WEC Energy Group, Inc.

2018 Year End Earnings

Released February 12, 2019

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WEC Energy Group

News

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Feb. 12, 2019

WEC Energy Group posts strong 2018 results

MILWAUKEE - WEC Energy Group (NYSE: WEC) recorded net income based on generally accepted accounting principles (GAAP) of $1.06 billion, or $3.34 per share, for 2018. This compares to earnings of $1.20 billion, or $3.79 per share, for 2017. The 2017 results include earnings from recurring operations of $3.14 per share and the net impact of one-time, non-cash adjustments totaling 65 cents per share. These one-time adjustments reflect the application of the 2017 tax law to the company's non-utility assets and to the assets of the parent company.

2018 earnings of $3.34 per share compare to 2017 adjusted earnings of $3.14 per share.

"On virtually every meaningful measure, 2018 was an exceptional year for WEC Energy Group," said Gale Klappa, executive chairman. "We delivered solid earnings and dividend growth and reached milestones in network reliability, customer satisfaction and community support," he added. "The company continues to perform at a high level."

For the fourth quarter of 2018, WEC Energy Group recorded net income based on GAAP of $205.0 million, or 65 cents per share. This compares to earnings of $432.6 million, or $1.36 per share, for the fourth quarter of the previous year, which included 65 cents per share of one-time, non-cash adjustments.

Excluding this amount, adjusted earnings for the fourth quarter of 2017 were 71 cents per share. Comparable GAAP results for the fourth quarter of 2018 were 65 cents per share.

During the fourth quarter, We Energies, WEC Energy Group's largest utility, was recognized as the most reliable utility in the Midwest for the eighth year in a row by PA Consulting, an independent firm that analyzes data on electric outages, restoration times and service quality.

For the full year, retail deliveries of electricity - excluding the iron ore mine in Michigan's Upper Peninsula - rose by 2.6 percent. Residential electricity use increased by 5.3 percent. Electricity consumption by small commercial and industrial customers grew by 2.0 percent.

Electricity use by large commercial and industrial customers - excluding the iron ore mine - was 1.0 percent higher during 2018. On a weather-normal basis for 2018, retail deliveries of electricity - excluding the iron ore mine - rose by 1.2 percent.

Natural gas deliveries in Wisconsin, excluding gas used for power generation, rose by 9.1 percent during 2018. On a weather-normal basis, natural gas deliveries grew by 4.3 percent during the year.

At the end of 2018, WEC Energy Group utilities were serving approximately 11,000 more electric and 19,000 more natural gas customers than at the same time a year ago.

"The company is affirming its 2019 earnings guidance in the range of $3.48 to $3.52 per share - in line with our long-term objective of growing earnings at a rate of 5 to 7 percent annually," Klappa said.

WEC Energy Group (NYSE: WEC), based in Milwaukee, is one of the nation's premier energy companies, serving 4.5 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) is a Fortune 500 company and a component of the S&P 500. The company has approximately 50,000 stockholders of record, 8,000 employees and more than $33 billion of assets.

The tables below include a reconciliation of GAAP to adjusted earnings for 2017. While there were no adjustments made to GAAP earnings in 2018, these amounts have been included in the tables below for comparative purposes.

	Net income *(millions)*	
	2018 Full Year	2017 Full Year
WEC Energy Group GAAP	$1,059.3	$1,203.7
Tax benefit related to Tax Cuts and Jobs Act of 2017	—	$(206.7)
WEC Energy Group adjusted net income	$1,059.3	$997.0

	Earnings per share	
	2018 Full Year	2017 Full Year
WEC Energy Group GAAP	$3.34	$3.79
Tax benefit related to Tax Cuts and Jobs Act of 2017	—	$(0.65)
WEC Energy Group adjusted EPS	$3.34	$3.14
Diluted average shares outstanding *(millions)*	316.9	317.2

	Net income *(millions)*	
	2018 Q4	2017 Q4
WEC Energy Group GAAP	$205.0	$432.6
Tax benefit related to Tax Cuts and Jobs Act of 2017	—	$(206.7)
WEC Energy Group adjusted net income	$205.0	$225.9

	Earnings per share	
	2018 Q4	2017 Q4
WEC Energy Group GAAP	$0.65	$1.36
Tax benefit related to Tax Cuts and Jobs Act of 2017	—	$(0.65)
WEC Energy Group adjusted EPS	$0.65	$0.71
Diluted average shares outstanding *(millions)*	316.9	317.2

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 Tuesday, Feb. 12. The call will review 2018 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. Access the call at 866-393-4306 up to 15 minutes before it begins. The number for international callers is 734-385-2616. The conference ID is 5299655.

Conference call access also is available at wecenergygroup.com. Under 'Webcasts,' select 'Q4 Earnings.' In conjunction with this earnings announcement, WEC Energy Group will post on its website a package of detailed financial information on its 2018 performance. The materials will be available at 6:30 a.m. Central time on Tuesday, Feb. 12.

