

MADISON GAS & ELECTRIC CO
Form S-3ASR
August 24, 2011

Registration No. 333-_____
Registration No. 333-_____

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3
Registration Statement Under the Securities Act of 1933

MGE ENERGY, INC.

MADISON GAS AND ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

(Exact name of registrant as specified in its charter)

Wisconsin

Wisconsin

(State or other jurisdiction of incorporation or organization)

(State or other jurisdiction of incorporation or organization)

39-2040501

39-0444025

(I.R.S. Employer Identification No.)

(I.R.S. Employer Identification No.)

133 South Blair Street

133 South Blair Street

Madison, Wisconsin 53703

Madison, Wisconsin 53703

(608) 252-7000

(608) 252-7000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jeffrey C. Newman, Vice President, Chief Financial Officer, Treasurer and Secretary

MGE Energy, Inc.

133 South Blair Street

Madison, Wisconsin 53703

(608) 252-7000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Richard W. Astle
Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

	Large Accelerated <u>Filer</u>	Accelerated <u>Filer</u>	Non-Accelerated <u>Filer</u>	Smaller Reporting <u>Company</u>
MGE Energy, Inc.	x			
Madison Gas and Electric Company			x	

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
MGE Energy, Inc. Common Stock, par value \$1 per share	(2)	(2)	(2)	\$9,365.79
Madison Gas and Electric Company Medium-Term Notes	(3)	(3)	(3)	

(1)

In reliance on and in accordance with Rules 456(b) and 457(r), the registrants are deferring payment of a portion of the registration fee. MGE Energy, Inc. is paying a registration fee in connection with the filing of this Registration Statement with respect to the offering of shares of its common stock under the prospectus included in this registration statement related to its Direct Stock Purchase and Dividend Reinvestment Plan, which was calculated as follows:

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit (a)	Proposed Maximum Aggregate Offering Price (a)	Amount of Registration Fee(a)
	2,000,000 shares	\$40.335	\$80,670,000	\$9,365.79

MGE Energy, Inc.
Common Stock, par value
\$1 per share

(a) The registration fee was calculated pursuant to Rule 457(c) based upon average of the high (\$40.890) and low (\$39.780) sales prices of MGE Energy, Inc.'s common stock as reported on the Nasdaq National Market on August 19, 2011.

(2)

An indeterminate aggregate initial offering price or number of shares of MGE Energy, Inc. common stock to be offered at indeterminate prices is being registered.

(3)

An indeterminate aggregate initial offering price or number of Madison Gas and Electric Company Medium-Term Notes to be offered at indeterminate prices is being registered.

EXPLANATORY NOTE

This registration statement contains the following prospectuses:

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a prospectus to be used in the offer and sale of shares of common stock by MGE Energy, Inc. pursuant to its Direct Stock Purchase and Dividend Reinvestment Plan;

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a prospectus to be used in other offers and sales of shares of common stock by MGE Energy, Inc.; and

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a prospectus to be used in the offer and sale of Medium-Term Notes by Madison Gas and Electric Company, a wholly-owned subsidiary of MGE Energy, Inc.

MGE Energy, Inc. plans to offer and sell, from time to time, an indeterminate amount of securities registered pursuant to this registration statement. Decisions as to the timing or size of any such offering will be made from time to time based on market conditions and other factors.

Madison Gas and Electric Company plans to offer and sell, from time to time, an indeterminate amount of Medium-Term Notes registered pursuant to this registration statement. Decisions as to the timing or size of any such offering will be made from time to time based on market conditions and other factors.

Prospectus

MGE ENERGY, INC.

Direct Stock Purchase and Dividend Reinvestment Plan

Common Stock \$1 Par Value

We hereby offer participation in our Direct Stock Purchase and Dividend Reinvestment Plan. The Plan is designed to provide investors with a convenient way to purchase shares of our common stock and to reinvest in our common stock all or a portion of the cash dividends paid on our common stock.

Our common stock is quoted on the Nasdaq National Market® under the symbol MGEE.

Investing in shares of our common stock involves risks. See Risk Factors on page 5 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus relates to all shares acquired by participants under the Plan. Shares available under the Plan will be shares purchased on the open market by a registered broker-dealer selected by us, newly issued shares or treasury shares. All shares acquired by participants under the Plan are registered for sale pursuant to a registration statement that we filed with the Securities and Exchange Commission.

The date of this prospectus is August 24, 2011.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, sell shares of our common stock pursuant to the Plan. All shares of our common stock sold under the Plan will be sold under that registration statement.

This prospectus provides you with a general description of the Plan. The registration statement we filed with the SEC includes exhibits that provide more detail on descriptions of the matters discussed in this prospectus. Please carefully read this prospectus, together with the registration statement, the exhibits thereto and the additional information regarding us, our business and the risks we face in our business and operations referred to in Where You Can Find More Information, before making an investment decision.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where such offer or sale is not permitted. The information contained in this prospectus and the documents incorporated by reference herein is accurate only as of the dates such information is or was presented, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

We are not offering the common stock pursuant to the Plan in any state where the offer is not permitted.

We utilize the services of a registered broker-dealer, which we refer to as the broker-dealer in this prospectus, as necessary to effect securities transactions under the Plan.

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus to MGE Energy, we, our and us refer to MGE Energy, Inc. and its subsidiaries.

PRIVACY NOTICE

We collect nonpublic personal information about you from the following sources:

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Information we receive from you on your application or other forms;

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Information about your transactions with us or others; and

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Information we receive from a consumer reporting agency.

We will not disclose any nonpublic personal information about you to anyone, except as necessary to administer your account or as permitted by law. If you decide to close your account(s) or become an inactive Plan participant, we will adhere to the privacy policies and practices as described in this notice.

