



INTERIM REPORT
DECEMBER 15, 2017



Partnering with our customers and communities

is key to how we move forward.

New opportunities, technologies
and investments are opening the doors
to a more sustainable future.

It's the power of working together.

Comments from the Chairman and the CEO

Saratoga wind farm approved

State regulators approved in November MGE's plans to own and operate a 66-megawatt (MW) wind farm near Saratoga, Iowa. The \$107 million project advances MGE's ongoing transition toward cleaner energy sources as outlined in its Energy 2030 framework.

The agricultural site is well situated due to its strong winds and proximity to transmission infrastructure. The Saratoga wind farm will feature 33 turbines, standing nearly 500 feet tall. Today's larger wind turbines produce energy more efficiently and more cost effectively.

Under Energy 2030, MGE will transition to 30% renewable energy by 2030 and 25% by 2025. The Saratoga Wind Farm is one of a number of steps in MGE's ongoing transition toward cleaner energy.

MGE Energy is committed to making responsible investments to provide value for customers and investors and to grow our asset base.



Board of Directors elects new members

The Boards of Directors of MGE Energy (MGEE) and MGE elected two new board members at their Oct. 20, 2017, meeting. Marcia M. Anderson and James G. Berbee were elected as members of both boards, effective March 1, 2018.

Ms. Anderson has a JD from Rutgers University School of Law and a Masters of Strategic Studies from the U.S. Army War College. She is currently the clerk of court of the Bankruptcy Court for the Western District of Wisconsin. Anderson retired from the Army in May 2016 with a rank of Major General. In addition to her legal and military experience, she also has worked for General Public Utilities Corp.

Mr. Berbee has an MS in Mechanical Engineering and an MBA from the University of Wisconsin. He was the Chairman and CEO of Berbee Information Networks Corp., which provided information technology support for large businesses. After selling the company, he attended medical school and graduated from the Stanford University School of Medicine. Berbee currently works as an emergency department physician and is vice chair of the Wisconsin Alumni Research Foundation.

Both Ms. Anderson and Mr. Berbee have been determined by the MGEE Board of Directors to be independent under guidelines adopted by the NASDAQ Stock Market, Inc.

Third-quarter earnings

MGE Energy produced earnings of 77 cents per share from July through September 2017, compared to 80 cents per share for the same period last year.

During the third quarter of 2017, electric net income decreased due to cooler weather, particularly in August, when compared to warmer weather in 2016.

Important changes coming in 2018

MGE Energy has some exciting changes coming in 2018 that will give registered shareholders new tools to manage their MGE Energy holdings more efficiently and effectively.

MGE Energy is partnering with Computershare, a leader in the transfer agent industry. Starting in early 2018, Computershare will administer MGE Energy's Direct Stock Purchase and Dividend Reinvestment Plan.



Computershare will provide best-in-class technology solutions, including a customized shareholder account website, mobile capabilities, a new phone system with self-service options for convenience, and tailored online information.

MGE Energy also will continue to have its Shareholder Services staff available to provide the personal service our investors value.

Shareholders directly registered with MGE Energy will receive a packet of information along with the change in 2018. Investors owning shares through a brokerage firm are unaffected by this change.

Tax updates

- **Investors directly registered with MGE Energy:** If you received MGE Energy dividends during 2017, you will receive the required tax information for your dividends on or by Jan. 31, 2018. For tax information regarding your sale of MGE Energy shares, you will receive the required tax information on or by Feb. 15, 2018.
- **Investors owning shares through a brokerage firm:** Your broker will provide necessary tax forms. Please contact your broker if you have any questions.

Lobbying updates

We monitor federal, state and local legislation and regulations. On behalf of our regulated utility MGE, the company has lobbyists who advocate positions that are in the best interest of our customers and shareholders.

Federal lobbying efforts: We employ the lobbying firm Meguire Whitney, LLC, which files lobbying reports for its activities on our behalf with the U.S. House of Representatives and the U.S. Senate.

