



EEI FINANCIAL CONFERENCE

NOVEMBER 2021



Responsibility

Reliability

Resiliency

Disclaimer

This presentation contains summarized information concerning MGE Energy, Inc. ("MGE Energy") and its subsidiaries (principally Madison Gas and Electric Company ("MGE")) and MGE Energy's consolidated business, operations, financial performance and trends. No representation is made that the information in this presentation is complete. For additional information on MGE Energy and its subsidiaries, see MGE Energy's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), as updated by its Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "September 30, 2021 Form 10-Q") filed with the Securities and Exchange Commission (the "SEC"), as well as MGE Energy's other filings with the SEC from time to time. The 2020 Form 10-K, the September 30, 2021 10-Q and other SEC filings are or will be available at the SEC's web site at <http://www.sec.gov> and on MGE Energy's web site at <http://www.mgeenergy.com>. Information contained on MGE Energy's web site (including any such information referred to herein) shall not be deemed incorporated into, or to be a part of, this presentation.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities of MGE Energy, Inc., or Madison Gas and Electric Company. A registration statement relating to the common stock of MGE Energy, Inc., has been declared effective by the Securities and Exchange Commission. Any offering of such common stock is being made solely by means of a prospectus supplement and an accompanying prospectus, copies of which may be obtained from MGE Energy, Inc., at 133 South Blair Street, Madison, Wisconsin 53703, attention: Shareholder Services, telephone no. (800) 356-6423.

Cautionary Note Regarding Forward-looking Information

All statements in this presentation, other than historical facts, are forward-looking statements (including but not limited to forecasted capital expenditures, expected in-service dates and carbon dioxide projections) that involve risks and uncertainties that are subject to change at any time. Such statements are based upon management's assumptions, expectations and estimates at the time they are made. Specifically, the forecasted capital expenditures are based upon management's assumptions with respect to future events, including the timing and amount of expenditures associated with compliance with environmental compliance initiatives, legislative and regulatory initiatives, customer demand and support for electrification and renewable energy resources, energy conservation initiatives, load growth, the timing of any required regulatory approvals and the adequacy of rate recovery. Additionally, the expected in-service dates are forward looking and therefore subject to significant business, economic, operational and regulatory uncertainties and contingencies, many of which are beyond the control of the company and are based upon assumptions with respect to future decisions, which are subject to change. Various factors could cause actual results, capital expenditures, in-service dates or carbon reduction to be significantly different than those contemplated, estimated or projected in forward-looking statements - especially as they relate to economic conditions, future load growth, revenues, expenses, capital expenditures, financial resources, regulatory matters, and the scope and expense associated with future environmental regulation. Those factors include the assumptions and factors referred to in the statements themselves as well as risk factors described in our 2020 Form 10-K, September 30, 2021 10-Q and other reports filed with the SEC. We caution investors that these forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those projected, expressed, or implied. MGE Energy undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date the date as of which any forward-looking statement is made, except as required by law.

Company Highlights

Diversified Customer Base and Revenue Profile

Resilient Revenue Stream and Customer Base

- Electric service to ~157,000 customers with locations in the cities of Fitchburg, Madison, Middleton, Monona, and adjacent areas
 - 87% residential; 13% commercial or industrial
 - Accounts for 73.2% of revenue
- Natural gas to ~166,000 customers across 48 townships
 - 90% residential; 10% commercial or industrial
 - Accounts for 26.8% of revenue

Strong Financial Profile

Stable Earnings Growth with Strong Balance Sheet

- Predominantly regulated earnings
- Strong liquidity and cash position
- Conservative financial policies that are designed to achieve strong credit quality
- MGE's Credit Ratings ⁽²⁾
 - S&P: AA- (Stable)
 - Moody's: Aa2 Secured (Stable)
A1 Unsecured (Stable)

Regulated, Highly Visible Growth

5-Year Regulated PPE⁽¹⁾ CAGR of 7.3%

- Total forecasted regulated capex of approx. \$760M from 2021 through 2024⁽³⁾
- Premium service territory with constructive regulation
- Forward-looking test years
- Renewable Energy Rider
 - Ability to work cooperatively with businesses to tailor a renewable energy solution

Substantial Sustainability Investment

Seeking Net-Zero Carbon by 2050⁽³⁾

- Plan for decarbonizing generation by transitioning to clean energy, such as wind and solar
 - Announced projects designed to grow renewables capacity by over 9X from 2015⁽³⁾
- Helping customers use energy efficiently
- Electrifying transportation
- Plan to eliminate coal owned generation by 2035 (natural gas conversion)

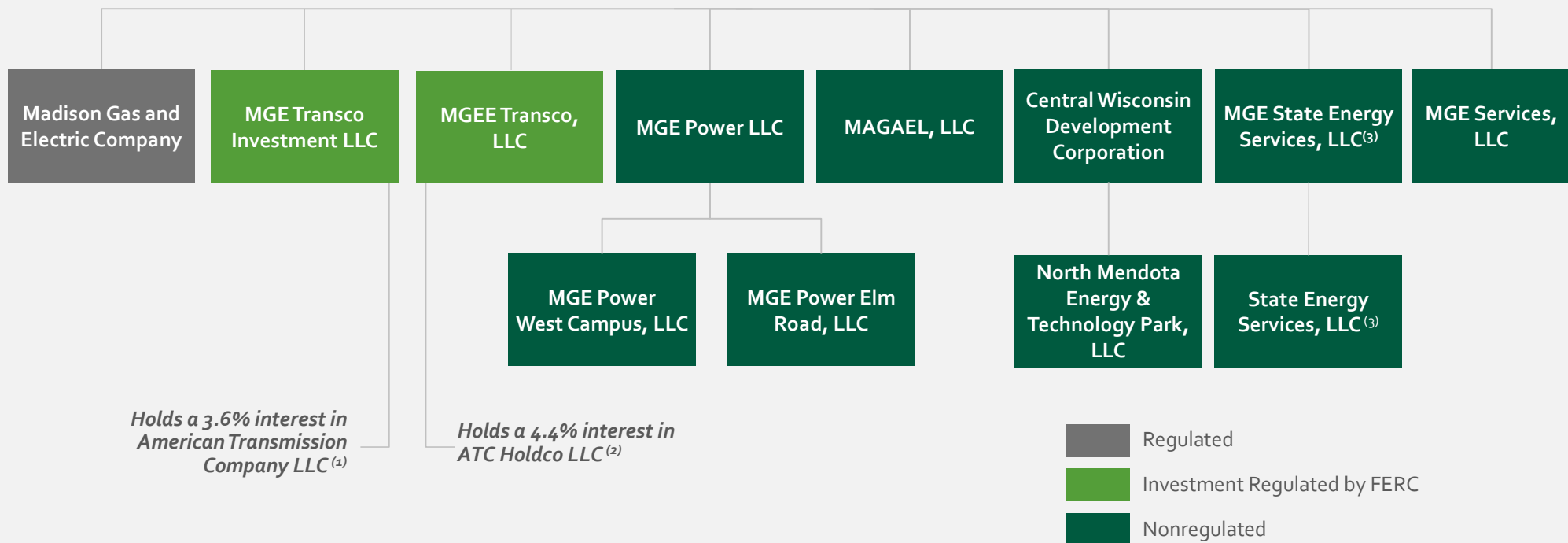


(1.) Property, plant, and equipment, net

(2.) A credit rating is not a recommendation to buy, sell or hold securities and may be lowered or withdrawn by the rating agency at any time.

