

# Wisconsin Energy Corporation

## 2010 Year End Earnings

Released February 1, 2011

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Feb. 1, 2011

## **Wisconsin Energy Corporation posts fourth quarter and full-year results for 2010**

MILWAUKEE – Wisconsin Energy (NYSE: WEC) today reported earnings from continuing operations of \$126 million or \$1.06 a share for the fourth quarter of 2010. This compares with earnings from continuing operations of \$113 million or 96 cents a share for the final quarter of 2009.

Fourth quarter revenues were \$1.09 billion in 2010, compared with \$1.06 billion in the corresponding quarter a year ago. For the full year 2010, revenues were \$4.20 billion, up slightly from \$4.10 billion in 2009.

Wisconsin Energy's 2010 earnings from continuing operations totaled \$454 million or \$3.84 per share. In 2009, earnings from continuing operations were \$376 million or \$3.19 per share.

Total sales of electricity to retail customers across the region rose by 6 percent during 2010. Residential use of electric energy grew by 6 percent as households responded to warm, humid summer temperatures. And electricity usage by commercial and industrial customers increased by 6.1 percent – reflecting a modest recovery in the economy.

At the end of 2010, the company was serving 2,800 more electric customers and 4,300 more natural gas customers than the prior year.

Among the positive factors contributing to the company's 2010 results were effective cost controls, warm summer weather and earnings from the first expansion unit at Oak Creek, which was placed into commercial operation in February 2010. Unit 2 at Oak Creek began commercial service on Jan. 12, 2011.

"During the past year, we completed the largest construction project in Wisconsin history – adding efficient, state of the art capacity that will serve our customers well for decades to come," said Gale Klappa, chairman, president and chief executive officer. "And on virtually every meaningful operating measure, from safety to customer satisfaction to power restoration after major storms, the company made great strides during the year."

Earnings per share listed in this news release are on a fully diluted basis and do not reflect the impact of the previously announced two-for-one stock split which will be effective March 1, 2011.

### **Conference Call**

A conference call is scheduled for 1 p.m. Central time on Wednesday, Feb. 2, 2011. The presentation will review 2010 fourth quarter and year-end earnings and will discuss the company's outlook for the future.

All interested parties, including stockholders, the news media and the general public, are invited to listen to the presentation. The conference call may be accessed by dialing 866-439-9410 up to 15 minutes before the call begins. International callers may dial 706-643-5658. The confirmation code is 34794048. Access also may be gained through the company's website ([www.wisconsinenergy.com](http://www.wisconsinenergy.com)). Click on the icon for the "Year-end 2010 Earnings Release & Conference Call" and select "webcast audio." In conjunction with this earnings announcement, Wisconsin Energy will post on its website a package of detailed financial information on its fourth quarter performance. The materials will be available at 3:35 p.m. Central time on Feb. 1, 2011. An archive of the presentation will be available on the website after the call. A replay of the audio portion of the presentation will be available approximately two hours following the conclusion of the presentation and accessible through Feb. 16, 2011. Domestic callers should dial 800-642-1687. International callers should dial 706-645-9291. The replay confirmation code is 34794048.

*Wisconsin Energy Corporation (NYSE: WEC), based in Milwaukee, is one of the nation's premier energy companies, serving more than 1.1 million electric customers in Wisconsin and Michigan's Upper Peninsula and more than 1 million natural gas customers in Wisconsin. The company's principal utility is We Energies. The company's other major subsidiary, We Power, designs, builds and owns electric generating plants.*

*Wisconsin Energy Corporation ([www.wisconsinenergy.com](http://www.wisconsinenergy.com)), a component of the S&P 500, has more than \$12 billion of assets, approximately 4,700 employees and approximately 43,600 stockholders of record.*

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### **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 regarding the operation of Unit 1 and Unit 2 at Oak Creek. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, but are not limited to: catastrophic weather-related or terrorism-related damage; unscheduled generation outages or unplanned maintenance or repairs; unanticipated events causing scheduled generation outages to last longer than expected; the impact of recent and future federal, state and local legislative and regulatory changes, including any new environmental laws; 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, 2009 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 statements, whether as a result of new information, future events or otherwise.