We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. MGE Energy applies physical, electronic and procedural safeguards to your nonpublic personal information in its possession.

SUMMARY OF THE PLAN

We have briefly described below some of the material features of our Direct Stock Purchase and Dividend Reinvestment Plan. As a summary, it may omit information that may be important to you. You should carefully read the entire description of the Plan contained in this prospectus under the heading "Description of the Plan" before you decide to participate in the Plan. References to Questions in the following description refer to questions and answers appearing under "Description of the Plan."

Enrollment:

All registered shareholders, and any interested person or entity making an initial investment of at least \$250, are eligible to participate in the Plan. Please see Questions 6 and 7 for more information.

Initial Investment:

If you do not own any of our common shares, you can participate in the Plan by making a direct initial investment with a cash payment of no less than \$250. The minimum initial investment for custodial accounts for children is \$50. We will waive the minimum initial investment requirement for Plan participants that sign up for investments of optional cash under the Plan of at least \$25 per month via automatic cash bank account drafts for at least a 12-month period. Please see Question 15 for more information.

Optional Cash Investments:

Plan participants can buy additional shares of common stock by making optional cash payments of no less than \$25 per payment and no more than \$25,000 for each calendar quarter per account. We may permit optional cash investments in excess of the \$25,000 quarterly maximum, in our sole discretion. Please see Questions 15, 16 and 17 for more information.

Reinvestment of Dividends:

Dividends on shares held within the Plan *must be reinvested in full* in additional shares of our common stock.

If a participant does not wish to reinvest dividends in full on some or all of the shares held under the Plan, those shares must be withdrawn from the Plan. Please see Question 21 for more information. Absent instructions from a participant to issue a certificate(s) for those withdrawn shares, we will register them in the participant's name in the direct registration system, which is an electronic system for registering book-entry share ownership. Please see Question 30 for more information regarding the direct registration system.

Other Aspects of the Plan:

Plan participants may, with respect to shares held within the Plan:

withdraw some or all whole shares from the Plan, either as certificated shares registered in the participant's name or as book-entry shares registered in the participant's name in the direct registration system; and/or

sell some or all of those shares through the Plan, subject to an administrative fee as described herein.

Plan participants may also transfer other shares of common stock that they own, whether in certificated form or book-entry form and whether or not originally purchased through the Plan, into the Plan, subject to the requirement that dividends on those shares be fully reinvested while in the Plan. See Question 29 for additional information.

Source of Shares:

Shares purchased through the Plan will be shares purchased on the open market by the broker-dealer, or newly issued shares or treasury shares purchased from us. Please see Question 10 for more information.

Purchase Price:

Purchases on the Open Market: When shares are purchased on the open market, the price per share to participants will be the weighted average purchase price, including normal brokerage commissions, carried to four decimal places, of shares acquired on the open market by the broker-dealer.

Purchases from MGE Energy: When shares are purchased directly from us, whether those shares are newly issued or are treasury shares, the price per share to participants will be the average of the quoted closing prices for our common stock as reported on the Nasdaq National Market for the period of five trading days ending on the investment date (or the period of five trading days immediately preceding the investment date if the Nasdaq National Market is closed on that date).

Please see Question 13 for more information.

Administration:

We administer the Plan. Please see Question 5 for more information.

Fees and Expenses:

Normal brokerage commissions will be incurred for both purchases and sales of shares through the Plan. There are no administrative fees to purchase shares or to withdraw shares from the Plan, either as certificated shares or book-entry shares registered in the name of the participant. If a participant sells shares through the Plan, an administrative fee of \$10 per transaction will be charged. We may waive the \$10 administrative fee, in our discretion, in connection with a sale that terminates a participant's participation in the Plan. See Question 4 for more information.

Plan Assistance and Information

Information and assistance with respect to the Plan may be obtained:

through our Web site at www.mgeenergy.com;

by e-mailing our Shareholder Services at investor@mgeenergy.com;

by writing to us at MGE Energy, Inc., MGE Energy Shareholder Services, Post Office Box 1231, Madison, Wisconsin 53701-1231; or

by telephoning us at the appropriate toll-free number:

252-4744 (from Madison, Wisconsin)

1-800-356-6423 (within Continental U.S.)

Plan participants will receive a transaction statement following each quarter in which there have been Plan share transactions in their accounts. If you would like more current information concerning your Plan purchases or sales, please contact us using one of the methods described above.

A participant should include his or her name, address, account number and telephone number during business hours with all correspondence. Participants should notify us of any change in address.

MGE ENERGY, INC.

MGE Energy, Inc., a Wisconsin corporation incorporated in 2001, is the parent holding company of Madison Gas and Electric Company (MGE), a regulated public utility, as well as of nonregulated subsidiaries.

MGE is a Wisconsin public utility that generates and distributes electricity to approximately 139,000 customers in a service area covering a 316 square mile area of Dane County, Wisconsin. MGE also purchases, transports and distributes natural gas to approximately 143,000 customers in a service area covering 1,631 square miles in the south-central Wisconsin counties of Columbia, Crawford, Dane, Iowa, Juneau, Monroe and Vernon. MGE has served the Madison area since 1896.

Our subsidiary MGE Power, LLC, has been formed to develop, acquire and own real estate and electric generating facilities. Together with the University of Wisconsin-Madison, MGE Power West Campus, LLC, a subsidiary of MGE Power, LLC, developed and built a natural gas-fired cogeneration plant to help meet the future needs of the University and MGE customers. The facility produces steam heat and chilled water air conditioning for the University and approximately 150 megawatts of electricity to meet demand in the Madison area. MGE Power Elm Road, LLC, a subsidiary of MGE Power, LLC, owns an undivided 8.33% ownership interest in each of two 615 megawatts coal-fired generating units in Oak Creek, Wisconsin. Unit 1 entered commercial operation in February 2010, and Unit 2 entered commercial operation in January 2011. We will receive a total of 100 megawatts from the units 50 megawatts from each unit.

