# WEC Energy Group, Inc.

## 2019 First Quarter Earnings

## Released April 25, 2019

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WEC Energy Group

News

WEC Energy Group, Inc.
231 W. Michigan St.
Milwaukee, WI 53203

Media Line 414-221-4444
Fax 414-221-2821

From: Brian Manthey (news media)
414-221-4444
brian.manthey@wecenergygroup.com

Beth Straka (investment community)
414-221-4639
beth.straka@wecenergygroup.com

April 25, 2019

## WEC Energy Group posts first-quarter results

MILWAUKEE - WEC Energy Group (NYSE: WEC) today reported net income of $420.1 million, or $1.33 per share for the first quarter of 2019 - up from $390.1 million, or $1.23 per share for the first quarter of 2018.

Consolidated revenues totaled $2.4 billion, up $90.9 million from last year's first quarter.

"Our strong first quarter results were driven by colder than normal weather and a focus on operating efficiency across our system of companies," said Gale Klappa, Executive Chairman. "The energy infrastructure we've built to serve our 4.5 million customers was put to the test by the polar vortex cold snap in January," he added. "Our people and our systems performed exceptionally well as wind chills dropped to nearly 50 degrees below zero and demand for natural gas set new all-time records."

For the quarter, natural gas deliveries in Wisconsin - excluding gas used for power generation - rose by 7.0 percent compared to the first quarter of 2018. On a weather normal basis, natural gas deliveries grew by 2.6 percent.

Retail deliveries of electricity - excluding the iron ore mine in Michigan’s Upper Peninsula - rose by 0.5 percent in the first quarter of 2019 compared to the first quarter last year.

Residential electricity use increased by 3.4 percent. Electricity consumption by small commercial and industrial customers declined by 0.4 percent. Electricity use by large commercial and industrial customers - excluding the iron ore mine - was 1.1 percent lower during the first quarter of 2019.

On a weather-normal basis, retail deliveries of electricity - excluding the iron ore mine - decreased by 0.4 percent.

At the end of March, the company was serving approximately 11,000 more electric customers and 22,000 more natural gas customers than at the same time a year ago.

The company is reaffirming its earnings guidance of $3.48 to $3.52 per share with an expectation of reaching the top end of the range. This assumes normal weather for the remainder of the year.

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

*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 nearly $34 billion of assets.*

**Conference call**

A conference call is scheduled for 1 p.m. Central time, Thursday, April 25. The call will review 2019 first-quarter earnings and the company's outlook for the future.

All interested parties, including stockholders, news media and the general public, are invited to listen. Access the call at 877-683-2228 up to 15 minutes before it begins. The number for international callers is 647-689-5446. The conference ID is 7299228.

Conference call access also is available at wecenergygroup.com. Under 'Webcasts,' select 'Q1 Earnings.' In conjunction with this earnings announcement, WEC Energy Group will post on its website a package of detailed financial information on its first-quarter performance. The materials will be available at 6:30 a.m. Central time, Thursday, April 25.

**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 May 9, 2019. Domestic callers should dial 800-585-8367. International callers should dial 416-621-4642. The replay conference ID is 7299228.

**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. as well as projects in which the company's energy infrastructure business invests; the ability of the company to obtain additional generating capacity at competitive prices; 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, 2018, 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.**

| CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited) | Three Months Ended March 31 | |
|---|---|---|
| *(in millions, except per share amounts)* | **2019** | **2018** |
| **Operating revenues** | **$ 2,377.4** | $ 2,286.5 |
| | | |
| **Operating expenses** | | |
| Cost of sales | **1,009.6** | 972.1 |
| Other operation and maintenance | **550.6** | 511.9 |
| Depreciation and amortization | **226.4** | 208.6 |
| Property and revenue taxes | **48.0** | 48.8 |
| **Total operating expenses** | **1,834.6** | 1,741.4 |
| | | |
| **Operating income** | **542.8** | 545.1 |
| | | |
| Equity in earnings of transmission affiliates | **36.1** | 32.8 |
| Other income, net | **30.9** | 7.5 |
| Interest expense | **124.4** | 106.7 |
| **Other expense** | **(57.4)** | (66.4) |
| | | |
| Income before income taxes | **485.4** | 478.7 |
| Income tax expense | **65.0** | 88.3 |
| **Net income** | **420.4** | 390.4 |
| | | |
| Preferred stock dividends of subsidiary | **0.3** | 0.3 |
| **Net income attributed to common shareholders** | **$ 420.1** | $ 390.1 |
| | | |
| **Earnings per share** | | |
| Basic | **$ 1.33** | $ 1.24 |
| Diluted | **$ 1.33** | $ 1.23 |
| | | |
| **Weighted average common shares outstanding** | | |
| Basic | **315.5** | 315.5 |
| Diluted | **316.7** | 316.9 |
| | | |
| **Dividends per share of common stock** | **$ 0.5900** | $ 0.5525 |

| CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)<br>*(in millions, except share and per share amounts)* | March 31, 2019 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | **$ 30.6** | $ 84.5 |
| Accounts receivable and unbilled revenues, net of reserves of $163.2 and $149.2, respectively | **1,430.1** | 1,280.9 |
| Materials, supplies, and inventories | **330.1** | 548.2 |
| Prepayments | **167.2** | 256.8 |
| Other | **50.3** | 77.2 |
| **Current assets** | **2,008.3** | 2,247.6 |
| | | |
| **Long-term assets** | | |
| Property, plant, and equipment, net of accumulated depreciation and amortization of $8,589.0 and $8,636.6, respectively | **22,193.3** | 22,000.9 |
| Regulatory assets | **4,009.8** | 3,805.1 |
| Equity investment in transmission affiliates | **1,670.6** | 1,665.3 |
| Goodwill | **3,052.8** | 3,052.8 |
| Other | **802.3** | 704.1 |
| **Long-term assets** | **31,728.8** | 31,228.2 |
| **Total assets** | **$ 33,737.1** | $ 33,475.8 |
| | | |
| **Liabilities and Equity** | | |
| | | |
| **Current liabilities** | | |
| Short-term debt | **$ 1,145.2** | $ 1,440.1 |
| Current portion of long-term debt | **366.0** | 365.0 |
| Accounts payable | **674.1** | 876.4 |
| Accrued payroll and benefits | **125.9** | 185.4 |
| Other | **578.7** | 464.8 |
| **Current liabilities** | **2,889.9** | 3,331.7 |
| | | |
| **Long-term liabilities** | | |
| Long-term debt | **10,326.7** | 9,994.0 |
| Deferred income taxes | **3,459.9** | 3,388.1 |
| Deferred revenue, net | **514.5** | 520.4 |
| Regulatory liabilities | **4,274.3** | 4,251.6 |
| Environmental remediation liabilities | **631.8** | 616.4 |
| Pension and OPEB obligations | **418.1** | 422.8 |
| Other | **1,109.8** | 1,108.1 |
| **Long-term liabilities** | **20,735.1** | 20,301.4 |
| | | |
| Commitments and contingencies | | |
| | | |
| **Common shareholders' equity** | | |
| Common stock – $0.01 par value; 325,000,000 shares authorized; 315,438,398 and 315,523,192 shares outstanding, respectively | **3.2** | 3.2 |
| Additional paid in capital | **4,213.2** | 4,250.1 |
| Retained earnings | **5,772.1** | 5,538.2 |
| Accumulated other comprehensive loss | **(4.0)** | (2.6) |
| **Common shareholders' equity** | **9,984.5** | 9,788.9 |
| | | |
| Preferred stock of subsidiary | **30.4** | 30.4 |
| Noncontrolling interests | **97.2** | 23.4 |
| **Total liabilities and equity** | **$ 33,737.1** | $ 33,475.8 |

| CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) | Three Months Ended March 31 | |
|---|---|---|
| *(in millions)* | **2019** | **2018** |
| **Operating Activities** | | |
| Net income | **$ 420.4** | $ 390.4 |
| Reconciliation to cash provided by operating activities | | |
| Depreciation and amortization | **226.4** | 208.6 |
| Deferred income taxes and investment tax credits, net | **17.2** | 17.0 |
| Contributions and payments related to pension and OPEB plans | **(4.2)** | (5.3) |
| Equity income in transmission affiliates, net of distributions | **(1.9)** | 7.1 |
| Change in – | | |
| Accounts receivable and unbilled revenues | **(124.3)** | (60.1) |
| Materials, supplies, and inventories | **218.3** | 163.0 |
| Other current assets | **125.1** | 81.3 |
| Accounts payable | **(204.3)** | (170.9) |
| Other current liabilities | **54.6** | 128.6 |
| Other, net | **8.4** | 134.3 |
| **Net cash provided by operating activities** | **735.7** | 894.0 |
| | | |
| **Investing Activities** | | |
| Capital expenditures | **(358.8)** | (439.6) |
| Acquisition of Upstream Wind Energy LLC, net of cash and restricted cash acquired of $9.2 | **(268.2)** | — |
| Capital contributions to transmission affiliates | **(3.4)** | (12.8) |
| Proceeds from the sale of assets | **10.6** | 0.8 |
| Proceeds from the sale of investments held in rabbi trust | **0.1** | 16.5 |
| Other, net | **13.1** | (0.7) |
| **Net cash used in investing activities** | **(606.6)** | (435.8) |
| | | |
| **Financing Activities** | | |
| Exercise of stock options | **32.6** | 2.1 |
| Purchase of common stock | **(70.7)** | (15.8) |
| Dividends paid on common stock | **(186.2)** | (174.2) |
| Issuance of long-term debt | **350.0** | — |
| Retirement of long-term debt | **(13.3)** | (12.6) |
| Change in short-term debt | **(294.9)** | (244.3) |
| Other, net | **(3.6)** | (0.3) |
| **Net cash used in financing activities** | **(186.1)** | (445.1) |
| | | |
| **Net change in cash, cash equivalents, and restricted cash** | **(57.0)** | 13.1 |
| Cash, cash equivalents, and restricted cash at beginning of period | **146.1** | 58.6 |
| **Cash, cash equivalents, and restricted cash at end of period** | **$ 89.1** | $ 71.7 |

**INCOME STATEMENT IMPACT OF FLOW THROUGH OF TAX REPAIRS**

**WEC Energy Group** - The table below shows the income statement impact associated with the flow through of tax repairs, beginning January 1, 2018. In accordance with a settlement agreement with the Public Service Commission of Wisconsin, Wisconsin Electric is flowing 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.

| | Three Months Ended March 31, 2019 | | | Three Months Ended March 31, 2018 | | |
|---|---|---|---|---|---|---|
| *(in millions)* | **WEC Energy Group - Reported GAAP Amounts** | **Change Related to Flow Through of Tax Repairs** | **WEC Energy Group (Excluding Tax Repairs)** | **WEC Energy Group - Reported GAAP Amounts** | **Change Related to Flow Through of Tax Repairs** | **WEC Energy Group (Excluding Tax Repairs)** |
| **Operating revenues** | **$ 2,377.4** | **$ 25.4** | **$ 2,402.8** | $ 2,286.5 | $ 20.4 | $ 2,306.9 |
| **Operating expenses** | | | | | | |
| Cost of sales | **1,009.6** | **—** | **1,009.6** | 972.1 | — | 972.1 |
| Other operation and maintenance | **550.6** | **(15.3)** | **535.3** | 511.9 | (14.7) | 497.2 |
| Depreciation and amortization | **226.4** | **—** | **226.4** | 208.6 | — | 208.6 |
| Property and revenue taxes | **48.0** | **—** | **48.0** | 48.8 | — | 48.8 |
| **Total operating expenses** | **1,834.6** | **(15.3)** | **1,819.3** | 1,741.4 | (14.7) | 1,726.7 |
| **Operating income** | **542.8** | **40.7** | **583.5** | 545.1 | 35.1 | 580.2 |
| Equity in earnings of transmission affiliates | **36.1** | **—** | **36.1** | 32.8 | — | 32.8 |
| Other income, net | **30.9** | **—** | **30.9** | 7.5 | — | 7.5 |
| Interest expense | **124.4** | **—** | **124.4** | 106.7 | — | 106.7 |
| **Other expense** | **(57.4)** | **—** | **(57.4)** | (66.4) | — | (66.4) |
| Income before income taxes | **485.4** | **40.7** | **526.1** | 478.7 | 35.1 | 513.8 |
| Income tax expense | **65.0** | **40.7** | **105.7** | 88.3 | 35.1 | 123.4 |
| **Net income** | **420.4** | **—** | **420.4** | 390.4 | — | 390.4 |
| Preferred stock dividends of subsidiary | **0.3** | **—** | **0.3** | 0.3 | — | 0.3 |
| **Net income attributed to common shareholders** | **$ 420.1** | **$ —** | **$ 420.1** | $ 390.1 | $ — | 390.1 |
| **Effective Tax Rate** | **13.4%** | | **20.1%** | 18.4% | | 24.0% |

