

PROMISE. PERFORMANCE.



2005

PERFORMANCE REPORT SUMMARY



**Wisconsin Energy
Corporation**



Overview and Introduction

In many ways, 2005 can best be described as a year of promise and performance for Wisconsin Energy Corporation.

Promise... because a number of positive developments occurred that will allow us to move forward – building the infrastructure Wisconsin needs to meet the state's growing demand for energy.

Performance... because we were able to deliver higher customer satisfaction, solid financial results and real shareholder value.

Financial Highlights

Earnings from continuing operations totaled \$304 million or \$2.56 a share for 2005. On a comparable basis in 2004, earnings were \$220 million or \$1.84 per share. Warm summer weather, lower debt levels and six months of earnings from

our new gas-fired power plant in Port Washington, Wisconsin, were key factors in our improved results. Our stock continued to gain in value last year, trading at an all-time high of \$40.83 a share on Oct. 4, 2005. The stock closed the year above \$39 a share – up more than 15 percent from year-end 2004.

Over the past six years, we have outperformed the S&P 500 and our peer group of 30 utilities across the United States. Our ratio of debt to total capital in the business remained essentially unchanged as we closed 2005. We accomplished this in the face of soaring prices for natural gas, two refueling outages and vessel head replacements on the reactors at our Point Beach Nuclear Plant, and the investment of nearly \$750 million to improve our energy production and delivery system in Wisconsin and Michigan's Upper Peninsula.

In January 2006, our board of directors voted to raise the dividend on our common stock by 4.5 percent. This is the third time in three years that we've been able to increase our dividend payments, which is a reflection of the strong performance of our business and confidence in our long-term business plan.

We were pleased to be named one of the 10 best-managed utilities in America by *Forbes* magazine.

Key Accomplishments

- Achieved adjusted earnings from continuing operations of \$2.42 per share for 2005.
- Raised the dividend on our common stock by 4.8 percent in 2005 and an additional 4.5 percent in 2006.
- WEC common stock traded at an all-time high.
- Made significant progress on our Power the Future plan.
- Delivered higher levels of customer satisfaction.
- Both units at Point Beach were granted a 20-year license extension by the Nuclear Regulatory Commission.
- Rated perfect 10 in corporate governance by GovernanceMetrics International.

Operational Highlights

We made significant progress on our Power the Future plan in 2005. In late June 2005, the Supreme Court of Wisconsin reinstated an order from the Wisconsin Public Service Commission authorizing construction of two new coal-fired units at our site in Oak Creek, south of Milwaukee. With regulatory approvals secured, work began in earnest on this \$2.2 billion project. The first unit is scheduled for completion in 2009 – the second in 2010.



At our Port Washington site, north of Milwaukee, the first of two new gas-fired units went into service on July 16, 2005 – on time and on budget. This new power station, which was named the best gas-fired project of the year by *Power Engineering* magazine, is a cornerstone of our promise to deliver reasonably priced energy and improved environmental performance for decades to come. We will continue to move forward on the second unit at Port Washington in 2006. We expect to complete the project in time for the peak summer season in 2008.

Our nuclear units at Point Beach also achieved several milestones last year. In late December, the U.S. Nuclear Regulatory Commission extended the operating licenses for both units for an additional 20 years – to 2030 and 2033, respectively. Point Beach Unit 1 set a plant record with 472 days of continuous operation before being taken out of service for normal refueling.

Prosperous Economy

As we look back on 2005, I believe it's also important to note that nearly every sector of the Wisconsin economy posted gains. The state added some 37,700 jobs last year. In fact, according to the Bureau of Labor Statistics, Wisconsin added more jobs than nearly every neighboring state. Manufacturing and construction led the way, with the construction sector setting record employment levels during every month of 2005.

Our customer base and the demand for electricity and natural gas reflect this economic strength. We now serve 1.1 million electric customers in Wisconsin and upper Michigan and more than 1 million natural gas customers in Wisconsin. Our customers used 32.5 million megawatt-hours of electricity in 2005 – underscoring the ongoing need for energy to power the region's economy.

Customer Satisfaction and Reliability

Despite unprecedented volatility in the fuel markets that resulted in higher prices for electricity and natural gas, our customer satisfaction scores rose again in 2005. In the J.D. Power study of satisfaction among business customers, we ranked second in the Midwest and tied for seventh out of 53 major electric utilities nationwide. In our own surveys, more customers were very satisfied with the company and with our services than in 2004.

We also maintained our status as one of the most reliable utilities in the country. In 2005, one of the largest storms in the company's history left nearly 128,000 of our customers without power. The response from our crews and those who traveled here to help was swift and effective. We restored power to 70 percent of those customers in 24 hours, and virtually all were back in service in a record time of less than 60 hours.

