

Letter to shareholders

February 2018



The first towers at our Rush Creek Wind Project in Colorado have been built. Our largest wind farm is scheduled to be in service later this fall.

Dear shareholders:

From a financial, operational and strategic perspective, 2017 was another great year for Xcel Energy. In addition to delivering the safe, clean, reliable energy that powers the lives and businesses of millions of customers, we kept our customers' bills low, made great strides in enhancing the customer experience and once again delivered significant shareholder value.

For the 13th consecutive year, we met or exceeded our earnings guidance. We delivered 2017 GAAP earnings of \$2.25 per share, compared to \$2.21 per share in 2016, and ongoing earnings of \$2.30 per share, compared to \$2.21 in 2016. Earnings drivers included higher electric and natural gas margins and reduced operating expenses. As a result of tax reform legislation, our GAAP earnings include a one-time \$0.05 per share charge. Overall, our total shareholder return was 22 percent for 2017, placing us near the top of our peer group.

Xcel Energy increased your dividend 5.9 percent in 2017, marking the 14th consecutive year of dividend growth. We maintained our dividend growth guidance in the 5 to 7 percent range, signaling our confidence to deliver in 2018 and beyond.

The following table provides a reconciliation of ongoing earnings per share (EPS) to GAAP EPS:

Diluted Earnings (Loss) Per Share	Three Months Ended Dec. 31		Twelve Months Ended Dec. 31	
	2017	2016	2017	2016
GAAP diluted EPS	\$ 0.37	\$ 0.44	\$ 2.25	\$ 2.21
Estimated impact of the TCJA ^(a)	0.05	—	0.05	—
Ongoing diluted EPS	\$ 0.42	\$ 0.45	\$ 2.30	\$ 2.21

(a) See Notes 5 and 7 on the earnings release posted on xcelenergy.com

Investing for a clean energy future

We continue to drive the clean energy transition by investing in renewable energy that delivers appealing economic and environmental benefits. In 2017 we made strong progress on our "Steel for Fuel" growth strategy to build or buy the output from wind farms that produce carbon-free energy and reduce customer bills. We proposed the largest multi-state wind expansion in the country – 3,680 megawatts of wind by 2021 across seven states. We have received regulatory approval for the majority of those projects and expect commission decisions on our 1,230-megawatt wind proposal in Texas and New Mexico and our 300-megawatt Dakota Range project in South Dakota.

We also broke ground on the largest company-owned wind project in our history – the 600-megawatt Rush Creek Wind Project in Colorado. The first towers at Rush Creek have been built, and the entire project is scheduled to go online in the fall of 2018.

Finally, we achieved tremendous stakeholder agreement on our new Colorado Energy Plan that would add significant wind, solar and natural gas or battery storage resources and include the early retirements of two coal units at our Comanche Generating Station in Pueblo. If approved, 55 percent of the energy we produce in Colorado will be renewable by 2027. We would also achieve 60 percent carbon reduction in Colorado by 2027 (from a 2005 baseline) with opportunities to further reduce carbon going forward.

Important information for shareholders

EQ Shareowner Services (formerly Wells Fargo Shareowner Services) features online account management through Shareowner Online. Shareowner Online is the convenient and secure way to manage your account. Enroll in our Direct Stock Purchase Plan, update your account, purchase or sell stock, get tax information and forms, review and print records of transactions and much more, quickly and conveniently. Begin by visiting shareowneronline.com.

The 2017 1099-DIV forms began mailing to shareholders on Jan. 19, 2018. Contact EQ at **877.778.6786** if you do not receive your 2017 tax forms by Feb. 15, 2018. If you receive a dividend by check each quarter, consider signing up for direct deposit. Your dividend payment will be deposited into the authorized bank account on the dividend payable date, which eliminates inconveniences due to late or lost mail. You may request a direct deposit authorization form by calling EQ at **877.778.6786**.

Consider depositing certificated shares into book entry at EQ and avoid the cost of certificate replacement due to loss, theft or destruction. To deposit your certificate(s) into book entry, send original certificate(s), including a letter of instructions, to EQ Shareowner Services, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minn. 55120. You will receive a confirmation of the deposit from EQ.

Xcel Energy joins Nasdaq

Xcel Energy Inc. common stock began trading on the Nasdaq Global Select Market (Nasdaq) in 2018 after the company voluntarily transferred its stock exchange listing from the New York Stock Exchange (NYSE). The ticker symbol remains "XEL."

A year of many highlights

We also executed the day-to-day fundamentals Xcel Energy is known for. I wanted to share with you a few company highlights that we're very proud of:

- We successfully completed CapX2020, a 13-year project, entailing more than 800 miles of transmission lines, \$2 billion of investment and 11 different utilities.
- Our nuclear operations had one of its best performance years, achieving a capacity factor of 91 percent, while reducing refuel outage times and lowering costs.
- *Forbes Magazine* named us as one of the World's Top Regarded Companies and one of the World's Best Employers. We were also named to the Most Admired Company list by *Fortune Magazine* for the fourth consecutive year.
- We were named a *Military Times* Best for Vets employer for the fourth consecutive year, ranking 19 on a list of 82 companies that received the honor.
- We successfully completed our multi-year SAP implementation, which included a new general ledger and work asset management system. This is part of our Productivity Through Technology initiative, which will drive efficiency and lower our cost structure.
- We received an Emergency Recovery Award from EEI for our storm response to the devastating Winter Storm Jupiter. Our storm response crews traveled to Florida to help restore power following Hurricane Irma and are currently assisting with the recovery efforts in Puerto Rico.

This is just a short list of the many accomplishments in 2017. With the best employees in the business, we are well-positioned to deliver value in 2018 and beyond. We value and appreciate your ongoing support.

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 2018 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 slowdown 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.