
WEC
Energy Group
Focused on Performance
Investor Update: **January 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.

In addition to the assumptions and other factors referred to in connection with the forward-looking information, factors that could cause WEC Energy Group's actual results to differ materially from those contemplated in any forward-looking information or otherwise affect our future results of operations and financial condition include, among others, the following: general economic conditions, including business and competitive conditions in the company's service territories; timing, resolution and impact of future 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; cyber-security threats; the value of goodwill and its possible impairment; construction risks; equity and bond market fluctuations; the impact of tax reform and any other legislative and regulatory changes, including changes to existing and/or anticipated environmental standards; current and future litigation and regulatory investigations; changes in accounting standards; 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, 2017 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

$21.9 billion market cap (1)

1.6 million electric customers

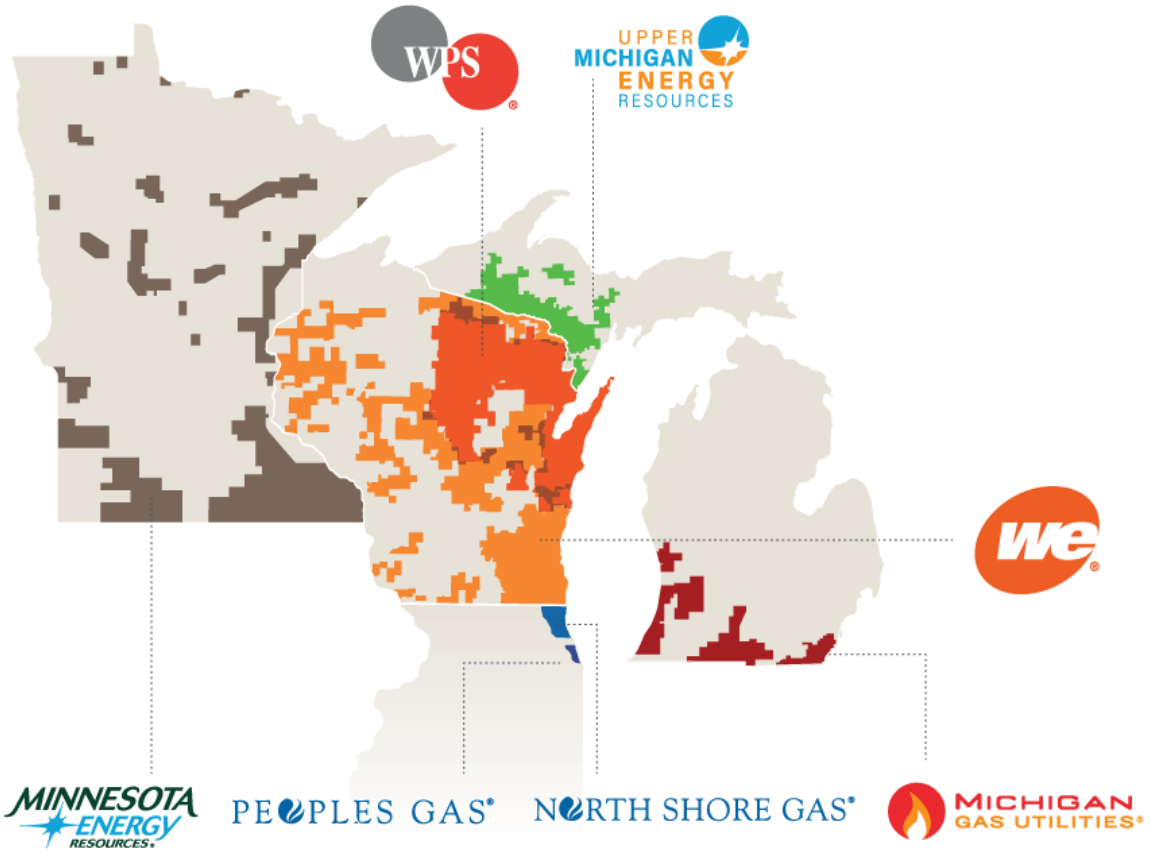
2.9 million natural gas customers

60% ownership of American Transmission Company

69,600 miles of electric distribution

48,000 miles of gas distribution

$18.5 billion of rate base (2)



(1) As of 12/31/2018
(2) 2017 average rate 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

Corporate Responsibility Magazine

Most reliable utility in America and in the Midwest

We Energies

PA Consulting

One of America's Best Employers

Forbes

2018 Most Trusted Utility Brand

Wisconsin Public Service

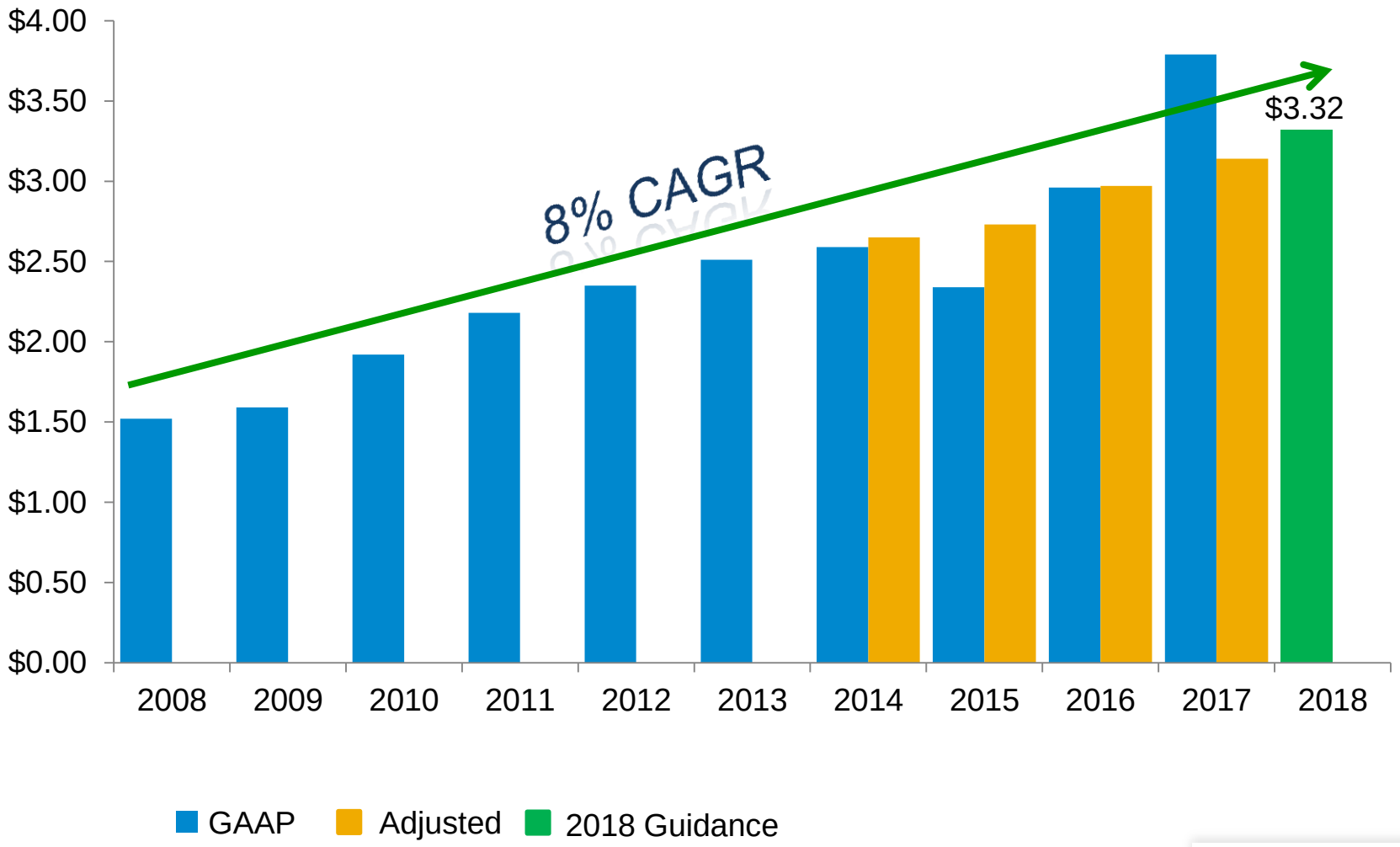
Market Strategies International

2018 CEO of the Year Most Outstanding Energy Delivery Holding Companies

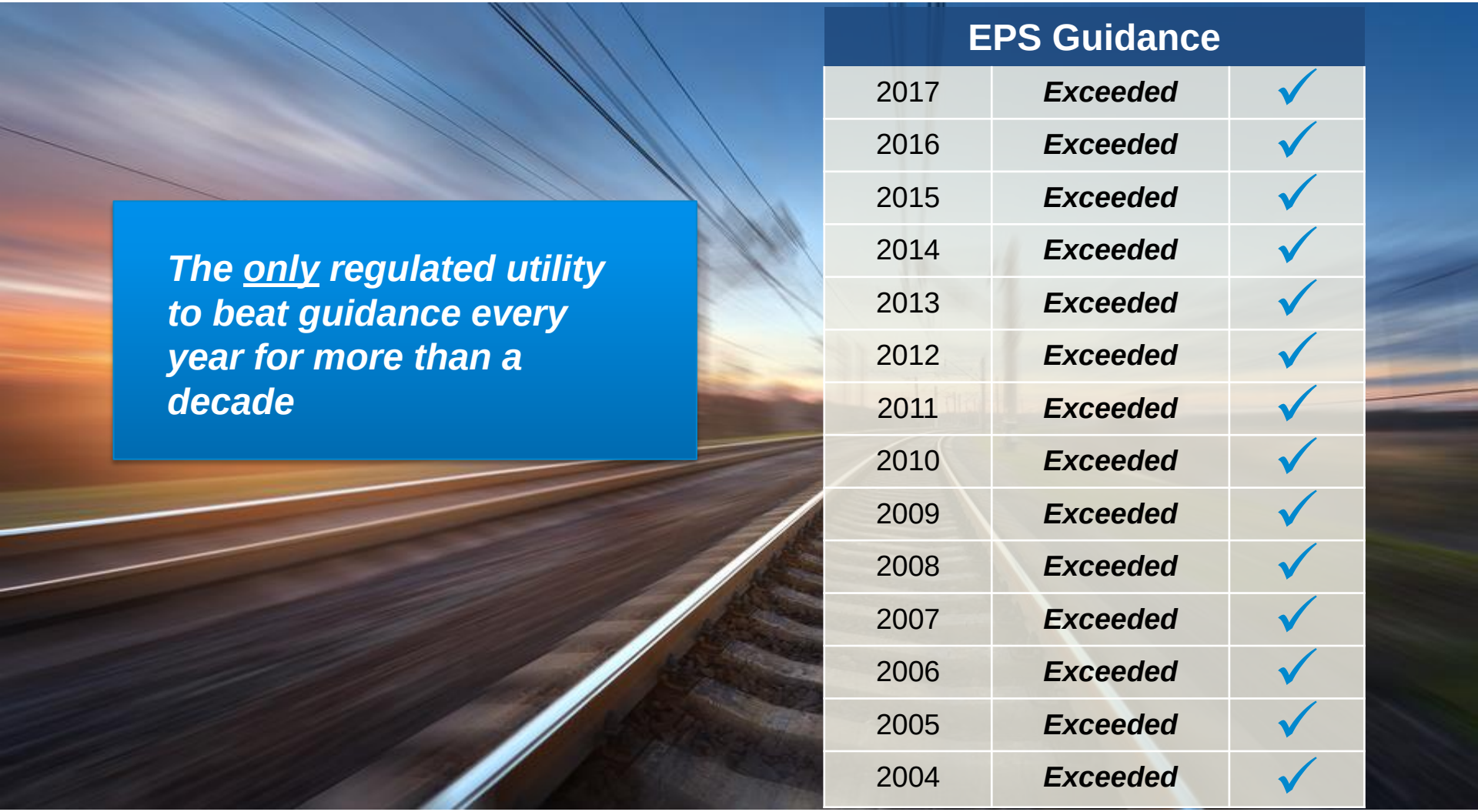
Gale Klappa

CEO Monthly Magazine

A Decade of EPS Growth



Proven Track Record of Performance



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

EPS Guidance		
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***	✓


What’s New?

