

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

IN RE: Application of **UTILITIES**)
INC. for approval of merger and)
for jurisdictional determination.)
_____)

DOCKET NO. **010887-WS**

RECORDS AND
REPORTING

01 JUN 25 PM 12: 04

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APPLICATION FOR APPROVAL OF MERGER
AND JURISDICTIONAL DETERMINATION

Applicant, UTILITIES, INC., by and through its undersigned attorneys, files this Application for approval of the merger (and purported transfer of majority control) and for a determination of the Commission's jurisdiction of such merger and states:

1. The name and address of the Applicant is:

Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062-6196
847-498-6440

2. The name, address and telephone number of the person to contact concerning this Application is:

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301
850-877-6555
850-656-4029 fax
mfriedman@rsbattorneys.com

3. The names and addresses of the Applicant's corporate officers and directors are as follows:

James Camaren, CEO
Lawrence Schumacher, President
Carl Wenz, Vice President

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Mur

FPSC-BUREAU OF RECORDS

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:

W.S.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

David Carter, Vice President/Secretary
2335 Sanders Road
Northbrook, IL 60062-6196

4. Utilities, Inc. does not hold any Certificates from the Commission. A list of its wholly owned subsidiaries and counties in which they are certificated is attached hereto as Exhibit "A". The officers and directors of those subsidiaries are set forth on Exhibit "B" and remain unchanged except that David Carter has taken over the positions of Andy Dopuch.

5. The merger of Nuon Acquisition Sub, Inc. an Illinois corporation, into Utilities, Inc., an Illinois corporation with Utilities, Inc. being the surviving corporation is not subject to the Commission's jurisdiction. This Commission asserted jurisdiction over the transfer of United Water Florida, Inc.'s corporate grandparent, United Water Resources, Inc. to Lyonnaise American Holding, Inc. in Order No. PSC-00-0475-FOF-WS and the Commission Staff has advised Applicant that it believes that because of that Order, the merger in question is subject to the Commission's jurisdiction. That Order was devoid of any discussion of the jurisdictional issue from which one could seek guidance.

Pursuant to Section 367.01(2), Florida Statutes, the Commission has exclusive jurisdiction of each "utility". No "utility" shall transfer majority organizational control without approval of the Commission. Section 367.07(1), Florida Statutes. Thus, the threshold question is the definition of the term "utility".

Section 367.021(12), Florida Statutes, defines "utility", subject to certain exceptions not applicable, to include "every person, lessee, trustee, or receiver owning, operating, managing, or controlling a system, or proposing construction of a system, who is providing, or proposes to provide, water and wastewater service to the public for compensation".

Utilities, Inc. does not come within the definition of "utility". Neither can Utilities, Inc. be considered a utility by implication. If so, then Utilities, Inc. would be required to obtain a certificate from the Commission. Sixteen subsidiaries of Utilities, Inc. have certificates from the Commission and those subsidiaries are "utilities" as defined in Chapter 367, Florida Statutes. A review of the entire statutory scheme relating to transfers of majority organizational control as implemented by Commission Rules clearly shows that the merger in question is not subject to the Commission's jurisdiction.

Section 367.071, Florida Statutes, requires a buyer, assignee or transferee to fulfill the commitments, obligations, and responsibilities of the utility. The clear intent is that the new controlling shareholders of the "utility" make such statement. As stated previously, Utilities, Inc. is not a "utility".

The Rules adopted by the Commission implementing Section 367.071, Florida Statutes, are even more edifying. Rule 25-30.037(3)(c), F.A.C., requires the name and address of certain

persons, including those persons who will own an interest in the utility. In the instant case, both before and after the merger, all of the subsidiary utilities will continue to be owned by Utilities, Inc., and the officers and directors of the subsidiary utilities and Utilities, Inc. remain unchanged.

Rule 25-30.037(3)(h), F.A.C., requires a statement that the systems being acquired are in satisfactory condition and in compliance with applicable DEP standards. In the instant merger, there are no systems being acquired. The systems are owned by the subsidiary utilities and not Utilities, Inc.

Rule 25-30.037(3)(i), F. A. C., requires evidence that the utility owns the land upon which the utility treatment facilities are located. Utilities, Inc. does not own any treatment facilities or any land subject to the Commission jurisdiction. The ownership of the land upon which the subsidiaries operate treatment facilities is unchanged by the merger at issue.

Rule 25-30.037(3)(j), F.A.C., requires the filing of sample tariffs. Utilities, Inc. does not have any tariffs to change. Since Utilities, Inc. continues to own the subsidiaries after the merger, and the officers, directors and management remain the same, there are no changes to the tariffs.

Rule 25-30.037(3)(k), F.A.C., requires the current Certificates to the utility to be filed. Utilities, Inc. holds no

certificates to file. Since the ownership of the subsidiaries does not change, there is no need to return their Certificates.

Clearly the statute and rules do not apply to a merger where the parent of a regulated utility is the surviving corporation. If the Commission seeks to assert jurisdiction of entities that are not "utilities", then it must seek a statutory change. The language of the statute is clear and unambiguous. To stretch the definition of "utility" to include a parent corporation, or even a grandparent corporation as was done in United Water Florida, Inc. creates absurd results. Where does the Commission then stop in asserting jurisdiction?

6. Should the Commission determine that the merger is subject to its jurisdiction, then, subject to its Petition for Variance or Waiver, the Applicant submits the following:

A. The name and address of the "Buyer", through its subsidiary Nuon Acquisition Sub, Inc. is:

Nuon
Spaklerweg 20, Amsterdam
The Netherlands
Telephone Number 31-20-597-4229
Telecopy Number 31-20-597-4210

B. The name and address of the Nuon's Management and Board of Supervisors is attached hereto as Exhibit "C".

C. The transfer is in the public interest. Nuon is The Netherlands largest provider of electricity , gas and water. Nuon serves more than five million residential and business customers

with electricity, gas, water and heat. In addition, Nuon develops and markets products and services related to energy and water products. The Company is also a leader in developing renewable "green" energy projects, such as small scale hydroelectricity, wind and solar energy technologies.

Nuon has a 50% stake in Pacques, a Netherlands provider of biological wastewater treatment solutions. In early 2000, Nuon, together with the United Kingdom water firm, Biwater, created international water company, Cascad. In late 2000, Nuon acquired Norit, one of Europe's leading providers of water purification solutions for the food and beverage industry which has offices in Texas and Oklahoma.

Nuon's expertise in water distribution technologies will provide Utilities, Inc. with operational efficiencies to fuel its growth strategy of acquiring and managing water and wastewater utility systems across the United States. By combining Utilities, Inc.'s management approach and regulatory expertise with the financial resources and support of Nuon, Utilities, Inc. can provide a strong platform for growth in the United States water market.

7. Nuon's acquisition will not result in any change in management of Utilities, Inc. and the expertise of existing management will remain in place. With regard to Nuon's financial

ability, attached as Exhibit "D" is a copy of Nuon's most recent Annual Report.

8. Nuon will fulfill the commitments, obligations and representations of Utilities, Inc. with regard to utility matters.

9. Nuon does not own any water or wastewater systems in Florida. Since 1997, it has owned an Ohio provider of natural gas and has an equity interest in an Austin, Texas company that provides energy from environmentally friendly sources for residential, commercial and industrial customers.

10. A copy of the Merger Agreement will be provided as Exhibit "E" subject to Utilities, Inc.'s request for confidential classification filed simultaneously herewith.

11. Nuon has on hand and available all funds necessary to purchase the shares of Utilities, Inc.

12. After reasonable investigation, the utility systems operated by the subsidiaries of Utilities, Inc. appear to be in satisfactory condition and in compliance with all applicable standards set by the Florida Department of Environmental Protection.

13. An Affidavit that the actual notice of the Application was given to the entities on the list provided by the Commission in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, will be filed as Late Filed Exhibit "F".

14. An Affidavit that the actual notice of the Application was given to the each customer in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, will be filed as Late Filed Exhibit "G".

15. An Affidavit that the notice of the Application was published once in a newspaper of general circulation in the applicable territories in accordance with Rule 25-30.030, Florida Administrative Code, will be filed as Late Filed Exhibit "H".

16. Since this is a merger, there are no tariff sheet changes required at this time.

17. Since this is a merger and the ownership of the subsidiaries remains unchanged, there will be no change to the utility's Certificates.

18. Pursuant to Rule 25-30.020(c), Florida Administrative Code, the appropriate filing fee is \$6,000 and is attached hereto.

Respectfully submitted on this
25th day of June, 2001, by:

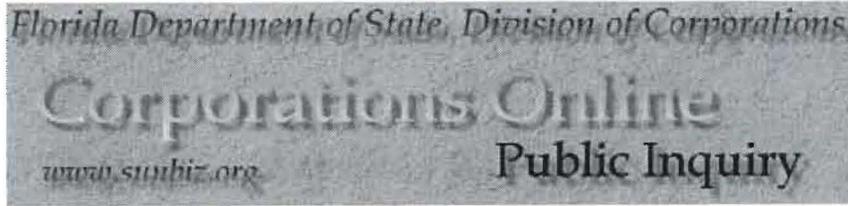
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

By: 
MARTIN S. FRIEDMAN

utilities\nuon\merger.app

Utilities, Inc.
List of Subsidiaries - 100% wholly-owned

Alafaya Utilities, Inc.	Seminole
Bayside Utility Services, Inc.	Bay
Cypress Lakes Utilities, Inc.	Polk
Lake Groves Utilities, Inc.	Lake
Lake Placid Utilities, Inc.	Highlands
Lake Utility Services, Inc.	Lake
Mid-County Services, Inc.	Pinellas
Miles Grant Water & Sewer Company	Martin
Sandy Creek Utility Services, Inc.	Bay
Sanlando Utilities Corporation	Seminole
Tierra Verde Utilities, Inc.	Pinellas
Utilities, Inc. of Eagle Ridge	Lee
Utilities, Inc. of Florida	Seminole, Orange Pasco, Marion, Pinellas
Utilities, Inc. of Longwood	Seminole
Utilities, Inc. of Sandalhaven	Charlotte
Wedgfield Utilities, Inc.	Orange



Florida Profit

MID-COUNTY SERVICES, INC.

PRINCIPAL ADDRESS
 2335 SANDERS RD
 P. O. BOX 4100
 NORTHBROOK IL 60062 US
 Changed 04/26/1995

MAILING ADDRESS
 2335 SANDERS RD
 P. O. BOX 4100
 NORTHBROOK IL 60062 US
 Changed 04/26/1995

Document Number
 333956

FEI Number
 591229280

Date Filed
 08/19/1968

State
 FL

Status
 ACTIVE

Effective Date
 NONE

Last Event
 NAME CHANGE
 AMENDMENT

Event Date Filed
 07/06/1989

Event Effective Date
 NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 04/30/1992
Address Changed: 04/30/1992

Officer/Director Detail



Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL	CEO
SCHUMACHER, LAWRENCE 2335 SANDERS RD NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL	VS

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2000	05/03/2000	
2001	05/03/2001	

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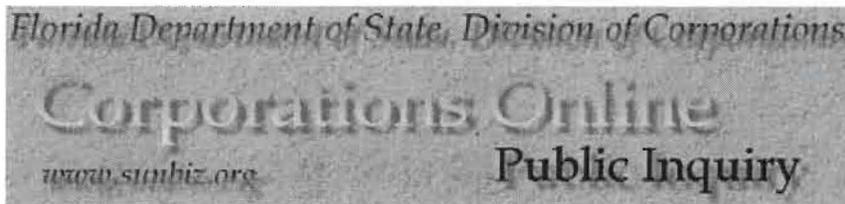
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LAKE UTILITY SERVICES, INC.

PRINCIPAL ADDRESS
 2335 SANDERS ROAD
 NORTHBROOK IL 60062-6108
 Changed 06/13/1990

MAILING ADDRESS
 2335 SANDERS ROAD
 NORTHBROOK IL 60062-6108
 Changed 06/13/1990

Document Number
 J71557

FEI Number
 363705514

Date Filed
 05/05/1987

State
 FL

Status
 ACTIVE

Effective Date
 NONE

Last Event
 REINSTATEMENT

Event Date Filed
 06/13/1990

Event Effective Date
 NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 07/15/1992
Address Changed: 07/15/1992

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS ROAD NORTHBROOK IL	CEO
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL	VS
SCHUMACHER, LAWRENCE 2335 SANDERS ROAD NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL	VP
EASMUSSEN, DONALD 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS FL	VP

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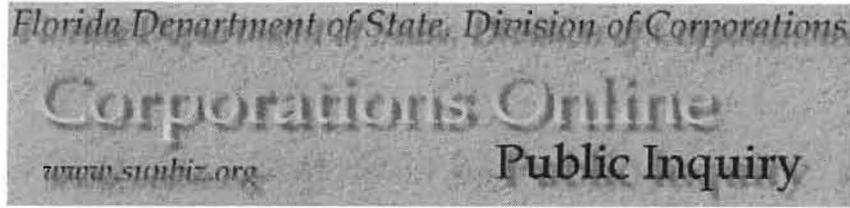
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UTILITIES, INC. OF FLORIDA

PRINCIPAL ADDRESS

2335 SANDERS ROAD
NORTHBROOK IL 60062

MAILING ADDRESS

2335 SANDERS ROAD
NORTHBROOK IL 60062

Document Number 487790	FEI Number 362850768	Date Filed 10/15/1975
State FL	Status ACTIVE	Effective Date NONE
Last Event EVENT CONVERTED TO NOTES	Event Date Filed 06/29/1988	Event Effective Date NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 07/13/1992
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Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS ROAD NORTHBROOK IL	CEO
SCHUMACHER, LAWRENCE 2335 SANDERS RD. NORTHBROOK IL	P
RASMUSSEN, DONALD 2335 SANDERS ROAD NORTHBROOK IL	VP
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL	VS
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP

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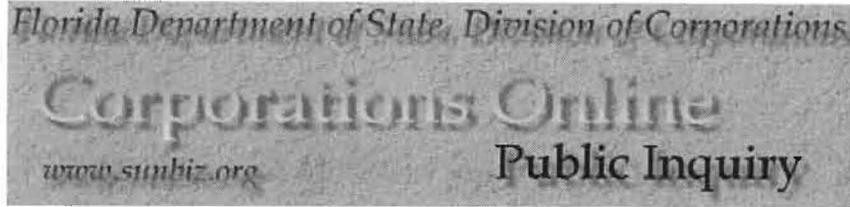
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MILES GRANT WATER AND SEWER COMPANY

PRINCIPAL ADDRESS

2335 SANDERS ROAD
NORTHBROOK IL 60062
Changed 04/07/1986

MAILING ADDRESS

2335 SANDERS ROAD
NORTHBROOK IL 60062
Changed 04/07/1986

Document Number
512704

FEI Number
250877540

Date Filed
09/20/1976

State
FL

Status
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Effective Date
NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 07/13/1992
Address Changed: 07/13/1992

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS ROAD NORTHBROOK IL	CEO
SCHUMACHER, LAWRENCE 2335 SANDERS ROAD NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL	VS
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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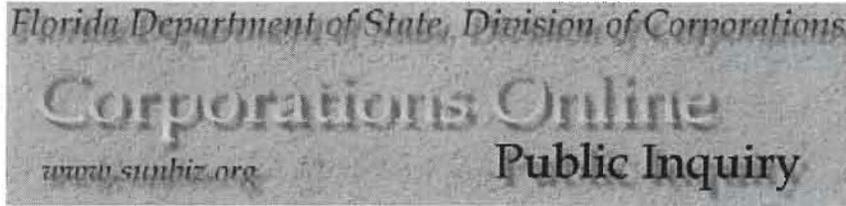
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TIERRA VERDE UTILITIES, INC.

