

MGE ENERGY INC
Form DEF 14A
March 25, 2019

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
OF MGE ENERGY, INC.**

March 25, 2019

Instructions on making a reservation are provided on page 3 of this proxy statement. **Regardless of whether you plan to attend, please take a moment to vote your proxy.** The meeting will be held as follows:

Date: Tuesday, May 14, 2019

Time: 11:00 a.m., local time

Place: Madison Marriott West

1313 John Q. Hammons Drive

Middleton, Wisconsin

(See map located at the end of this Proxy Statement)

Items of Business

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To elect three Class III directors named in this proxy statement to terms of office expiring at the 2022 Annual Meeting of Shareholders;

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To ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year 2019;

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Advisory vote to approve executive compensation; and

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To transact such other business as may properly come before the meeting.

Record Date

Shareholders of record at the close of business on March 8, 2019, are entitled to vote at the meeting.

Voting by Proxy

Your vote is important. You may vote:

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Using the Internet.

.

By telephone.

.

By returning the proxy card in the envelope provided.

The matters to be acted upon at the meeting are described in the accompanying proxy statement.

By Order of the Board of Directors

/s/ Jeffrey C. Newman

Jeffrey C. Newman

Executive Vice President, Chief Financial Officer, Secretary and Treasurer

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on May 14, 2019:

This proxy statement and our 2018 annual report to shareholders are available at www.mgeenergy.com/proxy.

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QUESTIONS AND ANSWERS

Q.

Why am I receiving this proxy statement?

A.

We are sending this document to you because our Board of Directors is seeking your proxy to vote your shares at our annual meeting. The notice of annual meeting, proxy statement, and accompanying proxy card are first being mailed on or about March 25, 2019, to shareholders of record at the close of business on March 8, 2019.

Q.

When and where will the annual meeting take place and what is its purpose?

A.

See the notice of annual meeting at the beginning of this proxy statement for that information. A map of the location of the annual meeting is located at the end of this proxy statement.

Q.

Do I need a reservation to attend the meeting?

A.

Yes. If you plan to attend the meeting, please make your reservation online at www.proxyvote.com/register and look for the "shareholder meeting registration" link. Or visit www.mgeenergy.com/RSVP to make your reservation.

You also may fill out the enclosed postage-paid reservation card and **return it separately** to MGE Energy, Inc. Shareholders also may contact us at 800-356-6423 to make a reservation.

Your name tag is your admittance ticket to the meeting. Name tags will be mailed to shareholders who make reservations before May 7, 2019. Name tags for late reservations will be available on the day of the meeting at the registration table.

MGE Energy has meeting conduct rules for attendees of the annual meeting. They are available at www.mgeenergy.com/RSVP.

Q.

Why did I receive more than one copy of this proxy statement?

A.

If you own our common stock under more than one account registration, such as individually and also jointly with your spouse, you may receive more than one copy of this document. If you hold shares directly with us and also hold shares with a broker, you may receive more than one copy of this document. Unless you prefer paper copies, please consider visiting Investor Center at www.Computershare/investor to receive future notification by email. Shareholders who hold shares through a brokerage firm should contact their broker.

Q.

Why is it important to vote?

A.

Your broker is not permitted to vote on your behalf on the election of directors or on the advisory votes related to executive compensation matters or the shareholder proposals. Thus, your broker needs your instructions in order for your shares to be voted on these matters. For your vote to be counted, you now need to communicate your voting instructions to your broker, bank, or other financial institution before the date of the annual meeting. If you do not vote, your shares may not be represented at the annual meeting.

Q.

Where can I find information about executive compensation for 2018?

A.

See the information under "Executive Compensation" starting on page 22 of this proxy statement, including the "Executive Summary" summarizing our board's approach to executive compensation.

Q.

What is MGE Energy, Inc.?

A.

MGE Energy is an investor-owned public utility holding company formed in August 2002. Our headquarters are in Madison, Wisconsin, and we are the parent company of Madison Gas and Electric Company (MGE), our principal subsidiary. Our executive offices are located at 133 South Blair Street, Madison, Wisconsin 53788.

3

VOTING

Number of Votes Per Share

Each share of common stock issued and outstanding as of the record date for the meeting is entitled to one vote at the meeting, except as described below for shareholders who own more than a specified percentage of our common stock.

The record date for the meeting is March 8, 2019. Holders of record as of such date can vote in person at the meeting or by proxy. By giving us your proxy, you are authorizing the individuals named on the proxy card (the proxies) to vote your shares in the manner you indicate. On March 8, 2019, there were 34,668,370 shares of our common stock issued and outstanding.

Our Amended and Restated Articles of Incorporation contain a provision limiting the voting power of any shareholder who acquires more than 10 percent of our outstanding voting stock. Shares held in excess of 10 percent are entitled to 1/100th vote per share. In addition, under the Wisconsin Business Corporation Law, the voting power of shares held by any person in excess of 20 percent of the voting power in the election of directors is limited to 10 percent of the full voting power of the excess shares.

How Street Name Holders May Vote

If you own shares through a broker, the registered holder of those shares is your broker or its nominee. If you receive our proxy materials from your broker, you should vote your shares by following the procedures specified by your broker. Your broker will tabulate the votes it received from its customers and submit a proxy card to us reflecting those votes. If you plan to vote your shares in person at the meeting, you should contact your broker to obtain a legal proxy.

Please note that, in the absence of any direction from you, your broker is not allowed to vote your shares in the election of directors or on the advisory votes relating to executive compensation and the shareholder proposals. Your vote is important to us, and so we hope you will make your choices known to your broker using the means they provide to you.

