

Technology in Action

Bringing the benefits of sustainability to all.



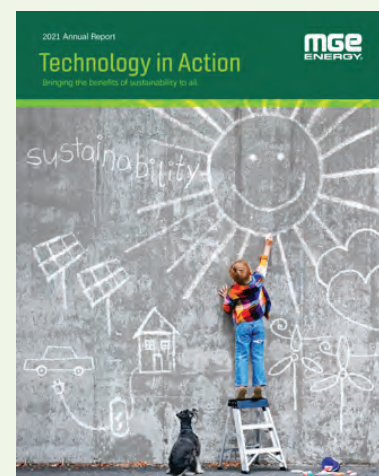
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MGE Energy, Inc.

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 \$2.4 billion. In 2021, revenue was approximately \$607 million. See the Corporate Profile on the inside back cover.



About the Cover

Your community energy company, Madison Gas and Electric (MGE), is charting a more sustainable path forward, investing in renewable energy and new technologies to reach shared energy goals for the benefit of all our customers, communities, investors and future generations. MGE is building a cleaner, smarter and more resilient grid to fulfill its ongoing commitment to safe, reliable, affordable and sustainable energy for all.

MGE Energy (MGEE)

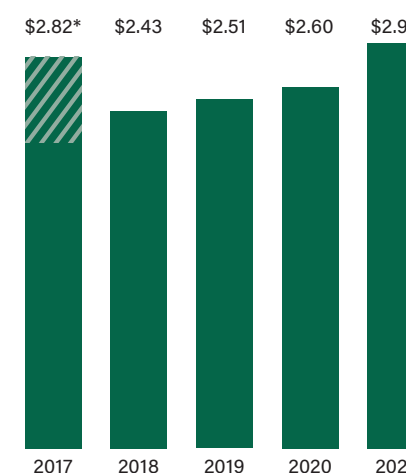
Year at a Glance

(Thousands, except per share amounts and shares outstanding)

	2021	2020	Increase/ (Decrease)	% Change
Total Market Value (Dec. 31)	\$ 2,974,437	\$ 2,532,521	\$ 441,916	17.4%
Market Price Per Share (Dec. 31)	\$ 82.25	\$ 70.03	\$ 12.22	17.4%
Book Value Per Share	\$ 28.41	\$ 27.41	\$ 1.00	3.6%
Average Shares Outstanding	36,163,370	35,611,936	551,434	1.5%
Shares Outstanding at Year-End	36,163,370	36,163,370	—	—
Operating Revenues	\$ 606,584	\$ 538,633	\$ 67,951	12.6%
Net Income	\$ 105,761	\$ 92,418	\$ 13,343	14.4%
Basic and Diluted Earnings Per Share	\$ 2.92	\$ 2.60	\$ 0.32	12.3%
Dividends Declared Per Share	\$ 1.52	\$ 1.45	\$ 0.07	4.8%
Dividend Payout Ratio	52.1%	55.8%	(3.7%)	(6.6%)
Total Assets	\$ 2,371,906	\$ 2,253,651	\$ 118,255	5.2%
Total Retail Electric Sales (kWh)	3,199,530	3,100,968	98,562	3.2%
Total Gas Deliveries (therms)	268,944	271,382	(2,438)	(0.9%)

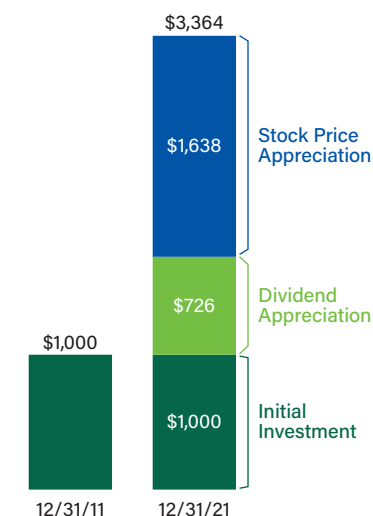
For detailed financial information, see the 2021 MGE Energy Form 10-K.

Earnings Per Share
(2017-2021)



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

Cumulative Total Return
(assumes \$1,000 investment on 12/31/11 with dividends reinvested)



We are investing in a more advanced, integrated and resilient grid to bring the benefits of cost-effective clean energy and new technologies to all.

The theme of our 2021 Annual Report is Technology in Action. It reflects MGE Energy’s ongoing progress in putting new sustainable technologies to work to achieve our goal of reducing carbon emissions at least 80% by 2030 as part of our path toward net-zero carbon electricity by mid-century.

Your community energy company’s investment in new, efficient renewable energy is helping our regulated utility, Madison Gas and Electric (MGE), to transition away from coal, to reduce emissions and to provide cost-effective, carbon-free energy to all customers for generations to come. Ensuring all customers experience the environmental and economic benefits of these investments is a foundational objective in our clean energy transition.

Technology in action is helping to manage our customers’ energy use. By employing new battery storage and smart technologies to reduce and to shift our customers’ energy use, we are managing long-term costs, building a dynamic grid and advancing shared sustainability goals.

Technology in action is enabling market growth. A key strategy in our path toward net-zero carbon electricity is electrification. Transportation is a leading contributor of greenhouse gas emissions. MGE continues to invest in infrastructure to meet the needs of a growing number of electric vehicle (EV) drivers. Our customer programs are helping to accelerate the transition to EVs.

As we decarbonize our electricity generation, deploy smart technologies to manage customer demand and work to electrify transportation and other energy uses, we continue to invest in a more advanced grid to deliver safe, reliable,



Chairman, President and CEO Jeff Keebler sits on the fourth floor of MYArts (Madison Youth Arts Center), a new community resource for arts education in downtown Madison’s Capitol East District. With support from the MGE Foundation, the vibrant and welcoming center provides accessible and affordable space for dance, theater and music instruction and performance for local youth.

affordable and sustainable energy for the future. A modern, efficient and more resilient grid provides customer value by meeting our fundamental obligations and the evolving needs and preferences of our diverse customers. MGE Energy is prepared to embrace the opportunities of this transformational period in energy.

