

2015
Interim Report
Mar. 15

MGE
ENERGY®



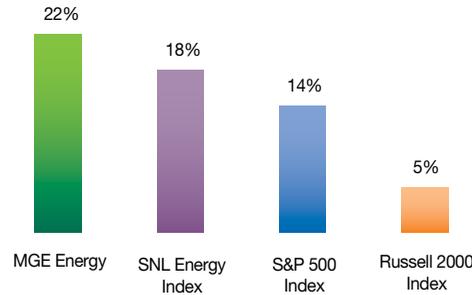
MGE Energy produces strong total return in 2014

In 2014, MGE Energy's total annual return grew 22%. Total return is calculated by adding how much the stock has appreciated in value to what each share has produced in dividends.

Total annual return on your investment is a good metric to gauge your investment's performance. In 2014, our performance outpaced market indices including the SNL Energy Index, the S&P 500 Index and the Russell 2000 Index.

MGE Energy's stock price increased 18.5% from Dec. 31, 2013, to Dec. 31, 2014.

Cumulative Total Return Comparison for 2014 (rounded)



Steady dividend growth

MGE Energy has a long-standing commitment to shareholder value through steady dividends. In 2014, the Board of Directors increased the dividend by 4%.

MGE Energy has increased the dividend for 39 consecutive years. No other Wisconsin utility can match our dividend record. Nationwide, only four other combination utilities have increased their dividends for 39 or more consecutive years. Our company is rated as a "Dividend Achiever" by the financial publisher Mergent—based on our consistent dividend performance. 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 for more than 100 consecutive years.

Dividends Paid Per Share (rounded)



MGE attains Green Masters designation

Our regulated subsidiary, Madison Gas and Electric (MGE), has attained the highest level of the Wisconsin Sustainable Business Council's Green Masters Program.



This statewide sustainability program evaluates participating companies on their sustainable actions in nine areas. Based on this evaluation, companies are placed in one of three categories. The top 20% of the companies achieve the highest-ranking category—the Green Master distinction.

Companies submit information on the steps they have taken to use less energy, cut waste and become generally more sustainable in their operations and supply chain. MGE is one of 33 companies and the only utility in Wisconsin to be recognized as a Green Master.

Visit wisconsinsustainability.com for more information.

Annual Meeting to be held May 19

Shareholders are invited to attend the 2015 MGE Energy Annual Meeting on Tuesday, May 19. 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 13, 2015, will receive a mailing of investor materials this spring.



Strong annual earnings

MGE Energy reported earnings of \$2.32 per share in 2014, compared to \$2.16 per share in 2013. Earnings benefitted primarily by savings from MGE's ongoing effort to manage operating and maintenance costs, lower benefit costs and colder winter temperatures. Gas retail sales volume increased during the year 4.8% in part due to colder weather in the first quarter of 2014 compared to the same period in 2013.

MGE Energy reported fourth-quarter earnings of \$0.44 per share in 2014 compared to \$0.41 cents per share for the same period in 2013. During the fourth quarter, the company benefitted from MGE's effort to manage costs including lower benefit costs, which led to slightly higher earnings. In addition, in October 2014, customers received a fuel credit on their bill related to fuel savings of \$6.5 million that the company was able to achieve during 2013.



Compressed natural gas vehicles are becoming more popular with commercial fleets.

Benefits of compressed natural gas vehicles

MGE reaches out to customers on a variety of topics that can help them save money while helping the environment.

Compressed natural gas (CNG) vehicles are a good example. CNG vehicles are an attractive option for our business customers to add to their fleets.

Because natural gas is the cleanest burning fossil fuel, CNG vehicles produce less greenhouse gas emissions and other pollutants compared to petroleum-fueled vehicles such as diesel. CNG also costs less than diesel and has a track record of long-term price stability.

Natural gas is primarily a domestic fuel, so CNG reduces our country's reliance on foreign oil.

Recently, MGE produced a series of videos to help educate customers about CNG vehicles and fueling. Six videos on cost, performance, maintenance, safety, vehicles and fueling are available at mge.com/cngvideos.

The number of CNG fueling stations continues to grow along with the fuel's popularity. There are now four public fueling stations in Madison and nearly 50 across Wisconsin. Nationwide, the number of CNG fueling sites has grown to more than 800.

For more information, visit mge.com/cng.

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

- Madison Calling Area: (608) 252-4744
Continental U.S.: 1-800-356-6423
- Email: investor@mgeenergy.com
- www.mgeenergy.com
- MGE Energy, Inc.
P.O. Box 1231
Madison, WI 53701-1231



NASDAQ: MGEE / NEWSPAPER LISTING: MGE