

Compensation Committee Charter

Purpose

The purpose of the Compensation Committee (Committee) of the Board of Directors (Board) of MGE Energy, Inc. (Company) is to assist the Board and, where appropriate, carry out the Board's overall responsibility relating to executive compensation, as discussed more fully in this Charter.

Authority

The Committee shall report to the Board. It shall have unrestricted access to Company records and authorization to obtain assistance from Company personnel to accomplish its purpose.

The Committee shall have authority to retain and terminate such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion to assist it in the performance of its duties. The Committee shall consider the independence factors prescribed by the Nasdaq Stock Market, Inc. (Nasdaq) and the Securities and Exchange Commission before selecting any such compensation consultants, outside counsel or other advisors. The Committee shall have sole authority to approve related fees and retention terms of any such consultants, counsel or other advisors. Such consultants, counsel and other advisors shall report directly to the committee. The Company shall provide to the Committee the funding necessary and appropriate to discharge its duties and responsibilities as set forth in this Charter, including the payment of the cost of any compensation consultants, counsel or other advisors retained by the Committee.

Committee Composition

The Committee shall consist of three or more members, as determined by the Board. The Board shall appoint members of the Committee and shall designate the Committee Chair. Committee members shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal.

Each Committee member shall be an independent director, defined as a person other than an officer or employee of the Company or its subsidiaries or any other individual having a relationship which, in the opinion of the Company's Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Committee members may not receive any consulting, advisory, or other compensatory fees directly or indirectly from the Company other than in the member's capacity as a member of the Committee, the Board or any other Board committee. In determining whether a director is eligible to serve on the Committee, the Board shall also consider whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary in order to assess whether any such affiliation would impair the director's judgment as a member of the Committee. Applicable laws and regulations shall be followed in evaluating a director's eligibility to serve on the Committee.

Meetings

The Committee shall meet at such times as it determines to be necessary or appropriate, but not less than once a year. A majority of the Committee members then in office shall constitute a quorum for the transaction of business. Approval by a majority of the Committee present at a meeting at which a quorum is present shall constitute approval by the Committee. The Committee may meet by telephone, video conference or similar means of remote communications. The Committee may also act by unanimous written consent without a meeting.

The chief executive officer of the Company may not be present during any Committee deliberations upon his or her compensation or voting upon his or her compensation.

Responsibilities

The Committee shall:

- Assist the Board in developing and evaluating potential candidates for executive positions, including the chief executive officer, and to assist with the development of executive succession plans.
- Review the performance of the chief executive officer and recommend to the Board for their consideration and approval annual compensation, including salary, bonus, incentive and equity compensation.
- Evaluate the performance of the senior officers other than the chief executive officer and recommend to the Board annual compensation, including salary, bonus, incentive and equity compensation.
- Review the Company's incentive compensation and other plans and recommend changes in such plans to the Board as needed. The Committee shall have the authority of the Board with respect to the administration of such plans and as otherwise required under applicable securities or tax law.
- Review with management the Company's compensation discussion and analysis required to be included in the Company's proxy statement. Based upon such review, the Committee shall make a recommendation to the Board as to whether such compensation discussion and analysis shall be included in the Company's proxy statement and shall prepare the related report required to be included in the Company's proxy statement.
- Review the results of any advisory stockholder votes on executive compensation and consider whether to recommend adjustments to the Company's executive compensation policies and practices as a result of such votes.
- Gather information and make recommendations concerning fees and other benefits to be paid or made available to members of the board of directors.

- Perform such other duties and responsibilities, consistent with this Charter, the Company's bylaws, governing law, the rules and regulations of Nasdaq, the federal securities laws and such other requirements applicable to the Company, delegated to the Committee by the Board or required under the provisions of any compensation or benefit plan maintained by the Company.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees (consisting of one or more members) as the Committee may deem appropriate in its sole discretion.

The Committee shall report its actions and any recommendations to the Board after each committee meeting.

The Committee shall periodically evaluate its performance in the fulfillment of its functions and its performance of its responsibilities. The Committee shall review the adequacy of this charter on an annual basis and recommend any proposed changes to the Board for its consideration and approval.