**FIRST QUARTER 2019 AND 2018 RESULTS — FACTORS AFFECTING EARNINGS**

| *(in millions, except per share amounts)* | 2019 | 2018 | Change B(W) | Change Related to Flow Through of Tax Repairs | Change Related to Adoption of New Lease Guidance (Topic 842) | Remaining Change B(W) | Significant Factors |
|---|---|---|---|---|---|---|---|
| **Operating income (loss) by segment** | | | | | | | |
| Wisconsin | **$ 361.8** | $ 273.7 | $ 88.1 | $ (5.6) | $ 88.1 | $ 5.6 | |
| | | | | | | 20.7 | Margin - Volumes |
| | | | | | | (11.6) | Margin - Fuel |
| | | | | | | (7.7) | Depreciation* |
| | | | | | | (2.2) | O&M* |
| | | | | | | 3.3 | Property and Revenue Tax |
| | | | | | | 3.1 | Other |
| | | | | | | 5.6 | |
| Illinois | **137.9** | 147.6 | (9.7) | — | — | (9.7) | |
| Other States | **41.5** | 36.2 | 5.3 | — | — | 5.3 | Weather |
| Energy Infrastructure | **92.7** | 93.0 | (0.3) | — | — | (0.3) | Wind Credits Reduce Tax Expense |
| Corporate and Other | **(3.9)** | (5.4) | 1.5 | — | — | 1.5 | |
| Reconciling Eliminations | **(87.2)** | — | (87.2) | — | (87.2) | — | |
| **Operating income** | **542.8** | 545.1 | (2.3) | (5.6) | 0.9 | 2.4 | |
| Equity in earnings of transmission affiliates | **36.1** | 32.8 | 3.3 | — | — | 3.3 | Capital Investment |
| Other income, net | **30.9** | 7.5 | 23.4 | — | — | 23.4 | AFUDC / Investment Gains |
| Interest expense | **124.4** | 106.7 | (17.7) | — | (0.9) | (16.8) | Interest Rates / Borrowings to Fund Capital Projects |
| **Other expense** | **(57.4)** | (66.4) | 9.0 | — | (0.9) | 9.9 | |
| Income before income taxes | **485.4** | 478.7 | 6.7 | (5.6) | — | 12.3 | |
| Income tax expense | **65.0** | 88.3 | 23.3 | 5.6 | — | 17.7 | Largely Wind Credits |
| **Net income** | **420.4** | 390.4 | 30.0 | — | — | 30.0 | |
| Preferred stock dividends of subsidiary | **0.3** | 0.3 | — | — | — | — | |
| **Net income attributed to common shareholders** | **$ 420.1** | $ 390.1 | $ 30.0 | $ — | $ — | $ 30.0 | |
| **Earnings per share - diluted** | **$ 1.33** | $ 1.23 | $ 0.10 | | | | |
| **Weighted average common shares outstanding - diluted** | **316.7** | 316.9 | | | | | |

* While the change in Wisconsin operating income shown above was not significantly impacted by the Tax Cuts and Jobs Act of 2017, the changes in certain components of operating income were impacted. This is because we assumed in the first quarter of 2018, that the tax savings associated with tax reform would be passed back to customers through bill credits, so only operating revenues were impacted in the first quarter of 2018. By the first quarter of 2019, we had approval to utilize a significant portion of tax savings to reduce certain regulatory assets, and to pass the remainder back to customers through bill credits. Therefore, operating revenues, operating and maintenance, and depreciation and amortization were all impacted in the first quarter of 2019. The changes in the components of operating income related to tax reform pertaining to these line items have been excluded.