“Technology is enabling a cost-effective transition toward a more sustainable, more dynamic grid that provides long-term shareholder value and benefits all of those we serve.”

—Jeff Keebler, Chairman, President and CEO

Financial strength

MGE Energy’s solid bottom line allows the company to grow and to make strategic investments that deliver long-term shareholder value. In 2021, your Board of Directors increased the dividend for the 46th consecutive year. The company has paid dividends for more than 110 years.

The board increased the annual dividends paid per share by approximately 5% to \$1.52. In the last five years, shareholders have seen a compound annual growth rate in dividends of nearly 5%. The financial publisher Mergent continues to recognize MGE Energy as a “Dividend Achiever” for our commitment to dividend growth. No other major utility in Wisconsin can match our history of consistent dividend increases.

Many shareholders reinvest their dividends to grow their value. The total return on your investment combines stock price appreciation with reinvested dividends. In 2021, MGE Energy’s total return grew almost 20%.

Looking at the last 10 years, MGE Energy’s annualized total return was almost 13%—outperforming the EEI Index. A \$1,000 investment in MGE Energy, with dividends reinvested, would have grown to \$3,364 during the 10 years ending Dec. 31, 2021.

The company continues to earn national recognition for its consistently strong performance. Value Line gives MGE Energy top marks for investment safety and its highest grades for financial strength. MGE also continues to maintain the highest credit ratings of any investor-owned combination utility in the nation from Standard & Poor’s (S&P) and Moody’s. MGE consistently maintains high credit ratings.

Steady asset growth

The company’s strong financial profile has allowed MGE Energy to achieve steady asset growth. In the last 10 years, MGE Energy has grown its asset base from approximately \$1.5 billion to almost \$2.4 billion.

Our transition toward greater use of cost-effective renewable energy is helping to fuel this growth. Almost half of the company’s projected capital expenditures in the next few years will support investments in wind, solar and battery storage as MGE works toward reducing its use of coal about 75% by 2025 and reducing carbon emissions at least 80% by 2030.

Investors also continue to see stable earnings growth. The Two Creeks Solar project was completed in November 2020, and the first phase of the Badger Hollow Solar Farm was completed in November 2021. Both projects and economic recovery in our service territory contributed to increased electric earnings in 2021. MGE Energy’s GAAP (Generally Accepted Accounting Principles) earnings for the full year of 2021 were \$105.8 million, or \$2.92 per share, compared to \$92.4 million, or \$2.60 per share, in 2020.

During 2021, electric retail kilowatt-hour sales increased approximately 3% compared to the prior year. Electricity use by commercial customers was approximately 4% higher while residential consumption increased by approximately 2%.

In addition, the company grew its customer base. By year-end 2021, MGE was serving approximately 2,000 more electric customers and 3,000 more natural gas customers than the year prior.

MGE Top Credit Quality

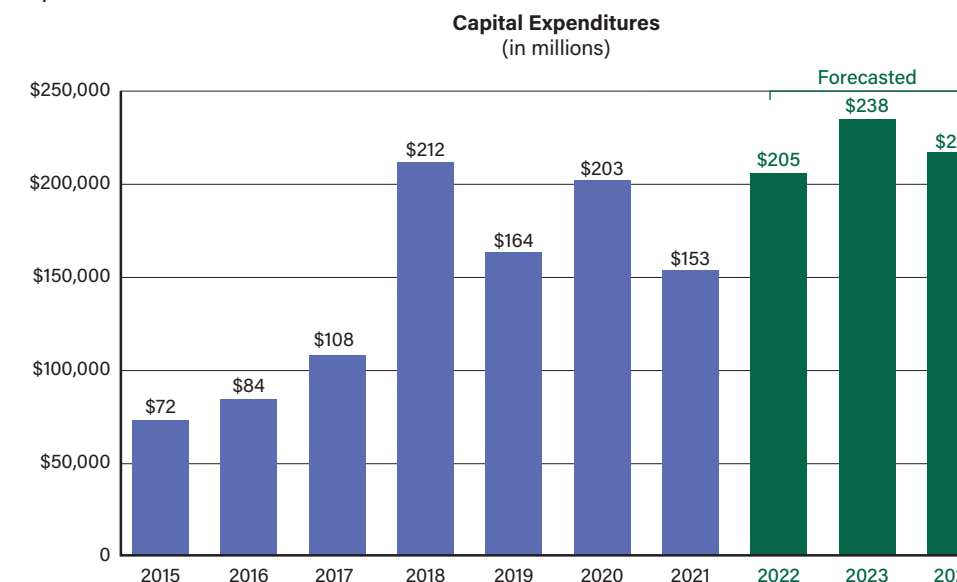
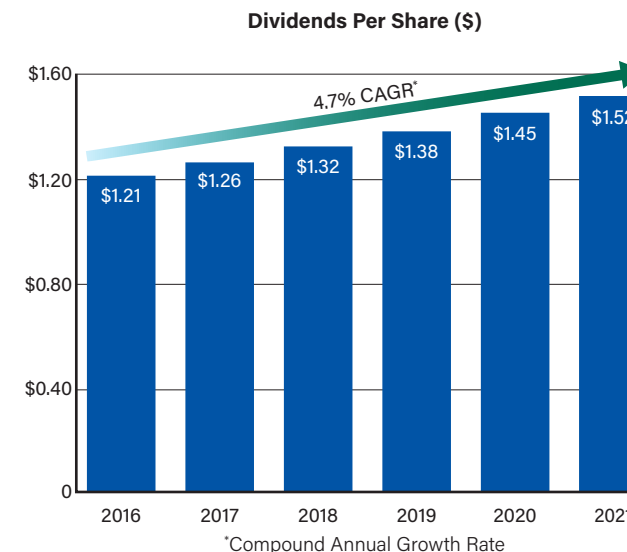
S&P
Corporate Credit: AA-
Outlook: Stable

