

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: May 2, 2012
(Date of earliest event reported)

<u>Commission File Number</u>	<u>Registrant; State of Incorporation Address; and Telephone Number</u>	<u>IRS Employer Identification No.</u>
1-11337	INTEGRYS ENERGY GROUP, INC. (A Wisconsin Corporation) 130 East Randolph Street Chicago, Illinois 60601-6207 (312) 228-5400	39-1775292

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- [] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- [] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- [] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- [] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On May 2, 2012, Integrys Energy Group, Inc. will issue a news release reporting its financial results for the quarter ended March 31, 2012. A copy of the news release is filed with this Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

Integrys Energy Group will hold an earnings conference call on May 3, 2012, to discuss the 2012 financial performance of Integrys Energy Group and its subsidiaries. For information on how to participate in the conference call, see the news release attached as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits. The following exhibit is being filed herewith:

99.1 News Release dated May 2, 2012, reporting Integrys Energy Group, Inc. financial results for the quarter ended March 31, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTEGRYS ENERGY GROUP, INC.

By: /s/ Joseph P. O'Leary
Joseph P. O'Leary
Senior Vice President and Chief Financial Officer

Date: May 2, 2012

INTEGRYS ENERGY GROUP, INC.

Exhibit Index to Form 8-K
Dated May 2, 2012

**Exhibit
Number**

99.1 News Release dated May 2, 2012, reporting Integrys Energy Group, Inc. financial results for the quarter ended March 31, 2012.



IntegrYS Energy Group, Inc.

First Quarter 2012 Earnings

Released May 2, 2012

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NEWS RELEASE

For Immediate Release

May 2, 2012

Contact: Steven P. Eschbach, CFA
Vice President – Investor Relations
Integrys Energy Group, Inc.
(312) 228-5408

Integrys Energy Group, Inc. Reports First Quarter 2012 Earnings

2012 Guidance Range for Diluted Earnings Per Share – Adjusted is \$3.35 to \$3.55, But Impact of First Quarter 2012 Adverse Weather Suggests Lower End of Range

Chicago – May 2, 2012 – Integrys Energy Group, Inc. (NYSE: TEG) recognized earnings on a Generally Accepted Accounting Principles (GAAP) basis and an adjusted basis as follows:

	<u>Quarter Ended March 31</u>	
	<u>2012</u>	<u>2011</u>
GAAP earnings (millions)	\$ 98.9	\$122.7
GAAP diluted earnings per share	\$ 1.25	\$ 1.56
Adjusted earnings (millions) *	\$122.8	\$123.6
Diluted earnings per share – adjusted *	\$ 1.55	\$ 1.57

Adjusted earnings exclude the effects of certain items that are not comparable from one period to the next.

First Quarter Results

On an adjusted basis, earnings were down slightly this quarter compared with the same quarter last year. Decoupling mechanisms in place at many of the utility companies greatly reduced the negative impact of unseasonably warm weather in 2012.

Integrys Energy Services' adjusted margins were down quarter-over-quarter, driving the decrease in consolidated adjusted earnings. Realized retail electric margins decreased due to the expiration at the end of 2011 of several large, lower margin customer contracts. In addition, energy asset margins decreased due to the expiration of a long-term capacity contract in the fourth quarter of 2011.

* This news release includes non-GAAP financial measures. Schedules that provide details on these measures and reconcile these measures to the most comparable GAAP figures are included with this news release.

A slight decrease in electric utility segment margins also contributed to the decrease in adjusted earnings. Wholesale sales volumes were down due to the loss of several customers and a reduction in sales to one large customer. In addition, a net regulatory asset at Upper Peninsula Power Company was written off following a ruling in a Detroit Edison proceeding that stated the Michigan Public Service Commission did not have the authority to approve electric decoupling mechanisms.

The natural gas utility segment had an increase in adjusted earnings. The rate increase at The Peoples Gas Light and Coke Company had a positive impact. This was more than enough to overcome the impact of lower sales volumes net of decoupling across all the natural gas utilities caused by the unusually warm weather.

"Unseasonably warm winter weather impacted our earnings, but not as much as it might have without the decoupling mechanisms we have in place," said Charles A. Schrock, Chairman, President and Chief Executive Officer of IntegrYS Energy Group. "I am pleased that we are able to maintain our guidance range, although we expect that we may be toward the lower end of the range."

EARNINGS FORECAST

IntegrYS Energy Group's guidance range for 2012 diluted earnings per share on a GAAP basis is between \$3.38 and \$3.58. This guidance assumes operational improvements, the availability of generation units, and normal weather conditions for the rest of 2012.

The company's guidance range for 2012 diluted earnings per share – adjusted is between \$3.35 and \$3.55. Given the unseasonably warm weather in the first quarter of 2012, the lower end of this range is expected. At this time, IntegrYS Energy Group is not estimating the impact of derivative and inventory accounting activities and is not projecting any other special items for the remainder of 2012.