| FIRST QUARTER 2019 AND 2018 WEATHER AND VOLUMES<br>Weather — Degree Days | 2019 | 2018 | Change |
|---|---|---|---|
| ***Wisconsin Gas and Wisconsin Electric*** [1] | | | |
| Heating (3,271 Normal) | **3,483** | 3,225 | 8.0 % |
| ***Wisconsin Public Service*** [2] | | | |
| Heating (3,646 Normal) | **3,841** | 3,636 | 5.6 % |
| ***Upper Michigan Energy Resources*** [3] | | | |
| Heating (3,953 Normal) | **4,304** | 4,036 | 6.6 % |
| ***Peoples Gas and North Shore Gas*** [4] | | | |
| Heating (3,168 Normal) | **3,387** | 3,113 | 8.8 % |
| ***Minnesota Energy Resources*** [5] | | | |
| Heating (3,901 normal) | **4,382** | 4,085 | 7.3 % |
| ***Michigan Gas*** [5] | | | |
| Heating (3,206 normal) | **3,298** | 3,135 | 5.2 % |

[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 - FIRST QUARTER | MWh | | |
|---|---|---|---|
| *(in thousands)* | Wisconsin 2019 | Wisconsin 2018 | Change |
| **Customer class** | | | |
| Residential | **2,810.7** | 2,716.9 | 3.5 % |
| Small commercial and industrial * | **3,181.1** | 3,194.3 | (0.4)% |
| Large commercial and industrial * | **3,086.8** | 3,113.4 | (0.9)% |
| Other | **45.0** | 46.2 | (2.6)% |
| **Total retail *** | **9,123.6** | 9,070.8 | 0.6 % |
| Wholesale | **843.7** | 856.9 | (1.5)% |
| Resale | **1,355.5** | 2,443.6 | (44.5)% |
| **Total MWh sales *** | **11,322.8** | 12,371.3 | (8.5)% |

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

| GAS UTILITY OPERATIONS - FIRST QUARTER | Therms | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | | | | 2018 | | | | Change | | | |
| *(in millions)* | Wisconsin | Illinois | Other States | Total | Wisconsin | Illinois | Other States | Total | Wisconsin | Illinois | Other States | Total |
| **Customer class** | | | | | | | | | | | | |
| Residential | **576.5** | **449.0** | **172.0** | **1,197.5** | 524.3 | 428.6 | 170.4 | 1,123.3 | 10.0% | 4.8% | 0.9% | 6.6% |
| Commercial/industrial | **338.1** | **174.9** | **111.0** | **624.0** | 316.8 | 168.4 | 103.8 | 589.0 | 6.7% | 3.9% | 6.9% | 5.9% |
| **Total retail** | **914.6** | **623.9** | **283.0** | **1,821.5** | 841.1 | 597.0 | 274.2 | 1,712.3 | 8.7% | 4.5% | 3.2% | 6.4% |
| Transport | **431.2** | **387.9** | **228.7** | **1,047.8** | 413.0 | 356.6 | 224.2 | 993.8 | 4.4% | 8.8% | 2.0% | 5.4% |
| **Total therms delivered** | **1,345.8** | **1,011.8** | **511.7** | **2,869.3** | 1,254.1 | 953.6 | 498.4 | 2,706.1 | 7.3% | 6.1% | 2.7% | 6.0% |

**RETAIL ELECTRIC SALES VOLUME INFORMATION**

**FIRST QUARTER**

| DELIVERED ELECTRIC VOLUMES - TOTAL WISCONSIN SEGMENT | Three Months Ended March 31 | | Annual |
|---|---|---|---|
| | 2019 Actual vs. 2018 Actual | 2019 Normalized vs. 2018 Normalized [1] | 2019 Forecast vs. 2018 Normalized [1],[2] |
| Residential | 3.4 % | 1.3 % | —% |
| Small commercial/industrial | (0.4)% | (1.3)% | 0.5% |
| Large commercial/industrial (ex. mine) | (1.1)% | (1.1)% | 0.3% |
| Total large commercial/industrial | (0.9)% | (0.9)% | 0.2% |
| Total retail sales volumes | 0.6 % | (0.3)% | 0.2% |
| Total retail sales volumes (ex. mine) | 0.5 % | (0.4)% | 0.3% |

