SIEBERT WILLIAMS SHANK VIRTUAL WEST COAST UTILITIES CONFERENCE



MARCH 17, 2021

Responsibility
Reliability
Resiliency

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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 forwardlooking 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 and other reports filed with the SEC. We caution investors that these forwardlooking 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 forwardlooking statement is made, except as required by law.

Company Highlights

Attractive and Growing Dividend

- Paid dividends for more than 110 years
 - Increased dividends for 45 consecutive years
- Annual dividend growth rate of 5% in the past five years
- Recent payout ratio range of 50-60%

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)

- (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
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Regulated, Highly Visible Growth

5-Year Regulated PPE(1) CAGR of 7.3%

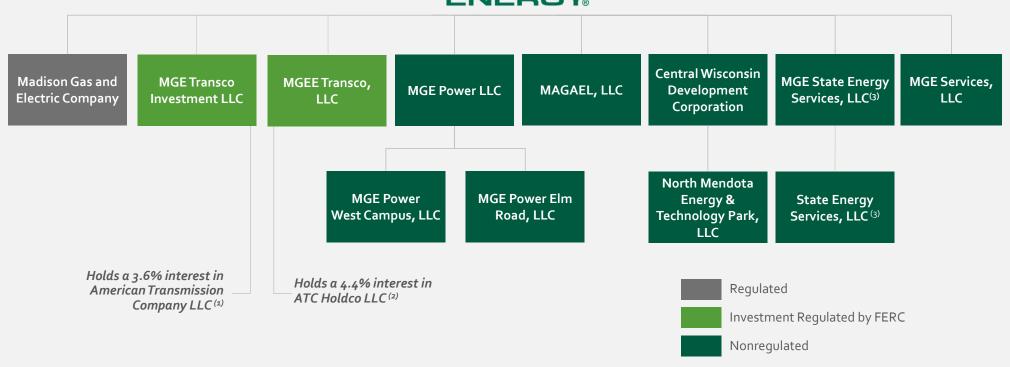
- Total forecasted regulated capex of approx. \$590 M from 2021 through 2023⁽³⁾
- Premium service territory with constructive regulation
- Forward-looking test years
- Renewable Energy Rider
 - Ability to work cooperatively with businesses to tailor a renewable energy solution

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 approx. 675% from 2015 (3)
- Helping customers use energy efficiently
- Electrifying transportation