As part of our effort to become the industry leader in customer satisfaction, we also increased the number of follow-up calls we made to customers after a transaction or an outage. In addition, we expanded our Business Contact Center in 2005 to better serve the special needs of small businesses throughout our region. We know from the lessons of history and the success of great businesses that financial discipline, a solid growth plan and a relentless focus on customer satisfaction lead to greater shareholder value. Our focus will be to make this enterprise even more valuable to our customers and stockholders in the year ahead.



Future Challenges

Looking ahead, we face three major challenges:

- Making the budgeted and scheduled progress on our construction program at Port Washington and at Oak Creek.
- Continuing our focus on financial discipline – producing the needed financial results and funding our construction effort, which will cost more than \$1 billion in 2006 and another \$2 billion by the end of 2008.
- Continuing to improve customer satisfaction. In the long run, this company, like any other enterprise, must focus on delivering high levels of customer satisfaction to succeed and prosper.

We continue to have a significant impact on the economic, civic and cultural vitality of the communities we serve. This report marks the fifth time we have measured our performance using the Global Reporting Initiative (GRI). Formed in 1997, the GRI provides a universal format for companies worldwide to evaluate and report their economic, environmental and social performance – and to solicit feedback from their constituencies. Please take time to look through the 2005 Wisconsin Energy Corporation Performance Report for examples and details. We invite your feedback on how we are doing.

Thank you for your confidence and support.

Gale E. Klappa
Chairman, President and
Chief Executive Officer



Our Values

We are committed to:

Safety

Keeping our workplace safe and our customers secure.

Integrity

Acting with honesty and keeping our commitments.

Excellence

Exceeding expectations.

Diversity

Fostering inclusion and equal opportunity.

Respect

Treating others in a courteous and professional manner.

Accountability

Accepting personal responsibility for results.

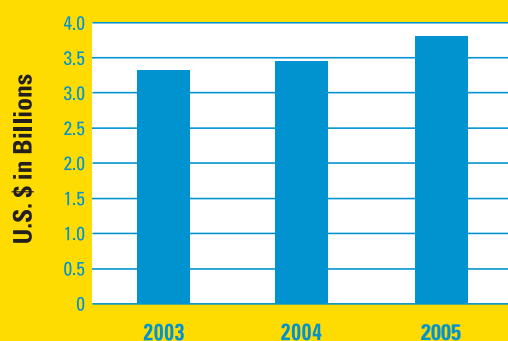


Economic Overview

Earnings from continuing operations totaled \$304 million or \$2.56 a share for 2005. On a comparable basis in 2004, earnings were \$220 million or \$1.84 per share. In 2005, the company recorded a gain of 14 cents per share from the recognition of state tax operating losses. In 2004, the company recorded debt redemption costs of 13 cents per share and severance costs of 16 cents per share. Excluding the effects of these items, adjusted earnings from continuing operations were \$2.42 per share in 2005 as compared with \$2.13 per share on the same basis in 2004.

Key factors driving the increase in adjusted earnings from continuing operations included favorable weather, lower debt levels and the company's new gas-fired generating facility in Port Washington. These were partially offset by higher fuel costs and increased operation and maintenance expenses at the company's Point Beach Nuclear Plant as a result of two scheduled refueling outages in 2005. Retail electricity sales grew by approximately 3 percent in 2005, driven in part by warm summer weather. Use of electricity by residential customers was up by 6.3 percent in 2005.

Wisconsin Energy Corporation Operating Revenues



Since 2000, Wisconsin Energy Corporation (WEC) has received total proceeds of approximately \$2.1 billion from the divestiture of various non-core businesses. The company has used the proceeds to reduce debt, strengthen its balance sheet, fund growth initiatives such as its Power the Future plan and repurchase common stock.

Year Ended December 31	2005	2004
Adjusted Diluted Earnings Per Share-Continuing Operations	\$2.42	\$2.13
Debt Redemption Costs	-	(0.13)
State Tax Benefits	0.14	-
Voluntary Severance Program	-	(0.16)
GAAP Earnings	\$2.56	\$1.84

Earnings Reconciliation

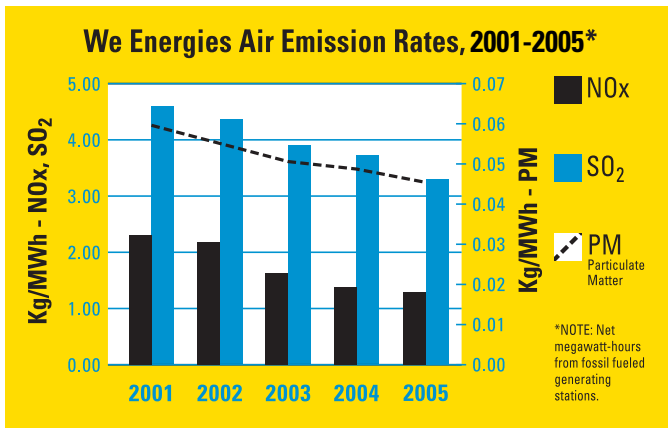
Adjusted earnings (non-GAAP earnings), which generally exclude nonoperational items as well as one-time charges or gains that are not associated with the company's ongoing operations, are provided as a complement to earnings presented in accordance with GAAP. These items are not indicative of the company's operating performance. Management believes that the presentation of adjusted earnings from continuing operations is relevant and useful to investors to understand WEC's operating performance and uses such measures internally to evaluate the company's performance and manage its operations.

