

Madison Gas and Electric is ranked No. 1 nationwide for keeping the lights on. See back page.

Recognition for strong financial performance



Gary J. Wolter,
MGE Energy Chairman,
President and
Chief Executive Officer

MGE Energy works to build long-term value for its shareholders. We understand the important role dividends and stock price appreciation play in our investors' portfolios. Last year, MGE Energy's total return grew 17%.

Taking a longer-range view, if you invested

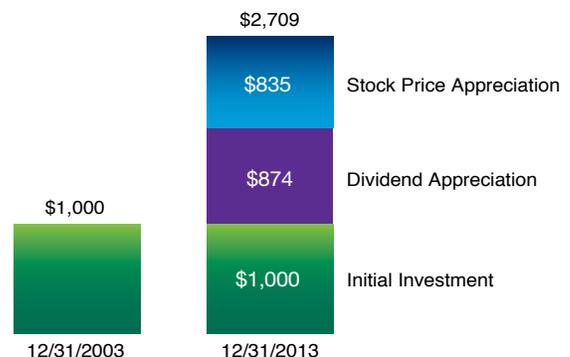
\$1,000 at the end of 2003 and reinvested your dividends, your total return would have grown to \$2,709 when the markets closed in 2013. That's an average return of 10.5% a year.

This consistent performance has drawn national attention:

- MGE Energy's financial performance ranks ninth among the 71 largest U.S.-based power and gas companies by the journal *Public Utilities Fortnightly*. This is MGE Energy's seventh consecutive year on the journal's list of the 40 best energy companies. The study evaluates dividend yield, cash flow, return on assets and other metrics.

- MGE Energy was rated in the top 10 electric utilities in the nation by TheStreet, a leading digital financial reporting company. According to TheStreet, a top rating means: "The stock has an excellent track record for maximizing performance while minimizing risk, thus delivering the best possible combination of total return on investment and reduced volatility."
- Mergerit, a leading provider of business and financial data, consistently rates MGE Energy as a Dividend Achiever. MGE Energy is one of just four combination utilities nationwide to increase the dividend for 39 or more consecutive years. No other major utility in Wisconsin can match our history of consistent dividend increases.

10-Year Cumulative Total Return



No. 1 in the nation for electric reliability

Madison Gas and Electric (MGE), our main regulated subsidiary, has earned the top electric service reliability ranking in the United States.

- MGE customers experienced the fewest minutes without power—only 28 minutes on average per year compared to a nationwide average of more than four hours.
- An average MGE customer experiences one outage every three years, compared to a nationwide average of more than three outages over the same period.

These results are from a recent utility industry survey based on average customer outages for both duration and frequency in 2013. In this annual survey of more than 70 electric utilities, MGE has ranked in the top three since 2007.

To maintain this high reliability, MGE has a proven reliability improvement process. Engineering and field operations staff meet weekly to analyze outages and root causes. We identify and implement steps for improvement. We keep our system operating reliably by making planning, monitoring, construction and maintenance a priority.



Regular maintenance and timely outage response are among the reasons that we earn top reliability ratings.

39 years of dividend growth

The MGE Energy Board of Directors increased our dividend for the 39th consecutive year. The annual dividend rate is now \$1.13 per share, up from \$1.09 per share. The regular quarterly dividend is now \$0.2825 per share.

The last three dividend increases approved by the board have been the largest percentage dividend increases over the past two decades.

We have paid cash dividends for more than 100 years.



Top credit ratings

MGE has maintained the highest credit rating of any combination utility in the country from both Standard and Poor's (S&P) and Moody's. These high ratings reflect our careful approach to financial management.

According to S&P: "MGE's management team has effectively executed its business strategy and operations, while controlling costs. Management has considerable experience and a record of success in operating its electric and gas businesses."

MGE Top Credit Quality

S&P
Corporate Credit: **AA-**
Outlook: **Stable**

Moody's
Secured: **Aa2**
Unsecured: **A1**
Outlook: **Stable**

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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.