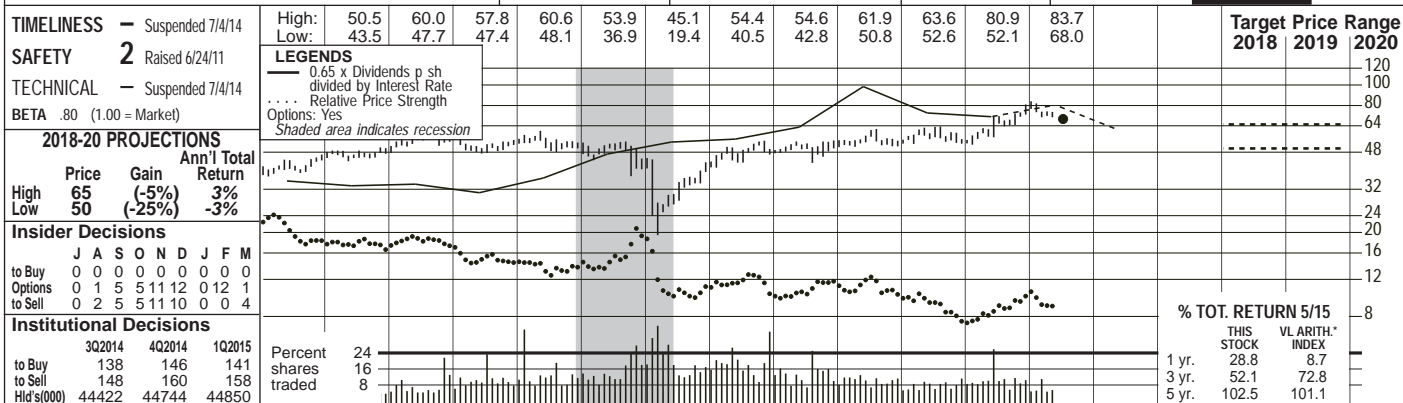


# INTEGRYS ENERGY NYSE-TEG

RECENT PRICE **68.88** P/E RATIO **24.2** (Trailing: 26.1 Median: 15.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **3.9%** VALUE LINE



Integrys Energy Group was created as a holding company on February 21, 2007 to oversee the entire operations of the recently merged WPS Resources and Peoples Energy. WPS acquired Peoples in an agreement under which each common share of Peoples was converted into .825 share of WPS common. The combination took the new name of Integrys Energy Group. All data on this page prior to 2/21/07 are for WPS Resources only.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Revenues per sh	173.37	160.01	135.44	184.86	98.71	67.27	60.44	54.07	70.92	52.11	45.30	47.80	53.50
"Cash Flow" per sh	7.40	6.33	5.19	4.69	5.34	6.70	6.13	6.95	7.72	6.46	6.60	7.30	8.25
Earnings per sh <sup>A</sup>	4.09	3.51	2.48	1.58	2.28	3.24	2.88	3.67	4.33	2.77	2.85	3.05	4.00
Div'd Decl'd per sh <sup>B</sup>	2.24	2.28	2.56	2.68	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.72	2.80
Cap'l Spending per sh	10.31	7.94	5.17	7.01	5.85	3.35	4.00	7.63	8.42	10.88	12.05	12.00	13.50
Book Value per sh <sup>C</sup>	32.47	35.61	42.58	40.79	37.62	37.57	38.01	38.84	41.05	41.49	41.65	42.05	44.75
Common Shs Outst'g <sup>D</sup>	40.16	43.06	75.99	75.99	75.98	77.35	77.91	77.90	79.45	79.53	79.50	79.50	79.50
Avg Ann'l P/E Ratio	13.4	14.7	21.4	30.7	14.8	14.7	17.5	14.8	13.3	23.1	Bold figures are Value Line estimates		14.0
Relative P/E Ratio	.71	.79	1.14	1.85	.99	.94	1.10	.94	.75	1.22			.90
Avg Ann'l Div'd Yield	4.1%	4.4%	4.8%	5.5%	8.1%	5.7%	5.4%	5.0%	4.7%	4.2%			5.0%

