



Bold Goals • Community Focus

Cost-effective renewable investments fueling capital expenditures



**Jeff Keebler, Chairman,
President and Chief
Executive Officer**

A year ago, our regulated utility subsidiary, Madison Gas and Electric (MGE), committed to achieving net-zero carbon electricity by the year 2050. MGE was one of the first utilities to commit to carbon neutrality by mid-century. One of MGE's strategies for achieving deep decarbonization is working with customers to grow our use of cost-effective, clean energy and to decarbonize our electricity generation.

Our commitment to clean energy is reflected in our current and projected capital expenditures. Since introducing our Energy 2030 framework in November 2015, MGE has announced approximately \$350 million in clean energy projects that are expected to grow our owned renewable capacity by approximately 600%.

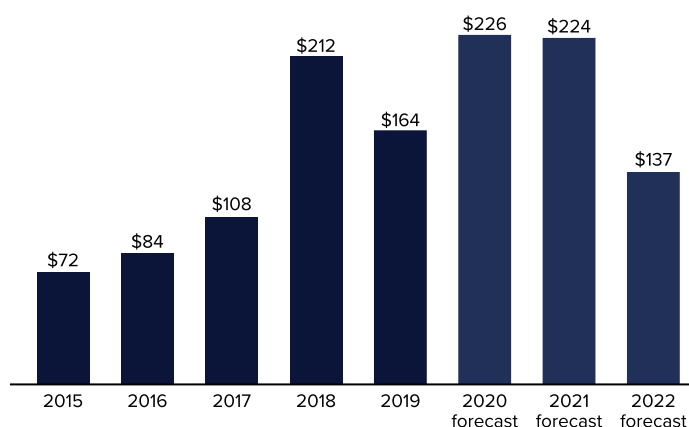
These investments include the following:

- Forward Energy Center, 17.6 megawatts (MW) of wind energy purchased in 2018 for \$23 million.
- Saratoga Wind Farm, 66 MW built in 2018 for \$108 million.
- Badger Hollow Solar Farm, 100 MW under construction at a cost of \$130 million.
- Two Creeks Solar, 50 MW under construction at a cost of \$65 million.

- Morey Field Solar, a 5-MW project to expand MGE's Shared Solar program and serve two major customers under Renewable Energy Riders (RER).
- Dane County Airport Solar, 9-MW project to be built to serve Dane County under an RER agreement.

MGE also is proposing two other solar projects within its service territory, including a 20-MW solar array in the city of Fitchburg to serve major customers under the company's RER and a 7-MW solar project to serve City of Madison operations and the Madison Metropolitan School District under RER agreements. The RER program gives MGE the opportunity to customize a renewable energy solution to meet a specific customer's needs, advancing shared sustainability goals while growing clean energy in the community.

Capital Expenditures
(in millions)

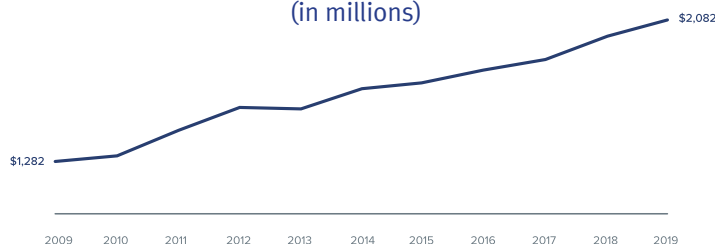


Consistent financial performance reflects commitment to shareholder value

MGE Energy is committed to building shareholder and customer value with disciplined financial management, cost-effective investments to advance sustainability and new programs, products and services to meet customer needs and expectations.

MGE continues to receive from Standard & Poor's and Moody's the highest credit ratings in the nation for investor-owned, combination utilities. MGE's strong credit ratings have helped to grow the company's asset base, which has grown in the last ten years from almost \$1.3 billion in 2009 to more than \$2 billion in 2019.

