



Skilled workforce

We Energies' workforce is composed of a wide range of occupations, including skilled trades and technical workers, engineers, professional staff and management. The occupations serving the core of the company's operations, such as energy generation, delivery and service, often require years of training.

Over the next 10 years, approximately 28 percent of We Energies workers will be eligible to retire. The company anticipates that 9 percent will retire within the next five years. To ensure a proactive approach for ensuring the continuity of the company's service delivery, the human resources department facilitates an annual strategic workforce planning process with the business leadership. The workforce planning process entails identifying the company's strategic business needs over a three-year horizon, evaluating the human resource requirements, analyzing the company's workforce demographics, and assessing the internal and external talent pools.

The outcome of the annual workforce analysis is a workforce plan that helps identify where the most significant labor gaps will occur in the next one to three years. The formal workforce planning and development process was acknowledged by the North American Reliability Program as a best practice for utilities.

There is no single source for finding the needed talent. The company has built strong relationships with two- and four-year colleges in the area. Each year, the company employs students in internships and cooperative-education programs throughout the company. The company has been successful in moving the majority of these students to full-time opportunities after graduation. The company also has strengthened ties with community organizations that can help find talent. Finally, the

company has partnered with military organizations and veterans groups to attract people with technical and leadership skills.

Succession planning and internal talent development are integral components of the workforce planning process. The Wisconsin Energy Corporation (WEC) board of directors reviews the executive leadership succession plans annually to ensure leadership continuity. Company officers conduct an annual talent review to ensure that talent is being developed for future senior leadership roles. The senior talent review process also identifies early career talent to assess for future leadership potential and to consider for development plans that may include short-term rotational assignments. Succession planning is conducted in the business units to ensure the development of talent pools for critical operational roles where external talent may be difficult to find.

As a strategy for developing the external labor pool, the Wisconsin Energy Foundation contributes to nonprofit organizations that support recruiting needs for a diverse, promotable workforce. In 2010, contributions were made to the Workforce Investment Board, Milwaukee Urban League and the United Negro College Fund, as well as many accredited educational institutions within the service territory.

Diversity

WEC encourages diverse workforce development by fostering inclusion and equal opportunity. Diversity is a value and a strength that drives success and helps the company realize its full potential and business goals. A number of initiatives promote diverse workforce contributions, educate employees about diversity issues and make WEC and its subsidiaries attractive employers for persons of diverse backgrounds.

Challenging Work
Team Support
Friendly Work Environment
Training Opportunities
Competitive Benefits

The Ultimate Source of Energy... Our People

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Wisconsin Energy Corporation (WEC) Workforce Diversity Mission Statement

We live in a world of great diversity – gender, race, culture, age, sexual orientation, abilities, skills, experience, values, hopes, fears and dreams. In human diversity we see strength, the uniqueness, that each of us can contribute to the greater good. By valuing this diversity, we are each afforded, and in turn afford others, the opportunity to contribute to and benefit from our company's success. WEC is committed to maximizing both individual contributions and organizational effectiveness through the diversity of its workforce. For this purpose, we will:

- Ensure a highly qualified and diverse organization in all areas and at all levels.
- Actively seek out and encourage diverse ideas, perspectives and points of view.
- Establish an environment of inclusion that respects and embraces diversity.

These commitments reflect Wisconsin Energy's strong determination to become a high performance, pluralistic organization that will achieve a sustained competitive advantage in a global energy marketplace.

Benefits/salary

WEC publicly reports compensation information as required by law. WEC complies with federal and state laws and maintains compensation equity for salary between men and women.

WEC's compensation package offers a variety of benefits. Full-time benefits include:

- Medical insurance
- Dental insurance
- Prescription drug coverage
- Life insurance
- Mental health counseling
- Employee assistance program
- Pension plan
- Retirement planning seminars
- Computer purchase plan
- Employee retirement savings plan – 401(k)
- Matching gifts program
- Scholarships
- Short-term disability
- Long-term disability
- Transit system programs
- Tuition reimbursement program
- Fitness centers
- Vacation days

Full-time status is to work a schedule of 40 hours or more per week. However, these benefits also are available to part-time (nonseasonal) employees, some on a prorated basis or with adjusted costs (e.g., medical, dental).