Solid Dividend Growth Continues

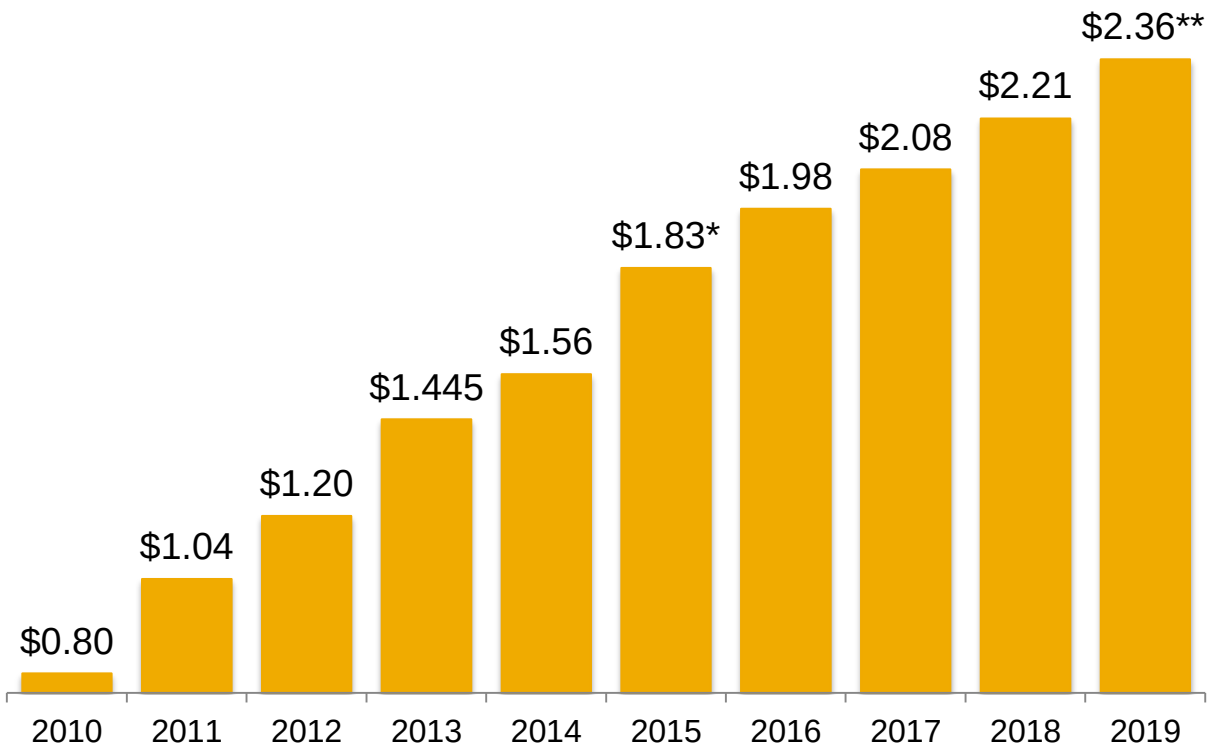
12.8% compound annual growth rate 2010 to 2019**

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

Projecting dividend growth in line with earnings growth

5-7%

Annualized Dividends Per Share



*Annualized based on fourth quarter 2015 dividend of $0.4575

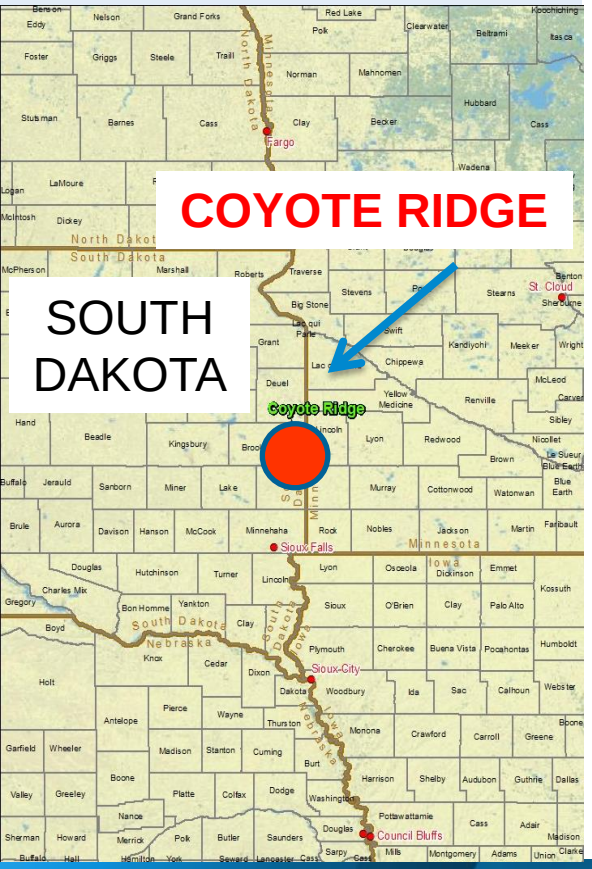
**The board of directors announced December 6, 2018 that it is planning to raise the quarterly dividend on the company's common stock to 59 cents per share for the first quarter of 2019, which would be equivalent to an annual rate of $2.36 per share.

WEC Energy Group

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 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
- 12-year offtake agreement with Google Energy LLC for 100 percent of the energy produced
- Expected to be in service by the end of 2019
- With this investment we now expect to be a cash taxpayer in 2020

WEC Energy Group

Powering Industry Leaders in Our Region

amazon Expansion

- State-of-the-art fulfillment center in Oak Creek
- Will employ **1,500 people** – 50 percent more jobs than originally anticipated
- **$200 million** development that includes a four-story, 2.6 million-square-foot facility on 75 acres
- Expected to open in first quarter 2020
- Will feature state-of-the-art robotics to pick, pack and ship small items to customers