SUPPLEMENTAL DATA PACKAGE

A supplemental data package has been posted on IntegrYS Energy Group's website. It includes this news release, as well as financial statements, non-GAAP financial information, guidance information for diluted earnings per share, and quarterly financial information by reportable segment.

CONFERENCE CALL

An earnings conference call is scheduled for 8 a.m. Central time on Thursday, May 3, 2012. The call can be accessed 15 minutes prior to the scheduled start time by dialing 888-788-9425.

Callers will be required to supply EARNINGS as the passcode and MR. STEVEN ESCHBACH as the leader. A replay of the conference call will be available through August 7, 2012, by dialing 888-562-2788.

Investors may also listen to the live conference or a replay on Integrys Energy Group's website at <http://www.integrysgroup.com/investor/presentations.aspx>.

PowerPoint slides will be posted on the website and will be referred to within the prepared remarks during the call. The slides will be available at 6 a.m. Central time on May 3.

FORWARD-LOOKING STATEMENTS

Financial results in this news release are unaudited. In this news release, Integrys Energy Group makes statements concerning its expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. These statements are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future results and conditions, but rather are subject to numerous management assumptions, risks, and uncertainties. Therefore, actual results may differ materially from those expressed or implied by these statements. Although Integrys Energy Group believes that these forward-looking statements and the underlying assumptions are reasonable, it cannot provide assurance that such statements will prove correct.

Forward-looking statements involve a number of risks and uncertainties. Some risks that could cause actual results to differ materially from those expressed or implied in forward-looking statements include those described in Item 1A of Integrys Energy Group's Annual Report on Form 10-K for the year ended December 31, 2011, as may be amended or supplemented in Part II, Item IA of its subsequently filed Quarterly Reports on Form 10-Q, and those identified below.

- The timing and resolution of rate cases and related negotiations, including recovery of deferred and current costs and the ability to earn a reasonable return on investment, and other regulatory decisions impacting the regulated businesses;
- Federal and state legislative and regulatory changes relating to the environment, including climate change and other environmental regulations impacting coal-fired generation facilities and renewable energy standards;
- Other federal and state legislative and regulatory changes, including deregulation and restructuring of the electric and natural gas utility industries, financial reform, health care reform, energy efficiency mandates, reliability standards, pipeline integrity and safety standards, and changes in tax and other laws and regulations to which Integrys Energy Group and its subsidiaries are subject;
- Costs and effects of litigation and administrative proceedings, settlements, investigations,

and claims, including manufactured gas plant site cleanup, third-party intervention in permitting and licensing projects, compliance with Clean Air Act requirements at generation plants, and prudence and reconciliation of costs recovered in revenues through automatic gas cost recovery mechanisms;

- Changes in credit ratings and interest rates caused by volatility in the financial markets and actions of rating agencies and their impact on Integrus Energy Group's and its subsidiaries' liquidity and financing efforts;
- The risks associated with changing commodity prices, particularly natural gas and electricity, and the available sources of fuel, natural gas, and purchased power, including their impact on margins, working capital, and liquidity requirements;
- The timing and outcome of any audits, disputes, and other proceedings related to taxes;
- The effects, extent, and timing of additional competition or regulation in the markets in which Integrus Energy Group's subsidiaries operate;
- The ability to retain market-based rate authority;
- The risk associated with the value of goodwill or other intangible assets and their possible impairment;
- The investment performance of employee benefit plan assets and related actuarial assumptions, which impact future funding requirements;
- The impact of unplanned facility outages;
- Changes in technology, particularly with respect to new, developing, or alternative sources of generation;
- The effects of political developments, as well as changes in economic conditions and the related impact on customer use, customer growth, and the ability to adequately forecast energy use for all of Integrus Energy Group's customers;
- Potential business strategies, including mergers, acquisitions, and construction or disposition of assets or businesses, which cannot be assured to be completed timely or within budgets;
- The risk of terrorism or cyber security attacks, including the associated costs to protect assets and respond to such events;
- The risk of failure to maintain the security of personally identifiable information, including the associated costs to notify affected persons and to mitigate their information security concerns;
- The effectiveness of risk management strategies, the use of financial and derivative instruments, and the related recovery of these costs from customers in rates;
- The risk of financial loss, including increases in bad debt expense, associated with the inability of Integrus Energy Group's and its subsidiaries' counterparties, affiliates, and customers to meet their obligations;
- Unusual weather and other natural phenomena, including related economic, operational, and/or other ancillary effects of any such events;
- The ability to use tax credit and loss carryforwards;

- The financial performance of American Transmission Company and its corresponding contribution to Integrys Energy Group's earnings;
- The effect of accounting pronouncements issued periodically by standard-setting bodies; and
- Other factors discussed in reports Integrys Energy Group files with the United States Securities and Exchange Commission.

Except to the extent required by the federal securities laws, Integrys Energy Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

About Integrys Energy Group, Inc.

Integrys Energy Group is a diversified energy holding company with regulated natural gas and electric utility operations (serving customers in Illinois, Michigan, Minnesota, and Wisconsin), an approximate 34% equity ownership interest in American Transmission Company (a federally regulated electric transmission company operating in Wisconsin, Michigan, Minnesota, and Illinois), and nonregulated energy operations.

