



embracing our
obligation to serve
today and tomorrow



INTERIM REPORT
JUNE 15, 2015

Chairman's Comments

Annual Meeting highlights financial strength

At MGE Energy's 2015 Annual Meeting, shareholders learned about our solid financial performance and our opportunity to shape our role as the utility of the future.

MGE Energy's stock price appreciation and steady dividend growth resulted in a strong total return. For example, a \$1,000 investment, with dividends reinvested, would have grown to \$2,261 from the close of 2009 through 2014.



A shareholder visits a display about MGE's electric reliability at the MGE Energy Annual Meeting.

We also highlighted how our regulated subsidiary, Madison Gas and Electric (MGE), is a leader in reliable energy, renewable energy and customer engagement.

MGE is ranked No. 1 in the nation for electric reliability among more than 70 investor-owned utilities, according to an industry survey. Our customers experienced, on average, the fewest and shortest outages.

Our company also is a leader in renewable energy—with a green power program that has the fourth highest participation rate of any investor-owned utility in the country. Our clean power partners initiative is fully subscribed with 170 solar energy customers.

MGE Energy once again is named one of the top three sustainable small-cap companies in the utility sector by Target Rock Advisors, LLC, a financial research firm focusing on utility sustainability practices.

Community engagement and our energy future

Because our energy world is rapidly changing, we are launching a series of Community Energy Conversations. These community meetings are one-of-a-kind among utilities nationwide.

We are engaging our customers and other stakeholders about our community's energy future.

Renewable energy technologies are creating additional opportunities for us to work with our customers. We have the opportunity to shape our role as the utility of the future and build upon our industry leadership.

New technologies create greater complexity and new possibilities. We will use new technology to enhance services for our customers and ensure that all customer needs continue to be met.

Our Community Energy Conversations are beginning this summer. Please stay tuned for more information at mge.com/conversations.



MGE has hired Don Edwards (second from left), CEO of Justice and Sustainability Associates, to lead our Community Energy Conversations.

Directors reelected

Also at the Annual Meeting, Class II Directors John Nevin and Gary Wolter were reelected to serve terms expiring in 2018.

First-quarter earnings

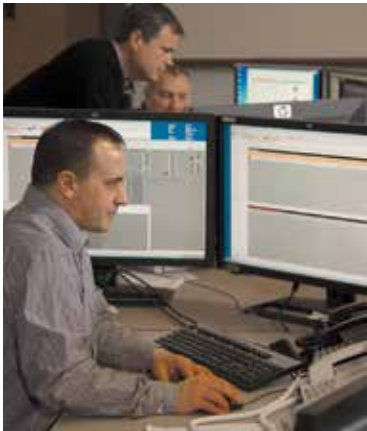
MGE Energy produced earnings of 53 cents per share from January through March of 2015 compared to 80 cents per share for the same period last year.

During the first quarter of 2015, gas net income decreased due to a 20.7% drop in gas retail sales. Customer demand was down compared to 2014 when our area experienced record cold weather.

New online system monitors grid

It is our responsibility to ensure that the grid works efficiently, safely and reliably to deliver electricity. We make improvements to ensure a strong electric system.

Earlier this year, MGE launched its new Outage Management System. The new state-of-the-art



MGE employees check data on our new Outage Management System.

- Improved safety. The new system gives distribution system operators a more complete picture of our distribution system—providing important information to help keep crews safe.

Our electric grid is a powerful network that connects us to each other, reliably delivers the energy we need and moves us into the future with new technology such as our new Outage Management System.

system integrates different systems to provide:

- Better information. This allows us to more accurately predict the location of an outage or other problems.
- Tools, such as real-time analysis, to help improve outage response time.

