

## Letter to shareholders

October 2017



*More than 400 Xcel Energy employees and contractors restored power to areas in Florida following Hurricane Irma.*

### Dear shareholders:

Xcel Energy delivered strong financial results in the third quarter and made good progress on our steel-for-fuel strategy that will deliver tremendous value to our customers and shareholders over the long term. We have updated our five-year capital forecast to \$19 billion and refined our long-term earnings per share target to 5 to 6 percent annual growth, up from 4 to 6 percent.

The confidence in our financial outlook is rooted in our track record of delivering outstanding shareholder returns, and our compelling steel-for-fuel growth strategy, where we are advancing 13 new wind farms across our service territory. Our strong YTD earnings continued with strong across-the-board performance in the third quarter. We reported GAAP and ongoing earnings of 97 cents per share, compared to 90 cents per share in the same period of 2016, reflecting higher electric margins, a lower effective income tax rate and continued cost management. We are on track to hold O&M costs flat for the fourth consecutive year.

### Delivering a clean energy future

We're proud of our ability to transform our fleet to renewable energy sources and significantly reduce carbon emissions without sacrificing reliability, while keeping bills low for our customers. We continue to make progress on several projects:

- We unveiled the new Colorado Energy Plan, a proposal that includes early retirement of two coal units and the potential addition of up to 1,000 megawatts of wind, 700 megawatts of solar and 700 megawatts of gas and battery storage. If approved by the Colorado Commission, our Colorado operating company could achieve 55 percent renewable energy by 2026 and carbon emission reductions of 60 percent from 2005 levels without increasing customer bills.
- In September, we announced plans to build and own the Dakota Range Wind Project, a 300-megawatt wind farm in South Dakota. This is the first announced wind project in the country scheduled to go into service in 2021 after the phase down of the production tax credit.
- We participated in extensive stakeholder outreach as part of our efforts to gain approval for proposed 1,000 megawatts of self-build wind and 230 megawatts of power purchase agreements in Texas and New Mexico. This \$1.6 billion project is a significant investment that will require some form of current rate recovery to offset the regulatory lag associated with traditional rate case recovery. We expect a decision by the commissions in Texas and New Mexico in the first quarter of 2018.

## Important information for shareholders

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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.

## Capital forecast and 2018 earnings guidance

As has been our past practice, we updated and rolled forward our five-year capital expenditure forecast. We expect to invest \$19 billion in our base capital plan, which includes the Texas and New Mexico wind proposals as well as the Dakota Range Wind Project, both of which are pending commission approval. This significant infrastructure investment would drive annual rate base growth of 5.5 percent.

Our base plan does not include any investments associated with the Colorado Energy Plan, which is also pending approval. Those projects could provide an incremental capital investment of up to \$1.5 billion and increase our annual rate base growth to just over 6 percent through 2022.

We also initiated our 2018 GAAP and ongoing earnings guidance range of \$2.37 to \$2.47 per share, which is consistent with our EPS growth objective.

## Delivering for the community

I want to close by mentioning two important ways in which Xcel Energy recently delivered in the community. As part of the mutual aid network, 400 Xcel Energy employees and contractors from all of our service territories traveled to Florida to help restore power following the devastation of Hurricane Irma. Our crews safely worked long hours in sweltering conditions as part of the largest power restoration effort in U.S. history.

As an organization, we also gave back to our communities. Our annual Day of Service in September was once again a tremendous success as 4,200 employees, friends and family members spent the morning supporting local non-profit organizations. It's a privilege to lead the best employees in the business. Thanks for the continued support.



**Ben Fowke**  
Chairman, President and CEO  
Xcel Energy

## 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 2017 and 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 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; outcomes of regulatory proceedings; availability or cost of capital; and employee work force factors.