

WISCONSIN ENERGY CORP  
Form DEF 14A  
March 21, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

**Wisconsin Energy Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

March 21, 2014

To the Stockholders of Wisconsin Energy Corporation:

On behalf of the Board of Directors, you are cordially invited to attend Wisconsin Energy Corporation's 2014 Annual Meeting of Stockholders to be held at Concordia University Wisconsin in Mequon, just north of Milwaukee. **To attend, you must pre-register and present photo identification at the door.** Instructions on how to pre-register are provided on page P-10. If you are not able to attend, you may listen to a live webcast available on our Website at: [www.wisconsinenergy.com/invest/annualmtg.htm](http://www.wisconsinenergy.com/invest/annualmtg.htm). An archive of the webcast will be available on the site for approximately 12 months following the meeting. **Regardless of whether you plan to attend, please take a moment to vote your proxy.**

Wisconsin Energy's Annual Meeting will be held as follows:

**WHEN:** Friday, May 2, 2014

10:00 a.m., Central time

**WHERE:** Concordia University Wisconsin

R. John Buuck Field House

12800 North Lake Shore Drive

Mequon, Wisconsin 53097

**ITEMS OF BUSINESS:** Elect nine directors for terms expiring in 2015.

Ratify Deloitte & Touche LLP as independent auditors for 2014.

Advisory vote on compensation of the named executive officers.

Consider any other matters that may properly come before the meeting.

**RECORD DATE:** February 21, 2014

**VOTING BY PROXY:** Your vote is important. You may vote:

using the Internet;

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by telephone; or

by returning the proxy card in the envelope provided.

This year we will again be taking advantage of the Securities and Exchange Commission rule that allows companies to deliver proxy materials to their stockholders through the Internet. On or about March 21, 2014, we began mailing to many of our stockholders a notice instead of a paper copy of the proxy statement and 2013 Annual Report. The notice contains instructions on how to access our proxy materials and vote online. If you receive paper copies of the materials, consider signing up to receive them electronically in the future by following the instructions contained on page P-11. By delivering our proxy materials electronically, we can provide our stockholders with the information they need in a cost-effective manner.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 2, 2014 The Proxy Statement and 2013 Annual Report are available at:**

**[www.envisionreports.com/wec](http://www.envisionreports.com/wec)**

By Order of the Board of Directors,

Susan H. Martin

Executive Vice President, General Counsel and Corporate Secretary

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*WEC 2014 Annual Meeting Proxy Statement*



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**PROXY SUMMARY**

*This summary highlights the information contained elsewhere in these proxy materials. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.*

**Company Profile**

Wisconsin Energy Corporation ( WEC or the Company ) is one of the nation’s premier energy companies with more than \$14.7 billion of assets and a diversified portfolio of businesses engaged in electric generation and the distribution of electricity, natural gas and steam. Wisconsin Energy’s principal utilities, Wisconsin Electric Power Company and Wisconsin Gas LLC, serve more than 1.1 million electric customers in Wisconsin and Michigan’s Upper Peninsula and approximately 1.1 million natural gas customers in Wisconsin. These utilities operate under the trade name We Energies. The Company’s other major subsidiary, We Power, designs, builds and owns electric generating plants. Headquartered in Milwaukee, WEC is a component of the S&P 500 with 4,300 employees and more than 40,000 registered stockholders.

**Annual Meeting of Stockholders**

Provided below are important details regarding the Company’s upcoming Annual Meeting.

Date and Time: Friday, May 2, 2014; Check-in begins at 8:30 a.m., Central time; meeting begins at 10:00 a.m., Central time.

Place: Concordia University Wisconsin in the R. John Buuck Field House  
12800 North Lake Shore Drive, Mequon, WI 53097

Live Webcast: Listen to a live webcast at: [www.wisconsinenergy.com/invest/annualmtg.htm](http://www.wisconsinenergy.com/invest/annualmtg.htm)

Record Date: February 21, 2014

Identification: **Pre-registration is required. In addition, for entry into the meeting, each stockholder will be required to present a government-issued photo identification**, such as a driver’s license, state identification card or passport. Information on how to pre-register can be found on page P-10.

Voting: Stockholders of record as of the record date are entitled to vote using one of the options below. Stockholders who hold shares in street name through an intermediary must obtain a legal proxy from their broker, bank or other nominee granting the right to vote.

Call toll-free

Internet at

at 800-652-8683

Mail

In person at

[www.investorvote.com/wec](http://www.investorvote.com/wec)

signed proxy card

the Annual Meeting

**Voting Matters**

There are three items of business for which the Company is soliciting a stockholder vote in conjunction with the Annual Meeting:

<b>Proposal Item</b>	<b>Board Vote Recommendation</b>	<b>Page</b>
1. Election of Directors Terms Expiring in 2015	FOR each Nominee	P-18

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2. Ratification of Deloitte & Touche LLP as Independent Auditors for 2014	FOR	P-28
3. Advisory Vote on Compensation of the Named Executive Officers	FOR	P-56

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**2013 Business Highlights**

From a sluggish economy to a stock market where utilities lagged behind the broader indices, 2013 had its share of challenges. Despite these challenges, 2013 proved to be another exceptional year for WEC. Financially, WEC delivered solid earnings growth, generated strong cash flow and made significant progress toward a dividend payout that is more competitive with its peers. The Company also achieved milestones in customer satisfaction and reliability. More specifically, the Company's achievements in 2013 included:

Earnings per share of \$2.51, the highest in the Company's history.

Increasing the dividend by a total of 27.5%.

Returning more than \$450 million to stockholders during 2013 through dividends and repurchases under the share repurchase program approved by the Board of Directors in 2011.

Board of Directors approving a new four year, \$300 million share repurchase program effective January 1, 2014.

WEC common stock trading at an all-time high of \$45.00 per share on April 30, 2013.

Being named the most reliable utility in America for 2013.

Achieving the best customer satisfaction ratings since the operations of Wisconsin Electric and Wisconsin Gas merged in 2000.

Completing the new biomass facility in Rothschild, Wisconsin, on time and on budget.

Being named one of the 100 best corporate citizens in the United States by Corporate Responsibility magazine for the sixth consecutive year.

**Five-Year Performance Return**

The graph below shows a comparison of the cumulative total return, assuming reinvestment of dividends, over the past five years had \$100 been invested at the close of business on December 31, 2008, in each of Wisconsin Energy common stock, a Custom Peer Group Index, a recomprised Custom Peer Group Index and the Standard & Poor's 500 Index ( S&P 500 ).

**Wisconsin Energy Corporation**

**Five-Year Cumulative Return Chart**



**Table of Contents****2013 Executive Compensation Highlights**

Compensation awarded to, earned by or paid to the Company's named executives during 2013 is set forth in the Summary Compensation Table on page P-40 and described in the Compensation Discussion and Analysis beginning on page P-29 in this proxy statement. The table below is an overview of compensation received by our named executive officers in 2013, which indicates the significance of incentive compensation relative to base salary. The table does not include all of the information included in the Summary Compensation Table.

Name	Salary (\$)	Annual Incentive Awards (\$)	Long-Term Incentive Awards (\$)	Total (\$)
Gale E. Klappa	1,243,256	3,097,587	5,171,466	9,512,309
J. Patrick Keyes	500,520	798,334	1,120,504	2,419,358
Allen L. Leverett	705,139	1,446,375	2,321,340	4,472,854
Susan H. Martin	417,960	621,419	598,017	1,637,396
Robert M. Garvin	374,562	479,221	398,832	1,252,615

**Proposals to be Voted on by Stockholders****Proposal 1: Election of Directors (page P-18)**

Each Director is elected annually to serve a one-year term. The Board met six times during 2013 with an average board and committee meeting attendance during the year of 95.6%. The Corporate Governance Committee has evaluated each individual director nominee listed below and confirmed that he or she has the skills, education, experience and qualifications required to help further the success of the Company's business and represent stockholder interests.

