XCEL ENERGY INC
Form S-1/A
May 14, 2003

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As filed with the Securities and Exchange Commission on May 14, 2003

Registration No. 333-103258

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to

Form S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Xcel Energy Inc.

(Exact Name of Registrant as Specified in Its Charter)

MINNESOTA	**4931**	**41-0448030**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

800 Nicollet Mall
Minneapolis, Minnesota 55402
(612) 330-5500

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

WAYNE H. BRUNETTI	**RICHARD C. KELLY**
President and Chief Executive Officer	Vice President and Chief Financial Officer
Xcel Energy Inc.	Xcel Energy Inc.
800 Nicollet Mall	800 Nicollet Mall
Minneapolis, Minnesota 55402	Minneapolis, Minnesota 55402
(612) 330-5500	(612) 330-5500

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:

ROBERT J. JOSEPH

Jones Day
77 West Wacker Drive
Chicago, Illinois 60601
(312) 269-4176

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. þ

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The registrant hereby amends this registration statement on such date as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Xcel Energy Inc.

800 Nicollet Mall, Suite 3000

Minneapolis, Minnesota 55402-2023
(612) 330-5500

$230,000,000

7 1/2% Senior Convertible Notes

due 2007
and

Shares of Common Stock issuable upon conversion of the Notes.

We sold the notes in a private offering on November 21, 2002. Selling security holders may use this prospectus to resell their notes and the shares of common stock issuable upon conversion of their notes. The notes mature on November 21, 2007. The notes are convertible, at the option of the holder, at any time on or prior to maturity into shares of our common stock. The notes are convertible at a conversion rate of approximately 81.1359 shares of our common stock per $1,000 principal amount of notes, which is equal to a conversion price of $12.33 per share, subject to adjustment as described in the prospectus.

We will pay interest on the notes on May 21 and November 21 of each year, beginning on May 21, 2003. The notes will mature on November 21, 2007. Holders of the notes may require us to purchase some or all of the notes for cash upon a change of control, as described in this prospectus, at a price equal to 100% of the principal amount of the notes tendered plus accrued and unpaid interest.

We will make additional payments of interest, referred to in this prospectus as protection payments, on the notes in an amount equal to any portion of our per share dividends on our common stock that exceeds $0.1875 per quarter that would have been payable to the holders of the notes if such holders had converted their notes on the record date for such dividend. Holders of the notes will not be entitled to any protection payment if the dividend triggering the protection payment causes an adjustment of the conversion rate.

The notes are unsecured and unsubordinated obligations and rank on parity in right of payment with all our existing and future unsecured and unsubordinated indebtedness. As of December 31, 2002, we had approximately $600 million of long-term debt outstanding in addition to the notes excluding long-term debt of our subsidiaries. There are currently no outstanding debt obligations junior to the notes. We are structured as a holding company and conduct substantially all of our business through our subsidiaries. The notes are effectively subordinate to all existing and future indebtedness and other liabilities of our subsidiaries.

The notes issued in the initial private placement are eligible for trading in the PORTAL System. We do not intend to list the notes on any other securities exchange or automated quotation system. Our common stock is traded on the New York Stock Exchange under the symbol XEL.

As of December 31, 2002, our subsidiaries had approximately $20.7 billion indebtedness and other liabilities outstanding.

Investing in the notes involves risks. You should consider carefully the risk factors described under the caption Risk Factors beginning on page 8 of this prospectus before investing in the notes.

Please read this prospectus carefully before investing and retain it for your future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 14, 2003

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You should rely only on the information provided in this prospectus. We have not authorized anyone else to provide you with different information. This prospectus does not constitute an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains statements that are not historical fact and constitute forward-looking statements. When we use words like believes, expects, anticipates, intends, plans, estimates, may, should, or similar expressions, or when we discuss our strategy or plans, we are ma forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results may differ materially from those expressed in these forward-looking statements. These statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others:

- general economic conditions, including the availability of credit, actions of rating agencies and their impact on our access to capital and the ability of us and our subsidiaries to obtain financing on favorable terms;
- business conditions in the energy industry;
- competitive factors, including the extent and timing of the entry of additional competition in the markets served by us and our subsidiaries;
- unusual weather;
- state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on the rate structures, and affect the speed and degree to which competition enters the electric and gas markets;
- the higher risk associated with our nonregulated business compared with our regulated businesses;
- currency translation and transaction adjustments;
- risks related to the financial condition of NRG Energy, Inc., one of our wholly-owned subsidiaries including NRG s ability to reach agreements with its lenders and creditors to restructure its debt;
- risks associated with the California power market;
- the effect on the U.S. economy as a consequence of war and acts of terrorism; and
- the other risk factors discussed under Risk Factors.

You are cautioned not to rely unduly on any forward-looking statements. These risks and uncertainties are discussed in more detail under Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business, and Notes to Consolidated Financial Statements included elsewhere in this prospectus.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by and should be read together with the more detailed information and financial statements included in this prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus before making an investment decision. When used in this prospectus, the terms Xcel Energy, we, our and us refer to Xcel Energy Inc. and its consolidated subsidiaries, unless otherwise specified.

Our Business

We are a public utility holding company with six utility subsidiaries:

Northern States Power Company, a Minnesota corporation (NSP-Minnesota), which serves approximately 1.3 million electric customers and approximately 430,000 gas customers in Minnesota, North Dakota and South Dakota;

Public Service Company of Colorado, a Colorado corporation (PSCo), which serves approximately 1.3 million electric customers and approximately 1.2 million gas customers in Colorado;

Southwestern Public Service Company, a New Mexico corporation (SPS), which serves approximately 390,000 electric customers in portions of Texas, New Mexico, Oklahoma and Kansas;

Northern States Power Company, a Wisconsin corporation (NSP-Wisconsin), which serves approximately 230,000 electric customers and approximately 90,000 gas customers in northern Wisconsin and Michigan;

Cheyenne Light, Fuel and Power Company (Cheyenne), a Wyoming corporation, which serves approximately 37,000 electric customers and approximately 30,000 gas customers in and around Cheyenne, Wyoming; and

Black Mountain Gas Company (BMG), an Arizona corporation, which serves approximately 9,300 customers in Arizona.

Our regulated businesses also include WestGas InterState Inc. (WGI), an interstate natural gas pipeline. Prior to January 2003, our regulated businesses included Viking Gas Transmission Company (Viking).

We also own or have an interest in a number of nonregulated businesses, the largest of which is NRG Energy, Inc. As a result of the exchange of shares of Xcel Energy for publicly held shares of NRG, which was completed in June 2002, NRG is now an indirect wholly-owned subsidiary of ours. NRG is a global energy company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products.

In addition to NRG, our nonregulated subsidiaries include:

Utility Engineering (UE), which is involved in engineering, construction and design;

Seren Innovations, Inc. (Seren), which is involved in broadband telecommunications services;

e prime, inc. (e prime), which is involved in natural gas marketing and trading,

Planergy International Inc. (Planergy), which is involved in energy management consulting and demand-side management services;

Eloigne Company (Eloigne), which is involved in acquisition of rental housing projects that qualify for low-income housing tax credits; and

Xcel Energy International (XEI), an international independent power producer.

We are a registered holding company under the Public Utility Holding Company Act of 1935 (PUHCA). We were incorporated in 1909 under the laws of Minnesota as Northern States Power

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Company. On August 18, 2000, we merged with New Century Energies, Inc. (NCE) and our name was changed from Northern States Power Company to Xcel Energy Inc.

Our principal executive offices are located at 800 Nicollet Mall, Suite 3000, Minneapolis, Minnesota 55402, and our telephone number at that location is (612) 330-5500.

Recent Developments

On November 7, 2002, our subsidiary, Xcel Energy Market Holdings Inc., reached an agreement to sell its wholly-owned subsidiary, Viking and Viking s ownership interest in Guardian Pipeline, L.L.C. (Guardian) to a subsidiary of Northern Border Partners, L.P. (NBP). The sale was completed on January 17, 2003 and Xcel Energy received net proceeds of $124 million.

On November 8, 2002, we issued $100 million principal amount of 8% senior convertible notes (the Prior Notes) pursuant to a Securities Purchase Agreement with Citadel Equity Fund Ltd., Citadel Credit Trading Ltd. and Jackson Investment Fund Ltd. (together, the Purchasers). A portion of the proceeds of our initial issue and sale of the notes offered pursuant to this prospectus were used to redeem the Prior Notes on November 25, 2002. Upon redemption of the Prior Notes, we entered into an agreement with the Purchasers granting them the right, exercisable at any time and from time to time through November 24, 2003, to purchase notes in a private placement that are identical (other than issuance date) to the notes offered pursuant to this prospectus in an aggregate principal amount equal to $57,500,000.

On November 21, 2002, we issued the notes covered by this prospectus to Merrill, Lynch, Pierce, Fenner and Smith Incorporated and Lazard Frères & Co. L.L.C. in a private transaction. We received net proceeds from the sale of the notes, after deducting the initial purchasers discount and our offering expenses of approximately $220 million. As described above, a portion of the net proceeds from the sale of the notes were used to redeem the Prior Notes. The remaining net proceeds have and will be used for other general corporate purposes, including working capital.

On January 22, 2003, we entered into a nine month credit facility with King Street Capital, L.P. and Perry Principals Investments LLC, pursuant to which we may borrow up to $100 million at an interest rate of 9% per annum. There are currently no amounts outstanding under this facility.

On November 22, 2002, five former NRG executives filed an involuntary Chapter 11 petition against NRG in the United States Bankruptcy Court for the District of Minnesota (Minnesota Bankruptcy Court). Under provisions of federal law, NRG has the full authority to continue to operate its business as if the involuntary petition had not been filed unless and until a court hearing on the validity of the involuntary petition is resolved adversely to NRG. NRG responded to the involuntary petition, contesting the petitioners claims and filing a motion to dismiss the case. A hearing was held April 10, 2003 to consider the motion to dismiss no decision was made. In their petition, the petitioners sought recovery of severance and other benefits of approximately $28 million.