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 approximately 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. 26, 2019. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 5299655.

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. Adjusted earnings exclude a one-time reduction in income tax expense related to a revaluation of our deferred taxes as a result of the Tax Cuts and Jobs Act of 2017 which is 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.

Forward-looking statements

Certain statements contained in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based upon management's current expectations and are subject to risks and uncertainties that could cause our actual results to differ materially from those contemplated in the statements. Readers are cautioned not to place undue reliance on these statements. Forward-looking statements include, among other things, statements concerning management's expectations and projections regarding earnings and future results. In some cases, forward-looking statements may be identified by reference to a future period or periods or by the use of forward-looking terminology such as "anticipates," "believes," "estimates," "expects," "forecasts," "guidance," "intends," "may," "objectives," "plans," "possible," "potential," "projects," "should," "targets," "will" or similar terms or variations of these terms.

Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, but are not limited to: general economic conditions, including business and competitive conditions in the company's service territories; timing, resolution and impact of rate cases and other regulatory decisions; the company's ability to continue to successfully integrate the operations of its subsidiaries; availability of the company's generating facilities and/or distribution systems; unanticipated changes in fuel and purchased power costs; key personnel changes; varying

weather conditions; continued industry consolidation; continued adoption of distributed generation by the company’s customers; energy conservation efforts; the company's ability to successfully acquire and/or dispose of assets and projects; cyber-security threats and data security breaches; construction risks; equity and bond market fluctuations; changes in the company’s and its subsidiaries’ ability to access the capital markets; the impact of tax reform and any other legislative and regulatory changes, including changes to environmental standards; political developments; current and future litigation and regulatory investigations; changes in accounting standards; the financial performance of the American Transmission Co.; goodwill and its possible impairment; and other factors described under the heading "Factors Affecting Results, Liquidity and Capital Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operations and under the headings “Cautionary Statement Regarding Forward-Looking Information” and "Risk Factors" contained in the company’s Form 10-K for the year ended Dec. 31, 2017, and in subsequent reports filed with the Securities and Exchange Commission. The company expressly disclaims any obligation to publicly update or revise any forward-looking information.

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)	**2018**	**2017**	**2018**	**2017**
Operating revenues	**$ 2,076.8**	$ 2,055.0	**$ 7,679.5**	$ 7,648.5
Operating expenses				
Cost of sales	**854.0**	797.2	**2,897.9**	2,822.8
Other operation and maintenance	**667.8**	598.7	**2,270.5**	2,056.1
Depreciation and amortization	**217.7**	205.1	**845.8**	798.6
Property and revenue taxes	**47.5**	47.0	**196.9**	194.9
Total operating expenses	**1,787.0**	1,648.0	**6,211.1**	5,872.4
Operating income	**289.8**	407.0	**1,468.4**	1,776.1
Equity in earnings of transmission affiliates	**41.5**	31.4	**136.7**	154.3
Other income, net	**5.3**	24.5	**70.3**	73.7
Interest expense	**117.9**	105.3	**445.1**	415.7
Other expense	**(71.1)**	(49.4)	**(238.1)**	(187.7)
Income before income taxes	**218.7**	357.6	**1,230.3**	1,588.4
Income tax expense (benefit)	**13.4**	(75.3)	**169.8**	383.5
Net income	**205.3**	432.9	**1,060.5**	1,204.9
Preferred stock dividends of subsidiary	**0.3**	0.3	**1.2**	1.2
Net income attributed to common shareholders	**$ 205.0**	$ 432.6	**$ 1,059.3**	$ 1,203.7
Earnings per share				
Basic	**$ 0.65**	$ 1.37	**$ 3.36**	$ 3.81
Diluted	**$ 0.65**	$ 1.36	**$ 3.34**	$ 3.79
Weighted average common shares outstanding				
Basic	**315.5**	315.6	**315.5**	315.6
Diluted	**316.9**	317.2	**316.9**	317.2
Dividends per share of common stock	**$ 0.5525**	$ 0.5200	**$ 2.2095**	$ 2.0800

