

# WEC Energy Group, Inc.

## 2018 Second Quarter Earnings

Released July 31, 2018

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July 31, 2018

## **WEC Energy Group posts strong second-quarter and first-half results**

MILWAUKEE - WEC Energy Group (NYSE: WEC) today reported net income of \$231 million or \$0.73 per share for the second quarter of 2018. This compares to earnings of \$199.1 million or \$0.63 per share for the second quarter of 2017.

Consolidated second-quarter 2018 revenues totaled \$1.7 billion. Reported revenues were \$1.6 billion in the same quarter last year.

For the first six months of 2018, the company reported net income of \$621.1 million, or \$1.96 per share - up from \$555.7 million, or \$1.75 per share in the corresponding period a year ago.

Consolidated revenues were \$4.0 billion for the first six months of 2018, compared to \$3.9 billion for the first half of 2017.

"Our earnings were bolstered by effective cost controls, stronger natural gas sales during a cool spring and a warm start to summer that drove electricity use above our forecast," said Gale Klappa, Chairman and Chief Executive Officer. "In addition, a stronger economy across the region resulted in slightly higher demand for energy from our industrial customers."

Retail deliveries of electricity for the Wisconsin and Michigan utilities - excluding the iron ore mine in Michigan's Upper Peninsula - increased by 2.9 percent in the second quarter of 2018, compared to the second quarter of 2017. Residential electricity usage grew by 4.5 percent and electricity consumption by small commercial and industrial customers was 3.4 percent higher.

Electricity use by large commercial and industrial customers - excluding the iron ore mine - was up 1.1 percent during the second quarter of 2018 compared to the same period last year. "This marks the third consecutive quarter that we've seen demand growth from this customer group," Klappa added.

On a weather-normal basis, retail deliveries of electricity - excluding the iron ore mine - increased by 1.7 percent.

Natural gas deliveries in Wisconsin, excluding gas used for power generation, rose by 18.2 percent in the second quarter of 2018, compared to the second quarter of 2017. On a weather-normal basis, natural gas deliveries increased by 6.6 percent.

At the end of June, the company was serving approximately 10,000 more electric customers and 15,000 more natural gas customers than at the same time a year ago.

The company is raising its 2018 earnings guidance to \$3.32 per share, from the original range of \$3.26 to \$3.30 per share. The new guidance assumes normal weather for the remainder of the year.

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, July 31. The call will review 2018 second-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 844-840-1623 up to 15 minutes before it begins. The number for international callers is 631-625-3204. The conference ID is 5772007.

Conference call access also is available at [wecenergygroup.com](http://wecenergygroup.com). Select "2<sup>nd</sup> Quarter Earnings" and then select "Webcast." In conjunction with this earnings announcement, WEC Energy Group will post on its website a package of detailed financial information on its second-quarter performance. The materials will be available at 6:30 a.m. Central time on Tuesday, July 31.

### **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 Aug. 14, 2018. Domestic callers should dial 855-859-2056. International callers should dial 404-537-3406. The replay conference ID is 5772007.

*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](http://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 \$31 billion of assets.*

## 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; 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 Company; 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.**

<b>CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)</b>  <i>(in millions, except per share amounts)</i>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Operating revenues</b>	<b>\$ 1,672.5</b>	<b>\$ 1,631.5</b>	<b>\$ 3,959.0</b>	<b>\$ 3,936.0</b>
<b>Operating expenses</b>				
Cost of sales	547.7	541.8	1,519.8	1,482.9
Other operation and maintenance	537.7	479.8	1,049.6	984.3
Depreciation and amortization	206.7	197.7	415.3	392.3
Property and revenue taxes	49.6	50.0	98.4	99.6
<b>Total operating expenses</b>	<b>1,341.7</b>	<b>1,269.3</b>	<b>3,083.1</b>	<b>2,959.1</b>
<b>Operating income</b>	<b>330.8</b>	<b>362.2</b>	<b>875.9</b>	<b>976.9</b>
Equity in earnings of transmission affiliates	28.7	41.8	61.5	83.7
Other income, net	31.4	13.1	38.9	31.4
Interest expense	108.5	101.9	215.2	206.6
<b>Other expense</b>	<b>(48.4)</b>	<b>(47.0)</b>	<b>(114.8)</b>	<b>(91.5)</b>
Income before income taxes	282.4	315.2	761.1	885.4
Income tax expense	51.1	115.8	139.4	329.1
<b>Net income</b>	<b>231.3</b>	<b>199.4</b>	<b>621.7</b>	<b>556.3</b>
Preferred stock dividends of subsidiary	0.3	0.3	0.6	0.6
<b>Net income attributed to common shareholders</b>	<b>\$ 231.0</b>	<b>\$ 199.1</b>	<b>\$ 621.1</b>	<b>\$ 555.7</b>
<b>Earnings per share</b>				
Basic	\$ 0.73	\$ 0.63	\$ 1.97	\$ 1.76
Diluted	\$ 0.73	\$ 0.63	\$ 1.96	\$ 1.75
<b>Weighted average common shares outstanding</b>				
Basic	315.5	315.6	315.5	315.6
Diluted	316.9	317.4	316.9	317.4
<b>Dividends per share of common stock</b>	<b>\$ 0.5525</b>	<b>\$ 0.5200</b>	<b>\$ 1.1050</b>	<b>\$ 1.0400</b>

