

XCEL ENERGY INC  
Form S-4  
October 09, 2003

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As filed with the Securities and Exchange Commission on October 9, 2003

Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**Form S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

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**Xcel Energy Inc.**

*(Exact Name of Registrant as Specified in Its Charter)*

**Minnesota**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**4931**  
*(Primary Standard Industrial  
Classification Code Number)*

**41-0448030**  
*(I.R.S. Employer Identification Number)*

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**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)*

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**Wayne H. Brunetti**  
**President and Chief Executive Officer**  
**Xcel Energy Inc.**  
**800 Nicollet Mall**  
**Minneapolis, Minnesota 55402**  
**(612) 330-5500**

**Richard C. Kelly**  
**Vice President and Chief Financial Officer**  
**Xcel Energy Inc.**  
**800 Nicollet Mall**  
**Minneapolis, Minnesota 55402**  
**(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**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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.

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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.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
3.40% Senior Notes, Series B due 2008	\$195,000,000	100%	\$195,000,000	\$15,775.50

(1) In accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended, the registration fee is based on the book value, which has been calculated as of October 7, 2003, of the outstanding 3.40% Senior Notes, Series A due 2008 of Xcel Energy Inc. to be canceled in the exchange transaction hereunder.

**Each broker-dealer that receives exchange senior notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange senior notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange senior notes received in exchange for original senior notes where such original senior notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The registrant has agreed that, starting on the expiration date and ending on the close of business 210 days after the expiration date, it will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.**

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until we 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, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not exchange these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED OCTOBER 9, 2003**

**Preliminary Prospectus**

**Xcel Energy Inc.**

**Offer to Exchange**

**\$195,000,000 3.40% Senior Notes, Series B due 2008**

**For Any and All Outstanding**

**\$195,000,000 3.40% Senior Notes, Series A due 2008**

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The Exchange Offer will expire at 5:00 p.m., New York City  
time, on \_\_\_\_\_, 2004, unless extended.

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**Terms of the Exchange Offer**

We are offering to exchange senior notes registered under the Securities Act of 1933, as amended, for a like principal amount of original senior notes that we issued in a private placement that closed on June 24, 2003.

The terms of the exchange senior notes are substantially identical to the terms of the original senior notes, except that the exchange senior notes will not contain transfer restrictions and will not have the registration rights that apply to the original senior notes or entitle their holders to additional interest in the event we fail to comply with these registration rights. The terms and conditions of the exchange offer are more fully described in this prospectus.

Wells Fargo Bank Minnesota, National Association is serving as the exchange agent. If you wish to tender your original senior notes, you must complete, execute and deliver, among other things, a letter of transmittal to the exchange agent no later than 5:00 p.m., New York City time, on the expiration date.

You may withdraw tenders of original senior notes at any time prior to the expiration of the exchange offer. We will exchange all original senior notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

Any outstanding original senior notes not validly tendered will remain subject to existing transfer restrictions.

There is no existing market for the exchange senior notes offered by this prospectus and we do not intend to apply for their listing on any securities exchange or any automated quotation system.

We believe that the exchange of original senior notes for exchange senior notes will not be taxable for United States federal income tax purposes. See Material United States Federal Income Tax Considerations.

The exchange senior notes will have the same terms and covenants as the original senior notes, and will be subject to the same business and financial risks.

**You should consider carefully the Risk Factors beginning on page 12 of this prospectus before tendering your original senior notes for exchange.**

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**We are not asking you for a proxy and you are requested not to send us a proxy.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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This prospectus is dated \_\_\_\_\_, 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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**SPECIAL NOTE 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, objective, outlook, projected, possible, potential or similar to discuss our strategy or plans, we are making 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 capital expenditures and our ability and the ability of our subsidiaries to obtain financing on favorable terms;

business conditions in the retail and wholesale energy industry;

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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 rates structures and affect the speed and degree to which competition enters the electric and gas markets;

the higher risk associated with our nonregulated businesses compared with our regulated businesses;

currency translation and transaction adjustments;

risks associated with the California power market;

risks related to the financial condition of NRG Energy, Inc. and actions taken by the bankruptcy court in NRG's bankruptcy proceeding;

costs and other effects of legal and administrative proceedings, settlements, investigations and claims, including without limitation claims brought against us by creditors, shareholders or others relating to our ownership of NRG;

failure to realize expectations regarding the NRG settlement agreement discussed elsewhere in this prospectus;

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, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations, and the notes to the audited consolidated financial statements and interim consolidated financial statements included in this prospectus.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exhaustive.

