



Midwest Utility Conference

April 4, 2011

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Vice President, Chief Financial Officer, Secretary and Treasurer

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Such statements are based upon management's expectations at the time they are made. Various factors could cause actual results to be significantly different than those contemplated, estimated or projected in forward-looking statements. Those factors include the assumptions and factors referred to in the statements themselves as well as risk factors described in the company's latest annual report on Form 10-K, subsequently filed quarterly reports on Form 10-Q and other reports filed with the Securities and Exchange Commission. The company assumes no responsibility to update any forward-looking statements for events occurring after the date hereof.

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Highlights

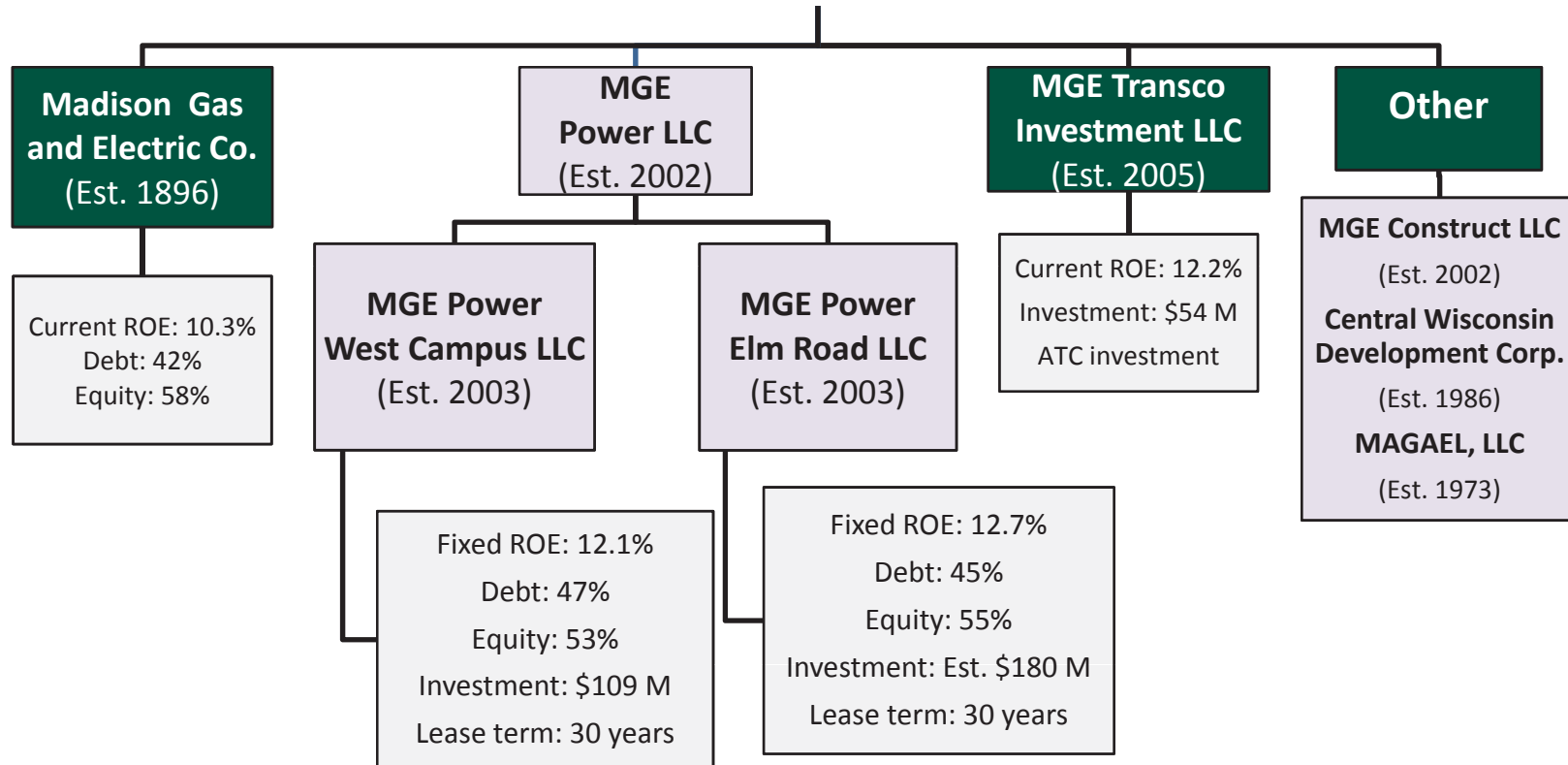


Organizational Structure and Returns

Exchange: NASDAQ

Ticker: MGEE

Organized: 2001

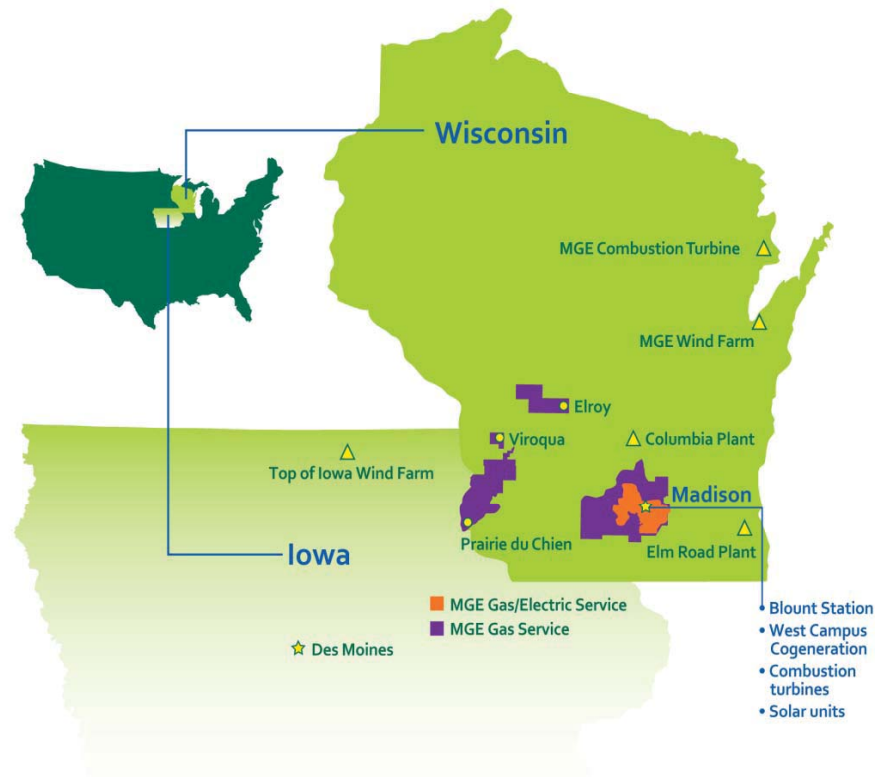


Service Territory

Economic Outlook

- Madison
 - *Forbes Magazine*, May 2010
 - **3rd** in tech and science jobs
 - *Money Magazine*, June 2010
 - Among top 20 most recession-proof economies in the nation
 - Policom Corp, May 2010
 - **9th** strongest economy in the United States

- Dane County
 - Population predicted to grow most of any Wisconsin county by 2035
 - Low unemployment rate - 4.6% (Wisconsin - 7.5%; U.S. - 9.4%)