NRG and its counsel have been involved in negotiations with the petitioners and their counsel. As a result of these negotiations, NRG and the petitioners reached an agreement and compromise regarding their respective claims against each other (Settlement Agreement). In February 2003, the Settlement Agreement was executed, pursuant to which NRG agreed to pay the petitioners an aggregate settlement in the amount of $12 million.

On February 28, 2003, Stone & Webster, Inc. and Shaw Constructors, Inc. filed a petition alleging that they hold unsecured, non-contingent claims against NRG in a joint amount of $100 million. The Minnesota Bankruptcy Court has discretion in reviewing and ruling on the motion to dismiss and the review and approval of the Settlement Agreement. There is a risk that the Minnesota Bankruptcy Court may, among other things, reject the Settlement Agreement or enter an order for relief under Chapter 11 of Title 11 of the Bankruptcy Code.

On March 26, 2003, our board of directors approved a tentative settlement with holders of most of NRG s long-term notes and the steering committee representing NRG s bank lenders regarding alleged claims of

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such creditors against us, including claims related to the support and capital subscription agreement between us and NRG dated May 29, 2002 (the Support Agreement). The settlement is subject to a variety of conditions as set forth below, including definitive documentation. The principal terms of the settlement as of the date of this prospectus were as follows:

We would pay up to $752 million to NRG to settle all claims of NRG, and the claims of NRG against us, including all claims under the Support Agreement.

$350 million would be paid at or shortly following the consummation of a restructuring of NRG s debt through a bankruptcy proceeding. It is expected that this payment would be made prior to year-end 2003. $50 million would be paid on January 1, 2004, and all or any part of such payment could be made, at our election, in our common stock. Up to $352 million would be paid on April 30, 2004, except to the extent that we had not received at such time tax refunds equal to $352 million associated with the loss on our investment in NRG. To the extent we had not received such refunds, the April 30 payment would be due on May 30, 2004.

$390 million of our payments are contingent on receiving releases from NRG creditors. To the extent we do not receive a release from an NRG creditor, our obligation to make $390 million of the payments would be reduced based on the amount of the creditor s claim against NRG. As noted below, however, the entire settlement is contingent upon us receiving releases from at least 85 percent of the claims in various NRG creditor groups. As a result, it is not expected that our payment obligations would be reduced by more than approximately $60 million. Any reduction would come from our payment due on April 30, 2004.

Upon the consummation of NRG s debt restructuring through a bankruptcy proceeding, our exposure on any guaranties or other credit support obligations incurred by us for the benefit of NRG or any subsidiary would be terminated and any cash collateral posted by us would be returned. The current amount of such cash collateral is approximately $11.5 million.

As part of the settlement with us, any intercompany claims of us against NRG or any subsidiary arising from the provision of intercompany goods or services or the honoring of any guaranty will be paid in full in cash in the ordinary course except that the agreed amount of such intercompany claims arising or accrued as of January 31, 2003 will be reduced from approximately $55 million as asserted by us to $13 million. The $13 million agreed amount is to be paid upon the consummation of NRG s debt restructuring with $3 million in cash and an unsecured promissory note of NRG on market terms in the principal amount of $10 million.

NRG and its direct and indirect subsidiaries would not be reconsolidated with us or any of our other affiliates for tax purposes at any time after their June 2002 re-affiliation or treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with us. Likewise, NRG would not be entitled to any tax benefits associated with the tax loss we expect to incur in connection with the write down of our investment in NRG.

On May 12, 2003, the Minnesota Bankruptcy Court granted NRG s motion to dismiss the involuntary chapter 11 petition against NRG.

On May 14, 2003, NRG and certain of NRG s U.S. affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. Neither we nor any of our other subsidiaries were included in the filing. NRG s plan of reorganization filed with the U.S. Bankruptcy Court for the Southern District of New York incorporates the terms of an overall settlement among NRG, us and NRG s major creditor constituencies that provides for payments by us to NRG, and that NRG will pay in turn to its creditors, of up to $752 million.

A plan support agreement reflecting the settlement has been signed by us, holders of approximately 40% of NRG s long-term notes and bonds along with two NRG banks who serve as co-chairs of the global steering committee for the NRG bank lenders. This agreement will become fully effective upon execution by holders of approximately an additional ten percent in principal amount of NRG s long-term notes and bonds and by a majority of NRG bank lenders representing at least two-thirds in principal amount of NRG s bank debt. We expect the requisite signatures will be obtained promptly.

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The term of the settlement with NRG s major creditors are basically the same as previously reported. $350 million would be paid at or shortly following the effective date of the NRG plan of reorganization. Of this amount, $112 million will be paid to a specific group of NRG bank lenders. It is expected that this payment would be made prior to year-end 2003. An additional $50 million would be paid on January 1, 2004, and all or any part of such payment could be made, at our election, in our common stock. Up to $352 million would be paid in the second quarter of 2004.

Consummation of the settlement is contingent upon, among other things, the following:

(i) The effective date of the NRG plan of reorganization occurring on or prior to December 15, 2003;

(ii) The final plan of reorganization approved by the Bankruptcy Court and related documents containing terms satisfactory to us, NRG various groups of the NRG creditors;

(iii) The receipt of releases in our favor from holders of at least 85 percent of the claims represented by NRG s creditors;

(iii) NRG shall have used its reasonable best efforts, with the support of various NRG creditors, to cause the entry of an order by the Bankruptcy Court for the NRG proceeding, no later than 45 days after the Petition Date, approving the NRG disclosure statement; and

(iv) Our receipt of all necessary regulatory and other approvals.

Since many of the required conditions are not within our control, we cannot state with certainty that the settlement will be effectuated. Nevertheless, our management is optimistic at this time that the settlement will be implemented.

Since many of these conditions are not within our control, we cannot state with certainty that the settlement will be effectuated. Nevertheless, our management is optimistic at this time that the settlement will be implemented.

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The Offering

Issuer	Xcel Energy Inc.
Notes Offered	$230,000,000 principal amount of 7 1/2% Convertible Senior Notes due 2007 (including $30,000,000 pursuant to the overallotment option exercised by the initial purchasers in full).
Maturity	November 21, 2007
Interest Payment Dates	7 1/2% per annum on the principal amount, payable semiannually on May 21 and November 21, beginning on May 21, 2003.
Dividend Protection	We will make additional payments of interest, referred to in this prospectus as protection payments, on the notes in an amount equal to any portion of our per share dividends on our common stock that exceeds $0.1875 per quarter that would have been payable to the holders of the notes if such holders had converted their notes on the record date for such dividend. Holders of the notes will not be entitled to any protection payment if the dividend triggering the protection payment causes an adjustment to the conversion rate.
Conversion Rights	The notes are convertible, at the option of the holder, at any time on or prior to maturity into shares of our common stock at a conversion price of $12.33 per share, which is equal to a conversion rate of approximately 81.1359 shares of common stock per $1,000 principal amount of notes. The conversion rate is subject to adjustment. See Description of the Notes Conversion Rights.
Ranking	The notes are unsecured and unsubordinated obligations and rank on a parity in right of payment with all our existing and future unsecured and unsubordinated indebtedness. The indenture under which the notes are issued does not prevent us or our subsidiaries from incurring additional indebtedness, which may be secured by some or all of our assets, or other obligations. As of December 31, 2002, we had no secured indebtedness and our unsecured and unsubordinated indebtedness had been approximately $830 million. We are structured as a holding company and conduct substantially all of our business operations through our subsidiaries. The notes are effectively subordinated to all existing and future indebtedness and other liabilities and commitments of our subsidiaries. As of December 31, 2002, our subsidiaries had aggregate indebtedness and other liabilities of approximately $20.7 billion.
Change of Control	Upon a change of control event, each holder of the notes may require us to repurchase some or all of its notes for cash at a repurchase price equal to 100% of the principal amount of the notes plus accrued and unpaid interest. See Description of the Notes Change of Control Permits Purchase of Notes at the Option of the Holder.
Use of Proceeds	We will not receive any proceeds from the sale by any selling security holder of the notes or the common stock issuable upon conversion of the notes. See Use of Proceeds.
DTC Eligibility	The notes were issued in book-entry form and are represented by permanent global certificates without coupons deposited with a

	custodian for and registered in the name of a nominee of The Depository Trust Company in New York, New York. Beneficial interests in the notes are shown on, and transfers will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants, and any such interest may not be exchanged for certificated securities, except in limited circumstances. See Description of the Notes Form, Denomination and Registration.
Trading	The notes issued in the initial private placement are eligible for trading in the PORTAL System. We do not intend to list the notes on any other national securities exchange or automated quotation system. Our common stock is traded on the New York Stock Exchange under the symbol XEL.
Risk Factors	See Risk Factors and the other information in this prospectus before deciding to invest in the notes.

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Summary Historical Financial Data

The following tables present our summary consolidated historical financial data. The data presented in these tables are from Selected Consolidated Financial Data, included elsewhere in this prospectus. You should read that section for a further explanation of the consolidated financial data summarized here. You should also read the summary consolidated financial data presented below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, and our audited consolidated financial statements and related notes and other financial information contained in this prospectus. The historical financial information may not be indicative of our future performance.