Our other nonregulated subsidiaries include: MGE Construct LLC, which provides construction services for our generating facilities; MGE Transco Investment LLC, which holds our investment interest in the American Transmission Company LLC; Central Wisconsin Development Corporation, which provides property-related services and financing to promote development in the MGE service area; and MAGAEL, LLC, which holds title to properties acquired for future utility plant expansion and nonutility property.

Our principal executive offices are located at 133 South Blair Street, Madison, Wisconsin 53703-1231, and our telephone number is (608) 252-7000.

RISK FACTORS

Investing in our common stock involves risks. You should carefully consider the information under the heading Risk Factors in:

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our annual report on Form 10-K most recently filed with the SEC, which is incorporated by reference into this prospectus;

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our quarterly reports on Form 10-Q filed with the SEC after that annual report on Form 10-K, which are incorporated by reference into this prospectus; and

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any documents we file with the SEC after the date of this prospectus and which are deemed incorporated by reference into this prospectus.

You should also consider Question 3, which discusses several disadvantages of the Plan.

USE OF PROCEEDS

We expect to use any net proceeds from the sale of newly issued shares of common stock or treasury shares pursuant to the Plan for general corporate purposes, including, among others:

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repayment of short-term debt;

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repurchase, retirement or refinancing of other securities;

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future acquisitions; and

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investments in subsidiaries.

We will not receive any additional funds from purchases of shares that are purchased on the open market for Plan participants.

DESCRIPTION OF THE PLAN

The following is a description of the Plan in a question and answer format.

PURPOSE

1.

What is the purpose of the Plan?

The purpose of the Plan is to provide participants a simple and convenient method of purchasing shares of our common stock through reinvestment of dividends and cash payments. A secondary purpose of the Plan is to provide us another method to raise additional capital for general corporate purposes through sales of newly issued shares of common stock under the Plan or through sales of shares of common stock held in our treasury.

ADVANTAGES AND DISADVANTAGES

2.

What are the advantages of the Plan?

Persons and entities not presently owning shares of common stock may become shareholders by making an initial direct investment of no less than \$250. However, the minimum initial investment for custodial accounts for children is \$50. We will waive the minimum initial investment requirement for Plan participants that sign up for investments of optional cash under the Plan of at least \$25 per month via automatic cash bank account drafts for at least a twelve-month period.

Additional investments in common stock may be made by participants through optional cash payments for as little as \$25 per payment, up to \$25,000 per calendar quarter per account. You may request, and in our discretion we may approve, a waiver of the \$25,000 maximum optional cash investment amount. See Questions 16 and 17 for details on how to request such a waiver.

Dividends on shares held within the Plan are automatically reinvested in additional shares of our common stock. See Questions 19 and 20.

Full investment of funds is possible under the Plan because the Plan permits fractional shares to be credited to participants' accounts. See Question 11.

Our employees who participate in the Plan may arrange for optional cash payments to be made through payroll deductions. See Question 15.

Shares purchased through the Plan are credited to an account in the participant's name, and a statement is furnished quarterly, thereby providing a simplified method of record keeping. See Question 24.

Participants may deposit other shares of common stock that they own, whether in certificated or book-entry form and whether or not originally purchased through the Plan, into the Plan, subject to the requirement that dividends on those shares be fully reinvested. This convenience is provided at no cost to the participant and eliminates the possibility of loss, inadvertent destruction, or theft of certificates. See Question 29.

Participants may transfer Plan shares held in their account to another individual or entity at no cost. The normal transfer requirements will apply.

Participants may withdraw some or all whole shares held in their account as Plan shares. Those withdrawn shares may be issued in certificated or book-entry form, in each case registered in the participant's name.

3.

What are the disadvantages of the Plan?

Participants have no control over the price at which shares are purchased or sold through the Plan or the timing of those purchases or sales. A participant bears the market risk associated with fluctuations in the price of our common stock pending the execution of a purchase or sale of shares for the participant's account. See Questions 13 and 32.

No interest is paid on funds pending investment. See Question 14.

Participants are required to reinvest all of the dividends on shares held within the Plan. See Question 20.

Requests to withdraw or sell shares from the Plan may be delayed during the dividend processing period. Withdrawals include requests to issue shares in certificated or book-entry form. Requests for other changes in Plan participation may also be delayed during this period. See Question 32.

We do not intend to offer a discount on purchases of common stock made through the Plan (either through dividend reinvestment or optional cash purchases), although we reserve the right to offer any such discount in the future and may offer discounts for optional cash investments pursuant to a Request for Waiver, as described in Question 17.

Without giving you prior notice, we may direct the broker-dealer to purchase shares of common stock to be sold under the Plan either directly from us or in the open market or in privately negotiated transactions with third parties.

COSTS

4.

Are there any expenses to participants under the Plan?

Costs to administer the Plan will be paid by us, except that normal brokerage commissions incurred to purchase shares on the open market or to sell shares and the \$10 sale transaction fee described below will be charged to participants.

When common stock is purchased on the open market under the Plan, the price per share paid by the participant includes normal brokerage commissions incurred to acquire the shares. Because purchases are consolidated, a participant's proportionate share of brokerage commissions resulting from open market purchases should be lower than the commissions for individual purchases. Plan participants who sell shares through the Plan will incur normal brokerage commissions and an administrative fee of \$10 per transaction (see Questions 13 and 32). In our discretion, we may waive the \$10 sale transaction fee in connection with a sale that terminates a participant's participation in the Plan.

