

## MGE Green Team marks 20 years

At our regulated utility Madison Gas and Electric (MGE), every employee is a member of our Green Team. For the past 20 years, our Green Team has proactively promoted environmental awareness and integrated environmental responsibility into our daily work.



“To have a successful green team in place for this length of time is unique. We applaud them on their long-term environmental performance,” said Al Shea, director of the Wisconsin Department of Natural Resources (DNR) Office of Business Support.

Because of our commitments, MGE has achieved the highest participation level in Green Tier, a DNR environmental leadership program.

## Madison: A bioscience bright spot

The Madison area’s thriving biotech sector was cited as one of “bioscience’s bright spots” by the Business Xpansion Journal.

The Madison area’s bioscience businesses support more than 10,000 private sector jobs. The University Research Park alone represents approximately 125 companies with more than 3,500 employees.

The University of Wisconsin-Madison is a major contributor to our region’s life sciences sector. The university ranks third nationwide in federal research funds with more than \$1 billion in expenditures, according to the National Science Foundation.

## Vote your proxy shares

This spring, you will receive your MGE Energy proxy. We encourage all shareholders to exercise their right and responsibility to vote their shares. Whether you own your shares through a brokerage firm or are directly registered with MGE Energy, we want your vote.

We make voting easy. You can return your vote form through the mail, or you can vote by phone or the Internet.

Gary J. Wolter  
Chairman, President and CEO



### MGEE Shareholder Services

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NASDAQ: MGEE / NEWSPAPER LISTING: MGE

Caring for  
their future



## Chairman's Comments

### MGE Energy finalizes stock split

MGE Energy's 3-for-2 stock split was completed on Feb. 7, 2014. The MGE Energy Board of Directors made the decision to split the stock to make the shares more affordable to a broader range of investors.

All stockholders of record on Jan. 24, 2014, received one additional share of common stock for every two shares of the company's common stock owned. MGE Energy mailed statements and information to eligible shareholders the week of Feb. 10.

As a result of the stock split, the per share value of the stock price, earnings, book value and dividend were adjusted to reflect this increase in the number of shares outstanding.

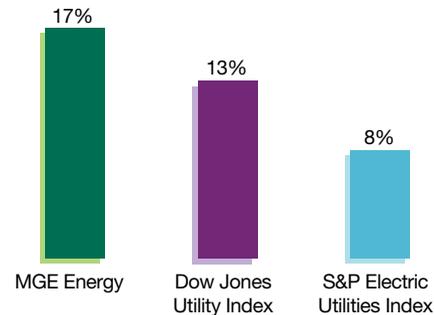
### MGE Energy's total return grows 17% in 2013

Total annual return on investment is perhaps the best measure of a stock's performance. This is calculated by adding how much the stock has appreciated in value to the dividends paid on each share.

In 2013, MGE Energy's total annual return grew 17%. Our performance outpaced the S&P Electric Utilities Index and the Dow Jones Utility Average Index.

MGE Energy's stock price increased 13% in 2013.

Cumulative Total Return Comparison for 2013  
(rounded)



### Commitment to dividends

Most of our shareholders choose to reinvest their dividends to take full advantage of their investment in MGE Energy. In 2013, the Board of Directors increased the dividend for the 38th consecutive year.

Dividends Per Share  
(rounded)



No other Wisconsin utility has a dividend track record that matches MGE Energy's achievement. Nationwide, only four other combination utilities have increased their dividends for 38 or more consecutive years.

The financial publisher Mergent ranks us as a "Dividend Achiever." Mergent states that Dividend Achievers have demonstrated the ability to consistently increase dividend payments over a substantial period of time including through volatile markets. MGE Energy has paid dividends every year for more than 100 years.

### Strong earnings

MGE Energy reported earnings of \$2.16 per share in 2013, compared to \$1.86 per share in 2012. Contributing to earnings were a 25.7% increase in gas sales in part due to cold weather. Earnings also benefitted from our ongoing cost-containment efforts and an allowance of funds used for the construction of environmental controls at the Columbia Energy Center.

MGE Energy reported fourth-quarter earnings of \$0.41 per share in 2013 compared to \$0.30 per share in the fourth quarter of 2012. December 2013 had an average temperature of 17.7 degrees compared to a normal average of 25 degrees.

### Annual Meeting to be held May 20

Shareholders are invited to attend the 2014 MGE Energy Annual Meeting on Tuesday, May 20. Doors open at 9 a.m., and the meeting begins at 11 a.m. Lunch will follow.

The meeting will be held at the Marriott Madison West, 1313 John Q. Hammons Dr., Middleton, Wis. Shareholders of record on March 14, 2014, will receive a mailing of investor materials this spring.