CONSOLIDATED BALANCE SHEETS (Unaudited) *(in millions, except share and per share amounts)*	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	**$ 84.5**	$ 38.9
Accounts receivable and unbilled revenues, net of reserves of $149.2 and $143.2, respectively	**1,280.9**	1,350.7
Materials, supplies, and inventories	**548.2**	539.0
Prepayments	**256.8**	210.0
Other	**77.2**	74.9
Current assets	**2,247.6**	2,213.5
Long-term assets		
Property, plant, and equipment, net of accumulated depreciation of $8,515.9 and $8,618.5, respectively	**22,000.9**	21,347.0
Regulatory assets	**3,805.1**	2,803.2
Equity investment in transmission affiliates	**1,665.3**	1,553.4
Goodwill	**3,052.8**	3,053.5
Other	**704.1**	619.9
Long-term assets	**31,228.2**	29,377.0
Total assets	**$ 33,475.8**	$ 31,590.5
Liabilities and Equity		
Current liabilities		
Short-term debt	**$ 1,440.1**	$ 1,444.6
Current portion of long-term debt	**365.0**	842.1
Accounts payable	**876.4**	859.9
Accrued payroll and benefits	**185.4**	169.1
Other	**464.8**	553.6
Current liabilities	**3,331.7**	3,869.3
Long-term liabilities		
Long-term debt	**9,994.0**	8,746.6
Deferred income taxes	**3,388.1**	2,999.8
Deferred revenue, net	**520.4**	543.3
Regulatory liabilities	**4,251.6**	3,718.6
Environmental remediation liabilities	**616.4**	617.4
Pension and OPEB obligations	**422.8**	397.4
Other	**1,108.1**	1,206.3
Long-term liabilities	**20,301.4**	18,229.4
Commitments and contingencies		
Common shareholders' equity		
Common stock – $0.01 par value; 325,000,000 shares authorized; 315,523,192 and 315,574,624 shares outstanding, respectively	**3.2**	3.2
Additional paid in capital	**4,250.1**	4,278.5
Retained earnings	**5,538.2**	5,176.8
Accumulated other comprehensive (loss) income	**(2.6)**	2.9
Common shareholders' equity	**9,788.9**	9,461.4
Preferred stock of subsidiary	**30.4**	30.4
Noncontrolling interests	**23.4**	—
Total liabilities and equity	**$ 33,475.8**	$ 31,590.5

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Year Ended December 31	
(in millions)	**2018**	**2017**
Operating activities		
Net income	**$ 1,060.5**	$ 1,204.9
Reconciliation to cash provided by operating activities		
Depreciation and amortization	**845.8**	798.6
Deferred income taxes and investment tax credits, net	**297.3**	271.7
Contributions and payments related to pension and OPEB plans	**(77.6)**	(120.5)
Equity income in transmission affiliates, net of distributions	**(18.6)**	(4.8)
Change in –		
Accounts receivable and unbilled revenues	**23.5**	(86.4)
Materials, supplies, and inventories	**(8.8)**	49.3
Other current assets	**(10.0)**	(7.1)
Accounts payable	**110.6**	8.5
Other current liabilities	**(67.6)**	161.8
Other, net	**290.4**	(197.4)
Net cash provided by operating activities	**2,445.5**	2,078.6
Investing activities		
Capital expenditures	**(2,115.7)**	(1,959.5)
Acquisition of Bishop Hill III Wind Energy Center, net of restricted cash acquired of $4.5	**(162.9)**	—
Acquisition of Forward Wind Energy Center	**(77.1)**	—
Acquisition of Coyote Ridge Wind Farm	**(61.4)**	—
Acquisition of Bluewater	**—**	(226.0)
Capital contributions to transmission affiliates	**(53.5)**	(109.6)
Proceeds from the sale of assets and businesses	**12.1**	24.0
Proceeds from the sale of investments held in rabbi trust	**118.6**	8.7
Purchase of investments held in rabbi trust	**(65.0)**	(3.7)
Other, net	**20.5**	12.0
Net cash used in investing activities	**(2,384.4)**	(2,254.1)
Financing activities		
Exercise of stock options	**29.1**	30.8
Purchase of common stock	**(72.4)**	(71.3)
Dividends paid on common stock	**(697.3)**	(656.5)
Issuance of long-term debt	**1,740.0**	435.0
Retirement of long-term debt	**(953.3)**	(154.5)
Change in short-term debt	**(4.5)**	584.4
Other, net	**(15.2)**	(6.5)
Net cash provided by financing activities	**26.4**	161.4
Net change in cash, cash equivalents, and restricted cash	**87.5**	(14.1)
Cash, cash equivalents, and restricted cash at beginning of year	**58.6**	72.7
Cash, cash equivalents, and restricted cash at end of year	**$ 146.1**	$ 58.6

FOURTH QUARTER 2018 - IMPACT OF FLOW THROUGH OF TAX REPAIRS AND TAX REFORM

WEC Energy Group - The table below shows the income statement impact associated with the flow through of tax repairs, as well as the implementation of the Tax Cuts and Jobs Act, both beginning January 1, 2018.

In accordance with a settlement agreement with the Public Service Commission of Wisconsin, Wisconsin Electric will flow through the tax benefit of its repair related deferred tax liabilities in 2018 and 2019, to maintain certain regulatory asset balances at their December 31, 2017 levels. The flow through treatment of the repair related deferred tax liabilities offsets the negative income statement impact of holding the regulatory assets level, resulting in no change to net income.

The Tax Cuts and Jobs Act reduces our corporate federal tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018. Because a significant portion of the tax savings from the Tax Cuts and Jobs Act at our regulated utilities will be utilized to reduce certain regulatory assets, with the remainder passed back to customers through bill credits or riders, there was also no significant change to net income associated with this tax legislation.

