All statements in this presentation other than historical facts are forward-looking statements that involve risks and uncertainties which are subject to change at any time.

Such statements are based upon management’s expectations at the time they are made. Various factors could cause actual results to be significantly different than those contemplated, estimated or projected in forward-looking statements. Those factors include the assumptions and factors referred to in the statements themselves as well as risk factors described in the company’s latest annual report on Form 10-K, subsequently filed quarterly reports on Form 10-Q and other reports filed with the Securities and Exchange Commission. The company assumes no responsibility to update any forward-looking statements for events occurring after the date hereof.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities of MGE Energy, Inc., or Madison Gas and Electric Company. A registration statement relating to the common stock of MGE Energy, Inc., has been declared effective by the Securities and Exchange Commission. Any offering of such common stock is being made solely by means of a prospectus supplement and an accompanying prospectus, copies of which may be obtained from MGE Energy, Inc., at 133 South Blair Street, Madison, Wisconsin 53788, attention: Shareholder Services, telephone no. (800) 356-6423.
MGEE Investment Profile

Financial Strength:
- Strong Asset Base
- Strong Capital Structure
- Strong Liquidity & Cash Flows
- Cost Conscious Management

High Credit Quality:
- S&P Rating: AA-  Stable
- Moody’s Rating: A1  Stable

- Highest rated combination utility in the nation

Supportive Regulation:
- Forward Looking Test Years
- Fuel Recovery Mechanisms
- Current return on CWIP

Strong Dividend History:
- Consistent and Predictable Dividend Growth
- Flexibility with Dividend
Service Territory

Economic Outlook

• **Madison**
  – Best place to live
    • Livability, 2015
  – 4\textsuperscript{th} best small metro college area
    • American Inst. for Econ. Research 2014-15
  – Low unemployment (Jun. 2015): 3.5%

• **Dane County**
  – Population growth through 2035 predicted to be the highest of any county in Wisconsin
  – Low unemployment (Jun. 2015):
    • 3.5\% (WI: 4.6\%; U.S.: 5.3\%)
Organizational Structure

Exchange: NASDAQ
Ticker: MGEE
Organized: 2001

- Madison Gas and Electric Co. (Est. 1896)
- MGE Power, LLC (Est. 2002)
  - MGE Power West Campus, LLC (Est. 2003)
  - MGE Power Elm Road, LLC (Est. 2003)
- MGE Transco Investment, LLC (Est. 2005)
- Other
  - MAGAEL, LLC (Est. 1973)
  - Central Wisconsin Development Corp. (Est. 1986)
  - North Mendota Energy & Technology Park, LLC (Est. 2013)
  - NGV Fueling Services, LLC (Est. 2013)
  - MGE State Energy Services, LLC (Est. 2014)
  - MGE Services, LLC (Est. 2014)
Public Utilities Fortnightly Ranking

MGEE named 9th Best Energy Company in the US by Public Utilities Fortnightly

MGEE achieved Top 40 honors for 7 consecutive years

“The best players will be the ones that continue delivering solid performance for shareholders – even as they adapt to market changes”

Michael Burr, editor
Electric Reliability

• MGE recognized as the most reliable electric utility in the United States, based on national industry survey results
• MGE ranked number 1 in reliability with the fewest and shortest power interruptions based on average customer outages in 2013
• MGE consistently placed in the top three utilities nationwide for fewest and shortest outages
Investing in Our Utility

- **Environmental Controls**
  - Installing a selective catalytic reduction (SCR) system at the Columbia Energy Center

- **Electric and Gas Maintenance CapEx**
  - Gas Main Expansion
  - Electric Distribution and Metering

- **Common CapEx**
  - IT Infrastructure

- **Transmission – via equity contributions to American Transmission Company (ATC)**
Depreciation expense averages around $40 million per year
Growth through Utility Investments - *Environmental*

- **Columbia Environmental Controls Expenditures**
  - Cumulative Expenditures
  - $30-40 M

  - **PSCW approved a Certificate of Authority to install a SCR system at the Columbia Energy Center**
Growth through Utility Investments - Gas Main Expansion

- Propane customers seeking a cheaper and more reliable fuel option
  - Propane shortages caused fuel rationing and price spikes
- MGE extending natural gas infrastructure to meet growing demand
  - $3 million / year of potential investment
  - High usage agricultural and commercial customers driving expansions to date
  - WI Commission very supportive of expansion program
- Potential customers are willing to pay a surcharge to bring natural gas service to their location
  - Surcharges avoid subsidization by existing customers
Approximately 8% of MGE Energy’s earnings come from its $69.3 million transmission investment in ATC.

ATC forecasted CapEx of $3.3 to $3.9 billion over the next 10 years, this excludes potential transmission investments outside its traditional footprint.

