
WEC
Energy Group
Focused on Performance
Investor Update: August 2019

Cautionary Statement Regarding Forward-Looking Information

Much of the information contained in this presentation is forward-looking information based upon management's current expectations and projections that involve risks and uncertainties. Forward-looking information includes, among other things, information concerning earnings per share, rate case activity, earnings per share growth, cash flow, sources of revenue, dividend growth and dividend payout ratios, capital plans, construction costs, generating unit retirements, investment opportunities, corporate initiatives (including any generation reshaping plan), rate base, and environmental matters (including emission reductions). Readers are cautioned not to place undue reliance on this forward-looking information. Forward-looking information is not a guarantee of future performance and actual results may differ materially from those set forth in the forward-looking information.

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 restructuring and consolidation; continued adoption of distributed generation by the company's customers; energy and environmental 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, proceedings or inquiries; changes in accounting standards; the financial performance of 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 WEC Energy Group's Form 10-K for the year ended December 31, 2018, and in subsequent reports filed with the Securities and Exchange Commission. WEC Energy Group expressly disclaims any obligation to publicly update or revise any forward-looking information.

WEC Energy Group

Company Statistics

$27.0 billion market cap (1)

1.6 million electric customers

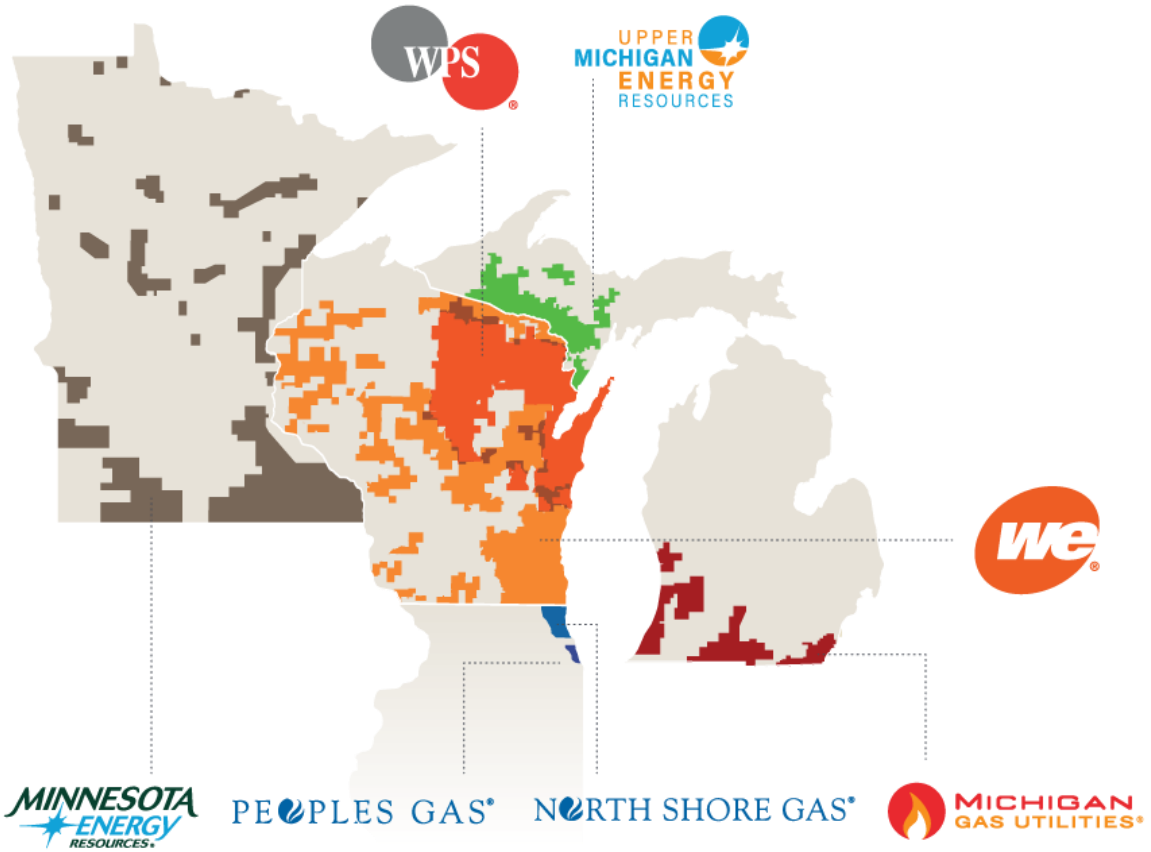
2.9 million natural gas customers

60% ownership of American Transmission Company

70,100 miles of electric distribution

49,000 miles of gas distribution

$19.8 billion of asset base (2)



(1) As of 7/31/2019
(2) 2018 average asset base

WEC Energy Group

Our strategy is to create long-term value by focusing on the fundamentals: safety, world-class reliability, operating efficiency, financial discipline and customer care.



