

MGE ENERGY INC
Form S-4/A
March 22, 2002

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As Filed with the Securities and Exchange Commission on March 22, 2002

Registration No. 333-72694

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 4
to

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MGE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Wisconsin 4939 39-2040501 *(State or other
jurisdiction of
incorporation or organization) (Primary
Standard Industrial
Classification Code Number) (I.R.S. Employer
Identification No.)*

133 South Blair Street

**Post Office Box 1231
Madison, Wisconsin 53701-1231
(608) 252-7000**

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

Terry A. Hanson, Vice President, Chief Financial Officer and Secretary

Jeffrey C. Newman, Vice President and Treasurer

Madison Gas and Electric Company

**133 South Blair Street
Post Office Box 1231
Madison, Wisconsin 53701-1231
(608) 252-7000**

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

Copy To:

Richard W. Astle, Esq.

**Sidley Austin Brown & Wood
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603**

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and the date on which all other conditions to the share exchange between the common shareholders of Madison Gas and Electric Company and MGE Energy, Inc. pursuant to the Agreement and Plan of Share Exchange described in the Proxy Statement and Prospectus contained herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

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.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS
OF MADISON GAS AND ELECTRIC COMPANY**

Date:

Tuesday, May 14, 2002

Time:

11:00 a.m., local time

Place:

Marriott Madison West
1313 John Q. Hammons
Drive
Middleton, Wisconsin

Purpose:

To consider and vote upon an Agreement and Plan of Share Exchange pursuant to which each share of Madison Gas and Electric Company common stock will be exchanged for common stock of a holding company and as a result of which MGE Energy, Inc., a Wisconsin corporation formed by MGE, will become the parent company of MGE;

To elect three Class I directors to terms of office expiring at the 2005 Annual Meeting of Shareholders; and

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

Shareholders of record at the close of business on March 5, 2002 are entitled to vote at the meeting.

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

By order of the Board of Directors

TERRY A. HANSON
Vice President, Chief Financial
Officer and Secretary

April 5, 2002

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PROXY STATEMENT
MADISON GAS AND ELECTRIC COMPANY
PROSPECTUS
COMMON STOCK OF
MGE ENERGY, INC.

133 South Blair Street

Post Office Box 1231
Madison, Wisconsin 53701-1231
(608) 252-7000

This document combines a proxy statement for the 2002 Annual Meeting of Shareholders of Madison Gas and Electric Company (MGE) with a prospectus of MGE Energy, Inc. (MGE Energy). The enclosed proxy is solicited by the Board of Directors of MGE to be voted at the 2002 Annual Meeting of Shareholders, including any adjournment of that meeting.

The Board of Directors proposes to reorganize MGE into a holding company structure. At the Annual Meeting of Shareholders, you are being asked to approve the Agreement and Plan of Share Exchange attached to this document as Exhibit A. Upon the effectiveness of the plan, MGE Energy will issue up to 17,500,000 shares of common stock in exchange for shares of MGE common stock. Each share of MGE common stock will be exchanged for one share of common stock of the holding company.

The share exchange involves risks, which you should consider. **Please refer to Risk Factors on page 6.**

MGE's common stock is quoted on the Nasdaq National Market. We anticipate that shares of MGE Energy's common stock will be approved for quotation on the Nasdaq National Market following completion of the proposed reorganization and that it will be traded under the symbol MGEE.

This document, together with the accompanying proxy, are first being mailed on or about April 5, 2002. MGE's annual report to shareholders, which includes consolidated financial statements, is being mailed to all shareholders of record together with this document. The date of this document is _____, 2002.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

This document incorporates important business and financial information about MGE that is not included in or delivered with it. Please see Incorporation Of Certain Documents By Reference on page 8 for more information regarding what documents have been incorporated and how you can obtain copies of those documents.

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Where You Can Find Information About this Document

This document provides information about the annual meeting of MGE, including information about the reorganization of MGE into a holding company structure, and the common stock of MGE Energy that will be issued to the holders of common stock of MGE in connection with the reorganization.

We have included cross-references to sections in this document where you can find further related discussions. You can also find references to key topics in the table of contents.

