XCEL ENERGY INC
Form DEF 14A
April 01, 2008

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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 ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Xcel Energy Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(3) Filing Party:

(4) Date Filed:

Richard C. Kelly
Chairman of the Board, President
and Chief Executive Officer

April 1, 2008

Dear Shareholder,

Please join us at the Xcel Energy Inc. Annual Meeting of Shareholders, which will be held on May 21, 2008, at 10:00 a.m. MDT, at the Donald R. Seawell Grand Ballroom, The Denver Center for the Performing Arts, 14^{th} and Curtis Streets, in Denver, Colorado. The doors will open at 9:00 a.m. MDT.

At the meeting, I will report recent Xcel Energy results, discuss ongoing operations and talk about future plans. I also will provide time for your questions and comments.

The attendance of our shareholders at Annual Meetings over the years has been very helpful in maintaining good communications and understanding. The Annual Meeting is open to shareholders and those guests invited by the Company. We sincerely hope you will be able to be with us. If you are a registered shareholder, your admission ticket to the Annual Meeting is attached to the proxy card. You will not receive an admission ticket if a bank or broker holds your shares. In that case, please come to the Annual Meeting and present proof of ownership of Xcel Energy stock at the registration table. As set forth in these guidelines, all attendees will be asked to provide photo identification, such as a driver's license, in order to gain admittance to the Annual Meeting. We ask that you review the Annual Meeting guidelines contained on the back cover of this proxy statement. If you cannot attend in person, you can listen to our webcast of the Annual Meeting at *www.xcelenergy.com*.

Most importantly, we encourage you to vote on the issues included in this proxy statement as soon as possible. You can vote electronically over the Internet, by telephone or by mailing the proxy card. Instructions about each of the options are included on the proxy card.

Again, we would be delighted to see you in Denver and please vote soon.

Cordially,

Richard C. Kelly

ANNUAL MEETING OF SHAREHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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XCEL ENERGY INC.

414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time	10:00 a.m. MDT on Wednesday, May 21, 2008.
Place	The Donald R. Seawell Grand Ballroom at The Denver Center for the Performing Arts, 14th and Curtis Streets, in Denver, Colorado.
Items of Business	(1) To elect a Board of Directors to hold office until the next Annual Meeting of Shareholders or until their respective successors have been elected or appointed. (2) To ratify the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s principal independent accountants for 2008. (3) To approve an amendment to our restated articles of incorporation to adopt a majority voting standard in uncontested elections. (4) To consider a shareholder proposal relating to the separation of the role of Chair of the Board and Chief Executive Officer, if properly presented at the Annual Meeting. (5) To consider a shareholder proposal relating to comprehensive health care reform, if properly presented at the Annual Meeting. (6) To consider such other business as may properly come before the Annual Meeting or any adjournments thereof.
Record Date	You are entitled to vote if you were a shareholder at the close of business on March 25, 2008.
Annual Meeting Admission	If you are a registered shareholder, an admission ticket is attached to the proxy card. You will not receive an admission ticket if a bank or broker holds your shares. In that case, please come to the Annual Meeting and present proof of ownership of our stock at the registration table. The Annual Meeting is open to shareholders and those guests invited by the Company. All attendees will be asked to provide photo identification, such as a driver's license, in order to gain admittance to the Annual Meeting.
Voting by Proxy	Please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. You may submit your proxy: (1) over the Internet; (2) by telephone; or (3) by mail. For specific instructions, refer to the Questions and Answers beginning on page 1 of this proxy statement and the voting instructions on the proxy card.

This proxy statement and proxy card are being distributed on or about April 1, 2008.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 21, 2008:

Our 2008 Proxy Statement and Annual Report are available at http://bnymellon.mobular.net/bnymellon/xel.

By Order of the Board of Directors,

CATHY J. HART
Corporate Secretary

XCEL ENERGY INC.
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

April 1, 2008

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 21, 2008

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why Am I Receiving These Materials?

A: The Board of Directors of Xcel Energy Inc. is providing these proxy materials to you in connection with the solicitation by the Board of proxies to be voted at Xcel Energy's Annual Meeting of Shareholders that will take place on May 21, 2008. You are requested to vote on the proposals described in this proxy statement.

Q: What Information is Contained in These Materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of directors and our most highly paid executive officers and certain other required information. For those of you not receiving the proxy statement electronically, our 2007 Annual Report to Shareholders is enclosed in this mailing and also is available via the Internet at *www.xcelenergy.com*.

Q: What Proposals Will be Voted On at the Annual Meeting?

A: There are five proposals scheduled to be voted on at the Annual Meeting:

- the election of a Board of Directors to hold office until the next Annual Meeting of Shareholders or until their respective successors have been elected or appointed;
- the ratification of the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s principal independent accountants for 2008;
- the approval of an amendment to our restated articles of incorporation to adopt a majority voting standard in uncontested elections;
- if properly presented at the Annual Meeting, a shareholder proposal relating to the separation of the role of Chair of the Board and Chief Executive Officer; and
- if properly presented at the Annual Meeting, a shareholder proposal relating to comprehensive health care reform.

Q: What Are the Company's Voting Recommendations?

A: Our Board recommends that you vote your shares as follows:

"FOR" each of the nominees to the Board;

"FOR" the ratification of the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s principal independent accountants for 2008;

"FOR" approval of the amendment to our restated articles of incorporation;

"AGAINST" the shareholder proposal relating to the separation of the role of the Chair of the Board and Chief Executive Officer; and

"AGAINST" the shareholder proposal relating to comprehensive health care reform.

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

Q:

What Shares Can I Vote?

A: All shares of our common and preferred stock owned by you as of March 25, 2008, the record date, may be voted by you. These shares include those (1) held directly in your name as the shareholder of record and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

Q:

What is the Difference Between Holding Shares as a Shareholder of Record and as a Beneficial Owner?

A: Many of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

Shareholder of Record. If your shares are registered directly in your name with our transfer agent, BNY Mellon Shareowner Services, you are considered, with respect to those shares, the shareholder of record and these proxy materials are being sent directly to you by us. As the shareholder of record, you have the right to vote your proxy directly to the Company (by Internet, by telephone or by mail) or to vote in person at the Annual Meeting. We have enclosed a proxy card for you to use.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. 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.

Q:

How Can I Vote My Shares?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may vote in person at the Annual Meeting, by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. In most instances, you will be able to do this over the Internet, by telephone or by mail. Please refer to the summary instructions and those included on your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee.

By Internet If you have Internet access, you may submit your proxy from any location in the world by following the "Vote by Internet" instructions on the proxy card.

By Telephone If you are in the United States, you may submit your proxy by following the "Vote by Telephone" instructions on the proxy card.

By Mail You may do this by signing your proxy card or, for shares held in street name, the voting instruction card included by your broker or nominee and mailing it in the enclosed, postage prepaid and addressed envelope. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign your proxy card, but do not provide instructions, your shares will be voted as described in "How Are Votes Counted?" If you provide voting instructions but do not sign your card, your vote will not be counted.

We Encourage You to Vote by Internet or by Telephone.

Q: Can I Change My Vote?

A: 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. You can revoke your proxy by either signing another proxy with a later date, voting a second time by telephone or by the Internet prior to 11:59 p.m. EDT on May 20, 2008, or voting again at the Annual Meeting. Alternatively, you may provide a written statement to the Company (attention: Corporate Secretary) of your intention to revoke your proxy.

Q:

Is My Vote Confidential?

A: Yes. Xcel Energy Inc. 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.

Q:

How Are Votes Counted?

A: In the election of directors, you may vote "FOR" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. For the other proposals, you may vote "FOR," "AGAINST," or "ABSTAIN." If you "ABSTAIN," it has the same effect as a vote "AGAINST." If you sign your proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. However, if you are a participant in one of our employee savings or stock ownership 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 return your voting directive, the trustee will vote your allocated shares, along with all unallocated shares held, in the same proportion that all other allocated shares are voted.

If you are a participant in our Dividend Reinvestment and Cash Payment Plan, your proxy form will include the shares held on your behalf under such plan and the shares will be voted in accordance with your proxy vote. If you do not vote your proxy, your shares in the Dividend Reinvestment and Cash Payment Plan will not be voted.

Q:

What is the Voting Requirement to Approve Each of the Proposals?

A: All proposals require the affirmative "FOR" vote of a majority of the voting power of the shares present. For the election of directors, you are entitled to cumulatively vote your shares as described more specifically under the heading "Proposal No. 1 Election of Directors." If you are a beneficial owner and do not provide the shareholder of record with voting instructions, your shares may constitute broker non-votes for certain proposals, as described in "What is the Quorum Requirement for the Annual Meeting?" below. In tabulating the voting result for any particular proposal, abstentions from voting are treated as votes "AGAINST" that proposal.

Q:

What Does it Mean if I Receive More Than One Proxy or Voting Instruction Card?

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

Q:

How Can I Obtain an Admission Ticket for the Annual Meeting?

A: If you are a registered shareholder, the admission ticket is attached to the enclosed proxy card. You will not receive an admission ticket if a bank or a broker holds your shares. In that case, please come to the Annual Meeting and present proof of ownership of our stock at the registration table. A photo identification, such as a driver's license, will also be requested.

Q:

Where Can I Find the Voting Results of the Annual Meeting?

A: We will announce preliminary voting results at the Annual Meeting. When the votes are finalized, we will include the final results in our second quarter Form 10-Q, which will be available on our website, *www.xcelenergy.com*, on or before August 8, 2008.

Q:

What Classes of Shares are Entitled to be Voted?

