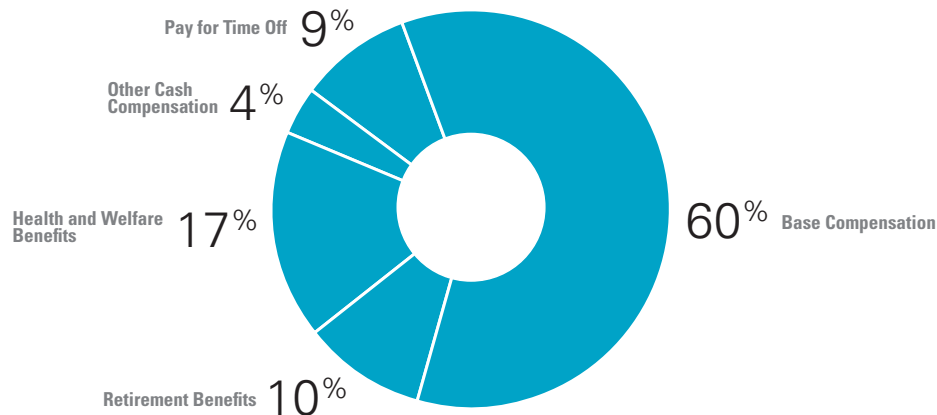


Total Rewards for Employees



Xcel Energy provides Total Rewards to employees:



Our Approach

Xcel Energy is committed to providing employees with a market-competitive compensation and benefits package. We seek to offer programs that are aligned with the external market and attractive to our employees, while finding ways to manage costs to keep our benefits programs financially viable.

Employee Total Rewards

Xcel Energy's total rewards package includes base and variable compensation, along with benefits like health and wellness, retirement and pension, paid time off, recognition and talent development.

Our Total Rewards Statement tool is offered to most of our employees and shows them the full value of the benefits package we provide. It offers a personalized snapshot of pay and benefits information, as well as links to additional program and service information. Employees can access their individual statements online.

Benefits

A significant portion of our investment in employees is made through a benefits package that remains consistently competitive in the marketplace. Our benefits package for employees often exceeds 40 percent of base pay.

Xcel Energy continues to offer a basic pension plan along with a 401(k) savings plan, which demonstrates our commitment to partnering with employees to meet their long-term financial goals. Unlike many employers who have frozen pension plans or reduced contributions to 401(k) accounts, we continue to contribute to these plans as a sign of our commitment to provide savings vehicles that enable employees to fully engage while working, yet able to exit the workforce at an appropriate age. We also balance financial and workforce objectives with providing a fair and market-based benefits package, which results in our ability to recruit and retain the best talent to serve our customers.

Xcel Energy Benefits Package for Full-time, Non-bargaining Unit Employees

Medical plan	Includes medical, pharmacy and a Health Savings Account (HSA). Employees who enroll in our High Deductible Healthcare Plan (HDHP) are able to contribute pre-tax dollars to an HSA that can be used to offset current or future healthcare expenses not covered by the plan. This account accrues tax-free interest, is owned by the employee and carries over year to year. Employees pay reasonable and affordable premiums for the HDHP plan. In aggregate, employees pay approximately 25 percent of healthcare costs through their premiums, deductibles and co-insurance expenses. Xcel Energy pays the remaining 75 percent.
Dental and vision	Xcel Energy covers 75 percent of dental plan premiums and up to 75 percent of vision plan premiums.
Life insurance	Xcel Energy covers the full cost of basic life insurance coverage and offers voluntary supplemental and dependent life insurance coverage.
Disability coverage	Xcel Energy covers the full cost of long-term disability coverage for eligible employees and provides salary continuation in the form of short-term disability, paid time off (PTO), vacation and sick leave.
Work/life balance programs	Includes Employee Assistance Program; adoption assistance; healthcare, dependent-care and transportation reimbursement accounts; transit pass subsidies; fitness center reimbursement; and wellness programs.
Professional development programs	Includes tuition reimbursement and a variety of internal and external development opportunities.
Pension	Xcel Energy provides a formula-driven basic pension plan to help employees prepare for a financially secure retirement. The pension benefit is based on an employee's length of service and eligible compensation.
401(k) savings plan	Xcel Energy's 401(k) Savings Plan allows employees to save for their future through automatic payroll deductions (pre-tax, Roth 401(k) after-tax or a combination of both). Employees can choose to invest their contributions using a variety of options (cash, bond and stock investments). Xcel Energy matches a portion of employee contributions. For new non-bargaining unit and SPS bargaining unit employees, we automatically enroll new hires at 4 percent pre-tax savings with an automatic 1 percent annual escalation until 10 percent is reached. This results in a guaranteed company match of 2 percent for employees who do not waive coverage.

Notes on benefits:

- Coverage for eligible dependents includes medical, dental, vision, life insurance and AD&D insurance.
- Employees whose families are composed of domestic partners and/or children of domestic partners have participated in Xcel Energy benefits since 1992.
- Bargaining unit benefits are based on the contract negotiated with a specific local union.

Health and Wellness

Studies have shown organizations that invest in their employees' health and wellness have a more satisfying and productive work environment. Plus, investments in wellness support more educated healthcare consumerism and help us manage long-term cost increases related to healthcare. In 2015, our focus on wellness continued with a number of opportunities offered to employees.

My Health Choices

My Health Choices is our voluntary wellness rewards program that began in 2012. It is designed to encourage healthy lifestyle choices for employees and their covered spouses or domestic partners through financial incentives.

