



INTERIM REPORT
MARCH 15, 2018



Partnering with our customers and communities

is key to how we move forward.

New opportunities, technologies
and investments are opening the doors
to a more sustainable future.

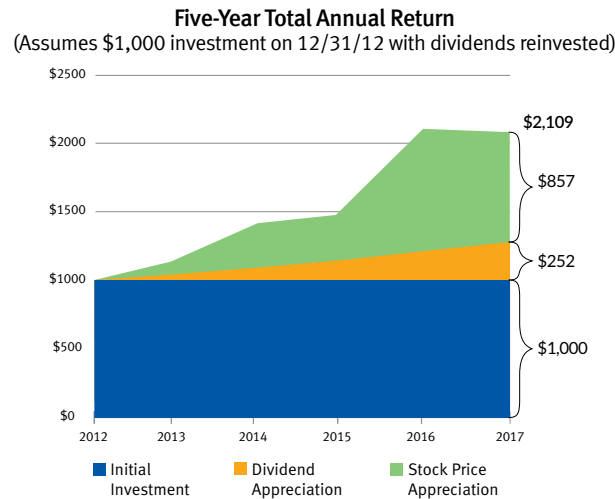
It's the power of working together.

Strong total return

Annual total return provides a snapshot of your investment's performance. Total return is the combination of stock price and reinvested dividends.

If you invested \$1,000 in MGE Energy five years ago and consistently reinvested your dividends, your investment would have grown to \$2,109 by the close of 2017.

Over the last five years, MGE Energy's total return has outpaced the national indices of the S&P 500, EEL Investor-Owned Electric Utilities and the Russell 2000.



Solid annual earnings

MGE Energy reported GAAP (Generally Accepted Accounting Principles) earnings of \$2.82 per share in 2017 compared to \$2.18 per share in 2016.

Earnings for 2017 included a 62-cent per share one-time, non-cash tax benefit due to the Tax Cuts and Jobs Act and a 3-cent per share expense from a voluntary contribution to the Madison Gas and Electric Foundation. Excluding these amounts, adjusted earnings were \$2.23 per share for 2017.

MGE grows electric vehicle charging network

Our regulated utility, Madison Gas and Electric (MGE), continues to add charging stations to our electric vehicle (EV) charging network. The public charging stations are powered by 100% renewable electricity produced by wind farms in Wisconsin and Iowa. The new charging stations bring the total number to 29. The EV charging network includes two fast chargers, which can provide up to 100 miles of range per hour. MGE is planning to install more charging stations in the near future.

New wind farm moves forward

MGE is building upon its record of increasing renewables with a new wind farm, scheduled for completion by early 2019. The MGE-owned, 66-megawatt Saratoga wind farm is located in northeast Iowa, an area known for its favorable wind speeds.



The \$108 million project is MGE's largest wind farm to date. Saratoga's 33 turbines feature taller towers and larger blades, allowing them to

produce more energy per turbine, making them more efficient and cost-effective.

MGE will continue to pursue clean energy opportunities as part of its commitment to reduce carbon emissions 80% by 2050.

Energy-saving program wins award

A demand response program launched by MGE in partnership with Wisconsin's Focus on Energy has earned an Inspiring Efficiency Award for Innovation from the Midwest Energy Efficiency Alliance. MGE's On Demand Savings (ODS) program identifies low- or no-cost strategies for large commercial customers to control their energy use during times of peak electric demand when energy use is at its highest.

Increasing engagement around energy efficiency is a nationally recognized, long-term strategy for reducing carbon emissions. Visit mge.com/ODS to see a brief video about the ODS program.

Sustainability program recognizes MGE as Green Master

MGE has attained the highest distinction for the fourth consecutive year from a voluntary, statewide sustainability program. The Wisconsin Sustainable Business Council has recognized MGE as a 2017 Green Master.

The benchmarking program evaluates participating companies on steps taken to use less energy, cut waste and become generally more sustainable in their operations and supply chain. Only the top 20% achieve the Green Master designation. MGE was the first utility in Wisconsin to be recognized as a Green Master.

MGE adds solar energy

MGE installed nearly 450 solar panels on our corporate office in Madison, Wis. The system, which is expected to generate nearly 10% of the energy needed annually to power the facility, is another step in our ongoing path toward greater sustainability. The panels came online in December 2017.



Vote your proxy shares

This spring, you will receive your MGE Energy proxy. We encourage all shareholders to exercise their right and responsibility to vote their shares. Whether you own your shares through a brokerage firm or are directly registered with MGE Energy, we want your vote.

We make voting easy. You can return your vote form through the mail, or you can vote by phone or a designated proxy voting website. Watch for your proxy and vote.

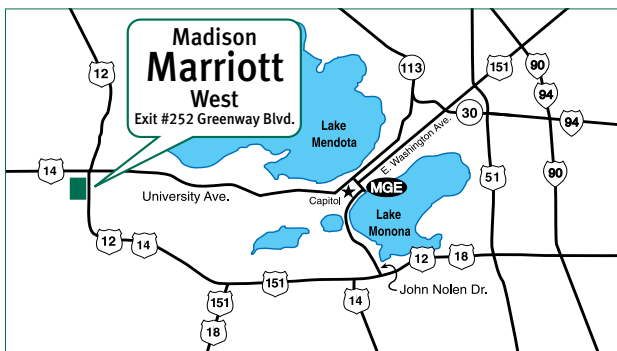
VOTE YOUR SHARES

Annual Meeting to be held May 15

Shareholders are invited to attend the 2018 MGE Energy Annual Meeting on Tuesday, May 15.

Doors open at 9 a.m., and the meeting begins at 11 a.m. Lunch will follow.

The meeting will be held at the Madison Marriott West, 1313 John Q. Hammons Drive, Middleton, Wis. Shareholders of record on March 9, 2018, will receive an invitation in their proxy mailing.



Board of Directors update

On Jan. 19, 2018, Chairman Gary Wolter informed the Board of Directors of MGEE and MGE that he will step down as Chairman of the Boards of Directors of both companies effective Oct. 1, 2018. He will remain on the boards of both companies. Jeff Keebler, MGEE and MGE President and CEO and current member of both boards, will become Chairman of both companies on Oct. 1, 2018.

On March 1, 2018, our newest board members, Marcia Anderson and James Berbee, began serving their terms. Both Ms. Anderson and Mr. Berbee were elected in October 2017.

Gary J. Wolter, Chairman

Jeffrey M. Keebler, President and CEO



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