




mge
ENERGY®

2018 ANNUAL REPORT

LEAD

Powering a
smart energy
future.



BUILD



TRANSFORM

MGE Energy

2018 ANNUAL REPORT

MGE Energy, Inc.

MGE Energy is an investor-owned public utility holding company headquartered in the state capital of Madison, Wis. MGE Energy is the parent company of Madison Gas and Electric Co. The utility provides natural gas and electric service in south-central and western Wisconsin. Assets total approximately \$2 billion. In 2018, revenue was approximately \$560 million. See the Corporate Profile on the inside back cover.

About the cover

We are powering a smart energy future, building upon our history of industry leadership and transforming how we serve our communities. From transitioning to greater use of cleaner energy to advancing new technologies to elevating the customer experience, your community energy company is embracing the opportunities in an evolving energy world.

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Financials: Form 10-K



2018

MGE Energy (MGEE)

Year at a Glance

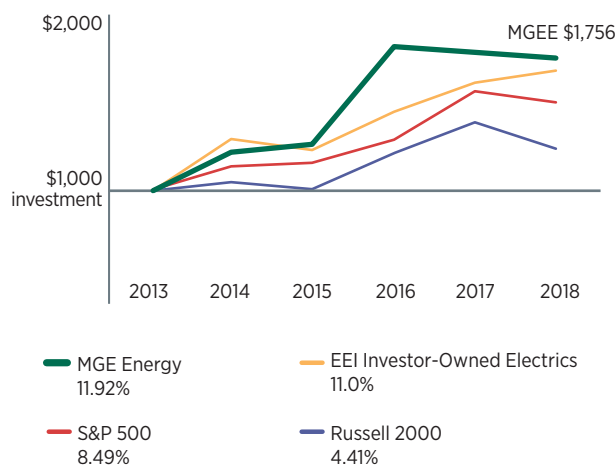
(Thousands, except per share amounts and shares outstanding)

	2018	2017	Increase/(Decrease)	% Change
Total Market Value (Dec. 31)	\$ 2,078,715	\$ 2,187,574	\$(108,859)	-5.0
Market Price Per Share (Dec. 31)	\$ 59.96	\$ 63.10	\$ (3.14)	-5.0
Book Value Per Share	\$ 23.56	\$ 22.45	\$ 1.11	4.9
Average Shares Outstanding	34,668,370	34,668,370	-	0.0
Shares Outstanding at Year-End	34,668,370	34,668,370	-	0.0
Operating Revenues	\$ 559,768	\$ 563,099	\$ (3,331)	-0.6
Net Income	\$ 84,219	\$ 97,606	\$ (13,387)	-13.7
Basic and Diluted Earnings Per Share	\$ 2.43	\$ 2.82	\$ (0.39)	-13.8
Dividends Declared Per Share	\$ 1.32	\$ 1.26	\$ 0.06	4.8
Dividend Payout Ratio	54.3%	44.7%	9.6%	21.5
Total Assets	\$ 1,988,618	\$ 1,855,182	\$ 133,436	7.2
Total Retail Electric Sales (kWh)	3,289,425	3,237,248	52,177	1.6
Total Gas Deliveries (therms)	282,700	256,276	26,424	10.3

For detailed financial information, see the 2018 MGE Energy Form 10-K.

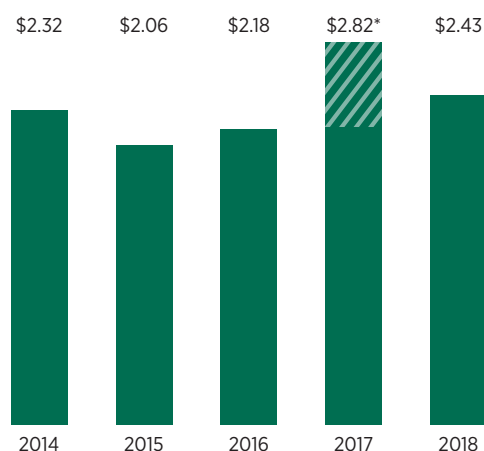
Cumulative Total Return Comparison

(assumes \$1,000 investment on 12/31/13 with dividends reinvested)



Earnings Per Share

(2014 - 2018)



*Includes one-time tax benefit of 62 cents per share due to tax act.



MGE Energy Chairman, President and Chief Executive Officer, Jeffrey M. Keebler

Letter to our **SHAREHOLDERS**

| We are building long-term value in an evolving energy landscape.

The energy world is undergoing a transformation. Technology is opening new opportunities to invest in cleaner energy. We are tapping new technology to create products for our customers. We are using technology to inspire new community partnerships to advance sustainability in the world around us.

Our regulated subsidiary, Madison Gas and Electric (MGE), is building upon our record of industry leadership by transitioning our generation fleet, deepening our engagement with those we serve and harnessing the power of new technologies for the benefit of all.

Our commitment to long-term sustainability drives us to build shareholder and customer value in new and exciting ways while still fulfilling our fundamental responsibility to provide safe, reliable energy every hour of every day to everyone.

In 2018, we made significant new investments in clean energy generation. We partnered with stakeholders to grow the use of electric vehicles. And, we worked with customers and communities to build a better, smarter energy future for all of us.

Consistent financial performance

MGE Energy has increased the dividend for 43 consecutive years and paid dividends for more than 100 years. No other Wisconsin utility or utility holding company can match our history of dividend increases. The financial publisher Mergent consistently recognizes MGE Energy as a “Dividend Achiever” for our dividend performance.

