

Date: April 1, 2015

Analyst Name: Brieana Beltran & Amanda Helenberg

CIF Stock Recommendation Report (Spring 2015)

Company Name and Ticker: Integrys Energy Group, Inc. (TEG)

Section (A) Investment Summary

Recommendation Buy: No		Target Price: N/A	Stop-Loss Price: N/A
Sector: Utilities	Industry: Diversified Utilities	Market Cap (in Millions): \$5,753.34	# of Shrs. O/S (in Millions): 79.96
Current Price: \$72.10	52 WK Hi: \$83.72	52 WK Low: \$56.46	EBO Valuation: \$67.44
Morningstar (MS) Fair Value Est.: \$68.00	MS FV Uncertainty: Low	MS Consider Buying: \$54.40	MS Consider Selling: \$85.00
EPS (TTM): 3.41	EPS (FY1): 3.46	EPS (FY2): 3.65	MS Star Rating: 2
Next Fiscal Yr. End "Year": 2015 "Month": December	Last Fiscal Qtr. End: Less Than 8 WK: Y N	If Less Than 8 WK, next Earnings Ann. Date: May 5, 2015	Analyst Consensus Recommendation: Hold
Forward P/E: 19.87	Mean LT Growth: 5.00	PEG: 4.28	Beta: 0.56
% Inst. Ownership: 57.65	Inst. Ownership- Net Buy: Y N	Short Interest Ratio: 2.90	Short as % of Float: N/A
<u>Ratio Analysis</u>	<u>Company</u>	<u>Industry</u>	<u>Sector</u>
P/E (TTM)	21.11	9.67	12.89
P/S (TTM)	1.39	9.55	2.37
P/B (MRQ)	1.73	1.57	2.63
P/CF (TTM)	10.11	5.86	9.09
Dividend Yield	3.78	4.18	3.93
Total Debt/Equity (MRQ)	101.44	92.71	87.23
Net Profit Margin (TTM)	6.71	176.09	19.43
ROA (TTM)	2.47	10.02	11.04
ROE (TTM)	8.39	13.68	21.28

<p><u>Investment Thesis</u></p> <p><u>Pros:</u></p> <ul style="list-style-type: none"> ▪ Pays high dividends, dividend payout ratio is approximately 78.64. Dividend payouts have been heavily increasing over the past 7 years ▪ For the quarter ending December 2014, revenues estimates were only \$164 million and revenues actuals turned out to be \$1,012.30 million, resulting in a positive surprise of 517.26% <p><u>Cons:</u></p> <ul style="list-style-type: none"> ▪ Earnings have not beat estimates four out of the five previous quarters ▪ Integrys is currently attempting to undergo a potential acquisition ▪ If acquisition closes, 100% of the utilities provided by Integrys will be regulated ▪ The Federal Reserve is expected to rise interest rates by September 2015 ▪ Regulated utilities are largely, negatively impacted by rises in interest rates 	<p><u>Summary:</u> In short, we have decided not to recommend to buy stock in Integrys Energy Corp. (TEG) for two main reasons: 1) they are currently planning to undergo an acquisition, in which they will be acquired by the end of Summer 2015, and, 2) since interest rates are expected to rise by September, this will increase financing costs and negatively impact Integrys Energy</p> <p><u>Company Profile:</u> Integrys Energy Corp. is an energy holding company that was established in 1993, that provides both regulated and unregulated services. Integrys' operates in various subsectors in the utilities sector, but mainly gas utilities.</p> <p><u>Fundamental Valuation:</u> A long term growth rate of 5 years was used, and the EBO Value for Integrys came out to be approximately \$67.44 which fell in between the 52-week low and high.</p> <p><u>Relative Valuation:</u> We have compared Integrys Energy Group Inc. to Duke Energy Corporation, Ameren Corporation, National Grid PLC, and Alliant Energy Corporation.</p> <p><u>Revenue and Earnings Estimates:</u> Integrys managed to beat both revenues and earnings estimates for the current quarter. However, they have only managed to beat earnings estimates once out of the last five quarters.</p> <p><u>Analyst Recommendations:</u> Currently, most analysts are recommending to hold TEG, which is what most analysts' have been recommending the past three months. Only 1 analyst predicts outperformance, leaving TEG with a mean rating of 2.75</p> <p><u>Institutional Ownership:</u> Institutional ownership amounts to 56.04%, with 28.22% of the top 10 institutions holding ownership. Over half ownership can be considered substantial, for a utility stock.</p> <p><u>Short Interest:</u> Integrys has short interest totaling about 1.02 million shares, which is slightly high. This number has however decreased from the prior month, which had 1.3 million shares shorted. Integrys also has less shares shorted than two of its largest competitors, Duke and Alliant.</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	<p><u>Stock Price Chart:</u> Overall, over the past year TEG has managed to significantly outperform not only the utilities sector by about 20%, but also the S&P500 as well, by about 10%. However, just the past three months, TEG's stock performance has been steadily declining and it has been underperforming both the utilities sector and the S&P500.</p>
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Section (B) Company Profile

(B-1) Profile

Include in this section, at the minimum:

Company Description; major business units and % breakdown of revenue/earnings; % breakdown of domestic and international business; business model; management strategy; competition and competitors of each major business unit; sensitivity to business cycle & macro environment; life cycle; significant merger/acquisition or major restructure in recent years; significant pending litigations, material patents or other intellectual properties-related issues; major risk factors; other company or industry-specific development or issues deemed material (e.g., labor disputes, trade tensions, regulatory or policy changes, technology & product innovations, natural disasters, etc.)

