

INTEGRYS HOLDING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2015	2014	2015	2014
<i>(in millions)</i>				
<b>Operating revenues</b>	<b>\$ 633.8</b>	<b>\$ 657.5</b>	<b>\$ 2,435.6</b>	<b>\$ 3,132.9</b>
<b>Operating expenses</b>				
Cost of sales	208.0	247.8	1,002.1	1,625.0
Other operation and maintenance	250.1	272.6	786.3	930.0
Depreciation and amortization	72.2	73.3	219.7	217.5
Property and revenue taxes	18.0	17.3	54.1	52.0
Merger costs	1.0	2.5	61.0	8.4
Impairment loss on property, plant, and equipment at PDL	—	—	10.7	—
Gain on sale of certain PDL solar power generation plants	—	—	(5.2)	—
Gain on abandonment of PDL's Winnebago Energy Center	—	(4.1)	—	(4.1)
Gain on sale of UPPCO, net of transaction costs	—	(86.3)	—	(85.4)
<b>Total operating expenses</b>	<b>549.3</b>	<b>523.1</b>	<b>2,128.7</b>	<b>2,743.4</b>
<b>Operating income</b>	<b>84.5</b>	<b>134.4</b>	<b>306.9</b>	<b>389.5</b>
Equity in earnings of transmission affiliate	22.5	23.4	61.9	68.9
Other income, net	6.4	7.7	15.5	20.0
Interest expense	37.6	38.6	116.6	117.6
<b>Other expense</b>	<b>(8.7)</b>	<b>(7.5)</b>	<b>(39.2)</b>	<b>(28.7)</b>
Income before income taxes	75.8	126.9	267.7	360.8
Income tax expense	29.6	52.2	100.5	138.6
<b>Net income from continuing operations</b>	<b>46.2</b>	<b>74.7</b>	<b>167.2</b>	<b>222.2</b>
Discontinued operations, net of tax	—	8.6	(0.8)	20.7
<b>Net income</b>	<b>\$ 46.2</b>	<b>\$ 83.3</b>	<b>\$ 166.4</b>	<b>\$ 242.9</b>

INTEGRYS HOLDING, INC.

<b>CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)</b> <i>(in millions)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Net income</b>	<b>\$ 46.2</b>	<b>\$ 83.3</b>	<b>\$ 166.4</b>	<b>\$ 242.9</b>
<b>Other comprehensive income, net of tax:</b>				
<b>Derivatives accounted for as cash flow hedges</b>				
Reclassification of net losses (gains) to net income, net of tax	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>(0.3)</b>
<b>Defined benefit plans</b>				
Pension and other postretirement benefit adjustments arising during period, net of tax	<b>—</b>	<b>—</b>	<b>0.7</b>	<b>(0.1)</b>
Amortization of pension and other postretirement benefit costs to net periodic benefit cost, net of tax	<b>0.4</b>	<b>0.4</b>	<b>2.0</b>	<b>1.2</b>
<b>Defined benefit plans, net</b>	<b>0.4</b>	<b>0.4</b>	<b>2.7</b>	<b>1.1</b>
<b>Other comprehensive income, net of tax</b>	<b>0.6</b>	<b>0.5</b>	<b>3.2</b>	<b>0.8</b>
<b>Comprehensive income</b>	<b>\$ 46.8</b>	<b>\$ 83.8</b>	<b>\$ 169.6</b>	<b>\$ 243.7</b>