Recent News

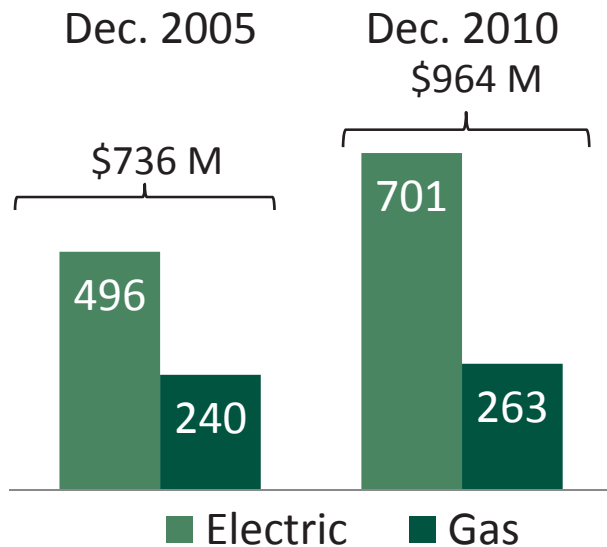


- MGE Energy, Inc.
Public Utility Fortnightly
 - Sept. 2010 ranked MGE Energy, Inc., among the “40 Best Energy Companies.”
- Madison Gas and Electric Company
U.S. Dept. of Energy
 - Selected Madison Gas and Electric Company’s application for federal stimulus money and awarded \$5.5 million for its Smart Grid technology proposal.
- MGE Power Elm Road
POWER
 - Gave Elm Road “Top Plant” honors for operations marked by “high efficiency and low emissions.”

Financial Strength

Investing in Our Core Utility

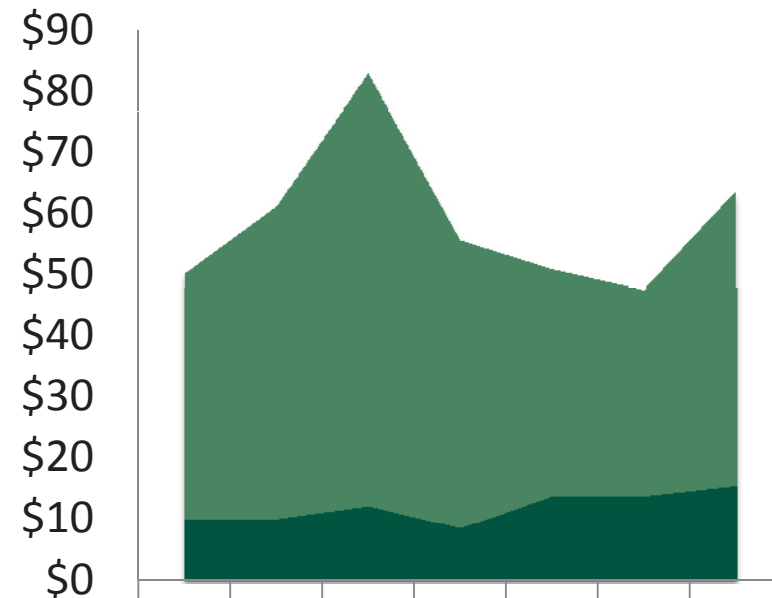
Total Asset Growth



2010 Assets:	\$964 M
2011 Authorized Utility ROE:	10.3%
2011 Authorized Equity:	58%

Capital Expenditures

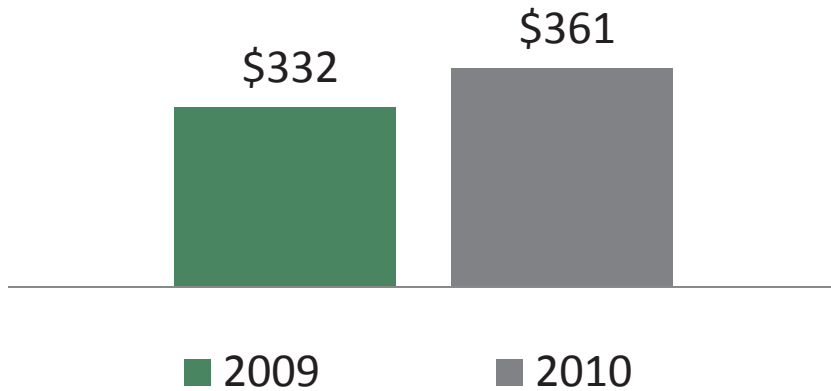
(\$Millions)



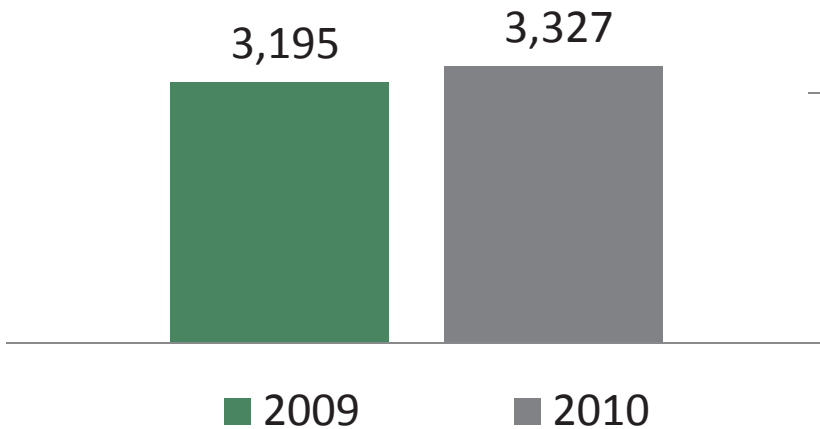
	2005	2006	2007	2008	2009	2010	2011 Est.
Electric	40	51	71	47	37	34	48
Gas	10	10	12	8	14	14	15

Financial Strength

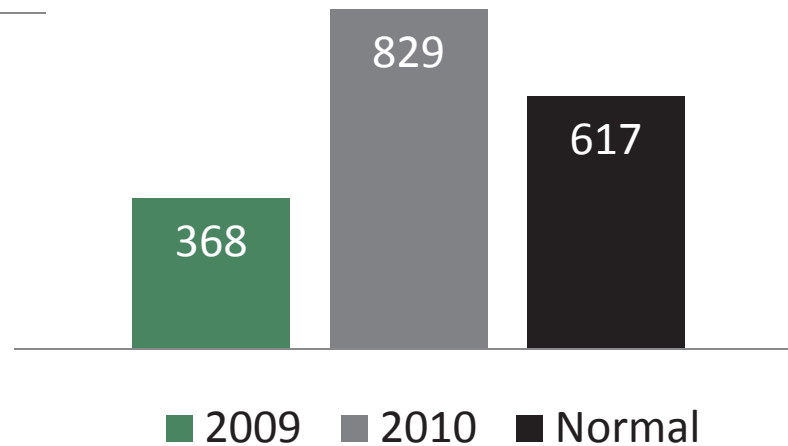
Electric Utility Revenue Year Ended
Dec. 31 (\$ Millions)



Electric Retail Sales Year Ended Dec. 31
(MWh)

