

INTEGRYS ENERGY GROUP, INC.

Form DEF 14A

April 01, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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 under §240.14a-12

Integrys Energy Group, Inc.

(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):

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x No fee required.

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IntegrYS Energy Group, Inc.

130 East Randolph Drive, Chicago, Illinois 60601

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 13, 2010

The IntegrYS Energy Group annual meeting will be held on Thursday, May 13, 2010, at 10:00 a.m., Central daylight time, at the Chase Auditorium in the Chase Tower, 10 South Dearborn Street, Chicago, Illinois. Our shareholders are asked to vote to:

1. Elect Keith E. Bailey, Pastora San Juan Cafferty, Ellen Carnahan, Kathryn M. Hasselblad-Pascale, John W. Higgins, James L. Kemerling, Michael E. Lavin, William F. Protz, Jr., and Charles A. Schrock to one-year terms on the Board of Directors or until their successors have been duly elected;
2. Approve the IntegrYS Energy Group 2010 Omnibus Incentive Compensation Plan; and
3. Ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for IntegrYS Energy Group and its subsidiaries for 2010.

Also, as necessary or desirable, shareholders will consider and act upon any other business properly brought before the annual meeting and any adjournment or postponement thereof.

Our board of directors recommends a vote FOR each nominee identified above and FOR Items 2 and 3. Only shareholders of record at the end of March 18, 2010 are entitled to notice and to vote at the annual meeting.

You may vote your shares over the Internet at www.voteproxy.com, by calling toll-free (800) 776-9437 (or if calling from outside of the United States, by calling (718) 921-8500), by completing and mailing the enclosed proxy card, or in person at the annual meeting. We request that you vote in advance whether or not you attend the annual meeting. You may revoke your proxy at any time prior to the vote at the annual meeting by notifying us in writing, voting your shares in person at the meeting, revoting through the Web site or telephone numbers listed above, or returning a later-dated proxy card.

INTEGRYS ENERGY GROUP, INC.
BARTH J. WOLF
Vice President, Chief Legal Officer and Secretary

Chicago, Illinois

April 2, 2010

The board of directors solicits the enclosed proxy. Your vote is important no matter how large or small your holdings. To assure your representation at the meeting, please complete, sign exactly as your name appears, date and promptly mail the enclosed proxy card in the postage-paid envelope provided or use one of the alternative voting options provided.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING
TO BE HELD ON MAY 13, 2010**

Our proxy statement and our 2009 annual report to shareholders can be accessed on the Internet at www.integrysgroup.com/proxymaterials.

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2009 ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

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This proxy statement, the accompanying Notice of Annual Meeting of Shareholders and proxy card are being mailed to shareholders on or about April 2, 2010, and are furnished in connection with the solicitation of proxies by the board of directors of Integrys Energy Group, Inc.

FREQUENTLY ASKED QUESTIONS

Q: Why have I received these materials?

A: All shareholders of Integrys Energy Group were sent these proxy materials. You are asked to elect nine members to the board of directors, approve the Integrys Energy Group 2010 Omnibus Incentive Compensation Plan, and ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for Integrys Energy Group and its subsidiaries for 2010 and consider and act upon any other business that may be properly brought before the annual meeting and any adjournment or postponement thereof.

Q: Who can attend the annual meeting?

A: Anyone who is a shareholder as of the close of business on March 18, 2010 may attend the annual meeting and vote. This includes all shareholders holding Integrys Energy Group common stock on March 18, 2010. Each shareholder may be accompanied by one guest.

Q: How are directors elected?

A: A plurality of votes cast at the annual meeting is required to elect directors (assuming a quorum is present). Nine directors will be elected at the annual meeting. Plurality means the nine individuals who receive the largest number of votes will be elected as directors. Assuming a quorum is present, shares not voted at the annual meeting will not affect the election of directors. Abstentions, broker non-votes and votes withheld will be treated as shares not voted, but will count toward establishing a quorum.

Q: What constitutes a quorum?

A: A quorum is the number of shares that must be voted at the meeting to lawfully conduct business. Votes of a majority of the shares entitled to vote constitute a quorum. As of the record date of March 18, 2010, a total of 76,616,600 shares were eligible to vote. Votes of 38,308,301 shares will constitute a quorum.

Q: What are the items to be voted on?

A: Items you are asked to vote on are the election of nine directors, approval of the Integrys Energy Group 2010 Omnibus Incentive Compensation Plan, and ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for Integrys Energy Group and its subsidiaries for 2010. Additional matters may be considered and acted upon at this annual meeting if they are properly presented at the meeting.

Q: What is the Integrys Energy Group 2010 Omnibus Incentive Plan?