Moody’s
Secured: Aa2
Unsecured: A1
Outlook: Stable

MGE Value Line Ratings

Safe Investment
No. 1

Financial Strength
A+





Todd Montevideo, MGE Manager of Renewable and Distributed Energy Engineering, speaks with Edgewood College students studying climate change during their visit to the O'Brien Solar Fields in Fitchburg, Wis. The 20-megawatt array features bifacial panels, which capture sunlight from both sides of the panels to increase energy production. Adjacent to a popular bike trail, the 160-acre project also will feature an educational kiosk.

Transition away from coal

With the planned retirement of both units at Columbia and with the Elm Road Generating Station expected to begin its transition from coal to natural gas within

the next couple of years, MGE expects to eliminate approximately 75% of the company's current coal use by 2025. MGE's remaining use of coal is expected to be reduced substantially by 2030, and by 2035, MGE expects to eliminate coal as an energy source.

Investment in renewable generation will replace much of the capacity needed due to the retirement of Columbia, which provides about 200 MW of capacity to serve MGE. To help ensure continued reliability, MGE also plans to invest in 25 MW from the state-of-the-art West Riverside Energy Center, with an option to purchase an additional 25 MW. A 50-MW share of this new, highly efficient gas plant in southern Wisconsin is expected to produce less than 10% of the emissions of MGE's share of the Columbia plant.

West Riverside's lower emissions as well as increased investment in renewable generation will help enable MGE to achieve its goal to reduce carbon at least 80% by 2030, exceeding our previous expectations for reductions of at least 65% by 2030. We have said since introducing our carbon reduction targets that if we can go further faster, we will.

Natural gas is a bridge fuel toward a net-zero carbon future, serving as an efficient backup to renewable energy because natural gas plants can be dispatched quickly to meet demand during periods of lower production for wind and solar facilities. Since West Riverside is an existing facility, MGE's investment will result in no new carbon emissions.

Local clean energy

Since announcing our goal of net-zero carbon electricity almost three years ago, MGE Energy has been delivering on its deep decarbonization strategy and growing our use of renewable energy. MGE's 20-megawatt (MW) O'Brien Solar Fields came online in spring 2021 to serve several large customers. The local project helps both MGE and participating customers achieve their sustainability goals. Adjacent to the Badger State Trail, the highly visible project also serves as a community resource to passersby and to students interested in renewable energy.

It is one of two solar arrays to become operational in 2021. In fall, phase one of the Badger Hollow Solar Farm in Iowa County, Wis., began serving our customers. MGE owns 50 MW of phase one. When completed, phase two will deliver another 50 MW. Both projects are part of an estimated \$645 million in renewable energy investment between 2015 and 2024. These investments reflect a commitment to advancing a cleaner energy future as quickly and cost-effectively as we can while ensuring all our customers benefit from this ongoing transition.

We announced in early 2021 plans to purchase part of the output from several new wind, solar and battery storage projects in Wisconsin. If approved, these projects will deliver nearly 120 MW of clean energy to serve all MGE electric customers. They also will help to meet future energy and capacity needs with the planned retirement of the coal-fired Columbia Energy Center by 2025.

The customer experience

Our more than 700 dedicated employees understand what it means to serve as your community energy company. MGE invests in our workforce through training and development, accessible to all employees, to help them succeed and to improve our service to customers.

As part of our five-year Enterprise Forward initiative, we also are investing in new tools to serve customers more effectively and efficiently. The multiyear capital investment under Enterprise Forward to upgrade internal legacy systems is transforming MGE into a digitally integrated utility.

In 2021, we launched our new customer care and billing system, one of several improvements impacting various aspects of the customer experience, including customers' communication preferences, engagement tools and service requests. The capability to better understand what our customers want and how they want to interact with us will help us better address their needs. When the five-year initiative is complete, MGE will have enhanced capability and flexibility to offer customers more customized programs, products and services that enable growth and that better serve our customers.

Industry leadership

For nearly two years, many of MGE's office personnel worked remotely while nearly half of our workforce continued to report on-site, following safety protocols and procedures due to the ongoing COVID-19 pandemic. Despite the challenges associated with a global pandemic, MGE maintained its status as a national leader in electric reliability, providing the safe, reliable service households and businesses have come to expect from their community energy company.

For 2020, the most recent data year available, MGE's electric service reliability is ranked number one in the country for both the fewest number of outages and shortest duration of outages per customer, according to an annual nationwide industry survey. MGE recorded its best performance ever in both industry metrics in 2020.

On average, MGE customers experience about one outage every four years. MGE has ranked in the top three utilities in the country for the fewest number of outages in each of the last 14 years.

MGE's commitment to top-notch reliability begins with cross-functional teams that meet regularly to review and to analyze outages and their root causes to propose reliability improvement projects and to determine equipment and design standards for our electric system. Through informed and collaborative decision-making, these teams work to fulfill our commitment to reliable electric service.

New board member

In September, former City of Madison Police Chief Noble Wray joined our Board of Directors. In addition to his public service experience, Wray brings significant community and nonprofit leadership experience to his board service.

Like safety and reliability, community is at the heart of MGE, what we do and who we are. Incorporated in 1896, we have recognized 125 years of serving the Madison area as MGE, though our roots in the area date back even further. Your community energy company is proud to serve our customers and communities, and we thank you for your investment and your confidence as we continue to chart a more sustainable path forward.