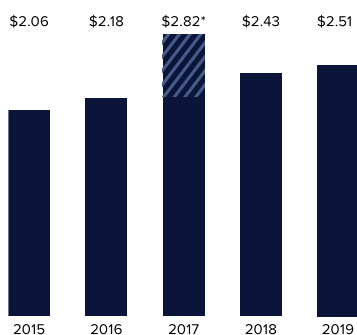
10-Year Asset Growth
(in millions)



Solid earnings growth

For 2019, MGE Energy reported earnings of \$86.9 million, or \$2.51 per share, compared to \$84.2 million, or \$2.43 per share, for 2018. The addition of MGE's \$108 million Saratoga Wind Farm and an increase in gas retail sales, driven by colder weather in the first quarter, contributed to higher earnings. MGE also added about 2,000 more electric and 2,000 more gas customers in 2019.

Earnings Per Share
(2015 - 2019)



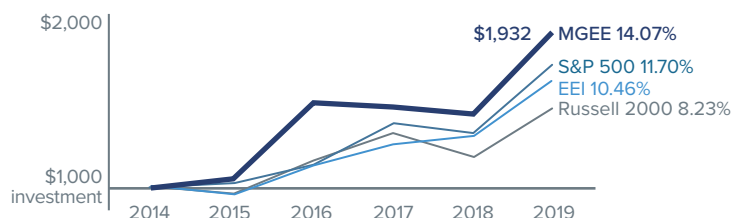
* Includes one-time tax benefit of 62 cents per share due to tax act.

Total return outperforms indices

Total return is the combination of reinvested dividends and stock price appreciation. For the five years ending with 2019, MGE Energy's annualized total return was 14%, outpacing comparable market indices. If you invested \$1,000 in 2014, your investment would have grown to \$1,932 by the end of last year.

Cumulative Total Return Comparison

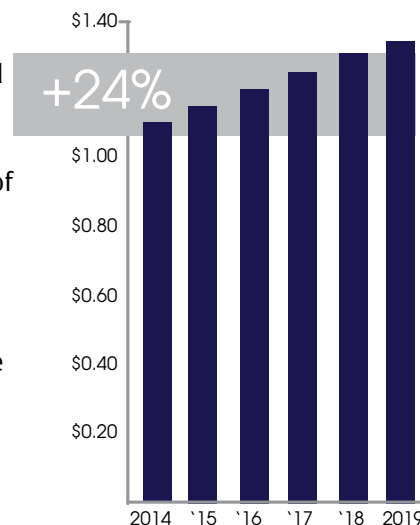
(assumes \$1,000 investment on 12/31/14 with dividends reinvested)



In 2019, your Board of Directors increased the annual dividends paid per share by 4.5%. Our annual dividend paid per share reached \$1.38. For the last five years, MGE Energy shareholders have seen 24% dividend growth.

Dividend Growth

MGE Energy is consistently recognized as a Dividend Achiever by Mergent, a financial publisher. We are one of only four combination utility holding companies nationwide to increase the dividend for 44 or more consecutive years.



MGE's strategies to achieve net-zero carbon electricity by 2050

This year, a number of major solar projects that will deliver cost-effective, clean energy to our community grid are under construction. The addition of these large-scale investments represents another step toward our goal of net-zero carbon electricity by 2050, one of the most ambitious goals in the industry.

MGE's goal is based on the latest climate science from the Intergovernmental Panel on Climate Change (IPCC), which in October 2018 released a special report on global warming of 1.5 degrees Celsius. MGE's goal and its strategies for achieving deep decarbonization are based on the latest IPCC science.

In 2019, MGE enlisted the help of experts at the University of Wisconsin-Madison's Nelson Institute for Environmental Studies to evaluate its net-zero goal within the context of the IPCC special report. They determined MGE's goal is aggressive in its efforts to prevent the most severe impacts of climate change.

Chairman, President and CEO Jeff Keebler has said MGE's net-zero goal signals the company's direction but doesn't determine its pace.

"MGE is working as aggressively as it can to advance its strategies to achieve deep decarbonization as quickly and as cost-effectively as possible while working to ensure all customers benefit from our investments in renewable energy," Keebler said.

To achieve deep decarbonization, the company is pursuing a three-pronged strategy:

- Decarbonizing electricity generation.
- Engaging customers in energy efficiency.
- Electrifying transportation.

Under the company's Energy 2030 framework introduced in November 2015, MGE set a goal of 25% renewable energy by 2025. MGE expects to reach that goal ahead of schedule with nearly 250 megawatts of new, clean energy capacity announced since 2015 and more projects in various stages.

Electric vehicles key to market growth, reduced emissions

Transportation accounts for 29% of greenhouse gas emissions in the United States, making it the largest contributor nationwide.