PRINCIPAL ADDRESS
 2335 SANDERS RD.
 NORTHBROOK IL 60062 US
 Changed 04/26/1995

MAILING ADDRESS
 2335 SANDERS RD.
 NORTHBROOK IL 60062 US
 Changed 04/26/1995

Document Number
 V55691

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 363842173

Date Filed
 08/06/1992

State
 FL

Status
 ACTIVE

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 NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEMS 1200 S. PINE ISLAND RD. PLANTATION FL 33324
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Address Changed: 04/13/1993

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD. NORTHBROOK IL	CEO
SCHUMACHER, LAWRENCE 2335 SANDERS RD. NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL 60062	VS
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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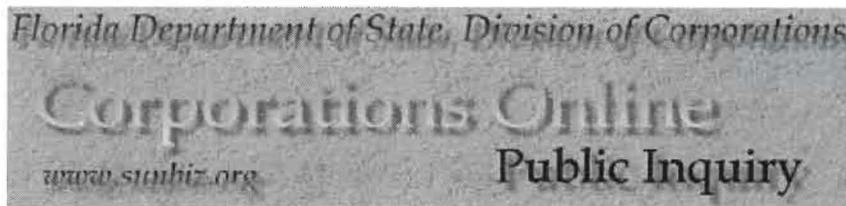
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Florida Profit

LAKE PLACID UTILITIES, INC.

PRINCIPAL ADDRESS
 200 WEATHERSFIELD AVE
 ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
 2335 SANDERS ROAD
 NORTHBROOK IL 60062 US
 Changed 04/26/1995

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 353938414

Date Filed
 06/14/1993

State
 FL

Status
 ACTIVE

Effective Date
 NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 SOUTH PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 07/14/1995
Address Changed: 07/14/1995

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHABROOK IL	CEO
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP
SCHUMACHER, LAWRENCE 2335 SANDERS RD NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL 60062	VS
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL 60062	VP

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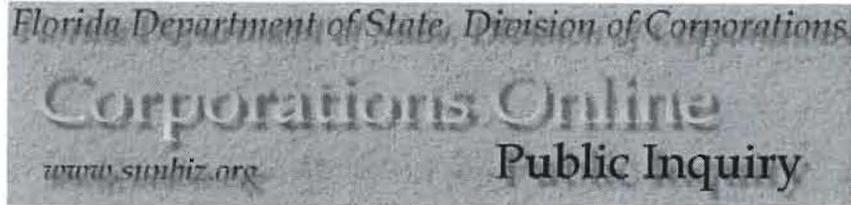
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Florida Profit

ALAFAYA UTILITIES, INC.

PRINCIPAL ADDRESS
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 ALTAMONTE SPRINGS FL 32714 US
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MAILING ADDRESS
 2335 SANDERS RD
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State FL	Status ACTIVE	Effective Date NONE
Last Event REINSTATEMENT	Event Date Filed 10/07/1994	Event Effective Date NONE

Registered Agent

Name & Address
C T CORPORATION SYSTEM 1200 SOUTH PINE ISLAND ROAD PLANTATION FL 33324
Name Changed: 07/14/1995
Address Changed: 07/14/1995

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL 60062	CEO
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WENZ, CARL J 2335 SANDERS RD NORTHBROOK IL 60062	VP
DOPUCH, ANDREW N 2335 SANDERS ROAD NORTHBROOK IL 60062	VS
CARTER, DAVID 2335 SANDERS RD. NORTHBROOK IL	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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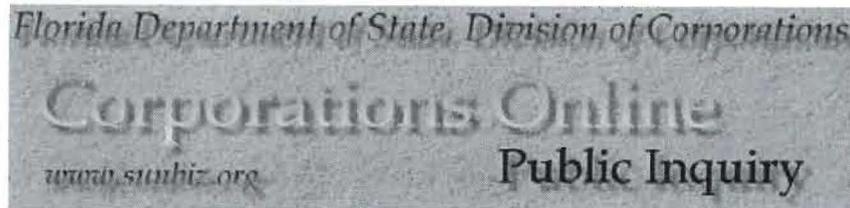
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Florida Profit

UTILITIES, INC OF EAGLE RIDGE

PRINCIPAL ADDRESS
200 WEATHERSFIELD AVENUE
ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
2335 SANDERS RD.
NORTHBROOK IL 60062

Document Number
P95000061183

FEI Number
593522909

Date Filed
08/08/1995

State
FL

Status
ACTIVE

Effective Date
NONE

Registered Agent

Name & Address
RASMUSSEN, DONALD 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS FL 32714

Officer/Director Detail

Name & Address	Title
RASMUSSEN, DONALD 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS FL 32714	VP
CAMAREN, JAMES L 2335 SANDERS ROAD NORTHBROOK IL 60062	CEOC
SCHUMACHER, LAWRENCE N 2335 SANDERS ROAD NORTHBROOK IL 60062	P
WENZ, CARL J 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
DOPUCH, ANDREW N 2335 SANDERS ROAD NORTHBROOK IL 60062	VS
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL 60062	VP

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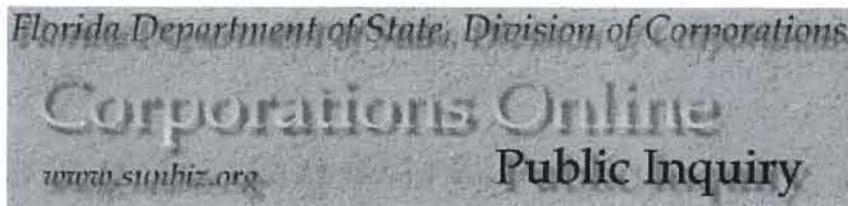
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Florida Profit

WEDGEFIELD UTILITIES, INC.

PRINCIPAL ADDRESS
 200 WEATHERSFIELD AVE
 ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
 2335 SANDERS RD
 NORTHBROOK IL 60062
 Changed 04/27/2001

Document Number
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 364071705

Date Filed
 01/23/1996

State
 FL

Status
 ACTIVE

Effective Date
 NONE

Registered Agent

Name & Address
RASMUSSEN, DONALD UTILITIES, INC. 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL 32714

Officer/Director Detail

Name & Address	Title
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL	CEO
SCHUMACHER, LAWRENCE 2335 SANDERS ROAD NORTHBROOK IL	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL	VP
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL	VS
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL 60062	VP

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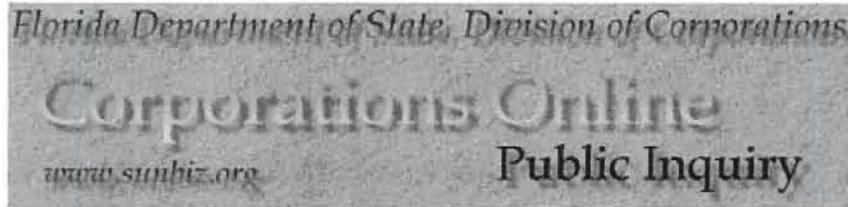
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Florida Profit

UTILITIES, INC. OF LONGWOOD

PRINCIPAL ADDRESS
 200 WEATHERSFIELD AVENUE
 ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
 2335 SANDERS RD
 NORTHBROOK IL 60062 US
 Changed 04/23/1996

Document Number
 P95000046456

FEI Number
 364034620

Date Filed
 06/15/1995

State
 FL

Status
 ACTIVE

Effective Date
 NONE

Registered Agent

Name & Address
RASMUSSEN, DONALD 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS FL 32714
Name Changed: 04/23/1996
Address Changed: 04/23/1996

Officer/Director Detail

Name & Address	Title
RASMUSSEN, DONALD 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS FL	VP
CAMAREN, JAMES L 2335 SANDERS RD NORTHBROOK IL 60062	CEO
SCHUMACHER, LAWRENCE N 2335 SANDERS RD NORTHBROOK IL 60062	P
DOPUCH, ANDREW N 2335 SANDERS RD NORTHBROOK IL 60062	VS
WENZ, CARL J 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL	VP

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2000	05/03/2000	
2001	04/27/2001	

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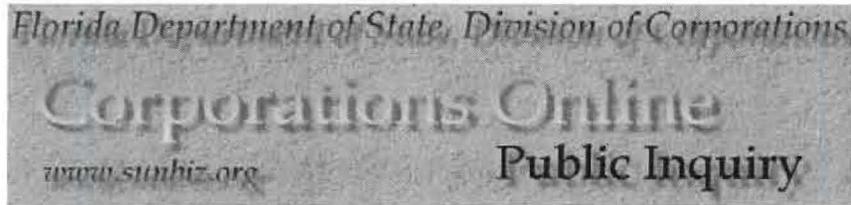
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Florida Profit

SANLANDO UTILITIES CORP

PRINCIPAL ADDRESS
 200 WEATHERSFIELD AVE
 ALTAMONTE SPRINGS FL 32714
 Changed 05/06/1999

MAILING ADDRESS
 2335 SANDERS RD
 NORTHBROOK IL 60062
 Changed 05/06/1999

Document Number
 352191

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Date Filed
 09/12/1969

State
 FL

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 NONE

Last Event
 AMENDMENT

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Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 PINE ISLAND RD. PLANTATION FL 33324
Name Changed: 05/06/1999
Address Changed: 05/06/1999

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD. NORTHBROOK IL 60062	CEO
DOPUCH, ANDREW 2335 SANDERS RD. NORTHBROOK IL 60062	VS
SCHUMACHER, LAWRENCE 2335 SANDERS RD. NORTHBROOK IL 60062	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL 60062	VP
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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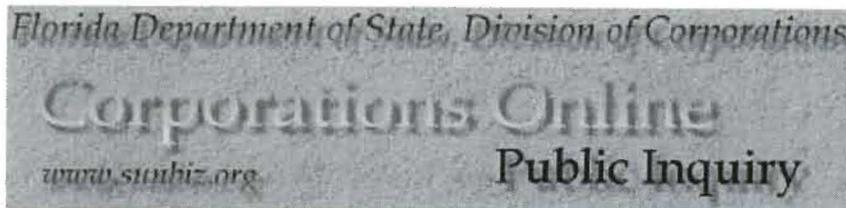
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Florida Profit

LAKE GROVES UTILITIES, INC.

PRINCIPAL ADDRESS
 200 WESTCHESTERFIELD AVE
 ALTAMONTE SPRINGS FL 32714 US
 Changed 05/06/1999

MAILING ADDRESS
 2335 SANDERS RD
 NORTHBROOK IL 60062 US
 Changed 05/06/1999

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Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND RD FORT LAUDERDALE FL 33324
Name Changed: 05/06/1999
Address Changed: 05/06/1999

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL 60062	CEO
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL 60062	VS
SCHUMACHER, LAWRENCE 2335 SANDERS RD NORTHBROOK IL 60062	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL 60062	VP
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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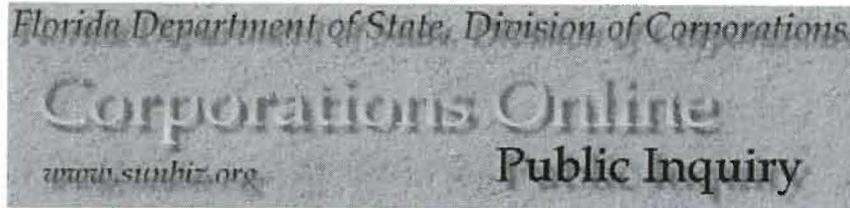
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Florida Profit

CYPRESS LAKES UTILITIES, INC.

PRINCIPAL ADDRESS
200 WEATHERSFIELD AVE.
ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
2335 SANDERS ROAD
NORTHBROOK IL 60062
Changed 04/27/2001

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09/23/1997

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NONE

Registered Agent

Name & Address
C T CORPORATION SYSTEM 1200 S. PINE ISLAND RD. PLANTATON FL 33324

Officer/Director Detail

Name & Address	Title
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPGS FL 32714	VP
CAMAREN, JAMES J 2335 SANDERS RD NORTHBROOK IL 60062	CEOC
SCHUMACHER, LAWRENCE N 2335 SANDERS RD NORTHBROOK IL 60062	P
WENZ, CARL J 2335 SANDERS RFD NORTHBROOK IL 60062	VP
DOPUCH, ANDREW N 2335 SANDERS RD NORTHBROOK IL 60062	VS
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP

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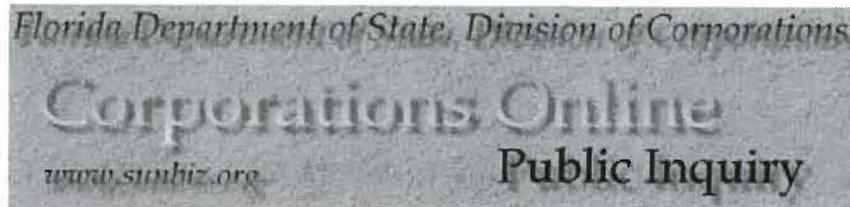
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Florida Profit

BAYSIDE UTILITY SERVICES, INC.

