TAB 1

Wisconsin Energy Corp

General Information

Address/Contact

Wisconsin Energy Corporation

231 West Michigan Street
P.O. Box 1331
Milwaukee, WI 53201
United States
Map

Phone: 1-414-2212345
Fax: 1-414-2212608

http://www.wisconsinenergy.com/

Additional Company Links

Ownership Type: Listed
DUNS provided by D&B : 157305780
Auditor/Accountant: Deloitte & Touche, LLP (Deloitte Haskins & Sells)

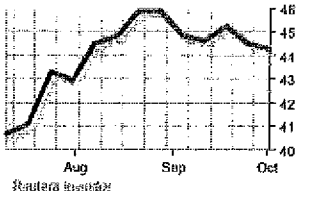
Most Recent Stock Split:
1.5 (1 July 1992)

Historical Stock Split(s):
2.0 (1 July 1987)

Stock Price Activity

Quote | Add to Quote List

3 Months Weekly



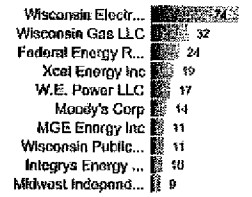
Reuters Investor

Ticker RIC
WEC WEC.N
Price
44.63
Change
0.19
Volume
82,400
Exchange
New York Stock Exchange
52-Week High
46.5
52-Week Low
34.89
Currency
USD
Market Index
S&P 500,
SP 500

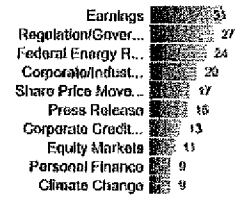
Discovery Pane

News discovered around this company.

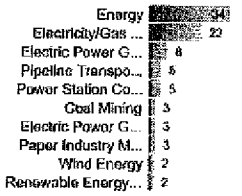
Companies



Subjects



Industries



Keywords

wisconsin energy
electric power
energy corporation
wisconsin electric
power company

Business Description

Wisconsin Energy Corporation is a diversified holding company. The Company conducts its operations primarily in two operating segments: a utility energy segment and a non-utility energy segment. The Company's primary subsidiaries include Wisconsin Electric Power Company (Wisconsin Electric), Wisconsin Gas LLC (Wisconsin Gas), Edison Sault Electric Company (Edison Sault) and W.E. Power, LLC (We Power). The Company's utility energy segment consists of Wisconsin Electric, Wisconsin Gas and Edison Sault. Its non-utility energy segment consists primarily of We Power.

Reuters Extended Business Description
Datamonitor Business Description
Datamonitor Products and Services
Datamonitor Overview and History
Datamonitor Company Statement
Datamonitor SWOT Analysis

Primary Industry Classification

Dow Jones Industry		Electricity/Gas Utilities
SIC	4931	Electric and Other Services Combined
NACE		N/A
NAICS	221112	Fossil Fuel Electric Power Generation

Secondary Industry Classification

Source: Reuters

Key Facts

Key Executives

Chairman of the Board, President, Chief Executive Officer: Gale E. Klappa

Chief Financial Officer, Executive Vice President: Allen L. Leverett

Executive Vice President, General Counsel: James C. Fleming

Executive Vice President: Frederick D. Kuester

Senior Vice President, Chief Administrative Officer: Kristine A. Rappe

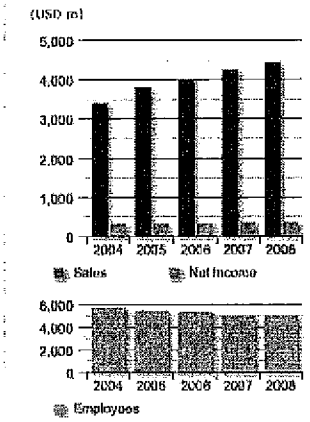
Key Financials

	News
Currency:	USD
Sales:	4,431.00 m
Sales Growth (1 year):	4.56%
Last Reported Employees (Date):	4,935 (27 February 2009)
Employees Growth (1 year):	-1.00%
Last Reported Auditor (Date):	Deloitte & Touche, LLP (Deloitte Haskins & Sells) (27 February 2009)
Market Cap (USD):	5,195.57 m (8 October 2009)
Net Income:	359.10 m
Net Profit Margin:	8.09%
EPS:	3.03
Audit Fees (Including Non-Audit Fees):	2,409,000.00
Non-Audit Fees:	705,000.00
Fiscal Year-End Date:	31 December 2008

