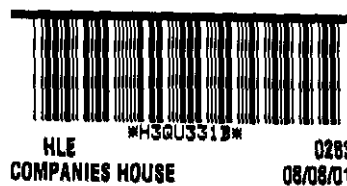


Killingholme Holdings Limited
Annual report
for the period ended 31 December 2000

Registered Number 3929730



Killingholme Holdings Limited
Annual report
for the period ended 31 December 2000
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Killingholme Holdings Limited

Directors and Advisors for the period ended 31 December 2000

Directors

Mr R J Brown

Mr J M Milkovich

Mr J A Noer

Mr D H Peterson

Mr R Will

Secretary

Mr T W J O'Brien

Auditors

PricewaterhouseCoopers

Queen Victoria House

Guildhall Road

Hull

HU1 1HH

Solicitors

Ashurst Morris Crisp

Broadwalk House

5 Appold Street

London

EC2A 2HA

Registered Office

5th Floor

30 Marsh Wall

London

EC2A 2HA

Registered Number

3929730

Killingholme Holdings Limited

Directors' report for the period ended 31 December 2000

The directors present their report and the audited financial statements of the company for the period ended 31 December 2000.

Principal activities

The principal activity of the company is to act as an investment holding company.

Review of business and future developments

The company was incorporated on 21 February 2000 with a share capital of £1. The company did not trade during the period and consequently made neither profit nor loss.

Directors and their interests

The directors who held office during the year are given below:

| | |
|-----------------------------|---|
| Instant Companies Limited | Appointed 21 February 2000, resigned 6 March 2000 |
| Mr R J Brown (British) | Appointed 24 March 2000 |
| Mr J M Milkovich (American) | Appointed 24 March 2000 |
| Mr J A Noer (American) | Appointed 16 May 2000 |
| Mr D H Peterson (American) | Appointed 16 May 2000 |
| Mr S W Potter (British) | Appointed 6 March 2000, resigned 24 March 2000 |
| Mr R Will (American) | Appointed 24 March 2000 |

None of the directors had any beneficial interest in the shares of the Company at 31 December 2000. Mr S W Potter was allocated 1 ordinary share of £1 on his appointment as director, this was subsequently transferred to another NRG group company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on page 7 under 'Accounting policies'. They confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2000 and that applicable accounting standards have been followed. The directors are also required to prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Killingholme Holdings Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

R J Brown
Director

Date:



26th July 2001

Killingholme Holdings Limited

Auditors' report to the members of Killingholme Holdings Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

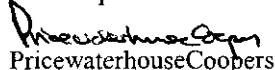
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Hull

Date: 26 July 2001

Killingholme Holdings Limited

Profit and loss account for the period ended 31 December 2000

During the financial period the company did not trade and received no income and incurred no expenditure. Consequently, during the period the company made neither a profit nor loss.

Killingholme Holdings Limited

Balance sheet as at 31 December 2000

| | Note | 2000 £'000 | 2000 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 3 | | 81,418 |
| Total assets less current liabilities | | | 81,418 |
| Creditors : amounts falling due after more than one year | 4 | | (1) |
| Net assets | | | 81,417 |
| Capital and reserves | | | |
| Called up share capital | 5 | | - |
| Other reserves | 6 | | 81,417 |
| Total shareholders' funds | 7 | | 81,417 |

The financial statements on pages 5 to 10 were approved by the board of directors and were signed on its behalf by:

R J Brown
Director

Date:



26th July 2001

Killingholme Holdings Limited

Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Comparative figures

This is the first financial period of the company since it was incorporated on 21 February 2000. Hence, there are no comparative figures.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Investments

Investments shown at historic cost less any provision for impairment in value.

Killingholme Holdings Limited

Notes to the financial statements for the period ended 31 December 2000

1 Operating profit

Auditors remuneration has been borne by another group company.

2 Directors' emoluments and employees

None of the directors received any fees or remuneration from the company during the period. The company had no employees during the period.

3 Investments

| | 2000 Investment in subsidiary undertaking £'000 |
|----------------------------|---|
| Acquired during the period | 81,418 |

On 28 March 2000 the company acquired 100% of the ordinary share capital of Killingholme Generation Limited, a company registered in England & Wales whose principal activity is to act as an investment holding company, for a total cash consideration of £1,000 and a capital contribution of £81,417,000.

4 Creditors – Amounts falling due after more than one year

| | 2000 £'000 |
|--|---------------|
| Amounts owed to fellow subsidiary undertakings | 1 |

Killingholme Holdings Limited

5 Called up share capital

| | 2000 £'000 |
|--------------------------------|---------------|
| Authorised | |
| 400,000 shares of £1 each | 400 |
| Allotted and fully paid | |
| 2 ordinary shares of £1 each | - |

On 21 February 2000 1 ordinary share of £1 was issued at par on incorporation. On 16 March 2000 a further ordinary share of £1 each was issued at par.

6 Reserves

| | Other £'000 |
|----------------------------|----------------|
| At 21 February 2000 | - |
| Capital contribution | 81,417 |
| At 31 December 2000 | 81,417 |

Other reserves consist of a capital contribution received from NR Generating Limited.

7 Reconciliation of movements in shareholders' funds

| | 2000 £'000 |
|--|---------------|
| For the period ended 31 December 2000 | £'000 |
| Capital contribution | 81,417 |
| Opening shareholders' funds | - |
| Closing shareholders' funds | 81,417 |

Killingholme Holdings Limited

8 Ultimate parent undertaking

Killingholme Holdings Limited is a wholly owned subsidiary of NR Generating Limited, a company registered in England and Wales.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of NR Generating International BV.

NR Generating International BV, a company registered in Holland is the parent undertaking of the smallest group in which the accounts of the company are consolidated. Xcel Energy Inc. a company incorporated in the United States of America is the parent undertaking of the largest group in which the accounts of the company are consolidated. Xcel Energy Inc. is also the ultimate controlling party.

Copies of the accounts for both NR Generating International BV and Xcel Energy Inc. can be obtained from 901 Marquette Ave., Minneapolis, Minnesota, MN55402, USA.

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions with other entities that are part of the Xcel Energy Inc. group.