	Year ended December 31,		
	2002(1)	2001	2000
	(Thousands of dollars)		
Consolidated Statement of Operations Data:			
Operating revenue	$ 9,524,372	$ 11,333,422	$ 9,223,466
Operating (loss) income	$ (1,432,333)	$ 1,858,147	$ 1,479,199
Interest charges and financing costs	$ 918,080	$ 766,776	$ 652,973
Net (loss) income	$ (2,217,991)	$ 794,966	$ 526,828

	December, 2002(2)
	(Thousands of dollars)
Consolidated Balance Sheet Data:	
Total assets	$ 27,257,842
Short-term debt (including current maturities)(3)	$ 9,298,224
Long-term debt(3)	$ 6,550,248
Total debt	$ 15,848,472
Minority interest	$ 34,762
Mandatorily redeemable preferred securities of subsidiary trusts	$ 494,000
Preferred stockholders equity	$ 105,320
Common stockholders equity	$ 4,664,984
Total capitalization (includes short-term debt and minority interests)	$ 21,147,538

(1) Results for 2002 include two significant items that are described further in the notes to our consolidated financial statements: (a) impairment charges and disposal losses (excluding discontinued operations) related to NRG s long-lived assets and equity investments, which reduced operating income by $2.7 billion and net income by $2.6 billion; and (b) income tax benefits related to our investment in NRG, which increased net income by $706 million.

(2) Actual capitalization amounts are as reported in our consolidated Statements of Capitalization, which include amounts reclassified to discontinued operations of NRG. The components of such discontinued operations are segregated on the balance sheet, outside of apparent capitalization components. As a result, $445.7 million of short-term debt is reported as current liabilities held for sale and $0.1 million of long-term debt is noncurrent liabilities held for sale.

(3) Based on the defaults under certain NRG debt agreements, and NRG s lenders ability to call such debt within twelve months of December 31, 2002, the majority of NRG s long-term debt has been reclassified to current as of that date.

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Summary Pro Forma Financial Data

As discussed in the Recent Developments section, on May 14, 2003 NRG filed for bankruptcy protection. This bankruptcy filing will change the our accounting for NRG from consolidated reporting to the equity method. The following pro-forma financial information reflects adjustments to report NRG on the equity method for the year ended December 31, 2002. See Unaudited Consolidated Pro-forma Financial Information on pages F-85 et seq. for additional information on the pro-forma adjustments made, and a reconciliation of historical financial data to pro-forma amounts.

	Year ended December 31, 2002(1) (Thousands of dollars)	
Consolidated Statement of Operations Data:		
Operating revenue	$	7,243,223
Operating loss	$	1,155,683
Interest charges and financing costs	$	424,124
Net loss	$	(2,217,991)

	December, 2002(2) (Thousands of dollars)	
Consolidated Balance Sheet Data:		
Total assets	$	16,347,781
Short-term debt (including current maturities)	$	1,074,922
Long-term debt	$	5,357,618
Total debt	$	6,432,540
Minority interest	$	4,922
Mandatorily redeemable preferred securities of subsidiary trusts	$	494,000
Preferred stockholders equity	$	105,320
Common stockholders equity	$	4,664,984
Total capitalization (includes short-term debt and minority interests)	$	11,701,766

(1) Individual revenue and expense items exclude the results of NRG (a loss of $3.5 billion), which are reported under the equity method as a single loss item, Equity in Losses of NRG.

(2) Individual asset and liability amounts exclude NRG amounts, which are reported under the equity method as a single current liability item, NRG Losses in Excess of Investment.

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RISK FACTORS

You should carefully consider the risks described below as well as all of the information set forth in this prospectus before purchasing the notes.

The risks described in this section are those that we consider to be the most significant to your decision whether to invest in the notes. If any of the events described below occurs, our business financial condition or results could be materially harmed. In addition, we may not be able to make payments on the notes, and this could result in your losing all or part of your investment.

Risks Related to Our Ownership of NRG

Our subsidiary, NRG, is in default under most of its debt obligations and could be deemed to be insolvent. Many of its subsidiaries are also in default on their debt obligations and could be deemed to be insolvent. If these entities were the subject of voluntary or involuntary bankruptcy proceedings, their creditors could attempt to make claims against us, including claims to substantively consolidate our assets and liabilities with those of NRG or its subsidiaries. These claims, if successful, would have a material adverse effect on our financial condition and liquidity, and on our ability to make payments on the notes.

At December 31, 2002, NRG had failed to make scheduled payments on interest and/or principal on approximately $4 billion of its recourse debt and is in default under the related debt instruments. These missed payments also have resulted in cross-defaults of numerous other non-recourse and limited recourse debt instruments of NRG. In addition, on November 6, 2002, lenders accelerated the approximately $1.1 billion of debt under a construction revolver financing facility, thereby rendering the debt immediately due and payable. Further, on November 22, 2002, five former NRG executives filed an involuntary Chapter 11 petition against NRG in the United States Bankruptcy Court for the District of Minnesota (Minnesota Bankruptcy Court). Under the provisions of federal law, NRG has full authority to continue to operate its business as if the involuntary petition had not been filed unless and until a court hearing on the validity of the involuntary petition is resolved adversely to NRG. NRG responded to the involuntary petition, contesting the petitioners claims and filing a motion to dismiss the case. A hearing was held on April 10, 2003 to consider the motion to dismiss. No decision was made. In their petition, the petitioners sought recovery of severance and other benefits of approximately $28 million.

NRG and its counsel have been involved in negotiations with the petitioners and their counsel. As a result of these negotiations, NRG and the petitioners reached an agreement and compromise regarding their respective claims against each other (Settlement Agreement). In February 2003, the Settlement Agreement was executed, pursuant to which NRG agreed to pay the petitioners an aggregate settlement in the amount of $12 million.

On February 28, 2003, Stone & Webster, Inc. and Shaw Constructors, Inc. filed a petition alleging that they hold unsecured, non-contingent claims against NRG in a joint amount of $100 million. The Minnesota Bankruptcy Court has discretion in reviewing and ruling on the motion to dismiss and the review and approval of the Settlement Agreement. There is a risk that the Minnesota Bankruptcy Court may, among other things, reject the Settlement Agreement or enter an order for relief under Chapter 11 of Title 11 of the Bankruptcy Code.

In addition to the missed debt payments, a significant amount of NRG s debt and other obligations contain terms which require that they be supported with letters of credit or cash collateral following a ratings downgrade. As a result of the downgrades that NRG has experienced since July 26, 2002, NRG estimates that it is in default of its obligations to post collateral ranging from $1.1 billion to $1.3 billion, principally to fund equity guarantees associated with its construction revolver financing facility, to fund debt service reserves and other guarantees related to NRG projects, and to fund trading operations.

On March 26, 2003, our board of directors approved a tentative settlement with holders of most of NRG s long-term notes and the steering committee representing NRG s bank lenders regarding alleged claims of such creditors against us, including claims related to the support and capital subscription agreement between

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us and NRG dated May 29, 2002 (the Support Agreement). The settlement is subject to a variety of conditions, including definitive documentation. Under the terms of the settlement which is described in more detail elsewhere in this prospectus, we would pay up to $752 million to NRG to settle all claims of NRG, and the claims of NRG against us, including all claims under the Support Agreement.

Because many of the conditions to the settlement are not within our control, the settlement may not be effectuated. Absent an agreement on a comprehensive restructuring plan, NRG will remain in default under its debt and other obligations, because it does not have sufficient funds to meet such requirements and obligations. NRG s creditors may not accept a consensual restructuring plan, and, in the interim, NRG s lenders and bondholders may exercise any or all of the remedies available to them, including acceleration of NRG s indebtedness, commencement of an involuntary proceeding in bankruptcy and, in the case of certain lenders, realization on the collateral for their indebtedness.

Pending the resolution of NRG credit contingencies and the timing of possible asset sales, a portion of NRG s long-term debt obligations have been classified as current liabilities on our consolidated balance sheet due to lenders having the ability to accelerate such debt within twelve months of the balance sheet date. In the event that NRG is unable to effect a restructuring of its debt and other obligations and is unable to obtain adequate financing on acceptable terms, there would be substantial doubt as to NRG s ability to continue as a going concern. In any event, whether or not NRG becomes subject to a bankruptcy proceeding, it is unlikely that we ultimately will own any equity interest in NRG. As of December 31, 2002, our proforma investment in NRG, calculated as if NRG were deconsolidated at that date, was a negative $625 million. As of December 31, 2002, the net equity of NRG Energy as reported was a deficit of approximately $696 million.

If NRG does become subject to a bankruptcy proceeding, NRG or its creditors could seek to substantively consolidate us with NRG. The equitable doctrine of substantive consolidation would permit a bankruptcy court to disregard the separateness of related entities; such as NRG and us, and consolidate and pool the entities assets and liabilities and treat them as though held and incurred by one entity where the interrelationship between the entities warrants such consolidation. Substantive consolidation is an equitable remedy in bankruptcy that results in the pooling of assets and liabilities of the debtor and one or more of its debtor affiliates or, in very rare circumstances, non-debtor affiliates, solely for the purposes of the bankruptcy case, including treatment under a reorganization plan. The practice of substantive consolidation is not expressly authorized under the Bankruptcy Code and there are no definitive rules as to when a court will order substantive consolidation. Courts agree, however, that substantial consolidation should be invoked sparingly. A court s decision whether to order substantive consolidation turns primarily on the facts of the case. Circumstances that courts have generally considered in determining whether to substantively consolidate the assets and liabilities of a debtor and one or more of its affiliated entities in cases under the Bankruptcy Code include: (a) whether such entities operate independently of one another; (b) whether corporate or other applicable organizational formalities are observed in the operation of such entities; (c) whether the assets of such entities are kept separate and whether records are kept that permit the segregation of the assets and liabilities of such entities; (d) whether such entities hold themselves out to the public as separate entities; (e) whether such entities have maintained separate financial statements; (f) whether such entities have made intercompany guarantees on loans; (g) whether such entities share common officers, directors or employees; (h) whether the creditors have relied on the financial condition of an entity separately from the financial condition of the entity proposed to be consolidated in extending credit; (i) whether the consolidation of, or the failure to consolidate, the assets and liabilities of such entities will result in unfairness to creditors; and (j) whether consolidation of such entities will adversely impact the chances of a successful reorganization. If NRG or its creditors were to assert claims of substantive consolidation, or piercing the corporate veil, alter ego or related theories, in an NRG bankruptcy proceeding, the bankruptcy court could resolve the issue in a manner adverse to us. One of the creditors of an NRG project already has filed involuntary bankruptcy proceedings against that project and has included claims against NRG and us. If a bankruptcy court were to allow substantive consolidation of us with NRG, it would have a material adverse effect on us and on our ability to make payments on our obligations, including the notes, and could ultimately cause us to seek to restructure under the protection of the bankruptcy laws.