Integrus Energy Group Inc. is an American utility holding company. It operates domestically, specifically in the upper Midwestern States, including: Michigan, Illinois, Minnesota, and Wisconsin. The headquarters for Integrus are located in Chicago, Illinois, and have been since they were first formed in February of 2007 through the merger of WPS Resources Corporation and Peoples Energy Corporation. Integrus Energy is technically a mult utilities company, and provides electricity to about 500,000 customers; however, their main focus is Natural Gas utilities, which they provide to over 1,700,000 customers. Their wide variety of customers include industrial, commercial, residential, storage, and transportation businesses. Currently, 75% of Integrus' earnings come from regulated utilities; however, this will potentially be changing come the summer of 2015. Integrus Energy is currently undergoing the implementation of plans for an acquisition; they plan to be acquired by Wisconsin Energy Corporation within the next six months. This is not a closed deal, as there is still some pending debate between state and federal regulators. Should this deal close successfully, as it is predicted to, 100% of earnings will then be provided by regulated operations. Since all of their utilities will be provided through the regulated sector, this means Integrus Energy will be even more largely impacted by movements in interest rates, as many utilities companies are. It should be noted that the Federal Reserve is expected to increase interest rates sometime before September 2015, which would largely increase financing costs for Integrus Energy.

(B-2) Revenue and Earnings History (Refer to the guidelines document for revenue and earnings data to be included)

Revenue*

Earnings Per Share**

FY 2014	Dec '14		
	Sep '14	1,187.90	1.014
	Jun '14	1,432.60	0.091
	Mar '14	2,924.90	1.894
FY 2013	Dec '13	3,485.50	3.302
	Sep '13	1,129.70	0.483
	Jun '13	1,116.00	-0.058
	Mar '13	1,678.20	2.288

REVENUE & EARNINGS PER SHARE

1) What are your observations on revenue? Was there a notable up- or down-trend, year-over-year? Was there seasonable pattern?

Revenue demonstrated a significant decrease, or down-trend over the most recent fiscal year. From March 2014 to September 2014 (the most recent fiscal quarter reported for 2014), there was a decrease in revenues of approximately \$1,737,000. However, historically it appears this is often the case, and it is most likely that revenues were on the rise again by the end of December. This can be contributed to the seasonal patterns, since utility stocks are often driven by weather patterns, and experience spikes during the winter months when utilities are often in higher demand.

2) Likewise, what are your observations on earnings?

Earnings experienced a significant decrease as well during the most recent completed fiscal year; from March 2014 to September 2014 (the most recent fiscal quarter reported for 2014) earnings decreased by approximately 0.88. The reason for this can be attributed to the same reasons for the decreases in revenues during this same time period.

(B-3) Most Recent Quarterly Earnings Release

- 1) When was the company's most recent earning release? December 2014
- 2) In that earnings report, was reported revenue a (1) beat, (2) match, or (3) miss from consensus estimate? Revenue was a beat from consensus estimate on Reuters, but was a miss on Morningstar.
- 3) Likewise, was reported earnings a (1) beat, (2) match, or (3) miss from consensus estimate? Earnings were a beat from consensus estimates

- 4) **What did the management attribute the beat/miss to?** Basically, their earnings dropped significantly from the previous year, but they “beat” analysts estimates because analysts were predicting a significant decline. Management attributed this decline in earnings to certain discontinued operations in retail energy and to significantly rising costs in the natural gas utility segment.
- 5) **Did the management provide guidance about their current quarter and their outlook for the year? What were the key points of the guidance?** Management expects a strong outlook considering all of the upcoming changes, as they expect the current acquisition to close, which would increase operations. However, as all operations as of the upcoming summer will now be regulated, this means they are much more dependent on interest rates, making future earnings more unpredictable. Management notes other risks to consider in the upcoming year are: federal and state regulatory changes, unusual weather patterns, timely completion of capital projects and acquisitions, costs of litigation, etc.
- 6) **How did the stock react to that earnings release?** The price of TEG stock dropped from \$77.78 to \$75.56, so by \$2.22 per share, after the most recent earnings release.

Section (C) Fundamental Valuation (EBO)

Include the following here:

Copy/paste completed Fundamental Valuation (EBO) Spreadsheet

TEG	PARAMETERS	FY1	FY2	Ltg	Long-term Growth Period (Years)						
	EPS Forecasts	3.46	3.65	5.00%	5						
	Total Equity	3350.80									
	Preferred Stock	51.10									
	Book Value (end of last fye)	3299.70									
	Common Equity Shr. O/S	79.53									
	Book value/share (last fye)	41.490									
	30- Year T-Bond Rate	2.51%									
	E(r _m)	8.50%									
	Beta	0.56									
	Discount Rate	5.86%									
	Dividend Payout Ratio (POR)	78.64%									
	Next Fsc Year end	2015									
	Current Fsc Mth (1 to 12)	3									
	Target ROE (industry avg.)	8.17%									
	Fundamental Valuation (EBO) Model 1: 9, 10, or 12-year forecasting horizon (T=9, 10 or 12). with a 4, 5 or 7-year growth period.										
	Please download and save this template to your own storage device You only need to input values to cells highlighted in "yellow" The rest of the spreadsheet is calculated automatically Please read "Guidelines_for_FundamentalValuation_ProfLee_Spreadsheet" file.										
	Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Long-term EPS Growth Rate (Ltg)			0.0500	0.0500	0.0500					
	Forecasted EPS	3.46	3.65	3.83	4.02	4.23					
	Beg. of year BV/Shr	41.490	42.229	43.009	43.827	44.687					
	Implied ROE		0.086	0.089	0.092	0.095					
ROE	(Beg. ROE, from EPS forecasts)	0.083	0.086	0.089	0.092	0.095	0.092	0.089	0.087	0.084	0.082
Abnormal ROE	(ROE-k)	0.025	0.028	0.030	0.033	0.036	0.033	0.031	0.028	0.026	0.023
growth rate for B	(1-POR)*(ROEt-1)	0.000	0.018	0.018	0.019	0.020	0.020	0.020	0.019	0.019	0.018
Compounded growth		1.000	1.018	1.037	1.056	1.077	1.099	1.120	1.142	1.163	1.184
growth*AROE		0.025	0.028	0.032	0.035	0.039	0.037	0.034	0.032	0.030	0.027
required rate (k)	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059
Compound discount rate		1.059	1.121	1.186	1.256	1.330	1.408	1.490	1.578	1.670	1.768
div. payout rate (k)	0.786										
Add to P/B	PV(growth*AROE)	0.02	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02
Cum P/B		1.02	1.05	1.08	1.10	1.13	1.16	1.18	1.20	1.22	1.24
Add: Perpetuity beyond current yr	(Assume this yr's AROE forever)	0.40	0.43	0.45	0.48	0.50	0.44	0.39	0.35	0.30	0.26
Total P/B	(P/B if we stop est. this period)	1.42	1.48	1.53	1.58	1.63	1.60	1.58	1.55	1.52	1.50
Implied price		59.87	62.26	64.37	66.47	68.55	67.44	66.34	65.24	64.15	63.08
Check:											
Beg. BV/Shr		41.490	42.229	43.009	43.827	44.687	45.589	46.485	47.373	48.252	49.120
Implied EPS		3.460	3.650	3.833	4.024	4.225	4.193	4.156	4.114	4.066	4.013
Implied EPS growth			0.055	0.050	0.050	0.050	-0.008	-0.009	-0.010	-0.012	-0.013