Economic and Community Development

WEC's Power the Future initiative is expected to benefit the region's economic development by meeting a growing demand for electricity and ensuring a diverse fuel mix while keeping electricity prices reasonable.

Wispark LLC also supports economic development in Wisconsin. During 2005, Wispark continued to focus on the orderly disposition of existing assets and the completion of previously initiated, successful business park developments and build-to-suit industrial, office and distribution facilities within its business parks.

In December 2004, Wispark and CenterPoint Venture LLC announced formation of CenterPoint Wispark Land Company LLC to consolidate the parties' fully improved land holdings in the I-94 corridor north of Chicago, Illinois. Wispark also has supported the development of urban housing complexes and the development (or restoration) of retail and commercial properties.



A multi-emission approach was identified starting in 2001 as a means to address the many air quality issues (e.g., acid rain, climate change, mercury, ozone non-attainment, regional haze, New Source Review) confronting the corporation. We Energies has taken actions to reduce air emissions because environmental improvements can be obtained at less cost by implementing a comprehensive emissions control plan. This approach is reflected in We Energies' commitments to achieve significant reductions in emissions from its coal-fired power plants by 2013.

Investment in Advanced Emission Control Technologies

In 2003, We Energies and its project collaborators were notified that the company's proposal to the Department of Energy was accepted for funding under the department's Clean Coal Power Initiative. This five-year, \$50 million project will evaluate the Electric Power Research Institute-patented TOXECON mercury control process at PIPP. This full-scale research and development project aims to integrate power plant combustion and emission control processes to:

- Demonstrate mercury emissions reductions that may be as high as 90 percent.
- Develop a reliable Continuous Emissions Monitoring System for mercury.

- Determine whether sorbent injection can reduce SO₂ emissions by 70 percent while also optimizing control of NO_x emissions.
- Recover mercury captured in ash.

Construction of the TOXECON project began in July 2004 and was completed in late 2005. Testing of various sorbents for controlling mercury and other air pollutants is scheduled through 2009.

Compliance Assurance

WEC's environmental compliance assurance program is a key component of its overall environmental strategy.

WEC has a commitment to audit all of its operations in a timely fashion. The WEC audit schedule is reviewed annually and revised as necessary to meet changing regulatory requirements and the needs of operating facilities. The corporation uses a risk-based approach to potential environmental exposures to determine the necessary frequency of facility audits. During 2005, comprehensive audits were completed at four coal-fired power plants, three combustion turbine facilities, 14 hydro-electric power plants, one nuclear power plant and 12 service centers. Minor issues related to air, waste and water regulations were identified and corrected at individual facilities. The audits also identified opportunities for improvement at the facilities. The Wisconsin power plant and combustion turbine reviews are part of We Energies' voluntary Multi-Emission Environmental Cooperative Agreement with the Wisconsin Department of Natural Resources.

Research Support for Coal Combustion Product Utilization

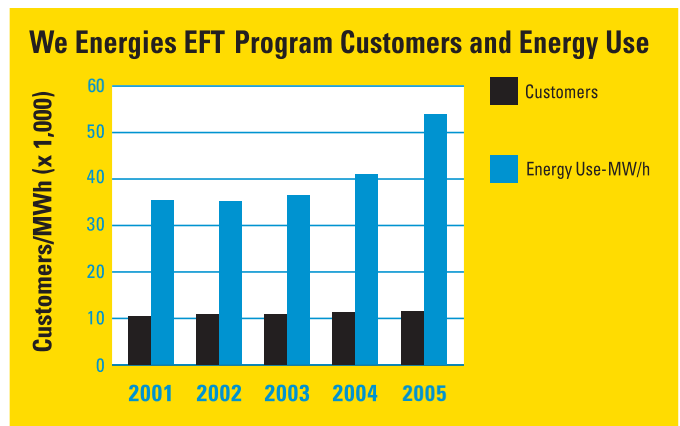
We Energies continues to fund innovative research focusing on the company's long-term goal to beneficially use 100 percent of the coal combustion products produced by its power plants. Collaborative projects with the University of Wisconsin-Milwaukee and other area universities have helped maintain and advance engineering and materials programs at those institutions. These expenditures have helped We Energies achieve 90 percent beneficial use of coal combustion products



and have resulted in several patented processes. In recognition of its innovation and leadership in expanding the markets for coal combustion products, We Energies received the 2005 U.S. Environmental Protection Agency Coal Combustion Products Partnership Award for coal ash utilization achievements and one of the Wisconsin Governor's New Product Awards for Conductive Concrete and Backfill materials (U.S. Patents: 6,461,424 and 6,821,336).