Diversity demographics LA13

	2010	2009	2008	2007	2006
Officers and managers at We Energies *	57	57	54	55	58
Women officers and managers	30%	32%	31%	31%	28%
Minority officers and managers	12%	14%	15%	15%	14%
Women on board of directors	22%	22%	22%	20%	20%
Minorities on board of directors	22%	22%	22%	20%	20%
Employees who are women	30%	30%	30%	30%	30%
Employees who are minority	15%	14%	14%	14%	12%

*Officers and managers include senior management (director level and above).

Turnover rates for We Energies LA2

Year	Average population ¹	Rate	Minority	Women	Age group		
					< 30 years ⁴	30-50 years	> 50 years
2010	4,650	5%	7%	6%	3%	3%	8%
2009	4,673	7%	8%	7%	3% ⁵	2% ⁵	12% ⁵
2008	4,802	5%	7%	6%	4%	3%	8%
2007	4,817 ²	6%	8%	6%	—	—	—
2006	5,145	7%	12% ³	8%	—	—	—

¹ Average population is total employee population as of January plus total employee population as of December divided by two. It does not include temporary employees.

² Excludes employees from the Point Beach Nuclear Plant divestiture in September 2007.

³ The increase in minority turnovers is primarily due to retirements.

⁴ Age group not reported prior to 2008.

⁵ In 2009, the company experienced a significant increase in retirements due to favorable General Agreement on Trade and Tariffs (GATT) rates.

Minimum notice period(s) in collective agreements

We Energies does not have minimum notice periods regarding operational changes, and the company has management's rights to operate the business, except as specifically limited by a labor agreement. Labor agreements vary on requiring a minimum notice period to reduce a workforce, ranging from no notice requirements to a minimum of three months notice. There are schedule change notice requirements by labor agreement or by practice, ranging up to 10 days depending on the work group.

All employees are asked to focus on enterprisewide performance standards and behaviors critical for the success of the business. The leadership success model introduced in 2003 is part of this alignment.

Performance management

Employees need to hold each other accountable for demonstrating the top four competencies directly linked with business success:

- Customer focus
- Sense of urgency
- Personal responsibility for results
- Financial discipline

This clear expectation affects the entire performance management process. It requires a determined effort on the part of employees to apply the right energy and focus to achieving their goals, and calls upon managers and leaders to provide support and guidance aimed at encouraging the behaviors critical for company success.

Performance management is the process for aligning employee performance with the needs of the business. It includes goal setting, performance monitoring, measuring and appraising, providing feedback and recognition.

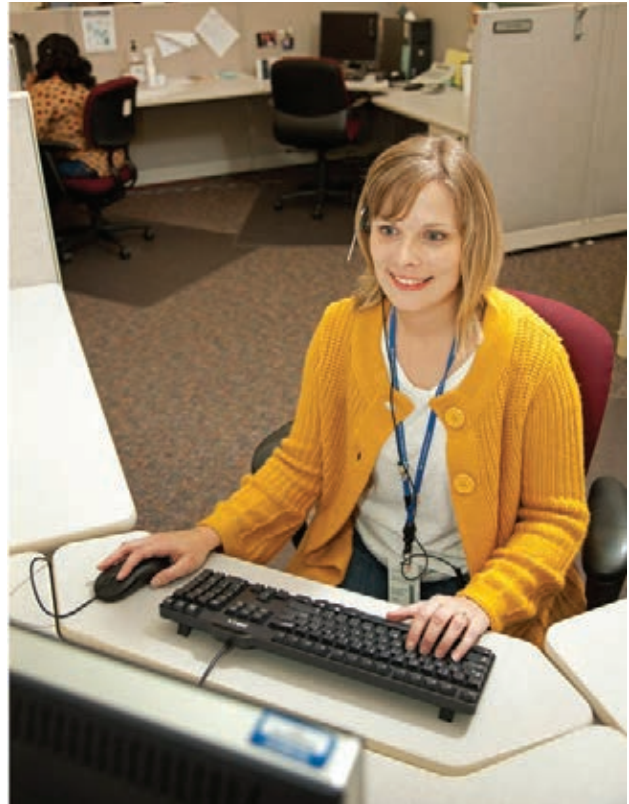
Training and education LA10, LA11

We Energies believes that employee training and development gives a sustainable competitive edge for the future. The average hours of training per year per employee is more than 40 hours. Employee development through performance reviews takes place on a regular basis.

Training is a key element in improving the performance levels of employees and, therefore, improving customer service and corporate performance.