	Quarter Ended December 31, 2018				
(in millions)	WEC Energy Group - Reported GAAP Amounts	Change Related to Flow Through of Tax Repairs	WEC Energy Group (Excluding Tax Repairs)	Change Related to Tax Savings from Tax Cuts and Jobs Act	WEC Energy Group (Excluding Tax Repairs and Tax Reform)
Operating revenues	**$ 2,076.8**	**$ 24.9**	**$ 2,101.7**	**$ 43.1**	**$ 2,144.8**
Operating expenses					
Cost of sales	**854.0**	**—**	**854.0**	**—**	**854.0**
Other operation and maintenance	**667.8**	**(25.7)**	**642.1**	**(17.0)**	**625.1**
Depreciation and amortization	**217.7**	**—**	**217.7**	**1.4**	**219.1**
Property and revenue taxes	**47.5**	**—**	**47.5**	**—**	**47.5**
Total operating expenses	**1,787.0**	**(25.7)**	**1,761.3**	**(15.6)**	**1,745.7**
Operating income	**289.8**	**50.6**	**340.4**	**58.7**	**399.1**
Equity in earnings of transmission affiliates	**41.5**	**—**	**41.5**	**3.4**	**44.9**
Other income, net	**5.3**	**—**	**5.3**	**—**	**5.3**
Interest expense	**117.9**	**—**	**117.9**	**—**	**117.9**
Other expense	**(71.1)**	**—**	**(71.1)**	**3.4**	**(67.7)**
Income before income taxes	**218.7**	**50.6**	**269.3**	**62.1**	**331.4**
Income tax expense	**13.4**	**50.6**	**64.0**	**55.5**	**119.5**
Net income	**205.3**	**—**	**205.3**	**6.6**	**211.9**
Preferred stock dividends of subsidiary	**0.3**	**—**	**0.3**	**—**	**0.3**
Net income attributed to common shareholders	**$ 205.0**	**$ —**	**$ 205.0**	**$ 6.6**	**$ 211.6**
Effective Tax Rate	**6.1%**		**23.8%**		**36.1%**

FULL YEAR 2018 - IMPACT OF FLOW THROUGH OF TAX REPAIRS AND TAX REFORM

WEC Energy Group - The table below shows the income statement impact associated with the flow through of tax repairs, as well as the implementation of the Tax Cuts and Jobs Act, both beginning January 1, 2018.

In accordance with a settlement agreement with the Public Service Commission of Wisconsin, Wisconsin Electric will flow through the tax benefit of its repair related deferred tax liabilities in 2018 and 2019, to maintain certain regulatory asset balances at their December 31, 2017 levels. The flow through treatment of the repair related deferred tax liabilities offsets the negative income statement impact of holding the regulatory assets level, resulting in no change to net income.

The Tax Cuts and Jobs Act reduces our corporate federal tax rate from a maximum of 35% to a 21% rate, effective January 1, 2018. Because a significant portion of the tax savings from the Tax Cuts and Jobs Act at our regulated utilities will be utilized to reduce certain regulatory assets, with the remainder passed back to customers through bill credits or riders, there was also no significant change to net income associated with this tax legislation.

	Year Ended December 31, 2018				
(in millions)	WEC Energy Group - Reported GAAP Amounts	Change Related to Flow Through of Tax Repairs	WEC Energy Group (Excluding Tax Repairs)	Change Related to Tax Savings from Tax Cuts and Jobs Act	WEC Energy Group (Excluding Tax Repairs and Tax Reform)
Operating revenues	**$ 7,679.5**	**$ 88.1**	**$ 7,767.6**	**$ 167.8**	**$ 7,935.4**
Operating expenses					
Cost of sales	**2,897.9**	**—**	**2,897.9**	**—**	**2,897.9**
Other operation and maintenance	**2,270.5**	**(77.8)**	**2,192.7**	**(67.7)**	**2,125.0**
Depreciation and amortization	**845.8**	**—**	**845.8**	**5.4**	**851.2**
Property and revenue taxes	**196.9**	**—**	**196.9**	**—**	**196.9**
Total operating expenses	**6,211.1**	**(77.8)**	**6,133.3**	**(62.3)**	**6,071.0**
Operating income	**1,468.4**	**165.9**	**1,634.3**	**230.1**	**1,864.4**
Equity in earnings of transmission affiliates	**136.7**	**—**	**136.7**	**34.3**	**171.0**
Other income, net	**70.3**	**—**	**70.3**	**—**	**70.3**
Interest expense	**445.1**	**—**	**445.1**	**—**	**445.1**
Other expense	**(238.1)**	**—**	**(238.1)**	**34.3**	**(203.8)**
Income before income taxes	**1,230.3**	**165.9**	**1,396.2**	**264.4**	**1,660.6**
Income tax expense	**169.8**	**165.9**	**335.7**	**247.9**	**583.6**
Net income	**1,060.5**	**—**	**1,060.5**	**16.5**	**1,077.0**
Preferred stock dividends of subsidiary	**1.2**	**—**	**1.2**	**—**	**1.2**
Net income attributed to common shareholders	**$ 1,059.3**	**$ —**	**$ 1,059.3**	**$ 16.5**	**$ 1,075.8**
Effective Tax Rate	**13.8%**		**24.0%**		**35.1%**