One of the 100 Best Corporate Citizens for 2018

Corporate Responsibility Magazine

Most reliable utility in the Midwest

We Energies

PA Consulting

One of America's Best Employers For Diversity for 2019

Forbes

2018 Most Trusted Utility Brand

Wisconsin Public Service

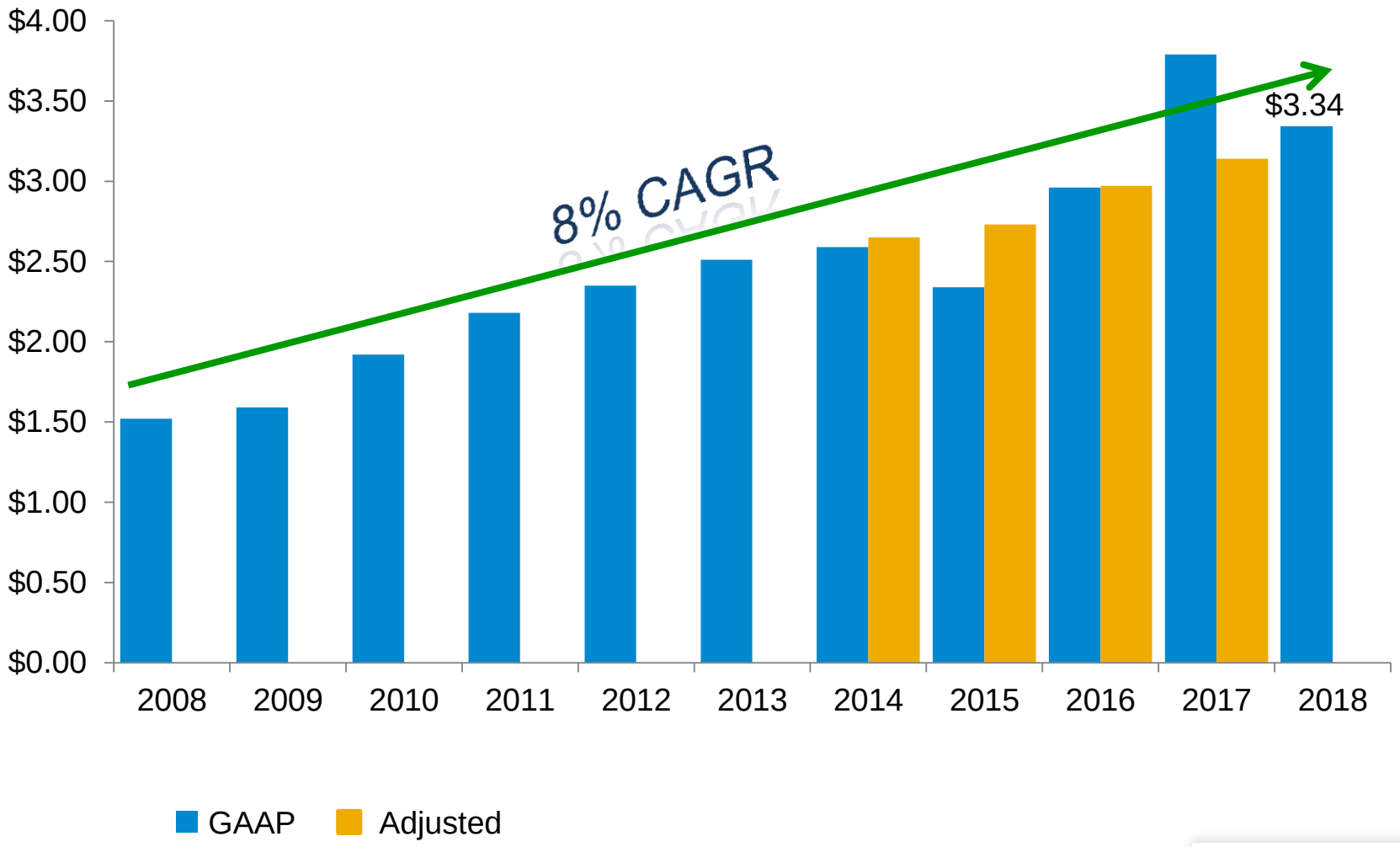
Market Strategies International

2019 Best CEO – Electricity and Natural Gas Industry

Gale Klappa

BUSINESS WORLDWIDE Magazine

A Decade of EPS Growth

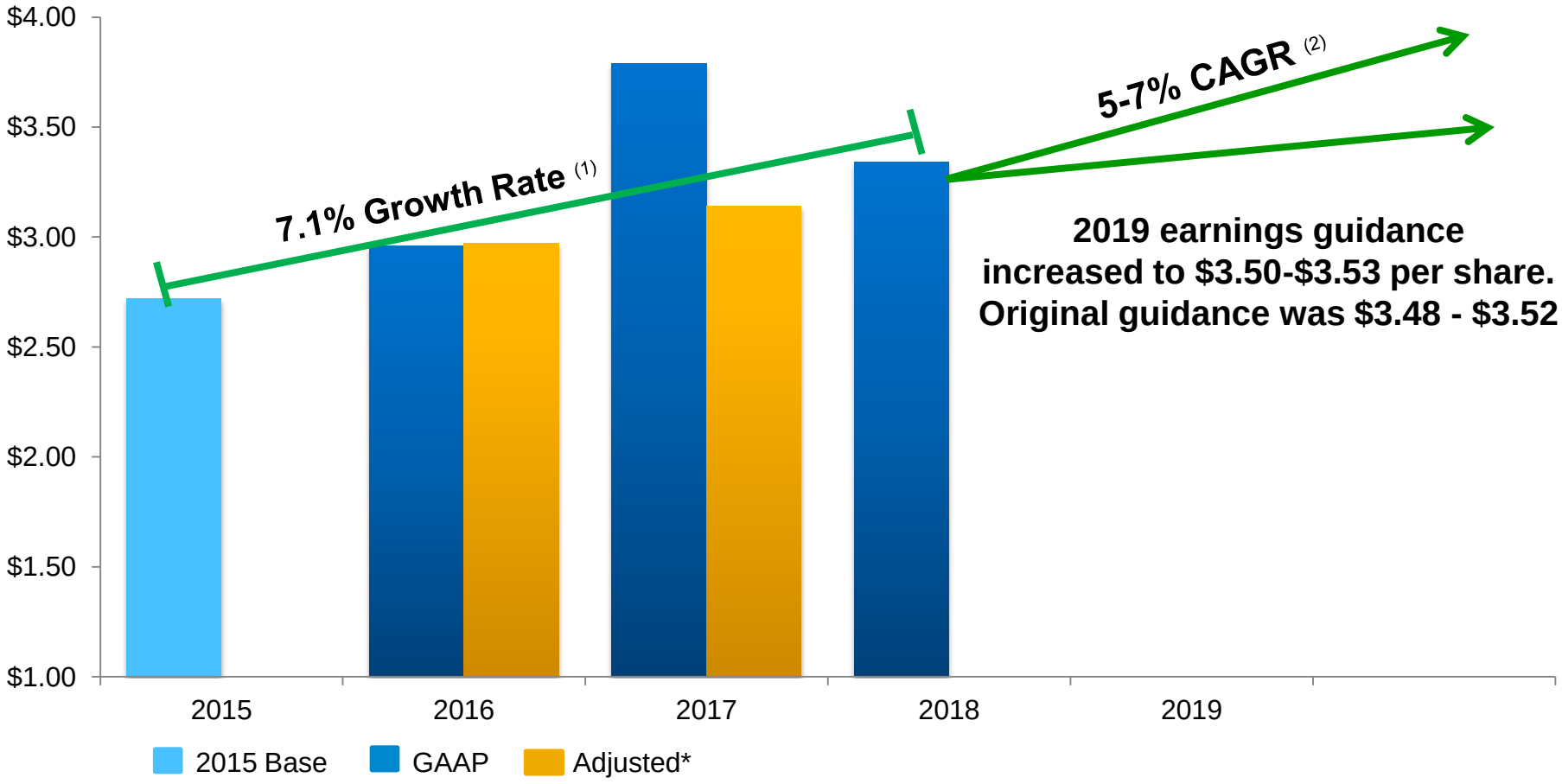


Proven Track Record of Performance

The <u>only</u> utility to beat guidance every year for more than a decade

EPS Guidance		
2018	***Exceeded***	✓
2017	***Exceeded***	✓
2016	***Exceeded***	✓
2015	***Exceeded***	✓
2014	***Exceeded***	✓
2013	***Exceeded***	✓
2012	***Exceeded***	✓
2011	***Exceeded***	✓
2010	***Exceeded***	✓
2009	***Exceeded***	✓
2008	***Exceeded***	✓
2007	***Exceeded***	✓
2006	***Exceeded***	✓
2005	***Exceeded***	✓
2004	***Exceeded***	✓

Confident in Achieving Our EPS Growth Guidance



*See Appendix for reconciliation of adjusted amounts to GAAP amounts

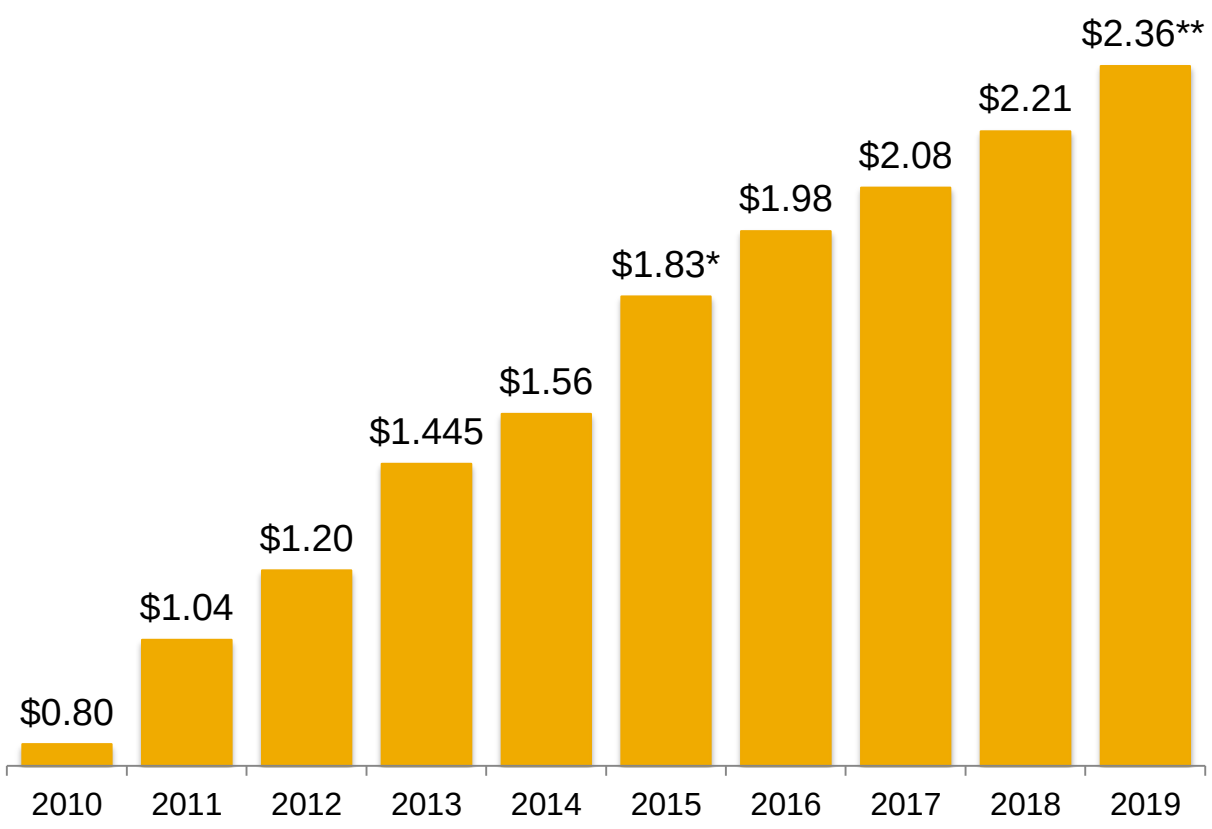
(1) 7.1% annual average growth rate calculated from 2015 base of $2.72 per share
(2) Based on original 2018 guidance midpoint of $3.28 per share

Solid Dividend Growth Continues

In January, raised the dividend by **6.8%** to a new annual rate of **$2.36** per share

Targeting dividend payout of **65-70%** of earnings

Projecting dividend growth in line with earnings growth



*Annualized based on fourth quarter 2015 dividend of $0.4575
**Annualized based on 1st quarter 2019 dividend of $0.59


What’s New?

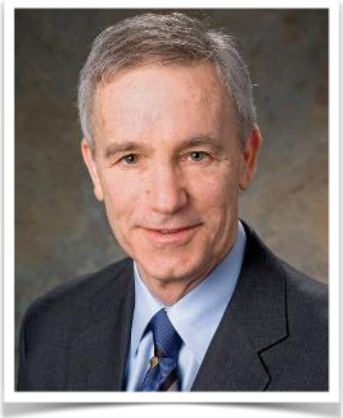
Office of the Chair

"Working together as a team, we will leverage the strengths of each individual as we write the next chapter of the company's growth, development and service to our customers."

- Gale Klappa, Executive Chairman
  WEC Energy Group



Gale Klappa
Executive Chairman



Rick Kuester
Senior Executive
Vice President



Kevin Fletcher
President and CEO



Scott Lauber
Senior Executive
Vice President,
Chief Financial Officer
and Treasurer

Investing in Zero-Carbon Generation



- Solar generation technology has improved in efficiency, become more cost-effective and complements our summer demand curve.
- Wisconsin Electric, Wisconsin Public Service and Madison Gas & Electric are partnering on major solar initiatives.
- In addition, Wisconsin Electric is moving forward on two innovative renewable pilot programs for 185 MW of carbon-free generation.