Increase in Use and Generation of Renewable Energy

At the end of 2005, 12,458 residential and commercial customers were enrolled in the Energy for Tomorrow® (EFT) renewable energy program. During the year, customers purchased 53,378 megawatt-hours (MWh) of renewable energy, and program



enrollment increased by more than 1,300 customers, keeping EFT one of the largest and most successful programs of its kind in the nation as ranked by the National Renewable Energy Laboratory. Renewable energy sold through the program in 2005 came from:

- We Energies' wind turbines in the town of Byron, Wisconsin (5 percent).
- The Badger Wind facility in Montfort, Wisconsin (26 percent).
- Small hydroelectric plants in Wisconsin owned by Cedarburg Hydroelectric Corp., Rock River Power & Light and North East Wisconsin Hydro (4 percent).
- Three landfill gas facilities in southeastern Wisconsin (65 percent).



We Energies' wind turbines in Byron, Wisconsin.

We Energies continues to operate two wind turbines in the town of Byron, Wisconsin, that provide a combined 1.32 megawatts (MW) of capacity, or enough for about 360 homes. In 2005, the two wind turbines generated 2,698 MWh of electricity. In 2003, We Energies signed contracts with Navitas Energy and Midwest Wind Energy for the entire electrical output from three wind farms to be constructed in Wisconsin. In June 2005, We Energies agreed to purchase the development rights for the two Navitas Energy wind farm projects. We Energies has filed with the Public Service Commission of Wisconsin (PSCW) for permission to build the projects and expects to have them on line in either 2008 or 2009 pending regulatory approval and wind turbine availability.



Recreational Use of Company Lands

We Energies works with communities and other parties to allow appropriate recreational use of company lands. This ranges from the use of the vast recreational lands and campgrounds within the Wilderness Shores hydroelectric lands, to the use of a closed landfill by a model airplane club. At Wilderness Shores Recreation Area, 33 semi-wilderness recreation areas are available, along with access to canoeing and boating, fishing, hunting, bird watching, hiking, cross-country skiing and snowshoeing.

WEC subsidiaries seek to sustain and enhance biodiversity and sensitive natural habitats. The corporation uses a variety of sound conservation practices to manage for multiple uses (aesthetics, biodiversity, cultural resources, forestry, recreation, water quality and wildlife) on properties it owns. WEC actively supports natural resource stewardship on issues such as:

Invasive Species. We Energies supports several activities aimed at controlling invasive plants and animals such as buckthorn, Eurasian water milfoil, garlic mustard, purple loosestrife and the zebra mussel. The company contributes to help other agencies and groups produce educational materials about invasive species and the threat they pose to biodiversity.

Fish Stocking. Since 2003, We Energies has worked with the Michigan Department of Natural Resources and local sport fishing organizations on a "penning project" for Chinook salmon at the Presque Isle Power Plant. The net penning process works as a "half-way house" for salmon that

would normally be planted directly into a body of water. The process allows fish to become acclimated to the river and to predators such as gulls, cormorants and others while minimizing risk. Return rates for similar projects have been up to 20 percent compared with direct planting return rates of approximately 2 percent.

We Energies' Wilderness Shores Recreation Area offers public access to lands adjoining the company's hydroelectric projects.





Social Performance

Employment, Wages and Benefits

As of Dec. 31, 2005, WEC had 5,445 employees. Sixty-nine percent of employees in its utility companies – We Energies and Edison Sault Electric – are represented by labor unions.

We Energies' 2005 turnover rate was 6 percent, down 2 percent from the previous year. We Energies continued to respond to budgetary concerns related to operations and carefully examined all vacant positions. Only those positions that represented critical human resource needs of the business were filled.

On average, benefits represented 29.9 percent of We Energies' total employee compensation.

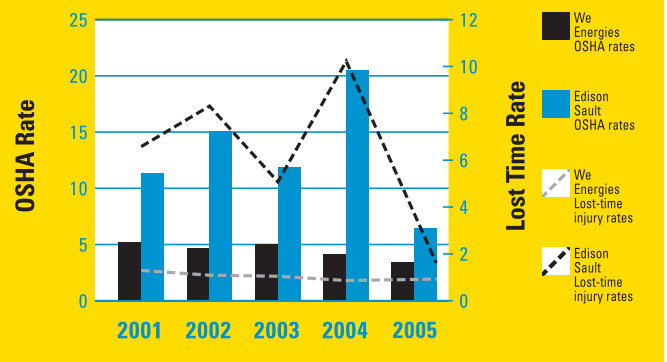
Health, Safety and Employee Engagement

Employee and public safety are of utmost importance at WEC, and the company is committed to educating the public about the potential hazards of its energy delivery systems and products. We Energies' employee safety performance improved in 2005. Edison Sault experienced a significant decrease in Occupational Safety and Health Administration (OSHA) rates and lost-time injury rates in 2005.

