

Letter to shareholders

January 29, 2021



Preliminary estimates show that at the end of 2020 Xcel Energy has reduced carbon emissions by slightly more than 50% from a 2005 baseline.

Dear shareholders:

Despite the challenges of a global pandemic and economic uncertainty, our employees came through in 2020 delivering on our financial and operational objectives while mitigating the impacts of COVID-19 and supporting our communities.

I'm proud of how Xcel Energy executed on our business continuity plans to keep employees and customers safe, while providing reliable service to power our communities. As a company, we also helped jumpstart the economy through our capital investment programs that will create jobs and spur additional investments in our communities, and we made a significant commitment to short- and long-term corporate giving – particularly for COVID-19 relief and racial equity issues – using the net proceeds from the Mankato Energy Center natural gas plant sale that closed in the third quarter.

The company posted solid results in 2020, delivering earnings of \$2.79 per share, compared to \$2.64 per share at the end of 2019. This is the 16th consecutive year that Xcel Energy has met or exceeded its original earnings guidance. For the 17th consecutive year, we also raised your dividend – by 10 cents per share annually – and delivered a total shareholder return of 7.8%, the second highest TSR in our peer group. We remain well-positioned to deliver on our 2021 earnings guidance range of \$2.90 to \$3.00 per share and continue to grow our dividend in the 5 to 7% range annually.

As expected, the impact of COVID-19 adversely affected our electricity sales, which declined approximately 3% for the year. To offset those impacts, we focused on continuous improvement initiatives that helped to reduce our O&M expenses by nearly 1%. We expect the economic effects of COVID-19 to continue in 2021, and we will continue to manage expenses through more efficient and effective ways to complete our work.

Investing in a clean energy future

Demonstrating our clean energy leadership, we achieved important milestones in 2020 for our nation-leading wind expansion program. We completed six wind projects, from the Upper Midwest to Colorado to New Mexico. The wind farms added 1,500 MW of capacity to our system, which means Xcel Energy is now one of the few companies in the world that has exceeded 10,000 megawatts of wind capacity. We will add to that with 800 MW of additional wind projects scheduled for completion in 2021.

As part of our effort to jumpstart the economy, the Minnesota Public Utilities Commission approved our \$750 million investment to repower several older wind farms, which is projected to save customers more than \$160 million over the life of the projects. Later in the first quarter, we will seek commission approval for our 460-MW solar proposal at our Sherco site near Becker. This \$550 million investment will take advantage of existing transmission infrastructure to keep costs low for our customers.

And we're excited to announce plans to acquire a repowered 120-MW wind farm currently under a power purchase agreement. This investment also requires commission approval.

Reducing our carbon footprint

In addition to customer savings, our ability to lead the clean energy transition is generating significant environmental benefits. Although final numbers are not yet available, we estimate that we reached an important milestone in carbon emission reduction by the end of 2020 – reducing carbon emissions by slightly more than 50% from a 2005 baseline. We remain on track

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 2020 1099-DIV forms began mailing to shareholders on Jan. 20, 2021. Contact EQ at 877.778.6786 if you do not receive your 2020 tax forms by Feb. 5, 2021. 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.

to achieve an 80% carbon reduction by 2030 and look forward to working with Congress, the Biden Administration and other state and federal policymakers to promote the development of dispatchable carbon-free technologies needed to achieve our vision to produce 100% carbon-free electricity by 2050.

We also announced plans to convert our Harrington coal plant in Texas to natural gas by the end of 2024 and proposed early retirements of the Craig and Hayden plants in Colorado. We plan to address the remaining coal plants in Colorado when we file our resource plan at the end of March.

Another way to help our communities reduce emissions is to support consumer adoption of electric vehicles. In 2020, we announced our vision to support 1.5 million electric vehicles in our service territory in the next decade. We have launched new programs in Minnesota and Wisconsin and recently received regulatory approval for our Transportation Electrification Plan in Colorado.

Xcel Energy employees lead the way

I'm convinced we have the best employees in the business. From storm response to customer service, they proved it again in 2020. Due to the pandemic, we shifted approximately 5,000 employees to remote work arrangements to protect them, their families and our front-line workers who are needed at our facilities to keep the power flowing. We added numerous safety enhancements at our facilities to protect these essential workers that power our lives and businesses every day. It's an honor and a privilege to lead this team. Thanks for the continued trust you place in us.

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 future sales, future operating performance, estimated base capital expenditures, projected capital additions, estimated customer savings, and expectations regarding regulatory proceedings, 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, 2019 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.