A: If you owned shares of our common or preferred stock at the close of business on March 25, 2008, the record date, you are entitled to vote at the Annual Meeting. Each share of our common stock is entitled to one vote upon each matter presented at the Annual Meeting. On March 25, 2008, there were

430,506,661 shares of common stock issued and outstanding. Of these, 430,452,647 were eligible to vote. The balance of the shares of our outstanding common stock represent shares in our predecessor companies that have not yet been exchanged for shares of our common stock as required by the terms of the applicable mergers. Accordingly, these unexchanged shares are not eligible to vote. If you owned preferred stock (other than the $3.60 Series), you are entitled to one vote per share of such preferred stock upon each matter presented at the Annual Meeting. On March 25, 2008, we had 774,800 shares of our preferred stock (other than the $3.60 Series) outstanding. If you owned shares of our $3.60 Series preferred stock, you are entitled to three votes per share of such $3.60 Series preferred stock upon each matter presented at the Annual Meeting. On March 25, 2008, we had 275,000 shares of our $3.60 Series preferred stock outstanding. Except as described below under the heading "Beneficial Ownership of Certain Shareholders," no person holds of record or, to our knowledge, beneficially owns more than 5% of any class of our outstanding voting securities.

Q:

What is the Quorum Requirement for the Annual Meeting?

A: The quorum requirement for holding the Annual Meeting and transacting business is a majority of the voting power of the shares of common stock and cumulative preferred stock issued, outstanding and entitled to vote at a meeting. The shares may be present in person or represented by proxy at the Annual Meeting. If you submit a properly executed proxy card or vote in person, by telephone or over the Internet, you will be considered part of the quorum. Both abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

Q:

Who Will Count the Vote?

A: Representatives of BNY Mellon Shareowner Services will tabulate the votes and act as the inspectors of election.

Q:

Who Will Bear the Cost of Soliciting Votes for the Annual Meeting?

A: The Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials, except that certain expenses for Internet access may be incurred by you if you choose to access the proxy materials and/or vote over the Internet. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for these solicitation activities. We also have hired Laurel Hill Advisory Group LLC to assist us in the distribution of proxy materials and the solicitation of votes. We will pay Laurel Hill Advisory Group LLC a fee of $7,500 for these services. 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 stock.

Q:

Does the Company Offer Shareholders Electronic Delivery of Proxy Materials?

A: Yes. The Company 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 consent to do so prior to the record date for the Annual Meeting.

To provide your consent for electronic delivery, please go to *www.xcelenergy.com* and click on "Investor Information." Then look for electronic delivery. As soon as the Annual Report to Shareholders and proxy statement are available, electronic delivery participants will receive an e-mail with a link to the information and a control number to use to vote online.

Q: What Happens if Additional Proposals are Presented at the Annual Meeting?

A: 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 proxy holders, Benjamin G.S. Fowke III, Michael C. Connelly and Cathy J. Hart, 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 proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

Q: May I Propose Actions for Consideration at Next Year's Annual Meeting of Shareholders or Nominate Individuals to Serve as Directors?

A: Yes, you may submit proposals for consideration at future shareholder meetings as follows:

To Be Included in the Proxy Statement. Unless we indicate otherwise at a later date, in order for a shareholder proposal 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 5:00 p.m. CST on December 2, 2008. These proposals must be in writing and sent to: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, 5th floor, Minneapolis, Minnesota 55401-1993. These proposals also will need to comply with Securities and Exchange Commission regulations regarding the inclusion of shareholder proposals in Company-sponsored proxy materials.

To Be Raised from the Floor. Similarly, unless we indicate otherwise at a later date, in order for a shareholder proposal to be raised from the floor during next year's Annual Meeting, the shareholder's written notice must be received by the Corporate Secretary between January 1, 2009 and February 15, 2009, and must contain certain information as required under our bylaws. You may contact the Corporate Secretary at our headquarters for a copy of the relevant provisions of our bylaws regarding the requirements for making shareholder proposals. Please note that these requirements relate only to matters a shareholder wishes to bring before next year's Annual Meeting and that are not to be included in our proxy statement.

To Recommend an Individual to Serve as a Director. You may make a recommendation to our Governance, Compensation and Nominating Committee of an individual to serve as a director by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary of Xcel Energy Inc. at 414 Nicollet Mall, 5th floor, Minneapolis, Minnesota 55401-1993. In order to be considered for next year's Annual Meeting, your recommendation should be received by October 10, 2008.

Q: I Received More Than One Complete Proxy Package. Is it Possible to Eliminate Duplicates?

A: Yes, we have adopted a procedure approved by the Securities and Exchange Commission called "householding." Under this procedure, certain shareholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Annual Report to Shareholders and proxy statement, unless one or more of these shareholders notifies us that they would like to continue to receive individual copies. This will reduce our printing costs and postage fees. Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you and other shareholders of record with whom you share an address currently receive multiple copies of our Annual Report to Shareholders and/or proxy statement, or if you hold stock in more than one account, and in either case, you would like to receive only a single copy of the Annual Report to

Shareholders or proxy statement for your household, please forward your written request to BNY Mellon Shareowner Services 480 Washington Boulevard, Jersey City, New Jersey 07310.

If you are a shareholder of record, or a beneficial owner whose shares are held through a broker or bank, and participate in householding and would like to receive a separate copy of our 2007 Annual Report to Shareholders or this proxy statement, please contact us in the manner described in the immediately preceding paragraph or call 1-877-778-6786. We will deliver the requested documents to you promptly upon receipt of your request. If you are a shareholder of record and you want to receive separate copies of the Annual Report to Shareholders and proxy statement in the future, please contact us in the manner described in the immediately preceding paragraph or call 1-877-778-6786. If you are not a shareholder of record and your shares are held through a broker or bank and you want to receive separate copies of the Annual Report to Shareholders and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder.

CORPORATE GOVERNANCE

Governance Guidelines and Code of Conduct

The Board of Directors operates under a set of written Guidelines on Corporate Governance. These Guidelines set forth the Company's corporate governance philosophy and the governance policies and practices that the Company has established to assist in governing the Company and its affiliates. As discussed further below, during 2007, the Board amended these Guidelines to:

- Expand the scope of the lead director position and provide that the lead director shall serve a one-year term; and

- Establish a director resignation policy in the event that a director does not receive the majority vote of the shareholders in an uncontested election.

In addition, during December 2007, our former Operations, Nuclear and Environmental Committee was reorganized as the Nuclear, Environmental and Safety Committee to have a more specific focus and provide greater oversight of these aspects of our business.

In keeping with effective governance practices, the Company is recommending that shareholders approve at its 2008 Annual Meeting a management proposal (see Proposal No. 3) to amend our restated articles of incorporation to require a majority vote for the election of directors in an uncontested election. The amendment is intended to operate in tandem with our recently adopted director resignation policy.

The Guidelines describe Board membership criteria, the Board selection and member orientation process and stock ownership guidelines. The Guidelines require that all but two of the directors must be independent and that the members of each committee must be independent. Directors are to retire from the Board on or prior to the day of the Annual Meeting of Shareholders after they turn 72 and, except for inside directors and directors first elected prior to August 18, 2000, are to serve no more than 15 years on the Board. The Guidelines also provide that no director may serve on more than two other boards of directors of publicly held companies without the prior approval of the Governance, Compensation and Nominating Committee. Directors whose professional responsibilities change, such as upon retirement or a change in employer, are required to submit a letter of resignation for the Board's consideration.

The Guidelines provide that Board members have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisors, including legal counsel and independent accountants. The Guidelines further provide that the Board and each committee have the power to hire independent legal, financial or other advisors as they deem necessary. The Guidelines provide that the independent directors are to meet in executive session on a regularly scheduled basis, and that the lead independent director will chair these executive sessions.

The Guidelines provide that the Governance, Compensation and Nominating Committee of the Board will evaluate the performance of the Chief Executive Officer on an annual basis, using objective criteria. The Guidelines also provide that the members of the Board will conduct an annual assessment of the performance of the Board and the processes used by the Board. The members of each respective committee will conduct an annual assessment of the performance of the committees.

The Board of Directors of the Company has adopted a Code of Conduct that applies to employees and directors of Xcel Energy Inc., its wholly owned subsidiaries and affiliates. Our Code of Conduct applies to our Chief Executive Officer, our Chief Financial Officer and our Chief Accounting Officer, and complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules issued thereunder for codes of conduct applicable to such officers as well as the governance requirements of the New York Stock Exchange. All of our corporate governance material, including our Code of Conduct, our Guidelines on Corporate Governance and each of our committee charters, is available for public viewing on the Company's web site at *www.xcelenergy.com*, under "About Us Corporate Governance." Copies of our corporate governance material are also available free of charge to shareholders who request them. Requests must be in writing and sent to: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, 5th floor, Minneapolis, Minnesota 55401-1993. We intend to disclose any future amendments to, or waivers from, any provision of our Code of Conduct involving our directors, our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or other persons performing similar functions on our website within four business days following the date of any such amendment or waiver.

Board Composition and Independence

In 2004, the Board requested and received shareholder approval to amend our bylaws to eliminate the classification of the Board of Directors. Consequently, all directors are elected annually for one-year terms.

The Board of Directors currently has thirteen directors, twelve of whom are independent within the meaning of the listing standards of the New York Stock Exchange. For purposes of determining independence, we have adopted the following categorical standards for director independence in compliance with the listing standards of the New York Stock Exchange:

No director qualifies as "independent" unless the Board affirmatively determines, taking into account all of the relevant facts and circumstances, that the director has no material relationship with us or any of our subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with us or any of our subsidiaries);

A director who is an employee, or whose immediate family member is an executive officer, of us or any of our subsidiaries is not independent until four years after the end of such employment relationship;

A director who receives, or whose immediate family member receives, more than $100,000 per year in direct compensation from us or any of our subsidiaries, other than director and committee fees and pension or other forms or deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until four years after he or she ceases to receive more than $100,000 per year in such compensation;

A director (a) who is a current partner or employee of the firm that is the Company's external auditor, or (b) whose immediate family member is a current partner of such firm or a current employee of such firm and participates in that firm's audit, assurance, or tax compliance (but not tax planning) practice, or (c) who was, or whose immediate family member was, within the last four years a partner or employee of such a firm and personally worked on the Company's audit within that time, is not independent;

A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of our or any of our subsidiaries' present executives serve on that company's compensation committee is not "independent" until four years after the end of such service or the employment relationship;

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, us or any of our subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of $1 million or 2% of such other company's consolidated gross revenues is not "independent" until four years after falling below such threshold; and

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.