More information is available at www.integrysgroup.com.

- Unaudited Financial Statements to Follow -

INTEGRYS ENERGY GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)	Three Months Ended	
	March 31	
(Millions, except per share data)	2012	2011
Utility revenues	\$971.0	\$1,168.7
Nonregulated revenues	280.3	458.4
Total revenues	1,251.3	1,627.1
Utility cost of fuel, natural gas, and purchased power	472.3	660.7
Nonregulated cost of sales	275.3	404.0
Operating and maintenance expense	261.0	264.6
Depreciation and amortization expense	62.7	62.3
Taxes other than income taxes	28.4	26.8
Operating income	151.6	208.7
Earnings in equity method investments	21.1	19.4
Miscellaneous income	2.4	1.8
Interest expense	(30.5)	(34.8)
Other expense	(7.0)	(13.6)
Income before taxes	144.6	195.1
Provision for income taxes	46.8	71.7
Net income from continuing operations	97.8	123.4
Discontinued operations, net of tax	1.9	0.1
Net income	99.7	123.5
Preferred stock dividends of subsidiary	(0.8)	(0.8)
Net income attributed to common shareholders	\$98.9	\$122.7
Average shares of common stock		
Basic	78.6	78.3
Diluted	79.2	78.6
Earnings per common share (basic)		
Net income from continuing operations	\$1.23	\$1.57
Discontinued operations, net of tax	0.03	-
Earnings per common share (basic)	\$1.26	\$1.57
Earnings per common share (diluted)		
Net income from continuing operations	\$1.22	\$1.56
Discontinued operations, net of tax	0.03	-
Earnings per common share (diluted)	\$1.25	\$1.56
Dividends per common share declared	\$0.68	\$0.68

INTEGRYS ENERGY GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)	Three Months Ended	
(Millions)	March 31	
	2012	2011
Net income	\$99.7	\$123.5
Other comprehensive income, net of tax:		
Cash flow hedges		
Unrealized net losses arising during period, net of tax of \$(0.2) million and \$(2.4) million, respectively	(0.3)	(4.1)
Reclassification of net losses to net income, net of tax of \$1.0 million and \$5.1 million, respectively	1.5	8.4
Cash flow hedges, net	1.2	4.3
Defined benefit pension plans		
Amortization of pension and other postretirement costs included in net periodic benefit cost, net of tax of \$0.3 million and \$0.2 million, respectively	0.3	0.2
Other comprehensive income, net of tax	1.5	4.5
Comprehensive income	101.2	128.0
Less: preferred stock dividends of subsidiary	(0.8)	(0.8)
Comprehensive income attributed to common shareholders	\$100.4	\$127.2

INTEGRYS ENERGY GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)	March 31	December 31
(Millions)	2012	2011
Assets		
Cash and cash equivalents	\$42.3	\$28.1
Collateral on deposit	64.2	50.9
Accounts receivable and accrued unbilled revenues, net of reserves of \$43.4 and \$47.1, respectively	669.7	737.7
Inventories	125.1	252.3
Assets from risk management activities	266.2	227.2
Regulatory assets	132.8	125.1
Deferred income taxes	101.6	94.2
Prepaid taxes	144.3	209.6
Other current assets	87.5	78.2
Current assets	1,633.7	1,803.3
Property, plant, and equipment, net of accumulated depreciation of \$3,057.7 and \$3,018.7, respectively	5,259.0	5,199.1
Regulatory assets	1,655.4	1,658.5
Assets from risk management activities	56.6	64.4
Equity method investments	490.6	476.3
Goodwill	658.3	658.4
Other long-term assets	125.4	123.2
Total assets	\$9,879.0	\$9,983.2
Liabilities and Equity		
Short-term debt	\$305.5	\$303.3
Current portion of long-term debt	272.0	250.0
Accounts payable	331.2	426.6
Liabilities from risk management activities	400.0	311.6
Accrued taxes	75.4	70.5
Regulatory liabilities	96.5	67.5
Temporary LIFO liquidation credit	36.7	-
Other current liabilities	198.1	217.2
Current liabilities	1,715.4	1,646.7
Long-term debt	1,850.1	1,872.0
Deferred income taxes	1,108.7	1,070.7
Deferred investment tax credits	43.7	44.0
Regulatory liabilities	334.2	332.5
Environmental remediation liabilities	609.5	615.1
Pension and other postretirement benefit obligations	514.0	749.3
Liabilities from risk management activities	109.9	102.0
Asset retirement obligations	402.3	397.2
Other long-term liabilities	144.0	141.1
Long-term liabilities	5,116.4	5,323.9
Commitments and contingencies		
Common stock - \$1 par value; 200,000,000 shares authorized; 78,287,906 shares issued; 77,916,543 shares outstanding	78.3	78.3
Additional paid-in capital	2,566.5	2,579.1
Retained earnings	409.2	363.6
Accumulated other comprehensive loss	(41.0)	(42.5)
Shares in deferred compensation trust	(17.0)	(17.1)
Total common shareholders' equity	2,996.0	2,961.4
Preferred stock of subsidiary - \$100 par value; 1,000,000 shares authorized; 511,882 shares issued; 510,495 shares outstanding	51.1	51.1
Noncontrolling interest in subsidiaries	0.1	0.1
Total liabilities and equity	\$9,879.0	\$9,983.2