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A: The Integrys Energy Group 2010 Omnibus Incentive Compensation Plan is designed to provide both short-term (annual) and long-term incentive awards for eligible employees and directors. The plan is being adopted to provide for future compensation that may be made to eligible employees and directors of Integrys Energy Group and its subsidiaries.

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Q: What happens if additional proposals are presented at the meeting?

A: Our By-Laws require advance notice of any matter to be brought before the annual meeting. We have not received any additional proposals that will need to be addressed at the meeting. Therefore, we are not required to present any other issues at the meeting. Additional issues may be presented at the discretion of Integrys Energy Group. If an additional proposal is brought up, the shares represented by proxy will be voted in accordance with the discretionary judgment of the appointed proxies, Charles A. Schrock and Barth J. Wolf.

Q: Who tabulates the votes?

A: Our independent transfer agent, American Stock Transfer & Trust Company, LLC, tabulates the votes.

Q: Is my vote confidential?

A: Yes. American Stock Transfer & Trust Company, LLC will hold your vote in confidence. Whether you vote your shares by Internet, telephone or mail, your vote will be received directly by American Stock Transfer & Trust Company, LLC. American Stock Transfer & Trust Company, LLC will serve as inspector, count all the proxies or ballots submitted, and report the vote at the annual shareholder meeting on May 13, 2010. For a discussion of how shares in our employee stock ownership plan trusts are voted, please see the discussion below.

Q: Do I need to attend the annual meeting in order to vote?

A: No. You can vote your shares at any time prior to the annual meeting by Internet, telephone or returning the completed proxy card in the enclosed pre-paid envelope. You may also vote in person at the annual meeting.

Q. Who can vote?

A: Anyone who owned Integrys Energy Group common stock as of the close of business on March 18, 2010, can vote. Each eligible share of Integrys Energy Group common stock is entitled to one vote.

Q: How do I vote?

A: You may vote your shares by any of four methods:

- 1) Over the Internet at www.voteproxy.com,
- 2) Over the telephone by calling toll-free (800) 776-9437 (or if calling from outside of the United States, by calling (718) 921-8500),

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- 3) Through the mail by returning your completed, signed and dated proxy card in the enclosed prepaid envelope, or

- 4) In person at the annual meeting.

Instructions to vote your shares over the Internet or telephone are provided on your proxy card. Your completed proxy will be voted according to your instructions. If you return an incomplete proxy card, your proxy will be voted FOR the election of Keith E. Bailey, Pastora San Juan Cafferty, Ellen Carnahan, Kathryn M. Hasselblad-Pascale, John W. Higgins, James L. Kemerling, Michael E. Lavin, William F. Protz, Jr., and Charles A. Schrock, FOR approval of the Integrys Energy Group 2010 Omnibus Incentive Compensation Plan, and FOR the ratification of the selection of Deloitte & Touche LLP as the independent registered public

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accounting firm for Integrys Energy Group and its subsidiaries for 2010. You have the right to change your vote any time before the meeting by:

- 1) Notifying us in writing,
- 2) Revoting over the Internet or telephone,
- 3) Voting in person at the annual meeting, or
- 4) Returning a later-dated proxy card.

By voting your shares, you also authorize your shares to be voted on any other business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting in accordance with the judgment of the appointed proxies, Charles A. Schrock and Barth J. Wolf.

You may vote over the Internet or telephone until midnight Eastern daylight time on May 12, 2010.

Q: Do I need to return the proxy card if I vote over the Internet or telephone?

A: No. If you vote your proxy over the Internet or telephone, you should not mail your proxy card, unless you want to change your vote. If you return your proxy card after voting over the Internet or telephone, it will be processed and replace any earlier vote you provided over the Internet or telephone.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: If your shares are held in a brokerage account, you will receive a full meeting package including a voting instruction form to vote your shares. Your brokerage firm may permit you to vote by the Internet or by telephone. Brokerage firms have the authority under New York Stock Exchange rules to vote their clients' unvoted shares on certain routine matters, like the ratification of Deloitte & Touche LLP as the independent registered public accounting firm for 2010. So, even if you do not provide voting instructions to your brokerage firm, your brokerage firm may choose to vote for you on the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for 2010. ***Election of the nine directors and approval of the Integrys Energy Group 2010 Omnibus Incentive Plan are not considered routine and can only be voted by your broker with your specific instructions. Therefore, we urge you to respond to your brokerage firm so that your vote will be cast.***

Q: If my shares are held in street name, can I vote my shares in person at the annual meeting?