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

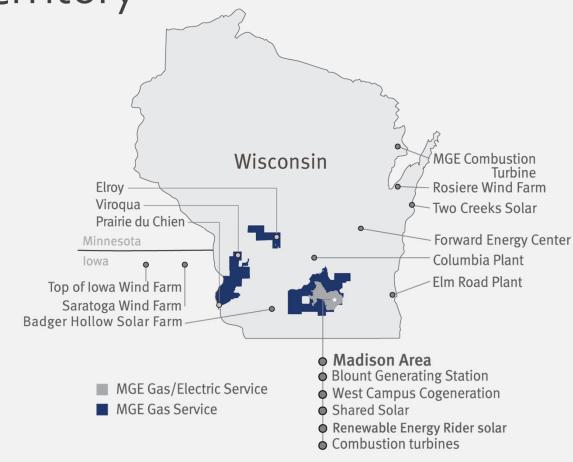


Hospitals and medical facilities



State of Wisconsin government

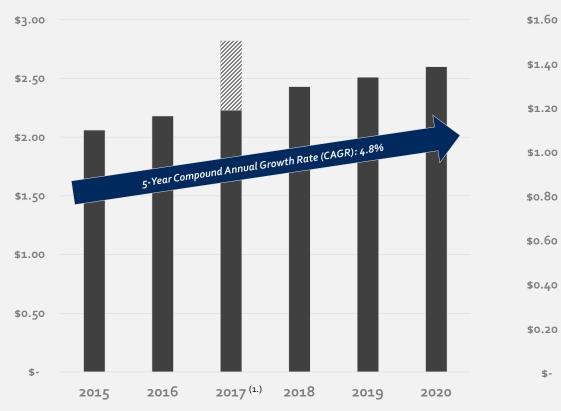


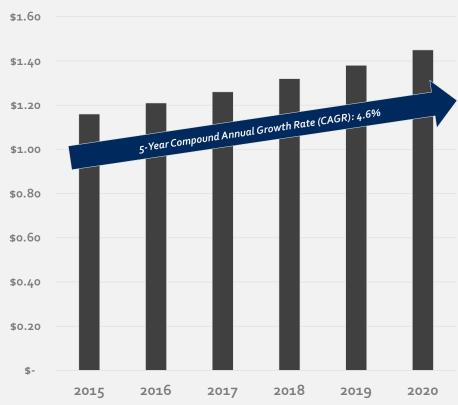


Earnings and Dividends per Share Growth

Earnings Per Share



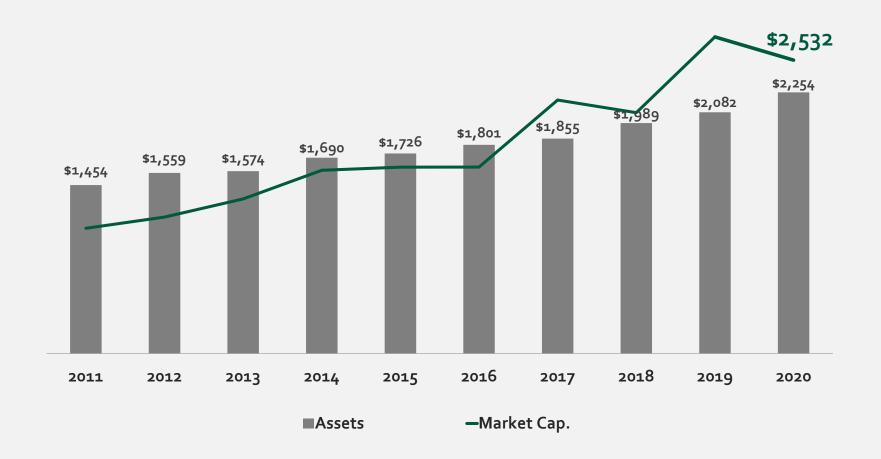




(1.) 2017 Non-Regulated earnings per share includes one-time tax benefit of \$20.4 million, or \$0.59 per share, related to tax reform

Stable Asset Growth

Asset and Market Value 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

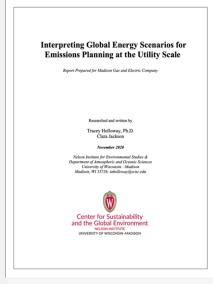
Strategies for deep decarbonization:

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



UW Analysis of MGE's Net-Zero Carbon Goal

- Worked with Dr. Tracey Holloway with the University of Wisconsin-Madison's Nelson Institute for Environmental Studies, Center for Sustainability and the Global Environment, to evaluate MGE's goal of net-zero carbon electricity by 2050.
- The study compared the modeled pathways for the electricity sector in industrialized nations to limit global warming to 1.5 degrees Celsius.
- The report determined that MGE's goal is in line with or more aggressive than these model benchmarks for climate solutions.
- Our clean energy investments are a major step toward deep decarbonization in pursuit of our net-zero carbon goal.



Retirement of Legacy Fossil Fuel Power Plant

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) or nearly 30% of its 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 PSCW and regional regulatory reviews, including approval of replacement energy and capacity resources

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.

Recent Solar/Battery Filing

MGE, in partnership with We Energies and Wisconsin Public Service (WPS), subsidiaries of WEC Energy Group, is seeking approval from state regulators to purchase solar energy and battery storage from the Paris Solar-Battery Park.

- If approved, MGE will own 20 megawatts (MW) of solar energy and 11 MW of battery storage.
- The Paris Solar-Battery Park is a 200-MW solar park to be built in the Town of Paris in Kenosha County, Wis.
- Construction is expected in 2022; expected online in 2023.

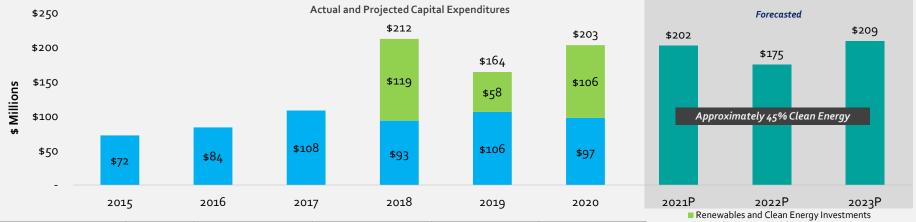
The investment will help MGE to meet future energy and capacity needs cost-effectively as the company continues its ongoing transition away from coal-fired electricity with the planned retirement of the Columbia Energy Center.





