

XCEL ENERGY INC  
Form DEF 14A  
April 03, 2018  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to §240.14a-12

**XCEL ENERGY INC.**

**(Name of Registrant as Specified In Its Charter)**

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No fee required.

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**Powering the lives of our customers and communities is at the core of what we do each day. We are committed to delivering clean energy without sacrificing reliability or affordability.**

We understand the tremendous responsibility we have to ensure public safety, drive economic growth in our communities and protect the environment.

This responsibility is deeply ingrained in our DNA.

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**Ben Fowke**

Chairman of the Board, President and

Chief Executive Officer

April 3, 2018

Dear Fellow Shareholders:

Xcel Energy looks forward to welcoming you to St. Cloud, Minnesota for our 2018 Annual Shareholders Meeting! We have many exciting things underway across our service territories and I look forward to showcasing our operations, community involvement, and team in our northern territory, a vibrant and major portion of our business.

2017 was another outstanding year for Xcel Energy. Highlights of the year include:

- Meeting or exceeding our annual ongoing earnings guidance for the 13th consecutive year

- Increasing our dividend for the 14th consecutive year

- Exceeding total shareholder return for our 21-member industry peer group on a one-, three-, and five-year basis

- Gaining further recognition as a leader, innovator, and partner in our communities for clean energy solutions

- Delivering strong results on reliability, safety, and affordability, the table stakes of our business

We have many opportunities in front of us, including strategic investments that will serve our customers and our shareholders well into the future. Xcel Energy's future is bright, and I look forward to sharing more with you regarding our plans for:

- Leading the clean energy transition through our steel for fuel growth strategy, providing shareholder, customer, and environmental value

- Enhancing our customers' experience, building customer loyalty and satisfaction

- Keeping customer bills low, all while delivering outstanding service and value

Details for meeting attendance are included in this proxy statement. You can also listen to the meeting via webcast at [www.xcelenergy.com](http://www.xcelenergy.com).

Also enclosed are details for how and when to vote and other important information. Your vote is very important, so please cast it promptly.

Thank you for your confidence in us. I hope to see you in St. Cloud.

Sincerely,

Ben Fowke

Chairman, President and Chief Executive Officer

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**Chris Policinski**

Lead Independent Director

April 3, 2018

Dear Fellow Shareholders:

On behalf of the Board of Directors, I join Ben in inviting you to Xcel Energy's 2018 Annual Shareholders Meeting. Your Board is committed to effective governance that delivers both strong results for you and great value for customers.

We are proud to have delivered those results consistently over time. Our sound governance practices combine the benefits of strong, independent oversight with broad expertise and strong management that working together allow us to successfully execute innovative strategies in a complex and changing industry. Our practices ensure effective Board operations, encourage independent thought and judgment, and execute appropriate levels of Board oversight to produce these consistent and strong results.

We are committed not only to delivering outstanding results, but also representing your interests. These and other practices are detailed in the proxy statement, which I encourage you to review as you cast your vote.

As your Lead Independent Director, I am focused on the important obligations that our Board owes to you, our shareholders. My responsibilities include reviewing and approving the agenda for our Board meetings to ensure they cover key areas of Company focus, working with the Chairman to provide the directors information needed to effectively govern, developing and executing succession plans to ensure strong independent oversight over the long term, and acting as a regular communications channel between our independent directors and our chief executive officer duties all designed to ensure the efficient operations of the Board and effective oversight of the Company.

It is my privilege to serve as Xcel Energy's Lead Independent Director, and I look forward to continuing my service to the Company. Know that your Board remains focused on delivering value to you, today and long into the future.

Thank you for investing in Xcel Energy. We look forward to another great year.

Sincerely,

Chris Policinski

Lead Independent Director



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**Forward-Looking Statements**

The statements contained in this proxy statement about our future performance, including, without limitation, future financial and operational results, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 8-K filed with the Securities and Exchange Commission ( SEC ), and available on our website: [www.xcelenergy.com](http://www.xcelenergy.com). These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this proxy statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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**Xcel Energy Inc.**

414 Nicollet Mall, Minneapolis, MN 55401

**Notice of 2018 Annual Shareholders Meeting**

**Meeting Information**

|                  |                                                                                                    |
|------------------|----------------------------------------------------------------------------------------------------|
| Time and Date    | 11:00 a.m. CDT<br>May 16, 2018                                                                     |
| Attend in Person | River s Edge Convention Center<br>10 4 <sup>th</sup> Avenue South<br>St. Cloud, Minnesota<br>56301 |
| Record Date      | March 20, 2018                                                                                     |

**Voting Information**

Please act as soon as possible to vote your shares, even if you plan to attend the annual meeting.

Your broker will NOT be able to vote your shares with respect to the election of directors and most of the other matters presented at the meeting unless you have given your broker specific instructions to do so. We strongly encourage you to vote.

You may vote via the internet, by telephone, or, if you have received a printed version of these proxy materials, by mail.

See Questions and Answers about the Proxy Materials and the Annual Meeting beginning on page 61 of this proxy statement for more information.

**Annual Meeting Agenda**

**Proposals**

1. Election of 12 directors named in the proxy statement
2. Approval of executive compensation in an advisory vote

3. Ratification of the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for 2018
4. Transaction of other business that may properly come before the meeting

### Attending in Person

You do not need to attend the annual meeting to vote if you submit your proxy in advance.

To attend the annual meeting, you will need to:

provide proof of your stock ownership as of the record date;

reserve an admission ticket; and

provide government-issued photo identification (such as a driver's license) prior to entering the meeting.

Doors open at 10:15 a.m.

Meeting starts at 11:00 a.m.

Please refer to the Questions and Answers Section under *Are there any rules regarding admission to the Annual Meeting?* on page 63 and *How do I make a reservation to attend the Annual Meeting?* on page 64.

Notice of Internet Availability of Proxy Materials or this proxy statement and proxy card are being distributed on or about April 3, 2018. **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 16, 2018: Our 2018 proxy statement and Annual Report are available free of charge at [www.proxydocs.com/xel](http://www.proxydocs.com/xel)**

You are receiving these proxy materials in connection with the solicitation by the Board of Directors ( Board ) of Xcel Energy Inc. (referred to in this proxy statement as Xcel Energy, the Company, we, us, and our ) of proxies to be at Xcel Energy's 2018 Annual Meeting of Shareholders. Please vote on the proposals described in this proxy statement.

Thank you for investing in Xcel Energy.

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Corporate Governance

**Corporate Governance**

Serving shareholders well is a key priority for your Board. We believe that the most effective oversight comes from:

Strong and effective practices in corporate governance and ethical business conduct as we believe these practices create the business culture that results in successful performance.

Directors that represent a diverse range of experience and perspectives to provide the collective skills, qualifications and attributes necessary to provide sound governance.

A Board that works well as a whole and plans for its own refreshment with members bringing their experience to the table and dialoguing freely with each other and management to create an environment that results in well functioning oversight.

Xcel Energy has the practices, the Board, and the management team to deliver consistent and strong results for shareholders.

We regularly monitor issues and trends in corporate governance and employ practices that best serve shareholders. Current practices include:

***Leadership and organization most appropriate to our business.*** Ours is a rapidly changing business that benefits from industry experience and expertise coupled with strong independent oversight. Through the roles of the Chairman and CEO, Lead Independent Director, and committees of independent directors, we are best positioned to continue delivering strong results. We annually review and confirm this structure to ensure it remains the best suited for our business.

***Sound practices to ensure effective Board operations and independent oversight.*** To ensure the Board remains focused on the right issues over time, Xcel Energy employs sound practices to regularly review and refresh charters and practices in light of current enterprise risk assessments.

***Effective Board planning and succession.*** Succession planning is important for both management and the Board. We employ good practices to ensure Board refreshment over time while maintaining director experience to ensure effective oversight over the long term.

***Strong governance practices.*** Serving shareholders well is a top priority for Xcel Energy. We keep abreast of developments in corporate governance and practices and adopt those that best serve our shareholders.

***Regular oversight of key corporate policies.*** Our governance practices set the foundation for excellent management and operations for the Company. Corporate policies communicate expectations to employees so that they understand and adhere to good business conduct.

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**Corporate Governance**

Highlights of our practices are summarized on the following table, followed by additional explanation of key features.

**Summary of Governance Practices**

**Structure**

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lead Independent Director  | Specified duties to ensure robust independent oversight and effective flow of information between management and independent directors.                                                                                                                                                                                                                                                                                                                                                               |
| Committees                 | Membership and chairs determined to leverage directors' expertise and development to provide effective oversight over their tenure.                                                                                                                                                                                                                                                                                                                                                                   |
| Independence and Expertise | Governance, Compensation and Nominating Committee ( GCN ) regularly reviews and validates director independence and assesses desired expertise for potential new directors to ensure the Board is appropriately refreshed and well positioned to effectively manage risks and execute strategies. The Board also determines which directors qualify as Audit Committee financial experts and meet independence standards under the requirements of Nasdaq and the Securities and Exchange Commission. |

**Practices**

|                    |                                                                                                                                                                                                                                                                       |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk Management    | Regular updates to the Board on enterprise risk and assignment of new and emerging risks to the appropriate committee. Regular updates on compliance risk assessment and Audit Committee oversight of plans to mitigate those risks.                                  |
| Strategy Session   | Regular session to review industry landscape, hear from outside experts and refine strategies for execution. The Board and committees receive updates throughout the year on progress made on the key initiatives to execute those strategies.                        |
| Annual Evaluations | Formal and regular process for evaluating the effectiveness of Board and committee operations including surveys, individual director conversations with the Lead Independent Director, and executive session discussions to address identified areas for improvement. |
| Training           | Every committee regularly identifies training topics to keep fresh on emerging issues, and directors are encouraged to participate in topical conferences and off-site training opportunities.                                                                        |

## Tenure Policies

|                                |                                                                                                                                             |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Term Limit                     | Directors may not serve on the Board for more than 15 years (directors at the time of the merger in 2000 are exempt from this requirement). |
| Mandatory Retirement           | Directors must retire at age 72.                                                                                                            |
| Change in Principal Employment | Directors must offer to resign upon any substantial change in principal employment.                                                         |

## Shareholder Rights

|                           |                                                                                                                                      |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Shareholder Voting        | Opportunity to annually vote for directors, provide an advisory vote on executive compensation and ratify the selection of auditors. |
| No Supermajority          | There are no supermajority voting provisions.                                                                                        |
| Opportunities to be Heard | Open forum at annual meeting and published lines of communication to our directors and management.                                   |
| Proxy Access              | Ability to nominate director candidates for election, in accordance with the terms of our bylaws.                                    |

## Corporate Policies

|                              |                                                                                                |
|------------------------------|------------------------------------------------------------------------------------------------|
| Code of Conduct              | Annual review and approval of policy and annual training of directors, officers and employees. |
| Stock Ownership Requirements | Directors and executive officers are required to maintain specific levels of stock ownership.  |
| Hedging and Pledging         | Policies that prohibit hedging and restrict pledging of our stock.                             |



Political Contributions,  
Lobbying and Government  
Communications

More disclosure than required by law, including an annual disclosure of political contributions on Xcel Energy's website.

Environmental

Commitment to environmental compliance and industry initiatives to enhance value to customers and shareholders.

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**Corporate Governance**

**Leadership Structure and Roles**

Our Board consists of a combined Chairman/CEO position, complemented with a Lead Independent Director chosen from our independent directors. This structure, along with other corporate governance practices discussed below, provides sound and independent oversight of the Company. The Board believes that this structure is best suited for the Company at this time and serves shareholders well. We annually review this structure to confirm it is most effective for our business.

The Chairman/CEO role brings to the Board the experience and expertise of both the Company and the industry. The skills and experience of the CEO are well suited for the role of Chairman, putting the Board in the best position to identify and assess key industry drivers and important changes in the energy and consumer landscape to support development of effective strategies. In light of the opportunities and challenges facing the Company and the importance of the Chairman role, the Board believes that shareholders are best served by having a combined role of Chairman and CEO.

Mr. Fowke currently serves in this role, providing the benefit of his extensive experience in the regulated energy industry to both the Company and the Board. His thorough understanding of the opportunities and challenges facing the industry is valuable at both the Board and management levels. For example, he was recognized by Public Utility Fortnightly as one of the 2017 Top Forty industry innovators for Xcel Energy's steel-for-fuel strategy that aggressively advances a clean energy agenda that benefits customers, shareholders and the environment.

The Lead Independent Director plays an important role in our governance structure, working with both the independent directors and management to ensure the Company is well positioned with sound strategy, solid risk management and effective governance. Mr. Policinski serves in this role, having been elected to serve a one-year term in May 2017, his second consecutive year in this role.

The final piece of this governance structure is the independent directors. The Board currently consists of eleven independent directors. Our directors are strong individuals, comfortable with their roles representing shareholders and maintaining objectivity in the Board's deliberations. They conduct business via a sound committee structure that advocates risk management and mitigation as assigned by the Board and reports back to the Board for an efficient and effective process.

The Board believes that this structure ensures that directors receive the information, industry insights and direction needed to form successful strategies while maintaining the independence necessary to ensure effective governance and oversight. Our business is rather unique in that it is price-regulated, operates under a complex set of federal, state and local regulations, and is undergoing significant change. Working with the Lead Independent Director, the Chairman can both educate the Board and lead the development of strategy, providing information and insight on the Company's opportunities, challenges and performance.

**Board of Directors**

**Lead Independent Director**

**Independent Oversight**

**Responsibilities**

(Per our Guidelines on Corporate Governance)

11 of 12 directors are independent.

Presides at all meetings of the Board at which the Chairman is not present.

Independent directors regularly meet in executive session without management present at Board and committee meetings.

Presides at all Board executive sessions of the independent directors.

Each director may request items to be addressed at Board meetings.

Maintains regular communications with the independent directors, including an annual evaluation process.

Directors may request additional information from management at any time.

Serves as a liaison between the Chairman and the independent directors.

All committees are composed entirely of independent directors.

Approves the agenda, materials provided to the directors and the meeting schedules.

CEO performance is addressed annually by the GCN, and all other independent members of the Board participate in the CEO's performance evaluation.

Calls meetings of the independent directors, as necessary.

Consults and communicates with major shareholders, if requested.

Develops and maintains a process for CEO and Board succession planning with the GCN.

**Term and Selection**

Elected by the independent directors annually.

Is generally expected to serve for at least one, but no more than four, years.

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**Corporate Governance**

**Risk Oversight**

A key accountability of the Board is the oversight of material risk, and our Board employs a strong process for doing so. As outlined below, management and each Board committee has responsibility for overseeing the identification and mitigation of key risks and reporting their assessments and activities to the full Board.

Management identifies and analyzes risks to determine materiality and other attributes such as timing, probability and controllability. Management broadly considers our business, the utility industry, the domestic and global economies, and the environment, and employs a robust compliance program when identifying, assessing, managing and mitigating risk.

**Key Components of Management's Oversight and Mitigation of Risk**

**Identify and analyze materiality of risks through:**

Formal key risk assessment

Financial disclosure process

Hazard risk management process

Internal auditing and compliance with financial and operational controls

Business planning process

Development of strategic goals and key performance indicators

**Provide regular presentations to the Board regarding risk assessment and mitigation, including:**

Comprehensive risk overview

Legal and regulatory risks

Operating risks

Financial risks

Compliance risks

**Manage and mitigate risks through use of management structures and groups, including:**

Management councils

Management risk committees

Advice from internal corporate areas

**Employ a robust compliance program for the mitigation of risk, including:**

Adherence to our Code of Conduct and other compliance policies

Operation of formal risk management structures and groups

Focused management to mitigate the risks inherent in the implementation of our strategy

The Board approaches risk oversight and mitigation as an integral and continuous part of its governance of the Company. First, the Board as a whole regularly reviews management's key risk assessment and analyzes areas of existing and future risks and opportunities. Next, the Board assigns oversight of certain critical risks to each of its four standing committees to ensure these risks are both well understood and provided focused oversight by the committee

with the most applicable expertise. New risks identified during the risk assessment process are considered and assigned as appropriate, typically during the annual Board and committee evaluation process, with committee charters and annual work plans updated accordingly. Committees regularly report on their oversight activities, and certain risk topics may be brought to the full Board for consideration where deemed appropriate to ensure broad Board understanding of the nature of the risk. Finally, the Board conducts an annual strategy session where the Company's future plans and initiatives are reviewed and confirmed in light of the current and projected landscape.

The Audit Committee is responsible for reviewing the adequacy of risk oversight and affirming that appropriate oversight occurs. Current risk assignments are as follows:

| Responsible Party                                                | Area of Risk Oversight                                                                                                    |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| Board of Directors                                               | Overall identification, management and mitigation of risk, with a focus on strategic risks                                |
| Audit Committee                                                  | Financial reporting and internal control risks<br>Adequacy of risk oversight<br>Compliance risk assessment and mitigation |
| Finance Committee                                                | Financial risks, including liquidity, credit, capital market and insurance risks                                          |
| GCN Committee                                                    | Executive compensation-related risks<br>Political activity risks<br>Board and management succession risks                 |
| Operations, Nuclear, Environmental and Safety ( ONES ) Committee | Operating risks, including nuclear, environmental, physical and cybersecurity risks                                       |

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This tiered and structured approach provides a comprehensive risk-management framework that ensures shareholder interests are protected. For example, given its emergence as a threat, the Board employs comprehensive oversight of the risks associated with cybersecurity and the physical security of our assets, with the topic addressed twice at the Board level, as well as at the ONES and Audit Committees throughout the year. While the ONES Committee has primary committee responsibility for this topic due to the operational issues involved, the Board has determined that the topic is of sufficient importance to warrant this comprehensive oversight approach. Augmenting this oversight, the Board conducts annual drills to practice its response in a possible emergency situation to ensure it is well prepared and positioned to perform in a possible crisis.

The Board also employs a process of ensuring compliance practices are sound, a particularly important topic given our highly regulated business. Management performs a regular compliance risk assessment as a companion to the enterprise risk assessment, providing a focused overview of the unique areas of compliance risk the Company faces. The Audit Committee is regularly apprised of compliance risks via regular briefings and written updates to ensure these risks are appropriately managed and mitigated.

**Board Committees****Structures**

As noted, the Board employs a committee structure to assist in conducting its work and regularly refreshes that work in light of regular risk assessments. By assigning responsibilities to committees with particular expertise and focus, the Board can ensure it fulfills its duties in an efficient and effective manner.

Committees are made up exclusively of independent directors, with members of Audit and GCN meeting additional independence criteria. Each operates under a written charter that clearly defines its responsibilities, which is regularly reviewed and approved at both the committee and Board level. Committees have the authority to engage outside experts, advisors, and counsel to assist in their duties, as needed. In addition, each committee undertakes a regular evaluation process and members participate in training on relevant topics to ensure the committee functions well and directors are well educated on issues. Additional information regarding these governance practices is provided in the *Practices* section below.

For topics having broad implications for Xcel Energy, the full Board may hear or act on any issue, and committees may provide updates up to the full Board for its information and consideration. Likewise, a committee may delegate all or a portion of its responsibilities to a subcommittee, as appropriate. This flexibility can be employed as appropriate to ensure risks are effectively overseen and managed.

**Table of Contents****Corporate Governance****Audit Committee**

(6 Meetings; 6 Executive Sessions)

Oversees the financial reporting process, including the integrity of our financial statements, compliance with legal and regulatory requirements and our Code of Conduct, and the independence and performance of internal and external auditors.

**O'Brien (chair)****Sampson**

Reviews the annual audited financial statements and quarterly financial information with management and the independent registered public accounting firm.

**Westerlund**

Appoints our independent registered public accounting firm.

**Williams**

Reviews with management the Company's major financial risk exposures and the steps management has taken to monitor and control the exposures, including the Company's risk assessment and risk management guidelines and policies.

**Yohannes**

Reviews the compliance risks and implementation and effectiveness of our compliance and business conduct program.

*All members are financially literate and independent under the applicable Nasdaq and SEC requirements*

Reviews the scope and the planning of the annual audit with both the independent registered public accounting firm and internal auditors.

Reviews the findings and recommendations of both internal auditors and the independent registered public accounting firm and management's response to those recommendations.

*Mr. O'Brien and Ms. Williams have been determined to be audit committee financial experts under the definitions provided by the SEC*

*No member serves on the audit committees of more than three public boards*

**Finance Committee**

(7 Meetings; 5 Executive Sessions)

Oversees corporate capital structure and budgets and recommends approval of major capital projects.

**Williams (chair)**

Oversees financial plans and key financial risks.

**Davis**

Oversees dividend policies and makes recommendations as to dividends.

Oversees insurance coverage and banking relationships.

|                 |                                                                                                               |
|-----------------|---------------------------------------------------------------------------------------------------------------|
| <b>Owens</b>    | Reviews investment objectives of our nuclear decommissioning trust and trusts for our employee benefit plans. |
| <b>Sampson</b>  | Oversees investor relations.<br>Reviews and recommends new business.                                          |
| <b>Wolf</b>     |                                                                                                               |
| <b>Yohannes</b> |                                                                                                               |

*All members are independent*

#### **Governance, Compensation and Nominating Committee (GCN)**

|                                                               |                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (4 Meetings; 3 Executive Sessions)                            | Determines Board organization, selection of director nominees and setting of director compensation.                                                                                                                                             |
| <b>Davis (chair)</b>                                          | Recommends Lead Independent Director and Board committee memberships.<br>Ensures effective CEO and Board succession planning.                                                                                                                   |
| <b>Policinski</b>                                             | Evaluates performance of the CEO.                                                                                                                                                                                                               |
| <b>Prokopanko</b>                                             | Approves executive officer compensation, including incentives and other benefits.<br>Oversees compensation and governance-related risks.                                                                                                        |
| <b>Sheppard</b>                                               | Establishes corporate governance principles and procedures.<br>Oversees Company's Code of Conduct policy.                                                                                                                                       |
| <b>Westerlund</b>                                             | Reviews the Company's lobbying expenditures, contributions, and key lobbying activity and the related Company policy.<br>Reviews the Company's workforce strategy and risks and the process for management development and long-range planning. |
| <i>All members meet the Nasdaq standards for independence</i> | Reviews proxy disclosures regarding directors' and executive officers' compensation and benefits.<br>Prepares the Report of the Compensation Committee included in this proxy statement.                                                        |

#### **Operations, Nuclear, Environmental and Safety Committee (ONES)**

|                                    |                                                                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (4 Meetings; 4 Executive Sessions) | Oversees nuclear strategy, operations and performance, including the review of the results of reports and major inspections and evaluations.                                                                       |
| <b>Sheppard (chair)</b>            | Oversees the operating issues and performance of the Company's significant electric and natural gas operations.                                                                                                    |
| <b>O'Brien</b>                     | Reviews environmental strategy, compliance, performance issues and initiatives.                                                                                                                                    |
| <b>Owens</b>                       | Reviews material risks relating to our nuclear operations and environmental and safety performance, as well as risks, performance and compliance with operations measures of our electric and natural gas systems. |
| <b>Prokopanko</b>                  |                                                                                                                                                                                                                    |
| <b>Wolf</b>                        |                                                                                                                                                                                                                    |

*All members are independent*

Oversees physical and cyber security risks related to plants and operations.  
Reviews safety performance, strategy and initiatives.

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**Corporate Governance**

**Practices**

**Evaluations**

The Board and committees conduct an annual assessment process to evaluate the effectiveness of their processes, identify issues or topics for further exploration and provide feedback on the quality and timeliness of information from management, among other things. The process includes a survey of the directors, individual interviews with the Lead Independent Director, discussion in both regular and executive sessions, and feedback to management. The Board believes this assessment process is an important component of the governance process and helpful in driving continued improvement in the overall effectiveness of Board and committee oversight.

