

## STAYING POWER

XCEL ENERGY 2001 ANNUAL REPORT



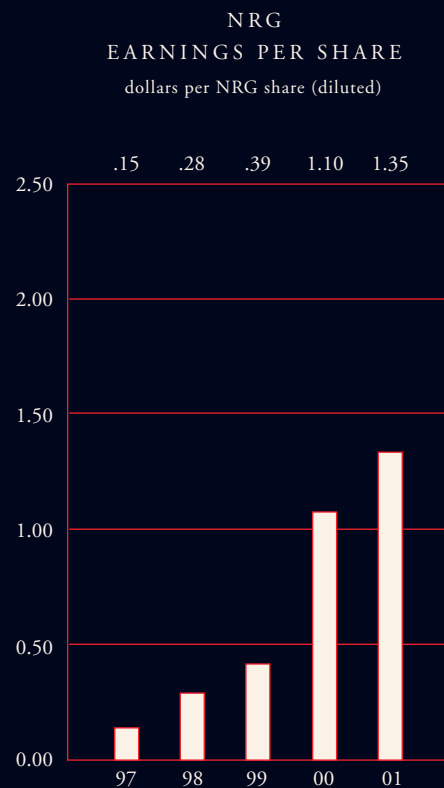
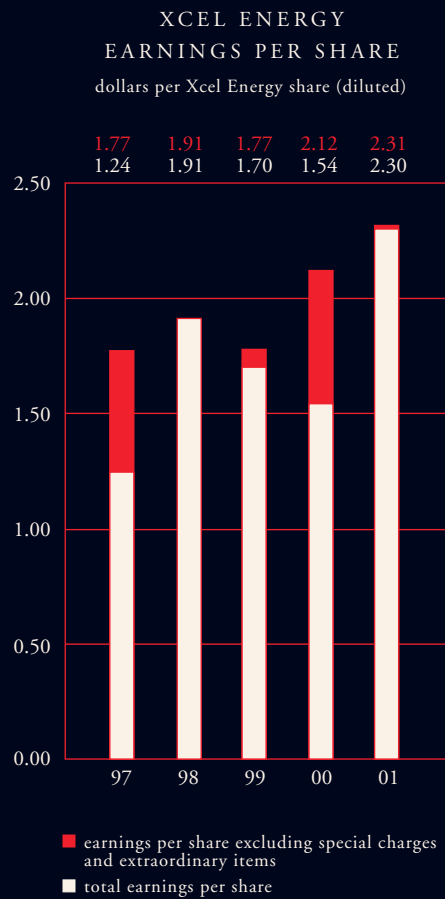


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ON THE COVER: LINEMAN APPRENTICE JOBY SALLEE IS ONE OF MANY XCEL ENERGY EMPLOYEES WHO CONTRIBUTE TO THE COMPANY'S STAYING POWER.

## XCEL ENERGY INC.

Xcel Energy Inc. is the fourth-largest combination natural gas and electric utility in the nation, with annual revenues of \$15 billion. Based in Minneapolis, Minn., Xcel Energy operates in 12 Western and Midwestern states. The company provides a comprehensive portfolio of energy-related products and services to 3.2 million electricity customers and 1.7 million natural gas customers.

## NRG ENERGY, INC. (NRG)

Xcel Energy's primary nonregulated subsidiary, NRG Energy, Inc., is one of the world's leading competitive energy providers. NRG specializes in the development, operation, maintenance and ownership of power production and cogeneration facilities, thermal energy production and transmission facilities and resource recovery facilities. The company has a portfolio of projects in the United States, Europe, Asia-Pacific and Latin America.