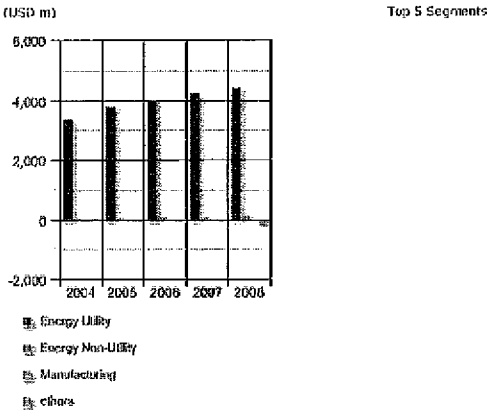
Source: Reuters

Performance/Segment Information

Financial Performance



Business Segment



Source: Reuters

Latest News Web News Multimedia

Suggested Categories: All | Performance | Bankruptcy | Management Moves | Contracts/Orders | New Products/Services | Legal/Judicial | Ownership Changes | Press Releases | Trade Articles | Capacities/Facilities | Earnings

View More

1. **References to Ratings of Nationally Recognized Statistical Rating Organizations**
   Federal Register, 9 October 2009, 9762 words, (English)
2. **Pilot CCS Project Sees Promising Results in U.S. State of Wisconsin**
   IHS Global Insight Daily Analysis, 9 October 2009, 327 words, (English)
3. **Pilot Project Captures 90% of CO2**
   Targeted News Service, 8 October 2009, 1073 words, (English)
4. **Energy sector rises 1.2% on high volume rising for a fourth consecutive day, a...**
   Global Round Up -- Sectors, 8 October 2009, 3084 words, (English)
5. **Alstom captures CO2 from Wisconsin coal plant**
   Reuters News, 17:08, 8 October 2009, 439 words, (English)

Peer Group
Nearest 10 by Sales

Dow Jones Industry: Electricity/Gas Utilities
Total Number of Companies: 1,070

Rank	Company Name	Sales USD m	Employees	Market Cap USD m	Net Income USD m	Net Profit Margin
93	Southern California Gas Company	4,768.00	7,188	0.00	245.00	5.14%
94	MidAmerican Energy Company	4,700.00	3,649	6,388.22	343.00	7.30%

95	Huadian Power International Corp. Ltd	4,675.98	17,686	4,260.26	-374.26	-9.52%
96	Empresa Nacional de Electricidad S.A.	4,591.94		12,696.83	815.69	25.02%
97	Northern States Power Company	4,493.64	2,279	0.00	285.14	0.00%
98	Stadtwerke Hannover AG	4,454.66	2,741	0.00	8.60	0.00%
99	**Wisconsin Energy Corporation**	4,431.00	4,935	5,195.57	359.10	8.09%
100	MVV Energie AG	4,354.89	5,873	2,995.72	239.70	5.99%
101	Pacific Enterprises, Inc.	4,282.00	7	0.00	0.00	0.00%
102	OGE Energy Corp.	4,070.70	3,441	3,182.80	231.40	5.68%

Competition List from Reuters Reseerch

Source: Reuters,

Note: Based on publicly traded company data.

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TAB 2

DTE Energy Company
Alliant Energy Corporation
CMS Energy Corporation
Integrys Energy Group, Inc.
Black Hills Corporation
Great Plains Energy Incorporated
MGE Energy, Inc.

