

MGE Energy invests in innovation

The energy industry is rapidly evolving. MGE Energy is at the forefront of this transformation, investing in utility-focused technology funds such as Energy Impact Partners (EIP). Participation in EIP and similar funds offers an opportunity to work with other progressive utilities around the world to invest in research and development with the potential to shape our collective energy future.

These venture capital investments support early-stage companies working to advance smart technologies, the customer experience, distributed energy resources, electrification, cybersecurity and other priorities for utility companies such as greater sustainability. Participation also gives our utility, MGE, the ability to explore these new technologies at their earliest stages of development through working groups and customer pilot programs.

As part of its transition to becoming a utility of the future, MGE is implementing new internal systems to offer more customized programs, products and services and building new, cleaner sources of generation. To achieve deep decarbonization and its goal of net-zero carbon electricity by 2050, MGE is pursuing three key strategies:

- Decarbonization of electricity generation.
- Increased energy efficiency.
- Electrification, including transportation.

MGE Energy's investments in these funds advance new technologies around these and other long-term business strategies to achieve our goals. They bring together entrepreneurship and innovation, venture capital and industry expertise to find solutions to challenges and to create new opportunities for building customer and shareholder value.

Annual Meeting to be held May 19

Shareholders are invited to attend the 2020 MGE Energy Annual Meeting on Tuesday, May 19.

Doors open at 9 a.m. 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 13, 2020, will receive an invitation in their proxy mailing.

Vote your shares

This spring, MGEE shareholders will receive the MGE Energy proxy. We encourage all shareholders to exercise their right and responsibility to vote their shares. Whether shareholders own shares through a brokerage firm or are directly registered with MGE Energy, we make voting easy. Return the vote form through the mail or vote online through a designated proxy voting website.



MGEE Shareholder Services

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Madison, WI 53701-1231

NASDAQ: MGEE / NEWSPAPER LISTING: MGE

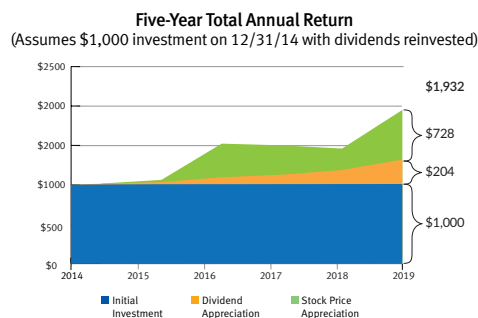


We are powering
a smart energy future.

From transitioning to greater use of cleaner energy to advancing new technologies to elevating the customer experience, your community energy company is embracing the opportunities in an evolving energy world.

MGE Energy produces strong total return

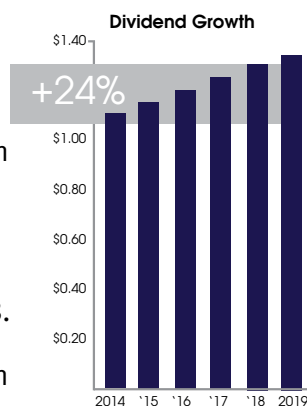
Annual total return provides a snapshot of your investment’s performance. Total return is the combination of stock price appreciation and reinvested dividends. If you invested \$1,000 in MGE Energy five years ago and consistently reinvested your dividends, your investment would have grown to \$1,932 by the close of 2019. MGE Energy’s five-year average total return was 14%. Over the last five years, MGE Energy’s total return has outpaced the national indices of the S&P 500, EEI Investor-Owned Electric Utilities and the Russell 2000.



Steady dividend growth

MGE Energy has a longstanding commitment to building shareholder value through steady dividends. No other Wisconsin utility or utility holding company can match our record of dividend increases.

MGE Energy has increased the dividend for 44 consecutive years and has paid dividends for more than 110 years. In 2019, the Board of Directors increased the annual dividends paid per share by 4.5% to \$1.38. In the last five years, shareholders have seen 24% dividend growth.



Solid annual earnings

MGE Energy reported GAAP (Generally Accepted Accounting Principles) earnings of \$86.9 million, or \$2.51 per share, for the full year of 2019, compared to \$84.2 million, or \$2.43 per share, for the prior year.

MGE Energy’s GAAP earnings for the fourth quarter of 2019 were \$16.7 million, or 48 cents per share, compared to \$16.4 million, or 47 cents per share, in the fourth quarter of 2018.

Sustainability driving investments

Our regulated utility, Madison Gas and Electric (MGE), is investing in cost-effective renewable energy generation to build customer and shareholder value. In 2020 alone, the company is working with partners to bring online four new solar projects, including:

- 50 megawatts (MW) from the Badger Hollow Solar Farm in Iowa County, Wis.
- 50 MW from the Two Creeks Solar project in Manitowoc County, Wis.
- 9 MW from a proposed solar array near Dane County Regional Airport.
- 5 MW from Morey Field Solar at Middleton Municipal Airport.

The company also has preliminary approval to purchase another 50 MW from the second phase of Badger Hollow and has plans for other major solar projects with community stakeholders, including the City of Madison, the Madison Metropolitan School District and a number of large customers.

Since announcing its Energy 2030 framework in November 2015, MGE has announced clean energy projects that are expected to increase the company’s owned renewable capacity by roughly 600% by year-end 2021.

To learn more, visit mgeenergy.com/environment.

MGE recognized for sustainable practices



MGE has earned the highest level of the Wisconsin Sustainable Business Council’s (WSBC) Green Masters Program for the sixth consecutive year. The voluntary program recognizes sustainability leaders and encourages continuous improvement. The WSBC’s statewide sustainability program evaluates participating companies on their sustainable actions in nine primary areas: energy, climate change, water, waste, transportation, supply chain, community outreach, workforce and governance.

Based on the evaluation, companies are placed in one of three categories. The top 20% are awarded the Green Master designation. MGE is one of 27 companies to meet the requirements for Green Master certification in 2019. MGE was the first utility to be recognized as a Green Master in 2014.

Environmental oversight

The MGE Energy board has oversight of the Company’s environmental and sustainability performance. Directors understand sustainability is integral to the company’s long-term success and share management’s commitments in these areas, from long-term and strategic direction to day-to-day business practices throughout the organization.

Learn more about MGE’s commitment to sustainability in our annual Environmental and Sustainability Report at mgeenergy.com/environment.