There are no expenses charged to participants when shares of common stock purchased under the Plan are newly issued or treasury shares, because shares are purchased from us and no brokerage commission is incurred.

ADMINISTRATION

5.

How will the Plan be administered?

We administer the Plan, performing only clerical and ministerial functions, such as keeping a continuing record of participants' accounts, advising them of purchases and other transactions, and performing other duties relating to the Plan. We believe that our serving as administrator rather than using a registered broker-dealer or a federally insured banking institution poses no material risks to participants because of the administrative nature of the functions we perform. Initial investments and optional cash investments are deposited and held in a bank account separate from our general funds. Purchases of common stock for the accounts of participants are registered in the name of the Plan nominee as custodian for participants in the Plan.

PARTICIPATION

6.

Who is eligible to participate?

All registered shareholders, and any interested person or entity making an initial investment of at least \$250, are eligible to participate in the Plan. The minimum initial investment for custodial accounts for children is \$50. We will waive the minimum initial investment requirement for Plan participants that sign up for investments of optional cash under the Plan of at least \$25 per month via automatic cash bank account drafts for at least a twelve-month period.

Beneficial owners of common stock registered in others' names, such as brokers or bank trustees and nominees, who want to participate by reinvesting dividends paid on these shares, may be required by their brokers or banks to withdraw their shares from the beneficial accounts and register the shares in their own names.

7.

How do eligible investors participate?

After receiving a prospectus, investors may join the Plan by completing an enrollment form and submitting it to us at MGE Energy, Inc., MGE Energy Shareholder Services, Post Office Box 1231, Madison, Wisconsin 53701-1231 (see Question 9). Enrollment forms may be obtained at any time by written request to us, by telephoning us at the appropriate toll-free number listed under the heading "Summary of the Plan Plan Assistance and Information" in this prospectus, or by downloading the form from our Web site (www.mgeenergy.com).

Investors making first-time purchases of common stock must submit the enrollment form with the initial investment to purchase common stock or arrange for the initial investment to be made through an automatic cash bank account draft or, in the case of our employees, a payroll deduction (see Questions 14 and 15). A person or persons who are making an initial investment must specify exactly how the account to which the shares will be credited is to be titled (see Question 9).

A person who is a current owner of common stock must complete an enrollment form, which will be applied to the shares that the person desires to place within the Plan.

8.

When may an eligible investor join the Plan?

Eligible investors may join the Plan at any time. See Question 19 for a description of the time when dividend reinvestment would commence; and Question 12 for a description of the time when initial investments would be made.

9.

What does an enrollment form authorize?

The enrollment form authorizes us in our capacity as administrator of the Plan:

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To establish an account for a prospective Plan participant in one of the following forms:

Individual or joint Joint accounts will be presumed to be joint tenants with right of survivorship unless otherwise indicated.

Custodial A minor child is the beneficial owner of the account with an adult custodian managing the account until the minor comes of age as specified in the Uniform Gifts/Transfers to Minors Act in the minor's state of residence.

Transfer on Death (TOD) The beneficiary of a TOD registration may be an individual or other entity. Only one beneficiary is allowed per TOD account.

Trust Trust accounts are established in accordance with the provisions of a trust agreement.

To accept and act upon instructions from a participant by telephone. Those instructions may include orders to issue share certificates or to sell shares. We will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. These procedures may include a request to

confirm personal identification via taxpayer identification number, account number and address of record. We may, in certain circumstances, require additional documentation.

If elected by the prospective participant, to make subsequent payments for stock purchases via automatic withdrawal from their checking or savings account.

In addition to the last two bulleted items above, the enrollment form for existing shareholders also authorizes us in our capacity as administrators of the Plan:

To deposit certificates for safekeeping in the Plan or in the direct registration system.

To provide for the reinvestment of dividends on all or a portion of shares registered to the shareholder in certificated form or as book-entry shares in the direct registration system.

The enrollment form includes an IRS Substitute Form W-9 with which the participant can certify that the taxpayer identification number shown on the enrollment form is correct and that the participant is not subject to backup withholding. The enrollment form also acknowledges the participant's receipt of this prospectus and acceptance of participation subject to the terms and conditions of the Plan as described in this prospectus.

If we receive an incomplete enrollment form, we will return the enrollment form and any payment for stock purchase to the person that sent the form and payment to us.

SOURCE OF SHARES AND USE OF PROCEEDS

10.

What is the source of and use of proceeds from common stock purchased under the Plan?

Shares purchased under the Plan will be shares purchased on the open market by the broker-dealer or shares purchased from us in the form of newly issued shares or treasury shares. If shares purchased under the Plan are purchased on the open market, we will not receive any additional funds from those purchases. If shares purchased under the Plan are newly issued or treasury shares, we will receive additional funds from those purchases to be used for general corporate purposes as described under "Use of Proceeds" in this prospectus.

PURCHASES

11.

How many shares of common stock can a participant purchase?

The number of shares that a participant can purchase depends on the amount of that participant's payment, dividend, or a combination thereof, and the price of the shares. A participant's account will be credited with that number of shares, including fractions computed to four decimal places, equal to the total amount invested divided by the purchase price.

12.

When will shares of common stock be purchased under the Plan with initial investments and optional cash payments? What is an investment date ?

Purchases are generally made on Tuesday of each week, unless a Tuesday is a holiday, in which case the investment will occur on the next following business day. We refer to the dates on which those purchases are made as investment dates. If an investment date falls within one week of a record date relating to a dividend payment, we reserve the right to change that investment date. Further, if we receive an unusually large amount of investments for purchases during any given week, those amounts may be invested over the next several investment dates, if necessary. See Question 14 for a description of the deadline for receiving initial investments and optional cash payments in order to have those funds invested on a given investment date.