INTEGRYS ENERGY GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)	Three Months Ended	
(Millions)	March 31	
	2012	2011
Operating Activities		
Net income	\$99.7	\$123.5
Adjustments to reconcile net income to net cash provided by operating activities		
Discontinued operations, net of tax	(1.9)	(0.1)
Depreciation and amortization expense	62.7	62.3
Recoveries and refunds of regulatory assets and liabilities	9.5	13.5
Net unrealized losses on nonregulated energy contracts	44.7	0.7
Bad debt expense	10.1	11.5
Pension and other postretirement expense	17.6	21.1
Pension and other postretirement contributions	(246.6)	(106.4)
Deferred income taxes and investment tax credits	30.0	67.2
Gain on sale of assets	(0.2)	(0.1)
Equity income, net of dividends	(3.8)	(3.0)
Other	2.6	10.2
Changes in working capital		
Collateral on deposit	(13.7)	(5.2)
Accounts receivable and accrued unbilled revenues	49.9	(50.1)
Inventories	132.7	152.7
Other current assets	54.5	28.3
Accounts payable	(77.4)	(23.8)
Temporary LIFO liquidation credit	36.7	119.2
Other current liabilities	18.7	(26.0)
Net cash provided by operating activities	225.8	395.5
Investing Activities		
Capital expenditures	(123.0)	(51.2)
Proceeds from the sale or disposal of assets	1.4	1.1
Capital contributions to equity method investments	(10.4)	(6.2)
Other	(4.7)	0.1
Net cash used for investing activities	(136.7)	(56.2)
Financing Activities		
Short-term debt, net	2.2	57.9
Repayment of long-term debt	-	(325.0)
Payment of dividends		
Preferred stock of subsidiary	(0.8)	(0.8)
Common stock	(53.0)	(47.4)
Issuance of common stock	-	7.2
Payments made on derivative contracts related to divestitures classified as financing activities	(9.0)	(11.1)
Other	(14.3)	(3.8)
Net cash used for financing activities	(74.9)	(323.0)
Net change in cash and cash equivalents	14.2	16.3
Cash and cash equivalents at beginning of period	28.1	179.0
Cash and cash equivalents at end of period	\$42.3	\$195.3

Integrys Energy Group, Inc.

Diluted Earnings Per Share Information – Non-GAAP Financial Information

We prepare financial statements in accordance with accounting principles generally accepted in the United States (GAAP). In addition, we disclose and discuss diluted earnings per share (EPS) – adjusted and adjusted earnings (loss), which are non-GAAP measures. Management uses these measures in its internal performance reporting and for reports to the Board of Directors. We disclose these measures in our quarterly earnings releases, on investor conference calls, and during investor conferences and related events. Management believes that diluted EPS – adjusted and adjusted earnings (loss) are useful measures for providing investors with additional insight into our operating performance. These measures allow investors to better compare our financial results from period to period, as they eliminate the effects of certain items that are not comparable. This additional information is not meant to be considered in isolation or as a substitute for our results of operations prepared and presented in conformance with GAAP.

Actual Quarter Results for Periods Ended March 31, 2012 and 2011

	Three Months Ended	
	March 31	
	2012	2011
Diluted EPS	\$1.25	\$1.56
Special Items (net of taxes):		
Net noncash losses related to derivative and inventory accounting activities	0.33	-
Discontinued operations	(0.03)	-
Restructuring expense	-	0.01
Diluted EPS – adjusted	\$1.55	\$1.57
Average Shares of Common Stock – Diluted (in millions)	79.2	78.6

Integrys Energy Group, Inc.

Non-GAAP Financial Information Reported by Segment

Net income (loss) attributed to common shareholders is adjusted by reportable segment for the financial impact of special items for the quarters ended March 31, 2012 and 2011.

