Prospectus dated 4 February 2010

TenneT Holding B.V.

(incorporated with limited liability in The Netherlands with its statutory seat in Arnhem)

€500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities

Issue Price 100 per cent.

The €500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities (the "Securities") will be issued by TenneT Holding B.V. (the "Issuer"). Interest is payable subject to and in accordance with the Terms and Conditions of the Securities. From (and including) 9 February 2010 until (but excluding) 1 June 2017, the Securities will bear interest at a rate of 6.655 per cent. per annum, payable annually in arrear on 1 June of each year, starting on 1 June 2011 in respect of a long first coupon. Thereafter, unless previously redeemed, the Securities, from (and including) 1 June 2017 to (but excluding) 1 June 2022 will bear interest at a rate per annum which shall be 3.60 per cent. above the 5 year Swap Rate determined two Business Days prior to the beginning of the Second Fixed Rate Period (as defined in the Terms and Conditions of the Securities), payable annually in arrear on 1 June in each year, and from (and including) 1 June 2022 to (but excluding) the date on which they are redeemed will bear interest at the Euro Interbank offered rate for six-months Euro deposits, plus a margin of 4.60 per cent., payable semi-annually in arrear on 1 December and 1 June in each year. In the event of a Change of Control (as defined in the Terms and Conditions of the Securities), if the Issuer has elected not to redeem the Securities, the respective applicable interest rate per annum will increase by 5.00 per cent., see "Terms and Conditions of the Securities — Coupon Payments". Payments on the Securities will be made without deduction for or on account of taxes of The Netherlands to the extent described under "Terms and Conditions of the Securities — Taxation".

The Issuer may at its discretion elect to defer payment of interest on the Securities (subject to limited exceptions), see "Terms and Conditions of the Securities — Deferrals". Any amounts so deferred shall constitute Arrears of Interest (as defined in the Terms and Conditions of the Securities). Arrears of Interest shall bear interest at the Coupon Rate (as defined in the Terms and Conditions of the Securities) prevailing from time to time. The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time (as described in the Terms and Conditions of the Securities). The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates: (i) the Coupon Payment Date immediately following a Mandatory Payment Event (as defined in the Terms and Conditions of the Securities); (ii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (Winding-up), Condition 6(b) (Issuer's Call Option), Condition 6(c) (Redemption for Taxation Reasons), Condition 6(d) (Redemption for Accounting Reasons), Condition 6(e) (Redemption for Rating Reasons) or Condition 6(f) (Redemption for Change of Control), all as described in "Terms and Conditions of the Securities — Deferrals".

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification ". The Securities will become due and payable in the event of a winding-up of the Issuer, see "Terms and Conditions of the Securities — Winding-up". The Securities may be redeemed at the option of the Issuer, including, without limitation, upon the occurrence of a Withholding Tax Event, an Income Tax Deduction Event, an Accounting Event, a Rating Event and a Change of Control (each as defined in the Terms and Conditions of the Securities), see "Terms and Conditions of the Securities — Redemption, Purchase and Modification", which also includes the terms applicable to such redemption including the basis for calculating the redemption amounts payable.

The Securities will constitute subordinated obligations of the Issuer as described in "Terms and Conditions of the Securities — Status, Subordination" and "Terms and Conditions of the Securities — Winding-up".

Application has been made to the Netherlands Authority for the Financial Markets (the "AFM") in its capacity as competent authority under the Dutch Financial Supervision Act (Wet op het financieel toezicht) relating to prospectuses for securities, for the approval of this Prospectus for the purposes of Directive 2003/71/EC (the "Prospectus Directive"). Application has also been made to Euronext Amsterdam N.V. ("Euronext") for the Securities to be listed on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam"). References in this Prospectus to the Securities being "listed" (and all related references) shall mean that the Securities have been listed and admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The Securities will initially be represented by a Temporary Global Security, without interest coupons, which will be deposited with a common depositary on behalf of the Clearstream, Luxembourg and Euroclear systems on or about 9 February 2010. The Temporary Global Security will be exchangeable for interests in a Global Security, without interest coupons, on or after a date which is expected to be 22 March 2010, upon certification as to non-U.S. beneficial ownership. The Global Security will be exchangeable for definitive Securities in bearer form in the denominations of €50,000 and integral multiples of €1,000 in excess thereof in the limited circumstances set out in it. No definitive Securities will be issued with a denomination above €99,000, see "Summary of Provisions relating to the Securities while in Global Form".

The Securities have been rated BBB by Standard & Poor's and Baa3 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

Joint Lead Managers

The Royal Bank of Scotland **ING Commercial Banking**

A11584610/0.59/02 Feb 2010

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to TenneT Holding B.V. (the "**Issuer**"), the Issuer and its subsidiaries and affiliates taken as a whole and the €500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities (the "**Securities**") which according to the particular nature of the Issuer and the Securities is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "Documents Incorporated by Reference").

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Securities. The distribution of this Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Securities and distribution of this Prospectus, see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, the Managers accepts no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

References to "euro", "Euro", "EUR" and "€" refer to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, those to "U.S. dollars", "dollar", "U.S.$", "$", "USD" and "U.S. cent" refer to the lawful currency of the United States of America, and those to "Sterling", "£", "GBP" and "STG" refer to the lawful currency of the United Kingdom.

In connection with the issue of the Securities, The Royal Bank of Scotland plc (the "**Stabilising Manager(s)**") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Securities or

effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Securities are also described below.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Securities for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Any references in this Prospectus to the "TenneT Group" are to the Issuer and its subsidiaries and affiliates taken as a whole.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities.

In pursuit of strengthening its position in the north-western European market, the Issuer announced the acquisition of transpower stromübertragungs GmbH ("**transpower**"), with expected completion date 26 February 2010. After completion of the acquisition, transpower will be at the risk and expense of the Issuer as of 1 January 2010. This acquisition may involve certain additional risks which have been set out in Part 2 and should be read in addition to and in conjunction with the risk factors of Part 1. The risk factors set out in Part 1 apply regardless of the completion of this acquisition.

PART 1: RISK FACTORS APPLICABLE REGARDLESS OF THE ACQUISITION OF TRANSPOWER BY THE ISSUER

Global financial and economic crisis

An uncertainty facing the TenneT Group is the extent to which the current global financial and economic crisis will affect the Dutch and/or wider European electricity market. A downturn resulting from the current global financial and economic crisis may have an adverse effect on the Issuer.

Current and future bank and capital markets conditions

The current problems that are impacting the domestic and international debt and equity markets generally for all companies have resulted in the cost of capital increasing significantly over the period since the summer of 2007 and, in particular, made issuance of debt capital more expensive and difficult.

Adverse and continued constraints in the availability of financing may adversely affect the cost of funding the investments envisaged by the Issuer. The future capital expenditures and ensuing financing needs of the Issuer will require that the TenneT Group seeks external financing, either in the form of public or private financing or other arrangements, which may not be available at attractive terms or may not be available at all. Sufficient access to capital is required to finance long-term growth and to pursue the long-term goals of the Issuer.

Interest rate risk

The Issuer is partly financed with floating rate debt. As the reference interest rate on this debt can fluctuate, the Issuer is exposed to interest rate risk. Increasing interest rates will result in higher interest costs and may negatively impact the profitability of the Issuer. The Issuer's policy is to have between 50% and 100% of its debt portfolio on a fixed-rate basis or hedged through the use of interest rate swaps.

Impact of Dutch regulatory framework on revenue, profits and financial position of the Issuer

The revenue, profits and financial position of the Issuer could be affected by the regulatory framework in two different ways.

The regulated activities of the Issuer depend on licences, authorisations, exemptions and/or dispensations in order to operate its business. These licences, authorisations, exemptions and/or dispensations may be subject to withdrawal, amendments and/or additional conditions being imposed on the regulated activities of the Issuer which could affect the revenue, profits and financial position of the Issuer.

The Issuer's income depends on dividends received from its subsidiaries. The income of the Issuer relating to dividends from TenneT TSO B.V. ("**TenneT TSO**") is not regulated. However, the net income level of TenneT Holding depends to a large degree on the revenues of the regulated activities of the Issuer's subsidiaries. Such revenue of the Issuer's subsidiaries depends on governmental regulations and European legislation, which implies that in the end the Issuer's net income is sensitive to regulatory amendments.

The impact of the Dutch regulatory framework in its current form on the income of TenneT TSO can be described as follows.

In 2008, 93% of the Issuer's consolidated revenues were generated by TenneT TSO; 94% of the Issuer's consolidated revenue in 2009 is estimated to have been generated by TenneT TSO. TenneT TSO's policy is to pay 50% of its net income as a dividend to the Issuer as long as this does not have a material adverse effect on TenneT TSO's financial position.

The revenue of TenneT TSO is subject to ex ante regulation by the Energy Chamber of the Dutch Competition authority (the "**Energy Chamber**"). Therefore the regulatory framework has a substantial effect on the dividend income of the Issuer. Besides ex ante regulation, TenneT TSO is to some extent subject to ex post regulation as well. Revenue surpluses and deficits resulting from differences between expected (ex ante) and realised (ex post) electricity transmission volumes by TenneT TSO are settled in the tariffs of the next year. Contrary to the regional electricity grid administrators, TenneT TSO therefore does not run any volume risk. In addition, with respect to certain expenses, differences between budgeted and realised amounts are taken into account in the tariffs for the subsequent year. More generally, the Electricity Act provides for the possibility of recalculating TenneT TSO's tariffs under specific circumstances. The Energy Chamber, however, has adopted a reticent attitude with respect to such ex-post tariff recalculations.

The impact of the regulatory framework on the revenue of TenneT TSO can be described as follows. For its level of permitted revenues, TenneT TSO is dependent on a series of regulatory decisions of the Energy Chamber, notably the Regulation Method Decision ("**Method Decision**"), the Efficiency Discount Decision ("**X-factor Decision**"), the Accounting Volume Decision, the annual tariff decisions and decisions in respect of one-off tariff increases to cover costs of significant investments. As a consequence TenneT TSO's overall financial position is sensitive to regulatory decisions based on estimated data (such as inflation), false assumptions, defective research, efficiency and productivity goals which are too stringent or a failure to acknowledge costs which TenneT TSO cannot avoid incurring. The following paragraphs expand on some specific aspects of this risk, which are particularly relevant for the position of the Issuer.

TenneT TSO's level of permitted revenue includes a component based on the weighted average costs of capital ("**WACC**"). The variables used to calculate the WACC are the cost of equity, the cost of debt, the

relative percentages of debt and equity in the capital structure and the corporate tax rate. The cost of equity represents the expected return on investment for the shareholders. The Issuer is the sole shareholder of TenneT TSO. The cost of debt represents the expected cost of debt for a company with an "A" credit rating. As is the case for almost all other cost factors the Energy Chamber bases the WACC on data which precede the regulation period for which the WACC is determined. Thus, the WACC may insufficiently reflect the costs of capital which TenneT TSO will effectively incur during the relevant regulation period, negatively impacting its profitability. For the current tariff regulation period (ending 31 December 2010), the cost of equity was set at 8.1% and the cost of debt at 4.8%. In addition, TenneT TSO's actual capitalisation may differ from the 60/40 debt/equity ratio assumed in the Method Decision, which could negatively impact TenneT TSO's profitability. Finally, the actual corporate tax rate may deviate from the corporate tax rate assumed in the Method Decision, which could negatively impact TenneT TSO's profitability.

Part or all of the investments made by TenneT TSO (directly or indirectly) may be deemed not efficient and consequently not allowed to be included in the Regulatory Asset Base ("**RAB**"). The RAB represents the value of TenneT TSO's assets, based on assets permitted to be included in such assets base by the Energy Chamber and calculated using depreciation methods set by the Energy Chamber. TenneT TSO will not be compensated for the cost of the capital related to (the part of) the investment not included in the RAB. Practically, this means that the WACC is not applied to (part of) that investment. In addition, not allowing an investment to be included in the RAB means that depreciation of (part of) that investment are not acknowledged as costs TenneT TSO is allowed to recover.

Pursuant to the Method Decision and the X-factor Decision in respect of the fourth tariff regulation period (2008-2010), which the Energy Chamber adopted in September 2008, TenneT TSO will not be reimbursed for all costs (both transaction and business integration costs) resulting from the transfer of management of the 110kV and 150kV grid (see "Description of the Issuer — Subsidiary overview — Dutch regulated activities — TenneT TSO" below). Also, TenneT TSO will not be permitted to calculate any indirect operational costs of the management transfer of the 110 kV and 150 kV grids in its tariffs in the said fourth tariff regulation period. TenneT TSO has lodged an appeal against the Method Decision with the Trade and Industry Appeals Tribunal (*College van beroep voor het bedrijfsleven*). If the decision(s) of the Energy Chamber are not repealed, TenneT TSO will either have to reduce other costs or accept a lower profit margin. A judgment in the appeal proceedings is expected to be rendered in 2010.

Impact of environmental issues of subsidiaries of Issuer on position of the Issuer.

The operations and properties of subsidiaries of the Issuer are subject to various laws and regulations. concerning the protection of the environment, including regulation of air and water quality, controls of hazardous or toxic substances and guidelines regarding health and safety. Subsidiaries of the Issuer may be required to pay for clean-up costs (and in specific circumstances, for aftercare costs) for any contaminated property it currently owns or has owned in the past.

Environmental laws can impose liability without regard to whether the owner or operator had knowledge of the release of substances or caused the release.

Although the Issuer believes that none of its properties currently require immediate remediation or decontamination other than which has been provisioned for, environmental authorities could disagree with respect to any of the properties and one or more of the Issuer's subsidiaries could be required to initiate costly, extensive and time-consuming clean up at one or more of its properties, in addition to potential fines or other penalties. Such requirements (applicable to the subsidiaries of the Issuer) could have a material adverse effect on the business, results of operation and financial condition of the Issuer.

A potential issue concerns the (possible) influence that electromagnetic fields emanating from transmission lines may have on humans in the surrounding area of such power lines. There are currently no legal

requirements for electromagnetism emanating from overhead transmissions lines. However, there can be no assurance that the legal environment will not become more restrictive in the future, which could result in increased expenditures on the part of the Issuer and potential liability risks in relation to damages claimed by affected persons.

Lack or loss of highly qualified staff

The Issuer's subsidiaries experience increasing difficulties in finding, attracting and retaining highly qualified technical staff required to support their operations. A lack or loss of highly qualified staff may result in insufficient expertise and know how and may result in unsatisfactory quality levels in the inability to complete infrastructure projects on time or in failing to meet strategic objectives.

No (full) insurance for certain high impact events

TenneT is not (fully) insured in a case of certain high impact events (such as material damage to overhead lines, third-party losses or damage or black-out claims in excess of the insurance coverage) due to the absence of relevant insurance markets or the considerable costs involved with insuring these risks.

Any uninsured financial compensation could have a material impact on the business, results of operation and financial condition of the Issuer.

For example; any disruption and/or outages of TenneT TSO's grid infrastructure, whether due to defaults or due to natural disasters, will adversely affect TenneT TSO's ability to fulfil its obligations towards its customers and may result in TenneT TSO being held liable to provide its customers or any other affected parties with substantial financial compensation of any kind, which compensation is not covered by insurance.

Risks relating to Structure of the Issuer

The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide itself with funds necessary to meet its financial obligations.

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, interest, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends to its shareholder. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual restrictions. As an equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Issuer is recognised as a creditor of such subsidiaries, the Issuer's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Issuer's claims.

Influence of sole shareholder/the State

The Issuer is controlled by the State of The Netherlands (the "**State**"), being the sole holder of the shares in the share capital of the Issuer as well as policy maker and regulator. Through its role as sole shareholder, policymaker and regulator, the State has a strong influence on the Issuer's operations. The State is flexible with respect to the Issuer's dividend policy. It has a strong interest in maintaining a healthy profile of the Issuer and has agreed to lower dividends when necessary.

Risks resulting from joint ventures and collaborations

The Issuer engages in economic activities with other companies through joint ventures and collaborations. As the Issuer does not have a controlling interest in such joint ventures and collaborations, it cannot be ensured that all decisions taken within such joint ventures and collaborations are fully compatible with the Issuer's

interests. Decisions made and actions taken may result in lower revenues or a lower profit margin concerning the joint ventures and collaborations.

Factors which are material for the purpose of assessing the market risks associated with the Securities

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal and interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to the Securities generally

Set out below is a brief description of the material risks relating to the Securities generally

Modification and waivers

The Terms and Conditions of the Securities contain provisions for calling meetings of Holders of Securities to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or to certain other persons in another Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Security as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a

Paying Agent, the Issuer will be required, save as provided in Condition 7(a)(i) of the Securities, to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The Terms and Conditions of the Securities are based on Dutch law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law or administrative practice after the date of this Prospectus.

The Securities are subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Integral multiples of less than €50,000

The denomination of the Securities is €50,000 and integral multiples of €1,000 in excess thereof. Therefore, it is possible that the Securities may be traded in amounts in excess of €50,000 that are not integral multiples of €50,000. In such a case, a Securityholder who, as a result of trading such amounts, holds a principal amount of less than €50,000 will not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more denominations.

The Issuer's obligations under the Securities are subordinated

The Issuer's obligations under the Securities will be unsecured and subordinated and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with the Securities, see "Terms and Conditions of the Securities — Status, Subordination" and "Terms and Conditions of the Securities — Winding-up". By virtue of such subordination, payments to a Holder of Securities will, in the events described in the relevant Conditions, only be made after, and any set-off by a Holder of Securities shall be excluded until, all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder of Securities may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer. Furthermore, the Terms and Conditions of the Securities do not limit the amount of the liabilities ranking senior to or *pari passu* with the Securities which may be incurred or assumed by the Issuer from time to time, whether before or after the issue date of the Securities. Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Holder shall, by virtue of being the Holder of any Security, be deemed to have waived all such rights of set-off. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

The Issuer has the right to defer interest payments on the Securities

The Issuer may at its discretion elect to defer payment of interest on the Securities (subject to limited exceptions), see "Terms and Conditions of the Securities — Deferrals".

The Securities are perpetual securities

The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities. "See "Terms and Conditions of the Securities — Redemption, Purchase and Modification".

The Issuer's right to redeem the Securities as from 2 June 2017 prior to 2 June 2037 is subject to compliance by the Issuer with the Replacement Capital Covenant.

At or around the time of issuance of the Securities, the Issuer will enter into a replacement capital covenant ("**RCC**") for the benefit of holders, from time to time, of designated series of long-term indebtedness, as described on pages 75 and 76. This will limit the Issuer's right to redeem the Securities, notwithstanding the Terms and Conditions set out in this Prospectus.