For purposes of determining whether a director is independent, the Board has determined that the receipt of regulated electric and gas service from the Company does not constitute a material relationship. One of our directors, Mr. Richard K. Davis, is the Chairman, President and Chief Executive Officer of U.S. Bancorp. As described below under the heading "Related Party Transactions," U.S. Bancorp serves as trustee for some of our debt securities and has in the past, and may in the future, perform investment and other banking services for the Company. For purposes of determining whether Mr. Davis is independent, the Board has determined that, due to the nature and relative size of such banking work compared to the revenues of both the Company and U.S. Bancorp, such banking work did not constitute a material relationship.

The Board determined that the following current members of the Board meet the independence standards set forth above: Mr. C. Coney Burgess, Mr. Fredric W. Corrigan, Mr. Richard K. Davis, Mr. Roger R. Hemminghaus, Mr. A. Barry Hirschfeld, Mr. Douglas W. Leatherdale, Mr. Albert F. Moreno, Dr. Margaret R. Preska, Ms. A. Patricia Sampson, Mr. Richard H. Truly, Mr. David A. Westerlund, and Mr. Timothy V. Wolf. Mr. Richard C. Kelly does not meet the independence standards because he is our current Chairman, President and Chief Executive Officer.

Standing Committees; Independent Members

Our Board has four standing committees Audit; Finance; Governance, Compensation and Nominating; and Nuclear, Environmental and Safety. All members of these committees are independent directors who are nominated and approved by the Board each year. The Governance, Compensation and Nominating Committee will recommend to the Board the directors to chair these committees. The roles and responsibilities of these committees are defined in the committee charters adopted by the Board and provide for oversight of executive management. Each of the charters is available for public viewing on our website at *www.xcelenergy.com* under "About Us Corporate Governance" and the name of the specific committee. The duties and responsibilities of all the Board committees are reviewed regularly and are outlined in the following sections.

Lead Independent Director

In an effort to strengthen independent oversight of management and to strengthen communication, on June 27, 2007 the Board appointed Mr. Fredric W. Corrigan to serve as the lead independent director for a one-year term. The responsibilities of the lead independent director are to:

- Preside at all meetings of the Board at which the Chair is not present, including executive sessions of the non-management and independent directors;
- Serve as a liaison between the Chair and the independent directors, maintain regular communications with the independent directors and focus director communication on critical issues;
- Approve the agenda for the Board and, with the Chair, approve all materials provided to the directors;
- Approve meeting schedules to ensure sufficient time is provided for discussion of agenda items;
- Call meetings of the independent directors, as necessary;
- Consult and communicate with major shareholders, if requested;
- Manage evaluation of Board performance;
- Chair executive sessions of the Board; and
- Develop and maintain a process for Chief Executive Officer succession planning with the Governance, Compensation and Nominating Committee.

Executive sessions of the independent directors are held on a regular basis. During 2007, the independent directors met in executive session on six (6) occasions.

Process Related to Executive Officer and Director Compensation

Under the terms of its charter, the Governance, Compensation and Nominating Committee of the Board of Directors has broad authority to develop and implement compensation policies and programs for executive officers and Board members. In particular the Governance, Compensation and Nominating Committee is to:

- Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer;
- Evaluate the performance of the Chief Executive Officer in light of those corporate goals and objectives and set the compensation level for the Chief Executive Officer based on such evaluation and any other factors it deems appropriate;
- Review and recommend to the Board the approval, adoption and amendment of all cash and equity-based incentive compensation plans in which any executive officer participates and all other equity-based plans;
- Administer the equity-based incentive compensation plans and any other plans adopted by the Board that contemplate administration by the Governance, Compensation and Nominating Committee;
- Review performance and approve salaries and other forms of compensation, including perquisites and awards under the incentive compensation plans and equity-based plans, for executive and senior officers and report the results of such performance and compensation evaluations to the Board;
- Approve short-term and long-term incentive awards and review corporate annual and long-term performance against goals;
- Review severance arrangements for senior officers; and
- Review and recommend Board compensation and retirement policies and plans.

The Governance, Compensation and Nominating Committee may in its discretion delegate all or a portion of its duties and responsibilities to a subcommittee.

The Chief Executive Officer may make recommendations to the Governance, Compensation and Nominating Committee regarding the compensation levels for executive officers other than his own.

The Governance, Compensation and Nominating Committee has in the past, and expects to do so in the future as well, directly engaged Towers Perrin, a nationally recognized compensation consulting firm, to help survey compensation levels. Typically, Towers Perrin has been asked to provide information to the Governance, Compensation and Nominating Committee about director, executive and senior officer compensation within the utility industry and on a broader scale. In particular, for 2007, at the request of the Governance, Compensation and Nominating Committee, Towers Perrin provided an annual evaluation of trends in executive compensation and director compensation and an evaluation of executive and senior officer compensation. Towers Perrin based its evaluation on executive compensation data collected in two survey groups one for utility companies and one for general industry companies.

Communications with the Board of Directors

Shareholders or other interested parties who wish to communicate with members of the Board, including the independent directors individually or as a group, may send correspondence to them in care of the Corporate Secretary at the Company's principal offices, 414 Nicollet Mall, 5th floor, Minneapolis, Minnesota 55401-1993. Alternatively, the directors may be contacted via e-mail at *boardofdirectors@xcelenergy.com*. We currently do not intend to have the Corporate Secretary screen this correspondence, but we may change this policy if directed by the Board due to the nature and volume of the correspondence.

The Company does not have a formal policy, but encourages each of its Board members to attend the Annual Meeting. All members of our Board attended the 2007 meeting.

Nomination of Directors

In considering individuals for nomination as directors, the Governance, Compensation and Nominating Committee typically solicits recommendations from its current directors and is authorized to engage third party advisors, including search firms, to assist in the identification and evaluation of candidates. In evaluating potential candidates, the Committee may consider such factors as it deems appropriate. These factors include judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. While the Committee has not established any specific minimum qualifications for director nominees, the Committee believes that demonstrated leadership, as well as significant years of service in an area of endeavor such as business, law, public service, related industry or academia, is a desirable qualification for service as a director of the Company.

Any shareholder may make recommendations to the Governance, Compensation and Nominating Committee for membership on the Board by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary at 414 Nicollet Mall, 5th Floor, Minneapolis, Minnesota 55401-1993. Such recommendations should be received by October 10, 2008 in order to be considered for next year's Annual Meeting. The Committee will evaluate candidates recommended by shareholders on the same basis as it evaluates other candidates.

Prohibition on Loans

The Xcel Energy Inc. 2005 Omnibus Incentive Plan, approved by shareholders at the 2005 Annual Meeting, expressly prohibits Company loans to any employees, including executive officers.

BOARD STRUCTURE AND COMPENSATION

As previously discussed, our Board currently consists of thirteen directors, twelve of whom have been determined by the Board to be independent.

The Board had the following four standing committees during 2007:

- Audit
- Finance
- Governance, Compensation and Nominating
- Nuclear, Environmental and Safety

The function of each committee and current membership are described in the following sections. During 2007, the Board met six (6) times and the independent directors met in executive session on six (6) occasions. All of our directors attended at least 75% of the meetings of the Board and committees on which such director served during 2007.

Audit Committee

Members: Albert F. Moreno (Chair), Roger R. Hemminghaus, Douglas W. Leatherdale, Dr. Margaret R. Preska, David A. Westerlund and Timothy V. Wolf. All members of the Audit Committee are independent, as defined in the listing standards of the New York Stock Exchange, and are financially literate in accordance with the listing standards of the New York Stock Exchange. The Board has determined that Roger R. Hemminghaus, Douglas W. Leatherdale and Timothy V. Wolf meet the Securities and Exchange Commission's definition of an audit committee financial expert.

Number of meetings in 2007: Six (6)

The functions of the Audit Committee include:

- Oversight of our financial reporting process, including the integrity of our financial statements, compliance with legal and regulatory requirements, and the independence and performance of internal and external auditors;
- Review of the annual audited financial statements and quarterly financial information with management and the independent auditors;
- Appointment of independent auditors;
- Review with the independent auditors of the scope and the planning of the annual audit;
- Review of findings and recommendations of the independent auditors and management's response to the recommendations of the independent auditors; and
- Preparation of the Report of the Audit Committee included in this proxy statement.

Finance Committee

Members: C. Coney Burgess (Chair), Richard K. Davis, Roger R. Hemminghaus, Dr. Margaret R. Preska, A. Patricia Sampson and Timothy V. Wolf. All members of the Finance Committee are independent, as defined in the listing standards of the New York Stock Exchange.

Number of meetings in 2007: Four (4)

The functions of the Finance Committee include:

- Oversight of corporate capital structure and budgets;

- Oversight of financial plans and dividend policies;
- Recommendations as to dividends;
- Oversight of insurance coverage and banking relationships;
- Oversight of investor relations; and
- Oversight of financial and operational risk management.

Governance, Compensation and Nominating Committee

Members: Douglas W. Leatherdale (Chair), C. Coney Burgess, Fredric W. Corrigan, A. Barry Hirschfeld, Richard H. Truly and David A. Westerlund. All members of the Governance, Compensation and Nominating Committee are independent, as defined in the listing standards of the New York Stock Exchange.