(3.) Information on this slide contains statements that are forward looking statements that involve risks and uncertainties that are subject to change at any time. See Cautionary Note Regarding Forward-Looking Information at the beginning of this presentation.

Corporate Structure

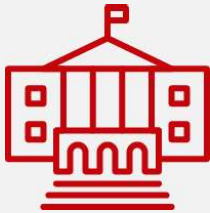


- (1.) Owns and operates electric transmission lines in Wisconsin
 (2.) Transmission development company. Separate from American Transmission Company, LLC
 (3.) Presently inactive

Attractive Service Territory

Major customers include:

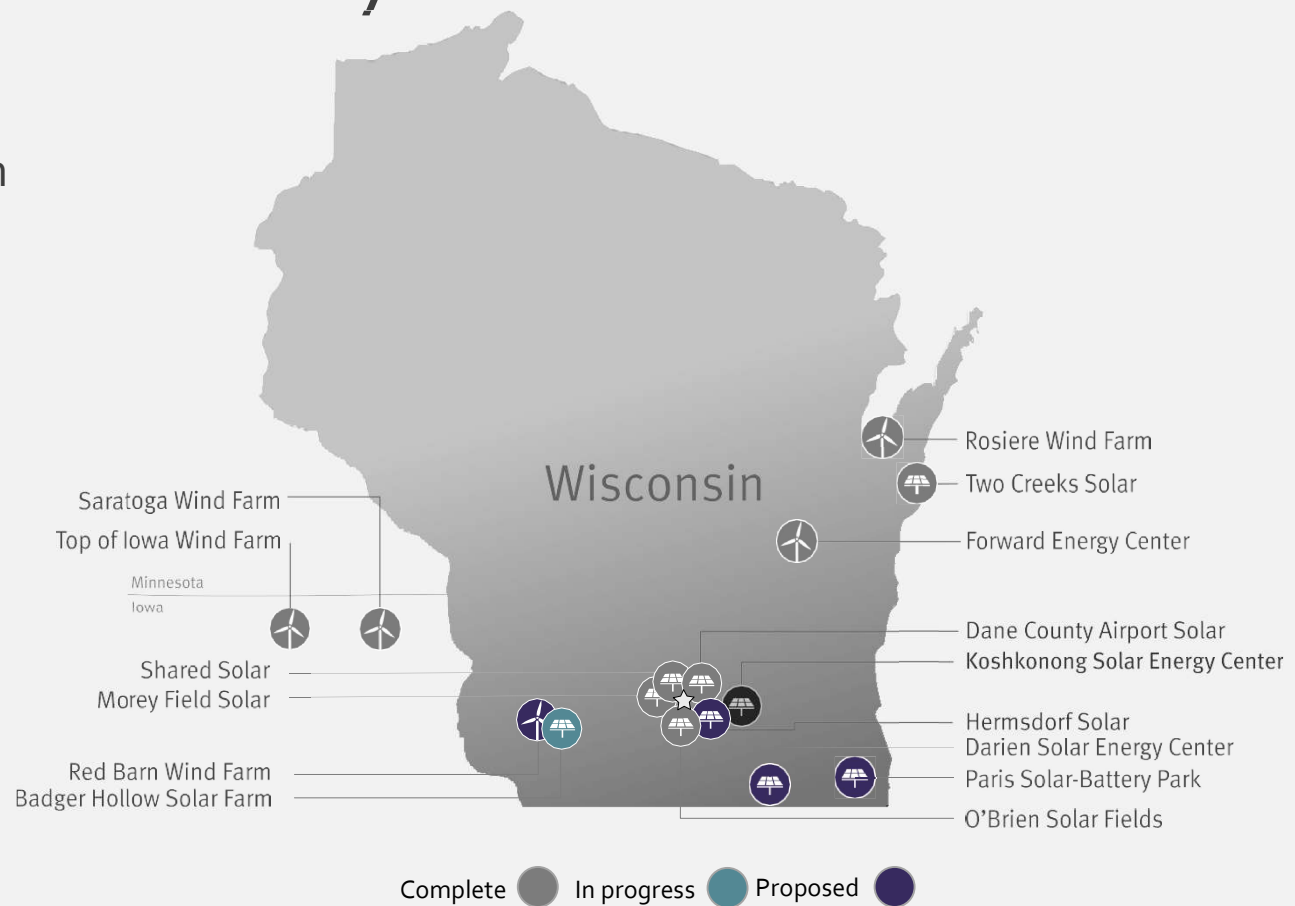
- University of Wisconsin-Madison



- Hospitals and medical facilities

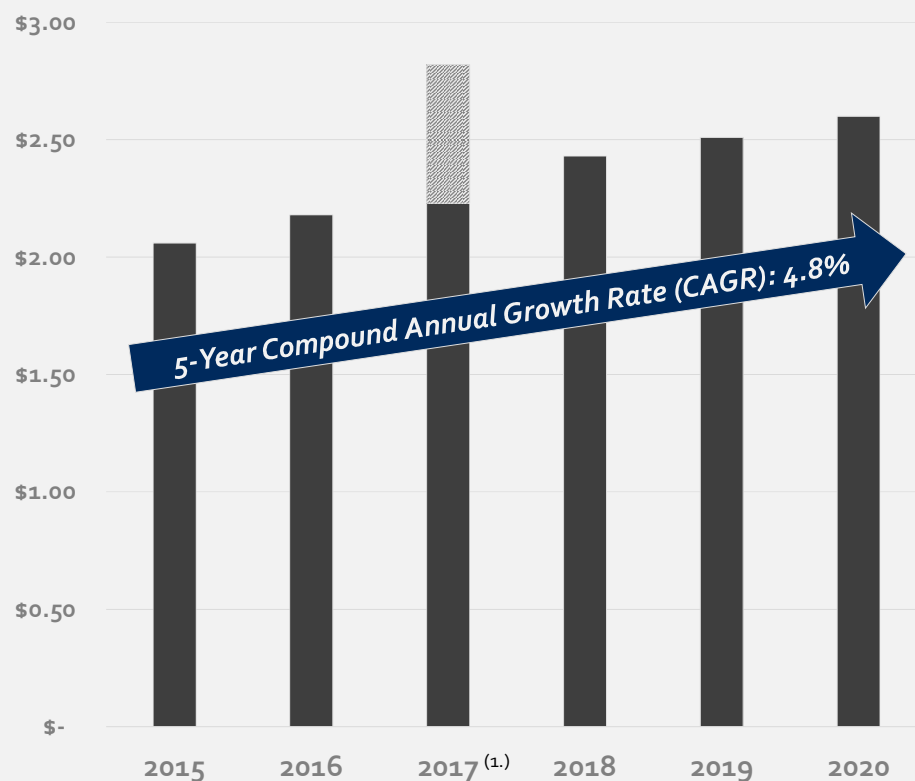


- State of Wisconsin government

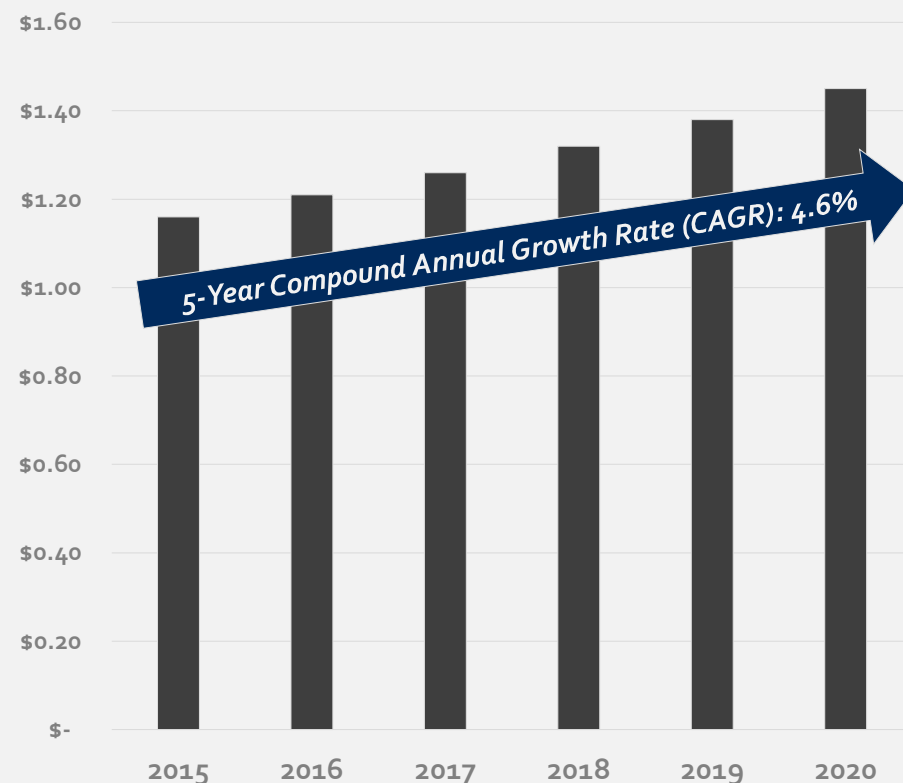


Earnings and Dividends per Share Growth

Earnings Per Share



Dividends Paid Per Share