**CAPITAL STRUCTURE as of 3/31/15**  
 Total Debt \$3398.9 mill. Due in 5 Yrs \$568.3 mill.  
 LT Debt \$2956.3 mill. LT Interest \$147.8 mill.  
 (LT interest earned: 3.3x)  
 Leases, Uncapitalized Annual rentals \$4.7 mill.  
 Pension Assets-12/14 \$1495.6 mill.  
 Pfd Stock \$51.1 mill. Pfd Div'd \$3.1 mill.  
 510,626 shs. 5.00% to 6.88%, callable \$101 to \$107.50; sinking fund began 11/1/79. All cumulative, \$100 par.  
 Common Stock 79,963,091 shs. as of 5/4/15  
 MARKET CAP: \$5.5 billion (Large Cap)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	18-20
Revenues (\$mill)	6962.7	6890.7	10292	14048	7499.8	5203.2	4708.7	4212.4	5634.6	4144.2	3600	3800	4250
Net Profit (\$mill)	157.4	151.6	181.1	124.8	178.2	255.9	230.9	294.2	350.1	227.0	230	250	320
Income Tax Rate	22.9%	22.9%	32.2%	29.1%	41.5%	40.4%	36.7%	33.8%	37.6%	41.2%	41.0%	41.0%	41.0%
AFUDC % to Net Profit	1.0%	.5%	.7%	5.8%	4.5%	.7%	.4%	1.3%	4.3%	7.8%	6.0%	6.0%	5.0%
Long-Term Debt Ratio	39.0%	44.8%	40.8%	42.1%	45.1%	42.2%	38.3%	38.6%	47.2%	46.9%	49.5%	50.0%	49.5%
Common Equity Ratio	58.7%	53.4%	58.3%	57.0%	53.9%	56.8%	60.6%	60.4%	52.0%	52.3%	49.5%	49.5%	49.5%
Total Capital (\$mill)	2222.4	2871.9	5552.0	5438.7	5304.4	5118.5	4884.5	5008.6	6268.6	6307.1	6670	6775	7150
Net Plant (\$mill)	2049.4	2534.8	4463.8	4773.3	4945.1	5013.4	5199.1	5501.9	6410.5	6859.8	7525	8140	10275
Return on Total Cap'l	8.0%	6.4%	4.5%	3.5%	4.6%	6.2%	5.9%	6.9%	6.5%	4.8%	4.5%	5.0%	6.0%
Return on Shr. Equity	11.6%	9.6%	5.5%	4.0%	6.1%	8.7%	7.7%	9.6%	10.6%	6.8%	7.0%	7.5%	9.0%
Return on Com Equity <sup>E</sup>	11.8%	9.7%	5.5%	3.9%	6.1%	8.7%	7.7%	9.6%	10.6%	6.8%	7.0%	7.5%	9.0%
Retained to Com Eq	5.3%	3.4%	.0%	NMF	NMF	2.3%	.7%	2.6%	4.4%	.2%	.5%	1.0%	2.5%
All Div'ds to Net Prof	56%	65%	99%	NMF	NMF	118%	74%	73%	59%	97%	94%	88%	70%

**ELECTRIC OPERATING STATISTICS**

	2012	2013	2014
% Change Retail Sales (KWH)	+2	-4	+6.0
Avg. C & I Use (KWH)	NA	NA	NA
Avg. C & I Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	3173	3344	NA
Peak Load, Summer (Mw)	2347	2400	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+4	+4	-9.5

**BUSINESS:** Integrys Energy Group, Inc. is a holding company for Wisconsin Public Service, Peoples Gas, and four other utility subsidiaries. Has 450,000 electric customers in WI, 1.7 million gas customers in WI, IL, MN, and MI. Sold Upper Peninsula Power and retail electric and gas marketing operations in '14. Elec. rev. breakdown: residential, 29%; small commercial & industrial, 29%; large commercial & industrial, 19%; other, 23%. Generating sources: coal, 49%; gas, 12%; other, 5%; purchased, 34%. Fuel costs: 51% of revs. '14 depr. rates (utility): 2.2%-3.2%. Has 4,600 employees. Chairman & CEO: Charles A. Schrock. President & COO: Lawrence T. Borgard. Inc.: WI. Address: 130 East Randolph St., Chicago, IL 60601-6207. Tel.: 312-228-5400. Internet: www.integrysgroup.com.

