

Wisconsin Energy Corporation governance structure

Wisconsin Energy Corporation (WEC) is committed to conducting its business with the highest level of integrity, a business value that is the foundation of all of its decisions and actions.

WEC is acutely aware of its responsibility to have the appropriate governance structure and management systems in place for anticipating, planning and managing corporate initiatives. WEC's governance structure includes accountability to key stakeholders as well as policies and management systems that contribute to efficient and effective operations. WEC believes that effective corporate governance is an essential driver of stockholder value and a key component of sustainability at successful companies.

Corporate governance guidelines

Since 1996, WEC's board of directors has maintained corporate governance guidelines that provide a framework under which it conducts business. The board's corporate governance committee reviews the guidelines annually to ensure that the board is providing effective governance over the affairs of the company.

[Corporate Governance Guidelines](#)

Board of directors

WEC's board of directors is the governing body responsible for overseeing the corporation's identification and management of economic, environmental and social performance. The board meets regularly throughout the year and routinely hears reports from designated committees that assist with these oversight responsibilities.

The board's corporate governance committee annually evaluates the expertise and needs of the board to determine its proper membership and size. WEC currently has nine members on its board. [Board of Directors](#)

The board retains the right to exercise its discretion in combining or separating the offices of chairman of the board and chief executive officer (CEO). Given the uniqueness and complexity of the company's industry, operations and regulatory environment, the board believes that the current structure, where WEC's chairman of the board also is its CEO, provides the company with clear leadership and a single voice in implementation of its strategy and in leading discussions at the board level.

The board currently does not appoint a lead independent director; however, director Bowles, the chair of the corporate governance committee, acts as presiding director whenever the independent directors meet in executive session without any management present. The board believes that such leadership

Wisconsin Energy Corporation Board of Directors



John F. Bergstrom



Barbara L. Bowles



Patricia W. Chadwick



Robert A. Cornog



Curt S. Culver



Thomas J. Fischer



Gale E. Klappa



Ulice Payne, Jr.



Frederick P. Stratton, Jr.

John F. Bergstrom, *Director since 1987*, Chairman and Chief Executive Officer, Bergstrom Corporation

Barbara L. Bowles, *Director since 1998*, Retired Vice Chair, Profit Investment, Management and Retired Chairman, The Kenwood Group, Inc.

Patricia W. Chadwick, *Director since 2006*, President, Ravengate Partners LLC

Robert A. Cornog, *Director since 1993*, Retired Chairman of the Board, President and Chief Executive Officer, Snap-on Incorporated

Curt S. Culver, *Director since 2004*, Chairman and Chief Executive Officer, MGIC Investment Corporation and Mortgage Guaranty Insurance Corporation

Thomas J. Fischer, *Director since 2005*, Principal, Fischer Financial Consulting LLC

Gale E. Klappa, *Director since 2003*, Chairman of the Board, President and Chief Executive Officer, Wisconsin Energy Corporation

Ulice Payne, Jr., *Director since 2003*, Managing Member, Addison-Clifton, LLC

Frederick P. Stratton, Jr., *Director since 1987*, Chairman Emeritus, Briggs & Stratton Corporation



evolves naturally and may vary depending upon the issue under consideration. Therefore, the appointment of a designated lead independent director is not necessary.

Committees play a significant role in the corporate governance practices of WEC's board. Committees are empowered to act on behalf of the board in those areas prescribed by the board. The board presently has the following five standing committees:

- Audit and oversight
- Executive
- Compensation
- Finance
- Corporate governance

Except for the executive committee, all committees are composed of independent directors. The executive committee includes the chairman, president and CEO of the company, who is not independent. All committees, except the executive committee, operate under a charter approved by the board.

[Committee Composition and Committee Responsibilities](#)

Board independence

WEC's Corporate Governance Guidelines provide that the board of directors should consist of at least a two-thirds majority of independent directors. No director qualifies as independent unless the board affirmatively determines that the director has no material relationships with the corporation. The board annually conducts a formal review of whether its directors meet the independence guidelines. The results are published each year in WEC's annual meeting proxy statement. Based upon WEC's independence standards, the board has affirmatively determined that eight of its nine current directors are independent.