Name	Age	Director Since	Occupation	Committee Memberships
John F. Bergstrom*	67	1987	Chairman and Chief Executive Officer, Bergstrom Corporation	A, C (Chair), E
Barbara L. Bowles*	66	1998	Retired Vice Chair, Profit Investment Management	A, G (Chair), E
Patricia W. Chadwick*	65	2006	President, Ravengate Partners, LLC	A, F
Curt S. Culver*	61	2004	Chairman and Chief Executive Officer, MGIC Investment Corporation	G, F (Chair)
Thomas J. Fischer*	66	2005	Principal, Fischer Financial Consulting LLC	A (Chair), C, E
Gale E. Klappa	63	2003	Chairman of the Board and Chief Executive Officer, Wisconsin Energy Corporation	E (Chair)
Henry W. Knuettel*	65	2013	Retired Chairman and Chief Executive Officer, Regal Beloit Corporation	A, G
Ulice Payne, Jr.*	58	2003	Managing Member, Addison-Clifton, LLC	C, F, E
Mary Ellen Stanek* Independent Director *	57	2012	Managing Director and Director of Asset Management, Baird Financial Group	F

*Board Committees: A = Audit and Oversight Committee; C = Compensation Committee; G = Corporate Governance Committee; F = Finance Committee; E = Executive Committee.*

**Table of Contents****Proposal 2: Ratification of Deloitte & Touche LLP as Independent Auditors (page P-28)**

The Audit and Oversight Committee believes it is important for stockholders to ratify the selection of the independent auditing firm Deloitte & Touche LLP to remain as the Company's independent auditors for 2014. The following table shows the fees paid to Deloitte & Touche LLP for services provided for fiscal years 2013 and 2012.

	2013	2012
Audit Fees	\$ 1,811,300	\$ 1,766,200
Audit-Related Fees		36,000
Tax Fees		
All Other Fees	4,950	
<b>Total</b>	<b>\$ 1,816,250</b>	<b>\$ 1,802,200</b>

**Proposal 3: Advisory Vote on Executive Compensation (page P-56)**

Stockholders are again being asked to cast a non-binding advisory vote on the Company's named executives' compensation. At the 2013 Annual Meeting of Stockholders, the Company's stockholders approved the compensation of the named executive officers with 91% of the votes cast. In evaluating this proposal, we recommend that you review the Compensation Discussion and Analysis beginning on page P-29, which describes in greater detail the Company's compensation philosophy and programs, and describes how and why the Compensation Committee arrived at the 2013 executive compensation levels.

The primary objective of the executive compensation program is to provide a competitive, performance-based plan that enables the Company to attract and retain key individuals and to reward them for achieving both the Company's long-term and short-term goals. The program has been designed to provide a level of compensation that is strongly dependent upon the achievement of short-term and long-term goals that are aligned with the interests of the Company's stockholders and customers. To that end, a substantial portion of pay is at risk and generally, the value will only be realized upon strong corporate performance.

The Company generally compensates named executive officers through a mix of compensation elements, which primarily include the following compensation:

Component	Form	Terms	Page
Base Salary	Cash	Established annually and based upon level of experience, performance, responsibility and contribution to the results of the Company's operations.	P-31
Annual Incentive Awards	Cash	Short-Term Performance Plan: Annual award based upon the achievement of pre-established stockholder, customer and employee-focused objectives.	P-32
		Short-Term Dividend Equivalents: Annual award tied to company performance.	P-34
Long-Term Incentive Awards	Equity	Annual awards tied to Company performance and stockholder value. For 2013, included: performance units	P-34
		stock options	

restricted stock

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**PROXY STATEMENT**

*This proxy statement is being furnished to stockholders beginning on or about March 21, 2014, in connection with the solicitation of proxies by the Wisconsin Energy Corporation ( WEC or the Company ) Board of Directors (the Board ) to be used at the Annual Meeting of Stockholders on Friday, May 2, 2014 (the Meeting ) at 10:00 a.m., Central time, at Concordia University Wisconsin in the R. John Buuck Field House located at 12800 North Lake Shore Drive, Mequon, Wisconsin 53097, and at all adjournments or postponements of the Meeting, for the purposes listed in the Notice of Annual Meeting of Stockholders.*

**ANNUAL MEETING BUSINESS**

**On what Proposals am I voting?**

**Proposal 1: Election of nine directors for terms expiring in 2015.** The Board recommends a vote **FOR** each of the nominees. The nine individuals will be elected as directors if the number of votes cast in person or by proxy at the Meeting favoring such nominee s election exceeds the number of votes cast opposing that nominee s election.

**Proposal 2: Ratification of Deloitte & Touche LLP as independent auditors for 2014.** The Board recommends a vote **FOR** this proposal. Ratification of the independent auditors requires the affirmative vote of a majority of the votes cast in person or by proxy at the Meeting.

**Proposal 3: Advisory vote on compensation of the named executive officers, commonly referred to as a Say on Pay vote.** The Board recommends a vote **FOR** this proposal. Approval, on a non-binding, advisory basis, of the compensation of the named executive officers requires the affirmative vote of a majority of the votes cast in person or by proxy at the Meeting. Because your vote is advisory, it will not be binding on the Board or the Company. However, the Compensation Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

The Company is not aware of any other matters that will be voted on. If a matter does properly come before the Meeting, the persons named as the proxies in the form of proxy will vote the proxy at their discretion.

**VOTING INFORMATION AND ANNUAL MEETING ATTENDANCE**

**Who can vote?**

Common stockholders as of the close of business on the Record Date, February 21, 2014, can vote. Each outstanding share of WEC common stock is entitled to one vote upon each matter presented. A list of stockholders entitled to vote will be available for inspection by stockholders at WEC s principal business office, 231 West Michigan Street, Milwaukee, Wisconsin 53203, prior to the Meeting. The list also will be available at the Meeting.

**How do I vote?**

There are several ways to vote:

By Internet. The Company encourages you to vote this way.

By toll-free, touch-tone telephone.

By completing and mailing your proxy card.

By written ballot at the Meeting.

If you wish to vote through the Internet or by telephone, please follow the instructions on your Notice, proxy card or the information forwarded to you by your bank or broker, as applicable. The Internet and telephone voting facilities will close at 10:59 p.m., Central time, on Thursday, May 1, 2014.

If you are a participant in WEC s Stock Plus Investment Plan ( Stock Plus ) or own shares through investments in the WEC Common Stock Fund or WEC Common Stock ESOP Fund in WEC s 401(k) plan, your proxy will serve as voting instructions for your shares held in those plans. The administrator for Stock Plus and the trustee for the 401(k) plan will vote your shares as you direct. If a proxy is not returned for shares held in Stock Plus, the administrator will not vote those shares. If a proxy is not returned for shares held in the 401(k) plan, the trustee will vote those shares in the same proportion that all shares in the WEC Common Stock Fund or WEC Common Stock ESOP Fund, as the case may be, for which voting instructions have been received, are voted.





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If you are a beneficial owner and your bank or broker holds your shares in its name, they are permitted to vote your shares in the ratification of the independent auditors even if the broker does not receive voting instructions from you. However, for matters considered non-routine, which includes proposals 1 and 3, your broker or other record holder of your shares will not be permitted to vote your shares unless you provide voting instructions. If your shares are held in the name of a broker, bank or other holder of record, you are invited to attend the Meeting, but may not vote at the Meeting unless you have first obtained a proxy executed in your favor from the holder of record.