ATC rate base at year end 2015 is projected to be about $3.1 billion.
DATC – Joint Venture between Duke and ATC

- Zephyr Power Transmission Project
- San Luis Transmission Project
- Other transmission projects throughout the US
Investment Fundamentals - Growth through Dividends

• Dividend Growth has been around 4%
  – Recent dividend payout ratio has been around 50-60%
  – No dividend payout range targeted
  – Flexibility with dividend

• 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
# MGEE versus Industry Range (EEI) Dividend Payout Ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>MGEE</th>
<th>EEI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>77%</td>
<td>87%</td>
</tr>
<tr>
<td>2005</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>66%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>59%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

**Explanation:**
- MGEE's dividend payout ratios were consistently above the industry average, indicating a strong focus on dividend growth.
- The industry range shows a slight decline over the years, with some years matching or exceeding MGEE's performance.

**Insight:**
MGEE's consistent dividend payout ratios suggest a stable and reliable dividend strategy, appealing to investors seeking growth through dividends.
State Asset Sale

- Energy facilities potentially for sale state-wide
  - Some of the power facilities are located within MGE’s service territory
- WI Department of Administration has awarded contracts for services:
  - Providing deal advisory and financial broker services
  - Legal and engineering support service providers are selected
- MGE impact?
  - MGE co-owns with the State the West Campus Co-generation Facility serving the UW Madison campus steam and chilled water
  - The State and UW-Madison are already customers of MGE
- MGE and WE Energies (WEC) have formed a joint venture to cooperatively evaluate bidding on these assets
Distributed Generation

- Solar Photovoltaic
  - Opportunity growing as installed costs continue to decline
  - MGE service territory has strong support for renewable technologies
  - MGE has nearly 30 years of operational experience with PV technologies
  - Evaluating additional utility offerings

- Back-up / Emergency Generation
  - Currently own and operate 54 units with 50 MW of dispatchable capacity (6.4% of net summer capacity)
  - High tech customers looking for similar electrical back-up solutions to achieve stringent reliability standards
Investment Profile - Financially Strong

Strong Capital Structure

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>Q2 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSE</td>
<td>56%</td>
<td>59%</td>
<td>60%</td>
<td>62%</td>
<td>60%</td>
<td>62%</td>
<td>63%</td>
</tr>
<tr>
<td>LTD</td>
<td>36%</td>
<td>38%</td>
<td>40%</td>
<td>38%</td>
<td>40%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>STD</td>
<td>7%</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

CSE: Common Stock Equity

LTD: Long-Term Debt

STD: Short-Term Debt
Investment Profile - Financially Strong

**Strong Cash Flows**

- Operating Cash Flow
- Capital Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Cash Flow (in $ Millions)</th>
<th>Capital Expenditure (in $ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$118</td>
<td>$78</td>
</tr>
<tr>
<td>2010</td>
<td>$124</td>
<td>$60</td>
</tr>
<tr>
<td>2011</td>
<td>$131</td>
<td>$65</td>
</tr>
<tr>
<td>2012</td>
<td>$146</td>
<td>$98</td>
</tr>
<tr>
<td>2013</td>
<td>$140</td>
<td>$93</td>
</tr>
<tr>
<td>2014</td>
<td>$129</td>
<td>$84</td>
</tr>
<tr>
<td>TTM Jun. 2015</td>
<td>$117</td>
<td>$84</td>
</tr>
</tbody>
</table>
Investment Profile - Financially Strong

Strong Liquidity

- Lines of Credit ($ Millions)
- Outstanding Short-Term Debt ($ Millions)
## Strong Asset Base

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets ($ Millions)</th>
<th>Market Cap. ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$693</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>$767</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>$779</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>$756</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>$826</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$988</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>$1,081</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>$1,178</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>$1,334</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>$1,581</td>
<td></td>
</tr>
<tr>
<td>Q2 2015</td>
<td>$1,698</td>
<td>$1,693</td>
</tr>
</tbody>
</table>
Solid Earnings Per Share Growth

Year | EPS
--- | ---
2010 | $1.66
2011 | $1.76
2012 | $1.86
2013 | $2.16
2014 | $2.32
Highest Rated Investor-Owned Electric and Gas Utility

**S&P (Utility Ratings)**
- Corporate credit: AA-
- Business risk: Excellent
- Commercial paper: A-1+
- Outlook: Stable

✓ Effective management of regulatory risk
✓ Strong regulatory environment
✓ Focus on regulated vertically integrated electric and natural gas distribution operations
✓ Conservative financial policies that ensure strong credit quality