On May 12, 2003, the Minnesota Bankruptcy Court granted NRG s motion to dismiss the involuntary chapter 11 petition against NRG.

On May 14, 2003, NRG and certain of NRG s U.S. affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. Neither we nor any of our other subsidiaries were included in the filing. NRG s plan of reorganization filed with the U.S. Bankruptcy Court for the Southern District of New York incorporates the terms of an overall settlement among NRG, us and NRG s major creditor constituencies that provides for payments by us to NRG, and that NRG will pay in turn to its creditors, of up to $752 million.

A plan support agreement reflecting the settlement has been signed by us, holders of approximately 40% of NRG s long-term notes and bonds along with two NRG banks who serve as co-chairs of the global steering committee for the NRG bank lenders. This agreement will become fully effective upon execution by holders of approximately an additional ten percent in principal amount of NRG s long-term notes and bonds and by a majority of NRG bank lenders representing at least two-thirds in principal amount of NRG s bank debt. We expect the requisite signatures will be obtained promptly. The term of the settlement with NRG s major creditors are basically the same as previously reported. See our discussion in Recent Developments above.

If our assets are substantively consolidated with those of NRG, or if we otherwise incur significant liabilities relating to NRG, we may not have sufficient resources to satisfy those claims, and it would adversely affect our ability to make payments on the notes.

If NRG enters or is placed in bankruptcy, a bankruptcy court may substantively consolidate us with NRG and make our assets available to satisfy NRG s obligations.

Even without substantive consolidation, however, we have certain other potential exposures to claims relating to NRG. In May 2002, we entered into a Support Agreement pursuant to which we agreed to provide up to $300 million to NRG under certain circumstances. We may be required to provide NRG with this $300 million.

We have also provided various guarantees and bond indemnities supporting certain of NRG s obligations, guaranteeing the payment or performance under specified agreements or transactions of NRG. As a result, our exposure under the guarantees is based upon the net liability of the relevant subsidiary under the specified agreements or transactions. The majority of our guarantees limit our exposure to a maximum amount stated in the guarantees. As of December 31, 2002, the maximum amount stated in our guarantees of obligations of NRG was approximately $219.5 million. Our aggregate exposure on guarantees of obligations of NRG was approximately $96.3 million as of December 31, 2002.

Even without substantive consolidation, we may also have additional potential exposure to certain liabilities relating to employee benefit plans maintained for the benefit of the employees of NRG:

Eligible current or former NRG employees participate in one of our qualified defined benefit pension plans, with the result that our plan is liable for past and future accruals for these employees. To the extent NRG is unable to contribute amounts necessary to fund these accruals, we would be required to do so. We expect to agree to make a $2 million funding contribution due by NRG to our plan in March 2003 and seek reimbursement from NRG for the payment, although it is unlikely that we would obtain such reimbursement.

Some current or former NRG employees participate in non-qualified deferred compensation plans that we or other subsidiaries, including NRG, maintain. To the extent NRG fails to pay benefits accrued by its current or former employees under these plans, such employees may seek payment from us. If we are found liable for such payment, it could be material.

Certain NRG current or former employees also participate in various welfare plans, including retiree medical and life plans, maintained by us. We have also provided guarantees for specified NRG severance and employment payments. Benefits that we may be required to pay NRG current or former employees pursuant to these arrangements could, in the aggregate, be material if NRG were unable to pay them when due.

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NRG maintains a long-term incentive plan under which options for 2,914,839 of our shares are outstanding. Such options, which have a weighted average exercise price of $29.80, would become fully exercisable if a change of control (as defined in the plan) of NRG were to occur during or following bankruptcy proceedings. Of these options outstanding, none currently have an in-the-money spread.

NRG participates in a multiemployer pension plan covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended (ERISA), with respect to certain employees covered by collective bargaining agreements. If NRG were to withdraw from this plan in a complete or partial withdrawal while it was a member of our controlled group within the meaning of ERISA (generally, subsidiaries of which we own directly or indirectly at least 80%), we would be liable under ERISA for any portion of the resulting withdrawal liability imposed under Title IV of ERISA that NRG is unable to pay. If such withdrawal were to occur now, our withdrawal liability may be material.

In addition, we may incur liability for certain tax obligations of NRG. Under regulations issued by the U.S. Department of the Treasury, each member of a consolidated group during any part of a consolidated federal income tax return year is severally liable for the tax obligation of the entire consolidated group for that year. NRG was a member of our consolidated group before March 2001 and is eligible for re-inclusion in our consolidated group as of June 2002. It is likely, though not certain, that we will decide not to reconsolidate NRG for income tax purposes for 2002. If the IRS determines that NRG owes additional taxes and NRG does not pay them, the IRS would look to one or more members of the consolidated group, including us, for taxes owed by NRG for tax periods when NRG was a member of the consolidated group. If the IRS looked to us to pay taxes not paid by NRG, we would exercise any legal rights that are available for recovery of the payment from NRG, including in any NRG bankruptcy proceeding. Amounts that we could be required to pay to the IRS could be material and we may not be able to recover such amounts from NRG.

We may not have access to adequate funds in the event that we are substantively consolidated with NRG or we incur other significant liabilities relating to NRG. If these events were to occur, it would adversely affect our ability to make payments on the notes and you could risk the loss of your entire investment.

Recent and ongoing lawsuits relating to our ownership of NRG could impair our profitability and liquidity and could divert the attention of our management.

On July 31, 2002, a lawsuit purporting to be a class action on behalf of purchasers of our common stock between January 31, 2001 and July 26, 2002, was filed in the United States District Court in Minnesota. The complaint named Xcel Energy; Wayne H. Brunetti, chairman, president and chief executive officer; Edward J. McIntyre, former vice president and chief financial officer; and James J. Howard, former chairman, as defendants. Among other things, the complaint alleged violations of Section 10(b) of the Securities Exchange Act and Rule 10b-5 related to allegedly false and misleading disclosures concerning various issues, including round trip energy trades, the existence of cross-default provisions in our and NRG s credit agreements with lenders, NRG s liquidity and credit status, the supposed risks to our credit rating and the status of our internal controls to monitor trading of its power. Since the filing of the lawsuit on July 31, 2002, several additional lawsuits were filed with similar allegations, one of which added claims on behalf a purported class of purchasers of two series of NRG Senior Notes issued by NRG in January 2001. The cases have all been consolidated, and a consolidated amended complaint has been filed. The amended complaint charges false and misleading disclosures concerning round trip energy trades and the existence of provisions in our credit agreements with lenders for cross-defaults in the event of a default by NRG; it adds as additional defendants Gary R. Johnson, General Counsel, Richard C. Kelly, president of Xcel Energy Enterprises, two former executive officers of NRG (David H. Peterson, Leonard A. Bluhm) and one current executive officer of NRG (William T. Pieper) and a former independent director of NRG (Luella G. Goldberg); and it adds claims of false and misleading disclosures (also regarding round trip trades and the cross-defaults provisions) under Section 11 of the Securities Act. On August 15, 2002, a shareholder derivative action was filed in the same court as the class actions described above purportedly on our behalf, against our directors and certain present and former officers, citing essentially the same circumstances as the class actions and asserting breach of fiduciary duty. Subsequently, two additional derivative actions were filed in the state trial court for Hennepin County, Minnesota, against essentially the same defendants, focusing on alleged wrongful energy trading

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activities and asserting breach of fiduciary duty for failure to establish and maintain adequate accounting controls, abuse of control and gross mismanagement. In addition, complaints have been filed against us, certain of our present and former officers and directors and the members of our board of directors in the United States District Court for the District of Colorado under the Employee Retirement Income Security Act by participants in our 401(k) and ESOP plan, alleging breach of fiduciary duty in allowing or encouraging purchase, contribution and/or retention of our common stock in the plans, and misleading statements and omissions in that regard, and purporting to represent classes from as early as September 23, 1999 forward. If any one or combination of these cases results in a substantial monetary judgment against us or is settled on unfavorable terms, our profitability and liquidity could be materially adversely affected.

Defaults at additional NRG projects could cause us to recognize significant additional losses and write-downs.

Substantially all of NRG s operations are conducted by project subsidiaries and project affiliates. NRG s cash flow and ability to service corporate-level indebtedness when due are dependent upon receipt of cash dividends and distributions or other transfers from NRG s subsidiaries and project affiliates. The debt agreements of NRG s subsidiaries and project affiliates generally restrict their ability to pay dividends, make distributions or otherwise transfer funds to NRG. As of December 31, 2002, certain of NRG s subsidiaries and project affiliates are restricted from making cash payments to NRG: among others, Loy Yang, Killingholme, Energy Center Kladno, LSP Energy (Batesville), NRG South Central and NRG Northeast Generating do not currently meet the minimum debt service coverage ratios required for these projects to make payments to NRG. Crockett Cogeneration is also limited in its ability to make distributions to NRG and its other partners.