How Registered Holders May Vote

If you personally hold a certificate for your shares, have direct registration shares on our books, or have shares held by us in the Direct Stock Purchase and Dividend Reinvestment Plan, then you are the registered holder. Shares you have accumulated in the Direct Stock Purchase and Dividend Reinvestment Plan are held by the administrator under the nominee name of Dingo & Co. Those shares, including your certificate or direct registration shares, will be voted in accordance with the direction given by you on your proxy.

As a convenience to you, we are providing you with the option to vote by proxy via the Internet or toll-free touch-tone telephone. Refer to your proxy card or e-notice for more information and instructions. If you prefer, you may cast your vote by returning your signed and dated proxy card. Instructions regarding all three methods of voting are included on the proxy card. The signature on the proxy card should correspond exactly with the name of the shareholder as it appears on the proxy card. Where stock is registered in the name of two or more persons, each of them should sign the proxy card. If you sign a proxy card as an attorney, officer, personal representative, administrator, trustee, guardian, or in a similar capacity, please indicate your full title in that capacity.

In voting on:

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The election of directors in Proposal 1, you may vote **"FOR"** the election of all nominees or you may **"withhold"** your votes as to one or more or all of the nominees.

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The ratification of the selection of our independent registered public accounting firm in Proposal 2, you can specify whether you are **"FOR," "against,"** or **"abstain."**

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The advisory vote on executive compensation in Proposal 3, you can specify whether you are **"FOR," "against,"** or **"abstain."**

If you sign and return the proxy card or submit your electronic vote without specifying any instructions and without indicating expressly that you are not voting some or all of your shares on a particular proposal, your shares will be voted **"FOR"** the election as directors of the nominees on the proxy card, **"FOR"** ratification of the selection of PricewaterhouseCoopers LLP, and **"FOR"** approval of our executive compensation.

Holders Needed to Establish a Quorum

A quorum is necessary to hold a valid meeting of shareholders. If holders of a majority of the outstanding shares of common stock are present in person or by proxy for any proposal to be acted upon at the meeting, then a quorum will exist for all proposals. In order to assure the presence of a quorum, please vote via the Internet, telephone, or sign and return your proxy card promptly in the enclosed postage-paid envelope even if you plan to attend the meeting. Brokers are permitted to vote on the ratification of the selection of auditors, but not on any of the other matters to be considered at the annual meeting. Thus, broker votes as well as abstentions are counted for purposes of establishing a quorum for the meeting.

The Vote Necessary for Action to Be Taken

The three persons receiving the greatest number of votes at the meeting will be elected to serve as Class III directors. Under Section 2.07(b) of our Amended Bylaws, any incumbent nominee for director in an uncontested election who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to tender promptly an offer of his or her resignation following certification of the shareholder vote for that election. The board's Corporate Governance Committee will consider that resignation and recommend to our Board of Directors, based on all relevant factors, whether to accept the tendered resignation or to pursue another action. Our board will then act on that recommendation no later than 90 days following the certification of the shareholder vote. We will promptly publicly disclose the board's decision and, if applicable, the reasons for rejecting the resignation or pursuing another action. The full details of our director resignation policy are set forth in our Bylaws, which are available on our website at www.mgeenergy.com/governance and also found under the "Corporate Governance Committee" caption.

The votes "for" must exceed the votes cast "against" at the meeting in order to ratify the selection of auditors. Abstentions will not have any effect.

Although the advisory vote on Proposal 3 is nonbinding, as provided by law, our board will review the results of the votes and take them into account in making future determinations concerning executive compensation.

Revocation of Proxies

If you are a registered holder of our common stock, you may revoke your proxy by giving a written notice of revocation to our Corporate Secretary at any time before your proxy is voted, by executing a later-dated proxy card that is voted at the meeting, or by attending the meeting and voting your shares in person. If your shares are held by a broker, you must contact your broker to revoke your proxy. Attendance at the meeting will not automatically revoke any authorization you have given to your broker.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on May 14, 2019

This proxy statement and our 2018 annual report to shareholders are available at www.mgeenergy.com/proxy. Shareholders can elect to receive email alerts when proxy and annual meeting materials are available on the Internet instead of receiving paper copies in the mail. If you are a registered holder of our common stock, you may sign up for email alerts by visiting Investor Center at www.Computershareinvestor. If your shares are held by a broker, you must contact your broker to receive these materials via the Internet.

PROPOSAL 1 ELECTION OF DIRECTORS

As described below, the Board of Directors consists of ten directors divided into three classes. One class is elected each year for a term of three years. It is proposed that the three nominees named below be elected to serve as Class III directors for a three-year term to expire at the 2022 annual meeting and upon the election and qualification of their successors. Your proxy may not be voted for a greater number of persons than the three nominees below.

All of our directors serve concurrently as directors of MGE. As discussed below under "Board of Directors Information," our Board of Directors has determined that all of our directors, other than Directors Keebler, Stolper, and Wolter, are independent as defined in the applicable Nasdaq Stock Market, Inc., listing standards.

Directors Bugher, Hastings, and Possin are currently Class III directors whose terms expire at the 2019 Annual Meeting of Shareholders and who have been recommended by our Corporate Governance Committee and nominated by our board for reelection.

Each of the nominees has indicated a willingness to serve if elected, and the board has no reason to believe that any nominee will be unavailable for that service. If any nominee should become unable to serve, it is presently intended that your proxy will be voted for a substitute nominee designated by the board. Under the Company's retirement guidelines for directors, employee directors may not continue to serve as a director unless requested to do so by the Board of Directors; and other directors are expected to retire no later than the date and time of the Annual Meeting of Shareholders following the date on which he or she attains the age of 75, unless requested to remain by the board.

