

## innovation at work



*Gary J. Wolter, MGE Energy Chairman, President and Chief Executive Officer, with the city of Madison, Wisconsin's state capital, in the background.*

## MGE: Highest green power participation rate in U.S.



Madison Gas and Electric (MGE), our main subsidiary, has the highest residential green pricing participation rate of any investor-owned utility in the country.



More than 10% of our residential customers are now purchasing clean wind and solar energy.

The Green Power Tomorrow program has grown by more than nine times since it was expanded in January 2008. Approximately 12,000 residential customers are buying clean, renewable wind and solar energy.

Most customers are choosing to buy enough green power to offset 100% of the carbon dioxide emissions from their electricity use. Additionally, many business customers are joining the program and promoting clean energy.

## MGE Energy ranks as 'Dividend Achiever'

MGE Energy maintained its position as a Dividend Achiever by Mergent, a financial information publisher. Just 10% of more than 3,300 North American-listed stocks are classified as Dividend Achievers.

We have a solid track record for those investors who value dividend income and steady growth. MGE Energy's 4.0% dividend yield at the end of 2007 exceeded the utility industry average of 3.4%.

We have paid annual dividends since 1909. In addition, MGE Energy is one of only six investor-owned electric utilities that have increased dividends for 30 or more years.

**Dividend Yield**  
(year end 2007)



## Local construction remains strong

Construction remains strong in Dane County. Approximately \$578 million was invested in commercial and industrial construction projects in 2007—the second highest total recorded since we began tracking this information in 1987.

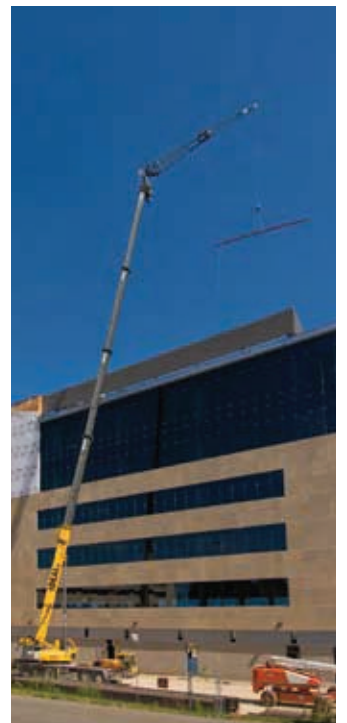
We saw major investments in the public and private sectors.

For example, nearly \$205 million was spent on office projects. One of the most significant projects was the \$34 million second phase of Madison's University Square.

More than \$133 million was invested in institutional projects—ranging from new schools to hospital additions.

Halfway through 2008, construction cranes continue to dot the skyline. Construction is well underway on the \$20 million Arbor Gate office and retail building (see photo at right) along the West Beltline Highway. On the UW-Madison campus, construction recently began on the \$150 million public-private Wisconsin Institutes for Discovery.

Many smaller projects are beginning this year—such as a \$6 million expansion at Meriter Hospital and a \$2.5 million addition to Strand Associates Engineers.





## National publications give Madison high ratings

Publications have taken note of our exceptional quality of life:

- Madison leads the country in a new survey by Bizjournals that ranks the brainpower levels of America's 100 largest metro areas. Madison was rated the No. 1 smartest city because of the high number of adults who have attended college and our successful high school graduation rate. "Cities with educated workforces have a brighter economic future," Bizjournal writes.
- An AARP survey named Madison the third healthiest U.S. city for senior citizens. The survey noted that the environmentally conscious and exercise-oriented lifestyle in Madison is conducive to a healthy life for seniors.
- Best Life magazine listed Madison as one of the top 10 cities to raise a family. Quality of life factors were considered—safety, good schools with above-average test scores, excellent health care, and plenty of parks and museums.

## MGE meets reliability needs of data centers

Two significant data centers recently have chosen to locate in our service area. Our main subsidiary, Madison Gas and Electric (MGE), knows how to meet the critical electric reliability needs of these major energy-intensive customers.

TEAM Technologies recently completed its first phase of a new data center in the Fitchburg Technology Campus. In 2007, MGE worked with the State of Wisconsin on a similar project in Madison.

Unlike office or traditional commercial space that do not use much power at night, data centers operate 24/7 with high energy loads. Data centers house computer and backup systems for major businesses. They support core business functions ranging from e-commerce, to medical records, to Web sites. These hubs require redundant power sources and backup electric generation.



*Don Larson (right), director of operations at TEAM Technologies, shows the data center to John Drury of MGE.*

"Meeting the reliability needs of this type of customer helps the continued economic development success of our area," said John Drury, an MGE business development manager.

MGE provided a competitive enhanced energy package that included redundant power feeds and large backup electric generation units. MGE engineers and construction crews worked closely with TEAM Technologies to design and construct a system to meet current and future power needs.

TEAM Technologies plans to invest \$40 million in three phases at the data center site. Construction on phase two could begin later this year. When phase two is completed, TEAM Technologies will be among our top 20 customers.

MGE has developed a list of potential locations conducive to future data centers. We are working with business owners looking to site new centers or expand existing facilities.



*Crews guide one of MGE's backup electric generators into place at the new TEAM Technologies data center.*

### Visit [www.mgeenergy.com](http://www.mgeenergy.com)

- Stock price
- Online account access
- Stock purchase plan
- Dividends and earnings
- Company news
- Annual meeting recording

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 St., P.O. Box 1231  
 Madison, WI 53701-1231

Competition Report is published periodically to provide investors with information about MGE Energy's position in a competitive industry. MGE Energy's primary asset, Madison Gas and Electric Co., provides highly reliable gas and electric service and promotes economic development in south-central and western Wisconsin.