As described on pages 75 and 76, the RCC provides that, subject to certain exceptions, the Issuer (by itself or through its subsidiaries) may not repay, redeem or repurchase any Securities between 2 June 2017 and the termination of the RCC (in any event on 2 June 2037 or earlier, subject to certain conditions), unless a certain amount of a certain class of qualifying financing instruments replaces the Securities repaid, redeemed or repurchased.

Accordingly, there could be circumstances in which it would be in the interest of both the Issuer and the Holders to redeem the Securities, but the Issuer will be restricted from doing so even if sufficient cash is available for the redemption, because the Issuer was not able to obtain proceeds from the issue or sale of such qualifying financing instruments as designated in the RCC.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

Although application has been made to admit the Securities to trading on Euronext Amsterdam's regulated market, the Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Securities.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency unit (the "**Investor's Currency**") other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency equivalent yield on the Securities, (2) the Investor's Currency equivalent value of the principal payable on the Securities and (3) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities.

Credit ratings may not reflect all risks

The credit ratings assigned to the Securities may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

PART 2: ADDITIONAL RISK FACTORS APPLICABLE AFTER THE ACQUISITION OF TRANSPOWER BY THE ISSUER

As from the completion of the acquisition of transpower the following material risk factors may apply, which are to be read in addition to and in conjunction with the risk factors described in Part 1.

Factors that may affect the Issuer's ability to fulfil its obligations under the Securities

Acquisitions and business integration

In pursuit of strengthening its position in the north-western European market, the Issuer announced the acquisition of transpower, with expected completion date 26 February 2010. After completion of the acquisition, transpower will be at the risk and expense of the Issuer as of 1 January 2010. The acquisition may involve certain material risks involved (set out below) with the integration of transpower's transmission business. In addition, certain risks or liabilities may exist, which have not been identified during the due diligence investigation. Such risks apply to acquisitions in general and may have a material adverse effect on the business operations, the results and the financial position of the Issuer.

Impact of German Regulatory Framework on Revenue of the Issuer

The primary sources of revenue for transpower are on the one hand revenues from feed-in of energy from renewable energy sources ("**EEG-revenues**") or from cogeneration ("**KWKG-revenues**"), and on the other hand (regulated) grid tariffs for access to transpower's transmission system in Germany.

Under the pertinent regulatory framework, the effect of EEG- and KWKG-revenues on profit is prescribed to be neutral. Hence, transpower derives net income only from transpower' grid tariffs, which may subsequently be (partly) paid out as dividends to the Issuer. These tariffs are subject to ex ante regulation by the German regulator, the Federal Network Agency (*Bundesnetzagentu*r, "**BNetzA**"). Hence, the German regulatory framework for grid tariffs also has a substantial effect on the dividend income of the Issuer.

As of 1 January 2009, grid tariffs are subject to an incentive regulation imposing a revenue cap regime for grid operators in Germany. In this respect, transpower is dependent on a series of regulatory decisions by the BNetzA, notably the determination of the revenue cap for each year of the regulatory period (currently: 2009-2013), the determination of the individual efficiency factor applicable for the regulatory period, and the approval of applications for investment budgets or voluntary commitments to reflect certain cost items in the yearly revenue cap.

Therefore, transpower's overall financial position is – similar to TenneT TSO's position – sensitive to regulatory decisions. In particular, such decisions may be based on false assumptions, defective research, efficiency goals which are too stringent or a failure to acknowledge costs which transpower cannot avoid incurring. Moreover, the following specific aspects of this risk are relevant for the position of transpower:

Under the incentive regulation, the yearly revenue cap is calculated on the basis of approved grid costs from the year 2006 by also taking into consideration an individual efficiency factor as well as a sectoral productivity factor. Since transpower is regarded as 100 % efficient, the yearly revenue caps of the first regulatory period will only be reduced by said sectoral productivity factor of 1.25 % for those costs deemed "temporarily non-influenceable" (*vorübergehend nicht beeinflussbar*) or "influenceable" (*beeinflussbar*). Furthermore, not all changes in transpower's cost structure will be taken into account by amending the yearly revenue cap (with a delay of up to two years). Hence, transpower will generally not be reimbursed for all of its actual costs in the respective year of the regulatory period and will, therefore, have to reduce other costs deemed "influenceable".

The revenue cap determined by the BNetzA also includes the calculatory depreciation for the regulatory asset base as well as a calculatory return on equity. For the first regulatory period, the rate of return for the equity portion (based on a "calculatory equity ratio" capped at a maximum of 40 %) of old assets is equal to 7.56 % (before corporate tax, but after trade tax), whereas the (pre-tax) rate of return on equity rate for new assets is fixed at 9.29 %. As the relevant regulatory asset base for the first regulatory period was determined based on the year 2006, the calculatory return on equity may insufficiently reflect the costs of capital which transpower will effectively incur during the first regulatory period, thereby negatively impacting its profitability.

In addition, the BNetzA already expressly reserved the right in its decision determining the revenue caps for the first regulatory period to order transpower to disgorge so-called "excess earnings" by reducing the revenue caps for a period of three years as of the beginning of 2010 accordingly. Transpower had previously gained such excess earnings in a transition period between the introduction of the cost-plus regime in 2005 and the first approval of grid access tariffs by the BNetzA. The acquisition agreement provides for an indemnification mechanism for the benefit of the acquirer if the amount determined by BNetzA exceeds an accrual already set aside for such measures.

Up to the year 2015, transpower is required by law to connect newly-built offshore wind farms to the nearest technologically and economically feasible (electricity grid) connection point. Uncertainties around the number, timing, size and location (i.e. distance from shore) of these wind farms can materially alter the amount of capital expenditures to be made by transpower and hence impact the ability of transpower to finance itself.

The 5-year regulatory period starting 2014 will likely contain less favourable revenue cap allowances for transpower, potentially leading to a material drop in revenue and operating cash flow of transpower (all else being equal).

Impact of environmental issues of subsidiaries of Issuer on position of the Issuer.

With regard to transpower, there is a potential risk of soil contamination at electricity towers and substations in Germany caused by corrosion protection coatings containing heavy metals, in particular lead. Transpower

has contacted the competent state authorities in order to develop and implement methods for the investigation of such potential soil contamination at the respective sites. The financial risk for the Issuer has been mitigated by an indemnity clause (specifically in relation to environmental matters) in the share purchase agreement with the seller of transpower, E.ON AG.

Another issue concerns the (possible) influence that electromagnetic fields emanating from transmission lines may have on humans in the surrounding area of such power lines. On the federal level in Germany, an ordinance is already in place establishing certain thresholds of acceptable electromagnetism caused by such transmission lines (26th Ordinance on Electromagnetic Fields Emissions, *26. Bundes-Immissionsschutzverordnung*). Accordingly, the Federal Ministry of the Environment, Nature Conservation and Nuclear Safety *(Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit*) is constantly exploring the potential effects of electromagnetic fields on humans. By the end of 2008, the ministry did not see any reason to amend the current thresholds set out in the respective ordinance. In addition, there are at present no indications that the current legal requirements for electromagnetism emanating from such overhead transmission lines will be tightened in the future. However, there can be no assurance that the legal environment will not become more restrictive in the future, which could result in increased expenditures on the part of transpower and potential liability risks in relation to damages claimed by affected persons.

Risks relating to Structure of the Issuer

The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide itself with funds necessary to meet its financial obligations.

The German Limited Liability Companies Act (GmbHG) provides for a strict prohibition of the repayment of the nominal share capital of a German Limited Liability Company (GmbH). Under these capital maintenance rules such GmbH is required to preserve its nominal share capital. Any payment made and/or any financial advantage granted by a GmbH to its direct or indirect shareholders (or their affiliated companies) which is not made out of the company's free net assets (i.e. results in the company's equity falling below the nominal share capital or deepens an existing shortfall of the company's equity below the nominal share capital) is unlawful. The capital maintenance rules are interpreted broadly and do not only apply to cash payments but also to all other types of benefits with a financial or commercial value granted by a GmbH, including, in particular, upstream guarantees and other securities. As a consequence, any financial assistance by a GmbH to its direct or indirect shareholders and/or any of their affiliates must be limited to the amount of the free net assets of the company.

Regardless of compliance with the capital maintenance rules, a shareholder may not withdraw assets from such GmbH which such GmbH needs to fulfil its obligations towards its creditors. The removal of such vital assets is deemed a so-called "destructive intervention" (*existenzvernichtender Eingriff*). Further, the GmbHG prohibits the company's managing directors from making any payment to the shareholder(s) if such payment would lead with reasonable likelihood to the company's becoming illiquid (*zahlungsunfähig*) in terms of the German Insolvency Act (InsO) (i.e insolvent due to lack of sufficient liquid assets).

Due to the above-described legal framework, the ability of the Issuer to upstream cash from transpower in order to meet its obligations under the Notes is restricted.

Risk relating to joint and several liability

The business currently conducted by transpower was formerly conducted by E.ON Netz GmbH. E.ON Netz GmbH was merged into E.ON Energie AG by way of an up-stream merger with its sole shareholder E.ON Energie AG. Immediately after the effectiveness of the merger, the business was demerged from E.ON Energie AG to transpower by way of a demerger and takeover agreement dated 21 April 2009 pursuant to Section 123 (2) no. 1 German Transformation Act (Umwandlungsgesetz). The demerger became legally

effective with its registration on 4 May 2009. Pursuant to Section 133 German Transformation Act (Umwandlungsgesetz), transpower is jointly and severally liable for all liabilities of E.ON Energie AG existing at the day of the legal effectiveness of the demerger (i.e. 4 May 2009). However, the share purchase agreement provides for an indemnity claim against E.ON AG if a claim against transpower pursuant to Section 133 German Transformation Act (Umwandlungsgesetz) should be made.

Overview

The following overview is qualified in its entirety by the remainder of this Prospectus.

Issuer:	TenneT Holding B.V.
The Securities:	€500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities
Fiscal Agent:	The Bank of New York Mellon, London Branch
Issue Price:	100 per cent.
Form of Securities, Initial Delivery of Securities and Clearing Systems:	The Securities will initially be represented by a Temporary Global Security, without interest coupons, which will be deposited with a common depositary on behalf of the Clearstream, Luxembourg and Euroclear systems on or about 9 February 2010. The Temporary Global Security will be exchangeable for interests in a Global Security, without interest coupons, on or after a date which is expected to be 22 March 2010, upon certification as to non-U.S. beneficial ownership. The Global Security will be exchangeable for definitive Securities in bearer form in the denominations of €50,000 and integral multiples of €1,000 in excess thereof in the limited circumstances set out in it. No definitive Securities will be issued with a denomination above €99,000. Also see "Summary of Provisions relating to the Securities while in Global Form".
No fixed maturity:	The Securities are perpetual securities in respect of which there is no fixed redemption date.
Denominations:	€50,000 and integral multiples of €1,000 in excess thereof. Also see "Form of Securities, Initial Delivery of Securities and Clearing Systems" above.
Status of the Securities:	The Securities will constitute subordinated obligations of the Issuer as described in "Terms and Conditions of the Securities — Status, Subordination". Also see "Terms and Conditions of the Securities — Winding-up".
Interest/Step-up after year 12:	From (and including) 9 February 2010 until (but excluding) 1 June 2017, the Securities will bear interest at a rate of 6.655 per cent. per annum, payable annually in arrear on 1 June of each year, starting on 1 June 2011 in respect of a long first coupon. Thereafter, unless previously redeemed, the Securities, from (and including) 1 June 2017 to (but excluding) 1 June 2022 will bear interest at a rate per annum which shall be 3.60 per cent. above the 5 year Swap Rate determined two Business Days prior to the beginning of the Second Fixed Rate Period (as defined in the Terms and Conditions of the Securities), payable annually in arrear on 1 June of each year, and from (and including) 1 June 2022 to (but excluding) the date on which they are redeemed will bear interest at the Euro Interbank offered rate for six-months Euro deposits, plus a margin of 4.60

	per cent., payable semi-annually in arrear on 1 December and 1 June of each year. In the event of a Change of Control (as defined in the Terms and Conditions of the Securities), if the Issuer has elected not to redeem the Securities, the respective applicable interest rate per annum will increase by 5.00 per cent.
Interest Deferral and payment of Arrears of Interest:	The Issuer may at its discretion and upon giving notice elect to defer payment of interest on the Securities (subject to limited exceptions), see "Terms and Conditions of the Securities — Deferrals". Any amounts so deferred shall constitute Arrears of Interest. Arrears of Interest shall bear interest at the Coupon Rate (as defined in the Terms and Conditions of the Securities) prevailing from time to time. The Issuer may, upon giving notice, pay outstanding Arrears of Interest, in whole or in part, at any time. The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates: (i) the Coupon Payment Date immediately following a Mandatory Payment Event (as defined in the Terms and Conditions of the Securities); (ii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (Winding-up), Condition 6(b) (Issuer's Call Option), Condition 6(c) (Redemption for Taxation Reasons), Condition 6(d) (Redemption for Accounting Reasons), Condition 6(e) (Redemption for Rating Reasons) or Condition 6(f) (Redemption for Change of Control), all as described in "Terms and Conditions of the Securities — Deferrals".
Redemption:	The Securities are perpetual securities in respect of which there is no fixed redemption date by which the Issuer would be under the obligation to redeem the Securities.
Optional Redemption:	The Securities may be redeemed at the option of the Issuer, including, without limitation, for tax, accounting and rating reasons and for change of control, see "Terms and Conditions of the Securities — Redemption, Purchase and Modification" for more detail on the terms applicable to such redemption including the basis for calculating the redemption amounts payable.
Replacement Intention:	The Issuer intends that, to the extent that the Securities provide the Issuer with equity credit for rating purposes immediately prior to redemption, it will repay the principal amount of the Securities upon such redemption with the net proceeds received by the Issuer or any of the Issuer's Subsidiaries from the sale or issuance, during the 360-day period prior to the date of redemption, by it or any Subsidiary to third-party purchasers,

	other than a TenneT Group entity, of securities for which the Issuer will receive equity credit for rating purposes, at the time of sale or issuance, that is equal to or greater than the equity credit for rating purposes attributed to the Securities at the time of such redemption.
Replacement Capital Covenant:	At or around the time of issuance of the Securities, the Issuer will enter into a replacement capital covenant (RCC) for the benefit of holders, from time to time, of designated series of long-term indebtedness, as described on pages 75 and 76. This places certain restrictions on the Issuer's right to redeem the Securities after 2 June 2017, notwithstanding the Terms and Conditions set out in this Prospectus. As described on pages 75 and 76, the RCC provides that, subject to certain exceptions, the Issuer (by itself or through its subsidiaries) may not repay, redeem or repurchase any Securities between 2 June 2017 and the termination of the RCC (in any event on 2 June 2037 or earlier, subject to certain conditions), unless a certain amount of a certain class of qualifying financing instruments replaces the Securities repaid, redeemed or repurchased.
Withholding Tax and Additional Amounts:	All payments of principal and interest in respect of the Securities will be made free and clear of withholding taxes of The Netherlands subject to customary exceptions, all as described in "Terms and Conditions of the Securities — Taxation".
Governing Law:	Dutch law.
Ratings:	The Securities have been rated BBB by Standard & Poor's and Baa3 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and Admission to Trading:	Application has been made to list the Securities on Euronext Amsterdam.
Selling Restrictions:	The United States, the Public Offer Selling Restriction under the Prospectus Directive and the United Kingdom, see "Subscription and Sale". The Issuer is Category 1 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities. These include various risks relating to the Issuer's business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities. These include the fact that the Securities may not be a suitable investment for all investors and certain market risks, see "Risk Factors".
Use of Proceeds:	The net proceeds of the issue of the Securities, expected to

	amount to approximately €500,000,000, will be applied by the Issuer for general corporate purposes and (in whole or in part) for the acquisition of transpower.
ISIN:	XS0484213268
Common Code:	048421326

Documents Incorporated by Reference

The following parts of the documents listed below, which have previously been published and filed with the AFM, shall be incorporated in and form part of this Prospectus and are correct as of their date:

1. audited annual report for the financial year ended 2007 (Dutch version):

   - consolidated annual financial statements (page 83-89)

   - notes (page 90-155)

   - auditors report (page 156-157)

2. audited annual report for the financial year ended 2008 (Dutch version):

   - consolidated annual financial statements (page 115-121)

   - notes (page 122-199)

   - auditors report (page 200-201)

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and www.tennet.org.

Terms and Conditions of the Securities

The following, subject to alternation, are the terms and conditions of the Securities substantially in the form in which they will be endorsed on the Global Security. The terms and conditions applicable to any Security in global form will differ from those terms and conditions which would apply to the Security were it in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.

The issue of the Securities was authorised pursuant to resolutions of the Executive Board of the Issuer passed on 19 January 2010. A fiscal agency agreement dated 9 February 2010 (the "**Agency Agreement**") has been entered into in relation to the Securities between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent, calculation agent and paying agent. The fiscal agent, calculation agent and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**", the "**Calculation Agent**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Agency Agreement includes the form of the Securities and the coupons relating to them (the "**Coupons**"). Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents. The holders of the Securities (the "**Securityholders**") and the holders of the Coupons (whether or not attached to the relevant Securities) (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References to "**Holders**" shall include both Securityholders and Couponholders.

1. Form, Denomination and Title

(a) *Form and Denomination*

The Securities are serially numbered and in bearer form in the denominations of €50,000 and integral multiples of €1,000 in excess thereof up to (and including) €99,000, each with Coupons attached on issue. No definitive Securities will be issued with a denomination above €99,000. Securities of one denomination may not be exchanged for Securities of any other denomination.

(b) *Transfer and Title*

Title to the Securities and Coupons passes by delivery. The holder of any Security or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. Status, Subordination

The Securities, together with interest accrued thereon, including any Arrears of Interest, constitute direct, unsecured and subordinated obligations of the Issuer (ranking *pari passu* without any preference among themselves), which in the event of a Winding-up rank:

(i) junior to the claims of all senior and other subordinated creditors of the Issuer, except for the loans and securities referred to in sub-clause (ii) hereunder;

(ii) *pari passu* among itself and any loans and securities expressed to rank *pari passu* with the Securities; and

(iii) senior to the Issuer's ordinary and preferred share capital,

except as otherwise required by mandatory provisions of law.

Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off. This Condition 2 is an irrevocable stipulation (*derdenbeding*) for the benefit of the creditors referred to in (i) above and each such creditor may rely on and enforce this Condition 2 under Section 6:253 of the Dutch Civil Code.