This document incorporates important business and financial information that is not included in or delivered with the document. You can request a copy of this information, at no cost, by writing, telephoning or e-mailing us at:

Madison Gas and Electric Company

133 South Blair Street

P.O. Box 1231

Madison, Wisconsin 53701-1231

Attention: Shareholder Services

Telephone: 800-356-6423

E-mail: shareservices@mge.com

To receive this information in time for the annual meeting, you must request it no later than May 7, 2002, five business days prior to the date of that meeting.

You should rely only on the information contained or incorporated by reference in this document. We have not authorized anyone else to provide you with any different information. If anyone provides you with different or inconsistent information, you should not rely on it. The information in this document is current only as of the date of this document.

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QUESTIONS AND ANSWERS

Q: When and where will the annual meeting take place?

A. The meeting will be held on Tuesday, May 14, 2002, at 11:00 a.m., local time, at the Marriott Madison West, 1313 John Q. Hammons Drive, Middleton, Wisconsin.

Q: Do I need a ticket to attend the meeting?

A. No; however, if you plan to attend the meeting, please fill out the enclosed reservation form and return it with your proxy card so we may have an indication of the number of shareholders planning to attend the meeting. If your shares are held through a broker or its nominee and you would like to attend the meeting, please see Voting How Street Name Holders May Vote on page 6.

Q: Why am I receiving this proxy statement and prospectus?

A. We are sending this document to you because the MGE Board of Directors is seeking your proxy to vote your shares at the meeting.

Q: Why did I receive more than one copy of this proxy statement and prospectus?

A. If you own MGE common stock in more than one account, such as individually and also jointly with your spouse, you may receive more than one copy of this document. To assist us in saving money and to provide you with better shareholder service, we encourage you to have any duplicate accounts registered in the same name and address. You may do this re-registration by contacting the MGE Shareholder Services Department toll-free at (800) 356-6423 if calling from within the Continental United States and at (608) 252-4744 if calling from the Madison area.

Q: What is the purpose of the meeting?

A. The purposes of the meeting are:

To consider and vote upon an Agreement and Plan of Share Exchange pursuant to which each share of MGE common stock will be exchanged for one share of common stock of a holding company and as a result of which MGE Energy will become the parent company of MGE;

To elect three Class I directors to terms of office expiring at the 2005 Annual Meeting of Shareholders; and

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

Q: What is the proposed share exchange and corporate restructuring?

A. The purpose of the share exchange is to form a holding company through the exchange of MGE common stock for common stock of the holding company. This exchange will occur pursuant to the Agreement and Plan of Share Exchange, which has been approved by the MGE Board of Directors. After the share exchange, MGE will become a wholly owned subsidiary of the holding company. The shareholders of MGE immediately prior to the share exchange will be the shareholders of the holding company.

Q: Which companies are subject to the share exchange?

A: MGE and MGE Energy will be subject to the share exchange. MGE is a public utility that generates and distributes electricity in Dane County, Wisconsin. MGE also purchases, transports and distributes natural gas in seven Wisconsin counties: Columbia, Crawford, Dane, Iowa, Juneau, Monroe and Vernon. MGE's principal executive office is located at 133 South Blair Street, Post Office Box 1231, Madison, Wisconsin 53701-1231.

MGE Energy is a direct, wholly owned subsidiary of MGE that was organized for the purpose of becoming the new parent holding company of MGE. Currently, MGE Energy has no assets and has not engaged in any business operations. Its principal executive office is located at the principal executive office of MGE.

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Q: What regulatory approvals must be obtained in connection with the formation of the holding company structure?

A: We must obtain the approval of the Federal Energy Regulatory Commission (FERC) and the Public Service Commission of Wisconsin (PSCW) for the formation of the holding company structure. We filed an application for approval with FERC on December 19, 2001, which application was approved by FERC on February 25, 2002. On December 28, 2001, we filed an application for approval with the PSCW. We do not expect to receive approval from the PSCW until after the approval of the share exchange by the shareholders of MGE.

Q: Why is the holding company being proposed?

A: The primary purposes for the restructuring are:

To provide additional flexibility for financing so that MGE can adapt to changes in the energy industry, which will allow MGE to serve its customers more effectively while maintaining the required utility capital structure in a cost-effective manner.

To provide flexibility for us to meet the business demands of a changing energy industry.

To provide investment opportunities, which are related to MGE's core utility business or which may benefit the service territory, but will not be subject to public utility regulation.