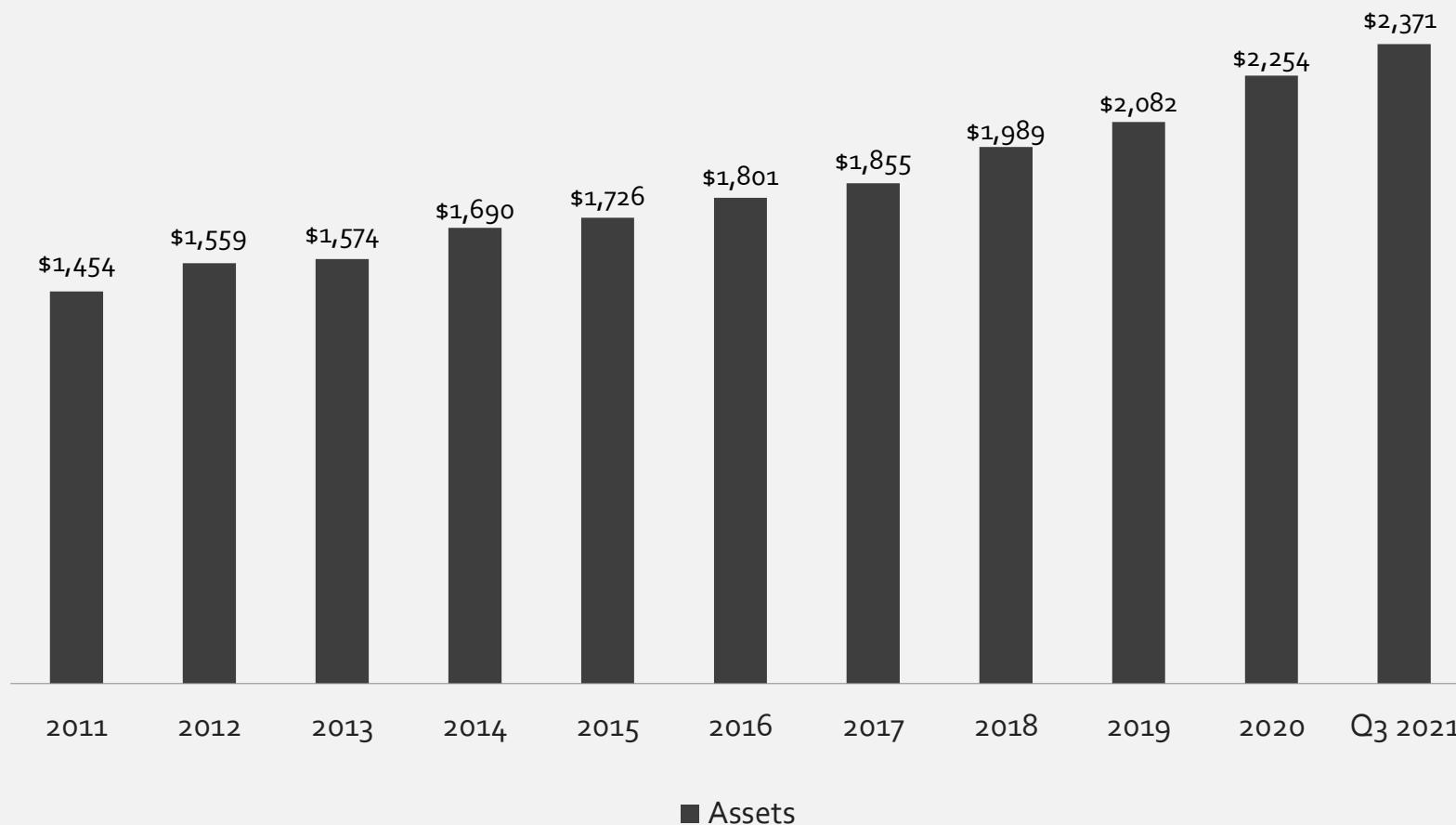


(1.) 2017 Non-Regulated earnings per share includes one-time tax benefit of \$20.4 million, or \$0.59 per share, related to tax reform

Note: In August 2021 MG&E's board of directors authorized an increase in quarterly dividend per share to \$0.388 per common share. See slide 23 for additional details.

Stable Asset Growth

Asset Growth (\$ Millions)



Focused ESG strategy

Foundational objectives under Energy 2030 Framework

ENERGY 2030

- Transition MGE to a more environmentally sustainable energy supply;
- Provide customers with options they want today and in the future;
- Help customers use energy efficiently and control future costs for all customers;
- Provide a dynamic electric grid that can integrate all energy technologies to serve customers;
- Ensure that new and changing technology serves all customers equitably;
- Deepen our engagement with the community.