In 2010, We Energies employees completed nearly 50,000 assessments through e-learning. Some of the courses delivered through e-learning include annual ethics training, safety refreshers, operator qualification training and other job skill training.

E-learning has allowed the business to increase the efficiency in training employees. Employees have become experienced



in e-learning and now spend less time completing the same training as they have in past years.

Employees also have access to online training that ranges from learning software programs to leadership competencies. Employees can set up learning roadmaps for specific topics or take individual courses based on their needs. Employees also are provided with access to portals that include topical references, online books, job aids and simulations.

In addition to technical training offered to all employees, a variety of soft skills programs are made available to employees. These offerings include development for administrative professionals, courses for employees considering a career change, and courses to improve upon communication, decision-making, problem-solving and time management skills.

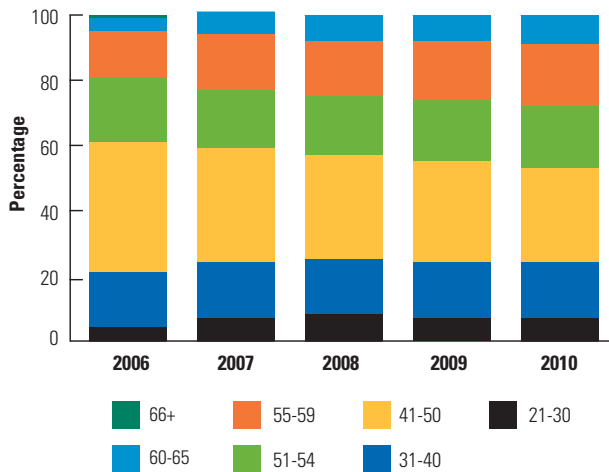
Development of leadership and management skills is a priority. The corporate leadership development program begins at the supervisor level with a mandatory supervisor core curriculum for new supervisors within the first seven months of their appointment. The curriculum includes training on leadership, performance management, diversity and inclusion, communication and other important business and management skills for supervisors/leaders.

The development of managers constitutes the second tier of leadership development, and this is accomplished in partnership with the Sheldon B. Lubar School of Business at University

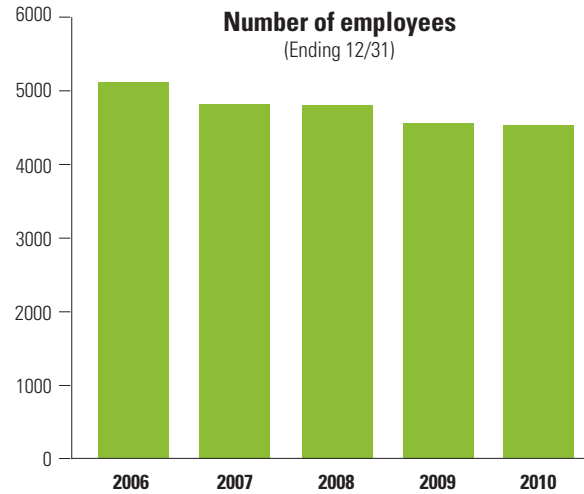
of Wisconsin-Milwaukee. Managers are offered an intensive six-day curriculum with training on accountability, developing and implementing strategy, managing financial performance, team effectiveness, decision-making, negotiation and leading change.

The third tier of leadership development is offered annually to the director/senior managers of the company, consisting of executive education tailored to align with specific leadership requirements. In 2010, the executive program was delivered by the Center for Executive Education affiliated with the Wisconsin School of Business.

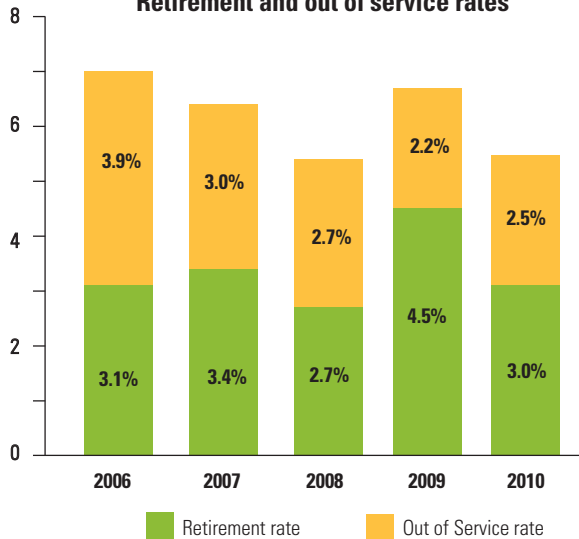
Employees by age



Number of employees



Retirement and out of service rates



Hiring rates



Labor practices and decent work LA1, LA4

WEC has a strong local union presence that spans Wisconsin and Michigan's Upper Peninsula. Represented employees comprise 66 percent of the workforce. The following includes all that were employed on Dec. 31, 2010.