# INTEGRYS HOLDING, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (in millions, except share and per share amounts)	September 30, 2015	December 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 11.0	\$ 18.0
Accounts receivable and unbilled revenues, net of reserves of \$54.4 and \$63.3, respectively	357.7	747.1
Receivables from related parties	6.3	—
Materials, supplies, and inventories	335.4	327.7
Assets held for sale	159.8	51.5
Deferred income taxes	126.3	52.4
Prepaid taxes	67.0	136.2
Other current assets	44.9	57.4
<b>Current assets</b>	<b>1,108.4</b>	<b>1,390.3</b>
<b>Long-term assets</b>		
Property, plant, and equipment, net of accumulated depreciation of \$3,240.7 and \$3,322.0, respectively	7,247.2	6,827.9
Regulatory assets	1,577.7	1,585.3
Equity investment in transmission affiliate	558.4	536.7
Goodwill	635.8	655.4
Other long-term assets	263.8	286.4
<b>Long-term assets</b>	<b>10,282.9</b>	<b>9,891.7</b>
<b>Total assets</b>	<b>\$ 11,391.3</b>	<b>\$ 11,282.0</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Short-term debt	\$ 258.3	\$ 317.6
Current portion of long-term debt	175.0	125.0
Accounts payable	479.0	490.7
Payables to related parties	11.0	—
Liabilities held for sale	21.6	13.8
Other current liabilities	322.9	393.5
<b>Current liabilities</b>	<b>1,267.8</b>	<b>1,340.6</b>
<b>Long-term liabilities</b>		
Long-term debt	2,901.3	2,956.3
Deferred income taxes	1,728.4	1,570.0
Deferred investment tax credits	64.9	60.6
Regulatory liabilities	497.4	508.8
Environmental remediation liabilities	578.9	579.9
Pension and other postretirement benefit obligations	275.0	274.6
Asset retirement obligations	497.0	479.1
Other long-term liabilities	188.0	161.3
<b>Long-term liabilities</b>	<b>6,730.9</b>	<b>6,590.6</b>
<b>Commitments and contingencies</b>		
<b>Common shareholders' equity</b>		
Common stock — \$0.01 par value; 1,000 shares authorized, issued, and outstanding at September 30, 2015 and \$1 par value; 200,000,000 shares authorized; 79,963,091 shares issued; 79,534,171 shares outstanding at December 31, 2014	—	80.0
Additional paid-in capital	2,700.2	2,642.2
Retained earnings	665.7	626.0
Accumulated other comprehensive loss	(24.4)	(27.6)
Shares in deferred compensation trust	—	(20.9)
<b>Total common shareholders' equity</b>	<b>3,341.5</b>	<b>3,299.7</b>
Preferred stock of subsidiary — \$100 par value; 1,000,000 shares authorized; 511,882 shares issued; 510,495 shares outstanding	51.1	51.1
<b>Total liabilities and equity</b>	<b>\$ 11,391.3</b>	<b>\$ 11,282.0</b>

# INTEGRYS HOLDING, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Nine Months Ended	
	September 30	
(in millions)	2015	2014
<b>Operating Activities</b>		
Net income	\$ 166.4	\$ 242.9
Reconciliation to cash provided by operating activities		
Depreciation and amortization	225.0	223.8
Deferred income taxes and investment tax credits, net	84.4	53.5
Contributions to pension and other postretirement plans	(7.0)	(95.4)
Goodwill impairment loss	—	6.7
Impairment loss on property, plant, and equipment at PDL	10.7	—
Gain on sale of certain PDL solar power generation plants	(6.1)	—
Gain on sale of UPPCO	—	(86.5)
Change in –		
Accounts receivable and unbilled revenues	353.7	340.4
Inventories	(20.1)	(156.0)
Other current assets	66.0	93.6
Accounts payable	(46.1)	(27.7)
Other current liabilities	20.4	13.7
Other, net	(29.4)	6.6
<b>Net cash provided by operating activities</b>	<b>817.9</b>	<b>615.6</b>
<b>Investing Activities</b>		
Capital expenditures	(636.8)	(574.8)
Cost of removal, net of salvage	(11.4)	(10.3)
Rabbi trust funding related to change in control	(14.3)	(113.0)
Withdrawal of restricted cash from Rabbi trust for qualifying payments	14.8	—
Proceeds from sale of certain PDL solar power generation plants	47.8	—
Purchase of natural gas distribution business in Minnesota	(11.0)	—
Proceeds from the sale of UPPCO	—	332.2
Other, net	2.5	(22.8)
<b>Net cash used in investing activities</b>	<b>(608.4)</b>	<b>(388.7)</b>
<b>Financing Activities</b>		
Exercise of stock options	4.1	20.0
Purchase of common stock	(23.9)	(45.7)
Dividends paid on common stock	(125.4)	(162.3)
Retirement of long-term debt	(5.0)	(100.0)
Change in short-term debt	(59.3)	66.5
Other, net	(7.0)	(11.6)
<b>Net cash used in financing activities</b>	<b>(216.5)</b>	<b>(233.1)</b>
<b>Net change in cash and cash equivalents</b>	<b>(7.0)</b>	<b>(6.2)</b>
Cash and cash equivalents at beginning of period	18.0	22.3
<b>Cash and cash equivalents at end of period</b>	<b>\$ 11.0</b>	<b>\$ 16.1</b>
<i>Cash paid for interest</i>	<i>\$ 88.9</i>	<i>\$ 88.1</i>
<i>Cash received for income taxes</i>	<i>\$ (46.9)</i>	<i>\$ (6.5)</i>