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Our investors are the cornerstone of our success. We understand that they want long-term growth through stock price appreciation and a steady dividend. Our record stands for itself. Over the last 10 years, our stock price has outperformed the major national indices of the Dow Jones Industrials and the S&P 500. Our stock price grew 84% from 2004 through 2013. In February 2014, we issued a 3-for-2 stock split. This recent split will help keep the stock price affordable for the average investor.

In addition, MGE Energy has a strong commitment to dividends. We have paid dividends each year since 1909. The dividend paid per share reached $1.07 in 2013. MGE Energy is one of only four combination utilities in the nation to increase its dividend for 38 or more years. This consistency is unequalled by our Wisconsin utility peers.

The total return on your investment is stock price appreciation combined with dividend income. If you had invested $1,000 in MGE Energy a decade ago and reinvested your dividends, your total return would be $2,709. That’s an annualized return of 10.5% over the last decade.

MGE Energy is a quality investment that can play an important role in a balanced portfolio.
National recognition for our financial performance

MGE Energy’s strong financial performance has received top national ratings. Once again, our company was listed among the 40 best energy companies in the nation and as No. 1 in Wisconsin by Public Utilities Fortnightly. This industry journal evaluated the shareholder value of the 73 largest power and gas companies to compile its top-40 list. The reviews look at profitability, dividend yield, free cash flow, return on equity and return on assets.

Value Line, Inc., gave our company top ratings for both financial strength and investment safety. Value Line evaluates 1,700 stocks quarterly. MGE Energy is one of three investor-owned utilities to receive the highest investment safety ranking among the 19 utilities in the central U.S. region.

In addition, our regulated subsidiary Madison Gas and Electric (MGE) received the highest credit rating in the nation for investor-owned, combination utilities from both Moody’s and Standard & Poor’s (S&P).

According to S&P: “MGE’s management team has effectively executed its business strategy and operations while controlling costs.”

<table>
<thead>
<tr>
<th>Year</th>
<th>Wisconsin</th>
<th>Nationwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
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<td>27</td>
</tr>
<tr>
<td>2011</td>
<td>No. 1</td>
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<td>11</td>
</tr>
<tr>
<td>2013</td>
<td>No. 1</td>
<td>7</td>
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</tbody>
</table>

MGE Energy has received top marks among Wisconsin utilities and consecutively higher marks among U.S. utilities in the Public Utilities Fortnightly annual ranking of the 40 best energy companies. This consistent performance recognizes our consistent long-term value.

NASDAQ congratulates MGE Energy for its 30th market anniversary

At the MGE Energy Annual Meeting on May 20 in Madison, we marked our 30th anniversary of trading on the NASDAQ Stock Market. Since listing on NASDAQ, MGE Energy’s market value has grown more than nine times—from $142 million in 1984 to $1.3 billion by the end of 2013.

At the meeting, we presented a video message from the CEO of NASDAQ, Bob Greifeld, to our shareholders. Greifeld noted MGE Energy’s commitment to delivering long-term value for its investors. Today, when the average lifespan of a company listed in the S&P 500 Index is about 15 years, it is MGE Energy’s commitment that has helped the company to achieve continued success, he said.

Certainly for publicly held companies, the total returns delivered to shareholders have to be a central part of their strategy, he noted. Greifeld commended MGE Energy for its outstanding dividend record.

Greifeld also congratulated Chairman Gary Wolter and the entire MGE Energy management team for 30 years on the NASDAQ Stock Market. He said that NASDAQ looks forward to watching MGE Energy grow and continue to transform over the next 30 years.

Technology for today and for tomorrow

At MGE, we are proactive in this world of rapidly changing technology. We have installed more than 20 different technology demonstration projects across the community, such as:
- A green roof on the new Madison Central Library.
- A micro-cogeneration unit at our local zoo.
- Various photovoltaic installations at locations ranging from the Wisconsin Capitol to area schools.

These new technologies provide first-hand experience and the opportunity to share what we learn with our customers.

We appreciate our community partners who help make these technology demonstrations possible through their collaboration. These installations require thoughtful planning and work to install, monitor and maintain them. It’s the power of working together.

We will continue to spearhead new efforts that help prepare us for the future.

Generation improvements lead to new level of environmental performance

MGE is completing a decade of work to bring our generation fleet to a new level of environmental performance.

From 2005 through the end of 2014, we will have invested a projected $483 million in state-of-the-art power plants, a wind farm and new emission controls at the 1,000-megawatt Columbia Energy Center.

This significant capital outlay will result in a reliable, cleaner energy future. Estimated system-wide emissions reductions by 2015 include:
- Sulfur dioxide down by 94%.
- Mercury reduced by 88%.
- Nitrogen oxide cut by 50%.

By the end of this year, construction will wrap up at Columbia. New emission-control equipment—scrubbers and baghouses—is projected to be operating before 2015. They will significantly reduce mercury and sulfur dioxide. This $135 million project is the second largest capital investment in our company’s history.

We are grateful to our investors for recognizing the value of these investments and supporting our goal of superior environmental performance.

Giving Thanks

To our shareholders, customers, community partners and employees for helping us become a successful community energy company.

MGEE Market Value ($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>1984</td>
<td>$142</td>
</tr>
<tr>
<td>2013</td>
<td>$1,334</td>
</tr>
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</table>

A crew installs solar panels on top of the Aldo Leopold Nature Center, one of the locations that hosts an MGE technology demonstration project.
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<table>
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<tr>
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</tr>
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<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2011</td>
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The MGE Innovation Center is a successful business incubator that contributes to the growing high-tech sector.

Local private sector wages escalate

Private sector wages in Dane County increased 9.3% in the last year, which is the second largest increase in the nation, according to the U.S. Bureau of Labor Statistics.

Driving the wage increase were sectors like information technology, healthcare and education services. Pay in those sectors jumped by double digits.

The sharp increase in wages reflects our region’s robust economy and strength in higher-paying, technology-based employment.

Contact shareholder services

(608) 252-4744 or (800) 356-6423
investor@mgeenergy.com
133 S. Blair St., P.O. Box 1231, Madison, WI 53701-1231

Learn more at mgeenergy.com
• Stock price
• Online account access
• Stock purchase plan
• Company news
• Dividends and earnings
• Annual meeting recording

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.

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