**Training**

Committees are regularly apprised of new and emerging requirements and trends facing the industry. Each committee conducts training on topics relevant to its responsibilities, and committees regularly seek input to prioritize training topics. In addition, the ONES Committee participates in site visits to gain understanding of our operations, including tours of our nuclear plants, and the full Board has toured certain facilities to gain even deeper understanding of various aspects of our business. For example, in 2017, directors visited the command center for execution of our Productivity through Technology project, a key initiative to deploy major software systems. Directors are encouraged to participate in outside training on topics related to corporate governance and industry issues. In addition, under our Guidelines on Corporate Governance, each new director is expected to participate in a detailed orientation process and each sitting director is expected to participate in periodic continuing education.

The Company publishes continuing education opportunities periodically for director consideration and facilitates participation. During 2017, members of the Board attended outside training on topics such as financial governance, emerging trends in audit issues, and education on nuclear issues.

**Strategy Session**

The Board annually conducts a strategy session to consider new and emerging industry trends, consult with outside experts, and assess current strategies and key initiatives to ensure the Company is well positioned for the future. This session offers the opportunity for a fluid exchange of information and ideas, helping to refine the current approach, identify new opportunities and risks, and establish key objectives to be monitored throughout the year as the strategies are executed. Agendas for future Board meetings are set in consideration of these objectives.

**Succession Planning**

The Board employs robust practices to ensure strong continuity of skills and leadership over time through sound succession planning. The GCN regularly develops and the Board regularly reviews succession plans for the CEO and top leaders, as well as plans to develop and/or acquire talent in key positions of management. Likewise, the GCN regularly reviews timing of changes in Board make-up given director tenure and age requirements to identify the

timing and needed skills for seeking new directors for Board positions, as well as paths for Board leadership positions, such as committee chairs. The Board has been successful in recruiting and bringing on new directors with unique skills that are important to our business and will continue to develop and execute plans to ensure sound governance, strong leadership, and business continuity through effective succession planning.

### **Shareholder Engagement and Investor Outreach**

Our Company believes that regular, transparent communication with our shareholders and other stakeholders is essential to Xcel Energy's long-term success. We have continued our practice of engaging with shareholders throughout the year on a range of topics. Presentations at financial conferences, meetings with analysts and investment firms, regular outreach on governance topics, and responding to inquiries are examples of the activities we employ to engage our shareholders. During 2017, our governance outreach with our largest shareholders represented more than 40 percent of outstanding shares, we participated in 20 sell-side/industry conferences or non-deal road shows and held over 160 individual and group meetings with approximately 395 institutional investors, representing nearly 70 percent of shares held by active managers. The Board received regular updates on such efforts. The Board also offers channels for shareholders to contact it with any inquiry or issue, and responds as appropriate.

### **Communications with the Board**

The Board welcomes your input. You may communicate with the Board in two ways: First, you may send correspondence to the Company's principal offices in care of the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Second, you may contact the directors directly via email at *BoardofDirectors@xcelenergy.com*. These emails are sent automatically to an independent director designated to receive such communications. The email is simultaneously sent to the Corporate Secretary's office, who may act as agent for the independent directors and coordinate the response. If the receiving director requests the Company to respond on behalf of the directors, a copy of the Company-prepared response is provided to the receiving director. If the receiving director does not request a response, the agent acting for the receiving director will provide a summary of the actions taken. The Company reserves the option to review and change this policy if directed by the Board due to the nature and volume of the correspondence.

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**Corporate Governance**

**Determining Executive Officer and Director Compensation**

The GCN has broad authority to develop and implement compensation policies and programs for executive officers and directors. The GCN may retain independent, external compensation consultants to assist in this effort and may change consultants at any time during the year if it determines that a change would be in the best interests of the Company and its shareholders.

To assist in setting 2017 compensation, the GCN retained Meridian Compensation Partners, LLC ( Meridian ) as its independent, executive compensation consultant. Meridian is an independent consulting firm delivering advisory services to compensation committees and does not perform any assignments for the Company other than providing executive and director compensation services for the GCN.

Several internal controls exist to ensure the independent judgment of Meridian:

Meridian reports directly to the GCN and not to Company management.

Meridian routinely participates in executive sessions of the GCN without members of management present.

The GCN has the exclusive authority to hire, retain, and set the compensation for its executive compensation consultant and advisors.

The GCN assessed Meridian's independence pursuant to Nasdaq and SEC rules and concluded that no conflict of interest exists that prevents it from independently advising the GCN. In its oversight of our 2017 executive compensation program, the GCN worked with Meridian, the CEO and the Executive Vice President, Group President, Utilities and Chief Administrative Officer. The GCN receives additional support from the Senior Vice President, Corporate Secretary and Executive Services; the Senior Vice President, Human Resources and Employee Services; and the Executive Vice President, General Counsel. In 2017, the CEO and other officers provided recommendations with respect to:

The corporate performance objectives and goals, on which awards of both annual and long-term incentive compensation are based.

Attracting, retaining and motivating executive officers.

Information regarding financial performance, budgets and forecasts as they pertain to executive compensation.

Market information regarding compensation levels, practices, and trends.

Additional information regarding the determination of executive compensation is included in the Compensation Discussion and Analysis ( CD&A ) beginning on page 28.

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**Corporate Governance**

**Board Planning and Composition**

We believe that the most effective oversight comes from a Board of Directors that represents a diverse range of experience and perspectives that provide the collective skills, qualifications, and attributes necessary to provide sound governance. We also believe it is important for the Board to work well as a whole, with members bringing their experience to the table and dialoguing freely with each other and with management to create an environment that results in well functioning oversight. The GCN regularly reviews with the Board the experience and attributes desired for effective governance in our changing industry and evaluates the current Board make-up in light of these criteria.

**Director Experience and Attributes**

We seek directors with experience and expertise in the following areas:

**Leadership and Strategy**

Directors who hold or have held significant leadership positions provide the Company with unique insights. These people generally possess extraordinary leadership qualities as well as the ability to identify and develop those qualities in others. They demonstrate a practical understanding of organizations, processes, strategy, risk management and corporate governance, and know how to drive change and growth.

**Finance**

Accurate financial reporting and thorough auditing are critical to our success. We seek to have a number of directors who qualify as audit committee financial experts, and we expect all of our directors to be literate in finance and financial reporting processes.

**Risk Management**

Effectively managing risk in a rapidly changing environment is critical to our success. Directors should have a sound understanding of the most significant risks facing the Company and the experience and leadership to provide effective oversight of risk management processes.

**Environmental Issues**



The production of energy has environmental implications, and how we address rapidly evolving environmental regulation has important strategic implications. Directors with experience in addressing complex environmental regulations or siting major facilities bring valuable expertise to our Board.

### **Nuclear Operations**

A portion of our business deals with nuclear regulations and operations. Therefore, we seek at least one director with experience in nuclear risk management and nuclear power operations to provide effective oversight and expertise to our business.

### **Regulated Industry**

Our businesses are heavily regulated and are directly affected by governmental actions. Likewise, cultivating a strong culture of compliance is critical to our business success and maintaining our strong reputation and brand. As such, we seek directors with experience with government or with highly regulated businesses who possess insight and understanding of effective strategies and compliance.

### **Customer and Community**

Understanding the interests and needs of stakeholders such as our customers, communities and policymakers is important in a business as critical as ours; effective engagement with stakeholders is likewise important to our business success. Marketing and branding expertise is also important as our business becomes more competitive and as we seek to better understand and communicate with stakeholders. We seek directors who have experience in consumer businesses and are committed to excellence in service.

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**Corporate Governance**

In addition to experience and expertise, the GCN and Board consider several additional factors in assessing Board composition and director nominees:

| <b>Tenure and Board</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Independence</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Diversity</b>                                                                                                                                                                                                                                                                                            | <b>Refreshment</b>                                                                                                                                                      |
| <p>Regular assessments of regulatory requirements, including potential competitive restrictions and interlocks</p> <p>Other positions and directorships held are considered</p>                                                                                                                                                                                                                                                                                                                                                | <p>Diversity of backgrounds, experience and thought is important in ensuring effective risk oversight</p> <p>Ethnicity, gender, age, disability, veteran status, sexual orientation, race, national origin, color, religion, creed, geographic representation, education and personality are considered</p> | <p>Diversity in tenure creates good mix of perspectives</p> <p>Emerging business needs and desired skills are considered when evaluating potential Board candidates</p> |
| <i>Independence is a critical requirement for good governance</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <i>Embracing diversity is one of our core corporate values</i>                                                                                                                                                                                                                                              | <i>Longer-tenured directors bring a deep understanding of the Company</i>                                                                                               |
| <p><i>The Board reviews independence annually, when candidates are evaluated and upon position changes for an existing director</i></p>                                                                                                                                                                                                                                                                                                                                                                                        | <p><i>Our Guidelines on Corporate Governance identify diversity as an important consideration when seeking candidates for the Board</i></p>                                                                                                                                                                 | <p><i>Newer members bring fresh perspectives or expertise related to an emerging issue</i></p>                                                                          |
| <p>It is critical for the Company and shareholders to have a well rounded, diverse Board that functions well as a whole. In evaluating director nominees, the GCN considers experience in the areas identified above and expects director nominees to have proven leadership skills, sound judgment, integrity and a commitment to the success of the Company. In addition, for incumbent directors, the GCN considers attendance, past performance on the Board and contributions to the Board and applicable committees.</p> |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                         |

**Board Statistics**

## Director Independence

Each of our director nominees other than Mr. Fowke is independent. The Board has satisfied, and expects to continue to satisfy, its objective to have no more than two directors who are not independent serving on the Board at any time.

The Board determined director independence under the standards established by the Nasdaq, which we have adopted with a four-year look back. In addition, a director who is an employee or representative of a significant supplier of any Xcel Energy business unit or legal entity will not be independent unless we entered into the relationship with the supplier as a result of competitive purchasing practices. When evaluating director independence, the Board has determined that the receipt of regulated electric and gas service from the Company does not constitute a material relationship.

The Board reviews ordinary course of business transactions in which directors have an interest as part of the Board's annual independence review. The Board specifically considered the Company's ordinary course transactions with U.S. Bancorp when determining Mr. Davis' independence. During 2017, U.S. Bancorp affiliates provided service to the Company, for which we paid U.S. Bancorp approximately \$1.4 million, or less than .01 percent of U.S. Bancorp's annual revenue. The services provided included trustee services, service as a non-lead participant for our and our subsidiaries' syndicated revolving credit facilities and service as one of four co-lead underwriters, but not as the lead billing and delivery underwriter, on a public debt securities offering by one of our subsidiaries. U.S. Bank's involvement with our revolving credit facilities and as an underwriter were not advisory in nature and did not involve access to strategic decision-making information.

The Board considered the nature and relative size of the transactions, the lack of Mr. Davis' personal involvement in the transactions and the routine commercial nature of such transactions. Based on its consideration of these factors, the Board determined that none of the transactions impaired Mr. Davis' independence. In addition, none of the transactions were related-party transactions because Mr. Davis did not have a direct or indirect material interest in the listed transactions.

## Director Attendance

During 2017 the Board met six times, and the independent directors met in executive session without management present on all six occasions. The average attendance for all directors at Board and committee meetings was approximately 99 percent. Eleven of our directors attended 100 percent of Board and applicable committee meetings, while one director was slightly lower at 93 percent. Each director also attended a half-day strategy session and related executive session. We do not have a formal policy, but encourage our directors to attend the annual meeting of shareholders. All then-serving directors attended the 2017 annual meeting.

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**Corporate Governance**

**Director Tenure**

The Board believes that diversity in tenure creates a good mix of perspectives with longer-tenured directors bringing a deep understanding of the Company while others bring a fresh perspective and expertise helpful to keeping abreast of a changing industry. The GCN considers emerging business needs and desired skills when evaluating potential candidates. Over the past five years, the Board has added three new directors. As of the date of this proxy statement, the Board consists of 12 directors, whose tenure is shown below.

**New Director Nominee**

The Board determined to expand the size of the Board in 2017 by one additional director and currently has a total of 12 members. The GCN reviewed the skills and expertise of the Board and determined the Board would benefit from an additional member with expertise in economic and project development, complex stakeholder relationships, and capital and investment management. The GCN sought recommendations of the directors and during a conversation among the Chairman, the Lead Independent Director and the Chair of the GCN, they identified Mr. Owens (who had previously presented to the Board) as a potential candidate. After reviewing Mr. Owens' qualifications and interviewing him, the GCN recommended him for election to the Board, which the Board approved in August 2017. Mr. Owens' extensive experience in the electric industry and working with the diverse stakeholders that impact our business brings valuable experience and strategic insight to the Board.

We believe our slate of director nominees provides a well rounded and well qualified Board that collectively provides effective oversight and governance of the Company.

**Governing Documents**

The following materials relating to our corporate governance can be found on our website at [www.xcelenergy.com](http://www.xcelenergy.com), under Company Investor Relations Governance Documents and are also available free of charge to shareholders who request them.

Guidelines on Corporate Governance

Governance, Compensation and Nominating  
Committee Charter

Amended and Restated Articles of Incorporation

Operations, Nuclear, Environmental and Safety  
Committee Charter

Bylaws

Finance Committee Charter

Audit Committee Charter

Shareholders may request our governing documents by writing our offices at: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. We publish any amendments to the Code of Conduct and waivers of the Code of Conduct for our executive officers or directors on our website.

### **Shareholder Recommendation of Directors**

Any shareholder may recommend potential nominees to the GCN for consideration for membership on the Board. Recommendations can be made by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Such recommendations should be received by October 1, 2018 to be considered for the 2019 annual meeting. The GCN will evaluate candidates recommended by shareholders on the same basis as it evaluates other candidates.

### **Proxy Access**

In February 2016, we amended our bylaws to permit any shareholder (or group of no more than 20 shareholders) owning three percent or more of our common stock continuously for at least three years to nominate up to an aggregated limit of two candidates or 20 percent of our Board (whichever is greater) for inclusion in our proxy statement. Notice of such nominees for the 2019 annual meeting must be received no earlier than November 4, 2018 and no later than close of business on December 4, 2018. Notice should be addressed to the Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. Requirements for such nominations and nominees are detailed in our bylaws, which are available on our website at [www.xcelenergy.com](http://www.xcelenergy.com), under Company Investor Relations Governance Documents .

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**Proposal No. 1**

**Proposal No. 1**

**Election of Directors**

Serving shareholders well is a key priority for your Board. We believe a well qualified and diverse mix of directors best positions the Board to effectively govern and achieve strong results. Demonstrated leadership, judgment, and expertise, combined with diversity, integrity, and experience, are some of the important characteristics for Board members. Such characteristics are evaluated when considering director candidates.

Twelve nominees have been recommended by the GCN and nominated by the Board. We believe this slate of directors brings not only the right expertise and experience to the Board, but also the right attributes to ensure constructive and free exchange of ideas and opinions with each other and with management.

Eleven of the twelve nominees are Xcel Energy directors who were elected by shareholders at the 2017 annual meeting. In August, the Board elected to bring on the significant industry expertise and experience of Mr. David Owens, whose background is detailed below. Because Gail K. Boudreaux resigned at the end of 2017 due to a significant change in her career responsibilities that could not accommodate her continued membership, the Board has elected to remain at twelve members.

Each nominee has agreed to be named in this proxy statement and to serve if elected. Should any nominee become unable to serve for any reason, the persons named as proxies reserve full discretion to vote FOR any other persons who may be recommended by the GCN and nominated by the Board, or the Board may reduce the number of nominees. If elected at the 2018 annual meeting, the nominees will hold office until the 2019 annual meeting and until their successors have been elected and qualified.

**Vote Required**

Each director shall be elected by majority vote, meaning a nominee must receive more votes FOR election than the votes cast AGAINST. Any director who does not receive a majority of the votes cast FOR election must offer his or her resignation for consideration by the Board under the process outlined on page 61. Proxies solicited by the Board will be voted FOR each of the nominees, unless a different vote is specified.

**Your Board recommends a vote FOR the election to the Board of each of the following nominees.**

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**Proposal No. 1**

**Nominees**

**Director Qualifications and Experience:**

Mr. Davis' executive experience in the highly regulated banking industry provides the Board with valuable leadership skills, strategic insight, and commercial acumen. His extensive financial expertise is valuable in our capital-intensive industry and his background in delivering strong results for a complex financial institution brings valuable skills to the Board. Mr. Davis also serves as a director of several nonprofit and educational institutions in the communities that we serve, bringing an enhanced awareness of our stakeholder base that is valuable to our business. Mr. Davis previously served as Lead Independent Director for four years.

**Business Experience:**

Executive Chairman, U.S. Bancorp, a multi-state financial holding company (April 2017 to April 2018)

Chairman, U.S. Bancorp (2007 to April 2017) and CEO (2006 to April 2017)

President, U.S. Bancorp (2006 to January 2016)

**Committees:**

GCN (Chair)

Finance

**Director Qualifications and Experience:**

With a long and distinguished career in the utility industry, Mr. Fowke provides the strategic focus and leadership needed to position the Company well for the future. Having served as the Company's Chief Financial Officer, he has a strong background in finance, financial reporting, and shareholder outreach. His extensive experience in environmental issues,

operations, and the energy business makes Mr. Fowke keenly familiar with the risks we face and provides unique insight into effective management of those risks that has delivered strong results over the long term. His tenure and involvement in the utility industry provides significant expertise on regulatory and policy issues that are central to our business, and he is active in representing and advocating for the industry on important national issues such as security and tax reform. With his service as a director of nonprofit institutions and utility industry organizations, he provides good understanding of not only the opportunities and challenges of our business, but also the customers and communities we serve.

**Business Experience:**

Chairman of the Board and CEO, Xcel Energy Inc. (2011 to present)

President, Xcel Energy Inc. (2009 to present)

Chief Operating Officer, Xcel Energy Inc. (August 2009 to August 2011)

Various Executive Positions with Xcel Energy Inc. since 2002

**Committees:**

None



**Table of Contents**

**Proposal No. 1**

**Director Qualifications and Experience:**

Mr. O'Brien's extensive executive experience provides to the Board valuable strategic insight, leadership skills, and a sound understanding of delivering effective operations in an expansive and capital-intensive business. His acumen in financial reporting and accounting has been determined by our Board to qualify him as an audit committee financial expert. He is currently consulting in the areas of strategy and leadership and operating effectiveness with select mining and private equity firms considering investments in the mining industry. His background in both the mining and electric and gas industries is directly relevant to our business and he brings both valuable experience in effective management of environmental issues and expertise in industry and regulatory issues to our Board.

**Business Experience:**

Independent Consultant (October 2015 to current)

President and CEO, Boart Longyear Limited, a global provider of drilling services, equipment and performance tooling for mining and drilling companies globally (April 2013 to October 2015)

CEO, Newmont Mining Corporation, a global gold mining company (September 2012 to February 2013)

President and CEO, Newmont Mining Corporation (July 2007 to September 2012)

**Committees:**

Audit (Chair)

ONES

**Director Qualifications and Experience:**

With 30 years of leadership experience in the energy industry, Mr. Owens brings a wealth of knowledge and skill to the Board. In his role at the Electric Edison Institute, the electric utility industry trade association, he oversaw key areas such as environmental, energy supply and finance, and state and federal regulatory and policy issues, all important topics for our business. He is a recognized expert in the energy field and has been a leader in shaping constructive public policy frameworks to support the industry's transition to new and cleaner technologies. An active member in the community, Mr. Owens serves on the boards of a number of professional, academic, and community-based organizations.

**Business Experience:**

Executive Vice President, Business Operations Group and Regulatory Affairs, Edison Electric Institute (October 1992 to June 2017)

**Committees**

Finance

ONES

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**Proposal No. 1**

**Director Qualifications and Experience:**

Mr. Policinski leads a rapidly growing, multinational food and agricultural cooperative, experience that positions him to provide valuable leadership and strategic insight in effectively addressing environmental and other major issues. As president and CEO of the third-largest United States cooperative, Mr. Policinski has a wealth of experience in effectively managing operations, addressing new risks and regulatory requirements, and delivering value via effective growth management. He is well versed in finance and the financial reporting process. An active member of the community, Mr. Policinski serves as a director of a number of nonprofits, educational institutions and trade industry groups and provides a solid understanding of the communities we serve.

**Business Experience:**

President and CEO, Land O Lakes, Inc., an agricultural and dairy cooperative (October 2005 to present)

Senior leadership positions at Land O Lakes, Inc. and The Pillsbury Company, a grain processor and food production company

**Committees**

GCN

**Director Qualifications and Experience:**

Having led large and complex businesses, Mr. Prokopanko brings valuable leadership skills and strategic insight to the Board. Throughout his career he has created growth, managed expansive operations, built key assets and effectively addressed environmental issues, all valuable skills to contribute to the Board. His experience in commodities, with capital-intensive businesses, and as a director for other public companies likewise contributes valuable and relevant expertise to the Board. Mr. Prokopanko works with and serves on the boards of several nonprofit organizations and brings a thoughtful understanding of the communities we serve.

**Business Experience:**

President and CEO, The Mosaic Company, producer of phosphate and potash crop nutrients (January 2007 to August 2015)

Executive Vice President and COO, The Mosaic Company (July 2006 to January 2007)

Senior leadership positions, Cargill Corporation, trading, purchasing and distributing grain and other agricultural commodities (1999 to 2006)

**Committees:**

GCN

ONES

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**Proposal No. 1**

**Director Qualifications and Experience:**

As leader of a management development and strategy planning business, Ms. Sampson brings valuable expertise and business experience to the Board. She provides valuable perspective in ethics and business conduct, talent acquisition, retention and development, diversity and social responsibility, all of which are important issues to our stakeholders. Her experience as a business owner provides insight into finance and the financial reporting processes. Ms. Sampson is the former CEO of the Greater Minneapolis Area Chapter of the American Red Cross and is a former board member of various religious and philanthropic organizations within the communities we serve.

**Business Experience:**

CEO, President and Owner, The Sampson Group, Inc., a management development and strategic planning business (1996 to present)

Former CEO, Greater Minneapolis Area Chapter of the American Red Cross

**Committees:**

Audit

Finance

**Director Qualifications and Experience:**

Mr. Sheppard brings to the Board extensive leadership experience in electric utilities, a solid understanding of the issues facing our industry, and valuable expertise on effective and efficient operations. He is a recognized expert in the nuclear industry, having overseen nuclear operations for major utilities and currently consulting on nuclear projects under development across the globe. In 2017, Mr. Sheppard was appointed to the board of directors of Ontario Power Generation, a generating company owned by the Province of Ontario, Canada, by the Ontario, Canada Minister of Energy. His experience provides valuable insight, knowledge, business acumen, and judgment that is valuable to our nuclear

operations and is extremely helpful to the Board.

**Business Experience:**

Independent Consultant (January 2011 to present)

Senior Vice President and Chief Nuclear Officer, Southern California Edison, an electric utility (September 2010 to December 2010)

Independent Consultant (January 2010 to August 2010)

Chairman, President and CEO, STP Nuclear Operating Company (April 2003 to December 2009)

Senior positions, South Texas Project, Sequoyah Fuels Corp. and Robinson Nuclear Project (1990 to 2003)

**Committees:**

ONES (Chair)

GCN

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**Proposal No. 1**

**Director Qualifications and Experience:**

Mr. Westerlund has extensive experience in corporate governance and environmental and workforce issues, bringing valuable insight to the Board. Having served as a senior executive in a Fortune 500 company, he contributes leadership skills and business acumen to the Board. Mr. Westerlund was responsible for environmental health and safety, corporate compliance, security, real estate activities, and human resources, including labor and employee relations, and benefits while at Ball Corporation, and he brings extensive knowledge of compliance, corporate governance, compensation, and equal employment opportunity issues to the Board. He serves on the boards of a number of community organizations.