## FINANCIAL HIGHLIGHTS

	Year Ended December 31		
	2001	2000	%Change
Earnings per common share – diluted before			
unusual and extraordinary items	\$ 2.31	\$ 2.12	8.96%
Unusual items	\$ (0.04)	\$ (0.52)	
Extraordinary items	\$ 0.03	\$ (0.06)	
Earnings per common share – diluted	\$ 2.30	\$ 1.54	49.35%
Dividends annualized	\$ 1.50	\$ 1.50	–
Stock price (close)	\$27.74	\$29.06	(4.54)%
Return on average common equity	13.5%	9.6%	
Assets (millions)	\$28,735	\$21,769	31.92%
Book value per common share	\$17.91	\$16.32	10.17%

*Some of the sections in this annual report, including the Letter to Shareholders on page 2, contain forward-looking statements. For a discussion of factors that could affect operating results, please see the Financial Review on page 18.*

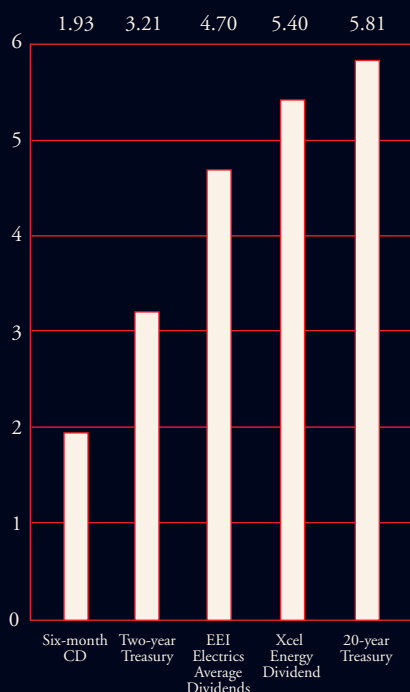


WAYNE BRUNETTI, CHAIRMAN, PRESIDENT AND CEO, IS SHOWN AT XCEL ENERGY'S HENNEPIN ISLAND PLANT, ONE OF 35 HYDRO PLANTS OWNED AND OPERATED BY THE COMPANY.

#### COMPARATIVE YIELDS

at December 31, 2001

(in percent)



## DEAR SHAREHOLDERS

In one of the most challenging years ever for the energy industry, Xcel Energy proved it has staying power. Your company delivered solid financial results, grew its businesses and strengthened its position among global energy companies. We successfully integrated New Century Energies and Northern States Power Co. and put together a leadership team dedicated to delivering long-term value for you, our shareholders.

I'm proud of our accomplishments, especially in light of the year's events.

In 2001, the energy industry experienced:

- enormous price swings on the wholesale electric market;
- significant new initiatives from the Federal Energy Regulatory Commission (FERC);
- uncertainty surrounding the deregulation of the electric market that caused many states to delay their efforts;
- a softening economy that slowed customer growth;
- the bankruptcy of Enron; and
- increased concerns about credit quality and accounting issues.

While each event had ramifications for Xcel Energy, the company has an even longer list of achievements. In 2001, the Xcel Energy team:

- met its earnings target, due in part to strong results from its marketing and trading effort and the contribution of NRG Energy, its largest non-regulated business;
- delivered dividends of \$1.50, which is a payout ratio of 65 percent;
- proposed creating an independent transmission company with five other utilities;
- added more than 91,000 new natural gas and electric customers;
- successfully participated in the deregulated electric market outside its service territory;
- reduced the number and duration of electric outages;
- completed a six-year effort to repower its decommissioned nuclear plant Fort St. Vrain with natural gas;

- expanded its already impressive portfolio of wind generation, with a goal of having 500 megawatts on line by the end of 2002, making Xcel Energy one of the top wind utilities in the nation;
- received national recognition for its *WindSource* program;
- initiated a major effort to standardize operating procedures through state-of-the-art technology;
- achieved merger synergies of more than \$50 million; and
- pledged \$3.5 million to the United Way, among other efforts to support the communities in its service territory.

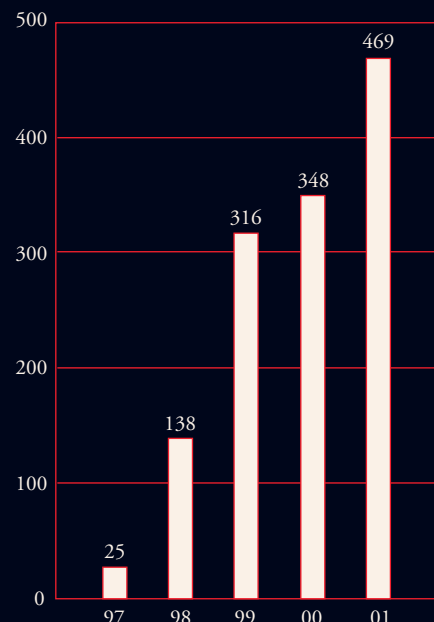
Xcel Energy also received recognition in 2001 for financial results. Your company was added to the Dow Jones Sector Titans Indexes, a family of 18 indexes that represent the leading global companies in several stock market sectors. We ranked 55th in Barron's 500 top-performing companies based on a mix of stock market data, cash flow analysis and revenue growth figures. And Forbes.com listed Xcel Energy as a "top stock" based on the number of times it received "buy" recommendations from the top-performing investment newsletters.