13.

What will be the price of shares of common stock purchased under the Plan?

When shares are purchased on the open market, the price per share to participants will be the weighted average purchase price, including normal brokerage commissions, carried to four decimal places, of shares acquired

on the open market by the broker-dealer. Because purchases are consolidated, a participant's proportionate share of brokerage commissions resulting from open market purchases should be lower than the commissions for individual purchases. The broker-dealer is registered under the Securities Exchange Act of 1934, is a market maker in our common stock and will purchase shares of our common stock for the participants in the Plan. The purchases will be made in over-the-counter market purchases or negotiated transactions on terms determined by the broker-dealer.

When shares are purchased from authorized but unissued shares of common stock or from our treasury, the price per share of shares to participants will be the average of the quoted closing prices for our common stock as reported on the Nasdaq National Market for the period of five trading days ending on the investment date (or the period of five trading days immediately preceding the investment date if the Nasdaq National Market is closed on that date). In each case, the price will be calculated to four decimal places.

There are no administrative fees charged for share purchases under the Plan.

INITIAL INVESTMENTS AND OPTIONAL CASH PAYMENTS

14.

When must the initial investments and optional cash payments be received by us?

Initial investments must be received with a properly completed enrollment form at least three business days prior to an investment date, in order to be invested on that investment date. Optional cash payments must be received by us prior to the close of business on the business day preceding an investment date, in order to be invested on that investment date. See Question 12 for the definition of investment date.

If a payment is received too late for an investment date, we will hold the payment until the next investment date. Only participants who have properly completed and returned an enrollment form as provided in Questions 7, 8 and 9 are eligible to make an initial investment and optional cash payments.

A participant may withdraw an initial investment or optional cash payment by notifying MGE Energy Shareholder Services prior to the close of business on the business day preceding an investment date. Any withdrawn amount will be returned as promptly as practicable without interest.

No interest will be paid on initial investments and optional cash payments held by us pending investment. Participants are requested not to send cash.

15.

How are initial investments and optional cash payments made?

Participants may make initial investments of not less than \$250, and optional cash payments of not less than \$25 per payment nor more than \$25,000 for each calendar quarter per account. The minimum initial investment for custodial accounts for children is \$50. We will waive the minimum initial investment requirement for Plan participants that sign up for investments of optional cash under the Plan of at least \$25 per month via automatic cash bank account drafts for at least a twelve-month period. When enrolling in the Plan, an initial investment and optional cash payment may be made by the participant by completing an enrollment form and enclosing therewith a check or money order payable to the order of MGE Energy, Inc. or by authorizing an automatic cash bank account draft. Thereafter, optional cash payments may be made through the use of the remittance form for optional cash payments sent by us to participants or by authorizing an automatic cash bank account draft. Pending investment, we will hold all initial investments and optional cash payments in a bank account separate from our general funds.

It is recommended that all payments be made so as to reach us at least five business days prior to the investment date. Each payment by a participant must be made by check or money order payable to the order of MGE Energy, Inc. and the same amount of money need not be sent each time, subject to the minimum and maximum payment levels. In addition, participants can sign up for investments of optional cash under the Plan via automatic cash bank account drafts. There is no obligation to make optional cash payments, and it is not a condition to continued Plan participation.

Our employees and employees of any of our subsidiaries participating in the Plan may arrange for an initial investment or optional cash payments to be made through payroll deductions. The \$250 minimum payment requirement for initial investments and the \$25 minimum payment requirement for optional cash payments will not apply to payments made through payroll deductions. Application forms for employee payroll deductions and automatic cash bank account drafts are available from MGE Energy Shareholder Services. Commencement, revision, or termination of payroll deductions and automatic cash bank account drafts will become effective as soon as practicable after receipt of the request.

You may request, and in our discretion we may approve, a waiver permitting you to make optional cash investments in excess of the \$25,000 per calendar quarter limit. See Questions 16 and 17 for more information.

16.

How do I make an optional cash purchase over the maximum quarterly amount of \$25,000? What is a Request for Waiver ?

Optional cash purchases in excess of \$25,000 per quarter may only be made pursuant to a Request for Waiver accepted by us. If you wish to make an optional cash purchase in excess of \$25,000 during any calendar quarter, *you must obtain our prior written approval.*

To obtain approval, you should request a Request for Waiver form by contacting the MGE Energy Shareholder Services at (800) 356-6423. Completed Request for Waiver forms:

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may be sent to us via facsimile at (608) 252-1554,

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may be mailed to us at MGE Energy, Inc., MGE Energy Shareholder Services, Post Office Box 1231, Madison, Wisconsin 53701-1231, or

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can be delivered to us in person at 133 South Blair Street, Madison, Wisconsin 53703.

We have sole discretion to grant any approval for optional cash purchases in excess of the allowable maximum amount. If we approve your request, we will notify you via return facsimile. Any investor that submits a Request for Waiver that is not already a Plan participant and whose Request for Waiver is approved by us, must submit a completed enrollment form (see Questions 7 and 9) along with the investor's optional cash payment. You must send the authorized amount to us per written instructions in the Request for Waiver form.

In deciding whether to approve a Request for Waiver, we will consider relevant factors including, but not limited to:

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whether the Plan is then acquiring newly issued shares directly from us or acquiring shares in the open market;

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our need for additional funds;

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the attractiveness of obtaining additional funds through the sale of common stock as compared to other sources of funds;

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the purchase price likely to apply to any sale of common stock;

.
the identity of the party submitting the request, including the extent and nature of the party's prior participation in the Plan;

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the number of shares of common stock held of record by the party; and

.
the aggregate number of optional cash purchases in excess of \$25,000 for which Requests for Waiver have been submitted.