Many of the debt agreements of NRG s subsidiaries and project affiliates require the funding of debt service reserve accounts. Prior to the NRG downgrades, certain debt service reserve account funding requirements were satisfied by provision of a guarantee from NRG. Following the downgrade of NRG, those guarantees no longer qualified as acceptable credit support and the accounts were required to be funded with cash by NRG. The accounts were not funded with cash from NRG, and, after allowing for applicable cure periods, events of default were triggered under such project financings that allow the lenders to accelerate the project debt. NRG South Central Generating, NRG McClain, NRG MidAtlantic, Flinders, NRG Northeast Generating and Enfield are precluded from making payments to NRG due to unfunded debt service reserve accounts. During January 2003, ownership of the Killingholme and Brazos Valley projects was transferred to their lenders and NRG no longer has an interest in those projects.

Additional asset impairments may be recorded by NRG in periods subsequent to December 31, 2002, given the changing business conditions for NRG and the resolution of its pending restructuring plan. We are unable at this time to determine the possible magnitude of any additional NRG asset impairments, but they could be material.

For additional information regarding our ownership of NRG and its potential implications on us, see Notes 4 and 18 to our consolidated financial statements.

Risks related to our Liquidity and Access to the Capital Markets

Our credit ratings have been recently lowered and could be further lowered in the future. If this were to occur, our access to capital would be negatively affected and the value of the notes could decline.

Our credit ratings and access to the capital markets have been significantly and negatively affected recently, and may be further affected in the future. As of December 31, 2002, our senior unsecured debt was rated BBB by Standard & Poor s, Baa3 (negative outlook) by Moody s and BB+, with negative outlook, by Fitch. As a result, our ability to access needed capital and bank credit has been limited, and our cost of capital has increased materially. Any further downgrade of our debt securities would increase our cost of capital and impair our access to the capital markets. This could adversely affect our financial condition and results of operations.

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On June 24, 2002, Standard & Poor s lowered the short-term rating on our commercial paper to A-3 from A-2 and on July 30, 2002, Fitch withdrew our commercial paper rating. Our commercial paper is currently not rated by Moody s. Consequently, we do not currently have access to the commercial paper market and refinanced our outstanding commercial paper as it matured with borrowings under our credit facilities. As of December 31, 2002, and after giving effect to the repayment of the $400 million credit facility at maturity on November 8, 2002, we had no commercial paper outstanding and had borrowings of approximately $400 million under our five-year credit facility, which matures in November 2005.

Our cost of new borrowings to replace our commercial paper is greater than the historical cost of our commercial paper. As a result of our loss of access to the commercial paper market and the current lack of additional capacity under our credit facility, we are more dependent upon accessing the capital markets. Access to the capital markets on favorable terms will be affected by our credit ratings (and the ratings of our affiliated companies) and prevailing conditions in the capital markets.

Our current ratings or those of our affiliates, including NRG, may not remain in effect for any given period of time and a rating may be lowered or withdrawn entirely by a rating agency. In particular, under the current rating methodology used by Standard & Poor s, our ratings could be changed to reflect a change in credit ratings of any of our affiliates, including NRG. Further adverse developments related to NRG s liquidity and its debt and other obligations described above, and the actions we take to address that situation, could have an adverse effect on our credit ratings and therefore our liquidity. Any lowering of the rating of the notes offered hereby would likely reduce the value of the notes.

We have provided various guarantees and bond indemnities supporting certain of our subsidiaries by guaranteeing the payment or performance by such subsidiaries of specified agreements or transactions. Our exposure under the guarantees is based upon the net liability of the relevant subsidiary under the specified agreements or transactions. The majority of our guarantees limit our exposure to a maximum amount that is stated in the guarantees. As of December 31, 2002, we had guarantees outstanding with a maximum stated amount of approximately $1,509 million and actual current aggregate exposure of approximately $446 million, which amount may vary over time.

On November 21, 2002 Moody s rated the notes Baa3 (negative outlook). If either Standard & Poor s or Moody s were subsequently to downgrade our credit rating below investment grade, we may be required to provide credit enhancement in the form of cash collateral, letters of credit or other security to satisfy part or potentially all of these exposures.

Any such downgrading of our ratings would increase our cost of capital, impair our access to the capital markets and adversely affect our liquidity position.

Our reduced access to sources of liquidity may increase our cost of capital and our dependence on capital markets.

Historically, we have relied on bank lines of credit, the commercial paper market and dividends from our regulated utility subsidiaries to meet our cash requirements, including dividend payments to our shareholders, and the short-term liquidity requirements of our business. Given the recent events at NRG discussed above and the recent downgrades in our short-term ratings, we do not have access to the commercial paper market.

In addition, our $400 million revolving credit facility expired in November 2002, and we were not able to renew this facility on favorable terms. Consequently, we repaid the facility from funds from a new financing and from available cash. Our inability to obtain bank financing on favorable terms will limit our ability to contribute equity or make loans to our subsidiaries, including our regulated utilities, and may cause us to seek alternative sources of funds to meet temporary cash needs.

Furthermore, until the issues related to NRG are resolved, our access to the capital markets is likely to be constrained. Access to the capital markets and our cost of capital will be affected by our credit ratings (and the ratings of our affiliated companies) and prevailing conditions in the capital markets. If we are unable to access the capital markets on favorable terms, our ability to fund our operations and required capital expenditures and other investments may be adversely affected.

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Our utility subsidiaries also rely on accessing the capital markets to support their capital expenditure programs and other capital requirements to maintain and build their utility infrastructure and comply with future requirements such as installing emission-control equipment. The ability of our utility subsidiaries to access the capital markets also has been negatively impacted by events at NRG.

We must rely on cash from our subsidiaries to make debt payments.

We are a holding company and thus our investments in our subsidiaries are our primary assets. Substantially all of our operations are conducted by our subsidiaries. Consequently, our operating cash flow and our ability to service our indebtedness, including the notes, depends upon the operating cash flow of our subsidiaries and the payment of funds by them to us in the form of dividends. Our subsidiaries are separate legal entities that have no obligation to pay any amounts due pursuant to the notes or to make any funds available for that purpose, whether by dividends or otherwise. In addition, each subsidiary s ability to pay dividends to us depends on any statutory and/or contractual restrictions that may be applicable to such subsidiary, which may include requirements to maintain minimum levels of working capital and other assets.

As discussed above, our utility subsidiaries are regulated by various state utility commissions which generally possess broad powers to ensure that the needs of the utility customers are being met. To the extent that the state commissions attempt to impose restrictions on the ability of our utility subsidiaries to pay dividends to us, it could adversely affect our ability to make payments on the notes or otherwise meet our financial obligations.

We are subject to regulatory restrictions on accessing capital.

We are a public utility holding company registered with the SEC under PUHCA. PUHCA contains limitations on the ability of registered holding companies and certain of their subsidiaries to issue securities. Such registered holding companies and subsidiaries may not issue securities unless authorized by an exemptive rule or order of the SEC.

Because the exemptions available to us are limited, we sought and received authority from the SEC under PUHCA for various financing arrangements. One of the conditions of our original financing order was that our ratio of common equity to total capitalization, on a consolidated basis, be at least 30 percent. During the quarter ended September 30, 2002, we were required to record significant asset impairment losses from sales or divestitures of NRG assets and businesses, from NRG s cancelling or deferring the funding of certain projects under construction, and from NRG s deciding not to contribute additional funds to certain projects already operating. As a result, our common equity ratio fell below 30 percent.

In anticipation of falling below the 30 percent level, we obtained authorization from the SEC under PUHCA to engage in certain financing transactions and intrasystem loans through March 31, 2003, so long as our ratio of common equity to total capitalization, on an as adjusted basis, is at least 24 percent. As of September 30, 2002, our common equity ratio, as adjusted, was at least 24 percent. Financings authorized by the SEC included the issuance of debt (including convertible debt) to refinance or replace a $400 million credit facility that expired on November 8, 2002, issuance of $483 million of stock (less amounts of long-term debt issued as part of the refinancing of the $400 million credit facility) and the renewal of guarantees for trading obligations of NRG s power marketing subsidiary. The SEC reserved jurisdiction over additional securities issuances by us through June 30, 2003, while our common equity ratio is below 30 percent. After June 30, 2003, our common equity ratio must be at least 30 percent in order to engage in financing transactions without additional approval of the SEC.

On December 20, 2002, we filed a revised request with the SEC seeking additional financing authorization to conduct our business as proposed during 2003. We are seeking an increase of $500 million in the amount of long-term debt and common equity we are authorized to issue from $2.0 billion to $2.5 billion. In addition, we proposed that our common equity, as reflected on our most recent Form 10-K or Form 10-Q and as adjusted to reflect subsequent events that affect capitalization, will be at least 30 percent of total consolidated capitalization, provided that in any event that we do not satisfy the 30 percent common equity standard, we may issue common stock. We further asked the SEC to reserve jurisdiction over the authorization for us and our subsidiaries to engage in any other financing transactions authorized under current SEC orders and in the instant request at a time that we do not satisfy the 30 percent common equity standard. We also requested that the SEC permit us to pay up to $260 million of dividends out of capital and unearned surplus in the event we cease to have retained earnings. The amount of dividends that we can pay is limited by PUHCA, in that we may not pay dividends out of capital or unearned surplus without approval of the SEC. See discussion of dividend restrictions in Note 12 to the consolidated financial statements.

It is possible that we may be required to recognize further losses at NRG and that our common equity ratio may fall below the 24 percent level. As of December 31, 2002, our common equity ratio was below 24 percent. In addition, it is anticipated that for at least some period of time following March 31, 2003, our common equity ratio will be below 30 percent. If that occurs and we are unable to obtain additional relief from the SEC, we may not be able to issue securities, which could have a material adverse effect on our ability to make payments on the notes and otherwise meet our capital and other needs.

For additional information regarding our liquidity and capital resources, and the effect that the recent reductions in our credit ratings has had on our access to capital, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Risks Associated with Our Business

There may be changes in the regulatory environment that impair our ability to recover costs from our customers.

We are subject to comprehensive regulation by several federal and state utility regulatory agencies, which significantly influences our operating environment and our ability to recover our costs from utility customers. The utility commissions in the states where our utility subsidiaries operate regulate many aspects of our utility operations including siting and construction of facilities, customer service and the rates that we can charge customers.