In 2018, your Board of Directors increased the annual dividends paid by 4.8% to \$1.32 per share. In total, over the last five years, shareholders have seen 23% dividend growth.

Total return is another indicator of your investment’s performance. It is the combination of stock price and reinvested dividends. Throughout the last five years, MGE Energy’s annualized total return was nearly 12%—outperforming the Russell 2000, S&P 500 and EEI Investor-Owned Electric Utilities. A \$1,000 investment in MGE Energy, with dividends reinvested, would have grown to \$1,756 during the five years ending Dec. 31, 2018.

“MGE is committed to serving our communities in new and exciting ways as we create a more sustainable future.”

We reported earnings of \$2.43 per share in 2018 compared to \$2.82 per share in 2017, which includes a 62-cent per share one-time, non-cash tax benefit due to the Tax Cuts and Jobs Act. Strong earnings in 2018 resulted from higher gas and electric retail sales due to weather conditions and customer growth.

MGE Energy continues to earn recognition nationwide for our disciplined approach to financial management. MGE maintains the highest credit ratings of any investor-owned combination utility in the nation from both Standard & Poor’s (S&P) and Moody’s. Value Line also gives MGE Energy top marks for investment safety and its highest grades for financial strength.

Growth for a cleaner, connected future

MGE Energy is growing our asset base by investing in new, clean energy generation as well as the systems and capabilities to deliver new programs, products and services to our customers. These investments will enable MGE to serve as your community energy company for the future.

Our \$212 million in capital investment in 2018 was driven by the construction of our \$112 million Saratoga Wind Farm in northeast Iowa and investments in new systems for enterprise resource planning, work and asset management, and human capital management. Known as Enterprise Forward, this multiyear initiative will replace legacy software with new integrated, digital technology. In 2019, we project an estimated \$145 million in capital expenditures, which include spending to enhance the customer experience and to enable MGE to meet customers’ changing needs and expectations more efficiently and effectively.

MGE Energy is making these new investments while managing costs to customers. A rate case settlement agreement with intervenors lowers electric rates in 2019 and raises natural gas rates slightly in 2019 and 2020. These rate changes reflect the tax-savings impact of the 2017 Tax Cuts and Jobs Act and the addition of cost-effective renewable generation. The agreement also allows for the accelerated depreciation of certain fossil fuel-fired generation as MGE continues its transition toward greater use of renewable resources.

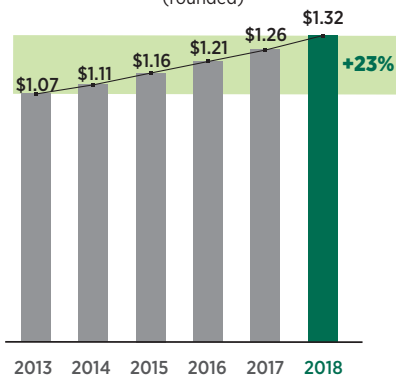
MGE Top Credit Quality

S&P Corporate Credit: AA- Outlook: Stable
Moody’s Secured: Aa2 Unsecured: A1 Outlook: Stable

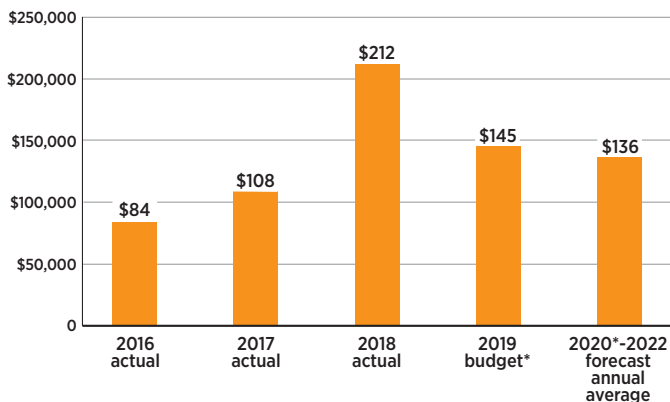
MGEE Value Line Ratings

Safe Investment No. 1
Financial Strength A

Dividends Per Share (rounded)



Capital Expenditures (in millions)



* Excludes large-scale solar projects.
If approved, project costs would be approximately \$130 million in 2019-2021.



Left: MGE helped the City of Madison secure three all-electric buses like this one as part of ongoing efforts to electrify 50% of the City's bus fleet by 2035.

Right: A crane places a blade on the hub of one of MGE's 33 Vestas turbines at the company's new Saratoga Wind Farm in northeast Iowa. The tips of the blades at Saratoga reach nearly 500 feet high in the air, allowing them to take advantage of greater wind speeds and produce more energy per turbine.

Renewable energy investments

MGE's largest and most powerful wind farm, Saratoga, came online in February. Throughout 2018, crews worked to install roads, pour foundations and raise the towers to support Saratoga's 33 turbines spread throughout 8,300 acres of Iowa farmland.

In May, MGE applied for regulatory approval to build two large-scale solar installations in partnership with another Wisconsin utility. Combined, the utilities will own a total of 300 megawatts (MW).

Under the proposal, MGE will own 50 MW of the Badger Hollow Solar Farm in Iowa County in southwestern Wisconsin and 50 MW of Two Creeks Solar in northeastern Wisconsin. If approved by regulators, the Badger Hollow project will be the largest solar array in Wisconsin. MGE's investment for both projects is expected to be approximately \$130 million.