**What does it mean if I get more than one proxy?**

It means your shares are held in more than one account. Please vote all proxies to ensure all of your shares are counted.

**What constitutes a quorum?**

As of the February 21, 2014 Record Date, there were 225,862,024 shares of WEC common stock outstanding. In order to conduct the Meeting, a majority of the outstanding shares entitled to vote must be represented in person or by proxy. This is known as a quorum. Abstentions and shares which are the subject of broker non-votes will count toward establishing a quorum.

**Can I change my vote?**

You may change your vote or revoke your proxy at any time prior to the closing of the polls, by:

- entering a new vote by Internet or phone;
- returning a later-dated proxy card;
- voting in person at the Meeting; or
- notifying WEC's Corporate Secretary by written revocation letter.

The Corporate Secretary is Susan H. Martin. Any revocation should be filed with her at WEC's principal business office, 231 West Michigan Street, P. O. Box 1331, Milwaukee, Wisconsin 53201.

Attendance at the Meeting will not, in itself, constitute revocation of a proxy. All shares entitled to vote and represented by properly completed proxies timely received and not revoked will be voted as you direct. If no direction is given in a properly completed proxy, the proxy will be voted as the Board recommends.

**Who conducts the proxy solicitation?**

The Board is soliciting these proxies. WEC will bear the cost of the solicitation of proxies. WEC contemplates that proxies will be solicited principally through the use of the mail, but employees of WEC or its subsidiaries may solicit proxies by telephone, personally or by other communications, without compensation apart from their normal salaries. It is not anticipated that any other persons will be engaged to solicit proxies or that compensation will be paid for that purpose. However, WEC may seek the services of an outside proxy solicitor in the event that it believes such services would be beneficial.

**Who will count the votes?**

Computershare, which also will serve as Inspector of Election, will tabulate the vote.

**What must I do to attend the Annual Meeting?**

The Meeting is open to all stockholders of WEC. **You must pre-register to reserve an admission ticket** and then present your government-issued photo identification at the door in order to attend.

If you would like to attend, please contact Stockholder Services by email at [WEC.Stockholder-Services.Contact@wisconsinenergy.com](mailto:WEC.Stockholder-Services.Contact@wisconsinenergy.com) or by telephone at 800-881-5882 to reserve an admission ticket. If you hold your shares in street name through an intermediary, such as a bank, brokerage firm or other nominee, and you would like to attend the Meeting, please send us a written request for an admission ticket either by regular mail, fax or email, along with proof of share ownership, such as a bank or brokerage firm account statement, a copy of the voting instruction card provided by your broker, or a letter from the broker, trustee, bank or nominee holding your shares to: Stockholder Services, 231 West Michigan Street, P.O. Box 1331, Milwaukee, Wisconsin 53201; fax: 414-221-3888; or email: [WEC.Stockholder-Services.Contact@wisconsinenergy.com](mailto:WEC.Stockholder-Services.Contact@wisconsinenergy.com).

Requests to reserve admission tickets will be processed in the order in which they are received and must be received no later than five business days before the Meeting, or Friday, April 25, 2014. If we cannot confirm you are a registered stockholder or beneficial owner, we will contact you for further information.

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Admission tickets will be available for pick-up at the Meeting. All Meeting attendees will be asked to present a government-issued photo identification card, such as your driver's license, state identification card or passport, before receiving an admission ticket. We will then verify your name against our stockholder list. If you own shares in the name of your broker, bank or other nominee

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( street name ), you should bring your proof of share ownership with you to the Meeting. If we cannot verify that you are a stockholder, you may not be admitted to the Meeting.

The Meeting will begin promptly at 10:00 a.m., Central time. Check-in will begin at 8:30 a.m. Please allow ample time for check-in procedures.

**Why did I receive a separate Notice Regarding the Availability of Proxy Materials instead of printed**

Pursuant to rules adopted by the Securities and Exchange Commission, we are providing access to our proxy materials over the Internet. Accordingly, we began mailing a Notice Regarding the Availability of Proxy Materials with instructions on how to access our proxy materials and vote online (the Notice ) to many of our registered and beneficial stockholders on or about March 21, 2014 instead of a full set of our printed proxy materials. The Notice is not a proxy card and cannot be used to vote your shares.

**Proxy materials?**

As more fully described in the Notice, registered stockholders may choose to access our proxy materials over the Internet and vote online or may request to receive a printed set by logging on to [www.envisionreports.com/wec](http://www.envisionreports.com/wec) and following the applicable instructions or by calling 866-641-4276. If your shares are held by a broker, trustee, bank or other nominee, please refer to the information provided by such record holder for instructions on how to access our proxy materials and vote.

If you receive paper copies of our proxy materials, please consider signing up to receive these materials electronically in the future as described under "How can I choose to receive future Proxy Materials and Annual Reports electronically instead of receiving paper copies?" in this proxy statement. By delivering our proxy materials electronically, we can provide our stockholders with the information they need quickly and efficiently while distributing our proxy materials in a cost-effective manner.

**What information is available via the Internet?**

The following documents can be found at [www.envisionreports.com/wec](http://www.envisionreports.com/wec):

Notice of Annual Meeting;

Proxy Statement;

2013 Annual Report; and

Form of Proxy.

**How can I choose to receive future Proxy Materials and Annual Reports electronically**

If you are a registered stockholder and receive a paper copy of our proxy materials this year, you may elect to receive access to future copies of these documents electronically by: (i) following the instructions when voting by Internet or by telephone, or (ii) registering for our eDelivery paperless communication program. You will then be able to receive future proxy materials and other stockholder communications (e.g., investment plan statements, tax documents, and more) electronically until you change your election.

**instead of receiving paper copies?**

If your shares are held by a broker, trustee, bank or other nominee on your behalf, please refer to the information provided by such record holder for instructions on how to elect to receive access to our future proxy materials and annual reports over the Internet.

**Why choose our eDelivery**

Electronic distribution gives stockholders faster delivery of account documents and saves the Company and its stockholders the cost of printing and mailing these materials. eDelivery also provides you with fast and

**paperless communication  
program?**

secure 24/7 online access to proxy materials, investment plan statements, tax documents and more. You may access your account and sign up for eDelivery at [www.computershare.com/investor](http://www.computershare.com/investor).

**What steps has WEC taken  
to reduce the cost of  
proxy solicitation?**

WEC has implemented several practices that reduce printing and postage costs and are friendly to the environment. The Company has:

introduced the delivery of proxy materials through the Internet;

encouraged Internet and telephone voting of your proxies; and

implemented householding whereby stockholders who do not choose to receive their proxy materials electronically, and who share a single address, receive a single annual report and proxy statement, unless the Company received instructions to the contrary from one or more of the stockholders.

If you received multiple paper copies of the annual report and proxy statement, you may wish to contact the Company's transfer agent, Computershare, at 800-558-9663, to request householding, or

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you may provide written instructions to Wisconsin Energy Corporation, c/o Computershare, P.O. Box 30170, College Station, TX 77842-3170. If you wish to receive separate copies of the annual report and proxy statement now or in the future, or to discontinue householding entirely, you may contact the Company's transfer agent using the contact information provided above. Upon request, the Company will promptly send a separate copy of either document. Whether or not a stockholder is householding, each stockholder will continue to receive a proxy card. If your shares are held through a bank, broker or other holder of record, you may request householding by contacting the holder of record.

**What Attendance**

If you plan to attend the Meeting, please review the Annual Meeting Attendance Guidelines that appear on page P-59 of this proxy statement. Attendees who fail to comply with these Guidelines risk expulsion from the Meeting. In the event of a disruption, the Chairman may immediately adjourn the Meeting and declare the polls open for such period of time as he may determine to receive votes by proxy or ballot on items of business properly brought before the Meeting.