Director Millner, who is a Class I director, has attained the age of 75 and will be retiring from the Board of Directors at the 2019 Annual Meeting of Shareholders.

The board believes the directors of MGE Energy collectively have backgrounds and skills important for MGE Energy's business. The following biographies summarize the experiences, qualifications, and skills that qualify our nominees and continuing directors to serve as directors of the Company.

Nominees for Election to the Board of Directors

The following paragraphs provide information regarding the background and qualifications of the nominees to our Board of Directors, all of whom are current directors.

Director

Names (Ages) and Business Experience*

Since**

Class III Term Expiring in 2019

F. Curtis Hastings (73), Madison, Wisconsin

1999

Director Hastings is the retired Chairman of J. H. Findorff & Son, Inc., a large commercial and industrial construction general contractor and design builder, with which he had been associated for more than 39 years. We believe Director Hastings' experience with the management and oversight of a large company brings an important perspective to our board in its oversight of our operations. His particular knowledge of the construction industry assists our board in its understanding and oversight of the various significant construction projects we have undertaken over the past several years with respect to power plant construction, wind and solar generation project construction, environmental control projects, and the general construction activities that constitute a recurring part of an electric and gas utility's operations. He is familiar with the management and control of large projects, cost control, and schedule management. Director Hastings is a director and Audit Committee chair of National Guardian Life Insurance Co., a position he has held since 1981.

James L. Possin (67), Madison, Wisconsin

2009

Director Possin is a tax consultant with James L. Possin CPA, LLC. In 1976, Director Possin started working at Grant Thornton LLP, a registered public accounting firm. From 1990 to 2007, he was a partner where he advised on tax- and financial-related matters. Director Possin is a certified public accountant and holds degrees in accounting and law from the University of Wisconsin-Madison. Director Possin also serves on the Audit, Finance, and Insurance Council of Oakwood Lutheran Homes Association, Inc. We believe Director Possin's background and current accounting and tax employment adds valuable accounting, tax, and financial reporting experience to our board. We believe his experience and familiarity with financial reporting principles and requirements will assist in our board's oversight of financial reporting and tax matters as well as the identification and management of financial risk exposures.

Mark D. Bugher (70), Bayfield, Wisconsin

2010

Director Bugher is the retired director of the University Research Park, University of Wisconsin-Madison, a position he held for 15 years. Prior to joining the Research Park, he served the State of Wisconsin as Secretary of Administration from 1996 to 1999 and as Secretary of Revenue from 1988 to 1996. Director Bugher serves on the board of First Business Financial Services, Inc., as a member of the corporate governance committee and chairs the compensation committee. Director Bugher chairs the board of Marshfield Clinic Health System, a \$2 billion multispecialty health care system. He is a recognized leader in the Madison business community and brings an understanding of the business environment and economy within our service area. As a result of his governmental service, Director Bugher has insights into public policies, priorities, and objectives that assist our board in evaluating longer-range trends that may affect the community we serve and our business. His experience at the University Research Park will assist with fiscal and strategic matters as well as with the evaluation of technology trends and developments that may affect the generation and distribution of electricity and the distribution of gas.

THE BOARD RECOMMENDS A VOTE "FOR" ALL NOMINEES

Other Members of the Board of Directors

The following paragraphs provide information regarding the background and qualifications of the other members of our Board of Directors.

Class I Term Expiring in 2020

Regina M. Millner (74), Madison, Wisconsin

1996

Director Millner retired as President of RMM Enterprises, Inc., a consulting firm that specialized in complex real estate projects and where she provided various legal, consulting, and brokerage services for private clients and governmental agencies. She is an attorney and has worked as an analyst and broker in commercial real estate for more than 36 years. We believe Director Millner's analytical and financial skills that have been applied to commercial real estate, including the analysis of general market conditions, local and regional community and business trends, market risks and opportunities, and financial returns, are valuable to the board in its consideration of general economic conditions in our service area and the consideration and evaluation of

risks and opportunities in our business. Director Millner has served on our board for 21 years and has significant experience with our Company and its operations. She serves as our Lead Independent Director, as described under "Board of Directors Information - Board Leadership Structure." Director Millner holds the following directorships: University of Wisconsin Research Park, Board of Authority at University of Wisconsin Hospitals and Clinics, Board of Regents for University of Wisconsin System Administration, and Chazen Art Museum. Director Millner will be retiring at the annual meeting in 2019 in accordance with our board retirement policy.

Londa J. Dewey (58), Madison, Wisconsin

2008

Director Dewey is President of QTI Management Services, Inc., d/b/a The QTI Group, a human resources and staffing company, which she has held since 2007. Prior thereto, she was President of the Private Client Group and Market President at U.S. Bank where she was an employee from 1982 to 2007 and an Officer from 1985 to 2007. We believe Director Dewey's experience with financial analysis, investment management and risk assessment, and management in the banking industry provides our board with valuable input on the identification, evaluation, and assessment of financial and general business risks; the evaluation of strategies to address those risks; and the implementation of our business strategy. We also believe Director Dewey's experience with human resource matters and knowledge of the local labor market are valuable resources in assessing our Company's employment policies and practices. Director Dewey holds the following directorships: American Family Insurance; past chair of the board, Meriter Health Services, Inc., and Meriter Hospital; past chair and board member, Edgewood College; past director, University of Wisconsin Family Business Advisory Board; past chair of the board, United Way of Dane County Board and Foundation Board; and director, Wealth Management Company, Northwestern Mutual Life Insurance.