Jeffrey M. Keebler
Chairman, President and Chief Executive Officer



MGE line crews upgrade infrastructure on the near east side of Madison for distribution automation. The broader improvement project involves new technology throughout parts of our distribution grid to enhance reliability. With distribution automation, our Distribution Operations Center can restore service remotely after an outage. In the future, the new equipment can be automated to restore outages.



We are partnering with customers in many ways to advance sustainability. Tribe 9 Foods, a specialty foods manufacturer on the city of Madison's east side, has a motto of "improving lives through food." Sustainability is part of the local company's mission.

Tribe 9 Foods' operations are served by MGE's O'Brien Solar Fields in Fitchburg, Wis. The 20-megawatt (MW) project—currently Dane County's largest solar project—came online in spring 2021 to serve Tribe 9 Foods and several other large customers who participate through Renewable Energy Rider (RER) contracts with MGE.

The growing five-year-old company also has been one of more than 10,000 electric customers participating in MGE's long-standing Green Power Tomorrow (GPT) program. At a penny more per kilowatt-hour, GPT offers an easy way for residential and commercial customers to support local and regional renewable energy from MGE to reduce their carbon footprint cost-effectively.

“We're always looking for ways to be better stewards of the planet and of our community, and we're proud to say that our Madison facilities are powered by 100% clean energy.”

—Brian Durst, Chairman and CEO, Tribe 9 Foods

Our RER program gives MGE and larger customers—like businesses and educational and other public institutions—the



MGE's 20-megawatt O'Brien Solar Fields project in Fitchburg, Wis., serves several large customers, including Tribe 9 Foods, a Madison-based specialty foods manufacturer. The company's facilities, including this newer 49,000-square-foot warehouse, are powered by clean energy from MGE's O'Brien Solar Fields and through MGE's Green Power Tomorrow program.

opportunity to partner to grow locally generated renewable energy with customized renewable energy solutions. MGE has built nearly 40 MW of local solar capacity under RER agreements since we began offering this clean energy option in 2017. MGE owns the generating facility while participating customers pay for the costs of the project and for the carbon-free energy it provides.

MGE leases the solar project's roughly 160 acres from Tom and Patrick O'Brien, former dairy producers who have owned and farmed the land that has been in the family for more than 120 years. In addition to energy generation, their land hosts pollinator plantings underneath the solar panels in areas throughout the project. The plants help to create habitat for dwindling monarch and honeybee populations and improve soil health throughout the lifetime of the project. The O'Briens say the partnership with MGE helps to keep the property in the family for generations to come.

“We're raising a different crop now. We're raising energy now.”

—Patrick O'Brien, landowner

Another local farm, Hermsdorf Family Farms, will be harvesting energy from the sun. In 2021, MGE began construction of the 8-MW Hermsdorf Solar Fields on the far east side of Madison. The project, also built under RER contracts, will serve the City of Madison and the Madison Metropolitan School District, both of which have clean energy goals. By working together, MGE is helping the capital city and Madison schools deliver on their sustainability commitments.



MGE engineer John Armstrong serves as project manager of the 8-megawatt Hermsdorf Solar Fields, a solar array built to serve the City of Madison and the Madison Metropolitan School District under MGE's Renewable Energy Rider program.

Like our RER program, MGE's community solar program, Shared Solar, provides local solar at an affordable cost to participating customers. MGE's Morey Field Solar project at the Middleton Municipal Airport serves more than 2,000 residential and small business customers who participate in this solar option from MGE. A share of the project also serves the City of Middleton and the Middleton-Cross Plains Area School District through separate RER contracts.

Seventy percent of the 5-MW Morey Field project is allocated to the Shared Solar program, which is fully subscribed. The program gives participants the opportunity to add solar to their energy mix at a level they select, helping to meet their clean energy needs or preferences and advancing MGE's goal of net-zero carbon electricity.

A foundational objective in our ongoing clean energy transition is ensuring our use of newer, more sustainable technologies benefits all customers. As we work to tailor programs to meet the unique needs of our customers, we also are working to transition our energy supply cost-effectively for the benefit of all those we serve.

In late 2021, the first phase of the 300-MW Badger Hollow Solar Farm in Iowa County, Wis., came online. MGE purchased a 50-MW share of the first phase. When phase two is complete, MGE's 100-MW total purchase of the utility-scale project will meet the electricity needs of more than 30,000 MGE electric customers.

Minutes west of the Badger Hollow Solar Farm, another clean energy project is expected to take shape. In early 2022, MGE received regulatory approval to purchase a 10% share of the 92-MW Red Barn Wind Farm in Grant County, Wis. Our investment in the Red Barn project further builds MGE-owned wind capacity, following the company's purchase of the 66-MW Saratoga Wind Farm, which came online in early 2019 in Saratoga, Iowa.



In addition to our Saratoga Wind Farm (pictured), which came online in early 2019, MGE plans to grow its wind capacity with the planned purchase of part of the Red Barn Wind Farm in Grant County, Wis.

MGE's share of the Red Barn Wind Farm will power about 4,000 households with cost-effective, carbon-free energy. It is one of a series of proposed new and efficient renewable energy investments that will meet MGE's future energy and capacity needs with the planned retirement of the coal-fired Columbia Energy Center by 2025.

MGE's investments in wind and solar generate environmental as well as economic benefits. Our growth of wind and solar energy helps us to manage costs for all customers long-term by avoiding future fuel costs. Energy affordability, sustainability and reliability are fundamental in our mission to serve our customers equitably.

Our community partnerships help put technology in action.

Working with our customers to advance new technologies is key to achieving shared sustainability goals. Throughout the years, MGE has worked with the City of Madison on a number of electric transportation initiatives, including helping to electrify the City’s fleet and partnering to bring all-electric buses to Metro Transit.