In light of the recent credit and liquidity events regarding NRG, we face enhanced scrutiny from our state regulators. On August 8, 2002, the MPUC asked for additional information related to the impact of NRG s financial circumstances on NSP-Minnesota. Subsequent to that date, several newspaper articles alleged concern about the reporting of service quality data and NSP-Minnesota s overall maintenance practices. In an order dated October 22, 2002, the MPUC opened an investigation into the accuracy of NSP-Minnesota s reliability records and to allow for further review of its maintenance and other service quality measures. The Minnesota Department of Commerce and Office of Attorney General have begun an investigation of these issues. There is no scheduled date for completion of these investigations. These investigations, and any attendant remedial actions, may materially and adversely affect the financial position and results of operations of NSP-Minnesota.

The events relating to NRG could also negatively impact the positions taken by the Colorado Public Utilities Commission (CPUC) in PSCo s pending and future rate proceedings, which could result in reduced recovery of our costs. In May 2002, PSCo filed a combined general retail electric, gas and thermal energy base rate case with the Colorado Public Utilities Commission (CPUC) to address increased costs for providing energy to Colorado customers. On April 4, 2003, a comprehensive settlement agreement between PSCo and all but one of the intervenors was executed and filed with the CPUC, which addressed all significant issues in the rate case. In summary, the settlement agreement, among other things, provides for:

- base rate decreases of approximately $33 million for natural gas and $230,000 for electricity, including an annual reduction to electric depreciation expense of approximately $20 million, effective July 1, 2003;

- an interim adjustment clause (IAC) that recovers 100 percent of prudently incurred 2003 electric fuel and purchased energy expense above the expense recovered through electric base rates. This clause is projected to recover energy costs totaling approximately $216 million in 2003. The IAC originally went into effect on Jan. 1, 2003. The IAC rate was increased on May 1, 2003 by $93 million to recover the total anticipated energy costs for 2003;

a new electric commodity adjustment clause (ECA) for 2004-2006, with an $11.25 million cap on any cost sharing over or under an allowed ECA formula rate;

an authorized return on equity of 10.75 percent for electricity and 11.0 percent for natural gas and thermal energy.

Hearings on one settlement agreement were held in late April 2003. Management believes the CPUC will approve the settlement agreement and issue a final rate order during the second quarter, with new rates effective as discussed above. PSCo will now move to the phase II, rate design, portion of the case.

As a result of the energy crisis in California and the financial troubles at a number of energy companies, including the financial challenges of NRG, the regulatory environments in which we operate have received an increased amount of public attention. The profitability of our utility operations is dependent on our ability to recover costs related to providing energy and utility services to our customers. It is possible that there could be changes in the regulatory environment that would impair our ability to recover costs historically absorbed by our customers. State utility commissions generally possess broad powers to ensure that the needs of the utility customers are being met. We may be asked to ensure that our ratepayers are not harmed as a result of the credit and liquidity events at NRG. The state utility commissions also may seek to impose restrictions on the ability of our utility subsidiaries to pay dividends to us. If successful, this could materially and adversely affect our ability to meet our financial obligations, including making payments on the notes.

As discussed above, our system also is subject to the jurisdiction of the SEC under PUHCA, which imposes a number of restrictions on the operations of registered holding company systems. These restrictions include, subject to certain exceptions, a requirement that the SEC approve securities issuances, payments of dividends out of capital or unearned surplus, sales and acquisitions of utility assets or of securities of utility companies and acquisitions of other businesses. PUHCA also generally limits the operations of a registered holding company like us to a single integrated public utility system, plus additional energy-related businesses. PUHCA rules require that transactions between affiliated companies in a registered holding company system be performed at cost, with limited exceptions.

The Federal Energy Regulatory Commission has jurisdiction over wholesale rates for electric transmission service and electric energy sold in interstate commerce, hydro facility licensing and certain other activities of our utility subsidiaries. Federal, state and local agencies also have jurisdiction over many of our other activities.

We are unable to predict the impact on our operating results from the future regulatory activities of any of these agencies. Changes in regulations or the imposition of additional regulations could have an adverse impact on our results of operations and hence could materially and adversely affect our ability to meet our financial obligations, including making payments on the notes.

We are subject to commodity price risk, credit risk and other risks associated with energy markets.

We are exposed to market and credit risks in our generation, retail distribution and energy trading operations. To minimize the risk of market price and volume fluctuations, we enter into financial derivative instrument contracts to hedge purchase and sale commitments, fuel requirements and inventories of natural gas, distillate fuel oil, electricity and coal, and emission allowances. However, financial derivative instrument contracts do not eliminate the risk. Specifically, such risks include commodity price changes, market supply shortages, credit risk and interest rate changes. The impact of these variables could result in our inability to fulfill contractual obligations, significantly higher energy or fuel costs relative to corresponding sales contracts or increased interest expense.

Credit risk includes the risk that counterparties that owe us money or energy will breach their obligations. If the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements. In that event, our financial results could be adversely affected and we could incur losses.

We mark our energy trading portfolio to estimated fair market value on a daily basis (mark-to-market accounting), which causes earnings variability. Market prices are utilized in determining the value of electric

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energy, natural gas and related derivative commodity instruments. For longer-term positions, which are limited to a maximum of eighteen months, and certain short-term positions for which market prices are not available, models based on forward price curves are utilized. These models incorporate estimates and assumptions as to a variety of factors such as pricing relationships between various energy commodities and geographic locations. Actual experience can vary significantly from these estimates and assumptions.

We may be subject to enhanced scrutiny and potential liabilities as a result of our trading operations.

On May 8, 2002, in response to disclosure by Enron Corporation of certain trading strategies used in 2000 and 2001 that may have violated market rules, the FERC ordered all sellers of wholesale electricity and/or ancillary services to the California Independent System Operator or Power Exchange, including us, to respond to data requests, including requests about the use of certain trading strategies. On May 22, 2002, we reported to the FERC that we had not engaged directly in the trading strategies identified in the May 8th inquiry. On May 21, 2002, the FERC supplemented the May 8th request by ordering all sellers of wholesale electricity and/or ancillary services in the United States portion of the Western Systems Coordinating Council during 2000 and 2001 to report whether they had engaged in activities referred to as wash, round trip or sell/buyback trading. On May 31, 2002, we reported that we had not engaged in so-called round trip electricity trading identified in the May 21st inquiry.

On May 13, 2002, independently and not in direct response to any regulatory inquiry, we reported that PSCo had engaged in transactions in 1999 and 2000 with the trading arm of Reliant Resources, Inc. (Reliant) in which PSCo bought power from Reliant and simultaneously sold the same quantity back to Reliant. For doing this, PSCo normally received a small profit. PSCo made a total pretax profit of approximately $110,000 on these transactions. These transactions included one trade with Reliant in which PSCo simultaneously bought and sold power at the same price without realizing any profit. In this transaction, PSCo agreed to buy from Reliant 15,000 megawatts per hour, during the off-peak hours of the months of November and December 1999. Collectively, these sales with Reliant consisted of approximately 10 million megawatt hours in 1999 and 1.8 million megawatt hours in 2000 and represented approximately 55 percent of our trading volumes for 1999 and approximately 15 percent of our trading volumes for 2000. The purpose of the non-profit transaction was in expectation of entering into additional future for-profit transactions, such as the ones described above. PSCo engaged in these transactions with Reliant for the proper commercial objective of making a profit. PSCo did not enter into these transactions to inflate volumes or revenues and, at the time the transactions occurred, the transactions were reported net in PSCo s financial statements.

We also have received a subpoena from the SEC for documents concerning round trip trades in electricity and natural gas with Reliant Resources, Inc. for the period from January 1, 1999 to the present. The SEC subpoena is issued pursuant to a formal order of private investigation that does not name us. Based upon accounts in the public press, we believe that similar subpoenas in the same investigation have been served on other industry participants. We are cooperating with the regulators and taking steps to assure satisfactory compliance with the subpoenas.

If it is determined that we acted improperly in connection with these trading activities, we could be subject to a range of potential sanctions, including civil penalties and loss of market-based trading authority.

In addition, a number of actions have been filed in state and federal courts relating to power sales in California and other Western markets from May 2000 through June 2001. Xcel Energy and PSCo have been named in the California litigation and it is possible that we could be brought into the additional litigation, or named in future proceedings. There are also actions pending at FERC regarding these and similar issues. We cannot assure you that we will not have to pay refunds or other damages as a result of these proceedings. Any such refunds or damages could have an adverse effect on our financial results.

Pursuant to a formal order of investigation, on June 17, 2002 the Commodity Futures Trading Commission (CFTC) issued broad subpoenas to us on behalf of our affiliates, including NRG, calling for production, among other things, of all documents related to natural gas and electricity trading (the June 17, 2002 subpoenas). Since that time, we have produced documents and other materials in response to

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numerous more specific requests under the June 17, 2002 subpoenas. Certain of these requests and our responses have concerned so-called round-trip trades. By a subpoena dated January 29, 2003 and related letter requests (the January 29, 2003 subpoena), the CFTC has requested that we produce all documents related to all data submittals and documents provided to energy industry publications. We have produced documents and other materials in response to the January 29, 2003 subpoena, including a report identifying instances where our e prime subsidiary reported natural gas transactions to an industry publication in a manner inconsistent with the publication s instructions. We believe this reporting did not affect the financial accounting treatment of any transaction recorded in e prime s books and records. Also beginning on January 29, 2003, the CFTC has sought testimony from twenty current and former employees, and may seek additional testimony from other employees and executives, concerning the reporting of energy transactions to industry publications. A number of energy companies have stated in documents filed with FERC that employees reported fictitious natural gas transactions to industry publications. Various other energy companies are also subject to a recent order by FERC placing requirements on natural gas marketers related to reporting. We and NRG are cooperating in the CFTC investigation, but cannot predict the outcome of any investigation.