*Source: S&P, August 2014*

**Moody’s (Utility Ratings)**
- Secured: Aa2
- Unsecured: A1
- Commercial paper: P-1
- Outlook: Stable

✓ Rating reflects supportive regulatory environment that provides revenue, cash flow
✓ Stable and healthy credit metrics
✓ Stable rating outlook assumes future prudently incurred investments will be recovered
✓ Funding will replicate authorized capital structure

*Source: Moody’s, April 2015*
Investment Profile - Supportive Regulation

Wisconsin’s regulatory ranking is Regulatory Research Association’s (RRA’s) highest
• In July 2015, MGE filed with the PSCW a fuel credit application, proposing a mechanism to return fuel savings to electric customers. Actual fuel savings will depend upon 2015 and 2016 PSCW fuel cost audits
• The next scheduled base rate case filing is Spring 2016 for the 2017 test year
Contact:

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Director - Shareholder Services and Treasury Management
P. O. Box 1231
Madison, WI  53701-1231

Phone:  608-252-4723
Cell:    608-843-6166
E-mail:  kfrassetto@mge.com
Appendix
Financial Strength
Investing in Our Core Utility

Total Asset Growth

- Dec. 2009: $930 M
- Dec. 2014: $1,296 M

Capital Expenditures

- 2009: $674 M
- 2010: $977 M

<table>
<thead>
<tr>
<th>Year</th>
<th>Electric</th>
<th>Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$37</td>
<td>$14</td>
</tr>
<tr>
<td>2010</td>
<td>$34</td>
<td>$14</td>
</tr>
<tr>
<td>2011</td>
<td>$47</td>
<td>$16</td>
</tr>
<tr>
<td>2012</td>
<td>$82</td>
<td>$16</td>
</tr>
<tr>
<td>2013</td>
<td>$100</td>
<td>$16</td>
</tr>
<tr>
<td>2014</td>
<td>$68</td>
<td>$22</td>
</tr>
<tr>
<td>2015 Est.</td>
<td>$62</td>
<td>$22</td>
</tr>
</tbody>
</table>
### Segment Earning Per Share
Three Months Ended June 30

<table>
<thead>
<tr>
<th>Segment</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>MGEE Utility</td>
<td>$0.23</td>
<td>$0.21</td>
</tr>
<tr>
<td>Transmission</td>
<td>$0.14</td>
<td>$0.14</td>
</tr>
<tr>
<td>Other</td>
<td>$0.04</td>
<td>$0.04</td>
</tr>
<tr>
<td>Fixed Return</td>
<td>$0.41</td>
<td>$0.39</td>
</tr>
</tbody>
</table>
Segment Earning Per Share
YTD Ended June 30

<table>
<thead>
<tr>
<th>Year</th>
<th>Utility</th>
<th>Fixed Return</th>
<th>Transmission</th>
<th>Other</th>
<th>MGEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$0.85</td>
<td>$0.28</td>
<td>$0.08</td>
<td>$1.21</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$0.56</td>
<td>$0.29</td>
<td>$0.07</td>
<td>$0.92</td>
<td></td>
</tr>
</tbody>
</table>
## Delivering Competitive Shareholder Returns*

<table>
<thead>
<tr>
<th></th>
<th>Three Year</th>
<th>Five Year</th>
<th>Ten Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MGEE Energy</strong></td>
<td>16.98%</td>
<td>17.72%</td>
<td>10.69%</td>
</tr>
<tr>
<td><strong>Dow Jones Utility Average</strong></td>
<td>14.38%</td>
<td>13.78%</td>
<td>10.50%</td>
</tr>
<tr>
<td><strong>Dow Jones Industrial Average</strong></td>
<td>16.29%</td>
<td>14.22%</td>
<td>7.91%</td>
</tr>
<tr>
<td><strong>SNL Electric Company</strong></td>
<td>13.92%</td>
<td>14.06%</td>
<td>8.66%</td>
</tr>
</tbody>
</table>

* December 31, 2014, Annualized Total Returns
Environmental Steward

- 1st utility in Wisconsin to participate in the highest level (Tier 2) of the State of Wisconsin Department of Natural Resources’ (DNR) Green Tier environmental leadership program

- 5th company in Wisconsin to achieve Tier 2 status

- Voluntarily committed to continuously improve environmental performance by developing management strategies and adopting new technologies and practices
Environmental Steward

- Attained the highest level of the Wisconsin Sustainable Business Council’s Green Masters Program

- The only utility in Wisconsin to be recognized as a Green Master

- MGE’s steps to use less energy, cut waste and become generally more sustainable in operations and supply chain placed the company in the highest level of the Green Master Program
Environmental Steward

- 4th highest green pricing participation rate of any investor-owned utility (NREL)
- Total renewable generation capacity of approximately 140 MW:
  - Wind (ownership) 41 MW
  - Wind (PPAs) 97 MW
- Early compliance with renewable portfolio standards