If Requests for Waiver are submitted for an aggregate amount in excess of the amount we are then willing to accept, we may honor such requests in order of receipt, pro-rata or by any other method that we determine to be appropriate in our sole discretion. If you do not receive a response from us in connection with your Request for Waiver, you should assume that we have denied your request.

17.

What additional provisions apply to optional cash purchases made pursuant to a Request for Waiver?

Our acceptance of a Request for Waiver will specify any applicable pricing period, threshold price, pricing period extension and waiver discount, as those terms are described below. The purchase price of shares of our common stock purchased pursuant to a Request for Waiver will be calculated pro rata on a daily basis using the volume weighted average price of our common stock obtained from Bloomberg, LP (or a comparable source, such as Thompson Reuters) for the trading hours from 9:30 a.m. to 4:00 p.m., Eastern Time, for each trading day during the relevant pricing period assuming any applicable threshold price is met each day, less any applicable waiver discount.

Pricing Period. We will specify in our acceptance of any Request for Waiver how many trading days are in a pricing period, which may be one or more days, and any applicable threshold price, pricing period extension feature and waiver discount.

As an example of how the pricing would work, if a cash investment of \$10 million is made pursuant to an approved Request for Waiver for a pricing period of 10 trading days, the number of shares you will receive will be calculated for each day of the pricing period by taking a pro rata portion of your total cash investment for each day of the pricing period, which would be \$1 million in this example, and dividing it by the volume weighted average price for that day for the trading hours from 9:30 a.m. to 4:00 p.m., Eastern Time, less, if applicable, the waiver discount. On the last day of the pricing period, the total investment amount, \$10 million in this example, will be divided by the total number of shares acquired over the 10 days (assuming any applicable threshold price is met each day) in order to establish the purchase price per share for your investment.

We will apply all optional cash investments pursuant to Requests for Waiver that are approved by us and that are received by us by wire transfer on or before the first business day before the first day of the relevant pricing period to the purchase of shares of our common stock. The allocation of the shares will occur as soon as practicable, but no later than five business days after the investment date, which is the last day of the pricing period or any extended pricing period. All such optional cash investments received after the close of business on the first business day before the first day of the relevant pricing period will be returned without interest.

Threshold Price. We may, in our sole discretion, establish for any pricing period a threshold price applicable to optional cash investments made pursuant to Requests for Waiver. The threshold price will be the minimum price applicable to purchases of our common stock pursuant to Requests for Waiver during the applicable pricing period. We will specify in our acceptance of any Request for Waiver whether there is a threshold price and, if there is a threshold price, its amount. We will make that determination, in our sole discretion, after a review of various factors, including current market conditions, the level of participation in the Plan and our current and projected capital needs.

If established for any pricing period, the threshold price will be stated as a dollar amount that the Nasdaq National Market volume weighted average price of our common stock obtained from Bloomberg, LP (or a comparable source, such as Thompson Reuters) for the trading hours from 9:30 a.m. to 4:00 p.m., Eastern Time, must equal or exceed on each trading day of the relevant pricing period. In the event that the threshold price is not satisfied for a trading day in the pricing period or there are no trades of our common stock reported by the Nasdaq National Market for a trading day, then that trading day will be excluded from the pricing period with respect to optional cash investments made pursuant to Requests for Waiver, and all trading prices for that day will be excluded from the determination of the purchase price. For example, if the threshold price is not satisfied for two of the 10 trading days in a pricing period, then the purchase price will be based upon the remaining eight trading days on which the threshold price was satisfied.

A portion of each optional cash investment made pursuant to a Request for Waiver will be returned for each trading day during a pricing period on which the threshold price is not satisfied and for each trading day on which no trades of our common stock are reported on the Nasdaq National Market. The returned amount will equal the total amount of

the optional cash investment multiplied by a fraction the numerator of which is the number of trading days that the threshold price is not satisfied or trades of our common stock are not reported on the Nasdaq National Market and the denominator of which is the number of trading days in the pricing period. For example, if

the threshold price is not satisfied or if no sales are reported for one of 10 trading days in a pricing period, one-tenth of your optional cash investment will be returned to you without interest.

The establishment of the threshold price and the possible return of a portion of your investment in the event a threshold price is not satisfied apply only to optional cash investments made pursuant to Requests for Waiver. Setting a threshold price for a pricing period will not affect the setting of a threshold price for any subsequent pricing period. We may waive our right to set a threshold price for any pricing period.

Pricing Period Extension Feature. We may, in our sole discretion, elect in our acceptance of a Request for Waiver to activate for any given pricing period a pricing period extension feature, which will provide that the initial pricing period will be extended by the number of days that the threshold price is not satisfied, or on which there are no trades of our common stock reported by the Nasdaq National Market, subject to a maximum extension of five days. If the threshold price is satisfied for any additional day that has been added to the initial pricing period, that day will be included as one of the trading days for the pricing period in lieu of a day on which the threshold price was not met or trades of our common stock were not reported. For example, if the pricing period is 10 trading days, and the threshold price is not satisfied for three out of those 10 days, and we had indicated in our acceptance of a Request for Waiver that the pricing period extension feature was activated, then the pricing period will automatically be extended for 3 trading days, and if the threshold price is satisfied on the next three trading days, then those three days will be included in the pricing period in lieu of the three days on which the threshold price was not met. As a result, the purchase price will be based upon the ten trading days of the initial and extended pricing period on which the threshold price was satisfied and all of the optional cash investment will be invested (rather than, if we had elected not to extend the pricing period, 30% of your proposed optional cash investment being returned to you).