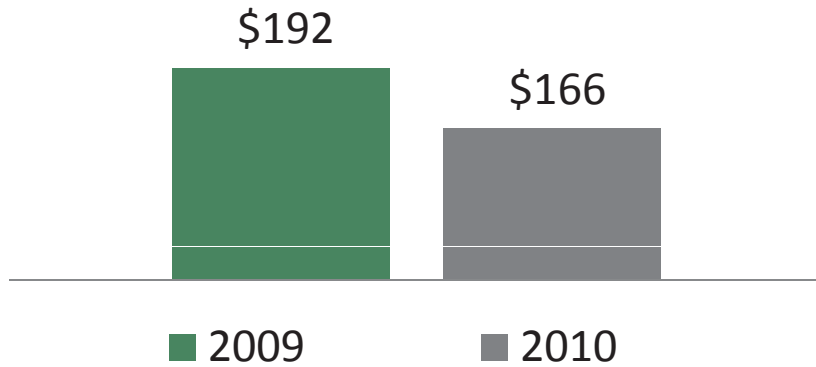


Actual Cooling Degree Days

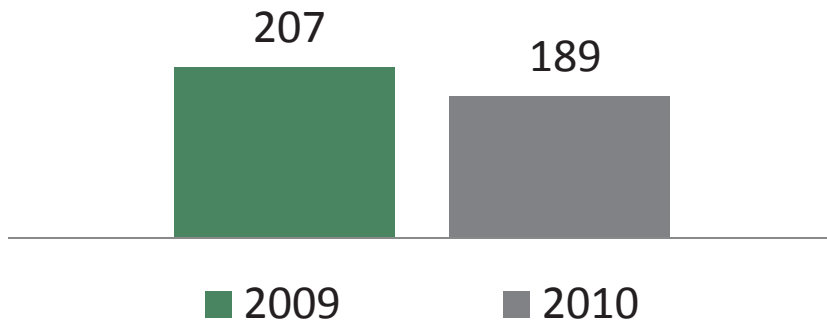


Financial Strength

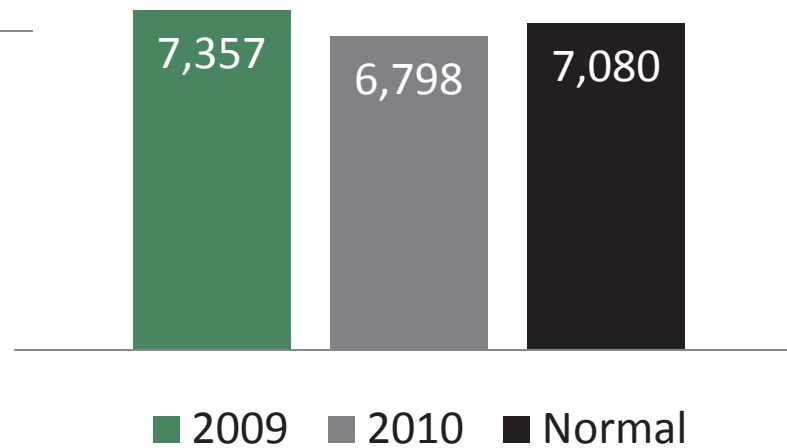
Gas Utility Revenue Year Ended Dec. 31
(\$ Millions)



Gas Retail Sales Year Ended Dec. 31
(Therms, Millions)



Actual Heating Degree Days



Growing Fixed Asset Returns

MGE Power, LLC, Leased Generation Law

While MGE Power is an unregulated entity, its sole purpose is to own generating assets and lease those assets exclusively to MGE, the utility, under a long-term lease arrangement. These “fixed return” investments were made under a 2001 Wisconsin law called the “**Leased Generation Law.**”

- The law encouraged utilities to build generating assets in unregulated affiliates providing **certainty of cost recovery under long-term leases that are approved by the Public Service Commission of Wisconsin.**
- The leases are structured so the investment is fully recovered over the initial term.
- Once constructed, the units are operated and maintained by the utility.

Growing Fixed Asset Returns

West Campus Cogeneration Facility

Investment: \$109 M (MGE share)

Fixed ROE: 12.1%

Fixed Equity: 53%

Initial Lease Term: 30 years

Service Date: April 2005

Electric Capacity: 150 MW

Location: Madison, Wis.



Elm Road Generating Facility

Investment: \$180 M (MGE share)

Fixed ROE: 12.7%

Fixed Equity: 55%

Initial Lease Term: 30 years

Service Dates: Unit 1 - Feb. 2010

Unit 2 - Jan. 2011

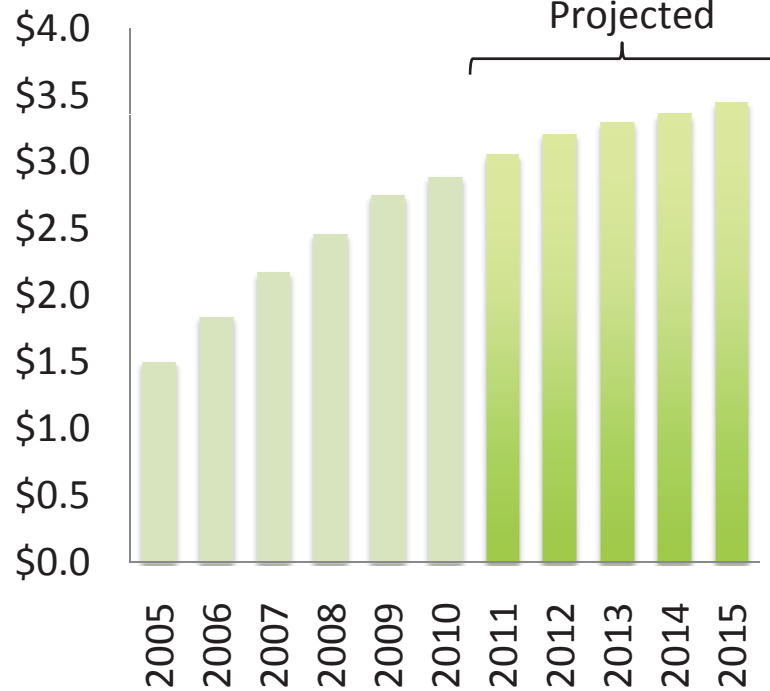
Electric Capacity: 103 MW (MGE Share)

Location: Oak Creek, Wis.



Investing in Transmission

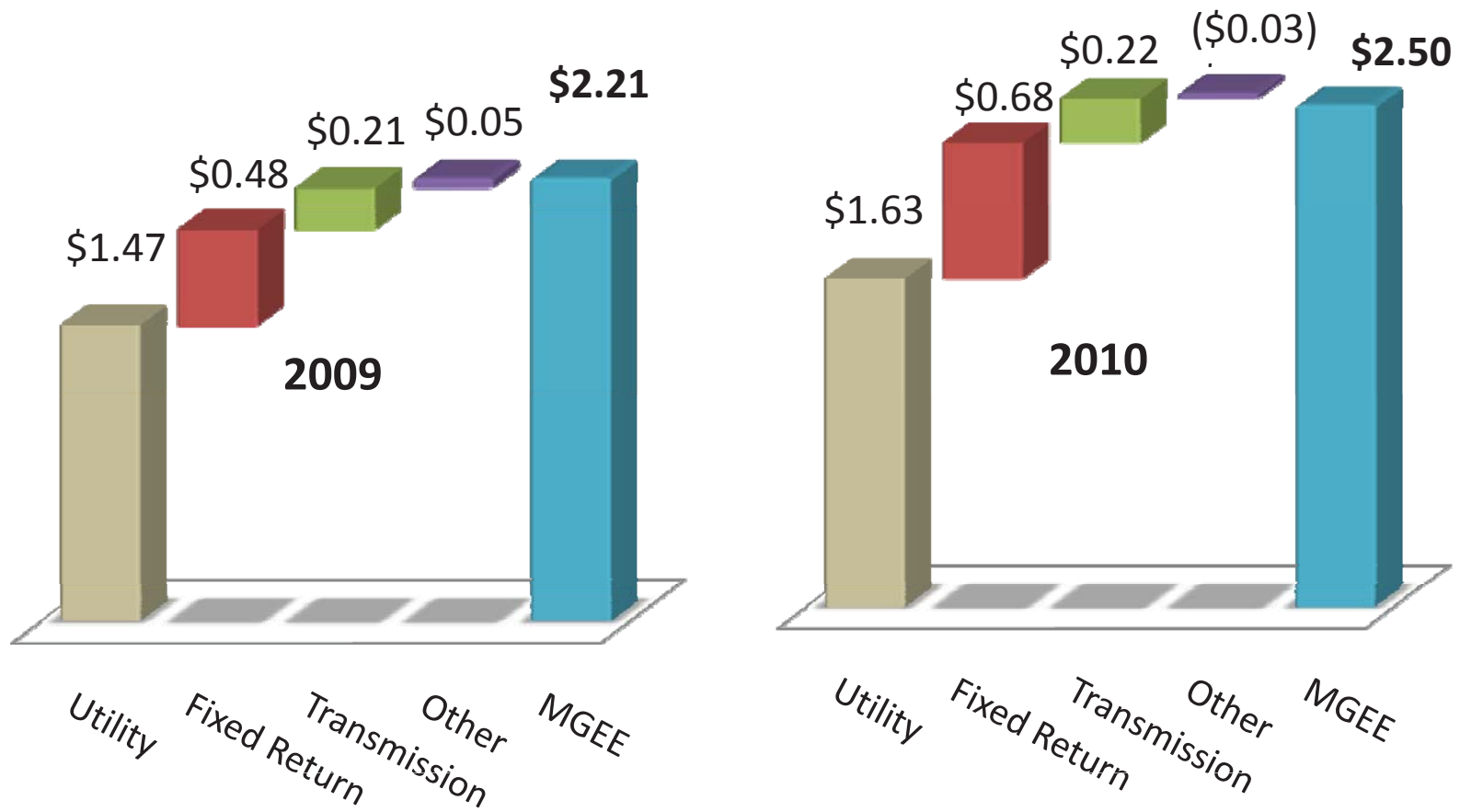
**ATC Investment in Plant
(\$ Billions)**