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Tables Follow

**WISCONSIN ENERGY CORPORATION**  
**CONSOLIDATED CONDENSED INCOME STATEMENTS**

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
	(Millions of Dollars, Except Per Share Amounts)			
Operating Revenues	\$1,089.8	\$1,061.3	\$4,202.5	\$4,100.9
Operating Expenses				
Fuel and purchased power	228.5	250.2	1,099.9	1,059.7
Cost of gas sold	232.5	244.1	751.5	912.0
Other operation and maintenance	356.5	311.0	1,327.5	1,246.1
Depreciation and decommissioning	77.0	85.9	305.6	343.0
Property and revenue taxes	26.2	27.6	106.0	110.5
Total Operating Expenses	<u>920.7</u>	<u>918.8</u>	<u>3,590.5</u>	<u>3,671.3</u>
Amortization of Gain	<u>46.6</u>	<u>53.5</u>	<u>198.4</u>	<u>230.7</u>
Operating Income	215.7	196.0	810.4	660.3
Equity in Earnings of Transmission Affiliate	14.6	15.5	60.1	59.1
Other Income and Deductions, net	14.7	4.5	40.2	28.5
Interest Expense, net	<u>51.5</u>	<u>37.7</u>	<u>206.4</u>	<u>156.7</u>
Income from Continuing				
Operations Before Income Taxes	193.5	178.3	704.3	591.2
Income Taxes	<u>67.9</u>	<u>65.2</u>	<u>249.9</u>	<u>215.5</u>
Income from Continuing Operations	125.6	113.1	454.4	375.7
Income from Discontinued				
Operations, Net of Tax	<u>0.3</u>	<u>5.6</u>	<u>2.1</u>	<u>6.7</u>
Net Income	<u>\$125.9</u>	<u>\$118.7</u>	<u>\$456.5</u>	<u>\$382.4</u>
Earnings Per Share (Basic)				
Continuing operations	\$1.07	\$0.97	\$3.89	\$3.21
Discontinued operations	0.01	0.05	0.02	0.06
Total Earnings Per Share (Basic)	<u>\$1.08</u>	<u>\$1.02</u>	<u>\$3.91</u>	<u>\$3.27</u>
Earnings Per Share (Diluted)				
Continuing operations	\$1.06	\$0.96	\$3.84	\$3.19
Discontinued operations	-	0.05	0.02	0.05
Total Earnings Per Share (Diluted)	<u>\$1.06</u>	<u>\$1.01</u>	<u>\$3.86</u>	<u>\$3.24</u>
Weighted Average Common				
Shares Outstanding (Millions)				
Basic	116.9	116.9	116.9	116.9
Diluted	118.4	118.0	118.4	117.9
Dividends Per Share of Common Stock	\$0.40	\$0.3375	\$1.60	\$1.35

**WISCONSIN ENERGY CORPORATION**  
**CONSOLIDATED CONDENSED BALANCE SHEETS**

	December 31	
	2010	2009
	(Millions of Dollars)	
<b><u>Assets</u></b>		
Property, Plant and Equipment, Net	\$9,601.5	\$9,015.8
Investments		
Equity investment in transmission affiliate	330.5	314.6
Other	45.8	44.1
Total Investments	376.3	358.7
Current Assets		
Cash and cash equivalents	24.5	20.2
Restricted cash	8.3	194.5
Accounts receivable	344.6	298.7
Accrued revenues	280.3	288.7
Materials, supplies and inventories	379.1	378.1
Regulatory assets	54.4	58.9
Prepayments and other	239.9	290.2
Total Current Assets	1,331.1	1,529.3
Deferred Charges and Other Assets		
Regulatory assets	1,090.1	1,180.5
Goodwill, net	441.9	441.9
Other	218.9	171.7
Total Deferred Charges and Other Assets	1,750.9	1,794.1
Total Assets	\$13,059.8	\$12,697.9
<b><u>Capitalization and Liabilities</u></b>		
Capitalization		
Common equity	\$3,802.1	\$3,566.9
Preferred stock of subsidiary	30.4	30.4
Long-term debt	3,932.0	3,875.8
Total Capitalization	7,764.5	7,473.1
Current Liabilities		
Long-term debt due currently	473.4	295.7
Short-term debt	657.9	825.1
Accounts payable	315.4	290.6
Regulatory liabilities	15.3	222.8
Other	259.1	259.9
Total Current Liabilities	1,721.1	1,894.1
Deferred Credits and Other Liabilities		
Regulatory liabilities	883.8	876.0
Deferred income taxes - long-term	1,154.8	1,017.9
Deferred revenue, net	805.5	739.1
Pension and other benefit obligations	353.2	318.7
Other	376.9	379.0
Total Deferred Credits and Other Liabilities	3,574.2	3,330.7
Total Capitalization and Liabilities	\$13,059.8	\$12,697.9