Goals:

- Reduction in CO₂ emissions – 40% from 2005 levels by 2030, *projected to be at least 65% by 2030*
- 25% renewable energy by 2025 and 30% by 2030

┌ Focused ESG Strategy

Net-Zero Carbon Electricity by 2050

Strategies for deep decarbonization

- Grow our use of renewable energy
- Further engage customers in energy efficiency
- Electrify transportation and other end uses

Net-Zero
CARBON ELECTRICITY BY 2050

Transition to Clean Energy Generation

Since 2015 when MGE announced its *Energy 2030 Framework*, MGE's clean energy projects will grow our renewables capacity by more than **9x**, by investing an estimated \$565 million in wind, solar and battery storage.

Investment	Project Costs	100% AFUDC- Return	Nameplate Capacity	In-Service Date
Forward Wind	\$22M		18MW	2018
Saratoga Wind	\$108M	**	66MW	2019
Two Creeks Solar	\$65M	**	50MW	2020
Morey Airport Solar	\$8M		5MW	2020
Dane County Airport Solar	\$15M		9MW	2020
O'Brien Solar	\$32M		20MW	2021
Badger Hollow I Solar	\$65M	✓	50MW	Q4 2021 (est.)
Hermesdorf Solar	\$15M		8MW	Q1 2022 (est.)
Badger Hollow II Solar	\$65M	✓	50MW	Q4 2022 (est.)
Red Barn Wind Farm*	\$17M		9.2MW	Q4 2022 (est.)
Paris Solar-Battery*	\$43M	✓	31MW	Q2 2023 (est.)
Darien Solar-Battery*	\$45M	✓	32.5MW	Q4 2023 (est.)
Koshkonong Solar-Battery*	\$65M	✓	46.5 MW	2024 (est.)
Total:	\$565M		395.2MW	

*Pending PSCW Approval

** Earned 100% AFUDC during construction, now completed and in-service



Net-Zero Carbon Electricity Goal

With Plans to Eliminate Coal-Fired Generation from Portfolio by 2035

MGE, along with its co-owners, WP&L (operator and majority owner) and WPSC, announced plans to retire the approximately 1,100-MW coal-fired Columbia Energy Center.

- MGE currently owns 19% of the facility (216 MW), which accounts for nearly 30% of MGE's net summer rated capacity.
 - Unit 1 intended to be retired by the end of 2023
 - Unit 2 intended to be retired by the end of 2024
- Final timing and retirement dates subject to MISO approval
- Development of replacement energy and capacity resources subject to PSCW approval

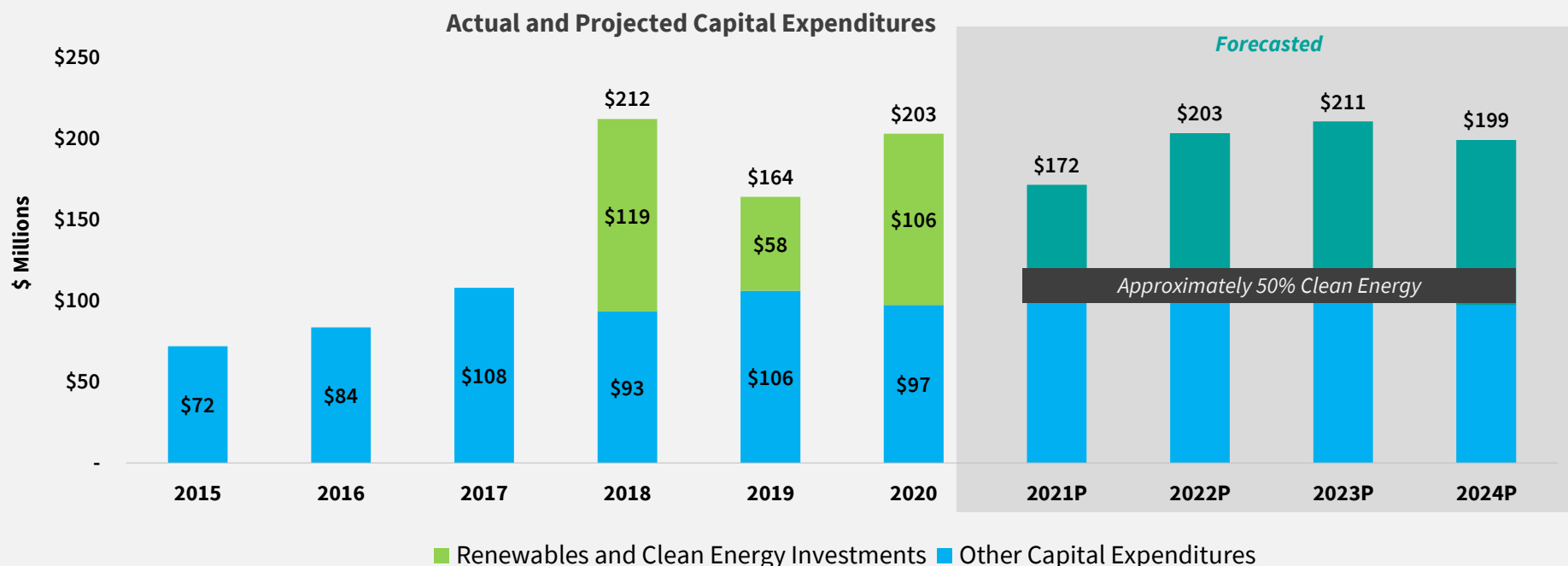
WEC Energy Group recently announced its plan to enhance fuel flexibility at the Oak Creek (Elm Road) Power the Future units (1,230 MW), pending approvals

- MGE owns 8.33% of the facility (106 MW), which accounts for ~13% of MGE's net summer rated capacity
- Transition to gas as primary fuel source is expected to reduce the use of coal at Elm Road substantially by 2030 and eliminate coal as an energy source by 2035

*MGE continues to evaluate **additional investments in cost-effective, clean energy projects** to maintain its top-ranked electric reliability and to achieve its carbon reduction goals.*

Consistent Capital Expenditure Growth

Focused on clean energy and progress toward net-zero carbon



MGE's announced clean energy investments are projected to comprise over 40% of owned generation capacity (nameplate) by year-end 2024, following the early retirement of legacy fossil resources.

(1.) Information on this slide contains statements that are forward looking statements that involve risks and uncertainties that are subject to change at any time. See Cautionary Note Regarding Forward-Looking Information at the beginning of this presentation.

(2.) Forecasted and actual capital expenditures do not include AFUDC. Forecasted capital expenditures include future projects which will require MGE to request and obtain approval from the PSCW.

Capital Expenditures Recon

Updated capital expenditures forecast is primarily driven by a shift of clean energy project schedules and routine utility maintenance from 2021 into 2022

(\$ 000s)	2021	2022	2023	2024
2020 10-K Total Capital Expenditures	\$ 202,000	\$ 175,200	\$ 208,900	N/A
Electric	(21,500)	27,600	5,900	162,400
Gas	(7,700)	300	(1,400)	29,900
Utility Plant Total	\$ (29,200)	\$ 27,900	\$ 4,500	\$ 192,300
Nonregulated	(1,300)	200	(2,900)	6,800
Updated Capital Expenditures Forecast	\$ 171,500	\$ 203,300	\$ 210,500	\$ 199,100

(1.) Information on this slide contains statements that are forward looking statements that involve risks and uncertainties that are subject to change at any time. See Cautionary Note Regarding Forward-Looking Information at the beginning of this presentation.

