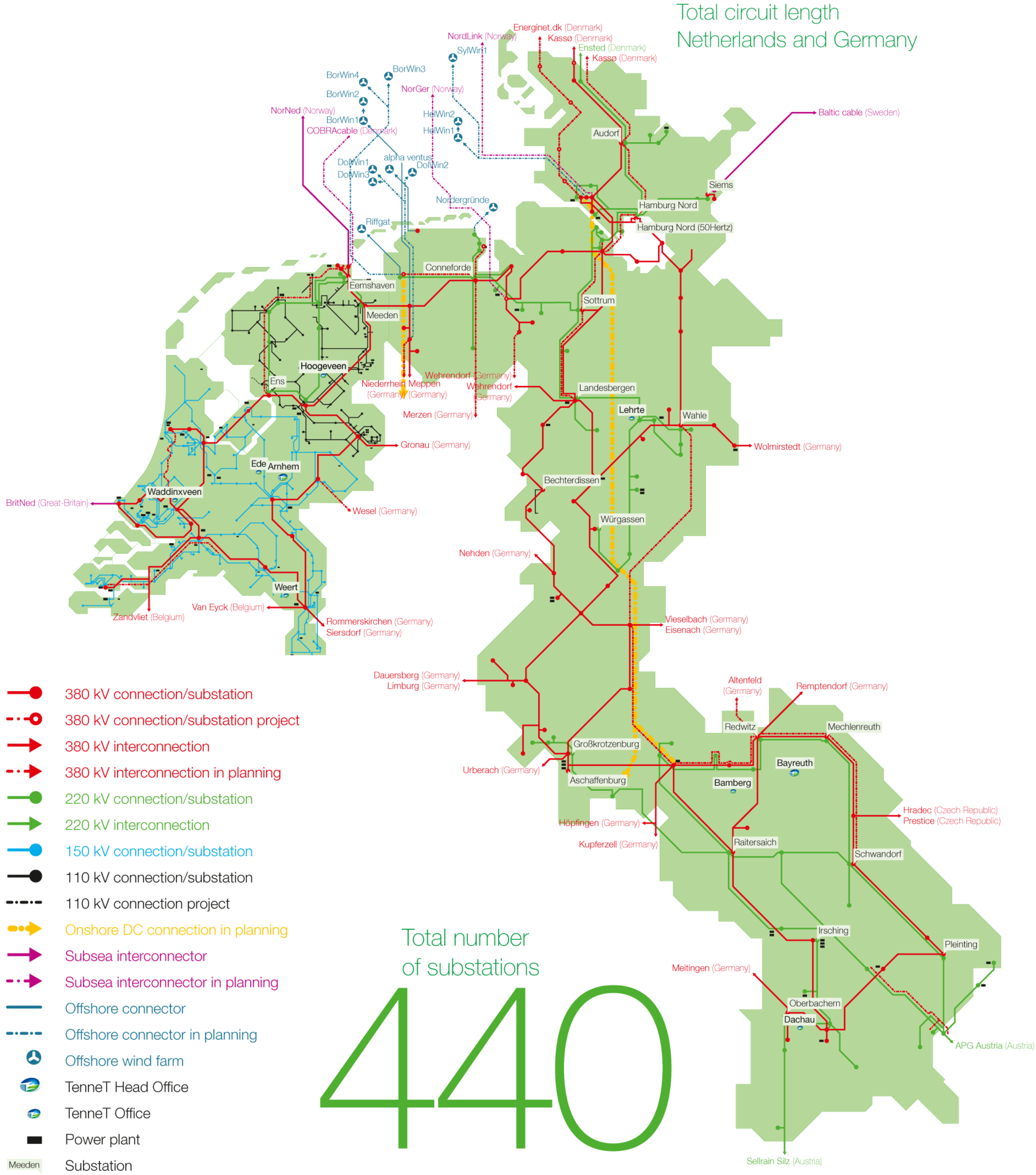

Half-year
report 2014
TenneT Holding B.V.

Contents

Grid map

20,997 km

Total circuit length
Netherlands and Germany



Total number
of substations

440

No rights can be derived from this map.
1 February 2014

Profile

About TenneT

TenneT is a leading European electricity transmission system operator (TSO) with activities in the Netherlands and in a large part of Germany. In the Netherlands, our activities are carried out by TenneT TSO B.V. and its subsidiaries. In Germany, our work is performed by TenneT TSO GmbH, TenneT Offshore GmbH and its subsidiaries. We ensure a reliable and uninterrupted supply of electricity for the 36 million end-users in the markets we serve. We aim to meet our stakeholders' needs by being responsible, engaged and connected.

With around 21,000 kilometres of high-voltage lines, we cross borders and connect countries. TenneT ranks among Europe's top 5 TSOs and works closely with governments, NGOs, trading partners and private investors all over the world. Our aim is to ensure that critical high-voltage infrastructure is developed, realised and managed efficiently, now and in the future. This covers onshore grids, offshore connections, as well as cross-country interconnectors, such as NorNed, a subsea high-voltage cable between the Netherlands and Norway. We are keen to pursue the development of a North West European electricity market.

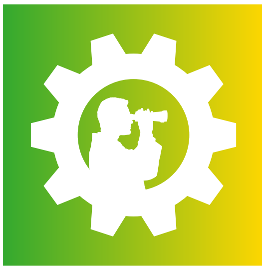
As a leading TSO, our main duties are (1) to provide power transmission services, by constructing and maintaining a robust high-voltage grid, (2) to provide system services, by maintaining the balance between supply and demand of electricity 24 hours a day, 7 days a week and (3) to facilitate a smoothly functioning, liquid and stable electricity market.

Virtually all of TenneT's activities are regulated. These activities are governed by the provisions of relevant legislation in the Netherlands and Germany. Regulatory authorities oversee TenneT´s compliance with these provisions.

In addition, TenneT is involved in certain non-regulated activities. TenneT Holding B.V. is directly responsible for these activities, which either support the energy market, helping to ensure it is operated smoothly and efficiently, or are ancillary to it. TenneT holds a 50% interest in BritNed, a merchant cable operator that manages the electricity interconnector between the Netherlands and Great Britain. Also, TenneT owns a 70.84% stake in APX, a North West European energy exchange, and manages part of the infrastructure required to send and receive broadcasting and telecom signals (NOVEC/Relined).

Responsible

In the dynamic North West European electricity market, we offer society and businesses our full commitment to maintaining grid stability and enhancing the high-voltage infrastructure, enabling the large scale use of renewables.



Engaged

We are intrinsically driven by the technical, operational and societal challenges of the energy transformation and the pursuit of a North West European electricity market.

Connected

Meeting the current and future needs of society, businesses and consumers requires a concerted effort of all stakeholders.
We take initiative, are transparent and connect internally as well as externally.

Key events

The Dutch Minister of Economic Affairs announces his intention to appoint TenneT as grid developer and operator for the offshore electricity grid in the Dutch part of the North Sea. In line with the National Energy Agreement, TenneT expects to construct grid connections for offshore wind farms with a total capacity of 3,450 MW in the Dutch part of the North Sea in the years until 2023.

The South-Western and North-Western Europe day-ahead markets are successfully coupled in a landmark move towards an integrated European power market. Electricity can now be exchanged from Portugal to Finland under a common day-ahead power price calculation using the Price Coupling of Regions (PCR) solution.

TenneT and Amprion increase their transmission capacity for power on the Dutch-German border by 100 MW.

TenneT installs three offshore converter platforms in the German North Sea: BorWin2 (800 MW), HelWin2 (690 MW) and SylWin1 (864 MW). Together they will connect 2,354 MW sustainable energy to the German grid. All three platforms are now in the process of final assembly and installation at their locations at sea, scheduled to be operational in 2015.

TenneT awards Siemens, in a consortium with Petrofac, and Prysmian the twelfth offshore grid connection for wind farms in the German part of the North Sea (BorWin3, 900 MW transmission capacity).