**WISCONSIN ENERGY CORPORATION**  
**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31</b>	
	<b>2010</b>	<b>2009</b>
	(Millions of Dollars)	
<b>Operating Activities</b>		
Net income	\$456.5	\$382.4
Reconciliation to cash		
Depreciation and amortization	317.4	346.9
Contribution to benefit plans	-	(289.3)
Working capital and other	36.5	188.9
<b>Cash Provided by Operating Activities</b>	<b>810.4</b>	<b>628.9</b>
<b>Investing Activities</b>		
Capital expenditures	(798.2)	(814.6)
Change in restricted cash	186.2	192.0
Proceeds from asset sales	68.7	16.8
Other investing activities, net	(90.2)	(130.3)
<b>Cash Used in Investing Activities</b>	<b>(633.5)</b>	<b>(736.1)</b>
<b>Financing Activities</b>		
Common stock issued (repurchased), net	(65.7)	(12.6)
Dividends paid on common stock	(187.0)	(157.8)
Change in debt, net	71.1	263.2
Other financing activities, net	9.0	2.9
<b>Cash (Used in) Provided by Financing Activities</b>	<b>(172.6)</b>	<b>95.7</b>
<b>Change in Cash</b>	<b>4.3</b>	<b>(11.5)</b>
<b>Cash at Beginning of Year</b>	<b>20.2</b>	<b>31.7</b>
<b>Cash at End of Year</b>	<b>\$24.5</b>	<b>\$20.2</b>

**Wisconsin Energy Corporation**  
**2010 Fourth Quarter Results - Factors Affecting Earnings**

All Values in Millions Except Earnings per Share

<u>Operating Income by Segment</u>	<u>2010</u>	<u>2009</u>	<u>Significant Factors</u>	<u>B(W)</u>
Utility Energy	\$ 154	\$ 172		\$ (18)
			Retail Sales - Weather	1
			Price Excluding Fuel	36
			Utility Depreciation	15
			O&M	(83)
			Fuel Recoveries	3
			Other	10
			Total Utility	<u>\$ (18)</u>
Non-Utility Energy	64	29	OC Unit 1	35
Corporate & Other	(2)	(5)		3
<b>Total Operating Income</b>	<b>216</b>	<b>196</b>		<b>20</b>
Equity in Earnings of Transmission Affiliate	15	16		(1)
Other Income and Deductions, net	15	4		11
Interest Expense	<u>52</u>	<u>38</u>	Higher Debt Levels; Lower Capitalized Interest	<u>(14)</u>
Income from Continuing Operations Before Income Taxes	194	178		16
Income Taxes	<u>68</u>	<u>65</u>		<u>(3)</u>
Income from Continuing Operations	126	113		<u>13</u>
Income (Loss) from Discontinued Operations, net	<u>-</u>	<u>6</u>		<u>(6)</u>
Net Income	<u>\$ 126</u>	<u>\$ 119</u>		<u>7</u>
Earnings Per Share (Diluted)				
Continuing Operations	\$ 1.06	\$ 0.96		\$ 0.10
Discontinued Operations	-	0.05		(0.05)
Total Earnings Per Share (Diluted)	<u>\$ 1.06</u>	<u>\$ 1.01</u>		<u>\$ 0.05</u>
Average Diluted Shares Outstanding (Millions)	118.4	118.0		