(2.) Forecasted and actual capital expenditures do not include AFUDC. Forecasted capital expenditures include future projects which will require MGE to request and obtain approval from the PSCW.

Renewables Transition Driving Strong Growth

MG&E Rate Base as Authorized/Proposed by PSCW*							
(\$ millions)	2015	2017	2019	2020	2021	2022p	2023p
Electric Utility	575.9	570.8	842.6	860.5	1,019.1	1,044.4	Limited Reopener
Gas Utility	158.1	175.8	233.4	250.7	282.4	299.3	312.3
Total Utility Rate Base	\$733.9	\$746.6	\$1,076.0	\$1,111.3	\$1,301.4	\$1,343.7	Limited Reopener
Electric Utility CWIP Earning 100% AFUDC	8.9	21.6	16.1	15.4	46.5	49.4	Limited Reopener
Electric Utility CWIP Earning Current Return	2.4	1.7	6.9	9.0	9.3	10.0	Limited Reopener
Electric Utility CWIP: Total	\$13.6	\$25.0	\$29.9	\$33.3	\$65.1	\$69.4	Limited Reopener
Gas Utility CWIP Earning 100% AFUDC	0.0	1.2	5.1	10.3	5.1	0.0	0.0
Gas Utility CWIP Earning Current Return	1.0	0.3	1.9	2.6	1.9	5.7	4.1
Gas Utility CWIP: Total	\$1.9	\$1.8	\$8.8	\$15.4	\$8.8	\$11.4	\$8.2

*Note: MG&E's rate base as authorized by the PSCW is calculated as a 13-month average for forward-looking test year. Electric rate base excludes projects developed under MG&E's Renewable Energy Rider (RER) program.

Electric Vehicles and Deep Decarbonization:

Transportation accounts for more than 25% of U.S. greenhouse gas emissions

MGE is pursuing a multi-pronged strategy to electrify transportation to reduce carbon dioxide emissions and to enable future market growth

Electrification of MGE fleet

- MGE has been advancing alternative fuel vehicles since the launch of its public charging network more than a decade ago.
- The company has set a fleet goal of 100% all-electric or plug-in hybrid light-duty vehicles by 2030.



MGE has an ongoing partnership with City of Madison to advance sustainable transportation

- MGE partnership secured funding for charging infrastructure, back-up power, rooftop PV system, and federal grant to purchase Madison's first three electric buses.
- Partnered with Madison Fire Department to enable charging for the department's first electric fire truck.
- MGE continues to advance sustainable transportation with construction of a new Electric Vehicle Fast Charging Hub in Madison's Capitol East District.

MGE Charge@Home Program

- The PSCW has approved MGE's Charge@Home tariff, in which MGE installs Level 2 chargers for customers in exchange for a flat monthly fee plus the cost of electricity

Driver of Sales Growth

- MGE anticipates the electrification of transportation by customers within its service territory to be a substantial driver of electric sales growth over the long term

ESG & Sustainability Summary

Leadership

- Environmental and Sustainability Policy
- Sustainability Executive Team
- Operations-wide Environmental Management System
- Projected investment of ~\$565M in clean energy through 2024
- Smart Grid Infrastructure
- Electrification of Transportation



Safety

- Safety Steering Team – examines safety topics and prioritizes continuous improvement opportunities
- Corporate Safety Commitment – safety vision statement, "We Power Safety"
- Board oversight of safety program

Corporate Giving

MGE is committed to helping improve the quality of life for all those we serve, through:

- MGE Foundation, philanthropic arm that supports local organizations in preserving the health and vitality of our community
- MGE corporate giving
- Employee volunteerism and service

Workforce

- Career development and training programs to increase job proficiency and to improve decision-making skills
- Tuition reimbursement and college internship program
- Corporate Wellness Program
- Inclusive, respectful work environment where individuals can achieve their full potential



Read More: [MGE's Corporate Responsibility and Sustainability Report](#) and EEI [Quantitative & Qualitative](#) Templates

Constructive Regulatory Environment

Both S&P and Moody's view the Wisconsin regulatory environment as highly credit supportive with timely operating and capital cost recovery, and view MGE's relationship with the Public Service Commission as constructive.

- **Regulatory approvals of utility-scale renewable investments and other innovative programs**
 - Saratoga Wind, Forward Energy Center wind farm, Two Creeks Solar
 - Badger Hollow I Solar, Badger Hollow II Solar (construction in progress)
 - Approval of Renewable Energy Rider and Shared Solar programs
- **Supportive regulatory framework including:**
 - Forward-looking test years
 - Escrow treatment received for transmission, ERGS, pension & OPEB and bad debt expense
 - Historical approval of various expense deferrals
 - Fuel Rules (*bandwidth now 1%*) and Gas Cost Recovery Mechanism
 - Current return on 50% of CWIP and 100% CWIP or AFUDC on major construction projects

2021 PSCW Approved Rate Settlement

Approved PSCW Rate Settlement (\$000's where applicable)	Test Year 2020	Test Year 2021
Authorized Electric Rate Base	\$860,538	\$1,019,177
Authorized Gas Rate Base	\$250,743	\$282,360
CSE Authorized	56.06%	55.84%
Authorized ROE	9.8%	9.8%

Electric – 0% increase

- Increased rate base in 2021 Rate Settlement due to capital investments in renewable generation (Two Creeks Solar and Badger Hollow 1 Solar) and the customer information system
- Settlement included lower forecasted sales for 2021, to reflect changes to customer usage due to COVID-19
- Electric rate base increases were offset by the following:
 - ✓ lower fuel / purchased power cost;
 - ✓ one-time \$18.2 million return to customers of the portion of excess def taxes related to the 2017 Tax Act not governed by normalization rules;

Gas – 4% increase

- Increased rate base in 2021 Rate Settlement due to continued distribution infrastructure improvements and technology investments, including the customer information system

Proposed Rate Case Settlement: Test Years 2022 and 2023

On September 3, 2021, MG&E and intervening parties submitted a comprehensive rate case settlement agreement, which is subject to approval by the PSCW. The PSCW is expected to issue its decision by year-end 2021, for implementation of 2022 rates on January 1, 2022. Key terms of the settlement include:

Proposed Settlement Terms (\$000's where applicable)	Test Year 2022	Test Year 2023
Average Electric Rate Base	\$1,044,362	Limited Reopener
Average Gas Rate Base	\$299,319	\$312,270
Regulatory Equity Layer	55.63%	55.63%
Authorized ROE	9.80%	9.80%

Electric Rates - 5.16% increase in 2022, limited reopener for 2023 rate adjustment

- ✓ Driven by increased rate base, including clean energy investments and new customer information system
- ✓ 2022 increase driven by completion in 2021 of return to customers of electric excess deferred taxes related to the 2017 Tax Act
- ✓ 2023 test year limited reopener requested for potential changes to generation fleet and potential changes in the federal tax code

Gas Rates – 2.15% increase in 2022, 0.96% increase in 2023

- ✓ Driven by increased rate base, including full-year of new customer information system and distribution infrastructure improvements

Technology Investments

- In 2017, MGE committed to undertake a multiyear project aimed at transforming our foundational customer engagement capabilities to enable flexibility and capability in delivering new products and services as outlined in our Energy 2030 Framework.
- These objectives are expected to be accomplished through the implementation of a **new customer information and billing system, engagement and marketing tools, along with other solutions** that meet the goals of the initiative, which include:
 - *Gaining efficiencies*
 - *Improving customer-facing technologies, and*
 - *Offering new products & services*
- New customer information system went live in September 2021.
- This five-year project is designed to transform MGE into a **digitally integrated utility**.
- Efficiencies gained from new technology investments will further enhance MGE's toolkit to control and optimize future O&M expenses.



