



Report to Shareholders

Dear shareholders: Xcel Energy in July reported second quarter 2014 earnings of 39 cents per share, compared with 40 cents per share in second quarter 2013.

New rates in several of our jurisdictions, along with lower interest expense, positively affected results. At the same time, higher operating and maintenance expenses, property taxes, depreciation and amortization expense and less favorable weather compared with last year made a negative impact.

Our second quarter financial results were in line with our projections, and we are pleased with our performance throughout the first six months of 2014. We are especially encouraged to see the continuation of better-than-expected weather-normalized sales growth.

During the second quarter we filed for rate increases in Colorado, Wisconsin and South Dakota and continued settlement discussions in Texas. We also received initial recommendations from intervenors in the Minnesota electric rate case and the Minnesota Department of Commerce regarding the prudence review for the Monticello nuclear plant's uprate and life extension project. We believe our request in the Minnesota electric case is warranted and the costs associated with the Monticello project were prudent. We will continue to provide support for our positions and expect to reach constructive outcomes in each of these regulatory proceedings.

We are reaffirming our 2014 ongoing earnings guidance of \$1.90 to \$2.05 per share, which is based on several key assumptions, including constructive outcomes of our regulatory proceedings.

Take me out to the ballgame

In other news, Minneapolis, our headquarters city, was the location of Major League Baseball's 2014 All-Star game. We took extra steps to ensure electric reliability during the event, which included conducting infrared surveys and patrols of the electrical lines and associated equipment serving Target Field, where the game was played. After doing some minor preventive maintenance, we also had a crew on hand during the festivities in case of emergency. Although it's likely no one at the game gave electric reliability a second thought, we had our customers' best interests in mind.

Building value for you

That's also the case in Texas, where strong agricultural demand and economic growth has triggered a series of high-value capital improvement projects that will boost the reliability and capacity of the regional power grid.

In our Texas and New Mexico service area, which covers most of the Panhandle-South Plains regions in Texas and the eastern and southeastern counties of New Mexico, we are investing more than \$3 billion to build or upgrade power plants,



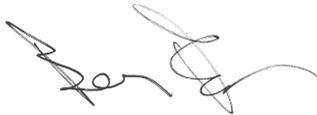
Xcel Energy is investing more than \$3 billion on infrastructure improvements in Texas and New Mexico.

power lines and substations. This is an historic growth cycle for this area, and the investments we make today will help build the economies of our communities for years to come.

A \$67 million capital investment in South Dakota drew praise from Gov. Dennis Daugaard, who attended a groundbreaking ceremony for a new substation in Sioux Falls, which is part of the overall project. "Xcel Energy and its predecessor companies have been providing electric energy services to South Dakotans for over a century," he said. "By building this new substation, Xcel Energy will be in a position to serve their customers for the next 100 years."

As we look ahead, we continue to anticipate long-term future growth and investments that serve our customers and build value for you.

Sincerely,



Ben Fowke
Chairman, President and CEO

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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 the Direct Stock Purchase Plan, update your account, purchase or sell stock, get tax information and forms, review and print your record of transactions and much more, quickly and conveniently. Begin by visiting shareowneronline.com.

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