Project	Utility	Location	Investment	Capacity**	Estimated Completion
Badger Hollow Solar Park	WPS	Iowa County, WI	$130M	100MW	2020
Two Creeks Solar Project	WPS	Two Rivers, WI	$130M	100MW	2020
Badger Hollow II Solar Park*	WE	Iowa County, WI	$130M	100MW	2021

*Filed for PSCW approval on August 1, 2019
**Madison Gas & Electric will own an additional 50 MW at each site

New Generation in Upper Peninsula

~180 MW of clean, natural gas-fired generation from *Reciprocating Internal Combustion Engines* (RICE)



- Provides a long-term generation solution for electric reliability in Upper Peninsula
- Projected investment of $242 million ($255 million including AFUDC) made by Michigan utility – UMERC
  - Half of investment recovered in retail rates
  - Half of investment recovered by 20-year agreement with Cliffs Natural Resources
- Commercial operation of the RICE units began March 31, 2019
- Allowed for the retirement of Presque Isle Power Plant on March 31, 2019



Infrastructure Investments

- Expected to provide returns that are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- With the tax credits associated with these investments, we now expect to be a partial cash taxpayer in 2020

Project	Investment	Offtake Agreement	Capacity
Upstream Wind Energy Center	$276M for 80% ownership	Affiliate of Allianz – 10-yrs	~200MW
Bishop Hill III Wind Energy Center	$166M for 90% ownership	WPPI Energy – 22-yrs	~132MW
Coyote Ridge Wind Farm*	$145M projected for 80% ownership and 99% of tax benefits	Google Energy – 12-yrs	~97MW

*Closing estimated at the end of 2019

Wisconsin Rate Reviews

- 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.

Proposed Revenue Increases	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

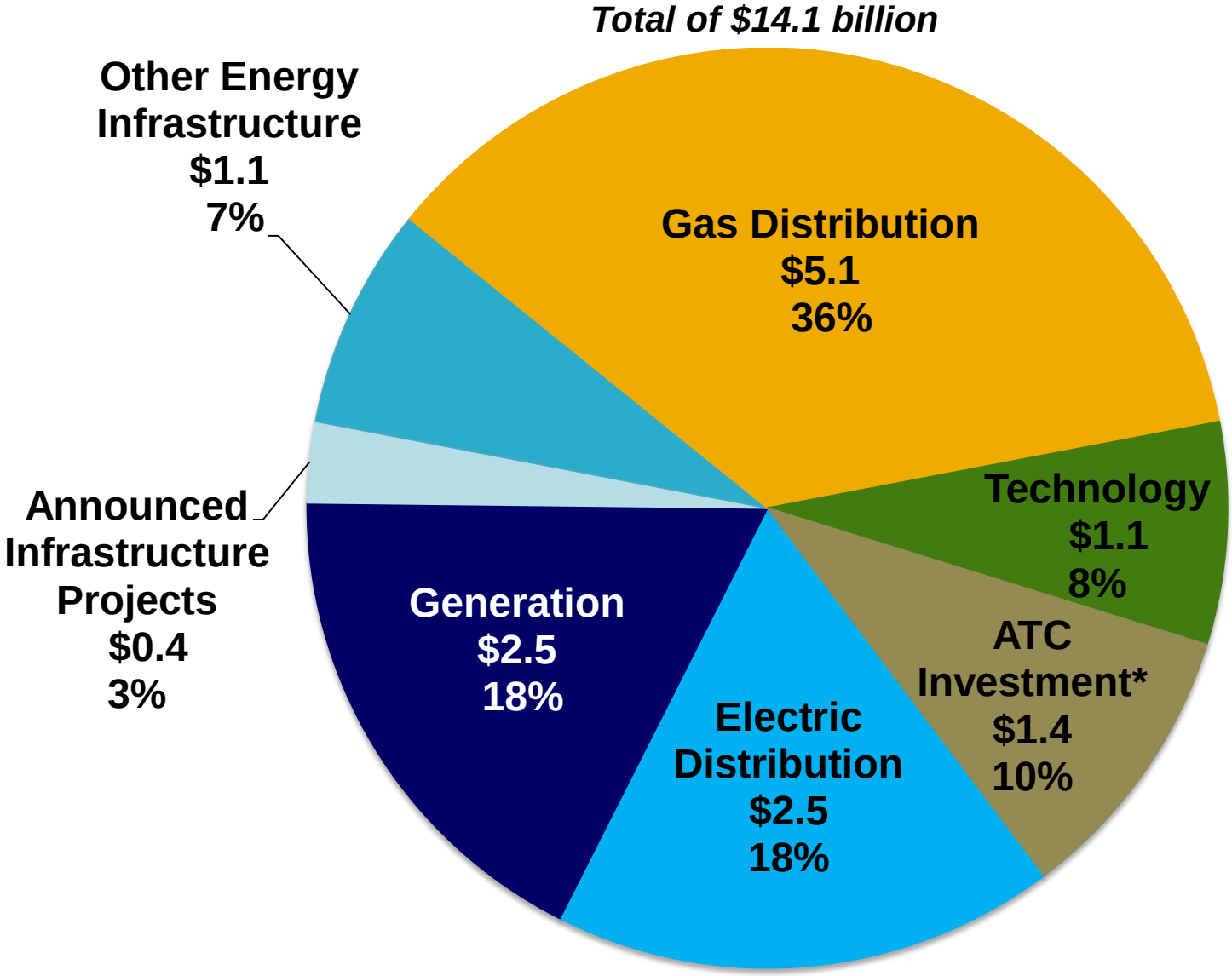
Key Rate Review Drivers	
Wisconsin Electric	Wisconsin Public Service
• Higher transmission charges currently capped at 2010 levels. • Revenue the PSCW assumed the company would receive from the Midwest grid operator that was not received. • Cost escalation in the Point Beach power purchase agreement approved by the PSCW in 2007.	• Acquisition of Forward Wind Energy Center. • Distribution System upgrades approved by the PSCW. • Final costs for ReACT environmental project at Weston Unit 3.

Five-Year Capital Plan



2019-2023 Capital Plan *($ in billions)*

Total of $14.1 billion



* ATC is accounted for using the equity method; this represents WEC's portion of the investment