TenneT and TransnetBW submit a proposal for SuedLink, an 800 km DC corridor that will transport surplus wind power from the north of Germany to the industrial south in 2022. It is Germany's largest and longest network expansion project.

Construction starts on the Dutch Randstad 380 kV North Ring project. About 10 km of the 65 km high-voltage connection will be built underground.

TenneT and Copenhagen Infrastructure Partners (CIP) agree on a joint investment in offshore grid connection DolWin 3 for wind farms in the German North Sea. CIP's total equity commitment in the project amounts to EUR 384 million.

On 23 June 2014, Dr Urban Keussen (49) was announced to become Vice-Chairman of the Executive Board of TenneT Holding and Chairman of the Board of TenneT TSO GmbH. Dr Keussen will succeed Mr Martin Fuchs (60), who retires with effect from 1 July 2014, after a 34-year career in the energy sector. Mr Fuchs will be appointed Member of the Supervisory Council of TenneT TSO GmbH, effective 1 October 2014.

Key figures

Markets / Operations

	30 June 2014	31 December 2013
Grid availability (%)	99.9999%	99.9999%
Interruptions (#)	2	9
% energy not supplied of transported GWh 110/150 kV	0.0001%	0.0001%
% energy not supplied of transported GWh 220/380 kV	0.0000%	0.0002%

Environment

	30 June 2014	31 December 2013
% grid losses of transported GWh 110/150 kV	0.45%	0.45%
% grid losses of transported GWh 220/380 kV	1.27%	1.09%

Employees

	30 June 2014	31 December 2013
Number of employees (excluding external personnel) in headcount	2,751	2,596
Lost Time Injury Frequency	3.4	4.5

Financial

EUR million, based on underlying financial information	30 June 2014	31 December 2013
Total assets	12,673	11,563
Net interest bearing debt, adjusted	3,212	3,147
Equity	3,126	2,593

EUR million, based on underlying financial information	30 June 2014	30 June 2013
Revenue	1,138	886
EBITDA	506	360
EBIT	368	237
Profit for the period	210	119

Executive Board report

In the first half of 2014, TenneT continued to provide a very high system reliability (99.9999%), benefiting 36 million end-users in the Netherlands and Germany. We made good progress in realising our strategic objectives to contribute to a more sustainable energy future. In managing our operations, besides the day-to-day management of our grids, the realisation of our large investment programmes in the Netherlands and Germany has been an important focus.

TenneT's mission is to provide security of electricity supply in the markets we serve and to pursue, as a leading Transmission System Operator, the development of an integrated and sustainable North West European electricity market. We aim to deliver maximum benefits to society in the financially most viable way for our broad range of stakeholders, while adhering to stringent regulations and in close consultation with our shareholder, the Dutch State. Safety, environmental responsibility and stakeholder dialogue and engagement are critical in everything we do. TenneT's people allow us to stand out through operational excellence and innovation: they are capable, committed and passionate about their work and we aim to empower them to deliver their best each and every day. The better we do our job, the better the electricity system and market will function, for the benefit of all stakeholders.

Our 'license to operate' is to ensure a safe, reliable and uninterrupted supply of electricity to end-users in our regions. To achieve this, we are working to harmonise the Dutch and German grids to the extent possible and we are investing substantially in onshore grids, offshore connections and cross-country interconnectors to safeguard future capacity. We constantly work towards political and social acceptance for the necessary grid expansion and are exploring solutions to further minimise our impact on the environment and local residents. In realising our strategic objectives, we recognise the importance of optimising our capital structure and efficiency of our operations.

To further strengthen our leading position as a cross-border TSO in North West Europe, working towards an integrated European energy market, we invest in sophisticated regional, national and international initiatives and actively participate in industry associations and in the dialogue with a broad range of public and private stakeholders, in an international context. European market integration provides the 36 million end-users in our markets with the opportunity to benefit from the price convergence with neighbouring countries and also it gives them access to new energy sources across Europe.

The 2014 half-year report describes key aspects of TenneT's operational, financial and social performance. It follows the same approach as that taken in the 2013 integrated annual report, providing a brief update of those topics considered to be most relevant to TenneT's strategy and stakeholders.

Markets

These are turbulent times for the European power market. Far-reaching and irreversible developments are transforming the way it is organised. There are more sources of renewable energy feeding into the system, power generation is being decentralised, and the market is being integrated as Europe transitions to a sustainable energy future.

TenneT plays a leading role in this changing landscape. Working with our partners and stakeholders, we have implemented several projects to couple European markets. One of these is the North-Western Europe (NWE) day-ahead market coupling, launched in February 2014.

Our focus has been on facilitating cross-border electricity trade in the intraday, day-ahead and longer timeframes, while in the upcoming years our focus will move towards the integration of balancing markets. This should improve the way the European wholesale power market functions, leading to, where possible, more price convergence and eventually to an increase in social welfare. More background information is available in TenneT's Market Review, published in March 2014, as the first in a series of regular updates.

The increasing infeed of intermittent renewable energy sources will have a significant impact on the market. Traditional generators, especially the gas-fired ones, already feel the consequences, being more often out of the money. With increasing levels of infeed of renewable energy sources, generating against zero marginal costs, the operating hours of conventional generators will further decrease in the long run. As these traditional generators give TenneT flexibility to balance the system, this poses challenges for us.

TenneT is participating in the debate around the changes necessary to establish an efficient and sustainable electricity market design; providing the right long-term incentives to invest in generation capacity and delivering the necessary services to keep the system balanced. At the same time, TenneT is searching for new ways of flexibility, like various renewable energy sources, demand response and storage, and new partners to maintain an efficient and secure power system, today and in the future.

Society

In May 2014, the Dutch Minister of Economic Affairs announced his intention to appoint TenneT as grid operator for the offshore electricity grid in the Dutch part of the North Sea. This will contribute to the national ambition for a more sustainable energy supply.

TenneT makes every effort to carry out its duties responsibly, with minimal impact on the environment and by proactively engaging our stakeholders at national, regional and local level. We initiate stakeholder discussions from the earliest stages of a project to establish a culture of participation with the local community and NGOs involved.

We benefit from sharing our experiences between the Netherlands and Germany, where we have set up extensive stakeholder programmes for offshore and onshore grid development. For example, to communicate about the SuedLink, Germany's largest infrastructure project for energy transition, TenneT held a number of local community info-marts along the entire proposed transmission corridor. These public meetings will be evaluated by the BESTGRID programme, an EU initiative to foster grid expansion and public acceptance.

While TenneT's assets are vital to facilitate energy transition, they do have an impact on society. We are involved in several studies to enhance the biodiversity surrounding our assets and to lessen our ecological footprint. To create additional value for communities living near our infrastructure, we are investigating and co-developing new ways to improve biodiversity close to our assets and parallel to our new projects with the stakeholders and NGOs involved. Examples are the Dutch pilot project Ecological Energy Network by Dutch landscape architects focussing on high-voltage lines in urban areas and in Germany the cooperation with the NGO NABU on improving birdlife habitat.

Environment

TenneT feels a responsibility to take care of the environment and to limit its impact as far as is reasonably possible. However, energy cannot be transported without having some effect on the environment.

Key performance indicators for measuring our impact on the environment are the level of grid losses, use of sulphur hexafluoride (SF_6) and oil leakages.

Grid losses are inevitable, especially when electricity is transported over longer distances, and when the voltage delivered to consumers changes from 380 kV to 230 V. In Germany, an upward trend in grid losses is noticeable. This is due to the higher complexity of managing the grid, given the distance between generation in the north and consumption in the south of Germany resulting from the Energiewende. The costs of these losses are incorporated into our tariffs. We are constantly seeking innovative solutions to minimise grid losses. Furthermore, we are working on purchasing all grid losses as green energy.