**Business Experience:**

Executive Vice President, Administration and Corporate Secretary, Ball Corporation, a supplier of metal packaging, aerospace and other technologies and services (2006 to September 2011)

Senior level positions with Ball Corporation prior to 2006

**Committees:**

Audit

GCN

**Director Qualifications and Experience:**

Ms. Williams brings extensive experience in leadership with a major investment management company, providing valuable and unique strategic insights to the Board. Her strong financial background is particularly valuable in our capital-intensive industry and she has been determined to be an audit committee financial expert by our Board. She brings extensive expertise in risk assessment and management that is valuable for our business. She is active in the community and serves as a trustee of a number of nonprofit

and educational boards.

**Business Experience:**

Partner, Wellington Management Company, LLP, an investment and asset management company for institutional investors (1995 to 2005)

Leadership positions, Loomis, Sayles & Co., Inc., an investment management company, and Imperial Chemical Industries Pension Fund (prior to 1995)

**Committees:**

Finance (Chair)

Audit



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**Proposal No. 1**

**Director Qualifications and Experience:**

With a career as a senior executive in consumer products industries, Mr. Wolf brings strategic insight, business acumen and valuable experience to the Board. He served as Chief Financial Officer of a major corporation and contributes valuable experience in and knowledge of finance, reporting and governance. Having led both organizations and the integration of organizations, Mr. Wolf has a sound understanding of business risk and effective risk management oversight. He serves as a director of several nonprofit and educational organizations.

**Business Experience:**

President, Wolf Interests, Inc., an investment company (June 2010 to present)

Chief Integration Officer, MillerCoors Brewing Company LLC, a consumer beverage product company (2008 to June 2010)

Prior leadership positions including Global Chief Financial Officer with Molson Coors Brewing Company and Chief Financial Officer with Coors Brewing Company

**Committees:**

Finance

ONES

**Director Qualifications and Experience:**

With extensive experience in banking and economic development, Mr. Yohannes provides valuable strategic insight and leadership skills. He was nominated by President Barack Obama to serve as the United States Ambassador to the Organization for Economic Cooperation and Development in 2014. Prior to his government service, Mr. Yohannes specialized in financial services and the renewable energy sector. He is passionate about protecting the environment and provides experience in effectively addressing environmental issues. Mr. Yohannes is active in his community and has served on various nonprofit boards and civil organizations.

**Business Experience:**

United States Ambassador and Permanent Representative to the Organization for Economic Cooperation and Development, including the International Energy Agency and the Nuclear Energy Agency (April 2014 to January 2017)

Chief Executive Officer, Millennium Challenge Corporation, an independent U.S. Government foreign aid agency (November 2009 to April 2014)

**Committees:**

Audit

Finance

Table of Contents**Beneficial Ownership of Certain Shareholders****Beneficial Ownership of Certain Shareholders****Share Ownership of Directors and Officers**

The table below provides the beneficial ownership of our common stock as of March 20, 2018 for: (a) each director and director nominee; (b) the executive officers named in the Summary Compensation Table; and (c) the directors and current executive officers as a group. Unless otherwise indicated, each person has sole investment and voting power (or shares such powers with his or her spouse) of the shares noted. None of the listed individual directors, officers, or director nominees beneficially owned more than one percent of our common stock. The directors and executive officers as a group beneficially owned less than one percent of our common stock on March 20, 2018. None of the shares owned by our directors or executives are subject to any type of pledge.

| Name and Principal<br>Position of Beneficial Owner | Common<br>Stock <sup>(1)</sup> | Restricted<br>Stock | Total<br>Shares       |                                     |
|----------------------------------------------------|--------------------------------|---------------------|-----------------------|-------------------------------------|
|                                                    |                                |                     | Beneficially<br>Owned | Stock<br>Equivalents <sup>(2)</sup> |
| Richard K. Davis                                   |                                |                     |                       |                                     |
| Director                                           | 7,697                          |                     | 7,697                 | 63,190                              |
| Richard T. O'Brien                                 |                                |                     |                       |                                     |
| Director                                           | 2,000                          |                     | 2,000                 | 44,285                              |
| David K. Owens                                     |                                |                     |                       |                                     |
| Director                                           |                                |                     |                       | 2,121                               |
| Christopher J. Policinski                          |                                |                     |                       |                                     |
| Director                                           | 2,000                          |                     | 2,000                 | 77,288                              |
| James T. Prokopanko                                |                                |                     |                       |                                     |
| Director                                           | 1,000                          |                     | 1,000                 | 11,098                              |
| A. Patricia Sampson                                |                                |                     |                       |                                     |
| Director                                           | 2,469                          |                     | 2,469                 | 136,135                             |
| James J. Sheppard                                  | 1,000                          |                     | 1,000                 | 38,237                              |

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|                                                                                                 |           |        |                      |           |
|-------------------------------------------------------------------------------------------------|-----------|--------|----------------------|-----------|
| Director<br>David A. Westerlund                                                                 |           |        |                      |           |
| Director<br>Kim Williams                                                                        | 7,750     |        | 7,750                | 111,230   |
| Director<br>Timothy V. Wolf                                                                     | 1,188     |        | 1,188                | 79,164    |
| Director<br>Daniel Yohannes                                                                     | 1,300     |        | 1,300 <sup>(3)</sup> | 58,828    |
| Director<br>Ben Fowke                                                                           | 1,000     |        |                      | 3,311     |
| Chairman, President and Chief Executive Officer<br>Robert Frenzel                               | 736,904   | 6,621  | 743,525              | 70,322    |
| Executive Vice President and Chief Financial Officer<br>Kent Larson                             | 12,169    | 14,662 | 26,831               |           |
| Executive Vice President and Group President, Operations<br>Marvin McDaniel, Jr. <sup>(4)</sup> | 92,433    |        | 92,433               | 36,010    |
| Executive Vice President and Chief Administrative Officer<br>Scott Wilensky                     | 112,284   |        | 112,284              | 41,084    |
| Executive Vice President, General Counsel<br>Directors and Current Executive Officers           | 120,068   |        | 120,068              | 18,380    |
| as a group (23 persons)                                                                         | 1,299,652 | 24,768 | 1,324,420            | 1,001,529 |

<sup>(1)</sup> On March 20, 2018, the closing price of our common stock on the Nasdaq was \$44.26.

<sup>(2)</sup> Common stock equivalents represent (i) the share equivalents of our common stock held by executive officers under our deferred compensation plan as of March 22, 2018, and (ii) stock equivalent units held under the directors SEP as of March 20, 2018. For information on common stock equivalents granted during 2017 and holdings at December 31, 2017, see page 56. The information in this column is not required by the rules of the SEC because these share equivalents carry no voting rights and the recipient does not have the right to acquire any underlying shares within 60 days of March 20, 2018. Nevertheless, we believe that this information provides a more complete picture of the financial stake that our directors and executive officers have in the Company.

<sup>(3)</sup> Mr. Wolf's son owns 300 of these shares. Mr. Wolf disclaims beneficial ownership of these shares.

(4) Mr. McDaniel will retire in the second quarter of 2018.

**Table of Contents****Beneficial Ownership of Certain Shareholders****Largest Owners of Xcel Energy's Shares**

The table below provides information as to each person or entity known to us to be the beneficial owner of more than five percent of our common stock:

| <b>Name and Address of Beneficial Owner</b>                                                | <b>Number of Shares<br/>Beneficially Owned</b> | <b>Percent<br/>of Class</b> |
|--------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------|
| BlackRock, Inc.<br><br>55 East 52nd Street<br><br>New York, NY 10055<br>The Vanguard Group | 42,686,068 <sup>(1)</sup>                      | 8.4%                        |
| 100 Vanguard Blvd.<br><br>Malvern, PA 19355<br>JPMorgan Chase & Co.                        | 37,798,075 <sup>(3)</sup>                      | 7.4%                        |
| 270 Park Ave.<br><br>New York, NY 10017<br>State Street Corporation                        | 33,296,831 <sup>(2)</sup>                      | 6.5%                        |
| One Lincoln Street<br><br>Boston, MA 02111                                                 | 25,198,863 <sup>(4)</sup>                      | 5.0%                        |

<sup>(1)</sup> The information contained in the table and this footnote with respect to BlackRock, Inc. is based solely on a Schedule 13G/A filed by the listed person with the SEC on February 8, 2018. The filing indicates that as of December 31, 2017, BlackRock, Inc. had sole voting power for 37,697,319 shares and sole dispositive power for 42,686,068 shares.

<sup>(2)</sup>

The information contained in the table and this footnote with respect to JPMorgan Chase & Co. is based solely on a Schedule 13G/A filed by the listed person with the SEC on January 26, 2018. The filing indicates that as of December 29, 2017, JPMorgan Chase & Co. had sole voting power for 30,127,070 shares, shared voting power for 230,393 shares, sole dispositive power for 32,855,110 shares and shared dispositive power for 401,189 shares.

- (3) The information contained in the table and this footnote with respect to The Vanguard Group, Inc. is based solely on a Schedule 13G/A filed by the listed person with the SEC on February 9, 2018. The filing indicates that as of December 31, 2017, The Vanguard Group, Inc. reported that it had sole voting power for 777,610 shares, shared voting power for 268,424 shares, sole dispositive power for 36,848,825 shares and shared dispositive power for 949,250 shares. The Vanguard Group, Inc. also reported that (i) Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 553,140 shares as a result of its serving as investment manager of collective trust accounts and (ii) Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 616,994 shares as a result of its serving as investment manager of Australian investment offerings.
- (4) The information contained in the table and this footnote with respect to State Street Corporation is based solely on a Schedule 13G filed by the listed person with the SEC on February 13, 2018. The filing indicates that as of December 31, 2017, State Street Corporation reported that it had shared voting power for 25,198,863 shares and shared dispositive power for 25,198,863 shares.

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**Proposal No. 2**

**Proposal No. 2**

**Advisory Vote on Executive Compensation**

**Recommendation and Background**

Our Board recognizes that performance-based executive compensation is an important element in driving long-term shareholder value. We are seeking shareholders' views on the compensation of named executive officers identified in the Executive Compensation Tables section of this proxy statement through an advisory vote on the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's 2018 proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

The Company's goal for its executive compensation program is to align executive leadership's interests with those of our shareholders, customers and employees. The Board believes our executive compensation program satisfies this goal and is strongly aligned with the long-term interests of our shareholders.

Shareholders are urged to read the CD&A and other information included in the Executive Compensation Tables section of this proxy statement. The GCN and the Board believe that the information provided in these sections demonstrate that our executive compensation program aligns our executives' compensation with our short-term and long-term performance and provides the compensation and incentives needed to attract, motivate and retain key executives who are crucial to our long-term success.

As an advisory vote, this proposal is not binding upon the Company. However, the GCN, which is responsible for designing and administering our executive compensation program, values the opinions expressed by shareholders in their vote on this proposal and will continue to consider the outcome of the vote when making future compensation decisions for named executive officers.

**Vote Required**

The Board will consider shareholders to have approved our executive compensation if the shares voted FOR the proposal exceed the shares voted AGAINST. Abstentions and broker non-votes will have no effect on this matter. Proxies solicited by the Board will be voted FOR the approval of our executive compensation, unless a different vote is specified.

**Your Board recommends a vote FOR approval of the advisory vote on compensation.**





**Table of Contents****Compensation Discussion and Analysis****Compensation Discussion and Analysis**

In this section, we describe the material components of our executive compensation program for 2017 for named executive officers ( NEOs ), who appear in the Summary Compensation Table and other compensation tables contained in this Proxy Statement.

**Compensation Discussion and Analysis Table of Contents**

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**Compensation Discussion and Analysis**

**Highlights**

**2017 Performance**

We are executing our strategy for long-term customer and shareholder value. Our progressive financial, safety and reliability records position us well to maintain affordability as we continue to provide cleaner generation and the options customers want.

**Financial**

**Continue to Improve**

**Results**

**Safety and Reliability**

One-, three- and five-year TSR better than our peer benchmarks

Best-ever performance in employee safety, public safety and system reliability performance

Met or exceeded ongoing EPS guidance for 13 consecutive years

Solid nuclear operations with a 91% capacity factor and both stations in NRC Column 1 status

Increased our dividend for 14 consecutive years

**Lead the Clean Energy**

**Keep Bills**

**Enhance the**

**Transition**

**Low**

**Customer Experience**

Announced the largest multi-state investment plan for wind capacity in the country

Average residential electricity bill has decreased by 3% since 2013

Launched a program in Minnesota for customers to purchase up to 100% renewable energy

|                                            |                                                                                  |                                                                                             |
|--------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Reduced carbon emissions by 35% since 2005 | Held operating and maintenance expenses relatively flat for the past three years | Helped customers save more than 1,000 gigawatt hours through our energy efficiency programs |
|--------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|

**2017 Compensation**

No significant changes were made to our executive compensation program for 2017, which continues to be primarily variable compensation based on performance outcomes. We continue to monitor evolving best practices to ensure our talent needs for attraction, motivation and retention are met, and we continue to assess certain features of our programs compared to market practices. Based on a review of recent trends, we updated our stock ownership policy to increase the CEO ownership requirement to six times base salary, up from five times.

Our solid operational and financial performance resulted in the following 2017 compensation outcomes:

The 2017 annual incentive program achieved 129 percent of targeted results. This payout is reflective of our strong focus on both operational and financial performance, as described in the Annual Incentive section beginning on page 34.

Performance-based long-term incentive awards that settled in 2017 achieved 200 percent of targeted performance payout. This result is reflective of our very strong relative TSR performance and achievement of our environmental commitment to reduce carbon dioxide emissions, as described in the Long-Term Incentives section on pages 35 to 36.

**Compensation Philosophy**

Our executive compensation programs are designed to align the interests of our executives with the interests of our shareholders, customers and employees. Our compensation philosophy is based on the following principles:

| <b>Performance Based</b>                                                           | <b>Market Competitive</b>                         | <b>Equity-based Incentive</b>                                                           |
|------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------|
| Majority of executive compensation is at risk, and pay is aligned with performance | Enables us to attract and retain talented leaders | Focuses on long-term shareholder value                                                  |
| Motivates achievement of financial, operational and stock price performance goals  | Compares us to a 21-member industry peer group    | Aligns executive interests with those of shareholders and rewards for strategic success |

This philosophy, which includes significant emphasis on pay for performance, is applied consistently across all executives; however, individual compensation may be differentiated based on scope of responsibilities, experience, and contributions to Company results.



**Table of Contents**

**Compensation Discussion and Analysis**

**Executive Compensation Practices**

Our compensation practices for NEOs are outlined below. These practices reflect our compensation philosophy and help ensure sound corporate governance practices.

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>What We Do</b></p>       | <ul style="list-style-type: none"> <li>Pay for performance with a substantial percentage of each NEO’s total direct compensation being variable, at risk and aligned with performance-based metrics</li> <li>Conduct an annual “say-on-pay” advisory vote</li> <li>Use an appropriate peer group when establishing compensation</li> <li>Review tally sheets when making executive compensation decisions</li> <li>Balance short- and long-term incentive performance goals to reflect operating and strategic objectives</li> <li>Strong emphasis on long-term equity compensation</li> <li>Align executive compensation with shareholder returns through long-term incentives</li> <li>Include caps on individual payouts in incentive plan</li> <li>Subject equity grants to non-solicitation covenants</li> <li>Set significant stock ownership guidelines for NEOs, other executives and non-employee directors</li> <li>Require shares to be held until stock holding ownership achieved</li> <li>Mitigate undue risk-taking in compensation programs</li> <li>Include recoupment provisions in our annual and long-term incentive programs</li> <li>Maintain an independent GCN</li> <li>Retain an independent compensation consultant</li> </ul> |
| <p><b>What We Don’t Do</b></p> | <ul style="list-style-type: none"> <li>Provide employment contracts</li> <li>Permit executives to hedge their company stock</li> <li>Provide tax gross-ups for new executive officer participants in the Senior Executive Severance Policy</li> <li>Provide tax gross-ups on executive perquisites except for circumstances regarding relocation</li> <li>Provide unusual or excessive perquisites</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



Supplement service credit to newly hired officers under any of the Company's qualified or nonqualified retirement plans

### **Impact of 2017 Say on Pay Vote**

Each year, Xcel Energy provides shareholders with a non-binding say-on-pay vote on its executive compensation programs.

The GCN evaluated results of the say-on-pay vote, and in light of the broad shareholder support of our executive compensation programs, the GCN decided to maintain the core design of our compensation programs. The GCN will continue to consider the outcome of future say-on-pay votes, in addition to various other factors, when making future compensation decisions.

96% of the votes cast were in favor of our executive compensation programs and policies

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**Compensation Discussion and Analysis**

**What We Pay and Why**

**Establishing Target Compensation**

At the GCN's request, Meridian, its independent compensation consultant, presented its annual market assessment comparing our executive compensation programs and compensation against our peer group for:

base salary;

total cash compensation (base salary plus target annual incentive); and

total direct compensation (total cash compensation plus target long-term incentive).

To provide a broad perspective of the competitive market, Meridian analyzed data for various market pay levels, including the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles. We consider compensation to be market competitive if it is within a competitive range of the median of the peer group.

For 2017, the GCN made pay decisions based on this annual market assessment of compensation and specific factors about each NEO, including individual performance, experience, internal equity, Company results, scope and responsibility, retention and the NEO's role in succession planning.

The GCN exercises its independent judgment to approve the compensation level for the CEO. For all other executive officers, the GCN considers the CEO's recommendation for setting compensation levels. The GCN approved compensation for the CEO and all other executive officers that is aligned with the Company's overall compensation philosophy described above.

**Peer Group**

Our peer group of 21 U.S.-based publicly traded energy services companies is generally consistent from year to year (subject to changes resulting from mergers and acquisitions) and was developed by Meridian to approximate the competitive market in which we compete for talent. The companies were selected primarily based on the following criteria:

Utilities with similar revenue and market capitalization.

Part of the market for which we compete for talent and investor capital.

Similar operating models and challenges with their regulated utility businesses.

Included in an executive compensation survey database for which compensation information is available for a cross-section of executive and managerial roles.

The peer group, at year-end, was comprised of the following companies:

**2017 Peer Group Companies**

|                         |                      |                                 |
|-------------------------|----------------------|---------------------------------|
| Ameren                  | Duke Energy          | PG&E Corporation                |
| American Electric Power | Edison International | PPL                             |
| CenterPoint Energy      | Entergy              | Public Service Enterprise Group |
| CMS Energy              | Eversource Energy    | Scana                           |
| Consolidated Edison     | Exelon               | Sempra Energy                   |
| Dominion Resources      | First Energy         | Southern Company                |
| DTE Energy              | NextEra Energy       | WEC Energy Group                |

In December 2016 at the time 2017 compensation was assessed:

The median revenue for the peer group was \$11.5 billion as compared to our revenue of \$11.7 billion.

The median market capitalization for the peer group was \$22.9 billion as compared to our market capitalization of \$20.9 billion.

**Table of Contents****Compensation Discussion and Analysis****Executive Compensation Elements**

The following table provides information regarding the elements of total direct compensation for our NEOs in 2017:

|                           | <b>Base Salary</b>                | <b>Annual Incentive</b>                                   | <b>Long-Term Incentive: Performance Shares</b> | <b>Long-Term Incentive: Restricted Stock Units</b> |
|---------------------------|-----------------------------------|-----------------------------------------------------------|------------------------------------------------|----------------------------------------------------|
| <b>Primary Purpose</b>    | Reward for ongoing work performed | Reward short-term performance                             | Reward long-term performance                   |                                                    |
|                           | Continuity                        | Align interest with customers, shareholders and employees |                                                |                                                    |
| <b>Recipients</b>         | All NEOs                          |                                                           |                                                |                                                    |
| <b>Reviewed</b>           | Annually                          |                                                           |                                                |                                                    |
| <b>Payment</b>            | Ongoing                           | In February following end of performance period           |                                                |                                                    |
| <b>Cash/Equity</b>        | Cash                              | Cash or equity at executive officer s election            | Majority is equity with balance as cash        | Equity                                             |
| <b>Performance Period</b> | Ongoing                           | 1 year                                                    | 3 years                                        |                                                    |

Perquisites offered by the Company are very limited in nature and scope. In addition, we provide the following retirement and post-employment programs:

**Retirement and Post-employment programs****Pension Plan (qualified and nonqualified)**

Provides retirement income for eligible participants based on fixed plan-based formulas.

Supplemental Executive Retirement Plan (SERP)

CEO is the sole participant; closed to new participants in 2008.

Provides supplemental retirement income in addition to the pension benefits.

401(k) Savings and Deferred Compensation Plan

Provides for savings opportunities by deferring salary up to tax code limitations (401(k)) and salary, annual incentive and/or long-term incentive (Deferred Compensation).

Severance and Change in Control

Provides compensation and benefits in the case of involuntary termination without cause.

Table of Contents**Compensation Discussion and Analysis****Mix of Total Compensation**

We balance the mix of compensation by delivering a blend of short- and long-term incentives that are consistent with prevailing market practice. This approach has effectively resulted in 87 percent of total direct compensation for the CEO and 74 percent of total direct compensation for other NEOs to be in the form of variable compensation, with the remainder representing fixed compensation. The GCN and the Board believe this design encourages a balance of short- and long-range strategic thinking, which is important given the long-term nature of utility operations and the capital investment necessary for such operations.

The following charts illustrate the mix of total direct compensation for the CEO and other NEOs at target performance.

**Overview of Target Total Compensation for 2017**

The GCN set 2017 base salary, target annual incentive awards and target long-term incentive awards for all Xcel Energy executive officers, including the NEOs. These compensation levels align and the mix of pay is competitive with the market for the utility industry. The table below shows the base salary and target awards for short-term and long-term incentives for each NEO.

| Named Executive Officer                                               | Annualized<br>Base Salary<br>(\$) | Annual<br>Incentive<br>Target<br>(% of<br>Base Salary) | Long-Term Incentive<br>Targets                 |               | Total<br>(\$) |
|-----------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|------------------------------------------------|---------------|---------------|
|                                                                       |                                   |                                                        | Performance Restricted Stock<br>Shares<br>(\$) | Units<br>(\$) |               |
| Ben Fowke, Chairman, President and CEO                                | 1,250,000                         | 125%                                                   | 5,200,000                                      | 1,300,000     | 9,312,500     |
| Robert Frenzel, Executive Vice President, CFO                         | 625,000                           | 75%                                                    | 1,020,000                                      | 255,000       | 2,368,750     |
| Kent Larson, Executive Vice President and Group President, Operations | 575,000                           | 75%                                                    | 1,000,000                                      | 250,000       | 2,256,250     |
|                                                                       | 575,000                           | 75%                                                    | 1,000,000                                      | 250,000       | 2,256,250     |

Marvin McDaniel, Jr., Executive Vice  
 President, Group President, Utilities and  
 Chief Administrative Officer

Scott Wilensky, Executive Vice  
 President, General Counsel

|         |     |         |         |           |
|---------|-----|---------|---------|-----------|
| 520,000 | 65% | 740,000 | 185,000 | 1,783,000 |
|---------|-----|---------|---------|-----------|

**Base Salary**

Base salary provides a fixed element of regular income. The amount of base salary set by the GCN is competitive in the utility industry. A key consideration is the median base salary rates at peer companies, although the GCN has flexibility to review other relevant factors as outlined in our compensation philosophy. The base salaries for the NEOs were, in aggregate, just below the median of base salaries of our peer companies.

**Table of Contents****Compensation Discussion and Analysis****Annual Incentive**

In February 2017, our management recommended goals to the GCN based on an evaluation of prior performance and available objective metrics and benchmarks. These goals are designed to discourage short-term thinking or behavior that could threaten the value of the Company or the investment of its shareholders. The Committee established the annual incentive program ( AIP ), which determines awards based on these goals as approved and Company financial performance as follows:

Up to 150 percent of a target award, which is determined by multiplying base salary and the target percent, is based on the weighted actual achievement of our operational metrics outlined below and a funding factor multiplier, that is based on ongoing EPS results, which can be adjusted for certain identified financial impacts.

Up to an additional 50 percent is based on attaining superior financial performance as measured by ongoing EPS.