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**SUMMARY**

*This summary highlights some of the information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this exchange offer, we encourage you to read this entire prospectus and the documents to which we refer you in deciding whether to exchange your original senior notes for exchange senior notes. The term "original senior notes" as used in this prospectus refers to our outstanding 3.40% senior notes, series A due 2008 that we issued on June 24, 2003 and that have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The term "exchange senior notes" refers to our 3.40% senior notes, series B due 2008 offered under this prospectus.*

*In this prospectus, except as otherwise indicated or as the context otherwise requires, "Xcel Energy," "we," "our," and "us" refer to Xcel Energy Inc., a Minnesota corporation. In the discussion of our business in this prospectus, "we," "our" and "us" refers also to our subsidiaries.*

**Our Company**

**General**

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, 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, an Arizona corporation, which serves approximately 9,300 customers in Arizona, and which is in the process of being sold.

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

We also own or have an interest in a number of nonregulated businesses, the largest of which is NRG Energy, Inc. ( "NRG" ). 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. As discussed in more detail below, on May 14, 2003, NRG and some of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As discussed below, we have reached a tentative settlement with NRG and some of NRG's creditors. If the bankruptcy court approves the terms of this settlement, we will divest our ownership interest in NRG when NRG emerges from bankruptcy.

In addition to NRG, our nonregulated subsidiaries include:

Utility Engineering Corporation, which is involved in engineering, construction and design;

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

e prime, Inc. ( "e prime" ), which is involved in natural gas marketing and trading;



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

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

Xcel Energy International Inc., an international independent power producer.

We were incorporated in 1909 under the laws of Minnesota as Northern States Power Company. On August 18, 2000, we merged with New Century Energies, Inc. 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.

## **Regulatory Overview**

We are registered as a holding company under the Public Utility Holding Company Act of 1935 ( *PUHCA* ). As a result, we, our utility subsidiaries and certain of our non-utility subsidiaries are subject to extensive regulation by the Securities and Exchange Commission ( *SEC* ) under *PUHCA*, including, among other things, our issuances and sales of securities, capital structure, acquisitions and sales of certain utility properties and intra-system sales of certain goods and services. In addition, *PUHCA* generally limits the ability of registered holding companies to acquire additional public utility systems and to acquire and retain businesses unrelated to the utility operations of the holding company.

The electric and natural gas rates charged to customers of our utility subsidiaries are approved by the Federal Energy Regulatory Commission (the *FERC* ) or the utility regulatory commissions in the states in which they operate. The rates are generally designed to recover plant investment, operating costs and an allowed return on investment. We request changes in rates for utility services through filings with the regulatory commissions. Because comprehensive rate changes are requested infrequently in some states, changes in operating costs can affect our financial results. In addition to changes in operating costs, other factors affecting rate filings are sales growth, conservation and demand-side management efforts, and the costs of capital.

## **Recent Developments**

### ***NRG Bankruptcy***

Since mid-2002, NRG has experienced severe financial difficulties, resulting primarily from lower prices for power and declining credit ratings. These financial difficulties have caused NRG to, among other things, fail to make payments of interest and/or principal aggregating over \$400 million on outstanding indebtedness of over \$4 billion and incur asset impairment charges and other costs in excess of \$3 billion as of and for the year ended December 31, 2002. These asset impairment charges include write-offs for anticipated losses on sales of several NRG projects as well as anticipated losses related to projects for which NRG has stopped funding. Given the changing business conditions for NRG and the resolution of its plan of reorganization discussed below, additional significant asset impairments may be recorded by NRG.

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 us and

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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 are as follows:

We would pay up to \$752 million to NRG to settle claims of NRG against us, including all claims under the Support Agreement, and claims of NRG creditors who release us under the NRG plan of reorganization described below.

\$350 million (including \$112 million payable to NRG's bank lenders) 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 in early 2004.

\$50 million would be paid in early 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 commencing on April 30, 2004, unless at such time we had not received tax refunds equal to at least \$352 million associated with the loss on our investment in NRG. To the extent such refunds are less than the required payments, the difference between the required payments and those refunds will be due on May 30, 2004.