In 2021, the Madison Fire Department welcomed its first electric fire truck with help from MGE. Firefighters at Station 8 on the city’s east side respond to emergencies with the new Volterra Electric Pumper™ from Pierce Manufacturing in Oshkosh, Wis. It is cleaner and quieter, and the station’s DC fast charger from MGE helps to keep the new truck charged and ready to serve the community.

The chief says the truck—which is the first of its kind in North America—serves as a model for other fire departments.

“It’s game-changing technology for the fire service.”
—Steven Davis, Chief, Madison Fire Department

From the city’s east side to downtown, where MGE’s new fast-charging hub will offer the latest charging technology to electric vehicle (EV) drivers just blocks from the Capitol Square. The hub features some of the most powerful EV charging stations in the region to help drivers charge fast while on the go.

“With the hub along a major thoroughfare to downtown, it’s a convenient option for commuters, taxi and ridesharing services, and fleet vehicles as well as nearby apartment and condo residents,” says MGE Manager of Electrification Debbie Branson.



MGE’s new EV fast-charging hub, powered by renewable energy, features some of the most powerful chargers in the region. MGE Manager of Electrification Debbie Branson says adding fast-charging infrastructure is key to getting more EVs on the road.



Madison Fire Department Chief Steven Davis, who retires in spring 2022, was instrumental in helping to bring the first electric fire truck to the department. A DC fast charger from MGE at Station 8—the city’s busiest fire station—keeps the truck charged and ready to respond.

The hub, located along East Washington Avenue, features eight MGE fast-charger stalls and, through a partnership with Tesla, eight Superchargers. With EVs growing in popularity and variety, the hub’s fast chargers are capable of serving EVs with increasingly larger batteries and greater driving ranges.

Electrification is a key strategy for reducing carbon emissions and achieving net-zero carbon electricity by mid-century. MGE’s leadership in offering fast, convenient EV charging powered by renewable energy is helping to enable the growth of cleaner, more sustainable transportation options.

“MGE is committed to supporting the growth of electric vehicles, both to achieve shared goals and to enable market growth,” says Branson. “The charging hub also complements ongoing commercial and residential redevelopment in the Capitol East District.”



With the community center in the background, Slipstream Energy Engineer Kevin Frost, Bayview resident Nina Okwali, Bayview Executive Director Alexis London and MGE Senior Multifamily Services Manager Brian Driscoll discuss the sustainable redevelopment of Bayview’s affordable housing.

West of the Capitol, on the edge of downtown Madison, is Bayview, a vibrant and diverse residential community. The 50-year-old affordable housing complex is part of the “Triangle” neighborhood, which is bordered by three main thoroughfares in Madison.

Built in 1971, Bayview’s buildings have been in need of an upgrade. The nonprofit Bayview Foundation, which manages the complex and provides essential services and support, turned to its residents like Nina Okwali, who has lived at Bayview for almost 20 years and raised her two children there, to help inform how to rebuild Bayview to meet modern standards. Invested in her community, Okwali participated in the community engagement and redevelopment planning, saying the Bayview community is like a family.

“Our work on the redevelopment is rooted in community voice, inclusion, cultural pride and sustainability. A stronger, healthier Bayview contributes to a stronger, healthier Madison.”
—Alexis London, Executive Director, Bayview Foundation

Inspired by MGE’s goal of net-zero carbon electricity, London asked MGE Senior Multifamily Services Manager Brian Driscoll for guidance on achieving net-zero for their redevelopment. With financial support from the MGE Foundation and technical assistance from MGE residential energy engineers and local energy nonprofit Slipstream, Bayview plans to become a model of super-efficient energy performance.

When completed, a sustainably built Bayview will incorporate areas of cultural importance to residents, including garden plots to grow food, artwork, outdoor gathering spaces and a new community center. London expects the apartments to open in 2022, followed by the townhomes and community center in the next couple of years.

With representatives who cultivate and maintain partnerships with hundreds of local organizations and our diverse communities, MGE’s Residential and Community Services team helps MGE meet customers “where they are.” This includes working to identify ways to help ensure vulnerable populations have the resources they need to be more energy efficient.

In 2021, the team worked with our statewide energy efficiency partner, FOCUS ON ENERGY®, to deliver immediate energy savings to customers by distributing energy-efficient LED light bulbs at community events. The team exceeded its goal of handing out 10,000 bulbs to vulnerable customers and partner organizations.

Energy efficiency is another key strategy for reducing carbon emissions and achieving net-zero carbon electricity. Helping our customers and communities use energy wisely is fundamental to our mission to serve as your community energy company.



MGE’s Residential and Community Services team partnered with Focus on Energy to distribute LED light bulbs to lower-income customers at community events in 2021. The team exceeded its goal of giving away more than 10,000 LEDs, helping to ensure all our customers, including the most vulnerable, have access to technologies and resources for managing their energy use.

MGE is connecting with customers to help manage a more dynamic electric grid. With rooftop solar, the Lowery home on Madison's west side was ready for MGE to test the use of residential battery storage. The couple's solar system charges the exterior battery, which can be used by MGE as a tool for grid management and by the couple as a backup source of power for the household.

Dr. Birl Lowery is a retired professor emeritus from the University of Wisconsin-Madison, Department of Soil Science. With a long career in sustainability research, Lowery was eager to participate in and supportive of the multiyear project with MGE.

MGE is collaborating with several customers and the Electric Power Research Institute (EPRI) to better understand the role of residential batteries as part of an advanced distribution grid. Battery storage holds the potential to help manage customer demand during peak periods and to provide greater resiliency and reliability as we continue to transition to greater use of renewable resources.

