys 2015	$(56.9)	
WEC Energy Group adjusted Q4 2015 net income reported Q4 2015	**$143.8**	**

Reconciliation of 2015 Adjusted EPS - Fourth Quarter	**Earnings per share**	
	2015 Q4	
WEC Energy Group GAAP	**$0.57**	
Acquisition costs	$0.05	
WEC Energy Group adjusted Q4 2015 EPS reported Q4 2016	**$0.62**	*
Interest on acquisition financing and purchase accounting for 2015	$0.01	
Integrys and impact of additional shares 2015	$0.00	
WEC Energy Group adjusted Q4 2015 EPS reported Q4 2015	**$0.63**	**

Reconciliation of 2015 Adjusted Net Income - Full Year *(millions)*	**Net income**	
	2015 Full Year	
WEC Energy Group GAAP	**$638.5**	
Acquisition costs	$107.6	
Tax impact	$(25.4)	
WEC Energy Group adjusted Full Year 2015 net income reported in 2016	**$720.7**	*
Interest on acquisition financing and purchase accounting for 2015	$6.5	
Integrys 2015	$(106.3)	
WEC Energy Group adjusted Full Year 2015 net income reported in 2015	**$620.9**	**

Reconciliation of 2015 Adjusted EPS - Full Year	**Earnings per share**	
	2015 Full Year	
WEC Energy Group GAAP	**$2.34**	
Acquisition costs	$0.30	
WEC Energy Group adjusted Full Year 2015 EPS reported in 2016	**$2.64**	*
Interest on acquisition financing and purchase accounting for 2015	$0.02	
Integrys and impact of additional shares 2015	$0.07	
WEC Energy Group adjusted Full Year 2015 EPS reported in 2015	**$2.73**	**

**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.*

Preliminary Estimate of the Financial Impacts of the Potential Elements of Tax Reform

	Regulated Utility	We Power	Holding Company
Corporate Tax Rate Reduction (35% to 20%)	**$200M** annual decrease in revenue requirement (customer) *$1.4B one-time reduction in DTL (customers, reg. liability, **$60M** annual decrease in revenue requirement)	**$60M** annual decrease in revenue requirement (customer) ***$270M** one-time reduction in DTL (shareholder)	***$15M** annual loss in earnings or **5 cents per share** (shareholder) **Note:** this is only a change in tax rate. Not additive if interest is not deductible (below).
100% Expensing of Capital Expenditures	**$20M** annual decrease in revenue requirement	Minimal impact due to small forecasted capital	Minimal impact due to small forecasted capital
Non-Deductibility of Interest	**$100M** annual increase in revenue requirement (customer)	***$15M** annual loss in earnings or **5 cents per share** (shareholder)	***$45M** annual loss in earnings or **14 cents per share** (shareholder)

Note – These estimates are based upon our interpretation of the publicly available tax proposals of the new Administration and House of Representatives, and are subject to change based upon the tax changes that are actually adopted, if any.
(*Amounts shown after-tax)

WEC Energy Group