These clean energy investments will help the company reach its short- and long-term carbon reduction goals. MGE is committed to reducing carbon dioxide emissions by at least 40% by 2030 from 2005 levels. Longer-term, MGE is targeting carbon reductions of at least 80% by 2050, which is consistent with the U.S. Mid-Century Strategy (MCS) for Deep Decarbonization. If we can go further faster toward our carbon reduction goals, we will. The MCS identifies three key strategies for deep decarbonization—reducing carbon intensity in electricity generation, electrifying the transportation sector and increasing energy efficiency.

These strategies are the same as strategies identified by MGE in its Energy 2030 framework for a more sustainable future. MGE is pursuing these strategies for the benefit of our investors, customers and broader community.

Community partnerships

As your community energy company, MGE is committed to working in partnership with those we serve. MGE is seeking to expand its highly successful community solar program, Shared Solar.

MGE's Shared Solar program began in early 2017 with a 500-kilowatt (kW) array in the city of Middleton. Customers subscribe to the voluntary program to receive a portion of their annual electric use from the community solar project.

If approved by regulators, an expansion of the Shared Solar program will feature a 5-MW solar array at the Middleton Municipal Airport. This project will allow more customers to benefit from locally generated clean energy. The program also will be open to business customers for the first time. The partnership with the City of Middleton advances both MGE's and the City's clean energy goals.

A share of the proposed solar array also will serve the City and the Middleton-Cross Plains Area School District under MGE's innovative Renewable Energy Rider. Our first-of-its-kind Renewable Energy Rider gives MGE and large energy users the opportunity to partner together to tailor a renewable energy solution to meet a customer's needs.



Left: The new, 2,500-person music venue, The Sylvee, in Madison's Capitol East District is part of massive redevelopment along East Washington Avenue, drawing new residents and retail and commercial business to the up-and-coming neighborhood.

Right: Crews install gas main along Woodland Drive in a rural area near the village of Waunakee under MGE's gas expansion program. The program extends natural gas service to new areas and has generated nearly 300 total miles of new gas main for MGE.

Reliability for a vibrant community

MGE is a national leader in electric reliability. Our customers rely on their safe, dependable electric and natural gas service. MGE invests in its infrastructure and its people to fulfill this critical responsibility.

Our electric service reliability is ranked No. 1 for both the fewest number of outages and shortest duration of outages per customer, according to a 2017 industry survey of more than 80 electric utilities nationwide. MGE has ranked in the top three utilities for the fewest number of outages in each of the last 11 years, according to the annual nationwide survey.

In 2018, MGE participated in the statewide cybersecurity and emergency response exercise Dark Sky, in partnership with the Wisconsin National Guard, State of Wisconsin, local governments and other utilities. The three-day exercise served to ensure we are equipped to work together in safeguarding our grid and our state from potential threats.

MGE's top-ranked reliability helps to fuel the local economy. The city of Madison's Capitol East District is one of the area's most active for growth. Redevelopment along the area's East Washington Avenue corridor continues to bring new residential and commercial building projects, including The Sylvee. The 2,500-person live performance venue is across the street from a new, \$18 million public parking garage, designed to meet the needs of this emerging neighborhood.

Gas operations

MGE continues to expand its natural gas service territory, bringing affordable natural gas to new customers bordering the Madison area. In addition, when notified of a potential natural gas emergency, MGE crews earn high marks, recording the fastest average response time, according to a nationwide industry survey of nearly 90 utilities. Our employees understand what it means to serve as your community energy company.

Executive leadership

We expanded our officer corps in 2018 with two internal promotions. Jim Lorenz became Assistant Vice President of Electric Operations and Ted Wadzinski became Assistant Vice President of Gas Operations.

Former Chairman Gary Wolter stepped down Oct. 1, 2018. He remains on the Board of Directors. We thank Director Wolter for his distinguished service and guidance throughout this leadership transition and succession.

And, we thank you for your continued investment and confidence as we lead, build and transform your community energy company for the future.

Jeffrey M. Keebler
Chairman, President and Chief Executive Officer



GROW



Top: Travelers using Dane County Regional Airport could get a bird's-eye view of up to 8 MW of solar panels. MGE and Dane County are partnering to build the array on 41 acres next to the airport under MGE's Renewable Energy Rider option for large customers.

Middle left: Turbines at the Saratoga, Iowa, wind farm reach nearly 500 feet high. MGE's largest wind farm began serving customers with cost-effective clean energy in February 2019.

Middle right: Iowa County, Wis., is one of two locations proposed for an estimated \$130 million investment in solar energy. If approved, the projects will add 100 MW to MGE's energy supply mix.

Bottom: The Davey family of Middleton participates in MGE's Shared Solar program, powering their home and plug-in hybrid electric vehicle with clean energy generated in their community.



We are growing our investments in **RENEWABLE RESOURCES** to reach our goals for a cleaner grid.

Sustainability is important to our investors, to our customers and to MGE.

Transitioning to greater use of renewable energy is one of our strategies for achieving deep decarbonization. MGE is working toward its carbon reduction goals by investing in new, efficient and cost-effective renewable generation.

We are taking advantage of improved wind and solar technologies to serve our customers reliably, affordably and sustainably. Under our Energy 2030 framework, MGE is targeting 30% renewable energy by 2030. Beyond 2030, we are targeting carbon dioxide reductions of at least 80% by 2050. If we can go further faster by working with our customers, we will.