Thomas R. Stolper (70), Madison, Wisconsin

2008

Director Stolper has been a management consultant for Purple Cow Organics (manufacturer of premium compost) and Deibel Laboratories (food quality assurance) for the past six years and a former Executive Vice President and director of ProActive Solutions USA LLC, a manufacturer of cleaning and sanitizing products, for 14 years. He is a certified public accountant with over 40 years in public accounting. He was a partner in Clifton Gunderson LLP, certified public accountants and consultants, for 31 years. Director Stolper provided auditing, tax, and financial services and advice for a broad array of business entities. In addition, he was an elected member of the firm's national board for 12 years. Director Stolper has served on numerous community and civic boards for more than 30 years, including three terms as an elected public official. We believe Director Stolper's accounting, tax, and auditing education and experience, as well as his business experience, assist our board in the review of accounting and financial reporting matters and proposed strategic plans and initiatives. Director Stolper's entrepreneurial experience from co-founding TRAC Microbiology Inc. provides the board with unique innovative insights in developing our strategic plan. We also believe his business experience, combined with his public service commitment and experience, assist in the evaluation of our business risks and opportunities within our service area and the consideration of the needs of the community we serve.

James G. Berbee (55), Madison, Wisconsin

2018

Director Berbee has a Master of Science in mechanical engineering and a Master of Business Administration from the University of Wisconsin. He was Chairman and CEO of Berbee Information Networks Corporation, which provided information technology support for large businesses. After selling Berbee Information Networks Corporation, he attended medical school and graduated from Stanford University School of Medicine. Director Berbee currently is an emergency department physician. Director Berbee also is the chair of the Wisconsin Alumni Research Foundation and holds several patents. Director Berbee brings a wide range of skills and experience to the board, in particular with his accomplishments in the information technology sector. His knowledge of the information technology industry assists in our board's oversight and evaluation of technological change and innovation within our industry as well as cybersecurity and related risks.

Class II Term Expiring in 2021

Marcia M. Anderson (61), Madison, Wisconsin

2018

Director Anderson has a Juris Doctor from Rutgers University School of Law and a Master of Strategic Studies from the U.S. Army War College. She is currently the clerk of court of the Bankruptcy Court for the Western District of Wisconsin. Director Anderson retired from the Army in May 2016 with a rank of Major General. In addition to her legal and military experience, she worked for General Public Utilities Corporation early in her career. Director Anderson's skills and industry experience are a valuable asset to our board in setting strategic vision and assessing future risks for our Company. Director Anderson currently serves on the board of directors for the Green Bay Packers.

Jeffrey M. Keebler (47), Middleton, Wisconsin

2017

Chairman of MGE Energy, Inc., and Madison Gas and Electric Company since October 1, 2018. President and Chief Executive Officer of MGE Energy, Inc., and Madison Gas and Electric Company since March 1, 2017. Prior thereto, he was Senior Vice President - Energy Supply and Planning of Madison Gas and Electric Company, a position he held since July 2015. Prior thereto, he was Assistant Vice President - Energy Supply

and Customer Service, a position he held since January 2012. Director Keebler has been employed at Madison Gas and Electric Company since 1995. Director Keebler has a Master of Business Administration and has been involved in the public utility business for more than 20 years. His leadership experience and his knowledge of public utility operations bring an important perspective to our board. Director Keebler holds the following directorships: director of ATC Management Inc. and ATC Development Manager Inc., director of the University of Wisconsin Research Park, and United Way of Dane County.

Gary J. Wolter (64), Madison Wisconsin

2000

Past chairman of MGE Energy, Inc., and Madison Gas and Electric Company. Director Wolter was our Chairman, President and Chief Executive Officer until March 1, 2017. He had been an officer since 1989 and an employee since 1984. Director Wolter is an attorney and has been involved in the public utility business for more than 30 years. His experience with the Company, including its overall management and operations, is important as the Company transitions to new senior management. Director Wolter holds the following directorships: chair of the Board of Authority at University of Wisconsin Hospitals and Clinics and director of National Guardian Life Insurance Company.

*

Names, ages, and business experience as of December 31, 2018.

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Date when first became a director of MGE. Directors Anderson and Berbee became directors of MGE Energy, Inc., in 2018. Director Keebler became a director of MGE Energy, Inc., in 2017. Director Bugher became a director of MGE Energy, Inc., in 2010. Director Possin became a director of MGE Energy, Inc., in 2009. Directors Dewey and Stolper became directors of MGE Energy, Inc., in 2008. The other persons became directors of MGE Energy, Inc., when it became the holding company of MGE in August 2002.

**PROPOSAL 2 RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS OUR
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee approves each engagement of the independent registered public accounting firm to render any audit or non-audit services before the firm is engaged to render those services. The Chairman of the Audit Committee or other designated Audit Committee member may represent the entire Audit Committee for purposes of this approval. Any services approved by the Chairman or other designated Audit Committee member are reported to the full Audit Committee at the next scheduled Audit Committee meeting after such approval has been given. No exceptions to this approval process are allowed under the Audit Committee Charter; and thus, none of the services described in the following table were approved pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X, which otherwise would allow de minimus amounts of services to be provided without specific approval.

The following table presents fees for professional services rendered by PricewaterhouseCoopers LLP for the years ended December 31, 2018 and 2017. (Fees include amounts related to the year indicated, which may differ from amounts billed.)

Independent Registered Public Accounting Firm Fees Disclosure	<u>2018 Fees</u>	<u>2017 Fees</u>
Audit Fees (a)	\$941,402	\$900,100
Audit-Related Fees (b)	\$371,838	\$75,000
Tax Fees (c)	\$75,000	\$64,660
All Other Fees (d)	\$332,538	\$304,028

(a)

Professional services rendered for the audits of the financial statements, review of the interim financial statements, opinion on the effectiveness of our internal control over financial reporting for MGE Energy, and services that generally only the independent auditor can reasonably provide, such as comfort letters, statutory audits, consents, and assistance with and review of documents filed with the SEC.