\$390 million of the up to \$752 million of total payments are contingent on receiving releases from NRG creditors. To the extent we are not released by 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 voluntary releases from at least 85 percent of the unsecured claims held by NRG creditors (including releases from 100 percent of NRG's bank creditors). 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 payments becoming due commencing on April 30, 2004.

Upon the consummation of NRG's debt restructuring through a bankruptcy proceeding, our exposure on any guaranties or indemnities or other credit support obligations incurred by us for the benefit of NRG or any of NRG's subsidiaries would be terminated and any cash collateral posted by us would be returned. As of June 30, 2003, the maximum amount stated in our guarantees of obligations of NRG and its subsidiaries was approximately \$172 million and our actual aggregate exposure on guarantees of obligations of NRG and its subsidiaries as of June 30, 2003 was approximately \$45 million, which amount will vary over time. As of June 30, 2003, we had provided indemnities to sureties in respect of bonds for the benefit of NRG and its subsidiaries in an aggregate amount of approximately \$3 million. As of June 30, 2003, the amount of cash collateral posted by us was approximately \$0.5 million.

As part of the settlement with us, any intercompany claims we have against NRG or any subsidiary arising from the provision of goods or services or the honoring of any guarantee 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 to \$10 million. The \$10 million agreed amount is to be satisfied upon the effective date of the NRG plan of reorganization, with an unsecured promissory note of NRG in the principal amount of \$10 million and with a maturity of 30 months and an annual interest rate of 3 percent.

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 March 2001 deconsolidation (except to the extent required by state and local tax law) or treated as party to or otherwise entitled to the benefits of any existing tax sharing agreement with us. However, NRG and certain subsidiaries would continue to be treated as they were under our December 2000 tax allocation agreement to the extent they remain part of a consolidated or combined state tax group that includes us. Under the settlement, NRG would not be entitled to any tax benefits associated with the tax loss we expect to recognize as a result of the cancellation of our stock in NRG on the effective date of the NRG plan of reorganization.

Commencing on May 14, 2003, NRG and certain of NRG's affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. Neither we nor any of

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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 (based on the settlement discussed above) among us, NRG 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, NRG, a holder of approximately 40 percent in principal amount 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. The terms of the plan support agreement with NRG's major creditors are basically the same as the March 26, 2003 tentative settlement discussed above. This agreement will become effective upon execution by holders of approximately an additional ten percent in principal amount of NRG's long-term notes and specified other noteholders and bondholders and by a majority of NRG bank lenders representing at least two-thirds in principal amount of NRG's bank debt. Although the plan support agreement may not receive the requisite signatures prior to the effective date of the reorganization, various settlement-related agreements incorporating the terms of the settlement which will be exhibits or supplements to the plan of reorganization would be subject to approval in connection with the confirmation of the plan of reorganization and would supercede the plan support agreement. If approved, these agreements would be expected to be executed when the plan of reorganization is confirmed.

Consummation of the overall settlement, including our obligations to make the payments set forth above, is contingent upon, among other things, the following:

The effective date of the NRG plan of reorganization for the NRG voluntary bankruptcy proceeding occurring on or prior to December 15, 2003;

The final plan of reorganization approved by the bankruptcy court and related documents containing terms satisfactory to us, NRG and various groups of the NRG creditors;

The receipt of releases in our favor from holders of at least 85 percent of the unsecured claims held by NRG's creditors (including releases from 100 percent of NRG's bank creditors); and

Our receipt of all necessary regulatory and other approvals.

On July 22, 2003, we and NRG submitted a joint application to the FERC requesting approval for us to dispose of our interest in NRG by implementing the proposed plan of reorganization filed in the NRG bankruptcy proceeding. The applicants requested a 30-day comment period and FERC approval as expeditiously as possible, but no later than October 22, 2003.

On July 28, 2003, we and NRG submitted an application to the SEC under PUHCA seeking authorization under the Act to perform those acts and consummate those transactions contemplated as part of NRG's proposed plan of reorganization.

Since many of these conditions to the effectiveness of the NRG plan of reorganization and the consummation of the settlement are not within our control, we cannot state with certainty that NRG's plan of reorganization, in the form filed with the bankruptcy court, will be confirmed or that the settlement will be effectuated. Nevertheless, our management is optimistic at this time that the settlement will be implemented. Our management also believes that any effort to substantively consolidate Xcel Energy's assets and liabilities with those of NRG during the bankruptcy proceedings would be without merit.