To allow us to segregate our regulated and unregulated businesses, thereby allowing more flexibility with respect to unregulated businesses while helping to protect the customers of MGE from the risks of those businesses.

Q: Will the formation of a holding company change the focus of MGE's business or impair its operations?

A: MGE's primary focus will continue to be to service its core utility customers. We intend that the utility operations of MGE continue to constitute the predominant activity of the holding company for the foreseeable future, and that forming a holding company not impair the operation of MGE's utility business. Forming a holding company will not, in any way, affect our responsibilities, qualifications or authority to operate and maintain our utility assets.

Q: Will I have to exchange my MGE stock certificates for new MGE Energy stock certificates?

A: No. Your MGE stock certificates will automatically represent MGE Energy common stock instead of MGE common stock following the share exchange.

Q: Will my dividends be affected?

A: There is no reason to expect that dividends will be affected by the restructuring. MGE intends to pay dividends to MGE Energy in amounts that will be sufficient for the holding company to pay cash dividends to its shareholders on the same dates and in the same amounts as MGE currently pays dividends. As in the past, however, the ability of MGE to pay dividends will depend upon the availability of retained earnings and its financial circumstances. In the future, dividends from subsidiaries other than MGE may also be a source of funds for dividend payments by the holding company.

Q: What are the Federal income tax consequences of the exchange?

A: You will not recognize any gain or loss for Federal income tax purposes if you exchange your MGE common stock for MGE Energy common stock. You will have the same tax basis and holding period in your MGE Energy common stock as you have in your MGE common stock. Please refer to Proposal to Approve the Formation of a Holding Company and Agreement and Plan of Share Exchange Material Federal Income Tax Consequences on page 19.

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Q: Do holders of MGE common stock have dissenters' rights in connection with the share exchange and corporate restructuring?

A: No. Under the Wisconsin Business Corporation Law, holders of MGE common stock are not entitled to dissenters' rights in connection with the share exchange and corporate restructuring. Please refer to Proposal to Approve the Formation of a Holding Company and Agreement and Plan of Share Exchange - Rights of Dissenting Shareholders on page 13.

Q: Will either MGE or the holding company be able to elect not to complete the share exchange after the holders of common stock of MGE have approved it?

A: Yes. After shareholder approval of the share exchange, either MGE or MGE Energy may decide not to complete the share exchange and may terminate the Agreement and Plan of Share Exchange if their respective Boards of Directors determine that consummation of the share exchange would be inadvisable or that any regulatory or other approval deemed necessary or advisable has not been obtained within a reasonable time after shareholder approval. Please refer to Proposal to Approve the Formation of a Holding Company and Agreement and Plan of Share Exchange - Termination or Amendment of Plan of Share Exchange on page 12.

Q: Where will my MGE Energy common stock be traded?

A: We expect the MGE Energy common stock to be quoted on the Nasdaq National Market and, after the exchange, to trade under the stock symbol MGEE.

Q: Who will manage MGE Energy?

A: The initial Board of Directors of MGE Energy will consist of the same directors serving in the same classes as the Board of Directors of MGE. The first election of MGE Energy directors will be the election of the Class II directors at MGE Energy's annual meeting of shareholders in 2003. In addition, we anticipate that the holding company and MGE will have common officers.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

MGE Selected Consolidated Financial Information

The following table sets forth selected consolidated financial information with respect to MGE and its subsidiaries (including MGE Energy). This financial information is derived from, and qualified by reference to, the consolidated financial statements contained in MGE's Form 10-K Reports for the years ended December 31, 1997 through 2001, and incorporated herein by reference.

**MADISON GAS AND ELECTRIC COMPANY
SELECTED CONSOLIDATED FINANCIAL DATA**
(In thousands, except per-share amounts)

	For the years ended Dec. 31				
	2001	2000	1999	1998	1997
Summary of Operations					
Operating Revenues:					
Electric	\$203,178	\$203,176	\$185,955	\$169,563	\$163,123
Gas	130,533	120,932	88,079	80,189	101,525
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Total	333,711	324,108	274,034	249,752	264,648
Operating expenses	274,340	258,411	219,910	199,954	212,921
Other general taxes	10,864	10,180	9,306	9,263	8,797
Income tax items	13,836	15,416	12,268	10,723	11,940
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Net operating income
 34,671 40,101 32,550 29,812 30,990
 Other (loss)/income (including AFUDC-equity)
 6,263 1,383 3,235 3,273 2,257