From a financial perspective, Xcel Energy began the year anticipating 2001 earnings of \$2.20. Due to high power prices, primarily in the West, the marketing and trading group made an exceptionally strong showing during the first quarter, and the company revised its earnings forecast to \$2.30 per share, which it met. Earnings per share from ongoing operations were \$2.31 in 2001, an increase of 9 percent over 2000 results. Even with lower power prices and lower earnings from marketing and trading, Xcel Energy expects to achieve earnings of \$2.40 to \$2.50 in 2002.

Over the next several years, the company expects to grow its earnings per share at an average of 7 to 9 percent per year. This growth reflects the strength of our traditional utility operations and numerous recent changes in the energy sector, including the lower valuation of independent power producers (IPPs). Xcel Energy's IPP subsidiary, NRG Energy, has been affected by these changes.

NRG was created in 1989 to build additional shareholder value as a growth company in the energy sector. NRG's management team has grown the company rapidly and today it is the third-largest IPP worldwide, with almost 20,000 megawatts of power generation. Weighing numerous factors, including the current and anticipated IPP valuations, the potential for credit rating agency action that would lower bond ratings and NRG's financing needs, Xcel Energy's board of directors approved an exchange offer to acquire all of the outstanding publicly held shares of NRG as a way to increase Xcel Energy shareholder value. In order to provide capital to infuse into NRG and reduce its debt leverage, Xcel Energy completed a successful \$500-million stock issuance in February. Pending successful completion of the exchange offer, Xcel Energy will invest \$600 million of equity into NRG. It will focus NRG primarily on managed growth within the United States, a stronger balance sheet, cost savings opportunities and reduced dependence on external financing. NRG's contribution to Xcel Energy's earnings is expected to grow about 15 percent per year.

XCEL ENERGY  
WIND GENERATION ON LINE  
in megawatts



XCEL ENERGY PURCHASES WIND POWER  
FROM THE LLANO ESTACADO WIND RANCH  
NEAR WHITE DEER, TEXAS.





TRANSLINK, OUR PROPOSED  
INDEPENDENT TRANSMISSION  
COMPANY, WILL INCLUDE 29,000  
MILES OF TRANSMISSION LINE  
AND SERVE 6.9 MILLION CUS-  
TOMERS IN 14 STATES, MAKING  
IT ONE OF THE LARGEST TRANS-  
MISSION COMPANIES IN THE  
NATION. IT WILL LINK TO 35,000  
MEGAWATTS OF GENERATING  
POWER.

As Xcel Energy strives to maximize the value of NRG, the company also is working to manage other assets to their full potential. In response to a FERC order requiring utilities to separate the management and operation of their transmission assets from the rest of their businesses, we filed a request with federal regulators to create an independent transmission company called TRANSLink Transmission Co. We are proposing to combine our transmission system with those of five other utilities into a single, coordinated system.

Under the proposal, pending before the FERC, Xcel Energy would continue to own its existing transmission system, but would enter into a 10-year agreement with TRANSLink to operate the system. A for-profit, independent company will provide greater value for you, generate annual operating savings, encourage new transmission investment and improve the efficiency and reliability of the system.

Considerable room exists in the industry for consolidation, which will result in lower costs and better service. Right now, Xcel Energy employs a “plug-and-play” strategy. The company is working diligently to standardize practices and systems so it has the flexibility needed to take advantage of anticipated consolidation in the industry. If an opportunity presents itself that increases shareholder value, Xcel Energy will be ready to act quickly.

