

INTEGRYS ENERGY GROUP, INC.

Form 4

March 02, 2007

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
KAUFFMAN PETER

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 E. RANDOLPH DRIVE

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/28/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Secy & Chief Gov 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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount or Price | | |
| Common Stock | 02/28/2007 | | D | | 2,218 D \$ 55.467 | D | |
| Common Stock | 02/28/2007 | | M | | 990 A \$ 45.87 | D | |
| Common Stock | 02/28/2007 | | S | | 990 D \$ 55.467 | D | |
| Common Stock | 02/28/2007 | | M | | 6,517 A \$ 49.89 | D | |
| Common Stock | 02/28/2007 | | S | | 6,517 D \$ 55.467 | D | |

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| | | | | | | | | |
|--------------|------------|---|-----|---|----------|------------|---|---------------------|
| Common Stock | 02/28/2007 | M | 990 | A | \$ 45.87 | 3,387.05 | D | |
| Common Stock | 02/28/2007 | S | 990 | D | \$ 55.5 | 2,397.05 | D | |
| Common Stock | | | | | | 2,121.1504 | I | Trustee/401(k) Plan |
| Common Stock | | | | | | 156.5905 | I | Trustee/ESOP |

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

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(9-02)

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 Amount of Underlying Securities (Instr. 3 and 4) | Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| Stock Appreciation Rights | \$ 45.87 <u>(1)</u> | 02/28/2007 | | M | 990 | 10/01/1998 10/01/2007 | Common Stock | 990 |
| Stock Option (Right to buy) | \$ 45.87 | 02/28/2007 | | M | 990 | 10/01/1998 10/01/2007 | Common Stock | 990 |
| Stock Option (Right to buy) | \$ 49.89 | 02/28/2007 | | M | 6,517 | 10/03/2002 10/03/2011 | Common Stock | 6,517 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--------------------------------|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| | | | Secy & Chief Gov Officer | |

KAUFFMAN PETER
130 E. RANDOLPH DRIVE
CHICAGO, IL 60601

Signatures

Peter H.
Kauffman

03/02/2007

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Cash-only settlement of Stock Appreciation Rights granted under the Company's Long-Term Incentive Compensation Plan based on market price of Common Stock. Exercise is exempt from Section 16(b) pursuant to Rule 16b-3.

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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