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): 3.46 and 3.65

Long-term growth rate: 5

*** Indicate next to the number if you made an adjustment to the consensus LTG estimate.

Justify at the bottom of this panel how you derive the adjusted value, if any ***

Book value /share (along with book value and number of shares outstanding):

Book value: 3299.70

of shares outstanding: 79.53

Book value / share: 41.490

Dividend payout ratio: 78.64%

Next fiscal year end: 2015

Current fiscal month: 3

Target ROE: 8.17%

*** Indicate next to the number if you made an adjustment to the target ROE estimate.

Justify at the bottom of this panel how you derive the adjusted value, if any ***

Discount rate 5.86%

Input for discount rate:

Risk-free rate: 2.51%

Beta: 0.56

Market risk premium: 8.50%

Output

Above normal growth period chosen: 5

*** Justify at the bottom of this panel your choice of abnormal growth period ***

EBO valuation (Implied price from the spreadsheet): \$67.44

1) Comment on the fundamental value obtained in relation to the stock's current price and its 52-week price range.

The fundamental value obtained for the 5 year growth period gave us a stock price of \$67.44, which is \$4.66 less than the current stock price of \$72.10. The 52-week price range is \$83.72 to \$56.46, so the fundamental value falls a little less than half way in between the price range.

2) What might be "soft spots" of the inputs? And why?

One soft spot of the input could be the long-term rate since only one analysts provided an estimate. Similar situation with EPS forecasts, as only two analysts provided their estimates; due to the law of large numbers, the minimal number of estimates provided may not supply us with sufficient inputs for our data.

Sensitivity Analysis

1) Explain the input values used in sensitivity analysis. Compare the fundamental values obtained here in relation to the value from the base case

These input values are not weighted for the upcoming acquisition that will most likely be occurring. These values have not factored in the major changes the company will be undergoing in the upcoming summer 2015 months.

EBO valuation would be (you can include more than one scenario in each of the following):

___\$65.62___ if changing above normal growth period to ___4___

___\$71.10___ if changing above normal growth period to ___7___

___\$64.22___ if changing growth rate from mean (consensus) to the highest estimate

___9%___

___\$79.30___ if changing growth rate from mean (consensus) to the lowest estimate

___7%___

___\$68.63___ if changing discount rate to ___2.29 (20 year rate)___

___\$71.81___ if changing target ROE to ___11.85 (industry average)___

5 years was chosen as the growth period, for the purpose of maintaining consistency. 5 years was the typical growth period chosen by other financial reporting companies when valuing TEG as well. We chose to use the standard growth period used by the other websites so that our results may be more easily compared and contrasted.

Section (D) Relative Valuation

Copy/paste your completed relative valuation spreadsheet here

TEG													
Ticker	Name	Mkt Cap	Current Price	Mean FY2 Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM	
1 AEE	Ameren Corp.	\$ 10,210.00	\$ 42.08	\$ 2.56	16.44	6.85%	2.40	1.50	6.05%	0.25	1.66	7.51	
2 DUK	Duke Energy Corp.	\$ 53,101.24	\$ 75.90	\$ 4.66	16.29	4.52%	3.60	1.30	6.08%	0.21	2.22	8.89	
3 NGG	National Grid PLC	\$ 49,023.20	\$ 65.72	\$ 4.25	15.46	5.30%	2.92	2.76	24.81%	0.11	2.28	9.2	
4 LNT	Alliant Energy Corp.	\$ 65,800.00	\$ 43.68	\$ 2.16	20.22	7.62%	2.65	2.90	12.22%	0.24	3.23	20.39	
TEG	Integrys Energy Group Inc.	\$ 5,753.34	\$ 72.10	\$ 3.46	20.84	5.00%	4.17	1.73	8.17%	0.21	1.39	10.11	
Implied Price based on:					P/E (forward)		PEG	P/B		Value	P/S	P/CF	
1 AEE	Ameren Corp.				\$56.87		\$41.51	\$62.51		\$84.42	\$86.11	\$53.56	
2 DUK	Duke Energy Corp.				\$56.35		\$62.34	\$54.18		\$72.80	\$115.15	\$63.40	
3 NGG	National Grid PLC				\$53.50		\$50.48	\$115.03		\$37.88	\$118.26	\$65.61	
4 LNT	Alliant Energy Corp.				\$69.97		\$45.91	\$120.86		\$80.80	\$167.54	\$145.41	
	High				\$69.97		\$62.34	\$120.86		\$84.42	\$167.54	\$145.41	
	Low				\$53.50		\$41.51	\$54.18		\$37.88	\$86.11	\$53.56	
	Mean				\$59.18		\$50.06	\$88.15		\$68.98	\$121.77	\$82.00	

Note: Your discussions in this section should address all of the following valuation metrics: forward P/E, PEG, P/B (MRQ), P/S (TTM), and P/CF (TTM). If you made a decision excluding a competitor from calculation of median of a particular valuation multiple, you must justify your decision (i.e., reasons why you feel strongly that particular valuation multiple from a particular competitor is not a good indicator).