Waiver Discount. We may, in our sole discretion, establish a waiver discount of 0% to 3% from the market price applicable to optional cash investments made pursuant to Requests for Waiver. The waiver discount may vary for different investment dates but will apply uniformly to all optional cash investments made pursuant to Requests for Waiver that were accepted with respect to a particular investment date.

We will determine, in our sole discretion, whether to establish a waiver discount after a review of various factors, including current market conditions, the level of participation and our current and projected capital needs. We will specify any applicable waiver discount in our notice of acceptance of a Request for Waiver.

18.

What happens if a check is returned unpaid by a participant's financial institution?

In the event that any check is returned unpaid for any reason and we are unable to collect funds from the participant, we will consider the request for investment of those funds null and void. The participant will be asked to reimburse us for any fee charged by our financial institution as a result of the returned check. We will remove from the participant's account any shares purchased upon the prior credit of those funds. Those shares may be sold to satisfy any uncollected amount. If the net proceeds of a sale are insufficient to satisfy the balance of the uncollected amount, additional shares may be sold from the participant's account as necessary to satisfy the uncollected balance.

DIVIDEND REINVESTMENT

19.

When will dividend funds be reinvested?

Reinvestment of dividends will commence for new participants with the next common stock cash dividend payment date (currently on or about March 15, June 15, September 15 and December 15), provided we have received, at least

15 days prior to that dividend payment date, a properly completed enrollment form. If the enrollment form is not received in time, reinvestment of dividends will not commence until the following dividend payment date.

Except as described in the preceding paragraph, we will reinvest dividends promptly following each dividend payment date. Dividends that are not reinvested within 30 days of the dividend payment date will be paid to the shareholder.

Shares of common stock purchased with reinvested dividends will be added to the shares held under the Plan. For administrative purposes, the actual crediting of the common stock to a participant's account and the purchase of shares through the Plan may take place several days after each dividend payment date.

For a description of the dividend rights pertaining to our common stock, see "Description of Common Stock - Dividend Rights" in this prospectus.

20.

May a participant vary the level of dividend reinvestment under the Plan?

No. All dividends must be reinvested on shares held within the Plan.

21.

What if a participant does not want to reinvest some or all of the dividends on shares held under the Plan?

Dividends must be fully reinvested on shares held under the Plan. If a participant does not wish to have some or all of those dividends reinvested on particular shares, then that decision, once communicated to us, will be deemed an election to withdraw those shares from the Plan. The options available upon withdrawal are described in Question 31; however, in the absence of express instructions, we will re-register the affected shares in the direct registration system under the name of the participant. See Question 30 for a description of the direct registration system.

22.

When and how may participants change their status concerning dividend reinvestment in the Plan?

Participants may change their status at any time by indicating a new designation on an enrollment form for the affected shares. However, if a participant's request to change is received less than 30 days preceding a dividend payment date, the dividend paid on the dividend payment date may, at our option, be processed under the participant's previous designation. All requests to change will be processed as promptly as possible.

23.

Will participants be credited with dividends on fractions of shares?

Yes.

REPORTS TO PARTICIPANTS

24.

What kind of reports will be sent to participants in the Plan?

Statements of account will be issued quarterly to all participants who had Plan share transactions in their accounts during the previous quarter. Quarterly statements of account are cumulative, showing activity for all three months of the quarter and calendar year to date. If you would like to receive more current information concerning your Plan purchases or sales, please contact us using one of the methods listed under the heading "Summary of the Plan -- Plan Assistance and Information" in this prospectus. *Account statements are the participant's continuing record of purchases and should be retained for income tax purposes.* The final statement of the calendar year will indicate the total dividends credited to the participant's account for the year, and a Form 1099-DIV will be issued to each

participant for use in reporting dividends received for income tax purposes.

25.

What other communications will participants receive from us?

Each participant will receive the same communications as every other shareholder of record. These communications include quarterly reports, the annual report, the notice of annual meeting of shareholders and the proxy statement, proxy, and income tax information, including 1099 forms for reporting dividends and sale proceeds received by the participant. See Question 35 regarding voting of proxies.

CERTIFICATES FOR SHARES

26.

Will certificates be issued for the common stock purchased?

Normally, certificates for common stock purchased under the Plan will not be issued to participants. Instead, the common stock purchased for each participant will be credited electronically to the participant's account and will be shown on the participant's statement of account. This convenience protects against loss, theft, or destruction of common stock certificates. See Question 24 regarding issuance of statements of account.

27.

How does a participant request the issuance of certificates?

A participant may request certificates for any number of whole shares credited to the participant's account under the Plan. The request should be made by telephoning us at the numbers listed under "Summary of the Plan" "Plan Assistance and Information" in this prospectus. You should be prepared during that call to provide to us your taxpayer identification number, account number and address of record. Requests for certificates will be handled without charge to participants, but participants are restricted to one certificate issue request per quarter.

Please note that a request for certificates will be considered a request to withdraw the affected shares from the Plan.

Certificates for fractions of shares will not be issued to a participant under any circumstances. See Questions 31 and 32 regarding withdrawal of fractional shares from the Plan.

Common stock credited to the account of a participant under the Plan may not be pledged. A participant who wishes to pledge common stock must request that certificates for the common stock be issued in his or her name.

28.

In whose name will certificates be registered when issued?

Accounts under the Plan will be maintained in a participant's name as shown on our shareholder records. As explained in Question 26, certificates will not be issued to represent shares held in the Plan; and, as explained in Question 29, shares held in the Plan are registered in the name of a nominee as custodian for Plan participants.

When certificates are requested for Plan shares, they will be registered in the participant's name as shown on our shareholder records. Certificates will be issued for whole shares only.