(b)

Audit-Related Fees for 2018 include professional services rendered in connection with Enterprise Forward project implementation reviews that included review of Security and Internal Controls and utility commission-mandated obligations. Enterprise Forward is a strategic project aimed at transforming MGE into a digital-integrated utility and includes replacement of enterprise resource planning platform and customer information system applications. Audit-Related Fees for 2017 include professional services rendered in connection with utility commission-mandated obligations.

(c)

Tax Fees include review of federal and state income tax returns and tax planning.

(d)

Other Fees for 2018 and 2017 include Enterprise Forward strategic advisory services.

THE AUDIT COMMITTEE AND THE BOARD RECOMMEND A VOTE "FOR" THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019.

PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

We seek your advisory vote on the approval of the compensation paid to our named executive officers as described under "Executive Compensation - Compensation Discussion and Analysis" and the related compensation tables. Because your vote is advisory, it will not be binding on our board or the Company. However, our board will receive and review the voting results and take them into consideration when making future decisions regarding executive compensation.

We believe our executive compensation policies and practices are effective in tying a significant portion of pay to performance, while at the same time providing competitive compensation that attracts and retains talented personnel, and aligns the interests of our executive officers with those of our shareholders.

As described under "Executive Compensation - Compensation Discussion and Analysis," which can be found on page 22 of this proxy statement, we believe our annual executive compensation is competitive with the market, and our Compensation Committee considers market data obtained from Willis Towers Watson, its independent compensation consultant, to help establish compensation levels. Our board believes it has been careful and prudent in its approach to executive compensation and has generally taken a conservative approach, taking into account the impact of such programs on our cost to customers and returns to our shareholders. Our program is based on cash compensation, consisting of salary and short-term and long-term incentive compensation. Our program does not include stock options, restricted stock, or stock awards. It does include a cash-based incentive intended to encourage attention to, and reward participants for, the performance of our stock over a long-term period. Our Compensation Committee monitors executive compensation programs and adopts changes to reflect the dynamic marketplace in which we compete for talent as well as general economic, regulatory, and legislative developments affecting executive compensation.

We will continue to emphasize compensation arrangements that align the financial interests of our executives with the interests of long-term shareholders.

You have the opportunity to vote "**For**," "**Against**," or "**Abstain**" from voting on the following resolution relating to executive compensation:

RESOLVED, that the shareholders of MGE Energy, Inc., approve the compensation of the Company's named executive officers as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables, and related material disclosed in the proxy statement for the 2019 Annual Meeting of Shareholders.

THE BOARD RECOMMENDS A VOTE "FOR" ON THE ADVISORY VOTE ON EXECUTIVE COMPENSATION.

TRANSACTION OF OTHER BUSINESS

Our Board of Directors does not intend to present any business for action by our shareholders at the meeting except the matters referred to in this document. If any other matters should be properly presented at the meeting, it is the intention of the persons named in the accompanying form of proxy to vote thereon in accordance with the recommendations of our Board of Directors.

Whether or not you expect to be present at the meeting, please complete, sign, date, and promptly return your proxy card in the enclosed postage-paid envelope, call the toll-free number, or go to the website.

BENEFICIAL OWNERSHIP

Beneficial Ownership of Common Stock

The following table lists the beneficial ownership of our common stock as of December 31, 2018 (except as otherwise noted), of each director and nominee, the individuals named in the Summary Compensation Table and the directors and executive officers as a group, and each shareholder known to us to be the beneficial owner of more than 5 percent of our outstanding common stock. Except as noted, the indicated owner has sole voting power and sole investment power with respect to the shares shown.

Name	Number of Shares Beneficially Owned	Percent of Outstanding Common Stock
Marcia M. Anderson	178	*
James G. Berbee	1,020	*
Mark D. Bugher	1,380 (1)	*
Londa J. Dewey	4,500	*
Craig A. Fenrick	4,027 (2)(3)	*
F. Curtis Hastings	6,489	*
Lynn K. Hobbie	7,693 (2)(3)	*
Jeffrey M. Keebler	1,737 (2)	*
Regina M. Millner	2,910	*
Jeffrey C. Newman	8,042 (2)(3)	*
James L. Possin	2,522	*
Cari Anne Renlund	26 (2)	*
Thomas R. Stolper	5,100	*
Gary J. Wolter	19,959 (2)(3)	*
All directors and executive officers as a group (14 persons)	65,583	*
The Vanguard Group, Inc. .	3,543,231 (4)	10.2%
BlackRock, Inc.	2,508,977 (5)	7.2%

*

Less than 1 percent.

(1)

Includes 450 shares of our common stock held by Director Bugher's wife in her employer's 401(k) plan, with respect to which Director Bugher shares voting and investment power.

(2)

C. Fenrick, L. Hobbie, J. Keebler, J. Newman, C. A. Renlund, and G. Wolter are directors of Madison Gas and Electric Foundation, Inc., and, as such, have shared voting and investment power in an additional 18,000 shares of our common stock held by the Foundation. Those shares are not shown in the numbers in the table. The Foundation was formed by, and receives contributions primarily from, MGE, which contributions are used for charitable purposes.

(3)

Includes common stock held by executive officers and retired executive officers in the MGE 401(k) defined contribution plan with respect to which those persons have sole voting and investment power: C. Fenrick, 974 shares; L. Hobbie, 119 shares; J. Newman, 161 shares; G. Wolter, 288 shares.