"This technology demonstration project is providing MGE with valuable insight into how these batteries perform during Wisconsin winters and



Birl and Ester Lowery, at their home on the west side of Madison, are helping MGE test a residential battery storage unit that is connected to their home's rooftop solar panels and MGE's distribution grid.

how we might be able to deploy them in the future to manage our collective use of energy and our grid resources," says Cheri Salmon, MGE Manager of New Products and Services.

The distribution grid is a shared resource, providing all our customers with safe, reliable and sustainable energy. As conductor of the grid, MGE is investing in a modern, efficient grid that enables and supports new technologies, like battery storage, and that meets the needs of all customers cost-effectively for future generations. As a public utility, MGE takes seriously its responsibility to ensure a more sustainable and advanced grid benefits all those we serve.

"Battery technology could help us manage customer costs in the long-term, which adds value to the customer both individually and collectively by helping us operate our electric system assets more efficiently."

—Cheri Salmon, Manager of New Products and Services, MGE

Leah and Scott Haman enjoy the convenience of their electric vehicle (EV). The couple charges their Tesla at home, which is where most EV drivers prefer to fuel their vehicle. As Tesla drivers, the Hamans were eligible to participate in MGE's Charge Ahead project. The innovative project from MGE uses vehicle telematics to manage charging of customers' EVs remotely, shifting charging to lower-cost periods.

"MGE uses the vehicle's onboard communications system to gain access to charging data," says Debbie Branson, MGE Manager of Electrification. "MGE is able to view and manage charging remotely, which can help us to manage costs to all customers in the long run by shifting charging to lower-cost periods when the grid is less busy."

Charge Ahead participants specify when they need a full charge, and the software optimizes charging. The project also offers flexibility, which is key to a positive customer experience. Customers can opt out of a managed charging

event and start charging if they need their vehicle charged earlier than scheduled.

"Customers have their vehicles charged when they need them while MGE is able to realize the benefits of managing demand on the grid from EVs."

—Debbie Branson, Manager of Electrification, MGE

During the first phase of the project, MGE was able to shift about 93% of customer charging to off-peak periods when there's less overall demand on the grid. MGE plans to expand the project to include other vehicle manufacturers in the future.

MGE's new Smart Water Heater Rewards project offers similar benefits for grid optimization. By partnering with residents at a Fitchburg, Wis., condominium and rental community, we are testing technology that allows MGE to shift water heating without impacting customer comfort.

"The units at Whispering Pines have electric water heaters, which made it an optimal test site," says MGE Senior Engineer Dave Toso. "We worked with residents to install smart devices on the water heaters. The devices will help us shift heating to when renewable resources are generating the most electricity or to off-peak times."

MGE's Commercial and Industrial Marketing team partners with MGE's largest energy users to help them reduce peak demand through our On Demand Savings (ODS) program. Through an online dashboard, the ODS program gives customers near real-time energy usage information to help them cut costs and reduce their environmental footprints. The seven-year-old program has proven successful—a third-party evaluation in 2021 found an average 4% reduction in energy use across participating sites.

A partner in advancing renewable energy and electric transportation, Dane County participates in the program to get a more detailed picture of energy consumption at its facilities. In 2021, MGE worked with the County to install new metering technology at two of its facilities. The new equipment allows the County to monitor energy usage for specific areas, including HVAC equipment, lighting and electronics.



Scott and Leah Haman charge their Tesla Model Y at their home in Madison. They signed up to help MGE test how smart charging using vehicle telematics can help MGE plan for the impact of EVs on the grid.



Martin Hagen, an electrician from The Electrician, Inc., explains the new device installed on Patrick Merida's electric water heater. The device shifts water heating to periods when fewer customers are using electricity and when more renewable energy sources are available.



MGE Senior Account Manager in Commercial and Industrial Marketing Matthew Matenaer shows Dane County Director of Facilities and Services Amanda DePogter how new submetering technology will help the County more accurately track and manage energy consumption at the Dane County Job Center in Madison.



Mary Wright, President of the Wisconsin Housing Preservation Corp.; with Lorrie Heinemann, Managing Member of the Dane Workforce Housing Fund and President and CEO of Madison Development Corp., which manages the Dane Workforce Housing Fund; and Cari Anne Renlund, MGE Vice President, General Counsel and Secretary, outside of Kestrel affordable housing along University Avenue in Middleton, Wis.

MGE partners to help improve the quality of life for everyone we serve.

In 2021, MGE marked its 125th anniversary of serving the community as Madison Gas and Electric Co. A history of the company's roots dating back to 1855 notes how rapidly MGE expanded in its first 20 years. By 1917, MGE served 10,000 electric customers and almost the same number of gas customers, according to the record.

Today, your community energy company serves the fastest-growing county—and the fastest-growing metropolitan area—in Wisconsin. According to 2020 census results, Dane County's population grew by 15% throughout the past decade. The Madison metro area also set the pace statewide, reporting a population increase of more than 12%.

As a critical services provider and community partner, MGE works across our service territory to address the needs of our customers as our communities grow and evolve. Affordable housing continues to be a challenge facing many communities nationwide, including the Madison area.

MGE is an investor in the Dane Workforce Housing Fund. The fund seeks to provide relief by bringing together partners to accelerate the establishment of affordable housing. Its goal is to create 500 affordable units within the span of a few years.

Kestrel apartments, conveniently located near vibrant downtown Middleton, Wis., and close to public transportation, is the fund's first property. The building's 39 units serve

working households with income below 80% of the area median income threshold.

Mary Wright is president of the nonprofit Wisconsin Housing Preservation Corp., which received support from the Dane Workforce Housing Fund to build and manage the Kestrel property. She says Kestrel helps to provide economic stability to individuals and families.

“Without a safe and accessible place to call home, people cannot grow, thrive and achieve success.”