When combined, award payouts range from 0 percent to 200 percent of a participant's target award. The table below discloses the GCN approved corporate operational goals and actual results for the AIP in 2017:

| Corporate Goals | Key Performance Indicator                  | Threshold Performance       | Target Performance          | Maximum Performance         | 2017 Actual Performance     | % Payout | % Weight | Weighted Calculation |
|-----------------|--------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------|----------|----------------------|
|                 | Net Promoter Score (Residential Customers) | 40 <sup>th</sup> percentile | 60 <sup>th</sup> percentile | 70 <sup>th</sup> percentile | 47 <sup>th</sup> percentile | 67.50%   | 20%      | 13.50                |
|                 | Public Safety (Damages Per 1000 Locates)   | 1.45                        | 1.34                        | 1.25                        | 1.24                        | 150.00%  | 20%      | 30.00                |
|                 | O&M Growth (over 2016) <sup>(1)</sup>      | 1.8%                        | 0%                          | (1.8)%                      | (1.0)%                      | 127.78%  | 20%      | 25.56                |



|                                       |      |      |      |      |                                |      |       |
|---------------------------------------|------|------|------|------|--------------------------------|------|-------|
| Electric System Reliability           | 99   | 93   | 87   | 84   | 150.00%                        | 20%  | 30.00 |
| (SAIDI)                               |      |      |      |      |                                |      |       |
| Employee Safety (DART) <sup>(2)</sup> | 0.68 | 0.52 | 0.48 | 0.47 | 150.00%                        | 20%  | 30.00 |
|                                       |      |      |      |      | Results on Operational Metrics | 100% | 129.0 |

(1) The O&M growth excludes: (1) any non-ongoing O&M expense reported externally; and (2) any regulatory cost deferrals/amortizations or expense changes with clearly identified revenue offsets in excess of \$5M and approved by the CFO (i.e., mutual aid).

(2) DART will be reduced to Threshold level if an employee fatality occurs or increased to Maximum level if no employee fatality occurs and there are no direct personal primary voltage electrical contacts that result in an DART Recordable injury or unplanned natural gas ignitions and the DART Recordable Incident Rate is above Threshold.

Annual incentive awards are, in part, based on ongoing EPS, which can be adjusted for certain identified financial impacts. For 2017, no adjustments were made to ongoing EPS. When ongoing EPS is below a certain threshold, awards will not be paid. If ongoing EPS is in the lower end of initial earnings guidance, or \$2.25 to \$2.35, then operational results can be modified by a funding factor multiple of 50 percent to 100 percent. If ongoing EPS is at \$2.31 or greater, then the operational results can be modified by a funding factor multiple of 100 percent to 150 percent, not to exceed a 200 percent of target payout. For 2017, the operational results were not modified by the funding factor, resulting in 129 percent of target, as noted in the above table.

The GCN then considered individual performance in the achievement of corporate operational and financial goals to determine award amounts. The GCN focused on contributions made to O&M savings related to continuous improvement efforts, as well as operational and finance strategies that resulted in strong financial performance. As a result, the GCN adjusted awards upwards by \$100,000 for each of Messrs. Frenzel, Larson and McDaniel in recognition of their leadership on these initiatives. Final award values are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 41.

Table of Contents**Compensation Discussion and Analysis****Long-Term Incentives***Grant of 2017-2019 LTI Awards*

Long-term incentive compensation is approximately 70 percent of the CEO's target total direct compensation and 55 percent of the average of the other NEOs' target total direct compensation and is primarily performance-based. Prior to vesting, long-term incentive awards may not be sold, encumbered or otherwise transferred by the participant. Stock earned under long-term incentive compensation is subject to our Stock Ownership Policy (see pages 37 to 38).

For 2017, our long-term incentive program had two components, which provided a balance between performance-oriented opportunities and service-based opportunities:

Performance shares targeted to deliver 80 percent of each executive officer's long-term incentive opportunity; and

RSUs targeted to deliver the remaining 20 percent.

The following section describes the performance-based long-term incentive grants for the three-year period ending December 31, 2019.

**Performance Shares based on**

**the Company's Relative TSR**

**Performance Shares based on**

**Carbon Dioxide Emissions Reduction**

*For performance between percentiles, the number of performance shares earned shall be determined by straight line interpolation.*

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Based on the achievement of specified levels of the Company's TSR relative to our peer group, with the payout ranging from 0 percent to 200 percent.

Based on the achievement of specified reductions in carbon dioxide emissions, with the payout ranging from 0 percent to 200 percent.

The goal links the interest of executive officers with shareholders by rewarding management for creating shareholder value when compared to utility industry peer companies.

This goal supports our strong environmental stewardship.

Dividend equivalents are credited on each granted award during the three-year cycle to the same extent that dividends are paid on shares of our common stock.

Credited dividend equivalents are paid solely to the extent the underlying performance share vests based on the achievement of the applicable performance goal. If the applicable threshold performance goal is not achieved at the end of the three-year performance cycle, then all associated performance shares and dividend equivalents would be forfeited.

Each performance share represents one share of Xcel Energy common stock.

Grant awards, at Target:

Grant awards, at Target:

CEO: 80,010

CEO: 48,006

Other NEOs range: 11,386 to 15,694

Other NEOs range: 6,832 to 9,417

Paid as cash, shares or a combination, as elected.

Generally paid as shares.



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**Compensation Discussion and Analysis**

**Restricted Stock Units Subject to Service-Based Vesting**

These RSUs, granted in 2017, vest upon the third anniversary of the grant, provided that the NEO remains continuously employed until such anniversary. They serve as an important continuity and retention tool. Each RSU represents one share of our common stock.

Dividend equivalents are credited on each RSU during the vesting period to the same extent that dividends are paid on shares of our common stock, but such dividend equivalents are paid solely to the extent the underlying RSU vests based on the satisfaction of the service requirement. Awards will vest on a pro rata basis for NEOs who are at least 55 years of age and have 10 years of service in the event that any such NEO leaves the company for any reason, other than with cause, during the term of the grant.

For 2017, the CEO was awarded 32,004 RSUs and the other NEOs were awarded from 4,555 to 6,278 RSUs.

The Performance Share and RSU grants are included in the Grants of Plan-Based Awards Table on page 43.

***Settlement of 2015-2017 LTI Awards***

For 2015, the long-term incentive program had two components – Performance Shares and Restricted Stock Units. The following section describes the results of these award grants for the three-year period ended December 31, 2017.

**Performance Shares based on  
the Company's Relative TSR**

**Performance Shares based on  
Carbon Dioxide Emissions Reduction**

TSR is a measure of shareholder value creation and our ranking illustrates superior performance over peer companies. The performance outcome is at the 94<sup>th</sup> percentile which results in a 200 percent of target payout.

Result is due to implementing renewables, being a leader in resource plans, energy efficiency programs and favorable market conditions. The performance outcome is above the maximum payout or a 28.3<sup>1</sup> percent reduction over 2005 levels, which results in a 200 percent of target payout.

<sup>1</sup> Commissions associated with all owned and purchased electricity, whether serving our customers or sold into the market.

Earned awards:

Earned awards:

CEO: 165,188

CEO: 99,112

Other NEOs range: 15,533 to 32,120

Other NEOs range: 9,391 to 19,272

These awards include dividend equivalents credited over the three-year performance cycle.

#### **Restricted Stock Units Subject to Service-Based Vesting**

In 2015, we granted each NEO RSUs that vested upon the third anniversary of the grant, provided such NEO remained continuously employed for the three-year period.

The CEO earned 33,038 RSUs and the other NEOs earned awards ranging from 3,131 to 6,424 RSUs, all of which included dividend equivalents credited over the three-year cycle.

The Performance Shares and RSUs awards that were earned are included in the Option Exercises and Stock Vested Table on page 45.

**Table of Contents****Compensation Discussion and Analysis****Retirement and Deferred Compensation Benefits**

In 2017, the Company provided retirement benefits to executive officers under the Xcel Energy qualified and nonqualified pension plans. The role of the pension plans in executive compensation is the same as it is for other employees: to provide income during retirement and aid in the retention of qualified employees. The qualified pension plan includes earnings up to the Internal Revenue Service's established limits and the benefit may be payable in a manner that results in individual income tax advantages. The nonqualified pension plan includes earnings, if any, above the same Internal Revenue Service limit. The 2017 Internal Revenue Service earnings limit was \$270,000.

The Company maintains a Supplemental Executive Retirement Plan (SERP), which was closed to new participants in 2008. Benefits continue to accrue for Mr. Fowke who remains the sole participant in the SERP. The SERP provides a benefit to the participant, which is offset by the qualified and nonqualified pension plan benefits. Covered compensation for the purposes of calculating SERP benefits includes base salary and annual incentive awards. Long-term incentive payments are not included in covered compensation. The SERP benefit is valued as a 20-year annuity, but is payable as a lump sum after the participant's termination of employment. Unreduced benefits are payable at age 62; benefits are payable as early as age 55, reduced 5 percent for each year that the benefit commencement date precedes age 62.

Each executive officer is eligible to participate in Xcel Energy's 401(k) Savings Plan and Deferred Compensation Plan. These plans allow executive officers, like other eligible employees, to defer a portion of their base salary and all or a portion of their annual incentive award up to certain IRS limits. They also allow executive officers to defer all or a portion of their performance-based long-term incentive awards. For 2017, the Company matched 50 percent of base salary deferrals (up to 8 percent deferred), netting to a maximum 4 percent, for eligible matching contributions. One of the purposes of the Deferred Compensation Plan is to allow for a full employer matching contribution that cannot be contributed under the Company's qualified retirement plans due to the Internal Revenue Service Code limitations.

**Additional Compensation Program Features and Policies****Severance Policy**

The Company provides severance benefits to NEOs in accordance with the Xcel Energy Senior Executive Severance and Change in Control Policy (as amended, the Severance Policy). The Board or the GCN may name additional participants. The GCN believes the Severance Policy provides a competitive severance benefit that retains key talent during a critical and potentially protracted period of uncertainty and provides a competitive pay arrangement in the event the Company undergoes a change in control and the executive is not retained following the completion of such event. Outside of change in control situations, the Severance Policy also encourages executive officers to focus on the interests of Xcel Energy and its shareholders without undue concern that the officer will be terminated without compensation and benefits.

The benefits payable under the Severance Policy are discussed in more detail under Potential Payments Upon Termination or Change in Control beginning on page 50.

## **Employment Contracts**

Neither our CEO nor any of our other executive officers have employment contracts.

## **Stock Ownership Requirements**

Our Stock Ownership Policy is an important feature of our compensation philosophy that helps to ensure alignment of executive interests with those of our shareholders. The share ownership guideline for each executive is based on the executive's position. Executives are expected to achieve the applicable ownership requirement within five years of the date they assume their current executive position by holding shares paid from incentives or by other methods.

If an executive is not in compliance with the ownership requirement within the required time period, the executive must elect to receive payment of any incentive awards in stock and must retain 100 percent of the net shares (after-tax) delivered to him or her until the ownership requirement is met.



**Table of Contents****Compensation Discussion and Analysis**

As of March 20, 2018, all current NEOs have achieved, or are on track to achieve, the stated share ownership requirement by the date specified for achievement. All shares of common stock that the executive owns as well as amounts deferred into Xcel Energy stock fund count toward compliance with the ownership guidelines. The table below shows the value of shares of common stock that each NEO must hold by the required dates expressed as a multiple of base salary.

|                                     |                            |
|-------------------------------------|----------------------------|
| <b>CEO</b>                          | <b>6x base salary</b>      |
| <b>Named Executive Officers</b>     | <b>3x base salary</b>      |
| <b>All Other Executive Officers</b> | <b>2x - 3x base salary</b> |

**Equity Grant Practices**

We follow these practices regarding the timing of equity compensation grants:

Performance shares and RSUs are normally approved on the date of the regularly scheduled December GCN meeting and granted on the first trading day of the fiscal year.

Off-cycle grants to employees and new hires are made after the trading window opens following the earnings release for the quarter in which the triggering event occurred.

Grants to newly promoted executive officers or otherwise made as described above are made either (i) on the day the GCN approves the grant for a promotion that has already occurred or is occurring concurrently; or (ii) on the effective date of a promotion for promotions or grants that become effective at a future date.

In years where we pay out annual incentive awards, we issue the common shares and restricted shares of our common stock to executives who have elected to receive their award in common stock on the regularly scheduled date of the February GCN meeting.

**Hedging and Pledging**

We prohibit the use of any hedging or similar transactions related to our shares for directors and all employees, including executives. In addition, the pledging of shares by executive officers and directors is only allowed if the executive officer or director receives approval from the securities trading policy committee prior to pledging the shares. No directors or executive officers have pledged shares of our common stock. The Board believes that these policies are consistent with our philosophy that senior executives and directors interests should be aligned with those of our long-term shareholders through equity ownership.

### **Recoupment**

The Company has recoupment (or clawback) provisions in place to provide the right to recover certain payments made to executives or other employees as required by Dodd-Frank.

In addition, Xcel Energy may recover all or a portion of paid annual and long-term incentive awards:

For a period of up to three years if there is a miscalculation that results in a materially incorrect payment.

If an individual is terminated for fraud or misconduct.

Further, Xcel Energy may cancel outstanding and unvested LTI grants for individuals who were determined to be engaged in fraud or misconduct and whose actions resulted in, or were reasonably likely to result in, a material adverse impact to the Company, whether operational, financial or reputational.

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**Compensation Discussion and Analysis**

**Risk Assessment**

Our compensation programs are designed to motivate performance while not promoting behaviors that create undue risk. The GCN considers several risk factors in establishing executive compensation programs, when setting compensation levels and when selecting target measures for variable compensation programs. These factors include:

Designed to align shareholder, customer and employee interests.

Performance metrics are clear, easily identifiable and are based on variables that are generally accepted in the market, such as EPS and TSR.

Performance metrics align to our business strategy.

Long-term incentives have three-year vesting periods to encourage long-term decision making and value creation.

Incentive metrics are subject to auditing and internal controls, which apply to performance achievement and reporting of results.

Payout ranges are understood and capped.

Performance, structure and target incentive opportunities are comparable to those of our industry or peer companies.

Our Stock Ownership Policy requires that executive officers retain a substantial stake in the Company so that executive interests are long-term in nature.

Recoupment provisions are in place as described above on both annual and long-term incentives.

**Deductibility of Executive Compensation under IRC Section 162(m)**

Beginning January 1, 2018, as a result of the passage and signing of the Tax Reform and Jobs Act, the \$1,000,000 limitation on deductible compensation will apply to the chief executive officer, chief financial officer, any other named executive officers and anyone who previously was a covered person under such rules. In addition, beginning January 1, 2018, the exemption for performance-based compensation will be eliminated, except for certain written binding contracts that were in effect on November 2, 2017 that are not modified in any material respect on or after that date. The GCN expects to continue granting compensation designed to achieve the objectives described above under Compensation Philosophy.

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**Report of the Compensation Committee**

**Report of the Compensation Committee**

The GCN, in its capacity as the compensation committee of the Board, has reviewed and discussed with management the CD&A in this proxy statement. Based on the review and discussions referred to above, the GCN recommended to the Company's Board that the CD&A be included in the Company's proxy statement on Schedule 14A.

**Compensation Committee**

Richard K. Davis, Chair

Christopher J. Policinski

James T. Prokopanko

James J. Sheppard

David A. Westerlund

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**Table of Contents****Executive Compensation Tables****Executive Compensation Tables****Summary Compensation Table**

The following table summarizes the primary elements of compensation paid or granted to our named executive officers. See the CD&A above for a description of our executive compensation program to gain an understanding of the information disclosed in this and the following tables.

| Name and<br>Principal Position                          | Year                | Salary<br>(\$) <sup>(1)</sup> | Bonus<br>(\$) <sup>(2)</sup> | Awards<br>(\$) <sup>(3)</sup> | Stock<br>Compensation<br>(\$) <sup>(4)</sup> | Non-Equity<br>Incentive<br>Plan<br>Compensation<br>(\$) <sup>(5)</sup> | Change in<br>Pension<br>Value<br>and Non-<br>qualified<br>Deferred<br>Compensation | All Other<br>Compensation<br>(\$) <sup>(6)</sup> | Total<br>(\$) |
|---------------------------------------------------------|---------------------|-------------------------------|------------------------------|-------------------------------|----------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------|---------------|
|                                                         |                     |                               |                              |                               |                                              |                                                                        | Earnings                                                                           |                                                  |               |
| Ben Fowke                                               | 2017                | 1,250,000                     |                              | 6,500,012                     | 2,016,563                                    | 2,854,922                                                              |                                                                                    | 54,902                                           | 12,676,399    |
| Chairman,<br>President and CEO                          | 2016                | 1,200,000                     |                              | 5,800,001                     | 1,828,800                                    | 2,638,417                                                              |                                                                                    | 52,902                                           | 11,520,120    |
|                                                         | 2015                | 1,200,000                     |                              | 6,123,614                     | 1,224,275                                    | 830,969                                                                |                                                                                    | 54,312                                           | 9,433,170     |
| Robert Frenzel                                          | 2017                | 625,000                       |                              | 1,698,003                     | 352,485                                      | 52,034 <sup>(8)</sup>                                                  |                                                                                    | 26,037                                           | 2,753,559     |
| Executive Vice<br>President, Chief<br>Financial Officer | 2016 <sup>(7)</sup> | 397,500                       |                              | 2,120,102                     | 266,700                                      | 14,402 <sup>(8)</sup>                                                  |                                                                                    | 281,226                                          | 3,079,930     |

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|                                                                                                      |      |         |           |         |         |        |           |
|------------------------------------------------------------------------------------------------------|------|---------|-----------|---------|---------|--------|-----------|
| Kent Larson                                                                                          | 2017 | 575,000 | 1,250,040 | 656,571 | 274,121 | 25,742 | 2,781,474 |
| Executive Vice<br>President and Group<br>President,<br>Operations                                    | 2016 | 550,000 | 1,230,008 | 523,875 | 373,654 | 24,608 | 2,702,145 |
|                                                                                                      | 2015 | 550,000 | 1,050,008 | 532,956 | 499,192 | 24,585 | 2,656,741 |
| Marvin McDaniel,<br>Jr <sup>(9)</sup>                                                                | 2017 | 575,000 | 1,250,040 | 656,571 | 290,912 | 25,714 | 2,798,237 |
| Executive Vice<br>President, Group<br>President, Utilities<br>and Chief<br>Administrative<br>Officer | 2016 | 550,000 | 1,230,008 | 523,875 | 366,599 | 25,950 | 2,696,432 |
|                                                                                                      | 2015 | 550,000 | 1,050,008 | 532,956 | 236,108 | 24,741 | 2,393,813 |
| Scott Wilensky                                                                                       | 2017 | 520,000 | 925,039   | 436,223 | 118,647 | 20,530 | 2,020,439 |
| Executive Vice<br>President, General<br>Counsel                                                      | 2016 | 505,000 | 940,665   | 354,346 | 231,611 | 23,812 | 2,055,434 |
|                                                                                                      | 2015 | 505,000 | 969,291   | 340,798 | 283,364 | 12,280 | 2,110,733 |

(1) Amounts in this column reflect base salary earned for the corresponding year regardless of whether any portions were deferred under the 401(k) Savings Plan or otherwise.

(2) The Company did not pay any supplemental bonus awards to the NEOs.

(3) Amounts in this column reflect the aggregate grant date fair value of long-term incentive awards granted. The majority of the amounts in this column do not represent earned or paid compensation as awards are still subject to performance and/or vesting conditions. The remaining amounts include awards earned under the AIP that the executive officer elected to receive in shares of unrestricted and restricted common stock, in lieu of a portion of the cash payment. In each instance, the grant date fair value was computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures, as described below:

Restricted shares and unrestricted shares granted under the AIP are valued based on the closing price of Xcel Energy's common stock, as reported on the stock exchange where our stock was listed, on the trading date preceding the issuance date; shares are issued following the close of the performance year, and include a

premium (5 percent for unrestricted common stock or 20 percent for restricted stock) for the election to receive shares of stock in lieu of cash.

The long-term incentive grants are valued based on the market price of our common stock on the grant date of the award, based on the assumption that target performance will be achieved or the service requirement will be met and the awards and future credited dividend equivalents will vest and will not be forfeited.

The aggregate grant date fair value of equity grants is equal to the closing price of Xcel Energy's common stock, as determined above. The aggregate grant date fair value of performance share awards granted in 2017 that have a variable vesting value, assuming the maximum performance conditions are achieved, is reflected in the table below:

|                    | <b>Ben</b>   | <b>Robert</b>  | <b>Kent</b>   | <b>Marvin</b>        | <b>Scott</b>    |
|--------------------|--------------|----------------|---------------|----------------------|-----------------|
|                    | <b>Fowke</b> | <b>Frenzel</b> | <b>Larson</b> | <b>McDaniel, Jr.</b> | <b>Wilensky</b> |
| Performance Shares | \$10,400,020 | \$2,040,018    | \$2,000,048   | \$2,000,048          | \$1,480,030     |

<sup>(4)</sup> Amounts in this column reflect annual incentive awards earned under our AIP, as more fully described in the Annual Incentive section on page 34. The amounts in this column are part of the AIP earned, regardless of whether any portion was deferred under the Deferred Compensation Plan. These amounts do not include amounts that the executive elected to receive in shares of unrestricted and restricted shares in lieu of a portion of the cash payment. The value of stock received in lieu of the cash payment plus associated premiums are reflected in the Stock Awards column for the respective years.



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**Executive Compensation Tables**

- (5) Amounts in this column reflect the increase in the present value of the executive officer's benefits under all pension plans established by the Company, using methods that are consistent with those used in our financial statements. The change from the prior year is generally due to (a) the additional years of service earned by the executive officer under the plans, (b) the change in the final average salary from the prior year used to determine plan benefits, (c) the interest earned on accumulated benefits during the year (that is, the decrease in the deferral period until benefits commence as the executive officer approaches retirement), and (d) changes in actuarial assumptions including interest rates.
- (6) Amounts included in All Other Compensation include the Company match under the 401(k) Savings Plan, Company contributions to the nonqualified savings plan, imputed income on life insurance paid by the Company, amounts related to our executive physical program, and amounts related to relocation expenses for one of our NEOs. None of these amounts exceed \$10,000 except the following:

Contributions to the nonqualified savings plan: Mr. Fowke \$41,000; Mr. Frenzel \$16,000; Mr. Larson \$14,000; and Mr. McDaniel \$14,000.

For Mr. Frenzel, the 2016 value included \$276,793 in relocation expense reimbursement which included \$12,085 in income tax reimbursement for taxes related to the relocation reimbursement.

Except for the executive physical imputed amount, programs included in the All Other Compensation column were available to all eligible and qualifying employees of Xcel Energy.

Under corporate policy, the corporate aircraft may not be scheduled for personal use. Executive officers and their families may use the corporate aircraft for personal travel only when the aircraft is already scheduled to fly to the same destination on Company business. Because the aircraft may only be used for personal travel if the aircraft already is scheduled to fly to the same destination, there is no incremental cost to the Company for such personal use. We have significant corporate operations in Minneapolis, Minnesota, and Denver, Colorado, and some executive officers, including several of the NEOs, split time between those offices and use the corporate aircraft to travel between Minneapolis and Denver. Executive officers may also have the occasional personal use of event tickets when such tickets are not being used for business purposes, for which we have no incremental costs.

(7) Mr. Frenzel was hired effective May 3, 2016.

(8)

Mr. Frenzel became a participant after completion of one full year of service. The value represents the amount he would earn assuming he remains employed at Xcel Energy under the pension plan.

<sup>(9)</sup>Mr. McDaniel will retire in the second quarter of 2018.