Xcel Energy’s game plan for the future reflects the same approach: maximizing existing assets, while preparing for future opportunities.

The first component of the plan is to grow our energy supply business. When Xcel Energy completed the repowering of Fort St. Vrain, the company increased the plant’s capacity by more than 400 megawatts, which is equivalent to adding a medium-sized power plant. This year, a similar repowering will be completed at the Black Dog coal-fired facility. Crews will replace two coal-fired units with a natural gas combined-cycle system, boosting the plant’s output by more than 100 megawatts.

Xcel Energy also will evaluate adding generating assets within its geographic area or seek strategic partners for development and investment. In the past year, legislation was passed in Colorado and Minnesota that improved procedures for siting new plants and transmission lines to ensure a reliable source of energy in the future.

As Xcel Energy grows its energy supply capacity, it is aligning other parts of the business to support that strategy and exiting non-strategic businesses. A good example was the sale in 2001 of its ownership in Yorkshire Power, a distribution and supply company in the United Kingdom. Although Yorkshire is an excellent company, it was no longer compatible with our strategy. We continue to evaluate each of our smaller businesses to determine their strategic fit in the Xcel Energy business portfolio.

Xcel Energy also is working to implement a regulatory model across its service territory that will better reward operational excellence. Often referred to as performance-based regulation (PBR), the system allows utilities to retain more earnings if they exceed certain performance standards. The company has been



successful in North Dakota with the system and plans to pursue it in other jurisdictions. In Colorado, we are seeking adjustments to the existing PBR model as part of a required rate case that will be filed in 2002.

Finally, Xcel Energy is going to deliver on its promises to stakeholders – its customers, employees and shareholders.

Among the company's most significant and successful customer care initiatives is its work to help customers conserve energy and manage energy use. Over the past decade, Xcel Energy has built one of the most aggressive energy conservation efforts in the country, which remains a vital part of its energy plan. We also recognize that customers want options – from how they pay their bills to how they interact with us. A number of efforts are under way to make customer contacts as convenient, friendly and informative as possible. In 2001, when natural gas prices were high, Xcel Energy employees worked closely with customers to help them cope with high energy bills. The company contributed to energy assistance programs, offered low-interest loans for energy conservation and worked one-on-one to design payment schedules for individual customers.

Our promise to employees is to provide an environment that fosters their growth and development. Employees are featured in this year's annual report because they are essential to our staying power. They have the expertise, work ethic and commitment to customers and shareholders that distinguish Xcel Energy as one of the finest companies in the industry.

One of those employees was Chairman Emeritus Jim Howard, who retired in 2001. Jim dedicated his career at both NSP and Xcel Energy to positioning the company for success in a competitive environment. We are grateful for his accomplishments, and wish him a long and happy retirement.

Going forward, we too will strive to ensure Xcel Energy's long-term success. Because Xcel Energy is built on tried and true fundamentals, we are confident that your company can prosper in the ever-changing energy marketplace and deliver value for you. Our promise to you, our shareholders, is to work diligently to continue to earn your trust and support, the ultimate measure of Xcel Energy's staying power.

Sincerely,

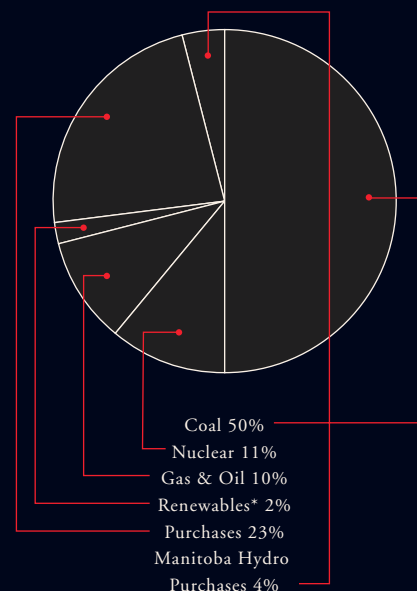
Wayne H. Brunetti

Chairman, President and CEO



#### ENERGY SUPPLY

Fuel Source



\*Renewables include wind, hydro and biomass

**XCEL ENERGY BENEFITS FROM A BALANCED  
PORTFOLIO OF ENERGY SOURCES.**





MARY SIMPLER IS A COAL YARD SUPERVISOR AT XCEL ENERGY'S  
SHERBURNE COUNTY (SHERCO) COAL-FIRED POWER PLANT  
NEAR BECKER, MINN. SHE HAS WORKED IN THE YARD ENVIRONMENT  
FOR MORE THAN 25 YEARS.