- Discuss various valuation multiples of your stock and its peers. Comment if any of these**
The only of the four competitors with any noticeably divergent ratios is Alliant Energy Corporation. The Price to Cash Flow ratio for Alliant is also deviant from the rest, 20.9 compared to the next highest Price to Cash Flow ratio of 10.11. This would indicate that it has a significantly lower cash flow than its competitors.
- Discuss the various implied prices of your stock derived from peers' ("Comparables") multiples. Compare these implied prices to current price and 52-week high and low. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain whether it makes sense.**

Again, the competitor with a noticeable variation in "implied prices" is Alliant Energy Corp. Their forward P/E is \$69.97, which is \$13.10 higher than the competitor with the next highest forward P/E ratio. Alliant currently holds the highest Forward P/E and has the lowest price.

3) Compare your findings with comments from analysts from *Morningstar Direct* and other online resources.

Yahoo and Morningstar both reported Forward P/E ratios for the competitors similar to the ones calculated using the Relative Valuation Spreadsheet. With Yahoo, there was only approximately a 0.30 difference on average when calculating Forward P/E, and similar for PEG as well. There was only a 0.29 variation on average.

Section (E) Revenue and Earnings Estimates

(E-1) HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
SALES (in millions)				
Quarter Ending Dec-14	164.00	1,012.30	848.30	517.26
Quarter Ending Sep-14	737.00	1,187.90	450.90	61.18
Quarter Ending Jun-14	723.00	1,432.60	709.60	98.15
Quarter Ending Mar-14	1,629.50	2,924.90	1,295.40	79.50
Quarter Ending Dec-13	1,354.00	1,710.70	356.70	26.34
Earnings (per share)				
Quarter Ending Dec-14	0.77	0.82	0.05	6.49
Quarter Ending Sep-14	0.42	0.35	0.07	16.01
Quarter Ending Jun-14	0.45	0.20	0.25	55.95
Quarter Ending Mar-14	1.79	1.73	0.06	3.46
Quarter Ending Dec-13	0.94	0.99	0.05	5.51

Integrus Energy Group does have some “surprising” patterns with analyst’s estimates with both revenues and earnings per share. In all 5 quarters they beat the revenue estimates by a large amount. On the other hand, the earnings per share was just the opposite. Integrus Energy Group has only beaten analyst’s estimates 1/5 quarters, and only with a small margin of .05 in the last quarter. The surprises were definitely more notable for revenues because their “actual” numbers were increasingly higher than the estimates. The stock chart has gone both up and down during the last couple of days, but currently the stock price has increased.

(E-2) CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-15	1	1,525.00	1,525.00	1,525.00	1,716.00
Quarter Ending Jun-15	1	777.00	777.00	777.00	1,142.00
Year Ending Dec-15	2	4,072.50	4,275.00	3,870.00	5,705.67
Year Ending Dec-16	1	4,000.00	4,000.00	4,000.00	5,924.00
Earnings (per share)					
Quarter Ending Mar-15	2	1.80	1.80	1.80	1.90
Quarter Ending Jun-15	2	0.32	0.35	0.30	0.47
Year Ending Dec-15	5	3.46	3.55	3.40	3.87
Year Ending Dec-16	3	3.65	3.75	3.50	4.07
LT Growth Rate (%)	1	5.00	5.00	5.00	--

% difference of the “high” estimate from the consensus (mean) -- Revenue

Q1: 0% Q2: 0% FY1: 4.74% FY2: 0%

% (negative) difference of the “low” estimate from the consensus – Revenue

Q1: 0% Q2: 0% FY1: -5.23% FY2: 0%

% difference of the “high” estimate from the consensus (mean) -- EPS

Q1: 0% Q2: 8.57% FY1: 2.54% FY2: 2.74%

% (negative) difference of the “low” estimate from the consensus -- EPS

Q1: 0% Q2: -6.67% FY1: -1.76% FY2: -4.29%

The divergent more notable for FY1 with the revenues and both FY1 and FY2 for earnings per share. A lot of the numbers had no differences between the mean and high or low. The obvious discrepancies were from the earnings per share numbers. There was only one analyst that provided the LT growth rate estimate. Compared to the number of analyst providing revenue and earnings estimates it is roughly the same because the amount of analyst only ranged from 1-5.

(E-3) CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
SALES (in millions)					
Quarter Ending Mar-15	1,525.00	1,525.00	1,525.00	2,969.00	1,716.00
Quarter Ending Jun-15	777.00	777.00	777.00	1,454.00	1,142.00
Year Ending Dec-15	4,072.50	4,072.50	4,072.50	5,922.50	5,705.67
Year Ending Dec-16	4,000.00	4,000.00	4,000.00	5,890.00	5,924.00
Earnings (per share)					
Quarter Ending Mar-15	1.80	1.80	1.80	1.76	1.90
Quarter Ending Jun-15	0.32	0.32	0.32	0.35	0.47
Year Ending Dec-15	3.46	3.46	3.49	3.57	3.87
Year Ending Dec-16	3.65	3.65	3.73	3.76	4.07

(1) They are trending down when looking at the sales and earnings per share one year ago to the current number.

(2) In comparison both FY1 and FY2 are notable than the most recent quarters. Both years are changing a large amount compared to the mean. Overall their revenues and earnings per share has no constant trend.