**Guidelines apply to the**

**Annual Meeting?**

In order to assure the holding of a fair and orderly meeting and to accommodate as many stockholders as possible who may wish to speak at the Meeting, management will limit the general discussion portion of the Meeting and permit only stockholders or their authorized representatives to address the Meeting. Cameras, cell phones, recording devices and other electronic devices will not be permitted to be in use during the Meeting. In addition, signs, banners, placards, handouts and similar materials will not be allowed on Meeting premises. The Company reserves the right to inspect all items, including handbags and briefcases, prior to entering the Meeting room.

**Where is this year's**

This year's Meeting is being held at Concordia University Wisconsin in the R. John Buuck Field House, 12800 North Lake Shore Drive, Mequon, WI 53097.

**Annual Meeting being held?**

**Who do I contact if I have**

If you need more information about the Meeting, write to Stockholder Services, 231 West Michigan Street, P.O. Box 1331, Milwaukee, Wisconsin 53201, or call us at 800-881-5882.

**questions about the Annual**

**Meeting?**

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**CORPORATE GOVERNANCE FREQUENTLY ASKED QUESTIONS**

**Does WEC have Corporate Governance Guidelines?**

Yes, since 1996 the Board has maintained Corporate Governance Guidelines that provide a framework under which it conducts business. The Corporate Governance Committee reviews the Guidelines annually to ensure that the Board is providing effective governance over the affairs of the Company. The Guidelines are available in the Governance section of the Company's Website at [www.wisconsinenergy.com](http://www.wisconsinenergy.com) and are available in print to any stockholder who requests them in writing from the Corporate Secretary.

**How are directors determined to be independent?**

No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Company. The Corporate Governance Guidelines provide that the Board should consist of at least a two-thirds majority of independent directors.

**What are the Board's standards of independence?**

The guidelines the Board uses in determining director independence are located in Appendix A of the Corporate Governance Guidelines. These standards of independence, which are summarized below, include those established by the New York Stock Exchange as well as a series of standards that are more comprehensive than New York Stock Exchange requirements. A director will be considered independent by the Board if the director:

has not been an employee of the Company for the last five years;

has not received, in the past three years, more than \$120,000 per year in direct compensation from the Company, other than director fees or deferred compensation for prior service;

is not a current partner or employee of a firm that is the Company's internal or external auditor, was not within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time, has no immediate family member who is a current partner of such a firm, or has no immediate family member who is a current employee of such a firm and personally works on the Company's audit;

has not been an executive officer, in the past three years, of another company where any of the Company's present executives at the same time serves or served on that other company's compensation committee;

in the past three years, has not been an employee of a company that makes payments to, or receives payments from, the Company for property or services in an amount which in any single fiscal year is the greater of \$1 million or 2% of such other company's consolidated gross revenues;

has not received, during the current calendar year or the immediately preceding calendar year, remuneration, other than *de minimus* remuneration, as a result of services as, or being affiliated with an entity that serves as, an advisor, consultant, or legal counsel to the Company or to a member of the Company's senior management, or a significant supplier of the Company;

has no personal service contract(s) with the Company or any member of the Company's senior management;

is not an employee or officer with a not-for-profit entity that receives 5% or more of its total annual charitable awards from the Company;

is not employed by a public company at which an executive officer of the Company serves as a director; and

does not have any beneficial ownership interest of 5% or more in an entity that has received remuneration, other than *de minimus* remuneration, from the Company, its subsidiaries or affiliates.

The Board also considers whether a director's immediate family members meet the above criteria, as well as whether a director has any relationships with WEC's affiliates for certain of the above criteria, when determining the director's independence.

**Who are the independent directors?**

The Board has affirmatively determined that Directors Bergstrom, Bowles, Chadwick, Culver, Fischer, Kneuppel, Payne and Stanek have no relationships described in the Board's standards of independence noted above and otherwise have no material relationships with WEC and are independent. This represents

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89% of the current Board. Director Klappa is not independent due to his present employment with WEC.

Since 2005, WEC has engaged Baird Financial Group primarily to provide consulting services for investments held in the Company's various benefit plan trusts. The Board reviewed the terms of this engagement, including the approximately \$386,850 in fees paid to Baird in 2013 (which are less

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than one-tenth of 1% of Baird's total revenue), and Ms. Stanek's position at Baird, and concluded that such engagement is not material and did not impact Ms. Stanek's independence.

**What are the committees of the Board?**

The Board of Directors has the following committees: Audit and Oversight, Compensation, Corporate Governance, Finance, and Executive.

All committees, except the Executive Committee, operate under a charter approved by the Board. A copy of each committee charter is posted in the Governance section of the Company's Website at [www.wisconsinenergy.com](http://www.wisconsinenergy.com) and is available in print to any stockholder who requests it in writing from the Corporate Secretary. The members and the responsibilities of each committee are listed later in this proxy statement under the heading Committees of the Board of Directors.

**Are the Audit and Oversight, Corporate Governance and Compensation Committees comprised solely of independent directors?**

Yes, these committees are comprised solely of independent directors, as determined under New York Stock Exchange rules and the Board's Corporate Governance Guidelines.

In addition, the Board has determined that each member of the Audit and Oversight Committee and the Compensation Committee is independent under the rules of the New York Stock Exchange applicable to audit committee and compensation committee members, respectively. The Audit and Oversight Committee is a separately designated committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended.

**Is the office of CEO combined with the office of Chairman of the Board?**

Yes, the office of CEO is combined with the office of Chairman of the Board. Consistent with WEC's Bylaws and its Corporate Governance Guidelines, the Board retains the right to exercise its discretion in combining or separating the offices of Chief Executive Officer and Chairman of the Board. Given the complexity of the Company's industry, operations and regulatory environment, the Board believes that having a combined CEO and Chairman is the appropriate structure for the Company at this time.

The Board currently does not appoint a lead independent director; however, Director Bowles, the chair of the Corporate Governance Committee, acts as presiding director when the independent directors meet in executive session without management present. The Board believes that such leadership evolves naturally and may vary depending upon the issue under consideration. Therefore, the Board does not believe that the appointment of a designated lead independent director is necessary at this time.

**Do the non-management directors meet separately from management?**

Yes, at every regularly scheduled Board meeting non-management (non-employee) directors meet in executive session without any management present. All non-management directors are independent. The chair of the Corporate Governance Committee, currently Director Bowles, presides at these sessions.

**What is the Board's role in risk oversight?**

The Board oversees our risk environment and has delegated specific risk monitoring responsibilities to the Audit and Oversight Committee and the Finance Committee as described in each committee's charter. Both of these committees routinely report back to the Board. The Board and its committees also periodically receive briefings from management on specific areas of risk as well as emerging risks to the enterprise. The Board's role in risk oversight had no effect on the Board's decision to keep the roles of Chairman and CEO combined.

Over the course of the year, the Audit and Oversight Committee hears reports from management on the Company's major risk exposures in such areas as compliance, environmental, legal/litigation and ethical conduct and steps taken to monitor and control such exposures. The Finance Committee discusses the Company's risk assessment and risk management policies, and provides oversight of insurance matters to ensure that its risk management program is functioning properly. Both committees have direct access to, and meet as needed with, Company representatives without other management present to discuss matters

related to risk management.