## BUILT TO LAST

XCEL ENERGY HAS STAYING POWER

For the energy industry, 2001 proved to be a year like no other. Wholesale energy markets fluctuated wildly, the economy softened, electric deregulation efforts stalled and Enron fell. Xcel Energy, however, weathered the storms because your company has staying power.

Staying power starts with a strong foundation. In our case, that includes a thriving service territory and a valuable asset base of power plants, electric distribution and transmission lines and natural gas pipelines, which we operate well. Staying power relies on financial strength, flexibility and integrity, sustainable growth strategies and the ability to deliver dependable dividends. Staying power is secured with excellent employees and a lasting commitment to customers, the environment and the community.

Because your company is built on those fundamentals, we can say with confidence that Xcel Energy is here for the long haul. Our knowledge of customers, the communities we serve and the industry – coupled with our risk management skills – enable us to successfully navigate the new energy marketplace. Years of experience give us the ability to execute our strategies in good times and bad.

One of the best measures of staying power is our ability to achieve earnings growth. To grow and add value for you, Xcel Energy relies on a number of earnings drivers, beginning with its regulated electric and natural gas utility business.

The company operates its regulated business with several factors in its favor. Xcel Energy's service territory, for example, stretches across 12 states. That provides the benefit of geographic diversity, which balances business risk, lessens exposure to the decisions that could emerge from public policymakers, moderates the effects of weather and makes the company far less dependent on a particular customer group, regional economy or metropolitan area for its success.

Another strength is that the company operates across the entire service territory instead of functioning as statewide jurisdictions. That enables it to standardize practices to maintain a low cost structure and high service standards and to take advantage of numerous synergies.



AN AVERAGE OF 15 COAL TRAINS A WEEK TRANSPORT LOW-SULFUR, SUB-BITUMINOUS WESTERN COAL TO THE SHERCO PLANT FROM MONTANA AND WYOMING. EACH TRAIN CAR CONTAINS UP TO 120 TONS OF COAL. XCEL ENERGY OPERATES THE PLANT IN COMPLIANCE WITH ALL ENVIRONMENTAL PERMITS, USING SCRUBBERS AND OTHER POLLUTION-CONTROL EQUIPMENT TO REDUCE SULFUR AND OTHER EMISSIONS.



DON PERRY, LEAD GAS FITTER, (LEFT) AND VINCE MAZZUCCA, GAS APPRENTICE, WORKED TOGETHER ON A GAS CONSTRUCTION CREW OUT OF EVERGREEN, COLO., UNTIL FEBRUARY 2002, WHEN PERRY RETIRED AFTER 28 YEARS OF SERVICE.

Xcel Energy also benefits from a balanced portfolio of energy sources, including coal, nuclear, natural gas and renewable fuels such as hydro, wind and biomass. A good balance minimizes the impact of changes in fuel supply or price. The company generates about 73 percent of the electricity it delivers and purchases the rest. Almost two-thirds of the purchases are contracts of five years or longer, which again enables it to achieve supply and price stability for customers.

In addition to purchasing conventional sources of electricity, Xcel Energy buys renewable energy. Last year, the company signed contracts for power from the new Peetz Table wind power plant in Colorado and the Llano Estacado wind ranch in Texas. Wind power conserves fossil fuels such as natural gas and coal, but also saves water, which is especially important in Texas and Colorado. Wind power also enables the company to give customers more options. Its *WindSource* program, for example, offers customers the opportunity to purchase wind power for a slightly higher energy bill.

In other renewable energy efforts, Xcel Energy purchases hydroelectricity from Manitoba Hydro in Canada, a resource that is competitively priced and reliable. The contracts with Manitoba Hydro include seasonal diversity agreements that allow an exchange of power between the companies' respective systems.