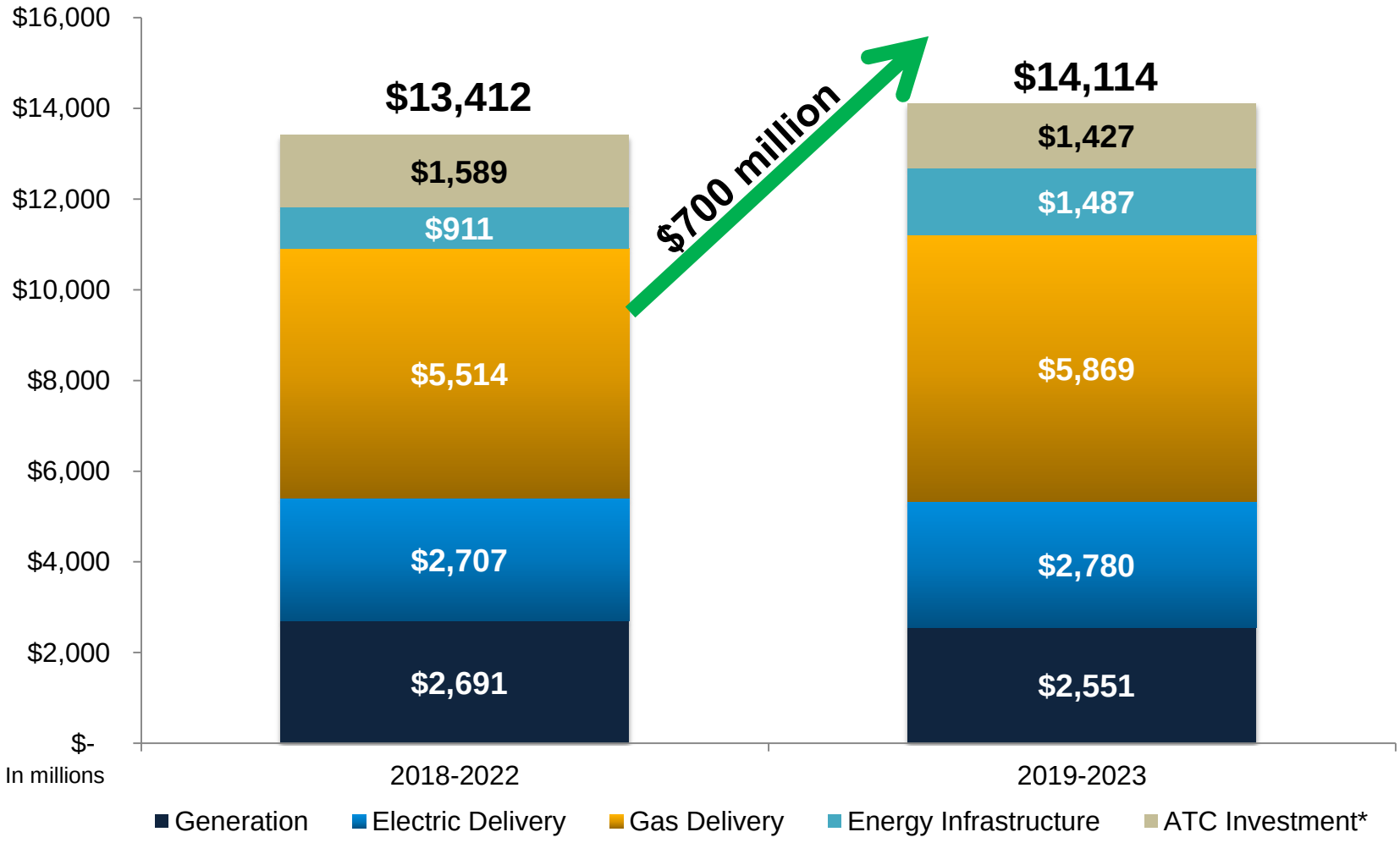
Five-Year Capital Plan



By Line of Business

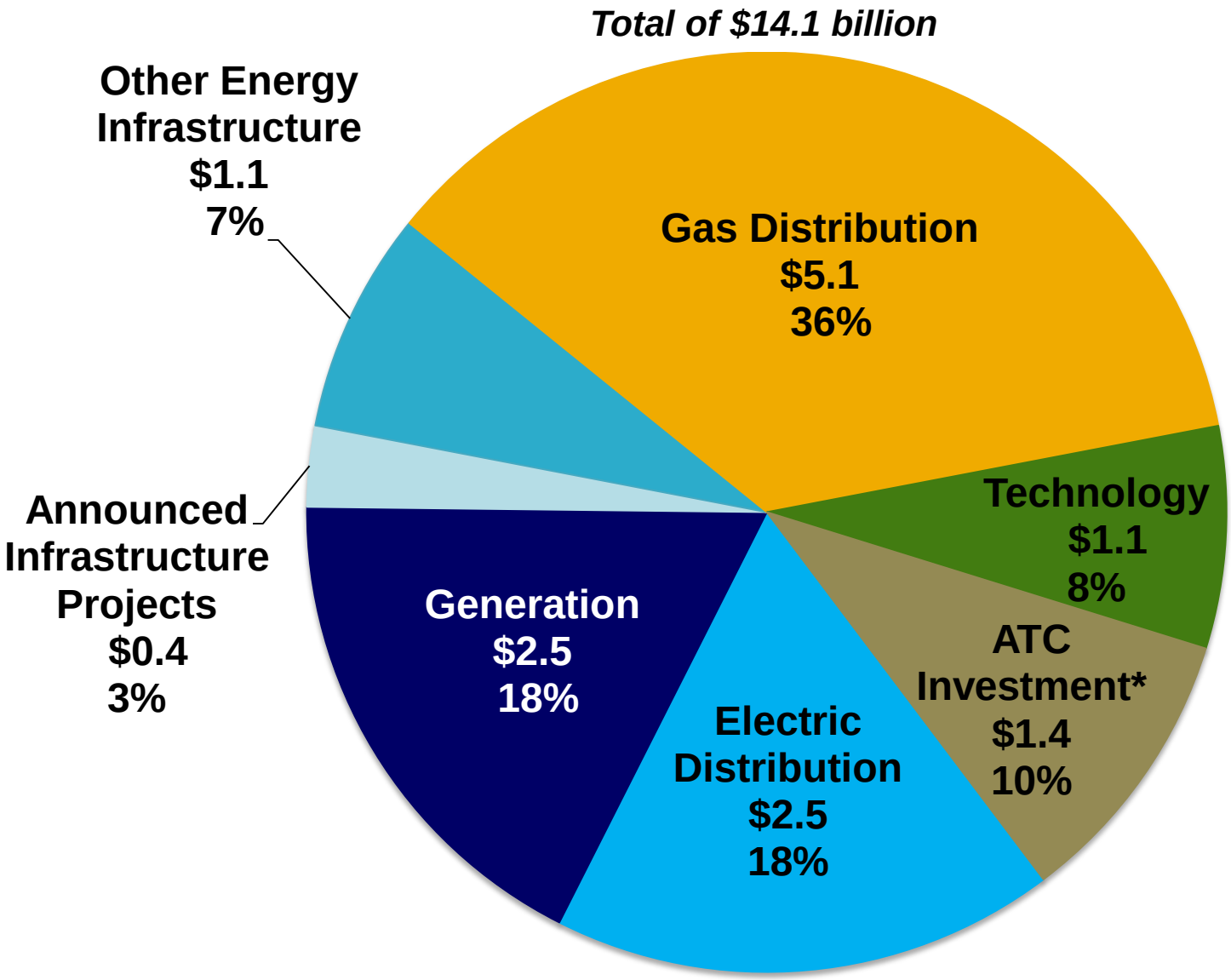
Five-Year Capital Plan

Continues to Support 5-7% EPS Growth



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

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



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

2019–2023 Capital Plan

Breakdown of Major Segments *($ in billions)*

Total Capital Plan of $14.1 billion

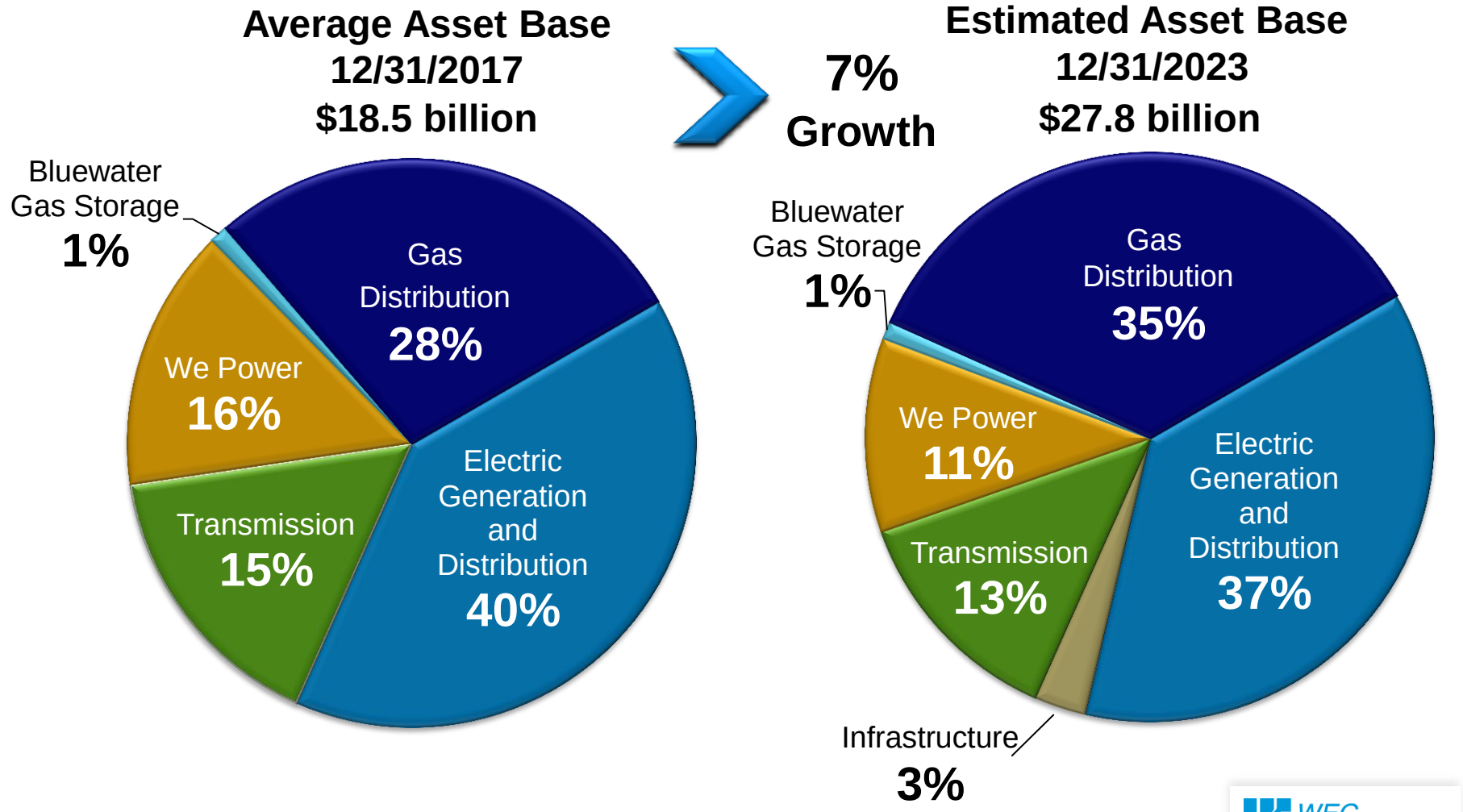
Generation	
New Renewables	$1.0
New Gas	0.5
Maintenance Capital	1.0
Total	**$2.5**

Electric Distribution	
Growth	$0.7
System Renewal	1.4
Required Relocation	0.2
SMRP	0.2
Total	**$2.5**

Gas Distribution	
SMP	$1.5
Growth	1.0
System Renewal	1.6
Required Relocation	0.6
Manlove Storage	0.4
Total	**$5.1**

Technology	
Automated Meters	$0.5
Systems and Equipment	0.6
Total	**$1.1**

Increasing Natural Gas Distribution Investment

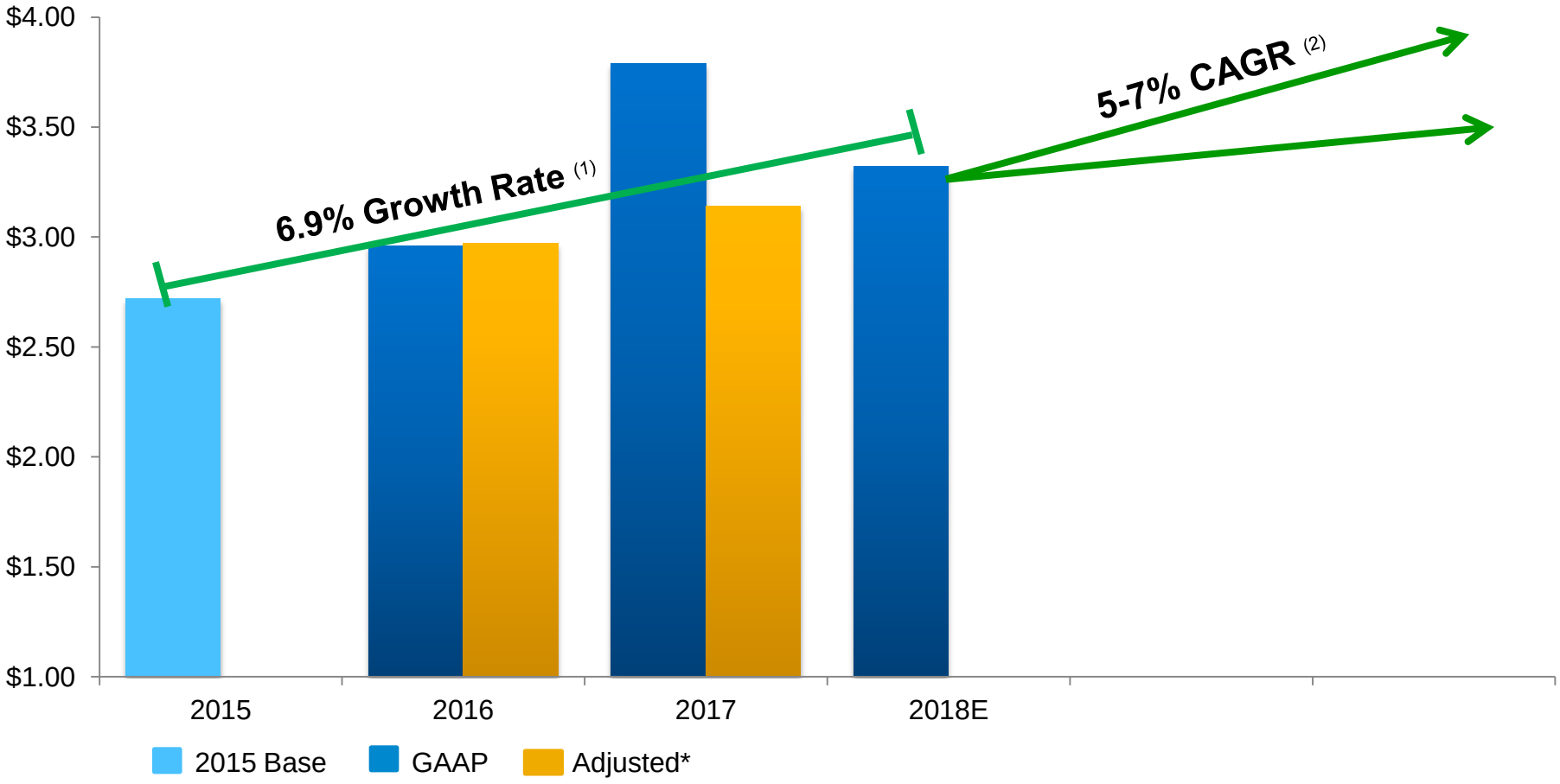


Our Capital Plan in Context

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 WEPCO electricity sales)

Confident in Achieving Our EPS Growth Guidance



*See Appendix for reconciliation of adjusted amounts to GAAP amounts

(1) 6.9% growth rate calculated from 2015 base of $2.72 per share and increased 2018 earnings guidance
(2) Based on original 2018 guidance midpoint of $3.28 per share


Generation
Reshaping

Reshaping our Generation Fleet for a Clean, Reliable Future

Balancing reliability and customer cost with environmental stewardship

We have set aggressive goals to reduce carbon dioxide emissions by approximately **40% below 2005 levels by 2030 and 80% by 2050**.