FOURTH QUARTER AND FULL YEAR 2017 - GAAP TO ADJUSTED EARNINGS RECONCILIATION

WEC Energy Group - adjusted (non-GAAP) earnings for the quarter and year ended December 31, 2017 exclude a one-time reduction in income tax expense related to a revaluation of our deferred taxes as a result of the Tax Cuts and Jobs Act of 2017.

	Quarter Ended December 31, 2017			Year Ended December 31, 2017		
(in millions, except per share amounts)	Reported GAAP Amounts	Tax Benefit - Tax Cuts and Jobs Act	WEC Energy Group - Adjusted (non-GAAP)	Reported GAAP Amounts	Tax Benefit - Tax Cuts and Jobs Act	WEC Energy Group - Adjusted (non-GAAP)
Operating revenues	$ 2,055.0	$ —	$ 2,055.0	$ 7,648.5	$ —	$ 7,648.5
Operating expenses						
Cost of sales	797.2	—	797.2	2,822.8	—	2,822.8
Other operation and maintenance	598.7	—	598.7	2,056.1	—	2,056.1
Depreciation and amortization	205.1	—	205.1	798.6	—	798.6
Property and revenue taxes	47.0	—	47.0	194.9	—	194.9
Total operating expenses	1,648.0	—	1,648.0	5,872.4	—	5,872.4
Operating income	407.0	—	407.0	1,776.1	—	1,776.1
Equity in earnings of transmission affiliates	31.4	—	31.4	154.3	—	154.3
Other income, net	24.5	—	24.5	73.7	—	73.7
Interest expense	105.3	—	105.3	415.7	—	415.7
Other expense	(49.4)	—	(49.4)	(187.7)	—	(187.7)
Income before income taxes	357.6	—	357.6	1,588.4	—	1,588.4
Income tax (benefit) expense	(75.3)	206.7	131.4	383.5	206.7	590.2
Net income	432.9	(206.7)	226.2	1,204.9	(206.7)	998.2
Preferred stock dividends of subsidiary	0.3	—	0.3	1.2	—	1.2
Net income attributed to common shareholders	$ 432.6	$ (206.7)	$ 225.9	$ 1,203.7	$ (206.7)	$ 997.0
Effective Tax Rate	(21.1)%		36.7%	24.1%		37.2%
Earnings per share						
Basic	$ 1.37	$ (0.65)	$ 0.72	$ 3.81	$ (0.65)	$ 3.16
Diluted	$ 1.36	$ (0.65)	$ 0.71	$ 3.79	$ (0.65)	$ 3.14
Weighted average common shares outstanding						
Basic	315.6	315.6	315.6	315.6	315.6	315.6
Diluted	317.2	317.2	317.2	317.2	317.2	317.2

FOURTH QUARTER 2018 AND 2017 RESULTS — FACTORS AFFECTING ADJUSTED EARNINGS

(in millions, except per share amounts)	2018	2017	Change B(W)	Change Related to Flow Through of Tax Repairs	Change Related to Tax Savings from Tax Cuts and Jobs Act	Remaining Change B(W)	Significant Factors
Operating income (loss) by segment							
Wisconsin	**$ 130.0**	$ 225.6	$ (95.6)	$ (50.6)	$ (31.8)	$ (13.2)	
						(45.9)	Earnings Sharing
						(8.3)	Depreciation
						45.7	Lower O&M
						(4.7)	Other
						(13.2)	
Illinois	**51.0**	65.0	(14.0)	—	(10.8)	(3.2)	
Other States	**29.9**	19.2	10.7	—	(3.5)	14.2	Weather / Interim Rate Increase
Energy Infrastructure	**88.8**	101.0	(12.2)	—	(12.6)	0.4	
Corporate and Other	**(9.9)**	(3.8)	(6.1)	—	—	(6.1)	
Operating income	**289.8**	407.0	(117.2)	(50.6)	(58.7)	(7.9)	
Equity in earnings of transmission affiliates	**41.5**	31.4	10.1	—	(3.4)	13.5	Capital Investment / FERC Audit
Other income, net	**5.3**	24.5	(19.2)	—	—	(19.2)	Rabbi Trust Activity
Interest expense	**117.9**	105.3	(12.6)	—	—	(12.6)	Interest Rates / Borrowings to Fund Capital Projects
Other expense	**(71.1)**	(49.4)	(21.7)	—	(3.4)	(18.3)	
Income before income taxes	**218.7**	357.6	(138.9)	(50.6)	(62.1)	(26.2)	
Income tax expense	**13.4**	131.4	118.0	50.6	55.5	11.9	
Adjusted net income	**205.3**	226.2	(20.9)	—	(6.6)	(14.3)	
Preferred stock dividends of subsidiary	**0.3**	0.3	—	—	—	—	
Adjusted net income attributed to common shareholders	**$ 205.0**	$ 225.9	$ (20.9)	$ —	$ (6.6)	$ (14.3)	
Adjusted earnings per share - diluted	**$ 0.65**	$ 0.71	$ (0.06)				
Weighted average common shares outstanding - diluted	**316.9**	317.2					