Xcel Energy's regulated business experienced solid customer growth in 2001 despite the downturn in the economy, adding more than 91,000 new natural gas and electric customers.

The company also participated in a pilot program designed to determine the feasibility of customer choice and electric deregulation in parts of Texas. Xcel Energy far exceeded its goal in capturing a percentage of the commercial and industrial electric market – outside of its regulated service territory – and will participate even more aggressively as Texas moves ahead with deregulation. One of the new customers is the Texas Department of Criminal Justice, with 30 facilities statewide that will receive electricity from Xcel Energy. The agency selected Xcel Energy because it offered the best value, according to officials.



ONE OF XCEL ENERGY'S STRENGTHS IS ITS VALUABLE ASSET BASE, INCLUDING POWER PLANTS, ELECTRIC DISTRIBUTION AND TRANSMISSION LINES AND NATURAL GAS PIPELINES. IN 2001, OUR CREWS OPERATED AND MAINTAINED 16,303 MILES OF ELECTRIC TRANSMISSION LINES, 73,098 MILES OF ELECTRIC DISTRIBUTION LINES AND 29,074 MILES OF NATURAL GAS PIPELINE.



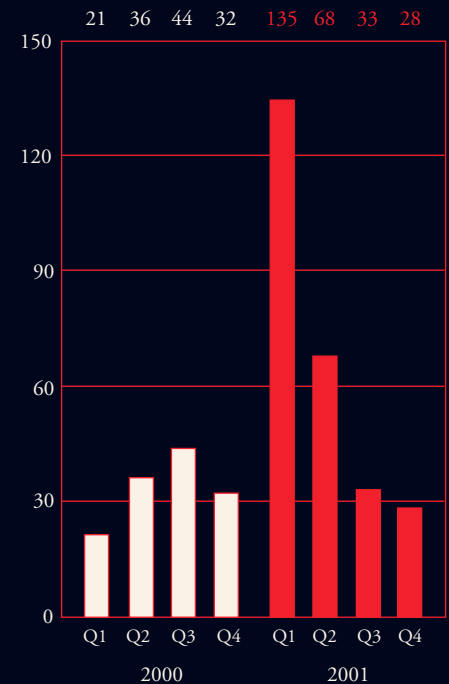


SUE DOLAN, MANAGER, GAS ACQUISITION  
AND TRADING, IS PART OF A TEAM THAT BUYS AND TRADES  
NATURAL GAS IN THE ROCKY MOUNTAIN REGION.  
SHE WORKS IN DENVER.



## COMMODITY TRADING AND SHORT-TERM WHOLESALE MARGINS

dollars in millions



**XCEL ENERGY'S COMMODITY TRADING  
AND SHORT-TERM WHOLESALE MARGINS REFLECT  
THE VOLATILITY OF THE WHOLESALE MARKET  
DURING THE FIRST HALF OF 2001.**

To contribute to earnings growth, Xcel Energy introduced a number of new revenue-generating products in 2001 that help customers conserve energy and manage their energy use. For example, InfoWise products and services allow customers to use the Internet to obtain real-time information to track and analyze their energy use. The overall objective is to build long-term relationships with customers in which they turn to Xcel Energy not only for natural gas and electricity, but for other energy-related products and services.

With a solid commitment to customers, a sizeable asset base, a balanced portfolio of energy sources and a strong geographic position, Xcel Energy's regulated business provides a stable foundation for earnings growth.

Similar attributes are responsible for the company's success in buying and selling electricity and natural gas on the wholesale market, a second earnings driver. In 2001, Xcel Energy achieved gross margins of \$264 million from trading and short-term wholesale energy sales, compared with \$133 million in 2000.

High market prices for electricity in early 2001, primarily on the West Coast, are partly responsible for those results. Since then, electricity prices have dropped significantly due to a slowing economy, increased conservation, new power plants and milder weather. Xcel Energy's ongoing goal is to increase marketing and trading's annual contribution to earnings by 15 percent, using 1999 results as the starting point. The company's e prime group, which trades natural gas, will be a strong contributor to that growth. In 2001, e prime increased volumes traded from 1 billion cubic feet of gas a day to 4 billion, achieving \$8.5 million in net income, which contributed 2 cents to Xcel Energy earnings per share.