Consistent Capital Expenditure Growth

Focused on clean energy and progress toward net-zero carbon



Facility	Ownership Interest	Share of Generation	Date of Commercial Operation ⁽¹⁾	Shared of Estimated Costs ^{(1) (2)} (\$M)	Costs Incurred as of December 31, 2020
Two Creeks Solar	33%	50 MW	Nov. 2020	\$65.00	\$62.90
Badger Hollow I Solar	33%	50 MW	Apr. 2021 (est.)	\$65.00	\$54.70
Badger Hollow II Solar	33%	50 MW	Dec. 2022 (est.)	\$65.00	\$5.20
Paris Solar-Battery Park ⁽³⁾	10%	20 MW Solar			\$0.00
		11 MW Storage	May 2023 (est.)	\$43.00	
O'Brien Solar ⁽⁴⁾	100%	20 MW	Mid-2021 (est.)	\$32.0	\$7.6
Other Clean Energy Investments ⁽⁵⁾	Various		Approx. \$107.0	\$0.0	

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.

■ Other Capital Expenditures

^(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 as of December 31, 2020, does not include AFUDC.

^(3.) In February 2021, MGE, We Energies, and WPSC, filed a joint application with the PSCW for approval to acquire and construct the Paris Solar-Battery Park in the Town of Paris in Kenosha County, Wisconsin.

^(4.) In October 2020, MGE received approval from the PSCW to construct a solar array as part of the Renewable Energy Rider program. O'Brien solar project was originally expected to be completed by January 1, 2021 and is now expected to be completed in mid-2021.

^(5.) Additional utility-scale clean energy investment capital expenditures are expected to continue beyond 2023.

Transition to Clean Energy Generation

Since 2018, Madison Gas and Electric has announced these investments in renewable generation as we continue to decarbonize our generation fleet.

Investment	Capital Expenditures	Nameplate Capacity	In Service Year
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
Badger Hollow I	\$65M	50MW	2021 (est.)
O'Brien Solar	\$32M	20MW	2021 (est.)
Hermsdorf Solar*	\$15M	8MW	2021 (est.)
Badger Hollow II	\$65M	50MW	2022 (est.)
Paris Solar-Battery Park*	\$43M	31MW	2023 (est.)
Total:	\$438M	307MW	





Note: Investments listed above include projects that are either completed and in service, have approved Certificates of Authority (CA), or a CA has been filed and is pending before the Public Service Commission of Wisconsin.

^{*}Pending PSCW Approval

ESG & Sustainability Summary

Leadership

- **Environmental and Sustainability** Policy
- Sustainability Executive Team
- Operations-wide Environmental Management System
- Investing approx. \$440M in clean energy
- 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 credit agencies 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 and Forward Energy Center wind farm
 - Badger Hollow I Solar, Two Creeks 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
 - Approval of various expense deferrals⁽¹⁾
 - Fuel Rules and Gas Cost Recovery Mechanism
 - Current return on 50% of CWIP and 100% CWIP or AFUDC on major construction projects

2021 Rate Settlement

- o% increase for electric customers and 4% increase for gas customers
- Approved \$1.0B electric rate base and \$282M gas rate base
- · Escrow of pension costs, bad debt expense and customer credit card fees
- Approximately 56% average common equity and 9.80% ROE

^(1.) Examples of various expenses deferrals include, but are not limited to, deferrals related to pension, transmission, and Elm Road Generating Station costs.

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.

MGE has forecasted \$50M of capital investment over the next three years (2021-23).

- 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
- This five-year project is designed to transform MGE into a digitally integrated utility.



■ Forecasted Spending (2021 through 2023)

Commitment to Dividends & Shareholder Value

Recent dividend increase was approximately 5%

- Increased dividend in July for the 45th 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

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Regulated, Highly Visible Growth

5-Year Regulated PPE(1) CAGR of 7.3%

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Substantial Sustainability Investment

Seeking Net-Zero Carbon by 2050⁽³⁾

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Appendix

COVID-19 — Risks

Reduced economic activity impacting use of electricity and gas service

MGE began to see the impacts of COVID-19 and the associated governmental regulations in late March and through 2020.