A: If your shares are held in street name, you may vote your shares in person at the annual meeting **ONLY** if you bring a legal proxy to the annual meeting. The legal proxy would be provided by your broker, fiduciary, custodian or other nominee. You must request this legal proxy from your bank or broker as they will not automatically supply one to you.

Q: What are the board of directors voting recommendations?

A: The board of directors recommends shareholders vote FOR the election of all of our nominees as directors, FOR the approval of the Integrys Energy Group 2010 Omnibus Incentive Compensation Plan, and FOR ratification of Deloitte & Touche LLP as the independent registered public accounting firm for 2010.

Q: What if I receive more than one proxy card?

A: If you receive more than one proxy card, this means your shares are in more than one account. Please vote all the shares that you own. If you would like to consolidate your accounts and receive only one proxy card in the future, please contact our transfer agent, American Stock Transfer & Trust Company, LLC, at (800) 236-1551 or www.amstock.com. This will save printing and mailing costs, so please take advantage of this option.

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Q: How are shares in the Employee Stock Ownership Plan Trusts voted?

A: If you own stock in the Wisconsin Public Service Corporation Employee Stock Ownership Plan, or the Peoples Energy Corporation Employee Stock Ownership Plan, you may vote your shares by any of the following three methods:

- 1) Over the Internet at www.voteproxy.com,
- 2) Over the telephone by calling toll-free (800) 776-9437, or
- 3) Through the mail by returning your completed, signed and dated proxy card in the enclosed prepaid envelope.

Your vote must be received by May 11, 2010 to be voted at the annual meeting. Stock owned in these plans, may NOT be voted in person at the annual meeting.

American Stock Transfer & Trust Company, LLC will tabulate the votes of participants for each of these plans. The results of the vote received from these plans participants will serve as voting instructions to the plan trustees. The trustee of these plans, as of the record date, is Wells Fargo Bank N.A. The trustee will vote the plan shares as instructed by plan participants. If a participant in the Wisconsin Public Service Corporation Employee Stock Ownership Plan does not provide voting instructions, the trustee, Wells Fargo Bank N.A., will not vote the participant's shares in the plan. If a participant in the Peoples Energy Corporation Employee Stock Ownership Plan does not provide voting instructions, the trustee, Wells Fargo Bank N.A., will vote shares allocated to the participant's plan account in the same proportion as those votes cast by other plan participants submitting voting instructions. American Stock Transfer & Trust Company, LLC and Wells Fargo Bank N.A. will keep how you vote your shares confidential.

Shares held in the Peoples Energy Capital Accumulation Plan or the Peoples Energy Thrift Plan will be voted at the discretion of the trustee, Wells Fargo Bank N.A., and not by plan participants.

Q: How can a shareholder communicate with the board of directors directly?

A: Any shareholder or interested parties may communicate with the board of directors (or an individual director serving on the board of directors) by sending written communications, addressed to any director or to the board of directors as a group, in care of Integrys Energy Group's Vice President, Chief Legal Officer and Secretary, Integrys Energy Group, Inc., 700 North Adams Street, Green Bay, Wisconsin 54301. The Vice President, Chief Legal Officer and Secretary will ensure that this communication (assuming it is properly marked *to the board of directors* or *a specific director*) is delivered to the board of directors or the specified director, as the case may be. However, commercial advertisements or other forms of solicitation will not be forwarded.

Q: When are shareholder proposals due to be included in the proxy for the 2011 annual meeting?

A: Shareholder proposals must be received in writing by December 3, 2010, to be included in next year's proxy statement. Proposals should be submitted to Barth J. Wolf, Vice President, Chief Legal Officer and Secretary, Integrys Energy Group, Inc., 700 North Adams Street, Green Bay, Wisconsin 54301.

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Q: How can I help reduce costs for Integrys Energy Group?

A: You can help Integrys Energy Group reduce costs by subscribing to electronic delivery of your annual report, proxy statement and other shareholder communications. If you subscribe to this free service, you will receive future copies of Integrys Energy Group's annual reports, proxy statements and other shareholder communications over the Internet. You will receive the material quicker and reduce costs for Integrys Energy Group. Subscribers will receive an e-mail when the annual report, proxy statement and other material become available. This would be no later than the day Integrys Energy Group mails the paper documents. The e-mail will provide you with instructions on how to access the documents over the Internet.

Additionally, if you receive more than one proxy card, you can help reduce costs by consolidating your accounts. To receive only one proxy card in the future, please contact our transfer agent, American Stock Transfer & Trust Company, LLC, at (800) 236-1551 or www.amstock.com.

Q: How can I subscribe to electronic delivery of annual reports and proxy statements?