(E-4) ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
Revenue				
Quarter Ending Mar-15	0	0	0	0
Quarter Ending Jun-15	0	0	0	0
Year Ending Dec-15	0	0	0	0
Year Ending Dec-16	0	0	0	0
Earnings				
Quarter Ending Mar-15	0	0	0	0
Quarter Ending Jun-15	0	0	0	0
Year Ending Dec-15	0	0	0	1
Year Ending Dec-16	0	0	0	0

In the last four weeks there was only one revision that was made and it was in earnings per share. There were no changes at all in the last four weeks with revenue. The one change that analyst made were in FY1 which was down in earnings per share. There seem to have little positive or negative outlooks from analysts.

(E-5) "Consensus Earnings Revisions"

Revision Date	Revision Type	Revision Up/Down	Current	Previous	% Change	# of Analysts Reporting
2/26/2015	Down	0/1	\$1.80	\$1.81	0.28	2

1) Last earnings reporting date: December 31, 2014 and next earnings reporting date: May 7, 2015

- 2) There was only one revision that was made in the past month and the revision type was down.
- 3) **Were there any greater than 10% consensus revisions? No. What is the maximum % consensus revision?** 0.28%
- 4) **Observe stock price chart, how did the stock trade around dates of greater than 10% consensus revisions?** N/A

Section (F) Analysts' Recommendations

(F-1) ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	0	0	0	0
(2) OUTPERFORM	1	0	0	0
(3) HOLD	3	5	5	5
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.75	3.00	3.00	3.00

- 1) While looking at different websites, it stated that Integrys Group is more bullish. Although according to Nasdaq, there was only a 5% difference between bullish and bearish.
- 2) **How many different ratings out of the five possible ones did the company receive currently, one, two, and three months ago?** Currently only 3 recommend to hold and 1 recommends it will outperform. During one, two and three months ago only 5 analyst recommended to hold. There were no analyst that said to buy, sell or underperform.
- 3) **Is there a notable trend of opinion convergence or divergence?** All but one are to hold.
- 4) **Cross check (1) *Morningstar* analyst's research report; and (2) media or other analysts' comments from online financial sites. Is what you see here consistent to comments**

elsewhere? Morningstar analyst also recommend to hold. In CNBC 3 analyst recommended to hold and 1 said to buy. It is very consistent all across the boards.

(F-2) Most Recent One Month Analysts Upgrades/Downgrades from CNBC

Revision Date	Current Recommendation	Previous Recommendation	Firm	Last Revision
Did not find upgrades or downgrades	N/A	N/A	N/A	N/A

In the last month there were no stock up- or down-grades by one or more analysts.

Section (G) Institutional Ownership

TEG

Section 1

Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			79,959,736	100.00%
# of Holders; Total Shares Held/% Shares	472	102.61%	46,096,788	57.65%
# New Positions	47	10.22%		
# Closed Positions	35	7.61%		
# Increased Positions	181	39.35%		
# Decreased Positions	180	39.13%		
Beg. Total Inst. Positions	460	100.00%	45,752,394	57.22%
# Net Buyers; 3 Mo. Net Chg	1	50.14%	344,394	0.43%

Section 2

Ownership Information	% Outstanding
% Institutional Ownership	56.04
Top 10 Institutions % Ownership	28.22%
Mutual Fund % Ownership	29.23%

Section 3

> 5% Ownership		
Holder Name	% Outstanding	Report Date
Vanguard Group, Inc. (The)	7.81%	12/31/2014
BlackRock Fund Advisors	7.00%	12/31/2014
State Street Corporation	5.18%	12/31/2014

- 1) **Whether institutions, on net basis, have been increasing or decreasing ownership and whether the change can be considered as substantial.** The net basis is increasing, but just barely because it is 1. The change is not very substantial because it the three month change was only 1.
- 2) **Whether the stock has sizable institution interests/support.** The institutional investors own only 56.04% of Integrys Energy Group. This shows somewhat support because it owns a little over half of the company. Their ownership does imply a positive outlook but the stock has been fluctuated.
- 3) **The extent of the (> 5%) owners by adding up all >5% ownership, and make an effort to identify those that are mutual funds.** The companies that were above 5% were Vanguard Group, Inc., BlackRock Fund Advisors and State Street Corporation. There was one mutual fund holder that was also about 5% which was iShares Select Dividend ETF.

Section (H) Short Interest (Guidelines for H-2 Have Been Updated)

(H-1) Short Interest Data

TEG

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	1,020,856	402,915	2.533676
2/27/2015	1,295,809	303,078	4.275497
2/13/2015	1,040,775	286,610	3.631328
1/30/2015	1,140,386	225,529	5.056494
1/15/2015	1,149,383	307,710	3.735280
12/31/2014	1,012,614	413,353	2.449756
12/15/2014	1,365,040	441,842	3.089430
11/28/2014	1,919,234	406,470	4.721711
11/14/2014	2,336,321	458,672	5.093664
10/31/2014	2,429,530	479,632	5.065404
10/15/2014	2,926,077	402,440	7.270840
9/30/2014	2,632,894	318,301	8.271711
9/15/2014	2,758,134	249,034	11.075331
8/29/2014	2,853,748	278,785	10.236376
8/15/2014	2,967,378	632,185	4.693844
7/31/2014	2,752,341	360,326	7.638475
7/15/2014	2,816,969	478,466	5.887501
6/30/2014	3,002,968	1,587,824	1.891247
6/13/2014	3,221,241	301,857	10.671414
5/30/2014	3,200,191	433,116	7.388762
5/15/2014	2,979,206	445,682	6.684600
4/30/2014	2,866,710	477,076	6.008917
4/15/2014	3,277,268	387,658	8.454019
3/31/2014	3,089,650	400,494	7.714597
3/14/2014	2,959,970	356,254	8.308594