3. Winding-up

In the event of a Winding-up, the Securities will become immediately due and payable at their outstanding principal amount, together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, provided that such amount shall only be paid to the Holders to the extent that all senior and other subordinated creditors of the Issuer referred to in Condition 2 under (i) shall have been satisfied in full.

4. Deferrals

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. The Issuer may, subject to Condition 4(b), defer a Coupon Payment in the following circumstances:

(a) *Deferral of Payments*

(i) Subject to Condition 4(b), the Issuer may in respect of any Payment which would, in the absence of deferral in accordance with this Condition 4(a)(i), be payable, defer all or part of such Payment by giving notice (a "**Deferral Notice**") to the Holders, the Fiscal Agent and the Calculation Agent not less than 16 Business Days prior to the relevant due date. Subject to Condition 4(b), the Issuer may then satisfy any such Payment at any time upon delivery of a notice to the Holders, the Fiscal Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date informing them of its election to so satisfy such Payment and specifying the relevant Deferred Coupon Satisfaction Date.

(ii) If any Payment is deferred pursuant to this Condition 4(a) then such deferred Payment shall bear interest, at the Coupon Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

. (iii) Any amounts deferred in accordance with this Condition 4(a) shall constitute Arrears of Interest. Non payment of Arrears of Interest shall not constitute a default by the Issuer under the Securities or for any other purpose, unless such payment is required in accordance with Condition 4(b).

(b) *Dividend Pusher; Mandatory Payments, Voluntary Payments*

The Issuer may give a Deferral Notice under Condition 4(a) with regard to a Coupon Payment Date in its sole discretion and for any reason, unless in the three months immediately preceding such Coupon Payment Date a Mandatory Payment Event has occurred in which case any such Deferral Notice shall have no force or effect.

The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time (such date in such respect then a Deferred Coupon Satisfaction Date) by giving notice to the Holders, the Fiscal Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Deferred Coupon Satisfaction Date.

The Issuer shall pay any outstanding Arrears of Interest, in whole but not in part, on the first to occur of the following dates:

(i) the Coupon Payment Date immediately following a Mandatory Payment Event;

(ii) the date on which the Securities are redeemed (in whole, but not in part) in accordance with Condition 3 (Winding-up), Condition 6(b) (Issuer's Call Option), Condition 6(c) (Redemption for Taxation Reasons), Condition 6(d) (Redemption for Accounting Reasons), Condition 6(e) (Redemption for Rating Reasons) or Condition 6(f) (Redemption for Change of Control)

(such date in such respect then a Deferred Coupon Satisfaction Date), it being understood that if none of the events referred to in (i) or (ii) took place prior to the calendar day which is the fifth anniversary of the Coupon Payment Date on which the relevant remuneration payment could have fallen due for the first time, it is the intention, though not an obligation, of the Issuer to pay outstanding Arrears of Interest (in whole, but not in part) on the next Coupon Payment Date.

5. Coupon Payments

(a) *Coupon Payment Dates*

The Securities bear interest from (and including) the Issue Date. Such interest will (subject to Condition 4(a)) be payable annually in arrear on each Coupon Payment Date up to (and including) the Step-up Date and thereafter semi-annually in arrear on each Coupon Payment Date. Each Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the prevailing Coupon Rate in accordance with this Condition (both before and after judgment).

(b) *Coupon Rate*

Fixed Rate Period

The Coupon Rate payable from time to time in respect of the Securities in respect of the First Fixed Rate Period will be 6.655 per cent. per annum (the "**First Fixed Coupon Rate**"), and in respect of the Second Fixed Rate Period will be calculated as follows.

The rate of interest for the Second Fixed Rate Period (the "**Second Fixed Coupon Rate**") shall, except as provided below, be the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years and commencing on 1 June 2017, (b) is in an amount that is representative of a single transaction, in the swap market two business days prior to the beginning of the Second Fixed Rate Period, with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen "ISDAFIX2" under the heading "EURIBOR BASIS" and above caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time) as of 11:00 a.m. (Brussels time) (the "**Reset Screen Page**") on the second Business Day prior to the beginning of the Second Fixed Rate Period (the "**Reset Coupon Determination Date**"), (the "**5 year Swap Rate**") plus 3.60 per cent., all as determined by the Calculation Agent.

In the event that the 5 year Swap Rate does not appear on the Reset Screen Page on the Reset Coupon Determination Date, the 5 year Swap Rate will be the Reset Reference Bank Rate on such Reset Coupon Determination Date. "**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the 5 year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the "**Reset Reference Banks**") to the Calculation Agent at approximately 11:00

a.m., Brussels time), on the Reset Coupon Determination Date. If at least three quotations are provided, the 5 year Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

The "**5 year Swap Rate Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction (i) has a term of 5 years and commencing on 1 June 2017, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis).

Where it is necessary to compute an amount of interest in respect of any Security during the Fixed Rate Period for a period which is less than a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Coupon Payment Date. Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one year, such interest shall be the aggregate of the interest payable in respect of a full year plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per €1,000 in principal amount of the Securities (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the relevant Fixed Coupon Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Floating Rate Period

The Coupon Rate payable from time to time in respect of the Securities in respect of the period from (and including) the Second Call Date (the "**Floating Coupon Rate**") will be determined by the Calculation Agent on the basis of the following provisions:

(i) On each Coupon Determination Date the Calculation Agent will determine the offered rate (expressed as a rate per annum) for six month euro deposits as at 11.00 a.m. (Brussels time) on such Coupon Determination Date, as displayed on Reuters page "LIBOR" (or such other screen page or screen pages as may replace it for the purpose of displaying such information). The Floating Coupon Rate for the Coupon Period immediately succeeding the Coupon Determination Date shall be such offered rate as determined by the Calculation Agent plus the Margin.

(ii) If such offered rate does not so appear, or if the relevant screen page is unavailable, the Calculation Agent will, on such date, request the principal Euro-zone office of the Reference Banks to provide the Calculation Agent with its offered quotation to leading banks in the Euro-zone inter bank market for six-month euro deposits as at 11.00 a.m. (Brussels time) on the Coupon Determination Date in question. If at least two of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Coupon Rate for the Coupon Period immediately succeeding the relevant Coupon Determination Date shall be the rate determined by the Calculation Agent to be the arithmetic mean (rounded upwards if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.

(iii) If on any Coupon Determination Date to which the provisions of sub-paragraph (ii) above apply, one only or none of the Reference Banks provides the Calculation Agent with such a quotation, the Floating Coupon Rate for the Coupon Period immediately succeeding such Coupon Determination Date shall be the rate which the Calculation Agent determines to be the aggregate of the Margin and the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates which leading banks in the Euro-zone selected by the Calculation Agent are quoting, on the relevant Coupon Determination Date, to leading European banks for a period of six months, except that, if the banks so selected by the Calculation Agent are not quoting as mentioned above, the Floating Coupon Rate for such Coupon Period shall be either (1) the Floating Coupon Rate in effect for the last preceding Coupon Period to which one of the preceding sub-paragraphs of this Condition 5(b) shall have applied or (2) if none, 4.60 per cent. per annum, being the Margin.

(c) *Determination and Publication of Floating Coupon Rate and Floating Coupon Amounts*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each Coupon Determination Date, determine the Floating Coupon Rate in respect of the relevant Coupon Period and calculate the amount of interest payable per Calculation Amount in respect of a Security on the Coupon Payment Date for the relevant Coupon Period (the "**Floating Coupon Amounts**") by applying the Floating Coupon Rate for such Coupon Period to the Calculation Amount of a Security, multiplying such sum by the actual number of days in the Coupon Period concerned divided by 360 and, if necessary, rounding the resultant figure to the nearest € 0.01 (€ 0.005 being rounded upwards). The Calculation Agent will subsequently cause the Floating Coupon Rate and each Floating Coupon Amount payable in respect of a Coupon Period to be notified to the Issuer, the Fiscal Agent, Euronext Amsterdam N.V. and the Holders and to be published as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

(d) *Determination or Calculation by other agent*

If the Calculation Agent does not at any time for any reason (i) determine the Floating Coupon Rate in accordance with Condition 5(b) or (ii) calculate a Floating Coupon Amount in accordance with Condition 5(c), the Issuer shall appoint an agent to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Issuer or such agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(d) by such agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents and all Holders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Holders shall attach to such agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(e) *Step-up after Change of Control*

In the event of a Change of Control, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(f), the then prevailing Coupon Rate on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control occurred.

6. Redemption, Purchase and Modification

(a) *No Fixed Redemption Date*

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 10) only have the right to repay them in accordance with the following provisions of this Condition 6.

(b) *Issuer's Call Option*

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, elect to redeem the Securities in whole, but not in part, on the Reset Date (in this respect also the "**First Call Date**"), the Step-up Date (in this respect also the "**Second Call Date**"), or any Coupon Payment Date after the Step-up Date at their principal amount together with any interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date.

(c) *Redemption for Taxation Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 30 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, at their principal amount, together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, and together with any Additional Amounts payable under Condition 9, provided that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing to the effect that the Issuer would be required to pay Additional Amounts in accordance with (and as defined in) Condition 9 upon the next due date for a payment in respect of the Securities by reason of:

(i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or

(ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or

(iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or

(iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(a "**Withholding Tax Event**") which change, amendment or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

The Issuer may also redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 30 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at their Early Redemption Amount if such redemption occurs prior to the Step-up Date or (ii) at their principal amount together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, if such redemption occurs on or after the Step-up Date, provided, in each case, that the Issuer certifies in its notice that it has obtained an opinion in writing from a reputable firm of lawyers of good standing to the effect that interest payments under the Securities were but are or will no longer be tax-deductible by the Issuer for Dutch corporate income tax purposes by reason of:

(i) any actual or proposed change in or amendment to the laws, regulations or rulings of the Netherlands or any political subdivision or taxing authority thereof or therein; or

(ii) any actual or proposed change in the official application or interpretation of such laws, regulations or rulings; or

(iii) any action which shall have been taken by any taxing authority or any court of competent jurisdiction of the Netherlands or any political subdivision or taxing authority thereof or therein, whether or not such action was taken or brought with respect to the Issuer; or

(iv) any actual or proposed change in the official application or interpretation of, or any actual or proposed execution of, or amendment to, any treaty or treaties affecting taxation to which the Netherlands is or is to be a party,

(an "**Income Tax Deduction Event**") which change, amendment or execution becomes effective, taking of action occurs, or proposal is made, on or after the Issue Date.

(d) *Redemption for Accounting Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 30 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at their Early Redemption Amount if such redemption occurs prior to the Step-up Date or (ii) at their principal amount, together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, if such redemption occurs on or after the Step-up Date, provided, in each case, that the Issuer certifies in its notice that it has received an opinion from a recognised independent auditor that in the consolidated accounts of the TenneT group prepared in accordance with International Financial Reporting Standards as adopted by the European Union, the Securities will no longer or may no longer be classified as "equity" (an "**Accounting Event**").

(e) *Redemption for Rating Reasons*

The Issuer may redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 30 days' notice to the Holders in accordance with Condition 14 and to the Fiscal Agent, which notice shall be irrevocable, (i) at their Early Redemption Amount if such redemption occurs prior to the Step-up Date or (ii) at their principal amount, together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date, if such redemption occurs on or after the Step-up Date, provided, in each case, that the Issuer certifies in its notice that the Issuer has received confirmation from one or more rating agencies which has assigned a sponsored rating to the Issuer that the Securities will no longer be eligible for the same or higher category of equity credit (as defined by such rating agency) as attributed to the Securities as at the Issue Date (a "**Rating Event**"). For the purposes of this Condition 6(e), a "**sponsored rating**" means a rating assigned by a rating agency with whom the Issuer has a contractual relationship under which the Issuer is assigned a rating and the Securities are assigned an equity credit.

(f) *Redemption for Change of Control*

In the event the State of the Netherlands ceases to hold (directly or indirectly) more than 50% of the share capital and the voting rights in the Issuer (a "**Change of Control**"):

(i) the Issuer shall promptly notify the Holders in accordance with Condition 14 and the Fiscal Agent upon becoming aware of such Change of Control; and

(ii) the Issuer may redeem the Securities in whole, but not in part, upon not more than 60 days' nor less than 30 days' irrevocable notice (specifying a date for such redemption which is a Coupon Payment Date) to the Holders in accordance with Condition 14 and to the Fiscal Agent, at their

principal amount, together with interest accrued thereon, including any Arrears of Interest, up to (but excluding) the redemption date.

For the purpose of this Condition 6(f) "**control**" (*beschikking*), "**shares**" (*aandelen*) and "**voting rights**" (*stemmen*) have the meanings given to them in Chapter 5.3 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

(g) *Notification of Early Redemption Amount*

The Calculation Agent will cause the Early Redemption Amount to be notified to the Issuer, the Fiscal Agent, Euronext Amsterdam N.V. and the Holders in accordance with Condition 14 as possible after its determination.

(h) *Purchases*

The Issuer may (subject to Condition 2) at any time purchase Securities in any manner and at any price. Securities purchased by the Issuer may be held, reissued, resold or, at the option of the Issuer, be cancelled in accordance with Condition 6(i) below. Any Securities so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Securityholders or for the purposes of Condition 11(a).

(i) *Cancellation*

Any Securities cancelled may not be reissued or resold. The obligations of the Issuer in respect of any such Securities shall be discharged.

(j) *Modification*

In case of an Income Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event, the Issuer may, and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of the Holders being required, at any time modify the Terms and Conditions of the Securities, in whole but not in part, so that the relevant event no longer exists after such modification. The Issuer may combine a substitution pursuant to Condition 12 with a modification pursuant to this Condition 6(j) if all provisions of this Condition 6(j) and Condition 12 are satisfied. Any such modification to the Securities is conditioned on the modified Securities having terms that:

(i) are not less favourable to the Holders than the terms of the Securities, including the same tax treatment for the relevant Holder; and

(ii) are, except for the modifications required to avoid the events specified above, substantially identical to the terms of the Securities (including without limitation Coupon Rate(s) and Coupon Payment Dates).

The Terms and Conditions of the Securities may only be modified if (i) all accrued interest on the relevant Coupon Payment Date has been paid in full, including any Arrears of Interest, and (ii) the modification does not itself give rise to (a) any detrimental change in any published rating of the Securities and/or of the Issuer in effect at such time or (b) an Income Tax Deduction Event, an Accounting Event, a Rating Event or a Withholding Tax Event. The Issuer shall as soon as practicable give notice of such modification in accordance with Condition 14.

7. Payments

(a) *Method of Payment*

(i) Payments of principal and Coupon Amounts and all other payments on or in respect of the Securities will be in Euro and will be calculated by the Calculation Agent and effected through the Paying Agents.

Payments of principal, premium and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Securities or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by Euro cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in the Euro-zone. Payments of interest due in respect of any Security other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Security.

(ii) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (x) for so long as the Securities are listed on Euronext Amsterdam, or any other stock exchange or regulated securities market and the rules of such exchange or securities market so require, a Paying Agent having a specified office in such location as the rules of such exchange or securities market may require and (y) a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 14.

(b) *Payments subject to fiscal laws*

All payments made in accordance with these Terms and Conditions will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

(c) *Surrender of unmatured Coupons relating to the Fixed Rate Period*

Each Security should be presented for redemption together with all unmatured Coupons relating to it in respect of the Fixed Rate Period, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 5 years after the due date for the relevant payment of principal.

(d) *Unmatured Coupons relating to the Floating Rate Period*

Upon the due date for redemption of any Security, unmatured Coupons relating to such Security in respect of the Floating Rate Period (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Security is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(e) *Payments on payment business days*

A Security or Coupon may only be presented for payment on a day (other than a Saturday or a Sunday) on which (i) commercial banks are open for general business in Amsterdam and, if different, in the place of the specified office of the relevant Paying Agent to whom such Security or Coupon is presented for payment and (ii) the TARGET System is operating.

No further interest or other payment will be made as a consequence of the day on which a Security or Coupon may be presented for payment under this paragraph falling after the due date. A Security or Coupon may not be presented for payment before the due date.

8. Events of Default

(a) Subject to Condition 4(a)(iii) and without prejudice to Condition 3, if the Issuer fails to make any payment in respect of the Securities on the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and any Holder may, by notice to the Issuer, declare that the Securities, together with interest accrued thereon, including any Arrears of Interest and all other amounts outstanding under these Conditions, be immediately due and payable, whereupon they shall become immediately due and payable, provided that the Issuer has not remedied such default within five (5) Business Days after having received such notice.

(b) Subject as provided in this Condition 8, any Holder may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Agency Agreement or the Securities provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

9. Taxation

All payments by the Issuer in respect of the Securities and the Coupons will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the Netherlands or any political subdivision thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts receivable by Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Securities or the Coupons in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Security or Coupon:

(i) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Security or Coupon; or

(ii) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iii) to, or to a third party on behalf of, a Holder that is a partnership or a Holder that is not the sole beneficial owner of the Security or Coupon or which holds the Security or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

(iv) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vi) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by claiming for payment with another Paying Agent in a Member State of the European Union.

References in these Terms and Conditions to any amounts which may become due and payable pursuant hereto shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions.

10. Prescription

Claims for payment in relation to Securities and Coupons will become void unless exercised within a period of five years from the due date for payment thereof.

11. Meetings of Securityholders and Modification

(a) *Meeting of Securityholders*

The Agency Agreement contains provisions for convening meetings of Securityholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Meetings may be held in the Netherlands, the United Kingdom, Belgium, Luxembourg, Germany or France. The notice convening the meeting shall specify the day, time and place of the meeting. Such a meeting may be convened by Securityholders holding not less than 10 per cent in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Securities for the time being outstanding; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting the quorum to consider an Extraordinary Resolution will be two or more persons being or representing Securityholders whatever the principal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the Securities, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on or to vary the method of calculating the rate of interest or to reduce the rate of interest on, the Securities, (iii) to change the currency of payment of the Securities or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent; if such quorum is not present the meeting will be adjourned, and at any adjourned meeting such necessary quorum will be two or more persons holding or representing not less than 25 per cent, in principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such

a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

(b) *Modification of Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Securityholders.