A complete set of WEC's director independence standards may be found in [Appendix A](#) to the corporate governance guidelines. These standards include those established by the New York Stock Exchange as well as a series of standards that are more comprehensive than New York Stock Exchange requirements.

[Independence of the board](#)

Director selection

The board's corporate governance committee screens director candidates, including those recommended by stockholders.

[Criteria for selection of directors](#)

A complete set of criteria used to evaluate director candidates also may be found under [Selection of New Directors](#) in the Corporate Governance Guidelines.

Board and committee evaluations

The board evaluates its own collective performance annually under a process determined by the corporate governance committee. [Annual self-evaluation of the board](#)

The board's corporate governance committee uses the results of the board's self-evaluation as part of its annual review of the Corporate Governance Guidelines and to foster continuous improvement of the board's activities.

Each committee, except the executive committee, also annually reviews its own activities against its charter requirements following a process similar to the annual board evaluation. Results of committee self-evaluations are reported to the board.

[Annual Self-Evaluation of the Committees](#)

Legal/litigation, regulatory, environmental, and ethics and compliance oversight

In conjunction with its regularly scheduled meetings, the board's audit and oversight committee reviews litigation matters to ensure that significant actual and potential litigation and insurance claims are receiving appropriate management attention. The committee also reviews environmental compliance matters to ensure that such matters are receiving appropriate management attention. Committee members also have direct access to and meet as needed with the officer in charge of each function without other management present, as appropriate. Management is required to report all significant legal and environmental matters to the committee. The committee also regularly reviews ethics and compliance matters, and receives an annual report related to the effectiveness of the overall ethics and compliance program.

Risk assessment and risk management oversight

The board oversees WEC's risk environment and has delegated specific risk monitoring responsibilities to the audit and oversight committee and the finance committee as described in each committee's charter. Both of these committees routinely report back to the board. The board and its committees also periodically receive briefings from management on specific areas of risk as well as emerging risks to the enterprise.

The audit and oversight committee periodically hears reports from management on WEC's major risk categories and exposures in such areas as compliance, environmental, legal/litigation and ethical conduct and steps taken to monitor and control such categories and exposures. This committee also devotes at least one meeting annually to review the processes used by the board's finance committee and the company's enterprise risk management and compliance risk steering committees with respect to risk oversight. The finance committee discusses WEC's risk assessment and risk management policies, and provides oversight of insurance matters to ensure that the company's risk management program is functioning properly. Both committees have direct access to, and meet as needed with, company representatives without other management present to discuss matters related to risk management.

The CEO, who is ultimately responsible for managing risk, regularly reports to the board on risk-related matters. WEC has implemented a quarterly process in which business unit leaders are to identify existing, new or emerging issues or changes within their business areas that could have enterprise implications and report them to WEC's enterprise risk management committee. This committee is comprised of management employees who are

responsible for specific business units and is tasked with ensuring that these risks and opportunities are appropriately addressed. In addition, WEC has established a compliance risk steering committee, comprised of senior level management employees, whose purpose is to foster an enterprise-wide approach to managing compliance. The results of these risk-management efforts are reported to the CEO and to the board or its appropriate committee.

Compensation philosophy and objectives

One of the principal responsibilities of the board's compensation committee is to provide a competitive, performance-based director and executive compensation program. This includes: (1) determining and periodically reviewing the committee's compensation philosophy; (2) determining and reviewing the compensation paid to executive officers (including base salaries, incentive compensation and benefits); (3) providing oversight of the compensation and benefits paid to other officers and key employees; and (4) establishing and administering the CEO compensation package. The committee also is charged with administering the compensation package of its nonemployee directors. All members of the compensation committee are independent. No member of the compensation committee is a current or former employee of the company.