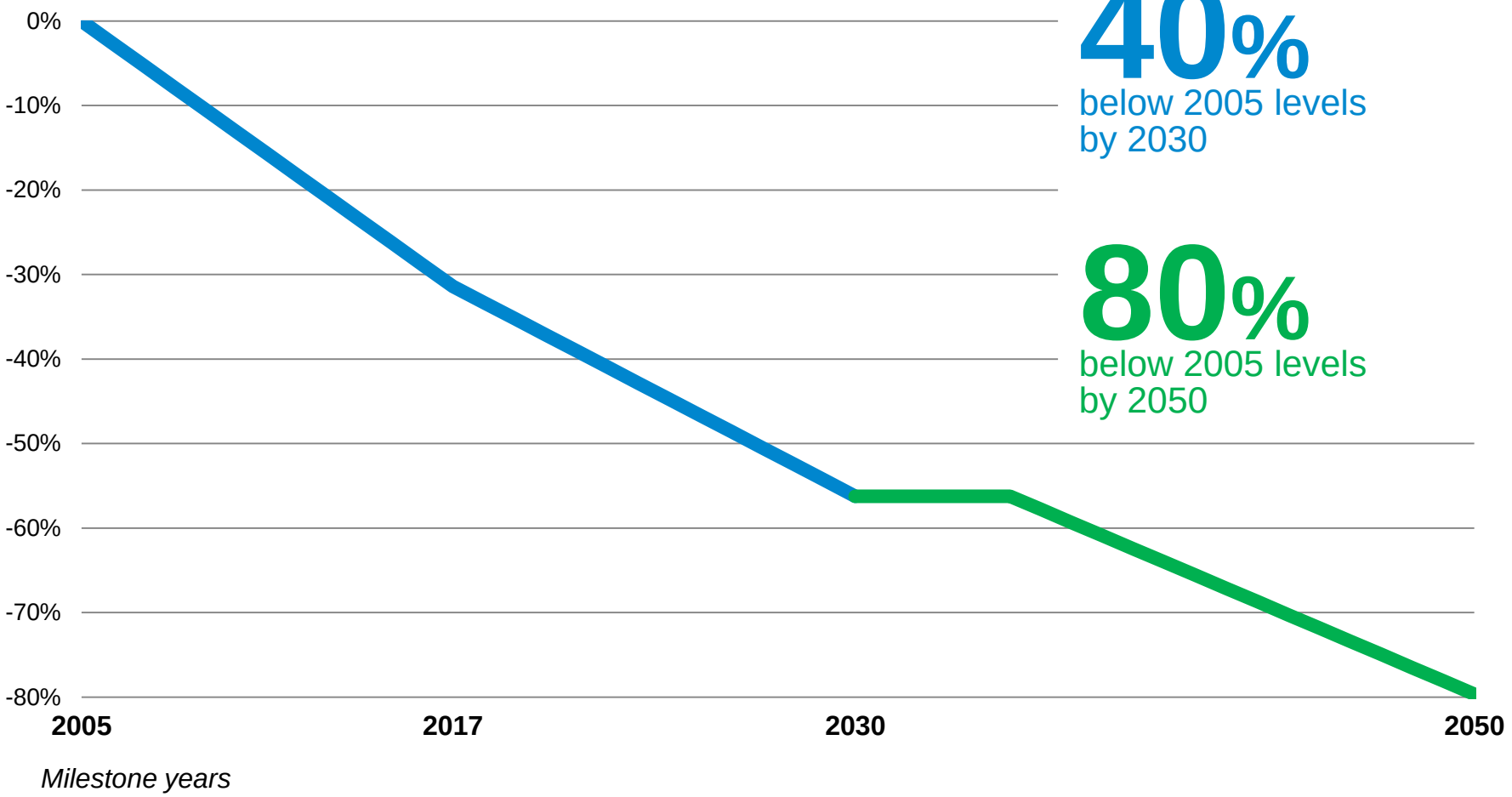
Taken as a whole, changes to our generation fleet should reduce costs to customers, preserve fuel diversity and reduce carbon emissions.

Reshaping our generation includes:

- Retiring older fossil-fueled generating units
- Building state-of-the-art natural gas generation
- Investing in cost-effective zero-carbon generation



Achieving Our Carbon Goal



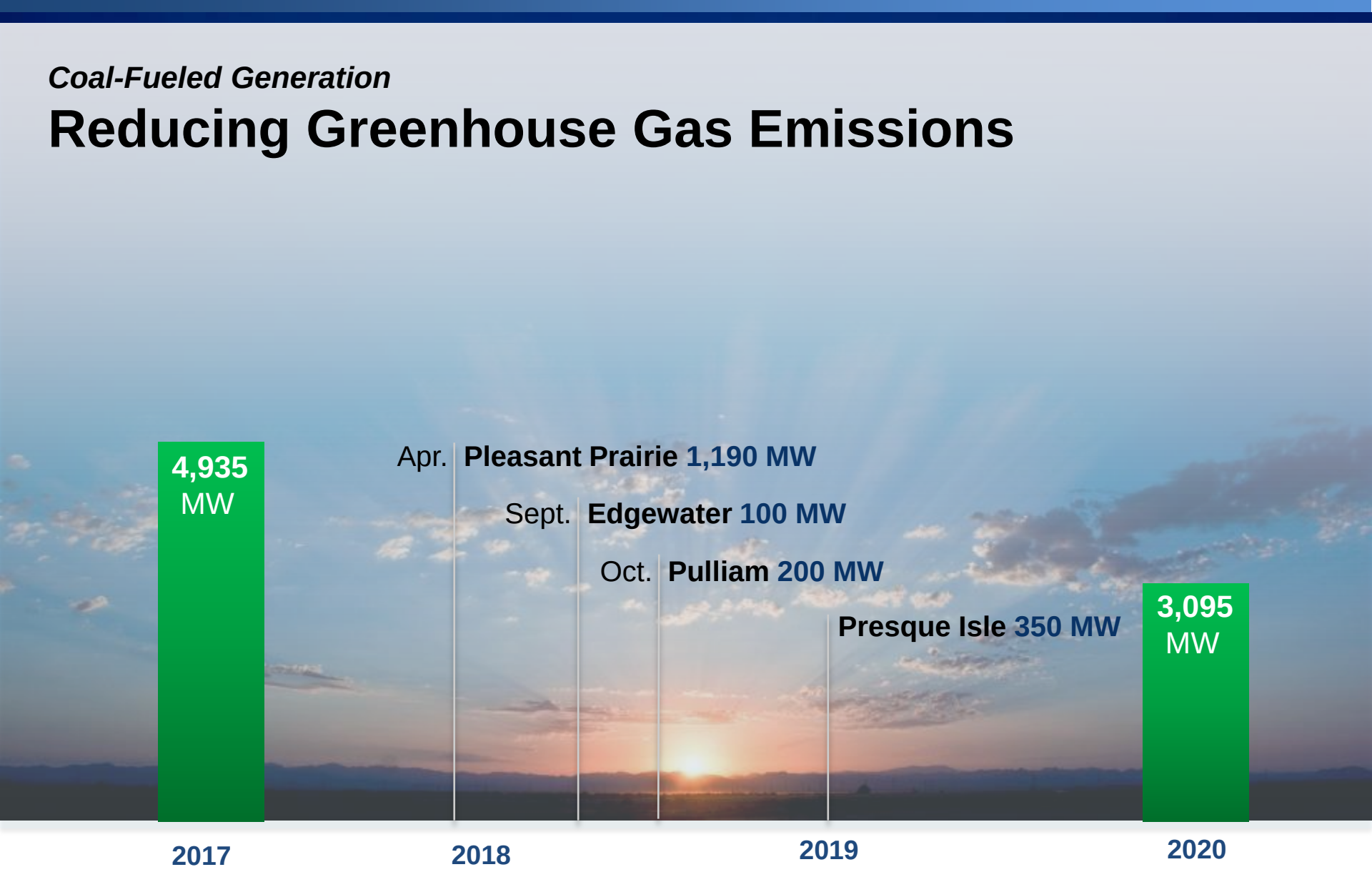
Reduction Goals:

40%
below 2005 levels
by 2030

80%
below 2005 levels
by 2050

Coal-Fueled Generation

Reducing Greenhouse Gas Emissions



Investing in Zero-Carbon Generation

Solar generation technology has improved in efficiency, become more cost-effective and complements our summer demand curve.



Wisconsin Public Service and Madison Gas & Electric are seeking PSCW approval to partner on two major solar projects:

- Badger Hollow Solar Farm
  - Located in Iowa County, Wisconsin
  - WPS would own 100 MW (MGE 50 MW)
- Two Creeks Solar Project
  - Located in Two Rivers, Wisconsin
  - WPS would own 100 MW (MGE 50 MW)
- WPS total expected purchase price of ~ $260 million
- Commercial operation targeted for 2020

On December 20, 2018, Wisconsin Electric received PSCW approval for two innovative renewable energy pilot programs:

- Solar Now Pilot (35 MW)
- Dedicated Renewable Energy Resource Pilot (150 MW)

