

Killingholme Holdings Limited
Annual report
for the year ended 31 December 2001

Registered Number 3929730



Killingholme Holdings Limited

Annual report

for the year ended 31 December 2001

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Killingholme Holdings Limited

Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

Principal activities and business review

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

The company was acquired by Killingholme Power Group Limited which is owned by a syndicate of banks which has provided debt facilities to the company's subsidiaries. Restructuring discussions commenced with the Bank syndicate in August 2002. The directors anticipate the companies debt obligations will be restructured by 31 March 2003. Once the debt obligation has been restructured the directors are confident the company's subsidiaries will have adequate facilities to meet their commitments.

The Bank syndicate have remained supportive of the group throughout this process.

Directors and their interests

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

Robert Brown (British)	Resigned 21 September 2001
James Milkovich (American)	Resigned 21 September 2001
John Noer (American)	Resigned 3 June 2002
David Peterson (American)	Resigned 3 June 2002
Richard Cottee (Australian)	Appointed 21 September 2001, Resigned 16 July 2002
Mark Hart (American)	Appointed 21 September 2001, Resigned 19 June 2002
Ronald Will (American)	Resigned 21 September 2001
Richard Kelly	Appointed 12 July 2002, Resigned 30 January 2003
Stuart Jackson	Appointed 12 July 2002
John Mapplebeck	Appointed 24 January 2003
Renee Sass	Appointed 12 July 2002, Resigned 18 December 2002
David MacMillan	Appointed 24 January 2003

None of the directors had any beneficial interest in the shares of the company at 31 December 2001.

Statement of directors' responsibilities

company law requires the directors to prepare financial statements for each financial year 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 are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.


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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 30 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Director

Date: 10 March 2003

Killingholme Holdings Limited

Independent auditors' report to the members of Killingholme Holdings Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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.

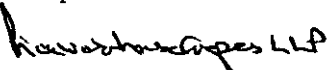
Basis of audit opinion

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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Hull

Date: 10 March 2003

Killingholme Holdings Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 (10 months) £'000
Administration expenses		(2)	-
Amounts written off fixed asset investments		(81,420)	-
Loss on ordinary activities before taxation	1	(81,420)	-
Tax on profit on ordinary activities	3	1	-
Retained loss for the financial year	7	(81,419)	-

There were no recognised gains and losses other than the result for the year.

Killingholme Holdings Limited

Balance sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investments	4	-	81,418
Total assets less current liabilities		-	81,418
Creditors: amounts falling due after more than one year	5	(2)	(1)
Net (liabilities)/assets		(2)	81,417
Capital and reserves			
Called up share capital	6	-	-
Other reserves	7	81,417	81,417
Profit and loss account	7	(81,419)	-
Total shareholders' funds	8	(2)	81,417

The financial statements on pages 4 to 9 were approved by the board of directors and were signed on its behalf by:


Director

Date: 10 March 2003

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

The comparative figures relate to the first financial period of the company from incorporation (21 February 2000) to 31 December 2000.

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

Killingholme Holdings Limited

Notes to the financial statements for the year ended 31 December 2001

1 Loss on ordinary activities before taxation

	2001 £'000	2000 (10 months) £'000
Loss on ordinary activities before taxation is stated after charging		
- auditors' remuneration	1	-
- exceptional provision against investment in subsidiary undertaking	81,418	-

2 Directors' emoluments and employees

None of the directors received any fees or remuneration from the company during the year (2000 £Nil). The company had no employees during the year (2000 Nil).

3 Tax on profits on ordinary activities

	2001 £'000	2000 (10 months) £'000
Taxation		
Group relief at 30%	1	-

4 Investments

	Investment in subsidiary undertaking £'000
Cost	
At 31 December 2000 and 31 December 2001	81,418
Provision	
31 December 2000	-
Provided during the year	(81,418)
31 December 2001	(81,418)
Net book value	
31 December 2001	-
31 December 2000	81,418

Killingholme Holdings Limited

The subsidiary, which is wholly owned, is Killingholme Generation Limited, a company registered in England & Wales whose principal activity is to act as an investment holding company. That company's only operating subsidiary is Killingholme Power Limited, a company incorporated in England and Wales, whose principal activity is the generation and sale of electricity.

The impairment provision during the year reflects the diminution in value of the Power Station operated by Killingholme Power Limited.

5 Creditors – Amounts falling due after more than one year

	2001 £'000	2000 £'000
Amounts owed to fellow subsidiary undertakings	1	-
Accruals and deferred income	1	1
	2	1

6 Called up share capital

	2001 £'000	2000 £'000
Authorised		
400,000 shares of £1 each	400	400
Allotted and fully paid		
2 ordinary shares of £1 each	-	-

7 Reserves

	Profit and loss account £'000	Other £'000
At 31 December 2000	-	81,417
Retained loss for the financial year	(81,419)	-
At 31 December 2001	(81,419)	81,417

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

Killingholme Holdings Limited

8 Reconciliation of movements in shareholders' funds

	2001	2000
	£'000	£'000
Capital contribution	-	81,417
Loss attributable to shareholders	(81,419)	-
Movement in shareholders' funds	(81,419)	81,417
Opening shareholders' funds	81,417	-
Closing shareholders' funds	(2)	81,417

9 Ultimate parent undertaking

At the balance sheet date Killingholme Holdings Limited was 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 Limited.

NR Generating Limited, a company registered in England and Wales, is the parent undertaking of the smallest group in which the accounts of the company are consolidated. Xcel Energy Inc. a company incorporated in USA is the parent undertaking of the largest group in which the accounts of the company are consolidated. Xcel Energy Inc. holds 74% of the issued shares of NRG Energy, Inc an intermediate parent undertaking, and is considered to be the ultimate controlling party On 3 June 2002 Xcel Energy Inc. re-acquired the 26% of the issued shares of NRG Energy Inc. it did not own at the Balance Sheet date.

Copies of the accounts for NR Generating Limited can be obtained from 5th Floor, 50 Broadway, London, SW1H 0RG and the accounts for Xcel Energy Inc. 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 has taken advantage of the exemption available under Financial Reporting Standard No 8, not to disclose transactions with other entities that are 90% subsidiaries of the NRG Energy, Inc, group.

10 Events since the balance sheet date

On 30 January 2003 the company ceased to be part of the Xcel Energy Inc. group of companies following its acquisition by Killingholme Power Group Limited ("KPGL"). KPGL also acquired Sterling Luxembourg (No 3) SARL which has external debt from a consortium of banks which is secured on the assets of the company's principal trading subsidiary. KPGL is owned and controlled by this syndicate of banks.