FULL YEAR 2018 AND 2017 RESULTS — FACTORS AFFECTING ADJUSTED EARNINGS

(in millions, except per share amounts)	2018	2017	Change B(W)	Change Related to Flow Through of Tax Repairs	Change Related to Tax Savings from Tax Cuts and Jobs Act	Remaining Change B(W)	Significant Factors
Operating income (loss) by segment							
Wisconsin	**$ 800.2**	$ 1,055.2	$ (255.0)	$ (165.9)	$ (142.2)	$ 53.1	
						64.2	Lower O&M
						58.3	Margin - Retail Volumes (Weather)
						33.8	Other Margin - Primarily Retail Volumes (Growth)
						(64.6)	Earnings Sharing
						(28.1)	Depreciation
						(7.0)	Staff Reduction
						(3.5)	Other
						53.1	
Illinois	**255.8**	279.9	(24.1)	—	(29.5)	5.4	Continued SMP Investment
Other States	**68.8**	54.4	14.4	—	(8.0)	22.4	Weather / Interim Rate Increase
Energy Infrastructure	**365.8**	400.5	(34.7)	—	(50.4)	15.7	Bluewater / We Power Capital Investments
Corporate and Other	**(22.2)**	(13.9)	(8.3)	—	—	(8.3)	
Operating income	**1,468.4**	1,776.1	(307.7)	(165.9)	(230.1)	88.3	
Equity in earnings of transmission affiliates	**136.7**	154.3	(17.6)	—	(34.3)	16.7	Capital Investment / FERC Audit
Other income, net	**70.3**	73.7	(3.4)	—	—	(3.4)	Rabbi Trust Activity
Interest expense	**445.1**	415.7	(29.4)	—	—	(29.4)	Interest Rates / Borrowings to Fund Capital Projects
Other expense	**(238.1)**	(187.7)	(50.4)	—	(34.3)	(16.1)	
Income before income taxes	**1,230.3**	1,588.4	(358.1)	(165.9)	(264.4)	72.2	
Income tax expense	**169.8**	590.2	420.4	165.9	247.9	6.6	
Adjusted net income	**1,060.5**	998.2	62.3	—	(16.5)	78.8	
Preferred stock dividends of subsidiary	**1.2**	1.2	—	—	—	—	
Adjusted net income attributed to common shareholders	**$ 1,059.3**	$ 997.0	$ 62.3	$ —	$ (16.5)	$ 78.8	
Adjusted earnings per share - diluted	**$ 3.34**	$ 3.14	$ 0.20				
Weighted average common shares outstanding - diluted	**316.9**	317.2					

FOURTH QUARTER WEATHER AND VOLUMES Weather — Degree Days	2018	2017	Change
Wisconsin Gas and Wisconsin Electric [1]			
Heating (2,233 Normal)	**2,362**	2,239	5.5 %
Cooling (9 Normal)	**26**	27	(3.7)%
Wisconsin Public Service [2]			
Heating (2,569 Normal)	**2,690**	2,657	1.2 %
Cooling (5 Normal)	**4**	10	(60.0)%
Upper Michigan Energy Resources [3]			
Heating (2,910 Normal)	**3,102**	3,036	2.2 %
Cooling (2 Normal)	**—**	2	(100.0)%
Peoples Gas and North Shore Gas [4]			
Heating (2,152 Normal)	**2,324**	2,164	7.4 %
Minnesota Energy Resources [5]			
Heating (2,848 Normal)	**3,134**	2,999	4.5 %
Michigan Gas [5]			
Heating (2,161 normal)	**2,289**	2,206	3.8 %

[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 20-year moving average of monthly temperatures from the Iron Mountain, Michigan weather station.
[4] Normal degree days are based on a 12-year moving average of monthly temperatures from Chicago's O'Hare airport.
[5] 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	MWh		
(in thousands)	Wisconsin 2018	Wisconsin 2017	Change
Customer class			
Residential	**2,650.0**	2,622.4	1.1 %
Small commercial and industrial*	**3,153.9**	3,185.3	(1.0)%
Large commercial and industrial*	**3,108.3**	3,152.6	(1.4)%
Other	**44.8**	48.7	(8.0)%
Total retail*	**8,957.0**	9,009.0	(0.6)%
Wholesale	**920.0**	913.6	0.7 %
Resale	**1,468.9**	2,997.8	(51.0)%
Total MWh sales*	**11,345.9**	12,920.4	(12.2)%

* Includes distribution sales for customers who have purchased power from an alternative electric supplier in Michigan.