DUK

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	8,101,467	4,053,968	1.998404
2/27/2015	7,525,956	4,112,269	1.830122
2/13/2015	8,497,448	3,913,290	2.171433
1/30/2015	7,342,102	2,751,230	2.668662
1/15/2015	9,854,394	3,187,586	3.091491
12/31/2014	8,990,458	3,277,626	2.742979
12/15/2014	9,276,749	3,530,228	2.627804
11/28/2014	10,147,930	3,389,045	2.994333
11/14/2014	14,045,270	3,835,514	3.661900
10/31/2014	12,279,813	3,247,441	3.781381
10/15/2014	13,863,015	4,102,771	3.378940
9/30/2014	14,400,454	3,257,487	4.420725
9/15/2014	12,863,265	3,050,339	4.216995
8/29/2014	12,867,246	2,129,844	6.041403
8/15/2014	13,799,106	3,517,208	3.923312
7/31/2014	12,694,364	2,431,419	5.220969
7/15/2014	11,389,711	2,680,370	4.249306
6/30/2014	13,213,411	2,952,039	4.476029
6/13/2014	11,368,811	2,606,058	4.362455
5/30/2014	11,778,837	2,229,148	5.284009
5/15/2014	10,629,764	3,065,799	3.467208
4/30/2014	11,696,910	2,595,795	4.506099
4/15/2014	11,615,920	3,125,890	3.716036
3/31/2014	10,830,853	3,656,299	2.962245
3/14/2014	9,281,759	2,994,899	3.099189



LNT

Settlement Date	Short Interest	Avg Daily Share Volume	Days To Cover
3/13/2015	1,418,977	756,739	1.875121
2/27/2015	1,970,572	649,315	3.034847
2/13/2015	2,162,892	634,609	3.408228
1/30/2015	2,078,636	536,594	3.873759
1/15/2015	1,816,443	736,292	2.467014
12/31/2014	2,187,673	566,443	3.862124
12/15/2014	2,337,952	551,968	4.235666
11/28/2014	1,788,996	444,221	4.027266
11/14/2014	1,055,318	565,783	1.865235
10/31/2014	1,054,344	475,271	2.218406
10/15/2014	1,098,397	693,490	1.583869
9/30/2014	1,704,424	741,765	2.297795
9/15/2014	2,168,990	573,494	3.782062
8/29/2014	2,469,839	423,579	5.830882
8/15/2014	3,019,244	689,608	4.378203
7/31/2014	3,023,362	480,632	6.290388
7/15/2014	2,925,351	547,257	5.345479
6/30/2014	2,560,349	493,109	5.192258
6/13/2014	2,148,415	344,634	6.233903
5/30/2014	2,144,576	372,379	5.759122
5/15/2014	2,174,757	578,732	3.757796
4/30/2014	1,842,799	582,089	3.165837
4/15/2014	1,133,207	664,871	1.704401
3/31/2014	1,376,392	618,465	2.225497
3/14/2014	1,419,616	349,539	4.061395



(H-2) Short Interest Data From**TEG**

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
345,634	555,175	79.53M	79.16M
Shares Short (March 13, 2015)	Short Ratio (March 13, 2015)	Short % of Float (March 13, 2015)	Shares Short (Prior Month)
1.02M	2.90	N/A	1.30M

DUK

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
3,628,750	4,163,290	707.55M	706.58M
Shares Short (March 13, 2015)	Short Ratio (March 13, 2015)	Short % of Float (March 13, 2015)	Shares Short (Prior Month)
8.10M	2.00	1.10%	7.35M

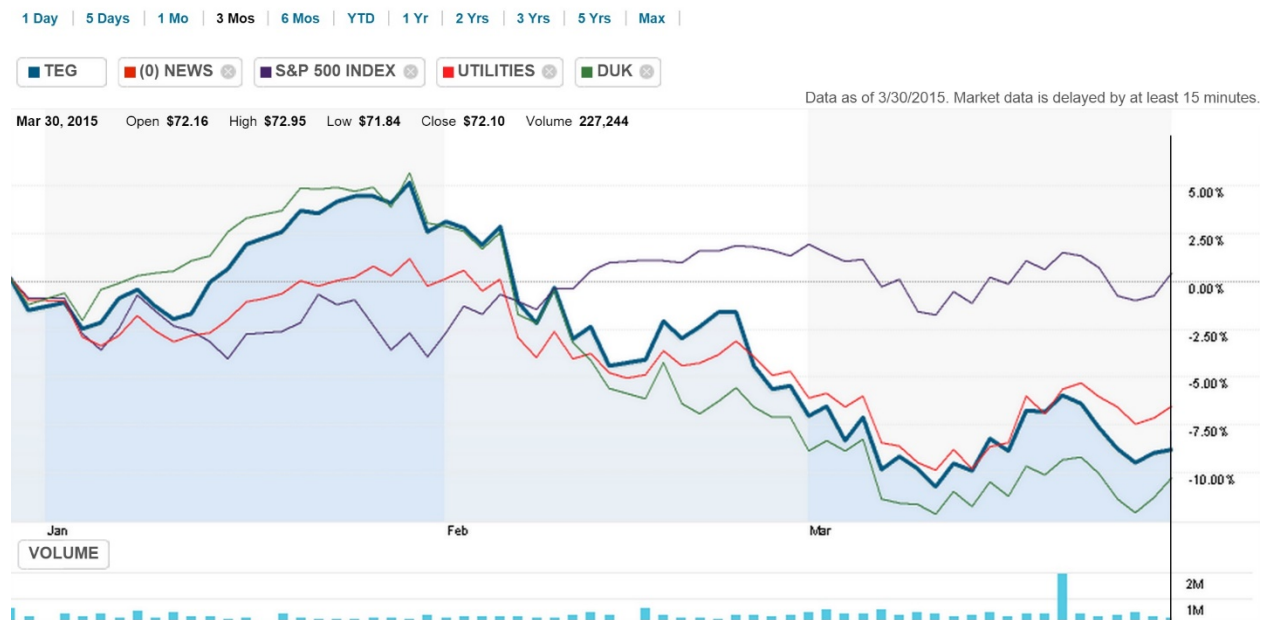
LNT

Avg Vol (3 month)	Avg Vol (10 day)	Shares Outstanding	Float
680,897	803,925	110.94M	110.70
Shares Short (March 13, 2015)	Short Ratio (March 13, 2015)	Short % of Float (March 13, 2015)	Shares Short (Prior Month)
1.42M	2.00	1.40%	1.97M