March 31, 2012 <i>(Millions)</i>	Natural Gas Utility	Electric Utility	Electric Transmission Investment	Integrys Energy Services		Holding Company and Other	Integrys Energy Group Consolidated
				Core	Other		
Net income (loss) attributed to common shareholders	\$78.6	\$24.3	\$13.3	\$5.8	\$(25.9)	\$2.8	\$ 98.9
<u>Special Items (net of taxes)</u>							
Net noncash (gains) losses related to derivative and inventory accounting activities	(0.1)	-	-	-	25.9	-	25.8
Discontinued operations	-	-	-	-	-	(1.9)	(1.9)
Adjusted earnings	\$78.5	\$24.3	\$13.3	\$5.8	\$ -	\$0.9	\$122.8
<hr/>							
March 31, 2011 <i>(Millions)</i>	Natural Gas Utility	Electric Utility	Electric Transmission Investment	Integrys Energy Services		Holding Company and Other	Integrys Energy Group Consolidated
				Core	Other		
Net income (loss) attributed to common shareholders	\$77.2	\$25.1	\$11.4	\$11.6	\$(0.8)	\$(1.8)	\$122.7
<u>Special Items (net of taxes)</u>							
Net noncash losses related to derivative and inventory accounting activities at Integrys Energy Services	-	-	-	-	0.4	-	0.4
Discontinued operations	-	-	-	-	(0.1)	-	(0.1)
Restructuring expense	-	0.1	-	-	0.6	-	0.7
Net gain on dispositions related to Integrys Energy Services' strategy change	-	-	-	-	(0.1)	-	(0.1)
Adjusted earnings (loss)	\$77.2	\$25.2	\$11.4	\$11.6	\$ -	\$(1.8)	\$123.6

Integrys Energy Group, Inc.

Non-GAAP Financial Information Reported by Segment

Diluted earnings per share is adjusted by reportable segment for the financial impact of special items on diluted earnings per share for the quarters ended March 31, 2012 and 2011.

March 31, 2012	Natural Gas Utility	Electric Utility	Electric Transmission Investment	Integrys Energy Services		Holding Company and Other	Integrys Energy Group Consolidated
				Core	Other		
Diluted EPS	\$0.99	\$0.31	\$0.17	\$0.07	\$(0.33)	\$0.04	\$1.25
<u>Special Item (net of taxes)</u>							
Net noncash losses related to derivative and inventory accounting activities	-	-	-	-	0.33	-	0.33
Discontinued operations	-	-	-	-	-	(0.03)	(0.03)
Diluted EPS – adjusted	\$0.99	\$0.31	\$0.17	\$0.07	\$ -	\$0.01	\$1.55

March 31, 2011	Natural Gas Utility	Electric Utility	Electric Transmission Investment	Integrys Energy Services		Holding Company and Other	Integrys Energy Group Consolidated
				Core	Other		
Diluted EPS	\$0.98	\$0.32	\$0.14	\$0.15	\$(0.01)	\$(0.02)	\$1.56
<u>Special Items (net of taxes)</u>							
Net noncash losses related to derivative and inventory accounting activities at Integrys Energy Services	-	-	-	-	-	-	-
Discontinued operations	-	-	-	-	-	-	-
Restructuring expense	-	-	-	-	0.01	-	0.01
Net gain on dispositions related to Integrys Energy Services' strategy change	-	-	-	-	-	-	-
Diluted EPS – adjusted	\$0.98	\$0.32	\$0.14	\$0.15	\$ -	\$(0.02)	\$1.57

Non-GAAP Adjusted Earnings Variance Drivers - By Segment
Quarter Ended March 31, 2012
(Millions)

Variance Driver by Segment	Variance	
ADJUSTED EARNINGS FOR QUARTER ENDED MARCH 31, 2011		\$ 123.6
Natural Gas Utility		
Net increase in margins due to rate orders	\$ 6.0	
Decrease in sales volumes driven by warmer weather, net of decoupling	(5.1)	
Other	0.4	1.3
Electric Utility		
Decrease in wholesale margins driven by lower sales volumes	\$ (1.1)	
Write-off of Upper Peninsula Power's net regulatory asset related to decoupling	(0.9)	
Increase in employee benefit expenses	(0.9)	
Decrease in interest expense, driven by the repayment of long-term debt in 2011	1.7	
Other	0.3	(0.9)
Electric Transmission Investment		
Increase in earnings from investment		1.9
Integrus Energy Services		
Decrease in wholesale margins, due to residual contracts	\$ (2.2)	
Decrease in realized retail electric margins, driven by the expiration of several large, lower margin contracts in 2011	(2.0)	
Decrease in realized energy asset margins, driven by the expiration of a long-term capacity contract in 2011	(1.3)	
Miscellaneous tax rate differences	(1.2)	
Decrease in operating expenses, driven by a decrease in employee benefit expenses	1.1	
Other	(0.2)	(5.8)
Holding Company and Other		
Remeasurement of unrecognized tax benefit liability	\$ 4.0	
Other	(1.3)	2.7
ADJUSTED EARNINGS FOR QUARTER ENDED MARCH 31, 2012		<u>\$ 122.8</u>

Integrys Energy Group, Inc.

Diluted Earnings Per Share Guidance Information

2012 Diluted EPS Guidance	Potential 2012	
	Low Scenario	High Scenario
Regulated natural gas utility segment	\$1.33	\$ 1.36
Regulated electric utility segment	1.12	1.18
Electric transmission investment segment	0.64	0.66
Integrys Energy Services		
Core	0.43	0.47
Other	-	-
Holding company and other segment	(0.14)	(0.09)
Diluted EPS	\$3.38	\$ 3.58
Average Shares of Common Stock – Diluted (in millions)	79.3	79.3

Information on Special Items:

Diluted earnings per share guidance is adjusted for special items and their financial impact on the diluted earnings per share guidance for 2012.

