

# COMPETITION REPORT

November 2005

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Newspaper listings: MGE or MGE Engy

Madison, WI

## MGE Energy recognized for star performance

**M**GE Energy ranks among the 40 Best Energy Companies in the nation, according to *Public Utilities Fortnightly*. The magazine recently evaluated 100 companies to identify the industry's "brightest stars proven in performance and exceptional corporate management."



Gary J. Wolter  
Chairman, President and CEO

MGE Energy, which ranked 27<sup>th</sup>, is the only Wisconsin utility to earn a spot

on the list. Energy companies on the list score among the highest

in profit margin, dividend yield, return on equity and return on assets.

*Fortnightly* ranked performance over a three-year period to filter out short-term market volatility and obtain a more precise picture of management's contribution to the business over time.

Our strong financial results stem from concentrating on core utility operations, managing resources and making responsible decisions. This strategy has allowed us to increase annual dividends each year for the past 30 years – a record matched by only four other U.S. investor-owned electric utilities.

STEADFAST • CONFIDENT

CONNECTED • FLEXIBLE

VISIONARY • DEDICATED

PROMPT • ACCOUNTABLE

COMMITTED • AGILE

INNOVATIVE • RELIABLE

DEPENDABLE • PRUDENT

CARING • RESPONSIBLE

INDEPENDENT • DILIGENT

SUPPORTIVE • STRONG

REPUTABLE • PROACTIVE

## Clean coal: a wise strategy for meeting needs

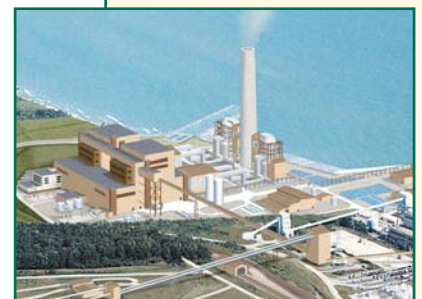
**M**GE Energy recently exercised its options to own up to 100 megawatts of power from two clean-coal plants being built in Oak Creek, Wisconsin.

We will invest \$190 million in the project over the next five years. Coal plants require more equity (55%) and take longer

to build than other types of power plants.

MGE Power Elm Road, our newest subsidiary, will own this generating capacity. A long-term lease to our utility, Madison Gas and Electric Co. (MGE), locks in competitive energy prices for our customers.

over



Rendering of the Oak Creek clean-coal plants.

The Oak Creek units will be built with the most advanced emission-control equipment available. This technology will make Oak Creek one of the cleanest facilities of its kind in the country.

Adding state-of-the-art coal to our generation mix helps us maintain fuel diversity. With

today's volatile natural gas prices, we need options so we can run the lowest-cost plants to serve our customers.

Construction on the project began full force in June. When the units start operating in 2009 and 2010, they will help meet MGE customers' growing demand.

## Robust economy stimulates growth

Madison has "one of the nation's strongest economies," according to Moody's rating service. *Entrepreneur* magazine ranked Madison No. 6 on the list of the country's Hot Cities for Entrepreneurs.

The area's economic vigor is supported by significant, ongoing construction projects. From a medical engineering building to a microbial sciences facility, the University of Wisconsin campus remains a major hub for construction activity:

- Nearly \$800 million in projects were under way or completed this summer (including the West Campus Cogeneration Facility).
- About \$350 million of projects are in planning and design stages.

The \$110 million Capitol West development is one of downtown Madison's biggest-ever projects.



Courtesy: the Zimmerman Design Group; Hellmuth, Obata & Kassabaum, Inc.; and Oscar J. Boldt Construction

*The \$134 million Interdisciplinary Research Complex is under construction near the University of Wisconsin Hospital and Clinics. Researchers from many disciplines will work together here to find solutions for complex health problems.*

It will include 400 condos, 20,000 square feet of retail space and up to 100,000 square feet of office space and parking.

Home sales in Dane County continue to grow, exceeding last year's record pace. From January through August 2005, home and condo sales were up 1.4% over a year ago. And, the average home price was up 4.7%.



Visit our Web site, [www.mgeenergy.com](http://www.mgeenergy.com), for information on:

- Stock price
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- Dividends and earnings
- Annual meeting video recording
- Summary annual report
- Company news



Contact Shareholder Services:

(608) 252-4744 or (800) 356-6423

[investor@mgeenergy.com](mailto:investor@mgeenergy.com) • [www.mgeenergy.com](http://www.mgeenergy.com)

133 S. Blair Street, P.O. Box 1231, Madison, WI 53701-1231

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