Commitment to Dividends & Shareholder Value

- **Recent dividend increase was approximately 5%**
 - Increased dividend in August 2021 for the 46th consecutive year
 - Paid dividends for over 110 years
 - Dividend payout ratio in the 50-60% range in recent years
 - No dividend payout range targeted
 - Dividend flexibility exists
- **Dividend Considerations**
 - Capital investment growth opportunities
 - Balance sheet and credit ratings
 - Projected cash generation and requirements
 - Dividend payout ratio / yield consistent with industry and peers
- **Dividend decisions made by Board of Directors**

Company Highlights

Diversified Customer Base and Revenue Profile

Resilient Revenue Stream and Customer Base

- Electric service to ~157,000 customers with locations in the cities of Fitchburg, Madison, Middleton, Monona, and adjacent areas
 - 87% residential; 13% commercial or industrial
 - Accounts for 73.2% of revenue
- Natural gas to ~166,000 customers across 48 townships
 - 90% residential; 10% commercial or industrial
 - Accounts for 26.8% of revenue

Strong Financial Profile

Stable Earnings Growth with Strong Balance Sheet

- Predominantly regulated earnings
- Strong liquidity and cash position
- Conservative financial policies that are designed to achieve strong credit quality
- MGE's Credit Ratings ⁽²⁾
 - S&P: AA- (Stable)
 - Moody's: Aa2 Secured (Stable)
A1 Unsecured (Stable)

Regulated, Highly Visible Growth

5-Year Regulated PPE⁽¹⁾ CAGR of 7.3%

- Total forecasted regulated capex of approx. \$760M from 2021 through 2024⁽³⁾
- Premium service territory with constructive regulation
- Forward-looking test years
- Renewable Energy Rider
 - Ability to work cooperatively with businesses to tailor a renewable energy solution

Substantial Sustainability Investment

Seeking Net-Zero Carbon by 2050⁽³⁾

- Plan for decarbonizing generation by transitioning to clean energy, such as wind and solar
 - Announced projects designed to grow renewables capacity by over 9X from 2015⁽³⁾
- Helping customers use energy efficiently
- Electrifying transportation
- Plan to eliminate coal owned generation by 2035 (natural gas conversion)



(1.) Property, plant, and equipment, net

(2.) A credit rating is not a recommendation to buy, sell or hold securities and may be lowered or withdrawn by the rating agency at any time.

(3.) Information on this slide contains statements that are forward looking statements that involve risks and uncertainties that are subject to change at any time. See Cautionary Note Regarding Forward-Looking Information at the beginning of this presentation.

Appendix

MGE's Strong Credit Ratings ⁽¹⁾

S&P (UTILITY RATINGS)	
Corporate credit	AA-
Business risk	Excellent
Commercial paper	A-1+
Outlook	Stable
<ul style="list-style-type: none"> • Effective management of regulatory risk • Supportive regulatory environment • Focus on regulated vertically integrated electric and natural gas distribution operations • Conservative financial policies that ensure strong credit quality 	

Source: S&P, November 2020

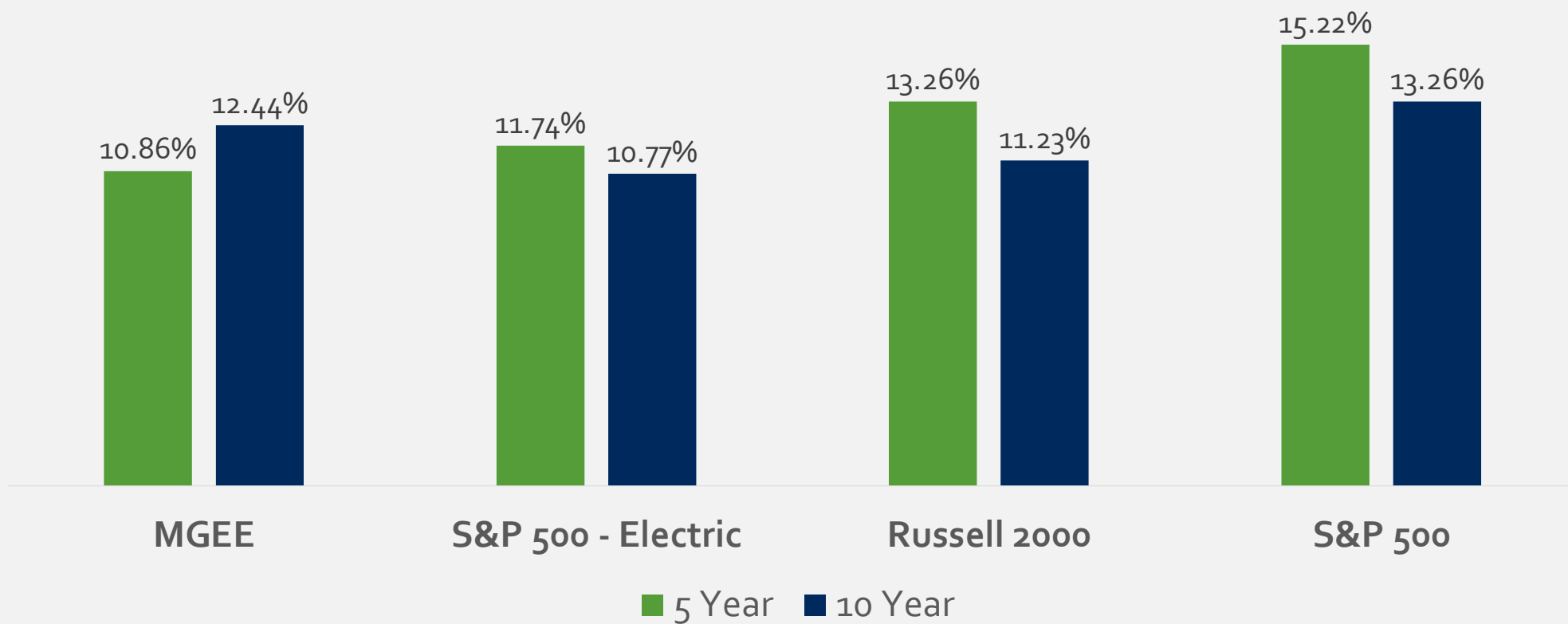
MOODY'S (UTILITY RATINGS)	
Secured	Aa2
Unsecured	A1
Commercial paper	P-1
Outlook	Stable
<ul style="list-style-type: none"> • Rating reflects a credit supportive regulatory environment • Healthy financial metrics (CFO pre-WC / Debt) • Stable rating outlook assumes future prudently incurred investments will be recovered • Funding will replicate authorized capital structure 	

Source: Moody's, October 2021

(1.) A credit rating is not a recommendation to buy, sell or hold securities and may be lowered or withdrawn by the rating agency at any time.

