

Letter to shareholders

April 2017



Xcel Energy recently announced the largest utility multi-state wind proposal in the country – 11 wind farms in seven states.

Dear shareholders:

After delivering excellent results in 2016, we are pleased to report solid first quarter results in 2017. In addition to delivering operational, financial and safety metrics in line with our forecast, Xcel Energy proposed the nation's largest utility wind expansion as part of our steel for fuel growth strategy, continuing our commitment to significantly reduce our carbon footprint while delivering low-cost, highly reliable energy to our customers.

Xcel Energy reported first quarter 2017 GAAP and ongoing earnings of \$0.47 per share, compared to \$0.47 per share during the first quarter of 2016. Higher electric margins (slightly offset by unfavorable weather) and a lower effective income tax rate contributed to this result. Sales improved a modest 0.3 percent, reflecting growth in the number of customers across most customer classes and jurisdictions. O&M expenses were slightly higher in Q1, but that was almost entirely attributable to a deferral of expenses incurred in 2016 due to the timing of our Texas rate case. Recurring O&M expenses were relatively flat year-over-year – a trend we expect to continue for the duration of 2017.

We are on track to deliver on our 2017 GAAP and ongoing earnings guidance of \$2.25 to \$2.35 per share, our 4 to 6 percent earnings growth objective and our 5 to 7 percent dividend growth objective.

Wind leadership

Earlier this month, the American Wind Energy Association once again named Xcel Energy the No. 1 utility wind energy provider in America, a title we've held since 2005. That's a great accomplishment, but we are not resting on our laurels.

During the first quarter, we announced the largest utility multi-state wind expansion proposal in the country – 11 new wind farms in seven states that, including our Rush Creek project in Colorado, will add nearly 3,400 megawatts of new wind on our system by 2020. We plan to own approximately 80 percent of these new wind investments, which are located throughout our service territory – 1,550 megawatts in the Upper Midwest and 1,230 megawatts in Texas and New Mexico to go along with the 600-megawatt Rush Creek Wind Project in Colorado that is already approved and under construction.

By entering into a turbine supply agreement in 2016, we secured 100 percent of the production tax credit benefit for these wind projects. Based on current forecasts, we estimate these projects will save our customers billions of dollars over the life of the wind farms. These savings will more than offset the \$4.2 billion capital costs to build the farms, which is a key tenant to our growth strategy that keeps our customers' bills affordable.

Our customers and shareholders will benefit from wind investments, and so will the environment. We expect to reduce our carbon footprint 45 percent (from a 2005 baseline) by 2021 after all these wind farms are operational.

Join us at the Annual Meeting

Xcel Energy's Annual Shareholders' Meeting will be held Wednesday, May 17, at 11:00 a.m. Central at Xcel Energy's new Texas headquarters building, 790 S. Buchanan Street, Suite 400, Amarillo, Texas. At the meeting, we will outline accomplishments and challenges, conduct company business, announce voting results and answer your questions.

You must RSVP by May 12 to attend. Please contact Xcel Energy's Corporate Secretary department by email at corporatesecretary@xcelenergy.com or by telephone at **612.215.5391** to RSVP.

If you are not able to join us in person, consider listening to a webcast of the meeting, which will be available simultaneously and also archived on the Investor Relations page of xcelenergy.com. Please visit the Investor Relations page on xcelenergy.com to view this and other shareholder communication.

Regulatory update

Last fall, the Minnesota commission approved our Upper Midwest Resource Plan, which includes adding significant amounts of renewable energy to our system, maintaining our nuclear fleet and retiring two coal units at our Sherburne County facility, one by 2023 and a second unit by 2026.

In February, the Minnesota governor signed legislation giving us the go-ahead to build a natural gas plant at the Sherburne County site to, in part, replace the retiring coal generation. This legislation provides economic certainty for the community of Becker and the surrounding region, and also takes advantage of existing transmission infrastructure.

We expect to receive final commission approval in June regarding our Minnesota multi-year rate case. Our advanced grid initiative continues to progress in front of the Colorado commission, and we plan to file rate cases in Colorado and Wisconsin in the next few months.

Delivering for you

I want to close by recognizing our employees; they are the backbone of this organization and deliver for our customers every day. In January, our dedicated employees answered the call when ice storm Jupiter caused the most significant damage in decades to the electrical grid in Texas and New Mexico. Our crews safely and quickly restored power to 98 percent of our customers in only a few days despite challenging conditions. I look forward to thanking many of them in person during my trip to Texas for our upcoming Annual Shareholders' Meeting in Amarillo.

Thanks for the continued trust you place in us.

Sincerely,



Ben Fowke

Chairman, President and CEO

Forward-looking statements

Except for the historical statements contained in this release, the matters discussed herein, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including our 2017 earnings per share guidance and assumptions, are intended to be identified in this document by the words "anticipate," "believe," "estimate," "expect," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should" and similar expressions. Actual results may vary materially. Forward-looking statements speak only as of the date they are made and we expressly disclaim any obligation to update any forward-looking information. The following factors, in addition to those discussed in Xcel Energy's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2016 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries (collectively, Xcel Energy) to obtain financing on favorable terms; business conditions in the energy industry; including the risk of a slow down in the U.S. economy or delay in growth, recovery, trade, fiscal, taxation and environmental policies in areas where Xcel Energy has a financial interest; customer business conditions; actions of credit rating agencies; competitive factors including the extent and timing of the entry of additional competition in the markets served by Xcel Energy; unusual weather; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; financial or regulatory accounting policies imposed by regulatory bodies; outcomes of regulatory proceedings; availability or cost of capital; and employee work force factors.