**Wisconsin Energy Corporation**

**Twelve Months Ended December 31, 2010 and 2009 - Factors Affecting Earnings**

All Values in Millions Except Earnings per Share

	<u>2010</u>	<u>2009</u>	<u>Significant Factors</u>	<u>B(W)</u>
<b><u>Operating Income by Segment</u></b>				
Utility Energy	\$ 564	\$ 551		\$ 13
			Price Excluding Fuel	160
			Retail Sales - Weather	49
			Utility Depreciation	62
			O&M	(215)
			Fuel Recoveries	(63)
			Other	20
			Total Utility	<u>\$ 13</u>
Non-Utility Energy	252	120	OC Unit 1	132
Corporate & Other	(6)	(11)		5
<b>Total Operating Income</b>	<b>810</b>	<b>660</b>		<b>150</b>
Equity in Earnings of Transmission Affiliate	60	59		1
Other Income, net	40	29		11
Interest Expense	206	157	Higher Debt Levels; Lower Capitalized Interest	(49)
Income from Continuing Operations Before Income Taxes	704	591		113
Income Taxes	250	215		(35)
Income from Continuing Operations	454	376		78
Income (Loss) from Discontinued Operations, net	2	6		(4)
Net Income	<u>\$ 456</u>	<u>\$ 382</u>		<u>\$ 74</u>
Earnings Per Share (Diluted)				
Continuing Operations	\$ 3.84	\$ 3.19		\$ 0.65
Discontinued Operations	0.02	0.05		(0.03)
Total Earnings Per Share (Diluted)	<u>\$ 3.86</u>	<u>\$ 3.24</u>		<u>\$ 0.62</u>
Average Diluted Shares Outstanding (Millions)	118.4	117.9		

## Wisconsin Energy Corporation Fourth Quarter 2010 Revenues and Sales

<b>Consolidated Revenues - \$ Millions</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Utility Electric	\$ 703.6	\$ 672.4	\$ 31.2
Utility Gas	366.5	376.9	\$ (10.4)
Other	19.7	12.0	\$ 7.7
Total Revenues	<u>\$ 1,089.8</u>	<u>\$ 1,061.3</u>	<u>\$ 28.5</u>

<b>Utility Electric Megawatt-Hour Sales - Thousands</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Total Sales	7,301.7	7,460.8	(2.1)%
Total Retail Sales	6,636.0	6,478.7	2.4%
Residential	2,042.6	2,050.5	(0.4)%
Small Commercial/Industrial	2,114.9	2,022.6	4.6%
Large Commercial/Industrial	2,435.0	2,361.8	3.1%
Other Retail	43.5	43.8	(0.7)%

<b>Utility Natural Gas Sales - Million Therms</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Total Sales	620.7	631.6	(1.7)%
Total Retail Sales	407.9	408.4	(0.1)%
Residential	256.3	252.4	1.5%
Commercial/Industrial	146.8	150.7	(2.6)%
Interruptible	4.8	5.3	(9.4)%

<b>Electric Utility Revenues - \$ Millions</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Operating Revenues:			
Residential	\$ 272.2	\$ 249.7	
Small Commercial/Industrial	222.9	203.4	
Large Commercial/Industrial	162.7	150.8	
Other Retail	6.1	5.8	
Wholesale - Other	27.5	29.6	
Resale - Utilities	6.2	16.0	
Other Operating Revenues	6.0	17.1	
Total Operating Revenues	<u>703.6</u>	<u>672.4</u>	4.6%
Amortization of Gain (a)	46.6	53.5	
Total Revenue and Bill Credits	<u>\$ 750.2</u>	<u>\$ 725.9</u>	3.3%

(a) The net gain on the Point Beach sale is being returned to customers, primarily in the form of bill credits. The net gain is being amortized to the income statement as we issue bill credits.

**Wisconsin Energy Corporation**  
**Twelve Months Ended December 31, 2010 Revenues and Sales**

<b>Consolidated Revenues - \$ Millions</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Utility Electric	\$ 2,936.3	\$ 2,685.0	\$ 251.3
Utility Gas	1,190.2	1,367.9	(177.7)
Other	76.0	48.0	28.0
Total Revenues	<u>\$ 4,202.5</u>	<u>\$ 4,100.9</u>	<u>\$ 101.6</u>

<b>Utility Electric Megawatt-Hour Sales - Thousands</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Total Sales	30,474.8	28,896.0	5.5%
Total Retail Sales	27,366.4	25,817.7	6.0%
Residential	8,426.3	7,949.3	6.0%
Small Commercial/Industrial	8,823.3	8,571.6	2.9%
Large Commercial/Industrial	9,961.5	9,140.3	9.0%
Other Retail	155.3	156.5	(0.8)%

<b>Utility Natural Gas Sales - Million Therms</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Total Sales	2,105.1	2,183.9	(3.6)%
Total Retail Sales	1,190.2	1,301.9	(8.6)%
Residential	741.2	803.4	(7.7)%
Commercial/Industrial	429.6	479.4	(10.4)%
Interruptible	19.4	19.1	1.6%