(4)

Information contained on Schedule 13G filed with the SEC for the year ended December 31, 2018, by The Vanguard Group, Inc., 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. The Schedule 13G reported 3,543,231 shares of common stock as being beneficially owned as of December 31, 2018.

(5)

Information contained on Schedule 13G filed with the SEC for the year ended December 31, 2018, by BlackRock, Inc., 55 East 52nd Street, New York, New York 10055. The Schedule 13G reported 2,508,977 shares of common stock as being beneficially owned as of December 31, 2018.

Our board believes directors and executive officers should be shareholders and have a financial stake in the Company. On January 19, 2018, MGE Energy's Board of Directors adopted guidelines for its directors and officers intended to increase their alignment with shareholders concerning the long-term performance of our common stock. The guidelines measure that alignment through a combination of minimum stock ownership and long-term compensation awards that are directly tied to the performance of our stock. The guidelines expand upon the prior "Share Ownership Requirements" in MGE Energy's Corporate Governance Guidelines.

The guidelines vary by position. For officers, they are equal to a multiple, ranging from one to three, of base salary. For directors, they are equal to three times the annual cash retainer (excluding retainers for lead director service and board committee chair service). The guidelines provide for a transition period of five years for officers and three years for directors to meet the guidelines.

An officer or director can meet the guidelines through a combination of (i) shares of common stock and (ii) units awarded under the MGE Energy 2006 Performance Unit Plan and dividend equivalents in respect of those units, in the case of officers, or units awarded under the MGE Energy 2013 Director Incentive Plan and dividend equivalents in respect of those units, in the case of directors. Units awarded under the 2006 Performance Unit Plan or the 2013 Director Incentive Plan represent the right to receive a cash payment that is directly dependent on the performance of MGE Energy's common stock over a defined period of time and, therefore, ties a portion of the award holder's compensation to that performance. The previous requirement to purchase a minimum \$25,000 of MGE Energy common stock has been incorporated into the enhanced guidelines and those shares can be used to meet the new guidelines. We do not have any stock option or stock award plans in which we issue shares of our common stock. Shares owned by our directors and officers have not been acquired or received as a result of stock option exercises, stock awards, or awards of restricted stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and persons who own more than 10 percent of our common stock to file reports of ownership and changes in ownership with the SEC. Those persons are also required to furnish us with copies of those reports. Based solely on our review of the copies of the reports received by us and written representations from certain reporting persons, we note that all of our directors and executive officers filed all required reports during or with respect to the year ended December 31, 2018, on a timely basis.

BOARD OF DIRECTORS INFORMATION

Overview

Our board takes seriously its responsibility and accountability to shareholders and their interests and appreciates the trust and confidence that shareholders have placed in corporate leadership to oversee the Company and manage investors' capital wisely. Each director is committed to the highest ethical standards, accountability, and open dialogue with one another and with management. The board believes that a range of skills and perspectives among directors helps provide effective oversight.

The board is elected to oversee management's performance, although management is responsible for managing the day-to-day operations of the Company. The board reviews the Company's long-term strategic plan, business initiatives, major capital projects, and budget matters.

Also included in the areas over which our board provides oversight are the Company's:

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Environmental and sustainability performance.

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Enterprise-wide risk assessment.

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Strategic projects and investments.

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Trends in new technologies and industry changes.

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Board members bring a breadth of experience and diversity to their service as directors, which helps them in their oversight of the Company. In addition, directors are kept informed and educated through numerous presentations by officers of the Company and various subject matter experts, industry and director training opportunities, and reports provided to them by senior management on a regular basis. Topics include: business and investment strategy, environmental and sustainability topics, regulatory matters, customer services and expectations, financial and business operations, technology trends, new products and services, community engagement, and energy planning and reliability, among others.

Governance

Board Leadership and Structure

As a continuing part of the Company's leadership succession plan, G. Wolter stepped down as Chairman of the Boards of MGE Energy, Inc, and Madison Gas and Electric Company effective October 1, 2018, and our current President and CEO, J. Keebler, who is a member of both boards, became Chairman of the Boards of Directors of both companies. G. Wolter remains on the Boards of Directors of both companies.

Our Lead Independent Director has extensive authority and responsibility in ensuring the board meets its responsibilities for Company oversight. Director Millner, who is an independent member of our board as determined under the guidelines adopted by the Nasdaq Stock Market, Inc., serves as our Lead Independent Director. Director Millner has served as a board member since 1996 and has served as our Lead Independent Director since 2010. In May 2019, Director Millner will be retiring from the Boards of Directors and from the position as Lead Director. Director F. Curtis Hastings will serve as Lead Independent Director. Director Hastings has served on the board since 1999.

The board has structured the role of our Lead Independent Director to fulfill the important requirements of strong, independent leadership on the board. The Lead Independent Director is responsible for the following:

Board Leadership: The Lead Independent Director is empowered to call meetings of the board or executive sessions. The Lead Independent Director also chairs executive sessions of the directors; provides input to the Chairman on the scope, quality, quantity, and timeliness of the information provided to the board; and serves as a nonexclusive conduit to the Chairman of views and concerns of our directors.

Corporate Governance Committee Leadership: The Lead Independent Director chairs our Corporate Governance Committee, which evaluates on an ongoing basis the composition and structure of our board and assists in board recruitment, refreshment, and succession planning.

As the individual with primary responsibility for managing the Company's day-to-day operations, our CEO is best positioned to chair regular board meetings as we discuss key business and strategic issues. This structure provides independent oversight while avoiding unnecessary confusion regarding the board's responsibilities and day-to-day management of business operations. Given the complexity of the industry, its operations, and regulatory environment, the board believes having an experienced industry executive as our Chairman, combined with a strong Lead Independent Director, is the appropriate structure for the Company.