PRINCIPAL ADDRESS
200 WEATHERSFIELD AVE
ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
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NONE

Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S PINE ISLAND RD PLANTATION FL 33324

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL 60062	CEO
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL 60062	VS
SCHUMACHER, LAWRENCE 2335 SANDERS RD NORTHBROOK IL 60062	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL 60062	VP
CARTER, DAVID 2335 SANDERS RD NORTHBROOK IL	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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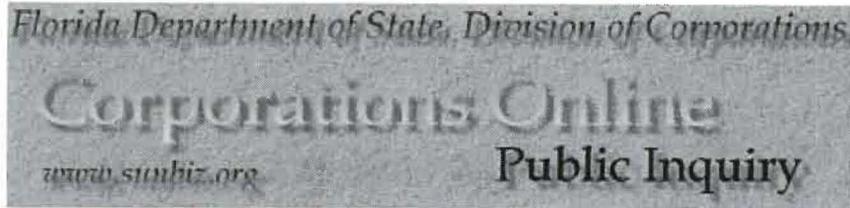
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Florida Profit

UTILITIES, INC. OF SANDALHAVEN

PRINCIPAL ADDRESS
 200 WEATHERFIELD AVE.
 ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
 200 WEATHERFIELD AVE.
 ALTAMONTE SPRINGS FL 32714

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Registered Agent

Name & Address
C T CORPORATION SYSTEM 1200 SOUTH PINE ISLAND ROAD PLANTATION FL 33324

Officer/Director Detail

Name & Address	Title
CAMAREN, JAMES 2335 SANDERS RD NORTHBROOK IL 60062	CEO
DOPUCH, ANDREW 2335 SANDERS RD NORTHBROOK IL 60062	VS
SCHUMACHER, LAWRENCE 2335 SANDERS RD NORTHBROOK IL 60062	P
WENZ, CARL 2335 SANDERS RD NORTHBROOK IL 60062	VP
CARTER, DAVID 2335 SANDERS ROAD NORTHBROOK IL 60062	VP
RASMUSSEN, DONALD 200 WEATHERSFIELD AVE ALTAMONTE SPRINGS FL	VP

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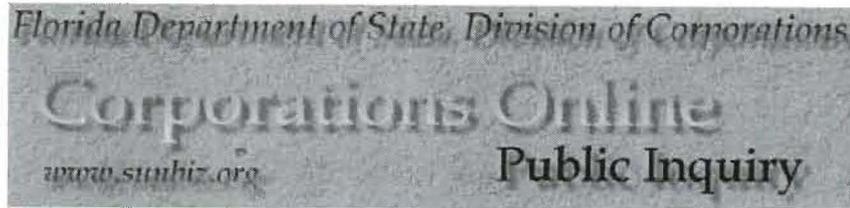
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Florida Profit

SANDY CREEK UTILITY SERVICES, INC.

PRINCIPAL ADDRESS
 200 WEATHERSFIELD AVE.
 ALTAMONTE SPRINGS FL 32714

MAILING ADDRESS
 200 WEATHERSFIELD AVE.
 ALTAMONTE SPRINGS FL 32714

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Registered Agent

Name & Address
CT CORPORATION SYSTEM 1200 S. PINE ISLAND RD. PLANTATION FL 33324

Officer/Director Detail

Name & Address	Title
NONE	

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Personal Data

Personnel at December 31, 2000

Board of Management

T. Swelheim, Chairman
C.W.J. Kok
H. Visser

Supervisory Board

W. Meijer, Chairman
J.C. Boxem
P.F. van der Heijden
S. Jansen
J. Kamminga
L. Koopmans
S.J.P. Lyczak
H.M. Meijdam
M. Minderhoud
J.H. Schraven
H. Zwarts

E.C. Lauterslager, Secretary

Central Works Council

J.L.J. Hermans, Chairman
A. van den Berg, Deputy-Chairman
W. Brokaar, Secretary
A. Brinkman
I. Van Rijsse
E.P.G. Snoeks
G.N. Schavemaker
R.J. Hoekstra
A.A. van Vliet
J. Schooltink
H. van Silfhout
K. Hettinga
F.J.T.H. Weijers
P. Verberne
H. Plantinga
G.L. Fredriksz
H. van der Straaten
C.A. de Heus

P. Officier, Appointed Secretary



Annual report **NUON**

1999



The future
of Nuon



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Preface

2



In 1999 the new company nv Nuon was created as a result of a merger between Energie Noord West nv, nv Energie- en Water-voorziening Rijnland, Gamog Gelre Flevo Holding nv and nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland. Following the union of these four companies and a number of acquisitions, Nuon, as a multiutility, is well positioned in the market for the distribution of energy and water and related products and services.

1999 was a hectic year in which the energy market grew at an accelerated pace. Due in part to the spin-off of noncore businesses, Nuon now has the financial muscle needed to develop a range of commercial activities and grow into a leading player in the wider international arena.

Nuon has built up both a strong strategic and financial position. Income from normal operations increased to NLG 599 million (up NLG 139 million on 1998). On balance, extraordinary items amounted to a gain of NLG 1,549 million. This was mainly attributable to the divestment of participations as a result of the strategic decision to focus on core activities, less a final addition to restructuring provisions.

Despite price pressure, Nuon managed to achieve a substantial improvement in margins, partly as a result of successful transactions in the free market for the purchase and sale of electricity. Due to the mild winter, Nuon's net sales were slightly weaker at NLG 7.3 billion (down NLG 0.1 billion).

The international free market for energy and water is rapidly taking shape. Monopolies are being dismantled around the world, with deregulation and internationalization set to continue. Greater economies of scale and the capacity to develop and market value-added customer-focused products will be key to companies' potential for growth. Nuon has geared up for this market in which new rivals will quickly emerge. Continuing growth, both organically and as a result of mergers and acquisitions, will also be vital to ensure the success of the Company in the years ahead.

Retailer in energy and water

The market offers good opportunities for Nuon to become a leading international retailer in energy, water and related products and services. At the end of 1999, Nuon had a 38 percent share of the electricity market in the Netherlands; a 30 percent share of the gas market, and a 10 percent share of the water market. Nuon has long experience in putting in place and operating infrastructures, it has a large customer base and contributes to the growth of a sustainable economy. Thus, it has created an excellent platform for further successful growth.

Nuon regards water supply worldwide as an exciting growth market and wants to substantially expand its operations in the Netherlands as well as internationally. Synergy with other activities leads to cost efficiencies and improvements in service, benefiting the consumer. A great deal of expertise in this field is available in the Netherlands, and certainly at Nuon, which can be marketed internationally.

Far-reaching changes

Pressure on margins will continue in the years ahead. The position on the purchasing and trading markets will have to be further strengthened. A deregulated market requires a stronger customer focus from our business processes and methods of working and thinking. Customers not only want customized services and are far more critical about the price/quality ratio of energy and water products and services, they are also far more environmentally responsible and are demanding sustainable solutions. This is one of the drivers behind Nuon's desire to be at the forefront of renewable energy. Good opportunities exist for an integrated, environmentally aware approach in the water production, water distribution, sewage and wastewater treatment chains.

The free market makes high demands on performance, but also offers enormous opportunities. New value-added products and services can contribute to sales and income growth. A better understanding of customer requirements and an appropriate response to these needs will be crucial. E-commerce will be a key tool in this development - making it possible to create completely new relationships between providers and customers, both in the Netherlands and internationally.

Nuon is responding to these future developments by working on the three pillars of its strategic policy: the creation of a solid foundation, the establishment of world class key competences, and the realization of profitable long-term growth. By pursuing this strategy, Nuon is developing into a leading, independent, international group in the marketing, sales and distribution of energy and water (including water production) and related products and services, active for millions of customers and a leader in renewable energy.

Exciting and attractive

For the further shaping of our group, we will be asking a great deal from our employees in the years ahead. It has never been so exciting and attractive to work for an energy and water company. New business units, new jobs, new responsibilities, and partnerships with colleagues bringing in new expertise offer our employees huge opportunities for professional and personal development.

In terms of financial results and growth, organizational integration and the progress of changes, Nuon can look back on a successful year. The Board of Management would like to thank all employees for their efforts and contributions to the Company's performance in 1999.

Baarn, May 17, 2000

On behalf of the Board of Management,
 Toh Swolheim, Chairman



Report by the Supervisory Board

4

On May 31, 1999, the merger between Energie Noord West nv, nv Energie- en Watervoorziening Rijnland, Gamog Gelre Flevo Holding nv, and nv Nuon Energie-Onderneming voor Gelderland, Friesland en Flevoland was officially concluded. On May 31, 1999, the share exchange was effected and the aforementioned companies became fully owned subsidiaries of nv Nuon ENW, which recently changed its name to nv Nuon. This merger laid the foundation for a strong company that holds a solid position in the Netherlands and can compete in the international market.

Financial statements

The Board of Management submitted to us, the balance sheet and the statement of income for the financial year 1999, together with explanatory notes. We also examined the report and the opinion of PricewaterhouseCoopers nv, as contemplated in article 29, paragraphs 3 and 4, of the Articles of Association. Our approval of the 1999 financial statements is also based on this opinion. We recommend that the General Meeting of Shareholders also approve the financial statements. In "Other information" it is stated that the allocation of income is in conformity with article 33 of the Articles of Association and the agreements made in this respect with the shareholders.

Activities

In 1999 the Supervisory Board met three times, with the Board of Management being present. During the year under review the Supervisory Board was regularly informed about the results of operations through strategic and operational plans and presentations by the Board of Management. In 1999 the Supervisory Board dealt with such issues as:

- the Regulations of the Supervisory Board and the Regulations of the Board of Management;
- the overall strategy for the Company; economic and market developments; potential risks;
- major steps in line with this strategy, notably the divestment of EPON, EZH, United Telekabel Holding and Gelrevisie;
- the Company's future direction.

Furthermore, the Supervisory Board discussed various other acquisitions and divestments.

During the year members of the Supervisory Board attended various plenary meetings of the Central Works Council, including those in which the Company's course of business was discussed.

Committees

The Supervisory Board has two committees: the Remuneration Committee and the Audit Committee. The Supervisory Board has formally established the tasks and procedures of these committees.

The Remuneration Committee, which is composed of Mrs. G. ter Horst and Messrs. W. Meijer (Chairman) and J. Kamminga, met once in 1999.

The Audit Committee, consisting of Messrs. M. Minderhoud (Chairman), S. Jansen, L. Koopmans, and J.B.Th. Manschot met once in 1999 with the Board of Management to discuss the report on the first six months of 1999. In May 2000, prior to the discussion in the Supervisory Board, the Audit Committee extensively discussed the 1999 financial statements with the Board of Management and the external auditors.

Composition of the Supervisory Board

The preliminary appointment of members of the Supervisory Board has been laid down in the Merger Agreement of May 31, 1999. It has been explicitly stipulated that after the date of the share exchange (May 31, 1999) members of the Supervisory Board will be appointed pursuant to the provisions of article 8 of the Shareholders' Agreement and with due observance of the Covenant governing the composition of the Supervisory Board. On the date of the share exchange (May 31, 1999) twelve of the thirteen vacancies on the Board were filled. Since that time one vacancy has not been filled. This vacancy relates to a so-called outside member, who in accordance with the Articles of Association will be appointed with due observance of the legal rights of recommendation and objection. As of today the Supervisory Board appointed as a member Mr. J.J. Schraven, whose personal data are given on page 22 of this report. The Supervisory Board now consists of thirteen members.

The division of tasks and the procedures of the Supervisory Board are laid down in the Regulations of the Supervisory Board. Appended to the regulations is a profile on the basis of which the Supervisory Board has been composed.

Composition of the Board of Management

In accordance with the Merger Agreement of May 31, 1999, the Board of Management was composed of the four chairmen of the managing boards of the merger partners on the merger date. In the Merger Agreement it was stipulated that new Board members would be appointed if specific expertise was needed. Effective October 1, 1999, Mr. H.W. Brinkers, member of the Board of Management responsible for Finance, Consumer Affairs, Information Technology, and Risk Management, stepped down. For the time being the other Board members will take over his tasks and responsibilities. Early in 2000 further decisions were made concerning the future direction of the Company.

In future, the Board of Management will consist of four members. In view of the build-up phase of the Company a fifth member will temporarily be added. The four Board of Management positions are designated as follows: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operational Officer (COO), and Chief Growth Officer (CGO). It is expected that the new division of responsibilities and the additional appointment will be realized in the course of 2000.

Corporate Governance

The Supervisory Board is committed to promoting adoption within Nuon of the recommendations made by the Corporate Governance Committee, in accordance with the explicit provisions contained in the Shareholders' Agreement. We have found that a promising start has been made in this respect.

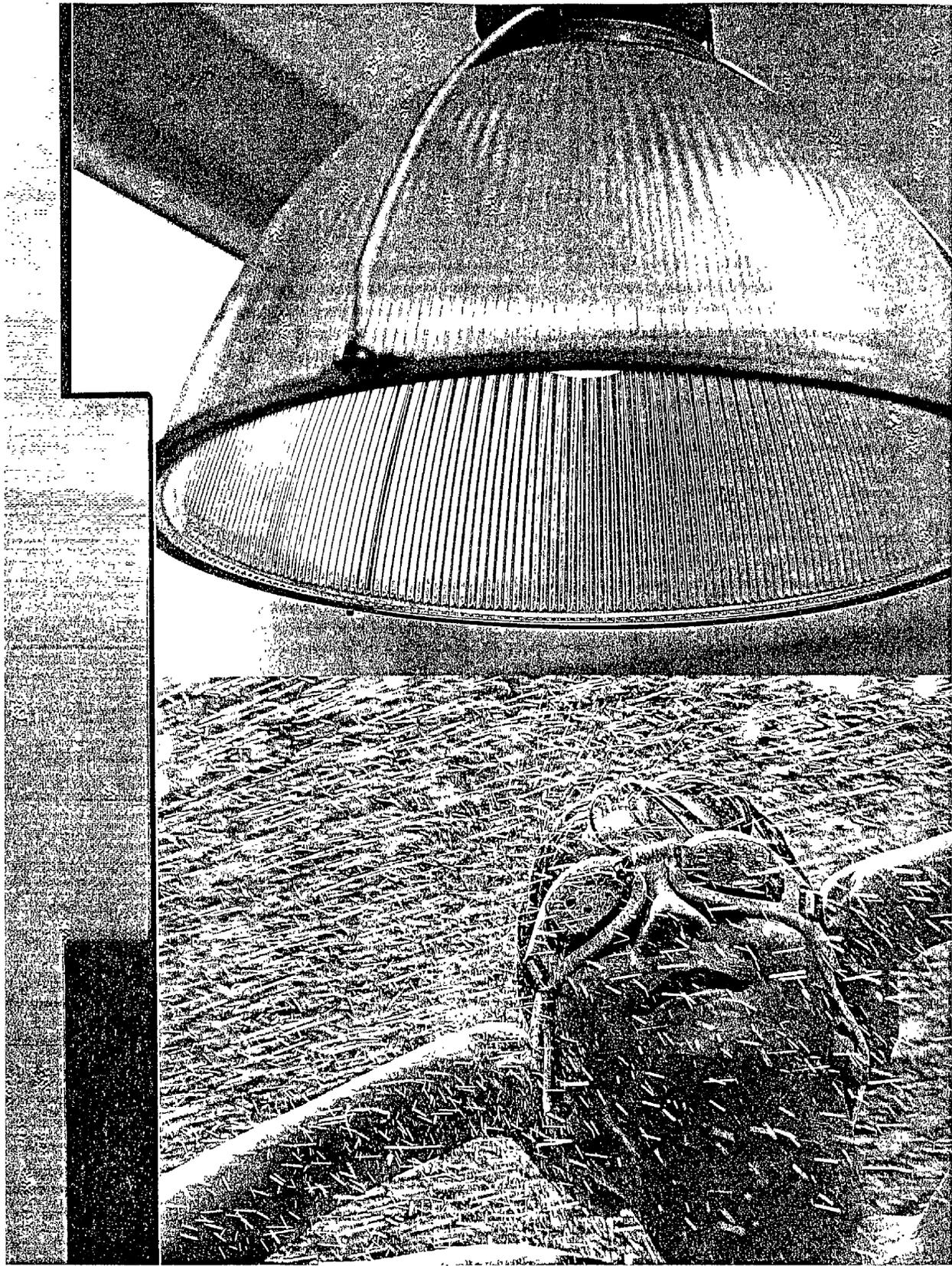
We believe that Nuon's Annual Report gives a clear and fair view of the issues and developments that are key to gaining a full understanding of the performance of our company.

