



NRG Energy, Inc. Updates Financial Situation

September 16, 2002

MINNEAPOLIS (September 16, 2002) – NRG Energy, Inc., a wholly owned subsidiary of Xcel Energy (NYSE: XEL), announced it has not made payments on four debt issues due today. As with all NRG debt issues, these are non-recourse to the parent company, Xcel Energy.

NRG plans to address these payments in a broader restructuring plan and is working with bondholders to resolve this issue. NRG has 15 days to make principal and interest payments to the South Central Generating A-1 and A-2 Series bondholders and 30 days to make payments to the NRG corporate level bondholders to avoid an event of default on these bonds.

"NRG's failure to make payments to the bondholders today does not mean that NRG must file for bankruptcy," said Richard C. Kelly, NRG president and chief operating officer.

In addition, NRG is continuing to work with bank lenders on an extension of the Sept. 13, 2002, deadline by which it was required to post collateral ranging in value from \$1.1 billion to \$1.3 billion for certain agreements.

"We are optimistic we will be able to obtain another extension of the time necessary to post the cash collateral," Kelly said. "We are continuing to work with the banks and bondholders and are hopeful we will be able to reach an arrangement for the benefit of all stakeholders."

The withheld payments include:

- \$10.9 million due on \$350 million of 8.25 percent senior unsecured notes due in 2010;
- \$14.4 million due on a \$250 million "pass through" trust—a special purpose entity that is effectively a senior unsecured obligation of NRG—with an interest rate of 8.70 percent that matures in 2005; and
- Approximately \$47 million in combined principal and interest payments on NRG South Central Generating LLC 8.962 percent Series A-1 senior secured bonds due 2016 and 9.479 percent Series B-1 senior secured bonds due 2024.

NRG Energy, a wholly owned and unregulated subsidiary of Xcel Energy, develops and operates power generating facilities. NRG's operations include competitive energy production and cogeneration facilities, thermal energy production and energy resource recovery facilities.

Xcel Energy is a major U.S. electricity and natural gas company with regulated operations 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 through its regulated operating companies. In terms of customers, it is the fourth-largest combination natural gas and electricity company in the U.S. Company headquarters are located in Minneapolis.

This release may include forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate," "estimate," "expect," "projected," "objective," "outlook," "possible," "potential" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; changes in federal or state legislation; regulation; risks associated with the California power market; currency translation and transaction adjustments; the higher degree of risk associated with Xcel Energy's nonregulated businesses compared with Xcel Energy's regulated business; the satisfaction of all conditions to the exchange offer that cannot be waived and the satisfaction or waiver of conditions to the exchange offer that may be waived; and the other risk factors listed from time to time by Xcel Energy in reports filed with the Securities and Exchange Commission (SEC), including Exhibit 99.01 to Xcel Energy's report on Form 10-K for year 2001.

Xcel Energy Investor Relations
R.J. Kolkman, 612.215.4559
P.A. Johnson, 612.215.4535

NRG Media Relations
Lesla Bader
612.373.6992