

Letter to shareholders

February 2019



At a stakeholder event in Colorado, Ben Fowke, Chairman, President and CEO, announces the company's aspiration to serve all customers with zero-carbon electricity by 2050.

Dear shareholders:

Xcel Energy delivered outstanding results for shareholders, customers and stakeholders in 2018. We delivered earnings at the top end of our original guidance range, kept customers' bills flat, executed agreements to provide customer refunds resulting from federal tax reform in most jurisdictions and announced our vision to produce 100 percent carbon-free electricity by 2050.

For the 14th consecutive year, we met or exceeded our earnings guidance. We delivered 2018 ongoing earnings of \$2.47 per share compared with \$2.30 per share in 2017, which is at the top end of our original guidance range of \$2.37 to \$2.47 per share. Earnings drivers included higher electric and natural gas margins, largely due to favorable weather, and strong electric and natural gas sales.

Xcel Energy increased our dividend 5.6 percent in 2018 and marked the 15th consecutive year of dividend growth, maintaining our annual dividend growth target of 5 to 7 percent. We also increased our long-term EPS growth target to the same range, signaling our confidence to deliver in 2019 and beyond.

Investing for a Clean Energy Future

One of our key strategic priorities is leading the clean energy transition, and we executed on several projects that will help reduce our carbon footprint. In December we became the first public utility in the country to announce an aspiration to provide carbon-free electricity to all customers by 2050. We also set a new target to reduce carbon emission 80 percent by 2030 (from 2005 levels). Our 2050 zero-carbon announcement was well received by investors and stakeholders, and is expected to provide additional investment opportunities as we continue to transition away from coal.

We achieved important milestones in our clean energy transition, including the completion of the largest owned wind project in the company's history — the 600-megawatt Rush Creek Wind Project in Colorado. We also secured more than 1,000 megawatts of new wind in Texas and New Mexico and 300 megawatts of new wind in South Dakota as part of our Steel for Fuel strategy. Regulators approved our Colorado Energy Plan that will use a combination of wind, solar, natural gas and storage to reduce carbon emissions 60 percent in the state by 2026 and move us closer to our carbon-free vision. We also announced the purchase of the Mankato Energy Center, a 760-megawatt natural gas plant in Mankato, MN, that is pending regulatory approval, to support high levels of renewable penetration.

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 2018 1099-DIV forms began mailing to shareholders on Jan. 18, 2019. Contact EQ at 877.778.6786 if you do not receive your 2018 tax forms by Feb. 15, 2019. 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.

Delivering an Outstanding 2018

Our employees continued to execute the day-to-day fundamentals while continuously improving operations and efficiency. Here are a few highlights:

- Our nuclear operations demonstrated excellent performance, achieving a capacity factor of 96 percent, while reducing O&M costs by 3 percent
- Our stock price hit an all-time high of \$53.68 in December
- *Forbes Magazine* named us as one of the World's Top Regarded Companies and one of the World's Best Employers
- *Utility Dive* named us the Utility of the Year for our clean energy leadership and *Military Times* recognized us as a "Best for Vets" employer for the fifth consecutive year
- We received the special 2018 Emergency Assistance Award for Puerto Rico power restoration from the Edison Electric Institute for our efforts to restore power following Hurricane Maria

I like to say we have the best employees in the business and our successes are the result of their hard work and commitment. We are well-positioned to deliver outstanding value in 2019 and beyond 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 2019 EPS guidance, long-term earnings per share and dividend growth rate, as well as assumptions and other statements are intended to be identified in this document by the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should," "will," "would" 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: changes in environmental laws and regulations; unusual weather and climate change, including compliance with any accompanying legislative and regulatory changes; ability of subsidiaries to recover costs from customers; actions of credit rating agencies; general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries to obtain financing on favorable terms; availability or cost of capital; our customers' and counterparties' ability to pay their debts to us; assumptions and costs relating to funding our employee benefit plans and health care benefits; our subsidiaries' ability to make dividend payments; tax laws; operational safety, including our nuclear generation facilities; successful long-term operational planning; commodity risks associated with energy markets and production; costs of potential regulatory penalties; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; fuel costs; and employee work force factors.