Our new Saratoga, Iowa, wind farm is one step in our ongoing transition toward cleaner energy. At 66 MW, Saratoga is our largest wind farm—and our most efficient. It will power about 47,000 households, deliver long-lasting value to our customers and help us reach our goals. When combined with our other wind resources, Saratoga grows MGE-owned wind generation by more than 200%.

BUILDING SOLAR to power our communities

The cost of large-scale solar has decreased about 70% throughout the last several years while the efficiency and productivity of solar panels have increased. MGE is significantly expanding its use of solar energy, proposing two large solar investments in partnership with another Wisconsin utility.

The Badger Hollow Solar Farm will be built in western Iowa County near the communities of Montfort and Cobb. The Two Creeks Solar project will be built in Manitowoc and Kewaunee counties, in the town of Two Creeks and the city of Two Rivers. MGE will own a share of both Wisconsin projects. If approved, the projects would come online in 2020 to serve about 33,000 households with affordable, carbon-free electricity for decades.

Expanding a successful PARTNERSHIP

City of Middleton resident Keith Davey was an early subscriber to MGE's Shared Solar program. With minimal up-front cost, the program allows the Davey family to power their home and their electric vehicle with solar energy generated only minutes from where they live.

Enrolled residential customers receive up to half of their annual electric use from a 500-kW solar array on the roof of the City of Middleton's Municipal Operations Center. When introduced in 2016, the innovative program sold out quickly.

Now, MGE is seeking to expand the popular program with a second installation at Middleton's airport, known as Morey Field. If approved, the expansion would open the program for the first time to small- and medium-size business customers, enabling them to enjoy the benefits of affordable, locally sourced clean energy.

Finding new ways to reach SHARED GOALS

MGE has a long-standing partnership with Dane County, purchasing electricity generated at a local landfill and from a manure digester. Now, we are partnering to build up to 8 MW of solar on County-owned land next to Dane County Regional Airport. When residents and visitors travel through the airport, they will see our community's commitment to a more sustainable future.

The project is being proposed under MGE's Renewable Energy Rider, a clean energy option to serve large energy users. MGE will own the solar panels, lease the land from the airport and sell the energy to the County. Through our partnerships and projects, MGE is advancing Dane County's clean energy goals.

The model is yet another new way MGE is growing renewable energy in our community. If approved, construction could begin in 2019.



ENERGIZE



Top: Madison teacher Allison Milley participates in MGE's Charge@Home program. The Level 2 charger powers her plug-in hybrid Chevy Volt quickly and conveniently at her home on the city's east side.

Middle left: Global lighting technology company ETC worked with MGE to offer electric vehicle charging stations for employees as part of the company's commitment to sustainable practices and its new building addition.

Middle right: This Kelley's Market gas station and convenience store in Middleton offers motorists electric vehicle charging. The DC Fast Charger is one of more than 30 stations in MGE's public charging network.

Bottom: Chuck Kamp, City of Madison Metro Transit general manager, is working with MGE to advance electric buses and the facilities to accommodate them in pursuit of the City's goal to electrify 50% of its bus fleet by 2035.



We are enabling the electrification of **TRANSPORTATION** through partnerships that expand the use of electric vehicles.

The future of transportation is electric.

Zero-emission buses. All-electric vehicles. Fast, convenient charging. MGE is pursuing these strategies and others to electrify transportation throughout our community.

Transportation accounts for more than 25% of U.S. greenhouse gas emissions. By growing the use of electric vehicles, we are working together to reduce carbon emissions and to enable future market growth.

Our ongoing collaboration with the City of Madison's Metro Transit (Metro) is one example. The new wrap for its buses says, "new brand. new look. coming 2019." Metro's rebranding also will include new, all-electric buses in the future. MGE helped Metro secure \$1.3 million in federal funding to purchase three zero-emission buses. MGE also is providing the local matching funds for charging infrastructure and the technical expertise to ensure the cost-effective use of energy to power the buses.

The City has a goal to electrify 50% of its bus fleet by 2035. MGE is working with the City to find ways to reach its goal.

Growing our **PUBLIC CHARGING** network

Electric vehicle battery technology continues to improve, resulting in greater distance travel and affordability. MGE is working to meet the needs of a growing number of drivers who opt to "go electric" by expanding our public charging network.

MGE's network of public charging stations was one of the first in the nation when it was introduced 10 years ago. Today, it offers drivers throughout the Madison area more than 30 locations to "fuel" their electric vehicles with clean energy. One of those locations is Kelley's Market west of the city of Middleton. The gas station and convenience store hosts a DC Fast Charger, capable of adding 60 to 80 miles to an electric vehicle in about 20 minutes. Like MGE, Kelley's Market is committed to offering new products, services and technologies that meet the ever-changing needs of its customers.

Making **HOME CHARGING** easier, faster than ever

Most electric vehicle drivers like to charge their vehicles at home. MGE's Charge@Home program gives customers the ease of charging their electric vehicles in their garage or driveway while managing the charging session from their living room. If needed, MGE also can manage customers' charging remotely through the program. This capability helps us to better manage the electric grid as well as understand drivers' charging habits and preferences.

MGE owns, operates and coordinates the installation of the Level 2 charging stations. Residential customers, like Madison teacher Allison Milley, pay a monthly fee plus the cost of their electricity to participate. The Level 2 charger fuels Milley's Chevy Volt up to six times faster than a standard electrical outlet. Charge@Home is an innovative way to build customer and shareholder value and meets a growing need as automakers introduce more electric vehicle models.