Source: Reuters Publication Date: 25-Sep-2009

Overview and History

Overview

Wisconsin Energy Corporation (WEC) is a diversified holding company engaged in electric and natural gas utility operations. The company primarily operates in Wisconsin and the Upper Peninsula of Michigan in the US. It is headquartered in Milwaukee, Wisconsin and employs about 5,000 people.

The company recorded revenues of $4,237.8 million during the financial year ended December 2007 (FY2007), an increase of 6.0% over the financial year ended December 2006 (FY2006). The operating profit of the company was $628.5 million during FY2007, an increase of 10.6% over FY2006. The net profit was $335.6 million in FY2007, an increase of 6.1% over FY2006.

Wisconsin Energy Corporation is a diversified holding company engaged in providing electric and natural gas service to customers across Wisconsin and the Upper Peninsula of Michigan in the US. The company's key services include the following:

Utility:

Electricity generation, distribution, and sale
Natural gas purchase, distribution, and sale
Transportation of customer-owned natural gas
Steam generation, distribution, and sale
Water supply
Provision of contract services for water system repair and maintenance

Non utility:

Providing electric power generating facilities for long-term lease
Power generation design and construction
Developing and investing in real estate
Investing and financing activities

History

Wisconsin Energy Corporation (WEC) was incorporated in the state of Wisconsin in 1981 and became a diversified holding company in 1986. In the following year, several new subsidiaries including Wispark, Wisvest, and Witech were established.

In 1994, WEC bought Lake Geneva-based Wisconsin Southern Gas and merged it into Wisconsin Natural. In the following year, Wisconsin Natural was merged with Wisconsin Electric.

The company acquired Eselco, parent company of Edison Sault Electric, in 1998. Wisconsin Gas also entered the water utility business in 1998. Two years later, WICOR, a Milwaukee-based holding company of Wisconsin Gas, was acquired by WEC and the company became the largest electric and natural gas provider in Wisconsin.

WE Power, the company's subsidiary, was formed in 2001 to design, construct, own, finance, and lease the new generating capacity included in WEC's Power the Future strategy. In the following year, Wisconsin Electric and Wisconsin Gas began doing business under the trade name, We Energies. The company received approval from the Public Service Commission of Wisconsin (PSCW) to begin construction on two natural-gas-fueled and two coal-fueled generating plants, in 2003.

As a part of the company's strategy to divest its non-core businesses, WEC sold WICOR Industries, a manufacturer of water systems, filtration, and pool equipment, to Pentair, in 2004.

We Energies entered into an agreement to purchase the development rights for two, 80 MW (wind farm projects from Navitas Energy, a wind development company, in 2005. The agreement was part of the company's commitment to derive 5% of its retail energy sales from renewable resources.

In 2006, We Energies filed a Certificate of Public Convenience and Necessity application with the Public Service Commission of

TAB 3

ITEM 1. BUSINESS - (Cont'd)

We had adequate capacity to meet all of our firm electric load obligations during 2008 and expect to have adequate capacity to meet all of our firm obligations during 2009. For additional information, see Factors Affecting Results, Liquidity and Capital Resources in Item 7.

Electric Supply

Our electric supply strategy is to provide our customers with a diverse fuel mix that is expected to maintain a stable, reliable and affordable supply of electricity. We supply a significant amount of electricity to our customers from power plants that we own. We supplement our internally generated power supply with long-term power purchase agreements, including the Point Beach power purchase agreement discussed later in this report, and through spot purchases in the MISO Energy Markets.

Our installed capacity by fuel type for the years ended December 31, is shown below:

	Dependable Capability in MW (a)		
	2008	2007	2006
Coal	3,247	3,247	3,334
Nuclear (b)	-	-	1,036
Natural Gas - Combined Cycle (c)	1,090	545	545
Natural Gas/Oil - Peaking Units (d)	1,143	1,162	1,180
Renewables (e)	113	84	84
Total	5,593	5,038	6,179

(a) Dependable capability is the net power output under average operating conditions with equipment in an average state of repair as of a given month in a given year. The values were established by test and may change slightly from year to year.