Increasing Natural Gas Distribution Investment

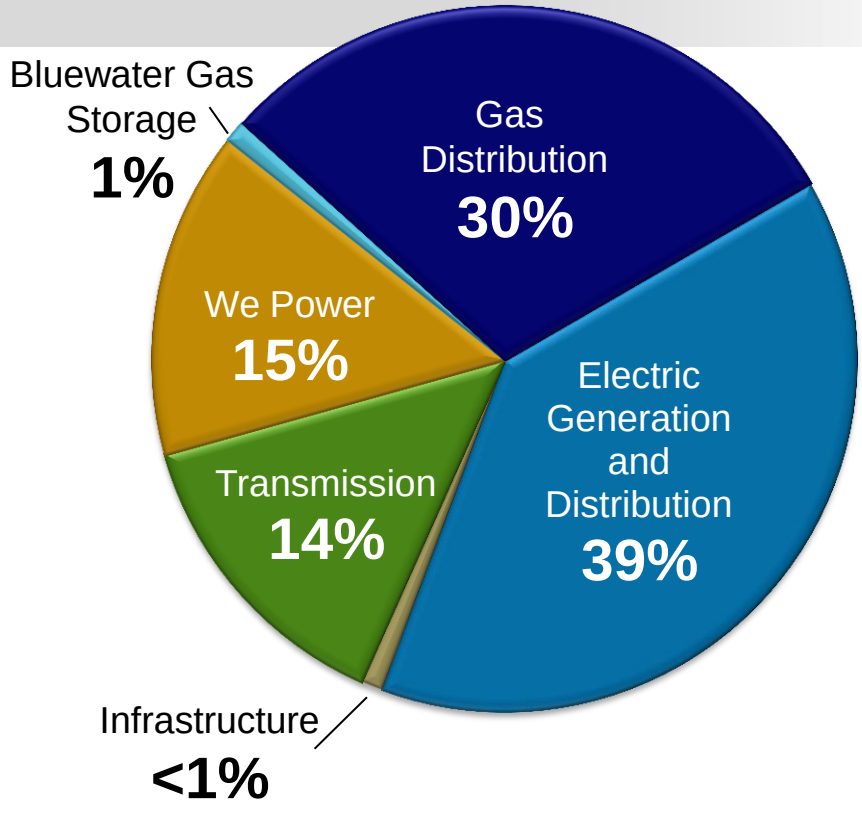
Average Asset Base
12/31/2018

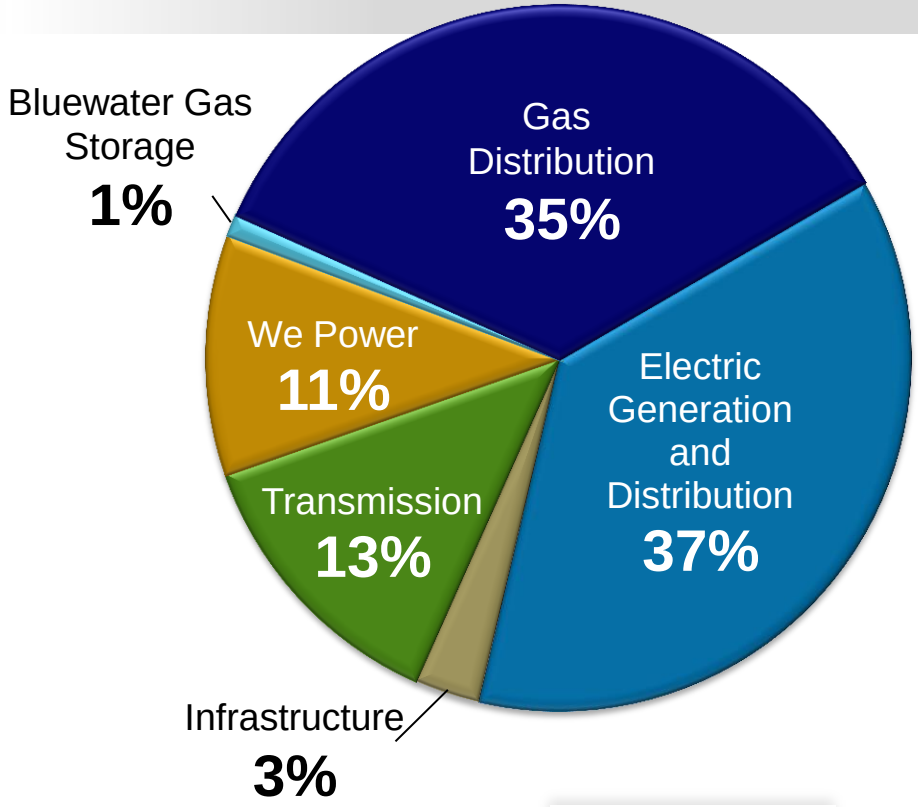
$19.8 billion

7%
Growth

Projected Asset Base
12/31/2023

$27.8 billion





WEC Energy Group

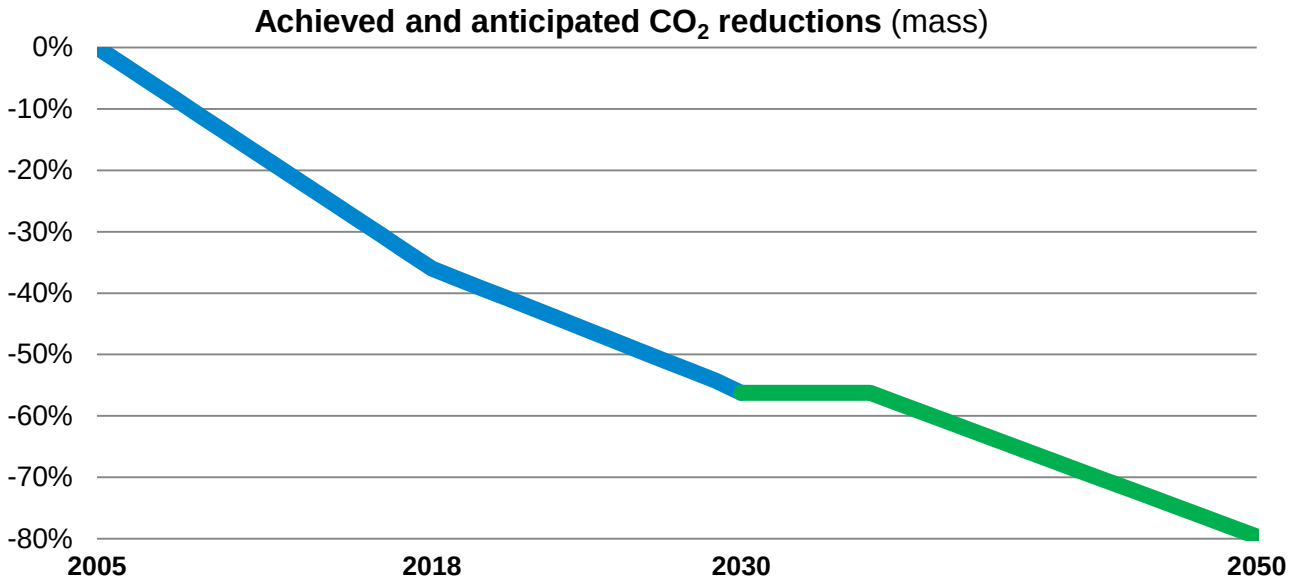
Balancing reliability and customer cost with environmental stewardship

Reshaping our generation includes:

- Retiring older fossil-fueled generating units – already more than 1,800 MW since 2017
- Building state-of-the-art natural gas generation
- Investing in cost-effective zero-carbon generation

Resulting in:

- Reduced costs to customers
- Maintenance of fuel diversity
- Lower carbon emissions



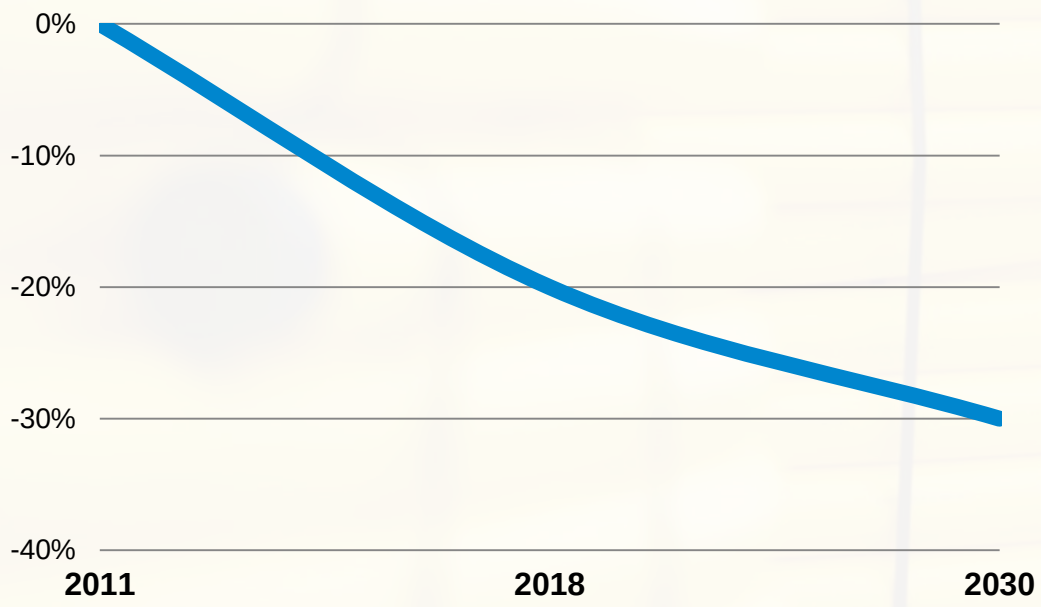
Reduction Goals:

40%
below 2005 levels by 2030

80%
below 2005 levels by 2050

WEC Energy Group

Methane Reduction Goal



Reduction Goal:*

30%

by the year 2030
from a 2011 baseline

*This goal represents a decrease in the rate of methane emissions from the natural gas distribution lines in our network of 30% per mile by the year 2030 from a 2011 baseline.

WEC Energy Group

Regional Economy



Powering Industry Leaders in our Region

FOXCONN®

HARIBO

Milwaukee®

NEXUS

FRESENIUS KABI
caring for life

amazon

KOMATSU

Wisconsin Segment

Sales Forecast Benefits from Regional Economic Growth



Annual Sales Growth Forecast
(weather-normalized)

Year-over-Year

	2019 – 2021	2022 - 2023
Electric	Flat – 0.5%	1.2% - 1.5%
Gas	0.5% – 1%	1.2% - 1.5%