—Mary Wright, President, Wisconsin Housing Preservation Corp.

“By investing in affordable housing, we’re investing in our community’s future, and I thank local organizations like MGE for their support of the Dane Workforce Housing Fund,” Wright says.

With its continued growth, the Madison area continues to become more richly diverse. MGE is committed to ensuring all our customers experience us as “their community energy company.”

MGE’s team in Residential and Community Services engages customers in energy by meeting customers “where they are” and in ways that meet their needs, preferences and energy goals. For example, in fall 2021, the annual MGE Día de Fútbol returned to Breese Stevens Field. The collaboration among



Local youth returned in fall 2021 to downtown Madison’s landmark Breese Stevens Field for the annual MGE Día de Fútbol. The free, family-friendly event gives MGE energy experts the opportunity to engage directly with customers.

MGE, Spanish-language La Movida Radio and Madison’s professional soccer team, Forward Madison FC, took a break in 2020 due to COVID-19.

The free, family-friendly event welcomes soccer fans to the historic stadium in downtown Madison. Children have the opportunity to participate in soccer clinics and scrimmages and to meet the pros. Families can enjoy music and food and engage with MGE energy experts in Spanish and English to learn about energy efficiency, renewable energy and new technologies, such as electric vehicles.

“Partnerships and events like MGE Día de Fútbol give us a unique opportunity to listen to and learn from our customers in ways that can better serve our community.”

—Gloria Castillo Posada, Account Representative Commercial and Industrial Marketing, MGE

Meaningful engagement with customers in many different and in culturally relevant ways is at the core of MGE’s mission. It is how we continue to build your community energy company for the future and how we will achieve our sustainability goals while ensuring all customers benefit from our clean energy transition.

One block from Breese Stevens Field is a new community resource, MYArts (Madison Youth Arts Center). Home to two anchor partners, the Children’s Theater of Madison and Madison Youth Choirs, the four-story, 69,000-square-foot building also provides space for other local youth arts organizations, which have faced challenges trying to find suitable and affordable space for arts education and performance.

“As MYArts establishes our place in the community, we are especially focusing on integrating equity and access into everything we do, with the goal of increasing access to arts experiences for underserved youth,” says Jessica Courtier, Director of Community Partnerships at MYArts.

The colorful, modern venue began serving youth in 2021 with support from the MGE Foundation. With a commitment to the values of discovery, inclusion and collaboration, the nonprofit center serves to give all Madison-area youth a place to explore, create and connect through music, theater, dance and other art forms.



MYArts (Madison Youth Arts Center) serves local youth arts organizations with welcoming and vibrant, affordable space for arts programming, rehearsals and performances. MYArts’ Director of Community Partnerships, pictured with participants in Black Star Drum Line and Madison Youth Choirs, says the center has a goal of serving 25,000 young people annually by 2025.



Directors of MGE Energy and MGE



Marcia M. Anderson
Retired Clerk of Court of U.S. Bankruptcy Court - Western District of Wis., retired Major General in the U.S. Army
Age 64
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 58
Director since 2018



Mark D. Bugher
Retired Director of University Research Park, University of Wisconsin-Madison
Age 73
Director since 2010



Londa J. Dewey
Chief Executive Officer of QTI Management Services, Inc., a human resources and staffing company
Age 61
Director since 2008



Jeffrey M. Keebler
Chairman, President and Chief Executive Officer of MGE Energy, Inc., and Madison Gas and Electric Co.
Age 50
Director since 2017



James L. Possin
Certified Public Accountant and tax consultant with James L. Possin CPA, LLC, former partner at Grant Thornton LLP
Age 70
Director since 2009



Thomas R. Stolper
Former Executive Vice President and Director of ProActive Solutions USA LLC, management consultant at Purple Cow Organics and formerly at Deibel Laboratories
Age 73
Director since 2008



Gary J. Wolter
Former Chairman, President and Chief Executive Officer of MGE Energy, Inc., and Madison Gas and Electric Co.
Age 67
Director since 2000



Noble L. Wray
Retired Chief of Police, City of Madison Police Department, Governor's Pardon Advisory Board member
Age 61
Director since 2021

Officers of MGE Energy and MGE



Jeffrey M. Keebler¹
Chairman, President and Chief Executive Officer
Age 50
Years of Service, 26



Lynn K. Hobbie
Executive Vice President - Marketing and Communications
Age 63
Years of Service, 36



Cari Anne Renlund¹
Vice President - General Counsel and Secretary
Age 48
Years of Service, 7



Jared J. Bushek¹
Vice President - Finance, Chief Information Officer and Treasurer
Age 41
Years of Service, 11



Tamara J. Johnson¹
Vice President - Accounting and Controller
Age 57
Years of Service, 28



James J. Lorenz
Vice President - Energy Operations
Age 55
Years of Service, 34



Scott R. Smith
Vice President - Business and Regulatory Strategy
Age 50
Years of Service, 5



Marshall S. Heyworth
Assistant Vice President - Human Resources
Age 65
Years of Service, 8



Ted L. Wadzinski
Assistant Vice President - Gas Operations, Measurement and Operations Support
Age 57
Years of Service, 10

Note: Ages as of Dec. 31, 2021.
For detailed information on board members, see the MGE Energy Proxy Statement.

¹ Officers of MGE Energy and MGE. All others are MGE officers.
Note: Ages and years of service as of Dec. 31, 2021.

2022 Annual Shareholder Meeting

Tuesday, May 17, 2022

Please see the Proxy Statement for annual meeting information.

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.

Online Account Access

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

MGE Energy Shareholder Services

Madison-based staff are available to assist shareholders 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.

Our offices are temporarily closed for in-person visits. Please call (608) 252-4744 for assistance.