The use of sulphur hexafluoride (SF6) in our asset base is sometimes necessary as there is no technically feasible alternative for certain types of high-voltage switchgear. To lower our environmental impact we strive to reduce our SF6 emissions. We monitor all individual assets containing SF6, respond to alarms, perform inspections and register emissions. Should SF6 emissions of an individual asset exceed the limits, we analyse possible corrective measures and, depending on the severity, prioritise the most suitable measure within our maintenance or replacement programmes. We actively monitor innovations and developments at our suppliers for solutions to reduce the SF6 in our new equipment and grid expansion projects.

TenneT uses oil in high-voltage installations to insulate and cool transformers and to insulate certain types of cables. Oil leakages can contaminate the soil and groundwater and we have a strict policy to repair leaking oil cables expediently. We are implementing a tracer injection system to detect smaller leaks and quickly limit possible contamination. TenneT is investigating preventive measures to reduce the risk of oil pressure cables leaking in large water crossings, which would be difficult to clean.

Employees

Safety

Ensuring the safety of everyone involved in our activities is a top priority of the company and the responsibility of each individual working here. In Q1 2014, the Executive Board developed its ambitious Safety Vision 2018. This aims to reduce lost time injury frequency (LTIF) for employees and contractors to below 1.0 by 2018, using the safety performance of the Oil and Petrochemical industry as a benchmark.

To achieve Safety Vision 2018, we developed a strategic roadmap defining our activities and results, and we are undertaking various communications activities to raise awareness. These include the Slip, Trip and Falls campaign, due to launch in Summer 2014, and safety awareness workshops for all employees in Germany and the Netherlands. In addition, we introduced a Corporate Guideline Incident Investigation that analyses all lost workday cases (LWC) and high-risk incidents (HRI) in a uniform manner and identifies and implements points for improvement.

Developing leadership and talent

We want to be among the best employers in the European energy sector. Committed and dedicated people are crucial to our success and long-term growth. In Germany in particular, TenneT is seeking new employees to support its ongoing growth. It remains a challenge to attract and retain talented people and we are developing a number of new HR initiatives.

The Power to Perform programme aims to translate TenneT's strategic goals to personal goals for everyone across the organisation and to manage this through monitoring, feedback and development. Following a successful pilot in three departments, the programme will be rolled out to the rest of the TenneT organisation in the second half of 2014.

In addition to the Human Resource Development programme to attract, develop and retain talented employees systematically throughout the organisation, we set up a development programme for project managers and programme managers in the first half of 2014. Also, as of this year we are including team managers in our Management Development programme for the first time. We also ran a pilot using a 360-degree feedback programme in the annual management review for senior management.

A shortened version of the employee survey was conducted to gauge how employees experience working at TenneT and how they rate TenneT compared with employees at other companies. In addition, every TenneT employee was invited to participate in an identity monitor, which charts personal and shared values and determines whether our brand values are truly shared by all. The results will be available later this year and published in our 2014 integrated report.

Health

TenneT attaches great value to committed and engaged employees. Where possible, we help our people to live healthy and active lives. We offer lifestyle coaching and encourage employees to join our Committed Power sports programme. Nearly 800 people have signed up, compared to 685 in 2013.

Financial results

The key underlying financial information used in this report involves the recognition of regulatory receivables and payables in connection with TenneT's regulated activities. Regulatory receivables and payables include amounts which - based on the current regulatory framework - can be recouped or are required to be returned through future grid tariffs. TenneT believes that underlying financial information better represents our actual business and financial performance, and is therefore used for management reporting and analysis, as well as for internal decision-making and financial planning purposes.

IFRS reported figures, as presented in the interim condensed consolidated financial statements, do not contain regulatory receivables and payables. Note 3 to the interim condensed consolidated financial statements compares the underlying financial information to the reported IFRS figures.

Sound financial performance in first half 2014

Last year's trend of increasing revenue and EBIT, caused by TenneT's growing asset base and significant level of investments, continued during the first half of 2014. Underlying revenue increased by EUR 252 million to EUR 1,138 million and underlying EBIT increased by EUR 131 million to EUR 368 million, mainly due to an increase of EBIT in Germany.

In the Netherlands, revenue showed a slight increase, mainly resulting from additional revenue in connection with last year's completed investment in the southern part of the Randstad 380 kV project. The regulator's decision to reduce permitted revenues for the years 2014-2016, which is progressive during this three-year period, had only limited impact on the results for the six-month period ended 30 June 2014. EBIT in the Netherlands remained stable.

In Germany, particularly TenneT's offshore investments and activities positively affected revenues and EBIT. This included the impact of a change in the reimbursement of offshore expenses that was introduced last year.

TenneT's participation in the BritNed cable contributed EUR 13 million (TenneT's 50% share in profit) to this period's EBIT, which reflects a EUR 5 million increase compared to the same period in 2013. The main driver for the increase was the price difference between the United Kingdom and the Netherlands.

Strong financial position, equity further strengthened

Total assets as at 30 June 2014 increased by EUR 1,110 million to EUR 12,673 million (31 December 2013: EUR 11,563 million). The main drivers were investments in tangible fixed assets (EUR 760 million) and higher EEG receivables (EUR 360 million increase). The majority of the investments relate to German offshore projects under construction, of which the Riffgat connection was completed in the first half of 2014. A higher EEG surcharge price combined with favourable weather conditions caused an increase in the EEG receivables.

The increased EEG surcharge also led to higher EEG payables (EUR 870 million increase), which was the main cause for the increase in liabilities. In addition, current liabilities increased as a result of a EUR 500 million interest-bearing note, which will mature in February 2015 and which was therefore reclassified to current liabilities as at 30 June 2014 (from non-current liabilities as at 31 December 2013).

In the first half of 2014, TenneT and the Danish infrastructure fund management company Copenhagen Infrastructure Partners (CIP) reached agreement on a joint investment in DolWin3, a 900 MW offshore grid connection for wind farms in the German part of the North Sea. CIP purchased a 49 percentage voting interest in this sustainable energy project for a cash consideration of EUR 366 million, leading to a significant increase of TenneT's total equity. CIP's total equity commitment in the project amounts to EUR 384 million.

Cash flows

Consolidated cash flows (EUR million)	**2014**	2013	Change
For the six month period ended 30 June:			
Net cash flows from operating activities, excluding EEG working capital movement	522	715	-193
EEG working capital movement	511	558	-47
Net cash flows from operating activities	**1,033**	**1,273**	**-240**
Net cash flows from investing activities	-892	-592	-300
Net cash flows from financing activities	211	-568	779
Net change in cash and cash equivalents	**352**	**113**	**239**

Apart from the impact from higher operating results, operating cash flows were positively affected by the change in EEG working capital and by the net inflows from the offshore liability levy from TenneT's own grid customers and from other German TSOs. The offshore liability levy amounts received are used for compensation payments to offshore wind farms for the delay or interruption of grid connections. The net impact of the offshore liability levy on cash flows is approximately EUR 50 million and is included in net cash flows from operating activities as stated in the above table.
For TenneT, both the EEG and offshore liability levy are pass-through items without any effect on the statement of income.

The positive operating cash flows were partially used for capital expenditures, resulting in a net cash outflow from investing activities of EUR 892 million (relating to investments during the half-year and payment of capital expenditure invoices that were outstanding at the end of 2013).

Net cash flows from financing activities mainly consist of the proceeds from the sale of a non-controlling interest to CIP, partly offset by interests paid, dividends paid to non-controlling interests and the distribution to hybrid securities holders.