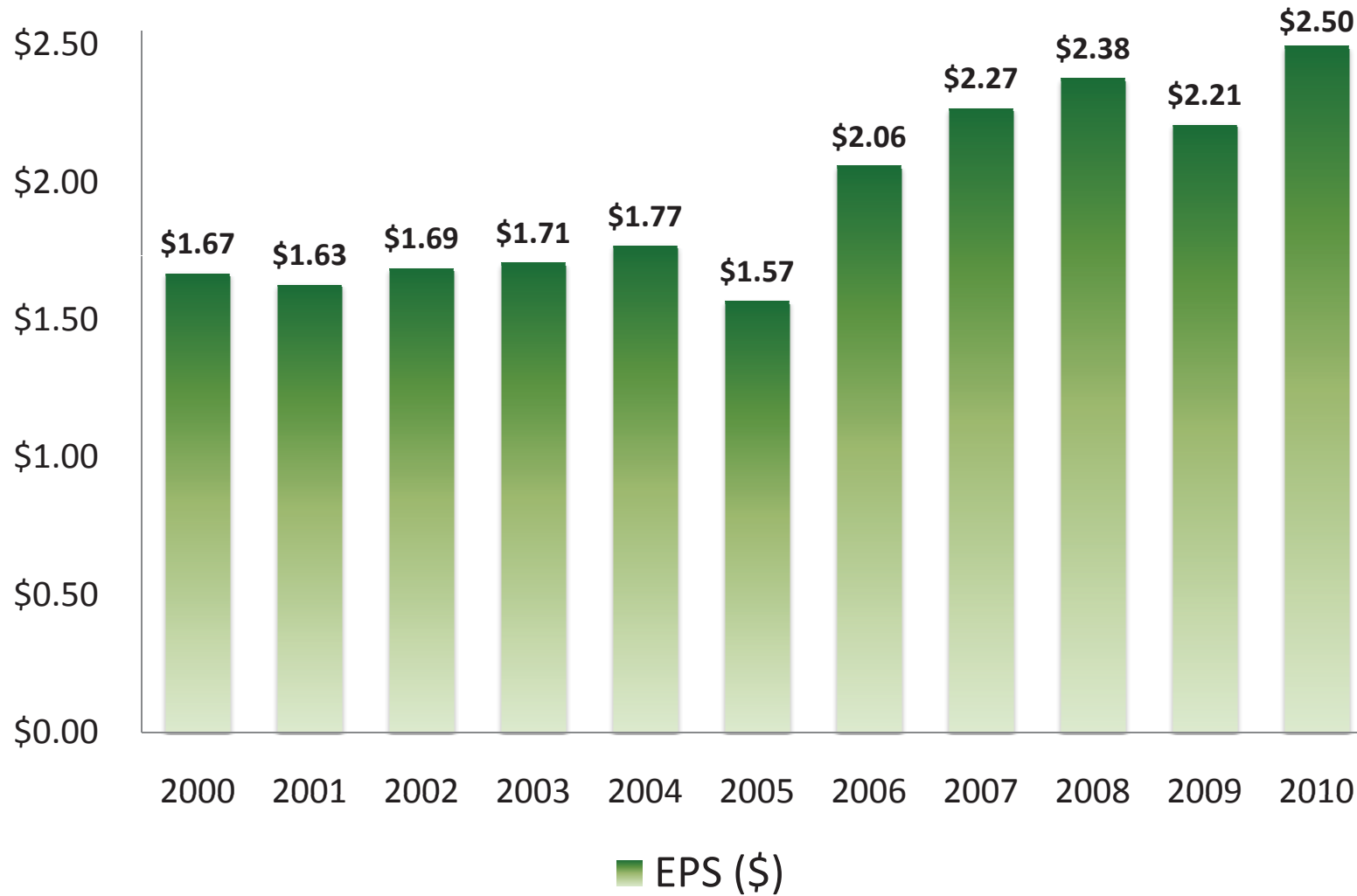
MGE Investment:	\$54 M
Current ROE:	12.2%
MGE Ownership:	3.6%
Regulator:	FERC