Additional projects being actively developed

Regional Economy



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

FOXCONN®

HARIBO

Milwaukee®

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%

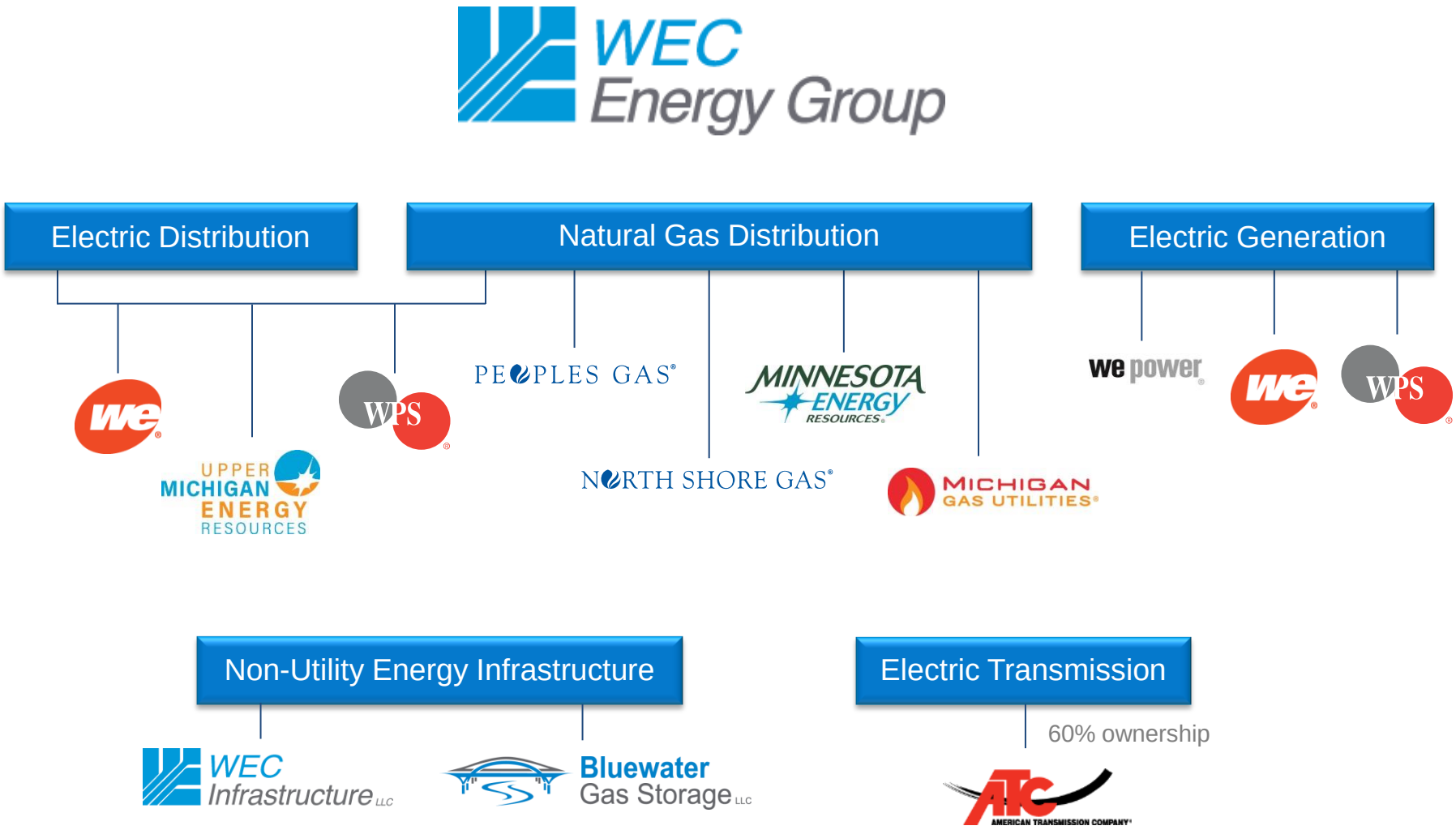


Key Takeaways for WEC Energy Group

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

“Delivering” the Future

Project Highlights







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

Phase 1 ~ substantially complete

Phase 2 ~ 20% complete

Electric Redesign

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

Technology Enhancements

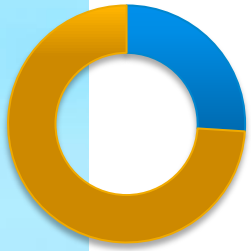
- Advanced metering program that uses integrated system of smart meters to enable two-way communication between utilities and customers
- Upgrading We Energies customer information system
- Project to spend ~ $1.1 billion (2019 – 2023) across four states we serve

Peoples Gas

Natural Gas System Modernization Program

Extensive effort to modernize natural gas infrastructure in city of Chicago





- Ultimately replace 2,000 miles of piping
- Approximately 26% complete*

Investment recovery under a monthly rider

- Project $280-$300 million average annual investment
- Illinois law authorizes rider through 2023

*Total program completion percentage is based on the weighted average of program categories that comprise the major components of the SMP project

WEC Energy Group

New Generation in Upper Peninsula

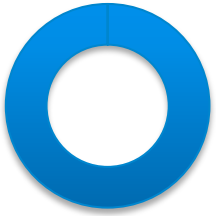
UPPER MICHIGAN ENERGY RESOURCES

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

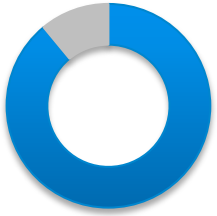
Targeted commercial operation: second quarter 2019



- Provides a long-term generation solution for electric reliability in Upper Peninsula
- Estimated $266 million ($277 million including AFUDC) investment to be made by Michigan utility – UMERC
  - Half of investment recovered in retail rates
  - Half of investment recovered by 20-year agreement with Cliffs Natural Resources
- Allows for retirement of Presque Isle Power Plant in second quarter of 2019
- Received approval and final written order from Michigan Commission on October 25, 2017



Procurement is **100%** complete



Construction is **89%** complete

WEC Energy Group

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
- FERC approval received for initial 80% interest August 29, and acquisition closed on August 31
- On November 30, FERC approved an incremental investment of $18 million for a 10% equity interest

Infrastructure Investment

Upstream Wind Energy Center

81 GE wind turbines with a capacity of ~200 MW



- Currently being built by Invenergy 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)
- Received FERC approval on August 20
- Closing anticipated in early 2019 after commercial operation is achieved

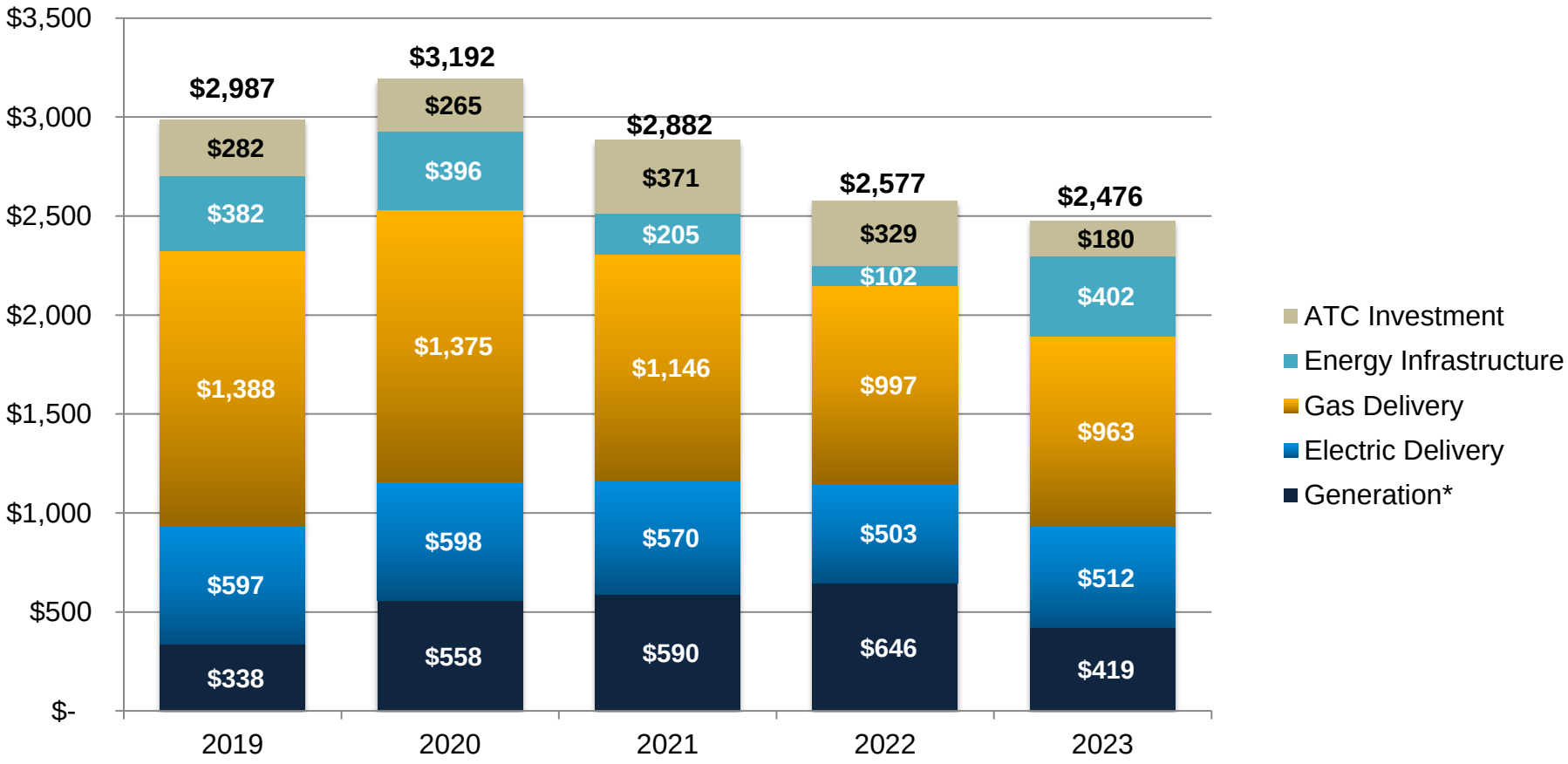
Power the Future Investments

	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.