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**Summary of the Exchange Offer**

On June 24, 2003, we completed the private offering of \$195 million in aggregate principal amount of our 3.40% senior notes, series A due 2008. These original senior notes were not registered under the Securities Act and, therefore, they are subject to significant restrictions on resale. Accordingly, when we sold these original senior notes, we entered into a registration rights agreement with the initial purchasers that requires us to deliver to you this prospectus and to permit you to exchange your original senior notes for exchange senior notes that have substantially identical terms to the original senior notes, except that the exchange senior notes will be freely transferable and will not have covenants regarding registration rights or additional interest. The exchange senior notes will be issued under the same indenture under which the original senior notes were issued and, as a holder of the exchange senior notes, you will be entitled to the same rights under the indenture that you had as a holder of original senior notes.

Set forth below is a summary description of the terms of the exchange offer.

Exchange Offer	We are offering to exchange up to \$195 million in aggregate principal amount of exchange senior notes for a like aggregate principal amount of original senior notes. Original senior notes may be tendered only in increments of \$1,000.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2004, unless we extend it. We do not currently intend to extend the exchange offer.
Interest on the Exchange Senior Notes	Interest on the exchange senior notes will accrue at the rate of 3.40% from the date of the last periodic payment of interest on the original senior notes or, if no interest has been paid, from June 24, 2003.
Conditions to the Exchange Offer	<p>The exchange offer is subject to customary conditions, including that:</p> <p style="padding-left: 40px;">there is no change in law, regulation or any applicable interpretation of the SEC staff that prevents us from proceeding with the exchange offer;</p> <p style="padding-left: 40px;">there is no action or proceeding, pending or threatened, that would impair our ability to proceed with the exchange offer;</p> <p style="padding-left: 40px;">no stop order has been issued by the SEC or any state securities authority suspending the effectiveness of the registration statement of which this prospectus is a part;</p> <p style="padding-left: 40px;">all government approvals necessary for the consummation of the exchange offer have been obtained; and</p> <p style="padding-left: 40px;">no change in our business or financial affairs has occurred that might materially impair our ability to proceed with the exchange offer.</p>
Procedure for Exchanging Original Senior Notes	<p>If the original senior notes you wish to exchange are registered in your name:</p> <p style="padding-left: 40px;">you must complete, sign and date the letter of transmittal and mail or otherwise deliver it, together with any other required documentation, to Wells Fargo Bank Minnesota, National Asso-</p>

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ciation, as exchange agent, at the address specified on the cover page of the letter of transmittal.

If the original senior notes you wish to exchange are in book-entry form and registered in the name of a broker, dealer or other nominee:

you must contact the broker, dealer, commercial bank, trust company or other nominee in whose name your original senior notes are registered and instruct it to tender your original senior notes on your behalf. You must comply with the procedures of The Depository Trust Company ( DTC ) for tender and delivery of book-entry securities in order to validly tender your original senior notes for exchange.

Questions regarding the exchange of original senior notes or the exchange offer generally should be directed to the exchange agent at the address specified under the caption The Exchange Offer Exchange Agent.

**Guaranteed Delivery Procedures**

If you wish to exchange your original senior notes and you cannot get the required documents to the exchange agent by the expiration date or you cannot tender and deliver your original senior notes in accordance with DTC s procedures by the expiration date, you may tender your original senior notes according to the guaranteed delivery procedures described under the caption The Exchange Offer Guaranteed Delivery Procedures.

**Withdrawal Rights**

You may withdraw the tender of your original senior notes at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer.

**Acceptance of Original Senior Notes and Delivery of Exchange Senior Notes**

We will accept for exchange any and all original senior notes that are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date, as long as all of the terms and conditions of the exchange offer are met. We will deliver the exchange senior notes promptly following the expiration date.

**Resale of Exchange Senior Notes**

Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued by the SEC to third parties, we believe that you may offer for resale, resell or otherwise transfer the exchange senior notes without complying with the registration and prospectus delivery requirements of the Securities Act if:

you are acquiring the exchange senior notes in the ordinary course of your business and do not hold any original senior notes to be exchanged in the exchange offer that were acquired other than in the ordinary course of business;

you are not a broker-dealer tendering original senior notes acquired directly from us;

you are not participating, do not intend to participate and have no arrangements or understandings with any person to participate in the exchange offer for the purpose of distributing the exchange senior notes; and

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you are not our affiliate within the meaning of Rule 405 under the Securities Act.