[Compensation of directors and executives](#)

CEO evaluation

The board's compensation committee annually evaluates CEO performance and reports the results to the board. All nonemployee directors participate in this process. The compensation committee chair shares the results of the evaluation with the CEO, and the compensation committee uses those results to determine appropriate CEO compensation. [Annual evaluation of the CEO](#)

Guiding corporate principles

Board members and employees are expected to follow a set of principles that provide guidance in how the company goes about its business. These principles address, among other things: conflicts of interest; confidentiality; fair dealing; protection and proper use of company assets; and compliance with laws, rules and regulations (including insider trading laws).

[Guiding corporate principles](#)

Stockholder engagement

WEC's annual report, provided to all stockholders, includes an overview of company results and operations. WEC's annual meeting, held at a location convenient to a large number of stockholders and available via webcast, allows questions and comments. Proxy mailings provide an opportunity to vote on board candidates and other proposals via Internet, telephone or written proxy card. A stockholder hotline, dedicated email address and website allow questions and comments. A secure website allows account inquiries and transaction functions.

Meetings are conducted with institutional investors and presentations are made to analysts. Quarterly conference calls with analysts and portfolio managers hosted by the chairman, president and CEO, chief financial officer and other key corporate officers can be monitored by the news media and general public via phone or online. Presentation materials also are available online at www.wisconsinenergy.com/invest/present_webcasts.htm.

Corporate headquarters:

Wisconsin Energy Corporation
P.O. Box 1331
231 W. Michigan St.
Milwaukee, WI 53201
414-221-2345

NYSE ticker symbol: WEC

Number of registered stockholders as of Dec. 31, 2010:
43,641

Number of shares outstanding as of Dec. 31, 2010:
116,885,597

Wisconsin Energy Corporation: www.wisconsinenergy.com

We Energies: www.we-energies.com

Power the Future: www.powerthefuture.net

Individual investors

BNY Mellon

For inquiries about stockholder accounts (transfers, dividend payments, lost certificates, name or address changes, etc.) or WEC's dividend reinvestment and stock purchase plan, contact WEC's transfer agent, BNY Mellon Shareowner Services:

Phone

800-558-9663 from 7 a.m. to 7 p.m. Central time on any business day to speak to a stockholder services representative. Prerecorded information is available 24-hours a day, seven days a week.

Email

shrrelations@bnymellon.com

U.S. mail

Wisconsin Energy Corporation
c/o BNY Mellon Shareowner Services
P.O. Box 358035
Pittsburgh, PA 15252-8035

Online account access:

<https://m1.melloninvestor.com/mellonone/index.jsp>

For other individual investor inquiries, contact:

Stockholder Services
 Wisconsin Energy Corporation
 231 W. Michigan St., P346
 Milwaukee, WI 53203
 800-881-5882

Financial community inquiries

Securities analysts and institutional investors may contact the Investor Relations Line at 414-221-2592. Stockholders who hold Wisconsin Energy stock in brokerage accounts should contact their brokerage firm.

Manager of strategic planning and investor relations

Colleen F. Henderson, CFA
 Wisconsin Energy Corporation
 231 W. Michigan St.
 Milwaukee, WI 53203
 414-221-2592

Two-for-one Stock Split

Given the strong performance of WEC's common stock over the past 11 years, WEC's Board of Directors approved a two-for-one stock split of common stock on January 20, 2011. New shares were distributed on March 1, 2011 to stockholders of record at the close of business on February 14, 2011.

Stock purchase plan

Wisconsin Energy's Stock Plus Investment Plan provides a convenient way to purchase WEC common stock and reinvest dividends. For prospectus and enrollment, potential stockholders may go to www.wisconsinenergy.com and select the Investor Relations tab. They also may contact BNY Mellon Shareowner Services at 800-558-9663 to request an enrollment package. This is not an offer to sell, or a solicitation of an offer to buy, any securities. Any stock offering will be made only by prospectus.