A: You can subscribe to electronic delivery of future annual reports, proxy statements and other shareholder communications over the Internet when you vote your proxy or by going directly to www.voteproxy.com. When you reach the Web page:

Click on Account Access,

Have the proxy card you received in hand and follow the instructions on the screen,

Click on submit,

Click on Receive Company Mailings via E-mail,

Provide your e-mail address, and

Click on go.

Q: Where can I find voting results from the meeting?

A: The annual meeting voting results will be published in a Form 8-K, available no later than May 19, 2010, on Integrys Energy Group's Web site at www.integrysgroup.com/investor, and can be accessed by selecting SEC Filings.

Q: May I review the presentation made at the meeting if I can't attend?

A:

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Yes. The speech from our Executive Chairman will be posted on Integrys Energy Group's Web site at www.integrysgroup.com/investor, and can be accessed by selecting Presentations.

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ELECTION OF DIRECTORS

Following the resignation of Larry L. Weyers from our board of directors on March 31, 2010, our board of directors is currently made up of 13 directors. As provided in our By-Laws, the directors are currently divided into Classes A, B and C. Based on the decision in 2008 to declassify our board of directors, our board of directors amended our By-Laws to declassify our board of directors. Pursuant to By-Law amendments adopted by our board of directors, starting at last year's 2009 annual meeting, directors standing for election are elected to one-year terms instead of three-year terms. Therefore, the five Class C directors elected in 2009 and the four Class A directors last elected in 2007 are standing for election at this year's annual meeting. The four Class B directors that were elected to three-year terms at the 2008 annual meetings will continue to serve as elected until the 2011 annual meeting. Starting with the 2011 annual meeting, our board of directors will be fully declassified, with all directors elected to one-year terms, and we will no longer have classes of directors with staggered terms.

Our board of directors has nominated Pastora San Juan Cafferty, Ellen Carnahan, Michael E. Lavin, and William F. Protz, Jr. for election at the annual meeting as Class A directors and Keith E. Bailey, Kathryn M. Hasselblad-Pascale, John W. Higgins, James L. Kemerling, and Charles A. Schrock for election at the annual meeting as Class C directors, all of which will serve one-year terms until the 2011 annual meeting.

The tables set forth on the following three pages set forth certain other information, as of March 18, 2010, about the board of director nominees for election as Class A and Class C directors at this year's annual meeting and each Class B director whose term will continue after this year's annual meeting. The role of an effective director inherently requires certain personal qualities, such as integrity, as well as the ability to comprehend, discuss and critically analyze materials and issues that are presented so that the director may exercise judgment and reach conclusions in fulfilling his or her duties and fiduciary obligations. We believe that the specific background of each director set forth in the information below, including each director's past service with the company, evidences their ability to serve as a director of the company, and, accordingly, led to the conclusion that each of the directors should continue to serve as a director of the company.

The board of directors has no reason to believe that any of the Class A or the Class C nominees will be unable or unwilling to serve as a director if elected. If any nominee is unable or unwilling to serve, the shares represented by proxies solicited by the board of directors will be voted for the election of another person the board of directors may recommend.

The board of directors recommends a vote FOR the election to the board of directors for each of the Class A and Class C nominees listed on pages 7 and 8. Proxies solicited by the board of directors will be voted FOR the Class A and Class C nominees unless the shareholder has specified otherwise.

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Class A directors standing for election this year are:

Class A Directors Term Expiring in 2011

Name	Age	Nominee s Qualifications	Years
Pastora San Juan Cafferty (1)	69	Director	1988 present*
		IntegrYS Energy Group, Inc.	
		Professor <i>emerita</i>	
Ellen Carnahan (2)	54	Professor	2005 present
		University of Chicago	1985 2005
		Director	2003 present
Michael E. Lavin (3)	64	IntegrYS Energy Group, Inc.	
		Managing Director	
		William Blair Capital Management LLC	1988 2009
(Venture capital fund management)			
Managing Director			2006 2008
Seyen Capital Management LLC			
(Venture capital fund management)			
Director		IntegrYS Energy Group, Inc.	2003 present*
Midwest Area Managing Partner			
Audit Partner			1993 2002
KPMG, LLP			1977 2002
(Public accounting firm)			

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William F. Protz, Jr.	65	Director	2001	present
		Integrys Energy Group, Inc.		
		Consultant	2003	2006
		President and Chief Executive Officer	1991	2003
		Santa's Best LLP		
		(Manufacturer of Christmas decorations and accessories)		

* Years of service includes years of service as a director of Peoples Energy Corporation prior to the merger with Integrys Energy Group in 2007.