(b) Concurrent with the sale of Point Beach, Wisconsin Electric entered into a power purchase agreement with the buyer to purchase all of the energy produced by Point Beach until 2030 for Unit 1 and 2033 for Unit 2.

(c) The increase in 2008 as compared to 2007 reflects PWGS 2, which has a dependable capability of 545 MW, going inservice during May 2008.

(d) The dual-fueled facilities generally burn oil only if natural gas is not available due to constraints on the natural gas pipeline and/or at the local gas distribution company that delivers gas to the plants.

(e) Includes hydroelectric and wind generation. For purposes of measuring dependable capability, the 145 MW Blue Sky Green Field wind project has a dependable capability of 29 MW.

Our PTF strategy, which is discussed further in Item 7, includes the addition of 2,320 MW of generating capacity from 2005 through 2010. Our first two plants, PWGS 1 and PWGS 2, which are both natural gas combined cycle units with a dependable capability of 545 MW each, were placed in service in July 2005 and May 2008, respectively. Under our PTF plan, we expect to have 515 MW of dependable capability coming in service in late 2009 related to our first coal unit. The second coal unit is expected to provide us with 515 MW of dependable capability in 2010.

ITEM 1. BUSINESS - (Cont'd)

The table below indicates our sources of electric energy supply as a percentage of sales for the three years ended December 31, 2008, as well as an estimate for 2009:

	Estimate	Actual		
	2009	2008	2007	2006
Coal	56.0%	56.7%	54.1%	54.7%
Nuclear (a)	- %	- %	17.3%	25.3%
Wind	1.5%	0.6 %	- %	- %
Hydroelectric	1.0%	1.4%	1.1%	1.4%
Natural Gas -Combined Cycle	14.7%	5.2%	5.2%	3.5%
Natural Gas/Oil-Peaking Units	0.8%	0.3%	1.0%	0.6%
Net Generation	74.0%	64.2%	78.7%	85.5%
Purchased Power (a)	26.0%	35.8%	21.3%	14.5%
Total	100.0%	100.0%	100.0%	100.0%

(a) Beginning in 2007, purchased power increased and nuclear generation decreased due to the sale of Point Beach and the entry into the associated power purchase agreement with the buyer.

Our average fuel and purchased power costs per MWh by fuel type for the years ended December 31 are shown below:

	2008	2007	2006
Coal	$22.95	$20.52	$18.30
Nuclear	$ -	$5.83	$5.23
Natural Gas - Combined Cycle	$69.65	$61.27	$66.30
Natural Gas/Oil - Peaking Units	$160.25	$112.49	$136.24
Purchased Power	$46.21	$45.19	$47.67

Historically, the fuel costs for coal have been under long-term contracts, which helped with price stability. Coal and associated transportation services have seen greater volatility in pricing than typically experienced in these markets due to increases in the domestic and world-wide demand for coal and the impacts of higher diesel costs which are reflected in the form of fuel surcharges on rail transportation.

Natural gas costs are volatile, which impacts the cost of natural gas-fired generation and purchased power. Beginning in late 2003 and concurrent with the approval by the PSCW, we established a hedging program to help manage our natural gas price risk. This hedging program is generally implemented on an 18-month forward-looking basis. Proceeds related to the natural gas hedging program are reflected in the 2008, 2007 and 2006 average costs of natural gas and purchased power shown above. In addition, concurrent with the Point Beach sale, our purchased power costs also reflect the long-term power purchase agreement with the buyer for all of the energy produced by Point Beach.