**WEC ENERGY GROUP, INC.**

<b>CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)</b> <i>(in millions, except share and per share amounts)</i>		<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	29.8	\$ 38.9
Accounts receivable and unbilled revenues, net of reserves of \$157.5 and \$143.2, respectively		1,086.1	1,350.7
Materials, supplies, and inventories		466.6	539.0
Prepayments		178.6	210.0
Other		49.3	74.9
<b>Current assets</b>		<b>1,810.4</b>	<b>2,213.5</b>
<b>Long-term assets</b>			
Property, plant, and equipment, net of accumulated depreciation of \$8,512.1 and \$8,618.5, respectively		21,078.4	21,347.0
Regulatory assets		3,645.9	2,803.2
Equity investment in transmission affiliates		1,596.6	1,553.4
Goodwill		3,052.8	3,053.5
Other		753.5	619.9
<b>Long-term assets</b>		<b>30,127.2</b>	<b>29,377.0</b>
<b>Total assets</b>	<b>\$</b>	<b>31,937.6</b>	<b>\$ 31,590.5</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Short-term debt	\$	1,370.0	\$ 1,444.6
Current portion of long-term debt		293.5	842.1
Accounts payable		681.0	859.9
Accrued payroll and benefits		130.7	169.1
Accrued taxes		213.5	178.5
Other		364.5	375.1
<b>Current liabilities</b>		<b>3,053.2</b>	<b>3,869.3</b>
<b>Long-term liabilities</b>			
Long-term debt		9,209.3	8,746.6
Deferred income taxes		3,117.1	2,999.8
Deferred revenue, net		531.8	543.3
Regulatory liabilities		3,959.2	3,718.6
Environmental remediation liabilities		617.2	617.4
Pension and OPEB obligations		490.4	397.4
Other		1,203.2	1,206.3
<b>Long-term liabilities</b>		<b>19,128.2</b>	<b>18,229.4</b>
<b>Commitments and contingencies</b>			
<b>Common shareholders' equity</b>			
Common stock – \$0.01 par value; 325,000,000 shares authorized; 315,533,448 and 315,574,624 shares outstanding, respectively		3.2	3.2
Additional paid in capital		4,271.0	4,278.5
Retained earnings		5,449.1	5,176.8
Accumulated other comprehensive income		2.5	2.9
<b>Common shareholders' equity</b>		<b>9,725.8</b>	<b>9,461.4</b>
Preferred stock of subsidiary		30.4	30.4
<b>Total liabilities and equity</b>	<b>\$</b>	<b>31,937.6</b>	<b>\$ 31,590.5</b>