As part of its marketing and trading effort, Xcel Energy also works to maximize the value of its generating plants, an asset base that forms the foundation of the entire operation. The company's ability to acquire low-cost fuel and to keep the plants operating during peak market times is vital to its success.

Equally important is the ability to negotiate favorable long- and short-term power purchase agreements and to leverage the intellectual capital of its traders. Trading is a knowledge-based business, and Xcel Energy traders have a thorough understanding of the region in which the company operates and the systems available to generate and move energy.





JIMMIE YOUNG, AN XCEL ENERGY MATERIAL HANDLER, HAS WORKED AT THE COMPANY'S WAREHOUSING FACILITY IN MAPLE GROVE, MINN., FOR ALMOST 15 YEARS.

Xcel Energy's marketing and trading effort also is built on rigorous risk management capabilities. The company uses astute trading strategies to capitalize on the volatility of the market, but doesn't take undue risk. Traders work hard to achieve the maximum return at the minimum risk. Those fundamentals will guide the company going forward and contribute to its staying power.

A third earnings driver is Xcel Energy's ability to capture savings generated by its merger. The goal is to achieve \$1.4 billion in total merger synergies by 2010.

In the first few years after a merger, most synergies are found in the ability to eliminate duplicate functions and streamline operations by adopting standardized systems and practices. Those savings ramp up quickly in the beginning and then grow moderately.

Lower levels of capital expenditures and related cost of capital provide another source of synergies. Those savings primarily result from developing common standards across all the operating companies, resulting in efficiencies and economies of scale.

Before the Xcel Energy merger was completed, for example, employees from its predecessor companies formed a team to examine contracts for transformers. They developed a bid package that standardized requirements and then demonstrated to suppliers that there were opportunities available in providing larger quantities of transformers across a broader geographical area. After much hard work, the team achieved \$3 million in savings.

Since the merger, Xcel Energy has chartered similar teams to look for savings in purchasing gas meters, vehicle fuels, wire and cable, maintenance, repair and operating supplies, office supplies, travel services and technology services and equipment. In 2001, the company realized more than \$50 million of synergies.

Finally, Xcel Energy relies on its subsidiaries as the fourth driver of earnings growth. The company's major nonregulated subsidiary is NRG Energy, Inc., which primarily develops, acquires and operates power generation facilities.



SINCE THE MERGER, XCEL ENERGY HAS ACHIEVED SIGNIFICANT SAVINGS BY PURCHASING MATERIALS SUCH AS TRANSFORMERS IN BULK. THE MAPLE GROVE WAREHOUSING FACILITY, WHICH DISTRIBUTES MATERIALS TO COMPANY LOCATIONS THROUGHOUT THE UPPER MIDWEST, HANDLES HUNDREDS OF TRANSFORMERS A YEAR. SOME OF THEM WEIGH AS MUCH AS 115 TONS.





CRAIG TWEET IS AN OPERATING AND MAINTENANCE ENGINEER  
AT THE NRG ENERGY CENTER-MINNEAPOLIS, WHICH SUPPLIES HEATING AND  
COOLING SERVICES FOR THE MAJORITY OF DOWNTOWN MINNEAPOLIS.



In February 2002, Xcel Energy's board of directors approved plans to initiate an exchange offer by which Xcel Energy would acquire all of the outstanding publicly held shares of NRG. At the same time, Xcel Energy announced its plans to refocus NRG's current business model. The plans include reducing NRG's rate of growth, strengthening its balance sheet, managing costs and reducing its dependence on external financing.

Xcel Energy expects to capture other benefits by:

- Consolidating marketing and trading organizations while honoring all regulatory requirements;
- Integrating power plant management across the Xcel Energy system; and
- Capturing infrastructure savings to maximize available synergies.

Xcel Energy believes that its decision to acquire the public shares of NRG is in the best interest of both the NRG and Xcel Energy shareholders, and expects NRG to continue to contribute to Xcel Energy's earnings growth.

