

Letter to shareholders

July 30, 2021



Xcel Energy received commission approval to build and own the largest universal-scale solar facility in western Wisconsin.

Dear shareholders:

Xcel Energy delivered solid quarterly earnings as the country continues to rebound from the economic slowdown caused by COVID-19. We posted strong second quarter earnings of \$0.58 per share, compared to \$0.54 per share for the same period last year, and have reaffirmed our plans to deliver on our 2021 earnings guidance range of \$2.90 to \$3.00 per share.

Weather-adjusted electricity sales increased 5.3% compared to the second quarter of 2019, the period our sales were most depressed due to COVID impacts. Year to date, weather-adjusted sales are 1.6% higher than last year. We anticipate overall sales growth of 1% this year.

An Alternative Path to 85% Carbon Reductions by 2030

In June, we proposed an alternative Minnesota resource plan that, if approved, will achieve an 85% carbon reduction by 2030, while ensuring reliability and affordability for customers. This proposal retains plans for the early retirement of all coal generation in the Upper Midwest by 2030 and extension of the Monticello nuclear plant license through 2040, while also adding 5,800 megawatts of wind and solar. The alternative plan would also add two combustion turbine natural gas facilities to our Upper Midwest system and eliminate the need for our combined cycle plant in Sherburne County, Minn. We expect a commission decision later this year or early next year.

Expanding Large Scale Solar

Our Steel for Fuel strategy – that replaces the need to purchase traditional “fuel” to generate electricity with new wind farms – has provided strong organic growth opportunities over the last decade. In that time, our owned wind farms have grown more than 10-fold from 300 megawatts to 4,000 megawatts.

We now have commission approval in Wisconsin to own our first large-scale solar facility in our service territory. The 74-megawatt Mustang Solar farm is a \$100 million clean energy investment – the largest solar facility in western Wisconsin – that will produce energy to power 15,000 homes when completed in 2023. The Minnesota commission approved a \$210 million PPA wind repowering buyout from Allete, as we continue to buyout expiring PPA agreements when it results in savings for our customers.

CEO Transition

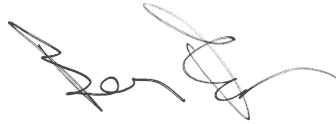
At Xcel Energy, succession planning plays a key role in our business strategies. To that end, I am retiring as CEO on August 18 – which marks exactly 10 years since I took over as CEO of this great organization. While I’m retiring as CEO, I will move into the role of executive chairman, focusing on national energy policy – advocating for additional federal funding for new technologies needed to complete the clean energy transition.

Important information for shareholders

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.

I'm excited that Bob Frenzel, our President and Chief Operating Officer, will serve as our next CEO. More than five years ago, I hired Bob as our Chief Financial Officer. He is a tremendous leader who has worked very closely with me on our strategic priorities. I have full confidence that he will continue to guide this organization to new heights. It's been an honor of my lifetime to lead Xcel Energy and deliver value for you, our valued shareholders. Thanks for your continued partnership.

Sincerely,



Ben Fowke

Chairman and CEO

Forward-looking statements

Except for the historical statements contained in this document, the matters discussed herein are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including the 2021 earnings per share (EPS) guidance, long-term EPS and dividend growth rate objectives, future sales, future expenses, future tax rates, future operating performance, estimated base capital expenditures and financing plans, projected capital additions and forecasted annual revenue requirements with respect to rider filings, expected rate increases to customers, expectations and intentions regarding regulatory proceedings, and expected impact on our results of operations, financial condition and cash flows of resettlement calculations and credit losses relating to certain energy transactions, 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, 2020 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward looking information: uncertainty around the impacts and duration of the COVID-19 pandemic; operational safety, including our nuclear generation facilities; successful long-term operational planning; commodity risks associated with energy markets and production; rising energy prices and fuel costs; qualified employee workforce and third-party contractor factors; ability to recover costs, changes in regulation and subsidiaries' ability to recover costs from customers; reductions in our credit ratings and the cost of maintaining certain contractual relationships; 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; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; seasonal weather patterns; changes in environmental laws and regulations; climate change and other weather; natural disasters and resource depletion, including compliance with any accompanying legislative and regulatory changes; and costs of potential regulatory penalties.