Coal-Fired Generation

Coal Supply: We diversify the coal supply for our power plants by purchasing coal from mines in Wyoming and Colorado as well as from various other western mines. During 2009, 100% of our projected coal requirements of 11.6 million tons are under contracts which are not tied to 2009 market pricing fluctuations. Our coal-fired generation consists of six operating plants with a dependable capability of approximately 3,247 MW.

ITEM 1. BUSINESS - (Cont'd)

Following is a summary of the annual tonnage amounts for our principal long-term coal contracts by the month and year in which the contracts expire:

Contract Expiration Date	Annual Tonnage (Thousands)
Dec. 2009	12,690
Dec. 2010	12,570
Dec. 2011	7,250

Coal Deliveries: Approximately 86% of our 2009 coal requirements are expected to be delivered by Wisconsin Electric-owned or leased unit trains. The unit trains will transport coal for the Oak Creek, Pleasant Prairie and Edgewater Power Plants from Wyoming mines. Coal from Colorado mines is also transported via rail to Lake Superior or Lake Michigan transfer docks and delivered by lake vessel to the Milwaukee harbor with Valley and Milwaukee County power plants being the final destinations. Montana and Wyoming coal for Presque Isle Power Plant is transported via rail to Superior, Wisconsin, placed in dock storage and reloaded into lake vessels for plant delivery. Colorado coal bound for the Presque Isle Power Plant is shipped via rail to Lake Superior and Lake Michigan (Chicago) coal transfer docks, respectively, for lake vessel delivery to the plant.

Certain of our coal transportation contracts contain fuel cost adjustments that are tied to the cost of fuel oil utilized by the locomotives. The PSCW has approved a program that allows us to hedge up to 75% of our potential fuel for electric generation in order to help manage our risk of higher delivered cost of coal. The costs of this program are included in our fuel and purchased power costs.

Environmental Matters: For information regarding emission restrictions, especially as they relate to coal-fired generating facilities, see Factors Affecting Results, Liquidity and Capital Resources -- Environmental Matters in Item 7.

Natural Gas-Fired Generation

Our natural gas-fired generation consists of five operating plants with a dependable capability of approximately 1,971 MW at December 31, 2008. We added PWGS 1 and PWGS 2, both natural gas-fired units with a dependable capability of 545 MW each, in July 2005 and May 2008, respectively.

We purchase natural gas for these plants on the spot market from gas marketers, utilities and producers and we arrange for transportation of the natural gas to our plants. We have firm and interruptible transportation, balancing and storage agreements intended to support the plants' variable usage.

The PSCW has approved a program that allows us to hedge up to 75% of our estimated gas usage for electric generation in order to help manage our natural gas price risk. The costs of this program are included in our fuel and purchased power costs.

Oil-Fired Generation

The natural gas facilities generally burn oil only if natural gas is not available due to constraints on the natural gas pipeline and/or at the local gas distribution company that delivers gas to the plants. Fuel oil is used for the combustion turbines at the Germantown Power Plant units 1-4, boiler ignition and flame stabilization at the Presque Isle Power Plant, diesel engines at the Pleasant Prairie Power Plant, Valley Power Plant and at the Manistique facility at Edison Sault. Our oil-fired generation had a dependable capability of approximately 262 MW as of December 31, 2008. Fuel oil requirements are purchased under agreements with suppliers.

ITEM 1. BUSINESS - (Cont'd)

Electric Utility Operating Statistics

The following table shows certain electric utility operating statistics from 2004 to 2008 for electric operating revenues, MWh sales and customer data:

SELECTED CONSOLIDATED ELECTRIC UTILITY OPERATING DATA

Year Ended December 31	2008	2007	2006	2005	2004
Operating Revenues (Millions)					
Residential	$977.1	$929.6	$883.2	$827.6	$731.3
Small Commercial/Industrial	890.6	861.7	814.8	746.1	668.0
Large Commercial/Industrial	659.6	676.9	647.5	602.4	549.9
Other - Retail	21.2	19.7	19.3	17.9	17.0
Total Retail Sales	2,548.5	2,487.9	2,364.8	2,194.0	1,966.2
Wholesale - Other	58.9	95.1	78.0	94.7	73.7
Resale - Utilities	37.5	81.6	51.2	21.3	24.6
Other Operating Revenues	41.5	41.1	35.4	39.7	34.5
Total Operating Revenues	$2,686.4	$2,705.7	$2,529.4	$2,349.7	$2,099.0
MWh Sales (Thousands)					
Residential	8,448.1	8,586.6	8,322.7	8,562.7	8,053.9
Small Commercial/Industrial	9,260.3	9,430.3	9,142.2	9,192.7	8,840.4
Large Commercial/Industrial	10,903.0	11,245.6	11,173.1	11,687.5	11,686.4
Other - Retail	167.7	168.7	169.9	171.7	174.9
Total Retail Sales	28,779.1	29,431.2	28,807.9	29,614.6	28,755.6
Wholesale - Other	2,281.1	2,178.5	2,057.6	2,541.9	2,230.6
Resale - Utilities	881.0	1,434.5	1,025.7	313.7	662.2
Total Sales	31,941.2	33,044.2	31,891.2	32,470.2	31,648.4
Customers - End of Year (Thousands)					
Residential	1,018.4	1,015.0	1,009.7	1,001.7	992.3
Small Commercial/Industrial	116.2	114.4	112.3	110.5	108.7
Large Commercial/Industrial	0.7	0.7	0.7	0.7	0.7
Other	2.5	2.4	2.5	2.4	2.4
Total Customers	1,137.8	1,132.5	1,125.2	1,115.3	1,104.1
Customers - Average (Thousands)	1,134.8	1,128.5	1,120.5	1,109.7	1,096.8
Degree Days (a)					
Heating (6,677 Normal)	7,073	6,508	6,043	6,628	6,663
Cooling (719 Normal)	593	800	723	949	442

(a) As measured at Mitchell International Airport in Milwaukee, Wisconsin. Normal degree days are based upon a 20-year moving average.

GAS UTILITY OPERATIONS

Our gas utility operations consist of Wisconsin Gas and the gas operations of Wisconsin Electric. Both companies are authorized to provide retail gas distribution service in designated territories in the State of Wisconsin, as established by indeterminate permits, CPCNs, or boundary agreements with other utilities. The two companies also transport customer-owned gas. Wisconsin Gas, the largest natural gas distribution utility in Wisconsin, operates throughout the state, including the City of Milwaukee. Wisconsin Electric's gas utility operates in three distinct

ITEM 1. BUSINESS - (Cont'd)

service areas: west and south of the City of Milwaukee, the Appleton area and areas within Iron and Vilas Counties, Wisconsin.

Gas Deliveries

Our gas utility business is highly seasonal due to the heating requirements of residential and commercial customers. Annual gas sales are also impacted by the variability of winter temperatures.

Total gas therms delivered, including customer-owned transported gas, were approximately 2,273.8 million therms during 2008, a 3.5% increase compared with 2007. At December 31, 2008, we were transporting gas for approximately 1,400 customers who purchased gas directly from other suppliers. Transported gas accounted for approximately 39.8% of the total volumes delivered during 2008 and 42.0% during each of 2007 and 2006. We had approximately 1,056,400 and 1,049,500 gas customers at December 31, 2008 and 2007, respectively. Our peak daily send-out during 2008 was 1,625,928 Dth on February 10, 2008.

Sales to Large Gas Customers: We provide gas utility service to a diversified base of industrial customers who are largely within our electric service territory. Major industries served include the paper, food products and fabricated metal products industries. Fuel used for Wisconsin Electric's electric generation represents our largest transportation customer.