The CEO, who is ultimately responsible for managing risk, routinely reports to the Board on risk-related matters. As part of this process, the business unit leaders identify existing, new or emerging issues or changes within their business area that could have enterprise implications and report them to senior management. Management is tasked with ensuring that these risks and opportunities are appropriately addressed. In addition, the Company has established a Compliance Risk Steering Committee, comprised of senior level management employees, whose purpose is to foster an enterprise-wide approach to managing compliance. The results of each of these risk-management efforts are reported to the CEO and to the Board or its appropriate committee.

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**How can interested parties contact the members of the Board?**

Correspondence may be sent to the directors, including the non-management directors, in care of the Corporate Secretary, Susan H. Martin, at the Company's principal business office, 231 West Michigan Street, P.O. Box 1331, Milwaukee, Wisconsin 53201.

All communication received as set forth above will be opened by the Corporate Secretary for the sole purpose of confirming the contents represent a message to the Company's directors. Pursuant to instructions from the Board of Directors, all communication, other than advertising, promotion of a product or service, or patently offensive material, will be forwarded promptly to the addressee.

**Does the Company have a written code of ethics?**

Yes, all WEC directors, executive officers and employees, including the principal executive, financial and accounting officers, have a responsibility to comply with WEC's Code of Business Conduct, to seek advice in doubtful situations and to report suspected violations.

WEC's Code of Business Conduct addresses, among other things: conflicts of interest; confidentiality; fair dealing; protection and proper use of Company assets; and compliance with laws, rules and regulations (including insider trading laws). The Company has not provided any waiver to the Code for any director, executive officer or other employee.

The Code of Business Conduct is posted in the Governance section of the Company's Website at [www.wisconsinenergy.com](http://www.wisconsinenergy.com). It is also available in print to any stockholder upon request in writing to the Corporate Secretary.

The Company has several ways employees can raise questions concerning WEC's Code of Business Conduct and other Company policies. As one reporting mechanism, the Company has contracted with an independent service for employees to confidentially and anonymously report suspected violations of the Code of Business Conduct or other concerns, including those regarding accounting, internal accounting controls or auditing matters.

**Does the Company have policies and procedures in place to review and approve related party transactions?**

All employees of WEC, including executive officers, and members of the Board are required to comply with WEC's Code of Business Conduct. The Code addresses, among other things, what actions are required when potential conflicts of interest may arise, including those from related party transactions. Specifically, executive officers and members of the Board are required to obtain approval of the Audit and Oversight Committee chair (1) before obtaining any financial interest in or participating in any business relationship with any company, individual or concern doing business with WEC or any of its subsidiaries, (2) before participating in any joint venture, partnership or other business relationship with WEC or any of its subsidiaries, and (3) before serving as an officer or member of the board of any substantial outside for-profit organization (except the Chief Executive Officer must obtain the approval of the full Board before doing so and members of the Board of Directors must obtain the prior approval of the Corporate Governance Committee). Executive officers must obtain the prior approval of the Chief Executive Officer before accepting a position with a substantial non-profit organization; members of the Board must notify the Compliance Officer when joining the board of a substantial non-profit organization, but do not need to obtain prior approval.

In addition, WEC's Code of Business Conduct requires employees and directors to notify the Compliance Officer of situations where family members are a supplier or significant customer of WEC or employed by one. To the extent the Compliance Officer deems it appropriate, she will consult with the Audit and Oversight Committee chair in situations involving executive officers and members of the Board.

**Does the Board evaluate  
CEO performance?**

Yes, the Compensation Committee, on behalf of the Board, annually evaluates the performance of the CEO and reports the results to the Board. As part of this practice, the Compensation Committee obtains from each non-employee director his or her input on the CEO's performance.

The CEO is evaluated in a number of areas including leadership, vision, financial stewardship, strategy development, management development, effective communication with constituencies, demonstrated integrity and effective representation of the Company in community and industry affairs. The chair of the Compensation Committee shares the evaluation results with the CEO. The process is also used by the Committee to determine appropriate compensation for the CEO. This procedure allows the Board to evaluate the CEO and to communicate the Board's expectations.

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**Does the Board evaluate its own performance?**

Yes, the Board annually evaluates its own collective performance. Each director is asked to consider the performance of the Board on such things as: the establishment of appropriate corporate governance practices; providing appropriate oversight for key affairs of the Company (including its strategic plans, long-range goals, financial and operating performance, risks to the enterprise and customer satisfaction initiatives); communicating the Board's expectations and concerns to the CEO; overseeing opportunities critical to the Company; and operating in a manner that ensures open communication, candid and constructive dialogue as well as critical questioning. The Corporate Governance Committee uses the results of this process as part of its annual review of the Corporate Governance Guidelines and to foster continuous improvement of the Board's activities.

**Is Board committee performance evaluated?**

Yes, each committee, except the Executive Committee, conducts an annual performance evaluation of its own activities and reports the results to the Board. The evaluation compares the performance of each committee with the requirements of its charter. The results of the annual evaluations are used by each committee to identify both its strengths and areas where its governance practices can be improved. Each committee may adjust its charter, with Board approval, based on the evaluation results.

**Are all the members of the Audit Committee financially literate and does the committee have an audit committee financial expert ?**

Yes, the Board has determined that all of the members of the Audit and Oversight Committee are financially literate as required by New York Stock Exchange rules and qualify as audit committee financial experts within the meaning of Securities and Exchange Commission rules. Director Fischer serves on the audit committee of three other public companies. The Board determined that his service on these other audit committees will not impair Director Fischer's ability to effectively serve on the Audit and Oversight Committee. No other member of the Audit and Oversight Committee serves as an audit committee member of more than three public companies. For this purpose, the Company considers service on the audit committees of Wisconsin Energy Corporation and Wisconsin Electric Power Company to be service on the audit committee of one public company because of the commonality of the issues considered by those committees.

**What are the principal processes and procedures used by the Compensation Committee to determine executive and director compensation?**

One of the principal responsibilities of the Compensation Committee is to provide a competitive, performance-based executive and director compensation program. This includes: (1) determining and periodically reviewing the Committee's compensation philosophy; (2) determining and reviewing the compensation paid to executive officers (including base salaries, incentive compensation and benefits); (3) overseeing the compensation and benefits to be paid to other officers and key employees; (4) establishing and administering the Chief Executive Officer compensation package; and (5) reviewing the results of the most recent stockholder advisory vote on compensation of the named executive officers. The Compensation Committee is also charged with administering the compensation package of WEC's non-employee directors. The Compensation Committee meets with the Corporate Governance Committee annually to review the compensation package of WEC's non-employee directors and to determine the appropriate amount of such compensation. Although it has not chosen to do so, the Committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

WEC engaged (outside of the Compensation Committee) Towers Watson, a compensation consulting firm, to provide the Compensation Committee and Chief Executive Officer with compensation data surveys regarding general industry and the energy services industry prepared annually by Towers Watson. Although the Compensation Committee relies on this compensation data, Towers Watson does not recommend the amount or form of executive or director compensation. While Towers Watson was not engaged directly by the Compensation Committee, the Committee has unrestricted access to Towers Watson and may retain its own compensation consultant at its discretion.

The Chief Executive Officer, after reviewing the compensation data compiled by Towers Watson and each executive officer's individual experience, performance, responsibility and contribution to the results of the Company's operations, makes compensation recommendations to the Committee for all executive officers other than himself. The Compensation Committee is free to make adjustments to such recommendations as it deems appropriate. For more information regarding our executive compensation processes and procedures, please refer to the Compensation Discussion and Analysis later in this proxy statement.



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**Does the Board have a nominating committee?**

Yes, the Corporate Governance Committee is responsible for, among other things, identifying and evaluating director nominees. The chair of the Committee coordinates this effort.