Any such modification shall be binding on the Holders and any such modification shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

12. Substitution of the Issuer

(a) The Issuer may, and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of the Holders being required, when no payment of principal of or interest on any of the Securities is in default, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the "**Substituted Debtor**") as principal debtor in respect of the Securities provided that:

(i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Holder to be bound by the Terms and Conditions of the Securities and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Securities and the Agency Agreement as the principal debtor in respect of the Securities in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the "**Guarantee**") in favour of each Holder the payment of all sums payable (including any Additional Amounts payable pursuant to Condition 9) in respect of the Securities;

(ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than The Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Holder has the benefit of a covenant in terms corresponding to the provisions of Condition 9 with the substitution for the references to The Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and the Issuer to indemnify and hold harmless each Holder against all liabilities, costs, charges and expenses (provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective) which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Holder by any political sub-division or taxing authority of any country in which such Holder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance

of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Holder;

(iv) each stock exchange which has Securities listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Securities would continue to be listed on such stock exchange;

(v) the Substituted Debtor shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent;

(vi) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from the internal legal adviser to the Issuer to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Issuer, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent; and

(vii) the Issuer shall have delivered to the Fiscal Agent or procured the delivery to the Fiscal Agent of a legal opinion from a leading firm of Dutch lawyers to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor and the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Holders at the specified office of the Fiscal Agent.

(b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Holder, except as provided in Condition 12(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Securities any indemnification or payment in respect of any tax or other consequences arising from such substitution.

(c) In respect of any substitution pursuant to this Condition in respect of the Securities, the Documents referred to in Condition 12(a) above shall provide for such further amendment of the Terms and Conditions of the Securities as shall be necessary or desirable to ensure that the Securities constitute subordinated obligations of the Substituted Debtor, subordinated to no greater than the same extent as the Issuer's obligations prior to its substitution to make payments of principal in respect of the Securities under Condition 2, such that the Substituted Debtor will only be obliged to make payments of principal in respect of the Securities to the extent that the Issuer would have been so obliged under Condition 2 of the Terms and Conditions had it remained as principal obligor under the Securities.

(d) With respect to the Securities, the Issuer shall be entitled, by notice to the Holders given in accordance with Condition 14, at any time to effect a substitution which does not comply with paragraph (c) above provided that the terms of such substitution have been approved by an Extraordinary Resolution of the Holders or to waive all and any rights to effect a substitution of the principal debtor pursuant to this Condition. Any such notice of waiver shall be irrevocable.

(e) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice as referred to in paragraph (g) below having been given, the Substituted Debtor shall be deemed to be named in the Securities as the principal debtor in place of the Issuer and the Securities shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Securities save that any claims under the Securities prior to release shall enure for the benefit of Holders.

(f) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Securities remain outstanding and for so long as any claim made against the Substituted Debtor by any Holder in relation to the Securities or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Holder to the production of the Documents for the enforcement of any of the Securities or the Documents.

(g) Not later than 15 days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Holders in accordance with Condition 14.

13. Replacement of Securities and Coupons

Should any Security or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (or such other place of which notice shall have been given in accordance with Condition 14) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity and/or as the Issuer may reasonably require. The mutilated or defaced Security or Coupon must be surrendered before any replacement will be issued.

14. Notices

Notices to Holders shall be given by publication in the English language in a daily newspaper having general circulation in the Netherlands (which is expected to be *Het Financieele Dagblad*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

15. Further Issues

The Issuer is at liberty from time to time, without any further consent of the Holders being required, to create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that the same shall be consolidated and form a single series with the outstanding Securities.

16. Agents

The Issuer will procure that there shall at all times be a Calculation Agent and a Fiscal Agent so long as any Security is outstanding. If either the Calculation Agent or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Agency Agreement, as appropriate, the Issuer shall appoint a reputable independent investment bank of good standing to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Fiscal Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Fiscal Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents and the Holders.

None of the Issuer and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

17. Governing Law and Jurisdiction

(a) The Agency Agreement, these Terms and Conditions, the Securities and the Coupons are governed by, and shall be construed in accordance with, the laws of the Netherlands.

(b) The Issuer submits for the exclusive benefit of the Holders to the jurisdiction of the courts of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action, proceedings or disputes which may arise out of or in connection with the Agency Agreement and the Securities may be brought in any other court of competent jurisdiction.

18. Definitions

In these Terms and Conditions:

"**5 year Swap Rate**" has the meaning ascribed to it in Condition 5(b);

"**5 year Swap Rate Quotations**" has the meaning ascribed to it in Condition 5(b);

"**Accounting Event**" has the meaning ascribed to it in Condition 6(d);

"**Additional Amounts**" has the meaning ascribed thereto in Condition 9;

"**Adjusted Comparable Yield**" means the yield at the Redemption Calculation Date on the euro benchmark security selected by the Calculation Agent, after consultation with the Issuer, as having a maturity comparable to the remaining term of the Securities to 1 June 2017 or, as applicable, 1 June 2022 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 1 June 2017 or, as applicable, 1 June 2022;

"**Agency Agreement**" has the meaning ascribed to it in the preamble;

"**Agents**" means the agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Fiscal Agent;

"**Arrears of Interest**" means any amounts deferred in accordance with Condition 4(a);

"**Business Day**" means a day, other than a Saturday or Sunday, which is a TARGET Settlement Day and on which commercial banks and foreign exchange markets are open for general business in Amsterdam;

"**Calculation Agent**" means The Bank of New York Mellon, London Branch as calculation agent in relation to the Securities, or its successor or successors for the time being appointed under the Agency Agreement;

"**Calculation Amount**" has the meaning ascribed to it in Condition 5(b);

"**Change of Control**" means the State of the Netherlands ceasing to hold (directly or indirectly) more than 50% of the share capital and the voting rights in the Issuer;

"**Condition**" means any of the numbered paragraphs of these Terms and Conditions of the Securities;

"**Coupons**" has the meaning ascribed to it in the preamble;

"**Couponholder**" has the meaning ascribed to it in the preamble;

"**Coupon Amount**" means (i) in respect of a Coupon Payment, the amount of interest payable on a Security for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 6(c),

6(d), 6(e) and 6(f) any interest accrued from (and including) the preceding Coupon Payment Date (or, if none, the Issue Date) to (but excluding) the due date for redemption if not a Coupon Payment Date as provided for in Condition 5; the term "Coupon Amount" also includes Floating Coupon Amounts;

"**Coupon Determination Date**" means, in respect of the period from (and including) the First Call Date, the second Business Day before the commencement of each Coupon Period;

"**Coupon Payment**" means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

"**Coupon Payment Date**" means 1 June in each year, starting 1 June 2011 in respect of a long first coupon, for the period up to (and including) the Step-up Date, and thereafter 1 December and 1 June in each year, provided that if any Coupon Payment Date would otherwise fall on a day which is not a Business Day it shall be postponed to the next Business Day unless it would then fall into the next calendar month in which event the Coupon Payment Date shall be brought forward to the immediately preceding Business Day;

"**Coupon Period**" means the period commencing on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period commencing on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date or the date of redemption, as the case may be;

"**Coupon Rate**" means the First Fixed Coupon Rate, the Second Fixed Coupon Rate and/or the Floating Coupon Rate, as the case may be;

"**Deferral Notice**" has the meaning ascribed to it in Condition 4(a);

"**Deferred Coupon Payment**" means any Arrears of Interest which pursuant to Condition 4(a) the Issuer has elected to defer and which have not been satisfied;

"**Deferred Coupon Satisfaction Date**" means:

(i) the date on which the Issuer voluntarily satisfies a Deferred Coupon Payment, as notified by the Issuer to the Holders, the Fiscal Agent and the Calculation Agent in accordance with Condition 4(b); or

(ii) the date on which the Issuer is required to satisfy all Deferred Coupon Payments pursuant to Condition 4(b);

"**Documents**" has the meaning ascribed to it in Condition 12(a);

"**Early Redemption Amount**" means the greater of the principal amount of the Securities and the Make-Whole Amount of the Securities, in each case, plus any Arrears of Interest and accrued interest until the redemption date (exclusive);

"**First Call Date**" has the meaning ascribed to it in Condition 6(b);

"**First Fixed Coupon Rate**" has the meaning ascribed to it in Condition 5(b);

"**First Fixed Rate Period**" means the period from (and including) the Issue Date to (but excluding) the Reset Date;

"**Fiscal Agent**" has the meaning ascribed to it in the preamble;

"**Fixed Coupon Rate**" means, during the First Fixed Rate Period, the First Fixed Coupon Rate and, during the Second Fixed Rate Period, the Second Fixed Coupon Rate;

"**Fixed Rate Period**" means the period from (and including) the Issue Date to (but excluding) the Step-up Date;

"**Floating Coupon Amounts**" has the meaning ascribed to it in Condition 5(c);

"**Floating Coupon Rate**" has the meaning ascribed to it in Condition 5(b);

"**Floating Rate Period**" means the period from (and including) the Step-up Date;

"**Guarantee**" has the meaning ascribed to it in Condition 12(a);

"**Holder**" has the meaning ascribed to it in the preamble;

"**Income Tax Deduction Event**" has the meaning ascribed to it in Condition 6(c);

"**Interest**" shall, where appropriate, include Coupon Amounts and Deferred Coupon Payments;

"**Issue Date**" means 9 February 2010, being the date of initial issue of the Securities;

"**Issuer**" means TenneT Holding B.V.;

"**Make-Whole Amount**" means the sum of the Present Values on the redemption date of (i) the principal amount of the Securities and (ii) the remaining scheduled payments of interest on the Securities to (but excluding) 1 June 2017 or 1 June 2022, in case such redemption occurs on or after 1 June 2017 but before 1 June 2022, as calculated by the Calculation Agent. In performing such calculation it shall be assumed that the principal amount of the Securities is a cash flow due on 1 June 2017 or, as applicable, 1 June 2022 and that all applicable interest payments are to be made in full;

a "**Mandatory Payment Event**" shall have occurred if:

(a) a dividend, other distribution or payment was validly resolved on, paid or made in respect of ordinary or preferred shares in the capital of the Issuer or in respect of preferred shares in the capital of any Subsidiary, except in respect of any series of preferred shares in the capital of the Issuer or any Subsidiary whose terms do not provide for dividends to be discretionary; or

(b) the Issuer has repurchased, redeemed, or otherwise acquired any ordinary or preferred shares in its capital or any Subsidiary has repurchased, redeemed, or otherwise acquired any preferred shares in its capital;

"**Margin**" means 4.60 per cent.;

"**Paying Agents**" has the meaning ascribed to it in the preamble;

"**Payment**" means any Coupon Payment or Deferred Coupon Payment;

"**Present Values**" means the values as calculated by the Calculation Agent by discounting the principal amount of the Securities and the remaining scheduled interest payments to (but excluding) 1 June 2017 or, as applicable, 1 June 2022 using the Adjusted Comparable Yield plus 1.00 per cent.. If interest is to be calculated for a period of less than one year, it shall be calculated on the basis of the actual number of calendar days in the relevant period divided by the actual number of days in the relevant year (365 or 366);

"**Rating Event**" has the meaning ascribed to it in Condition 6(e);

"**Redemption Calculation Date**" means the third Business Day prior to the date on which the Securities are redeemed at the option of the Issuer as a result of an Accounting Event, an Income Tax Deduction Event or a Rating Event;

"**Reference Bank**" means four major banks in the Euro-zone interbank market as selected by the Calculation Agent;

"**Reset Coupon Determination Date**" has the meaning ascribed to it in Condition 5(b);

"**Reset Date**" means 1 June 2017;

"**Reset Reference Bank Rate**" has the meaning ascribed to it in Condition 5(b);

"**Reset Reference Banks**" has the meaning ascribed to it in Condition 5(b);

"**Reset Screen Page**" has the meaning ascribed to it in Condition 5(b);

"**Second Call Date**" has the meaning ascribed to it in Condition 6(b);

"**Second Fixed Coupon Rate**" has the meaning ascribed to it in Condition 5(b);

"**Second Fixed Rate Period**" means the period from (and including) the Reset Date to (but excluding) the Step-up Date;

"**Securities**" means €500,000,000 Fixed-to-Floating Rate Perpetual Capital Securities, and such expression shall include, unless the context otherwise requires, any further Securities issued pursuant to Condition 14 and forming a single series with the Securities, and "**Security**" means any of the Securities;

"**Securityholder**" has the meaning ascribed to it in the preamble;

"**Step-up Date**" means the date which is the first Coupon Payment Date 5 years from the Reset Date, i.e. 1 June 2022;

"**Subsidiary**" means a subsidiary of the Issuer within the meaning of Section 2:24a of the Dutch Civil Code (whether Dutch or non-Dutch);

"**Substituted Debtor**" has the meaning ascribed to it in Condition 12(a);

"**TARGET Settlement Day**" means a day on which the TARGET System is open;

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System;

"**Winding-up**" means a situation where (i) an order is made or a decree or resolution is passed for the winding-up, liquidation or dissolution of the Issuer, except for the purposes of a solvent merger, reconstruction or amalgamation, or (ii) a trustee (*curator*) is appointed by the competent District Court in the Netherlands in the event of bankruptcy (*faillissement*) affecting the whole or a substantial part of the undertaking or assets of the Issuer and such appointment is not discharged within 30 days; and

"**Withholding Tax Event**" has the meaning ascribed thereto in Condition 6.

Summary of Provisions relating to the Securities while in Global Form

The Temporary Global Security and the Global Security contain provisions which apply to the Securities while they are in global form, some of which modify the effect of the terms and conditions of the Securities set out in this document. The following is a summary of certain of those provisions:

1 Exchange

The Temporary Global Security is exchangeable in whole or in part for interests in the Global Security on or after a date which is expected to be 22 March 2010, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. The Global Security is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Securities described below (i) if the Global Security is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Securities is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Global Security for Definitive Securities on or after the Exchange Date specified in the notice.

If principal in respect of any Securities is not paid when due and payable the holder of the Global Security may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in "– Default" below), require the exchange of a specified principal amount of the Global Security (which may be equal to or (provided that, if the Global Security is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Securities represented thereby) for Definitive Securities on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date the holder of the Global Security may surrender the Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Global Security, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on the Global Security), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the Global Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Securities.

"**Exchange Date**" means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on the Temporary Global Security unless exchange for an interest in the Global Security is improperly withheld or refused. Payments of principal, premium and interest in respect of Securities represented by the Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of the Global Security to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global

Security, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Securities. Condition 7(a)(ii)(z) and Condition 9(vi) will apply to the Definitive Securities only.

3 Notices

So long as the Securities are represented by the Global Security and the Global Security is held on behalf of a clearing system, notices to Securityholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

4 Prescription

Claims against the Issuer in respect of principal, premium and interest on the Securities while the Securities are represented by the Global Security will become void unless it is presented for payment within a period of five years from the date the relevant payment fist became due.

5 Meetings

The holder of the Global Security shall (unless the Global Security represents only one Security) be treated as being two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, as having one vote in respect of each €0.01 in principal amount of Securities.

6 Purchase and Cancellation

Cancellation of any Security required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Security.

7 Default

The Global Security provides that the holder may cause the Global Security or a portion of it to become due and payable in the circumstances described in Condition 8 by stating in the notice to the Fiscal Agent the principal amount of Securities which is being declared due and payable. If principal in respect of any Security is not paid when due and payable, the holder of the Global Security may elect that the Global Security becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer under further provisions set out in the Global Security.

Business Description of Issuer

The description of the Issuer after the integration of transpower's transmission business (expected completion date is 26 February 2010) has been set out in Part 2 and should be read in addition to and in conjunction with description of the Issuer set out in Part 1.

PART 1: DESCRIPTION ISSUER APPLICABLE REGARDLESS OF THE ACQUISITION OF TRANSPOWER BY THE ISSUER

Introduction

The Issuer was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 28 April 1994 and operates under the laws of the Netherlands. The Issuer has its corporate seat in Arnhem, the Netherlands and has its registered office at Utrechtseweg 310, 6812 AR Arnhem, the Netherlands (telephone number +31 26 373 1111). The Issuer is registered with the Chamber of Commerce for Centraal Gelderland under registration number 09083317.

Objects

Article 2 of the Issuer's articles of association, regarding its objects, reads as follows:

"2.1. The objects of the company are to, directly of indirectly, participate in or to take an interest in any other way in, and to conduct the management of other business enterprises with objects as described in this paragraph and paragraph 2 of this article or objects which are similar or related thereto, furthermore to finance third parties and to provide security or undertake the obligations of third parties in any way, as well as to do everything that is in conformance with the provisions of this article or related or conducive thereto in the broadest sense.

2.2 The objects of the other business enterprises mentioned in paragraph 1 of this article may include:

(a) to provide for the transport and dispatch of electrical energy;

(b) to install, operate, manage and/or maintain networks intended for the transport of electricity, including connections that cross national borders as well as to measure the electrical energy supplied to and/or withdrawn from these networks;

(c) to render system services and other services for the electricity supply in the Netherlands;

(d) to conduct operations and/or to promote market forces in the area of energy and the environment, including but not limited to operating exchanges and other trading and market places, registering and issuing rights and certificates and issuing subsidies and other payments;

(e) to lease, to allow third parties to use or to make available in any other way facilities, goods and/or rights, including networks connected by optical fibre cables and telecommunication equipment and areas belonging to masts and buildings;

(f) to conduct operations related or connected to the above objects as well as to perform all other tasks charged to the company in or pursuant to any statutory scheme or designation from competent authorities; and as well as to do everything that is in conformance with the above objects or related or conducive to the above objects in the broadest sense.

2.3. The company may not furnish any security, give any price guarantees, otherwise warrant performance by third parties or bind itself jointly and severally or otherwise next to or on behalf of third parties for the purpose of the subscription for or acquisition of by third parties of shares in the company's share capital or of depositary receipts for these shares."