Solid Earnings Growth



Solid Earnings Growth



Strong Asset Base

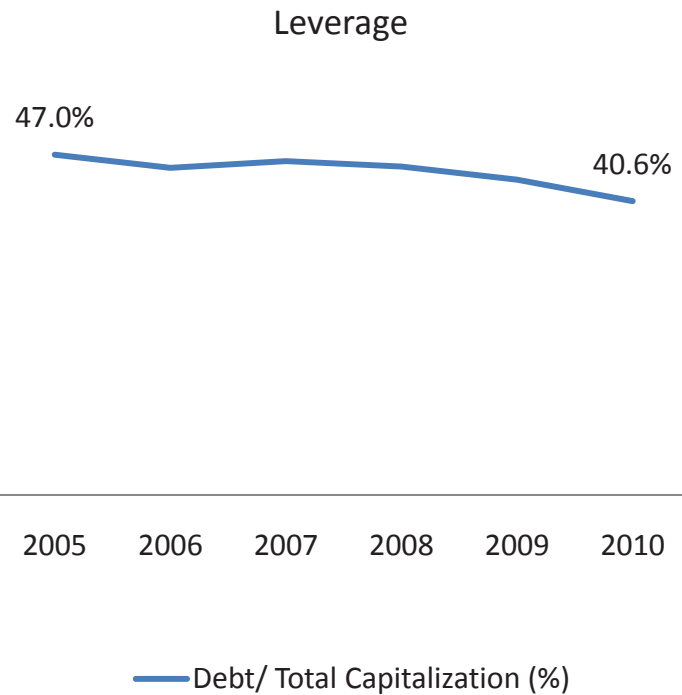
Asset and Market Value Growth



Strong Balance Sheet

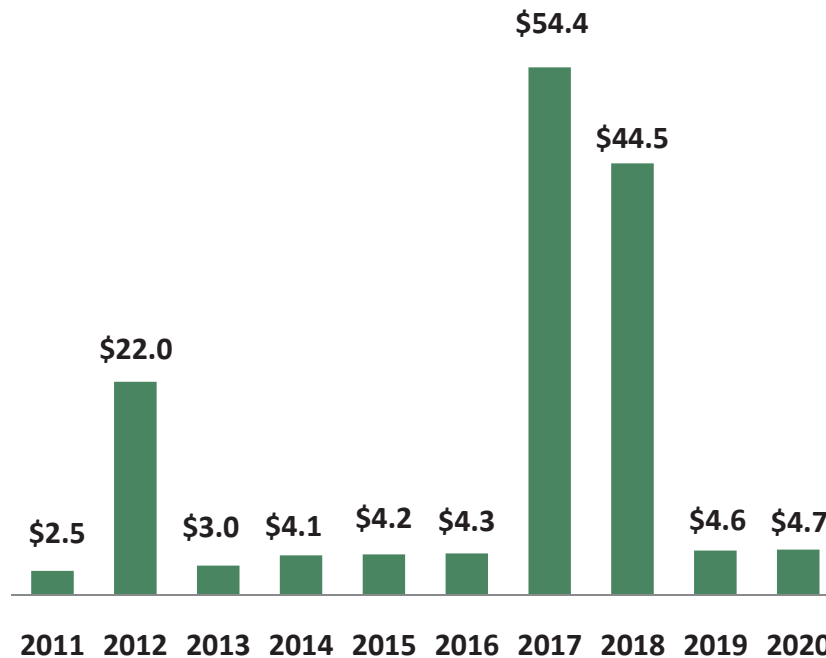
MGEE's Low Leverage

- 40.6% total debt at year end 2010
- Improved debt-to-total capital ratio over the past six years



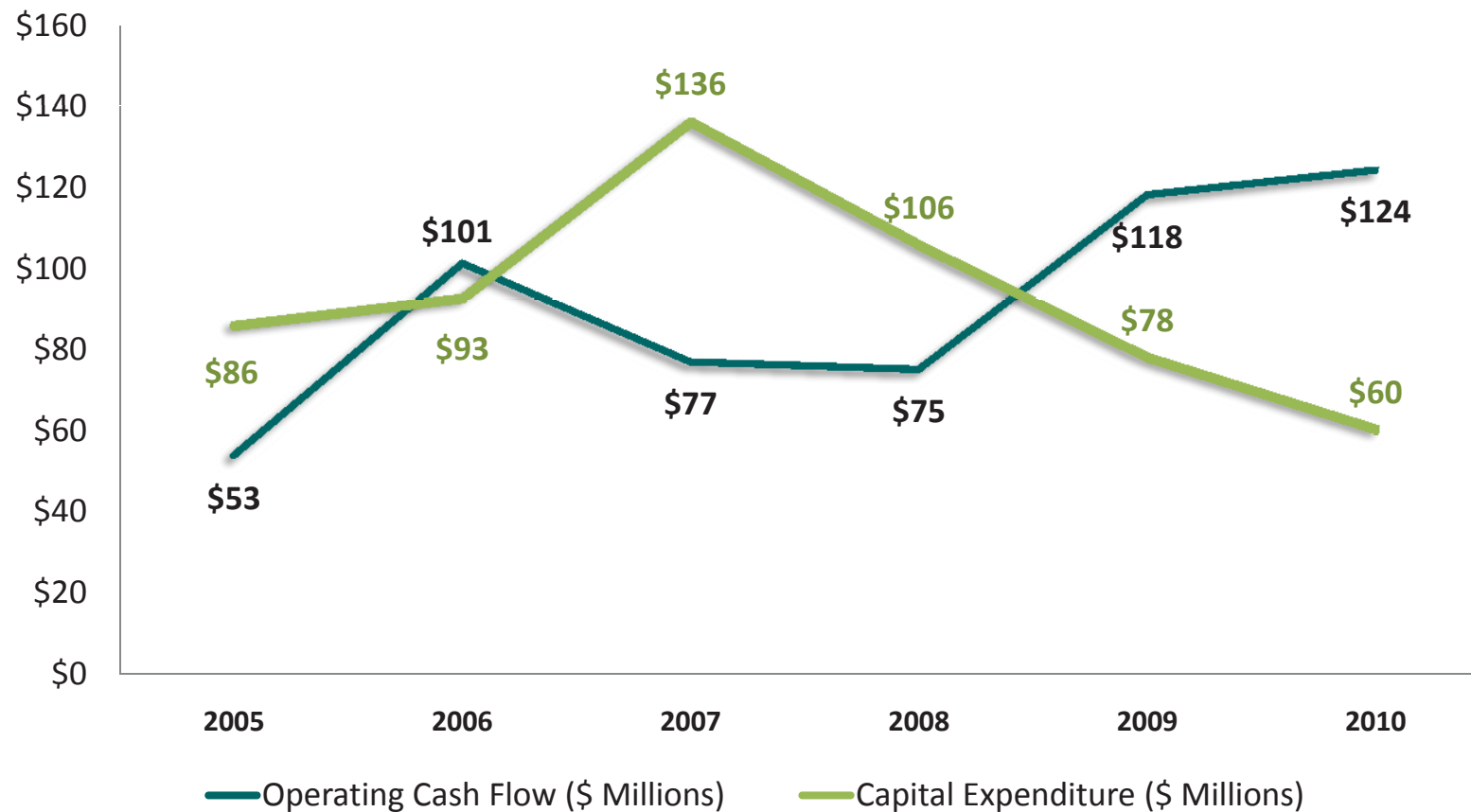
Manageable Debt Maturities

- Note: Repricing only of \$19 M for Industrial Development Revenue Bonds in 2012.



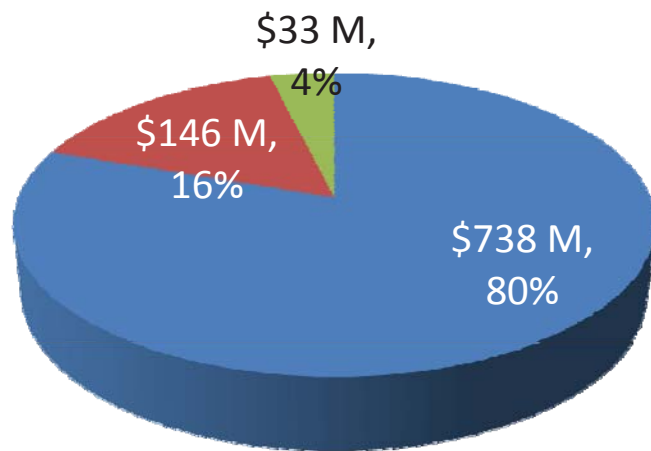
Improving Cash Flow

Maintained strong cash flows during periods of heavy capital expenditure.