**What is the process used to identify director nominees and how do I recommend a nominee to the Corporate Governance Committee?**

Candidates for director nomination may be proposed by stockholders, the Corporate Governance Committee and other members of the Board. The Committee may pay a third party to identify qualified candidates; however, no such firm was engaged with respect to the nominees listed in this proxy statement. No stockholder nominations or recommendations for director candidates were received.

**What is the deadline for stockholders to submit proposals for the 2015 Annual Meeting of Stockholders?**

Stockholders wishing to propose director candidates for consideration and recommendation by the Corporate Governance Committee for election at the 2015 Annual Meeting of Stockholders must submit the candidates' names and qualifications to the Corporate Governance Committee no later than November 1, 2014, via the Corporate Secretary, Susan H. Martin, at the Company's principal business office, 231 West Michigan Street, P.O. Box 1331, Milwaukee, Wisconsin 53201.

Stockholders who intend to have a proposal considered for inclusion in the Company's proxy materials for presentation at the 2015 Annual Meeting of Stockholders must submit the proposal to the Company no later than November 21, 2014.

Stockholders who intend to present a proposal at the 2015 Annual Meeting of Stockholders without inclusion of such proposal in the Company's proxy materials, or who propose to nominate a person for election as a director at the 2015 Annual Meeting, are required to provide notice of such proposal or nomination, containing the information required by the Company's Bylaws, to the Company at least 70 days and not more than 100 days prior to the scheduled date of the 2015 Annual Meeting of Stockholders. The 2015 Annual Meeting of Stockholders is tentatively scheduled for May 7, 2015.

Correspondence in this regard should be directed to the Corporate Secretary, Susan H. Martin, at the Company's principal business office, 231 West Michigan Street, P.O. Box 1331, Milwaukee, Wisconsin 53201.

**What is WEC's policy regarding director attendance at annual meetings?**

Generally, all directors are expected to attend the Company's annual meetings of stockholders. All directors attended the 2013 Annual Meeting except for Mr. Bergstrom.

**Where can I find more information about WEC corporate governance?**

The Company's Website, [www.wisconsinenergy.com](http://www.wisconsinenergy.com), contains information on the Company's governance activities. The site includes the Code of Business Conduct, Corporate Governance Guidelines, Board committee charters and other useful information. As policies are continually evolving, the Company encourages you to visit the Website periodically. Copies of these documents may also be requested in writing from the Corporate Secretary.

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**PROPOSAL 1: ELECTION OF DIRECTORS TERMS EXPIRING IN 2015**

WEC's Bylaws require each director to be elected annually to hold office for a one-year term. Because this is an uncontested election, our majority vote standard for election of directors will apply. Under this standard, the director nominees will be elected only if the number of the votes cast favoring such nominee's election exceeds the number of votes cast opposing that nominee's election, as long as a quorum is present. Therefore, presuming a quorum is present, shares not voted, whether by broker non-vote, abstention or otherwise, have no effect in the election of directors.

All of the nominees are currently WEC directors who were elected by stockholders at the 2013 Annual Meeting. Proxies may not be voted for more than nine persons in the election of directors.

The Board requires its current and potential directors to have a broad range of skills, education, experience and qualifications that will benefit WEC and its stockholders. Information regarding the specific criteria and processes used to evaluate director nominees can be found below.

**The Board's nominees for election are:**

**John F. Bergstrom  
Barbara L. Bowles  
Patricia W. Chadwick**

**Curt S. Culver  
Thomas J. Fischer  
Gale E. Klappa**

**Henry W. Kneuppel  
Ulice Payne, Jr.  
Mary Ellen Stanek**

Each nominee has consented to being nominated and to serve if elected. In the unlikely event that any nominee becomes unable to serve for any reason, the proxies will be voted for a substitute nominee selected by the Board upon the recommendation of the Corporate Governance Committee of the Board. Information regarding each nominee is included on the following pages.

**The Board of Directors recommends that you vote FOR all of the director nominees.**

**DIRECTOR NOMINEES**

**Criteria and Processes Used to Evaluate Nominees.** The Corporate Governance Committee evaluates each individual director nominee in the context of the Board as a whole with the goal of recommending nominees with diverse backgrounds and experience that, together, can best perpetuate the success of WEC's business and represent shareholder interests. In addition to the specific experiences and skills identified for each individual director nominee below, the Corporate Governance Committee believes that all of the director nominees should generally possess certain characteristics and skills.

The Corporate Governance Committee has established criteria for evaluating all director candidates, which are reviewed annually. As set forth in the Company's Corporate Governance Guidelines, these include: proven integrity; mature and independent judgment; vision and imagination; ability to objectively appraise problems; ability to evaluate strategic options and risks; sound business experience and acumen; relevant technological, political, economic or social/cultural expertise; social consciousness; achievement of prominence in career; familiarity with national and international issues affecting the Company's businesses; contribution to the Board's desired diversity and balance; and, in the case of new directors, availability to serve for five years before reaching the directors' retirement age of 72.

The Committee does not have a specific policy with regards to the consideration of diversity in identifying director nominees. However, the Committee strives to recommend candidates who each bring a unique perspective to the Board in order to contribute to the collective diversity of the Board. As part of its process in connection with the nomination of new directors to the Board, the Committee considers several factors to ensure the entire Board collectively embraces a wide variety of characteristics, including professional background, experience, skills and knowledge as well as the criteria listed above. Each candidate will generally exhibit different and varying degrees of these characteristics.

In evaluating director candidates, the Corporate Governance Committee reviews potential conflicts of interest, including interlocking directorships and substantial business, civic and/or social relationships with other members of the Board that could impair the prospective Board member's ability to act independently from the other Board members and management.

Once a person has been identified by the Corporate Governance Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether that person should be considered further. If the Committee determines that the candidate warrants further consideration, the chair or another member of the Board of Directors contacts the person. Generally, if the person



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expresses a willingness to be considered and to serve on the Board, the Committee requests additional information from the candidate, reviews the person's accomplishments and qualifications and conducts one or more interviews with the candidate. In certain instances, Committee members may contact one or more references provided by the

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candidate or may contact other members of the business community or other persons who may have greater firsthand knowledge of the candidate's accomplishments.

The Committee evaluates all candidates, including those proposed by stockholders, using this criteria and process. The process is designed to provide the Board with a diversity of experience and stability to allow it to effectively meet the many challenges WEC faces in today's challenging economic environment.

**Nominees for Election to the Board of Directors.** Wisconsin Electric Power Company and Wisconsin Gas LLC do business as We Energies and are subsidiaries of Wisconsin Energy Corporation. Ages and biographical information for each of the director nominees are as of March 1, 2014.

**John F. Bergstrom.** Age 67.

Bergstrom Corporation Chairman and Chief Executive Officer since 1982. Bergstrom Corporation owns and operates numerous automobile sales and leasing companies.

Director of Advance Auto Parts Inc. since 2008; Director of Associated Banc-Corp since 2010; and Director of Kimberly-Clark Corporation since 1987.

Director of Midwest Air Group, Inc. from 1993 to 2009.

Director of Wisconsin Energy Corporation since 1987, Wisconsin Electric Power Company since 1985, and Wisconsin Gas LLC since 2000.

Mr. Bergstrom has over 30 years of experience as CEO of Bergstrom Corporation, one of the top 50 automotive dealership groups in America, with dealerships across eastern Wisconsin, including several in We Energies utility service territories. Therefore, Mr. Bergstrom provides the Board experience and insight with respect to understanding the needs of the Company's retail customers, as well as Wisconsin's business environment. As the CEO of a large, diverse retailer, Mr. Bergstrom has a deep understanding of executive compensation issues and challenges and is well qualified to provide perspective on customer focus and satisfaction which continues to be a primary focus of the Company. Mr. Bergstrom also provides the Board with insight gained from his over 28 years of service as a director on WEC's and its subsidiaries' Boards, over 50 years of combined experience as a director on the boards of several other publicly traded U.S. corporations, and past or present directorships on the boards of several regional non-profit entities, including the Green Bay Packers, Inc.