Income before interest expense and cumulative effect of a change in
 accounting principle
 40,934 41,484 35,785 33,085 33,247
 Interest expense (including AFUDC-equity)
 13,572 14,129 12,039 10,855 10,724

Net income before cumulative effect of a change in accounting principle
 27,362 27,355 23,746 22,230 22,523
 Cumulative effect of a change in accounting principle, net of tax benefit of
 \$78(1)
 (117)

Net Income
 27,245 \$27,355 \$23,746 \$22,230 \$22,523

Average shares outstanding

16,819 16,382 16,084 16,080 16,080

Earnings per share before cumulative effect of a change in accounting principle

\$1.63 \$1.67 \$1.48 \$1.38 \$1.40

Cumulative effect of a change in accounting principle(1)

(0.01)

Earnings per share (basic and diluted)

\$1.62 \$1.67 \$1.48 \$1.38 \$1.40

Dividends paid per share

\$1.328 \$1.318 \$1.308 \$1.298 \$1.287

Book value per share

\$12.67 \$12.05 \$11.49 \$11.34 \$11.25

Assets

Electric

\$371,423 \$395,622 \$342,130 \$311,563 \$313,855

Gas

130,125 123,486 114,881 111,762 118,339

Assets not allocated

39,903 52,496 38,499 42,940 39,596

Total

\$541,451 \$571,604 \$495,510 \$466,265 \$471,790

Capitalization including Short-Term Debt

Common shareholders' equity					
\$216,292	\$200,312	\$185,686	\$182,275	\$180,923	
Long-term debt(2)					
177,600	183,637	159,799	159,761	129,923	
Short-term debt					
9,500	44,000	15,750	33,500		

Total Capitalization					
\$403,392	\$427,949	\$361,235	\$342,036	\$344,346	

(1) The change in accounting principle adjustment to 2001 net income is due to MGE's adoption of SFAS No. 133.
(2) Includes current maturities.

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The consolidated assets and liabilities of MGE Energy and its subsidiaries (including MGE) immediately after the share exchange will be the same as the consolidated assets and liabilities of MGE and its subsidiaries (including MGE Energy) immediately before the share exchange. Please refer to Proposal to Approve the Formation of A Holding Company and Agreement and Plan of Share Exchange Financial Statements; Accounting Treatment on page 19.

MGE Historical Per Share Information

MGE's common stock is quoted on the Nasdaq National Market under the symbol MDSN. MGE Energy's common stock is not traded. We expect that MGE Energy common stock will be approved for quotation on the Nasdaq National Market and will be traded under the symbol MGEE after completion of the share exchange.

The closing price for MGE common stock on November 1, 2001, the last trading day before we announced the formation of a holding company structure, was \$24.86.

In the table above, we provide selected historical per share data for MGE. You should read the per share information in conjunction with the historical consolidated financial information of MGE incorporated by reference herein and the rest of the selected consolidated financial information on page 4.

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RISK FACTORS

Unregulated Businesses May Involve More Risk

The formation of a holding company allows us to pursue, through separate subsidiaries, business opportunities in markets that are both regulated and unregulated. Unregulated businesses may involve more risk than those of MGE, which is primarily a regulated utility. The value of a common shareholder's investment in the holding company could be adversely affected because of the greater risk of these businesses.

Dividends on the Holding Company Common Stock Depend on Dividends Paid on MGE Common Stock

After the share exchange, MGE, as a subsidiary of the holding company, will be, at least initially, the holding company's largest source of income. MGE will own, either directly or indirectly, most of the operating assets. When the restructuring takes effect, it is expected that dividends on the holding company common stock will be declared and paid on the same schedule and rate currently followed for dividends on MGE common stock. Subsequently, holding company dividends will depend on the future earnings and financial condition of the holding company and its subsidiaries. For more information on the restriction of MGE's ability to pay dividends, see Dividend Policy on page 13.

Rights of MGE Energy Shareholders to the Assets of the Holding Company May be Limited

In the event of liquidation or bankruptcy of MGE or MGE Energy following the share exchange, the rights of MGE Energy shareholders to its assets will be subordinate to the rights of creditors and holders of any preferred stock of MGE, as would presently be the case, and also to the rights of any creditors of MGE Energy to the extent that the obligations to such creditors were not satisfied out of the assets of the holding company or its nonutility subsidiaries.