We Energies launched several initiatives in 2005 to continue educating the public about safe practices. The company hosted an OSHA Electric Generation-Distribution training session attended by OSHA representatives from the United States and Puerto Rico. The company also provided emergency first responder electrical safety training for local police and fire departments. Meetings were held across the state in the fall to deliver gas pipeline information to fire and police personnel, as well as public officials. A feature was added to the We Energies Web site to educate contractors and consumers about safe practices. We Energies also teaches local contractors how to identify and work safely around utility facilities.

We Energies offers a variety of resources to encourage employee health, including the Lifestyle Rewards program,

WEC Utility OSHA and Lost-time Injury Rates



which rewards employees for positive health behaviors. In 2005, more than 3,100 employees registered for the program. Employees who completed the program received up to \$300 paid in equal monthly installments over the following calendar year, depending upon the number of activities completed.

In 2005, We Energies partnered with the Gallup organization to measure how much employees feel valued and to what degree they are engaged in their work activities. Departmental and business unit plans were developed to address those areas, and a follow-up to the benchmark survey was conducted in 2005. Results showed a significant increase in overall employee engagement over 2004.

Community Investment

In 2005, the WEC Foundation:

- Invested \$5.8 million in communities where it does business (more than \$80 million over 23 years).
- Was one of seven local corporations with annual combined corporate and employee gifts to the United Way of Greater Milwaukee exceeding \$1 million.
- Gave an amount equal to 1.3 percent of WEC's pre-tax income in 2005.
- Matched more than \$910,000 in active and retired employee gifts to the arts, environmental initiatives and schools.
- Matched employee contributions of \$22,094 for a total donation of \$44,188 for the tsunami relief efforts in Southeast Asia.



- Matched employee contributions of \$67,636 for a total donation of \$135,272 for victims of the 2005 hurricanes in the southeast United States.

Work Force Diversity

WEC encourages development of a diverse work force by fostering inclusion and equal opportunity. We Energies held its Sixth Annual Diversity Summit during 2005 to expand employees' knowledge of diversity issues that impact the workplace. Three educational seminars with local diversity experts were held addressing current relevant workplace diversity topics. In 2004, the WEC board of directors approved the inclusion of work force diversity strategies as a key enterprise goal to be reflected in management compensation. In 2005, the goal established by the board of directors was met.

Supplier Diversity

In 2003, supplier diversity became a company-wide performance goal at We Energies. The company exceeded the 2005 spend goal, investing more than \$17.5 million in minority- and women-owned businesses.

Customer Satisfaction

In 2005, We Energies continued measuring its customer satisfaction using transaction-based surveys. Transaction-based survey research is the primary means We Energies uses to determine customers' perceptions of its products and services. Eight different transactions are measured and tracked to determine the customers' satisfaction with We Energies as a result of their interaction with the company. The results



A key component of customer satisfaction is quick restoration of service following storm-related power outages.

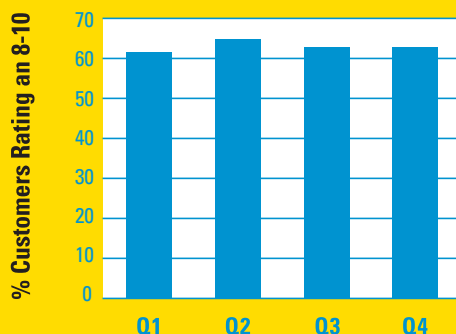
from these surveys helped measure progress in moving toward excellence in customer service. It also enabled We Energies' leadership to prioritize projects and resources affecting performance based on what the customer identified as having the greatest value and importance. The company showed an improvement in the percent of customers rating We Energies an 8, 9 or 10 on a 10-point scale over the course of 2005.

We Energies' initiatives to improve customer satisfaction include:

- Launching new Web site tools to help customers better understand bills.
- Providing energy-saving tips when customers call.
- Expanding phone-based services to small business customers.
- Increasing follow-up calls to customers after outages, appointments or other interactions.
- Supporting an Employee Customer Care Line.
- Maintaining close community relationships to better provide services to low-income customers.

The company also offers a Personal Energy Report so customers can review their past energy usage and get money-saving tips.

We Energies 2005 Customer Satisfaction





Corporate Governance Overview

WEC is committed to conducting its business with the highest level of integrity, a business value which is the foundation for all of its decisions and actions. The corporation has established a governance structure accountable to key stakeholders, as well as policies and management systems that contribute to its efficient and effective operation.