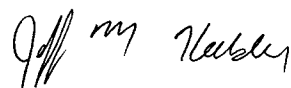
State lobbying efforts: The Wisconsin Ethics Commission requires lobbying reports be filed every six months detailing an organization's time, expenses and the legislation or proposals lobbied.

Local lobbying efforts: The City of Madison posts each person registered to lobby and an expense statement on behalf of that person or organization. MGE typically does not incur lobbying expenses with the city at a level that would trigger a detailed report. If it does, information on its efforts would be available on the city's website.

Reports of the company's lobbying activities can be found online. For links to access these reports, visit mgeenergy.com/lobbying.



Gary J. Wolter, Chairman



Jeffrey M. Keebler, President and CEO

Balance Sheet

(Unaudited) (in thousands)	Sep 30 2017	Dec 31 2016	(in thousands)	Sep 30 2017	Dec 31 2016
Assets					
Plant:					
Property, Plant and Equipment, net . . .	\$1,270,124	\$1,245,269	Common shareholders' equity	\$753,247	\$724,088
Construction work in progress	42,276	36,790	Long-term debt	389,406	382,791
Total Plant	1,312,400	1,282,059	Total Capitalization	1,142,653	1,106,879
Investments	86,455	76,290	Current Liabilities:		
Current Assets:					
Cash and cash equivalents	104,733	95,959	Accounts payable	31,519	47,799
Accounts receivable, net	38,129	39,887	Other	53,063	55,706
Other current assets	112,495	139,669	Total Current Liabilities	84,582	103,505
Total Current Assets	255,357	275,515	Other Credits:		
Other Long-Term Assets	155,788	167,196	Deferred income taxes	389,179	383,813
Total Assets	\$1,810,000	\$1,801,060	Other	193,586	206,863
			Total Other Credits	582,765	590,676
			Total Capitalization and Liabilities	\$1,810,000	\$1,801,060

Statistics

Electric	Nine Months Ended: Sep 30		
	2017	2016	% Change
Sales (thousands of kilowatt-hours)			
Residential	601,310	641,551	(6.3%)
Commercial	1,389,036	1,420,769	(2.2%)
Industrial	153,759	178,535	(13.9%)
Other-retail/municipal	315,692	296,093	6.6%
Sales to the market	80,273	161,217	(50.2%)
Total Sales	2,540,070	2,698,165	(5.9%)
Gas (thousands of therms)			
Nine Months Ended: Sep 30			
Deliveries			
Residential	60,794	62,188	(2.2%)
Commercial/Industrial	58,865	58,812	0.1%
Gas Transportation	50,828	53,957	(5.8%)
Total Gas Deliveries	170,487	174,957	(2.6%)

Income Statement

(Unaudited) (in thousands, except per-share amounts)	Three Months Ended Sep 30		Nine Months Ended Sep 30	
	2017	2016	2017	2016
Operating Revenues:				
Electric revenues	\$120,761	\$119,147	\$321,540	\$313,452
Gas revenues	18,778	17,570	101,285	92,368
Total Operating Revenues	139,539	136,717	422,825	405,820
Operating Expenses:				
Fuel used for electric generation and purchased power	31,813	29,672	87,996	86,265
Cost of gas sold	5,094	4,314	50,109	43,247
Other operations and maintenance	41,529	40,146	128,143	123,839
Depreciation and amortization	13,372	11,212	39,606	33,358
Other general taxes	4,730	4,846	14,509	14,841
Total Operating Expenses	96,538	90,190	320,363	301,550
Operating Income	43,001	46,527	102,462	104,270
Other income, net	3,939	2,105	9,004	6,726
Interest expense, net	(4,727)	(5,038)	(14,507)	(14,995)
Income before income taxes	42,213	43,594	96,959	96,001
Income tax provision	(15,584)	(15,714)	(35,487)	(34,943)
Net Income	\$26,629	\$27,880	\$61,472	\$61,058
Earnings Per Share of Common Stock (basic and diluted)	\$0.77	\$0.80	\$1.77	\$1.76
Average Shares of Common Stock Outstanding (basic and diluted) . . .	34,668	34,668	34,668	34,668

For detailed financial information, see the September 30, 2017, 10-Q.



MGEE Shareholder Services

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