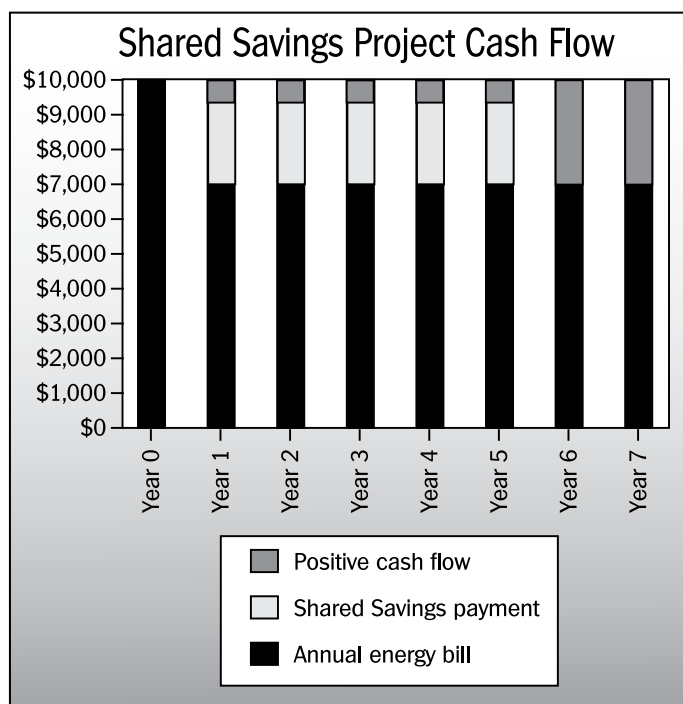


Shared Savings

What is Shared Savings?

It is a loan used to finance energy and money-saving improvements to your business facility. Repay all or part of the loan with savings generated from reduced energy expenses. No up-front investment is needed.

Shared Savings allows you to make improvements without affecting working capital or credit line. Projects can include unexpected replacements or facility improvements.



How much savings?

Savings vary with each project. Ideally, savings are greater than the cost of the project (see sample cash flow, years 1 through 5).

When the Shared Savings agreement ends, monthly payments end, and you receive the full dollar savings created by the improvements (see sample cash flow, years 6 and 7).

Who pays for the improvements?

When the project is complete, a joint check is issued to you and your contractor. Then, you begin repayment to MGE. Repayments appear on your monthly utility bill. Savings are intended to pay for improvements within 10 years.

What are the benefits?

Shared Savings helps save energy. Improvements may also:

- Improve cash flow.
- Reduce maintenance costs.
- Increase comfort, production and morale.
- Increase property value.
- Provide environmental benefits.
- Preserve capital dollars for other projects.
- Save time.

What businesses or organizations qualify?

Candidates must satisfy a credit review to qualify for Shared Savings. This review can be completed in a few hours for small projects. Larger projects may take two days to process.

Any type of business, organization or government facility can consider Shared Savings. It's particularly attractive for facilities with inefficient heating, air-conditioning, lighting or process equipment.

What improvements qualify?

Nearly any energy efficiency improvement involving MGE electricity or natural gas can qualify.

Shared Savings loan terms are limited to 10 years or less. Improvements with annual savings of at least 10% of the project cost achieve a positive cash flow.

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Improvements may qualify if their payback exceeds 10 years. But you must supplement the energy dollar savings to repay the loan within 10 years.

Shared Savings is available for projects that total \$5,000 or more. Project costs include material, labor, design and other related expenses.

How much time does this take to set up?

Your MGE account manager handles most of the process. A review of energy use and an equipment and systems analysis allows us to estimate potential energy savings. MGE or your contractor can complete this analysis.

Project cost estimates and equipment specifications are also needed. These come from contractors who submit proposals for the improvements.

With this information, a repayment schedule is tailored to meet your needs.

If you decide to proceed, a Shared Savings agreement is signed, and the work can begin.

What's the first step?

For more information, call 252-7007 or visit mge.com.