Number of meetings in 2007: Six (6)

The functions of the Governance, Compensation and Nominating Committee include, among others:

- Determination of Board organization, selection of director nominees and setting of director compensation;
- Evaluation of performance of the Chief Executive Officer and other senior officers;
- Approval of executive officer compensation, including incentives and other benefits;
- Establishment of corporate governance principles and procedures;
- Review of corporate structure and policies with respect to human resource policies, corporate ethics, and long range planning and strategy;
- Review proxy disclosures regarding directors' and executive officers' compensation and benefits, including but not limited to the Compensation Discussion and Analysis; and
- Preparation of the Report of the Compensation Committee included in this proxy statement.

Nuclear, Environmental and Safety Committee

Members: A. Barry Hirschfeld (Chair), Fredric W. Corrigan, Richard K. Davis, Albert F. Moreno, A. Patricia Sampson and Richard H. Truly. All members of the Nuclear, Environmental and Safety Committee are independent, as defined in the listing standards of the New York Stock Exchange.

Number of meetings in 2007: Four (4)

The functions of the Nuclear, Environmental and Safety Committee include, among others:

Oversight of nuclear strategy and operations, including the review of the results of reports and major inspections and evaluations;

Review of environmental strategy, compliance, performance issues and initiatives;

Review of safety performance, strategy and initiatives; and

Review of operational decisions and plans related to performance.

Directors' Compensation for 2007

The Committee has retained Towers Perrin as its compensation consultant for the last several years. Towers Perrin has specific and extensive expertise in evaluating compensation for directors in the utility industry. At the Committee's and Company's request, Towers Perrin provides an annual evaluation and analysis of market levels, mechanisms, and trends in director compensation. Specific components that were analyzed in 2006 and 2007 included annual board and committee retainers, board and committee meeting fees, committee chairperson fees and annualized expected value of stock-based compensation. Based upon this evaluation, in conjunction with the recommendations from the Human Resources Department of the Company, the Committee makes the decisions on director compensation which are then further reviewed and approved by the full Board of Directors. As discussed below, new directors' fees were established effective September 1, 2007. The Committee receives additional support from the office of the Corporate Secretary, which administers the payment of director compensation.

The following table provides information on the compensation we paid during 2007 to each of our non-employee directors. Mr. Kelly, who is employed by the Company, received no compensation for his Board activities.

Director Compensation

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($)(1) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation ($) (g)	Total ($) (h)
C. Coney Burgess	74,761	89,953				44,624	209,338
Fredric W. Corrigan	79,012	75,000				4,813	158,825
Richard K. Davis	68,011	75,000				4,813	147,824
Roger R. Hemminghaus	76,211	90,242				55,324	221,777
A. Barry Hirschfeld	70,261	89,052				46,661	205,974
Douglas W. Leatherdale	79,561	90,912				70,617	241,090
Albert F. Moreno	73,211	89,642				52,411	215,264
Margaret R. Preska(2)	92,461	86,652				44,533	223,646
A. Patricia Sampson	79,011	78,338				44,472	186,821
Richard H. Truly	69,511	75,000				6,784	151,295
David A. Westerlund	68,711	108,235				3,176	180,122
Timothy V. Wolf	70,086	94,493				2,074	166,653

(1) Amounts in this column represent the dollar value of the stock equivalent units discussed below. As of December 31, 2007, the number of stock equivalent units owned by the directors were as follows: Mr. Burgess: 54,857 units; Mr. Corrigan: 7,092 units; Mr. Davis: 7,092 units; Mr. Hemminghaus: 66,986 units; Mr. Hirschfeld: 57,051 units; Mr. Leatherdale: 84,494 units; Mr. Moreno: 63,724 units; Dr. Preska: 54,309 units; Ms. Sampson: 52,644 units; Mr. Truly: 9,326 units; Mr. Westerlund: 7,977 units; and Mr. Wolf: 4,187 units.

(2) Dr. Preska was paid $18,750 in January 2007 for fourth quarter 2006 fees.

The fee amounts reflected in column (b) above include an annual retainer, Board and committee meetings fees and additional retainers for service as lead director, committee chair or audit committee member. The amounts reflected in column (c) represent stock equivalent units. The amounts reflected in column (g) represent reinvested dividends paid on deferred stock equivalent amounts. For 2007, the amounts payable for each of those components was as follows:

	Through Aug. 31, 2007	Effective Sept. 1, 2007
Annual Director Retainer	$40,000	$80,000
Board Meeting Attendance Fees (per meeting)	1,500	
Telephonic Meeting Attendance Fees (per meeting)	650	
Committee Meeting Attendance Fees (per meeting)	1,500	
Lead Director Retainer		15,000
Additional Retainer for Committee Chair:		
Governance, Compensation & Nominating Committee	5,000	5,000
Nuclear, Environmental and Safety Committee(1)	5,000	5,000
Audit Committee	10,000	10,000
Finance Committee	5,000	5,000
Audit Committee Member Retainer	5,000	5,000
Stock Equivalent Units	75,000	80,000

(1) The Nuclear, Environmental and Safety Committee was formerly known as the Operations, Nuclear and Environmental Committee. The name was changed December 12, 2007.

Effective September 1, 2007, the annual retainer paid to non-employee directors was increased and compensation was no longer paid based on meeting attendance. This change was made to ease administration of the director compensation program and to reflect the active involvement of the directors between meetings. With this change, the Company expects overall compensation paid to directors to be approximately equal to the former compensation structure.

We have a stock equivalent plan for non-employee directors to more closely align directors' interests with those of our shareholders. Under this stock equivalent plan, directors may receive an annual award of stock equivalent units with each unit having a value equal to one share of our common stock. Stock equivalent units do not entitle a director to vote and are only payable as a distribution of whole shares of the Company's common stock upon a director's disability or termination of service. The stock equivalent units fluctuate in value as the value of our common stock fluctuates. Additional stock equivalent units are accumulated upon the payment of, and at the same value as, dividends declared on our common stock. The Company has also adopted stock ownership guidelines for its directors. The guideline for directors is seven times their annual retainer. Directors are expected to meet this guideline within five years of becoming a director.

On May 24, 2007, each non-employee director of the Company received an award of 3,286.59 stock equivalent units representing approximately $75,000 in cash value. Additional stock equivalent units were accumulated during 2007 as dividends were paid on our common stock. The number of stock equivalents for each non-employee director is listed in the Beneficial Ownership Table on page 31.

Prior to 2005, directors were able to participate in a deferred compensation plan that provided for deferral of director retainer and meeting fees until after retirement from the Board. A director could defer director retainer and meeting fees into the Stock Equivalent Plan. A director who elected to defer compensation under this plan received a premium of 20% of the compensation that was deferred. In December 2004, the Board amended a number of executive and director compensation plans, including the Stock Equivalent Plan for Non-Employee Directors and the Non-Employee Directors Deferred Compensation Plan, in part to comply with deferred compensation requirements of new Section 409A of the Internal Revenue Code of 1986, as amended, as added by Section 885 of the American Jobs Creation Act of 2004, and other legislation. As a result of the amendments, participation in the Stock Equivalent Plan for Non-Employee Directors and the Non-Employee Directors Deferred Compensation

Plan was frozen. These plans will continue to operate in accordance with their terms with respect to amounts deferred and/or awarded prior to January 1, 2005. For amounts deferred and/or awarded on or after January 1, 2005, the plans are being operated in accordance with Internal Revenue Code Section 409A requirements, and it is expected that the plans will be amended in order to achieve compliance with the new deferred compensation requirements. In addition, Mr. Roger R. Hemminghaus, Mr. A. Barry Hirschfeld and Mr. C. Coney Burgess are entitled to a benefit upon retirement from the Board resulting from their service as a director for a predecessor company under a tenure policy that was frozen on August 22, 2000 at the time of the formation of Xcel Energy. Based on the terms of this tenure policy, Messrs. Hemminghaus, Hirschfeld and Burgess are eligible to receive a monthly benefit ($353.75, $1,844.20 and $406.25, respectively) for the lesser of ten years or life.

PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1
ELECTION OF DIRECTORS

Number of Nominees, Classification and Voting

The Board of Directors consists of thirteen directors. Each director serves a one-year term, with all directors subject to annual election.

The following thirteen individuals are the nominees to be elected to serve until the 2009 Annual Meeting or until their successors are elected: C. Coney Burgess, Fredric W. Corrigan, Richard K. Davis, Roger R. Hemminghaus, A. Barry Hirschfeld, Richard C. Kelly, Douglas W. Leatherdale, Albert F. Moreno, Dr. Margaret R. Preska, A. Patricia Sampson, Richard H. Truly, David A Westerlund and Timothy V. Wolf. Each of the nominees is a current director.

The persons named as proxies intend to vote the proxies for the election of the nominees to the Board. If any of the nominees should be unavailable to serve as a director by an event that is not anticipated, the persons named as proxies reserve full discretion to vote for any other persons who may be nominated.

You are entitled to vote cumulatively for the election of directors. This means that you are entitled to a number of votes equal to the number of votes entitled to be cast with respect to the shares held by you multiplied by the number of directors to be elected. You may cast all your votes for one nominee or distribute your votes among the nominees. The election of each director shall be decided by majority vote. This means that, to be elected, a nominee must receive 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. With respect to the election of the nominated directors, the persons named as proxies reserve the right to cumulate votes represented by proxies which they receive and to distribute such votes among one or more of the nominees at their discretion.

Information as to Nominees

The nominees, their ages, principal occupations or positions, experience and the years first elected as a director of the Company, if applicable, are shown on the following pages.

None of the nominees are related to each other or to any other nominee or to any executive officer of the Company or its subsidiaries by blood, marriage or adoption.

Except for Mr. Kelly, no nominee has been an employee of the Company within the past five years.

The Board of Directors recommends a vote "FOR" the election to the Board of each of the following nominees. Proxies solicited by the Board of Directors will be voted "FOR" each of the nominees, unless a contrary vote is specified.