Implementing **WORKPLACE CHARGING** for business

MGE helps workplaces of all sizes install charging stations and design and implement charging programs for employees. Some businesses view this as a way to enhance their sustainability efforts. Others also see it as an opportunity to attract and retain talent.

Middleton-based Electronic Theatre Controls, Inc. (ETC), is one of those employers. When surveyed, more than 68% of employees who responded said ETC should offer workplace charging. MGE helped ETC evaluate the company's charging needs based on employee feedback. In 2018, when the global lighting technology company unveiled a new addition, it also came with several electric vehicle charging stations.

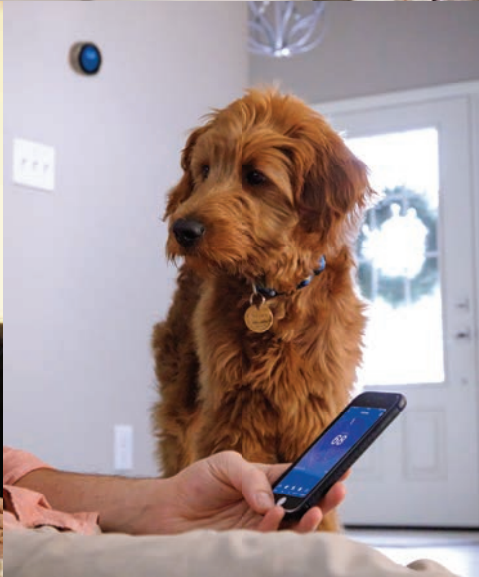
The expansion of electric vehicle charging at ETC is consistent with one of the tenets of the company's environmental policy—investing in sustainable technologies. By working with our business partners, MGE is able to advance new technologies, like electric vehicles, to help reach shared sustainability goals.



Top: Placon Engineering Manager Jim Hart uses MGE's On Demand Savings program to monitor energy usage throughout the plastics manufacturer's production areas at its company headquarters.



Middle left: With conservation kits and tablets, Denisha Bonds (left) with the nonprofit Energy Services, Inc., and MGE's Cedric Johnson and May Lor prepare for an energy assistance workshop at a community center on Madison's north side.



Middle right: MGE's Smart Thermostat Demand Response program tests remote management of residential air conditioners to reduce energy use and to manage the grid without sacrificing customers' comfort.

Bottom: Kristin Slava, Environment and Facilities Manager at Preschool of the Arts, can manage the school's heating and cooling from anywhere. Slava used MGE's Shared Savings loan program to upgrade the school's HVAC system.



EMPOWER

We are exploring new ways and innovative technologies to empower our customers to take control of their **ENERGY USE.**

Energy efficiency is a key strategy for reducing our collective carbon footprint.

MGE works with customers to give them the tools and resources to manage their energy use. From new technologies to hands-on engagement, we are deepening our relationships with our customers to create a more sustainable future.

MGE's On Demand Savings program is designed for large energy users like Placon, a Madison-based plastics manufacturer. With a commitment to sustainable practices, Placon joined the demand reduction program in 2018, seeking to better manage energy usage within the production areas of the company's 392,000-square-foot headquarters.

On Demand Savings uses an online dashboard to give customers real-time insight into their electricity use. The data allows customers to act quickly to reduce their use, especially during peak periods when costs are greatest. The program's technology, combined with customer education, helps Placon Engineering Manager Jim Hart to better understand his facility's energy consumption and to implement customized reduction strategies.

Advancing SMART TECHNOLOGIES

Saving energy can be as simple as flipping a light switch—or opening an app on a smartphone. MGE is partnering with customers to explore the use of smart devices to help them reduce their household energy use. Smart devices allow users to manage their electricity use remotely.

Through our Smart Thermostat Demand Response Pilot Program, several hundred residential customers tested the use of smart thermostats to manage residential air conditioners during periods of peak demand. With customers' permission, minor temperature adjustments made remotely on hot summer days reduced demand on the grid. Customers could opt out of those adjustments.

New technologies are bringing new ways to build relationships with customers and to manage our electric grid. By working

with customers, both business and residential, to lower their energy use, we can achieve deep decarbonization and better manage long-term costs for the benefit of all.

Meeting our CUSTOMERS where they are

From our walk-in lobby to our community partnerships, our employees embrace our fundamental mission as a critical services provider. MGE's residential and community services team continues to develop new ways to connect with customers around energy efficiency and other energy-related needs.

With conservation kits from Wisconsin's Focus on Energy program and MGE tablets to introduce customers to our online tools, MGE energy experts answer customers' questions about their bill, help them understand their energy usage or identify resources for assistance and more. Our team is working to give customers more control over their energy use, meeting them where they are and advancing one of our objectives under our Energy 2030 framework.

Working together toward SUSTAINABILITY

Staff at Preschool of the Arts on Madison's west side work hard to make their young students comfortable and their families welcome. In fact, the school considers the classroom environment a "third teacher," central to a student's development and experience.

In 2018, Environment and Facilities Manager Kristin Slava realized the school's 11 rooftop air-conditioning units needed to be replaced. With a total project cost of \$75,000, Slava worked with her MGE account representative in commercial and industrial marketing to take advantage of MGE's Shared Savings program to fund the improvements.