Total shareholder return (2006-2010)*

Wisconsin Energy	71.3%
Dow Jones Industrial Average	23.5%
S & P 500 Index	12.0%
NASDAQ Composite Index	25.9%
Philadelphia Utility Index	20.8%
S & P 500 Electric Utility Index	20.3%

* Stock price appreciation plus reinvested dividends

Dividends

Dividends, as declared by the board of directors, typically are payable on the first day of March, June, September and December. Stockholders may have their dividends deposited directly into their bank accounts. Stockholders may contact BNY Mellon Shareowner Services to request an authorization form.

Internet access helps reduce costs

Visitors may access www.wisconsinenergy.com for the latest information about WEC. The site provides access to financial, corporate governance and other information, including Securities and Exchange Commission reports.

Annual certifications

WEC has filed the required certifications of its chief executive officer and chief financial officer under the Sarbanes-Oxley Act regarding the quality of its public disclosures. These exhibits can be found in the company's Form 10-K for the year ended Dec. 31, 2010. Last year, WEC filed the certification of WEC's chief executive officer regarding compliance with the New York Stock Exchange corporate governance listing standards with the NYSE on June 4, 2010.

Corporate governance

Wisconsin Energy is proud of its tradition of maintaining sound corporate governance practices. WEC has consistently received a perfect 10 — the highest possible score — from GovernanceMetrics International (GMI), a corporate governance research and ratings agency. In 2010, out of more than 4,200 companies worldwide evaluated by GMI, WEC was recognized again with a perfect 10 for excellence in corporate governance. WEC is the only company worldwide to consistently earn this distinction.

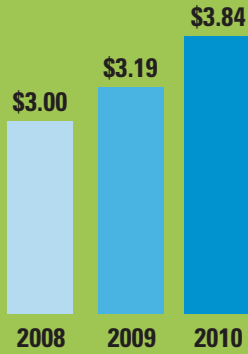
Stockholders' input

Stockholders who want to propose director candidates for consideration and recommendation by the corporate governance committee for election at the 2012 Annual Meeting of Stockholders must submit the candidates' names and qualifications to the corporate governance committee through the corporate secretary by no later than Nov. 1, 2011. Stockholders who intend to have a proposal considered for inclusion in the proxy materials for presentation at the 2012 annual meeting must submit the proposal to the company via the corporate secretary no later than Nov. 30, 2011.

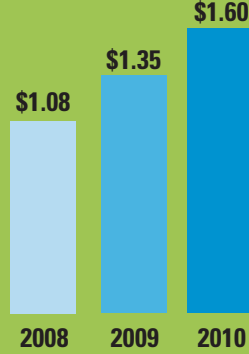
Pursuant to WEC's bylaws, stockholders who intend to present a proposal at the 2012 annual meeting without including it in the proxy materials, or who propose to nominate a person for election as a director at the meeting, must provide notice of such proposal or nomination to the corporation at least 70 days and not more than 100 days prior to the scheduled date of the 2012 annual meeting. Correspondence in this regard should be directed to the corporate secretary. The 2012 annual meeting of stockholders is tentatively scheduled for May 3, 2012.

Financial highlights

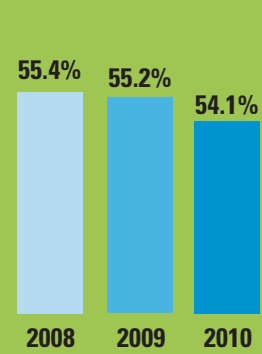
Earnings per share – continuing operations^a
(in dollars)



Dividends per share^b
(in dollars)



Year-end debt to total capital^c
(in percent)



a. Earnings per share do not reflect the two-for-one stock split on March 1, 2011.