Funding

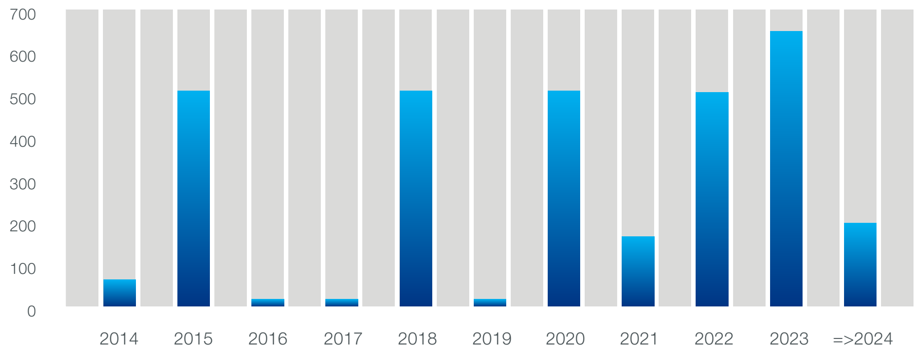
On 30 June 2014,TenneT Holding B.V. had the following senior unsecured credit ratings from Standard & Poor's and Moody's, which remained unchanged compared to 2013 and were confirmed by the aforementioned rating agencies on 19 May 2014 and 27 May 2014, respectively.

Credit rating as of 30 June 2014 and 31 December 2013	Long-term rating	Short-term rating
Standard & Poor's	A– (stable outlook)	A-2
Moody's	A3 (stable outlook)	P-2

TenneT's objective is to have sufficient liquidity to be able to meet its short-term obligations at all times. The Group monitors liquidity on a rolling 12-month forward-looking basis. This means that the sum of (i) cash and cash equivalents, (ii) undrawn committed credit facilities and (iii) 12-month net cash flow from operating activities should be sufficient to meet the expected aggregate of scheduled debt repayments and investments in fixed assets over the succeeding 12 months.
The EUR 500 million bond issued under TenneT's Euro Medium Term Note (EMTN) programme in February 2010 and maturing in February 2015 is taken into account in the 12 months liquidity calculation.

The liquidity requirement was met throughout 2013 and the first half-year of 2014. Based on the cash flow forecasts, which are updated on a monthly basis, it is expected that the liquidity requirement will also be met in the upcoming 12 months.

Annual redemption of interest-bearing debt (EUR million)



On 30 June 2014, TenneT had EUR 1,125 million and EUR 500 million committed revolving credit facilities (RCF) at its disposal, with no amounts outstanding at that date. In addition, TenneT had EUR 545 million of uncommitted credit lines and a EUR 1,000 million commercial paper programme. As of 30 June 2014, no amounts of commercial paper were issued and no uncommitted credit lines were drawn. In 2013, TenneT signed two long-term committed loan agreements with the European Investment Bank (EIB) for EUR 150 million and EUR 500 million respectively. On 30 June 2014, these EIB facilities were undrawn.

In July 2014, TenneT refinanced the existing EUR 1,125 million RCF and cancelled the EUR 500 million RCF. The principal amount of the EUR 1,125 million RCF has been increased to EUR 2,000 million, while the pricing of the facility has been reduced and its maturity date has been extended from August 2018 to July 2019, with still two one-year extension options included. Participating banks are: ABN AMRO, Barclays, BNG, BNP Paribas, Deutsche Bank, ING Bank, Lloyds, Rabobank, RBS and SMBC.

Arnhem, 31 July 2014

Executive Board TenneT Holding B.V.

J.M. Kroon*
B.G.M. Voorhorst*
O. Jager*
A.A. Hartman
W. Breuer

* Statutory Director

Interim condensed consolidated financial statements

For the six month period ended 30 June 2014

Interim consolidated statement of income

For the six month period ended 30 June (EUR million)

	Notes	2014	2014	2013	2013
Revenue			**1,229**		**1,094**
Energy and capacity expenses		351		328	
Transmission grid and system expenses		121		69	
Personnel expenses		89		82	
Depreciation and amortisation of assets		137		120	
Other operating expenses		114		87	
Other (gains)/losses	4	-		-26	
Total operating expenses			**812**		**660**
Share in profit of joint ventures and associates			13		8
Operating profit			**430**		**442**
Finance income		6		6	
Finance expense		-66		-63	
Finance result			**-60**		**-57**
Profit before income tax			**370**		**385**
Income tax expense			102		97
Profit for the period			**268**		**288**
Profit attributable to:					
Equity holders of ordinary shares		217		260	
Hybrid securities		17		17	
Owners of the company			**234**		**277**
Non-controlling interests	10		34		11
			268		**288**

Net income and earnings per share attributable to the equity holders

For the six month period ended 30 June (EUR per share)

	Notes	2014	2013
Net income per share	5	1,170	1,385
Basic and diluted earnings per share	5	1,125	1,340

Interim consolidated statement of comprehensive income

For the six month period ended 30 June (EUR million)

	Attributable to equity holders of the company							Non-controlling interest	Total equity
	Hedging reserve	Reserve for exchange rate difference	Retained earnings	Unappropriated result	**Equity attributable to ordinary shares**	Hybrid securities	**Equity attributable to ordinary shares**		
2013									
Other comprehensive income to be reclassified to profit or loss in subsequent periods:									
Amortisation of hedges	-1	-	-	-	-1	-	-1	-	-1
Taxation	-	-	-	-	-	-	-	-	-
	-1	**-**	**-**	**-**	**-1**	**-**	**-1**	**-**	**-1**
Items not to be reclassified to profit or loss in subsequent periods:									
Re-measurement of defined benefit pensions	-	-	-2	-	-2	-	-2	-	-2
Taxation	-	-	1	-	1	-	1	-	1
	-	**-**	**-1**	**-**	**-1**	**-**	**-1**	**-**	**-1**
Total other comprehensive income 2013	**-1**	**-**	**-1**	**-**	**-2**	**-**	**-2**	**-**	**-2**
Profit for the period	-	-	-	260	260	17	277	11	288
Total comprehensive income 2013	**-1**	**-**	**-1**	**260**	**258**	**17**	**275**	**11**	**286**
2014									
Other comprehensive income to be reclassified to profit or loss in subsequent periods:									
Amortisation of hedges	-1	-	-	-	-1	-	-1	-	-1
Taxation	-	-	-	-	-	-	-	-	-
	-1	**-**	**-**	**-**	**-1**	**-**	**-1**	**-**	**-1**
Items not to be reclassified to profit or loss in subsequent periods:									
Re-measurement of defined benefit pensions	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total other comprehensive income 2014	**-1**	**-**	**-**	**-**	**-1**	**-**	**-1**	**-**	**-1**
Profit for the period	-	-	-	217	217	17	234	34	268
Total comprehensive income 2014	**-1**	**-**	**-**	**217**	**216**	**17**	**233**	**34**	**267**

Interim consolidated statement of financial position

(EUR million)

Assets	Notes	30 June 2014	31 December 2013
Non-current assets			
Tangible fixed assets	**6**	9,018	8,389
Intangible assets		135	130
Investments in joint ventures		278	280
Investments in associates		18	18
Other financial assets		20	17
Total non-current assets		**9,469**	**8,834**
Current assets			
Inventories		14	13
Account- and other receivables	**7**	2,019	1,849
Financial assets		42	53
Income tax receivable		1	1
Cash and cash equivalents	**8**	904	550
		2,980	**2,466**
Assets classified as held for sale		3	3
Total current assets		**2,983**	**2,469**
Total assets		**12,452**	**11,303**

Interim consolidated statement of financial position

(EUR million)

Equity and liabilities	Notes	30 June 2014	31 December 2013
Equity			
Equity attributable to ordinary shares		2,661	2,439
Hybrid securities		504	520
Equity attributable to owners of the company	**9**	**3,165**	**2,959**
Non-controlling interests	**10**	784	401
Total equity		**3,949**	**3,360**
Non-current liabilities			
Borrowings	**11**	2,642	3,147
Deferred income		299	266
Deferred tax liability		491	468
Provisions		445	405
Other liabilities		29	15
Total non-current liabilities		**3,906**	**4,301**
Current liabilities			
Account- and other payables	**12**	3,000	2,368
Borrowings	**11**	567	67
Other financial liabilities	**8**	335	423
Deferred income		5	5
Income tax payable		95	103
Provisions		217	217
Bank overdrafts	**8**	6	4
Other liabilities		372	455
Total current liabilities		**4,597**	**3,642**
Total equity and liabilities		**12,452**	**11,303**

Interim consolidated statement of changes in equity

(EUR million)