**WEC ENERGY GROUP, INC.**

<b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)</b>		<b>Six Months Ended</b>	
		<b>June 30</b>	
<i>(in millions)</i>		<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>			
Net income	\$	621.7	\$ 556.3
Reconciliation to cash provided by operating activities			
Depreciation and amortization		415.3	392.3
Deferred income taxes and investment tax credits, net		31.7	274.6
Contributions and payments related to pension and OPEB plans		(9.7)	(111.5)
Equity income in transmission affiliates, net of distributions		4.9	(14.5)
Change in –			
Accounts receivable and unbilled revenues		235.5	247.3
Materials, supplies, and inventories		72.6	77.9
Other current assets		78.8	14.5
Accounts payable		(85.0)	(114.0)
Other current liabilities		0.1	18.3
Other, net		147.5	(74.3)
<b>Net cash provided by operating activities</b>		<b>1,513.4</b>	<b>1,266.9</b>
<b>Investing Activities</b>			
Capital expenditures		(915.5)	(790.0)
Acquisition of Forward Wind Energy Center		(77.1)	—
Acquisition of Bluewater		—	(226.0)
Capital contributions to transmission affiliates		(32.4)	(50.5)
Proceeds from the sale of assets and businesses		7.9	20.7
Proceeds from the sale of investments held in rabbi trust		16.5	8.6
Other, net		3.8	1.0
<b>Net cash used in investing activities</b>		<b>(996.8)</b>	<b>(1,036.2)</b>
<b>Financing Activities</b>			
Exercise of stock options		5.1	15.6
Purchase of common stock		(19.8)	(39.7)
Dividends paid on common stock		(348.7)	(328.3)
Issuance of long-term debt		600.0	210.0
Retirement of long-term debt		(681.4)	(14.6)
Change in short-term debt		(74.6)	(85.4)
Other, net		(3.8)	(2.7)
<b>Net cash used in financing activities</b>		<b>(523.2)</b>	<b>(245.1)</b>
<b>Net change in cash, cash equivalents, and restricted cash</b>		<b>(6.6)</b>	<b>(14.4)</b>
Cash, cash equivalents, and restricted cash at beginning of period		58.6	72.7
<b>Cash, cash equivalents, and restricted cash at end of period</b>	\$	<b>52.0</b>	\$ <b>58.3</b>

# WEC ENERGY GROUP, INC.

## SECOND 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, there was also no significant change to net income associated with this tax legislation.

### Three Months Ended June 30, 2018

<i>(in millions)</i>	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)
<b>Operating revenues</b>	\$ 1,672.5	\$ 20.9	\$ 1,693.4	\$ 4.5	\$ 1,697.9
<b>Operating expenses</b>					
Cost of sales	547.7	—	547.7	—	547.7
Other operation and maintenance	537.7	(10.0)	527.7	(33.8)	493.9
Depreciation and amortization	206.7	—	206.7	2.7	209.4
Property and revenue taxes	49.6	—	49.6	—	49.6
<b>Total operating expenses</b>	<b>1,341.7</b>	<b>(10.0)</b>	<b>1,331.7</b>	<b>(31.1)</b>	<b>1,300.6</b>
<b>Operating income</b>	<b>330.8</b>	<b>30.9</b>	<b>361.7</b>	<b>35.6</b>	<b>397.3</b>
Equity in earnings of transmission affiliates	28.7	—	28.7	9.4	38.1
Other income, net	31.4	—	31.4	—	31.4
Interest expense	108.5	—	108.5	—	108.5
<b>Other expense</b>	<b>(48.4)</b>	<b>—</b>	<b>(48.4)</b>	<b>9.4</b>	<b>(39.0)</b>
Income before income taxes	282.4	30.9	313.3	45.0	358.3
Income tax expense	51.1	30.9	82.0	41.4	123.4
<b>Net income</b>	<b>231.3</b>	<b>—</b>	<b>231.3</b>	<b>3.6</b>	<b>234.9</b>
Preferred stock dividends of subsidiary	0.3	—	0.3	—	0.3
<b>Net income attributed to common shareholders</b>	<b>\$ 231.0</b>	<b>\$ —</b>	<b>\$ 231.0</b>	<b>\$ 3.6</b>	<b>\$ 234.6</b>
<b>Effective Tax Rate</b>	<b>18.1%</b>		<b>26.2%</b>		<b>34.4%</b>



# WEC ENERGY GROUP, INC.

## SECOND QUARTER YTD 2018 - IMPACT OF FLOW THROUGH OF TAX REPAIRS AND TAX REFORM

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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, there was also no significant change to net income associated with this tax legislation.