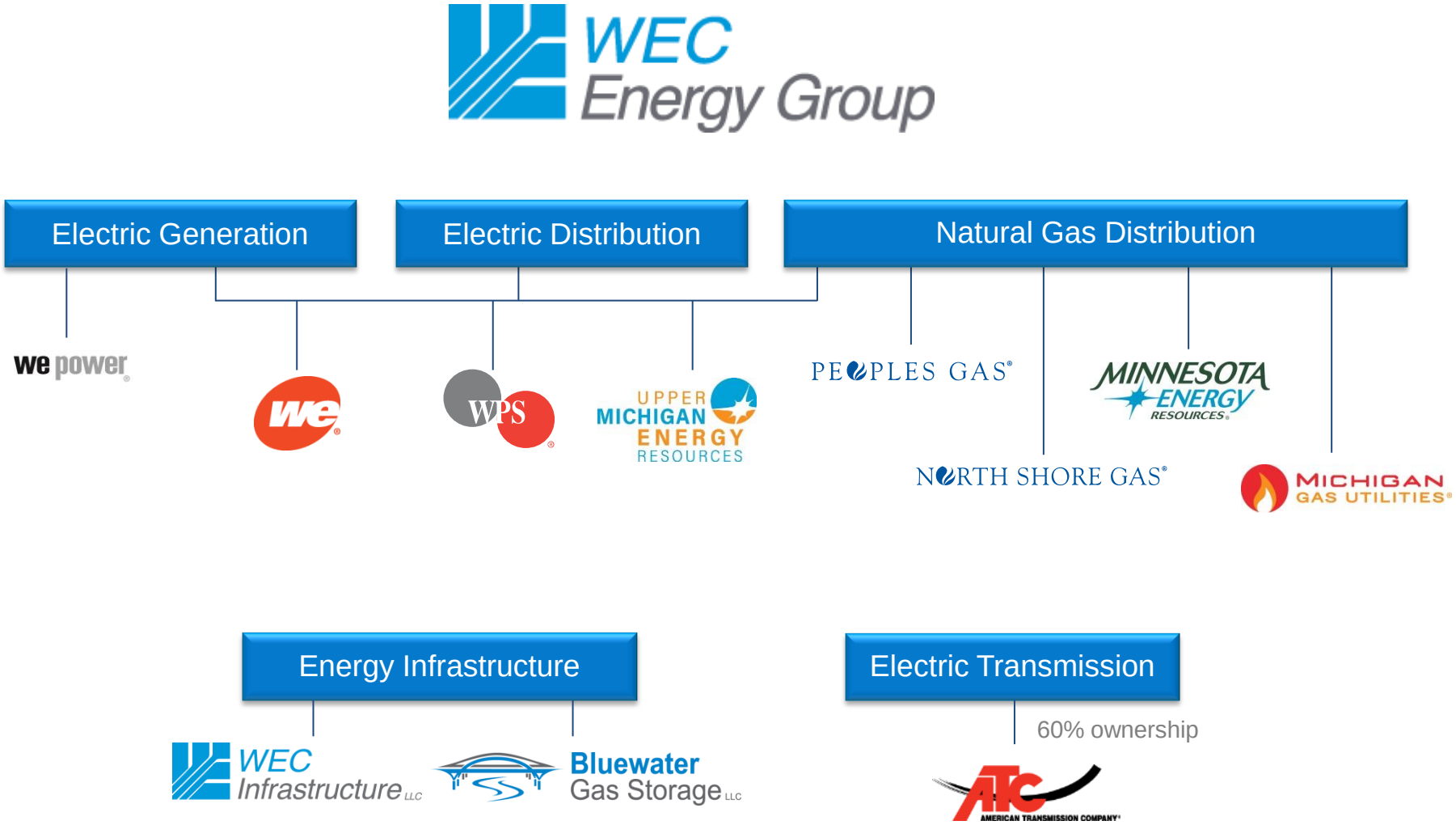


Key Takeaways for WEC Energy Group

- Track record of exceptional performance
- Portfolio of premium businesses
- Investment opportunities support 5-7 percent EPS growth with minimal impact on base rates
- 100 percent of capital allocated to regulated businesses or contracted renewables/gas storage
- Dividend growth projected to be in line with earnings growth
- No need to issue additional equity through forecast period
- Poised to deliver among the best risk-adjusted returns in the industry

Appendix

WEC Energy Group


WEC Energy Group
Electric Generation
Electric Distribution
Natural Gas Distribution
we power
We
WPS
UPPER MICHIGAN ENERGY RESOURCES
PEOPLES GAS
MINNESOTA ENERGY RESOURCES
NORTH SHORE GAS
MICHIGAN GAS UTILITIES
Energy Infrastructure
Electric Transmission
WEC Infrastructure LLC
Bluewater Gas Storage LLC
60% ownership
ATC
AMERICAN TRANSMISSION COMPANY

“Delivering” the Future

Project Highlights

Natural Gas System Modernization Program

- Extensive effort to modernize natural gas infrastructure in city of Chicago
- Ultimately PGL expected to replace 2,000 miles of piping
- Project $280-300 million annual average investment
- Illinois law authorizes rider through 2023

Technology Enhancements

- Advanced metering program uses integrated system of smart meters to enable two-way communication between utilities and customers
- Upgrading We Energies customer information system
- Project to spend ~ $1.1 billion (2019 – 2023) across four states we serve

Electric Redesign

- Major investments planned to address aging infrastructure
- Expect to spend $2.5 billion over the next 5 years on electric delivery, including resilience program
- Committed to delivering the future with infrastructure that will reduce operating costs and meet new environmental standards

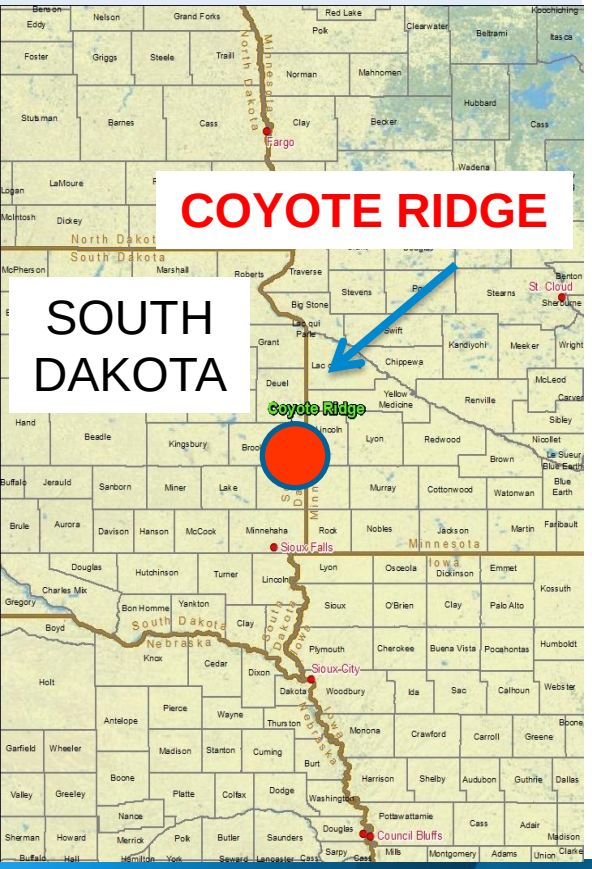
Electric Resilience

- Installing 2,200 miles of underground circuits to replace troublesome overhead lines, and adding distribution automation equipment through our System Modernization and Reliability Project at WPS
- $430 million investment expected to be complete by the end of 2021

Infrastructure Investment

Coyote Ridge Wind Farm

39 GE wind turbines with a capacity of ~97 MW



- Currently being built by Avangrid Renewables in Brookings County, South Dakota, within MISO footprint
- Total investment: $145 million for an 80% ownership interest and substantially all of the tax benefits
- Expected returns are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 12-year offtake agreement with Google Energy LLC for 100 percent of the energy produced
- Projected in service date: End of 2019
- With the tax credits associated with this investment, we expect to be a partial cash taxpayer in 2020

WEC Energy Group

Infrastructure Investment

Upstream Wind Energy Center

81 GE wind turbines with a capacity of ~200 MW



- Built by Invenergy and located in Antelope County, Nebraska
- Total investment: $276 million for an 80% ownership interest
- Expected to provide returns that are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Qualifies for 100% bonus depreciation and production tax credits
- 10-year offtake agreement with affiliate of an A-rated publicly traded company (Allianz)
- Transaction closed on January 10, after commercial operation was achieved

Infrastructure Investment

Bishop Hill III Wind Energy Center

53 GE wind turbines with a capacity of ~132 MW



- Developed by Invenergy and placed into service in May 2018
- Located in Henry County, Illinois
- Total investment: $166 million for a 90% ownership interest
- Expected to provide returns that are higher than those in our regulated business
  - Approximately mid-8% unlevered internal rate of return
- Expected to qualify for 100% bonus depreciation and production tax credits
- 22-year offtake agreement with a current wholesale customer, WPPI Energy
- Acquisition of the initial 80% interest closed on August 31, 2018
- Incremental 10% equity interest closed on December 5, 2019

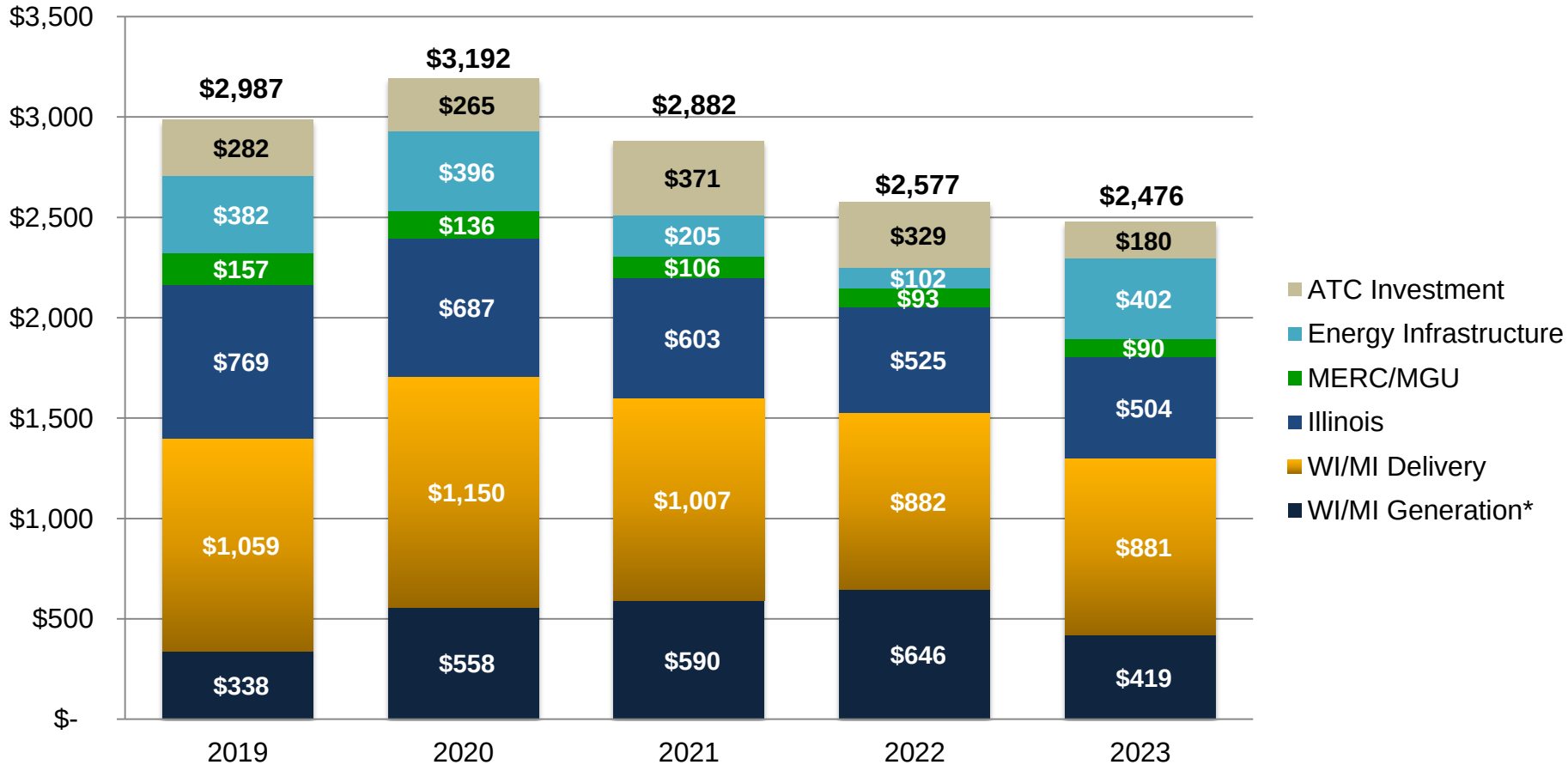
Power the Future Investments

	Natural Gas	Coal
Capacity	1,090 MW	1,030 MW[1]
Investment	$664 million	$2 billion[1]
ROE	12.7%	12.7%
Equity	53%	55%
In Service Dates	Unit 1 – July 2005 Unit 2 – May 2008	Unit 1 – February 2010 Unit 2 – January 2011
Lease Terms	25 years	30 years
Cost Per Unit of Capacity	$609/kW	$1,950/kW