- Commercial electric sales decreased by approximately 7% when compared to 2019.
- Residential electric sales increased by approximately 6% due to the safer-at-home orders.
- Retail electric sales were down 3.5% for the year.

Delays in and possible loss of utility service payments

Economic hardship caused by the quarantine and stay-at-home orders could result in losses as those payments are received late or not at all.

Regulatory Delays

- Delays in regulatory proceedings due to limited operations, hours or ability to convene meetings could delay required approvals or permits, which could affect the timing of certain activities.
- COVID-19 and the associated governmental regulations did not significantly delay or disrupt the timing of MGE's major solar projects.

Regulatory Recovery of Deferred Costs

Certain incurred costs are being deferred as regulatory assets for future recovery in accordance with the PSCW Order dated March 24, 2020.

- As of Dec. 31, 2020, approximately \$3.9 million has been deferred in COVID-related expense.
- MGE received escrow accounting treatment for bad debt expense in 2021.

Operations

To date, we have experienced no material disruptions in utility operations.

MGE's Strong Credit Ratings (1)

S&P (UTILITY RATINGS)	
Corporate credit	AA-
Business risk	Excellent
Commercial paper	A-1+
Outlook	Stable

- 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

MOODY'S (UTILITY RATINGS)	
Secured	Aa2
Unsecured	Aı
Commercial paper	P-1
Outlook	Stable

- 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

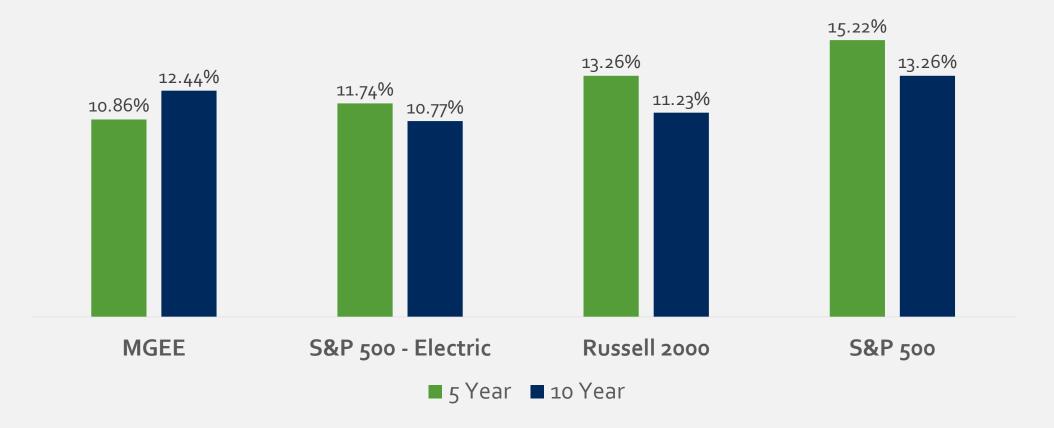
Source: S&P, November 2020

Source: Moody's, October 2020

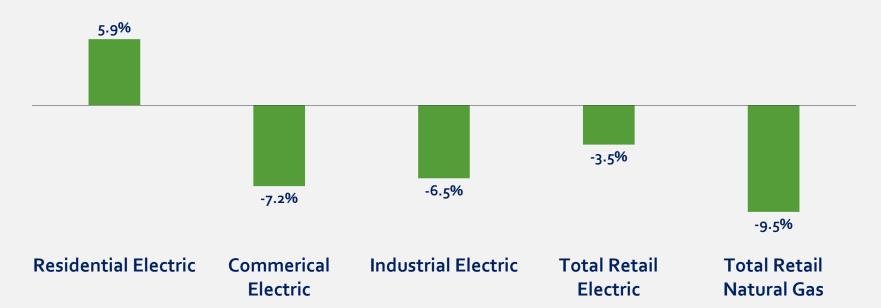
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Total Shareholder Return

As of December 31, 2020



MGE — Electric and Gas Sales 2020



	2020	2019	%
Heating Degree Days (Normal 7,050)	6,799	7,406	(8.2)%
Cooling Degree Days (Normal 681)	733	657	11.6%

Electric sales down due to COVID, offset somewhat by increase in residential sales . Gas sales down due to warmer than normal weather.