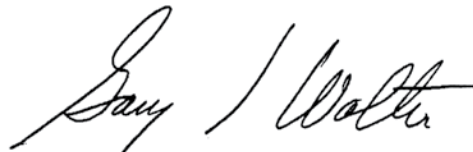
Reduce paper by going online

As a shareholder, you can connect to a variety of services online. Transacting business online is not only more efficient, it also reduces paper use and helps the environment.

Our online services allow you to view and manage your account 24 hours a day. Signing up is easy. Visit mgeenergy.com and click “My Shareholder Account” on the left and then click “First Time Visitor.” Just follow the directions to enroll.

In addition, MGE Energy can deliver important documents directly to your email account privately and securely.

When you sign up for electronic notification, you receive an email alerting you that documents, such as account activity, proxy statements and annual reports, are available online. Visit mgeenergy.com/paperless.

Gary J. Wolter
Chairman, President and CEO

Balance Sheet

(Unaudited) (in thousands)	Mar 31 2015	Dec 31 2014	(in thousands)	Mar 31 2015	Dec 31 2014
Assets					
Plant:					
Property, Plant and Equipment, net.	\$1,189,106	\$1,189,077	Common shareholders' equity	\$667,658	\$659,401
Construction work in progress	21,322	19,029	Long-term debt	394,204	395,256
Total Plant	1,210,428	1,208,106	Total Capitalization	1,061,862	1,054,657
Investments	72,347	71,760	Current Liabilities:		
Current Assets:					
Cash and cash equivalents	70,703	65,755	Accounts payable	37,540	41,655
Accounts receivable, net	43,861	41,614	Other	34,151	48,341
Other current assets	121,377	146,590	Total Current Liabilities	71,691	89,996
Total Current Assets	235,941	253,959	Other Credits:		
Other Long-Term Assets	165,475	163,841	Deferred income taxes	342,400	342,045
			Other	208,238	210,968
Total Assets	\$1,684,191	\$1,697,666	Total Other Credits	550,638	553,013
			Total Capitalization and Liabilities	\$1,684,191	\$1,697,666

Income Statement

(Unaudited) (in thousands, except per-share amounts)	Three Months Ended Mar 31	
	2015	2014
Operating Revenues:		
Regulated electric revenues	\$98,240	\$98,852
Regulated gas revenues	69,928	110,713
Nonregulated revenues	1,966	680
Total Operating Revenues	170,134	210,245
Operating Expenses:		
Fuel used for electric generation and purchased power	34,757	32,687
Cost of gas sold	46,919	78,508
Other operations and maintenance	40,674	40,472
Depreciation and amortization	10,849	9,746
Other general taxes	5,084	4,861
Total Operating Expenses	138,283	166,274
Operating Income	31,851	43,971
Other income, net	2,105	4,552
Interest expense, net	(5,091)	(4,541)
Income before income taxes	28,865	43,982
Income tax provision	(10,587)	(16,265)
Net Income	\$18,278	\$27,717
Earnings Per Share of Common Stock (basic and diluted)	\$0.53	\$0.80
Average Shares of Common Stock Outstanding (basic and diluted)	34,668	34,668

For detailed financial information, see the March 31, 2015, 10-Q.

Statistics

Electric	Three Months Ended: Mar 31		
	2015	2014	% Change
Sales (thousands of kilowatt-hours)			
Residential	206,813	221,696	(6.7%)
Commercial	441,435	448,480	(1.6%)
Industrial	58,723	58,305	0.7%
Other-retail/municipal	101,423	89,435	13.4%
Total retail	808,394	817,916	(1.2%)
Sales to the market	7,933	44,167	(82.0%)
Total Sales	816,327	862,083	(5.3%)
Gas (thousands of therms)			
Three Months Ended: Mar 31			
Deliveries			
Residential	50,860	57,368	(11.3%)
Commercial/Industrial	43,827	62,024	(29.3%)
Total retail	94,687	119,392	(20.7%)
Gas Transportation	24,994	12,494	100.0%
Total Gas Deliveries	119,681	131,886	(9.3%)



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