If any of these conditions is not satisfied and you transfer any exchange senior notes without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act.

Each broker or dealer that receives exchange senior notes for its own account in exchange for original senior notes that were acquired as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange senior notes.

Consequences of Failure to Exchange

If you do not exchange your original senior notes for exchange senior notes, you will not be able to offer, sell or otherwise transfer the original senior notes except:

in compliance with the registration requirements of the Securities Act and any other applicable securities laws;

pursuant to an exemption from the securities laws; or

in a transaction not subject to the securities laws.

Original senior notes that remain outstanding after completion of the exchange offer will continue to bear a legend reflecting these restrictions on transfer. In addition, upon completion of the exchange offer, you will not be entitled to any rights to have the resale of original senior notes registered under the Securities Act (subject to limited exceptions applicable only to certain qualified institutional buyers). We currently do not intend to register under the Securities Act the resale of any original senior notes that remain outstanding after completion of the exchange offer.

Upon completion of the exchange offer, there may be no market for the original senior notes, and if you fail to exchange the original senior notes, you may have difficulty selling them.

United States Federal Income Tax Considerations

Your acceptance of the exchange offer and the exchange of your original senior notes for exchange senior notes will not be taxable for U.S. federal income tax purposes. See Material United States Federal Income Tax Considerations beginning on page 170.

Exchange Agent

Wells Fargo Bank Minnesota, National Association is serving as exchange agent for the exchange offer.

Appraisal or Dissenters Rights

You will have no appraisal or dissenters rights in connection with the exchange offer.

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The terms of the exchange senior notes we are issuing in the exchange offer and the original senior notes are identical in all material respects, except that:

the exchange senior notes will have been registered under the Securities Act;

the exchange senior notes will not contain transfer restrictions; and

the exchange senior notes will not have the registration rights that apply to the original senior notes or entitle their holders to additional interest in the event we fail to comply with these registration rights.

A brief description of the material terms of the exchange senior notes is set forth below:

Securities Offered	\$195,000,000 principal amount of 3.40% senior notes, series B due 2008.
Maturity	July 1, 2008.
Interest Rate	3.40% per annum.
Interest Payment Dates	January 1 and July 1 of each year, beginning on January 1, 2004.
Effect of Holding Company Structure	We are structured as a holding company and conduct substantially all of our business operations through our subsidiaries. The exchange senior notes will be effectively subordinated to all existing and future indebtedness and other liabilities and commitments of our subsidiaries. As of June 30, 2003, our subsidiaries had aggregate indebtedness and other liabilities of approximately \$11.0 billion. This amount does not include indebtedness and other liabilities of our subsidiary, NRG, which was deconsolidated on our financial statements following its bankruptcy filing. See Selected Pro Forma Consolidated Financial Data.
Ranking	The exchange senior notes will be unsecured and unsubordinated obligations and will rank on a parity in right of payment with all our existing and future unsecured and unsubordinated indebtedness. The indenture under which the exchange senior notes will be issued will not prevent us or our subsidiaries from incurring additional indebtedness, which may be secured by some or all of our or their assets, as the case may be. As of June 30, 2003, we had approximately \$1.025 billion of long-term debt outstanding, excluding long-term debt of our subsidiaries. There are currently no outstanding debt obligations junior to the exchange senior notes. See Description of Other Indebtedness.
Ratings	The exchange senior notes have been assigned a rating of BBB- (CreditWatch positive) by Standard & Poor's Ratings Services (Standard & Poor's) and Baa3 (stable outlook) by Moody's Investors Services, Inc. (Moody's). For a description of events affecting our credit ratings, see Risk Factors. Ratings from credit agencies are not recommendations to buy, sell or hold our securities and may be subject to revision or withdrawal at any time by the applicable rating agency and should be evaluated independently of any other ratings.
Optional Redemption	We may redeem the exchange senior notes at any time, in whole or in part, at a make whole redemption price equal to the greater of

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(1) the principal amount being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the exchange senior notes being redeemed, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below under the caption **Description of the Exchange Senior Notes** ) plus 25 basis points, plus in each case accrued and unpaid interest to the redemption date.

