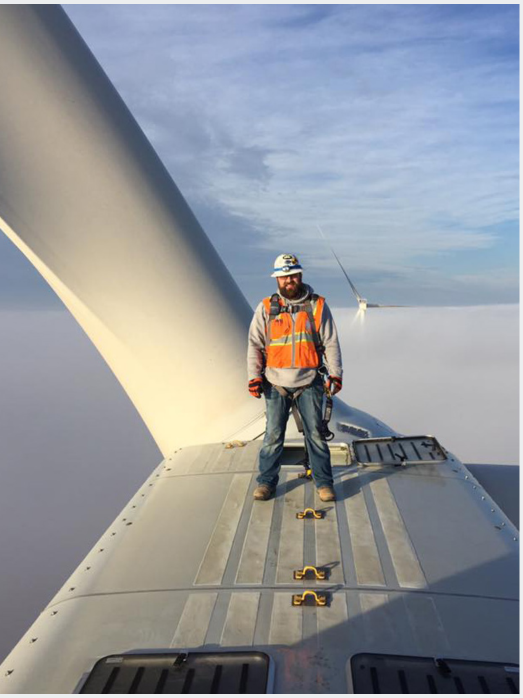
Letter to shareholders

July 2018



If approved, the Colorado Energy Plan will help reduce carbon emissions 60 percent (from a 2005 baseline) by 2026.

Dear shareholders:

Xcel Energy delivered strong financial results in the second quarter and made significant progress with our industry-leading reductions in carbon emissions while delivering exceptional value to customers and shareholders.

We reported GAAP and ongoing earnings of 52 cents per share in the second quarter, compared to 45 cents per share in the same period of 2017, reflecting higher electric and natural gas margins to recover infrastructure investments and favorable weather. Year-to-date electric and natural gas sales have enjoyed modest increases in the 1 to 2 percent range on a weather-adjusted basis, reflecting continued growth.

As the result of excellent first-half earnings and a strong performance outlook, we have raised our 2018 full-year earnings guidance range to $2.41 to $2.51 per share, up from $2.37 to $2.47 per share. By year end, we expect to meet or exceed our earnings guidance for the 14th consecutive year. Meanwhile, we achieved important regulatory approvals for our wind projects that will bring tremendous value to our customers and shareholders over the longer term.

Advancing our clean energy transition

Early in 2017 as part of our Steel for Fuel growth strategy, we announced the largest, multi-state wind filing in the country – nearly 3,700 megawatts of wind capacity from 12 wind farms across our service territory. The first project – Rush Creek in Colorado will provide enough energy to power 325,000 homes annually – will be operational by the end of October.

I'm pleased to report that all of the remaining wind projects have received regulatory approval and are expected to be operational by the end of 2021, taking advantage of the federal production tax credit that will generate additional customer savings. We plan to own about 80 percent of this new capacity, which will result in capital investment in new renewable projects of $4.5 billion.

Colorado Energy Plan

Now, we're looking even further ahead as we continue to transition away from fossil fuels without sacrificing reliability and affordability. In June, we announced the groundbreaking Colorado Energy Plan, and received better-than-expected pricing in our request for proposal, indicating that improved technologies continue to drive down costs.

A commission decision in Colorado is expected in September about our preferred proposal to add 1,100 megawatts of wind, 700 megawatts of solar and 275 megawatts of battery storage. This combination of carbon-free energy would replace 660 megawatts of coal-fired generation at Comanche units 1 and 2.

As part of this plan, we would own 500 MW of the wind, acquire 380 MW of existing natural gas generation and invest in new transmission for an incremental investment of $1 billion, which is in addition to our base capital plan. If approved, the project is expected to save customers $215 million while reducing carbon 60 percent (from a 2005 baseline) by 2026. By that same year, we expect our Colorado generation mix will be comprised of 55 percent renewable energy.

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.

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 Shareowner Services 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.

Delivering value to customers

We have negotiated settlements in Colorado, Wisconsin and South Dakota to return a portion of federal tax-reform benefits directly to customers. We are pleased with these balanced outcomes that provide customers with a one-time refund while helping us preserve credit metrics.

In Minnesota, we submitted a proposal where half of the tax refund benefit would be returned to customers, with the remaining funds used to accelerate depreciation at a coal plant and to avoid a rate review filing in 2020.

Other good news

I want to close with a few other items worth highlighting:

- We became the first utility in the country to receive a waiver from the FAA to fly drones – where the pilot, crew, or any visual observers are not required to maintain visual contact of the drone – to inspect transmission lines. The first flights will begin the week of July 30 in Colorado.
- Renewable*Connect, our program to provide customers the opportunity to purchase up to 100 percent certified renewable energy, is completely subscribed in Minnesota. We expect the Colorado version, which has 3,000 enrolled residential customers, to be fully subscribed later this summer.
- Xcel Energy received a special 2018 Emergency Assistance Award from EEI for our efforts to restore power to the citizens of Puerto Rico following Hurricane Maria.

These are just a few examples why we have some of the best employees in the business. You have our promise that we will continue to deliver for you, our valued shareholders.

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, 2017 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.

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