WEC's corporate governance strives to provide the highest standards of independence, transparency and oversight. Stockholders wishing to provide recommendations to the board of directors may write to the directors in care of:

Anne K. Klisurich
Vice President and Corporate Secretary
Wisconsin Energy Corporation
231 West Michigan St., P.O. Box 1331
Milwaukee, WI 53201



WEC is one of only six companies worldwide, and one of only three U.S. companies, that have consistently received the highest rating from GovernanceMetrics International, a corporate governance research and ratings agency. WEC also has consistently rated above the 90th percentile in Institutional Shareholder Services' (ISS) ratings of companies in the S&P 400; with a ranking as high as sixth. ISS is the world's leading provider of corporate governance services to more than 1,000 institutional investors and corporations.

Since 1996, the WEC board of directors has maintained Corporate Governance Guidelines that provide a framework under which it conducts business. The board reviews the guidelines annually to ensure that the board is providing effective governance over the affairs of the corporation.

Independence of the Board

No director qualifies as independent unless the board affirmatively determines that the director has no material relationship with the corporation. The WEC Corporate Governance Guidelines provide that the board of directors should consist of at least a two-thirds majority of independent directors. As of June 26, 2006, WEC had 10 directors, including nine independent directors. The board's standards of independence are more comprehensive than the standards established by the New York Stock Exchange. The board annually conducts a formal review of whether its directors meet the independence guidelines. The results of the review are published in the corporation's proxy statement.

Stakeholder Consultation

WEC's key stakeholders include customers, employees, investors/stockholders, regulatory agencies, community and political leaders, and the news media. Stakeholders are subdivided into smaller groups and segmented according to common characteristics. This helps WEC and its subsidiaries communicate most effectively with its stakeholders, and to develop and apply appropriate services, programs and

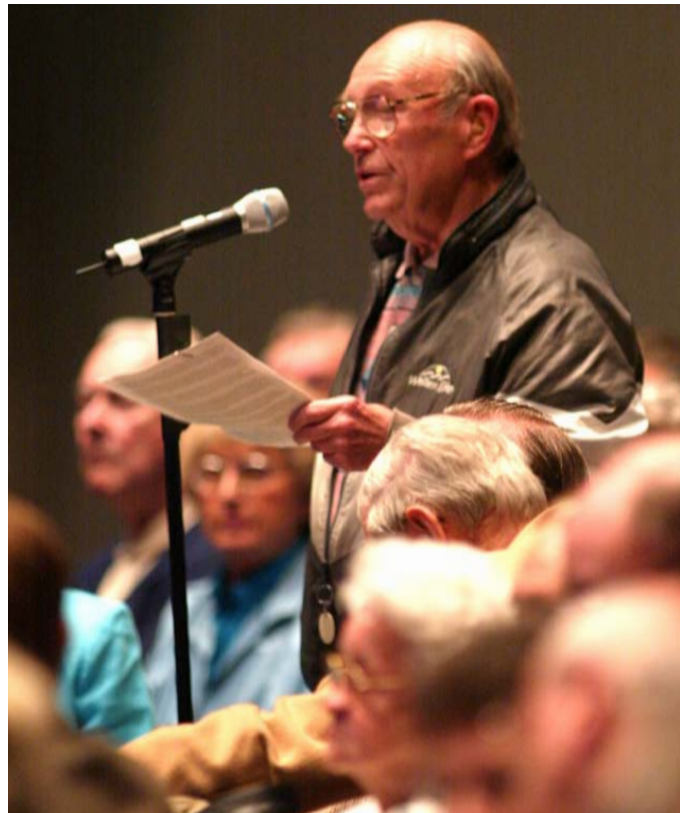


policies on their behalf. Specific departments or areas within the companies manage relationships with the various stakeholders. WEC typically decides which stakeholder groups to engage, at what level, and when and how, based on their involvement in a particular project; the extent to which they may be affected by any action; and the influence they will or may have on the success or failure of a specific initiative.

WEC consults stakeholders regularly using a variety of vehicles, including surveys, focus groups, community panels, corporate advisory panels, written communication, media communication, advertising, Web sites, corporate intranet site, management/union structures, private meetings and public presentations. WEC uses the information derived from these consultations to tailor customer service offerings, refine key messages and strategies, improve internal processes and practices, and develop plans for the future. For example, employee feedback has helped focus and improve communication with employees. WEC also recognizes employees as important communicators to customers. Information about key customer-focused programs and activities is shared with employees via the company's intranet and print publications.

The key customer concern continues to be the volatility of natural gas prices and the rate of increase of electric prices. We Energies continues to monitor customers' comments about these topics through customer satisfaction surveys and focus groups. We Energies has developed additional educational material on its Web site and through other media to help customers better understand energy pricing, as well as provide tips to help customers manage their energy costs. Internally, the company continues to emphasize financial discipline and the importance of controlling costs, and improving processes aimed at increasing customer satisfaction while reducing costs.