<b>Electric Utility Revenues - \$ Millions</b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>Change</u></b>
Operating Revenues:			
Residential	\$ 1,114.3	\$ 977.6	
Small Commercial/Industrial	922.2	860.3	
Large Commercial/Industrial	677.1	599.4	
Other Retail	21.9	21.2	
Wholesale - Other	134.6	116.7	
Resale - Utilities	40.4	47.5	
Other Operating Revenues	25.8	62.3	
Total Operating Revenues	<u>2,936.3</u>	<u>2,685.0</u>	9.4%
Amortization of Gain (a)	198.4	230.7	
Total Revenue and Bill Credits	<u>\$ 3,134.7</u>	<u>\$ 2,915.7</u>	7.5%

(a) The net gain on the Point Beach sale is being returned to customers, primarily in the form of bill credits. The net gain is being amortized to the income statement as we issue bill credits.

**Wisconsin Energy Corporation**  
**Cash Flow Information**  
**Twelve Months Ended December 31, 2010**

*All Values in Millions*

	<u>2010</u>	<u>2009</u>
<b>EBIT and EBITDA</b>		
Net Income	\$ 456.5	\$ 382.4
Income Taxes	249.9	215.5
Interest	206.4	156.7
EBIT	<u>912.8</u>	<u>754.6</u>
Depreciation and Amortization	317.4	346.9
EBITDA	<u>\$ 1,230.2</u>	<u>\$ 1,101.5</u>

<b>Funds From Operations</b>		
Net Income	\$ 456.5	\$ 382.4
Depreciation and Amortization	317.4	346.9
Contributions to Benefit Plans	-	(289.3)
Working Capital and Other	36.5	188.9
Total Operating Cash Flows	<u>810.4</u>	<u>628.9</u>
Change in Restricted Cash	186.2	192.0
Funds From Operations	<u>\$ 996.6</u>	<u>\$ 820.9</u>

<b>Capitalization Structure</b>	<b>December 31, 2010</b>	
	<u>Actual</u>	<u>Adjusted</u>
Common Equity	\$ 3,802.1	\$ 4,052.1
Preferred Stock of Subsidiary	30.4	30.4
Long-Term Debt (including current maturities)	4,405.4	4,155.4
Short-Term Debt	657.9	657.9
Total Capitalization	<u>\$ 8,895.8</u>	<u>\$ 8,895.8</u>
Total Debt	\$ 5,063.3	\$ 4,813.3

Debt to Total Capital Ratio	56.9%	54.1%
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Adjusted: Included in Long-Term Debt is the \$500 million aggregate principal amount of the 2007 Series A Junior Subordinated Notes due 2067 as these debt securities are reflected as long-term debt on our Consolidated Balance Sheets. The adjusted presentation attributes \$250 million of the Junior Notes to Common Equity and \$250 million to Long-Term Debt.

### Credit Ratings\*

	S & P	Moody's	Fitch
<b>Wisconsin Energy Corporation</b>			
- Commercial Paper	A-2	P-2	F2
- Unsecured Senior Debt	BBB+	A3	A-
- Unsecured Junior Notes	BBB-	Baa1	BBB
<b>Wisconsin Electric</b>			
- Commercial Paper	A-2	P-1	F1
- Unsecured Debt	A-	A2	A+
<b>Wisconsin Gas</b>			
- Commercial Paper	A-2	P-1	F1
- Unsecured Senior Debt	A-	A2	A+
<b>Wisconsin Energy Capital Corporation</b>			
- Unsecured Debt	BBB+	A3	A-
<b>Elm Road Generating Station Supercritical LLC</b>			
- Senior Debt	A-	A2	A+

\*All S&P, Moody's and Fitch ratings outlooks for the Companies are stable.

**Wisconsin Energy Corporation**  
**Addendum to Earnings Package**  
**Retail Electric Sales**

*2011 Forecast vs. 2010*

	<b>2011 Forecast vs <u>2010 Actual</u></b>	<b>2011 Forecast vs <u>2010 Normalized</u></b>
Residential	-3.2%	-0.4%
Small Commercial/Industrial	-1.0%	0.5%
Large Commercial/Industrial (ex. Mines)	-2.8%	-2.0%
Total Large Commercial/Industrial	<u>-2.2%</u>	<u>-1.6%</u>
Total Retail	<u>-2.1%</u>	<u>-0.6%</u>