How Our Board Operates

Our board is very active and engaged. Each year, there are ten regularly scheduled meetings of the board, in addition to committee meetings. The board believes these meetings help directors stay abreast of industry and Company developments. In 2018, every director attended all of the meetings of the board.

Board meetings are held at the Company's corporate headquarters in Madison, Wisconsin. They are structured to provide for regular presentations by, and active dialogue with, MGE management. Subject matter experts from across the Company regularly present to the board on issues of strategic importance. These regular interactions provide useful information and insight relative to critical business initiatives and corporate strategy, including financial performance, environmental performance, risk management and oversight, and corporate succession planning. In addition, the board takes advantage of external expertise as needed on key strategic topics.

Strategic Planning and Oversight

In 2018, the board held a strategic planning and review session with all officers of the Company. This session was designed to review corporate strategy across all aspects of the Company's business and to provide the directors with the opportunity to engage the entire senior management team on issues of strategic importance. The board plans to continue holding these strategic planning and review sessions with all officers periodically.

Shareholder Engagement and Outreach

We are committed to accountability and transparency and believe that understanding and considering shareholder perspectives advances those priorities. Our investor relations efforts also help executive management and the board understand how investors view the Company's policies and practices, strategies and long-term direction, and help leadership assess and address emerging areas of interest to investors.

Officers engage shareholders in several ways, including:

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Discussions with a number of our institutional shareholders:

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Our Chief Financial Officer, Secretary and Treasurer joins other members of senior management to discuss with large shareholders our business strategy for a more sustainable future and related new initiatives, financial performance, board oversight, and, general corporate governance matters.

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Shareholder feedback from these discussions is shared with board members.

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Presentations at industry conferences and investor meetings.

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Meetings with analysts and investment firms.

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Annual advisory vote on "say on pay."

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Annual disclosure documents, including financial and environmental and sustainability reports.

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Opportunities to ask questions at the Annual Meeting of Shareholders, which are answered either at the meeting or in follow-up after the meeting.

Review of Annual Meeting proxy voting results to understand voting and any shareholder comments.

Responses to inquiries taken through the Company's investor site, board email, and in-house Shareholder Services staff.

Six shareholder newsletters published annually and our investor site, which is updated regularly.

These efforts are in addition to the Company's regular and ongoing investor relations program.

Board Assessment and Evaluation

The board conducts an annual Board of Directors Assessment. The assessment includes an extensive survey that covers board structure, board meetings, board committees, key board responsibilities, and board management.

In addition, the board periodically evaluates the directors' expertise and experience. This evaluation serves as part of its review before nominating slates of directors for election and as part of its succession planning to consider and to choose new directors. This evaluation covers key professional skills, diversity, and breadth of community and other business experience and knowledge and includes financial expertise, business development, strategic planning, business operations, cybersecurity, sustainability, business processes and effectiveness, information technology, and community engagement.

Board Oversight of Environmental and Sustainability Performance

Our board has oversight of the Company's environmental and sustainability performance. This oversight includes review of environmental risks and mitigation as well as assessment of current and/or future environmental regulations. It also includes review of the Company's environmental and sustainability performance. Directors understand sustainability is integral to the Company's long-term success and share management's commitments in these areas, from long-term and strategic direction to day-to-day business practices throughout the organization.

The board takes seriously its responsibility to oversee environmental performance of the Company. Board members bring a variety of expertise to this responsibility, for example, oversight and administration related to environmental

areas, education and training related to environmental matters, and experience holding managerial and/or public positions with environmental purview.

The board also draws on external expertise as appropriate for education on key topics relevant to its risk oversight responsibilities. For example, in summer 2018, the board tapped expertise on climate change science, scenarios, and projections from the University of Wisconsin's Nelson Institute Center for Climatic Research and the Wisconsin Initiative on Climate Change Impacts.

The board receives timely and relevant information on a regular basis related to the Company's environmental and sustainability initiatives. The following topics have been reviewed and discussed by the board in 2018:

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MGE's Energy 2030 framework and 2050 goals and related initiatives.

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Our annual Environmental and Sustainability Report.

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Our participation and disclosures in the Edison Electric Institute's (EEI) voluntary ESG/Sustainability reporting template.

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The current and emerging environmental risks and risk mitigation.

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New company initiatives and investments. In 2018, these initiatives and investments included our:

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New Saratoga wind resource.

o

Purchase of a share of the Forward Energy Center wind farm.

o

Proposed large-scale solar generation investment.

o

Planned expansion of its Shared Solar program for customers.

Since announcing the Company's Energy 2030 framework in November 2015, MGE has developed projects that will increase the Company's owned renewable generation capacity by more than 500 percent.

Energy 2030 Framework

In November 2015, our regulated utility, MGE, introduced its Energy 2030 framework, which lays out our strategic direction for building customer and shareholder value. It includes defined clean energy goals and provides for a cost-effective, long-term business strategy for a more sustainable future.

Under Energy 2030, MGE is working with its customers to:

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Supply at least 30 percent of its delivered electricity from renewable sources by 2030.

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Reduce carbon dioxide emissions at least 40 percent from 2005 levels by 2030; the Company's longer-term goal is to reduce carbon emissions at least 80 percent from 2005 levels by 2050.

The Company has said if it can go further faster by working with its customers, it will.

To learn more about some of MGE's projects and programs under Energy 2030, visit www.mgeenergy.com/Energy2030.

MGE has a record of reducing air emissions significantly. From a 2005 baseline through 2017, MGE has:

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Decreased carbon dioxide emissions 23 percent.