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 the common stock. If you are a participant in the MGE Dividend Reinvestment and Direct Stock Purchase Plan, the shares you have accumulated in that plan are held by the administrator under the nominee name of Madge & Co., and those shares, including your reinvestment shares, will be voted in accordance with the direction given on your proxy. As of March 5, 2002, the record date for the meeting, there were 17,120,579 shares of common stock of MGE issued and outstanding.

At MGE's 1985 Annual Meeting of Shareholders, shareholders approved an amendment to the MGE Articles of Incorporation limiting the voting power of any shareholder who acquires more than 10 percent of the outstanding voting stock of MGE. 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. To our knowledge, neither of these limitations currently apply to any shareholder.

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 MGE 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 has received from its customers and submit a proxy card to MGE reflecting those votes. If you plan to attend the annual meeting and vote in person your shares held by your broker, you should contact your broker to obtain a broker's proxy card and MGE's Shareholder Services (1-800-356-6423) to make a reservation for the meeting.

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How Record Holders May Vote

The record date for the meeting is March 5, 2002. Holders of record as of such date can vote in person at the meeting or by proxy. By giving MGE your proxy, you are authorizing the individuals named on our proxy card (the proxies) to vote your shares in the manner you indicate.

As a convenience to you, we are providing you with the option to vote by proxy via the Internet or via toll-free touch-tone telephone. You may still cast your vote by returning your signed and dated proxy card. Instructions regarding all three methods of voting are included on the proxy card. If you sign and return the proxy card without specifying any instructions and without indicating expressly that you are not voting some or all of your shares, your shares will be voted for the Agreement and Plan of Share Exchange and for the election of all three director nominees. 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. If you sign a proxy card as an attorney, officer, personal representative, administrator, trustee, guardian, or similar capacity, please indicate your full title in that capacity.

Holdings Needed to Establish a Quorum

A quorum is necessary to hold a valid meeting of shareholders. If shareholders entitled to cast at least a majority of the shares entitled to vote at the meeting are present in person or by proxy, a quorum will exist. 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. Abstentions and broker nonvotes are counted as present for establishing a quorum. A broker nonvote occurs when a broker votes on one or more matters on the proxy card, but not on others because the broker does not have the authority to do so.

The Vote Necessary for Action to be Taken

In voting on the Agreement and Plan of Share Exchange, you may vote in favor of the plan or against the plan or you may abstain from voting. The vote required to approve the plan is the affirmative vote of two-thirds of the outstanding shares of MGE common stock. As a result, abstentions, as well as broker nonvotes, will have the same legal effect as a vote against the Agreement and Plan of Share Exchange.

In voting for the election of directors, you may vote for the election of all of the nominees or you may withhold your votes as to all or specific nominees. The three persons receiving the greatest number of votes will be elected to serve as Class I directors. Accordingly, withholding authority to vote for a director and broker nonvotes with respect to the election of directors will not affect the outcome of the election of directors.

Revocation of Proxies

If you are a registered holder of MGE common stock, you may revoke your proxy by giving written revocation to MGE's Corporate Secretary at any time before your proxy is voted, by executing a later-dated proxy card which 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 your proxy.

Electronic Access to Proxy Materials and Annual Report

Shareholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. You can choose this option by marking the appropriate box on your proxy card or by calling MGE's Shareholder Services toll-free number (1-800-356-6423).

Where You Can Find More Information

MGE is currently the parent company of MGE Energy. MGE files annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. MGE's SEC filings

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are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. Reports, proxy statements and other information filed by MGE may also be inspected at the offices of The Nasdaq Stock Market, Inc. National Market System, 1735 K Street, N.W., Washington, D.C. 20006-1500.

Incorporation of Certain Documents by Reference

SEC rules allow us to incorporate by reference the information that we file with them. This means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is an important part of this document, and information that is filed later with the SEC will automatically update and replace this information.

We incorporate by reference the following documents and any filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 from the date of this document until all of the MGE common stock is exchanged for the common stock of MGE Energy:

MGE Annual Report to the SEC on Form 10-K for the year ended December 31, 2001.

MGE Energy has filed a registration statement with the SEC under the Securities Act of 1933. The primary purpose of the registration statement is to register the shares of MGE Energy common s