Utility energy segment	Total employees	Represented employees
Wisconsin Electric	4,128	2,720
Wisconsin Gas	444	321
Total	4,572	3,041
Nonutility energy segment	19	—
Other	5	—
Total employees	4,596	3,041



Local 2150, International Brotherhood of Electrical Workers (IBEW)	Represents employees in field, plant, maintenance, office, technical and clerical functions in various areas of Wisconsin and Michigan.	1,982*
Local 510, IBEW	Represents office and plant (operations, maintenance, supply and electrical) employees at the Presque Isle Power Plant in Marquette, Mich.	128
Local 317, International Union of Operating Engineers (IUOE)	Represents fossil-fueled plant operations and maintenance employees as well as maintenance employees in downtown Milwaukee, Wis.	539
Local 2006, Unit 1, United Steel Workers (USW)	Represents employees in gas, water, metering and supply in Milwaukee, Wisconsin, and other portions of southeast Wisconsin.	224**
Local 2006, Unit 3, USW	Represents employees in custodial functions in southeast Wisconsin.	6
Local 2006, Unit 5, USW	Represents employees in gas, maintenance, metering, supply, customer service, office and technical functions in Lake Geneva, Wis., and surrounding areas.	162

Total number of represented employees **3,041**

* Includes 8 seasonal employees

** Includes 103 former Unit 1 employees and 121 former Unit 2 employees

Public safety practices

Committed to keeping the public safe

We Energies builds and operates its network of power lines and facilities with the safety of its employees and the public as its number one priority. The company has developed and implemented an integrity management program for its natural gas transmission mains. High consequence areas were identified, an initial risk analysis was completed and assessment plans were created. The company performs a physical assessment of transmission mains and provides remediation as necessary.

Education and outreach

WEC's utility subsidiaries are committed to educating the public about the potential hazards of its energy systems and products. The company values energy education and offers school programs, classroom resources and lesson plans to teach safety and help teachers, schools and civic organizations achieve science curriculum goals. Traveling science programs, classroom materials such as books, brochures, posters and other teacher workshop materials are provided upon request.

We Energies staff performs safety demonstrations for fire departments, schools and other organizations upon request, throughout Wisconsin and Upper Michigan. In addition, power plants and hydro facilities offer emergency response plan awareness training to local areas upon request.

We Energies collaborates with Wisconsin State Fair Park to feature electric and natural gas safety education for adults and children.

We Energies invites local contractors to attend meetings to teach them how to identify and work safely around utility facilities. Each year, We Energies actively plans and delivers training for various public safety agencies, police and fire departments, rescue services, emergency government representatives and public officials. In addition, the company hosts a feature on its website, we-energies.com, to educate contractors and the general public about safety issues.

Agriculture services and safety

We Energies has a well-established agriculture services program, and employees work closely with farm customers to measure electric magnetic fields and stray and contact voltages.

Stray voltage is a general term used to describe low-level voltages found on metal surfaces with which livestock may come into contact. This occurs primarily on dairy farms. The company's trained technicians have performed hundreds of stray voltage investigations free of charge.



Additionally, the company has representation on several committees concerned with the issue, including the Wisconsin Utilities Association Stray Voltage and Electrical Exposure Committee, Institute of Electrical and Electronics Engineers, Working Group on Voltages at Publicly and Privately Accessible Locations, Electric Power Research Institute, and the Electric and Magnetic Fields Task Force.

Internal safety practices

Safety record

We Energies is committed to keeping employees safe. Since 2003, the company has improved its safety record by reducing the number of Occupational Safety and Health Administration (OSHA) recordable cases by 63 percent. The company is the safest utility in Wisconsin and has its sights on being one of the safest in the nation.

The company's employee safety success can be attributed to increasing employee accountability at all levels, improving injury case management and improving employee engagement. The company's management team uses weekly safety conference calls to focus on safety for the high-risk field occupations. During the calls, management discusses every injury, accident and significant event that has taken place.