By Line of Business

Capital Plan Drives 5% to 7% EPS Growth

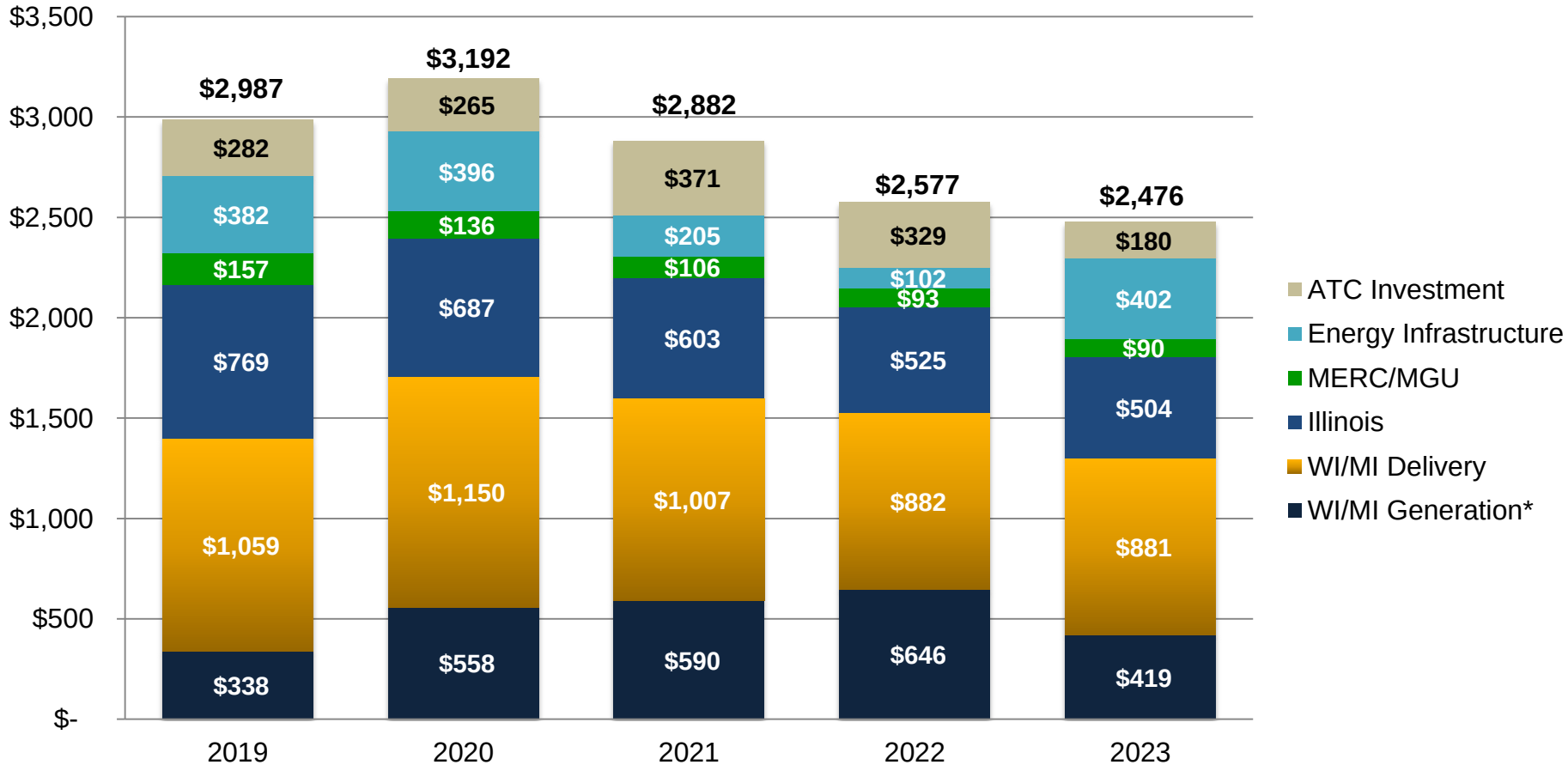


Approximately $14.1 billion projected capital spend from 2019-2023

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

By State

Robust Capital Projection



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

American Transmission Company

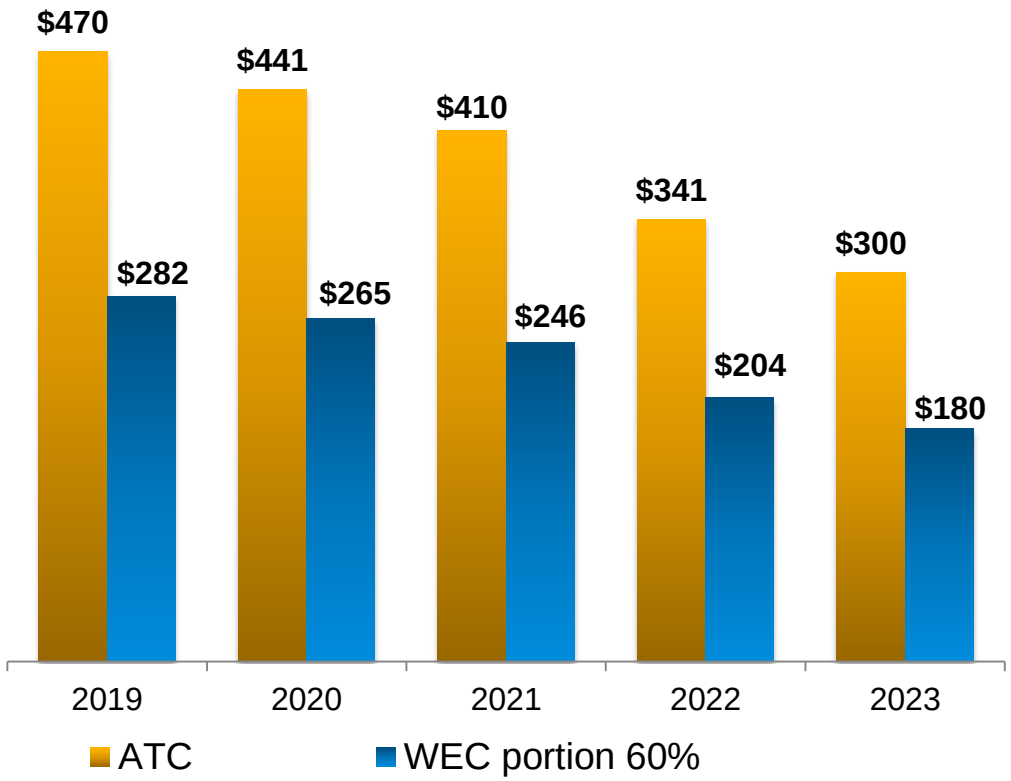
WEC portion of investment from 2019-2023: $1.4 billion

Key Assumptions

- ATC's 2017 average rate base: $3.5 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)*

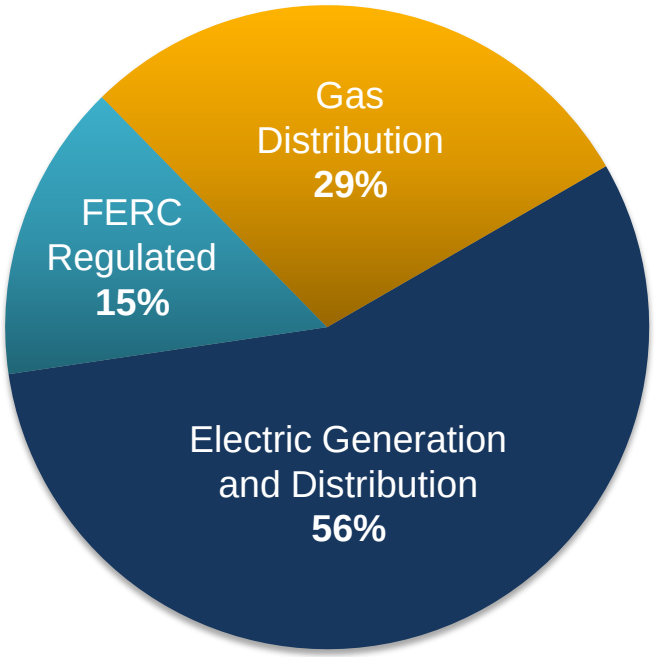
(Inside Traditional Footprint)



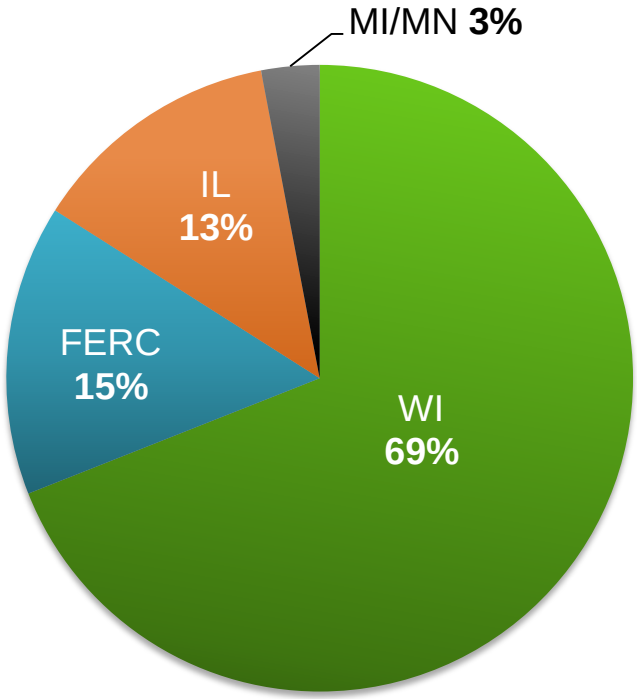
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Diverse Portfolio of Regulated Businesses