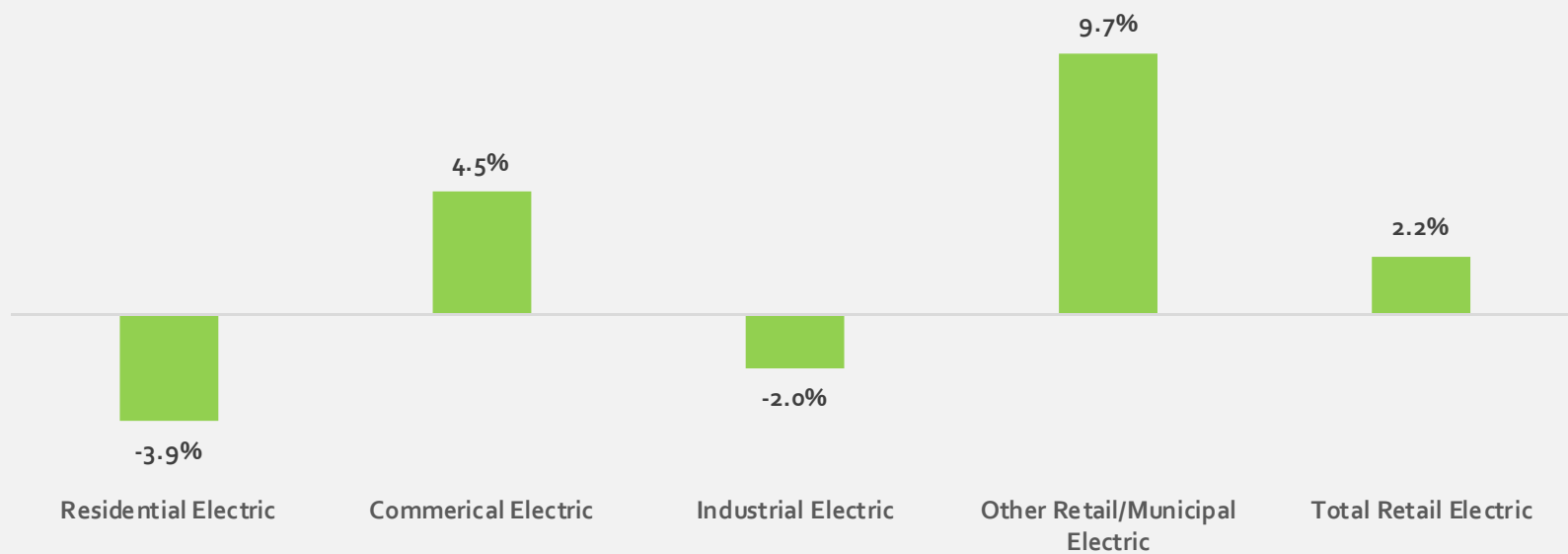
Total Shareholder Return

Period Ending December 31, 2020



MGE – Electric Sales Growth

Three Months Ended September 30th

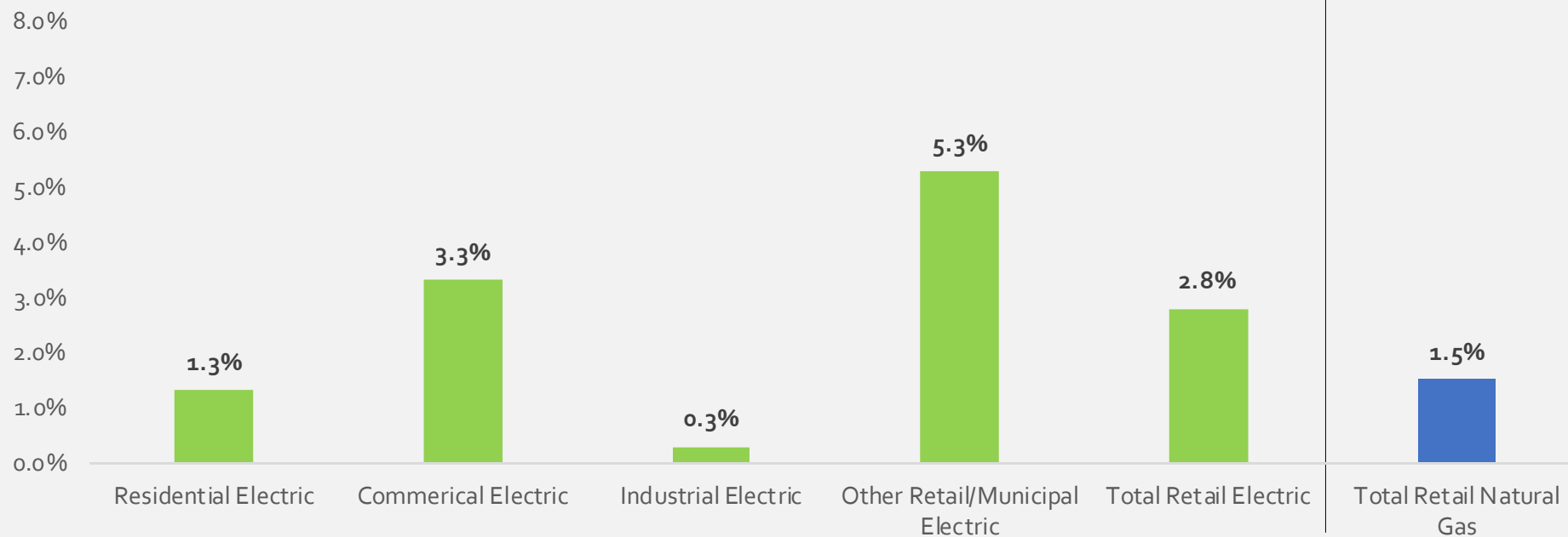


	2021	2020	%
Cooling Degree Days (Normal 494)	511	519	(1.5)%



MGE – Electric and Gas Sales Growth

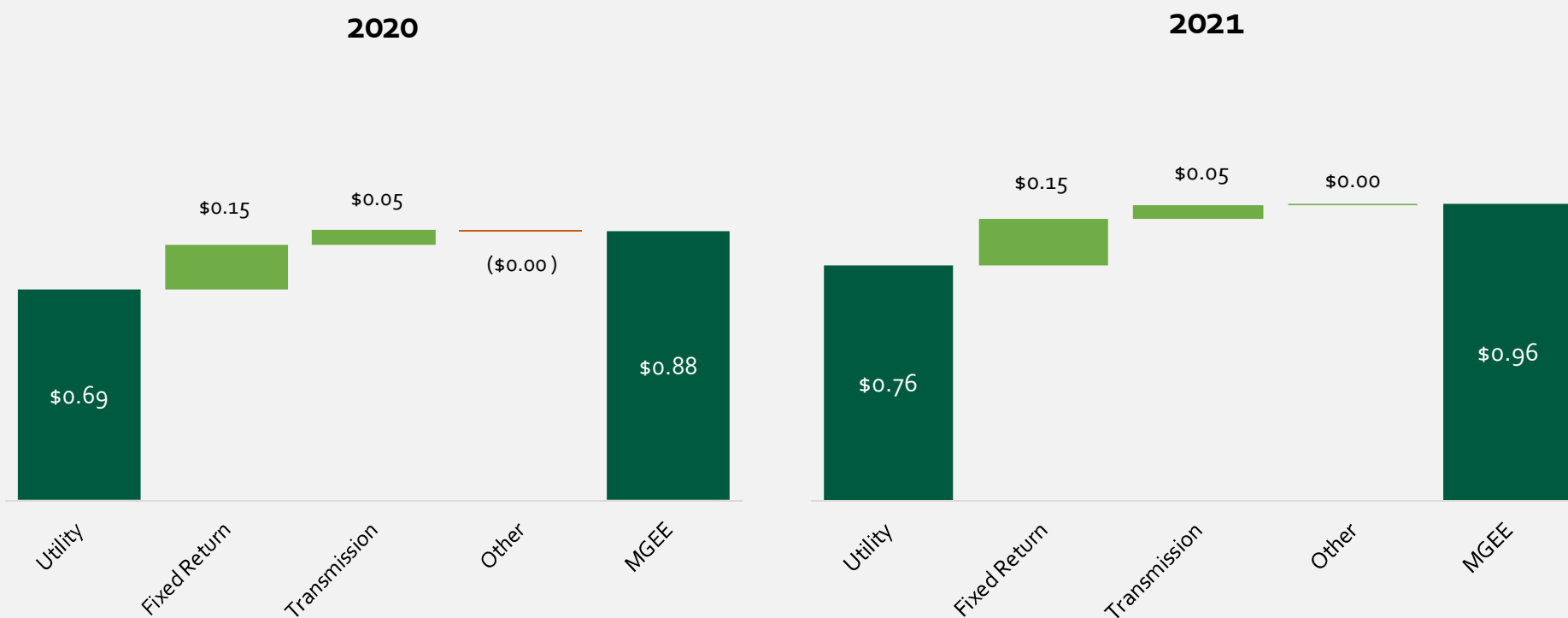
YTD Ended September 30th



	2021	2020	%
Cooling Degree Days (Normal 678)	820	732	12.0%
Heating Degree Days (Normal 4,497)	4,404	4,315	2.1%

Earnings per Share Segments

Three Months Ended September 30th



Earnings per Share Segments

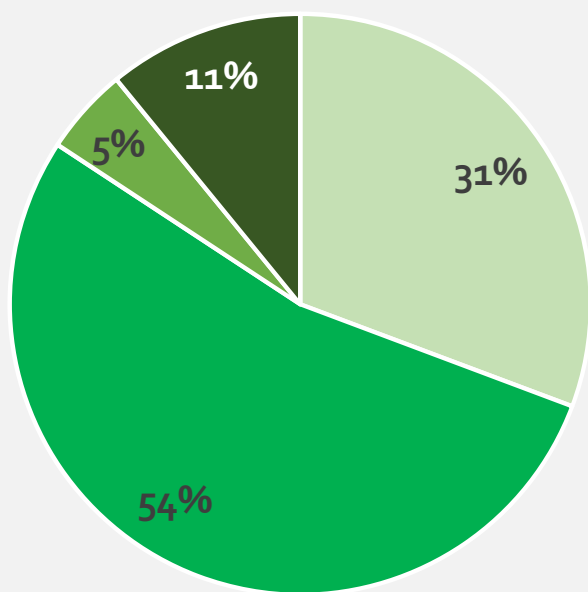
Nine Months Ended September 30th