Gas Deliveries Growth: We currently forecast total retail therm deliveries (excluding natural gas deliveries for generation) to stay flat over the five-year period ending December 31, 2013 as new customer additions are expected to be offset by a reduction in the average use per customer. This forecast reflects a current year normalized sales level and normal weather.

Competition

Competition in varying degrees exists between natural gas and other forms of energy available to consumers. A number of our large commercial and industrial customers are dual-fuel customers that are equipped to switch between natural gas and alternate fuels. We are allowed to offer lower-priced gas sales and transportation services to dual-fuel customers. Under gas transportation agreements, customers purchase gas directly from gas marketers and arrange with interstate pipelines and us to have the gas transported to their facilities. We earn substantially the same margin (difference between revenue and cost of gas) whether we sell and transport gas to customers or only transport their gas.

Our ability to maintain our share of the industrial dual-fuel market depends on our success and the success of third-party gas marketers in obtaining long-term and short-term supplies of natural gas at competitive prices compared to other sources and in arranging or facilitating competitively-priced transportation service for those customers that desire to buy their own gas supplies.

Federal and state regulators continue to implement policies to bring more competition to the gas industry. For information concerning proceedings by the PSCW to consider how its regulation of gas distribution utilities should change to reflect the changing competitive environment in the gas industry, see Factors Affecting Results, Liquidity and Capital Resources in Item 7. While the gas utility distribution function is expected to remain a highly regulated, monopoly function, the sale of the natural gas commodity and related services are expected to remain subject to competition from third parties. It remains uncertain if and when the current economic disincentives for small customers to choose an alternative gas commodity supplier may be removed such that we begin to face competition for the sale of gas to our smaller firm customers.

Gas Supply, Pipeline Capacity and Storage

We have been able to meet our contractual obligations with both our suppliers and our customers despite periods of severe cold.

Pipeline Capacity and Storage: The interstate pipelines serving Wisconsin originate in three major gas producing areas of North America: the Oklahoma and Texas basins, the Gulf of Mexico and western Canada. We have contracted for long-term firm capacity from each of these areas. This strategy reflects management's belief that overall supply

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CORPORATE DEVELOPMENTS

INTRODUCTION

Wisconsin Energy Corporation is a diversified holding company with subsidiaries primarily in a utility energy segment and a non-utility energy segment. Unless qualified by their context, when used in this document the terms Wisconsin Energy, the Company, our, us or we refer to the holding company and all of its subsidiaries.

Our utility energy segment, consisting of Wisconsin Electric and Wisconsin Gas, both doing business under the trade name of "We Energies", and Edison Sault, is engaged primarily in the business of generating electricity and distributing electricity and natural gas in Wisconsin and the Upper Peninsula of Michigan. Our non-utility energy segment primarily consists of We Power. We Power is principally engaged in the engineering, construction and development of electric power generating facilities for long-term lease to Wisconsin Electric under our PTF strategy.

CORPORATE STRATEGY

Business Opportunities

We seek to increase stockholder value by leveraging on our core competencies. Our key corporate strategy, announced in September 2000, is PTF. This strategy is designed to address Wisconsin's growing electric supply needs by increasing the electric generating capacity in the state while maintaining a fuel-diverse, reasonably priced electric supply. It is also designed to improve the delivery of energy within our distribution systems to meet increasing customer demands and to support our commitment to improved environmental performance. Our PTF strategy, which is discussed further below, is having and is expected to continue to have, a significant impact on our utility and non-utility energy segments. In July 2005, the first of four new electric generating units under our PTF strategy was placed into service. The second unit was placed in service in May 2008. Construction on the remaining two units is underway with OC 1 scheduled to be placed in service by the end of 2009 and OC 2 scheduled to be placed in service in the fall of 2010.

Utility Energy Segment: Our utility energy segment strives to provide reasonably priced energy delivered at high levels of customer service and reliability. We expect our prices to continue to be established by our regulatory bodies under traditional rate based, cost of service methodologies. We continue to gain efficiencies and improve the effectiveness of our service deliveries through the combined support operations of our electric and gas businesses. We work to obtain a reliable, reasonably-priced supply of electricity through plants that we operate and various long-term supply contracts.