Nominees for Directors

C. Coney Burgess

Age:	70
Director Since:	2000 1997 to 2000 (New Century Energies, Inc. ("NCE")) 1994 to 1997 (Southwestern Public Service Company ("SPS"))
Principal Occupation/ Experience:	Chairman and President of Burgess-Herring Ranch Company and Chairman of Herring Bank.
Other Directorships:	Herring Bank; Monarch Trust Company; Chain-C, Inc.; American Quarter Horse Association; Texas and Southwestern Cattle Raisers Association; the Harrington Cancer Center.

Fredric W. Corrigan

Age:	65
Director Since:	2006
Principal Occupation/ Experience:	Retired CEO and President of The Mosaic Company, a global crop nutrition company; CEO and President of The Mosaic Company (October 2004 to January 2007); previously Executive Vice President of Cargill, Incorporated (1999 to 2004).
Other Directorships:	The Mosaic Company; Edenspace; Northern Star Council Boy Scouts of America.

Richard K. Davis

Age:	50
Director Since:	2006
Principal Occupation/ Experience:	Chairman, President and CEO of U.S. Bancorp, a multi-state financial holding company (December 2006 to present); President and Chief Operating Officer of U.S. Bancorp (October 2004 to December 2006); Vice Chairman of U.S. Bancorp (February 2001 to October 2004).
Other Directorships:	U.S. Bancorp; American Bankers Association; Minnesota Orchestra; Guthrie Theatre; Minneapolis

YMCA; University of San Diego (Trustee); Financial Services Roundtable; Minneapolis Institute of Arts; International Monetary Conf.; Minnesota Business Partnership; Metropolitan Economic Development Association; The Clearing House.

Roger R. Hemminghaus

Age:	71
Director Since:	2000 1997 to 2000 (NCE) 1994 to 1997 (SPS)
Principal Occupation/ Experience:	Retired Chairman and CEO of Ultramar Diamond Shamrock Corp., a petroleum refining and marketing company.
Other Directorships:	CTS Corporation; Tandy Brands Accessories Corporation; National Advisory Council Boy Scouts of America; Texas Lutheran University; Development Board of University of Texas at San Antonio; the Southwest Research Institute; United Way of San Antonio and Bexar County (Trustee).

A. Barry Hirschfeld

Age:	65
Director Since:	2000 1997 to 2000 (NCE) 1988 to 1997 (Public Service Company of Colorado ("PSCo"))
Principal Occupation/ Experience:	Chairman of National Hirschfeld, LLC, a Denver commercial printing company; President of ABH Development, Inc., a residential and commercial real estate development firm in Denver; Managing Member, A.B. Hirschfeld & Sons, LLC, a residential real estate development company.
Other Directorships:	OPUS Northwest, LLC; Clyfford Still Museum; the Rocky Mountain Multiple Sclerosis Center; the National Jewish Center; the Denver Area Council of the Boy Scouts of America (Trustee); the Denver Metro Convention and Visitors Bureau (Lifetime Trustee); Colorado Concern; and Mile High Stadium Club.

Richard C. Kelly

Age:	61
Director Since:	2004
Principal Occupation/ Experience:	Chairman, President and CEO of Xcel Energy (December 2005 to present); Chairman, PSCo, SPS, Northern States Power Company Wisconsin ("NSPW") and Northern States Power Company Minnesota ("NSPM") (March 2005 to present). Previously President and CEO of Xcel Energy (July 2005 to December 2005); President and Chief Operating Officer of Xcel Energy (October 2003 to June 2005); Vice President and Chief Financial Officer of Xcel Energy (August 2002 to October 2003); President, Enterprises of Xcel Energy (August 2000 to August 2002); Executive Vice President and Chief Financial Officer of NCE (1997 to August 2000); and Senior Vice President of PSCo (1990 to 1997). Executive officer and director of many of our subsidiaries, including NSPM, NSPW, SPS and PSCo. President and Chief Operating Officer of NRG Energy, Inc. ("NRG"), a former subsidiary of Xcel Energy Inc. (June 6, 2002 to May 14, 2003), and a director of NRG (June 2000 to May 14, 2003). In May 2003, NRG and certain of NRG's affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. NRG emerged from bankruptcy on December 5, 2003.
Other Directorships:	Science Museum of Minnesota; Minnesota Orchestra; Capital City Partnership; Regis University; Edison Electric Institute; Member of National Renewable Energy Laboratory Advisory Council; Itasca Project; National Petroleum Council; Colorado Concern; Colorado Forum; and Denver Metro Chamber of Commerce.

Douglas W. Leatherdale

Age:	71
Director Since:	1991
Principal Occupation/ Experience:	Retired Chairman and CEO of The St. Paul Companies, Inc. (1990 to 2001).
Other Directorships:	UnitedHealth Group Inc.; the American Hanoverian Society; the University of Winnipeg Foundation; the Minnesota International Centre; The Minnesota Orchestra; and the University of Minnesota Foundation.

Albert F. Moreno

Age:	64
Director Since:	2000 1999 to 2000 (NCE)
Principal Occupation/ Experience:	Retired Senior Vice President and General Counsel of Levi Strauss & Co., a brand name apparel manufacturer.
Other Directorships:	Rosenberg Foundation.

Dr. Margaret R. Preska

Age:	70
Director Since:	1980
Principal Occupation/ Experience:	Owner and CEO of Robinson Preska Management Company (includes Build a Bike, Inc.com, an Internet-based instructional business); Distinguished Service Professor, Minnesota State Colleges and Universities; Historian and President Emerita of Minnesota State University, Mankato.
Other Directorships:	Winona State University Foundation; Blue Earth County Historical Society; Society of Distinguished Alumni of Pennsylvania State University.

A. Patricia Sampson

Age:	59
Director Since:	1985
Principal Occupation/ Experience:	CEO and President of The Sampson Group, Inc., a management development and strategic planning consulting business.
Other Directorships:	Word Alive Ministries.

Richard H. Truly

Age:	70
Director Since:	2005
Principal Occupation/ Experience:	Retired U.S. Navy Vice Admiral and past director of the Department of Energy's National Renewable Energy Laboratory ("NREL") (1997 until 2005); former Executive Vice President of the Midwest Research Institute; former Vice President of the Georgia Institute of Technology; former Administrator of the National Aeronautics and Space Administration ("NASA").
Other Directorships:	Tetra Tech, Inc.; Edenspace, Inc.; Regis University (Trustee); University Corporation for Atmospheric Research (Trustee).

David A. Westerlund

Age:	57
Director Since:	2007
Principal Occupation/ Experience:	Executive Vice President, Administration and Corporate Secretary of Ball Corporation, a manufacturer of metal and plastic packaging products and owner of Ball Aerospace & Technologies Corporation (2006 to present); previously, Senior Vice President, Administration and Corporate Secretary of Ball Corporation (2002 to 2006).
Other Directorships:	Exempla Healthcare, Westminster Legacy Foundation and Ranch Country Club.

Timothy V. Wolf

Age:	54
Director Since:	2007
Principal Occupation/ Experience:	Vice President and Global Chief Financial Officer of Molson Coors Brewing Company (2005 to present); Vice President and Chief Financial Officer of Adolph Coors Company (1995-2005).

PROPOSAL NO. 2

RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS XCEL ENERGY INC.'S PRINCIPAL INDEPENDENT ACCOUNTANTS FOR 2008

The Audit Committee of our Board of Directors has selected Deloitte & Touche LLP as the principal independent accountants to audit the accounts of the Company for the fiscal year ending December 31, 2008. Deloitte & Touche LLP was originally selected by the Board, upon the recommendation of the Audit Committee, as principal independent accountants for the Company effective March 27, 2002.

While the Audit Committee is responsible for the appointment, retention, termination and oversight of the Company's principal independent accountants, the Audit Committee and the Board are requesting, as a matter of policy, that shareholders ratify the appointment of Deloitte & Touche LLP as the Company's principal independent accountants. The Audit Committee is not required to take any action as a result of the outcome of the vote on this proposal. However, if the shareholders do not ratify the appointment, the Audit Committee may investigate the reasons for the shareholders' rejection and may consider whether to retain Deloitte & Touche LLP or to appoint another auditor. Furthermore, even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of different principal independent accountants 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 Deloitte & Touche LLP will be present at the Annual Meeting and will have an opportunity to make a statement if they so desire. Such representatives will be available to respond to appropriate questions from shareholders at the Annual Meeting.

Vote Required

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 will be required for the ratification of the appointment of Deloitte & Touche LLP as the Company's principal independent accountants for 2008. Abstentions from voting in this matter are treated as votes "AGAINST." Proxies solicited by the Board of Directors will be voted "FOR" the proposal, unless a different vote is specified.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of the Company's principal independent accountants. Proxies solicited by the Board of Directors will be voted "FOR" the ratification of the appointment of the Company's principal independent accountants, unless a different vote is specified.

PROPOSAL NO. 3

APPROVAL OF AMENDMENT TO THE RESTATED ARTICLES OF INCORPORATION TO ADOPT A MAJORITY VOTING STANDARD IN UNCONTESTED ELECTIONS

Currently, our bylaws provide that directors are elected by a majority vote and we recently amended our Guidelines on Corporate Governance to provide that in an uncontested election a director who does not receive a majority vote must offer to tender his or her resignation to the Governance, Compensation and Nominating Committee.

In order to include majority voting provisions in our restated articles of incorporation and to clarify the voting process for the election of directors, the Board has approved, and recommends shareholder approval of, an amendment to our restated articles of incorporation to provide that in uncontested elections directors must receive a majority of the votes cast in order to be elected to the Board.

The amendment to the restated articles of incorporation operates as follows:

> Subject to the rights, if any, of holders of any preferred stock of Xcel Energy, each director shall be elected at a meeting of shareholders by the vote of a majority of the votes cast with respect to the director.
>
> However, in a contested election of directors in which the number of nominees exceeds the number of directors to be elected, the directors will be elected by a plurality of the votes present in person or by proxy at the meeting.
>
> For purposes of the majority voting standard, a majority of the votes cast means that the votes entitled to be cast by the holders of all the then outstanding shares of voting stock of Xcel Energy that are voted "for" a director must exceed the votes entitled to be cast by the holders of all the then outstanding shares of voting stock of Xcel Energy that are voted "against" that director.