Shared Savings is a loan program to finance energy- and money-saving improvements to business facilities. MGE pays the up-front costs. Businesses use the cost savings generated by reduced energy consumption to help repay the loan. The program has loaned about \$15 million for 150 projects throughout the last 10 years.



Top: Mark Schroeder farms more than 3,000 acres of soybeans and corn outside of Madison. He switched from propane to natural gas through MGE's gas expansion program.

Middle left: Students in the Gas Utility Technician Program at Moraine Park Technical College get hands-on training in an outdoor "neighborhood" funded, in part, by the MGE Foundation.

Middle right: MGE is committed to working with local partners like Lisa Peyton-Caire (center), founder of The Foundation for Black Women's Wellness. Peyton-Caire's organization serves to reduce the health disparities affecting black women.

Bottom: Gaby Frazer, COO, and Darcey Nett, CEO, both of ImageMoverMD, meet in the café at the entrepreneurial hub StartingBlock Madison. The start-up software company received financing through the Venture Debt Fund, which helps grow emerging high-tech companies.



From energy to economic development to philanthropy, your community energy company partners on many fronts to build stronger, healthier **COMMUNITIES.**

Helping to build better communities is the focus of our work.

With support from our MGE Foundation, the business incubator StartingBlock Madison opened in the city's Capitol East District in 2018. The affordable and flexible workspace offers entrepreneurs and start-up companies the opportunity to grow their business near the heart of Madison's downtown.

Medical imaging software company ImageMoverMD was one of the entrepreneurial hub's first tenants. The company's platform enables the safe, efficient and seamless sharing of patient images, through an app, to improve patient care and provider workflow.

The five-year-old company received financing from the Venture Debt Fund. The fund provides loans at competitive rates to growing high-tech companies in the Madison area. The nonprofit Madison Development Corp. manages the Fund in partnership with MGE and other investors. Since it began in 2004, the fund has committed more than \$17 million to nearly 60 companies throughout Dane County.

Giving back to promote HEALTHY COMMUNITIES

As a community energy company, MGE partners to help identify solutions to the challenges facing those we serve. The MGE Foundation averages more than a million dollars in charitable contributions each year to our area's many nonprofit organizations.

Founded in 2012, The Foundation for Black Women's Wellness addresses health disparities affecting black women, such as low birth weights for babies born to black mothers in Dane County. Founder and President Lisa Peyton-Caire says the Foundation takes a whole-life wellness approach, from fitness to financial literacy to mental health, to educate and to encourage black women and girls to live their healthiest lives.

The MGE Foundation supports the work of the nonprofit. We know a healthy community is a strong and vibrant one.

Working to serve NEW CUSTOMERS

MGE's gas expansion program extends gas service to new communities. The program offers customers an opportunity to switch from propane or heating oil to dependable natural gas.

Mark Schroeder is one of many customers who has made the switch from propane to natural gas since our GEM program began in 2012. Schroeder farms more than 3,000 acres of soybeans and corn near DeForest. MGE worked to bring natural gas to Schroeder's large grain drying facility. Schroeder has enjoyed the cost savings, convenience and reliability of his natural gas service.

Training the NEXT GENERATION of utility workers

One of the first days of 2018 was a record-setting one. It marked one of the largest days of natural gas usage for MGE since the Polar Vortex of 2014. MGE customers weathered the severe cold snap without interruption of their gas service.

One of the ways MGE prepares for the unpredictability of Wisconsin winters is to invest in highly trained crews who are ready to respond during emergencies.

MGE is preparing the next generation of gas utility technicians through its financial and technical support for the Energy Education Center at Moraine Park Technical College in Beaver Dam. The school offers a Gas Utility Technician Program that includes a new, fully functional gas utility lab and an outdoor "neighborhood" to enable hands-on training for real-life scenarios.

The MGE Foundation is proud to support this new, cutting-edge resource to help ensure the continued safety and reliability of our natural gas system through the training of skilled technicians.

Corporate **LEADERSHIP**

Directors of MGE Energy and MGE



Marcia M. Anderson

Clerk of Court of U.S. Bankruptcy Court - Western District of Wis., retired Major General in the U.S. Army

Age 61

Director since 2018



James G. Berbee

Former Chairman and CEO of Berbee Information Networks Corp., physician and Chair of the Wisconsin Alumni Research Foundation

Age 55

Director since 2018



Mark D. Bugher

Retired Director of University Research Park, University of Wisconsin-Madison

Age 70

Director since 2010



Londa J. Dewey

President of QTI Management Services, Inc., a human resources and staffing company

Age 58

Director since 2008



F. Curtis Hastings

Retired Chairman of J. H. Findorff & Son, Inc., commercial and industrial general contractors

Age 73

Director since 1999



Jeffrey M. Keebler

Chairman, President and Chief Executive Officer of MGE Energy, Inc., and Madison Gas and Electric Co.

Age 47

Director since 2017



Regina M. Millner

Retired President of RMM Enterprises Inc., attorney, analyst and broker

Age 74

Director since 1996



James L. Possin

Certified Public Accountant and tax consultant with James L. Possin CPA, LLC. Former partner at Grant Thornton LLP

Age 67

Director since 2009



Thomas R. Stolper

Former Executive Vice President and Director of ProActive Solutions USA LLC, management consultant at Purple Cow Organics and Deibel Laboratories

Age 70

Director since 2008



Gary J. Wolter

Former Chairman, President and Chief Executive Officer of MGE Energy, Inc., and Madison Gas and Electric Co.