	Six Months Ended June 30, 2018				
<i>(in millions)</i>	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)
<b>Operating revenues</b>	\$ 3,959.0	\$ 41.3	\$ 4,000.3	\$ 89.4	\$ 4,089.7
<b>Operating expenses</b>					
Cost of sales	1,519.8	—	1,519.8	—	1,519.8
Other operation and maintenance	1,049.6	(24.7)	1,024.9	(33.8)	991.1
Depreciation and amortization	415.3	—	415.3	2.7	418.0
Property and revenue taxes	98.4	—	98.4	—	98.4
<b>Total operating expenses</b>	<b>3,083.1</b>	<b>(24.7)</b>	<b>3,058.4</b>	<b>(31.1)</b>	<b>3,027.3</b>
<b>Operating income</b>	<b>875.9</b>	<b>66.0</b>	<b>941.9</b>	<b>120.5</b>	<b>1,062.4</b>
Equity in earnings of transmission affiliates	61.5	—	61.5	20.1	81.6
Other income, net	38.9	—	38.9	—	38.9
Interest expense	215.2	—	215.2	—	215.2
<b>Other expense</b>	<b>(114.8)</b>	<b>—</b>	<b>(114.8)</b>	<b>20.1</b>	<b>(94.7)</b>
Income before income taxes	761.1	66.0	827.1	140.6	967.7
Income tax expense	139.4	66.0	205.4	133.4	338.8
<b>Net income</b>	<b>621.7</b>	<b>—</b>	<b>621.7</b>	<b>7.2</b>	<b>628.9</b>
Preferred stock dividends of subsidiary	0.6	—	0.6	—	0.6
<b>Net income attributed to common shareholders</b>	<b>\$ 621.1</b>	<b>\$ —</b>	<b>\$ 621.1</b>	<b>\$ 7.2</b>	<b>\$ 628.3</b>
<b>Effective Tax Rate</b>	<b>18.3%</b>		<b>24.8%</b>		<b>35.0%</b>

# WEC ENERGY GROUP, INC.

## SECOND QUARTER 2018 AND 2017 RESULTS — FACTORS AFFECTING EARNINGS

<i>(in millions, except per share amounts)</i>	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
<b>Operating income (loss) by segment</b>							
Wisconsin	\$ 195.1	\$ 222.6	\$ (27.5)	\$ (30.9)	\$ (19.2)	\$ 22.6	
						16.8	Volumes - Weather
						9.6	Volumes - Other
						1.1	Lower O&M
						(7.0)	Depreciation
						2.1	Other
						22.6	
Illinois	41.7	43.9	(2.2)	—	(3.2)	1.0	Continued SMP Investment
Other States	8.1	4.7	3.4	—	(0.6)	4.0	Weather / Interim Rate Increase
Non-Utility Energy Infrastructure	92.4	98.7	(6.3)	—	(12.6)	6.3	Bluewater / We Power Capital Investments
Corporate and Other	(6.5)	(7.7)	1.2	—	—	1.2	
<b>Operating income</b>	<b>330.8</b>	<b>362.2</b>	<b>(31.4)</b>	<b>(30.9)</b>	<b>(35.6)</b>	<b>35.1</b>	
Equity in earnings of transmission affiliates	28.7	41.8	(13.1)	—	(9.4)	(3.7)	
Other income, net	31.4	13.1	18.3	—	—	18.3	Lower Non-Service Pension/OPEB Cost
Interest expense	108.5	101.9	(6.6)	—	—	(6.6)	Interest Rates / Borrowings to Fund Capital Projects
<b>Other expense</b>	<b>(48.4)</b>	<b>(47.0)</b>	<b>(1.4)</b>	<b>—</b>	<b>(9.4)</b>	<b>8.0</b>	
Income before income taxes	282.4	315.2	(32.8)	(30.9)	(45.0)	43.1	
Income tax expense	51.1	115.8	64.7	30.9	41.4	(7.6)	
<b>Net income</b>	<b>231.3</b>	<b>199.4</b>	<b>31.9</b>	<b>—</b>	<b>(3.6)</b>	<b>35.5</b>	
Preferred stock dividends of subsidiary	0.3	0.3	—	—	—	—	
<b>Net income attributed to common shareholders</b>	<b>\$ 231.0</b>	<b>\$ 199.1</b>	<b>\$ 31.9</b>	<b>\$ —</b>	<b>\$ (3.6)</b>	<b>\$ 35.5</b>	
<b>Earnings per share - diluted</b>	<b>\$ 0.73</b>	<b>\$ 0.63</b>	<b>\$ 0.10</b>				
<b>Weighted average common shares outstanding - diluted</b>	<b>316.9</b>	<b>317.4</b>					