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Decreased regulated air emission rates:

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Sulfur dioxide: 96 percent

o

Nitrogen oxide: 60 percent

o

Particulate matter: 91 percent

o

Mercury: 93 percent

Energy 2030 continues the transition to greater sustainability already underway since 2005.

The Company has numerous initiatives to advance its Energy 2030 framework and its longer-term path to greater sustainability. These initiatives include:

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Building new renewable generation resources;

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Advancing the electrification of transportation;

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Increasing engagement around energy efficiency; and,

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Providing customers innovative products and services (e.g., a community-based Shared Solar program, a smart thermostat demand response program to reduce energy use, and a renewable energy program for large customers).

We are continuing down a path to achieve a more sustainable energy supply mix using the best, most cost-effective technologies to provide customer and shareholder value.

Carbon Dioxide Reductions

Reducing carbon emissions is a key component of our strategic business planning. MGE's carbon dioxide reduction target under Energy 2030 is consistent with the U.S. emissions targets for the 2030 timeframe established as part of the Paris Agreement on climate change. In addition, the Company has pledged to reduce carbon emissions at least 80 percent by 2050 and has said that if it can go further faster by working together with its customers, it will.

MGE's public commitment to reduce carbon emissions at least 80 percent by 2050 aligns with the goals of the U.S. Mid-Century Strategy for Deep Decarbonization (MCS). The MCS is the U.S. strategy for meeting the goals of the Paris Agreement on climate change to limit global temperature increases to 2 degrees. MGE's goals are consistent with the U.S. emissions targets and the 2-degree scenario.

In addition, MGE continues to explore and to understand the latest climate research. Late last year, the Intergovernmental Panel on Climate Change (IPCC) released an updated report that analyzed a 1.5-degree scenario as compared to a 2-degree scenario in the MCS. Both the IPCC report and the MCS rely on decarbonizing electric generation, using energy efficiently, and electrifying other energy uses, including transportation. These are the strategies MGE is pursuing and will continue to pursue to achieve deep decarbonization. Using these strategies, MGE will reduce carbon emissions as quickly as the state of evolving technology allows consistent with meeting our obligation to serve.

In addition, we have reviewed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), performed an analysis of its disclosures relative to the TCFD recommendations, and determined that our disclosures are substantially consistent with their guidance and recommendations.

As part of its ongoing assessment of corporate performance, the board of directors regularly reviews how well the Company is advancing its overall goals around carbon emission reductions as well as progress on its specific strategies for deep decarbonization.

Business Operations

In addition to its Energy 2030 framework, the Company is committed to reducing its environmental impacts across all areas of the organization. For example, in 2018, the Company:

Earned the Green Masters designation for the fifth consecutive year from the Wisconsin Sustainable Business Council. The voluntary statewide benchmarking program evaluates participants in nine key areas related to sustainability. Only the top 20 percent of applying companies receive the Green Masters designation. MGE was the first utility to be awarded the distinction in 2014.

Continued efforts to expand the scope of its renewed five-year contract with the Wisconsin Department of Natural Resources for its Green Tier certification. Our primary goal in the expanded contract is to cover all MGE operations under our Environmental Management System (EMS). An EMS is a continuous improvement process that evaluates, prioritizes, and manages environmental risks. MGE was the first electric utility to take part in the pilot program and remains the only electric utility, and one of only seven Wisconsin companies, to be certified at the highest level of Green Tier.

Participated in the EEI ESG/Sustainability reporting template, which discloses data and information related to MGE's portfolio (generation and capacity), emissions, capital expenditures, and human and natural resources.

To learn more about the Company's environmental initiatives, please see our Environmental and Sustainability Report and EEI ESG/Sustainability reporting template at www.mgeenergy.com/environment. The EEI ESG/Sustainability reporting template includes data and information on the Company's portfolio (generation and capacity), emissions, capital expenditures, human resources, and natural resources. The Company's annual Environmental and Sustainability Report and its EEI ESG/Sustainability reporting template, combined with other disclosures by the Company, are substantially consistent with guidance and recommendations from the TCFD.

Risk Assessment and Oversight

Enterprise-wide risk assessment and oversight are fundamental responsibilities of our board. Directors are involved in the process of overseeing the primary risks we face in the conduct of our business. Trends in economic, business, and commodity market conditions and trends in legislative and regulatory initiatives are reviewed by the board as part of the Company's Enterprise Risk Management program.

The board receives on an ongoing basis information from management related to key business risks and mitigation strategies. These business risks include existing and emerging risks related to environmental performance and sustainability, information technology systems and cybersecurity, operational risks, financial risks, reliability risks, and regulatory risks.

On a biennial basis, our board and management engage in a comprehensive risk assessment and mitigation review, the last occurring in 2017. This broad-based exercise serves to complement ongoing and regular presentations and reports from Company officers and subject matter experts on risk and emerging risk identification, assessment, and mitigation strategies. Our comprehensive approach encourages all of our directors to initiate discussion at any time, either directly or through our Lead Independent Director, on any areas of concern, including risk identification and assessment, controls, management, and oversight. Our regulated utility, MGE, operates within a culture of sustainability and risk management, which is brought to the board. All officers of the Company take ownership in and are accountable for managing and mitigating corporate risk.

For more detailed information on risk factors, please see Item 1a of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2018.

Committees

Our board has four standing committees, the principal responsibilities of which are described below. The following table sets forth the membership of each committee and the number of meetings held during 2018:

Name	Audit Committee	Compensation Committee	Executive Committee	Corporate Governance Committee
Marcia M. Anderson	X			X
James G. Berbee	X			X
Mark D. Bugher	X	X	X	X
F. Curtis Hastings	X	X (2)		X
Jeffrey M. Keebler			X	
Regina M. Millner (1)	X			