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## Executive Compensation Tables

**Grants of Plan-Based Awards Table**

The following table provides information regarding incentive awards and other stock-based awards granted during 2017 to the NEOs.

| Name                                | Grant Date | Date of Committee Action <sup>(1)</sup> | Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup> |             |              | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(3)</sup> |                           |             | Grant Date Fair Value of Stock and Option Awards <sup>(4)</sup> |
|-------------------------------------|------------|-----------------------------------------|--------------------------------------------------------------------------------|-------------|--------------|----------------------------------------------------------------------------|---------------------------|-------------|-----------------------------------------------------------------|
|                                     |            |                                         | Threshold (\$)                                                                 | Target (\$) | Maximum (\$) | Threshold (#)                                                              | Target (#)                | Maximum (#) |                                                                 |
| Ben Fowke                           | 1/3/17     | 12/13/16                                |                                                                                |             |              | 24,003                                                                     | 80,010 <sup>(a)</sup>     | 160,020     | 3,250,006                                                       |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              | 14,402                                                                     | 48,006 <sup>(b)</sup>     | 96,012      | 1,950,004                                                       |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              |                                                                            | 32,004 <sup>(c)</sup>     |             | 1,300,002                                                       |
|                                     |            |                                         | 781,250                                                                        | 1,562,500   | 3,125,000    |                                                                            |                           |             |                                                                 |
| Robert Frenzel                      | 1/3/17     | 12/13/16                                |                                                                                |             |              | 4,708                                                                      | 15,694 <sup>(a)</sup>     | 31,388      | 637,490                                                         |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              | 2,825                                                                      | 9,417 <sup>(b)</sup>      | 18,834      | 382,519                                                         |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              |                                                                            | 6,278 <sup>(c)</sup>      |             | 255,012                                                         |
|                                     |            |                                         | 117,188                                                                        | 234,375     | 468,750      | \$ 140,625                                                                 | \$ 281,250 <sup>(d)</sup> | \$ 562,500  |                                                                 |
| Kent Larson                         | 1/3/17     | 12/13/16                                |                                                                                |             |              | 4,616                                                                      | 15,387 <sup>(a)</sup>     | 30,774      | 625,020                                                         |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              | 2,770                                                                      | 9,232 <sup>(b)</sup>      | 18,464      | 375,004                                                         |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              |                                                                            | 6,155 <sup>(c)</sup>      |             | 250,016                                                         |
|                                     |            |                                         | 215,625                                                                        | 431,250     | 862,500      |                                                                            |                           |             |                                                                 |
| Marvin McDaniel, Jr. <sup>(5)</sup> | 1/3/17     | 12/13/16                                |                                                                                |             |              | 4,616                                                                      | 15,387 <sup>(a)</sup>     | 30,774      | 625,020                                                         |
|                                     | 1/3/17     | 12/13/16                                |                                                                                |             |              | 2,770                                                                      | 9,232 <sup>(b)</sup>      | 18,464      | 375,004                                                         |

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|          | 1/3/17 | 12/13/16 |         |         |         | 6,155 <sup>(c)</sup>  | 250,016 |
|----------|--------|----------|---------|---------|---------|-----------------------|---------|
|          |        |          | 215,625 | 431,250 | 862,500 |                       |         |
| Scott    |        |          |         |         |         |                       |         |
| Wilensky | 1/3/17 | 12/13/16 |         |         | 3,416   | 11,386 <sup>(a)</sup> | 462,499 |
|          | 1/3/17 | 12/13/16 |         |         | 2,050   | 6,832 <sup>(b)</sup>  | 277,516 |
|          | 1/3/17 | 12/13/16 |         |         |         | 4,555 <sup>(c)</sup>  | 185,024 |
|          |        |          | 169,000 | 338,000 | 676,000 |                       |         |

- (1) The GCN approved the long-term incentive awards on December 13, 2016, effective as of January 3, 2017, and approved the annual incentive on February 21, 2017, effective as of January 1, 2017.
- (2) Amounts show target annual incentive awards pursuant to the AIP. Target annual incentive awards, as a percentage of base salary, were set as follows: 125 percent for Mr. Fowke, 75 percent for Messrs. Frenzel, Larson and McDaniel and 65 percent for Mr. Wilensky. Payouts of annual incentive awards are dependent on the level of achievement of corporate financial and operational goals approved by the GCN, with each individual having the opportunity to earn from 0 percent to 200 percent of the target annual incentive award based on the level of achievement of the goals. With approval of the GCN, an executive officer may elect to receive shares of restricted or common stock in lieu of all or a portion of the cash payment for which they were otherwise entitled under the AIP. To the extent an executive officer elected to receive restricted or unrestricted shares in lieu of a cash payment for 2017 under the AIP, the dollar value of the future payout of those equity awards at threshold, target and maximum are disclosed in dollar amounts in the columns under the caption Estimated Future Payouts Under Equity Incentive Plan Awards. The values shown include the individual's elected forms of payment and associated premium and therefore may include a 5 percent premium (should the participant elect to receive unrestricted common shares) or a 20 percent premium (should the participant elect to receive restricted shares). The actual payments of the cash component of these awards are included in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table on page 41.
- (3) The amounts show the threshold, target, and maximum payouts for grants of performance shares and target payout for RSUs. Performance shares are dependent on the level of achievement of performance conditions approved by the GCN, with each individual having the opportunity to earn from 0 percent to 200 percent of the target performance share award based on the level of achievement.

Share amounts in this column reflect long-term incentive stock-based awards to all NEOs, as described further in (a) through (c) below. Dollar amounts in this column also reflect annual incentive awards that the NEO has elected to receive in restricted and/or unrestricted shares of our common stock, as described further in (d) below and footnote 2 above.

- (a) performance shares based on a relative TSR with a measurement date of December 31, 2019
- (b) performance shares based on reducing carbon emissions with a measurement date of December 31, 2019
- (c) RSUs vesting on December 31, 2019
- (d) dollar value of payouts for 2017 Annual Incentive Program to be received as restricted stock, which has a 20 percent premium, or common stock, which has a 5 percent premium, in accordance with an executive officer's election (see footnote 2)

All share amounts reflected were issued under the 2015 Omnibus Incentive Plan. Performance share payout values, while based on level of performance, are also determined by the price of our common stock at payout. The lines reflecting dollar values are for the AIP payouts, pursuant to the 2015 Omnibus Incentive Plan, to be received in restricted and/or unrestricted shares of common stock in accordance with an executive officer's election (see footnote 2 above). The number of shares to be received for annual incentive award payouts is determined based on the fair market value of our common stock at the time the shares are issued following the close of the performance year. The value of the shares actually issued to each executive officer pursuant to 2017 annual incentive awards is included in the "Stock Awards" column in the Summary Compensation Table.

- (4) This column shows the grant date fair value pursuant to FASB ASC Topic 718 for equity awards.
- (5) Performance shares and RSUs granted to Mr. McDaniel will be prorated to reflect his retirement in the second quarter of 2018.

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## Executive Compensation Tables

## Outstanding Equity Awards at Fiscal Year-End Table

The following table provides additional information regarding restricted stock, performance shares and RSUs that were outstanding on December 31, 2017 for the NEOs. Fractional share amounts have been rounded to the nearest whole share.

| Name           | Stock Awards                                            |                                                               | Equity Incentive Plan Awards                                          |                                                                                       |
|----------------|---------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|                | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock That Have Not Vested | Number of Unearned Shares, Units or Other Rights That Have Not Vested | Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested |
|                | (#)                                                     | (\$) <sup>(1)</sup>                                           | (#) <sup>(2)</sup>                                                    | (\$) <sup>(1)(2)</sup>                                                                |
| Ben Fowke      | 9,331 <sup>(3)</sup>                                    | 448,937                                                       | 171,763 <sup>(6)</sup>                                                | 8,263,501                                                                             |
|                | 13,137 <sup>(4)</sup>                                   | 632,039                                                       | 103,057 <sup>(7)</sup>                                                | 4,958,080                                                                             |
|                |                                                         |                                                               | 34,354 <sup>(8)</sup>                                                 | 1,652,761                                                                             |
|                |                                                         |                                                               | 163,740 <sup>(9)</sup>                                                | 7,877,513                                                                             |
|                |                                                         |                                                               | 98,244 <sup>(10)</sup>                                                | 4,726,508                                                                             |
|                |                                                         |                                                               | 32,748 <sup>(11)</sup>                                                | 1,575,503                                                                             |
| Robert Frenzel |                                                         |                                                               | 111,754 <sup>(12)</sup>                                               | 5,376,506                                                                             |
|                | 7,747 <sup>(5)</sup>                                    | 372,720                                                       | 31,059 <sup>(6)</sup>                                                 | 1,494,244                                                                             |
|                |                                                         |                                                               | 18,636 <sup>(7)</sup>                                                 | 896,587                                                                               |
|                |                                                         |                                                               | 6,212 <sup>(8)</sup>                                                  | 298,879                                                                               |
|                |                                                         |                                                               | 32,118 <sup>(9)</sup>                                                 | 1,545,178                                                                             |
|                |                                                         |                                                               | 19,272 <sup>(10)</sup>                                                | 927,166                                                                               |
| Kent Larson    |                                                         |                                                               | 6,424 <sup>(11)</sup>                                                 | 309,055                                                                               |
|                | 2,297 <sup>(3)</sup>                                    | 110,525                                                       | 36,426 <sup>(6)</sup>                                                 | 1,752,454                                                                             |
|                |                                                         |                                                               | 21,855 <sup>(7)</sup>                                                 | 1,051,452                                                                             |
|                |                                                         |                                                               | 7,285 <sup>(8)</sup>                                                  | 350,501                                                                               |
|                |                                                         |                                                               | 31,489 <sup>(9)</sup>                                                 | 1,514,952                                                                             |
|                |                                                         |                                                               | 18,893 <sup>(10)</sup>                                                | 908,951                                                                               |
|                |                                                         | 6,298 <sup>(11)</sup>                                         | 303,000                                                               |                                                                                       |

|                                          |                      |         |                        |           |
|------------------------------------------|----------------------|---------|------------------------|-----------|
| Marvin Mc<br>Daniel, Jr. <sup>(13)</sup> | 2,193 <sup>(3)</sup> | 105,497 | 36,426 <sup>(6)</sup>  | 1,752,454 |
|                                          |                      |         | 21,855 <sup>(7)</sup>  | 1,051,452 |
|                                          |                      |         | 7,285 <sup>(8)</sup>   | 350,501   |
|                                          |                      |         | 31,489 <sup>(9)</sup>  | 1,514,952 |
|                                          |                      |         | 18,893 <sup>(10)</sup> | 908,951   |
|                                          |                      |         | 6,298 <sup>(11)</sup>  | 303,000   |
| Scott<br>Wilensky                        |                      |         | 25,913 <sup>(6)</sup>  | 1,246,666 |
|                                          |                      |         | 15,548 <sup>(7)</sup>  | 748,000   |
|                                          |                      |         | 5,183 <sup>(8)</sup>   | 249,333   |
|                                          |                      |         | 23,301 <sup>(9)</sup>  | 1,121,027 |
|                                          |                      |         | 13,982 <sup>(10)</sup> | 672,656   |
|                                          |                      |         | 4,661 <sup>(11)</sup>  | 224,235   |

- (1) Values were calculated based on a \$48.11 closing price of our common stock, as reported on the NYSE on December 29, 2017. Actual performance shares and performance share payout values, while based on level of performance, are also determined by the price of our common stock at payout. Values reflected in the table for performance shares granted in 2016 and 2017 assume maximum level performance.
- (2) Amounts reflected exclude performance share awards and RSUs that have a measurement period that ended on December 31, 2017. The GCN certified payment of these awards on February 20, 2018; the amounts for these awards are included in the amounts in the column titled "Number of Shares Acquired on Vesting" in the Option Exercises and Stock Vested Table on page 45.
- (3) Represents restricted stock, and credited dividends, that the executive officers elected to receive in lieu of cash compensation for annual incentive awards granted in 2015 for which they were otherwise entitled under the AIP. The restrictions lapsed on March 1, 2018.
- (4) Represents restricted stock, and credited dividends, that the executive officers elected to receive in lieu of cash compensation for annual incentive awards granted in 2016 for which they were otherwise entitled under the AIP. Two-thirds of the restrictions have lapsed and the remaining one-third of the restrictions will lapse on March 1, 2019 or the next available trading day if the designated date is not a trading day.
- (5) Represents restricted stock, and credited dividends, that the executive officers elected to receive in lieu of cash compensation for annual incentive awards granted in 2017 for which they were otherwise entitled under the AIP. One-third of the restrictions lapsed March 1, 2018, and the remaining two thirds of the restrictions will lapse in equal installments on March 1, 2019 and March 1, 2020 or the next available trading day if the designated date is not a trading day.
- (6) Represents performance shares granted in 2016, and credited dividend equivalents, based on a relative TSR for the performance period January 1, 2016 to December 31, 2018. The measurement date for the vesting of these awards is December 31, 2018.
- (7) Represents performance shares granted in 2016, and credited dividend equivalents, based on reducing carbon

emissions. The measurement date for the vesting of these awards is December 31, 2018.

- (8) Represents RSUs granted in 2016, and credited dividend equivalents, vesting on December 31, 2018.
- (9) Represents performance shares granted in 2017, and credited dividend equivalents, based on a relative TSR for the performance period January 1, 2017 to December 31, 2019. The measurement date for the vesting of these awards is December 31, 2019.
- (10) Represents performance shares granted in 2017, and credited dividend equivalents, based on reducing carbon emissions. The measurement date for the vesting of these awards is December 31, 2019.
- (11) Represents RSUs granted in 2017, and credited dividend equivalents, vesting on December 31, 2019.
- (12) Represents retention-based restricted stock units granted February 20, 2013, and credited dividend equivalents. One-third of the restricted stock units vested on February 20, 2016, and the remaining two-thirds vested on February 20, 2018.
- (13) Long-term incentive grant values reflected in this table will be prorated to reflect Mr. McDaniel's retirement in the second quarter of 2018.



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## Executive Compensation Tables

**Option Exercises and Stock Vested Table**

The following table discloses on a grant-by-grant basis the stock or similar awards that vested in 2017. Pursuant to the Stock Ownership Policy, each executive is required to hold the net shares acquired until the stock ownership requirements is met. Fractional share amounts have been rounded to the nearest whole share.

| Name                 | Stock Awards <sup>(1)</sup>                |                              |
|----------------------|--------------------------------------------|------------------------------|
|                      | Number of<br>Shares Acquired<br>on Vesting | Value Realized<br>on Vesting |
|                      | (#) <sup>(2)</sup>                         | (\$) <sup>(2)</sup>          |
| Ben Fowke            | 15,538 <sup>(3)</sup>                      | 679,165 <sup>(4)</sup>       |
|                      | 165,188 <sup>(5)</sup>                     | 7,380,605 <sup>(6)</sup>     |
|                      | 99,112 <sup>(7)</sup>                      | 4,428,303 <sup>(6)</sup>     |
|                      | 33,038 <sup>(8)</sup>                      | 1,476,151 <sup>(6)</sup>     |
| Robert Frenzel       | 15,533 <sup>(5)</sup>                      | 694,010 <sup>(6)</sup>       |
|                      | 9,391 <sup>(7)</sup>                       | 419,592 <sup>(6)</sup>       |
|                      | 3,131 <sup>(8)</sup>                       | 139,911 <sup>(6)</sup>       |
| Kent Larson          | 5,018 <sup>(3)</sup>                       | 219,333 <sup>(4)</sup>       |
|                      | 32,120 <sup>(5)</sup>                      | 1,435,126 <sup>(6)</sup>     |
|                      | 19,272 <sup>(7)</sup>                      | 861,075 <sup>(6)</sup>       |
|                      | 6,424 <sup>(8)</sup>                       | 287,025 <sup>(6)</sup>       |
| Marvin McDaniel, Jr. | 4,916 <sup>(3)</sup>                       | 214,868 <sup>(4)</sup>       |
|                      | 32,120 <sup>(5)</sup>                      | 1,435,126 <sup>(6)</sup>     |
|                      | 19,272 <sup>(7)</sup>                      | 861,075 <sup>(6)</sup>       |
|                      | 6,424 <sup>(8)</sup>                       | 287,025 <sup>(6)</sup>       |
| Scott Wilensky       | 3,502 <sup>(3)</sup>                       | 153,087 <sup>(4)</sup>       |
|                      | 26,001 <sup>(5)</sup>                      | 1,161,726 <sup>(6)</sup>     |
|                      | 15,602 <sup>(7)</sup>                      | 697,075 <sup>(6)</sup>       |
|                      | 5,201 <sup>(8)</sup>                       | 232,375 <sup>(6)</sup>       |

<sup>(1)</sup> The Company has not granted stock options since 2001, and there are no outstanding options. As such, the columns relating to option exercises have been omitted.

- (2) Amounts reflected include performance share awards and RSUs that had performance periods that ended on December 31, 2017. The GCN certified the achievement of the applicable performance measures on February 20, 2018.
- (3) Reflects vesting of restricted stock elected in lieu of cash compensation under the AIP plus associated stock acquired with reinvested dividends.
- (4) Value is based on the closing market price of our common stock on February 28, 2017, or \$43.71, the date prior to the restriction lapse date.
- (5) Reflects vesting of performance shares granted January 2, 2015, as applicable, and associated dividend equivalent performance shares based on achievement of TSR relative to our peer group for the performance period January 1, 2015 to December 31, 2017. The number of performance shares includes credited dividend equivalents associated with the January 20, 2018 dividend as the record date for these dividend equivalents, December 28, 2017, was prior to settlement. Upon settlement, each officer received 50 percent of the performance share award in shares of our common stock with the remaining 50 percent paid as cash, subject to plan limits, unless otherwise elected to be deferred under the Deferred Compensation Plan.
- (6) Value is based on the closing market price of our common stock on February 16, 2018, or \$44.68, the preceding trading date prior to the GCN certification.
- (7) Reflects vesting of performance shares granted January 2, 2015, as applicable, and associated dividend equivalent units based on achievement of defined reduction of carbon dioxide emissions. The number of performance shares includes credited dividend equivalents associated with the January 20, 2018 dividend as the record date for these dividend equivalents, December 28, 2017, was prior to settlement. Upon settlement, each officer received 100 percent of the performance share award in shares of our common stock, unless otherwise elected to be deferred under the Deferred Compensation Plan.
- (8) Reflects vesting of service-based restricted stock units granted January 2, 2015, as applicable, and associated dividend equivalent units based on active employment at the time of vesting. The number of units includes credited dividend equivalents associated with the January 20, 2018 dividend as the record date for these dividend equivalents, December 28, 2017, was prior to settlement. Upon settlement, each officer received 100 percent of the RSUs in shares of common stock.

**Table of Contents****Executive Compensation Tables****Pension Benefits**

We maintain two defined benefit plans in which the NEOs participate, and one additional defined benefit plan in which one NEO participated in 2017.

The Xcel Energy Pension Plan (referred to as the Pension Plan ) provides funded, tax-qualified benefits that are subject to compensation and benefit limits under the Internal Revenue Code.

The Xcel Energy Inc. Nonqualified Pension Plan (referred to as the Nonqualified Pension Plan ) provides unfunded, nonqualified benefits for compensation that is above the required limits of the Xcel Energy Pension Plan.

The Xcel Energy Inc. Supplemental Executive Retirement Plan (referred to as the SERP ) provides unfunded, nonqualified benefits that are offset by benefits under the Xcel Energy Pension Plan and the Nonqualified Pension Plan. Participation in the SERP is closed to new participants.

| Name                 | Plan Name                 | Number of                    | Present                            | Payments<br>During Last<br>Fiscal<br>Year |
|----------------------|---------------------------|------------------------------|------------------------------------|-------------------------------------------|
|                      |                           | Years<br>Credited<br>Service | Value of<br>Accumulated<br>Benefit |                                           |
|                      |                           | (#)                          | (\$) <sup>(1)</sup>                | (\$)                                      |
| Ben Fowke            | Pension Plan              | 21                           | 2,489,470                          |                                           |
|                      | Nonqualified Pension Plan | 21                           | 4,456,102                          |                                           |
|                      | SERP                      | 21                           | 15,907,145                         |                                           |
| Robert Frenzel       | Pension Plan              | 2                            | 23,454 <sup>(2)</sup>              |                                           |
|                      | Nonqualified Pension Plan | 2                            | 42,982 <sup>(2)</sup>              |                                           |
| Kent Larson          | Pension Plan              | 36                           | 2,450,401                          |                                           |
|                      | Nonqualified Pension Plan | 36                           | 1,476,548                          |                                           |
| Marvin McDaniel, Jr. | Pension Plan              | 30                           | 2,451,372                          |                                           |
|                      | Nonqualified Pension Plan | 30                           | 835,541                            |                                           |

|                |                           |    |           |
|----------------|---------------------------|----|-----------|
| Scott Wilensky | Pension Plan              | 19 | 2,079,911 |
|                | Nonqualified Pension Plan | 19 |           |

(1) During fiscal year 2017, the Board of Directors adopted an amendment to the Xcel Energy Pension Plan which transferred some of the Company's obligations from the Nonqualified Pension Plan to the Xcel Energy Pension Plan. The Company incurred no additional liability and participants receive no additional current value under the Xcel Energy pension plans as a result of the amendment. Both the Company and the participants receive various tax benefits as a result of the amendment.

(2) Mr. Frenzel became a participant after completion of one full year of service. The value represents the amount he would earn assuming he remains employed at Xcel Energy and becomes vested under the applicable pension plans.

### **Present Value of Accumulated Benefits**

The Present Value of Accumulated Benefit is the present value of the annual pension benefit earned as of December 31, 2017 that would be payable under each plan for the NEOs beginning at normal retirement age, or the earliest time at which the NEO may retire without a benefit reduction. Certain assumptions regarding interest rates and mortality were used to determine the present value of the benefit. Those assumptions are consistent with those used in Note 9, Benefit Plans and Other Postretirement Benefits, to Xcel Energy's Consolidated Financial Statement, included as part of Xcel Energy's 2017 Annual Report on Form 10-K, including use of updated discount rate assumptions. Specifically, the discount rate for qualified pension benefits was changed from 4.11 percent for 2016 to 3.60 percent for 2017. Nonqualified pension benefits and SERP discount rates were changed from 3.99 percent for 2016 to 3.49 percent for 2017.

Normal retirement age for this purpose is defined by the various plans in which the NEOs participate. The Present Value of Accumulated Benefit is determined for each plan assuming benefits commence at the age described below:

*Xcel Energy Pension Plan.* Benefits are calculated assuming the normal retirement age is 65.

*Nonqualified Pension Plan.* Benefits are calculated assuming normal retirement age is 65.

*SERP.* Benefits are calculated assuming the normal retirement age is 62.

The following narrative provides detailed information about the retirement benefits available to the NEOs.

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**Executive Compensation Tables**

**Xcel Energy Pension Plan**

The NEOs participate in either the Pension Equity or the Cash Balance formula under the Xcel Energy Pension Plan:

**Pension Equity Benefit Formula**

There are three general benefit components payable under the Pension Equity benefit: the basic benefit, the retirement spending account and the social security supplement.

The basic Pension Equity benefit is determined as follows:

Monthly benefit, payable as a single life annuity at the participant's normal retirement age, which is the actuarial equivalent of the participant's Pension Equity Plan ( PEP ) balance. The PEP balance is equal to 10 percent of the participant's highest average pay (expressed on a monthly basis) times years of credited service times twelve (12).

Highest average pay is equal to the highest average monthly rate of base pay plus annual incentive pay during any 48 consecutive months of covered employment. Base pay is regular, straight-time earnings, including employee contributions to the 401(k) Savings Plan, the Flexible Benefits Plan and, effective January 1, 2002, the Deferred Compensation Plan. Messrs. Fowke, Larson and McDaniel are eligible for retirement under the Xcel Energy Pension Plan at the benefit level described here.

If a participant terminates employment before age 65 but after completing three years of vesting service, the benefit is calculated as described above but based on service and highest average pay at termination.