# WEC ENERGY GROUP, INC.

## SECOND QUARTER YTD 2018 AND 2017 RESULTS — FACTORS AFFECTING EARNINGS

<i>(in millions, except per share amounts)</i>	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
<b>Operating income (loss) by segment</b>							
Wisconsin	\$ 468.8	\$ 552.1	\$ (83.3)	\$ (66.0)	\$ (70.1)	\$ 52.8	
						37.3	Volumes - Weather
						21.0	Volumes - Other
						13.0	Lower O&M
						(12.8)	Depreciation
						(5.7)	Other
						52.8	
Illinois	189.3	200.6	(11.3)	—	(19.1)	7.8	Continued SMP Investment
Other States	44.3	38.2	6.1	—	(6.1)	12.2	Weather / Interim Rate Increase
Non-Utility Energy Infrastructure	185.4	196.1	(10.7)	—	(25.2)	14.5	Bluewater / We Power Capital Investments
Corporate and Other	(11.9)	(10.1)	(1.8)	—	—	(1.8)	
<b>Operating income</b>	<b>875.9</b>	<b>976.9</b>	<b>(101.0)</b>	<b>(66.0)</b>	<b>(120.5)</b>	<b>85.5</b>	
Equity in earnings of transmission affiliates	61.5	83.7	(22.2)	—	(20.1)	(2.1)	
Other income, net	38.9	31.4	7.5	—	—	7.5	Lower Non-Service Pension/OPEB Cost
Interest expense	215.2	206.6	(8.6)	—	—	(8.6)	Interest Rates / Borrowings to Fund Capital Projects
<b>Other expense</b>	<b>(114.8)</b>	<b>(91.5)</b>	<b>(23.3)</b>	<b>—</b>	<b>(20.1)</b>	<b>(3.2)</b>	
Income before income taxes	761.1	885.4	(124.3)	(66.0)	(140.6)	82.3	
Income tax expense	139.4	329.1	189.7	66.0	133.4	(9.7)	
<b>Net income</b>	<b>621.7</b>	<b>556.3</b>	<b>65.4</b>	<b>—</b>	<b>(7.2)</b>	<b>72.6</b>	
Preferred stock dividends of subsidiary	0.6	0.6	—	—	—	—	
<b>Net income attributed to common shareholders</b>	<b>\$ 621.1</b>	<b>\$ 555.7</b>	<b>\$ 65.4</b>	<b>\$ —</b>	<b>\$ (7.2)</b>	<b>\$ 72.6</b>	
<b>Earnings per share - diluted</b>	<b>\$ 1.96</b>	<b>\$ 1.75</b>	<b>\$ 0.21</b>				
<b>Weighted average common shares outstanding - diluted</b>	<b>316.9</b>	<b>317.4</b>					

**WEC ENERGY GROUP, INC.**

**SECOND QUARTER 2018 AND 2017 WEATHER AND VOLUMES**

<b>Weather — Degree Days</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b><i>Wisconsin Gas and Wisconsin Electric</i><sup>(1)</sup></b>			
Heating (914 Normal)	<b>1,023</b>	748	<b>36.8 %</b>
Cooling (166 Normal)	<b>217</b>	203	<b>6.9 %</b>
<b><i>Wisconsin Public Service</i><sup>(2)</sup></b>			
Heating (937 Normal)	<b>1,081</b>	834	<b>29.6 %</b>
Cooling (133 Normal)	<b>215</b>	125	<b>72.0 %</b>
<b><i>Upper Michigan Energy Resources</i><sup>(3)</sup></b>			
Heating (1,166 Normal)	<b>1,206</b>	1,141	<b>5.7 %</b>
Cooling (77 Normal)	<b>138</b>	47	<b>193.6 %</b>
<b><i>Peoples Gas and North Shore Gas</i><sup>(4)</sup></b>			
Heating (689 Normal)	<b>836</b>	602	<b>38.9 %</b>
<b><i>Minnesota Energy Resources</i><sup>(5)</sup></b>			
Heating (927 normal)	<b>1,064</b>	886	<b>20.1 %</b>
<b><i>Michigan Gas</i><sup>(5)</sup></b>			
Heating (775 normal)	<b>858</b>	667	<b>28.6 %</b>

<sup>(1)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from Mitchell International Airport in Milwaukee, Wisconsin.

<sup>(2)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from the Green Bay, Wisconsin weather station.

<sup>(3)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from the Iron Mountain, Michigan weather station.

<sup>(4)</sup> Normal degree days are based on a 12-year moving average of monthly temperatures from Chicago's O'Hare Airport.

