

January 12, 2010

Research Update:

Nuon Power Generation B.V. 'BBB+' Long-Term Ratings Affirmed, Then Withdrawn At Company's Request

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Table Of Contents

Rating Action

Rationale

Ratings List

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Nuon Power Generation B.V. 'BBB+' Long-Term Ratings Affirmed, Then Withdrawn At Company's Request

Rating Action

On Jan. 12, 2010, Standard & Poor's Ratings Services affirmed its 'BBB+' corporate credit ratings on Netherlands-based generation and supply company Nuon Power Generation B.V. (NPG) and then withdrew them at the company's request. At the time of withdrawal, the outlook was positive.

Rationale

NPG is the main operating entity within the Nuon Energy group. NPG's parent company, N.V. Nuon Energy (Nuon Energy, not rated), was 49% acquired on July 1, 2009 by Sweden-based power utility Vattenfall (A/Negative/A-1), which gained operational control. As of the third quarter of 2009, Nuon Energy has been fully consolidated in Vattenfall's accounts.

The ratings on NPG reflected the wider Nuon Energy group's diverse and flexible generation operations, which mainly consist of gas- and coal-fired capacity, and the company's strong market position in the electricity and gas supply sector in The Netherlands. They also reflected the volatility inherent in Nuon Energy's generation and supply activities; especially in light of its short position in terms of generation capacity. Although Nuon Energy benefited from a very strong financial profile at the point of unbundling, we expect its financial profile to weaken over the near to medium term as a result of a large capital expenditure program. We regard Nuon Energy as a strategic part of the wider Vattenfall group, and accordingly we expect Vattenfall to provide it with sufficient funding and liquidity support.

The positive outlook reflected our expectations that NPG and Nuon Energy would eventually become fully integrated within the wider Vattenfall group, in tandem with Vattenfall's scheduled step-up to full ownership in 2015.

Ratings List

Ratings Affirmed

Nuon Power Generation B.V.

Corporate Credit Rating

BBB+/Positive/--

Ratings Withdrawn

To

From

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Nuon Power Generation B.V.
Corporate Credit Rating

NR/NR

BBB+/Positive/--

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