2022 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.

Visit computershare.com/mgee to review the Prospectus and to enroll, 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. Shareholders can sign up by visiting mgeenergy.com/paperless.

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

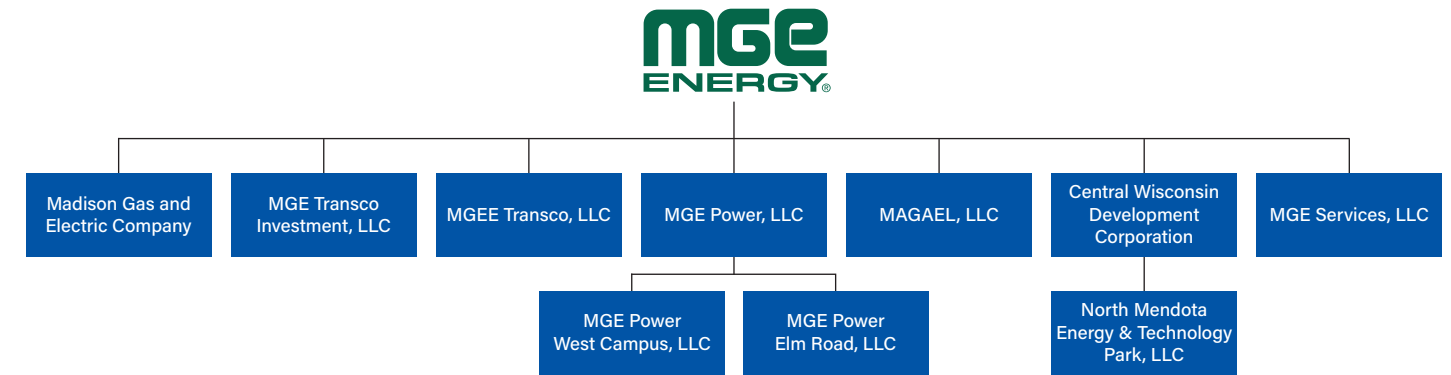
Corporate Responsibility

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; and fiscal and budget matters. Visit mgeenergy.com/corpgov for more information.

MGE Energy Online

Visit mgeenergy.com for more information about MGE Energy.



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

MAGAEL, LLC, 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, LLC, owns property and serves as the development entity for the property.

MGE Services, LLC, provides construction and other services.

Learn more at mgeenergy.com.

MGE Electric Services

Generation and Distribution

Customers: 159,000
Population: 339,000
Area: 264 square miles

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

Generating facilities: Blount Generating Station, West Campus Cogeneration Facility, Shared Solar at Middleton, Renewable Energy Rider solar (including Dane County Airport Solar, Hermsdorf Solar Fields, Morey Field Solar and O'Brien Solar Fields), solar units and combustion turbines in the Madison area, natural gas combustion turbine at Marinette, Rosiere Wind Farm in Kewaunee County, Two Creeks Solar in Manitowoc County, Forward Energy Center wind farm in Dodge and Fond du Lac counties, Columbia Energy Center at Portage, Elm Road Generating Station at Oak Creek, Top of Iowa Wind Farm in north-central Iowa, Saratoga Wind Farm in northeast Iowa and Badger Hollow Solar Farm in Iowa County (second phase under construction)

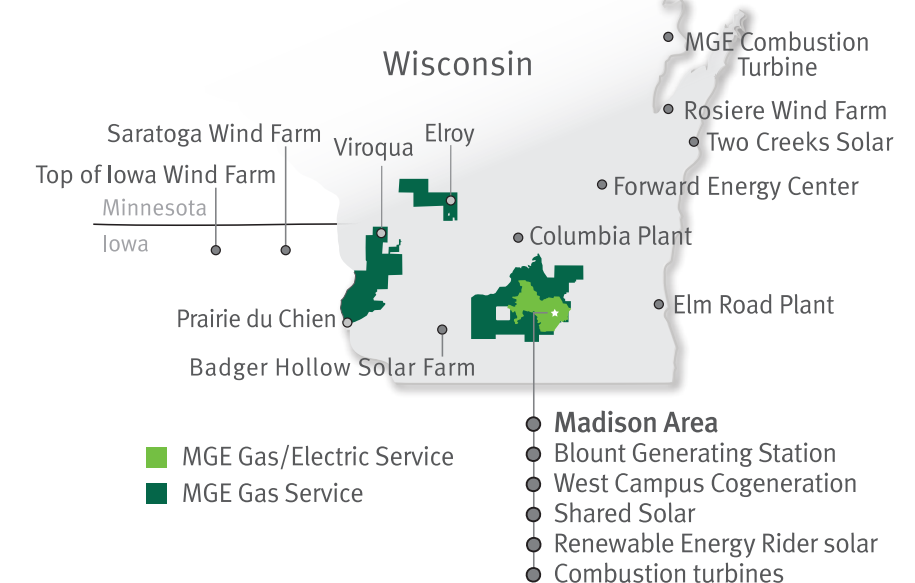
Learn more at mge.com.

MGE Natural Gas Services

Purchase and Distribution

Customers: 169,000
Population: 470,000
Area: 1,684 square miles

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





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

Technology

The word "Technology" is written in a light green, sans-serif font and is centered within a dark green rectangular background. This background is part of a larger graphic consisting of three overlapping rectangles: a dark green one at the top, an orange one in the middle, and a blue one at the bottom. The word "in" is written in a light green, sans-serif font and is centered within the orange rectangle. The word "Action" is written in a light blue, sans-serif font and is centered within the blue rectangle. The entire graphic is set against a background of a grey, textured wall with white chalk drawings of a sun and several chairs.

in

Action

Learn more at mgeenergy.com.

MGE is committed to environmental stewardship. This report is printed on recycled paper.