GAS UTILITY OPERATIONS - FOURTH QUARTER	Therms											
	2018				2017				Change			
(in millions)	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total
Customer class												
Residential	**377.8**	**286.0**	**102.0**	**765.8**	367.1	249.9	94.1	711.1	2.9%	14.4 %	8.4 %	7.7%
Commercial/industrial	**235.5**	**107.5**	**66.5**	**409.5**	225.8	97.0	69.3	392.1	4.3%	10.8 %	(4.0)%	4.4%
Total retail	**613.3**	**393.5**	**168.5**	**1,175.3**	592.9	346.9	163.4	1,103.2	3.4%	13.4 %	3.1 %	6.5%
Transport	**384.7**	**276.4**	**186.8**	**847.9**	364.4	287.6	186.7	838.7	5.6%	(3.9)%	0.1 %	1.1%
Total therms delivered	**998.0**	**669.9**	**355.3**	**2,023.2**	957.3	634.5	350.1	1,941.9	4.3%	5.6 %	1.5 %	4.2%

FULL YEAR WEATHER AND VOLUMES Weather — Degree Days	2018	2017	Change
Wisconsin Gas and Wisconsin Electric [1]			
Heating (6,515 Normal)	**6,685**	5,908	13.2%
Cooling (731 Normal)	**929**	772	20.3%
Wisconsin Public Service [2]			
Heating (7,324 Normal)	**7,554**	6,942	8.8%
Cooling (507 Normal)	**678**	450	50.7%
Upper Michigan Energy Resources [3]			
Heating (8,326 Normal)	**8,611**	8,145	5.7%
Cooling (325 Normal)	**478**	235	103.4%
Peoples Gas and North Shore Gas [4]			
Heating (6,059 Normal)	**6,327**	5,470	15.7%
Minnesota Energy Resources [5]			
Heating (7,864 Normal)	**8,490**	7,625	11.3%
Michigan Gas [5]			
Heating (6,240 Normal)	**6,368**	5,707	11.6%

[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 20-year moving average of monthly temperatures from the Iron Mountain, Michigan weather station.
[4] Normal degree days are based on a 12-year moving average of monthly temperatures from Chicago's O'Hare airport.
[5] 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 - FULL YEAR	MWh		
(in thousands)	Wisconsin 2018	Wisconsin 2017	Change
Customer class			
Residential	**11,195.0**	10,636.3	5.3 %
Small commercial and industrial*	**13,186.7**	12,932.1	2.0 %
Large commercial and industrial*	**12,946.5**	12,822.0	1.0 %
Other	**169.0**	175.6	(3.8)%
Total retail*	**37,497.2**	36,566.0	2.5 %
Wholesale	**3,612.7**	3,768.0	(4.1)%
Resale	**6,019.3**	9,000.3	(33.1)%
Total MWh sales*	**47,129.2**	49,334.3	(4.5)%

* Includes distribution sales for customers who have purchased power from an alternative electric supplier in Michigan.

GAS UTILITY OPERATIONS - FULL YEAR	Therms											
	2018				2017				Change			
(in millions)	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total	Wisconsin	Illinois	Other States	Total
Customer class												
Residential	**1,131.1**	**896.2**	**336.1**	**2,363.4**	1,028.3	759.6	285.6	2,073.5	10.0%	18.0%	17.7%	14.0%
Commercial/industrial	**733.1**	**358.3**	**218.5**	**1,309.9**	654.7	313.9	199.4	1,168.0	12.0%	14.1%	9.6%	12.1%
Total retail	**1,864.2**	**1,254.5**	**554.6**	**3,673.3**	1,683.0	1,073.5	485.0	3,241.5	10.8%	16.9%	14.4%	13.3%
Transport	**1,411.5**	**905.1**	**738.7**	**3,055.3**	1,316.4	853.4	693.3	2,863.1	7.2%	6.1%	6.5%	6.7%
Total therms delivered	**3,275.7**	**2,159.6**	**1,293.3**	**6,728.6**	2,999.4	1,926.9	1,178.3	6,104.6	9.2%	12.1%	9.8%	10.2%

RETAIL ELECTRIC SALES VOLUME INFORMATION

FOURTH QUARTER

DELIVERED ELECTRIC VOLUMES - TOTAL WISCONSIN SEGMENT	Three Months Ended December 31		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized [1]	2019 Forecast vs. 2018 Normalized [1], [2]
Residential	1.1 %	1.9 %	—%
Small commercial/industrial	(1.0)%	(0.3)%	0.5%
Large commercial/industrial (ex. mine)	(1.0)%	(0.3)%	0.3%
Total large commercial/industrial	(1.4)%	(0.8)%	0.2%
Total retail sales volumes	(0.6)%	0.1 %	0.2%
Total retail sales volumes (ex. mine)	(0.4)%	0.3 %	0.3%