The amendment is effected by adding a new Article VIII to the restated articles of incorporation. The full text of Article VIII is attached to these materials as Appendix A.

The amendment is intended to operate in tandem with our recently adopted director resignation policy. Under Minnesota law, an incumbent director who does not receive the requisite vote continues to serve until his or her successor is elected. As mentioned above, our recently adopted director resignation policy in our Guidelines on Corporate Governance requires incumbent directors in uncontested elections who do not receive a majority of the votes cast "for" their election to offer to tender their resignation to our Governance, Compensation and Nominating Committee. The Board, taking into account the Governance, Compensation and Nominating Committee's recommendation, will act on the offer of resignation and publicly disclose its decision within ninety (90) days after the date of the certification of the election results. The Governance, Compensation and Nominating Committee, in making its recommendation, and the Board, in making its decision, 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 with respect to 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 in its discretion may fill any resulting vacancy or may elect to not fill the vacancy and decrease the size of the Board.

Vote Required

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 will be required for the adoption of the amendment to the restated articles of incorporation. Abstentions from voting in this matter are treated as votes

"AGAINST." Proxies solicited by the Board of Directors will be voted "FOR" the proposal, unless a different vote is specified.

The Board of Directors recommends that shareholders vote "FOR" the amendment to the restated articles of incorporation to require a majority vote for the election of directors. Proxies solicited by the Board of Directors will be voted "FOR" the amendment to the restated articles of incorporation, unless a different vote is specified.

SHAREHOLDER PROPOSALS

We expect the following shareholder proposals (Items 4 and 5 on the proxy card) to be presented by certain shareholders at the Annual Meeting. The text of these proposals and supporting statements appear in the exact form as we received them. All statements contained in the proposals and supporting statements are the sole responsibility of the proponents.

The Board of Directors has carefully considered each of the following shareholder proposals and has concluded the adoption of these proposals would not be in the best interests of the Company or its shareholders. For the reasons stated after each proposal and its supporting statement, the Board recommends a vote "AGAINST" each of these proposals.

PROPOSAL NO. 4

SHAREHOLDER PROPOSAL RELATING TO THE ROLE OF THE CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Gerald R. Armstrong, 820 Sixteenth Street, No. 705, Denver, Colorado, 80202-3227, beneficial owner of 914 shares, has given notice that he intends to present for action at the Annual Meeting the following resolution:

Resolution

That the shareholders of XCEL ENERGY INC. request its Board of Directors to establish a policy of separating the roles of the Chairman of the Board and the Chief Executive Officer (or President) whenever possible, so that an <u>independent</u> director who has not served as an executive officer of the corporation serves as the Chairman of the Board of Directors.

STATEMENT

The Board of Directors' primary purpose is to protect shareholders' interests by providing <u>independent</u> oversight of management, including the Directors serving as Chairman of the Board and President and/or Chief Executive Officer. The proponent believes the separation of these roles will promote greater accountability to the Board of Directors and the shareholders whose capital has created the corporation.

PLEASE NOTE THE PRESENCE OF DOUBLAS W. LEATHERDALE [sic] on the Board of Directors and Chairman of its Governance, Compensation and Nominating Committee. His experience at UnitedHealth Group Inc. should cause alarm to shareholders desiring reputable leadership.

The former Chairman/CEO of UnitedHealth was one of the highest-paid executives and now has agreed to return $620,000,000 in stock option gains related to back-dating of options which happened under the watchful eyes of Douglas W. Leatherdale, and other directors.

XCEL's Board should know that "One-Person" leadership did not work under its previous Chairman of the Board, President, and Chief Executive Officer Wayne Brunetti and now our Board is allowing another "One-Person" empire to be built. XCEL's Board defied the request of the Attorney General to terminate the former chairman.

As the proponent is presenting this proposal on December 10, 2007, he notes the market price per share has modestly increased but is alarmed that short-selling has increased 46.66% to 22,190,753 shares and from his experience he believes the past market price increase may only be temporary.

The proponent believes that an independent Chairman would have demanded better selection of nominees for our board of directors, would request management to displace short-selling of shares, require that the Board follow approved governance practices and policies of accountability at all times.

Many respected institutional investors support the proposed separation. CalPERS Corporate Core Principles and Guideline states: "the independence of a majority of the Board is not enough" and that "the leadership of the Board must embrace independence, and it must ultimately change the way in which directors interact with management."

If you agree, please vote "FOR" this proposal.

THE XCEL ENERGY BOARD UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS PROPOSAL

The Xcel Energy Board of Directors is committed to effective and independent oversight of management and effective corporate governance. We established Guidelines on Corporate Governance at the time of the merger creating Xcel Energy Inc. in 2000. Since 2000 we have expanded the Guidelines to improve corporate governance. We adopted the Guidelines to promote effective governance and our implementation of these Guidelines has shown them to be effective. As these Guidelines create an effective governance structure, the proposed requirement that the company separate the positions of Chair of the Board and the Chief Executive Officer is not necessary and will not materially improve accountability or corporate governance.

The Guidelines promote effective governance through the designated lead director and Board and committee composition and structure. First, as described in the Corporate Governance section of this proxy statement, the Company has a designated lead director. The lead director is elected by and from the independent Board members for a one-year term. The designated responsibilities of the lead director are to:

- Preside at all meetings of the Board at which the Chair is not present, including executive sessions of the non-management and independent directors;
- Serve as a liaison between the Chair and the independent directors, maintain regular communications with the independent directors and focus director communication on critical issues;
- Approve the agenda for the Board and, with the Chair, approve all materials provided to the directors;
- Approve meeting schedules to ensure sufficient time is provided for discussion of agenda items;
- Call meetings of the independent directors, as necessary;
- Consult and communicate with major shareholders, if requested;
- Manage evaluation of Board performance;
- Chair executive sessions of the Board; and
- Develop and maintain a process for Chief Executive Officer succession planning with the Governance, Compensation and Nominating Committee.

Second, the Board and committee composition ensures independence. The Board currently has twelve independent, non-employee directors among its thirteen members. All committees are composed of independent, non-employee directors. The independent directors meet on a regular basis in executive sessions without the Chief Executive Officer or any other management present. The lead director presides at these executive sessions.

We believe that as a result of these guidelines and effective governance we have not experienced any problematic governance issues. An example of a problematic governance issue mentioned by the Proponent is backdating of stock options. The Proponent suggests a connection between the absence of a non-executive Chairman and backdating of stock options. As discussed in the Compensation Discussion and Analysis section of this proxy statement, the Company has not granted stock options since 2001 and has no current plans to reinstitute the granting of stock options. More fundamentally, we have not experienced governance issues such as the backdating of stock options because of appropriate internal accounting, compensation, and legal procedures and controls, which are driven by the totality of effective corporate governance, including a strong Audit Committee and effective communication between independent directors and the Company's independent auditors. The

Proponent also asserts a non-executive Chairman would somehow cause management to displace the short selling of shares. Our Securities Trading Policy prohibits the short selling of shares by any director, officer or employee of the Company, and there is no evidence that the Company's governance practices have not been followed. More importantly, the Proponent provides no evidence that a non-executive chair will have anymore influence or control on short-selling. A non-executive Chairman will not materially improve an already effective governance structure.

The Board's ability to elect an executive Chair contributes to an effective governance structure. The Guidelines state Company management, and by implication the Chief Executive Officer, has primary responsibility for communicating with shareholders. The Chair presides at all meetings of the shareholders. When the Chief Executive Officer is also the Chairman, the duties of the Chair also include shareholder communication.

The Company believes a non-executive Chair may be appropriate in certain situations, including at the time of the appointment of a new Chief Executive Officer or in a time of crisis. The Board has the ability to elect a non-executive Chair in these situations. At the same time, the Company also believes the ability to elect an executive Chair is appropriate.

An executive Chair is in the best interest of the Company's shareholders because the position promotes strategy development and execution, and provision of information, which are essential to effective governance. One of the key responsibilities of the Board is to develop strategic direction and hold management accountable for the execution of the strategy once it is developed. Independent directors and management have different perspectives and roles in strategy development. Independent directors, represented by the lead director, bring experience and expertise from outside the Company and industry to strategy development. Management, principally the Chief Executive Officer, bring experience and expertise of the Company and the industry. An executive Chair who is familiar with the Company and industry is in the best position to define and develop strategy and work with the lead director to educate the Board and lead the development of strategy. This has been the case with Xcel Energy and the development of the Company's strategy of environmental leadership. Another important role for the executive Chair is providing information to the Board on the Company's opportunities, challenges and performance. The lead director and executive Chair both have responsibilities in providing this information and contributing to effective governance by the Board. Like development of strategy, the lead director provides perspective from outside the Company and the executive Chair provides Company-specific information. The balance of the two positions ensures the Board receives the information it needs to govern.

We believe that allowing the Board to elect an executive Chair is consistent with effective governance and is in the best interests of the Company's shareholders. The Governance, Compensation and Nominating Committee will periodically review this issue to determine whether, based on the relevant facts and circumstances, a non-executive Chair would be in the best interests of the Company's shareholders. At this time, however, our effective governance structure, with its emphasis on the lead director and Board and committee independence, makes it unnecessary to mandate separating the roles of Chair and Chief Executive Officer. The Board believes it is important that it has the discretion to act in the best interests of shareholders. The proposal would deprive the Board of its ability to govern the Company in the manner it deems most effective.

The Board of Directors recommends a vote "AGAINST" this proposal for the reasons described above. Proxies solicited by the Board of Directors will be voted "AGAINST" this proposal unless a shareholder has indicated otherwise in voting the proxy.