Strong Asset Base

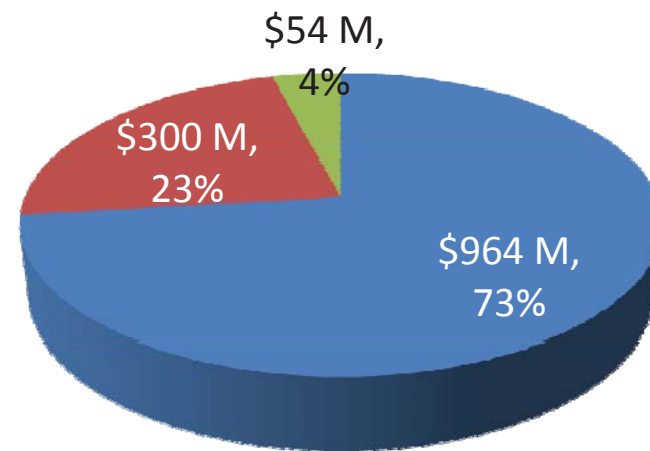
December 2005



■ Utility ■ Fixed Return Assets ■ Transmission

Total Assets
\$917 M

December 2010

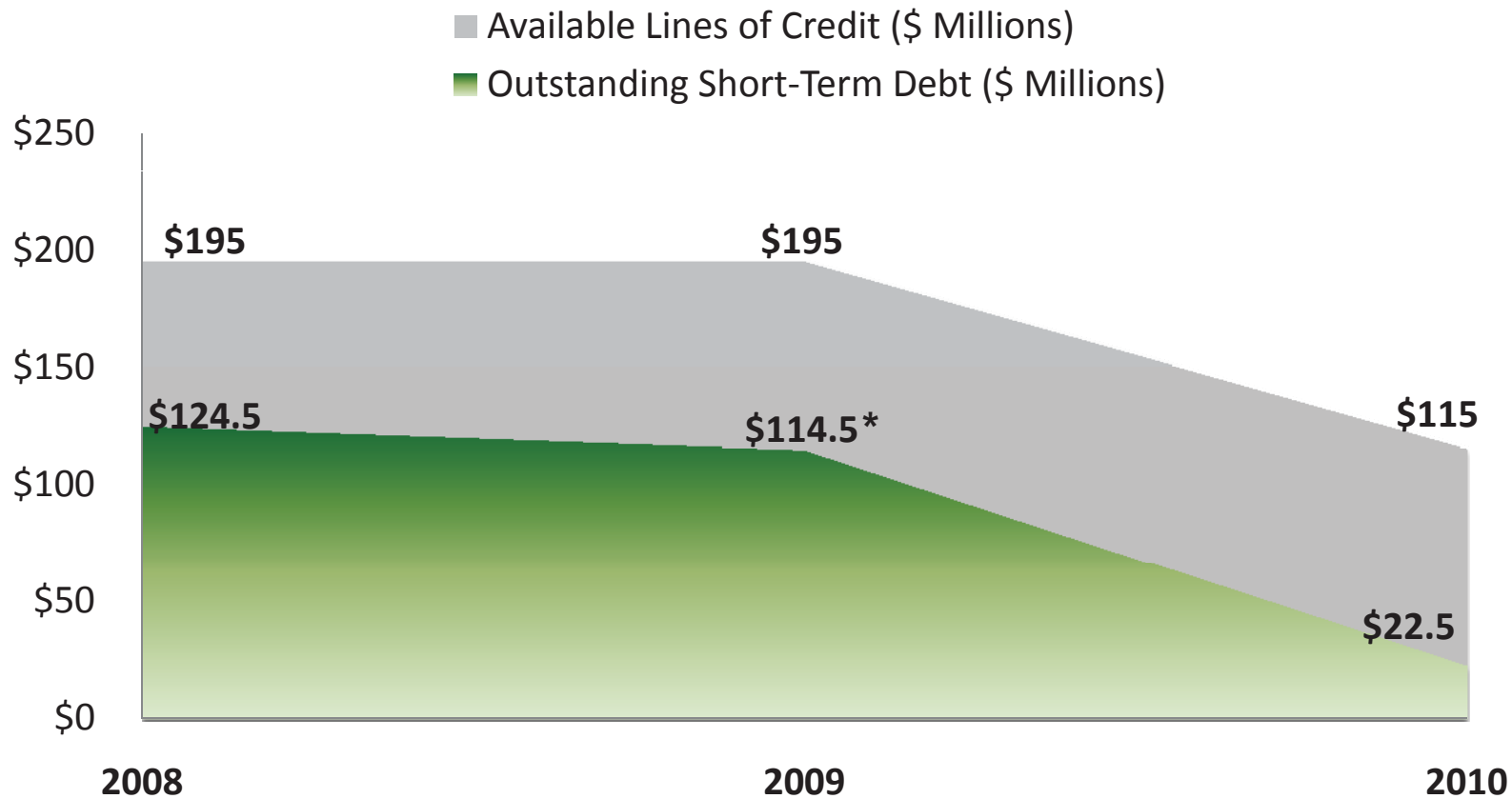


■ Utility ■ Fixed Return Assets ■ Transmission

Total Assets
\$1,318 M

Ample Liquidity

Current Lines of Credit for MGE Energy (\$40 M) and MGE (\$75 M)



* Includes \$50 million repaid in Feb. 2010 by MGE Power Elm Road.

Solid Credit Quality

Highest Rated Investor-Owned Electric and Gas Utility

S&P (Utility Ratings)

- Corporate Credit AA-
- Commercial Paper A1+
- Outlook Stable

“MG&E’s business risk profile benefits from a responsive regulatory environment..., a stable... service territory..., solid operational performance, a cost-conscious management team, and a focus on a straightforward electric and gas utility business model...”

Source: S&P, Dec. 2010

Moody’s (Utility Ratings)

- Secured Aa2
- Unsecured A1
- Commercial Paper P-1
- Outlook Stable

“...The stable outlook reflects an expectation that MG&E will continue to benefit from a supportive regulatory environment and the continuation of the parent company’s consecutive financial policy to fund MG&E’s capex program...”