The number of participants in My Health Choices remained at more than 6,000 employees in 2015, and the company contributed nearly \$2.3 million toward the program. By taking steps to monitor and improve their health, participants were eligible to receive up to \$450 deposited into a health savings account. Not only did the participants reap financial rewards, but they and their families also benefited in other ways, such as:

- Increased knowledge of personal health
- Increased knowledge of healthy choices related to identified health risks
- Increased preventive benefit use supporting early disease detection
- Earlier cancer detection through regular preventive screenings
- Weight loss across the employee population
- Disease progression slowdown
- Better clinical compliance for those managing their chronic health conditions

Additionally, Xcel Energy continued to offer wellness coaching and care management programs in 2015. More than 350 employees participated in United Healthcare coaching programs focusing on topics like weight management, exercise, nutrition, tobacco use cessation, heart healthy lifestyle, stress management and diabetes. More than 1,200 employees participated in care management programs that offer assistance to those with conditions such as asthma, coronary artery disease, cancer, chronic obstructive pulmonary disease, diabetes and heart failure.

Additional Wellness Activity in 2015

Onsite flu shot clinics	Over 3,600 seasonal flu shots were given at workplace sites. An additional 1,425 flu shots were administered through our pharmacy benefit.
Health assessments	More than 2,500 employees took the assessment to determine their health risk score and were offered programs to assist them in improving or maintaining health.
Fitness center reimbursement program	1,423 plan members received just over \$160,000 in reimbursements for exercising at least eight times per month.
Onsite yoga classes	More than 60 yoga classes were held at seven locations.
Wellness ambassadors	34 employees volunteered to be Xcel Energy wellness ambassadors at 27 worksites, championing a culture of wellness in various work areas.

Professional Development

Total Rewards is more than pay and benefits; it also includes providing opportunities for the professional development of our employees. Xcel Energy is committed to professional development and maintaining an environment where learning and growth can occur. Employees are ultimately responsible for owning and managing their own professional development; however, we expect managers to encourage development through feedback, suggestions and support.

With this in mind, we offer employees resources and tools to support their personal and professional development, including a Learning Management System, which provides e-learning, virtual and traditional training options. We also provide employees with development planning tools, assessments and suggestions for practicing new skills and behaviors.

In 2015, employees completed a total of more than 343,228 internal learning opportunities. Additionally, our tuition reimbursement program provided approximately \$917,000 to 321 employees in 2015.

2015 Professional Development Opportunities

Learning Programs	Completions in 2015	Opportunities
Online Courses	200,336 completions of 2,730 course titles	We offer an extensive catalog of online courses for employees to complete, ranging from technical and computer application training to professional and management training to compliance-related education and more. Some of these training programs are mandatory.
Classroom Courses	142,892 completions of 1,896 course titles	Employees can choose to attend a number of different training programs that are taught in person, ranging from safety and compliance-related classes to professional development classes to technical trainings. Depending on job responsibilities, some of these courses are mandatory.
Career Development Assignment Program	24 completions	The Career Development Assignment (CDA) Program is an intentional effort to support the development of high performing employees through cross-functional experience aligned to business needs. Employees may be pre-identified through succession planning or, in some cases, the opportunity may be posted.

Developing strong leaders at Xcel Energy is increasingly important to our succession planning efforts. More than 1,500 employees participated in leadership development programs last year.

2015 Leadership Development Opportunities

Program	Participants in 2015	Description
Talent Review	500+	Our talent review process identifies individuals who might be successors for critical positions at Xcel Energy. In all, about 240 key positions have been identified and more than 1,300 leaders and individual contributors have been assessed. Through this systematic process, executives and managers discuss assessments regarding the long-term performance, leadership potential and career aspirations of their employees. Working in teams, they determine the developmental readiness of each employee, create customized development plans and identify talent gaps.
Path to Leadership	150	The Path to Leadership program prepares employees for future leadership roles by providing them with mentors and formal education to develop the skills needed to be successful in future leadership roles. In 2015, 150 employees completed the program and a new class of 150 kicked off their year-long session. About 50 leaders supported the program in a mentor or panel member capacity.
Customer Care Front Line Leader Development Training	94	Leaders from Customer Care took part in a development opportunity that aimed to build better leaders through improved administration of policy, setting clear expectations, and providing and documenting feedback. This opportunity increased leader confidence and further supported company strategy and goals.
The Leadership Challenge	915	The Leadership Challenge is a leadership development program designed for leaders to equip and empower them to lead effectively through change and transition to a workforce ready for competition. The program targets Xcel Energy leaders (supervisor to director) who have direct reports or regularly manage people as part of their job with an emphasis on those who will be impacted most by Productivity Through Technology changes.

Performance Management

Xcel Energy believes that it is important to differentiate our investment and to reward top-performing employees accordingly. We rely on performance management and performance reviews to identify our top performers. The performance review process begins with setting clear and measurable individual objectives that align with and support the goals of Xcel Energy. It is important for employees to see how their work impacts the larger organization.

During the 2015 performance review process, non-bargaining employees and leaders at Xcel Energy were measured on not only what they accomplished, but also how they went about accomplishing their goals. This method of measurement supports efforts to create a performance-based culture by driving long-term continuous performance across the organization.

We also conducted a number of pilot programs in 2015 to evaluate options for future performance management at Xcel Energy. Based on our findings, a new program, Connect 4 Performance, was rolled out to employees in late 2015, to begin in 2016. As we transition to a more competitive-minded workforce, continuously improving our performance is crucial. Research indicates that effective and real-time coaching and feedback drives performance more effectively than infrequent performance reviews and ratings. Connect 4 Performance focuses less on documentation, numerical ratings, and formalized meetings and more on frequent, simple, meaningful conversations between leaders and their employees.