<sup>(5)</sup> 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 - SECOND QUARTER**

<b>(in thousands)</b>	<b>MWh</b>		
	<b>Wisconsin 2018</b>	<b>Wisconsin 2017</b>	<b>Change</b>
<b>Customer class</b>			
Residential	<b>2,565.6</b>	2,455.2	4.5 %
Small commercial and industrial*	<b>3,221.0</b>	3,113.6	3.4 %
Large commercial and industrial*	<b>3,263.3</b>	3,224.4	1.2 %
Other - retail	<b>38.1</b>	39.9	(4.5)%
<b>Total retail *</b>	<b>9,088.0</b>	8,833.1	2.9 %
Wholesale	<b>875.9</b>	933.7	(6.2)%
Resale - utilities	<b>793.1</b>	1,240.6	(36.1)%
<b>Total MWh sales *</b>	<b>10,757.0</b>	11,007.4	(2.3)%

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

**GAS UTILITY OPERATIONS - SECOND QUARTER**

<b>(in millions)</b>	<b>Therms</b>											
	<b>2018</b>				<b>2017</b>				<b>Change</b>			
	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>
<b>Customer class</b>												
Residential	<b>169.5</b>	<b>138.4</b>	<b>47.0</b>	<b>354.9</b>	135.4	108.6	39.6	283.6	25.2%	27.4%	18.7%	25.1%
Commercial/industrial	<b>121.9</b>	<b>59.5</b>	<b>31.3</b>	<b>212.7</b>	91.8	51.8	27.7	171.3	32.8%	14.9%	13.0%	24.2%
<b>Total retail</b>	<b>291.4</b>	<b>197.9</b>	<b>78.3</b>	<b>567.6</b>	227.2	160.4	67.3	454.9	28.3%	23.4%	16.3%	24.8%
Transport	<b>322.2</b>	<b>169.1</b>	<b>168.1</b>	<b>659.4</b>	293.6	141.4	167.6	602.6	9.7%	19.6%	0.3%	9.4%
<b>Total therms delivered</b>	<b>613.6</b>	<b>367.0</b>	<b>246.4</b>	<b>1,227.0</b>	520.8	301.8	234.9	1,057.5	17.8%	21.6%	4.9%	16.0%

**WEC ENERGY GROUP, INC.**

**SECOND QUARTER YTD 2018 AND 2017 WEATHER AND VOLUMES**

<b>Weather — Degree Days</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b><i>Wisconsin Gas and Wisconsin Electric</i><sup>(1)</sup></b>			
Heating (4,169 Normal)	<b>4,248</b>	3,597	<b>18.1 %</b>
Cooling (166 Normal)	<b>217</b>	203	<b>6.9 %</b>
<b><i>Wisconsin Public Service</i><sup>(2)</sup></b>			
Heating (4,561 Normal)	<b>4,717</b>	4,107	<b>14.9 %</b>
Cooling (133 Normal)	<b>215</b>	125	<b>72.0 %</b>
<b><i>Upper Michigan Energy Resources</i><sup>(3)</sup></b>			
Heating (5,097 Normal)	<b>5,242</b>	4,803	<b>9.1 %</b>
Cooling (77 Normal)	<b>138</b>	47	<b>193.6 %</b>
<b><i>Peoples Gas and North Shore Gas</i><sup>(4)</sup></b>			
Heating (3,826 Normal)	<b>3,949</b>	3,263	<b>21.0 %</b>
<b><i>Minnesota Energy Resources</i><sup>(5)</sup></b>			
Heating (4,799 normal)	<b>5,149</b>	4,436	<b>16.1 %</b>
<b><i>Michigan Gas</i><sup>(5)</sup></b>			
Heating (3,959 normal)	<b>3,993</b>	3,384	<b>18.0 %</b>

<sup>(1)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from Mitchell International Airport in Milwaukee, Wisconsin.

<sup>(2)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from the Green Bay, Wisconsin weather station.

<sup>(3)</sup> Normal degree days are based on a 20-year moving average of monthly temperatures from the Iron Mountain, Michigan weather station.

<sup>(4)</sup> Normal degree days are based on a 12-year moving average of monthly temperatures from Chicago's O'Hare Airport.

<sup>(5)</sup> 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 - SECOND QUARTER YTD**

<b>(in thousands)</b>	<b>MWh</b>		
	<b>Wisconsin 2018</b>	<b>Wisconsin 2017</b>	<b>Change</b>
<b>Customer class</b>			
Residential	<b>5,282.5</b>	5,053.5	<b>4.5 %</b>
Small commercial and industrial*	<b>6,415.3</b>	6,306.2	<b>1.7 %</b>
Large commercial and industrial*	<b>6,376.7</b>	6,304.8	<b>1.1 %</b>
Other - retail	<b>84.3</b>	87.1	<b>(3.2)%</b>
<b>Total retail *</b>	<b>18,158.8</b>	17,751.6	<b>2.3 %</b>
Wholesale	<b>1,732.8</b>	1,876.6	<b>(7.7)%</b>
Resale - utilities	<b>3,236.7</b>	3,517.7	<b>(8.0)%</b>
<b>Total MWh sales *</b>	<b>23,128.3</b>	23,145.9	<b>(0.1)%</b>