MGE has been working to grow the use of electric vehicles (EVs) since establishing its charging network more than 10 years ago. Since 2009, MGE's network of public charging stations, powered by green energy, has grown to more than 40 stations throughout the service territory.

MGE works with employers, apartment building developers and property managers, municipalities, fleet managers, residential customers and other partners to grow EVs and charging opportunities.

The U.S. Department of Energy reports EV drivers do more than 80% of their charging at home. To make fueling up even easier for EV drivers, MGE offers Charge@Home. For a monthly fee plus the cost of electricity, residential customers can receive a Level 2 charging station installed, owned and maintained by MGE. Level 2 charging stations can charge a vehicle up to six times faster than a standard electrical outlet.

"Charge@Home makes faster home charging hassle-free for drivers, and for our customers who live in apartments, we also work with developers and property managers to enable charging at apartment buildings. They understand customers want to be able to charge while home," said Debbie Branson, MGE manager of electrification.

MGE also uses its own experience with EVs as fleet vehicles to assist customers who want to further their commitment to sustainability. MGE first added alternative fuel vehicles to its fleet more than a decade ago; now the focus has moved to EVs.

MGE currently operates three plug-in hybrid EVs, six hybrid electric aerial trucks and six all-electric EVs within its fleet.

Learn more about these and MGE's other efforts to achieve deep decarbonization at mgeenergy.com/environment.



Jimmy Rogers, Electrical Engineer for MGE, visits job sites with MGE's all-electric Ford Focus.

City of Madison to welcome electric buses

This spring, the City of Madison Metro Transit (Metro) will receive three battery-electric buses with help from MGE. In 2017, MGE and the City of Madison partnered to secure \$1.3 million in federal funding for the buses. The City of Madison has a goal to electrify its fleet by 2030.

Manufactured by Proterra, the buses have zero tailpipe emissions and a range of up to 250 miles. The 40-foot buses will replace three diesel buses in Metro's fleet. Electric buses, similar to regular electric vehicles (EVs), cost less to operate and to maintain.

"We're very excited to move into this new era of no-emission vehicles. Metro also looks forward to the lower fuel and maintenance costs expected from these vehicle types," said Mick Rusch, Metro Transit Marketing and Customer Service Manager. "And we're confident our customers will appreciate the reduced noise these buses make when they operate. All of this will be great for Metro – great for the community. Staff eagerly await the arrival of these new vehicles and working with MGE to introduce them into our fleet."

As part of the partnership with Metro, MGE has provided:

- 100% of the required local matching funds for charging infrastructure for the three all-electric buses.
- Continued in-kind support and expertise to address technological issues and facilitate cost-effective and efficient use of energy for charging.

The buses will hit Madison streets later this year with branding from MGE.

"These new, all-electric buses will be hard to miss, other than the lack of exhaust and lack of noise," said MGE manager of electrification, Debbie Branson. "The exterior of the buses will advertise some of our EV programs, such as Charge@Home and our online cost comparison tool, Explore My EV, which helps drivers compare costs between EVs and gas-powered vehicles. We appreciate the opportunity to partner with Metro to help our community better understand the benefits of EVs and how they will help us reach shared goals."



Metro Transit will receive three battery-electric buses, similar to this one, from Proterra.

MGE Responds to Coronavirus Pandemic

MGE continues to work with all customers economically impacted by the COVID-19 coronavirus public health emergency. Beyond our responsibility as a critical services provider, the MGE Foundation is supporting community partners, such as the United Way of Dane County and other local organizations, to help meet the needs of customers experiencing hardship.

An essential business and operation, MGE takes the responsibility of operating and maintaining critical electric and gas infrastructure seriously. All MGE employees—whether they are conducting important work in the field, monitoring our community grid, running generation facilities or answering customer calls—are committed to working together to ensure safe, reliable service. While carefully managing our operations work throughout the pandemic, MGE has been following state and federal guidance to ensure the safety and well-being of our employees, customers and community. Safety is our top priority.

Visit mge.com for more information about our commitment to customers and response to COVID-19.

For information on MGE Energy's Direct Stock Purchase and Dividend Reinvestment Plan, contact:

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Learn more at mgeenergy.com

- Stock price
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- Stock purchase plan
- Company news
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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.