**ANNUAL RATES** Past 10 Yrs. 5 Yrs. to '12-'14 of change (per sh)

	Past 10 Yrs.	5 Yrs.	to '12-'14
Revenues	-6.0%	-16.0%	NMF
"Cash Flow"	1.0%	7.0%	2.5%
Earnings	1.0%	11.0%	2.0%
Dividends	2.5%	.5%	.5%
Book Value	4.0%	--	1.5%

**Integrys Energy is awaiting two more regulatory approvals before the acquisition of the company by Wisconsin Energy can be completed.** Integrys stockholders would receive \$18.58 a share in cash and 1.128 shares of Wisconsin Energy stock for each of their shares, valuing the deal at \$69.57 a share at Wisconsin Energy's recent price. The regulatory commissions in Minnesota and Illinois still need to rule on the combination. The due date for a decision in Illinois is July 6th, and the companies hope to get a written order in Minnesota by then. If all goes well, the transaction will close shortly thereafter. Accordingly, this might well be our last full-page report on Integrys. The stock's Timeliness rank is suspended due to the pending takeover.

**We think shareholders should sell their stock on the open market.** The stock price of Integrys is now just 1% below the value of the buyout, leaving little upside potential for shareholders. Integrys holders also have some downside risk that the deal will fall through, or that the price of Wisconsin Energy stock (like that of most utility equities) continues to weaken.

Like many electric utility issues, Wisconsin Energy's stock price has fallen more than 10% so far this year. In fact, the value of the deal for Integrys holders has dropped below the \$71.47-a-share value when the acquisition was announced nearly a year ago.

**Peoples Gas in Illinois has received some criticism for its management of its accelerated main-replacement program.** The cost of the project is much more than expected when it was proposed several years ago. A consultant made 95 recommendations, many of which the utility is already implementing. How this will affect the proposed takeover is unknown. The Illinois commission might welcome a new parent company for Peoples Gas.

**Rate relief should help earnings advance this year and next.** Tariffs of Peoples Gas and North Shore Gas (also in Illinois) were raised in early 2015. Wisconsin Public Service has filed for electric and gas rate hikes of \$96.9 million and \$9.1 million, respectively, based on a return of 10.2% on a common-equity ratio of 50.52%. New rates should take effect in early 2016.

*Paul E. Debbas, CFA June 19, 2015*

**QUARTERLY REVENUES (\$ mill.)**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1247.9	839.6	927.7	1197.2	4212.4
2013	1678.2	1116.0	1129.7	1710.7	5634.6
2014	1638.0	836.8	657.1	1012.3	4144.2
2015	1163.2	800	636.8	1000	3600
2016	1250	825	675	1050	3800

**EARNINGS PER SHARE<sup>A</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1.24	.65	.93	.86	3.67
2013	2.29	d.06	.47	1.63	4.33
2014	1.73	.10	.27	.66	2.77
2015	1.61	.10	.29	.85	2.85
2016	1.70	.10	.35	.90	3.05

**QUARTERLY DIVIDENDS PAID<sup>B</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.68	.68	.68	.68	2.72
2012	.68	.68	.68	.68	2.72
2013	.68	.68	.68	.68	2.72
2014	.68	.68	.68	.68	2.72
2015	.68	.68	.68	.68	2.72

(A) Dil. EPS, Excl. nonrecur. gain (losses): '09, (\$3.24); '10, (41¢); '14, 64¢; gains (losses) from disc. ops.: '07, \$1.02; '08, 6¢; '09, 4¢; '11, (1¢); '12, (12¢); '13, 6¢; '14, 2¢. '12 & '14 EPS don't add due to rounding. Next egs. due early Aug. (B) Div'ds histor. paid mid-Mar., June, Sept., & Dec. '10: \$1.02; '08, 6¢; '09, 4¢; '11, intang. In '14: \$27.27/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in WI in '15: 10.2%; in IL in '15: 9.05%; in MN in '14: 9.35%; earn. on avg. com. eq. '14: 6.8%. Regul. Climate: WI, Above Avg.; IL, Below Avg.

**Company's Financial Strength** A  
**Stock's Price Stability** 90  
**Price Growth Persistence** 55  
**Earnings Predictability** 45