**Retirement Spending Account**

The Retirement Spending Account annual benefit is available for PEP participants, and is expressed as a monthly benefit, payable as a single life annuity that is the actuarial equivalent of the Retirement Spending Account balance. The Retirement Spending Account balance is the accumulated value at retirement of the initial account balance, annual credits, and annual interest credits.

Initial account balance equal to \$1,400 times all years of service as of December 31, 2002, for former New Century Energy participants and December 31, 1998 for former Northern States Power Company participants. For all other participants, the initial account balance is zero.

Annual credits equal to \$1,400.

Interest credits based on one-year treasury constant maturities plus 1 percent from the prior November. Effective for plan years beginning after December 31, 2017, the Company eliminated future Retirement Spending Account credits for all eligible non-bargaining unit participants, including the NEOs.

### **Social Security Supplement**

The Social Security Supplement is a supplement available for PEP participants who satisfy one of the early retirement eligibility conditions below that is paid from the participant's retirement date to their Social Security normal retirement age. The monthly supplement is equal to \$50 times the number of years of service (limited to 20 years). Participants are eligible for the Social Security Supplement if they satisfy one or more of the early retirement eligibility conditions as of December 31, 2022: (1) age 57 with 20 years of vesting service, (2) age 55 and the sum of age and credited service is greater than or equal to 90, (3) age 65 with one year of service, or (4) 40 years of credited service.

Effective for plan years beginning after December 31, 2017, the Company eliminated the Social Security Supplement benefit for all non-bargaining employees including NEOs, except those who meet retirement eligibility or are within 5 years of retirement eligibility on December 31, 2017.

### **Cash Balance Formula**

The Cash Balance formula benefit is determined as follows:

Monthly benefit, payable as a single life annuity at the participant's normal retirement age, which is the actuarial equivalent of the participant's Cash Balance account balance. The Cash Balance account balance is equal to an annual pay credit of 5 percent of base salary and annual incentive pay plus an annual interest credit.

Annual interest credits are based on 30-year rate for U.S. Treasuries from the prior November. Benefits provided under the Xcel Energy Pension Plan are based on compensation up to the compensation limit under Section 401(a)(17) of the Internal Revenue Code (\$270,000 in 2017). In addition, benefits provided under the Xcel Energy Pension Plan may not exceed a benefit limit under Section 415(b) of the Internal Revenue Code (\$215,000 payable as a single life annuity beginning at normal retirement age in 2017).

Benefits are payable under the normal form of benefit (a qualified joint and 50% survivor annuity for a married participant) or one of the optional forms of payment elected by the participant, including a lump sum. Benefits under the Xcel Energy Pension Plan are funded and payable from the assets held in an irrevocable tax-exempt trust.

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**Executive Compensation Tables**

**Nonqualified Pension Plan**

The Nonqualified Pension Plan replaces the benefit that would have been payable through the Xcel Energy Pension Plan if not for the limits imposed by Internal Revenue Code sections 401(a)(17) and 415(b). All active participants must receive their Nonqualified Pension Plan benefit as a lump sum.

Generally, a participant's years of credited service are based on their years of employment with the Company and its predecessors. However, in certain cases, credit for service prior to participation in the plan may be granted. The years of credited service listed above for the Nonqualified Pension Plan for all of our NEOs are based only on their period of service while employed by the Company and its predecessors.

The Nonqualified Pension Plan is unfunded and maintained as a book reserve account. No funds are set aside in a trust or otherwise; participants in the Nonqualified Pension Plan are general creditors of the Company with respect to the payment of their Nonqualified Pension Plan benefits. The executive officer's accrued benefit under the Nonqualified Pension Plan cannot be sold, transferred or otherwise anticipated before it becomes payable under the terms of the plan, other than through a qualified domestic relations order.

**Supplemental Executive Retirement Plan**

In 2008, the Board closed the SERP to additional participants. The SERP provides a target percentage of final average compensation based on years of service, offset by the benefits received from the Xcel Energy Pension Plan and the Nonqualified Pension Plan. Final average compensation for the SERP is defined as the average of the highest three calendar years of compensation during the five calendar years period immediately preceding the calendar year in which the participant retires or terminates employment. Compensation is defined as the participant's base pay plus any annual incentive earned for that year, regardless of whether such annual incentive is paid in that year or in the next year under our regular annual incentive plans.

The SERP benefit, defined as a 20-year certain annuity, accrues ratably over 20 years and, when fully accrued, is equal to (a) 55 percent of final average compensation minus (b) any other qualified or nonqualified benefits. The Retirement Spending Account and Social Security Supplement are not included in the offset. The SERP benefit is payable as a single lump-sum amount equal to the actuarial equivalent present value of the 20-year certain annuity. Benefits generally are payable at age 62, or as early as age 55, but would be reduced 5 percent for each year that the benefit commencement date precedes age 62.

Generally, a participant's years of credited service are based on their years of employment with the Company and its predecessors. However, in certain cases, credit for service prior to participation in the plan may be granted. The years of credited service listed above for the SERP for the NEO is based only on his period of service while employed by the Company and its predecessors.

The Company established an irrevocable grantor trust to hold assets from which to fund benefit payments under the SERP when they become due. The executive's accrued benefit under the SERP cannot be sold, transferred or otherwise

anticipated before it becomes payable under the terms of the plan, other than through a qualified domestic relations order. The SERP is a discretionary plan and the NEO who participates in the SERP was selected for participation by recommendation and approval of the GCN.



**Table of Contents****Executive Compensation Tables****Nonqualified Deferred Compensation**

The following table shows the amounts deferred by the NEOs and our matching contributions during 2017.

| Name                 | Executive           | Registrant          | Aggregate | Aggregate     | Aggregate           |
|----------------------|---------------------|---------------------|-----------|---------------|---------------------|
|                      | Contributions       | Contributions       | Earnings  | Withdrawals/  | Balance at          |
|                      | in 2017             | in 2017             | in 2017   | Distributions | Dec. 31,            |
|                      | (\$) <sup>(1)</sup> | (\$) <sup>(2)</sup> | (\$)      | (\$)          | (\$) <sup>(3)</sup> |
| Ben Fowke            | 87,500              | 41,000              | 917,548   |               | 5,103,009           |
| Robert Frenzel       | 37,500              | 16,000              | 2,778     |               | 56,278              |
| Kent Larson          | 758,853             | 14,000              | 354,568   |               | 3,250,132           |
| Marvin McDaniel, Jr. | 28,750              | 14,000              | 474,510   |               | 2,911,149           |
| Scott Wilensky       | 923,140             | 7,800               | 13,427    |               | 1,061,324           |

<sup>(1)</sup> Deferrals into the deferred compensation plan were made from compensation earned in 2017 and are reported in the column titled Salary in the Summary Compensation Table on page 41 for 2017, with the exception of annual incentive and long-term incentive amounts earned in 2017 but paid out and deferred in 2017. These amounts are as follows:

| Name                 | Annual Incentive |        | Long-term        |
|----------------------|------------------|--------|------------------|
|                      | Base Salary      | Payout | Incentive Payout |
|                      | (\$)             | (\$)   | (\$)             |
| Ben Fowke            | 87,500           |        |                  |
| Robert Frenzel       | 37,500           |        |                  |
| Kent Larson          | 86,250           |        | 672,603          |
| Marvin McDaniel, Jr. | 28,750           |        |                  |
| Scott Wilensky       | 15,600           |        | 907,540          |

<sup>(2)</sup>

Amounts shown reflect our matching contributions (above applicable Internal Revenue Code limits) into our deferred compensation plan during 2017, and are included in All Other Compensation in the Summary Compensation Table. These amounts are described in footnote 6 to the Summary Compensation Table on page 41.

- (3) Of the amounts shown, the following were included in the column titled Salary in the Summary Compensation Table for 2015 and 2016: Mr. Fowke: \$168,000; Mr. Larson: \$192,500; Mr. McDaniel: \$55,000; and Mr. Wilensky: \$25,250.

### **Deferred Compensation Plan**

On an annual basis, eligible executives and key employees may elect to defer up to 75 percent of base salary, up to 100 percent of the annual incentive payable in the following calendar year, and beginning in 2013, up to 100 percent of vested long-term incentive awards of performance shares and certain RSUs into the Deferred Compensation Plan. For 2017, the Company matched 50 percent of base pay deferrals (up to 8 percent deferred), netting to a maximum 4 percent, for eligible matching contributions for eligible executives whose matching contributions into the Company's 401(k) Savings Plan are restricted by Internal Revenue Code imposed limits. The Company matching contributions are credited to investment fund(s) selected by each NEO. We may also make discretionary contributions to accounts of certain participants but did not do so for any NEO in 2017.

We have irrevocable trusts established to provide a secure source of funds to assist in meeting our deferred compensation obligations. We may make contributions to the trusts from time-to-time in amounts determined sufficient to pay benefits when due to participants under this Plan. Notwithstanding the trusts, this Plan is nonqualified and amounts on deposit in the trust are subject to the claims of the Company's general creditors.

### **Investment Funds**

The investment fund options under the Deferred Compensation Plan consist of those options available to all employees under the 401(k) Savings Plan, including the Xcel Energy Stock Fund, except that the Vanguard brokerage account option is not available under the Deferred Compensation Plan. As under the 401(k) Savings Plan, participants may change their assumed investment funds on a daily basis. Deferred amounts from certain long-term incentive awards must remain invested in the Xcel Energy Stock Fund for a minimum of six months.

### **Distribution Options**

For the Deferred Compensation Plan, the executive's account is payable on the earlier of a specific year or the executive's separation of service or death and will be paid in a lump sum or in ten annual installments as elected by the executive or, if no election is made, in a lump sum.

If a specific year is elected, and is earlier than separation of service, a lump sum distribution will be made around January 31<sup>st</sup> of the elected year.

Distributions based on separation of service will be made (or will begin) around the next January 31<sup>st</sup> or July 31<sup>st</sup> that first follows the sixth-month anniversary of the executive's separation of service.

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**Executive Compensation Tables**

In the event of the executive's death, payment to the executive's beneficiary will be made in a lump sum unless the executive was already receiving installment payments. In that case, the installment payments will continue to be paid to the executive's beneficiary.

The executive can receive a distribution in the event of an extreme financial hardship that cannot be satisfied by any other means.

**Potential Payments upon Termination or Change in Control**

We provide severance benefits to our NEOs under the Xcel Energy Senior Executive Severance and Change in Control Policy (as amended, the Severance Policy). As discussed above, the Severance Policy provides a market-competitive severance benefit and manages potential risks and changes in the event the Company were to undergo a change in control. Each of our current NEOs is a participant in the Severance Policy. Additional participants may be named by the Board or the GCN from time to time.

Under the Severance Policy, a participant whose employment is terminated will receive severance benefits unless:

The employer terminated the participant for cause, which for this purpose includes termination for (i) the willful and continued failure of a participant to perform substantially his or her duties, after a written demand for substantial performance, or (ii) the willful engagement by a participant in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company;

Termination was because of the participant's death, disability or retirement;

The participant's division, subsidiary or business unit was sold and the buyer agreed to continue the participant's employment with specified protections for the participant; or

The participant terminated voluntarily.

The severance benefits under the Severance Policy include the following payments:

A lump sum cash payment equal to the participant's annual base salary and target annual incentive award;

Prorated target annual incentive compensation for the year of termination paid in a lump sum;

A lump sum cash payment of \$30,000 for outplacement services;

A lump sum cash payment equal to the value of the additional amounts that would have been credited to or paid on behalf of the participant under pension and retirement savings plans if the participant had remained employed for one additional year; and

Continued medical, dental and life insurance benefits for one additional year.

If the participant is terminated (including a voluntary termination following a diminution in salary, benefits or responsibilities) within two years following a change in control, the participant will receive benefits under the Severance Policy similar to the severance benefits described above, except as follows:

The cash payment of the participant's annual base salary and target annual incentive award will be increased by a severance multiplier of three times, depending upon the participant's tier;

The cash payment for the value of additional retirement savings and pension credits will be for three years, depending upon the participant's tier; and

Medical, dental and life insurance benefits will be continued for three years, depending upon the participant's tier.

In addition, a subset of the participants entitled to enhanced benefits upon a change in control will be entitled to receive an additional cash payment to make the participant whole for any excise tax on excess parachute payments that he or she may incur, with certain limitations specified in the Severance Policy. This section of the Severance Policy was modified in October 2011 to eliminate the gross-up feature for new participants in the policy and for current participants whose benefit levels change after such date.

For these purposes, a change of control generally means (i) any acquisition of 20 percent or more of either our common stock or combined voting power (subject to limited exceptions for acquisitions directly from us, acquisitions by us or one of our employee benefit plans, or acquisitions pursuant to specified business combinations in which (a) our shareholders will own more than 60 percent of the shares of the resulting corporation, (b) no one person will own 20 percent or more of the shares of the resulting corporation, and (c) a majority of the board of the resulting corporation will be our incumbent directors), (ii) directors of the Company as of the date of the Severance Policy and those directors who have been elected subsequently and whose nomination was approved by such directors fail to constitute a majority of the Board, (iii) a merger, share exchange or sale of all or substantially all of the assets of the Company (each, a business combination) (except those business combinations that satisfy clauses (a), (b) and (c) above), or (iv) shareholder approval of a complete liquidation or dissolution of the Company.

In addition, pursuant to the terms of our incentive compensation plans, upon a change in control, all unvested shares of restricted stock and unvested RSUs and Retention Units will vest immediately, and all performance shares will vest and be paid out immediately in cash as if the applicable performance goals had been obtained at target levels.



**Table of Contents****Executive Compensation Tables**

The amounts payable in cash for each of the NEOs relating to the performance shares and RSUs are included in the Equity compensation row of the Termination upon Change in Control column in the table of Aggregate Termination Payments below. Additionally, restrictions would lapse on the following shares of restricted stock: Ben Fowke, 22,469 shares with a value of \$1,080,975; Robert Frenzel, 7,747 shares with a value of \$372,720; Kent Larson, 2,297 shares with a value of \$110,525; and Marvin McDaniel, Jr., 2,193 shares with a value of \$105,497.

To receive the benefits under the Severance Policy, the participant must also sign an agreement releasing all claims against the employer and its affiliates and agreeing not to compete with the employer and its affiliates and not to solicit their employees and customers for one year.

**Disability Benefits**

All disability benefits for NEOs and all of our active employees are provided through an insured arrangement with a third party administrator/insurer. Each of the NEOs is eligible for a disability benefit in the event of a total and permanent disability. This disability benefit is generally available to all employees of the Company.

For participants in the long-term disability benefit, the monthly disability benefit payable is equal to 60 percent of the participant's basic monthly earnings, limited to a maximum \$25,000 monthly benefit. This monthly benefit would be payable until normal retirement age, or for those participants becoming disabled after age 63, for a specific period of time.

**Retirement Benefits**

Upon retirement, the executive officers will be entitled to receive the retirement benefits described above under the caption Pension Benefits on pages 46 to 48 and the nonqualified deferred compensation described under the caption Nonqualified Deferred Compensation on pages 49 to 50.

**Outstanding Equity Compensation Awards**

As discussed above, pursuant to the terms of our incentive compensation plans, in the event there is a change in control, all stock-based awards, such as restricted stock and retention units, will vest immediately and any awards that may be settled in cash or stock, such as performance shares, and RSUs, will vest and be paid out immediately in cash as if the applicable performance goals had been obtained at target levels.

The treatment of other unvested stock-based awards and awards that may be settled in cash or stock in situations other than a change in control, is as follows:

| Award | Audience | Voluntary Termination | Involuntary Termination | Involuntary Termination | Retirement | Death or Disability |
|-------|----------|-----------------------|-------------------------|-------------------------|------------|---------------------|
|-------|----------|-----------------------|-------------------------|-------------------------|------------|---------------------|

|                                                   |                                                                      | With Cause                        |           | Without Cause                                                                        |                                                                                                            |                                          |
|---------------------------------------------------|----------------------------------------------------------------------|-----------------------------------|-----------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------|
| Performance Shares<br>(Long-Term Plan)            | For NEOs who do not meet age and service requirements                | Forfeited                         |           | Forfeited                                                                            | Forfeited                                                                                                  |                                          |
|                                                   | For NEOs who are at least age 55 with 10 years of continuous service | Prorated until date of separation | Forfeited | Prorated until date of separation                                                    | Prorated until date of retirement, with actual payment dependent upon the achievement of performance goals | Restrictions lapse                       |
| Restricted Stock Units (RSUs)<br>(Long-Term Plan) | For NEOs who do not meet age and service requirements                | Forfeited                         |           | Forfeited                                                                            | Forfeited                                                                                                  |                                          |
|                                                   | For NEOs who are at least age 55 with 10 years of continuous service | Prorated until date of separation | Forfeited | Prorated until date of separation                                                    | Prorated until date of retirement                                                                          | Restrictions lapse                       |
| Retention Units<br>(Long-Term Plan)               | 2013 award                                                           | Forfeited                         | Forfeited | Forfeited; at Board's discretion, units may vest pro-rata based on completed service | Forfeited                                                                                                  | Vest pro-rata based on completed service |
| Restricted Stock<br>(AIP)                         | All awards                                                           | Forfeited                         | Forfeited | Forfeited                                                                            | Forfeited                                                                                                  | Restrictions lapse                       |





**Table of Contents****Executive Compensation Tables****Aggregate Termination Payments**

This section explains those payments and benefits that are accelerated in various termination-of-employment scenarios.

For purposes of preparing this table, we have assumed that (i) the NEOs were terminated on December 31, 2017, and (ii) that the price of our common stock was \$48.11 (the closing price on December 29, 2017).

| Name                                | Termination<br>upon Change<br>in<br>Control <sup>(1)</sup> | Voluntary<br>Termination/<br>Retirement | Involuntary<br>Termination<br>with<br>Cause | Involuntary<br>Termination<br>without Cause | Death                     |
|-------------------------------------|------------------------------------------------------------|-----------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------|
|                                     | (\$)                                                       | (\$)                                    | (\$)                                        | (\$)                                        | (\$)                      |
| Ben Fowke                           |                                                            |                                         |                                             |                                             |                           |
| Severance payments                  | 7,391,214                                                  |                                         |                                             | 2,812,500                                   |                           |
| Retirement/Pension <sup>(2)</sup>   |                                                            |                                         |                                             |                                             |                           |
| Benefits <sup>(3)</sup>             | 228,346                                                    |                                         |                                             | 96,115                                      |                           |
| Equity compensation                 | 22,598,547 <sup>(4)</sup>                                  | 8,134,872 <sup>(5)</sup>                |                                             | 8,134,872 <sup>(5)</sup>                    | 22,419,330 <sup>(5)</sup> |
| Conditional tax gross-up            | <sup>(6)</sup>                                             |                                         |                                             |                                             |                           |
| Total                               | 30,218,107                                                 | 8,134,872                               |                                             | 11,043,487                                  | 22,419,330                |
| Robert Frenzel                      |                                                            |                                         |                                             |                                             |                           |
| Severance payments                  | 3,281,250                                                  |                                         |                                             | 1,093,750                                   |                           |
| Retirement/Pension <sup>(2)</sup>   | 197,482                                                    | 9,485                                   | 9,485                                       | 78,154                                      | 9,485                     |
| Benefits <sup>(3)</sup>             | 167,726                                                    |                                         |                                             | 75,909                                      |                           |
| Equity compensation                 | 3,412,242 <sup>(4)</sup>                                   |                                         |                                             |                                             | 3,412,242 <sup>(5)</sup>  |
| Total                               | 7,058,700                                                  | 9,485                                   | 9,485                                       | 1,247,813                                   | 3,421,727                 |
| Kent Larson                         |                                                            |                                         |                                             |                                             |                           |
| Severance payments                  | 3,018,750                                                  |                                         |                                             | 1,006,250                                   |                           |
| Retirement/Pension <sup>(2)</sup>   | 666,281                                                    | 310,962                                 | 310,962                                     | 452,681                                     | 310,962                   |
| Benefits <sup>(3)</sup>             | 159,694                                                    |                                         |                                             | 73,231                                      |                           |
| Equity compensation                 | 3,377,930 <sup>(4)</sup>                                   | 1,673,287 <sup>(5)</sup>                |                                             | 1,673,287 <sup>(5)</sup>                    | 3,377,930 <sup>(5)</sup>  |
| Total                               | 7,222,655                                                  | 1,984,249                               | 310,962                                     | 3,205,449                                   | 3,688,892                 |
| Marvin McDaniel, Jr. <sup>(7)</sup> |                                                            |                                         |                                             |                                             |                           |
| Severance payments                  | 3,018,750                                                  |                                         |                                             | 1,006,250                                   |                           |
| Retirement/Pension <sup>(2)</sup>   | 588,928                                                    | 215,092                                 | 215,092                                     | 378,985                                     | 215,092                   |
| Benefits <sup>(3)</sup>             | 145,390                                                    |                                         |                                             | 68,463                                      |                           |

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|                                   |                          |                          |         |                          |                          |
|-----------------------------------|--------------------------|--------------------------|---------|--------------------------|--------------------------|
| Equity compensation               | 3,372,902 <sup>(4)</sup> | 1,673,287 <sup>(5)</sup> |         | 1,673,287 <sup>(5)</sup> | 3,372,902 <sup>(5)</sup> |
| Conditional tax gross-up          | 1,743,739 <sup>(6)</sup> |                          |         |                          |                          |
| Total                             | 8,869,709                | 1,888,379                | 215,092 | 3,126,985                | 3,587,994                |
| Scott Wilensky                    |                          |                          |         |                          |                          |
| Severance payments                | 2,574,000                |                          |         | 858,000                  |                          |
| Retirement/Pension <sup>(2)</sup> | 272,618                  | 37,553                   | 37,553  | 157,348                  | 37,553                   |
| Benefits <sup>(3)</sup>           | 140,840                  |                          |         | 66,947                   |                          |
| Equity compensation               | 2,367,743 <sup>(4)</sup> | 1,204,803 <sup>(5)</sup> |         | 1,204,803 <sup>(5)</sup> | 2,367,743 <sup>(5)</sup> |
| Total                             | 5,355,201                | 1,242,356                | 37,553  | 2,287,098                | 2,405,296                |

(1) Amounts in this column relate to amounts payable if a change in control, as defined in the Severance Policy, occurs and the executive officer is terminated within two years of such event.

(2) Represents the actuarial present value of pension benefits that would be received upon a specified termination event over and above those included in the Pension Benefits Table on page 46, which the executive officers also would be entitled to receive, except upon death, in which case the SERP benefit, for the CEO, would be reduced by 50 percent. The amounts shown in the Pension Benefits Table are based on prescribed assumptions for age at payment, interest rate and mortality. In the event of immediate termination of employment, benefits would be calculated using actual assumptions set forth in the pension plan documents, which differ from the prescribed assumptions used for purposes of calculating the actuarial present value of accumulated benefits for the Pension Benefits Table. In addition, the retirement benefits payable subsequent to specific events (for example, a change in control) will be modified as described above. The retirement amounts shown in this section represent the increase, if any, in the present value of pension benefits due to the difference in assumptions for age at payment, interest rates and mortality. These amounts also reflect the increase due to changes in benefit level required for the specific termination event identified in the table.