Capitalisation and Group Structure

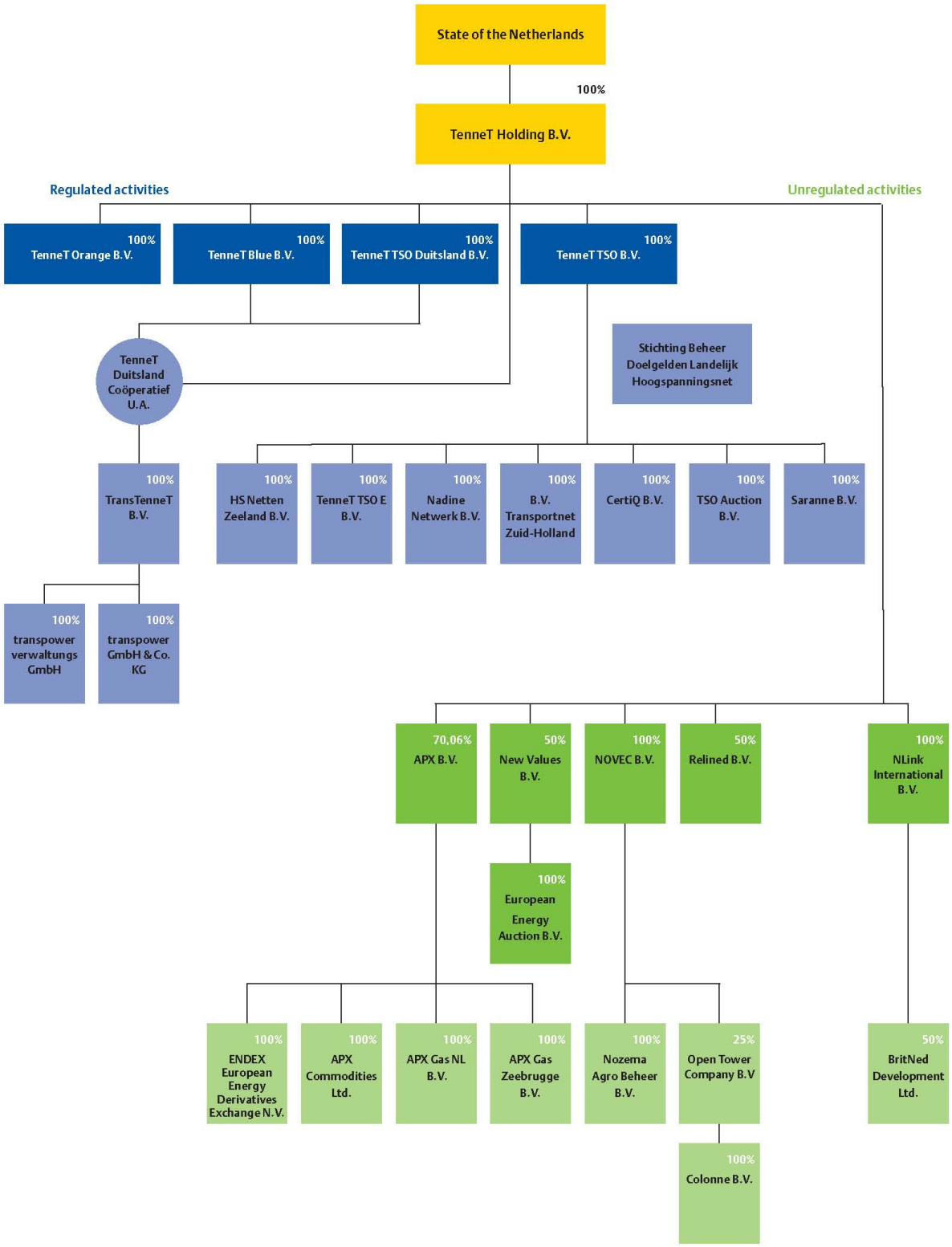
The authorised share capital of the Issuer is EUR 500,000,000 comprising of one million registered shares with a par value of EUR 500 each. A total of two hundred thousand registered shares have been issued, all of which are fully paid.

All issued shares in the capital of the Issuer are owned by the State of the Netherlands, represented by the Ministry of Finance (as opposed to the Ministry of Economic Affairs in its capacity as regulator (see "*Business Description of the Issuer, History*" below). According to the Policy on Government Participations ("Nota Deelnemingenbeleid Rijksoverheid") the State has the following view on its shareholding in the Issuer: "Given the strong public character of the participations which are still in portfolio and the fact that safeguarding of these public interests through only laws and regulations is being regarded as too rigid, disposal of these participations is not likely. This does not mean that future disposals of interests in certain participations can be ruled out in advance. Privatisation remains an option if it appears that the shareholding by the State has no or little added value within the framework of safeguarding the public interests. Moreover it must be sufficiently clear that the continuity of the service would not be jeopardised through private shareholding, and that private shareholding has added value for the relevant enterprise and the quality of the activities which it employs. However, the argument by itself that private shareholders have a general interest in economically more efficient management, is not sufficient reason to sell. This new policy with respect to the current portfolio of State participations can be summarised as: "public, unless"." (see page 3 of the pdf document of the Policy on Governemental Participations provided by the Ministry of Finance on the following website: http://www.minfin.nl/Actueel/Kamerstukken/2007/12/Nota_Staatsdeelnemingenbeleid)

The legal structure of the TenneT Group as of 31 December 2009 is as follows:

Organisational structure TenneT Group

(as at December 31 2009)



The current TenneT Group structure, headed by the Issuer, was established in 2005 through a number of mergers and demergers with the objective to separate regulated and non-regulated activities of the TenneT Group in agreement with the provisions in article 17a of the Electricity Act. All Dutch regulated activities of the TenneT Group are performed by either TenneT TSO or one of its subsidiaries. With a few exceptions TenneT TSO and its subsidiaries are not allowed to perform activities that could create competition with third parties. The unregulated activities, when appropriate within the strategy of the TenneT Group, are performed by subsidiaries (excluding TenneT TSO) and participations positioned directly under the Issuer or directly or indirectly under such subsidiaries. The unregulated activities of these subsidiaries are not allowed to conflict with the –regulated- interests of TenneT TSO.

History and development of the Issuer

The history and development of the Issuer is inextricably linked with the history and development of the Dutch electricity market.

The Dutch electricity market

The Dutch electricity market is regulated by the Electricity Act. Many provisions of the Electricity Act are detailed in subordinate legislation laid down by the Crown, the Minister of Economic Affairs and the Energy Chamber.

The Energy Chamber was introduced by the Electricity Act as a market regulator. It is a directorate of the Dutch Competition Authority. It has comprehensive ex ante and ex post regulatory powers, which include the adoption of binding conditions and tariffs for third party network access.

Under the Electricity Act, production and supply activities on the one hand and network operation activities on the other may not be integrated in one legal entity. When the Electricity Act was implemented in 1998, the production companies and the distribution companies had to transfer the operation and management of the electricity networks they owned to separate limited liability companies. These separate limited liability companies have to operate independently and provide non-discriminatory network access against regulated tariffs and conditions. As of 1 January 2011 the network companies have to be fully unbundled from energy (including electricity) production, trading and supply companies. TenneT TSO and its predecessors have been fully unbundled since they started operations under the Electricity Act.

Although the Electricity Act does not define any public service obligations per se, they have been implemented materially in all aspects. Electricity network operators must operate, maintain and develop their installations in an efficient, safe, reliable and environmental friendly manner.

The Dutch electricity network is laid out in a “cascade” of tension levels. The national transmission network (extra high-voltage) is operated at 220kV or 380kV. Transportation networks (high voltage) are operated at a tension level of 110kV or 150kV. Distribution networks are operated at levels of up to 50kV.

All Dutch regulated activities of the TenneT Group are performed by TenneT TSO. TenneT TSO operates substantially all networks with a tension level of 110kV, 150kV, 220kV or 380kV, except networks with a tension level of 110kV or 150kV which are subject to a cross border lease. The lower voltage networks are operated by various regional distribution network companies.

TenneT TSO’s tasks can be distinguished in system operation tasks, aimed at maintaining the balance of the Dutch electricity system and contributing to the maintenance of the balance of connected systems in Europe, on the one hand, and the task to provide non discriminatory access to its networks on the basis of civil law contracts subject to published tariffs and conditions adopted by the Dutch Competition Authority, on the other. It has the latter task in common with the regional network operators in respect of their respective grids. Some

of the tasks imposed on TenneT TSO are described in more detail in "*Description of the Issuer — Business — Dutch Regulated business*" below.

If network capacity falls short, a network operator, such as TenneT TSO, may refuse transportation. Capacity shortages affecting the National HV Grid have occurred in various parts of the Netherlands. Large scale network expansion projects, which are currently underway, and a congestion management mechanism to be enacted shortly, aim at relieving the situation.

TenneT TSO's central position in the electricity supply system places TenneT TSO in a unique position to provide data to regulatory authorities, notably the Minister of Economic Affairs and the Energy Chamber. The Electricity Act imposes various obligations upon TenneT TSO in this regard.

In addition to the regulated activities in the Dutch market performed by TenneT TSO, the TenneT Group performs unregulated activities as well (see "*Description of the Issuer — Business — Unregulated business*" below). The unregulated activities of the TenneT Group are important to the functionality of the electricity market. APX B.V., for example, facilitates short-term trading in Benelux and the UK. New Values B.V. facilitates trading in CO2 emission allowances. Without these unregulated activities, the Dutch electricity market would not function as efficiently as it does now.

History

Under the Electricity Act 1989 (*Elektriciteitswet 1989*), the operation and maintenance of the electricity transmission system in the Netherlands was based on a systemic cooperation between four vertically integrated electricity companies, owned by provinces and municipalities. The embodiment of this cooperation was N.V. Samenwerkende Elektriciteits-productiebedrijven ("**Sep**"). The four electricity companies were N.V. Elektriciteitsbedrijf Zuid-Holland, N.V. Elektriciteits-Productiemaatschappij Oost- en Noord-Nederland, N.V. Elektriciteits-Productiemaatschappij Zuid-Nederland and Energieproduktiebedrijf UNA (together: the "**Sep Shareholders**"). Each of the Sep Shareholders owned 25 per cent. of the shares in Sep. Sep owned 67 per cent. of the 220/380 kV grid as well as the cross-border interconnections. The remaining part of the 220/380 kV grid was owned by Sep Shareholders, but put at Sep's disposal to enable it to manage the 220/380 kV grid in its entirety. On 28 April 1994, Sep incorporated DELCOS, Dutch Electricity Consulting Services B.V. ("**DELCOS**") as its 100 per cent. subsidiary. DELCOS has undergone several name changes and is currently named TenneT Holding B.V.

In 1998, the new Electricity Act (*Elektriciteitswet 1998*) entered into force. This act implemented the first EU Electricity Directive (1996/92/EC), subsequently replaced by the second EU Directive (2003/54/EC) and the third EU Directive (2009/72/EC). The Electricity Act created a legal basis for a gradual liberalisation of the electricity market (completed in July 2004). It furthermore compelled majority owners of the transmission and distribution electricity grids (therefore including Sep) to appoint separate legal entities as grid managers and to transfer to these legal entities the management of the grids. These entities were from then on exclusively charged with the fulfilment of statutory tasks relating to the operation, maintenance, renewal and extension of the grids.

For the 220/380 kV grid as well as the cross-border interconnections of 500 V and higher, the Electricity Act introduced the function of national grid manager. The national grid manager's tasks include transmission system services, which means that it is national transmission system operator (or: "**TSO**") as well. As owner of 67% of the 220/380 kV grid, Sep was obliged to appoint the national grid manager. Sep appointed DELCOS on 21 October 1998. Until that appointment DELCOS had not performed any holding or any other activities and was a subsidiary of Sep.

At the same date, 21 October 1998, Sep transferred the beneficial ownership of the 220/380 kV grid and of the cross-border connections of 500 V and higher (to the extent owned by Sep) to DELCOS and granted

DELCOS an option to also request the legal ownership thereof. DELCOS was renamed TenneT, Manager Landelijk Elektriciteitsnet B.V. on 21 October 1998 and renamed TenneT, Transmission System Operator B.V. ("**TenneT, Transmission System Operator**") on 14 January 1999.

On 2 February 2001, a demerger of Sep (in the meantime named B.V. Nederlands Elekticiteit Administratiekantoor, "**NEA**") was effectuated whereby Saranne B.V. ("**Saranne**") was incorporated. At this occasion, NEA transferred its legal ownership of the 67% part of the 220/380 kV grid as well as of the cross-border interconnections of 500 V and higher to Saranne, leaving the option for TenneT, Transmission System Operator to request to transfer the legal ownership to it intact. All shares in the capital of Saranne were issued to NEA.On 25 October 2001, NEA transferred all shares in TenneT, Transmission System Operator and all shares in Saranne to the State of the Netherlands.

On 18 December 2003, TenneT, Transmission System Operator acquired all shares in the capital of B.V.Transportnet Zuid-Holland ("**TZH**"), owning the entire 150kV grid and part of the 380kV in the province of Zuid-Holland. At the time TenneT neither owned nor managed any other 110 kV or 150 kV grid.

On 19 December 2005, TenneT, Transmission System Operator was converted into a holding company and renamed TenneT Holding B.V. The holding structure came into existence by way of a de-merger whereby TenneT TSO was incorporated. As de-merged company, TenneT TSO obtained all assets of the Issuer, including the beneficial ownership to the 220/380 kV grid (with the exception of those parts that were still owned by the former Sep Shareholders or their legal successors) and the cross-border interconnections of 500 V and higher, as well as the shares in the capital of Saranne, TZH, TSO Auction B.V. ("**TSO Auction**"), EnerQ B.V. ("**EnerQ**") and CertiQ B.V. ("**CertiQ**") (see also "Description of the Issuer — Business — Subsidiary overview — Dutch regulated activities" below). EnerQ has been in liquidation since 1 January 2009. As beneficial owner of the majority of the 220/380 kV grid, TenneT TSO appointed itself as manager of the National HV Grid, replacing TenneT, Transmission System Operator B.V., which had become TenneT Holding B.V. The Minister of Economic Affairs has given the requisite statutory approval for this appointment. An appointment lasts ten years (from the date of the approval by the Minister of Economic Affairs being 11 October 2006). Re-appointments for ten years at the time can be made indefinitely. As the owner of the majority of the National HV Grid, TenneT TSO has the right to re-appoint itself from time to time under the Electricity Act, subject to the approval of the Minister of Economic Affairs.

As a result of this legal restructuring in December 2005, the Dutch regulated business of national grid manager and national transmission system operator is now being performed by TenneT TSO. The unregulated business (mainly focussing on exchange activities – New Values B.V. (a 50/50 joint venture with Rabobank Nederland), APX B.V. and its subsidiaries –, telecom activities – NOVEC B.V. – and submarine cables – NLink International B.V.) are being performed by other subsidiaries or participations of the Issuer. These unregulated activities are not allowed to conflict with the activities of TenneT TSO. (see also "Description of the Issuer — Business — Subsidiary overview — unregulated activities" below).

In November 2006, an amendment to the Electricity Act was passed pursuant to which the "national high voltage grid" – which pursuant to the Electricity Act is to be managed by the national grid manager – has been redefined so as to include the 110 kV and 150 kV grids in addition to the 220 kV and 380 kV grids and the cross-border interconnections of 500 V and higher (together defined as the "National HV Grid"). This amendment entered into force on 1 January 2008. As a consequence, TenneT TSO, being the legally appointed national grid manager of the National HV grid, had to take over the management of the 110kV and 150kV grids from the relevant regional grid managers, starting 1 January 2008. An exception applies for the time being to the 150 kV "Randmeren" grid, managed by N.V. Liander (and submanaged by TenneT TSO further to a submanagement agreement which entered into force on 1 August 2009 and the 150 kV grid managed by Stedin B.V. These grids are excepted because no satisfactory solution has been reached as regards third parties' rights under cross-border lease contracts to which these grids are subject. As from 1 January 2008,

TenneT TSO manages substantially all of the national electricity grids of 110kV and higher (excluding the 150 kV grids managed by or through N.V. Liander and Stedin B.V.) and has a legal monopoly with respect of the management of the National HV Grid as well as of the cross-border interconnections on the basis of the Electricity Act.

In 2009, TenneT TSO acquired the HV grids (110/150kV) and ancillary assets owned by Enexis B.V., Liander N.V. and Delta N.V.

On November 18, 2009, the Issuer's indirectly wholly owned subsidiary transpower GmbH & Co. KG, a limited partnership (Kommanditgesellschaft) organised under the laws of Germany as purchaser (the "**Purchaser**"), and the Issuer as guarantor entered into a share purchase agreement (the "**SPA**") with E.ON AG to acquire, with economic effect as of 1 January 2010, all of the issued and outstanding shares of the German extra high voltage grid operator transpower stromübertragungs GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) organised under the laws of Germany, as well as, indirectly, all of the issued and outstanding shares of transpower offshore GmbH, a wholly-owned subsidiary of transpower stromübertragungs GmbH organised as a limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of Germany (the "**Acquisition**"). The effectiveness of the SPA is subject to the approval by the European Commission in accordance with section B.II.c) no. 33 of the commitment of E.ON AG vis-a-vis the European Commission in the cases COMP/B-1/39.388 and 39.389 to separate and subsequently divest the business which is now conducted by transpower stromübertragungs GmbH and transpower offshore GmbH. Further, the consummation of the Acquisition of transpower stromübertragungs GmbH is subject to merger control clearance. The takeover has been approved by the State.

As guarantor, the Issuer guarantees the fulfilment of the Purchaser's obligations arising out of the SPA, including in particular the payment of the purchase price.

The enterprise value of the Acquisition is expected to be approximately €885 million, excluding transaction fees and expenses. If the aforesaid approval by the European Commission and the merger control clearance are not obtained prior to 18 April 2010, each of Seller and Purchaser has the right to withdraw from the SPA. The Purchaser may further withdraw from the SPA in the event that a material adverse effect (i.e. any force majeur event and/or a breach of any of the Seller's guarantees or pre-closing undertakings set forth in the SPA that result in losses exceeding a value of approximately €225 million) occurs prior to the closing of the Acquisition.

The Issuer expects to finance part of the acquisition of transpower using the proceeds from €375 million of shares issued by TenneT TSO Duitsland B.V. to Stichting Beheer Doelgelden, backed by an 80% guarantee from the State. The remaining part of the purchase price will be financed using the proceeds from either (1) a one-year €1 billion bridge loan facility provided by ING Bank N.V. and The Royal Bank of Scotland plc or (2) capital markets debt issuances.

The acquisition enables the Issuer to integrate the Dutch and the German extra high voltage transmission grids, in the opinion of the Issuer allowing it to take a leading role in Europe and to continue developing an effectively functioning electricity market. The benefits of the Acquisition for the Issuer include price equalization, improved grid balancing, greater insight into grid situations, better possibilities for sustainable development in both countries and certain cost synergies.

Corporate Governance

The Dutch Corporate Governance Code (the "**Corporate Governance Code**") applies to stock listed companies. The Issuer, even though not being a stock listed company, has decided to comply with the Corporate Governance Code wherever its application is possible. Whilst a large number of the principles of

the Corporate Governance Code have been integrated in the corporate governance structure of the Issuer, the Issuer complies with most provisions of the Code, but has excluded certain parts. In each annual report, the Issuer explains why it does not apply certain provisions of the Corporate Governance Code. More information on the Issuer's corporate governance arrangements can be found on its website: (http://www.tennet.org/english/investor_relations/corporate_governance/index.aspx).The shareholder of the Issuer, the State represented by the Ministry of Finance, endorses the Issuer's application of the Corporate Governance Code.