1. All capacity and investment amounts reflect WEC ownership only.
   Demonstrated capacity for the coal units is 1,056 MW – value shown in table is amount guaranteed in lease agreement.

$14.1 billion projected capital spend from 2019-2023

Capital Plan Drives 5% to 7% EPS Growth



Depreciation at the utilities expected to average $960 million annually, and $124 million at ATC, over the 2019-2023 period

* Generation includes ~$275 million of capital spend at We Power

Our Capital Plan in Context

Capital plan extends the runway for 5 to 7 percent growth from our core business well into the future

- Electric sales growth expected to accelerate in later part of five-year plan
- Electric distribution capital expected to grow in next iteration of five-year capital plan
- Beginning to plan for replacement of energy supply from Point Beach PPA (generation represents ~25% of Wisconsin Electric kilowatt-hour sales)

American Transmission Company

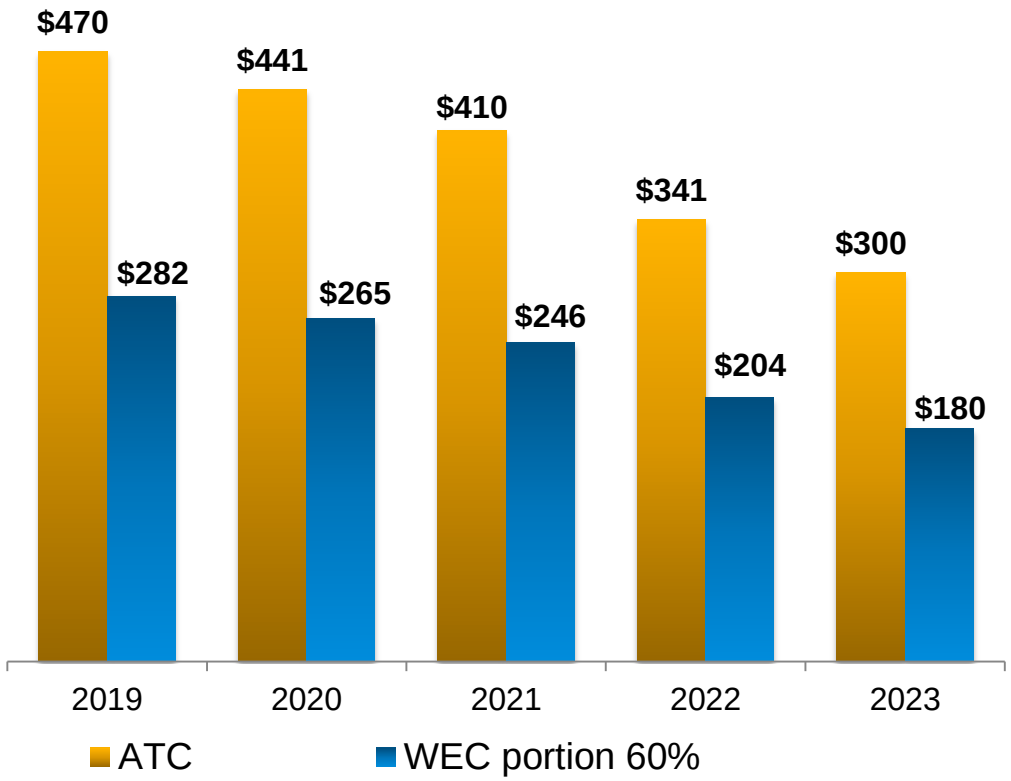
WEC portion of investment from 2019-2023: $1.4 billion

Key Assumptions

- ATC's 2018 average rate base: $3.7 billion
- Implies WEC's average rate base growth of $115 million
- ROE currently under FERC review
- 5-year (2019-2023) WEC projected capital investment:
  - Inside footprint: $1.2 billion
  - Outside footprint: $250 million

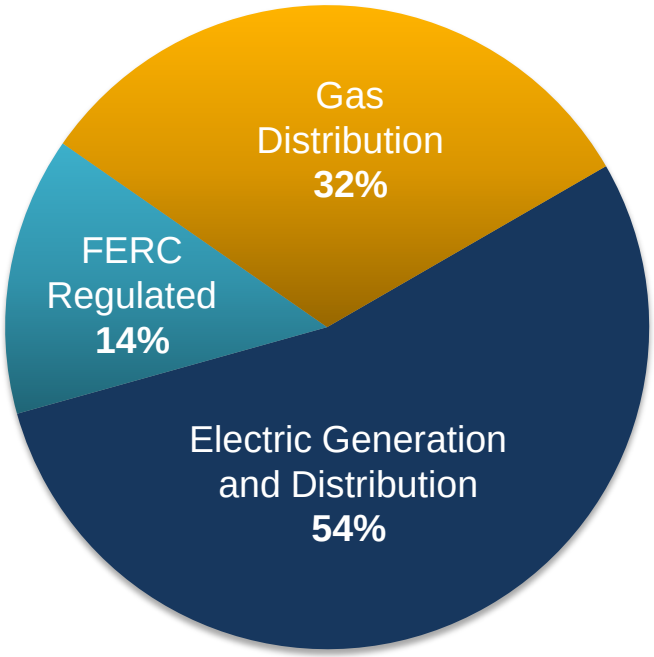
Projected Capital Expenditures *(millions)*

(Inside Traditional Footprint)

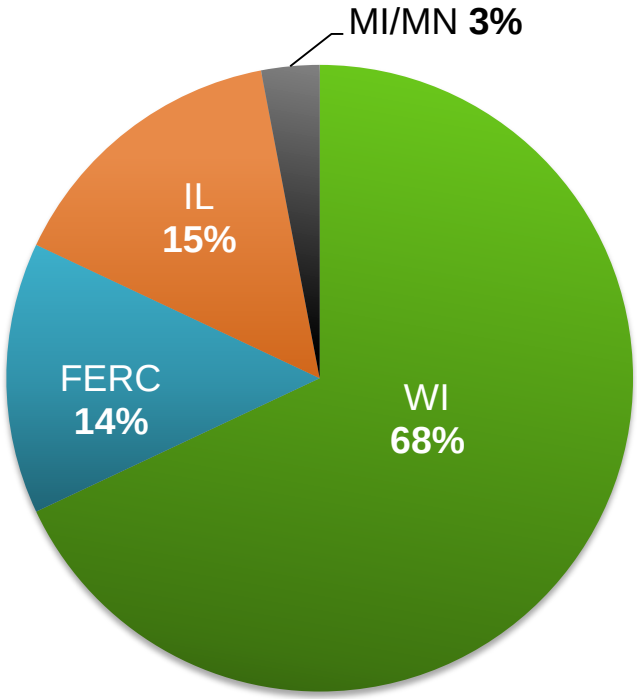


Diverse Portfolio of Regulated Businesses

By Business



By Jurisdiction



Based on 2018 average asset base.
Excludes Non-Regulated Wind Infrastructure

Composition of Asset Base

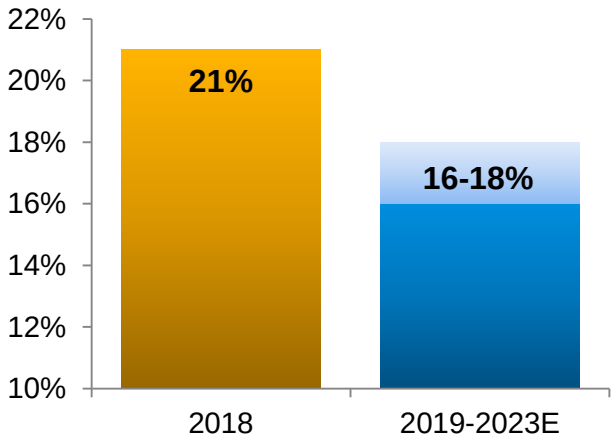
Total 2018 Average Asset Base of $19.8 billion

Company	Asset Base - $B	% of Total
Wisconsin Electric	$6.3	31.8%
Wisconsin Gas	1.4	7.1
Wisconsin Public Service	3.1	15.7
Upper Michigan Energy Resources	0.2	1.0
Peoples Gas	2.6	13.1
North Shore Gas	0.3	1.5
Minnesota Energy Resources	0.3	1.5
Michigan Gas Utilities	0.2	1.0
We Power	2.9	14.7
Bluewater	0.2	1.0
WEC Infrastructure	0.1	0.5
American Transmission Company	2.2	11.1
Total	**$19.8**	**100%**