	Attributable to equity holders of the company									Non-controlling interest	Total equity
	Paid-up and called-up capital	Share premium reserve	Hedging reserve	Reserve for exchange rate differences	Retained earnings	Unappropriated result	**Equity attributable to ordinary shares**	Hybrid securities	**Equity attributable to owners of the company**		
Balance at 1 January 2013	**100**	**600**	**5**	**-2**	**1,257**	**144**	**2,104**	**517**	**2,621**	**220**	**2,841**
Total comprehensive income	-	-	-1	-	-1	260	258	17	275	11	286
Dividends paid	-	-	-	-	-	-59	-59	-	-59	-	-59
Distribution on hybrid securities	-	-	-	-	-	-	-	-33	-33	-	-33
Taxation on distribution on hybrid securities	-	-	-	-	-	8	8	-	8	-	8
Sale of subsidiary	-	-	-	-	-3	-	-3	-	-3	-12	-15
Sale to non-controlling interest	-	-	-	-	-2	-3	-5	-	-5	23	18
Capital contribution	-	-	-	-	-	-	-	-	-	74	74
Appropriation remaining prior year profit	-	-	-	-	93	-93	-	-	-	-	-
Balance at 30 June 2013	**100**	**600**	**4**	**-2**	**1,344**	**257**	**2,303**	**501**	**2,804**	**316**	**3,120**

	notes	Paid-up and called-up capital	Share premium reserve	Hedging reserve	Reserve for exchange rate differences	Retained earnings	Unappropriated result	Equity attributable to ordinary shares	Hybrid securities	Equity attributable to owners of the company	Non-controlling interest	Total equity
											10	
Balance at 1 January 2014		**100**	**600**	**5**	**-2**	**1,346**	**390**	**2,439**	**520**	**2,959**	**401**	**3,360**
Total comprehensive income		-	-	-1	-	-	217	216	17	233	34	267
Dividends paid	**10**	-	-	-	-	-	-	-	-	-	-35	-35
Distribution on hybrid securities	**9**	-	-	-	-	-	-	-	-33	-33	-	-33
Taxation on distribution on hybrid securities	**9**	-	-	-	-	-	8	8	-	8	-	8
Sale to non-controlling interest	**10**	-	-	-	-	13	-15	-2	-	-2	366	364
Capital contribution	**10**	-	-	-	-	-	-	-	-	-	18	18
Appropriation remaining prior year profit		-	-	-	-	398	-398	-	-	-	-	-
Balance at 30 June 2014		**100**	**600**	**4**	**-2**	**1,757**	**202**	**2,661**	**504**	**3,165**	**784**	**3,949**

Interim consolidated statement of cash flows

For the six month period ended 30 June (EUR million)

	Notes	2014		2013	
Operational activities					
Profit for the period			**268**		**288**
Non-cash adjustments to reconcile profit to net cash flows:					
Depreciation, amortisation and impairment (reversal) of assets		137		120	
Gain on disposal of tangible and intangible fixed assets		-		-1	
Gain on disposal of subsidiary	**4**	-		-25	
Finance income and expense		60		57	
Income tax expense		102		97	
Share in profit of joint ventures and associates		-13		-8	
Increase in deferred income		33		9	
Movements in provisions and other (financial) liabilities and assets		42		8	
			361		**257**
Working capital adjustments:					
(Increase)/decrease in trade and other receivables		-164		-124	
(Increase)/decrease in inventories		-1		-4	
Increase/(decrease) in trade and other payables		638		775	
Increase/(decrease) in other current (financial) liabilities		10		108	
			483		**755**
Income tax paid			-79		-27
Net cash flows from operating activities			**1,033**		**1,273**
Investment activities					
Purchase of tangible and intangible fixed assets		-913		-615	
Proceeds from sale of tangible and intangible fixed assets		-		1	
Proceeds from sale of subsidiary		-		28	
Acquisition of subsidiary		-6		-	
Dividends received from joint ventures and associates		20		-	
Capital contribution to joint ventures and associates		-5		-	
Contributions to financial assets		-12		-23	
Proceeds from repayment of financial assets		23		17	
Interest received		1		-	
Net cash flows used in investing activities			**-892**		**-592**
Financing activities					
Proceeds from borrowings		-		1,026	
Repayment of borrowings		-3		-1,492	
Interest paid		-99		-100	
Transaction costs of sale of non-controlling interests	**10**	-3		-	
Dividends paid to equity holders of the company		-		-59	
Distribution on hybrid securities	**9**	-33		-33	
Dividends paid to non-controlling interests	**10**	-35		-	
Proceeds from sale to non-controlling interests	**10**	366		16	
Proceeds from capital contributions by non-controlling interests	**10**	18		74	
Net cash flows from financing activities			**211**		**-568**
Net change in cash and cash equivalents			**352**		**113**
Cash and cash equivalents at 30 June		898		574	
Cash and cash equivalents at 1 January		546		461	
			352		**113**

Notes to the interim condensed consolidated financial statements

1. Corporate information

1.1 General

The interim condensed consolidated financial statements of TenneT Holding B.V. and its subsidiaries (hereafter referred to as 'TenneT' or 'the Group') for the six month period ended 30 June 2014 were prepared by the Executive Board and authorised for issue in accordance with a resolution of the Supervisory Board on 31 July 2014. These interim condensed consolidated financial statements have been reviewed by Ernst & Young Accountants LLP, but have not been audited.

TenneT Holding B.V. is a leading electricity transmission system operator with activities in the Netherlands through and in a large part of Germany. In the Netherlands, our activities are carried out by TenneT TSO B.V. and its subsidiaries. In Germany, our work is performed by TenneT TSO GmbH, TenneT Offshore GmbH and its subsidiaries. With around 21,000 kilometres of high-voltage lines, we cross borders and connect countries. TenneT ranks among Europe's top 5 electricity transmission system operators (TSO).

As a leading TSO, our main duties are (1) to provide power transmission services, by constructing and maintaining a robust high-voltage grid, (2) to provide system services, by maintaining the balance between supply and demand of electricity 24 hours a day, 7 days a week and (3) to facilitate a smoothly functioning, liquid and stable electricity market.

Virtually all of TenneT's activities are regulated. These are governed by the provisions of relevant legislation in the Netherlands and Germany. Regulatory authorities oversee TenneT's compliance with these provisions.

In addition, TenneT has certain non-regulated activities. TenneT Holding B.V. is directly responsible for these activities, which either support the energy market, helping to ensure it is operated smoothly and efficiently or are ancillary to it. TenneT holds a 50% interest in BritNed, a merchant cable operator that manages the electricity interconnector between the Netherlands and Great Britain. Also, TenneT owns a 70% stake in APX, a North West European energy exchange, and manages part of the infrastructure required to send and receive broadcasting and telecom signals (NOVEC/Relined).

As at 30 June 2014, The State of the Netherlands holds the entire issued share capital of TenneT Holding B.V. Furthermore, TenneT Holding B.V. has issued hybrid securities which are deeply subordinated securities and are considered as part of equity attributable to equity holders of the company.

The head office and legal seat of the Group is located in Arnhem, the Netherlands. TenneT TSO GmbH´s main office is located in Bayreuth, Germany.

1.2 Significant events during the reporting period

Sale to non-controlling interest

At 30 April 2014 TenneT sold a 49% voting interest in TenneT Offshore DolWin3 Verwaltungs GmbH (TODV) and TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG (TOD3) to Copenhagen Infrastructure Partners (CIP). For further details reference is made to note 10.

Acquisition of WL Winet B.V.

At 1 April 2014 the Group acquired 100% of the shares of WL Winet B.V., a company that is specialized in the construction of telecom networks, for a cash consideration of EUR 6 million. WL Winet's net equity value amounts to EUR 2 million and the Group is currently determining the purchase price allocation. The acquisition has been accounted for using the acquisition method.