By Business



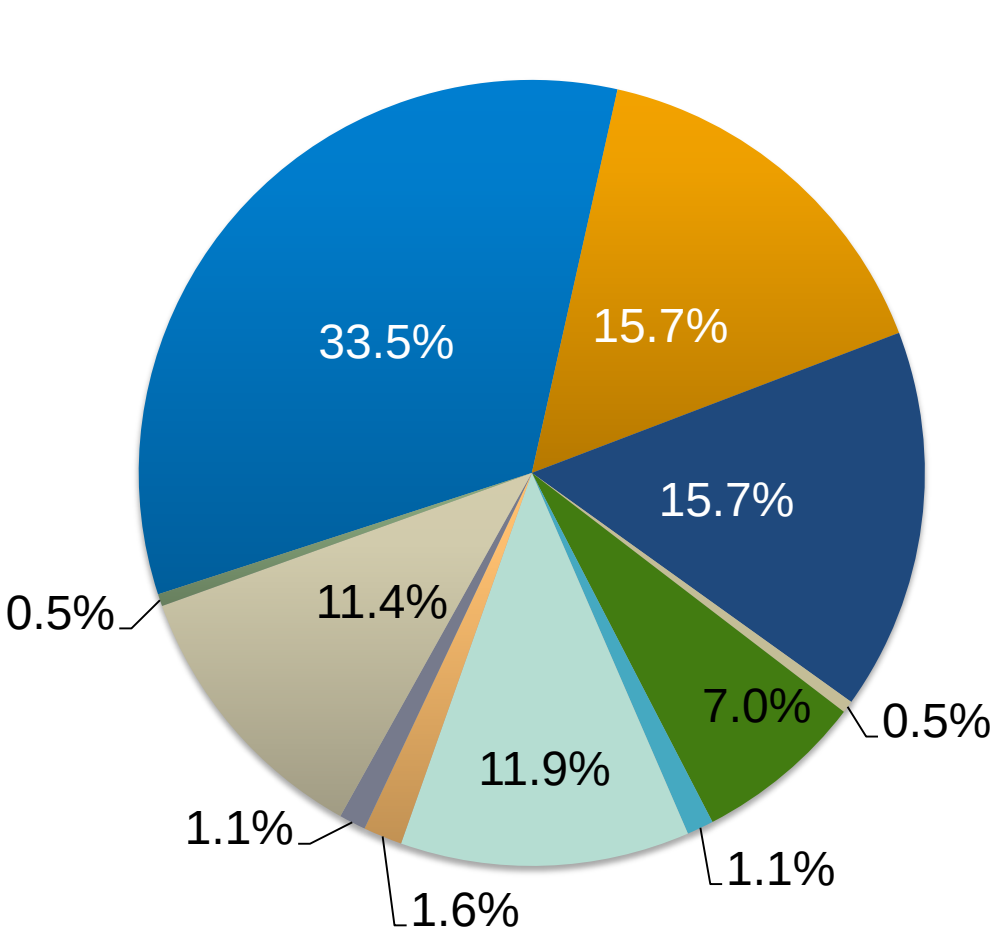
By Jurisdiction



Based on 2017 average rate base

Composition of Rate Base

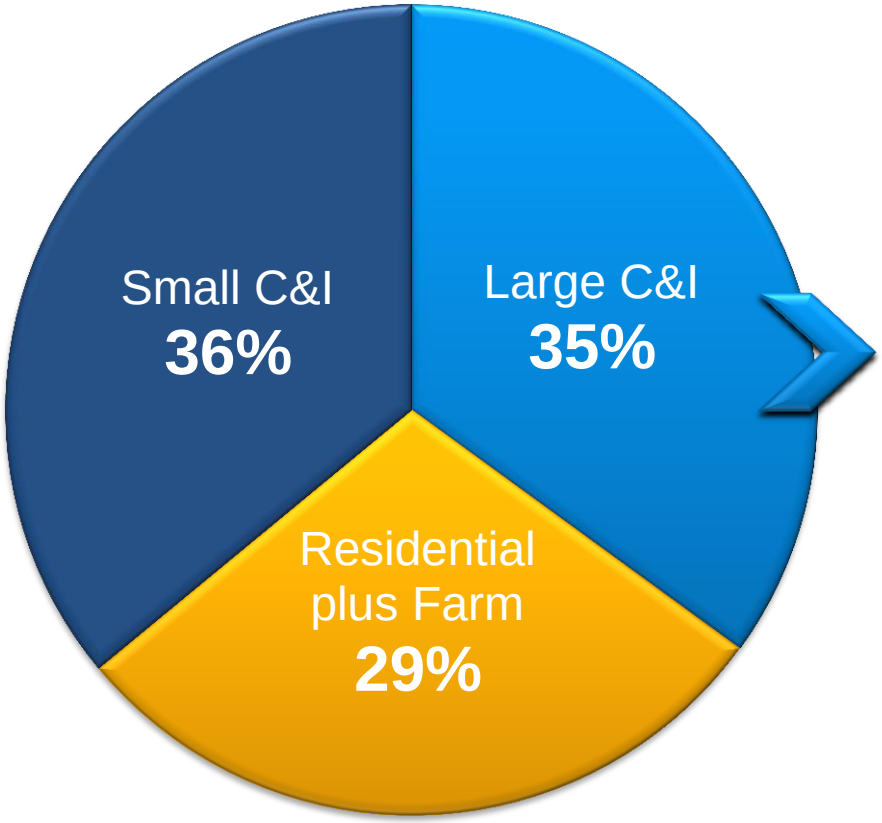
Total 2017 Rate Base of $18.5 billion



Note: Power the Future value represents investment book value

Balanced Sales Mix

2017 Retail MWh Deliveries Mix*

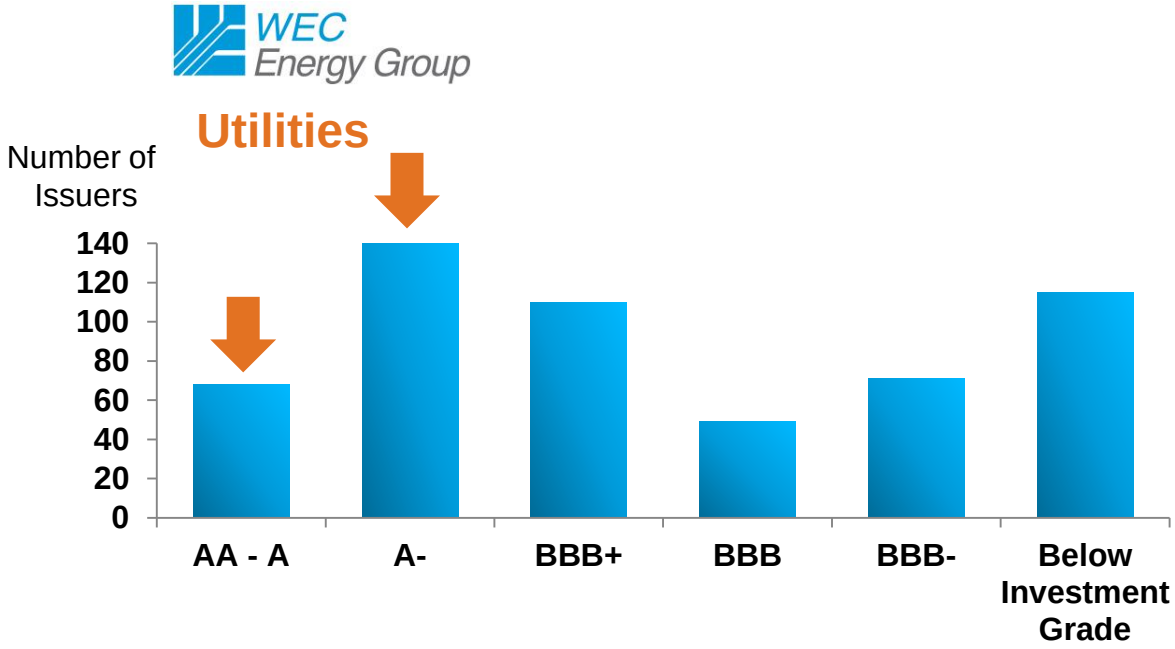


35% Large C&I by Segment	
Paper	24%
Foundry (SIC 33)	11%
Mining/Minerals	10%
Food/Agriculture	9%
Other Manufacturing	8%
Metal (SIC 34,35,37)	7%
Medical	5%
Office	4%
Education	4%
Printing	3%
Chemical	3%
Other	12%

*Wisconsin segment includes Michigan electric and retail choice customers in the Upper Peninsula

Strong Financial Condition

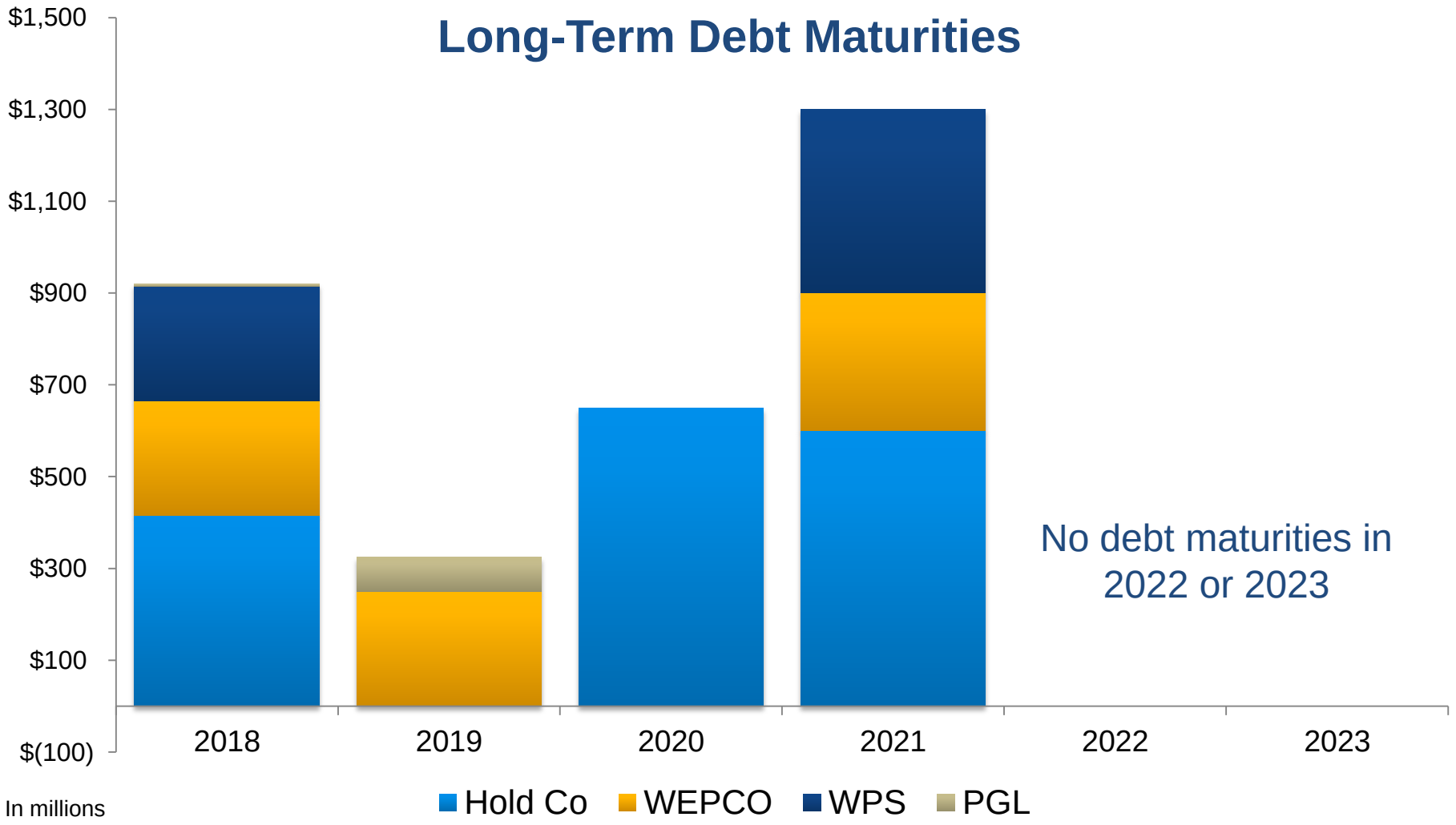
Electric and Gas Utilities Credit Ratings Distribution*



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

*Source: Standard & Poor's Financial Services LLC (January 31, 2018)

