



Allen L. Leverett
President and
Chief Executive Officer

Message from the President and Chief Executive Officer

More than 8,400 employees of WEC Energy Group are committed to social responsibility and sustainable business practices as they pursue excellence for our customers and stockholders every day. We understand that corporate responsibility means aligning our policies and practices with the needs and concerns of our key stakeholders while managing risk, and accounting for our economic, environmental and social impact.

It is a privilege to write this message as the president and chief executive officer, succeeding Gale E. Klappa, who retired May 1, 2016, and now serves as non-executive chairman of the board. As noted in last year's Corporate Responsibility Report, our organization has undergone a significant transformation. We announced in 2014 our plan to acquire Integrys Energy Group in a transaction valued at \$9 billion. On June 29, 2015, Wisconsin Energy completed the acquisition of Integrys Energy, forming WEC Energy Group.

Today, we are one of the nation's largest electric and natural gas delivery companies, with deep operational expertise, scale and financial resources to meet our region's future energy needs. We have a strong platform for growth — a platform focused on the energy needs of 4.4 million customers in Wisconsin, Illinois, Michigan and Minnesota.

We achieved several milestones in 2015 that demonstrate our continued focus on execution, delivering world-class results, and creating value for our customers and stockholders.

- We Energies was named the most reliable utility in the Midwest for the fifth consecutive year. In national studies, We Energies again ranked in the top quartile in the Midwest for customer service and power quality, and the top quartile nationally for customer service.
- Wisconsin Public Service was ranked number two in the Midwest for overall customer satisfaction among mid-sized utilities.
- Employees at We Energies achieved a safety milestone, recording the safest year in more than 115 years of operation.
- We invested nearly \$780 million in our core Wisconsin energy business, with all major projects on time and on budget. The conversion of our Valley

Power Plant near downtown Milwaukee from coal to natural gas was completed, and we placed into commercial service an 85-mile expansion of our natural gas distribution network in western Wisconsin – the largest expansion of our natural gas distribution in our history.

Through disciplined cost control and effective planning, we delivered solid operating earnings in 2015 and a strong total return for investors.

Investment opportunities ahead

Looking ahead, assessing the reliability needs of our customers, we expect to invest more than \$1.5 billion a year in new, modern infrastructure to satisfy customers in today's digital, just-in-time world.

We estimate that more than half of our capital investments – about \$800 million annually – will be dedicated to our natural gas delivery business, providing safer and more reliable infrastructure and extending our distribution network to additional customers in the Midwest. We also plan to spend about \$400 million a year to upgrade and strengthen our electric delivery networks.

We expect the remaining investments – about \$300 million a year – will be focused on our generating fleet and corporate infrastructure. These projections do not include any potential capital that would be needed for compliance with the Clean Power Plan.

The Clean Power Plan was introduced in 2015 by the Environmental Protection Agency. The ultimate goal of this new regulation is to dramatically reduce carbon dioxide (CO₂) emissions across the U.S. by the year 2030. A specific target has been set for each state. In Wisconsin, for example, the plan calls for a 41 percent reduction in CO₂ emissions with an interim target set for 2022.

The U.S. Supreme Court has stayed the regulation. However, if the plan survives all legal challenges, additional investments in transmission, renewable energy and natural gas-fueled power plants may well be needed.

Incidentally, more than 50 percent of the electricity we delivered to our customers in 2015 already was derived from low- or no-carbon sources such as natural gas, nuclear fuel, wind farms and hydroelectric facilities. Furthermore, less than 30 percent of our revenues come from coal-based generation.

Continued progress on multiyear projects

We are making good progress on three multiyear projects that clearly will benefit our customers: the Twin Falls hydroelectric rebuild, fuel flexibility initiative at our Oak Creek Expansion Plant, and replacement of aging natural gas mains in Chicago.

In summary

Our company stands on a firm foundation, with more than a century of operating history. We continue to build on that foundation as we execute our responsibilities as a conscientious corporate citizen in the regions we serve, as environmental stewards and as financially disciplined, efficient operators to our customers and shareholders.

Sincerely,



Allen L. Leverett
President and Chief Executive Officer