The Power the Future initiative has been successful thus far due to the involvement and support from neighbors, business customers, local residents, local officials, state officials, employees, represented labor, retirees, stockholders and



WEC seeks stakeholder input through meetings, surveys and electronic communication channels.

community groups. These stakeholders supported the project in a variety of ways, including: testifying at public hearings; attending information meetings; writing letters; and educating and informing the public. WEC strived to develop public understanding and support for this project through a campaign to educate and inform stakeholders. To achieve this, a multi-faceted communication approach was used. Quarterly and monthly dinner meetings have been held with local residents, employees and retirees to provide information and answer questions or concerns. One-on-one visits were conducted with residents, local and state officials, business customers, and labor and community groups throughout the process to keep them updated and informed. Information also was provided through newsletters, direct mail, news media, e-mail updates and dedicated Web sites.



Corporate Profile

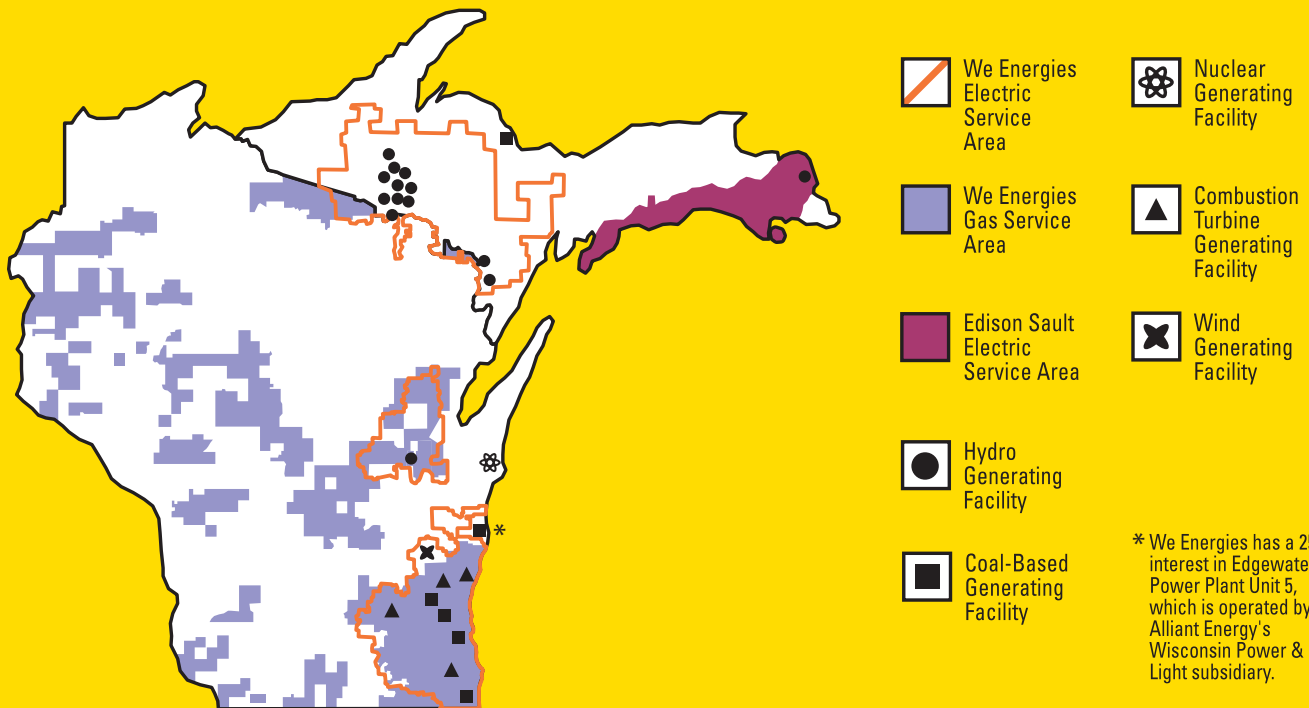
Wisconsin Energy Corporation (NYSE: WEC), based in Milwaukee, Wisconsin, U.S.A., is one of the nation's premier energy companies serving more than 1.1 million electric customers in Wisconsin and Michigan's Upper Peninsula and more than 1 million natural gas customers in Wisconsin. The company's utilities are We Energies (the trade name for Wisconsin Electric Power Company and Wisconsin Gas LLC) and Edison Sault Electric Company. WEC's non-utility businesses include renewable energy technology and real estate development. As of Dec. 31, 2005, WEC had: more than \$10 billion of assets; 5,445 employees; approximately 56,000 registered stockholders; and 116,980,775 shares of common stock outstanding, about 60 percent held by institutional investors and 40 percent by individual stockholders.

Utility Energy Business

In addition to its electric and natural gas customers, We Energies serves approximately 460 steam customers in the Milwaukee metropolitan area, and about 2,800 water customers in suburban Milwaukee.