RETAIL ELECTRIC SALES VOLUME INFORMATION

FULL YEAR

DELIVERED VOLUMES - TOTAL WISCONSIN SEGMENT	Year Ended December 31		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized [1]	2019 Forecast vs. 2018 Normalized [1], [2]
Residential	5.3%	2.0%	—%
Small commercial/industrial	2.0%	0.7%	0.5%
Large commercial/industrial (ex. mine)	1.0%	1.1%	0.3%
Total large commercial/industrial	1.0%	1.0%	0.2%
Total retail sales volumes	2.5%	1.2%	0.2%
Total retail sales volumes (ex. mine)	2.6%	1.2%	0.3%

[1] Normalized — 20 year average weather adjusted.

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

NATURAL GAS SALES VOLUME INFORMATION

FOURTH QUARTER

DELIVERED VOLUMES - TOTAL WISCONSIN SEGMENT	Three Months Ended December 31		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized [1]	2019 Forecast vs. 2018 Normalized [1],[2]
Residential	2.9%	1.3%	0.8%
Total commercial/industrial	4.2%	3.2%	0.7%
Total retail sales volumes	3.4%	2.0%	0.8%
Transport (w/o power generation)	4.9%	3.7%	0.7%
Total sales volumes (w/o power generation)	4.0%	2.7%	0.8%

NATURAL GAS SALES VOLUME INFORMATION

FULL YEAR

DELIVERED VOLUMES - TOTAL WISCONSIN SEGMENT	Year Ended December 31		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized [1]	2019 Forecast vs. 2018 Normalized [1],[2]
Residential	10.0%	1.9%	0.8%
Total commercial/industrial	12.0%	6.5%	0.7%
Total retail sales volumes	10.8%	3.6%	0.8%
Transport (w/o power generation)	6.9%	5.3%	0.7%
Total sales volumes (w/o power generation)	9.1%	4.3%	0.8%

[1] Normalized — 20 year average weather adjusted.

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

OTHER FINANCIAL INFORMATION
FULL YEAR 2018 AND 2017

EBIT and EBITDA	**2018**	**2017**
(in millions)	**Actual**	**Actual**
Net income attributed to common shareholders	**$ 1,059.3**	$ 1,203.7
Income tax expense	**169.8**	383.5
Interest expense	**445.1**	415.7
EBIT	**1,674.2**	2,002.9
Depreciation and amortization	**845.8**	798.6
EBITDA [1]	**$ 2,520.0**	$ 2,801.5

Capitalization Structure	**December 31, 2018**	
(in millions)	**Actual**	**Adjusted** [2]
Common equity	**$ 9,788.9**	$ 10,038.9
Preferred stock of subsidiary	**30.4**	30.4
Long-term debt (including current maturities)	**10,359.0**	10,109.0
Short-term debt	**1,440.1**	1,440.1
Total capitalization	**$ 21,618.4**	$ 21,618.4
Total debt	**$ 11,799.1**	$ 11,549.1
Ratio of debt to total capitalization	**54.6%**	53.4%

Capitalization Structure	**December 31, 2017**	
(in millions)	**Actual**	**Adjusted** [2]
Common equity	**$ 9,461.4**	$ 9,711.4
Preferred stock of subsidiary	**30.4**	30.4
Long-term debt (including current maturities)	**9,588.7**	9,338.7
Short-term debt	**1,444.6**	1,444.6
Total capitalization	**$ 20,525.1**	$ 20,525.1
Total debt	**$ 11,033.3**	$ 10,783.3
Ratio of debt to total capitalization	**53.8%**	52.5%

(1) The decrease in EBITDA is related to a decrease in reported income tax expense as a result of the Tax Cuts and Jobs Act and the flow through of tax repairs. For more information on these items, see the discussion on page 10.

(2) Included in long-term debt is the $500.0 million principal amount of WEC Energy Group's 2007 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+	Baa1	BBB+
Commercial paper	A-2	P-2	F2
Junior subordinated notes	BBB	Baa2	BBB-
Wisconsin Electric			
Senior unsecured debt	A-	A2	A+
Commercial paper	A-2	P-1	F1
Wisconsin Public Service			
Senior unsecured debt	A-	A2	A+
Commercial paper	A-2	P-1	F1
Wisconsin Gas			
Senior unsecured debt	A	A2	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
Elm Road Generating Station Supercritical, LLC			
Senior secured debt	A-	A2	A+
Integrys Holding, Inc.			
Senior unsecured debt	BBB+	Baa1	BBB+
Junior subordinated notes	BBB	Baa2	BBB-