To help improve the safety culture, management employees are expected to provide daily information and communication about safety topics. Additionally, they are responsible for implementing and evaluating safety programs and conference-call outcomes.

2010 best year for employee safety

2010 was the best year for employee safety in recorded company history in terms of Occupational Safety and Health Administration-recordable and lost-time injuries, as well as leading indicators. The results continue a trend of fewer and fewer injuries each year for the past six years and indicate that We Energies employees have the resources to work safely. OSHA-recordable injuries finished the year at 2.20, better than the stretch goal of 2.42. The result is a 33 percent reduction from 2009 results and a 60 percent reduction from 2005. Lost-time injuries finished at 0.43, better than the stretch goal of 0.46. The result is a reduction of 15 percent from 2009 and 48 percent from 2005.

Company safety structure

Management participation begins at the senior executive level with the Executive Safety Committee (ESC). The ESC vision: "We commit to zero workplace injuries. This commitment is both a personal and a corporate obligation."

The ESC provides corporate leadership and direction for safety and health. The committee provides a forum for review and discussion of accidents and injuries, implementation of injury-prevention activities and new and ongoing safety and health initiatives. The committee ensures consistency across work groups.

Company management supports employee safety through local Safety Action Teams. Each team is co-chaired by both management and represented employees. The result is a cooperative effort to ensure that every employee has a voice. Management's support in monitoring action items and providing organizational leverage to resolve issues helps to ensure success of the Safety Action Teams.

Workgroup-specific events are held throughout the company to focus on safety. Employees in high-hazard occupations participate in an annual safety conference where management and represented employees discuss safety topics such as safety goals, tools/equipment to increase safety and ways to keep each other safe. The meetings help set the stage for a safe year.

Safety strategy

The company's safety strategy includes using leading-indicator goals and leveraging existing programs that yield proven results. Establishing leading-indicator safety goals, enhancing the leadership development program and making a shared commitment to safety continue to be at the top of the 2010 Corporate Safety strategic plan. Additionally, a continued commitment to tried-and-true safety programs such as the Near Miss/Unsafe Condition program is expected to further improve the company's safety performance.

Safety goals

In addition to measuring OSHA and lost-time incidents, the company bases goals on successful implementation of leading indicators. Leading indicators are measurable injury-prevention activities that raise awareness of and spark conversations about employee safety. The company began measuring leading indicators in 2009 and has seen value in their impact on safety performance. Leading-indicator goals include:

- **Near Miss/Unsafe Condition program metrics** – Increase the reporting of near miss/unsafe conditions.
- **Safety audits, inspections and observation metrics** – Measure companywide safety audits, observations and inspections.
- **Health Enhancement Initiative (HEI) program participation** – Ensure a healthy and safety-focused workforce by increasing the number of employees who participate in at least one of HEI's programs.
- **Safety training** – Ensure employees complete assigned safety training.

Each department monitors the four leading-indicator goals. A monthly scorecard is available on the company intranet so employees may monitor progress.

Leadership development

The strategic plan also focuses on continued development of company leaders in terms of safety. Safety focus is a critical part of the leadership success model and competency standards for individuals and executives alike.

Injury trend



Employees at all organization levels are encouraged to work with a safety focus. The following expectations have been set for safety performance:

Individual employees

- Develop an understanding of safety requirements to identify and address the root cause of potential and actual workplace safety issues.
- Understand and comply with safety rules and practices, and encourage others to do so as well.
- Ensure personal training and qualifications are up-to-date.

Supervisors

- Have an expanded view of safety awareness.
- Ensure team members conform to safety requirements.
- Hold safety as a value.
- Address and confront unsafe behavior or conditions wherever they are found.

Managers

- Demonstrate awareness, direct corrections and remain vigilant and committed.
- Effectively provide reinforcement of safety messages.
- Encourage continued improvement.
- Use proactive measures.

Executives

- Set aggressive near- and long-term goals.
- Provide resources to meet goals.
- Collaborate with other executives.
- Communicate regularly and consistently about the issues.
- Ensure actions mirror words.
- Monitor safety plans and track desired results, show awareness of adverse trends and emphasize successes.
- Reward positive behaviors promptly.
- Confront negative behaviors promptly.
- Demand that employees consider safety in all operational decisions.

Safety culture

Safety commitment

To achieve the goal of zero workplace injuries, the company and union leadership urge every employee to make a personal safety commitment. The purpose of the commitment is to encourage employees to talk with each other about safety on a regular basis and to foster a culture where everyone feels comfortable giving and receiving constructive feedback about safety.