Age 64

Director since 2000

Note: Ages as of Dec. 31, 2018.

For detailed information on board members, see the MGE Energy Proxy Statement.

Officers of MGE Energy and MGE



Jeffrey M. Keebler¹
 Chairman, President and
 Chief Executive Officer
 Age 47
 Years of Service, 23



Jeffrey C. Newman¹
 Executive Vice President,
 Chief Financial Officer,
 Secretary and Treasurer
 Age 56
 Years of Service, 34



Craig A. Fenrick
 Executive Vice President –
 Energy Operations
 Age 59
 Years of Service, 36



Lynn K. Hobbie
 Executive Vice President –
 Marketing and
 Communications
 Age 60
 Years of Service, 33



Cari Anne Renlund
 Vice President and
 General Counsel
 Age 45
 Years of Service, 4



Donald D. Peterson
 Vice President –
 Energy Technology
 Age 59
 Years of Service, 36



Gregory A. Bollow
 Assistant Vice President
 and Regulatory Consultant
 Age 58
 Years of Service, 36



Jared J. Bushek
 Assistant Vice
 President and Chief
 Information Officer
 Age 38
 Years of Service, 8



Marshall S. Heyworth
 Assistant Vice President –
 Human Resources
 Age 62
 Years of Service, 5



Tamara J. Johnson
 Assistant Vice President
 and Controller
 Age 54
 Years of Service, 25



James J. Lorenz
 Assistant Vice President –
 Electric Operations
 Age 52
 Years of Service, 31



Scott R. Smith
 Assistant Vice President –
 Business and Regulatory
 Strategy
 Age 47
 Years of Service, 2



Ted L. Wadzinski
 Assistant Vice President –
 Gas Operations
 Age 54
 Years of Service, 7

1. Officers of MGE Energy and MGE. All others are MGE officers.
 Note: Ages and years of service as of Dec. 31, 2018.

SHAREHOLDER information

2019 Annual Shareholder Meeting

Tuesday, May 14, 2019
Madison Marriott West
1313 John Q. Hammons Drive
Middleton, Wis.

Stock Listing

- MGE Energy common stock trades on The Nasdaq Stock Market®
- Stock symbol: MGEE
- Listed in newspaper stock tables as MGE

Shareholder Account Information

Please notify us promptly if:

- A stock certificate is lost or stolen.
- A dividend check or statement is not received within 10 days of the scheduled payment date.
- Your name or address changes.

MGE Energy's transfer agent, Computershare, provides registered shareholders with secure online account access. Shareholders may view share balances, account statements, tax documents and market value as well as perform various transactions.

Visit computershare.com/mgee for more information.

To contact Computershare by mail:
MGE Energy Shareholder Services
c/o Computershare Trust Company, N.A.
PO Box 505005
Louisville KY 40233-5005

For overnight delivery:
MGE Energy Shareholder Services
c/o Computershare Trust Company, N.A.
462 South 4th Street, Suite 1600
Louisville KY 40202

By email:
web.queries@computershare.com

By phone:
Toll-free: (800) 356-6423
Madison area: (608) 252-4744

Online Account Access

Registered shareholders also can access their account information by visiting the MGE Energy website. Go to mgeenergy.com and click the Shareholder Login link.

MGE Energy Shareholder Services

Madison-based staff are available to assist shareholders in person at our corporate headquarters by appointment between the hours of 9:00 a.m. and 4:00 p.m. (CT) Monday through Friday. We are located at 623 Railroad St. in Madison, Wis.

2019 Expected Record and Dividend Payment Dates

MGEE Common Stock	
Record Dates	Payment Dates
March 1	March 15
June 1	June 15
Sept. 1	Sept. 15
Dec. 1	Dec. 15

Direct Stock Purchase and Dividend Reinvestment Plan

The Direct Stock Purchase and Dividend Reinvestment Plan provides a low-cost alternative to traditional retail brokerage methods of purchasing, holding and selling MGE Energy, Inc., Common Stock.

To review the Prospectus and to enroll, visit computershare.com/mgee or contact Computershare to request an enrollment package. This is not an offer to sell or a solicitation to buy any securities. Any stock offering will be made by Prospectus only.

Materials Available

More financial information is available upon request or on our website, mgeenergy.com, including the Direct Stock Purchase and Dividend Reinvestment Plan.

Sign Up For Electronic Delivery

You may choose to receive email alerts when annual meeting invitations, proxy materials, the annual report and newsletters are available on our website. Registered shareholders can sign up by visiting mgeenergy.com/paperless. If your MGEE shares are held in a brokerage account, please contact your broker.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

Corporate Responsibility

MGE Energy is committed to being a responsible corporate citizen in meeting the needs and interests of our customers, shareholders and community.

Our Board provides oversight with respect to the Company's long-term strategic plans and business initiatives; environmental and sustainability performance; enterprise-wide risk assessment and management; major capital projects and investments, new technologies, and industry changes; fiscal and budget matters.

Visit mgeenergy.com/corpgov for more information.

Corporate PROFILE

MGE Energy, Inc.

MGE Energy is the parent company of Madison Gas and Electric Co. (MGE) and its divisions, which serve natural gas and electric customers in south-central and western Wisconsin.

MGE Transco Investment holds an ownership interest in ATC LLC, which invests in transmission assets, primarily within Wisconsin.

MGEE Transco, LLC, holds an ownership interest in ATC Holdco, which invests in transmission assets outside ATC LLC service territory.