The Issuer is structured as a large company (*structuurvennootschap*) within the meaning of Section 2:264 Dutch Civil Code. The Issuer complies with the legal structure regime (*structuurregime*). The Issuer complies with the obligations regarding corporate governance structure as provided for in the Electricity Act. The Issuer has a statutory board of management (*raad van bestuur*) and an executive board (*directie*). In accordance with the large company regime, the Issuer has a supervisory board (*raad van commissarissen*) in addition to the statutory and executive boards. The statutory board of management requires prior approval of the supervisory board for certain decisions and sometimes also the preceding approval of the general meeting of shareholders. In practice, this means that as the Issuer's only shareholder the State has to approve certain decisions, including, but not limited to, the making of significant investments and divestments, and the entering into and termination of important joint ventures.

The Electricity Act provides that the Issuer is not allowed to amend its articles of association without the prior approval of the Minister of Economic Affairs.

Currently, the legislative proposal "Priority for sustainability" (*Voorrang voor duurzaam*) is pending in the House of Representatives. If this bill is adopted in its current form, a mitigated large company regime (*gemitigeerd structuurregime*) within the meaning of Section 2:265 Dutch Civil Code will be introduced for the Issuer. The Dutch state expects the Issuer to implement the mitigated large company regime upon adoption of the bill. An amendment of the articles of association of the Issuer will be prepared for this purpose. Pursuant to the mitigated large company regime, members of the board would be appointed by the general meeting of shareholders upon a binding nomination by the board of supervisory directors, i.e. the State, as opposed to the current structure of appointment by the supervisory board. Under the new regime, the supervisory board would be required to nominate (a) person(s) recommended by the works council in respect of one third of the supervisory board. The State, in its capacity as sole shareholder of the Issuer, would be entitled to reject the binding nomination of the supervisory board, but it cannot appoint persons to the supervisory board that have not been nominated by the supervisory board. Accordingly, upon a rejection by the State of one or more of its nominated candidates for appointment, the supervisory board will have to prepare a new binding nomination.

Board of Management and Executive Board

The members of the Issuer's board of management (*raad van bestuur*, "**Board of Management**") are as follows:

Name	Position	Positions outside the Issuer
Mr. J.M. (Mel) Kroon	President and Chief Executive Officer	• Chairman Supervisory Board of NOVEC B.V. • Member Supervisory Board of the Havenbedrijf Rotterdam N.V. • Member Supervisory Board of Diamond Tools Group B.V.

Name	Position	Positions outside the Issuer
		• Member Supervisory Board of APX B.V. • Member Supervisory Board of Public Transport The Hague • Member Board of Belpex S.A. • Conseil d'Administration of Powernext S.A.
Mr. B.G.M. (Ben) Voorhorst	Chief Operating Officer	• Member Executive Committee of the Netherlands Association for Energy Data Exchange (NEDU) • Member Executive Committee of the Association of Energy Network Operators in the Netherlands • Member Supervisory Board of Energie Data Services Nederland (EDSN) B.V. • Member Steering Committee of Transmission Operator Security Cooperation (TSC) • Member Board of Rotterdam Sustainability Initiative • Member Board of E-laad.nl
Mr. W.A. (Willem) Keus	Chief Financial Officer	• Member Supervisory Board of NOVEC B.V. • Member Executive Board of BritNed development Ltd • Member Executive Board Open Tower Company B.V. • Conseil d'Administration of Powernext S.A.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer's executive board (directie, "**Executive Board**"), in charge of the day-to-day management, is formed by the three members of the Board of Management (see above), together with:

Name	Position	Positions outside the Issuer
Mr. A.A. (Lex) Hartman	Director of Corporate Development	• Chairman of NorNed Steering Committee • Chairman of Board BritNed development Ltd • Director (*gevolmachtigde*) of NLink International B.V.

The Issuer's registered address serves as the business address for each member of the Board of Management and the Executive Board, see "Description of the Issuer — Introduction" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Board of Management and the Executive Board and his private interest and/or other duties.

Supervisory Board

The members of the supervisory board of the Issuer ("**Supervisory Board**") are as follows:

Name	Position	Positions outside the Issuer
Mr. R.E. Selman	Chairman	• President Supervisory Board of Broadview Holding B.V. • Chairman Board of the Administration Office (*Stichting Administratiekantoor*) Shares ASM Lithography • Member Board of the Administration Office Shares VOPAK
Mr. J.F. van Duyne	Member	• Chairman Supervisory Board of Gamma Holding N.V. • Chairman Supervisory Board of Mediq N.V. • Chairman Supervisory Board of De Nederlandsche Bank N.V. • Chairman Supervisory Board of Verkade N.V. • Crown appointed Member of Social and Economic Council of the Netherlands (SER)
Mr. C. Griffioen	Member	• Member Supervisory Board of N.V. Nederlandse Gasunie • Member Supervisory Board of Berenschot Holding B.V. • Member Supervisory Board of KAS BANK N.V. • Member Supervisory Committee of the Noorderbreedte Care Group • Advisor to Member Executive Board of Deloitte
Mr. J.F.Th. Vugts	Member	• Chairman of Board of Trust Office Foundation of Alewijnse Holding B.V. • Chairman of Supervisory Board of Van Grinsven Drukkers B.V. • Member of Board of Trust Office Foundation of Marteau Pierre • Member of Board of Trust Office Foundation of MercaChem Holding B.V.
Mr. A.W. Veenman	Member	• Member Supervisory Board of Rabobank Nederland

Name	Position	Positions outside the Issuer
		• Member Supervisory Board of ICT Regie • Member Advisory Council of the National Aerospace Laboratory of the Netherlands (NLR) • Member Executive Committee of the Next Generation Infrastructures Foundation (NGInfra) • Chairman Supervisory Board of Woonbron • Chairman Supervisory Board of Trans Link Systems • Chairman Supervisory Board of GVB Amsterdam • Member of Supervisory Board of Eureko/Achmea • Member of Supervisory Board of SPF Beheer • Member of Supervisory Council of ECN

The Issuer's registered address serves as the business address for each member of the Supervisory Board, see "Description of the Issuer — Introduction" above.

There are no existing or potential conflicts of interest between the duties of each of the members of the Supervisory Board of the Issuer and his private interest and/or other duties.

The Supervisory Board has appointed Mr. C. Griffioen and Mr J.F.Th. Vugts to form the audit committee, which functions both at the level of the Issuer and at the level of TenneT TSO (the "**Audit Committee**"). The Audit Committee's tasks include overseeing the (quality of) the Issuer's financial reporting, its financial reporting policy and procedures, the (quality of the) internal risk management and control systems, and the independent external audit of the financial statements. The duties of the Audit Committee are set out in the Audit Committee regulations, which can be found on the Issuer's website (www.tennet.org).

Business

The TenneT Group performs both regulated and unregulated activities.

Dutch Regulated business

Within the TenneT Group, TenneT TSO and its subsidiaries carry out the activities that are regulated under the Electricity Act. According to the Electricity Act, the other subsidiaries and participations of the Issuer, which perform the unregulated activities within the group, may not conflict with the regulated activities.

The activities of TenneT TSO's subsidiaries are discussed in "Description of the Issuer — Business — Subsidiary overview — Dutch regulated activities" below. The principal activities of TenneT TSO are:

I to provide grid connection and electricity transportation services on the National HV Grid;

II to provide transmission services;

III to provide system services; and

IV to manage the cross-border interconnections.

A map of the 110/150 kV and 220/380 kV grids managed by TenneT TSO is reproduced in the figure below

Access to National HV Grid

TenneT TSO provides electricity market players access (meaning connection and transportation capacity) to the National HV Grid on a non-discriminatory basis and in accordance with binding conditions and tariffs adopted by the Energy Chamber pursuant to EC Regulation no. 1228/2003 (to be replaced by EC Regulation

no. 714/2009 per 3 March 2011) and the Electricity Act (regulated third party access). It is responsible for repairing, replacing parts of and expanding the National HV Grid and maintaining adequate back-up transportation capacity at all times.

Transmission Services

TenneT TSO performs transmission services by transporting energy exported to the National HV Grid from whichever location to lower voltage grids to enable regional grid managers to deliver electricity to those connected to their grids.

System services

The principal system service is the continuous balancing of demand and supply through the deployment of automatic response power and reserve capacity services. Furthermore, the 220kV and 380kV transmission grid has been carried out in duplicate rings. If a ring falls out, the redundant ring takes over. The maintenance of this fully redundant layout of the 220kV and 380kV transmission grid is also considered a system service. The 110kV and 150kV grids are connected to the 220kV and 380kV transmission grid. Most of the 110kV and 150kV grids have been carried out in duplicate rings as well.

Management of cross-border connections

TenneT TSO is exclusively charged with the management of cross-border interconnections of 500 V or more, even if such interconnections (as opposed to the domestic grid) may be built by third parties. The management includes applying non-discriminatory and transparent transfer capacity allocation mechanisms as prescribed by the Electricity Act and implementing regulations. These mechanisms include the auctions performed through TSO Auction B.V. and Capacity Allocation Service Company for the Central Western Electricity Market S.A. ("**CASC-CWE**"), a company jointly owned by TenneT TSO, and the transmission system operators of Belgium, France, Germany and Luxembourg.

Unregulated business

The unregulated activities of TenneT Group are performed by subsidiaries (excluding TenneT TSO) directly owned by the Issuer and their subsidiaries and participations. The aim of these activities is to support the energy market and to ensure its efficient operation. The Issuer employs unambiguous criteria for the selection of new activities. Only activities that support the improvement of the transparency and efficiency of the Dutch energy market, or that support the sustainability of energy are pursued. Furthermore, according to the Electricity Act these activities must not put the statutory tasks of the TenneT Group at risk or conflict with the quality and independence of the TenneT Group.

The principal unregulated activities of the TenneT Group are:

I to facilitate spot, short-term and long-term trading in gas and electricity (see APX Group in "Description of the Issuer — Business — Subsidiary overview — unregulated activities");

II to facilitate trading in CO_2 emission allowances (see New Values B.V. in "Description of the Issuer — Business — Subsidiary overview — unregulated activities");

III the development of a commercially operated interconnector between The Netherlands and The United Kingdom (see NLink International B.V. in "Description of the Issuer — Business — Subsidiary overview — unregulated activities"); and

IV to facilitate distribution of radio and TV signals via the air and for telecom purposes. (see Novec B.V. in "Description of the Issuer — Business — Subsidiary Overview — unregulated activities")

Strategy

The Issuer's strategic objectives involve the realisation of (1) profitable growth, (2) operational excellence, (3) one transparent North West European electricity market and (4) technological innovation. This ambition fits into the 'Strengthen and Build' strategy that the TenneT Group has adopted. Through the announced acquisition of the German high-voltage grid operator transpower, the TenneT Group will create Europe's first cross-border TSO. The acquisition of transpower enables the Issuer to integrate the Dutch and the German extra high voltage transmission grids, in the opinion of the Issuer allowing the TenneT Group to take a leading role in the development of a single North West European electricity market.

The integration of the TenneT Group TenneT and transpower will result in clear social and company benefits through cost savings and accelerated market coupling. The principal benefits of the takeover are:

Accelerated convergence of electricity prices in the Netherlands and Germany

The acquisition of transpower will play an important role in establishing further system and market integration between the two countries and thus in creating convergent pricing internationally. This wholesale market price convergence will remove certain competitive disadvantages in the Netherlands.

Key step towards developing sustainable energy supply

The integration of the European energy market is essential both for the European Union and for the Netherlands in order to achieve environmental objectives. Large-scale renewable energy such as wind energy must be integrated on a European scale. System balancing (i.e. keeping electricity demand and supply on the grid in line with each other) will also be dealt with internationally. Transpower has already gained extensive experience in connecting offshore wind energy, conducting wind forecasts, and absorbing resulting grid fluctuations.

Greater security of electricity supply

Integration of the two grids will provide opportunities to better anticipate disruptions or flows in both countries. The TenneT Group will set up a joint security centre to monitor the daily load on both grids. Apart from enhancing grid reliability, the acquisition of transpower will provide the Netherlands with access to a larger production base and a more diverse fuel mix.

Strengthening the role in the European market

The acquisition of transpower is in line with the political ambitions to develop the Netherlands as a 'power hub' in the European energy grid.

Transpower will in principle be operated as a standalone company. The focus of the integration is to develop a shared strategic agenda, to increase supply security, the coordination of investment programmes and the reduction of costs. The acquisition has the approval of the State, represented by the Dutch Minister of Finance, in its capacity as shareholder of the Issuer and is supported by the Dutch Minister of Economic Affairs.

Key strategic priorities for the Issuer in the next three years will be the implementation of its substantial capital expenditures programme and the successful integration of transpower. More specifically these strategic priorities are:

(I) Realise an adequate return on invested capital;

(II) Achieve operational excellence, through structuring and streamlining operational processes;

(III) Strengthen and expand 220/380 kV grids in light of substantial increase in planned onshore and offshore generation capacity in the Netherlands;

(IV) With respect to the 110/150 kV grids:

(a) Operational integration management;

(b) Optimisation of regional grids;

(V) Obtain management control and ultimately ownership of Dutch high voltage grids currently subject to cross-border lease arrangements;

(VI) Build additional interconnectors to neighbouring countries (on land or sub sea);

(VII) Become the designated grid manager for Dutch offshore electricity grids;

(VIII) Achieve market coupling between Central Western Europe and Scandinavia;

(IX) Increase cooperation with third parties to accelerate achievement of strategic objectives;

(X) Achieve a good organisational climate;

(XI) Integrate transpower by developing a shared strategic agenda, increasing security of supply, coordinating investment programmes and reducing costs.

Activities by the Issuer's subsidiaries and Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

The Issuer has several subsidiaries. All regulated activities of the TenneT Group are performed by TenneT TSO and its subsidiaries. All unregulated activities are performed by the other subsidiaries and participations of the Issuer.

Subsidiary overview — Dutch regulated activities

TenneT TSO

TenneT TSO is the Dutch national electricity transmission system operator. It manages and directly or indirectly owns the extra high-voltage grid (220kV and higher) and the cross-border interconnectors commissioned to operate at 500V and higher. As from 1 January 2008, due to a change in law, TenneT TSO has extended its management to the grids of 110kV and 150kV, with the exception of certain grids which are subject to cross-border leases and which TenneT TSO either does not manage at all or which it manages based on a sub management agreement. Following this extension of its management duties TenneT TSO has in the course of 2009 successfully negotiated and completed the acquisition of the grids of 110kV and higher until then owned by Enexio B.V., Liander N.V. (with the exception of its grids which are subject to cross-border leases) and Delta N.V..

Following its coming into existence through a demerger from TenneT, Transmission System Operator B.V. (then renamed TenneT Holding B.V.), TenneT TSO, substituting TenneT, Transmission System Operator B.V., appointed itself as the administrator of the extra high-voltage grid (220kV and higher) as well as the 150kV grid in the province of South Holland on 20 December 2005 in accordance with article 10 of the Electricity Act. The Minister of Economic Affairs agreed with the appointment on 11 October 2006, which means that TenneT TSO has been appointed until 11 October 2016. Following the change of law on 1 January 2008 TenneT TSO has amended its appointment so as to include the management of the 110kV and 150kV grids (with the exception of the CBL Grids).

TenneT TSO's tasks include maintaining the security of supply and promoting the production of electricity from sustainable sources. In addition, TenneT TSO is responsible for market integration, ensuring stable prices and energy flows.

Since the State of The Netherlands is the only shareholder of the Issuer, and TenneT TSO is wholly-owned by the Issuer, TenneT TSO is indirectly wholly-owned by the State. The Electricity Act provides that 100 % of the shares of the grid administrator of the national electricity grid of the Netherlands must be directly or

indirectly owned by the State. A change of the Electricity Act would be necessary, and therefore a parliamentary vote, for the transfer, directly or indirectly, of the shares in TenneT TSO, as long as TenneT TSO is administrator of the National HV grid.

TenneT TSO has the following subsidiaries:

HS Netten Zeeland B.V.

HS Netten Zeeland B.V. was incorporated in 2009. HS Netten Zeeland B.V. owns the 150kV grid and part of the 380kV grid in the province of Zeeland acquired from Delta N.V. Being part of the National HV Grid, these grids are managed by TenneT TSO. Through its 100% shareholding in HS Netten Zeeland B.V., TenneT TSO has full control over the assets owned by HS Netten Zeeland B.V.

TenneT TSO E B.V.

TenneT TSO E B.V. (formerly Essent Nelwork Hoogspanningsnet B.V.) was incorporated in 2008. TenneT TSO E B.V. owns the 110/150 kV and 220/380 kV grids acquired from Enexis B.V. Being part of the National HV Grid, these grids are managed by TenneT TSO. Through its 100% shareholding in TenneT TSO E B.V., TenneT TSO has full control over the assets owned by TenneT TSO E B.V.

Nadine Netwerk B.V.

Nadine Netwerk B.V. was incorporated in 2008. Nadine Netwerk B.V. owns the 110/150 kV and 220/380 kV grids acquired from Liander N.V. Being part of the National HV Grid, these grids are managed by TenneT TSO. Through its 100% shareholding in Nadine Netwerk B.V., TenneT TSO has full control over the assets owned by Nadine Netwerk B.V. The 150 kV grid, subject to a cross border lease, was not acquired by Nadine Netwerk B.V. from Liander N.V. TenneT TSO has concluded a submanagement agreement with Liander N.V. with respect to these grids.

B.V. Transportnet Zuid-Holland (TZH)

TZH was incorporated in 1999. The shares in the capital of TZH were acquired by TenneT, Transmission System Operator in 2003 and were transferred to TenneT TSO as part of the de-merger in December 2005 (see "Description of the Issuer — History" above). TZH owns the 150kV grid and part of the 380kV grid in the province of Zuid-Holland. Being part of the National HV Grid, these grids are managed by TenneT TSO. Through its 100% shareholding in TZH, TenneT TSO has full control over the assets owned by TZH.

TSO Auction B.V.

TSO Auction B.V. was incorporated by TenneT, Transmission System Operator in 2000. The shares in the capital of TSO Auction B.V. were transferred to TenneT TSO as part of the de-merger in December 2005 (see "Description of the Issuer — History" above).

TSO Auction B.V. has been involved in the auctioning of cross-border electricity transfer capacity on the Dutch borders with Belgium and Germany since 2001. The activities of TSO Auction B.V. were taken over by CASC-CWE with effect from 1 November 2009 (see "Description of the Issuer — Business — Dutch Regulated business" above). Most activities of TSO Auction B.V. have been terminated with effect from 1 January 2010. TSO Auction B.V. is expected to be liquidated in the course of 2010.

CertiQ B.V.

CertiQ B.V. was incorporated by TenneT, Transmission System Operator in 2001 (then with the name Groencertificatenregister B.V.). The shares in the capital of CertiQ were transferred to TenneT TSO as part of the de-merger in December 2005 (see "Description of the Issuer — History" above).

