



Letter to shareholders

May 2016

Dear shareholders:

Xcel Energy reported first quarter 2016 GAAP and ongoing earnings of \$0.47 per share, compared with GAAP earnings of \$0.30 and ongoing earnings of \$0.46 per share during the first quarter of 2015. A contributing factor to this solid result was declining O&M expenses, which offset some unfavorable weather and lower-than-expected sales.

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

Diluted Earnings (Loss) Per Share	Three Months Ended March 31	
	2016	2015
Ongoing diluted EPS	\$ 0.47	\$ 0.46
Loss on Monticello life cycle management/extended power uprate project	—	(0.16)
GAAP diluted EPS	\$ 0.47	\$ 0.30

We remain very confident in our ability to deliver earnings within our guidance range. As a result, we are reaffirming our 2016 ongoing earnings guidance of \$2.12 to \$2.27 per share.

Executing on our upside capital investment plan is one way we plan to deliver value for our shareholders and customers. In April, the Colorado commission agreed with our interpretation of a state law that paves the way for our request to build and own a 600-megawatt wind farm in eastern Colorado, the largest in the state. We plan to request approval of the project by November to allow us to take advantage of the full production tax credit.

If approved, the wind farm will generate enough electricity to power 325,000 homes annually and contribute to our growing wind portfolio, as will the 200-megawatt Courtenay Wind Farm in central North Dakota, scheduled to go online before the end of the year. We also plan to purchase power from several large-scale solar projects coming online this year and plan to break ground on two community solar projects in Wisconsin. Delivering renewable energy at an affordable price is an important part of our strategic plan, and it's important to our customers, communities and regulators.

In March, the EPA presented Xcel Energy with a Climate Leadership Award for our efforts to reduce greenhouse gas emissions 20 percent from 2005 to 2014 — six years ahead of schedule. We were also honored to be included on Fortune Magazine's Most Admired Utilities list, based on our products and services, quality of management and long-term investment value. I am also incredibly proud that Xcel Energy was named a Best for Vets Employer by Military Times for the third time. We know that military



AWEA named Xcel Energy the No. 1 utility wind energy provider for the 12th consecutive year.

Important information for shareholders

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.

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 Wells Fargo Shareowner Services at **877.778.6786**.

Consider depositing certificated shares into book entry at Wells Fargo 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 Wells Fargo Shareowner Services, 1110 Centre Pointe Curve, Suite 101, MAC N9173-010, Mendota Heights, Minn. 55120. You will receive a confirmation of the deposit from Wells Fargo.

veterans bring outstanding technical and leadership skills to the workplace and are an important part of our success.

I want to close by recognizing our employees — the best in the business. Once again this quarter, our teams delivered when customers needed us the most. A March Colorado blizzard, the worst in a decade, disrupted service to 350,000 customers. Proactive planning and the efforts of 950 employees and contractors in challenging conditions allowed us to restore service to 90 percent of our customers in 12 hours and 98 percent in 36 hours. No one in the industry does it better.

Once again, we are well on our way to another successful year. Thanks for the trust you place in us.

Sincerely,



Ben Fowke
Chairman, President and CEO

Join us at the annual meeting

Xcel Energy's annual meeting of shareholders will be held Wednesday, May 18, at 11:00 a.m. CDT, at The Florian Gardens, 2340 Lorch Ave., Eau Claire, Wisconsin. At the meeting, we will outline accomplishments and challenges, conduct company business, announce voting results and answer your questions.

You must RSVP by May 15 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 Investors Relations page on xcelenergy.com to view this and other shareholder communication.

Forward-looking statements

Certain the matters discussed herein, including statements about our expected 2016 ongoing earnings, proposed capital investments and the expected on the completion of solar facilities, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. 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, 2015, 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; availability of cost of capital; and employee work force factors.