MGE Power owns assets in the West Campus Cogeneration Facility at Madison, Wis., and the Elm Road Generating Station at Oak Creek, Wis.

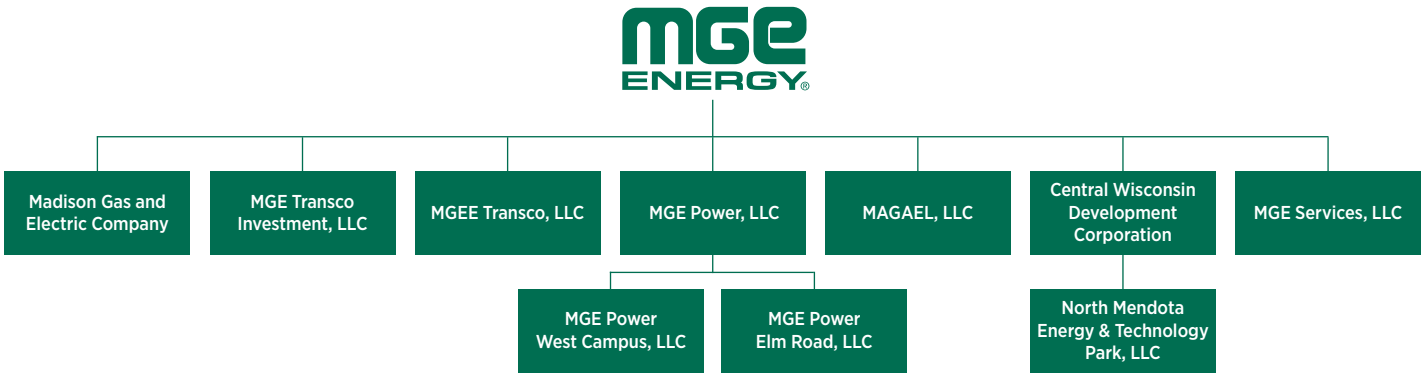
MAGAEL holds title to properties acquired for future utility plant expansion.

Central Wisconsin Development Corp. promotes business growth in MGE's service area.

North Mendota Energy & Technology Park owns property and serves as the development entity for the property.

MGE Services provides construction and other services.

[Learn more at mgeenergy.com](http://mgeenergy.com)



MGE Electric Services

Generation and Distribution

Customers: 153,000

Population: 327,000

Area: 264 square miles

Communities served: Cross Plains, Fitchburg, Madison, Maple Bluff, McFarland, Middleton, Monona and Shorewood Hills

Generating facilities: Blount Station, West Campus Cogeneration Facility, combustion turbines and solar units at Madison, Shared Solar at Middleton, Columbia Energy Center at Portage, natural gas combustion turbine at Marinette, Forward Energy Center wind farm in Dodge and Fond du Lac counties, Rosiere Wind Farm in Kewaunee County, Top of Iowa Wind Farm in north-central Iowa, Saratoga Wind Farm in northeast Iowa and Elm Road Generating Station at Oak Creek

[Learn more at mge.com](http://mge.com)

MGE Natural Gas Services

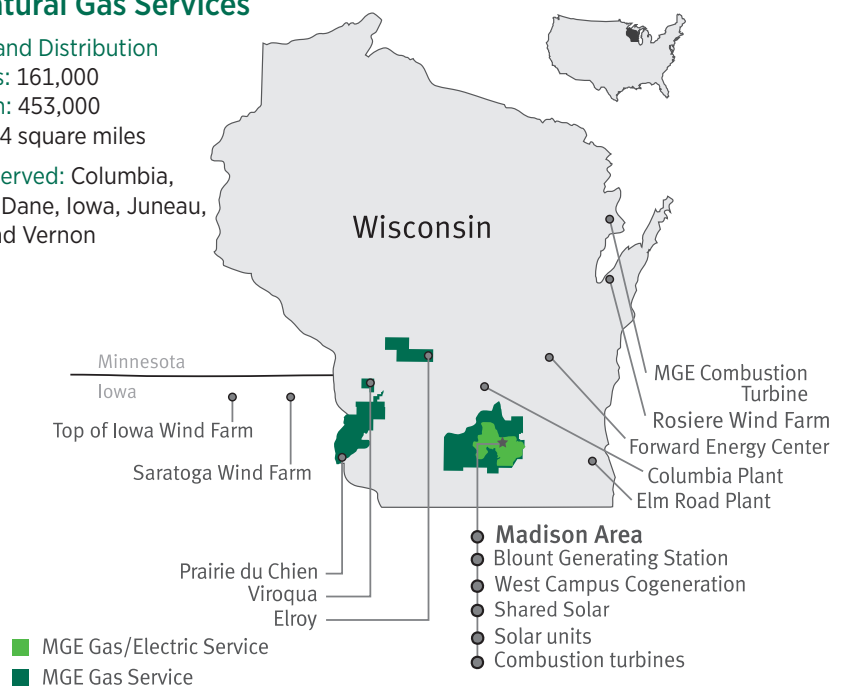
Purchase and Distribution

Customers: 161,000

Population: 453,000

Area: 1,684 square miles

Counties served: Columbia, Crawford, Dane, Iowa, Juneau, Monroe and Vernon





P.O. Box 1231
Madison, WI 53701-1231

**LEAD
BUILD
TRANSFORM**

**Building a community energy
company for the future**

Learn more at mgeenergy.com