CertiQ B.V. issues guarantees of origin as proof that volumes of electricity exported to the grid have been generated in a sustainable way or by means of high efficiency combined heat and power ("**CHP**") plants. The

guarantees of origin take the form of electric registrations in an electronic account in the name of the relevant account holder. Guarantees of origin are tradable. Their validity expires after one year after their first registration. Investments in sustainable energy capacity (or high efficient CHP plants) qualify for feed-in subsidies from the Dutch government under the Promotion of Sustainable Energy Production (*Stimulering Duurzame Energieproductie*, "**SDE**") grant scheme provided the sustainable quality of production is evidenced by guarantees of origin. The Electricity Act charges the Minister of Economic Affairs with designating the competent body to issue guarantees of origin (*garantiebeheheerinstantie*). Each designation is for a consecutive period of ten years. Currently the National HV Grid manager (*i.e.* TenneT TSO) has been designated as that body. The board of TenneT TSO has (on the basis of the General Administrative Law Act (*Algemene wet bestuursrecht*)) mandated its power to issue guarantees of origin to CertiQ B.V.

Saranne B.V.

Saranne B.V. was incorporated in 2001 upon the consummation of the de-merger of Sep (see "Description of the Issuer — History" above). Saranne B.V. holds title to the legal ownership to the 220/380 kV grid formerly owned by Sep. TenneT TSO is the beneficial owner of these grids (see "Description of the Issuer — History" above) and, through its 100% shareholding in Saranne B.V. (see "Description of the Issuer — Capitalisation and Group Structure" and " — History" above), has full control of the legal ownership.

In addition to these subsidiaries, TenneT TSO holds the following minority interests:

- CASC-CWE: 14.3% (see also "Description of the Issuer — Business — Dutch Regulated business" above).
- Energie Data Services Nederland (ESDN) B.V.: 25%. The remaining shares are held by N.V. Nederlandse Gasunie (25%) and by regional gas and electricity grid administrators.
- Holding de Gestionnaires Reseaux de Transport SAS: 24.5%. The remaining shares are held by the Belgian TSO Elia SA/NV (24.5%) and the French TSO RTE (51%). Holding de Gestionnaires Reseaux de Transport SAS, in turn, holds a 52.25% interest in Powernext S.A., the French electricity exchange.

Subsidiary overview — unregulated activities

APX B.V.

APX Group, headed by APX B.V., is a group of international electricity and gas exchanges for short-term trading in Benelux and the UK. It is a company jointly owned by the Issuer (70.06%), N.V. Nederlandse Gasunie (26.10%) and Fluxys S.A. (3.84%). The core activity in the Netherlands concerns the spot market for electricity. The exchange clears the contracts and publishes information. It does not take on any trading or counterparty risks.

The APX Group includes the following fully owned subsidiaries:

- ENDEX European Energy Derivatives Exchange N.V.: incorporated to develop a market for bilateral long-term transactions on the electricity market and the gas market;
- APX Commodities Ltd: facilitates two thirds of all 24hr and spot trading of gas in the UK;
- APX Gas NL B.V.: in co-operation with Gas Transport Services B.V., facilitates 24hr and spot trading on the Title Transfer Facility (TTF), a virtual platform in the Netherlands;
- APX Gas Zeebrugge B.V.: provides a gas trading platform at the port of Zeebrugge. APX Gas Zeebrugge B.V. acts as a central counterparty to allow parties to trade anonymously.

In addition to these fully owned subsidiaries, APX B.V. has a 10% interest in Belpex SA. Belpex is the Belgian electricity exchange. The Issuer holds a 10% interest in Belpex SA as well.

New Values B.V.

New Values B.V. is a 50/50 joint venture of the Issuer and Rabobank Nederland. It is an electronic market that facilitates trading in CO_2 emission allowances by means of a full-trade electronic trading platform. New Values B.V. has one fully owned subsidiary, European Energy Auction B.V., which is an online auction house that facilitates the trade in long-term contracts for the business market in the Netherlands and Belgium.

NOVEC B.V.

NOVEC B.V. lets and manages antenna sites for distributing radio and TV signals via the air and for telecom purposes. NOVEC B.V. has an interest of 25% in Open Tower B.V. , with Communication Infrastructure Fund participating for the remaining 75%. Open Tower B.V has an interest of 100% in Colonne B.V., which owns a number of masts acquired in 2009. NOVEC B.V. also has one fully owned subsidiary, Nozema Agro Beheer B.V., which manages the land surrounding the antenna site in Zeewolde. Nozema Agro Beheer B.V. is in the process of being liquidated which process is expected to be finalised in the course of 2010.

NLink International B.V.

NLink International B.V. was established to develop and build international submarine cables. BritNed Development Ltd is a 50/50 joint venture of NLink International B.V. and National Grid International. BritNed Development Ltd has its registered office in London and was set up to develop, build and operate an interconnector between the Netherlands and the UK. BritNed Development Ltd is considered a non-regulated activity by the Energiekamer due to the fact that it was classified as such by its UK counterparty, Ofgem.

Relined B.V.

The Issuer participates in Relined B.V., a 50/50 joint venture with ProRail B.V. Relined B.V. operates the fibre-optic infrastructure of the high voltage grid and the railway network.

Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

Stichting Beheer Doelgelden Landelijk Hoogspanningsnet ("**Stichting Beheer Doelgelden**") is a foundation established for managing the "allocated funds" received from TenneT TSO in its capacity as administrator of the National HV Grid. These allocated funds comprise proceeds of imbalance settlements (see description of the "system services" of TenneT TSO in "Description of the Issuer — Business — Dutch Regulated business" above) and proceeds that TenneT TSO receives from market-based allocation of cross-border electricity transfer capacity (including proceeds from explicit or implicit auctions of interconnector capacity). TenneT TSO is not allowed to use the allocated funds for other objectives than set forth in the Regulation 1228/2003/EC and the Electricity Act, notably the financing of investments to increase or enhance cross-border electricity transfer capacity. The construction of the NorNed Cable (total of EUR 319 million) has been financed from these proceeds. TenneT TSO does not own the Stichting Beheer Doelgelden. However, the statutory board of the Stichting beheer Doelgelden consists of the same persons as the statutory board of TenneT TSO.

Regulation of revenue of the Issuer

The Issuer's dividend income from the Dutch subsidiaries (once distributed to the Issuer) is not regulated. However, in practice the regulatory framework has a substantial effect on the dividend income of the Issuer (see description of the risk factor "*Impact of Dutch regulatory framework on revenue, profits and financial position of the Issuer*" above).

Legal and arbitration proceedings

The Issuer is not involved in governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer and/or TenneT Group's financial position or profitability, except with respect to an administrative appeal TenneT TSO has launched with the College van Beroep voor het bedrijfsleven against the 2008 tariff decision of the Energiekamer related to the recovery of certain expenses associated with the operation of the regional. HV grids (110/150kV) managed by TenneT TSO as of 1 January 2008. The Issuer estimates the value of the appeal, if successful, to be approximately € 90 million.

Financial policy

The Issuer balances the objectives of generating a return on invested capital at least equal to the regulated return while maintaining a financial profile consistent with an 'A' rating. The Issuer has a conservative financial policy aimed at mitigating financial risks.

The principal financial objectives are:

Generate a return on invested capital at least equal to the regulated return

In order to achieve this objective the Issuer aims to (1) create and maintain a capital structure which enables the Issuer to achieve an optimal cost of capital, and (2) provide the shareholder with a reasonable return on its investment in line with the risk profile of the Issuer.

Protect shareholder capital and operating results against financial risk

The Issuer's policy is to maintain sufficient liquidity to its meet short-term obligations at all times. In addition, it is the Issuer's policy to maintain solvency levels which enables it to absorb unexpected losses. This requires the availability of sufficient equity capital. In order to limit refinancing risk, the Issuer aims to diversify maturities of financing instruments. If and when appropriate, the Issuer hedges financial risks, such as interest rate risk, through appropriate hedging arrangements.

Obtain and maintain access to financial markets at favourable conditions

The Issuer targets a credit profile in line with an "A" category rating profile in order to secure good access to a wide range of financial markets. The Issuer aims to diversify sources of funding.

Funding

The Issuer expects capital expenditures of the TenneT Group with respect to fixed assets for the period 2010 to 2012 amount to at least €2.1 billion (of which at least €1.3 billion related to TenneT TSO and at least €0.8 billion related to transpower). The existing and anticipated sources of funding for these expenditures are:

(i) EUR 875 million revolving credit facility, which was put in place in May 2009 (maturing May 2012);

(ii) EUR 410 million of existing term loans, of which EUR 40 million has a maturity of approximately 4 years and the remaining EUR 370 million has a maturity of greater than 10 years;

(iii) EUR 335 million of other existing credit lines, all of which has a maturity of less than one year, and of which EUR 180 million is committed;

(iv) at least EUR 400 million of publicly or privately issued hybrid capital, expected to be issued in the first quarter of 2010;

(v) public debt issuances under the Programme, of which the first issue is expected to in the first quarter of 2010; and

(vi) private debt placements.

The Issuer has a key focus on diversifying sources of financing both with regards to duration and investors. As of 31 January 2010, the Issuer expects to have no financial covenants in any of its existing credit agreements.

PART 2: ADDITIONAL DESCRIPTION ISSUER APPLICABLE AFTER THE COMPLETION OF THE ACQUISITION OF TRANSPOWER BY THE ISSUER

As from the completion of the acquisition of transpower the following description of the Issuer applies, which is to be read in addition to and in conjunction with the business description in Part 1.

Capitalisation and Group Structure

With the completion of the acquisition of transpower, the regulated activity of operating a transmission grid in Germany will be carried out by transpower stromübertragungs GmbH and transpower offshore GmbH. The legal structure of the TenneT Group after the completion of the acquisition of transpower will include transpower stromübertragungs GmbH and transpower offshore GmbH as 100% owned subsidiaries of Transpower GmbH & Co. KG.

History and development of the Issuer

The principle that history and development of the Issuer are inextricably linked with the history and development of the Dutch electricity market, also applies to transpower in the German electricity market.

The German Electricity Market

The German electricity market is governed by numerous acts and ordinances which are subject to constant modifications and amendments. The main pieces of legislation are the Energy Industry Act (*Energiewirtschaftsgesetz,* "**EnWG**"), which entered into force on 13 July 2005, and several ordinances, notably the Ordinance on Access to the Electricity Supply Grid (*Stromnetzzugangsverordnung*, "**StromNZV**") and – as of 1 January 2009 – the Ordinance on Incentive Regulation (*Anreizregulierungsverordnung*, "**ARegV**").

The EnWG introduced the BNetzA as market regulator which is exclusively competent vis-à-vis transpower and the other three German electricity transmission system operators. The BNetzA's regulatory task covers ensuring non-discriminatory grid access, control of the grid access tariffs, safeguarding against anti-competitive practices by grid operators and monitoring of the implementation of the regulatory regime.

Similar to the Dutch system, German electricity grid operators have to be unbundled from other business operations of a vertically integrated energy utility. In order to guarantee a transparent, non-discriminatory operation of the electricity grid, the EnWG not only provides for separate accounting but also for a legal, operational and informational unbundling. As of the closing of the acquisition of transpower by the Issuer, transpower will be fully unbundled from the vertically integrated energy utility E.ON AG.

Similar to TenneT TSO, transpower is under a general obligation to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. Furthermore, transpower has to maintain and develop its grid meeting the demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable and to provide, *inter alia*, for connections of new power plants and generation facilities relying on renewable energies or cogeneration to its grid.

The extra high-voltage grid in Germany is operated by four independent transmission system operators which have interconnected their 380 kV and 220 kV transmission systems through national interconnected lines to form the German interconnected system (*Verbundnetz*). The four German transmission systems are operated

by transpower (formerly: E.ON Netz GmbH), Amprion (formerly: RWE Transportnetz Strom GmbH), Vattenfall Europe Transmission GmbH, and EnBW Transportnetze AG. The systems of the four German interconnected transmission system operators together with parts of Denmark, Luxembourg and Austria form the "German control block". Transpower is not active in any downstream (distribution) grid operation.

Similar to TenneT TSO's tasks, transpower also has to maintain the balance of its part of the German transmission system and thereby contribute to the balancing of the interconnected systems in Europe. In addition, transpower has to grant third party access to its transmission grid on an economically reasonable, non-discriminatory and transparent basis. The respective tariffs for such access are subject to the ex ante regulation under the incentive regulation scheme providing for a yearly revenue cap (similar to the statutory obligation of TenneT TSO, see "Dutch Impact of Regulatory Framework on revenue of the Issuer" above).

Continuous investments in the (expansion of the) grid infrastructure as well as network-related or market-related measures are employed to avoid potential or to counter existing congestions in the transmission grid. In view of an expected rise in feed-ins from renewable energy sources (in particular: wind energy), large scale investments will likely be required to meet the new demand. For such investments, the transmission system operator can apply for so-called "investment budgets" which allow, upon approval by the BNetzA, that the capital costs related with the investment are fully reflected in the revenue cap for a specified period of time.

Business

German Regulated business

With respect to the regulated business activities of transpower in Germany, its principal activities are:

(i) to operate & maintain the transmission system;

(ii) to provide grid connection to and transmission of electricity through its highest-voltage grid;

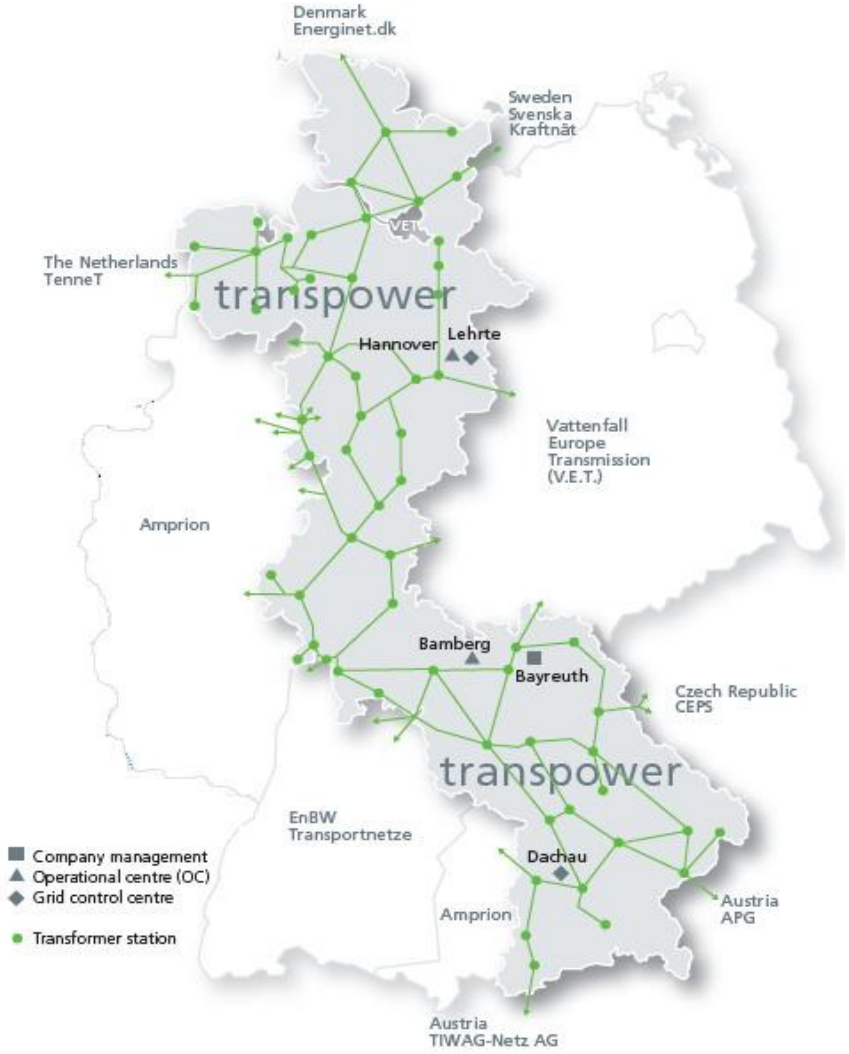
(iii) to provide preferential grid connection to and take off electricity produced from renewable energy sources or cogeneration plants;

(iv) to provide system services (balancing/control power, redispatch, energy for grid losses);

(v) to manage cross-border interconnections (in particular in case of congestions);

(vi) to provide connection to and take off energy produced by offshore wind parks (TPO).

A map of the 220/380 kV grid operated by transpower is reproduced in the figure below.



Operation & maintenance of the transmission system

Under the German regulatory framework, transpower is obligated to operate a safe, reliable and efficient transmission grid on a non-discriminatory basis. Transpower has to maintain and develop its grid meeting the demands (*bedarfsgerechter Ausbau*) to the extent this is economically reasonable. In particular, the transmission system operators have to contribute to supply security by appropriate transmission capacity and reliability of the system.

Grid connection to and transmission of electricity

Operators of energy supply grids in Germany are obligated to provide physical connection to their grid to final customers, level or downstream electricity supply grids and lines as well as generation facilities (which may have to be given priority in the event of congestion) at technical and economic conditions that are reasonable, non-discriminatory, and transparent. In addition and in accordance with regulated third party

access ("**TPA**"), grid operators must also grant TPA to their grid on an economically reasonable, non-discriminatory and transparent basis.

Preferential grid connection to and take-off of electricity produced from renewable energy sources or cogeneration plants

With regard to electricity generated from renewable energy sources, grid operators are under the obligation to immediately optimize, amplify and expand their grid upon request and as far as economically reasonable to ensure the purchase, transmission and distribution of such electricity. In addition, the grid operators are obligated to afford preferential treatment when taking-off electricity produced from renewable energy sources or cogeneration plants over conventional electricity generation.

System services

In order to continuously balance demand and supply of electricity, transpower primarily relies on the use of different types of control energy (primary, secondary and tertiary control energy) and redispatch measures. While the procurement of control energy by way of tenders is regulated by the BNetzA, the costs associated with either balancing mechanism are subject of on-going negotiations with the regulator. Such negotiations aim at a voluntary commitment to be entered into by the four transmission system operators. In addition, transpower procures energy for grid losses to allow transmission of electricity through its transmission system over long distances.

Management of cross-border interconnections

Transpower operates a number of cross-border interconnections to the Netherlands as well as Denmark, Sweden, Austria and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under the EnWG and pertinent European legislation. To this end and similar to TenneT TSO, transpower holds a (minority) participation in CASC-CWE for the area of Central West Europe (providing for auctions on a monthly and yearly basis) and also holds a (minority) participation in the "European Market Coupling Company" for the area of Northern Europe (providing for market coupling).