**RETAIL NATURAL GAS SALES VOLUME INFORMATION**

**FIRST QUARTER**

| DELIVERED NATURAL GAS VOLUMES - TOTAL WISCONSIN SEGMENT | Three Months Ended March 31 | | Annual |
|---|---|---|---|
| | 2019 Actual vs. 2018 Actual | 2019 Normalized vs. 2018 Normalized [1] | 2019 Forecast vs. 2018 Normalized [1],[2] |
| Residential | 10.0% | 3.8% | 0.8% |
| Total commercial/industrial | 6.8% | 1.4% | 0.7% |
| Total retail sales volumes | 8.8% | 2.9% | 0.8% |
| Transport (w/o power generation) | 3.3% | 1.9% | 0.7% |
| Total sales volumes (w/o power generation) | 7.0% | 2.6% | 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**
**FIRST QUARTER 2019 AND 2018**

| **EBIT and EBITDA** | **2019** | **2018** |
|---|---|---|
| ***(in millions)*** | **Actual** | **Actual** |
| Net income attributed to common shareholders | **$ 420.1** | $ 390.1 |
| Income tax expense | **65.0** | 88.3 |
| Interest expense | **124.4** | 106.7 |
| **EBIT** | **609.5** | 585.1 |
| Depreciation and amortization | **226.4** | 208.6 |
| **EBITDA** | **$ 835.9** | $ 793.7 |

| **Capitalization Structure** | **March 31, 2019** | |
|---|---|---|
| ***(in millions)*** | **Actual** | **Adjusted [1]** |
| Common shareholders' equity | **$ 9,984.5** | $ 10,234.5 |
| Preferred stock of subsidiary | **30.4** | 30.4 |
| Long-term debt (including current portion) | **10,692.7** | 10,442.7 |
| Short-term debt | **1,145.2** | 1,145.2 |
| **Total capitalization** | **$ 21,852.8** | $ 21,852.8 |
| **Total debt** | **$ 11,837.9** | $ 11,587.9 |
| **Ratio of debt to total capitalization** | **54.2%** | 53.0% |

| **Capitalization Structure** | **December 31, 2018** | |
|---|---|---|
| ***(in millions)*** | **Actual** | **Adjusted [1]** |
| Common equity | **$ 9,788.9** | $ 10,038.9 |
| Preferred stock of subsidiary | **30.4** | 30.4 |
| Long-term debt (including current portion) | **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% |

(1) 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 Condensed 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- |

# Wisconsin Rate Review Proposals

- Wisconsin Electric, Wisconsin Gas and Wisconsin Public Service filed applications with the PSCW on March 28, 2019.
- After a 4-year base rate freeze, proposed rate increases will keep bills below the national average.

| Revenue Increase Summary | 2020 | 2021 |
|---|---|---|
| ***Wisconsin Electric*** | | |
| Electric* | 2.9% | 2.9% |
| Natural Gas | 3.9% | - |
| Steam | 4.9% | - |
| ***Wisconsin Gas*** | | |
| Natural Gas | 1.8% | - |
| ***Wisconsin Public Service*** | | |
| Electric* | 4.9% | 4.9% |
| Natural Gas | 2.4% | 2.4% |

* Electric targeted increases include fuel in 2020 and exclude fuel in 2021

**Order expected in Q4 2019 for new rates effective January 1, 2020**

| Key Rate Review Drivers | |
|---|---|
| Wisconsin Electric | Wisconsin Public Service |
| • Higher transmission charges currently capped at 2010 levels.<br>• Revenue the PSCW assumed We Energies would receive from MISO that was not received.<br>• Cost escalation in the Point Beach PPA approved by the PSCW in 2007. | • Acquisition of Forward Wind Energy Center<br>• Distribution System upgrades approved by the PSCW<br>• Final costs for ReACT environmental project at Weston Unit 3. |

# Wisconsin Rate Review Proposals

| | Wisconsin Electric | | | Wisconsin Gas | Wisconsin Public Service | |
|---|---|---|---|---|---|---|
| | ***Electric*** | ***Natural Gas*** | ***Steam*** | ***Natural Gas*** | ***Electric*** | ***Natural Gas*** |
| ***Current ROE*** | 10.20% | 10.20% | 10.20% | 10.30% | 10.00% | 10.00% |
| ***Current Equity Ratio*** | 51% | 51% | 51% | 49.5% | 51% | 51% |
| ***Proposed ROE*** | 10.35% | 10.35% | 10.35% | 10.30% | 10.35% | 10.35% |
| ***Proposed Equity Ratio*** | 52% | 52% | 52% | 52% | 52% | 52% |
| ***Forecasted 2020 Rate Base (in millions)*** | $ 5,871 | $ 934 | $38 | $ 1,621 | $ 3,184 | $ 621 |