Diluted EPS	\$3.38	\$3.58
<u>Special Items (net of taxes)</u>		
Discontinued operations	(0.03)	(0.03)
Diluted EPS – adjusted	\$3.35	\$ 3.55
Average Shares of Common Stock – Diluted (in millions)	79.3	79.3

Key Assumptions for 2012:

- Operational improvements
 - Availability of generation units
 - Normal weather conditions for the rest of the year
- Not estimating the impact of derivative and inventory accounting activities and not projecting any other special items for the remainder of 2012.

Integrus Energy Group, Inc.
Supplemental Quarterly Financial Highlights
(millions, except per share amounts)

	2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Ended	1st Qtr
Regulated Natural Gas Utility Segment						
Revenues	\$ 853.4	\$ 364.0	\$ 239.3	\$ 541.3	\$ 1,998.0	\$ 665.7
<i>year-over-year change</i>	-7.9%	22.6%	2.1%	-9.7%	-2.9%	-22.0%
Purchased natural gas costs	531.1	180.6	99.6	290.1	1,101.4	346.5
Margins	\$ 322.3	\$ 183.4	\$ 139.7	\$ 251.2	\$ 896.6	\$ 319.2
<i>year-over-year change</i>	0.9%	4.3%	-3.7%	-5.2%	-1.0%	-1.0%
<i>margins/revenues</i>	37.8%	50.4%	58.4%	46.4%	44.9%	47.9%
Operating and maintenance expense	139.8	130.8	121.1	131.9	523.6	135.3
Depreciation and amortization expense	31.2	31.3	31.7	31.9	126.1	32.4
Taxes other than income taxes	9.4	8.2	8.7	9.3	35.6	9.5
Operating income (loss)	141.9	13.1	(21.8)	78.1	211.3	142.0
<i>year-over-year change</i>	2.0%	35.1%	-24.8%	-0.1%	6.7%	0.1%
Net income (loss) attributed to common shareholders	\$ 77.2	\$ 1.2	\$ (20.0)	\$ 44.9	\$ 103.3	\$ 78.6
Total throughput in therms	1,693.5	678.6	454.5	1,042.8	3,869.4	1,372.3
<i>year-over-year change</i>	7.1%	27.8%	0.7%	-10.8%	3.6%	-19.0%
Retail throughput in therms						
Residential	782.4	228.6	95.6	434.9	1,541.5	606.4
Commercial and industrial	238.4	67.0	37.1	127.0	469.5	183.4
Other	21.5	12.2	12.0	15.6	61.3	18.7
Total retail throughput in therms	1,042.3	307.8	144.7	577.5	2,072.3	808.5
Transport throughput in therms						
Residential	114.5	39.5	16.6	66.8	237.4	87.1
Commercial and industrial	536.7	331.3	293.2	398.5	1,559.7	476.7
Total transport throughput in therms	651.2	370.8	309.8	465.3	1,797.1	563.8
Regulated Electric Utility Segment						
Revenues	\$ 322.6	\$ 315.4	\$ 367.5	\$ 301.8	\$ 1,307.3	\$ 307.0
<i>year-over-year change</i>	-3.7%	-1.7%	-1.9%	-2.2%	-2.4%	-4.8%
Fuel and purchased power costs	137.8	133.6	157.5	117.4	546.3	127.5
Margins	\$ 184.8	\$ 181.8	\$ 210.0	\$ 184.4	\$ 761.0	\$ 179.5
<i>year-over-year change</i>	-5.0%	-1.4%	-4.6%	4.7%	-1.8%	-2.9%
<i>margins/revenues</i>	57.3%	57.6%	57.1%	61.1%	58.2%	58.5%
Operating and maintenance expense	101.0	106.5	102.7	111.3	421.5	100.3
Restructuring expense	0.2	-	-	-	0.2	-
Depreciation and amortization expense	22.1	22.0	22.0	22.4	88.5	22.0
Taxes other than income taxes	12.3	12.0	11.9	11.4	47.6	12.9
Operating income	49.2	41.3	73.4	39.3	203.2	44.3
<i>year-over-year change</i>	-11.2%	-19.2%	-9.4%	29.7%	-6.7%	-10.0%
Net income attributed to common shareholders	\$ 25.1	\$ 18.2	\$ 39.5	\$ 17.7	\$ 100.5	\$ 24.3
Sales in kilowatt-hours	3,940.7	3,922.4	4,424.1	3,664.5	15,951.7	3,897.4
<i>year-over-year change</i>	-2.5%	-3.4%	-1.6%	-8.2%	-3.8%	-1.1%
Residential	814.3	685.2	882.4	753.7	3,135.6	775.2
Commercial and industrial	2,053.2	2,093.4	2,275.9	2,098.4	8,520.9	2,087.8
Wholesale	1,062.2	1,136.0	1,257.4	801.2	4,256.8	1,023.5
Other	11.0	7.8	8.4	11.2	38.4	10.9
Electric Transmission Investment Segment						
American Transmission Company (ATC)						
Equity contributions to ATC	\$ 3.4	\$ 2.5	\$ 2.6	\$ -	\$ 8.5	\$ 3.4
After-tax equity earnings recognized from ATC	11.4	12.0	12.2	12.2	47.8	13.3