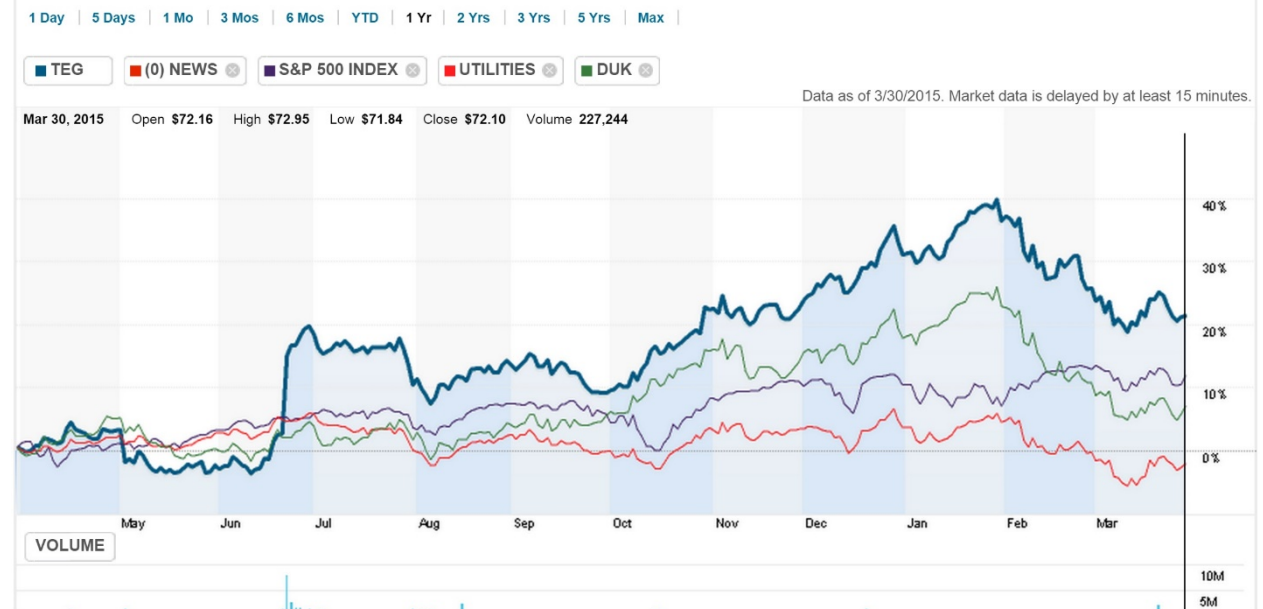
- 1) Last earnings reporting date is December 31, 2015 and next earnings reporting date is May 7, 2015.
- 2) Discuss market sentiment on the stock based on the short interest statistics, recent trend reported in in (H-1) and (H-2)? Has the sentiment turned more bullish or bearish over the last year? How about in more recent month and why? With the lower ratio we indicate that it is a bullish outlook over the last year. DUK short interest is incredibly higher than both TEG and LNT, which shows that their ratio would be bearish.
- 3) From (H-1), observe “short interest” and “# of days to cover” values for two reporting dates immediately before and one reporting date immediately after earnings report. (1) Were there notable increase or decrease in the values, right before or right after earnings report? (2) Observe stock price chart and comment on how stock traded around those dates. For the other two companies that we are comparing to TEG, there was at least a 1M difference from when the reporting date occurred to right after the warnings report date. For TEG, there was a small difference between the two dates. The results show that there is a more bullish outlook for TEG.

Section (I) Stock Charts (Guidelines for I-4 Have Been Updated)