We are grateful to the Board of Management and the employees for their contributions to the formation of the new company and for their commitment to the realization of our business objectives.

Baarn, May 17, 2000

The Supervisory Board





The future of energy and water

The world of energy and water is rapidly changing. Monopolies are rapidly disappearing all over the world. In the Netherlands the energy market is being gradually deregulated, and by 2004 all Dutch consumers will be free to use a provider of choice. The new market order requires companies to have sufficient scale, customer-focused value-added products and services, a good price/quality ratio, and leading edge marketing and distribution methods.

The worldwide trend toward deregulation is irreversible. In many countries the pace of liberalization is much faster than in the Netherlands. A number of countries in the European union are already fully deregulated, as is the case in parts of the United States, Latin America, Australia, and New Zealand.

A similar development can be seen in the water supply market, reflected in the granting of concessions, the creation of public-private partnerships, and even the full privatization of drinking-water services. Although not at the forefront of this trend, the Netherlands will have to hand over parts of the water supply to private companies if it is to rein in the costs of providing drinking water to the community. This will also be necessary if the unique expertise available in the Netherlands is to be freed to focus on water supplies to industry, and to contribute to resolving the world's huge water problems. The leading position Dutch water companies have built up internationally deserves a government policy that offers them the opportunity to play a meaningful role. Otherwise, the growing domestic and international markets for water will be completely dominated by foreign companies.

World market

New players are entering our market. Often these are major international companies, not all of which have their roots in the traditional energy and water market. The greater scale evident for some time in electricity production is being increasingly extended to the distribution and delivery of energy and water. As a result, a world market is being created, in which a few players are active. Major companies from countries such as France, Germany, the United Kingdom, and the United States are expanding quickly. In North Western Europe mergers and alliances are the order of the day. Those companies that want to play a major role in tomorrow's market need to take measures now.

Added value

Scale alone is simply not enough. The added value companies can offer to customers will be decisive. The price customers pay for energy and water in a free market will undoubtedly be an important factor, but it will not be the only factor. Customer choice will also be determined by the way services and products are tailored to their needs, and the total package of services on offer. That is why new players whose strength lies precisely in retailing - from banks to supermarket chains - are entering the market. This is a trend that is being observed in virtually all deregulated energy and water markets. These companies even do the delivery themselves or are entering into alliances with traditional energy and water companies.



The future
of water

Focus on key competences

The spectacular developments of recent years in the telephony and telecommunications markets are set to also take place in the energy and water markets. In five years' time this market will be unrecognizable. Successful companies will need to understand customers better than rivals, offer better quality and keener prices, respond flexibly to changes in consumer requirements, and embrace leading edge marketing and distribution methods. They will also need to concentrate more on core competences - activities in which they excel. This will result in more partnerships with companies having other core competences so that together they can offer total solutions to customers.

New methods

Technological innovation will drive the development of the energy and water markets. New technologies are emerging in such areas as renewable energy and water services. Demand from customers and the wider community for these services will rise. New methods of distribution will dominate the market, and will radically change the relationship between customers and providers. One driver will be Internet technology, which will demand specific competences from companies and employees in this market. Relentless innovation will be required.

Change

The capacity to change will prove to be a crucial core competence in many sectors, including energy and water. Companies that respond more effectively and faster to market changes, will be the most successful. The ability to change extends to all business operations: from being able to change structures and systems rapidly, to having a flexible, change-driven culture, and the right commitment from employees.

A special responsibility

Energy and water are crucial to a community, and no economy or society can do without them. This gives companies in this sector a special responsibility, both now and in the future. They must always be aware of this responsibility and act within the social context in which they operate.

The future of Nuon

In a rapidly changing world, Nuon aims to become a leading, independent, international company in the marketing, sale and distribution of energy and water and related products and services. The Company's goal is to serve millions of customers and be a market leader in the provision of sustainable products to customers.

Nuon wants to develop value-added products and services for customers, shareholders, employees, the community at large, and the environment. An integrated strategic policy focusing on the interests of all stakeholders offers Nuon the best guarantee for maintaining a strong market position in the longer term. In the coming years, Nuon wants to upgrade its performance and operations portfolio to the level of a listed company. A crucial element in this will be the transformation to a people-focused, entrepreneurial and performance-driven culture.

Integrated solutions

The role of an energy and water distributor does not stop at simple delivery to the customer's front door. Nuon will increasingly offer customers integrated energy and water solutions, in the home or the company. In the coming years, Nuon will regularly introduce new products and services which can reinforce the relationship with customers.

Broader range

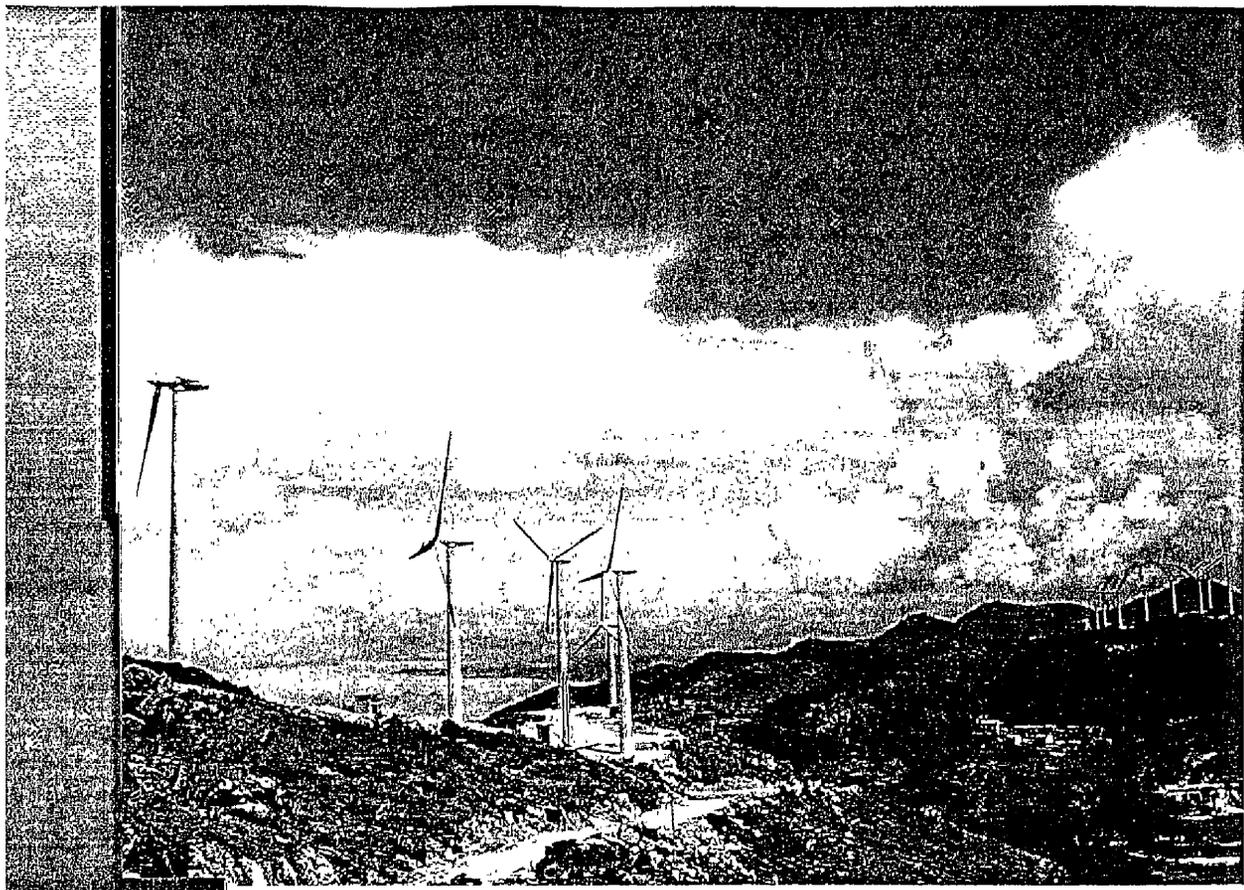
In a deregulating market, earnings from electricity and gas products will come under strong pressure. A keener purchasing policy will be required, perhaps with third parties. Even so, market developments will undoubtedly lead to smaller margins. A wider range of value-added products and services is therefore a necessity. Nuon will need to recruit new expertise to develop and market these products. From a micro-economic standpoint, the Company still needs to increase critical mass to create a platform for the responsible development of new products and services.

Renewable energy

The use of energy is a drain on scarce resources and a burden on the environment. This awareness is something that is growing in society and with customers. That is why Nuon is resolved to be at the forefront in the production and marketing of renewable energy.

A growth market in water

Sustainability and cost efficiency can go hand in hand in an integrated approach to the total water chain (from source to tap), with more competitive prices for the customer. Nuon's water operations benefit from the synergy with energy distribution, including the installation and maintenance of an infrastructure, the purchasing of materials and services, and marketing and customer service. In the Netherlands it is crucial that the government continues to recognize the advantages of this multiutility approach and gives the companies that embrace it the opportunity to develop further.



Highlights in 1999

In 1999, Nuon achieved good financial results and, in addition, made major progress towards realizing its strategic objectives.

Mergers and acquisitions in the Netherlands

In the fall of 1998, Energie Noord West nv, nv Energie- en Watervoorziening Rijnland, Gamog Gelre Flevo Holding nv and nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland decided to merge, leading to the creation of the present Nuon. After their acquisition, the companies Waterleiding Friesland and Regevo also became part of the new company. Thus a company was created that is active in a large part of the Netherlands and which has taken its first steps on the international energy and water markets. In the Netherlands, Nuon currently supplies electricity to some 2.6 million households in Noord-Holland, Zuid-Holland, Gelderland, Flevoland, and Friesland - a total market share of 38 percent. Nuon also supplies many of these customers with gas or heating. Nuon has 25 percent of the already deregulated market for industrial electricity. Despite heavy price competition in this segment, the Company's market share remained unchanged in 1999.

Nuon's water division has a customer base of more than 560,000 households in Gelderland and Friesland. The service contract with Duinwaterbedrijf Zuid-Holland (DZH) for the supply of water to some 132,000 households in and around Leiden has been renewed. This gives Nuon a 10 percent share of the Dutch water market. Further growth of the water division in the Netherlands is a priority.

In line with its strategic policy, Nuon spun off operations that did not fit in with the focus on infrastructure and retail of electricity, gas, heat, and water. This included participations in the cable companies United Telekabel Holding and GelreVision and equity holdings in the large electricity production companies EPON and EZH.

International developments

Nuon expanded its stake in North Coast Energy Inc (NCE) to a majority holding. NCE is a fast-growing gas company in the United States based in Cleveland, Ohio, and is listed on the Nasdaq Exchange.

Nuon again increased the number of international wind projects in which it is involved. On the island of Nan'ao, Nuon now operates the first and (at the time of going to press) only commercial wind park in China. In the area of renewable energy and energy-saving technology, Nuon is already active in Romania, Germany, France, the United Kingdom, Turkey, India, Mali, and South Africa.

Nuon acquired a stake in the Israeli desalination company ROTEM. The Company also entered into a joint venture with the UK's Biwater Group for the operation of drinking water and water purification concessions in a large number of countries including England, Indonesia, Chile, Mexico, South Africa, and the Philippines. This joint venture became operational in the first quarter of 2000.

Progress of integration process

The formation of the new organization following the merger has involved great efforts by many of the Company's employees. Significant progress has been made, nonetheless, toward achieving the desired structure, although the integration process has not always been smooth. Harmonizing different working methods and integrating business units is often extremely complex and has been a heavy burden on employees. For that reason 1999 has been a tough year for many at Nuon. In some cases, too, customers have felt the effects of organizational change in diminished levels of service. It is therefore imperative that this process of integration is rapidly completed.



Nuon has opted for a differentiated integration process, tailored to the requirements of the various market segments. The Large Business Market and International/Renewable Energy divisions were quickly formed and have already been fully integrated. The integration of the regional infrastructure companies, as well as the household and small business division is progressing gradually.

Nuon's infrastructure companies face significant challenges. Any company wanting to be successful in maintaining and operating infrastructures has to work toward a position in which it can refer to itself as the "best in the class". This is the reason why the infrastructure companies are making great efforts to improve quality and service and minimize costs by streamlining primary processes, introducing short lines of decision, and delegating team responsibility.

Although the market for consumers will not be fully deregulated in the Netherlands until 2004, Nuon's preparations are in full swing. New, state-of-the-art, customer service centers are being built, at present still within the four merged companies. These centers will be gradually integrated. Nuon is convinced that optimal services to the customer and good information and communications systems are crucial for effective operations in the consumer market. The "Nuon" brand is being heavily promoted via advertising, sponsoring and a powerful corporate identity. These efforts will give Nuon a competitive advantage in the free market.

The consolidation and expansion of the group can only succeed if the right employees, with the right knowledge and skills are in the right posts. To achieve this, Nuon must create an optimal working climate for employees and position itself as a highly attractive employer able to attract the most talented individuals.

At the time of the merger, a Social Plan was agreed to properly manage the substantial outflow of employees from existing jobs. In a deregulated market low process costs are essential, and as a result fewer employees are needed. In the reporting year, a strong outflow of manpower commenced, with many employees making use of the arrangements agreed between the unions and the Company. Under the Social Plan, there will be no forced redundancies, an early retirement scheme for older employees, a scheme to help redundant workers find new jobs and full support to those who will be leaving the Company. Nuon has set up a JobCenter to supervise this process.

At December 31, 1999, the headcount was 6,919 based on a 38-hour working week (at year-end 1998 7,789 including Waterleiding Friesland and Regev).

With a new organizational structure, appointments in the first management layer and clear financial objectives, control of the merged companies was rapidly achieved. Other changes require more time. The systems and the knowledge, skills and commitment of employees, will have to comply with business requirements. Nuon College, the Company's own management school, will make a significant contribution to this. All managers, from Board members to team leaders, are taught knowledge and skills enabling them to deal more effectively with the new challenges facing the Company.