Integrys Energy Group, Inc.
Supplemental Quarterly Financial Highlights

(millions, except Integrys Energy Services' natural gas sales volumes)

	2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Ended	1st Qtr
Nonregulated Segment - Integrys Energy Services						
Nonregulated revenues	\$ 455.5	\$ 336.3	\$ 337.4	\$ 266.7	1,395.9	\$ 273.0
year-over-year change	-29.3%	-16.2%	-14.9%	-30.1%	-23.5%	-40.1%
Nonregulated cost of fuel, natural gas, and purchased power	402.5	289.7	291.1	289.4	1,272.7	271.7
Margins	\$ 53.0	\$ 46.6	\$ 46.3	\$ (22.7)	\$ 123.2	\$ 1.3
year-over-year change	728.1%	-46.4%	-22.3%	N/M ⁽¹⁾	-41.2%	-97.5%
Margin Detail:						
- Electric and other margins	37.3	37.9	44.4	(20.9)	98.7	(22.0)
- Natural gas margins	15.7	8.7	1.9	(1.8)	24.5	23.3
Margins	53.0	46.6	46.3	(22.7)	123.2	1.3
Retail Electric Realized Unit Margins	\$ 6.88	\$ 8.01	\$ 7.79	\$ 9.08	\$ 7.93	\$ 5.79
Retail Natural Gas Realized Unit Margins	\$ 0.48	\$ 0.29	\$ 0.23	\$ 0.42	\$ 0.39	\$ 0.54
Operating and maintenance expense	31.1	29.4	24.2	24.1	108.8	29.2
Restructuring expense	1.0	0.8	-	-	1.8	-
Impairment losses on property, plant, and equipment	-	-	-	4.6	4.6	-
Net gain on Integrys Energy Services dispositions related to strategy change	(0.1)	(0.1)	-	(0.1)	(0.3)	-
Depreciation and amortization expense	3.3	3.2	3.1	3.1	12.7	2.9
Taxes other than income taxes	1.8	2.1	1.1	2.0	7.0	2.3
Operating income (loss)	15.9	11.2	17.9	(56.4)	(11.4)	(33.1)
year-over-year change	N/M ⁽¹⁾	-84.5%	N/M ⁽¹⁾	N/M ⁽¹⁾	N/M ⁽¹⁾	N/M ⁽¹⁾
Discontinued operations, net of tax	0.1	-	-	-	0.1	-
Net income (loss) attributed to common shareholders	\$ 10.8	\$ 6.0	\$ 10.9	\$ (33.8)	(6.1)	\$ (20.1)
Physically settled volumes						
- Retail electric sales volumes in kilowatt-hours	2,952.5	2,997.0	3,504.6	2,962.4	12,416.5	2,918.9
- Wholesale assets and distributed solar electric sales volumes in kilowatt-hours ⁽²⁾	72.6	57.8	107.8	81.9	320.1	88.9
- Retail natural gas sales volumes in billion cubic feet	48.5	23.9	18.3	34.8	125.5	43.8
Nonregulated Segment - Holding Company and Other						
Net income (loss) attributed to common shareholders	\$ (1.8)	\$ (8.3)	\$ (5.7)	\$ (2.3)	(18.1)	\$ 2.8

Notes:
⁽¹⁾ Not meaningful

⁽²⁾ The volumes related to the remaining wholesale electric contracts are not significant.

Integrys Energy Group, Inc.

Supplemental Quarterly Financial Highlights

(millions, except heating and cooling degree days information and Integrys Energy Services' sales volumes)