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange senior notes. We are making the exchange offer solely to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the original senior notes.

Risk Factors

See **Risk Factors** and the other information in this prospectus for a discussion of factors you should carefully consider before deciding to exchange your original senior notes for exchange senior notes.

**Table of Contents****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, our audited and unaudited 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.

	Six months ended June 30,		Year ended December 31,				
	2003	2002	2002(1)	2001	2000	1999	1998
(Millions of dollars, except ratios)							
<b>Consolidated Statement of Operations Data:</b>							
Operating revenue	\$ 3,918	\$ 4,595	\$ 9,524	\$ 11,333	\$ 9,223	\$ 6,883	\$ 6,606
Operating (loss) income	478	612	(1,433)	1,858	1,479	1,204	1,194
Interest charges and financing costs	235	409	918	767	653	453	383
Income (loss) from continuing operations	(164)	180	(1,661)	738	514	571	620
Net (loss) income	\$ (143)	\$ 191	\$ (2,218)	\$ 795	\$ 527	\$ 571	\$ 624
<b>Other Consolidated Financial Data</b>							
Ratio of earnings to fixed charges(2)	1.8	1.5	(3)	2.0	1.9	2.4	3.0

**June 30, 2003(4)**
**(Millions of dollars)**
**Consolidated Balance Sheet Data:**

Total assets	\$ 17,097
Short-term debt (including current maturities)	\$ 986
Long-term debt	\$ 5,472
Total debt	\$ 6,458
Minority interest	\$ 6
Mandatorily redeemable preferred securities of subsidiary trusts(5)	\$ 300
NRG losses in excess of investment	\$ 959
Preferred stockholders' equity	\$ 104
Common stockholders' equity	\$ 4,384
Total capitalization (includes short-term debt and minority interests, but excludes NRG losses in excess of investment)	\$ 11,253

- (1) Results for 2002 include two significant items which 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) For purposes of computing the ratio of earnings to fixed charges, (1) earnings consist of earnings from continuing operations 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 (2) 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.
- (3) Earnings as defined in the ratio for the twelve months ended December 31, 2002 were reduced by NRG asset impairment charges of \$2.5 billion. The fixed charges exceeded earnings, as defined for this ratio, by \$2.3 billion in 2002.
- (4) 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.

- (5) On July 31, 2003, \$200 million of mandatorily redeemable preferred securities of subsidiary trusts were redeemed. The remaining \$100 million of mandatorily redeemable preferred securities of subsidiary trusts have been called for redemption on October 15, 2003.

**Table of Contents****Summary Pro Forma Financial Data**

As discussed under the caption **Summary Our Company Recent Developments**, on May 14, 2003 NRG filed for bankruptcy protection. This bankruptcy filing will change 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 and for the six months ended June 30, 2002. See **Unaudited Consolidated Pro Forma Financial Information** included in this prospectus for additional information on the pro forma adjustments made, and a reconciliation of historical financial data to pro forma amounts.

	<b>Six months ended June 30, 2002(1)</b>	<b>Year ended December 31, 2002(1)</b>
	<b>(Millions of dollars)</b>	<b>(Millions of dollars)</b>
<b>Consolidated Statement of Operations Data:</b>		
Operating revenue	\$3,529	\$ 7,243
Operating income	525	1,156
Equity in losses of NRG	(68)	(3,464)
Interest charges and financing costs	178	424
Income (loss) from continuing operations	191	(2,218)

- (1) Individual revenue and expense items exclude the results of NRG (a loss of \$68 million and \$3.5 billion for the six months ended June 30, 2002 and the year ended December 31, 2002, respectively), which are reported under the equity method as a single loss item, Equity in Losses of NRG.