- (1) Ms. Cafferty also currently serves on the board of directors for Waste Management, Inc. and Harris Financial Corp. and has also served on the board of directors for the following publicly-held company within the last five years: Kimberly-Clark Corporation.

- (2) Ms. Carnahan served on the board of directors of the following publicly-held companies for the time periods indicated: MatrixOne, Inc. (1997-2000) and NewsEdge Corporation (1990-2000).

- (3) Mr. Lavin also currently serves on the board of directors for Tellabs, Inc. and has also served on the board of directors for the following publicly-held company within the last five years: SPSS Inc.

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Class C directors standing for election this year are:

Class C Directors Term Expiring in 2011

Name	Age	Nominee s Qualifications	Years
Keith E. Bailey (1)	67	Director	2005 present*
		Integrys Energy Group, Inc.	
		Chief Executive Officer and Chairman	1994 2002
		President	1992 2001
Kathryn M. Hasselblad-Pascale	62	Chief Financial Officer	1986 1992
		The Williams Companies, Inc. (Energy company)	
		Director	1987 present
		Integrys Energy Group, Inc.	
John W. Higgins	63	Managing Partner	1997 present
		Hasselblad Machine Company, LLP (Manufacturer of automatic screw machine products)	
		Director	2003 present*
		Integrys Energy Group, Inc.	
James L. Kemerling (2)	70	Chairman and Chief Executive Officer	1980 present
		Higgins Development Partners (Real estate development services)	
		Director	1988 present
		Integrys Energy Group, Inc.	

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		President and Chief Executive Officer	1999	present
		Riiser Oil Company, Inc.		
		(Distributor of petroleum products)		
			2003	2006
		Chairman and Chief Executive Officer		
		Award Hardwood Floors, LLP		
		(Manufacturer of hardwood floors)		
Charles A. Schrock (3)	56	Director, President and Chief Executive Officer	2009	present
		IntegrYS Energy Group, Inc.		
		President and Chief Executive Officer	2008	2009
		President	2007	2008
		President and Chief Operating Officer	2004	2007
		Generation Wisconsin Public Service Corporation		
		Senior Vice President	2003	2004
		WPS Resources Corporation		
		President	2001	2003
		WPS Power Development, Inc.		
		Senior Vice President	2000	2001
		Operations Nuclear Management Company, LLC		

* Years of service includes years of service as a director of Peoples Energy Corporation prior to the merger with IntegrYS Energy Group in 2007.

(1) Mr. Bailey also currently serves on the board of directors for Apco Oil & Gas International Inc., MarkWest Energy Partners, L.P., and Cloud Peak Energy, LLC. At Cloud Peak Energy, LLC, he currently serves as Non-Executive Chairman of the Board.

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- (2) Mr. Kemerling has also served on the board of directors for the following publicly-held company within the last five years: Badger Paper Mills, Inc.

- (3) Mr. Schrock was also appointed Chairman of the Board of Directors effective April 1, 2010.

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Class B directors not standing for election this year are:

Class B Directors Term Expiring in 2011

Name	Age	Nominee s Qualifications	Years
Richard A. Bemis (1)	68	Director	1983 present
		Integrys Energy Group, Inc.	
		Co-Chairman of the Board President and Chief Executive Officer	2006 present
William J. Brodsky	66	Bemis Manufacturing Company	1975 2006
		(Manufacturer of toilet seats and contract plastics)	
		Director	1997 present*
Albert J. Budney, Jr.	62	Integrys Energy Group, Inc.	
		Chairman and Chief Executive Officer	1997 present
		Chicago Board Options Exchange	
Albert J. Budney, Jr.	62	Chief Executive Officer	1985 1997
		Chicago Mercantile Exchange	
		Director	2002 present
Albert J. Budney, Jr.	62	Integrys Energy Group, Inc.	
		President	1999 2002
		Niagra Mohawk Holdings, Inc.	
Albert J. Budney, Jr.	62	(Holding company for electric and natural gas operations)	
		President	1995 1999
		Niagra Mohawk Power Corporation	

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		(Regulated electric and natural gas utility)	1994	1995
		Managing Vice President, Power Services Group		
		UtiliCorp United, Inc.		
		(Holding company for electric and gas operations)	1993	1994
		President		
		Missouri Public Service Company		
		(Regulated electric and natural gas utility)		
Robert C. Gallagher (2)	71	Director	1992	present
		Integrys Energy Group, Inc.		
		Chairman of the Board	2003	2007
		President and Chief Executive Officer	2000	2003
		President and Chief Operating Officer	1998	2000
		Associated Banc-Corp		
		(Diversified multi-bank holding company)		
		Chairman and President		
		Associated Bank		