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

**GAS UTILITY**

**OPERATIONS -**

**SECOND QUARTER YTD**

<b>(in millions)</b>	<b>Therms</b>								<b>Change</b>			
	<b>2018</b>				<b>2017</b>				<b>Change</b>			
	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>	<b>Wisconsin</b>	<b>Illinois</b>	<b>Other States</b>	<b>Total</b>
<b>Customer class</b>												
Residential	<b>693.8</b>	<b>567.0</b>	<b>217.4</b>	<b>1,478.2</b>	602.9	458.0	173.4	1,234.3	<b>15.1%</b>	<b>23.8%</b>	<b>25.4%</b>	<b>19.8%</b>
Commercial/industrial	<b>438.7</b>	<b>227.9</b>	<b>135.1</b>	<b>801.7</b>	372.6	195.1	111.6	679.3	<b>17.7%</b>	<b>16.8%</b>	<b>21.1%</b>	<b>18.0%</b>
<b>Total retail</b>	<b>1,132.5</b>	<b>794.9</b>	<b>352.5</b>	<b>2,279.9</b>	975.5	653.1	285.0	1,913.6	<b>16.1%</b>	<b>21.7%</b>	<b>23.7%</b>	<b>19.1%</b>
Transport	<b>735.2</b>	<b>525.7</b>	<b>392.3</b>	<b>1,653.2</b>	676.3	467.4	359.0	1,502.7	<b>8.7%</b>	<b>12.5%</b>	<b>9.3%</b>	<b>10.0%</b>
<b>Total therms delivered</b>	<b>1,867.7</b>	<b>1,320.6</b>	<b>744.8</b>	<b>3,933.1</b>	1,651.8	1,120.5	644.0	3,416.3	<b>13.1%</b>	<b>17.9%</b>	<b>15.7%</b>	<b>15.1%</b>

**WEC ENERGY GROUP, INC.**

**RETAIL ELECTRIC SALES VOLUME INFORMATION**

**SECOND QUARTER**

DELIVERED ELECTRIC VOLUMES - TOTAL WISCONSIN SEGMENT	Three Months Ended June 30		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized <sup>(1)</sup>	2018 Forecast vs. 2017 Normalized <sup>(1),(2)</sup>
Residential	4.5%	1.3%	— %
Small commercial/industrial	3.4%	2.4%	0.1 %
Large commercial/industrial (ex. mine)	1.1%	1.3%	(0.3)%
Total large commercial/industrial	1.2%	1.4%	(0.3)%
Total retail sales volumes	2.9%	1.7%	(0.1)%
Total retail sales volumes (ex. mine)	2.9%	1.7%	(0.1)%

**RETAIL ELECTRIC SALES VOLUME INFORMATION**

**SECOND QUARTER YTD**

DELIVERED ELECTRIC VOLUMES - TOTAL WISCONSIN SEGMENT	Six Months Ended June 30		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized <sup>(1)</sup>	2018 Forecast vs. 2017 Normalized <sup>(1),(2)</sup>
Residential	4.5%	1.3%	— %
Small commercial/industrial	1.7%	0.4%	0.1 %
Large commercial/industrial (ex. mine)	0.9%	1.0%	(0.3)%
Total large commercial/industrial	1.1%	1.3%	(0.3)%
Total retail sales volumes	2.3%	0.9%	(0.1)%
Total retail sales volumes (ex. mine)	2.3%	0.9%	(0.1)%

<sup>(1)</sup> Normalized — 20 year average weather adjusted.

<sup>(2)</sup> Actual results may differ materially from these forecasts because of seasonal, economic, and other factors.

**WEC ENERGY GROUP, INC.**

**RETAIL NATURAL GAS SALES VOLUME INFORMATION**

**SECOND QUARTER**

DELIVERED NATURAL GAS VOLUMES - TOTAL WISCONSIN SEGMENT	Three Months Ended June 30		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized <sup>(1)</sup>	2018 Forecast vs. 2017 Normalized <sup>(1),(2)</sup>
Residential	25.3%	(1.7)%	0.5 %
Total commercial/industrial	26.5%	9.0 %	0.1 %
Interruptible	144.9%	144.9 %	(12.6)%
Total retail sales volumes	28.4%	5.2 %	0.1 %
Transport (w/o power generation)	9.9%	7.9 %	0.7 %
Total sales volumes (w/o power generation)	18.2%	6.6 %	0.3 %