**Barbara L. Bowles.** Age 66.

Profit Investment Management Retired Vice Chair. Served as Vice Chair from January 2006 until retirement in December 2007. Profit Investment Management is an investment advisory firm.

The Kenwood Group, Inc. Retired Chairman. Served as Chairman from 2000 until 2006 when The Kenwood Group, Inc. merged into Profit Investment Management. Chief Executive Officer from 1989 to 2005.

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Director of Hospira, Inc. since 2008.

Director of Black & Decker Corporation from 1993 to 2010.

Director of Wisconsin Energy Corporation and Wisconsin Electric Power Company since 1998, and Wisconsin Gas LLC since 2000.

As founder, president and CEO of The Kenwood Group, Inc., a Chicago-based investment advisory firm that managed pension funds for corporations, public institutions and endowments, Ms. Bowles has over 19 years of investment advisory experience. Before founding The Kenwood Group, Ms. Bowles, who is a Chartered Financial Analyst, was a chief investor relations officer for two Fortune 50 companies. Prior to that, she served as a portfolio manager and utility analyst for more than 10 years. With this combined experience, Ms. Bowles is well qualified to provide perspective to the Board as to what issues are important to large investors, particularly what is important to analysts covering the Company's industry. Ms. Bowles also served as chief compliance officer for the mid-cap portfolios following The Kenwood Group's merger with Profit Investment Management, through which she gained a deep understanding of corporate governance issues and concerns. This experience is invaluable for Ms. Bowles' positions as chair of the WEC Corporate Governance Committee and presiding independent director. Ms. Bowles' past and present service as a director of other public companies, including service on several audit and finance committees, provides a resource to the Board in discussions of issues facing the Company.

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**Patricia W. Chadwick.** Age 65.

Ravengate Partners, LLC President since 1999. Ravengate Partners, LLC provides businesses and not-for-profit institutions with advice about the financial markets, business management and global economics.

Director of AMICA Mutual Insurance Company since 1992; Director of ING Mutual Funds since 2006; and Director of The Royce Funds since 2009.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2006.

Ms. Chadwick, who is a Chartered Financial Analyst, was an investment professional/portfolio manager or principal for 30 years, and served as a director of research for four of those years. Since 1999, Ms. Chadwick has been president of Ravengate Partners, LLC, a firm that provides businesses and not-for-profit institutions with advice about the economy and the financial markets. As indicated above, Ms. Chadwick currently serves as a director on the boards of two registered investment companies. She has served as the Chair of multiple committees at AMICA Mutual Insurance Company, including the Audit Committee and Nominating and Governance Committee (which she currently chairs). She is also the Chair of the Domestic Investment Review Committee at ING Mutual Funds and serves on the Audit Committees for AMICA Mutual Insurance Company and The Royce Funds, as well as the Finance Committee for AMICA. Ms. Chadwick's career and experience allow her to provide needed advice and insight to the Board on the capital markets. This perspective is valuable to WEC and its subsidiaries, which operate in a capital-intensive industry and must consistently access the capital markets. In addition, Ms. Chadwick's service on the Board of AMICA, including presently serving as lead director, has provided her with experience in dealing with insurance risk management issues.

**Curt S. Culver.** Age 61.

MGIC Investment Corporation Chairman since 2005, Chief Executive Officer since 2000, and President from 1999 to 2006. MGIC Investment Corporation is the parent of Mortgage Guaranty Insurance Corporation.

Mortgage Guaranty Insurance Corporation Chairman since 2005, Chief Executive Officer since 1999, and President from 1996 to 2006. Mortgage Guaranty Insurance Corporation is a private mortgage insurance company.

Director of MGIC Investment Corporation since 1999.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2004.

Mr. Culver's experience as Chairman and CEO of MGIC, which is headquartered in Milwaukee, Wisconsin, not only provides the Board with expertise in the financial markets and risk assessment and management, but also knowledge of the challenges and issues facing a public company headquartered in the same city as the Company. In addition, with his experience in the insurance industry, Mr. Culver is in a position to advise the Finance Committee on the Company's insurance program and its effect on overall risk management. Mr. Culver also has past and present experience serving on the boards of numerous Milwaukee-area non-profit and two private, regional for-profit entities.

**Thomas J. Fischer.** Age 66.

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Fischer Financial Consulting LLC Principal since 2002. Fischer Financial Consulting LLC provides consulting on corporate financial, accounting and governance matters.

Arthur Andersen LLP Retired as Managing Partner of the Milwaukee office and Deputy Managing Partner for the Great Plains Region in 2002. Served as Managing Partner from 1993 and as Partner from 1980. Arthur Andersen LLP was an independent public accounting firm.

Director of Actuant Corporation since 2003; Director of Badger Meter, Inc. since 2003; and Director of Regal Beloit Corporation since 2004.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2005.

As Principal of Fischer Financial Consulting LLC, Mr. Fischer has provided consulting services to companies in the areas of corporate financial, accounting and governance matters since 2002. Prior to this, Mr. Fischer, who is a Certified Public Accountant, worked for Arthur Andersen, which was a large, international independent public accounting firm, for 33 years, the last 22 as a partner responsible for services provided to large, complex public and private companies and several public utility audits. Combined with Mr. Fischer's service as a director and member of the audit committees of three other Wisconsin-based public companies, Mr. Fischer provides the Board with a deep understanding of corporate governance issues, accounting and auditing matters, including financial reporting and regulatory compliance, and risk assessment and management. In light of this extensive experience, he is chair of the Audit and Oversight Committee.

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**Gale E. Klappa.** Age 63.

Wisconsin Energy Corporation Chairman of the Board and Chief Executive Officer since 2004, and President from 2003 to July 2013.

Wisconsin Electric Power Company Chairman of the Board since 2004, and President and Chief Executive Officer since 2003.

Wisconsin Gas LLC Chairman of the Board since 2004, and President and Chief Executive Officer since 2003.

Director of Badger Meter, Inc. since 2010; and Director of Joy Global Inc. since 2006.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2003.

As Chief Executive Officer of WEC and its two principal utility subsidiaries, Mr. Klappa represents and communicates management's perspective to the Board. Mr. Klappa provides the Board with an understanding of the day-to-day operations of the Company, and, in turn, communicates the Board's vision and direction for the Company to the other officers and management. Mr. Klappa has more than 39 years of experience working in the public utility industry, the last 21 at a senior executive level. Immediately prior to joining WEC in 2003, Mr. Klappa served as Executive Vice President and Chief Financial Officer of The Southern Company, a public utility holding company serving the southeastern United States. Mr. Klappa also served in various other leadership positions during his tenure at Southern, including Chief Strategic Officer and Chief Executive of the company's subsidiary in the United Kingdom. Mr. Klappa currently serves on the boards of Edison Electric Institute, an association of U.S. shareholder-owned electric companies, and Electric Power Research Institute, an independent, non-profit research company performing research, development and demonstration in the electricity sector.

**Henry W. Kneoppel.** Age 65.

Regal Beloit Corporation Retired Chairman of the Board and Chief Executive Officer. Served as Chief Executive Officer from 2005 to 2011 and as Chairman from 2006 to 2011. Regal Beloit Corporation is a leading manufacturer of electric motors, mechanical and electrical motion controls, and power generation products.