We received a Notice of Violation from the United States Environmental Protection Agency alleging violations of the New Source Review requirements of the Clean Air Act at two of our stations in Colorado and we continue to respond to information requests related to several of our plants in Minnesota. The ultimate financial impact to us is uncertain at this time.

On July 1, 2002, we received a Notice of Violation (NOV) from the United States Environmental Protection Agency (EPA) alleging violations of the New Source Review (NSR) requirements of the Clean Air Act at PSCo s Comanche and Pawnee Stations in Colorado. The NOV specifically alleges that various maintenance, repair and replacement projects undertaken at the plants in the mid- to late-1990s were non-routine major modifications and should have required a permit under the NSR process. Although we believe we acted in full compliance with the Clean Air Act and NSR process, we cannot assure you that we will not be required to install additional emission control equipment at the facilities, which would require substantial capital expenditures, and pay civil penalties. Civil penalties are limited to not more than $25,000 to $27,500 per day for each violation, commencing from the date the violation began. The ultimate financial impact to us is not determinable at this time.

The EPA also issued requests for information pursuant to the Clean Air Act to our subsidiary NSP-Minnesota. In 2001, NSP-Minnesota responded to EPA s initial information requests related to its plants in Minnesota. On May 22, 2002, EPA issued a follow-up information request to NSP-Minnesota seeking additional information regarding NSR compliance at its plants in Minnesota. NSP-Minnesota has responded to the follow-up request.

Our subsidiary, PSCo, has received a notice from the Internal Revenue Service (the IRS) proposing to disallow certain interest expense deductions that PSCo claimed in 1993 through 1997. Should the IRS ultimately prevail on this issue, our liquidity position and financial results could be materially adversely affected.

One of PSCo s wholly owned subsidiaries, PSR Investments, Inc. (PSRI), owns and manages, among other things, life insurance policies on some of PSCo s employees known as corporate-owned life insurance (COLI) policies. From time to time, PSCo made borrowings against the cash values of these COLI policies and deducted the interest expense on these borrowings. The IRS issued a Notice of Proposed Adjustment to PSCo proposing to disallow interest expense deductions PSCo had taken in tax years 1993 through 1997. In late 2001, PSCo received a technical advice memorandum from the IRS National Office that communicated a position adverse to PSRI. Consequently, we expect the IRS to continue disallowing the interest deductions and seeking to impose an interest charge on the resulting underpayment of taxes.

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After consultation with tax counsel, we believe that the IRS position is not supported by the tax law. Based on this assessment, PSCo continues to believe that the deduction of interest expense on the COLI policy loans is in full compliance with the tax law. For this reason and following consultation with our auditors, we have determined not to record any provision or reserve for income taxes or interest charges in connection with this matter. In addition, PSCo has continued to claim deductions for interest expense related to COLI policy loans on its income tax returns for taxable years after 1997, and intends to continue to challenge the IRS s proposed disallowance.

The total disallowance of interest expense deductions for the period of 1993 through 1997 is approximately $175 million. Additional interest expense deductions for the period 1998 through 2002 are estimated to total approximately $317 million. Should the IRS ultimately prevail on this issue, tax and interest payable through December 31, 2002 would reduce earnings by an estimated $214 million (after tax). Because we are continuing to claim deductions for interest expenses related to these COLI policy loans, the tax and interest ultimately owed by us, should the IRS and state tax agencies ultimately prevail, will continue to increase over time.

Should the IRS ultimately prevail on the COLI loan policy issue, our liquidity position and financial results could be materially adversely affected.

Increased competition resulting from restructuring efforts could have a significant financial impact on us and our utility subsidiaries and consequently decrease our revenue.

Retail competition and the unbundling of regulated energy and gas service could have a significant financial impact on us and our subsidiaries due to an impairment of assets, a loss of retail customers, lower profit margins and/or increased costs of capital. The restructuring may have a significant impact on our financial position, results of operations and cash flows. We cannot predict when we will be subject to changes in legislation or regulation, nor can we predict the impact of these changes on our financial position, results of operations or cash flows. We believe that the prices our utility subsidiaries charge for electricity and gas and the quality and reliability of their service currently place them in a position to compete effectively in the energy market.

For additional information regarding the regulatory environment in which we operate and certain other matters regarding our business discussed above, see Notes 1, 15, 18, 19 and 20 to our consolidated financial statements.

Risks Related to the Notes

The notes are effectively subordinated to all existing and future indebtedness and liabilities of our subsidiaries.

As a stockholder, rather than a creditor of our subsidiaries, our right and the rights of our creditors to participate in the assets of any of our subsidiaries upon any liquidation or reorganization of that subsidiary will rank behind the claims of that subsidiary s creditors, including trade creditors (except to the extent we have a claim as a creditor of such subsidiary). As a result, the notes are effectively subordinated to all existing and future indebtedness and other liabilities, including trade payables, of our subsidiaries.

As of December 31, 2002, our subsidiaries had outstanding indebtedness and other liabilities of approximately $20.7 billion. Some of these liabilities are secured by the assets of these subsidiaries. We and our subsidiaries may incur additional debt. The indenture governing the notes does not contain any restriction on us or our subsidiaries incurring additional debt.

An active trading market for the notes may not develop.

There is no existing trading market for the notes. We do not plan to apply for listing of any notes sold pursuant to this prospectus on any securities exchange or for inclusion of such notes in any automated quotation system. If the notes are traded after their initial issuance, they may trade at a discount, depending on the prevailing interest rates, the market for similar securities, the price of our common stock, our

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performance and other factors. We do not know whether an active trading market will develop for the notes. To the extent that an active trading market does not develop, the price at which you may be able to sell the notes, if at all, may be less than the price you pay for them.

Certain provisions of law, as well as provisions in our bylaws and shareholder rights plan, may make it more difficult for others to obtain control of us, even though some shareholders might consider this favorable.

We are a Minnesota corporation and certain anti-takeover provisions of Minnesota law apply to us and create various impediments to the acquisition of control of us or to the consummation of certain business combinations with us. In addition, our bylaws and shareholder rights plan contain provisions which may make it more difficult to remove incumbent directors or effect certain business combinations with us without the approval of our board of directors. See Description of Capital Stock. Finally, certain federal and state utility regulatory statutes may also make it difficult for another party to acquire a controlling interest in us. These provisions of law and of our corporate documents, individually or in the aggregate, could discourage a future takeover attempt which individual shareholders might deem to be in their best interests or in which shareholders would receive a premium for their shares over current prices.

We may enter into acquisitions, changes of control, refinancings or other recapitalizations or highly leveraged transactions that could increase the amount of debt outstanding, affect our capital structure or credit quality, or otherwise adversely affect the notes.

We may decide to enter into acquisitions, changes of control, refinancings of our current debt or other recapitalizations or highly leveraged transactions that could increase the amount of debt outstanding, affect our capital structure or credit quality, or otherwise adversely affect investors such as holders of the notes. Holders of the notes covered by this prospectus are not protected in the event of a highly leveraged transaction or a change of control except that a change of control permits the repurchase of notes at the option of the holder.

We may issue additional shares of our common stock that could dilute the value of our common stock issuable upon conversion of the notes.

We may be required to issue additional shares of our common stock that may dilute the value of our common stock and may adversely affect the market price our common stock.

On March 13, 2001, NRG completed the sale of 11.5 million equity units, consisting of a corporate unit comprising a $25 principal amount of NRG s senior debentures and an obligation to acquire shares of NRG common stock no later than May 18, 2004. Initially the equity units were convertible by the holder into NRG common stock. Following the exchange offer and subsequent short form merger pursuant to which we acquired the outstanding publicly-held stock of NRG on June 3, 2002, the equity units may be converted by the holder into our common stock. The maximum number of shares to be issued by us upon conversion of the equity units is 5,323,925 (subject to adjustment for specified events arising from stock splits and combinations, stock dividends and other actions that modify our capital structure).

We and some of our subsidiaries have incentive compensation plans under which stock options and other performance incentives are awarded to key employees. As of December 31, 2002, stock options for 16,981,207 shares of common stock were outstanding, of which options for 8,992,632 shares of common stock were exercisable. The exercise price for the options ranges from $11.50 to $63.60. In addition, certain employees also may be awarded restricted stock under our incentive plans. We hold restricted stock until restrictions lapse, generally ratably over a three year period. We granted 50,083 restricted shares in 2002, 21,774 restricted shares in 2001, 58,690 restricted shares in 2000 and 52,688 restricted shares in 1999.

Our ability to pay dividends on our common stock may be restricted by regulatory requirements.

Under PUHCA, unless there is an order from the SEC, a holding company or any subsidiary may only declare and pay dividends out of retained earnings. Due to 2002 losses incurred by NRG, retained earnings of

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Xcel Energy were a deficit of $101 million at December 31, 2002 and, accordingly, dividends cannot be declared until earnings in 2003 are sufficient to eliminate this deficit or Xcel Energy is granted relief under the PUHCA. Xcel Energy has requested authorization from the SEC to pay dividends out of paid-in capital up to $260 million until September 30, 2003. It is not known when or if the SEC will act on this request. See Note 12 to the consolidated financial statements for a discussion of factors affecting our payment of dividends.

Fluctuations in the market price of our common stock could adversely affect the trading price of the notes.

The market price of our common stock has fluctuated recently. In addition, the stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock may continue to fluctuate in the future. Negative fluctuations in the market price of our common stock could adversely impact the trading price of the notes.