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**RISK FACTORS**

*You should carefully consider the risks described below as well as other information contained in this prospectus before exchanging your original senior notes. The risks described in this section are those that we consider to be the most significant to your decision whether to invest in our exchange senior notes. If any of the events described below occurs, our business, financial condition or results of operations could be materially harmed. In addition, we may not be able to make payments on the exchange senior 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 its debt obligations and, along with many of its subsidiaries, has filed a voluntary petition for protection under the bankruptcy laws. The creditors of NRG and its subsidiaries could attempt to make claims against us, including claims to substantively consolidate our assets and liabilities with those of NRG or its subsidiaries and claims under piercing the corporate veil, alter ego, control person or related theories. 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 exchange senior notes.***

Since mid-2002, NRG has experienced severe financial difficulties, resulting primarily from lower prices for power and declining credit ratings. These financial difficulties have caused NRG to, among other things, fail to make payments of interest and/or principal aggregating over \$400 million on outstanding indebtedness of over \$4 billion and incur asset impairment charges and other costs in excess of \$3 billion as of and for the year ended December 31, 2002. These asset impairment charges include write-offs for anticipated losses on sales of several NRG projects as well as anticipated losses related to projects for which NRG has stopped funding. Given the changing business conditions for NRG and the resolution of its plan of reorganization discussed below, additional significant asset impairments may be recorded by NRG.

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 Agreement between us and NRG dated May 29, 2002. Under the terms of the tentative settlement, which is described in more detail elsewhere in this prospectus, we would pay up to \$752 million to NRG to settle claims of NRG against us, including all claims under the Support Agreement, claims of NRG creditors who release us under the NRG plan of reorganization and any potential claims against us for fraudulent transfer, breach of fiduciary duty, payments made by NRG to us, any veil piercing, alter ego or control person theories, unjust enrichment, fraud, misrepresentations and violations of state and federal securities laws.

Commencing on May 14, 2003, NRG and certain of NRG's affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. 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 (based on the settlement discussed above) among us, NRG 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, NRG, a holder of approximately 40 percent in principal amount 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 effective upon execution by holders of approximately an additional ten percent in principal amount of NRG's long-term notes and specified other noteholders and bondholders and by a majority of NRG bank lenders representing at least two-thirds in principal amount of NRG's bank debt. For additional information regarding the plan support agreement and the settlement, see our discussion under the caption **Summary Our Company Recent Developments**.

The NRG plan of reorganization provides that NRG, certain of its direct and indirect majority-owned subsidiaries and, each creditor of NRG and its subsidiaries that are Chapter 11 debtors would be deemed to

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have released us, as of the effective date of the plan of reorganization, from claims against us related to NRG or the NRG bankruptcy, whether or not such creditor has participated in or voted in favor of the plan of reorganization or provided us with a release. However, it is not certain that the bankruptcy court will approve the deemed release by those NRG subsidiaries and NRG creditors that do not voluntarily release us. Moreover, NRG's plan of reorganization, which also incorporates the terms of the overall settlement, might not be confirmed by the bankruptcy court in the form originally filed with the bankruptcy court. Because many of the conditions to the overall settlement, and ultimately confirmation of the entire plan of reorganization, are not within our control, the settlement may not be effectuated in a timely manner, or at all. If the settlement is not effectuated, our potential exposure to NRG and its creditors could exceed \$752 million.

If the overall settlement is not effectuated in the NRG bankruptcy proceeding, NRG or its creditors could seek to substantively consolidate us with NRG or could assert other claims against us under piercing the corporate veil, alter ego, control person or other related theories. Even if the settlement is effectuated, those creditors of NRG who did not release us could seek to substantively consolidate us with NRG or could assert other claims against us under piercing the corporate veil, alter ego, control person or other related theories.

The equitable doctrine of substantive consolidation would permit a bankruptcy court to disregard the separateness of related entities, such as NRG and us, and to consolidate and pool the entities' assets and liabilities and treat them as though held and incurred by one entity where the interrelationship among the entities warrants such consolidation. Substantive consolidation is an equitable remedy in bankruptcy that results in the pooling of assets and liabilities of a debtor with 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 U.S. Bankruptcy Code and there are no definitive rules as to when a court will order substantive consolidation. Courts agree, however, that substantive 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 U.S. 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, control person or related theories, in an NRG bankruptcy proceeding, the bankruptcy court could resolve the issue in a manner adverse to us, thus making our assets available to satisfy NRG's obligations. One of the creditors of an NRG project that filed involuntary bankruptcy proceedings against that project included claims against NRG and has separately made claims against us relating to that project. Other creditors of NRG projects also have threatened, or may threaten, to make similar or other substantial claims against us based on our control of NRG.

If a bankruptcy court were to allow substantive consolidation of us with NRG, or if another court were to allow other related claims against us, it could have a material adverse effect on us and on our ability to make payments on our obligations,