2. Basis for preparation and accounting policies

2.1 Basis for preparation

The interim condensed consolidated financial statements for the six month period ended 30 June 2014 have been prepared in accordance with IAS 34 'Interim financial reporting', as adopted by the European Union. They do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's financial statements as at 31 December 2013, published on 10 March 2014.

The consolidated financial statements are presented in euros and all values are rounded to the nearest million (€ '000'000), except when indicated otherwise.

TenneT's operations are not materially affected by seasonal influences.

TenneT has adopted the going concern basis in preparing its interim condensed consolidated financial statements. TenneT meets its day-to-day working capital requirements through its (bank) credit lines. The Executive Board has a reasonable expectation that TenneT has adequate resources to continue on a going concern basis for the foreseeable future.

2.2 Accounting policies and changes in accounting policies

The accounting policies applied in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the 2013 annual financial statements, except for the adoption of new standards, amendments and interpretations effective as of 1 January 2014.

The following new standards and amendments are effective and adopted as of 1 January 2014:

- IAS 32 'Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32'
- 'Novation of Derivates and Continuation of Hedge Accounting - Amendments to IAS 39'

In addition, several other new standards, amendments and interpretations are effective as of 1 January 2014. The new standards, amendments and interpretations did not impact the interim condensed financial statements and as such these are not further described.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 Change in accounting estimate

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities.

Estimates are based on historical quoted market prices, experience, energy related data and other assumptions that are considered reasonable under the relevant circumstances. In 2014 certain assumptions underlying estimated receivables and certain provisions changed resulting in additional revenue and increased provisions.

3. Segment Reporting

For management information purposes TenneT´s Executive Board considers the performance of its activities in the Netherlands and in Germany separately. Segment performance is evaluated based on earnings before interest and tax (EBIT). Financing activities (including finance income and expense) and resulting income taxes are managed on a Group basis and are not allocated to the segments. Transfer prices between operating segments are on an arm´s length basis in a manner similar to transactions with third parties. The accounting principles used for the operating segments differ from IFRS, instead underlying financial information is used. Underlying information involves the matching of regulatory revenues and expenses with each other during a corresponding reporting period. TenneT´s Executive Board believes that the presentation of underlying financial information leads to a sound, consistent and transparent financial insight into current and future business developments.

3.1 Segment information

	TSO Netherlands	TSO Germany	**Total Segments**	Adjustments and eliminations	**Consolidated Underlying Information**
2014 (EUR million)					
As at 30 June:					
Assets	**3,834**	**10,564**	**14,398**	**-1,725**	**12,673**
Liabilities	2,468	6,749	9,217	330	9,547
Equity	1,366	3,815	5,181	-2,055	3,126
Equity and liabilities	**3,834**	**10,564**	**14,398**	**-1,725**	**12,673**
For the six month period ended 30 June:					
Revenue	327	808	1,135	3	1,138
Depreciation and amortisation	70	66	136	2	138
Other costs	186	459	645	-13	632
EBIT	**71**	**283**	**354**	**14**	**368**
Finance result and income tax expense					158
Profit for the period					**210**

	TSO Netherlands	TSO Germany	**Total Segments**	Adjustments and eliminations	**Consolidated Underlying Information**
2013 (EUR million)					
As at 31 December:					
Assets	**3,765**	**9,029**	**12,794**	**-1,231**	**11,563**
Liabilities	2,448	5,651	8,099	871	8,970
Equity	1,317	3,378	4,695	-2,102	2,593
Equity and liabilities	**3,765**	**9,029**	**12,794**	**-1,231**	**11,563**
For the six month period ended 30 June					
Revenue	313	564	877	9	886
Depreciation and amortisation	64	56	120	3	123
Other costs	177	374	551	-25	526
EBIT	**72**	**134**	**206**	**31**	**237**
Finance result and income tax expense					118
Profit for the period					**119**

Inter-segment revenues were eliminated upon consolidation and reflected in the `adjustments and eliminations´ column. All other adjustments and eliminations include the non-regulated subsidiaries and are part of detailed reconciliations presented hereafter.

3.2 Reconciliation of segment information to IFRS Group figures

For the six month period ended 30 June (EUR million)	2014	2013
Underlying segment EBIT for the period	**354**	**206**
Adjustments to underlying financial information	62	205
EBIT from other non TSO subsidiaries	5	3
Gain on sale of subsidiary	-	25
Share in profit of joint ventures and associates	13	8
Elimination of intercompany transactions	-4	-5
IFRS Group operating profit	**430**	**442**
Finance result	-60	-57
Income tax expense	-102	-97
IFRS Group profit for the period	**268**	**288**

The reconciliation of underlying segment assets to the IFRS consolidated assets is as follows:

(EUR million)	30 June 2014	31 December 2013
Underlying segment assets	**14,398**	**12,794**
Regulatory assets in underlying financial information	-214	-253
Investments in joint ventures and associates	296	298
Deferred tax assets	-3	-1
Income tax receivable	-1	-2
Cash and cash equivalents	550	120
Assets APX Holding B.V.	412	613
Elimination and adjustments of intercompany balances	-3,004	-2,282
Other	18	16
IFRS Group assets	**12,452**	**11,303**

The reconciliation of segment liabilities to the IFRS consolidated liabilities is as follows:

(EUR million)	30 June 2014	31 December 2013
Underlying segment liabilities	**9,217**	**8,099**
Regulatory liabilities in underlying financial information	-1,040	-1,022
Borrowings	3,209	3,214
Deferred tax liability	-	9
Income tax payable	18	22
Interest payable	44	84
Liabilities APX Holding B.V.	381	585
Eliminations and adjustments of intercompany balances	-3,345	-3,054
Other	19	6
IFRS Group liabilities	**8,503**	**7,943**

3.3 Adjustments for regulatory assets and liabilities

The adjustments for regulatory assets and liabilities mainly consist of specific assets and liabilities that are recorded in the underlying financial information. In addition, the measurement of tangible fixed assets differs in the IFRS reported figures compared to the underlying financial information. Resulting from the adjustments for regulatory assets and liabilities, the deferred tax balances in the underlying financial information differ from the deferred tax balances as included in the IFRS reported figures.

The regulatory assets and liabilities included in the underlying information are as follows:

	Regulatory assets			Regulatory liabilities						Net Equity effect
(EUR million)	To be settled in tariffs	Difference in tangible fixed assets	**Total regulatory assets**	Auction receipts	Investment contributions	To be settled in tariffs	Maintenance of the energy balance	Effect on Deferred Tax balances	**Total regulatory liabilities**	
At 31 December 2013	**200**	**53**	**253**	**904**	**302**	**23**	**54**	**-261**	**1,022**	**-769**
Addition	4	-	4	98	-	-60	18	-	56	-52
Utilisation	-43	-3	-46	-53	-6	52	-29	-	-36	-10
Imputed interest	3	-	3	17	-	2	-	-	19	-16
Net tax movement	-	-	-	-	-	-	-	-21	-21	21
At 30 June 2014	**164**	**50**	**214**	**966**	**296**	**17**	**43**	**-282**	**1,040**	**-826**

To be settled in tariffs

Revenue surpluses and deficits resulting from differences between expected (ex ante) and realised (ex post) electricity transmission volumes are incorporated in tariffs of subsequent year(s). In the underlying financial information these surpluses and deficits are recorded in the statement of financial position as 'to be settled in tariffs'.

Difference in tangible fixed assets

The difference in measurement of tangible fixed assets relates on the one hand to the impairment reversal under IFRS related to TSO Netherlands in 2012 and on the other hand to step-up recorded in the underlying tangible fixed assets as part of the purchase price allocation of the Transpower acquisition in 2010. This step-up included the recognition of regulatory liabilities for an equal amount.

Auction receipts & investment contributions

Auction receipts result from auctioning the available transmission capacity on cross-border connections. The resulting receipts are not at TenneT's free disposal. In underlying financial information, auction receipts are initially valued at fair value and subsequently measured at amortised cost using the effective interest method. Auction receipts are either to be used as reduction of future tariffs or to finance investments in new cross-border interconnections. Investments made using auction proceeds are, after approval from the regulator is obtained, classified as investment contributions included under `Liabilities´. A periodic amount equal to the depreciation charges, plus a portion of theoperating expenses, is released to the statement of income.