Utility Engineering (UE), another Xcel Energy subsidiary, also is contributing to earnings growth. UE is an engineering and design firm with projects in more than 35 states as well as Mexico and Canada. In 2001, the company provided engineering support services and system analysis software to more than 82 percent of U.S. nuclear operating plants. UE also won major contracts for new gas turbine plants from a number of prominent companies. Among the top 500 design firms in the nation, UE ranks 20 in the fossil fuel subcategory and 25 in the power subcategory.

Viking Gas Transmission Co. is one more subsidiary with strong and steady growth. Viking operates a 662-mile interstate natural gas pipeline located in Minnesota, North Dakota and Wisconsin. In 2001, Viking and two partners received final approval from the Federal Energy Regulatory Commission for the Guardian Pipeline, a 140-mile pipeline that will connect Wisconsin customers with a natural gas hub in Illinois.

Xcel Energy's regulated business, marketing and trading effort, nonregulated subsidiaries and savings achieved through the merger are strong contributors to earnings growth. With those sustainable growth strategies in place, the company can ensure long-term value for you.



THE NRG ENERGY CENTER - MINNEAPOLIS SERVES MORE THAN 100 COMMERCIAL HEATING CUSTOMERS AND APPROXIMATELY 40 COMMERCIAL COOLING CUSTOMERS. ITS COOLING SYSTEM IS THE SECOND LARGEST DISTRICT COOLING SYSTEM IN THE COUNTRY, BASED ON CAPACITY. A MAIN PLANT AND A HOST OF SATELLITE PLANTS SUPPLY THE HEATING AND COOLING.



THE XCEL ENERGY TEAM OF (FROM LEFT) TOMMY BULLOCK, SERVICEMAN, ART SAMARRON, JOURNEYMAN LINEMAN, AND JOBY SALLEE, LINEMAN APPRENTICE, COMPETED WITH DISTINCTION IN THE 2001 INTERNATIONAL LINEMAN'S RODEO. BULLOCK IS STATIONED IN DENVER CITY, TEXAS, AND SAMARRON AND SALLEE WORK OUT OF ROSWELL, N.M.

In addition to financial strength, staying power is measured by long-term commitments. Xcel Energy is strongly committed to the communities it serves. The company's contributions include corporate grants through the Xcel Energy Foundation, economic development efforts and employee and retiree volunteerism. In 2001, Xcel Energy employees and retirees pledged more than \$1.7 million to local United Way organizations. Combined with its corporate grant, Xcel Energy's total contribution to the United Way in 2002 will be \$3.5 million. The company also is a strong supporter of women- and minority-owned businesses and received special recognition last year for those efforts.

Environmental stewardship is another indication of Xcel Energy's community commitment. In Denver, the company is implementing a \$211 million voluntary initiative to reduce air emissions at three coal-fired plants. All improvements are expected to be completed and operational by 2003. In Minnesota, a similar emissions-reduction plan is under consideration for plants in the Minneapolis-St. Paul metropolitan area.

Xcel Energy also is financing a renewable development fund that annually awards \$8.5 million in grants to develop renewable energy generators – including wind, solar, biomass and hydro facilities – and to conduct research into renewable energy technologies. Some of the research proposals include studying the feasibility of producing electricity from distiller grains used in the production of ethanol, exploring better ways to store power from wind turbines and developing improved fuel-cell prototypes. While every project might not succeed in the long run, it's important to explore the possibilities.

For Xcel Energy, the future is bright with possibilities, and we're well-positioned to take advantage of new opportunities. Our business is built on a strong foundation that includes solid financials, valuable assets and a thriving service territory. We have excellent employees. We care about customers and the community. And we are committed to achieving long-term growth and value for you. Xcel Energy is built to last, regardless of changing industry or economic conditions. Your company has staying power.



XCEL ENERGY EMPLOYEES TAKE  
THEIR RESPONSIBILITY TO CUS-  
TOMERS AND SHAREHOLDERS  
SERIOUSLY. THAT COMMITMENT  
MOTIVATES THEIR EFFORTS –  
FROM WORKING LONG HOURS IN  
ALL KINDS OF WEATHER TO  
MEETING THE CHALLENGES OF  
THE NEW ENERGY MARKETPLACE.  
THEIR WORK ETHIC, DEDICATION  
AND EXPERTISE ARE ESSENTIAL  
TO THE COMPANY'S STAYING  
POWER.