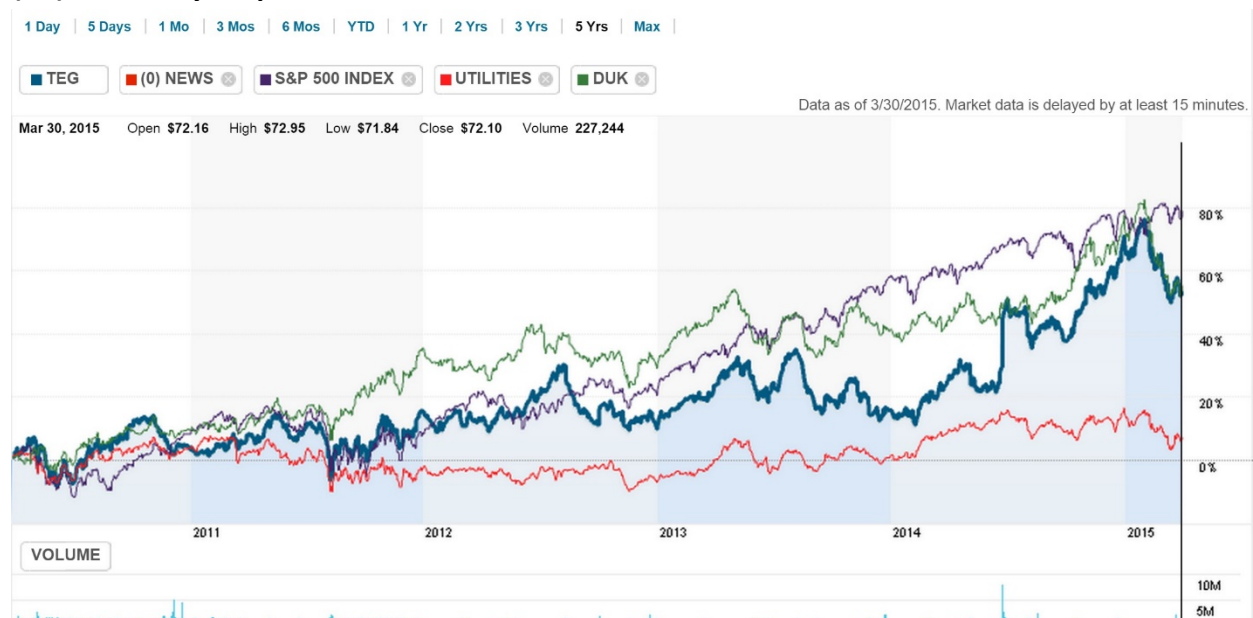
(I-1) A three months price chart



(I-2) A one year price chart



(I-3) A five year price chart

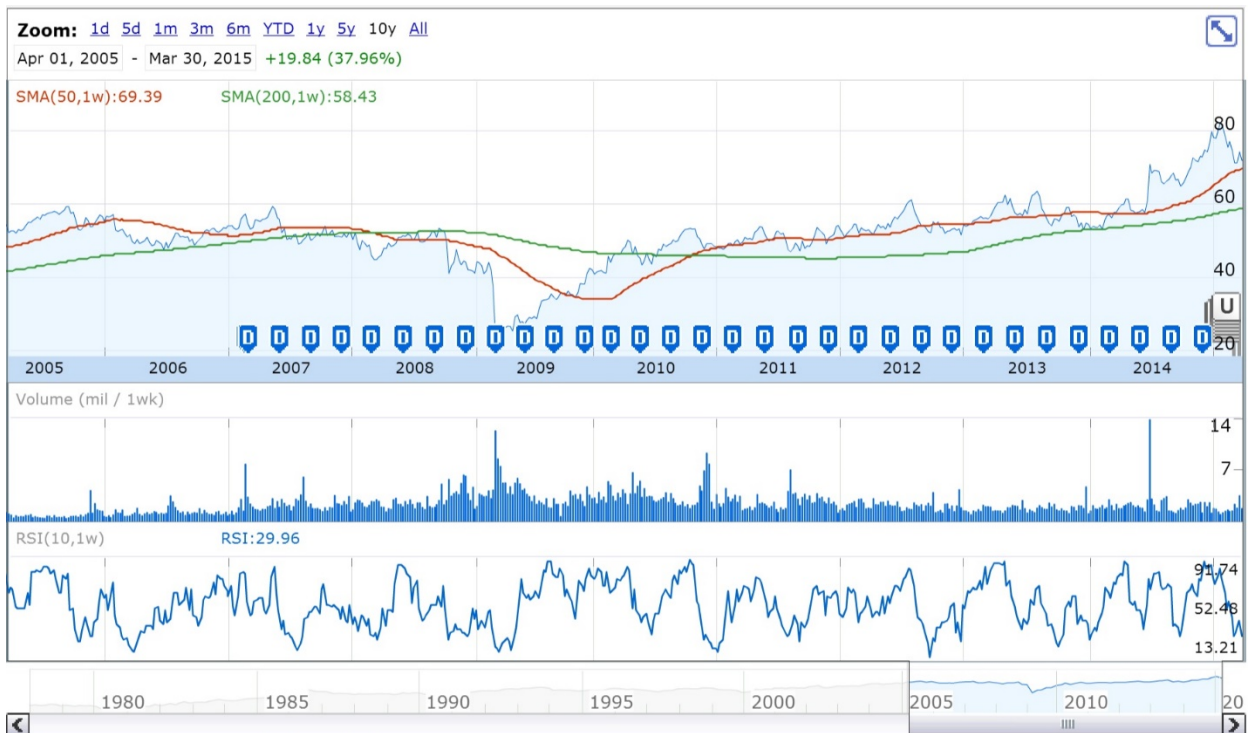


- 1) **(I-1)** The three month chart showed that at first Integrys Energy Group was doing well until the middle of February. Each of the lines indicated that all of utilities was decreasing except the S&P500, which was increasing. TEG was even lower than the utilities sector overall in the month of March but not lower than their competitor DUK.
(I-2) In the 1 year chart TEG did extremely well. They performed higher than their competitor, the utilities sector and the S&P500. This outlook looked as though they were going to do well in the industry.
(I-3) The 5 year chart showed that the utilities sector was doing a horrible over the last 3 years. TEG was above there line but was still below both DUK and the S&P500. There were gradually increasing but slowly, going both up and down. They were starting to peak and reach where the S&P500 and DUK was at but dramatically decreased down to 60% from 80%.

(I-4) Technical Indicators (“Moving Average” and “Relative Strength Index” from Short-term moving average and relative strength index indicators



Long-term moving average and relative strength index indicators



- 1) **Discuss your findings from these sets of technical indicators. Compare your findings here to findings from fundamental analysis. Are findings from technical analysis supportive of your other findings?** In the Simple Moving Average charts, it shows that the momentum and objectivity of Integrys Energy Group that they have been going through. In the short-term their prices have been rising until about February where it decreased. This means that their stock price also decreased. Long-term the SMA has been either almost the same as Integrys Energy Group but in once section, TEG's dropped very low and was far under the SMA line. The constant changes that both of the graphs are making show investors that this company is very up and down.

References

<http://www.reuters.com/finance/stocks/chart?symbol=TEG>

<http://www.reuters.com/finance/stocks/overview?symbol=TEG.N>

<http://www.nasdaq.com/symbol/teg/short-interest>

<http://data.cnbc.com/quotes/teg>

<https://www.morningstar.com/>

<https://www.google.com/finance?q=NYSE%3ATEG&ei=Xs4ZVZnfMam7igL1jYHoAg>