Under IFRS auction receipts are recognised as revenue immediately.

Maintenance of the energy balance
As administrator of the high-voltage grid, TenneT in the Netherlands receives funds from performing certain statutory duties, such as the maintenance of the energy balance. The proceeds from these activities (i.e. imbalance settlements) may only be used after approval of the Office of Energy Regulation. Imbalance settlements collected in one year are used in a subsequent year as an offset to permitted revenue for such subsequent year, effectively reducing transmission tariffs. Consequently, these amounts are in the underlying financial information recorded as liability in the statement of financial position.

4. Other (gains)/losses

In 2013 the other (gains)/losses included an incidental EUR 25 million gain resulting from the sale of the APX gas activities. As a result the other (gains)/losses showed a decrease in the six month period ended 30 June 2014 compared to same period in 2013.

5. Net income and earnings per share

Net income per share has been calculated by dividing the profit for the period attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

The earnings per share has been calculated by dividing the profit for the period attributable to equity holders after adjustment for the distribution on hybrid securities, by the weighted average number of ordinary shares in issue during the period.

The following reflects the income and share data used in the net income and basic and diluted earnings per share computations:

For the six month period ended 30 June (EUR million)	**2014**	2013
Profit for the period attributable to owners of the company	234	277
Allocation to hybrid securities	-17	-17
Tax effect on distribution to hybrid securities (note 9)	8	8
Profit for the period attributable to owners of the company adjusted for the allocation and distribution to hybrid securities	**225**	**268**
Weighted average number of ordinary shares in issues (in thousends)	200	200

6. Tangible fixed assets

Tangible fixed assets increased to an amount of EUR 9,018 million (2013: EUR 8,389 million). The increase is mainly related to offshore investments in Germany. At 30 June 2014, external commitments totalling EUR 3,056 million (2013: EUR 2,977 million) had been entered into with regard to the purchase of tangible fixed assets.

7. Account- and other receivables

Account- and other receivables comprise EEG related receivables, amounts to be invoiced, trade receivables, receivables in connection with energy exchanges, VAT receivables and other receivables. The accounts receivable and other receivables increased to an amount of EUR 2,019 million (2013: EUR 1,849 million).

The increase is mainly related to the EEG related receivables resulting from a higher surcharge price and in-feed of renewable energy in 2014.

The EEG related receivables of EUR 1,230 million (2013: EUR 869 million) and the receivables in connection with energy exchanges of EUR 73 million (2013: EUR 188 million) are not at the Group's free disposal.

8. Cash, cash equivalents and bank overdrafts

Cash and cash equivalents consist of collateral securities, short-term bank deposits and cash at bank (excluding bank overdrafts). The cash, cash equivalents and bank overdrafts can be broken down as follows:

	30 June 2014			31 December 2013		
EUR million	At free disposal	Not at free disposal	Total	At free disposal	Not at free disposal	Total
Collateral securities	-	335	335	-	423	423
Short-term bank deposits	99	-	99	-	-	-
Cash at bank	461	9	470	120	7	127
Cash and cash equivalents	**560**	**344**	**904**	**120**	**430**	**550**
Bank overdrafts	-6	-	-6	-4	-	-4
Total cash and cash equivalents used in cash flow statement	**554**	**344**	**898**	**116**	**430**	**546**

Collateral securities mainly include securities held by APX Holding B.V. in connection with the margining requirements for energy transactions (2014: EUR 294 million, 2013: EUR 386 million). An identical balance is included in the other financial liabilities.

9. Equity attributable to owners of the company

During the first six months of 2014 TenneT paid a distribution to the holders of the hybrid securities of EUR 33 million. The tax effect on this distribution was EUR 8 million.

10. Non-controlling interests

The non-controlling interests and the proportion of the economic interests held by non-controlling interests in the Group's subsidiaries are as follows:

	Country	2014	2013
TenneT Offshore 2. Beteiligungsgesellschaft mbH ("TO2")	Germany	69%	69%
TenneT Offshore 8. Beteiligungsgesellschaft mbH ("TO8")	Germany	63%	63%
TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG ("TOD3")	Germany	99%	-
TenneT Offshore DolWin3 Verwaltungs GmbH ("TODV")	Germany	67%	-
APX Holding B.V.	Netherlands	29%	29%

The non-controlling interest is reflected on the basis of the economic interest. The Group holds 51% of the voting rights in TO2, TO8, TOD3 and TODV.

At 30 April 2014 TenneT sold a 49% voting interest in TODV and TOD3 to Copenhagen Infrastructure Partners (CIP) for an amount of EUR 366 million. In addition to the 49% voting interest, CIP obtained a 67% economic interest in the adjusted (for certain regulatory effects) profits of these companies and a 99.9% economic interest in the remainder equity of TOD3. In the subsequent years CIP's economic interest in TOD3's equity will decrease to 67% as a result of capital contributions to be made by the Group in TOD3, currently estimated at EUR 189 million. The total effect of this sale on TenneT's equity attributable to the equity holders of the company amounts to EUR -2 million, which includes EUR 3 million transaction costs.

During the first six months of 2014 TO2 distributed a EUR 35 million common dividend to its non-controlling interest shareholder. Furthermore, the non-controlling interest shareholder of TO8 made a EUR 18 million capital contribution in June 2014.

The non-controlling interests as part of total equity and profits can be broken down as follows:

Accumulated balances in equity (EUR million)	2014	2013
TenneT Offshore 2. Beteiligungsgesellschaft mbH	222	247
TenneT Offshore 8. Beteiligungsgesellschaft mbH	184	146
TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG	369	-
TenneT Offshore DolWin3 Verwaltungs GmbH	-	-
APX Holding B.V.	9	8
Total non-controlling interest in equity	**784**	**401**

Profit attributable to non-controlling interests for the six month period ended 30 June (EUR million)	2014	2013
TenneT Offshore 2. Beteiligungsgesellschaft mbH	10	8
TenneT Offshore 8. Beteiligungsgesellschaft mbH	20	2
TenneT Offshore DolWin3 Beteiligungs GmbH & Co. KG	3	-
TenneT Offshore DolWin3 Verwaltungs GmbH	-	-
APX Holding B.V.	1	1
Total profit attributable to non-controlling interests	**34**	**11**

11. Borrowings

Borrowings include bonds, loans, short term cash loans and short term commercial papers. The current borrowings include a EUR 500 million bond which will mature in February 2015. As at 31 December 2013 this bond was classified as non-current.

12. Account- and other payables

Account- and other payables comprise expenses payable in respect of transmission and system services, investments in tangible fixed assets, accounts payable and EEG accounts payable.

The increase in the account- and other payables is mainly related to the EEG accounts payable of EUR 1,796 million (2013: EUR: 925 million) as a result of a higher surcharge price and in-feed of solar energy. The increase is partially offset by a decrease of payables in connection with investments in tangible fixed assets (EUR 303 million decrease).

13. Events after the reporting period

As per 1 July 2014 Martin Fuchs stepped down as statutor Chairman of TenneT TSO GmbH and Vice-Chairman of the Executive Board of TenneT Holding B.V. He will be suceeded by Dr. Urban Keussen in the course of 2014.

In July 2014 the Group amended and extended its EUR 1,125 committed revolving credit facility to EUR 2,000 million. The term of this new facility is July 2019. In connection to this extension, the EUR 500 million committed revolving credit facility has been terminated.

Independent auditor's review report

To: the Executive Board and Supervisory Board of TenneT Holding B.V.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements for the six month period ended 30 June 2014 as included in the section “Interim condensed consolidated financial information” of the Half-year report 2014 of TenneT Holding B.V., Arnhem, which comprises the interim consolidated statement of financial position as at 30 June 2014, the interim consolidated statements of income, the interim consolidated statement of comprehensive income, the interim consolidated changes in equity, and the interim consolidated statement of cash flows for the six month period ended 30 June 2014, and the notes.
The Executive Board is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the six month period ended 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted by the European Union.