The company promotes corporate safety commitments that complement the program through listening to employee concerns, training to current standards, and by recognizing those who demonstrate concern for safety.

“The Safety Commitment is about creating an environment where people feel comfortable to speak up about safety – and where people appreciate that someone’s looking out for their well-being.”

– Charley Cole
Senior vice president
Customer Operations



Safety Charity Challenge

Another effort designed to foster a positive safety culture is the Safety Charity Challenge, a companywide challenge where employees who meet safety goals vote on where the Wisconsin Energy Foundation donates \$40,000. The purpose of the program is to rally employees around workplace safety and to positively impact the communities in which they live, work and do business.

Safety programs

Employees participate in safety programs in a variety of ways. Every employee is responsible for attending regular safety meetings. Employees are held accountable to report any injury or accident, whether it is preventable or unpreventable.

Near Miss/Unsafe Condition reporting

Best practice reviews find that a Near Miss/Unsafe Condition reporting program is key to lowering incident rates. Before an injury or lost-time incident occurs, there are at-risk behaviors and near miss events that can be educational. Reporting these incidents is the essential first step. To enhance the process, the company has improved its tracking mechanism and is evaluating additional options to improve data-mining capabilities. Reports serve as a leading indicator of conditions or behaviors in the company, allowing interventions before injuries occur. Reporting encourages all employees to own accident prevention and allows situations to be publicized to a wide audience, providing an educational benefit to all.

Contractor safety

We Energies provides a contractor safety program designed to ensure that all work on company facilities is performed safely and to avoid unnecessary risks and hazards. Contractor selection includes careful evaluation of candidates’ OSHA incident rates and experience modification rates.

The company’s standard contract form provides a detailed explanation of contractors’ employee safety and health obligations and includes a review of their respective safety and health programs. In addition, the company thoroughly reviews their safety performance prior to awarding contracts.

Risk evaluation

In the past, the company has viewed electric shock as its number one on-the-job safety risk; however, it now recognizes that many strain- and sprain-related injuries may be avoided through an ergonomics program.

The company has teams across various business units that analyze tools, equipment and job techniques – using ergonomics as the basis of the review. Outputs include handbooks on implementing the tools and videos to demonstrate proper tool use. The company also has implemented stretching and strengthening programs for field employees.

Employee health and safety

We Energies recognizes that healthy employees are often more productive and have fewer on-the-job injuries. To this end, the company provides various benefits and resources designed to promote healthy living both at work and at home.

The company offers competitive benefit plans to employees designed to help them actively manage their health care costs. Employees are encouraged to receive preventive examinations and to be proactive about their health. Also, the company offers free onsite health screenings for blood pressure, cholesterol and blood sugar values and provides an incentive to receive a free health-risk appraisal.

With an aging employee population, chronic conditions are a growing concern for the company. That's why the company provides an independent condition management program to support individuals and their family members so they can live well with their chronic health concerns, ranging from cancer to coronary artery disease to musculoskeletal pain. The program is a free benefit to employees enrolled in a company medical plan.

In addition, health coaching for lifestyle issues also is available to employees who participate in a health incentive program.

The company encourages employees to use its Employee Assistance Program (EAP). EAP is a free benefit for all We Energies employees and their families, regardless of whether they are enrolled in one of the company's medical plans. EAP is a confidential way to get professional problem assessment, referrals, short-term counseling and treatment monitoring. An external counseling agency administers EAP. Available services address mental health and substance abuse, personal/family problems, elder care/child care referrals, workplace crisis management and adolescent issues.

The company's Health Enhancement Initiative (HEI) is a health and wellness resource for employees and their families. By engaging employees in health education activities and promoting healthy lifestyle habits at work and home, HEI works to decrease individual and corporate health care expenditures.

HEI facilitates the company health screenings and hosts multi-week health challenges for individuals and teams, and provides other resources to encourage employees to take care of their personal health. HEI began in 1997 as a component of the corporate health care strategy to stabilize the company's health care costs. Employees who take part in HEI programs have shown positive changes in their health risk status as well as in health care cost stabilization.

In addition, the company has seven fitness centers located at various facilities, and several private fitness clubs have agreed to provide membership discounts to company employees. Fitness programming also is conducted at the headquarters; multiple locations in the enterprise have lunch or break-time walking groups.