The Sisters of St. Joseph of Carondelet, 1884 Randolph Avenue, Saint Paul, Minnesota 55105-1700, beneficial owner of at least $2,000 of our shares, have given notice that they intend to present for action at the Annual Meeting the following resolution on behalf of themselves and the Academy of Our Lady of Lourdes (Franciscan Sisters of Rochester, Minnesota), 1001 14th Street NW, Assisi Heights, Rochester, Minnesota 55901-2525, beneficial owner of 200 shares:

PROPOSAL NO. 5

SHAREHOLDER PROPOSAL RELATING TO COMPREHENSIVE HEALTH CARE REFORM HEALTH CARE REFORM PRINCIPLES

RESOLVED: shareholders urge the Board of Directors to adopt principles for comprehensive health care reform (such as those based upon principles reported by the Institute of Medicine:

1. Health care coverage should be universal.
2. Health care coverage should be continuous.
3. Health care coverage should be affordable to individuals and families.
4. The health insurance strategy should be affordable and sustainable for society.
5. Health insurance should enhance health and well being by promoting access to high-quality care that is effective, efficient, safe, timely, patient-centered, and equitable).

Consistently polls show that access to affordable, comprehensive health care insurance is the most significant social policy issue in America (NBC News/*Wall Street Journal*, the Kaiser Foundation and *The New York Times*/CBS News). Health care reform also has become a core issue in the 2008 presidential campaign.

Many national organizations have made health care reform a priority. In 2007, representing a stark departure from past practice," the American Cancer Society redirected its entire $15 million advertising budget "to the consequences of inadequate health coverage" in the United States (*New York Times*, 8/31/07).

John Castellani, president of the Business Roundtable (representing 160 of the country's largest companies), states that 52% of the Business Roundtable's members say health costs represent their biggest economic challenge. "The cost of health care has put a tremendous weight on the U.S. economy," according to Castellani, "The current situation is not sustainable in a global, competitive workplace." (*BusinessWeek*, July 3, 2007). The National Coalition on Health Care (whose members include 75 of the United States' largest publicly-held companies, institutional investors and labor unions), also has created principles for health insurance reform. According to the National Coalition on Health Care, implementing its principles would save employers presently providing health insurance coverage an estimated $595-$848 billion in the first 10 years of implementation.

Annual surcharges as high as $1160 for the uninsured are added to the total cost of each employee's health insurance, according to Kenneth Thorpe, a leading health economist at Emory University. Consequently, we shareholders believe that the 47 million Americans without health insurance results in higher costs for Wendys International and other U.S. companies providing health insurance to their employees.

In our view, increasing health care costs have focused growing public awareness and media coverage on the plight of active and retired workers struggling to pay for medical care. Increasing health care costs leads companies to shift costs to employees. This can reduce employee productivity, health and morale. We also believe rising healthcare costs borne by the company have an adverse affect on shareholder value.

Supporting Statement

The Institute of Medicine, established by Congress as part of the National Academy of Sciences, issued its principles for reforming health insurance coverage in Insuring America's Health: Principles and Recommendations (2004). We believe principles for health care reform, such as the IOM's, are essential if public confidence in our company's commitment to its employees' health care coverage is to be maintained. We ask shareholders to support this resolution.

THE XCEL ENERGY BOARD UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS PROPOSAL

Xcel Energy is concerned about the Americans who do not have access to affordable health care; however, the Company and the Board believe that health care reform is more appropriately a matter for legislative action with resulting reforms applicable to employers in general. Furthermore, as discussed below, Xcel Energy provides its employees, retirees and their families with health benefits that are designed to address health issues in a cohesive fashion. For these reasons, Xcel Energy's Board of Directors recommends a vote against this proposal.

Xcel Energy is committed to providing our employees competitive, quality benefits that consider the needs of a changing workforce. In 2007, approximately 90% of our full-time and part-time employees were covered under our health plans. In addition, we provided health care coverage for approximately 8,500 retirees and their families. Our people are the cornerstone of our ability to create value for our customers, regulators and investors. In order to be able to attract, motivate and retain the talented workforce needed to achieve our corporate objectives and increase shareholder value, we must provide benefits that are both competitive and cost-effective, for both our Company and our employees.

In Xcel Energy's Triple Bottom Line Report, which is available at *www.xcelenergy.com*, we detail several strategies that we have implemented over the last several years to decrease the impact of rising health care costs in order to be able to continue to provide affordable, accessible benefits options and help our employees pay for health care expenses. The report also details actions that we have taken in the past year to proactively increase our investment in our employees' health and well-being and help our employees make healthy lifestyle choices. In addition to the health, dental, vision and prescription coverage that we offer our employees and their families, we offer a number of innovative programs to help our employees stay well or get better, including targeted disease management programs, a health risk assessment program supported by one-on-one care counseling, nutritional education programs and a tobacco cessation program with telephone support and subsidies for nicotine replacement therapies.

We continually review our benefits programs to ensure that they remain competitive and are achieving the goals they were designed to produce. We also participate in organizations that consider and support health and productivity solutions for employers and employees and that provide an ongoing and credible two-way information link between national policymakers and large employers on key health issues. As noted above, Xcel Energy believes that providing competitive benefits to its employees is critical to the Company's future success, and we disagree with the proponents' assertion that adoption of the principles is necessary for confidence in our commitment to our employees' health care coverage to be maintained.

The Board of Directors recommends a vote "AGAINST" this proposal for the reasons described above. Proxies solicited by the Board of Directors will be voted "AGAINST" this proposal unless a shareholder has indicated otherwise in voting the proxy.

BENEFICIAL OWNERSHIP OF CERTAIN SHAREHOLDERS

Share Ownership of Directors and Officers

The following table sets forth information concerning beneficial ownership of our common stock as of March 4, 2008 for: (a) each director and nominee for director; (b) the executive officers set forth 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) with respect to the shares set forth in the following table. None of the individual directors or officers or the nominees for director listed in the Beneficial Ownership Table below beneficially owned more than 1% of Xcel Energy's common stock. The directors and executive officers as a group beneficially owned less than 1% of our common stock on March 4, 2008. None of these individuals owns any shares of Xcel Energy's preferred stock.

Beneficial Ownership Table

Name and Principal Position of Beneficial Owner	Common Stock(1)	Stock Equivalents	Options Exercisable Within 60 Days	Restricted Stock	Total
Richard C. Kelly(2) Chairman of the Board, President and Chief Executive Officer	299,508	11,183	297,750	16,020	624,461
C. Coney Burgess Director	10,723	55,442			66,165
Fredric W. Corrigan Director	10,000	7,168			17,168
Richard K. Davis Director	4,202	7,168			11,370
Roger R. Hemminghaus Director	6,760	67,701			74,461
A. Barry Hirschfeld Director	16,570	57,660			74,230
Douglas W. Leatherdale Director	1,100	85,396			86,496
Albert F. Moreno Director	2,325	64,404			66,729
Margaret R. Preska Director	1,300	54,889			56,189
A. Patricia Sampson Director	1,560	53,206			54,766
Richard H. Truly Director	521	9,425			9,946
David A. Westerlund Director	1,000	8,062			9,062
Timothy V. Wolf Director	300	4,231			4,531
Benjamin G.S. Fowke III Vice President and Chief	85,754	3,367	62,400	13,310	164,831

Financial Officer					
Paul J. Bonavia President, Utilities Group	152,099	2,619	202,600		357,318
Raymond E. Gogel Vice President, Customer and Enterprise Solutions	60,513	1,572		3,454	65,539
David M. Wilks President, Energy Supply	131,321	7,506	173,750	2,615	315,192

Gary R. Johnson(3) Former Vice President and General Counsel	92,206				92,206
Directors and Executive Officers as a group (26 persons)	1,211,766	510,344	1,165,051	56,684	2,943,835

(1) At March 25, 2008, the closing price of Xcel Energy common stock on the New York Stock Exchange was $19.94.

(2) Mr. Kelly's wife owns 408 of these shares and 4,497 of these shares are held in a trust for which Mr. Kelly serves as trustee. Mr. Kelly disclaims beneficial ownership of these shares.

(3) Reflects Mr. Johnson's common stock ownership on March 31, 2007, the effective date of Mr. Johnson's retirement. Mr. Johnson's holdings are not included in Directors and Executive Officers as a group.

Largest Owners of Xcel Energy's Shares

The table below sets forth certain information as to each person or entity known to us to be the beneficial owner of more than 5% of any class of our voting securities:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Wachovia Corporation	35,180(1)	35.18%
One Wachovia Center		
Charlotte, North Carolina 28288	19,880(2)	13.25%

(1) Wachovia Corporation ("Wachovia") reported its beneficial ownership on a Schedule 13G filed with the SEC on March 10, 2008. The relevant subsidiary is Evergreen Investment Management Company, LLC (IA) ("Evergreen"). Evergreen is an indirect subsidiary of Wachovia. The filing indicates that as of February 29, 2008, Wachovia had sole voting power for 35,180 shares of our Cumulative Preferred Stock, $4.16, shared voting power for 0 shares, sole dispositive power for 35,180 shares and shared dispositive power for 0 shares. Each share of our Cumulative Preferred Stock, $4.16 is entitled to one vote per share.

(2) Wachovia reported its beneficial ownership on a Schedule 13G filed with the SEC on March 10, 2008. The relevant subsidiary is Evergreen. The filing indicates that as of February 29, 2008, Wachovia had sole voting power for 19,880 shares of our Cumulative Preferred Stock, $4.56, shared voting power for 0 shares, sole dispositive power for 19,880 shares and shared dispositive power for 0 shares. Each share of our Cumulative Preferred Stock, $4.56 is entitled to one vote per share.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the 1934 Act requires our directors and officers to file with the Securities and Exchange Commission reports 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 2007 and to date in 2008, all of our officers and our 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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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

Xcel Energy Inc. is a public utility holding company. In 2007, our continuing operations consisted primarily of the activity of our four utility subsidiaries: Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; Public Service Company of Colorado; and Southwestern Public Service Company. These utilities serve electric and natural gas customers in portions of Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas and Wisconsin. Along with WestGas InterState Inc. ("WGI"), an interstate natural gas pipeline, these companies comprise our continuing regulated utility operations.