Non-Utility Energy Segment: Our primary focus in this segment is to improve the supply of electric generation in Wisconsin. We Power was formed to design, construct, own and lease new generation assets under our PTF strategy.

Power the Future Strategy: In February 2001, we filed a petition with the PSCW that would allow us to begin implementing our 10-year PTF strategy to improve the supply and reliability of electricity in Wisconsin. PTF is intended to meet a growing demand for electricity and ensure a diverse fuel mix while keeping electricity prices reasonable. Under PTF, we are (1) investing approximately $2.6 billion in 2,120 MW of new natural gas-fired and coal-fired generating capacity at existing sites; (2) upgrading our existing electric generating facilities; and (3) investing in upgrades of our existing energy distribution system.

In November 2001, we created We Power to design, construct, own and lease the new generating capacity. Wisconsin Electric will lease each new generating facility from We Power as well as operate and maintain the new plants under 25- to 30-year lease agreements approved by the PSCW. Based upon the structure of the leases, we expect to recover the investments in We Power's new facilities over the initial lease term. At the end of the leases, Wisconsin Electric will have the right to acquire the plants outright at market value or to renew the leases.

determined price per MWh for energy delivered. For additional information on the sale of Point Beach, see Nuclear Operations under Factors Affecting Results, Liquidity and Capital Resources in this report.

Divestiture of Assets

Our PTF strategy led to a decision to divest non-core businesses. These non-core businesses primarily included non-utility generation assets located outside of Wisconsin and a substantial amount of Wispark's real estate portfolio, as well as our manufacturing business. In addition, in 2001 we contributed our transmission assets to ATC and received cash proceeds of $119.8 million and an economic interest in ATC. Finally, in 2006 we concluded that it was in the best interests of customers and stockholders to sell Point Beach. In 2007, we sold Point Beach for approximately $924 million. Since 2000, we have received total proceeds of approximately $3.1 billion from the divestiture of assets.

RESULTS OF OPERATIONS

CONSOLIDATED EARNINGS

The following table compares our operating income by business segment and our net income for 2008, 2007 and 2006:

Wisconsin Energy Corporation	2008	2007	2006
		(Millions of Dollars)	
Utility Energy	$581.9	$586.0	$532.8
Non-Utility Energy	89.3	47.4	43.1
Corporate and Other	(10.6)	(4.9)	(7.4)
Total Operating Income	660.6	628.5	568.5
Equity in Earnings of Transmission Affiliate	51.8	43.1	38.6
Other Income and Deductions, net	17.0	48.9	53.1
Interest Expense, net	153.7	167.6	172.7
Income From Continuing Operations Before Income Taxes	575.7	552.9	487.5
Income Taxes	217.1	216.4	175.0
Income From Continuing Operations	358.6	336.5	312.5
Income (Loss) From Discontinued Operations, Net of Tax	0.5	(0.9)	3.9
Net Income	$359.1	$335.6	$316.4
Diluted Earnings Per Share			
Continuing Operation	$3.03	$2.84	$2.64
Discontinued Operations	0.01	(0.01)	0.03
Total Diluted Earnings Per Share	$3.04	$2.83	$2.67

An analysis of contributions to operating income by segment and a more detailed analysis of results in 2008, 2007 and 2006 follow.

UTILITY ENERGY SEGMENT CONTRIBUTION TO OPERATING INCOME

2008 vs. 2007: Our utility energy segment contributed $581.9 million of operating income during 2008 compared with $586.0 million of operating income during 2007. During 2008, we experienced less favorable weather in the summer months, which decreased electric sales. In addition, our fuel and purchased power costs increased primarily as a result of the power purchase agreement entered into upon the sale of Point Beach. Finally, our other operating