Table of Contents**Executive Compensation Tables**

- (3) Included in the amounts reported under **Benefits** for all NEOs is \$30,000 for outplacement services. Amounts also include the dollar value of continued medical, dental and life insurance benefits for three additional years in the event of a termination upon change in control or one additional year in the event of an involuntary termination without cause as set forth below. For these purposes we have assumed that health care costs will increase at the rate of 6.75 percent per year.

|         | <b>Ben<br/>Fowke</b> | <b>Robert<br/>Frenzel</b> | <b>Kent<br/>Larson</b> | <b>Marvin<br/>McDaniel, Jr.</b> | <b>Scott<br/>Wilensky</b> |
|---------|----------------------|---------------------------|------------------------|---------------------------------|---------------------------|
|         | <b>(\$)</b>          | <b>(\$)</b>               | <b>(\$)</b>            | <b>(\$)</b>                     | <b>(\$)</b>               |
| 3 Years | 48,346               | 62,726                    | 60,694                 | 46,390                          | 60,440                    |
| 1 Year  | 16,115               | 20,909                    | 20,231                 | 15,463                          | 20,147                    |

Amounts in this row also include the dollar value of the additional matching contributions to the qualified and nonqualified savings plans for three additional years in the event of a termination upon change in control or one additional year in the event of an Involuntary Termination without Cause as set forth below:

|         | <b>Ben<br/>Fowke</b> | <b>Robert<br/>Frenzel</b> | <b>Kent<br/>Larson</b> | <b>Marvin<br/>McDaniel, Jr.</b> | <b>Scott<br/>Wilensky</b> |
|---------|----------------------|---------------------------|------------------------|---------------------------------|---------------------------|
|         | <b>(\$)</b>          | <b>(\$)</b>               | <b>(\$)</b>            | <b>(\$)</b>                     | <b>(\$)</b>               |
| 3 Years | 150,000              | 75,000                    | 69,000                 | 69,000                          | 50,400                    |
| 1 Year  | 50,000               | 25,000                    | 23,000                 | 23,000                          | 16,800                    |

- (4) Represents the value of the RSUs and Retention Units and dollar value of all performance shares that will vest and be paid out immediately in cash as if the applicable performance goals had been obtained at target levels. This amount includes the value of restricted stock for which restrictions would lapse, which values are set forth on pages 50 to 51.
- (5) Represents the value of the RSUs and Retention Units and dollar value of all performance shares that will vest and be paid out in cash, shares or a combination thereof as if the applicable performance goals had been obtained at target levels. This amount includes the value of restricted stock for which restrictions would lapse, which values

are set forth on pages 50 to 51.

- (6) For participants under the Severance Policy prior to October 2011 (Mr. Fowke and Mr. McDaniel), the policy provides for an additional cash payment to make the participant whole for excise tax on excess parachute payments, other than amounts associated with accelerated equity vesting (a gross-up payment ). However, the policy also provides that if a reduction in the parachute payment results in a net after-tax benefit to the participant, then the policy operates to make such a reduction and no gross-up payment will be made to the participant. Mr. Fowke's severance and gross-up values were reduced under these provisions.

(7) Mr. McDaniel will retire in the second quarter of 2018.

This section does not cover all amounts the NEOs will receive following termination as they are also entitled to receive:

their vested balances under pension and deferred compensation plans, as disclosed previously, under all employment termination scenarios;

the payments of long-term incentive awards, as described in the table on page 52;

annual incentive awards at target, in the event of a change in control, or at actual performance levels for all events other than termination with cause, as disclosed in the Grants of Plan-Based Awards Table on page 43.

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**Executive Compensation Tables**

**Securities Authorized for Issuance under Equity Compensation Plans**

| <b>Plan Category</b>                                                  | <b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b> | <b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b> | <b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)</b> |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by security holders <sup>(1)</sup> | 3,211,692                                                                                          | n/a                                                                                | 5,762,843                                                                                                                                                |
| Equity compensation plans not approved by security holders            | n/a                                                                                                | n/a                                                                                | (2)                                                                                                                                                      |

(1)

| <b>Plan Category</b> | <b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b> | <b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b> | <b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b> |
|----------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                      |                                                                                                    |                                                                                    |                                                                                                     |

|                                              |                          |     |                          | <b>Plans<br/>(Excluding<br/>Securities Reflected in the<br/>First<br/>Column)</b> |
|----------------------------------------------|--------------------------|-----|--------------------------|-----------------------------------------------------------------------------------|
| Xcel Energy Inc. 2015 Omnibus Incentive Plan | 2,618,564 <sup>(3)</sup> | n/a | 5,762,843 <sup>(4)</sup> |                                                                                   |
| SEP                                          | 593,128                  | n/a |                          | <sup>(5)</sup>                                                                    |

<sup>(2)</sup> The Xcel Energy Director Stock Equivalent Program for Non-Employee Directors (the SEP), as amended and restated, was first approved by shareholders at our 2004 annual meeting. For awards made prior to this shareholder approval, the number of shares of the Company's common stock to be used for distribution under this SEP are purchased on the open market.

<sup>(3)</sup> Includes performance shares, RSUs, stock equivalent units and associated reinvested dividend equivalents. For performance shares and certain RSUs and associated dividend equivalent units, the actual number of securities to be paid out depends upon the level of achievement of the applicable performance goal. Awards may be paid out in cash, stock or a combination thereof. Amounts reflected in this table assume payout in shares at 200 percent for performance shares and 120 percent for certain RSUs. Performance shares and a portion of the award for certain RSUs are subject to forfeiture if the threshold performance level is not achieved.

<sup>(4)</sup> Awards can take the form of stock options, stock appreciation rights, restricted stock, bonus stock, performance units, performance shares, RSUs or stock equivalent units.

<sup>(5)</sup> The Xcel Energy SEP, as amended and restated, first approved by shareholders in 2004, was replaced by the 2015 Omnibus Incentive Plan, approved by shareholders at the 2015 annual meeting. The 1,359,400 shares that remain available under the Xcel Energy SEP will only be used to settle outstanding awards previously granted, which will continue to earn additional dividend equivalents. No additional awards will be made under the Xcel Energy SEP.

### **CEO Pay Ratio**

For 2017, the annual total compensation for the CEO was \$12,676,399, as reflected in the Summary Compensation Table on page 41 and our Company's median employee annual total compensation was \$105,907. This comparison results in a CEO Pay Ratio of 120:1.

This ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K under the Securities Exchange Act of 1934, and as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

As permitted under SEC guidance, to determine our median employee, we used a definition that was based on actual W2 taxable income for the 2017 calendar year for those who were employed on November 1, 2017. Taxable income was selected because it is inclusive of all forms of compensation paid to an employee such as overtime and allowances per union contracts, and we believe it is an appropriate representation of pay. We selected an individual at the median of our employee population and then determined that individual's total compensation as shown above.



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**Director Compensation**

**Director Compensation**

The GCN has authority to develop and recommend compensation policies and programs for directors. The committee retained Meridian as its independent compensation consultant to advise when setting director compensation to ensure it is market based, aligned with shareholder interests and consistent with our compensation principles. As part of its review in 2017 and based on market information presented by Meridian, the GCN recommended, and the Board determined to maintain current compensation levels. Additional information regarding Meridian is included on page 14.

Only non-employee directors are compensated for their Board service. In 2017, the annual pay was:

*Annual Retainer: \$95,000*

*Lead Independent Director: \$30,000*

*Finance Committee Chair: \$12,500*

*ONES Committee Chair: \$15,000*

*GCN Chair: \$20,000*

*Audit Committee Chair: \$15,000*

*Audit Committee Members (including Chair): \$10,000*

Directors receive 25 percent of the applicable annual pay each quarter (pro-rated for partial service during the quarter). Directors may elect to defer all or a portion of their cash retainer into stock equivalent units (see Stock Equivalent Program on page 56). We do not offer retirement benefits to our directors.

**Annual Equity Grant**

Directors elected at the 2017 annual shareholders meeting each received a grant of 3,070 stock equivalent units representing approximately \$140,000 in value, on the first business day following the 2017 annual shareholders meeting. Common stock equivalents are payable upon the director's death, disability or termination of service. Terms



of the stock equivalent units are discussed below under Stock Equivalent Program.

The amount of compensation each independent director received in 2017, including deferred amounts, is shown in the table below.

### Director Compensation Table

| Name                             | Fees Earned         |         |         |
|----------------------------------|---------------------|---------|---------|
|                                  | or Paid in          | Stock   | Total   |
|                                  | Cash                | Awards  |         |
| (\$) <sup>(1)</sup>              | (\$) <sup>(2)</sup> | (\$)    |         |
| Gail K. Boudreaux <sup>(3)</sup> |                     | 272,000 | 272,000 |
| Richard K. Davis                 | 115,000             | 140,000 | 255,000 |
| Richard T. O'Brien               |                     | 277,176 | 277,176 |
| David K. Owens <sup>(4)</sup>    | 34,076              | 102,795 | 136,871 |
| Christopher J. Policinski        |                     | 290,000 | 290,000 |
| James T. Prokopanko              | 98,791              | 140,000 | 238,791 |
| A. Patricia Sampson              | 105,000             | 140,000 | 245,000 |
| James J. Sheppard                | 95,000              | 140,000 | 235,000 |
| David A. Westerlund              |                     | 261,451 | 261,451 |
| Kim Williams                     |                     | 281,000 | 281,000 |
| Timothy V. Wolf                  | 104,478             | 140,000 | 244,478 |
| Daniel Yohannes                  | 85,639              | 147,232 | 232,871 |

<sup>(1)</sup> Represents cash payments of annual retainer and additional retainers for service as Lead Independent Director, committee Chairs or Audit Committee members, including deferred amounts.

<sup>(2)</sup> Amounts in this column represent the aggregate grant date fair value of the deferred stock equivalent units granted to directors in 2017 as computed in accordance with FASB ASC Topic 718 Compensation - Stock Compensation, which value is equal to the closing price of our common stock, as reported on Nasdaq, on the trading date preceding the applicable grant date. Directors receive stock equivalent units for their annual equity grant and if they elect to defer their cash retainers into stock equivalent units. Stock equivalent units are only payable as a distribution of whole shares of our common stock upon a director's termination of service, disability or death. The stock equivalent units fluctuate in value as the value of our common stock fluctuates. As of fiscal year ended December 31, 2017, the number of stock equivalent units owned by directors were as follows: Ms. Boudreaux: 49,473 units; Mr. Davis: 62,692 units; Mr. O'Brien: 43,936 units; Mr. Owens: 2,104 units; Mr. Policinski: 76,680 units; Mr. Prokopanko: 11,011 units; Ms. Sampson: 135,063 units; Mr. Sheppard: 37,936 units; Mr. Westerlund: 110,355 units; Ms. Williams: 78,541 units; Mr. Wolf: 58,365 units; and Mr. Yohannes: 3,285 units. For updated information on holdings of stock equivalent units as of March 20, 2018, see the Beneficial Ownership of Certain Shareholders table on page 25.

<sup>(3)</sup> Ms. Boudreaux resigned effective December 31, 2017.

<sup>(4)</sup>Mr. Owens was elected as a director effective August 22, 2017.

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**Director Compensation**

**Director Stock Ownership Guidelines**

Independent directors are subject to stock ownership guidelines, which establish a target level ownership of Xcel Energy common stock or common stock equivalents of seven times their annual cash retainer. Directors are expected to meet this guideline within five years of being elected to the Board. All directors whose stock ownership target date was on or before December 31, 2017 have met the guideline.

**Stock Equivalent Program**

Our director compensation plan aligns director and shareholder interests, and our SEP is designed to further that principle. Each stock equivalent unit has a value equal to one share of our common stock. Stock equivalent units cannot be voted by a director and are only payable as a distribution of whole shares of our common stock upon a director's termination of service, disability or death. The stock equivalent units fluctuate in value with the value of our common stock. Additional stock equivalent units are accumulated upon the payment of, and at the same value as, dividends declared on our common stock. Directors can elect to receive payouts from the SEP either in January of the year following their separation from service or within 90 days of such event.

Directors are able to defer compensation into stock equivalent units under our SEP until after retirement from the Board or separation from service as a director. Directors who elect to defer cash compensation into stock equivalent units receive a premium of 20 percent of the compensation that was deferred. The number of stock equivalent units for each independent director that have accumulated during their tenure of board service is listed in the Beneficial Ownership of Certain Shareholders table on page 25.

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**Proposal No. 3**

**Proposal No. 3**

**Ratification of the Appointment of Deloitte & Touche LLP as Xcel**

**Energy Inc. s Independent Registered Public Accounting Firm for 2018**

The Audit Committee retains Deloitte & Touche LLP ( D&T ) as our independent registered public accounting firm to audit the accounts of the Company for the fiscal year ending December 31, 2018. D&T was originally selected as the independent registered public accounting firm effective March 27, 2002.

The Audit Committee negotiates the fees associated with the D&T engagement and participates in the selection of the lead engagement partner. The engagement partner is rotated periodically.

While the Audit Committee is responsible for the appointment, compensation, retention and oversight of the Company s principal independent accountants, the Audit Committee and Board request that shareholders ratify the appointment of D&T as our independent registered public accounting firm as a matter of policy. While the Audit Committee is not required to take any action as a result of the outcome of this vote, it may investigate the reasons and consider whether to retain D&T or appoint another auditor, should shareholders reject the proposal. In addition, even if the appointment is ratified by shareholders, the Audit Committee in its discretion may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Representatives of D&T will be present at the annual meeting and will have an opportunity to make a statement. Such representatives will be available to respond to questions from shareholders at the annual meeting.

**Vote Required**

Ratification of the appointment of D&T as our 2018 independent registered public accounting firm requires the affirmative vote of the holders of a majority of the total voting power present in person or by proxy and entitled to vote at the annual meeting. Proxies solicited by the Board will be voted **FOR** the ratification of the appointment, unless a different vote is specified.

**Your Board, upon recommendation of the Audit Committee,  
recommends a vote **FOR** the ratification of the appointment  
of Deloitte & Touche LLP as our independent registered public  
accounting firm.**



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**Report of the Audit Committee**

**Report of the Audit Committee**

The Audit Committee assists the Board in its oversight of the Company's financial reporting process. The Board, in its business judgment, has determined that all members of the Audit Committee are independent, as required by the listing standards of the Nasdaq. The Audit Committee operates pursuant to its charter, which it reviews at least annually.

The charter delineates the roles and responsibilities of management and the independent public accounting firm as follows:

*Management* is responsible for the preparation, presentation, and integrity of the Company's financial statements, accounting and financial reporting principles and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

*Our independent auditors, D&T*, are responsible for auditing the Company's consolidated financial statements and expressing an opinion as to whether they are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

To perform its oversight function, the Audit Committee has:

Reviewed and discussed the audited financial statements with management and our independent auditors. This review included a discussion of the quality—not just the acceptability—of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

Discussed with our independent auditors the matters required to be discussed by applicable Public Company Accounting Oversight Board standards.

Received the written disclosures and the letter from our independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and discussed the independence of D&T with them.

Reviewed and pre-approved the services provided by our independent auditors other than their audit services and considered whether the provision of such other services by our independent auditors is compatible with

maintaining their independence.

At least annually, discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits for the year 2017. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

Based on the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the committee referred to in the charter, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2017, to be filed with the SEC. The Audit Committee has appointed D&T as the Company's independent auditors for 2018. Shareholder ratification of this appointment is included as Proposal No. 3 in these proxy materials.

### **Audit Committee**

Richard T. O'Brien, Chair

A. Patricia Sampson

David A. Westerlund

Kim Williams

Daniel Yohannes

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**Independent Registered Public Accounting Firm**

**Independent Registered Public Accounting Firm**

D&T has audited the Company's consolidated financial statements since 2002. Audit services provided by D&T in 2017 included: the audits of consolidated financial statements and management's assessment of internal control over financial reporting of the Company; reviews of interim consolidated financial information; and consultation on matters related to accounting and financial reporting. Representatives of D&T will be present at the annual meeting and will have the opportunity to make a statement. Such representatives will be available to respond to questions from shareholders at the annual meeting.

**Audit and Non-Audit Fees**

The following table presents fees for professional services performed by D&T, the member firms of Deloitte Touche Tohmatsu and their respective affiliates for the annual audit of the Company's and its subsidiaries' annual financial statements for 2017 and 2016, the review of the Company's and its subsidiaries' interim consolidated financial statement for each quarter in 2017 and 2016, and for audit-related, tax and other services performed in 2017 and 2016 (in thousands).

|                                   | <b>2017</b> | <b>2016</b> |
|-----------------------------------|-------------|-------------|
| Audit Fees <sup>(1)</sup>         | \$ 4,836    | \$ 4,831    |
| Audit-Related Fees <sup>(2)</sup> | 715         | 534         |
| Tax Fees <sup>(3)</sup>           | 326         | 548         |
| All Other Fees <sup>(4)</sup>     | 62          | 59          |
| Total                             | \$ 5,939    | \$ 5,972    |

<sup>(1)</sup> Includes annual audit of the Company's and its subsidiaries' financial statements and management's assessment of our internal control over financial reporting, reviews of interim consolidated financial information, consultation on matters related to financial reporting, and comfort letters and consents for securities offerings.

<sup>(2)</sup> Fees reported for 2017 include \$264,000 for employee benefit plan audits; \$406,000 for required rate case filing package review procedures in Texas and New Mexico; and \$45,000 for other audits and accounting consultations. Fees reported for 2016 include \$254,000 for employee benefit plan audits; \$170,000 for required rate case filing package review procedures in New Mexico; and \$110,000 for other audits and accounting consultations.

<sup>(3)</sup> Fees reported for 2017 include \$87,000 for tax compliance services and \$239,000 for tax planning services. Fees reported for 2016 include \$135,000 for tax compliance services and \$413,000 for tax planning services.



- (4) Fees reported for 2017 include \$4,000 for seminars; \$3,000 for license fee for accounting research software product; and \$55,000 for other program and subscription services. Fees reported for 2016 include \$3,000 for seminars; \$5,000 for license fee for accounting research software product; and \$51,000 for other program and subscription services.

### **Audit Committee Pre-Approval Policies**

Our Audit Committee has adopted detailed pre-approval policies and procedures pursuant to which audit, audit-related and tax services, and all permissible non-audit services are pre-approved by category of service. The fees are budgeted, and actual fees versus the budget are monitored throughout the year. During the year, circumstances may arise when it may become necessary to engage the independent auditor for additional services not contemplated in the original pre-approval. In those instances, the Company will obtain the specific pre-approval of the Audit Committee before engaging the independent auditor. The policies require the Audit Committee to be informed of each service, and the policies do not include any delegation of the Audit Committee's responsibilities to management. The Audit Committee has delegated pre-approval authority for matters that arise between meetings to the Chair of the Audit Committee. The Chair is required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

All audit-related fees, tax fees and all other fees for 2017 and 2016 were pre-approved in accordance with this policy.

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**Additional Information**

**Additional Information**

**Related Person Transactions**

**Related-Party Transaction Policy**

In 2008, the Board adopted a policy establishing procedures for the review and approval or ratification of transactions involving Xcel Energy if one of our directors, nominees for director, executive officers or shareholders owning more than five percent of our common stock, or their immediate family members, has a material interest in the transaction. Transactions or series of transactions exceeding a value of \$120,000 are governed by this policy. The GCN is responsible for reviewing these transactions. In determining whether to approve or ratify any such transactions, GCN must analyze the following factors:

Whether the terms are fair to the Company;

Whether the transaction is material to the Company;

The role the related person has played in arranging the transaction;

The structure of the transaction;

The interests of all related persons in the transaction; and

Any other considerations the GCN deems relevant.

Whether a related person has a material interest in a transaction is a facts and circumstances determination. Factors considered include the relationship of the related persons to the transaction and with each other, the importance of the interest to the person having the interest and the amount involved in the transaction, and any other consideration deemed relevant by the GCN. The GCN will approve a related person transaction only if it determines that the transaction is beneficial to the Company and the terms are fair to the Company.

**Specific Transactions**

Robert McDaniel, brother to our Executive Vice President and Chief Administrative Officer Marvin McDaniel, Jr., is the President of Atkinson Power LLC. Atkinson Power is a vendor that has bid for Company projects involving

electric transmission and distribution construction and maintenance as well as street lighting for two of our operating subsidiaries. In his position with Atkinson Power, Mr. Robert McDaniel manages employees who were directly responsible for negotiating construction and maintenance contracts with our operating subsidiaries and is the individual ultimately responsible for the vendor-client relationship with our operating subsidiaries.

In 2017, we paid Atkinson Power approximately \$160,000 for construction services it had provided in 2016. These services were provided under a master services agreement in place with Atkinson Power for \$2.5 million, under which there were no transactions during 2017. The contracts were awarded through our regular sourcing process that uses either a competitive bidding process that considers cost, skill, industry reputation, prior work history, and adaptability of the vendor or a market assessment. Neither Mr. Marvin McDaniel nor any employees in his chain of command are directly or indirectly involved in the negotiations of any contract with Atkinson Power LLC or its affiliates nor are they directly or indirectly involved with the performance of the specific contracts noted above.

These transactions were reviewed and approved by the GCN under the Company's Related-party Transaction Policy.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the 1934 Securities Exchange Act requires our directors and officers to file reports with the SEC regarding their ownership and changes in ownership of our stock. We are required to disclose whether we have knowledge that any person required to file such a report may have failed to do so in a timely manner. We believe that during 2017, all officers and directors subject to such reporting obligations have satisfied all Section 16(a) filing requirements. In making this statement, we have relied upon examinations of the copies of Forms 3, 4 and 5 and the written representations of our directors and executive officers.

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Questions and Answers

**Questions and Answers about the Proxy Materials and the Annual Meeting**

**What are the Company's voting recommendations?**

Our Board recommends that you vote your shares as follows:

**FOR** each of the nominees to the Board (see pages 19 to 24);

**FOR** approval of the advisory vote on executive compensation (see page 27);

**FOR** the ratification of the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s independent registered public accounting firm for 2018 (see page 57).

**What is the voting requirement to approve each of the proposals?**

**Election of Directors.** For Proposal No. 1, you may vote **FOR** or **AGAINST** each of the director nominees or your vote may be **WITHHELD** with respect to one or more of the nominees. To elect a director, the shares voted **FOR** a nominee must exceed the shares voted **AGAINST** the nominee. A **WITHHOLD** vote will not have an impact on the election of directors.

Our Guidelines require an incumbent director in an uncontested election to tender a resignation to our GCN if the director does not receive a majority of the votes cast **FOR**. After taking into account that committee's recommendation, the Board will act on the offer of resignation and publicly disclose its decision within 90 days of the date of the certification of the election results. In making its recommendation or decision, the GCN and the Board may each consider any factors or other recommendations that it considers relevant and appropriate. Any director who has offered to tender his or her resignation will not participate in the decision regarding his or her resignation. If the director's resignation is not accepted by the Board, the director will continue to serve until the next annual meeting and until his or her successor is duly elected. If the director's resignation is accepted by the Board, the Board may fill any resulting vacancy or may elect to not fill the vacancy and decrease the size of the Board.

**Other Proposals.** For all other proposals, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Proposal No. 3 requires the affirmative **FOR** vote of a majority of the voting power of the shares present in person or by proxy and entitled to vote at the annual meeting. If you **ABSTAIN**, it has the same effect as a vote **AGAINST**. A shareholder who does not vote in person or by proxy on a proposal (including a broker non-vote on a proposal) is treated as not present and not entitled to vote on that proposal.

For Proposal No. 2, we will consider our shareholders to have approved our executive compensation on an advisory, non-binding basis if the shares voted **FOR** the proposal exceed the shares voted **AGAINST**. For purposes of this

proposal, a vote to ABSTAIN and a failure to vote in person or by proxy (including a broker non-vote) will have no effect on this proposal.

### **What happens if additional proposals are presented at the Annual Meeting?**

Other than the proposals described in this proxy statement, we do not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, the persons named as proxies, Robert C. Frenzel, Judy M. Poferl and Scott M. Wilensky, or any of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the annual meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxies will vote your proxy for such other candidate or candidates as may be recommended by the GCN and nominated by the Board.

### **Who are the appointed proxies?**

The Company has appointed Robert C. Frenzel, Judy M. Poferl and Scott M. Wilensky, or any of them with power of substitution, as proxies to vote all proxies properly executed and submitted by shareholders who are entitled to vote at the annual meeting of shareholders, or any adjournment or postponement of the meeting.