Connection to and take-off of energy produced by offshore wind parks

In addition, transpower is obligated to connect offshore wind parks ("**OWPs**") to its transmission grid. To this end, it founded its wholly-owned subsidiary transpower offshore GmbH. The grid connection must be realized by the time the OWP is technically ready to start its operation. The obligation only applies if the construction of the OWP has started before 31 December 2015. A failure to comply with this obligation might result in claims for damages by the respective OWP operator. Transpower has to bear all costs relating to the construction of the grid connection. However, transpower is generally entitled to pass-on parts of these costs to the other transmission system operators. The remainder of these costs will be reflected in the revenue cap to the extent these costs are approved within an investment budget by the BNetzA.

Subsidiary Overview — regulated activities

TenneT TSO Duitsland B.V.,TenneT Orange B.V., TenneT Blue B.V., TenneT Duitsland Coöperatief U.A., TransTenneT B.V., transpower verwaltungs GmbH and transpower GmbH & Co. KG

TenneT TSO Duitsland B.V.,TenneT Orange B.V., TenneT Blue B.V., TenneT Duitsland Coöperatief U.A., TransTenneT B.V., transpower verwaltungs GmbH and transpower GmbH & Co. KG are holding companies, which do not employ any operating activities themselves.

The following (indirect) subsidiaries of TenneT TSO Duitsland B.V. perform regulated activities in Germany:

transpower stromübertragungs GmbH

On 18 November 2009, the Issuer and E.ON AG agreed on the purchase by the Issuer from E.ON AG the German high voltage grid operator transpower stromübertragungs GmbH ("**transpower**"). The acquisition will become economically effective on 1 January 2010. Based on available (unaudited) financial information obtained during due diligence performed as part of the acquisition process of transpower, the Issuer believes:

(i) the consolidated earnings before interest, taxes, depreciation and amortisation of transpower for the period from 1 January 2009 through 30 September 2009 to be approximately € 324 million (including an extra-ordinary gain of € 85 million (pre-tax));

(ii) the consolidated earnings before interest and taxes of transpower for the period from 1 January 2009 through 30 September 2009 to be approximately € 298 million (including an extra-ordinary gain of € 85 million (pre-tax));

(iii) the consolidated total assets of transpower on 30 September 2009 to be approximately € 2,359 million; and

(iv) the consolidated aggregate interest-bearing debt of transpower on 30 September 2009 to be € 0 million.

The acquisition of transpower enables the Issuer to integrate the Dutch and German transmission grids, in the opinion of the Issuer allowing it to take a leading role in Europe, and continue developing an effectively functioning electricity market. In addition, transpower lines are part of the European connectivity grid. Transpower has a legal monopoly within this region with respect to the management of the aforementioned grids on the basis of the Energy Industry Act.

The takeover of transpower has been approved by the State. The benefits of the takeover for the Issuer include price equalization, improved grid balancing, greater insight into grid situations, and better possibilities for sustainable development in both countries.

As one of the four transmission system operators in Germany, transpower is responsible for the operation, maintenance and further development of the electricity transmission grid with voltage levels of 220 kV and 380 kV (extra high-voltage) in large sections of Germany and thus for the efficient electricity transport over large distances in that area. The grid consists of 10,700 kilometres of extra-high voltage lines, comprising an area of around 140,000 square kilometres (around 40% of the surface area of Germany), and transformer stations. In addition, transpower lines are part of the European connectivity grid.

*transpower offshore GmbH ("**TPO**")*

Transpower has a fully owned subsidiary, transpower offshore GmbH (Germany), which operates and manages (including the planning and construction of) interconnections between offshore wind parks and the electricity transmission network in mainland Germany. After closing of the (indirect) acquisition of transpower by the Issuer, TPO might be transferred by way of a purchase and assignment contract from transpower to transpower GmbH & Co. KG which will then hold 100% of the shares in transpower.

In addition to these subsidiaries, transpower holds the following minority interests:

- CASC-CWE: 14.3% (see also "Description of the Issuer — Business — Dutch Regulated business" above).
- European Market Coupling Company GmbH ("**EMCC**"): 20% The remaining shares are held by Nord Pool Spot, European Energy Exchange (EEX), Vattenfall Europe Transmission, and Energinet.dk

- Central Allocation Office GmbH ("**CAO**"): 12.5% The remaining shares are held by ČEPS a.s., ELES Electro-Slovenija d.o.o., MAVIR Hungarian TSO Company Ltd., PSE-Operator S.A., SEPS a.s., Vattenfall Europe Transmission GmbH, Verbund - Austrian Power Grid AG

Financial Information

This entire chapter entitled Financial Information has been included in the prospectus on a voluntary basis and should not be read as Selected Financial Information required under the Prospectus Regulation.

The tables below show the Issuer's 30 September 2009 year-to-date financial figures and figures from the Issuer's audited consolidated financial statements as set out in its annual report for the financial year 2008.

The unaudited consolidated income statement, balance sheet and cash flow statement for 30 September 2009 are derived from the Issuer's management accounts dated 24 November 2009.

The consolidated financial statements of the Issuer have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and endorsed by the European Commission. Under European law, compliance with these standards became compulsory for all listed companies in 2005.

TenneT TSO is not a listed company, but has nevertheless chosen to adopt IFRS with a view to ensuring (international) comparability.

Issuer: Unaudited Consolidated Income Statement for the period from and including 1 January 2009 to and including 30 September 2009 and Audited Income Statement 2008

	1 January to 30 September 2009	**1 January to 31 December 2008**
Consolidated	*(in EUR mln)*	
Revenue	**401.1**	**469.4**
Energy and capacity expenses	138.9	175.2
Transmission grid and system expenses	30.5	38.5
Personnel expenses	54.0	47.2
Depreciation and amortisation	72.1	71.2
Other operating expenses	34.1	56.3
	329.6	**388.4**
Operating Profit	**71.5**	**80.9**
Finance income and costs	(22.0)	(11.9)
Profit from participating interests	-	0.9
Profit Before Corporation Tax	**49.6**	**69.9**
Corporation tax expense	12.6	17.7
Net Income	**37.0**	**52.2**
Allocated to:		
Minority interest	0.3	1.5
Shareholder	**36.7**	**50.7**

Issuer: Unaudited Consolidated Balance Sheet at 30 September 2009 and Audited Balance Sheet at 31 December 2008

	30 September 2009	31 December 2008
	(in EUR mln)	
Non-Current Assets		
Tangible fixed assets	2,354.2	1,470.0
Intangible assets	112.1	46.5
Participating interests	13.2	11.8
Financial assets	29.5	31.5
Deferred tax assets	51.6	55.8
Other receivables	15.3	12.1
	2,576.0	**1,627.7**
Current Assets		
Inventory	**3.3**	**1.2**
Receivables		
Accounts receivable and other receivables	140. 7	193.8
Accounts receivable in connection with energy exchange transactions	63.4	223.3
Corporation tax	-	2.7
Derivative financial instruments	-	1.1
	204.1	**421.0**
Financial assets	**290.0**	**81.0**
Cash and cash equivalents (1)		
Collateral securities	487.9	532.7
Deposits	127.0	99.9
Cash at banks	62.1	117.7
	677.0	**750.3**
Non-current assets available for sale	**5.3**	**5.3**
Total	**3,755.7**	**2,886.5**

Note:	30 September 2009	31 December 2008
(1) of which restricted cash and cash equivalent	632.7	665.2

	30 September 2009	31 December 2008
	(in EUR mln)	
Equity and Liabilities		
Equity		
Share capital	100.0	100.0
Hedging reserve	(1.5)	(1.5)
Reserve for exchange rate differences	(3.4)	(3.4)
Retained earnings	586.7	561.4
Equity attributable to shareholder	**681.8**	**656.5**
Minority interest	8.0	8.9
	689.8	**665.4**
Non-Current Liabilities		
Loans	857.3	220.0
Investment contributions	365.2	356.5
Auction receipts	269.8	234.4
Provisions	108.9	105.4
Deferred tax liabilities	-	4.3
	1,601.2	**920.5**
Current Liabilities		
Investment contributions	-	10.4
Amounts received in advance	48.9	31.4
Provisions	-	21.5
Loans	502.5	210.0
Bank overdrafts	129.3	100.6
Accounts payable in connection with energy exchange transactions	62.5	223.0
Liabilities relating to collateral securities	487.9	532.7
Accounts payable and other liabilities	223.5	159.9
Corporation tax	6.6	2.1
Derivative financial instruments	3.5	8.9
	1,464.7	**1,300.6**
Total	**3,755.7**	**2,886.5**

Issuer: Unaudited Consolidated Cash Flow Statement at 30 September 2009

	1 January to 30 September 2009	
	(in EUR mln)	
Cash flows from operating activities		
Profit after tax	37.0	
Depreciation and amortisation	72.1	
Provisions	(17.9)	
		91.2
Changes in working capital		
Inventory	(2.1)	
Receivables	8.8	
Payables	(89.0)	
		(82.3)
		8.8
Cash flow from clearing activities		
Collateral securities	(44.8)	
Auction receipts	35.4	
		(9.3)
Cash flows from investing activities		
Acquisitions of intangible assets	-	
Acquisitions of tangible fixed assets	(258.2)	
Acquisition of RNB	(763.7)	
Financial fixed assets	0.6	
		(1,021.4)
Cash flows from financing activities		
New long-term loans	637.1	
Redemption of long-term loans	(200.0)	
New short-term loans	1,292.3	
Redemption of short-term loans	(799.5)	
Dividend	(10.0)	
Change in Bank Overdraft	28.7	
		948.6
Change to Cash and Cash Equivalents		**(73.3)**
Cash and cash equivalents at 31 December 2008	750.3	
Cash and cash equivalents at 30 September 2009	677.0	
		(73.3)

Use of Proceeds

The net proceeds from the issue of the Securities, expected to amount to €496,800,000, will be applied by the Issuer for general corporate purposes and (in whole or in part) for the acquisition of transpower.

The expenses related to the admission to trading are estimated to amount to approximately €25,000.

Taxation in the Netherlands

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a Securityholder. Prospective Securityholders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Securities. It does not address Dutch gift taxes or inheritance taxes in respect of any gift of Securities by, or inheritance of Securities on the death of, a Securityholder.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, "**Dutch Taxes**" shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands, includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*).

Withholding Tax

Any payments made under the Securities will not be subject to withholding or deduction for, or on account of, any Dutch Taxes.

Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to a Securityholder who has a (fictitious) substantial interest in the Issuer, or to Securityholders that are individuals who receive Securities as income from employment.

Residents in the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Securityholders:

(i) individuals who are resident or deemed to be resident in the Netherlands;

(ii) individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch taxation ((i) and (ii) jointly "**Dutch Individuals**"); and

(iii) entities that are subject to the Dutch Corporate Income Tax Act 1969 ("**CITA**") and are resident or deemed to be resident in the Netherlands for the purposes of the CITA, excluding:

- pension funds (*pensioenfondsen*) and other entities, that are fully exempt from Dutch corporate income tax; and
- Investment institutions (*beleggingsinstellingen*);

("**Dutch Corporate Entities**").

Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Generally, a Dutch Individual who holds Securities (i) that are not attributable to an enterprise from which he derives profits as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, or (ii) from which he derives benefits which are not taxable as benefits from miscellaneous activities (*overige werkzaamheden*), will be subject annually to an income tax imposed on a fictitious yield on such Securities. The Securities held by such Dutch Individual will be taxed under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the

actual income or capital gains realized, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Securities, is set at a fixed amount. The fixed amount equals 4 per cent. of the average net fair market value of these assets and liabilities measured, in general, at the beginning and end of every calendar year. The current tax rate under the regime for savings and investments is a flat rate of 30 per cent..

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at progressive rates with a maximum of 52 per cent. with respect to any benefits derived or deemed to be derived from Securities (including any capital gains realized on the disposal thereof) that are either attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), or attributable to miscellaneous activities.

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.5 per cent. with respect to any benefits derived or deemed to be derived (including any capital gains realized on the disposal thereof) of Securities. Reduced rates apply to the first EUR 200,000 of taxable profits.

Non-residents in the Netherlands

A Securityholder other than a Dutch Individual or Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the ownership and disposal of the Securities, other than withholding tax as described above, except if:

(i) the Securityholder derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which Securities are attributable; or

(ii) the Securityholder is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) performed in the Netherlands in respect of Securities, including, without limitation, activities which are beyond the scope of active portfolio investment activities.

Other Taxes and Duties

No other Dutch Taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a Securityholder by reason only of the issue, acquisition or transfer or execution, performance or enforcement of the Securities.

Residency

A Securityholder will not become resident, or deemed resident in the Netherlands for tax purposes by reason only of holding the Securities.

Subscription and Sale

ING Bank N.V. and The Royal Bank of Scotland plc (the "Managers") have, pursuant to a Subscription Agreement signed on or about 5 February 2010, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Securities at 100 per cent. of their principal amount less a combined management and underwriting commission resulting in expected net proceeds of €496,800,000. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

SELLING RESTRICTIONS

General

Neither the Issuer nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer or the Guarantor that would permit a public offering of the Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Prospectus(in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Manager in any such jurisdiction as a result of any of the foregoing actions.

United States

The Securities have not been and will not be registered under the Securities Act and Securities are subject to U.S. tax law requirements. Subject to certain exceptions, Securities may not be offered, sold or delivered within the United States or to U.S. persons. Each Manager has represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver any Securities within the United States or to U.S. persons, except as permitted by the Subscription Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

(i) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(ii) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(iii) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer;

(iv) at any time if the denomination per Security being offered amounts to at least €50,000; or

(v) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (i) to (v) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Manager has represented and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

General Information

1. Application has been made to the Euronext Amsterdam N.V. ("**Euronext**") for the Securities to be listed on Euronext Amsterdam by NYSE Euronext ("**Euronext Amsterdam**"). References in this Prospectus to the Securities being "**listed**" (and all related references) shall mean that the Securities have been listed and admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

2. The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issue and performance of the Securities. The issue of the Securities was authorised by resolutions of the management board of the Issuer passed on 19 January 2010.

3. There has been no significant change in the financial or trading position of the Issuer or of the TenneT Group since 31 December 2008 and no material adverse change in the prospects of the Issuer or of the TenneT Group since 31 December 2008.

4. Except as disclosed under "*Business Description of the Issuer — Part 1: Description Issuer applicable regardless of the acquisition of transpower by the Issuer — legal and arbitration proceedings*" above, neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the TenneT Group.

5. Each Security and Coupon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

6. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The International Securities Identification Number (ISIN) for the Securities is XS0484213268 and the Common Code 048421326.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

7. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the TenneT Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Securityholders in respect of the Securities being issued.

8. The Issuer intends that, to the extent that the Securities provide the Issuer with equity credit for rating purposes at the time of redemption, it will repay the principal amount of the Securities upon such redemption with net proceeds received by the Issuer or any of the Issuer's Subsidiaries from the sale or issuance, during the 360-day period prior to the date of redemption, by it or any Subsidiary to third-party purchasers, other than a TenneT Group entity, of securities for which the Issuer will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the Securities at the time of such redemption.

9. At or around the time of issuance of the Securities, the Issuer will enter into a replacement capital covenant (RCC) for the benefit of holders, from time to time, of designated series of long-term indebtedness with the following characteristics: it (i) ranks senior to the Securities, (ii) is assigned a

rating, (iii) has an outstanding principal amount of not less than EUR 500,000,000 (or foreign currency equivalent), and (iv) was issued through or with the assistance of a commercial or investment bank, or firms acting as underwriters, initial purchasers or placement or distribution agents. The RCC provides that, subject to certain exceptions, the Issuer (by itself or through its subsidiaries) may not repay, redeem or repurchase any Securities between 2 June 2017 and the termination of the RCC (in any event on 2 June 2037 or earlier, subject to certain conditions), unless:

(i) the amount of equity credit removed by the reduction in principal amount of the Securities outstanding does not exceed, in any fiscal year, 10 per cent. of the principal amount of the Securities and any loans made or securities issued that attract at least the same amount of equity credit from Standard & Poor's; or

(ii) the principal amount of the repaid, redeemed or repurchased Securities does not exceed the sum of:

(a) 200 per cent. of the aggregate amount of net cash proceeds the Issuer received through selling ordinary shares in its capital (that it did not hold previously) to third parties (excluding subsidiaries); and

(b) 100 per cent. of the aggregate amount of net cash proceeds the Issuer received from making loans or issuing securities to third parties (excluding subsidiaries), which must, among other things, (1) mature no sooner than 2 June 2037; (2) rank pari passu with or junior to the Securities; (3) not be redeemable (subject to exceptions) within 5 years of their issue; (4) not contain a step-up within 5 years of their issue; and (5) permit the Issuer to defer interest payments on such instruments.

10. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

11. For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer:

(a) the Agency Agreement (which includes the form of the Global Security);

(b) the Articles of Association (statuten) of the Issuer;

(c) the audited consolidated annual financial statements of the Issuer for the two years ended 31 December 2007 and 31 December 2008, respectively, which are included in the published annual reports of the Issuer for the relevant periods;

(d) the most recently available published audited consolidated annual financial statements of the Issuer and the most recently available published interim financial statements of the Issuer (if any);

(e) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and

(f) all reports, letters and other documents, balance sheets, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus.

This Prospectus will be published on the website of the Issuer (www.tennet.org).

12. PricewaterhouseCoopers Accountants N.V. have audited and rendered unqualified audit reports on the consolidated annual financial statements of the Issuer for the two years ended 31 December 2007 and 31 December 2008. The auditors of PricewaterhouseCoopers Accountants N.V. are members of the Koninklijk Nederlands Instituut van Registeraccountants (*NIVRA*), which is a member of International Federation of Accountants (IFAC). The audit reports have been produced at the request of the Issuer and have been included in this Prospectus, through incorporation by reference, with the consent of PricewaterhouseCoopers Accountants N.V.

13. The European Union (the "**EU**") has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or certain other persons in another Member State, except that Austria, Belgium and Luxembourg may instead impose a withholding system for a transitional period unless during such period they elect otherwise. A number of third countries and territories have adopted similar measures to the EU Directive.

Registered Office of the Issuer

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6812 AR Arnhem
The Netherlands

Auditors of the Issuer

PricewaterhouseCoopers Accountants N.V.

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6824 BE Arnhem
The Netherlands

Joint Lead Managers

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135 Bishopsgate
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United Kingdom

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Fiscal Agent, Paying Agent and Calculation Agent

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United Kingdom

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