



Gary J. Wolter, MGE Energy Chairman,
President and Chief Executive Officer

Proven leadership

MGEE ranks high in financial performance

MGE Energy's financial performance recently was ranked among the top 40 gas and electric companies in the nation and as No. 1 in Wisconsin by Public Utilities Fortnightly.

This utility industry journal looked at continuing shareholder value over a four-year period (2006 to 2009).

This is MGE Energy's third consecutive year on the list. Each year, MGE Energy has moved up higher in the ratings and is currently ranked as 27th in the nation. The top 40 ranking – which looked at dividend yield, cash flow, return on equity and return on assets – recognizes our successful financial management.

Over the four-year period, MGE Energy's average dividend yield of 4.13% topped the average of 3.36% for the 40 best utilities nationwide.

In addition, we ranked 14th for return on assets among the 84 energy companies in the Fortnightly survey. Overall, MGE Energy's assets grew by nearly 31% from \$982 million to \$1.3 billion during the four-year period.

4-year dividend yield
(2006 – 2009)



MGEE compared to top 40 utilities as ranked in a Public Utilities Fortnightly Survey.



MGE currently has 12 times the wind capacity that it had in 2005.

Environmental Responsibility Report highlights MGE Energy's progress

MGE Energy carefully balances its responsibility to the environment, the need for affordable and reliable energy and its obligation to maintain financial strength for investors. These efforts are highlighted in our recently published *MGE 2010 Environmental Responsibility Report*.

Energy 2015, our 10-year strategic energy supply plan, guides our efforts. Under Energy 2015, we have brought additional renewable energy online and have improved the performance of our generation fleet.

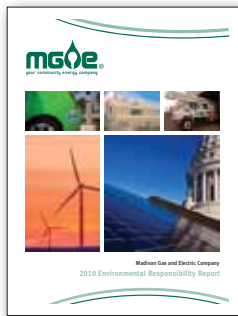
This has resulted in significant reductions in regulated air emission rates including nitrogen oxides, sulfur dioxides and particulate matter.

As we look ahead to 2015, we are on track to meet new state rules that call for a 90% mercury reduction, and we project a 21% decrease in MGE's carbon dioxide emissions.

(continued on reverse side)

Environmental report *(continued from front)*

However, MGE is more than generation, pipes and lines. We also work proactively with our customers to reduce their environmental footprints. We have always put an emphasis on conservation. Since 1987, our customers have saved 597,000 megawatt-hours of



electricity—enough to power more than 90,000 homes for a year. In addition, our green energy pricing program has the second highest participation rate in the country.

Our company also has launched a variety of technology demonstration projects ranging from solar installations to a new public network of electric vehicle charging stations.

We invite you to learn more. The report is available online at mgeenergy.com. You may also request a printed copy by contacting MGE Energy Shareholder Services at 1-800-356-6423.

Solar project puts LED lights to work

A new solar lighting project now is illuminating a City of Madison park and is providing technical information to MGE engineers and planners.

MGE has a technology demonstration program that provides valuable experience with new renewable energy technologies. This latest solar project features LED (light-emitting diodes) lights powered by the sun. LEDs are a highly efficient lighting option.

During the day, the solar units take the sunlight, convert it to electricity and store it in a battery. At night, that electricity is used to power the new LED lights. The solar panels will charge the batteries even on cloudy days.

MGE has solar installations across its service area in public places to help educate our customers while we compile and study performance data. In this way, we can work with others in learning which technologies best meet the needs of our customers.



Photovoltaic panels sit atop light poles in Thut Park in Madison. The solar panels power new bright LED lights.

New director elected

Mark D. Bugher was elected to the Board of Directors of Madison Gas and Electric and MGE Energy, Inc., and began serving Sept. 17.

As a community energy company, we recruit board members with strong ties to the greater Madison area. Our criteria include integrity, business experience, independence of judgment and diversity of business and personal backgrounds to bring different perspectives to the board.

Mr. Bugher is Director of the University Research Park, University of Wisconsin-Madison. Prior to joining the Research Park in 1999, he served the State of Wisconsin as Secretary of Administration and as Secretary of Revenue. He also currently chairs the Wisconsin Technology Council and serves on the Greater Madison Chamber of Commerce Board.

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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.