### **Who will count the vote?**

We retain an independent inspector to receive and tabulate the proxies and to certify the results. For the annual meeting, representatives of EQ Shareowner Services will tabulate the votes and act as the inspectors of election.

### **What is the quorum requirement for the Annual Meeting?**

At March 20, 2018, there were 508,660,883 common shares issued and outstanding entitled to vote at the annual meeting and each share is entitled one vote. We will have a quorum and be permitted to conduct business if a majority of the voting power of these shares is present at the annual meeting in person or by proxy. Abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum.

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Questions and Answers

**How can I vote my shares?**

**Shareholders of Record** may vote their shares as follows:

**By Internet** Go to the website at *www.proxypush.com/xel*, 24 hours a day, seven days a week. You will need the control number that appears on your proxy card or on your Notice of Internet Availability of Proxy Materials.

**By Telephone** Call 1-866-883-3382, 24 hours a day, seven days a week. You will need the control number that appears on your proxy card.

**By Mail** If you received a full paper set of materials, date and sign your proxy card exactly as your name appears on your proxy card and mail it in the enclosed, postage-paid envelope. If you received a Notice of Internet Availability of Proxy Materials, you may request a proxy card by following the instructions in your Notice. You do not need to mail the proxy card if you are voting by internet or telephone.

**In Person** At the annual meeting.

**Please help us save time and postage costs by voting by internet or by telephone.** Voting by internet or telephone is generally available 24 hours a day and will ensure that your vote is confirmed and posted immediately.

**Beneficial Owner of Shares Held in Street Name.** All beneficial owners will receive instructions from the holder of record (the bank, brokerage house or other nominee that holds your shares) that you must follow in order for your shares to be voted. Typically you will be able to submit your voting instructions to your broker or nominee.

**Employee Plan Participant.** If you are a participant in one of our employee savings or stock ownership plans ( Company Plans ), your proxy card is a voting directive for shares allocated to your account. The trustee will vote the shares as instructed by you in your voting directive. If you do not vote your Company Plan shares by 11:59 p.m. EDT on May 13, 2018 the trustee will vote your allocated shares, along with all unallocated shares held in the plan, in the same proportion that all other allocated shares are voted.

**What happens if I do not give specific voting instructions?**

If you do not give specific voting instructions, how your shares are voted depends on whether you are a shareholder of record or a beneficial owner.

**Shareholders of Record.** If you are a shareholder of record and you either:

1. Vote on the internet and leave all voting options blank and click **Submit**, or

2. Sign and return a proxy card without giving specific voting instructions,

then the proxies will vote your shares in the manner recommended by the Board on all matters presented in this proxy statement and as the proxies may determine in their discretion with respect to any other matters properly presented for a vote at the annual meeting.

**Beneficial Owners of Shares Held in Street Name.** If you are a beneficial owner of shares held in street name and do not provide specific voting instructions, your shares will be voted in accordance with the rules of various national and regional securities exchanges. In such case, the organization that holds your shares may generally vote your shares on routine matters, but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, it will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

**What is the difference between holding shares as a Shareholder of Record and as a Beneficial Owner?**

As summarized below, there are some distinctions between shares held of record and those owned beneficially:

**Shareholder of Record.** Your shares are registered directly in your name with our transfer agent, EQ Shareowner Services. As the shareholder of record, you have the right to vote your shares by proxy directly with the Company (by internet, by telephone or by mail) or to vote in person at the annual meeting. If you do not vote in person or by proxy, your shares will not be voted.

**Beneficial Owner of Shares Held in Street Name.** Your shares are held in a stock brokerage account or by a bank or other nominee (sometimes this is referred to as street name ). Your broker or nominee is considered the shareholder of record with respect to those shares and forwards proxy materials to you. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the annual meeting. If you wish to vote your shares in person, you must provide us with a legal proxy from your broker.

**Table of Contents****Questions and Answers****What is the record date and what does it mean?**

Only shareholders of record at the close of business on the record date, March 20, 2018, are entitled to receive notice of the annual meeting and to vote on the shares of common stock that they held on such date. Each share of our common stock held on the record date is entitled to one vote upon each matter presented at the annual meeting.

**What is the deadline for voting?**

| <b>If You Are:</b>                 | <b>Voting By:</b>                 | <b>Your Vote Must Be Received:</b>                                 |
|------------------------------------|-----------------------------------|--------------------------------------------------------------------|
| A record holder                    | Mail<br>Internet or telephone     | Prior to the annual meeting<br>By 11:59 p.m., EDT, on May 15, 2018 |
| A street name holder               | Mail<br>Internet or telephone     | Prior to the annual meeting<br>By 11:59 p.m., EDT, on May 15, 2018 |
| A participant in the Company Plans | Mail<br><br>Internet or telephone | By May 13, 2018<br><br>By 11:59 p.m., EDT, on May 13, 2018         |

**Can I change my vote?**

Yes. If you change your mind after voting your proxy and prior to the annual meeting, you can revoke your proxy and change your proxy instructions by signing another proxy with a later date, voting a second time by telephone or by the internet prior to the deadlines set forth in the question above titled "What is the deadline for voting?", or revoking your prior proxy and voting at the annual meeting. Alternatively, you may provide a written statement to the Company (attention: Corporate Secretary) of your intention to revoke your proxy.

**Is my vote confidential?**

Yes. Xcel Energy has adopted a confidential voting policy under which shareholder votes are revealed only to a non-employee proxy tabulator or an independent inspector of election, except (1) as necessary to meet legal requirements, (2) in a dispute regarding authenticity of proxies and ballots, (3) in the event of a proxy contest if the other party does not agree to comply with the confidential voting policy, and (4) where disclosure may be necessary for the Company to assert or defend claims.

**Which ballot measures are considered routine or non-routine ?**

The proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2018 (Proposal No. 3) is considered routine under applicable rules. A broker or other nominee may generally vote on routine matters.



The election of directors (Proposal No. 1) and the advisory vote on executive compensation (Proposal No. 2) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposal Nos. 1 and 2.

**Are there any rules regarding admission to the Annual Meeting?**

Yes. You are entitled to attend the annual meeting only if you were a shareholder as of the record date, or if you hold a valid legal proxy naming you to act for a registered shareholder as of the record date. Before we will admit you to the meeting, we must be able to confirm:

Your identity, by reviewing a valid form of state-issued photo identification such as a driver's license; and

That you were a registered shareholder or held your shares in street name or in one of the Company Plans on the record date by:

verifying your name and stock ownership against our list of registered shareholders; or

reviewing other evidence of your stock ownership (such as your most recent brokerage or bank statement, if you hold your shares in street name, or your most recent plan statement, if you are a participant in one of the Company Plans); or

You are validly acting as proxy;

- i For a registered shareholder as of the record date, by reviewing a written legal proxy naming you signed by the registered shareholder; or
- i For a beneficial owner of shares held in street name as of the record date, by reviewing a written legal proxy from the brokerage firm or bank holding the shares to the street name holder that is assignable, and a written legal proxy to you signed by the street name holder, together with a brokerage or bank statement showing the street name holder's shares as described above.

If you do not have both a valid form of state-issued photo identification and proof that you owned, or are legally authorized to act as proxy for someone who owned, shares of our common stock on March 20, 2018, you will not be admitted to the meeting.

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**Questions and Answers**

At the entrance to the meeting, we will verify that you meet the requirements for admission. We will decide in our sole discretion whether the documentation you present meets the requirements described above. If you hold your shares in a joint account, both owners can be admitted to the meeting if proof of joint ownership is provided and you both follow the admission procedures described above. Each shareholder may bring one guest to the meeting, provided that the guest must also have valid state-issued photo identification, or, for minor children, the shareholder must sign a minor admission certification.

The annual meeting will begin at 11:00 a.m. CDT. The doors will open at 10:15 a.m. CDT. Please allow ample time for the admission procedures described above.

**How do I make a reservation to attend the Annual Meeting?**

You must make a reservation to attend. If you are a shareholder of record and plan to attend, please contact Xcel Energy's Corporate Secretary Department by email at *CorporateSecretary@xcelenergy.com* or by telephone at 612-215-5391 to make a reservation. Your name will be on a list as you check in. If you hold shares through an intermediary, such as a bank or broker, and you plan to attend, you will need to send a written request for a reservation either by regular mail, fax or email, along with proof of share ownership, such as a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding your shares, confirming ownership to: Shareholder Relations, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401; fax: 612-330-2965; or email: *CorporateSecretary@xcelenergy.com*. Requests to make a reservation will be processed in the order in which they are received and must be received no later than May 11, 2018.

**Who pays for the cost of soliciting votes for the Annual Meeting?**

Some of our directors and officers, as well as management and non-management employees, may contact you by telephone, mail, email or in person. You may also be solicited by means of news releases issued by Xcel Energy, postings on our website, *www.xcelenergy.com*, and advertisements in periodicals. We will bear the expense of any such solicitation, as well as the costs of preparing, printing and mailing this proxy material.

We have also hired Morrow Sodali LLC to assist us in the solicitation of votes. We expect to pay Morrow Sodali LLC approximately \$19,500 for consultation services and preparation in connection with the solicitation, plus expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners of our stock.

**Does the Company offer shareholders electronic delivery of proxy materials?**

Yes. Xcel Energy offers shareholders the option to receive the Annual Report to shareholders and proxy statement electronically instead of receiving paper copies of these documents in the mail. You must specifically request the electronic information prior to the record date for the annual meeting.

Shareholders of Record should call EQ Shareowner Services at 1-877-778-6786 to request electronic delivery. Beneficial Owners must contact their bank, brokerage house or other nominee record holder to request electronic delivery. As soon as the Annual Report to shareholders and proxy statement are available, electronic delivery participants will receive an email with a link to the information and a control number to use to vote online.

**Why did I only receive a Notice directing me to the Internet instead of the proxy statement and Annual Report?**

We are again providing shareholders internet access to our proxy to reduce the environmental impact of our annual meeting and to manage costs. On April 3, 2018, we began mailing a Notice of Internet Availability of Proxy Materials (the Notice ) to some of our shareholders and posted our proxy materials on the website referenced in the Notice ([www.proxydocs.com/xel](http://www.proxydocs.com/xel)). As more fully described in the Notice, shareholders may choose to access our proxy materials on the website or may request to receive a printed set of our proxy materials. Shareholders can indicate a preference to receive a printed copy by calling 1-866-870-3684 or by internet at [www.investorelections.com/xel](http://www.investorelections.com/xel). Once a shareholder requests to receive a printed copy, that choice will remain in effect until changed by the shareholder. If you are a beneficial owner and you want to receive separate copies of the Annual Report to shareholders and proxy statement in the future, you should contact your bank, broker, or other nominee record holder.

**What does it mean if I receive more than one Notice of Internet Availability of proxy materials or proxy card or voting instruction card?**

It means your shares are registered differently or are in more than one account. Please provide voting instructions for all notices, proxy cards and voting instruction cards you receive.

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Questions and Answers

**May I propose actions or nominees for consideration at next year's Annual Meeting of Shareholders?**

Yes, you may submit proposals or director nominations for consideration at future shareholder meetings as follows:

**Proposals included in the Proxy Statement.** Unless we indicate otherwise at a later date, for a shareholder proposal (other than a director nomination) to be considered for inclusion in the Company's proxy statement for next year's annual meeting, the written proposal must be received by the Corporate Secretary no later than December 4, 2018. These proposals must be in writing and sent to: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401. These proposals also need to comply with Securities and Exchange Commission regulations regarding the inclusion of shareholder proposals in our proxy materials.

**To be raised from the floor.** Similarly, unless we indicate otherwise at a later date, for a shareholder proposal or director nomination to be raised from the floor during next year's annual meeting, the shareholder's written notice must be received by the Corporate Secretary no later than February 15, 2019, and must contain certain information as required under our bylaws. The requirements for such notice are set forth in our bylaws, a copy of which can be found on our website, [www.xcelenergy.com](http://www.xcelenergy.com), under Company Investor Relations Governance Documents.

**Director nominations to be included in the Proxy Statement (proxy access).** Unless we indicate otherwise at a later date, for a shareholder nominee for director to be considered for inclusion in the Company's proxy statement for the next year's annual meeting, the written notice must be received by the Corporate Secretary no earlier than on November 4, 2018 and no later than December 4, 2018, and must contain certain information required under our bylaws. The requirements for such notice are set forth in our bylaws, a copy of which can be found on our website, [www.xcelenergy.com](http://www.xcelenergy.com), under Company Investor Relations Governance Documents. Management does not know of any business, other than that described in this proxy statement, that may be presented for action at the annual meeting. If any other matters are properly presented at the annual meeting for action, the persons named in the accompanying proxy will vote upon them in accordance with their best judgment.

By Order of the Board of Directors,

**Judy M. Poferl**

*Senior Vice President, Corporate Secretary and Executive Services*

Minneapolis, Minnesota

**Table of Contents****Exhibit A****Exhibit A****GAAP and Ongoing Earnings**

The following table provides a reconciliation of ongoing diluted EPS to GAAP diluted EPS for 2005 through 2017:

|                                         | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015 <sup>(1)</sup> | 2016    | 2017    |
|-----------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------------------|---------|---------|
| GAAP EPS                                | \$ 1.23 | \$ 1.36 | \$ 1.35 | \$ 1.46 | \$ 1.48 | \$ 1.62 | \$ 1.72 | \$ 1.85 | \$ 1.91 | \$ 2.03 | \$ 1.94             | \$ 2.21 | \$ 2.25 |
| Discontinued Operations                 | (0.03)  | (0.01)  |         |         | 0.01    | (0.01)  |         |         |         |         |                     |         |         |
| Continuing Operations                   | 1.20    | 1.35    | 1.35    | 1.46    | 1.49    | 1.61    | 1.72    | 1.85    | 1.91    | 2.03    | 1.94                | 2.21    | 2.25    |
| PSRI-COLI Prescription Drug Tax Benefit | (0.05)  | (0.05)  | 0.08    | (0.01)  | 0.01    | 0.01    |         | (0.03)  |         |         |                     |         |         |
| SPS FERC Order                          |         |         |         |         |         |         |         |         | 0.04    |         |                     |         |         |
| Loss on Monticello LCM/EPU Project      |         |         |         |         |         |         |         |         |         |         | 0.16                |         |         |
| Impact of Tax Cuts and Jobs Act         |         |         |         |         |         |         |         |         |         |         |                     |         | 0.05    |
| Ongoing EPS                             | \$ 1.15 | \$ 1.30 | \$ 1.43 | \$ 1.45 | \$ 1.50 | \$ 1.62 | \$ 1.72 | \$ 1.82 | \$ 1.95 | \$ 2.03 | \$ 2.09             | \$ 2.21 | \$ 2.30 |

(1) Amounts in this column do not sum due to rounding.

Xcel Energy's management believes that ongoing earnings reflects management's performance in operating the company and provides a meaningful representation of the performance of Xcel Energy's core business. In addition, Xcel Energy's management uses ongoing earnings internally for financial planning and analysis, for reporting of results to the Board of Directors and when communicating its earnings outlook to analysts and investors.

**2017 EPS Growth**

**1.8%** (annual GAAP EPS growth)

**4.1%** (annual ongoing EPS growth)

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**Driving Directions**

River s Edge Convention Center is located at 10 Fourth Avenue South, St. Cloud, Minnesota 56301.

**From the East on Interstate 94**

Take I-94 to Highway 15 North

Turn right at Highway 23

Turn left at Fifth Avenue South

Turn right at First Street South

The convention center will be straight ahead on the left

**From the West on Interstate 94**

Take I-94 to County Highway 75 St. Cloud (Exit 158)

Stay straight to follow County Highway 75 / Division Street

Continue to follow Division Street, Division Street becomes MN-23 (for approximately 11 miles)

Turn left at Fifth Avenue South

Turn right at First Street South

The convention center will be straight ahead on the left

**From Highway 10**

Take Highway 23 West to Fourth Avenue

Turn right at Fourth Avenue

The convention center will be on the right

Parking for River s Edge Convention Center is available in the parking ramp located underneath the building (River s Edge East Parking Ramp). There are also metered parking stalls in the Mississippi Parking Lot located south of the Convention Center. Parking is also available in the Grand Central Parking Ramp located at 400 St. Germain Street West as well as at River s Edge West Parking Ramp located at 25 5th Avenue North.



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**Annual Meeting Guidelines**

**In the interest of an orderly and constructive meeting, the following guidelines will apply to Xcel Energy's 2018 Annual Meeting of Shareholders:**

1. All shareholders as of the record date, or their duly appointed proxies, may attend the annual meeting. You must reserve an admission ticket in order to attend. If you are a shareholder of record and plan to attend, please contact Xcel Energy's Corporate Secretary Department at *CorporateSecretary@xcelenergy.com* or by telephone at 612-215-5391 to reserve a ticket. Your ticket will be available for pick-up at the meeting.

If you hold shares through an intermediary, such as a bank or broker, and you plan to attend, you will need to send a written request for a ticket either by regular mail, fax or email, along with proof of share ownership, such as a bank or brokerage firm account statement or a letter from the broker, trustee, bank or nominee holding your shares, confirming ownership to: Shareholder Relations, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota 55401; fax: 612-215-4504; or email: *CorporateSecretary@xcelenergy.com*. Requests to reserve admission tickets will be processed in the order in which they are received and must be received no later than May 11, 2018. State-issued photo identification will be required to gain admittance to the annual meeting.

2. The business of the meeting will follow as set forth in the agenda, which you will receive at the meeting entrance. If you wish to change your vote or have not voted, ballots will be distributed to you to cast your votes.
3. Shareholder questions and comments related to the business of the Company will be addressed only during the question and answer portion of the agenda at the end of the annual meeting.
4. If you wish to speak at the designated time in the question and answer portion of the annual meeting, please go to the nearest microphone and state your name before asking a question. You must ask a question and direct it to the Chairman. Questions from the floor are limited to three minutes to provide an opportunity for as many shareholders as possible.
5. Although personal grievances, claims and political statements are not appropriate subjects for the annual meeting, you may submit any of these to a Company representative and the Company will respond in writing.
6. The use of cameras or sound recording equipment is prohibited, except by those employed by the Company to provide a record of the proceedings. The use of cell phones and other personal communication devices also is prohibited during the annual meeting.
7. No firearms or weapons will be allowed in the meeting room.

8. No banners, packages or signs will be allowed in the meeting room.
9. No demonstrations or disruptive behavior will be allowed in the meeting room, and violators will be subject to removal.
10. Xcel Energy reserves the right to inspect all items, including handbags and briefcases, entering the meeting room.

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Shareowner Services  
P.O. Box 64945  
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below:

TO VOTE BY INTERNET OR  
TELEPHONE, SEE REVERSE SIDE OF  
THIS PROXY CARD.

***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,***

***SIMPLY SIGN, DATE AND RETURN THIS PROXY CARD***

**The Board of Directors Recommends a Vote FOR each of the nominees in Item 1 and  
a Vote FOR Items 2 and 3.**

**1. Election of directors:**

|                                      | <b>FOR</b> | <b>AGAINST</b> | <b>WITHHOLD</b> |                                | <b>FOR</b> | <b>AGAINST</b> | <b>WITHHOLD</b> |
|--------------------------------------|------------|----------------|-----------------|--------------------------------|------------|----------------|-----------------|
| <b>1a.</b> Richard K. Davis          |            |                |                 | <b>1g.</b> A. Patricia Sampson |            |                |                 |
| <b>1b.</b> Ben Fowke                 |            |                |                 | <b>1h.</b> James J. Sheppard   |            |                |                 |
| <b>1c.</b> Richard T. O'Brien        |            |                |                 | <b>1i.</b> David A. Westerlund |            |                |                 |
| <b>1d.</b> David K. Owens            |            |                |                 | <b>1j.</b> Kim Williams        |            |                |                 |
| <b>1e.</b> Christopher J. Policinski |            |                |                 | <b>1k.</b> Timothy V. Wolf     |            |                |                 |
| <b>1f.</b> James T. Prokopanko       |            |                |                 | <b>1l.</b> Daniel Yohannes     |            |                |                 |

**2.** Company proposal to approve, on an advisory basis, executive compensation For      Against      Abstain

**3.** Company proposal to ratify the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s independent registered public accounting firm for 2018 For      Against      Abstain

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.**

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In their discretion the proxies are authorized to vote upon such other business as may properly come before the meeting or any postponement(s) or adjournment(s) thereof.

Date

Signature(s) in Box

Please sign exactly as your name(s) appears on the proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc. should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.

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**Xcel Energy Inc.**

**ANNUAL MEETING OF SHAREHOLDERS**

**Wednesday, May 16, 2018**

**11:00 a.m. CDT**

**Rivers Edge Convention Center**

**10 4th Avenue South**

**St. Cloud, Minnesota 56301**

**Xcel Energy Inc.**

**414 Nicollet Mall**

**Minneapolis, MN 55401**

**proxy**

**This proxy is solicited by the Board of Directors for use at the Annual Meeting on May 16, 2018.**

The shares of stock you hold in your account or in a dividend reinvestment account will be voted as you specify on the reverse side.

**If no choice is specified, this proxy will be voted FOR each of the nominees in Item 1 and the proposals set forth in Items 2 and 3.**

By signing the proxy, you revoke all prior proxies and appoint Robert C. Frenzel, Judy M. Pofert, and Scott M. Wilensky, and each of them, with full power of substitution, to represent the undersigned at the Annual Meeting of Shareholders of the Company to be held on May 16, 2018, and any adjournment(s) or postponement(s) thereof, and to vote, as designated hereon and in their discretion, with respect to any other business properly brought before the Annual Meeting, all shares of the common stock of the Company that the undersigned would be entitled to vote if personally present at such meeting, except for the shares of common stock held of record in the undersigned's account with the Plans (defined below), the voting instructions for which are explained below.

**THIS CARD ALSO CONSTITUTES YOUR VOTING INSTRUCTIONS FOR SHARES HELD OF RECORD IN THE NEW CENTURY ENERGIES, INC. EMPLOYEES SAVINGS AND STOCK OWNERSHIP PLAN FOR BARGAINING UNIT EMPLOYEES AND FORMER NON-BARGAINING UNIT EMPLOYEES, THE XCEL ENERGY 401(K) SAVINGS PLAN, THE NUCLEAR MANAGEMENT COMPANY, LLC NMC SAVINGS AND RETIREMENT PLAN, AND THE NEW CENTURY ENERGIES, INC. EMPLOYEE INVESTMENT PLAN FOR BARGAINING UNIT EMPLOYEES AND FORMER NON-BARGAINING UNIT EMPLOYEES ( PLANS ). THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED. IF VOTING INSTRUCTIONS ARE NOT RECEIVED BY 11:59 p.m. EDT ON MAY 13, 2018, YOU WILL BE TREATED AS DIRECTING THE PLANS TRUSTEE TO VOTE THE SHARES HELD IN**

**THE PLANS IN THE SAME PROPORTION THAT ALL OTHER ALLOCATED SHARES HELD IN THE PLANS ARE VOTED. THE UNDERSIGNED HEREBY AUTHORIZES THE TRUSTEES OF THESE PLANS TO VOTE THE UNDERSIGNED S SHARES HELD IN ITS ACCOUNTS.**

**Vote by Internet, Telephone or Mail**

**24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

**INTERNET/MOBILE**

**PHONE**

**MAIL**

**[www.proxypush.com/xel](http://www.proxypush.com/xel)**

**1-866-883-3382**

Use the Internet to vote your proxy until 11:59 p.m. (EDT) on May 15, 2018, or 11:59 p.m. (EDT) on May 13, 2018 in the case of shares held under the Plans.

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (EDT) on May 15, 2018, or 11:59 p.m. (EDT) on May 13, 2018 in the case of shares held under the Plans.

Mark, sign and date your proxy card and return it in the postage-paid envelope provided. Your proxy card must be received by May 15, 2018, or by May 13, 2018 in the case of shares held under the Plans.

**If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card.**