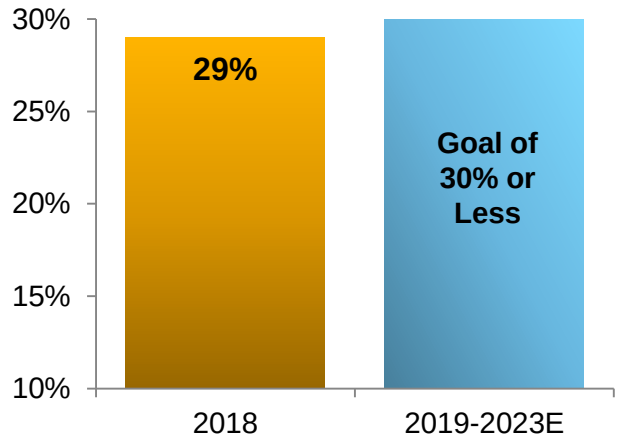
Note: Power the Future value represents investment book value

Balance Sheet Remains Strong

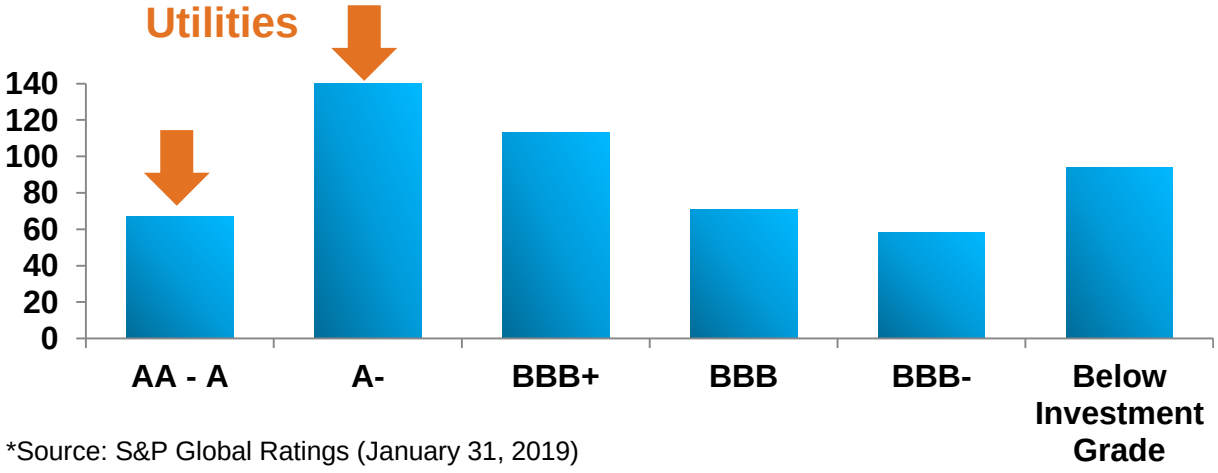
Funds from Operations/Debt



Holding Company Debt to Total Debt



Electric and Gas Utilities Credit Ratings Distribution*



Utility	Rating
Wisconsin Electric	A-
Wisconsin Gas	A
Wisconsin Public Service	A-
Peoples Gas	A-

*Source: S&P Global Ratings (January 31, 2019)

Rate-Making Parameters by Company

Utility	Equity Layer [1]	Authorized ROE
Wisconsin Electric	48.5%-53.5%	10.2%
Wisconsin Public Service	49.0%-54.0%	10.0%
Wisconsin Gas	47.0%-52.0%	10.3%
Peoples Gas	50.33%	9.05%
North Shore Gas	50.48%	9.05%
Minnesota Energy Resources	50.9%	9.7%
Michigan Gas Utilities	52%	9.9%
We Power	53%-55%	12.7%
American Transmission Company	50%	10.82%[2]

- Constructive regulatory environments
- Earnings sharing mechanism at all Wisconsin utilities

1. Represents the equity component of capital; rates are set at the mid-point of any range
2. Long term projections assume 10.2%

Foxconn in Wisconsin

FOXCONN®

Foxconn announced July 26, 2017, Wisconsin's largest economic development project and largest corporate attraction project in U.S. history, as measured by jobs.



- Expected capital investment by Foxconn of **$10 billion** dollars
- Goal of creating **13,000 jobs**, and an estimated **22,000 indirect jobs** created throughout Wisconsin
- Largest greenfield investment by a foreign-based company in U.S. history as measured by jobs
- One of the largest manufacturing campuses in the world
- Groundbreaking ceremony held on June 28, 2018, and significant construction is underway
- North American headquarters in Milwaukee, and innovation centers in Green Bay, Eau Claire and Racine
- Operations expected to begin in 2020, ramping up through 2023

Source: inWisconsin.com

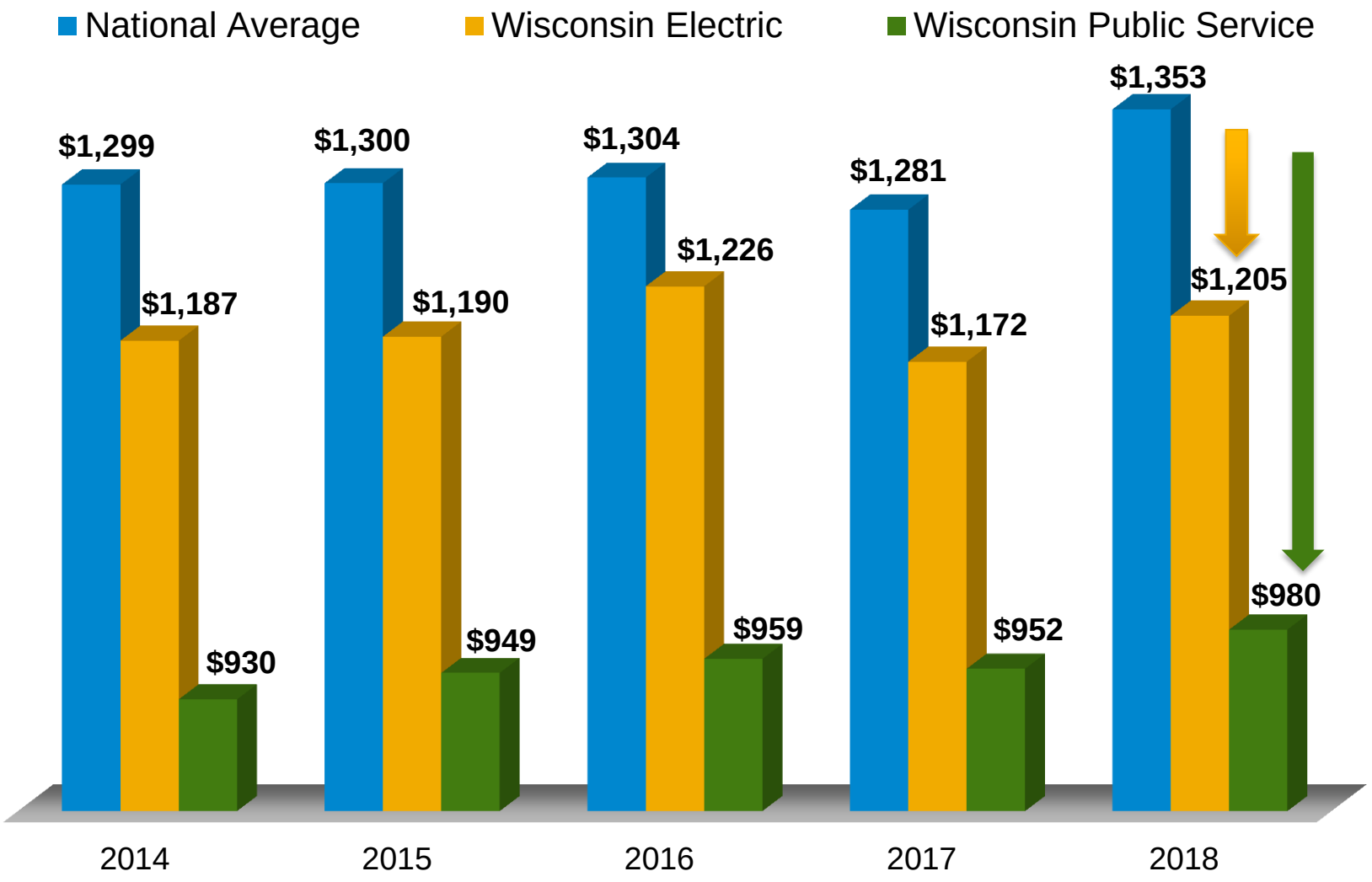
Powering Industry Leaders in Our Region

amazon Expansion

- State-of-the-art fulfillment center in Oak Creek, WI featuring robotics to pick, pack and ship items to customers
- **$200 million** development that includes a four-story, 2.6 million-square-foot facility on 75 acres
- Expected to open in first quarter 2020, and employ 1,500 people