WEC's generating system (see table) produces about 82 percent of the power delivered to We Energies' customers. The remainder is acquired from independent power producers and other utilities. Wisconsin Electric has an equity interest in and closely works with American Transmission Company LLC, which owns and operates the electric transmission system in Wisconsin and Michigan's Upper Peninsula; and Nuclear Management Company, LLC, which manages the day-to-day operation of Wisconsin Electric's Point Beach Nuclear Plant in Two Creeks, Wisconsin.

WEC Utility Service Areas and Facilities





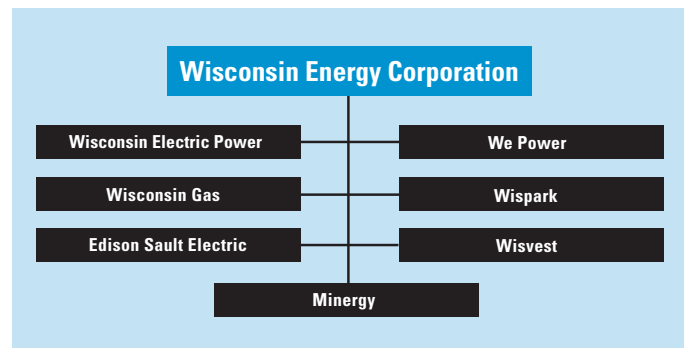
Non-utility Businesses

In 2005, WEC's non-utility businesses included:

Minergy Corp.: This business specializes in developing and marketing proprietary technologies designed to convert high-volume industrial and municipal wastes into renewable energy and value-added products. Its strategic focus is to license that technology and sell equipment to domestic and foreign operators or industrial/municipal users through its patented GlassPack® process as a component of larger-scale waste-processing solutions.

W.E. Power, LLC: This subsidiary was created in November 2001 to design, construct, own and lease to Wisconsin Electric the new generating capacity of 2,320 MW that is being constructed in the state of Wisconsin as part of WEC's Power the Future plan. In November 2005, two unaffiliated entities together purchased an approximately 17 percent ownership interest in the Oak Creek expansion – giving them access to approximately 200 MW of capacity. We Power will own 1,030 MW at Oak Creek and 1,090 MW at Port Washington and will lease this capacity to Wisconsin Electric. As of Dec. 31, 2005, We Power had \$354.5 million of construction work in progress.

Wispark LLC: This business develops and invests in real estate. From September 2000 through Dec. 31, 2005, Wispark reduced its overall holdings from \$373.1 million to \$103.9 million. Wispark will maintain its remaining portfolio for investment and potential sale. Starting with its first project in 1987, Wispark's initial purpose was to help create jobs and support tax-base growth in the areas surrounding Kenosha and Racine, Wisconsin, which were experiencing plant closures and job losses. In May 2000, WEC decided to reduce Wispark's real estate holdings and concentrate on projects such as infill redevelopment within existing urban areas, completion of previously initiated, successful business park developments, and build-to-suit industrial, office and distribution facilities within its existing business parks.



Wisvest Corporation: Wisvest originally was formed to develop, own and operate electric generating facilities and to invest in other energy-related entities. As a result of the change in corporate strategy to focus on the Power the Future plan, Wisvest has discontinued its development activity. WEC has substantially divested Wisvest's assets.



Construction work progresses on two coal-fired power plants in Oak Creek, Wisconsin.

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Corporate Web Site: www.wisconsinenergy.com
WEC Performance Report: www.wec-performancereport.com
Power the Future Web Site: www.powerthefuture.com

Forward-Looking Statements

Some matters discussed in this Performance Report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to various risks, uncertainties and assumptions. Actual results may differ materially from those set forth in forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions; business, competitive and regulatory conditions in the deregulating and consolidating energy industry, in general, and, in particular, in the company's service territories; unanticipated operational and/or financial consequences related to the implementation on April 1, 2005, of a bid-based energy market in Wisconsin and Michigan; regulatory decisions; availability of the company's generating facilities; changes in purchased power costs; changes in coal or natural gas prices and supply and transportation availability; the ability to recover fuel and purchased power costs; varying weather conditions; construction risks; obtaining necessary regulatory approvals and investment capital to implement the company's Power the Future program; successful resolution of legal challenges to the Power the Future program; adverse interpretation or enforcement of permit conditions by permitting agencies; equity and bond market fluctuations; the impact of the Energy Policy Act of 2005 and corresponding rules on the company's operations; foreign, governmental, economic, political and currency risks; and other cautionary factors described in the Management's Discussion and Analysis of Financial Condition and Results of Operations in WEC's Form 10-K for the year ended Dec. 31, 2005, as well as risk factors described in the same Form 10-K, and other cautionary factors and risk factors described from time-to-time in the company's subsequent reports filed with the Securities and Exchange Commission. Such forward-looking statements are intended to communicate management's current expectations, and readers are cautioned not to place undue reliance on any forward-looking statements contained in this Performance Report Summary. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Wisconsin Energy Corporation
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