Upon written request, certificates can also be registered and issued in names other than that of a participant, subject to compliance with any applicable laws and to payment by the participant of any applicable taxes. The request must be in the proper form and bear the signature of the participant, and that signature must be guaranteed by an eligible financial institution acceptable to our transfer agent.

SAFEKEEPING OF CERTIFICATES

29.

Can certificates be sent to us for safekeeping?

Shareholders who wish to have us hold their certificated shares in safekeeping may send the certificate(s) to us to be held under the Plan or to be registered in electronic form under the direct registration system. Only shares on which full reinvestment of dividends has been elected may be held under the Plan. An instruction to include certificates under the Plan will be deemed an election to reinvest all dividends on the shares represented by the certificate(s). If the shareholder has instructed that dividends are not to be reinvested, or the instructions are unclear, the shares represented by the certificates will be registered in the direct registration system.

The certificate(s) should be sent, *unsigned*, to us at MGE Energy, Inc., MGE Energy Shareholder Services, Post Office Box 1231, Madison, Wisconsin 53701-1231. If you are not a current Plan participant and your shares are intended to be included in the Plan, you must include a completed enrollment form. Enrollment forms may be obtained at any time by writing to us, telephoning us at the appropriate toll-free number listed under the heading

Summary of the Plan Plan Assistance and Information in this prospectus, or downloading the form from our Web site (www.mgeenergy.com). It is recommended the certificate(s) be sent by registered or certified mail, return receipt requested. Participants bear all risk of loss in sending certificates to us for safekeeping.

Shares represented by certificates to be held under the Plan will be canceled and registered in the name of a nominee as custodian for participants in the Plan and credited to the participant's account. Shares represented by certificates to be held in the direct registration system will be cancelled and registered electronically in the same name as appears on the surrendered certificate(s).

30.

What is the direct registration system?

The direct registration system is a method of recording shares in book-entry form without having a physical certificate issued as evidence of ownership. Instead, shares are held and registered electronically. Shares held in this form have the same rights and privileges as shares held in certificate form and can be electronically transferred between your account with us and your account at a broker-dealer.

Generally speaking, book-entry reduces the risks, time and costs associated with storing paper share certificates, transferring shares represented by paper certificates, and replacing lost or stolen certificates.

You may request that all or a portion of your shares held in the direct registration system be issued in certificated form or transferred into the Plan at any time. The request should be made by telephoning us at the numbers listed under Summary of the Plan Plan Assistance and Information in this prospectus. You should be prepared during that call to provide to us your taxpayer identification number, account number and address of record. Requests for certificates or transfers to the Plan will be handled without charge to participants, but shareholders are restricted to one certificate issue request per quarter.

WITHDRAWAL

31.

What are the options for withdrawal of common stock from the Plan?

When a participant withdraws, or is deemed to withdraw (see Questions 21 and 27), all or a portion of his or her common stock from the Plan, the participant has several options with respect to those shares. A participant may elect to have all or a portion of the withdrawn shares:

·
represented by a certificate (for whole shares only) issued in the participant's name;

·
re-registered under the participant's name in the direct registration system (whole shares only); and/or

·
sold by us under the Plan and to receive a check for the net sale proceeds.

Withdrawal of all shares held by a participant in the Plan will result in the termination of the participant's participation in the Plan.

32.

When and how may participants withdraw all or a portion of their common stock from the Plan?

A participant may withdraw from the Plan at any time by contacting us at the appropriate toll-free number listed under Summary of the Plan Plan Assistance and Information in this prospectus.

When a participant requests the withdrawal of all of his or her Plan shares, termination of participation in the Plan will be effective upon the re-registration of the shares in the direct registration system, issuance of a certificate, or sale of his or her common stock. If a participant withdraws all of his or her Plan shares and requests a certificate for the shares, a certificate for all of the whole Plan shares will be issued and a cash payment representing any fraction of a share will be mailed directly to the participant. The cash payment to each withdrawing participant will be based on the actual sale price when accumulated fractional sales of withdrawing participants are sold through the Plan.

If a request for withdrawal is received less than 30 days preceding a dividend payment date, the request may be held until dividend processing is complete.

Sales of whole shares and any fractional shares will be made directly by the broker-dealer. The sale price to participants of shares sold through the Plan will be the market price, including normal brokerage commissions, carried to four decimal places, of shares purchased by the broker-dealer. Sale proceeds will be mailed to the participant. We will charge a \$10 administrative fee for each transaction involving sales of shares through the Plan, which fee will be deducted from the sale proceeds. We may waive the sale transaction fee, in our discretion, in connection with a sale that terminates a participant's participation in the Plan. Sales of whole and fractional shares may be accumulated; however, sales transactions will normally occur weekly and at least every 30 days. Participants will receive certificates for shares or cash for shares which are sold no later than 30 days after our receiving a request to withdraw.

We cannot guarantee that shares will be sold on any specific day or at any specific price.

33.

When may former participants rejoin the Plan?

Generally, a former participant may again become a participant at any time by completing a new enrollment form. (See Questions 7 and 8.) However, we reserve the right to reject any enrollment form from a previous participant on grounds of excessive joining and termination. This reservation is intended to minimize unnecessary administrative expense and to encourage use of the Plan as a long-term investment service.

OTHER INFORMATION

34.

What happens if we issue a stock dividend or declare a stock split?

Any stock dividends or split shares distributed by us on common stock held in the Plan for a participant will be credited to the participant's Plan balance. Stock dividends or split shares distributed on certificated shares registered in the name of a participant will be registered in the participant's name and may be issued in book entry form through the direct registration system.

35.

How will participants' common stock be voted at meetings of shareholders?

The common stock credited to a participant's account may only be voted in accordance with the participant's instructions given on a proxy form, which will be furnished to all shareholders.

36.