Nuon's position in the free market for the purchase and sale of electricity

Nuon was able to improve its position in the free market for electricity, primarily due to its good purchasing position for 2000 and a successful marketing and sales strategy. In 1999, Nuon succeeded in achieving a balanced portfolio position. To be able to operate competitively in the long term, Nuon also invested in the further professiona-

lization and reinforcement of the purchasing group

Nuon's marketing and sales strategy to stay on the sidelines in the pricing war between a number of other players has proved to be the right decision. Nuon's strategy focuses primarily on maintaining and strengthening customer relationships by improving cooperation and services. In the outsourcing market, Nuon has acquired a number of contracts with leading business clients, in which it provides general administration and management of energy and water. By pursuing this strategy, Nuon has been able to successfully maintain its market share in the large business market.

Renewable energy

Renewable energy is key in Nuon's range of products and services. Nuon aims to achieve 10 percent renewable energy by 2010, ten years ahead of the government target of 2020. This would underline Nuon's leadership in renewable energy in the Netherlands and put Nuon ahead of national standards and its rivals. The Financial Times nominated Nuon "Best Global Renewable Energy Company" for 1999.

New investments in renewable energy generation capacity include Windpark Almere, the biomass plant in Lelystad, and many new solar power plants for customers of natural energy. We doubled our solar power plant capacity in 1999.

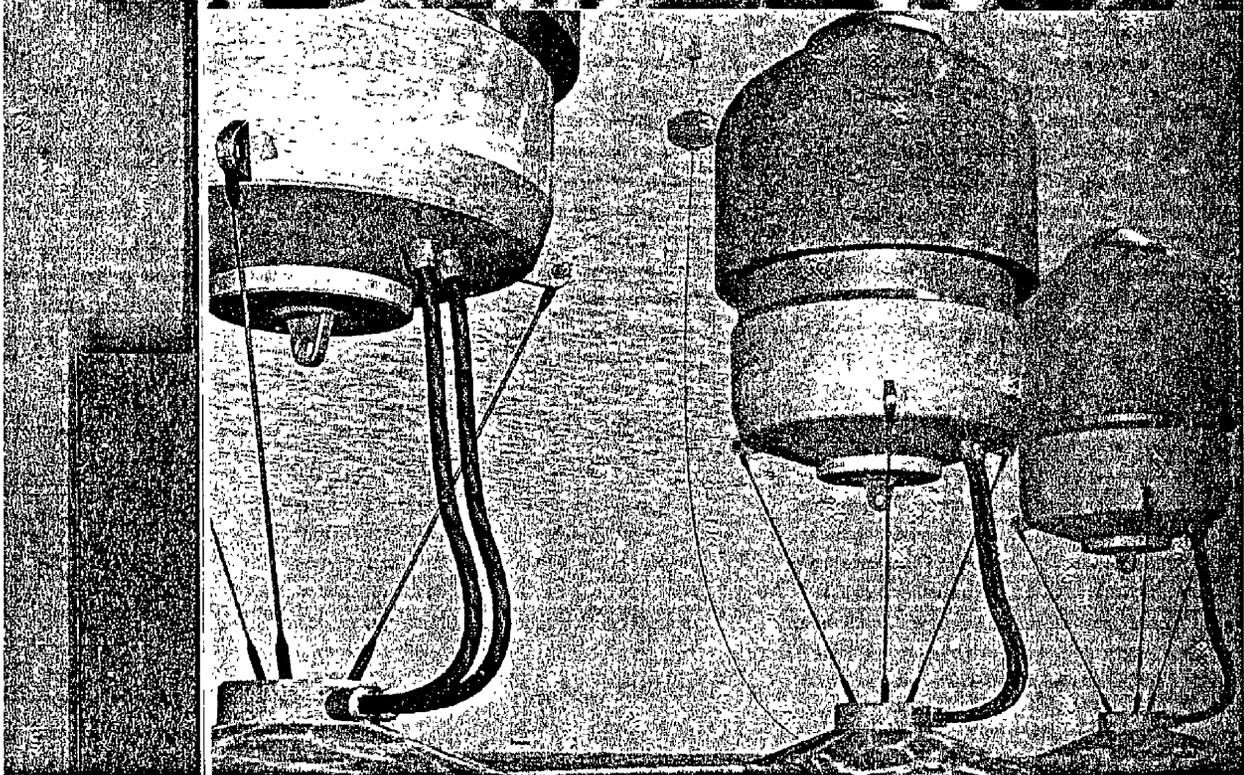
The number of natural energy customers doubled for the third successive year. Nuon has decided to participate in a pilot project off the coast of Portugal, known as the Archimedes Wave Swing, in which wave energy is used to generate electricity. Since recently, Nuon has been participating in the REEF fund, together with organizations such as the IFC, the commercial arm of the World Bank. This fund invests in renewable energy projects all over the world. As the only Dutch energy company in

this fund, Nuon is well positioned to take part in such projects. Nuon also provides assistance in resolving the bottlenecks obstructing the realization of renewable energy in the Netherlands. Nuon has presented a plan to the Dutch Economic Affairs Minister, Mrs. Jorritsma, to encourage local authorities to promote the installation of windmills.

HRM policy

The dynamism of the market in which Nuon will operate in the coming years offers immense opportunities for talented employees to develop and achieve their career ambitions. This makes Nuon an extremely attractive employer able to attract the most talented people. Nuon's HRM policy is twofold: employee development and the full introduction of an individual performance culture. Market changes require present employees to develop new skills, as well as the recruitment of new employees. In 1999, the management of Nuon was successfully reinforced. A new appraisal method was also introduced, which contributed to embedding a performance mentality. A plan was also implemented linking value creation to the development of employee competences. This integrated approach to value creation, performance management, and competence management, will give talented employees the opportunity to develop at every level in the organization.





Nuon in 2000

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In 2000, Nuon will be pursuing an ambitious program aimed at accelerating growth and creating significant value for all stakeholders. The program contains the following concrete components:

- completion of the organizational integration of the four original merger companies, mainly by creating an integrated infrastructure division, customer care centers, and the integration of a number of business units;
- completion of the change in management direction, to bring Nuon's structure fully in line with the chosen strategy;
- further enhancement of skills required for the free market, including dedicated recruitment;
- further reinforcement of the management and the creation of a people-focused, performance culture;
- growth in energy and water through domestic and cross-border acquisitions and mergers;
- broadening the range of products and services with added value for our customers through alliances with or acquisitions of providers of such products or services;
- achieving a 10 percent reduction in costs;
- relocation of the head office from Baarn to Amsterdam.

These efforts will result in Nuon making substantial progress toward the realization of its strategic policy, the results of which will become visible in the course of 2000. This will be reflected in further growth in sales and income. In spite of the anticipated issue of new shares to help drive growth, earnings per share from normal operations will at the very least remain unchanged.



Financial results

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The main event of 1999 was the creation of the new group, with a strong focus being placed on integration and harmonization. Simultaneously, the various units had to turn in their normal performances. A key element of this operation was harmonization in the financial area, resulting in uniform accounting principles, financial reporting systems, financial concepts, and procedures. The standardization of accounting principles decided upon as a result of the merger was implemented during 1999. This also brought the Company in line with the national and international depreciation periods commonly used in the industry. Where applicable, the figures for 1998 have been adjusted to reflect the changes in accounting principles mentioned above.

Sales

Net sales in 1999 were NLG 7.3 billion (1998: NLG 7.4 billion). The decline was mainly attributable to lower gas and electricity volumes due to the mild winter weather.

Margin

The liberalization of the energy market and the associated regulations affect our operations. The industrial user market has been deregulated and the energy rates for 2000 for the other markets have been frozen at the 1996 level. Price levels for water are also controlled. In the deregulated energy segments we were already confronted in 1999 with a strong downward pressure on prices. In 1999, Nuon primarily conducted a margin policy that proved to be successful. New contracts more than offset the loss of existing customers. The overall gross margin improved in 1999 by 9 percent compared to 1998. As a result of competitive purchasing, gross margins on electricity were up 4 percent, despite a decline in sales of more than NLG 50 million relative to 1998. The gross margin on gas improved slightly, principally as a result of a new purchasing contract concluded with Gasunie. As a consequence of the acquisition of Waterleiding Friesland the gross margin on water improved considerably. As Waterleiding Friesland is a fully

sales-related purchasing costs of water are obviated. The gross margins in the other sectors remained virtually unchanged. Maintaining a proper balance between purchasing and sales activities is increasingly becoming a strategic core competence for Nuon in a liberalizing market. The results achieved in this respect 1999 gives us reason for confidence in the future.

Costs

Operating costs in 1999 aggregated NLG 2.2 billion (1998: NLG 2.1 billion). Aside from NLG 0.6 billion for depreciation, the major cost segments were NLG 0.7 billion for work contracted out and NLG 0.8 billion for staff costs. Strict control of these costs has a high priority for the Company.

Income from normal operations

Income from normal operations increased NLG 139 million to NLG 599 million, or 8.3 percent of sales (1998: 6.2 percent).

Extraordinary items

Our focus on core business and the transformation of the Company resulted in measures having a direct influence on earnings. This primarily relates to the divestment of companies that did not form part of our core business, notably the sale of the GelreVision cable business and our 49-percent share in United Telekabel Holding. In conformity with the merger agreements these divestments led to an adjustment of the share ratios of the contributing former companies Gamog and NUON. The net proceeds from these divestments were more than NLG 300 million.

Interests in the large-scale electricity production companies EPON (50 percent) and EZH (12.6 percent) were sold for NLG 1.8 billion. As the proceeds were received in the first quarter of 2000, the amount has been carried forward on the balance sheet under receivables. In conformity with the merger agreements these sales will accrue to the contributing former parties NUON and EWR.

will be effected in the course of 2000

In addition, extraordinary gains were achieved from a number of cross border lease contracts with net proceeds of NLG 213 million.

Extraordinary losses primarily relate to a significant addition of NLG 0.7 billion to the restructuring costs provisions, notably for the Social Plan (1999-2003) as agreed upon during the merger negotiations. This addition completed the provisions needed for the implementation of the Social Plan. On balance, extraordinary items amounted to a gain of NLG 1,549 million.

Standardization of accounting policies

Upon the merger a new system of accounting policies was adopted. The corresponding adjustment of the value of various balance sheet items is mentioned in these financial statements. The net effect of the adjustments is NLG 122 million, principally attributable to lower depreciation costs in 1999.

Corporation tax

Effective January 1, 1998, the Dutch Corporation Tax Act also became applicable to energy companies. Upon the implementation of this act it was decided that as a transitional measure a zero rate would be applied for the years 1998, 1999, 2000, and 2001.

Following the implementation of this tax rule, a fiscal opening balance sheet was drawn up at January 1, 1998. In this fiscal opening balance sheet all assets and liabilities are valued at their economic value. For the valuation of property, plant and equipment the so-called "Troostwyk method" was used. This method is based on replacement value adjusted for economic and technical obsolescence with an assessment being made by an external expert to ensure objectivity. Frequent consultations on the opening balance sheet are taking place between EnergieNed and the Dutch tax authorities. These discussions have resulted in a conditional acceptance of this method by the Dutch tax authorities.

The fiscal opening balance sheet forms part of the

soon. It is expected that it will take quite some time before the tax authorities have assessed the tax statement and absolute certainty can be obtained concerning the tax authorities' opinion on the opening balance sheet.

The value of notably property, plant and equipment included in this balance sheet is higher than the book value as included in the financial statements. This difference will be amortized over several years and will consequently result in fiscally lower results. Taking account of the above-mentioned circumstances and the transitional tax rate, the calculation of the corresponding deferred tax asset has been conservative, as only 75 percent of the face value of the tax asset has been included.

Net income before taxes

Net income in 1999 amounted to NLG 2,150 million. As the effective corporation tax burden is 0% for virtually all our operations, the earnings are almost fully available after taxes.

Workforce

At December 31, 1999, the number of fte's was down 870. Nuon's own job center ensures that the decrease in the number of employees can be achieved in a socially responsible manner. Nuon attaches great value to its role as a responsible and modern employer, also for those employees whose continuity of employment with Nuon can no longer be guaranteed.

Solvency

Nuon's policy has exerted a major influence on the Company's solvency ratio, which was 46.9 percent at year-end 1999. This means that our strong balance sheet position can support an active acquisition policy in line with our strategy.

Investments

In 1999, gross expenditures for property, plant and equipment aggregated NLG 973 million. Gross expenditures do not include installation contributions and subsidies received in the amount





approximately 85 percent relates to infrastructural expansion and replacement projects

Financing

The new company has adopted a central financing approach through a treasury department, which has policy-making and executive tasks in the areas of interest management and financing and investment matters. All borrowings are centrally controlled. Limited use is made of interest derivatives

Nuon uses green financing facilities in the amount of approximately NLG 230 million, including ELA-VAMIL leases. The funds obtained are used for national and international renewable energy projects.

Credit facilities available to Nuon aggregate NLG 1.6 billion. Of this amount, NLG 534 million has been used. There are no limiting conditions.

The net interest burden relating to operational activities was NLG 299 million in 1999.

During the year three major cross border transactions were concluded.

Borrowings

At January 1, 1999, the principal amount of the borrowings outstanding was more than NLG 4.1 billion. In 1999, NLG 515 million was repaid regularly and NLG 437 million at an earlier date. The early redemptions were, in part, made possible by the proceeds from the divestment of participations. In 2000 the regular repayments will aggregate NLG 331 million. The average interest rate of the subordinated loans and green borrowings is 6.6 percent.

At December 31, 1999, short-term borrowings totaled NLG 484 million. These borrowings consist of commercial paper, cash and call loans. These short-term borrowings enable Nuon to adequately cover the fluctuations in the daily financing needs.

Risk management

The creation of the new company has also led to the appointment of a risk manager, whose tasks include assessing risks, providing advice on new operations, and establishing procedures to control all kinds of risks, especially with regard to significant trading positions in liberalized markets. As far as the concluded cross border transactions are concerned, the ensuing risk management obligations will be closely monitored from a risk management point of view.

Transition to new millennium

The millennium measures taken were successful. Extensive monitoring and control provided extra certainty during the transition. The emergency plans were not needed.

Introduction of the euro

A great deal of attention is being focused on the introduction of the euro and preparations are under way for a coherent approach. Nuon did not opt for an early introduction of the euro. During a transitional period invoices will also be drawn up in euros to familiarize customers with the new currency.

Dividend and special profit rights

In the Merger Agreement the following clauses were included concerning the dividend policy and special profit rights relating to the year 1999:

- Article 3.2 on the dividend for 1999: 35 percent of net income from normal operations, of which 20 percent in cash and 15 percent as stock dividend.
- Appendix 3.1 concerning special profit rights for 1999: NLG 12.1 million for the Municipality of Amsterdam and NLG 3.4 million for the Municipality of Haarlem.