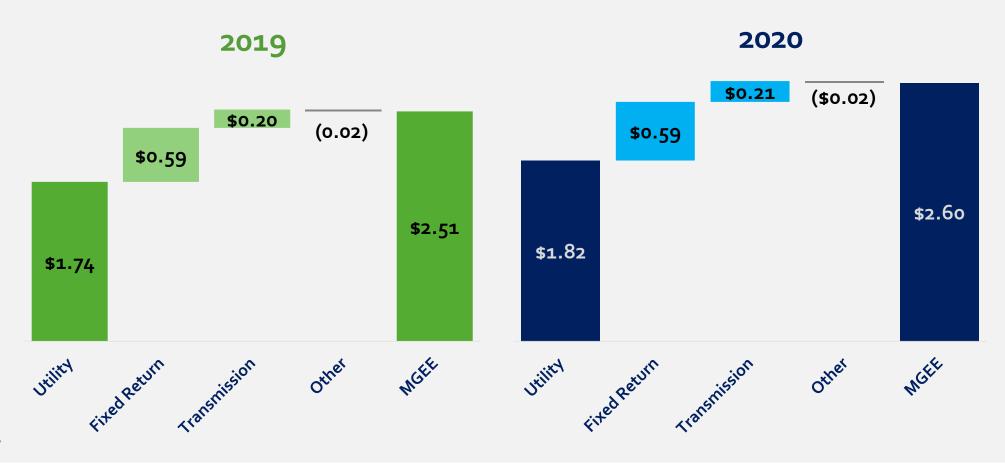
Earnings per Share Segments

Three Months Ended December 31st

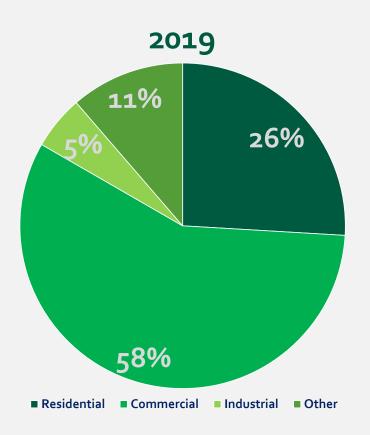


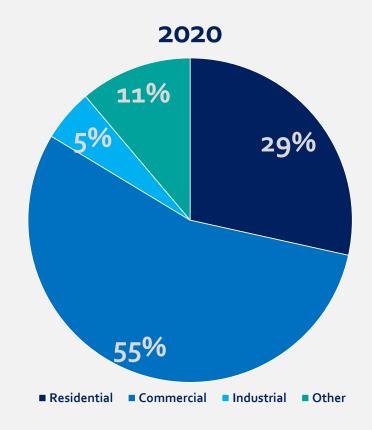
Earnings per Share Segments

Twelve Months Ended December 31st

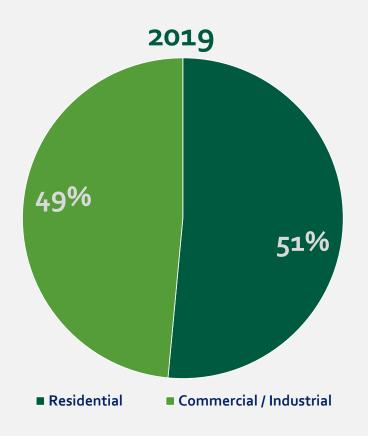


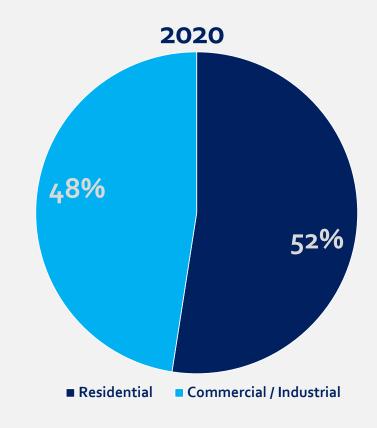
Electric Retail Sales Mix





Gas Retail Sales Mix





Thank you

For more information:

Visit mgeenergy.com

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Virtual West Coast Utilities Conference March 17, 2021

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Building your community energy company for the future