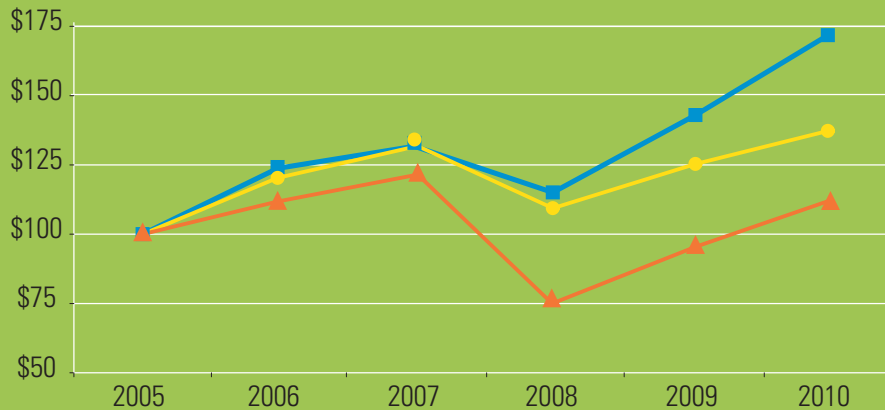
b. The quarterly dividend was increased from 40 cents per share to 52 cents per share in the first quarter of 2011. The dividend does not reflect the two-for-one stock distributed on March 1, 2011. The quarterly dividend is equal to 26 cents a share after the March 1, 2011, two-for-one stock split.

c. Attributes \$250 million of the \$500 million aggregate principal amount of 2007 Series A Junior Subordinated Notes to common equity. A majority of the rating agencies currently attribute at least 50% common equity to these securities. For further explanation, see page 34.

Wisconsin Energy Corporation Five-year performance

Annual Cumulative Returns
(including reinvested dividends)
with \$100 invested at 12/31/05

■ Wisconsin Energy Corporation
● Custom Peer Group Index
▲ S&P 500



Wisconsin Energy delivered a total return for the five-year period ended Sept. 30, 2010, that was the best among its peers in the electric utility industry. For its achievement, the company was honored with the Edison Electric Institute's Index Award in the large utility category.



Memberships 4.13

The following is a list of industry, business, and other associations and organizations of which Wisconsin Energy Corporation and its subsidiaries are members.

[American Coal Council](#)

[Midwest Rural Energy Council](#)

[American Gas Association](#)

[National Energy Resources Organization](#)

[American Wind Energy Association](#)

[National Hydropower Association, Inc.](#)

[Association of Edison Illuminating Companies, Inc.](#)

[National Minority Supplier Development Council](#)

[Better Business Bureau](#)

[Natural Gas Vehicle Coalition](#)

[Competitive Wisconsin](#)

[Public Affairs Council](#)

[Consortium for Energy Efficiency](#)

[Public Policy Forum](#)

[Corporate Executive Board](#)

[Racine Area Manufacturers & Commerce Board](#)

[Edison Electric Institute](#)

[Racine County Economic Development Corporation](#)

[Electric Power Research Institute](#)

[Renew Wisconsin](#)

[Energy Center of Wisconsin](#)

[Scientech, LLC](#)

[Federation of Environmental Technology](#)

[U. S. Green Building Council](#)

[Greater Milwaukee Committee](#)

[UTC, The Telecommunications Association](#)

[Health Enhancement Research Organization](#)

[Wisconsin Economic Development Association](#)

[Interstate Renewable Energy Council](#)

[Wisconsin Clean Cities Southeast Area Inc.](#)

[Metropolitan Milwaukee Association of Commerce](#)

[Wisconsin Safety Council](#)

[Michigan Electric & Gas Association](#)

[Wisconsin Green Building Alliance](#)

[Michigan Manufacturers Association](#)

[Wisconsin Utilities Association](#)

[Midwest Energy Association](#)

[Wisconsin Utility Investors](#)

Energy Park at Wisconsin State Fair

The We Energies Energy Park is a fun and educational experience offering a wide range of activities held during the annual Wisconsin State Fair. The daily lineup features performances, exhibits and demonstrations in a clean, relaxing park setting. Customers and visitors learn how to safely use electricity and natural gas. Fairgoers can watch safety demonstrations of skills and precautions used by employees every day on the job. Fairgoers also get an opportunity to meet electric, natural gas and forestry workers and ask questions.

LINKS

[Energy park](#)

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