The Merger Agreement includes detailed arrangements on the dividend policy up to and including the year 2003 and special profit rights for the years through 2004.



Events after the balance sheet date

The following events that may have a major effect on the valuation of the Company have occurred

- An increase in the shareholding in North Coast Energy Inc. (NCE). In the first quarter of 2000 we increased our stake in NCE, a Nasdaq-listed energy company engaged in the exploration and exploitation of gas fields. Nuon now holds 94 percent of the shares. NCE recently acquired the gas company Peake Energy Inc. (United States). Peake is active in West Virginia and Kentucky and has considerable gas reserves consisting of a total of 1,900 wells.

- Joint venture with Bewater Capital, a company established in Great Britain and worldwide active in the drinking water and wastewater markets. Our shareholding is 50 percent. The joint venture has operations in the United Kingdom, Chile, Mexico, South Africa, the Philippines, Indonesia, and other countries.

- A participation in the REEF program (renewable energy projects in cooperation with such agencies as the commercial branch of the World Bank, CIP)

- A bid for all outstanding shares of nv GGR-Gas in Tiel. Shareholders of GGR can convert part of their interests into Nuon shares. Meanwhile, GGR's Managing Board and Supervisory Board have accepted the bid. A final decision of GGR's shareholders is expected in the second quarter of 2000.

Outlook for 2000

In 2000 Nuon's main focus will be on continuing the integration and rationalization processes, which will result in major cost efficiencies. The management structure will also be brought into line with the strategy and the requirements of the market. In addition, the Company will concentrate on achieving its growth targets both in the Netherlands and abroad. Central to this will be greater scale and a wider and deeper range of energy and water products and services. We will also have to take into consideration possible statutory and regulatory changes in specific areas of our operations.

Baarn, May 17, 2000

The Board of Management

Supervisory Board

The list of Supervisory Board members is arranged alphabetically. The year of birth of each member is indicated in brackets behind the surname. This is followed by the term of office (in conformity with the retirement schedule), current key positions, supervisory board positions and additional positions - insofar they have a bearing on the duties of the Supervisory Board member.

J. C. Boxem (1951)

Appointed in 1999, current term 1999 - 2000
Position: Member of the Provincial Executive for Gelderland

P. F. van der Heijden (1949)

Appointed in 1999, current term 1999 - 2000
Position: Professor in Labor Law at the University of Amsterdam's Law Faculty; Director of the Hugo Sinzheimer Institute for research on labor and law (University of Amsterdam); Chairman of the Amsterdam Institute for Advanced Labor Studies ALIAS (University of Amsterdam)
Supervisory Board memberships: Chairman of the Supervisory Board of Hydro Agri Rotterdam bv, Member of the Supervisory Board of ING Groep nv, Member of the Supervisory Board of Isover bv, Member of the Supervisory Board of Nederlandse Radiatorenfabriek bv; Member of the Supervisory Board of Smit Internationale nv
Additional positions: Chairman of the Stichting Van de Raadt Samenwerkende Bouwbedrijven nv; Member of the Council for Public Administration (ROB); Independent Member (deputy) of the Social and Economic Council; Deputy Justice of the Amsterdam Court of Justice

G. ter Horst (1952)

Vice-Chairman

Appointed in 1999, current term 1999 - 2000.
Position: Alderman for the Municipality of Amsterdam.
Supervisory Board memberships: Chairman of the Supervisory Board of nv Afvalverwerkingsinrichting

gemeente Amsterdam, Vice-Chairman of the Supervisory Board of nv Watertransport-maatschappij Rijnkennemerland WRK.

S. Jansen (1957)

Appointed in 1999, current term 1999 - 2001.
Position: Member of the Provincial Executive for Friesland.
Additional positions: Member of the Committee for Drinking Water Supply for the Department of Housing, Regional Development and the Environment, Member of the Integrated Water Management Commission of the Ministry of Transport, Water Control and Public Works

J. Kamminga (1947)

Appointed in 1999, current term 1999 - 2001.
Position: Queen's Commissioner for Gelderland.
Supervisory Board memberships: Member of the Supervisory Board of ING Groep nv, Member of the Supervisory Board of Noordelijke Dagblad Combinatie bv

L. Koopmans (1943)

Appointed in 1999, current term 1999 - 2001.
Position: Professor/Advisor
Supervisory Board memberships: Chairman of the Supervisory Board of SFB Holding nv, Chairman of the Supervisory Board of HIT Groep bv, Chairman of the Supervisory Board of Siels Groep Oldenzaal bv; Chairman of the Supervisory Board of Burgfonds bv; Vice-Chairman of the Supervisory Board of Nimox nv, Member of the Supervisory Board of Huntsman ICI Holland bv, Member of the Supervisory Board of IHC Holland nv; Member of the Supervisory Board of Robeco Groep nv; Member of the Supervisory Board of Arriva nv
Other positions: Member of the Board of Governors of Rabobank Nederland, Delegate Governor of the Stichting TBI Fonds, Governor of Algemeen Burgerlijk Pensioenfonds, Member of the Supervisory Council of TNO, Governor of Stichting Bescherming KPN, Governor of Stichting



Bescherming TNT Post Groep, Governor of Stichting Administratiekantoor Cum Prefs Getronics

S. J. P. Lyczak (1951)

Appointed in 1999, current term 1999 - 2002.
Position: Alderman for the Municipality of Alphen aan den Rijn
Supervisory Board memberships:
Watermaatschappij Zuid-Holland Oost.

J. B. Th. Manschot (1942)

Appointed in 1999, current term 1999 - 2002.
Position: Chairman of the Board of Management of Atag Group nv
Supervisory Board memberships: Chairman of the Supervisory Board of Buco nv; Chairman of the Supervisory Board of Accell Group nv, Member of the Supervisory Board of Almanova Holding bv; Member of the Supervisory Board of Nedcon Groep.

H. M. Meijdam (1961)

Appointed in 1999, current term 1999 - 2003.
Position: Member of the Provincial Executive for Noord-Holland

W. Meijer (1939) Chairman

Appointed in 1999, current term 1999 - 2003
Position: Chairman of the Board of Governors of Rabobank Nederland.
Supervisory Board memberships: Chairman of the Supervisory Board of PCM Uitgevers nv; Member of the Supervisory Board of Ned. Fin. Mij voor Ontwikkelingslanden nv, Member of the Supervisory Board of Nederlandse Onderneming voor Energie en Milieu bv; Member of the Supervisory Board of TBI Holdings bv; Member of the Supervisory Board of Relan.
Other positions: Member of the Supervisory Council of Deloitte & Touche Holding bv; Chairman of Supervisory Council of NOS
Mr Meijer is former state-secretary of Culture, Recreation and Social Work in the cabinet of Dutch

prime minister Den Uyl (1973-1977) and former Queen's Commissioner for Drenthe

M. Minderhoud (1946)

Appointed in 1999, current term 1999 - 2002
Position: former Member of the Board of Management of ING Group nv and former Chairman of the Board of Management of ING Bank nv.
Supervisory Board memberships: Member of the Supervisory Board of Twijnstra Gudde Groep, Member of the Supervisory Board of Libertel nv; Member of the Supervisory Board of Blauwhoed nv; Member of the Supervisory Board of Heembouwgroep bv; Member of the Supervisory Board of Hypotrust bv, Member of the Supervisory Board of De Hypothekers Associatie bv
Other positions: Chairman van Vodafone Airtouch International Holdings bv; Chairman of Vodafone Airtouch Europe bv, Governor of Trust Offices of several Dutch companies.

J. H. Schraven (1942)

Appointed in 2000, current term 2000 - 2004.
Position: Chairman of Dutch Employers' Association VNO/NCW
Other positions: Member of Executive Committee of ICC Nederland; Governor of Dutch-British Chamber of Commerce; Governor of Stichting Maatschappij en Onderneming, Governor of Dutch Arbitration Institute.

H. Zwarts (1940)

Appointed in 1999, current term 1999 - 2003
Position: President of Randstad Holding nv.
Supervisory Board memberships: Chairman of the Supervisory Board of DHV Beheer bv, Chairman of the Supervisory Board of Rijnconsult Holding bv; Member of the Supervisory Board of SDU nv.
Other positions: Governor of Dutch-German Chamber of Commerce; Member of Advisory Council of ABN AMRO Bank.

Financial Results 1999



Key figures

(consolidated figures)

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Financial figures (in NLG million)	1999	1998	
Net sales	7,254	7,425	
Gross margin	2,837	2,591	
Income from normal operations	599	460	
Income after taxes	2,150	501	
Expenditures for property, plant and equipment	973	827	
Cash flow	2,705	1,110	
Property, plant and equipment	11,060	10,128	
Shareholders' equity	8,177	6,056	
Balance sheet total	17,439	15,124	
Shareholders' equity as % of balance sheet total (solvency)	46.9%	40.0%	
Gross margin in % of sales	39.1%	34.9%	
Income from normal operations in % of sales	8.3%	6.2%	
Operating costs in % of sales	30.3%	28.6%	
Property, plant and equipment in % of sales	76.8%	83.5%	
Income from normal operations per share, in NLG	5.77	4.43	
Net income per share, in NLG	20.71	4.83	
Workforce (at December 31)			
Number of employees, in fte's	6,919	7,360	
Sales			
Electricity	GWh	26,951	26,691
Gas	x 1 million m ³	6,002	5,999
Heat	x 100 TJ	44	36
Water	x 1 million m ³	97	53
Customers (at December 31)			
Electricity		2,608,516	2,540,242
Gas		1,910,749	1,800,649
Heat		57,208	53,924
Water		560,944	283,248
Renewable energy			
Renewable energy generated	GWh	560	508

The 1998 balance sheet figures relate to the situation at January 1, 1999, after adjustment of the accounting principles. Insofar as applicable, the 1998 statement of income figures have been adjusted to reflect the effects of the standardization of the principles of valuation of assets and liabilities and of determination of income.

Consolidated balance sheet after allocation of income

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Assets	31-12-1999		01-01-1999		31-12-1999	
	NLG million	NLG million	NLG million	NLG million	EUR million	EUR million
Noncurrent assets						
Intangible noncurrent assets		635		405		288
Property, plant and equipment		11,060		10,128		5,019
Financial noncurrent assets		1,695		2,094		769
		13,390		12,627		6,076
Current assets						
Inventories	106		105		48	
Receivables and transitory items	3,940		2,250		1,788	
Cash and cash equivalents	3		142		2	
		4,049		2,497		1,838
Total assets		17,439		15,124		7,914
Equity and liabilities						
Shareholders' equity		8,177		6,056		3,711
Minority interest		19		2		8
		8,196		6,058		3,719
Equalization accounts		1,651		1,409		749
Provisions		2,093		876		950
Long-term debt		3,013		3,598		1,367
Short-term borrowings and deferrals		2,486		3,183		1,129
Total equity and liabilities		17,439		15,124		7,914

Consolidated statement of income

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Year	1999		1999	
	NLG million	NLG million	EUR million	EUR million
Net sales	7,254		3,291	
Purchasing costs	4,417-		2,004-	
Gross margin		2,837		1,287
Capitalized production for captive use	189		86	
Other operating income	73		33	
Gross margin and other operating income		3,099		1,406
Costs of work contracted out and other external costs	745-		338-	
Staff costs	775-		352-	
Amortization and depreciation	555-		252-	
Other operating costs	126-		57-	
Total operating costs		2,201-		999-
Operating income		898		407
Interest received and similar income	43		19	
Interest paid and similar expenses	342-		155-	
		299-		136-
Income from normal operations		599		271
Corporation tax		0		0
Income after taxes		599		271
Earnings from nonconsolidated companies		2		1
Group income		601		272
Minority interest		0		0
Net income before extraordinary items		601		272
Extraordinary items after taxes		1,549		703
Net income		2,150		975

Consolidated statement of cash flows

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Year	1999		1999	
	NLG million	NLG million	EUR million	EUR million
Cash flow from operational activities				
Net result after taxes	2,150		975	
Amortization and depreciation	555		252	
Cash flow		2,705		1,227
Provisions from acquisitions	78		35	
Other changes in provisions	1,139		517	
Changes in working capital	2,387-		1,083-	
		1,170-		531-
Cash flow from operational activities		1,535		696
Cash flow from investment activities				
Property, plant and equipment from acquisitions	930-		422-	
Investments/divestments in PP&E	873-		396-	
Investments/divestments in financial noncurrent assets	421		191	
Installation contributions, investment premiums and subsidies from acquisitions	34		15	
Other installation contributions, investment premiums and subsidies	272		124	
Change in minority interest in equity of Group companies	17		8	
Cash flow from investment activities		1,059-		480-
Cash flow from financing activities				
Long-term debt of acquisitions	190		86	
Other additions from long-term debt	279		127	
Repayment of long-term debt	952-		432-	
Currency translation differences	3		1	
Proposed dividend and special profit rights	135-		61-	
Cash flow from financing activities		615-		279-
		139-		63-
Cash and cash equivalents at January 1		142		64
Cash and cash equivalents at December 31		3		1

Notes to the consolidated balance sheet and statement of income

(in NLG million unless stated otherwise)

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General

Merger

On December 18, 1998, nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland, Energie Noord West nv, nv Energie en Watervoorziening Rijnland (EWR), GAMOG Gelre Flevo Holding nv and nv NUON ENW signed a letter of intent that constituted the basis for a final merger agreement concluded on May 31, 1999, with retroactive effect from January 1, 1999.

Within the scope of the merger the merger partners mentioned below created on December 17, 1998, in Amsterdam nv NUON ENW (now nv Nuon), which company is the holding company. At the time of the merger 100,000,000 bearer shares were issued.

The fusion of interests relates to the following companies:

- nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland in Arnhem
- Energie Noord West nv in Amsterdam
- nv Energie en Watervoorziening Rijnland (EWR) in Leiden
- Gamog Gelre Flevo Holding nv in Zutphen.

The merger qualifies as a fusion of interests.

Comparative figures

The comparative figures at January 1, 1999, included in the balance sheet are the combined figures of the aforementioned merger partners at December 31, 1998, taking account of the uniform accounting principles employed with effect from January 1, 1999.

Consolidation principles

The consolidated financial statements include the financial figures of nv Nuon and its group companies. The assets, liabilities and results of these companies are fully included in consolidation. Minority interest in group equity and group income is mentioned separately. The list with data on equity interests, as contemplated in sections 379 and 414 of Book 2 of the Netherlands Civil Code, has been filed with the Trade Registry in Amsterdam. Under "Other Information" in this Annual Report of nv Nuon a list of the major affiliated companies is included. In conformity with section 403 of Book 2 of the Netherlands Civil Code the Company has accepted joint and several liability for contractual debts of the affiliated companies designated as such under "Other information". Pursuant to section 402 of Book 2 of the Netherlands Civil Code a condensed version of the statement of income is presented.

