

O LEARY JOSEPH P
 Form 4
 February 18, 2011

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 O LEARY JOSEPH P

2. Issuer Name and Ticker or Trading Symbol
 INTEGRYS ENERGY GROUP, INC. [TEG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 130 EAST RANDOLPH DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/16/2011

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Sr VP & Chf Financial Officer

CHICAGO, IL 60601

(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Code V Amount Price			
Common Stock	02/16/2011		M	12,472 A \$ 48.88	14,188.998	D	
Common Stock	02/16/2011		D	12,472 D \$ 48.88	1,716.998 ⁽¹⁾	D	
Common Stock					1,984.252	I	By ESOP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Performance Rights	\$ 0 ⁽²⁾	02/16/2011		M	10,058	01/01/2011 ⁽²⁾	06/30/2011	Common Stock
Phantom Stock Unit	⁽³⁾	02/16/2011		A	9,354	⁽⁴⁾	⁽⁵⁾	Common Stock
Employee Stock Option (Right to buy)	\$ 41.58 ⁽⁷⁾					02/11/2011	02/11/2020	Common Stock
Employee Stock Option (Right to buy)	\$ 42.12 ⁽⁸⁾					02/12/2010	02/12/2019	Common Stock
Employee Stock Option (Right to buy)	\$ 44.73 ⁽⁹⁾					12/10/2004	12/10/2013	Common Stock
Employee Stock Option (Right to buy)	\$ 48.11 ⁽¹⁰⁾					12/08/2005	12/08/2014	Common Stock
Employee Stock Option (Right to buy)	\$ 48.36 ⁽¹¹⁾					02/14/2009	02/14/2018	Common Stock
Employee Stock Option (Right to buy)	\$ 49.4 ⁽¹²⁾					02/10/2012	02/10/2021	Common Stock
Employee Stock Option (Right to buy)	\$ 52.73 ⁽¹³⁾					12/07/2007	12/07/2016	Common Stock
						12/07/2006	12/07/2015	

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The performance share payout was deferred, with 75% going into Company common stock and 25% going into other mutual funds. Under the terms of the plan, payout deferrals may be deferred into Company common stock or other mutual funds within the Deferred Compensation Plan.

- (2) Performance stock rights represent the right to receive shares of common stock of the Company, in the event certain performance goals are satisfied. These goals are based on Company performance against an established industry benchmark, over a three year performance period. The final award of shares issued can be between 0% and 200% of the target award.
 - (3) These phantom stock units convert to common stock on a one-for-one basis.
 - (4) Unless the participant has selected a later commencement date, distribution of stock and equivalents will commence within 60 days following the end of the calendar year in which occurs the participant's retirement or termination of service.
 - (5) Unless the participant has selected a later commencement date, distribution of stock and equivalents will commence within 60 days following the end of the calendar year in which occurs the participant's retirement or termination of service.
 - (6) The acquired shares represent the portion of the Performance Share award payout that was deferred into Company common stock within the Company's Deferred Compensation Plan.
 - (7) The option vests in four equal annual installments beginning on February 11, 2011.
 - (8) The option vests in four equal annual installments beginning on February 12, 2010.
 - (9) The option vests in four equal annual installments beginning on December 10, 2004.
 - (10) The option vests in four equal annual installments beginning on December 8, 2005.
 - (11) The option vests in four equal annual installments beginning on February 14, 2009.
 - (12) The option vests in four equal annual installments beginning on February 10, 2012.
 - (13) The option vests in four equal annual installments beginning on December 7, 2007.
 - (14) The option vests in four equal annual installments beginning on December 7, 2006.
 - (15) The option vests in four equal annual installments beginning on May 17, 2008.
- Performance stock rights represent the right to receive shares of common stock of the Company, in the event certain performance goals are satisfied. These goals are based on Company performance against an established industry benchmark, over a three year performance period. The final award of shares issued can be between 0% and 200% of the target award.
- (17) Each restricted stock unit represent a contingent right to receive one share of Company common stock.
 - (18) The restricted stock units vest in four equal annual installments beginning on February 14, 2009.
 - (19) The restricted stock units vest in four equal annual installments beginning on February 12, 2010.
 - (20) The restricted stock units vest in four equal annual installments beginning on February 11, 2011.
 - (21) The restricted stock units vest in four equal annual installments beginning on February 10, 2012.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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