



Powering forward sustainably

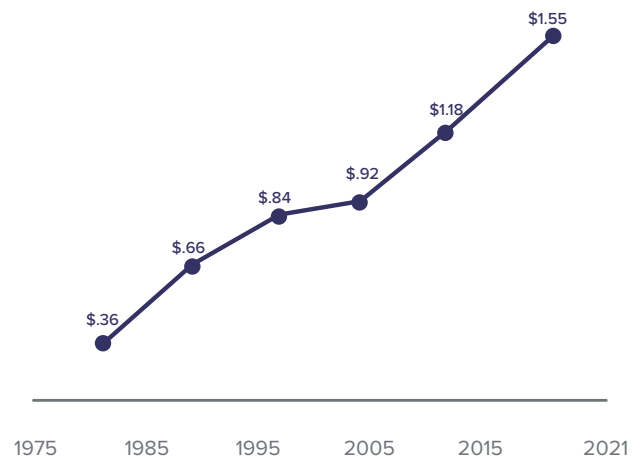
MGE Energy marks 46 years of dividend increases

In late August, the board of directors of MGE Energy increased the regular quarterly dividend rate approximately 5% to \$0.3875 per share on the outstanding shares of the company's common stock. This raises the annualized dividend rate by 7 cents from \$1.48 per share to \$1.55 per share.

The board's action marks 46 years of consecutive dividend increases. MGE Energy has paid cash dividends for more than 110 years. No other Wisconsin utility holding company can match the company's history of dividend increases. The financial publisher Mergent consistently ranks MGE Energy as a "Dividend Achiever."

Dividends are part of the total value MGE Energy provides to shareholders. Taking a 10-year view of the company's annual total return, a \$1,000 investment at the end of 2010, with reinvested dividends, grew to \$3,181 by the close of 2020, representing an annualized total return of nearly 12.3%.

46 Years of Dividend Increases (Annualized Dividend Rate - Rounded)



Board of Director changes

In mid-May, at the conclusion of the annual meeting of shareholders, Director Mark D. Bugher became Lead Director of the MGE Energy and MGE boards of directors. Bugher is the retired director of University Research Park, University of Wisconsin-Madison, a position he held for 15 years.

A director since 2010, Bugher replaced Director F. Curtis Hastings as Lead Director. Hastings is retiring from board service after serving for two



Mark D. Bugher

years as Lead Director and as a board member since 1999.

The Lead Independent Director is empowered to call meetings of the board and executive sessions and chairs the Corporate Governance Committee, which is responsible for evaluating on an ongoing basis the composition and structure of the board.

Also, effective Sept. 1, 2021, former City of Madison Police Chief Noble L. Wray joined the MGE Energy and MGE boards as a Class III director whose term will expire at the 2022 annual meeting. An independent director, Wray will serve on the Audit and Corporate Governance committees.



New renewable generation driving capital expenditures

MGE Energy is advancing its sustainability and carbon-reduction goals, investing in cost-effective, carbon-free renewable energy to benefit all of its customers. The company projects nearly \$590 million in capital expenditures through 2023, nearly half of which will support the growth of its clean energy portfolio.

The company's regulated utility subsidiary, Madison Gas and Electric (MGE), is targeting net-zero carbon electricity by 2050. In May 2019, MGE was one of the first utilities to commit to net-zero carbon by mid-century. By 2030, MGE expects to achieve carbon emissions reductions of at least 65% from 2005 levels.

Since 2015, when MGE announced its Energy 2030 framework for a more sustainable future, the company has grown its asset base from \$1.7 billion to \$2.3 billion, with approximately \$330 million in

clean energy investments anticipated through this year helping to fuel asset growth. Its recent and projected investments in renewable energy and battery storage are expected to grow the company's owned renewable capacity by more than nine times (since 2015).

This summer, MGE broke ground on the 8-megawatt (MW) Hermsdorf Solar Fields, which will serve the City of Madison and the Madison Metropolitan School District. It's expected online by the end of 2021.

The first phase of the 300-MW Badger Hollow Solar Farm in Iowa County, Wis., is expected to begin serving customers this year. MGE purchased one-third of the project.

Other investments include:

Koshkonong Solar Energy Center: MGE will own 30 MW of solar energy and 16.5 MW of battery storage, if approved, from the 300-MW solar park to be built in Dane County.

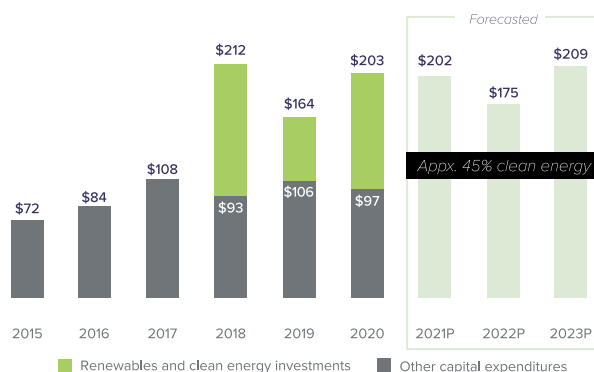
Red Barn Wind Farm: MGE is seeking approval to own more than 9 MW of the 92-MW Red Barn Wind Farm to be built in Grant County.

Darien Solar Energy Center: MGE will own 25 MW of solar energy and 7.5 MW of battery storage, if approved, from the 250-MW solar park to be built in Walworth County.

Paris Solar-Battery Park: MGE will own 20 MW of solar energy and 11 MW of battery storage, if approved, from the 200-MW solar park to be built in Kenosha County.

Consistent Capital Expenditure Growth

Actual and projected capital expenditures (\$ millions)



Enhancing the customer experience

In early September, MGE launched its new customer care and billing system after months of preparation by departments across the company. This multiyear capital investment to upgrade internal legacy systems is part of the Enterprise Forward initiative to transform MGE into a digitally integrated utility.

These improvements impact various aspects of the customer experience, such as customers' communication preferences, and engagement tools and service requests. The capability to better understand what our customers want and how they want to interact with us will help us better address their needs.

MGE's new digital solution for mobile work management will increase operational efficiency as well as the accessibility and

visibility of service-related information. Office employees will be able to see near real-time status updates from work in the field, enabling customer service representatives to respond more efficiently and effectively to customers.

In 2019, as part of Enterprise Forward, MGE introduced new tools for enterprise resource planning, work and asset management for inventory, and human capital management. When the five-year initiative is complete, the consolidation and modernization of MGE's legacy systems, combined with new technologies, will give MGE the capability and flexibility to offer customers more customized programs, products and services more efficiently and effectively.

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Inside View

The *Inside View* is published periodically to provide investors with information about MGE Energy. MGE Energy's primary asset, Madison Gas and Electric, provides highly reliable gas and electric service and promotes economic development in south-central and western Wisconsin.