Principles of valuation and determination of income

Effective January 1, 1999, uniform principles have been laid down within the scope of the merger. The effects of the accounting principles relative to the principles used so far are included in equity at January 1, 1999. The effects of the adjustments of the principles on shareholders' equities of the merger partners at January 1, 1999, are as follows:

	31-12-1998	effects	01-01-1999
• nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland	1,605	1,660	3,265
• Energie Noord West nv	795	1,213	2,008
• nv Energie en Watervoorziening Rijnland (EWR)	267	384	651
• Gamog Gelre Flevo Holding nv	177	9-	168
	2,844	3,248	6,092

It should be noted that the figures mentioned under December 31, 1998, relate to the shareholders' equities of the merger companies at this date.

The effects of the adjustments of the accounting principles can be specified as follows:

• Property, plant and equipment and equalization accounts	1,984
• Deferred tax assets	1,356
• Other	92-
	3,248

Below is a summary of the major principles of valuation and determination of income based on the historical cost principle.

Principles of valuation for the balance sheet

Intangible noncurrent assets

Intangible noncurrent assets relate to goodwill, which upon the acquisition of a company is determined as the difference between cost of acquisition and the Nuon share in the net asset value of that company.

Property, plant and equipment

Property, plant and equipment is valued at cost of acquisition or cost of construction increased by interest during the construction period and decreased by depreciation, or at lower indirect realizable value.

Financial noncurrent assets

The interests in group companies are valued at net asset value. Other interests and securities are valued at the lower of cost of acquisition or market value. The deferred tax assets relating to temporary differences between the fiscal and economic value of assets and liabilities are calculated on the basis of the applicable corporation tax rates. Deferred tax assets are included to the extent that it can reasonably be assumed that they can be offset against taxes due in the coming years.

Inventories

Inventories are valued at the latest purchase prices known. Provisions are made for obsolescence.

Receivables

Receivables are valued at face amounts, less such provisions as are considered necessary for bad debts.

Provisions

Provisions for the insurance contribution for medical expenses of post-active employees are computed on an actuarial basis. Provisions for obligations under wind turbine contracts are calculated at their net present value, assuming a standardized wind year. The Environmental Action Plan provisions are calculated at face amounts, with an interest addition for the portion not yet spent. The provisions for restructuring, environmental costs, cross border lease and the other provisions are calculated at face amounts.

Other assets and liabilities

Unless otherwise stated above, assets and liabilities are valued at their face amounts.

Principles for the determination of income

General

Income and expenses are allocated to the year to which they relate.

Net sales

Sales revenues are accounted for on the basis of the total amount of energy (electricity, gas and heat) and water supplied to customers, measured during the year, as well as other energy- and water-related products and services. The sales data for large customers are obtained from monthly meter readings. The supplies to domestic consumers not yet invoiced are estimated on the basis of experience rates. Value-added tax and regulatory energy taxes are not included in net sales.

Capitalized production for captive use

Capitalized production for captive use includes the Company's own operating costs for the production of property, plant and equipment. They are mainly staff costs.

Other operating income

Other operating income includes the proceeds from other services provided. This item also includes the regulatory energy tax that is levied on renewable energy and does not have to be paid to the tax authorities.

Amortization and depreciation

Intangible noncurrent assets and property, plant and equipment are amortized and depreciated on a straight-line basis over their cost of acquisition and estimated useful lives. This item also includes the amortization of equalization accounts. This amortization is calculated over the useful lives of the property, plant and equipment to which the equalization accounts relate. Book profits or losses on disinvestments are also included in amortization and depreciation.

Foreign currencies

Any balance sheet items in foreign currencies are converted at the official rates of exchange at the balance sheet date. Foreign exchange differences relating to noncurrent assets are directly added to or deducted from equity. All other foreign exchange differences are included in income.

Interest received and paid

Any results relating to financial instruments are accounted for under this item. In case of sale or settlement of financial instruments the difference between book value and proceeds is included in income. Gains relating to early settlement of financial instruments are capitalized and included in proportion to the original remaining maturity. Penalty interest and other charges relating to early settlement of financial instruments are fully charged to income for the year.

Taxes

Effective January 1, 1998, nv Nuon and its Dutch energy subsidiaries became liable to pay corporation tax. Pursuant to the applicable transitional scheme the corporation tax rate for energy distribution companies has been fixed at 0 percent up to and including the year 2001. The drinking water companies are exempted from paying taxes. The other companies were already liable to pay corporation tax.

Statement of cash flows

The cash flow statement on page 27 has been drawn up according to the indirect method and relates to the period January 1 through December 31, 1999.

Notes to specific balance sheet items

Intangible noncurrent assets

Situation at January 1, 1999	
Cost of acquisition	529
Cumulative amortization	124
Book value	405
Changes in book value	
Investments	291
Depreciation	61 -
Balance	230
Situation at December 31, 1999	
Cost of acquisition	820
Cumulative depreciation	185
Book value	635

The intangible assets relate to goodwill, for which the following amortization periods are used:

- 15 years for energy and water companies
- 10 years for other acquisitions.

Property, plant en equipment

	Buildings and land	Plant equipment and machinery	Other equipment	Constuction in progress and prepayments on projects	Assets not used in production process	Total
Situation at Jan. 1, 1999						
Cost of acquisition	1,353	15,008	164	210	23	16,758
Cumulative depreciation	509	6,013	101	0	7	6,630
Book value	844	8,995	63	210	16	10,128
Changes in book value						
Acquisitions	65	448	99	5	0	617
Investments	32	706	146	89	0	973
Disinvestments	11-	51 -	20 -	3-	8-	93-
Depreciation	32-	433 -	99 -	0	1-	565-
Balance	54	670	126	91	9-	932
Situation at Dec. 31, 1999						
Cost of acquisition	1,439	16,111	389	301	15	18,255
Cumulative depreciation	541	6,446	200	0	8	7,195
Book value	898	9,665	189	301	7	11,060

The following depreciation periods are used.

- 40 years for buildings*)
 - 10 - 40 years for plant equipment and machinery
 - 3 - 15 years for other equipment and assets not used in the production process
- *) Land is not depreciated.

During the year under review and in previous years cross border lease transactions were effected, including lease and leaseback transactions relating to gas networks in Friesland, Gelderland, Flevoland, Utrecht, Noord-Holland and Zuid-Holland, as well as to heat networks in Gelderland and Flevoland. These assets with a book value at year-end 1999 of NLG 2.3 billion have been leased long term to third parties, which in their turn have leased back these assets to the group companies concerned. At the end of the leaseback periods agreed upon, which expire between 2017 and 2028, the group companies will be entitled to buy the lease rights from these third parties. The assets concerned are included in the balance sheet in accordance with the accounting principles used for other property, plant and equipment. The proceeds from the cross border lease transactions were accounted for in the years when the transactions were concluded less a provision for future costs, including the purchase of the lease rights.

A lease and leaseback transaction concluded in 1998 has resulted in contractual obligations and rights with a present value of NLG 619 million. As a consequence of sale and leaseback transactions the legal ownership of part of the Company's property, plant and equipment has been transferred to third parties. As the economic ownership has been retained, these assets are accounted for in the same way as the property, plant and equipment of which nv Nuon has legal and economic ownership.

Financial noncurrent assets

	Affiliated companies	Receivables from affiliated companies	Deferred tax assets	Other securities	Other receivables	Total
Situation at Jan. 1, 1999	390	209	1,356	54	85	2,094
Acquisitions	1	-	-	-	21	22
Investments	16	3	-	11	51	81
Divestments	340	103	-	36	19	498
Equity in earnings	2	-	-	6	-	4
Situation at Dec. 31, 1999	69	109	1,356	23	138	1,695

Inventories

	31-12-1999	01-01-1999
Raw and auxiliary materials	67	74
Finished products and work-in-progress	39	31
	106	105

Receivables and prepayments and accrued income

	31-12-1999	01-01-1999
Customers	693	690
Affiliated companies	5	683
Securities	18	-
Other receivables	2,872	580
Prepayments and accrued income	352	297
	3,940	2,250

Shareholders' equity

Details of changes to shareholders' equity are given in the Notes to the Company balance sheet on page 40

Minority interests in group companies

Situation at January 1, 1999	2
Divestments	1 -
	1
New acquisitions	18
Situation at December 31, 1999	19

Newly affiliated companies are mainly minority interests in North Coast Energy Inc.

Equalization accounts

This concerns installation contributions, investment premiums and subsidies.

Situation at January 1, 1999	1,409
Acquisitions	34
Installation contributions, investment premiums and subsidies	272
	1,715
Amortization to the statement of income	64 -
Situation at December 31, 1999	1,651

Provisions

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	Situation 01-01-1999	Acquisitions	Additions	Interest accruals	Deductions	Situation 31-12-1999
Medical expenses of post-active employees	129	17	13	3	28	134
Obligations under wind turbine contracts	48	-	-	2	16	66
Restructuring costs	486	48	723	-	157	1,100
Environment Action Plan (MAP)	111	6	84	3	91	113
Environmental costs	50	-	10	-	0	60
Cross border leases	3	-	32	-	-	35
Divestments	-	-	536	-	-	536
Other	49	7	1	-	8	49
	876	78	1,399	8	268	2,093

Long-term provisions amount to NLG 1.6 billion

Provisions for the insurance for medical expenses of post-active employees concern future premiums for these former employees.

In accordance with the agreed Social Plan, provisions for restructuring costs relate to costs for employees who, as a result of restructuring, will leave the group prematurely, as well as other merger and integration costs. In the year under review, NLG 47 million was spent on the costs of the merger.

The Environmental Action Plan (MAP) provisions include the surcharge calculated on electricity and gas sales for the funding of activities in the context of the Environmental Action Plan. Any shortfall or surpluses in any year are deducted or added to this amount. Due to the already existing obligations of NLG 62 million, the freely available portion of the provision amounted to NLG 51 million at year-end. Below is an overview of deductions during the year under review.

Costs of operational activities

Operational costs	4
Personnel costs	8
	12
Costs and premiums of credit facilities	4
Subsidies to promote savings investments	
Subsidies	58
Unprofitable top	9
Investments in (pilot) projects	2
	69
Other costs	5
EnergieNed contributions	1
	91

The environmental costs provision relates to commitments at a number of plants to eliminate or reduce the burden on the environment. Nuon faces substantial costs as a consequence of environmental legislation and other government environmental measures.

Provisions for divestments include NLG 401 million on escrow accounts in connection with a discussion with the Sep about a disputed claim, as it is possible that the Nuon will be held responsible for part of the high costs of the electricity production sector (bricks) that are inconsistent with "going rates". The remaining portion of NLG 135 million is for any post-balance sheet items as a result of these sales.

Long-term debt

	Situation 01-01-1999	Acquisitions	Converted into shareholders' equity	New interest and interest converted into loans	Repayments	Situation 31-12-1999
Subordinated convertible loans	-	-	-	43	-	43
Subordinated loans	461	-	102	-	22	337
Risk-bearing borrowings	85	-	-	1	11	75
Private and green borrowings	2,955	190	-	228	918	2,455
Employee savings plans	32	-	-	3	-	35
Deposits and other liabilities	1	-	-	4	-	5
Obligations from financial Lease agreements	64	-	-	-	1	63
	3,598	190	102	279	952	3,013

	Interest rate in %	Outstanding	Repayments < 1 year	Remainder	Repayment after 5 years
Subordinated convertible loans		43	-	43	-
Subordinated loans	6 to 10	348	11	337	293
Risk-bearing borrowings	5 to 8	86	11	75	31
Private and green borrowings	2 to 12	2,763	308	2,455	1,129
Employee savings plans	4	35	-	35	-
Deposits and other liabilities	0 to 6	5	-	5	-
Obligations from financial Lease agreements		64	1	63	32
Situation at December 31, 1999		3,344	331	3,013	1,485

Subordinated convertible loans

These loans are extended by shareholders to the Company and directly relate to two divestments. They are intended to compensate for any uncertainty with respect to the financial proceeds from these divestments and therefore have the character of a provision. Any entries relating to both divestments will be deducted from these loans. No repayments shall be made on these loans. Interest due on these loans is included in the dividend paid out to shareholders.

Subordinated loans

These loans are subordinated against all debt obligations, no repayment schedule has been fixed for the majority of these loans.

Risk-bearing borrowings

These borrowings are extended to fund district heating projects. Repayment of principal and interest is subject to the realization of structurally positive operating income.

In 1990, NOVEM extended an interest-free borrowing for another project that will only be repaid after accumulated losses on the project have been fully compensated. This will be calculated in conformity with the agreement made with NOVEM. Any remaining repayment obligations will become null and void after 2010.

Of the outstanding amount of long-term debt at the end of the reporting year, 22 per cent has been extended by shareholders.

Short-term borrowings and deferrals

	31-12-1999	01-01-1999
Repayment of long-term debt	331	515
Short-term and call loans	484	1,185
Suppliers	496	548
Company interests	67	140
Dividend and special profit rights	135	-
Personnel	168	139
Taxes and social security premiums	244	229
Pension premiums	5	3
Interest	57	80
Other debts	386	184
Deferrals	113	160
	2,486	3,183

Debts to personnel are primarily deposits.

Rights and liabilities not shown in the balance sheet

nv Nuon has overdraft facilities amounting to NLG 1,552 million with a number of banks. No conditions are attached to these accounts.

As one of a number of companies forming a trading partnership, nv Nuon group companies are liable for commitments entered into by these companies. The maximum risk under this liability is NLG 38 million.

The maximum exposure for interest rate swaps on the balance sheet date amounted to NLG 7 million.

At year-end 1999, nv Nuon's investment obligations amounted to approximately NLG 12 million.

The rental commitments for various business premises amounts to approximately NLG 68 million.

One of nv Nuon's group companies has a 15 percent stake in nv Huisvuilcentrale Noord-Holland in Alkmaar, and together with the shareholders, acts as guarantor for loan and interest repayments. According to the latest financial statements these loans amount to NLG 679 million.

Notes to extraordinary items on the consolidated statement of income

Net sales, purchasing and gross margin 1999

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Electricity		
Net sales	4,123	
Purchasing costs	2,710-	
		1,413
Gas		
Net sales	2,359	
Purchasing costs	1,646-	
		713
Gross margin on electricity and gas		2,126
Net sales of heat	103	
Net sales of water	219	
Net sales of energy and water-related products	450	
	772	
Purchasing costs	61-	
Gross margin on heat, water, energy, and water-related products		711
Gross margin		2,837
Costs of work contracted out and other external costs		
Material costs		107
Personnel hired from third parties		151
Work contracted out		220
Other costs		267
		745
Personnel costs		
Salaries		615
Social charges		54
Pension costs		65
Other personnel costs		41
		775

Number of employees based on a 38-hour working week:

- average in the year under review	7,315
- end of year under review	6,919

**Amortization and depreciation on intangible
noncurrent assets and property, plant and equipment 1999**

Intangible noncurrent assets		61
Property, plant and equipment		
- Buildings and land	32	
- Machines and installations	433	
- Other plant and equipment	99	
- Excluded from normal operations	1	
Earnings on nonactive assets	7-	
		558
		619
Amortization of equalization accounts		64
		555
Other operating costs		
Addition bad debts and warehouse goods		18
Additions to MAP provisions		84
Other additions to provisions		24
		126
Interest paid and similar expenses		
Interest costs		343
Value changes acquisitions		1-
		342

Changes in the value of securities and interest incurred during construction are accounted for under this item.