Harsco Corporation Independent, Non-Executive Chairman of the Board since September 2012. Served as Interim Chairman and Chief Executive Officer from February 2012 to September 2012. Harsco Corporation is a diversified, worldwide industrial services company.

Director of Regal Beloit Corporation since 1985; Director of Harsco Corporation since 2008; and Director of Snap-on Incorporated since 2011.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2013.

Prior to serving as Chief Executive Officer and Chairman of the Board, Mr. Kneuppel held several leadership positions at Regal Beloit Corporation and has more than 30 years of senior management experience at the company. Mr. Kneuppel's years of service with Regal Beloit Corporation, a Wisconsin-based manufacturer of electrical motors, mechanical and electrical motion controls, and power generation products, provides him with knowledge of equipment used in the Company's business. Mr. Kneuppel continues to serve on Regal Beloit Corporation's Board of Directors, as well as on the Boards of Directors of Harsco Corporation and Snap-On Incorporated, both large publicly-traded industrial companies. With his combined experience, Mr. Kneuppel is well qualified to provide perspective on the issues facing the Company's large commercial and industrial customers. Mr. Kneuppel's position as independent, non-executive Chairman of the Board at Harsco Corporation also provides him with insight into the latest corporate governance trends. Mr. Kneuppel is able to bring to the Board.

**Ulice Payne, Jr.** Age 58.

Addison-Clifton, LLC Managing Member since 2004. Addison-Clifton, LLC provides global trade compliance advisory services.

Director of Manpower Group since 2007; and Trustee of The Northwestern Mutual Life Insurance Company since 2005.

Director of Badger Meter, Inc. from 2000 to 2010; and Director of Midwest Air Group, Inc. from 1998 to 2008.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2003.

Mr. Payne has extensive leadership experience within the local community and the state of Wisconsin, previously serving as president and CEO of the Milwaukee Brewers Baseball Club, Inc., as managing partner of the Milwaukee office of Foley & Lardner, a Milwaukee-based law firm, and as Securities Commissioner for the state of Wisconsin. In addition, Mr. Payne is and has been involved in numerous Milwaukee-area non-profit entities, including serving as past chair of the Bradley Center Sports and Entertainment Corporation. Therefore, Mr. Payne is well positioned to provide the Board with perspective on the issues and

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challenges affecting the Milwaukee region as well as a broad spectrum of the Company's customers. Mr. Payne presently advises on global trade compliance as Managing Member of Addison-Clifton, LLC, where Mr. Payne consistently deals with public policy and compliance matters, experience he brings to the Board. In addition, Mr. Payne's past and present directorship experience on the Boards of several public corporations includes service as a member of either the audit or finance committee at each of these companies, which is beneficial to the Board.

**Mary Ellen Stanek.** Age 57.

Baird Financial Group Managing Director and Director of Asset Management since 2000; Baird Advisors Chief Investment Officer since 2000; Baird Funds, Inc. President since 2000. Baird Financial Group provides wealth management, capital markets, private equity and asset management services to clients worldwide. Baird Advisors is an institutional fixed income investment advisor. Baird Funds, Inc. is a publicly registered investment company.

Director of Journal Communications Inc. (and its predecessor company) since 2002; and Trustee of The Northwestern Mutual Life Insurance Company since 2009.

Director of Wisconsin Energy Corporation, Wisconsin Electric Power Company and Wisconsin Gas LLC since 2012.

Ms. Stanek, who is a Chartered Financial Analyst, has over 34 years of investment management experience and is currently responsible for the development and portfolio management of all proprietary asset management services for Baird Financial Group. Ms. Stanek also co-manages several fixed income mutual funds as well as a number of taxable and tax-exempt portfolios. In addition to her positions set forth above, Ms. Stanek is also a director of Baird Financial Group. Because of her career and experience, Ms. Stanek brings significant knowledge of, and financial expertise in, the financial markets to the Board and Finance Committee. In particular, Ms. Stanek's focus on fixed income investments is valuable as WEC and its subsidiaries customarily issue debt securities as a means of raising capital. In addition, Ms. Stanek brings experience in dealing with insurance risk management issues through her service as a director of West Bend Mutual Insurance Company since 1999. Ms. Stanek's past and present experience serving on the boards of numerous Milwaukee-area non-profit institutions provides her with a good understanding of the issues and challenges that impact the Milwaukee region.



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**COMMITTEES OF THE BOARD OF DIRECTORS**

<b>Members</b>	<b>Principal Responsibilities; Meetings</b>
<b>Audit and Oversight</b>	Oversee the integrity of the financial statements.
Thomas J. Fischer, Chair	
John F. Bergstrom	Oversee management compliance with legal and regulatory requirements.
Barbara L. Bowles	
Patricia W. Chadwick	Review, approve and evaluate the independent auditors' services.
Henry W. Kneuppel	
	Oversee the performance of the internal audit function and independent auditors.
	Review the Company's risk exposure in such areas as compliance, environmental, legal/litigation and ethical conduct.
	Prepare the report required by the SEC for inclusion in the proxy statement.
	Establish procedures for the submission of complaints and concerns regarding WEC's accounting or auditing matters.
	The Committee conducted six meetings in 2013.
<b>Compensation</b>	Identify through succession planning potential executive officers.
John F. Bergstrom, Chair	
Thomas J. Fischer	Provide a competitive, performance-based executive and director compensation program.
Ulice Payne, Jr.	
	Set goals for the CEO, annually evaluate the CEO's performance against such goals and determine compensation adjustments based on whether these goals have been achieved.
	Prepare the report required by the SEC for inclusion in the proxy statement.

The Committee conducted five meetings in 2013, including one joint meeting with the Corporate Governance Committee, and executed three signed, written unanimous consents.

**Corporate Governance**

Establish and annually review the Corporate Governance Guidelines to ensure the Board is effectively performing its fiduciary responsibilities to stockholders.

Barbara L. Bowles, Chair

Curt S. Culver

Establish and annually review director candidate selection criteria.

Henry W. Knueppel

Identify and recommend candidates to be named as nominees of the Board for election as directors.

Lead the Board in its annual review of the Board's performance.

The Committee conducted three meetings in 2013, including one joint meeting with the Compensation Committee.

**Finance**

Review and monitor the Company's current and long-range financial policies and strategies, including its capital structure and dividend policy.

Curt S. Culver, Chair

Patricia W. Chadwick

Authorize the issuance of corporate debt within limits set by the Board.

Ulice Payne, Jr.

Mary Ellen Stanek

Discuss policies with respect to risk assessment and risk management.

Review, approve and monitor the Company's financial plan, including the capital budget.

The Committee conducted three meetings in 2013.

The Board also has an Executive Committee which may exercise all powers vested in the Board except action regarding dividends or other distributions to stockholders, filling Board vacancies and other powers which by law may not be delegated to a committee or actions reserved for a committee comprised of independent directors. The members of the Executive Committee are Gale E. Klappa (Chair), John F. Bergstrom, Barbara L. Bowles, Thomas J. Fischer and Ulice Payne, Jr. The Executive Committee did not meet in 2013.

In addition to the number of committee meetings listed in the preceding table, the Board met six times in 2013 and executed three signed, written unanimous consents. The average meeting attendance during the year was 95.6%. No director attended fewer than 78.6% of the total number of meetings of the Board and Board committees on which he or she served.

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**DIRECTOR COMPENSATION**

The following table summarizes total compensation awarded to, earned by or paid to each of WEC's non-employee directors during 2013.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Name	Fees Earned or Paid In Cash (\$)	Stock Awards <sup>(2)(3)</sup> (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings <sup>(5)</sup> (\$)	All Other Compensation <sup>(6)</sup> (\$)	Total (\$)