RATIO OF EARNINGS TO FIXED CHARGES

	Year ended December 31,				
	2002(1)	**2001**	**2000**	**1999**	**1998**
Ratio of Earnings to Fixed Charges(2)	(1.8)	2.1	1.9	2.4	3.0

(1) Earnings as defined in the ratio for the twelve months ended December 31, 2002 were reduced by NRG asset impairment charges of $3.1 billion. The fixed charges exceeded earnings, as defined for this ratio, by $2.9 billion in 2002.

(2) For purposes of computing the ratio of earnings to fixed charges:

earnings consist of net income plus fixed charges, federal and state income taxes, deferred income taxes and investment tax credits and less undistributed equity in earnings of unconsolidated investees, and

fixed charges consist of interest on long-term debt, other interest charges, distributions on redeemable preferred securities of subsidiary trusts and amortization of debt discount, premium and expense.

USE OF PROCEEDS

We will not receive any proceeds from the sale by any selling security holder of the notes or the common stock issuable upon conversion of the notes. See Selling Security Holders.

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PRICE RANGE OF COMMON STOCK AND DIVIDEND HISTORY

Our common stock is currently listed on the New York Stock Exchange under the symbol XEL. The following table sets forth the intra-day high and low prices for transactions involving our common stock for each calendar quarter, as reported on the New York Stock Exchange Composite Tape, and related dividends paid per common share during such periods.

	High	Low	Dividend
2003:			
First Quarter	$ 12.97	$ 10.59	N/A
2002:			
Fourth Quarter	$ 11.60	$ 7.40	$ 0.1875
Third Quarter	$ 17.20	$ 5.12	$ 0.1875
Second Quarter	$ 26.49	$ 13.91	$ 0.3750
First Quarter	$ 28.49	$ 22.26	$ 0.3750
2001:			
Fourth Quarter	$ 29.77	$ 25.30	$ 0.3750
Third Quarter	$ 29.51	$ 25.00	$ 0.3750
Second Quarter	$ 31.85	$ 27.39	$ 0.3750
First Quarter	$ 30.35	$ 24.19	$ 0.3750
2000:			
Fourth Quarter	$ 30.00	$ 24.63	$ 0.3750
Third Quarter	$ 27.56	$ 20.13	$ 0.3750
Second Quarter	$ 23.81	$ 19.50	$ 0.3675
First Quarter	$ 20.56	$ 16.13	$ 0.3625

On May 9, 2003 the last reported sale price of our common stock on the New York Stock Exchange was $13.81 per share. As of December 31, 2002, there were approximately 128,000 holders of our common stock.

Historically, we have paid quarterly dividends to our shareholders. For each quarter in 2001 and for the first two quarters of 2002, we paid dividends to our shareholders of $0.375 per share. In the third and fourth quarters of 2002 we paid dividends of $0.1875 per share. In making such decision, the board of directors considered several factors, including the goal of funding customer growth in our core business through internal cash flow and reducing our reliance on debt and equity financings. The board of directors also compared our dividend to its utility earnings and to the dividend payout of comparable utilities. Dividends on our common stock are paid as declared by our board of directors. Under PUHCA, unless there is an order from the SEC, a holding company or any subsidiary may only declare and pay dividends out of retained earnings. Retained earnings were $115 million at December 31, 2002 based on preliminary results. We requested authorization from the SEC to pay dividends out of paid-in capital up to $260 million until September 30, 2003.

Our Articles of Incorporation place restrictions on the amount of common stock dividends we can pay when preferred stock is outstanding. Under the provisions, dividend payments may be restricted if our capitalization ratio (on a holding company basis only, i.e., not on a consolidated basis) is less than 25 percent. For these purposes, the capitalization ratio is equal to the (i) common stock plus surplus divided by (ii) the sum of common stock plus surplus plus long-term debt. Based on this definition, our capitalization ratio at December 31, 2002 was 85 percent. Although, we have preferred stock outstanding, the restrictions do not place any effective limit on our ability to pay dividends because the restrictions are only triggered when the capitalization ratio is less than 25 percent or will be reduced to less than 25 percent through dividends (other than dividends payable in common stock), distributions or acquisitions of our common stock.

Historical stock price information for periods prior to August 19, 2000 is information for the common stock of Northern States Power Company (which was listed on the New York Stock Exchange under the symbol NSP), the predecessor of Xcel Energy. Xcel Energy was formed on August 18, 2000 by the merger of Northern States Power Company with New Century Energies, Inc.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 2002. We will not receive any proceeds from the sale by any selling security holders of the notes or the common stock issuable upon conversion of the notes. You should read the information in this table together with the detailed information and financial statements appearing in this prospectus and with Selected Consolidated Financial Data included elsewhere in this prospectus.

	As of December 31, 2002(1)	
	(Thousands of Dollars)	% of Capitalization
Short-term debt, including current maturities	$ 9,298,224	43.97%
Minority interest	34,762	0.16%
Long-term debt	6,550,248	30.97%
Mandatorily redeemable preferred securities of subsidiary trusts	494,000	2.34%
Preferred stockholders equity	105,320	0.5%
Common stockholders equity	4,664,984	22.06%
Total capitalization (including short-term debt and minority interest)	$ 21,147,538	100.0%

(1) Actual capitalization amounts are as reported in our Consolidated Statements of Capitalization, which include amounts reclassified to discontinued operations of NRG. The components of such discontinued operations are segregated on the balance sheet, outside of apparent capitalization components. As a result, $445.7 million of short-term debt is reported as current liabilities held for sale and $0.1 million of long-term debt is noncurrent liabilities held for sale.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data as of December 31, 2002 and 2001, and for the years ended December 31, 2002, 2001, 2000, 1999 and 1998 have been derived from our audited consolidated financial statements and the related notes. The information set forth below should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations, our audited consolidated financial statements and related notes and other financial information contained in this prospectus. The historical financial information may not be indicative of our future performance.

	Year Ended December 31,				
	2002(1)	2001	2000	1999	1998
	(In millions, except per share data)				
Consolidated Statement of Operations Data:					
Operating revenue(2)	$ 9,524	$ 11,333	$ 9,223	$ 6,883	$ 6,606
Operating expense(2)	10,957	9,475	7,744	5,679	5,412
Operating income (loss)	$ (1,433)	$ 1,858	$ 1,479	$ 1,204	$ 1,194
Interest income and other nonoperating income net of other expenses	44	46	16	3	49
Interest charges and financing costs	918	766	653	453	383
Income taxes (benefits)	(628)	331	299	180	240
Minority interest (income) expense	(17)	68	30	3	
(Loss) income from continuing operations	$ (1,661)	738	514	571	620
(Loss) income from discontinued operations, net of tax	(557)	47	32		4
Extraordinary items, net of tax		10	(19)		
Net (loss) income	(2,218)	795	527	571	624
Dividends on preferred stock	4	4	4	5	5
(Loss) earnings available for common shareholders	$ (2,222)	$ 791	$ 523	$ 566	$ 619
Earnings per share diluted:					
(Loss) income before extraordinary items	(4.36)	2.13	1.51	1.70	1.91
Discontinued Operations	(1.46)	0.14	0.09		
Extraordinary items		0.03	(0.06)		
Total	$ (5.82)	$ 2.30	$ 1.54	$ 1.70	$ 1.91

(1) Results for 2002 include two significant items that are described further in the notes to our consolidated financial statements: (a) impairment charges and disposal losses (excluding discontinued operations) related to NRG s long-lived assets and equity investments, which increased operating expenses and reduced operating income for the year ended December 31, 2002 by $2.7 billion; reduced, net income and earnings available for common shareholders for the year ended December 31, 2002 by $2.6 billion; and reduced earnings per share for the year ended December 31, 2002 by $6.80; and (b) income tax benefits related to our investment in NRG, which increased income from continuing operations and net income for the year ended December 31, 2002 by $706 million, and increased earnings per share from continuing operations and total earnings per share for the year ended December 31, 2002 by $1.85.

(2) Operating revenues and expenses for 1998 through 2001 include reclassifications to conform to the 2002 presentation. These reclassifications related to reporting to electric and natural gas trading revenues and costs on a net basis, and to presenting the results of discontinued operations separately. These reclassifications had no effect on net income or earnings per share.

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	December 31, 2002	December 31, 2001
	(In millions)	
Consolidated Balance Sheet Data:		
Current assets	$ 3,737	$ 3,330
Net Property, plant and equipment, at cost	18,816	19,781
Other assets	4,705	5,642
Total assets	$ 27,258	$ 28,754
Current portion of long-term debt(1)	7,756	393
Short-term debt	1,542	2,225
Other current liabilities	3,051	2,851
Total current liabilities	12,349	55,469
Deferred credits and other liabilities	3,060	4,321
Minority interest	35	615
Long-term debt(1)	6,550	11,556
Mandatorily redeemable preferred securities of subsidiary trusts	494	494
Preferred stockholders equity	105	105
Common stockholders equity	4,665	6,195
Total liabilities and equity	$ 27,258	$ 28,754

(1) Based on the defaults under certain NRG debt agreements, and NRG s lenders ability to call such debt within twelve months of December 31, 2002, the majority of NRG s long-term debt has been reclassified to current as of that date.

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SELECTED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following selected pro forma consolidated financial data as of and for the year ended December 31, 2002 have been derived from our audited consolidated financial statements and the related notes. The information set forth below should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations, our audited consolidated financial statements and related notes, our pro-forma financial information and related notes, and other financial information contained in this prospectus. The historical financial information may not be indicative of our future performance.

	Year Ended December 31, 2002(1) (In millions, except per share data)
Consolidated Statement of Operations Data:	
Operating revenue	$ 7,243
Operating expense	6,087
Operating income (loss)	$ 1,156
Interest income and other nonoperating income net of other expenses	40
Equity in losses of NRG	(3,464)
Interest charges and financing costs	424
Income taxes (benefits)	(462)
Minority interest (income) expense	(12)
Net loss	(2,218)
Dividends on preferred stock	4
Loss available for common shareholders	$ (2,222)
Earnings per share diluted	$