Xcel Energy's strategy, called Building the Core, has three primary focuses: environmental leadership, achieving financial objectives and optimizing the management of a portfolio of operating utilities. Our objective is to embrace growing customer demand and environmental initiatives by investing in our core utility businesses and earning a reasonable return on our invested capital.

Our executive compensation program is designed to promote our success by aligning the interests of our shareholders, customers and employees with the economic interests of our executive officers to promote superior performance. To accomplish this, our compensation philosophy is to reward our executive officers at competitive levels that reflect both their individual responsibilities and contributions as well as the compensation environment in the utility business. In addition, we believe that our executive compensation program must be internally consistent and equitable to align the interests of all our executive officers to achieve our strategy. To implement this philosophy, our executive compensation program focuses on two reward factors. First, we provide a competitive base salary, which is the foundation for attracting and retaining the leadership needed to execute our strategy. Second, by making a large portion of compensation variable through our performance-based incentive compensation, we create a pay for performance environment that motivates our executive officers to deliver superior results. The market for executive talent is intensely competitive. Through the long-term incentive portion of this program, we also provide a mechanism to retain these officers. We believe our philosophy and programs, which ensure competitiveness in the market, have a positive correlation of pay to performance and adhere to sound governance principles. Our philosophy and program for executive officer compensation remained essentially the same in 2007 as compared to 2006 except for goal measurements. For the 2007 annual incentive program, we focused exclusively on key corporate goals for the executive officers rather than on attainment of corporate and business unit operational goals. In addition, as discussed in the 2006 Compensation Discussion and Analysis, in 2007 we substantially reduced the perquisites provided to our executive officers.

Oversight of Executive Compensation Program

The Governance, Compensation and Nominating Committee of the Xcel Energy Inc. Board of Directors oversees the Xcel Energy executive compensation program. There were no changes to either the Committee's responsibilities or its provider of compensation consulting services in 2007. From January 1, 2007 to December 31, 2007, members of the Committee were Douglas W. Leatherdale, Chair, C. Coney Burgess, Fredric W. Corrigan, A. Barry Hirschfeld, Richard H. Truly and David A. Westerlund. The Committee's responsibilities are to establish and determine the executive compensation policies and programs of Xcel Energy, including the form and amounts of compensation paid to the members of the Xcel Energy Board of Directors and to all of the Xcel Energy executive and senior officers. The Committee has direct responsibility to:

- Review and approve corporate goals and objectives relevant to the Chief Executive Officer's ("CEO's") compensation, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors, as directed by the Board, determine and approve the CEO's compensation level based on this evaluation; and

Make determinations or recommendations with respect to all executive officer compensation, incentive-compensation plans and equity-based plans.

The Committee has retained Towers Perrin as its independent, external compensation consultant for the last several years. Towers Perrin is an independent, nationally recognized consulting firm in the areas of executive compensation and benefits and has specific and extensive expertise in evaluating compensation in the utility industry. At the Committee's request, Towers Perrin provides an annual evaluation and analysis of trends in both executive compensation and director compensation. Towers Perrin also evaluates other compensation issues at the direct request of the Committee. The Committee receives additional support from the Xcel Energy Human Resources Department and the office of the Corporate Secretary.

In its oversight of the Company's executive compensation program, the Committee works with Towers Perrin, the CEO, the Chief Administrative Officer and the Human Resources Department. The CEO, executive officers, and the Human Resources Department provide recommendations to the Committee with respect to the corporate performance objectives and goals on which awards of both annual and long-term incentive compensation are based and with respect to issues related to attracting, retaining or motivating individual executive officers. The CEO and executive officers also provide the Committee with information regarding financial performance, budgets and forecasts as it pertains to executive compensation. The Committee considers this information with the advice of its independent, external compensation consultant and takes into account several factors, including but not limited to: the desire to align management interests with those of shareholders, customers and employees; the desire to strongly link management pay to both annual and long-term Company performance; and the need to attract talent from both within and outside of the utility industry, all of which ultimately determines the executive compensation policies and programs.

Since 2005 the Committee has reviewed tally sheets for each executive officer, which identify the components of each executive officer's compensation. These tally sheets are prepared by the Human Resources Department with certain valuations provided by outside consultants. These sheets present the dollar value of each component of the executive officer's compensation including cash compensation, deferred compensation, perquisites, existing equity awards, any retirement benefits, and other potential compensation under applicable severance plans. The purpose of the tally sheets is to aggregate and present in one document the entire compensation of the executive officers whether actual or potential future amounts. The Committee uses these tally sheets to determine if total executive compensation, including potential severance, is competitive and accomplishes the goals of the Company's executive officer compensation program. The Committee also uses these tally sheets to make comparisons of executive officers for internal equity. Finally, the Committee is responsible, as part of setting the CEO's compensation, for conducting an annual review of the CEO's performance.

Executive Compensation Philosophy and Core Principles

Xcel Energy's executive compensation philosophy is to align and motivate executive leadership's interests with those of our shareholders, customers and employees. This is accomplished by using a combination of base salary and performance-based incentive compensation, delivered through annual and long-term incentives as well as other compensation.

This philosophy has four core principles:

Our executive compensation levels must be competitive. To attract and retain talented leaders, we focus primarily on the utility industry 50th percentile for all elements of total direct compensation, which includes base salary, annual incentive and long-term incentives;

Our executive compensation is substantially performance based. We structure a compensation mix in which annual and long-term incentives based on the Company's performance comprise more than 50% of the Named Executive Officer's targeted annual compensation;

The annual and long-term incentives deliver rewards for the achievement of key corporate goals that align with the Company's strategy and reinforce management's link to shareholders, customers and employees; and

Equity-based incentives, coupled with the Company's stock ownership guidelines, encourage our executive leadership to have significant ownership in the Company.

The Company generally does not use employment contracts as a part of its executive compensation program. One officer, Paul Bonavia, President, Utilities Group, has an employment contract, which was entered into between Mr. Bonavia and the Company at the time of the merger between Northern States Power Company and New Century Energies, Inc. ("NCE"), which formed Xcel Energy. Mr. Bonavia's employment contract is discussed in the Potential Payments Upon Termination or Change in Control section of this proxy statement.

Executive Compensation Elements and Design

The Xcel Energy executive compensation program has five components:

Base salary;

Annual incentives;

Long-term incentives;

Perquisites; and

Post-retirement or other post-employment benefits.

In December 2006, at the request of the Committee, Towers Perrin prepared an analysis and evaluation of the Company's executive compensation program relative to survey data. The Committee and Company management used this analysis and evaluation to help establish executive compensation levels for the executive officers for 2007. The executive compensation philosophy is the same for all executive officers, including the Chief Executive Officer.

Executive officers in general and the current executive officers named in the Summary Compensation Table on page 47 (who are referred to in this Compensation Discussion and Analysis as "Named Executive Officers" or "NEOs") in particular all receive the same components of the executive compensation program with the amount (other than retirement benefits) dependent on scope of responsibilities, experience, internal equity and the market for executive officers with similar skills and experience. In considering compensation changes, the Committee considers changes in its business and the market for executive leadership in the utility industry and, as appropriate in certain limited cases, in general industry. Prior year compensation is one consideration in setting current year compensation, but it is not the primary driver in determining future compensation. Gary R. Johnson, our former Vice President and General Counsel, retired in March 2007. In connection with his retirement, the Company entered into an agreement with Mr. Johnson related to compensation and benefits which is more fully discussed below under "Potential Payments Upon Termination or Change in Control."

We are primarily a public utility company and believe our executive compensation philosophy and core principles should reflect our business. In 2007, we continued to target the 50th percentile of the utility industry for our executive officers' total direct compensation as we believe that the 50th percentile is reflective of the peer group of utility companies that are relevant for comparison purposes. By targeting the 50th percentile, we ensure alignment with key market factors such as capitalization, revenue size, employee base and other relevant measures.

Xcel Energy targets that approximately 50% of an NEO's total direct compensation be in the form of base salary and annual incentives. The remainder of their total direct compensation is composed of long-term incentives. The Committee believes this achieves a balance between long-term compensation as compared to currently paid compensation in order to align the NEO's interest with the long-term performance of the Company. This is consistent with the long-term nature of the Company's operations and capital investment necessary for our utility operations.

In 2007, target base salary for the NEOs accounted for approximately 30% of total direct compensation, while target incentive compensation (annual) accounted for approximately 20% of the total direct compensation. If our results exceed our financial performance objectives and corporate goals, our executives may receive total direct compensation that is above the 50^{th} percentile for the utility industry due to the heavy weighting of variable elements of compensation in total direct compensation. Likewise, if our results do not reach target levels for financial performance objectives or corporate goals, our executive officers may receive total direct compensation amounts that are lower than the 50^{th} percentile. These results would be consistent with our executive compensation philosophy to pay for performance and reward our executives for achieving corporate goals that link to the Company's strategy.

Because the value of certain equity awards included in the Summary Compensation Table is based on the values prescribed by Generally Accepted Accounting Principles ("GAAP"), specifically the principles under SFAS 123R which set forth how equity-based compensation should be expensed on the Company's financial statements, these percentages may not be able to be derived using the amounts reflected in the Summary Compensation Table below. In order to show our shareholders the differences between accrued values required for accounting purposes and actual compensation earned or received by our executive officers, a Supplemental Direct Compensation Table has been included in this year's analysis. This new table is intended to show the dollar value of rewards actually earned or paid to executives as of December 31, 2007 as compared to amounts still at risk due to performance or time-based considerations.

Towers Perrin evaluated four