Source: Moody’s, March 2010

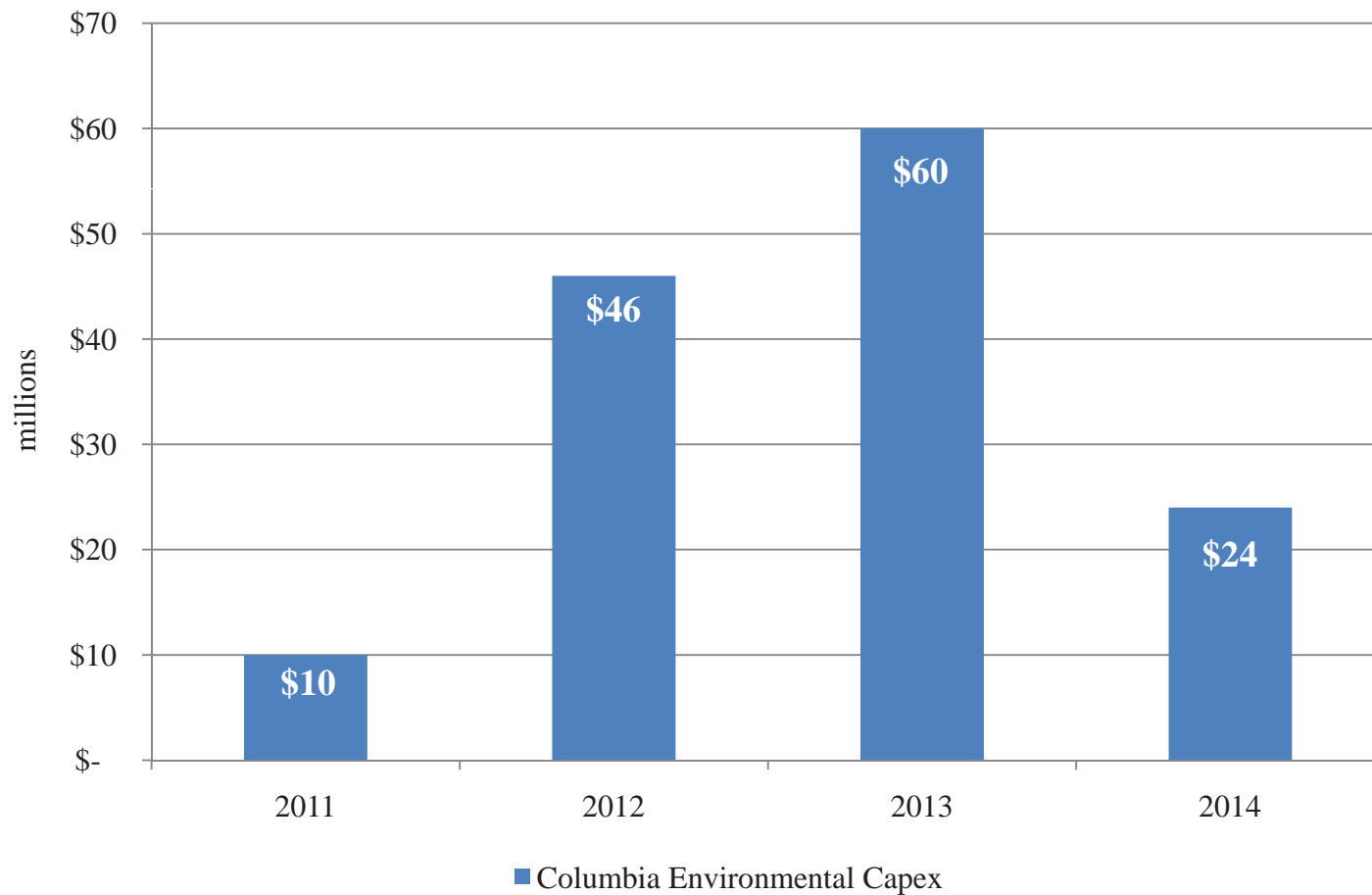
PSCW Approved Environmental Project

- Environmental compliance expenditures on Columbia Energy Center near Portage, Wisconsin.
 - These environmental expenditures will help to substantially reduce emissions of sulfur dioxide and mercury.
- Total **estimated** environmental expenditures of over \$600M.
 - MGE share \$140 M (22%)
 - Projected in-service date: 2015
- The PSCW approved the project in February 2011.
- Expected compliance requirements:

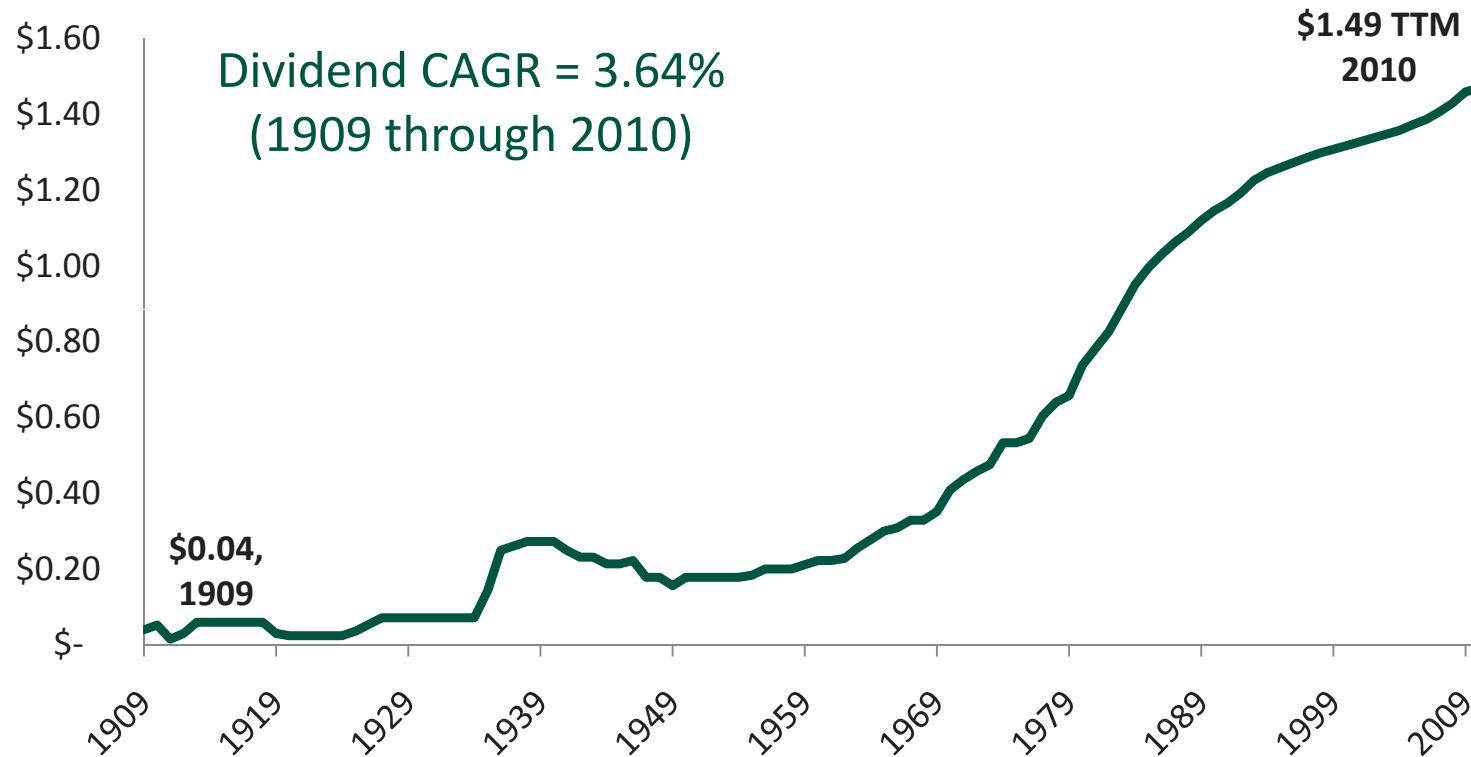
Pollutant	Design Removal Rate	Control Technology
Sulfur Dioxide (SO ₂)	90% reduction	Scrubber, Fabric Filter
Mercury (Hg)	90% reduction	Carbon Injection, Fabric Filter