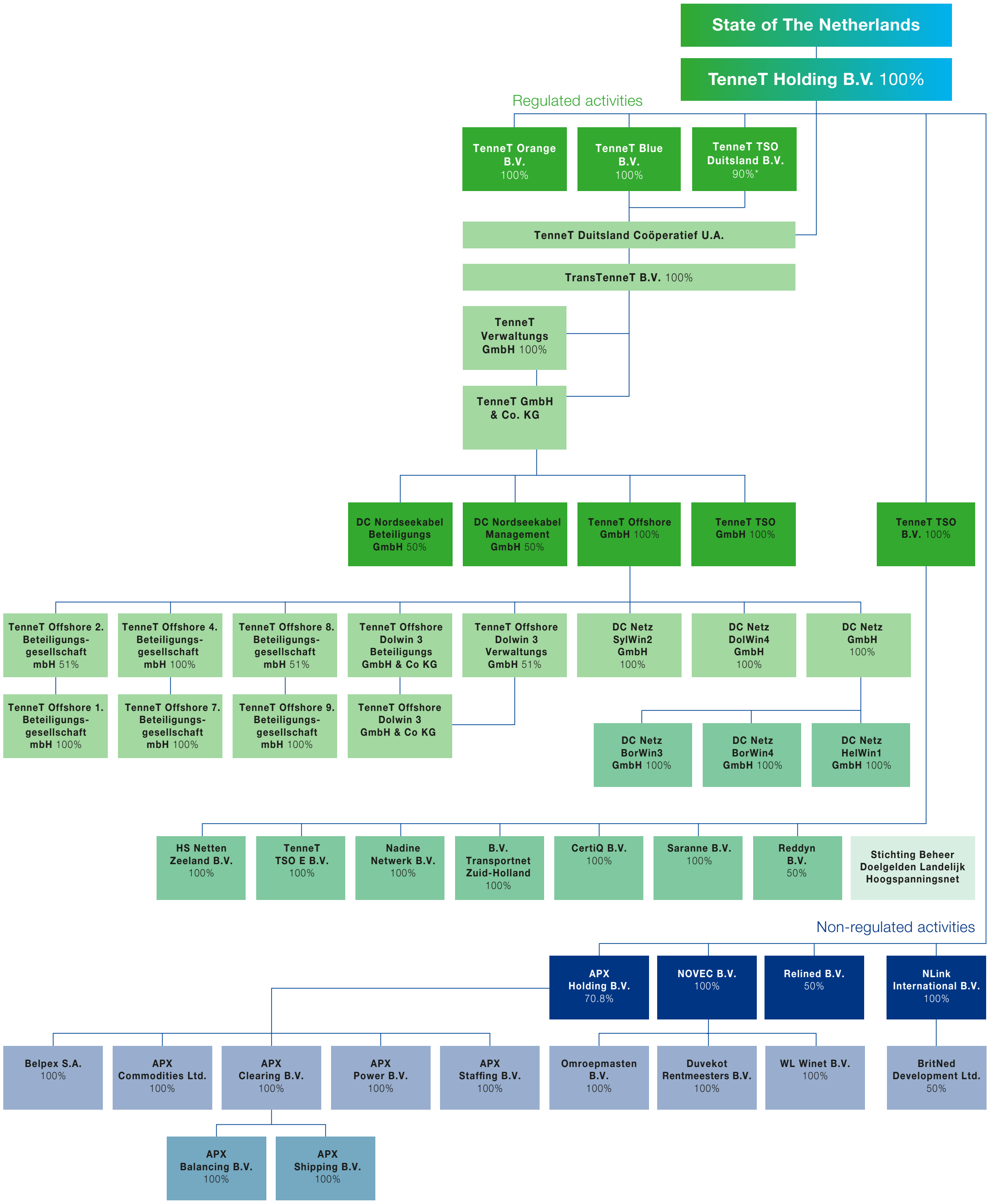
Zwolle, 31 July 2014

Ernst & Young Accountants LLP

Signed by A.E. Wijnsma

Legal structure

(as per 1 June 2014)



* 10% Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

Abbreviations and definitions

BritNed
The 260 km HVDC BritNed cable has a capacity of 1000 MW and interconnects the Dutch and British electricity grids (commissioned in 2011).

DC line - Direct Current line
A powerline operated in direct current mode.

EBIT - Earnings Before Interest and Tax
Profit for the period before income tax expense and finance result.

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation
Profit for the period before income tax expense, finance result, depreciation, amortisation and (non-cash) impairments.

EEG - Erneuerbare-Energien-Gesetz
German Renewable Energy Act, designed to govern the preferred supply of electricity from renewable sources into the grid with guaranteed, fixed minimum producer prices. It is intended to serve and protect the climate and is one of several statutory provisions aimed at reducing dependence on fossil fuels like oil, natural gas or coal, and nuclear power.

EMTN - Euro Medium Term Note
A flexible medium-term debt instrument that is issued directly to the market with different maturities and is offered continuously.

FFO - Funds From Operations
Profit for the year plus depreciation, amortisation and impairments minus gain/loss on disposal of assets.

Gross interest-bearing debt
Non-current borrowings plus its current portion plus bank overdrafts.

IFRS - International Financial Reporting Standards
The internationally prescribed and recognised reporting guidelines applied by TenneT.

kV - kilovolt
An amount of electric voltage equal to 1,000 volts.

KWK-G - Kraft-Wärme-Kopplungs-Gesetz
German Combined Heat and Power Act.

LTIF - Lost Time Injury Frequency
The number of lost-time injuries per million hours worked. A lost time injury is an injury that has resulted in at least one day's absence from work.

LWC - Lost Workday Cases
An occupational injury or illness, other than a fatal injury, which results in an employee being unfit for work on any day after the day of occurrence of the occupational injury.

MW - megawatt
An amount of power equal to 1 million watts.

Net interest-bearing debt, adjusted
Interest-bearing debt plus/minus EEG (Erneuerbare-Energien-Gesetz) payables/receivables minus cash and cash equivalents at free disposal.

NGO - Non-Governmental Organisation
A non-governmental organisation refers to an organisation that is neither a part of a government nor a conventional for-profit business.

RCF - Revolving Credit Facility
A line of credit where TenneT pays a commitment fee and is then allowed to use the funds when they are needed.

SF_6 - Sulfur Hexafluoride
An inorganic, colourless, odourless and non-flammable greenhouse gas. SF_6 is used in the electrical industry as a gaseous dielectric medium for high-voltage circuit breakers, switchgear and other electrical equipment.

TSO - Transmission System Operator

Responsible for providing (1) power transmission services, by constructing and maintaining a robust high-voltage grid, (2) system services, by maintaining the balance between supply and demand of electricity 24 hours a day, and 7 days a week and (3) facilitating a smoothly functioning, liquid and stable electricity market.

Disclaimer

‘We’, ‘TenneT’, ‘TenneT Holding’, ‘the Group’, ‘the company’ or similar expressions are used in this report as a synonym for TenneT Holding B.V. and its subsidiaries.

Parts of this report contain forward-looking information. These parts – without exceptions – may include unqualified statements on future operating results, government measures, the impact of other regulatory measures on all activities of TenneT as a whole, TenneT’s shares and those of its subsidiaries and joint-ventures in existing and new markets, industrial and macro-economic trends and TenneT’s performance in these. Such statements are preceded or followed by or contain words such as ‘believes’, ‘expects’, ‘anticipates’ or similar expressions. These forward-looking statements are based on current assumptions concerning future activities and are subject to known and unknown factors, and other uncertainties, many of which are beyond TenneT’s control, so that future actual results may differ significantly from these statements.

All financial information in this half-year report is reported in millions of euro, unless stated otherwise. As a result, small rounding differences may occur.

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