Earnings from nonconsolidated companies
This concerns minority interests.

Extraordinary income and expenditures 1999

Income from divestments	2,059
Income from cross border lease transactions	213
Additions to restructuring costs provisions	723 -
	1,549

The sale of participations (in particular United Telekabel Holding, GelreVision, EPON and EZH) is a consequence of the disposal of noncore activities as a result of the mergers. Additions to the restructuring costs provisions are intended to cover the costs as a consequence of the Social Plan, which became effective when the merger was concluded.

Corporation tax

Pursuant to the transitional scheme, the effective corporate tax rate for energy companies is fixed at zero

Remuneration to Members of the Board of Management and Supervisory Board

In the financial year under review, remuneration to Members and former Members of the Board of Management amounted to NLG 2.8 million. Members of the Supervisory Board received NLG 0.5 million

Company balance sheet after income allocation

In millions of guilders

Assets	31-12-1999	01-01-1999	31-12-1998
Noncurrent assets			
Financial noncurrent assets	9,058.3	6,092.0	-
Current assets			
Receivables and transitory	808.7	0.1	0.1
Total	9,867.0	6,092.1	0.1

Liabilities

Shareholders' equity			
Paid-up and called-up capital	1,247.5	1,102.0	0.1
Paid-in surplus	1,789.0	1,742.2	-
Other reserve	5,140.6	3,212.4	-
	8,177.1	6,056.6	0.1
Provisions	642.0	35.5	-
Long-term debt	43.3	-	-
Short-term borrowings and deferrals	1,004.6	-	-
Total	9,867.0	6,092.1	0.1

Company statement of income

In millions of guilders

Financial year	1999
Other income and expenditure	732
Income from subsidiaries and affiliates	2,882
Income	2,150

Notes to the company balance sheet and statement of income

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Principles of valuation and determination of income

The principles of valuation for the balance sheet and statement of income are stated in the Notes to the consolidated balance sheet and consolidated statement of income and the notes thereto.

Financial noncurrent assets

	Acquisitions	Deferred tax assets	Other provisions	Total
Book value at January 1, 1999	4,736	1,356	-	6,092
Conversion subordinated loans	102			102
Earnings from affiliated companies	2,882	-	-	2,882
Value changes	3	-	21	18
Book value at December 31, 1999	7,723	1,356	21	9,058

Shareholders' equity

	Paid-up and called-up capital	Paid-in surplus	Other reserve	Total
Situation at December 31, 1998	0.1	-	-	0.1
Asset transfer as result of merger	1,101.9	1,742.2	-	2,844.1
Interest merger companies	-	-	0.1	0.1
Effects of uniform principles	-	-	3,248.0	3,248.0
Value changes	-	-	35.5	35.5
Situation at January 1, 1999	1,102.0	1,742.2	3,212.4	6,056.6
Income after taxes	-	-	2,150.4	2,150.4
Currency translation differences	-	-	2.9	2.9
Conversion subordinated loan	-	102.5	-	102.5
Share issue from paid-in surplus	55.7	55.7	-	-
Stock dividend	89.8	-	89.8	-
Dividend	-	-	119.8	119.8
Special profit rights	-	-	15.5	15.5
Situation at December 31, 1999	1,247.5	1,789.0	5,140.6	8,177.1

Paid-up and called-up capital

The Company's authorized capital amounts to EUR 1.75 billion divided into 350 million shares with a par value of EUR 5 per share. At May 31, 1999, EUR 500 million or NLG 1.1 billion was deposited as a result of an asset transfer by the four merger companies as stated in the Notes to the consolidated balance sheet and statement of income.

Provisions

This item primarily relates to provisions for group restructuring costs.

Long-term debt

This item concerns convertible subordinated loans.

Short-term borrowings and deferrals

	31-12-1999	01-01-1999
Short-term and call loans	768	-
Suppliers	25	-
Companies in which stock is held	72	-
Dividend and special profit rights	135	-
Other debts	5	-
	1,005	-

Balance other gains and losses

This primarily concerns additions to the restructuring costs provision and merger costs incurred in the year under review.

Baarn, May 17, 2000

Supervisory Board

W. Meijer, Chairman
Mrs. G. ter Horst, Vice-Chairman
J.C. Boxem
P.F. van der Heijden
S. Jansen
J. Kamminga
L. Koopmans
S.J.P. Lyczak
J.B.Th. Manschot
H.M. Meijdam
M. Minderhoud
J.H. Schraven
H. Zwarts

Board of Management

T. Swelheim, Chairman
P. Wilson, Vice-Chairman
J.H.R. Feitsma

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Other information

Income allocation

Income allocation is defined in Article 33 of the Articles of Association.

Article 33 states.

1. Every year the Board of Management, with the Supervisory Board's approval, determines the portion of net income to be allocated to reserves
2. The income after allocation pursuant to the above is at the disposal of the General Meeting of Shareholders.
3. Income distribution can only take place up to the maximum payable amount of shareholders' equity.
4. Income is distributed after approval of the statement of income showing that it is permissible to do so.
5. The Board of Management can, with the Supervisory Board's approval, decide to pay an interim dividend with due observance of the provisions in paragraph 3 and the provisions of the law.
6. Following a proposal by the Board of Management that is approved by the Supervisory Board, the General Meeting can decide to pay a dividend to shareholders charged to the payable portion of shareholders' equity.

Dividend and special profit rights

At the time of the merger, the General Meeting of Shareholders agreed the following with respect to dividend policy and special profit rights.

Dividend 1999

Article 3.2 states the following with respect to the dividend for 1999:

35% of net income from normal operations, of which 20 percent in cash and 15 percent as stock dividend.

Special profit rights

Appendix 3.1 states that in 1999 the following amounts shall be paid as special profit rights:

- NLG 12.1 million to the Municipality of Amsterdam and
- NLG 3.4 million to the Municipality of Haarlem.

The Shareholders' Agreement includes detailed agreements on dividend policy up to and including 2003 and special profit rights for the years through 2004

Income allocation 1999

(in millions of guilders)

Dividend 20% of income from normal operations	120
Special profit rights, Municipality of Amsterdam	12
Special profit rights, Municipality of Haarlem	3
Other reserves	2,015
	2,150

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In addition to the above, NLG 90 million will be allocated as stock dividend.

The income allocation is already incorporated in the balance sheet.

Events after balance sheet date

In the first quarter of 2000, Nuon increased its stake in the U.S. company North Coast Energy Inc. (NCE).

As a result nv Nuon now possesses 94% of the shares.

nv Nuon recently entered into a 50 percent joint venture with the U.K. company Bwater Capital. The company is active worldwide in the drinking water and waste markets.

nv Nuon has recently made an offer for all outstanding shares of nv GGR-Gas of Tiel, the Netherlands. The Company also participates in the REEF program (Renewable Energy projects) in partnership with the World Bank.

Auditor's Report

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Introduction

We have audited the 1999 financial statements of nv Nuon of Amsterdam on pages 24 through 42 in this report. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for an opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 1999 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

Arnhem, May 17, 2000

PricewaterhouseCoopers N.V.

Major affiliated companies

Consolidated subsidiaries and affiliates

Directly or indirectly wholly-owned unless stated otherwise

- ENW Duurzame energie bv *	Alkmaar
- ENW Power bv *	Alkmaar
- ENW Technische opleidingen bv *	Alkmaar
- Pandora bv	Alkmaar
- WKON nv, 83.4%	Alkmaar
- Total Comfort A/G bv	Amstelveen
- Energie Noord West nv	Amsterdam
- Energie Service Amsterdam bv	Amsterdam
- ENW Arbodienst bv *	Amsterdam
- ENW Subholding I bv	Amsterdam
- ENW Telecom nv *	Amsterdam
- Ingenieursbureau Ebatech bv	Amsterdam
- Noord West Net nv *	Amsterdam
- Trafilux bv	Amsterdam
- nv NUON VNB Beheer	Apeldoorn
- nv NUON VNB*	Apeldoorn
- nv Continuon Netbeheer	Arnhem
- nv Continuon Energielevering	Arnhem
- nv NUON Klantenservices	Arnhem
- nv NUON Gooi en Vechtstreek	Hilversum
- Regev Advies en Diensten bv	Hilversum
- NUON Water Fryslân nv	Leeuwarden
- nv Energie- en Watervoorziening Rijnland	Leiden
- Gelre Flevo Warmtekracht Combinatie bv, 99.75%	Zutphen
- Gamog Gelre Flevo Infra bv	Zutphen
- nv Gamog-CAI Collectieve Diensten	Zutphen
- Gamog Gelre Flevo Energiebedrijf bv	Zutphen
- Gelre Flevo Verhuur bv	Zutphen
- Gamog Gelre Flevo Klantenservice bv	Zutphen
- Gamog Gelre Flevo Aanneembedrijf bv	Zutphen
- Gelre Flevo Warmtekracht bv, 99.98%	Zutphen
- Verhuur en Energie Service Gelderland bv	Apeldoorn
- bv Windpark de Bjirmen	Arnhem
- Kraton nv, 95%	Arnhem
- Nuon Energie Advies bv	Arnhem
- NUON Energie Trade bv	Arnhem
- NUON International bv	Arnhem
- NUON International China bv	Arnhem
- NUON International Division nv	Arnhem
- NUON International Projects bv	Arnhem
- NUON International Romania bv	Arnhem
- NUON International UK bv	Arnhem

- NUON International Venture Finance bv	Arnhem
- NUON Water Gelderland nv	Arnhem
- nv NUON Energie-Onderneming voor Gelderland, Friesland en Flevoland	Arnhem
- nv NUON Consumenten	Arnhem
- nv NUON Distributie Holding *	Arnhem
- nv NUON Duurzame Energie	Arnhem
- nv NUON Energielevering	Arnhem
- nv NUON Exploitatie Energiesystemen	Arnhem
- nv NUON Facilitair Bedrijf	Arnhem
- nv NUON Industrie	Arnhem
- nv NUON Milieubedrijf	Arnhem
- nv NUON Transport*	Arnhem
- nv NUON Water	Leeuwarden
- PGEM WK-I bv	Arnhem
- PGEM WK-II bv	Arnhem
- PGEM WK-III bv	Arnhem
- PGEM WK-IV bv	Arnhem
- Windpark Eemmeerdyk bv	Arnhem
- Energie IJmond Beheer bv	Bloemendaal
- nv NUON Oost-Gelderland*	Doetinchem
- nv NUON Technisch Bedrijf	Arnhem
- Nomest bv	Groningen
- ENW IT bv *	Haarlem
- nv NUON Randmeren*	Harderwijk
- nv NUON Friesland*	Leeuwarden
- Windpark Mienskarleane bv, 90%	Leeuwarden
- Windpark IJsselmeerdyk Dronten bv	Leeuwarden
- Encore bv	Leiden
- EWR Exploitatiemaatschappij bv	Leiden
- EWR Netbeheer bv	Leiden
- Lelywind bv	Lelystad
- NUON UK Ltd	London
- nv NUON Zuid-Gelderland Beheer	Nijmegen
- nv NUON Zuid-Gelderland*	Nijmegen
- ENW Participatie bv	Zaanstad
- Gamog Beheer bv *	Zutphen
- Gamog Gelre Flevo Holding nv*	Zutphen
- North Coast Energy Inc., 61.75%	Cleveland, Ohio

For the consolidated affiliated companies marked with an *, Nuon or subsidiaries are jointly and severally liable under Section 403, Paragraph 1f, Part 9, Book 2 of the Netherlands Civil Code. The declaration of liability and the approval agreement are filed with the Trade Registry.

Nonconsolidated subsidiaries and affiliates

Energie Noord Oost Participatie bv, 50%	Apeldoorn
Berkelcentrale Beheer bv, 50%	Borculo
WKC De Grift Beheer bv, 50	Wapenveld
WKC Harlingen Beheer bv, 50	Harlingen
Warmte/Kracht Centrale Ede vof, 50%	Arnhem
Warmte/Kracht Centrale Kleefse Waard vof, 50%	Arnhem
Schoonmansmolen Centrale Eerbeek vof, 50%	Eerbeek
Warmte/Kracht Centrale Akzo Center vof, 50%	Arnhem
Calorent Energie Service bv, 50%	Alphen aan den Rijn
WAZA bv, 50%	Amstelveen
Compass Energy bv, 50%	Amsterdam
cv Energiebesparing IJmond, 50%	Bloemendaal
Elesto Beheer bv, 50%	Wormerveer
Esuco Beheer bv, 50%	Heerenveen
Energie Service Friesland bv, 50%	Leeuwarden
Energie service Gelderland Flevoland (EGF) bv, 50%	Zutphen
Energie Service Zuid-Gelderland bv, 50%	Nijmegen
Windpark Kreekraksluis bv, 49%	Zeist

A complete overview of nonconsolidated subsidiaries and affiliates and consolidated subsidiaries and affiliates is filed with the Trade Registry in conformity with Section 379, Paragraph 5, Part 9, Book 2 of the Netherlands Civil Code as supplement to these financial statements.

Personal data

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Board of Management

T. Swelheim, Chairman
P. Wilson, Vice-Chairman
J.H.R. Feitsma
H.W. Brinkers (until October 1, 1999)

Supervisory Board

W. Meijer, Chairman
Mrs. G. ter Horst, Vice-Chairman
J.C. Boxem
P.F. van der Heijden
S. Jansen
J. Kamminga
L. Koopmans
S.J.P. Lyczak
J.B.Th. Manschot
H.M. Meijdam
M. Minderhoud
H. Zwarts
J.H. Schraven (effective May 17, 2000)

E.C. Lauterslager, Secretary

Central Works Council

(as at December 31, 1999)
J.L.J. Hermans, Chairman
A. van den Berg, Deputy-Chairman
W.F. Brokaar, Secretary
Mrs. A. Brinkman, Member of Executive Board
E.P.G. Snoeks
G.P.A. Schavemaker
R.J. Hoekstra
J.A. Strijk
J.J.K. Schooltink
H. van Silfhout
N.L.M. Hettinga
F.J.T.H. Weyers
J.M. van Breten
Mrs. E.M.N. Bos-Klomp
R. Schols (stand-in for Mrs. Bos)
G.L. Fredriksz

P.P. Officier, company-appointed secretary