PSCW Approved Environmental Project

MGE's *Estimated* Capex for the Columbia Environmental Controls



Dividend History and Shareholder Value

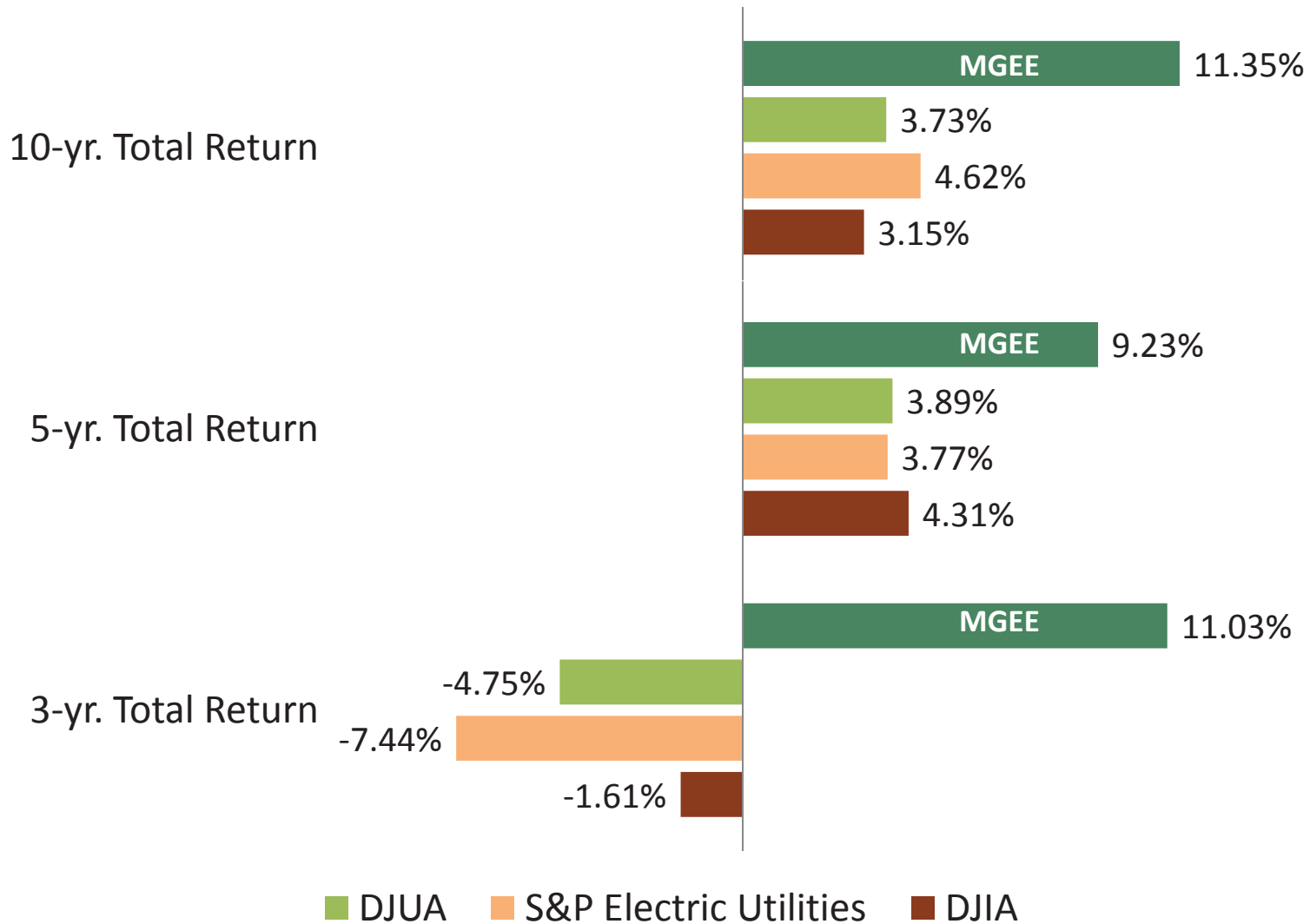


MGE has increased dividends annually since 1975.

2010 is our 35th dividend rate increase.

December 2010 Dividend Yield = 3.5%

Delivering Competitive Shareholder Returns



Environmental Steward - Wind

Owned	<ul style="list-style-type: none">• Lincoln Red River 11 MW• Top of Iowa III 30 MW
Purchase Power Agreements	<ul style="list-style-type: none">• Top of Iowa II 30 MW• Forward 17 MW• Endeavor 50 MW
Future Projects	<ul style="list-style-type: none">• Iowa Options• Up to 175 MW



Environmental Steward

- One of the highest green pricing participation rate of any investor-owned utility.
- Total renewable generation capacity of approximately 140 MW:
 - Wind (Ownership) 41 MW
 - Wind (PPAs) 97 MW
- Early compliance with Renewable Portfolio Standards.
- *Solar Electric Power Association (SEPA)* recognized MGE as a utility leader for adding solar energy into its generation portfolio.



Constructive / Supportive Regulation

- Supportive Regulatory Features
 - Forward-Looking Test Year
 - Allows Deferral of Costs
 - Allows Current Returns on Major Projects
 - New Fuel Rules/Purchased Gas Adjustment Clause

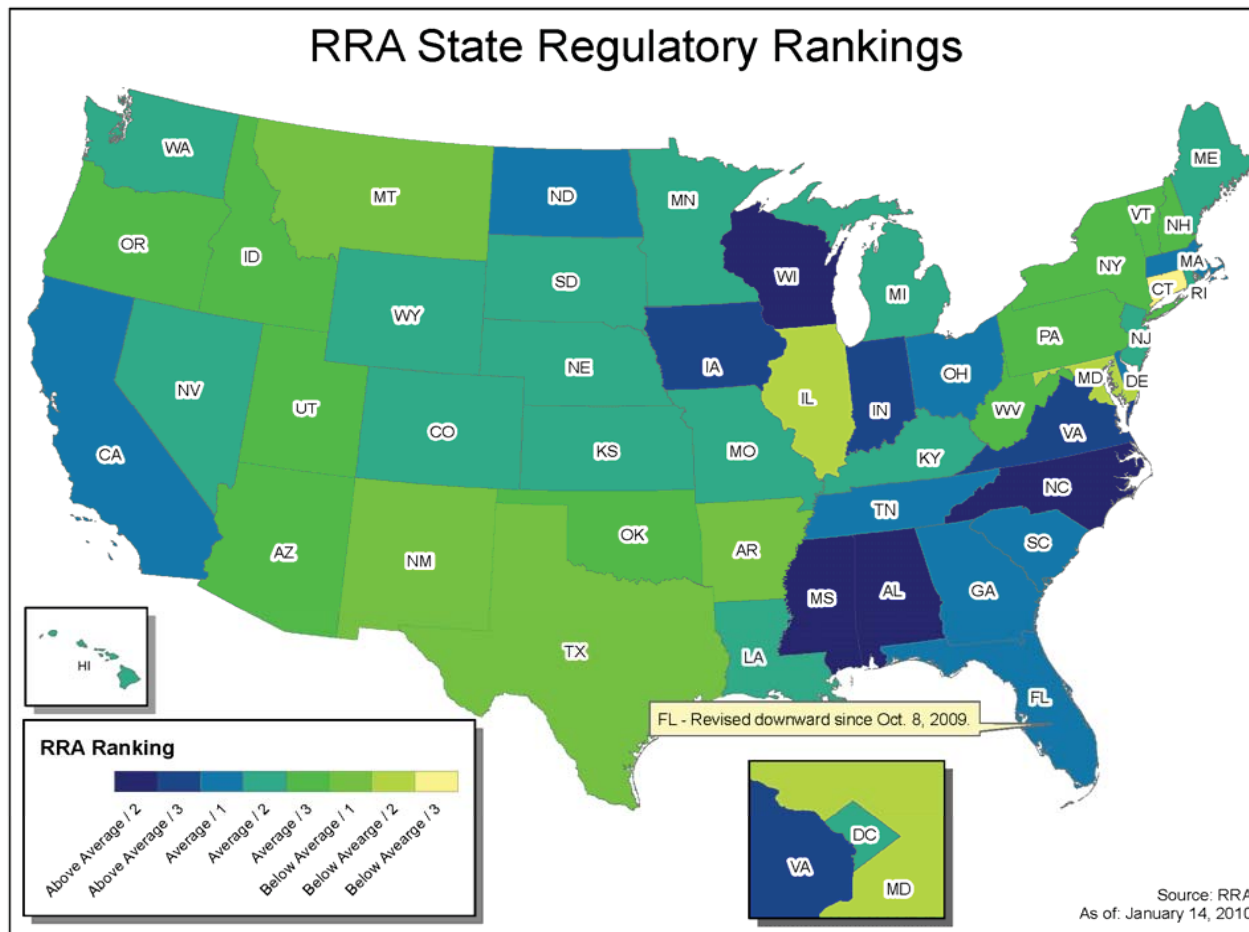


PSCW Facts

Commissioners	3
Elected/Appointed	Governor Appointed
Term	6 Years
Rate Case Test Year	Forecasted

Constructive / Supportive Regulation

Regulatory Research Association (RRA) ranks Wisconsin regulation as the highest for regulatory support (Above Average / 2).



Questions?

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