	2011					2012
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year Ended	1st Qtr
Other information:						
Heating and Cooling Degree Days - WPCS						
Heating Degree Days - Actual	3,892	1,084	246	2,302	7,524	2,864
<i>period-over-period change</i>	13.0%	45.7%	8.4%	-13.6%	6.3%	-26.4%
<i>compared with normal</i>	6.3%	10.8%	10.8%	-13.3%	0.1%	-22.7%
Heating Degree Days - Normal	3,660	978	222	2,654	7,514	3,705
Cooling Degree Days - Actual	-	102	494	7	603	11
<i>period-over-period change</i>	NM ⁽¹⁾	-26.1%	3.3%	NM ⁽¹⁾	-2.1%	NM ⁽¹⁾
<i>compared with normal</i>	NM ⁽¹⁾	-26.1%	46.6%	40.0%	25.6%	NM ⁽¹⁾
Cooling Degree Days - Normal	-	138	337	5	480	-
Heating and Cooling Degree Days - UPPCO						
Heating Degree Days - Actual	4,108	1,487	346	2,735	8,676	3,282
<i>period-over-period change</i>	14.4%	34.0%	-19.5%	-4.7%	8.4%	-20.1%
<i>compared with normal</i>	3.3%	6.8%	-16.6%	-6.1%	-0.2%	-18.5%
Heating Degree Days - Normal	3,977	1,392	415	2,913	8,697	4,029
Cooling Degree Days - Actual	-	31	270	4	305	-
<i>period-over-period change</i>	NM ⁽¹⁾	-45.6%	10.7%	NM ⁽¹⁾	1.3%	NM ⁽¹⁾
<i>compared with normal</i>	NM ⁽¹⁾	-40.4%	66.7%	300.0%	41.9%	NM ⁽¹⁾
Cooling Degree Days - Normal	-	52	162	1	215	-
Heating Degree Days - MGU						
Heating Degree Days - Actual	3,316	791	161	1,916	6,184	2,472
<i>period-over-period change</i>	9.1%	54.2%	34.2%	-14.4%	4.6%	-25.5%
<i>compared with normal</i>	5.2%	0.0%	12.6%	-14.4%	-2.2%	-20.8%
Heating Degree Days - Normal	3,151	791	143	2,238	6,323	3,122
Heating Degree Days - MERC						
Heating Degree Days - Actual (northern service territory)	4,660	1,308	394	2,948	9,310	3,608
<i>period-over-period change</i>	11.4%	24.9%	-13.4%	-10.7%	3.6%	-22.6%
<i>compared with normal</i>	5.1%	3.6%	-7.7%	-12.8%	-2.0%	-19.6%
Heating Degree Days - Normal (northern service territory)	4,433	1,262	427	3,382	9,504	4,490
Heating Degree Days - Actual (southern service territory)	3,920	869	204	2,306	7,299	2,851
<i>period-over-period change</i>	6.5%	48.3%	11.5%	-15.8%	1.5%	-27.3%
<i>compared with normal</i>	6.1%	3.5%	-1.0%	-16.1%	-2.5%	-23.8%
Heating Degree Days - Normal (southern service territory)	3,694	840	206	2,747	7,487	3,742
Heating Degree Days - PGL and NSG						
Heating Degree Days - Actual	3,340	853	153	1,838	6,184	2,379
<i>period-over-period change</i>	6.9%	61.9%	115.5%	-19.7%	2.9%	-28.8%
<i>compared with normal</i>	7.8%	21.3%	82.1%	-16.7%	1.5%	-24.3%
Heating Degree Days - Normal	3,099	703	84	2,207	6,093	3,144

Capital Expenditures

Regulated utility expenditures	47.3	58.0	80.4	97.7	283.4	109.7
Integrys Energy Services	1.2	3.3	7.0	6.5	18.0	8.2
Other	2.7	2.0	2.5	2.8	10.0	5.1
Total Capital Expenditures	\$ 51.2	\$ 63.3	\$ 89.9	\$ 107.0	\$ 311.4	\$ 123.0

Nonregulated Segment - Integrys Energy Services

	Forward Contracted Volumes at 03/31/11			Forward Contracted Volumes at 03/31/12		
	4/01/11 - 03/31/12	04/01/12 - 03/31/13	Post 03/31/13	4/01/12 - 03/31/13	4/01/13 - 03/31/14	Post 03/31/14
Retail natural gas sales volumes - billion cubic feet	65.1	18.5	6.1	70.4	18.3	5.5
Retail electric sales volumes - million kilowatt-hours	9,413	4,272	1,748	10,191	4,981	1,688

Nonregulated Segment - Integrys Energy Services

Counterparty Rating	Wholesale Counterparty Credit Exposure at 03/31/11			Wholesale Counterparty Credit Exposure at 03/31/12		
	Total	Exposure		Total	Exposure	
		< 1 Year	1 - 3 Years		< 1 Year	1 - 3 Years
Investment grade - regulated utilities	\$ 11.5	\$ 6.9	\$ 4.6	\$ 8.4	\$ 7.5	\$ 0.9
Investment grade - other	7.7	7.1	0.6	2.0	2.0	-
Non-investment grade - regulated utilities	-	-	-	-	-	-
Non-investment grade - other	5.4	4.4	1.0	1.8	1.8	-
Non-rated - regulated utilities	3.0	2.5	0.5	0.1	0.1	-
Non-rated - other	0.1	0.1	-	-	-	-
Total Exposure	\$ 27.7	\$ 21.0	\$ 6.7	\$ 12.3	\$ 11.4	\$ 0.9

The investment and non-investment grade categories are determined by publicly available credit ratings of the counterparty or the rating of any guarantor, whichever is higher. Investment grade counterparties are those with a senior unsecured Moody's rating of Baa3 or above or a Standard & Poor's rating of BBB- or above. Exposure before collateral considers netting of accounts receivable and accounts payable where netting agreements are in place as well as net mark to market exposure. Credit collateral includes cash and letters of credit from the counterparties. Net exposure does not include those counterparties to which Integrys Energy Services Inc. has exposure.

Notes:

⁽¹⁾ Not meaningful