



INTEGRYS ENERGY GROUP, INC.

CHARTER

GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The Committee provides oversight on the broad range of issues surrounding the composition and operation of the Board of Directors of IntegrYS Energy Group, Inc. ("Company"), including identifying individuals qualified to become Board members, recommending to the Board director nominees, and recommending to the Board of Directors corporate governance principles applicable to the Company. The Committee shall also provide oversight of the Company's charitable contributions program. The Committee's goal is to assure that the composition, practices, and operation of the Board of Directors contribute to the effective representation of the Company's shareholders.

Committee Composition

The Committee shall be comprised solely of independent directors. Independence will be determined by the Company's Board of Directors upon recommendation of the Committee. At a minimum, independent directors will not be employees or officers of the Company (or persons who were employees or officers of the Company within the past five years), will meet the requirements of applicable laws, regulations and standards on independence, and not have significant business or other relationships that would impair their ability to act independently. Committee members shall be appointed and removed by the Board of Directors in its sole discretion. The Board of Directors shall appoint one member Chair of the Committee who shall schedule and conduct regular and special meetings, as necessary.

Meetings

The Committee will meet at least two times annually, with authority to convene additional meetings as circumstances require. The Committee may invite members of management and others to attend meetings and provide pertinent information, as necessary. Minutes will be prepared and distributed to the Board of Directors and the Committee will report to the Board of Directors the results of its meetings.

Oversight Areas

The Committee has the following duties, in addition to any additional similar matters which may be referred to the Committee from time to time by the full Board of Directors or the Board Chairman or which the Committee raises on its own initiative (including the ability to designate and delegate duties to such standing and ad-hoc committees as it deems necessary):



1. Evaluate and make recommendations to the full Board of Directors concerning the number and composition of Board Committees, Committee responsibilities and assignments, and Committee membership rotation practices, including making an annual recommendation for the position of Non-Executive Chairman or Lead Director.
2. Establish and articulate qualifications, desired background, and selection criteria for members of the Board of Directors in accordance with strategic needs of the Company, relevant law, regulations, and applicable standards.
3. Make recommendations to the full Board of Directors concerning all nominees for Board membership. In this connection, the Committee shall have the sole authority to hire and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.
4. On an annual basis conduct a review of the effectiveness of the operation of the Board and Board Committees, including this Committee, including soliciting input from the Board of Directors and reviewing governance and operating practices and the Corporate Governance Guidelines of the Board of Directors. The Committee will make recommendations to the Board of Directors to improve the effectiveness of the Board of Directors and its Committees as appropriate.
5. Evaluate the qualifications and performance of incumbent Directors and make recommendations to the Board of Directors concerning their re-election.
6. Regularly review issues and developments relating to corporate governance issues and make recommendations to the Board of Directors, as appropriate.
7. Periodically review and make recommendations to the Board of Directors regarding Director orientation and continuing education.
8. Review and recommend to the Board of Directors any compensation (including pursuant to any stock option plan or other benefit plan) and any other benefits, direct or indirect, paid to directors of the Company. In this capacity, the Committee shall have sole authority to retain and to terminate compensation consultants to assist in the evaluation of director compensation, including sole authority to approve the fees and other retention terms of any such consultant.
9. Periodically review and make recommendations to the Board of Directors regarding stock ownership guidelines for the Directors and monitor compliance by each Director with respect to such stock ownership guidelines.
10. Monitor non-Board of Directors services provided by Directors or their employers and/or affiliated companies to ensure appropriate levels of independence as required by law, regulations, and applicable standards.
11. The Chair of the Committee will review and approve the Chief Executive Officer's service on any unaffiliated for-profit company Board. The Chief Executive Officer will review and approve service by other officers of the Company and its subsidiaries on any unaffiliated for-profit company Board. A report will be provided



annually to the Committee on any unaffiliated for-profit company positions held by Company officers.

12. Periodically review and make recommendations to the Board of Directors on the Company's Directors' and Officers' liability insurance program and associated procedures.
13. Periodically review and make recommendations to the Board of Directors regarding whether management reports given to the Board of Directors meet the needs of the Board of Directors to fulfill their oversight role.
14. Periodically review the Company's ethics programs to assess the extent to which ethics is embodied throughout the organization.
15. Review at least annually the Company's charitable contributions program, policy and budget.

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