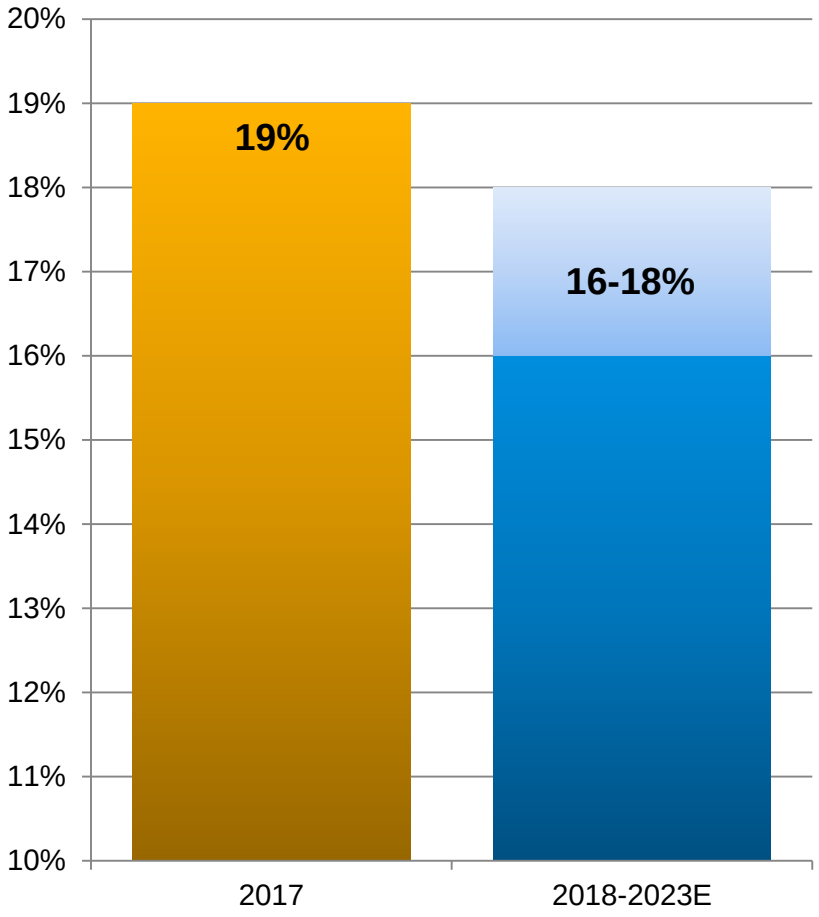
Manageable Levels of Refinancing



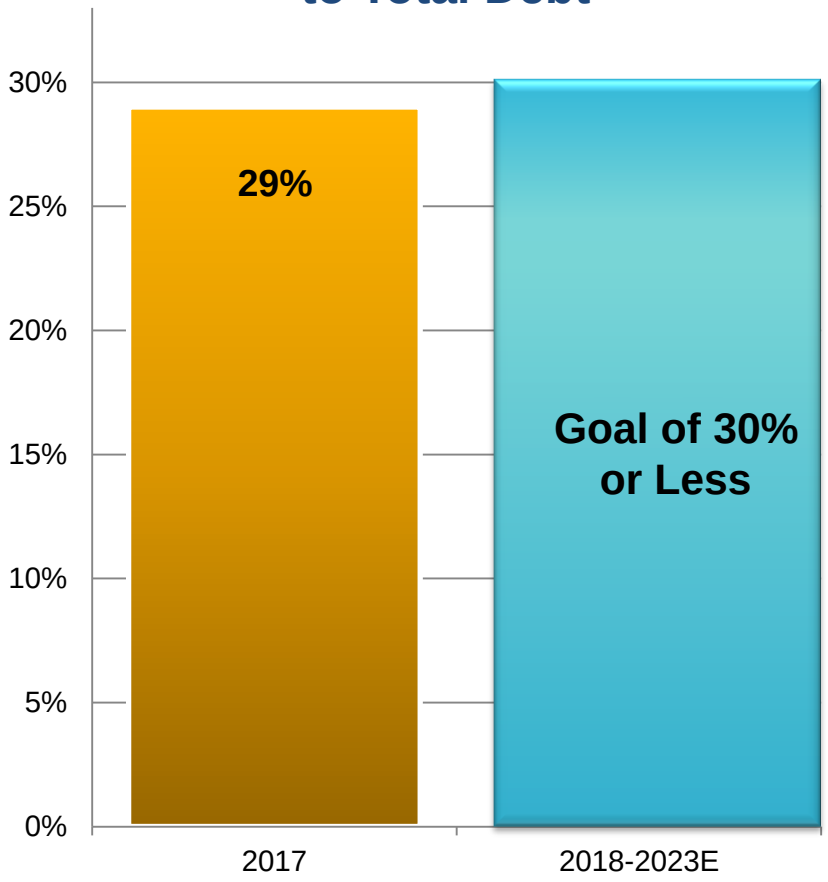
No Equity Issuances Anticipated

Balance Sheet Remains Strong

Funds from Operations/Debt



Holding Company Debt to Total Debt



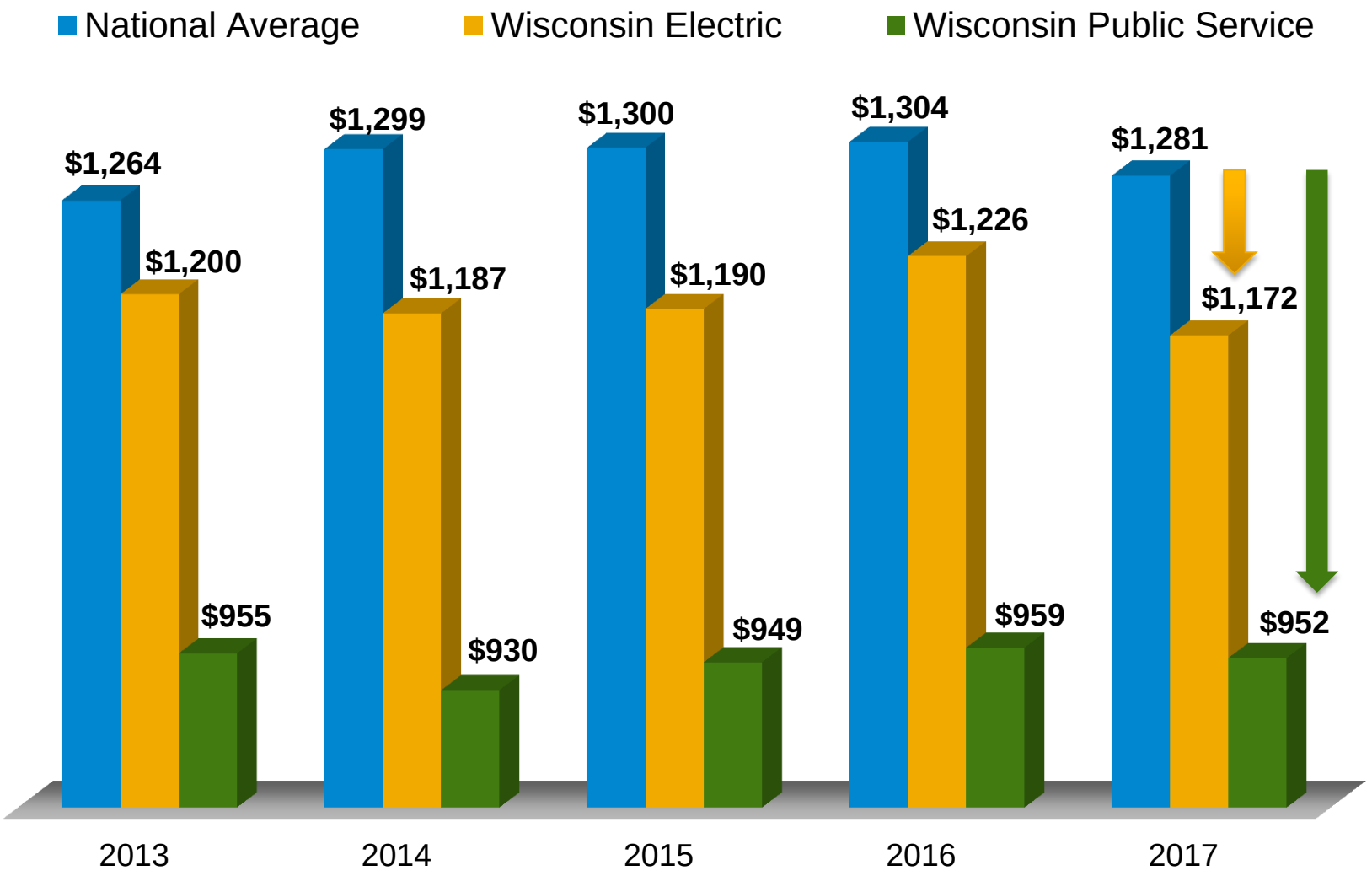
Rate-Making Parameters by Company

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%[3]

- Constructive regulatory environments
- Earnings sharing mechanism at all Wisconsin utilities [2]

1. Represents the equity component of capital; rates are set at the mid-point of any range
2. Applied through 2019
3. Long term projections assume 10.2%

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
Earnings cap/sharing				50/50 first 50 bp above allowed ROE, 100% to customers beyond 50 bp*	

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

Regulatory and Open Docket Update



Wisconsin (apps.psc.wi.gov)

	Estimated Key Dates
▪ Received approval on Forward Wind Center	✓
▪ Decision on renewable energy pilot programs (Docket: 6630-TE-102)	✓
▪ Decision on new solar generation projects (Docket: 5-BS-228)	Q1 2019



Illinois (icc.illinois.gov)

▪ Final Commission order on System Modernization Project (Docket 16-0376)	✓
▪ Decision on 2015 QIP reconciliation (Docket: 16-0197)	Q1 2019
▪ No rate case filing for 2018	



Michigan (michigan.gov/mpsc)

▪ Received approval on proposed 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)	Q2 2019

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

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
Ellen Nowak *Chair*	R	12/2018	03/2023
Mike Huebsch	R	03/2015	03/2021
Rebecca Valcq	D	01/2019	03/2025

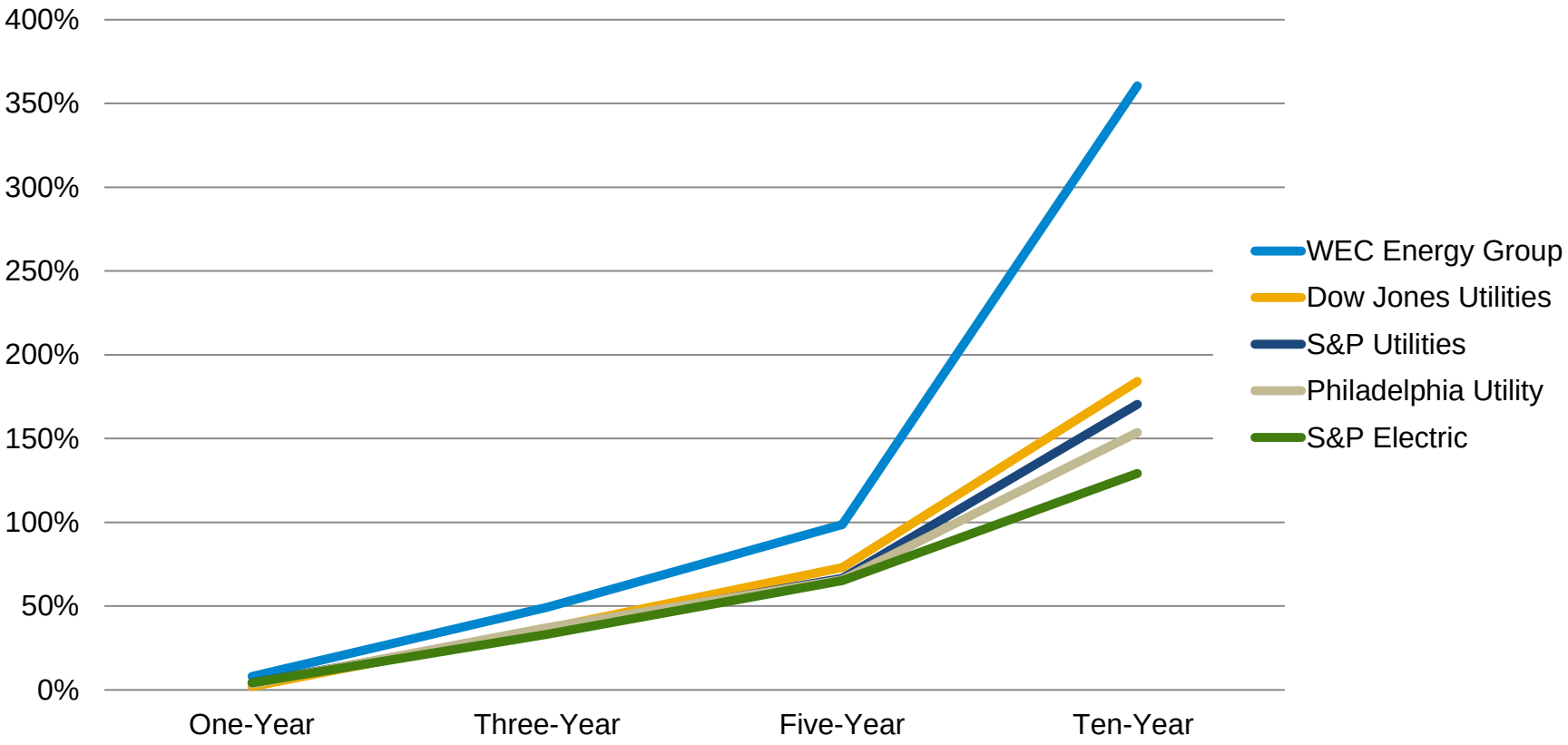
Illinois Commissioners

Name	Party	Began Serving	Term Ends
Brien Sheahan *Chair*	R	01/2015	01/2020
John Rosales	D	03/2015	01/2019
Sadzi Martha Olivia	R	01/2017	01/2022
D. Ethan Kimbrel	D	01/2018	01/2023
Anastasia Palivos*	I	01/2018	01/2023

*Acting commissioner, pending Illinois State Senate confirmation

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

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.

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