**RETAIL NATURAL GAS SALES VOLUME INFORMATION**

**SECOND QUARTER YTD**

DELIVERED NATURAL GAS VOLUMES - TOTAL WISCONSIN SEGMENT	Six Months Ended June 30		Annual
	2018 Actual vs. 2017 Actual	2018 Normalized vs. 2017 Normalized <sup>(1)</sup>	2018 Forecast vs. 2017 Normalized <sup>(1),(2)</sup>
Residential	15.1%	2.3%	0.5 %
Total commercial/industrial	15.9%	6.5%	0.1 %
Interruptible	63.8%	63.8%	(12.6)%
Total retail sales volumes	16.1%	4.6%	0.1 %
Transport (w/o power generation)	9.2%	6.7%	0.7 %
Total sales volumes (w/o power generation)	13.4%	5.4%	0.3 %

<sup>(1)</sup> Normalized — 20 year average weather adjusted.

<sup>(2)</sup> Actual results may differ materially from these forecasts because of seasonal, economic and other factors.

# WEC ENERGY GROUP, INC.

## OTHER FINANCIAL INFORMATION SIX MONTHS ENDED JUNE 30, 2018 AND 2017

<b>EBIT and EBITDA</b> <i>(in millions)</i>	<b>2018</b> <b>Actual</b>	<b>2017</b> <b>Actual</b>
Net income attributed to common shareholders	\$ 621.1	\$ 555.7
Income tax expense	139.4	329.1
Interest expense	215.2	206.6
<b>EBIT</b>	<b>975.7</b>	<b>1,091.4</b>
Depreciation and amortization	415.3	392.3
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 1,391.0</b>	<b>\$ 1,483.7</b>

<b>Capitalization Structure</b> <i>(in millions)</i>	<b>June 30, 2018</b>	
	<b>Actual</b>	<b>Adjusted <sup>(2)</sup></b>
Common shareholders' equity	\$ 9,725.8	\$ 9,975.8
Preferred stock of subsidiary	30.4	30.4
Long-term debt (including current maturities)	9,502.8	9,252.8
Short-term debt	1,370.0	1,370.0
<b>Total capitalization</b>	<b>\$ 20,629.0</b>	<b>\$ 20,629.0</b>
<b>Total debt</b>	<b>\$ 10,872.8</b>	<b>\$ 10,622.8</b>
<b>Ratio of debt to total capitalization</b>	<b>52.7%</b>	<b>51.5%</b>

<b>Capitalization Structure</b> <i>(in millions)</i>	<b>December 31, 2017</b>	
	<b>Actual</b>	<b>Adjusted <sup>(2)</sup></b>
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
<b>Total capitalization</b>	<b>\$ 20,525.1</b>	<b>\$ 20,525.1</b>
<b>Total debt</b>	<b>\$ 11,033.3</b>	<b>\$ 10,783.3</b>
<b>Ratio of debt to total capitalization</b>	<b>53.8%</b>	<b>52.5%</b>

<sup>(1)</sup> 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 8.

<sup>(2)</sup> Included in long-term debt is the \$500.0 million principal amount of WEC Energy Group's 2007 Series A Junior Subordinated Notes due 2067, as these debt securities are reflected as long-term debt on our 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
<b>WEC Energy Group, Inc.</b>			
Senior unsecured debt	BBB+	Baa1	BBB+
Commercial paper	A-2	P-2	F2
Junior subordinated notes	BBB	Baa2	BBB-
<b>Wisconsin Electric</b>			
Senior unsecured debt	A-	A2	A+
Commercial paper	A-2	P-1	F1
<b>Wisconsin Public Service</b>			
Senior unsecured debt	A-	A2	A+
Commercial paper	A-2	P-1	F1
<b>Wisconsin Gas</b>			
Senior unsecured debt	A	A2	A
Commercial paper	A-1	P-1	F2
<b>Peoples Gas Light &amp; Coke</b>			
Senior secured debt	N/A	Aa3	A+
Commercial paper	A-2	P-1	F2
<b>North Shore Gas</b>			
Senior secured debt	N/A	N/A	AA-
<b>Elm Road Generating Station Supercritical, LLC</b>			
Senior secured debt	A-	A2	A+
<b>Integrus Holding, Inc.</b>			
Senior unsecured debt	BBB+	Baa1	BBB+
Junior subordinated notes	BBB	Baa2	BBB-