Electric Retail Sales Mix

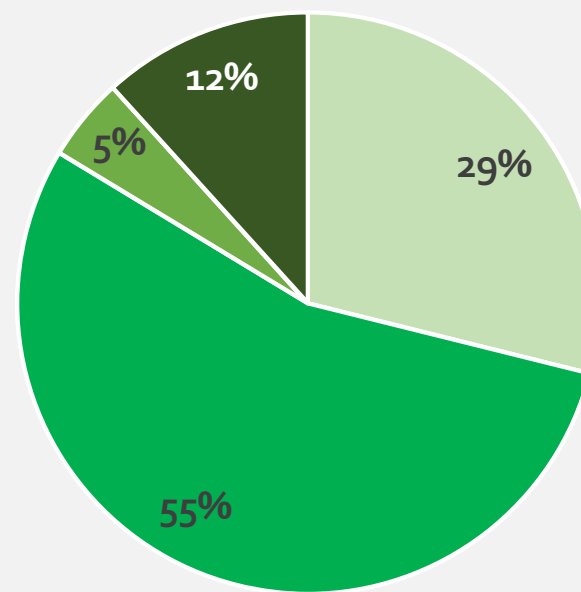
Nine Months Ended September 30th

2020



Residential Commerical Industrial Other

2021

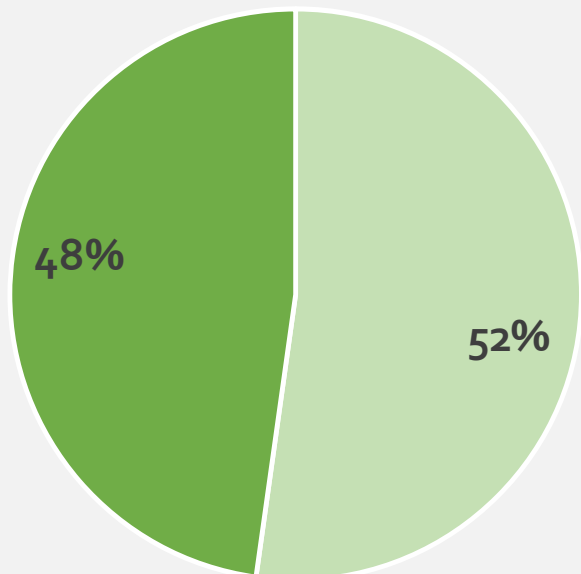


Residential Commerical Industrial Other

Gas Retail Sales Mix

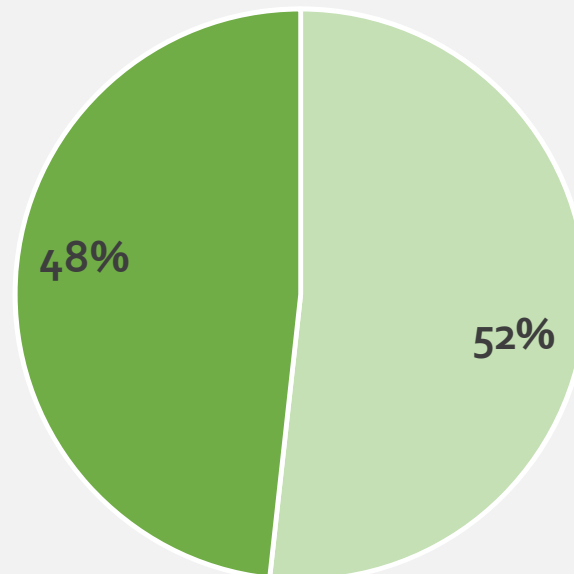
Nine Months Ended September 30th

2020



Residential Commercial / Industrial

2021



Residential Commercial / Industrial



**For more information:
Visit mgeenergy.com**

Ken Frassetto
Director Shareholder Services
and Treasury Management

kfrassetto@mge.com
608-252-4723

PO Box 1231
Madison WI 53701-1231



**EEI Financial Conference
November 2021**