Electric Residential Bills below National Average



Source: SNL data for average annual residential bills

Key Rate Making Components

Area	Illinois – Gas	Minnesota – Gas	Michigan– Electric & Gas	Wisconsin – Gas	Wisconsin – Electric
Gas Pipeline Replacement Rider	PGL				
Bad Debt Rider	✓				
Bad Debt Escrow Accounting				WE / WG	WE
Decoupling	✓	✓			
Fuel Cost Recovery	1 for 1 recovery of prudent fuel costs				+/- 2% band
Manufactured Gas Plant Site Clean Up Recovery	✓	✓	✓	✓	N/A
Invested Capital Tax Rider	✓				
Forward-looking test years	✓	✓	✓	2 years	2 years
Gas Utility Infrastructure Cost Rider Surcharge		✓			
Earnings cap/sharing				50/50 first 50 bp above allowed ROE, 100% to customers beyond 50 bp*	

*Wisconsin Electric and Wisconsin Gas earnings cap applies 2016 – 2019, Wisconsin Public Service cap applies 2018 – 2019

Regulatory and Open Docket Update

	Estimated Key Dates
Wisconsin (apps.psc.wi.gov)	
▪ Decision on renewable energy pilot programs (Docket: 6630-TE-102)	✓
▪ Decision on new solar generation projects at WPS (Docket: 5-BS-228)	✓
▪ Decision on new solar generation project at WE (Docket: 5-BS-234)	Q1 2020
▪ Commission decision on general rate review for new base rates effective Jan. 1, 2020 (Dockets: WE and WG: 5-UR-109 and WPS 6690-UR-126)	Q4 2019
Illinois (icc.illinois.gov)	
▪ Final Commission order on System Modernization Project (Docket 16-0376)	✓
▪ Commission decision on 2015 QIP reconciliation (Docket: 16-0197)	✓
Michigan (michigan.gov/mpsc)	
▪ Received approval on new generation of natural-gas-fired Reciprocating Internal Combustion Engines (RICE) in the Upper Peninsula (Docket U-18224)	✓
Minnesota (mn.gov/puc)	
▪ Rate increase of $3.1 million or 1.26% effective January 1, 2019*	✓
FERC (ferc.gov)	
▪ Decision on Upstream Wind Energy Center (Docket EC18-103-000)	✓
▪ Decision on 80% investment of Bishop Hill III (Docket EC18-121-000)	✓
▪ Decision on additional 10% investment of Bishop Hill (Docket EC19-15-000)	✓
▪ Decision on second MISO/ATC ROE Complaint (Docket EL15-45)	2019

*Interim rates have been in place since January 1, 2018

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

Regulatory Environment

Wisconsin

- Governor Tony Evers (D)
- Commission
  - Gubernatorial appointment, Senate confirmation
  - Chairman: Gubernatorial appointment
  - 6-year staggered terms

Illinois

- Governor J.B. Pritzker (D)
- Commission
  - Gubernatorial appointment, Senate confirmation
  - Chairman: Gubernatorial appointment
  - 5-year staggered terms

Wisconsin Commissioners

Name	Party	Began Serving	Term Ends
Rebecca Valcq *Chair*	D	01/2019	03/2025
Mike Huebsch	R	03/2015	03/2021
Ellen Nowak	R	12/2018	03/2023

Illinois Commissioners

Name	Party	Began Serving	Term Ends
Carrie Zalewski *Chair*	D	03/2019	01/2024
Brien Sheahan	R	01/2015	01/2020
Sadzi Martha Olivia	R	01/2017	01/2022
D. Ethan Kimbrel	D	01/2018	01/2023
Maria Soledad Bocanegra	I	04/2019	01/2023

Commitment to ESG Priorities and Reporting

View reports online at www.wecenergygroup.com/csr

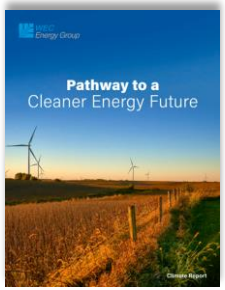
2018

June — **Published** 2018 CDP Climate Report and 2018 CDP Water Report

August — **Published** EEI and AGA ESG/Sustainability Reporting Template

2019

April



Published Climate Report: Pathway to a Cleaner Energy Future

July



Published 2018 Corporate Responsibility Report

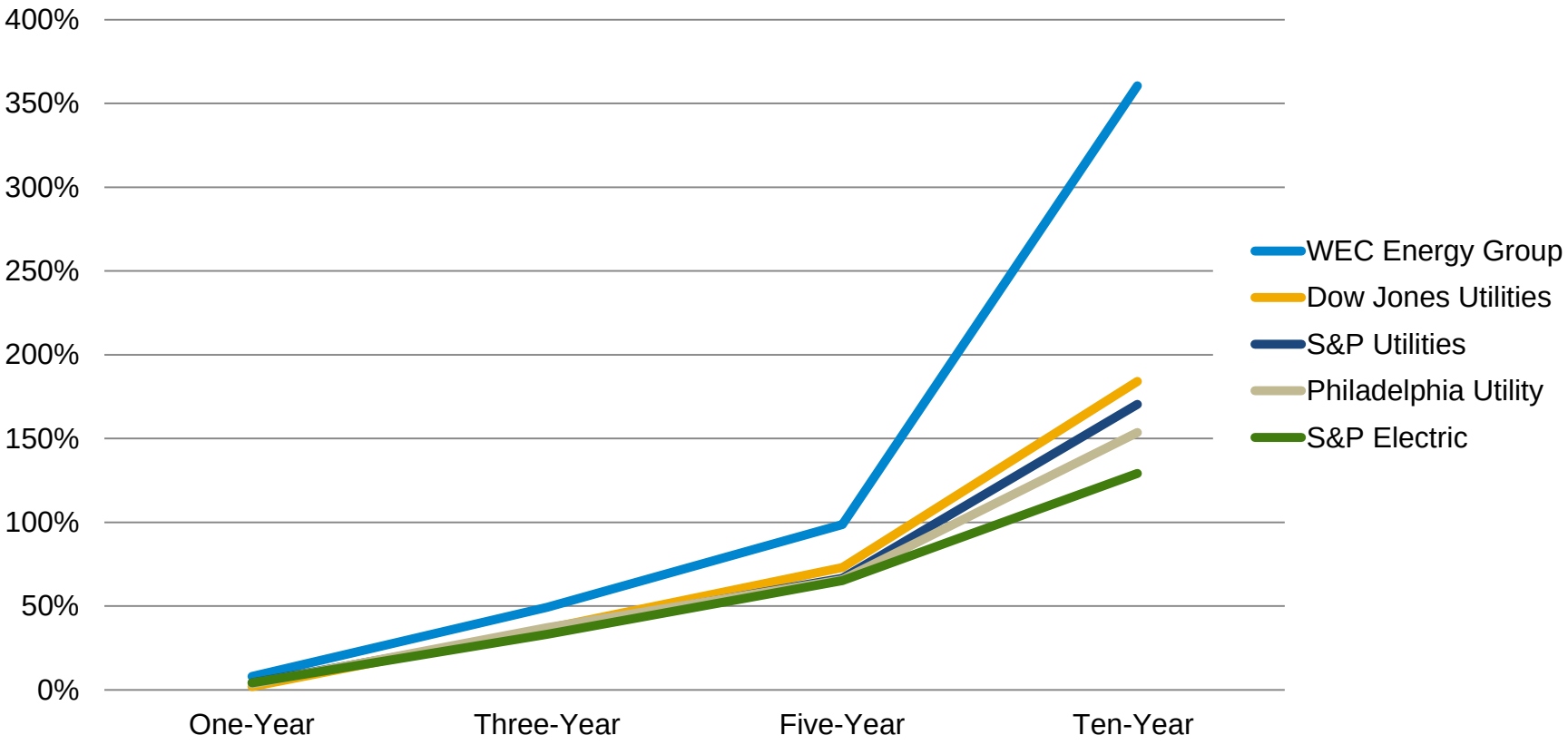
Environmental, Social & Governance Initiatives

Carbon Goal	Reduce carbon dioxide emissions by approximately **40%** below 2005 levels by 2030 and **80%** below 2005 levels by 2050
Methane Reduction Goal	Reduce methane emissions rate 30% by the year 2030 from a 2011 baseline
15.1 million metric tons	Amount of combustion products for beneficial use provided over the past 18 years
$1.0 billion	Planned utility renewable investments between 2019-2023
$17.3 million	Donated by our companies and foundations to nonprofit organizations in 2018.
46% diversity*	Board of directors who are female and/or ethnically diverse
$263.1 million	Spent with certified minority, women-owned, veteran-owned or service disabled-owned businesses in 2018
$123.1 million	Spent on energy efficiency and conservation in 2018

*Reflects board composition effective October 1, 2019

Industry Leading Total Shareholder Returns*

Over the past decade, WEC Energy Group has consistently delivered among the best total returns in the industry



* Total return including reinvested dividends for the 10 years ended December 31, 2018

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WEC Energy Group

Reconciliation of Reported EPS (GAAP) to Adjusted EPS (Non-GAAP)

	2017	2016
Reported EPS – GAAP basis	$ 3.79	$ 2.96
Tax benefit related to Tax Cuts and Jobs Act of 2017	$ (0.65)	–
Acquisition Costs	–	$ 0.01
Adjusted EPS – Non-GAAP basis*	$ 3.14	$ 2.97

* WEC Energy Group has provided adjusted earnings per share (non-GAAP earnings per share) as a complement to, and not as an alternative to, reported earnings per share presented in accordance with GAAP. Adjusted earnings per share 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 as well as costs related to the acquisition of Integrys, neither of which is indicative of WEC Energy Group's operating performance. Therefore, WEC Energy Group believes that the presentation of adjusted earnings per share is relevant and useful to investors to understand the company's operating performance. Management uses such measures internally to evaluate the company's performance and manage its operations.