

Half-year report 2015

TenneT Holding B.V.



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Profile

About TenneT

TenneT is a leading European electricity transmission system operator (TSO) with activities in the Netherlands and in Germany. We ensure a reliable and uninterrupted supply of electricity in our high-voltage grid connecting the 41 million end-users in the markets we serve. We take every effort to meet our stakeholders' needs by being responsible, engaged and connected.

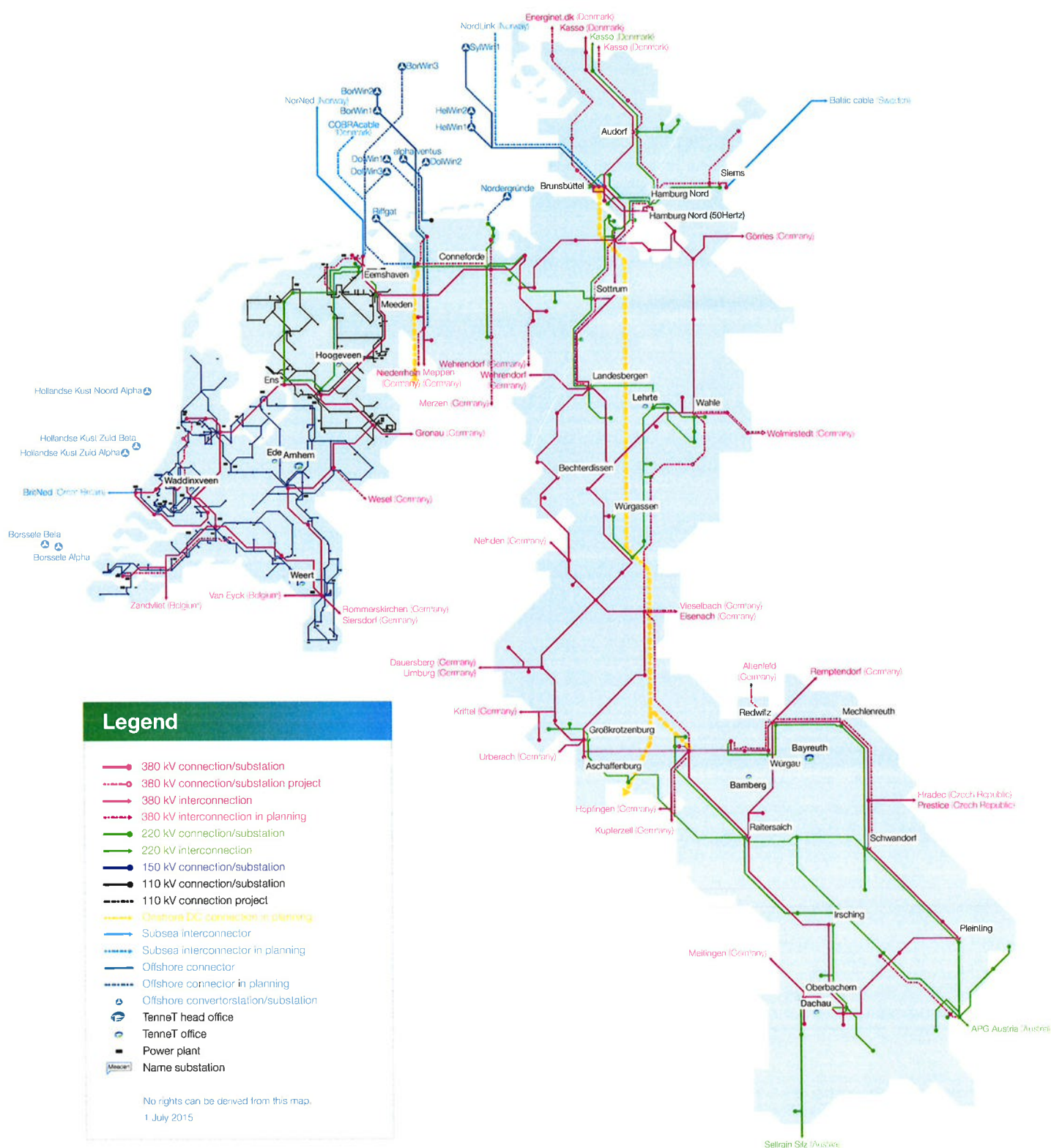
With around 21,000 kilometres of high-voltage lines, we cross borders and connect countries. TenneT ranks among Europe's top five TSOs and works closely with governments, NGOs, trading partners and investors all over the world. Our aim is to ensure essential high-voltage infrastructure is developed, realised and managed efficiently, now and in the future. This covers onshore and offshore grids as well as cross-border interconnections. 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 and efficient high-voltage grid, (2) to provide system services, by maintaining the balance between supply and demand of electricity 24 hours a day, seven 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 relevant provisions of legislation, regulation and jurisdiction in the Netherlands and Germany. Regulatory authorities oversee TenneT's compliance with these provisions.

In addition, TenneT is involved in limited non-regulated activities. TenneT Holding B.V. is directly responsible for these activities, which either support the energy market, helping to ensure it operates 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. TenneT also owns NOVEC and has a 50% stake in Relined; these companies manage infrastructure to send and receive broadcasting and telecom signals.

Grid map





Start Construction Franken Line



Large Amount Of Media Attention For Outage

Key events

In the first half of 2015, several noteworthy events occurred in connection with our mission 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. Among these key events were the completion of four offshore grid connections, the progress made on several large onshore construction projects in the Netherlands and Germany and the announced further expansion of cross-border connection capacity.

Further European market integration was supported by initiatives such as the introduction of a mechanism which allows electricity to flow and be traded more effectively across borders (referred to as "flow-based market coupling"), and the merger of our power exchange APX into EPEX SPOT, creating a larger European platform for electricity trading.

The societal relevance of the uninterrupted flow of electricity was underlined by the big power outage in the Netherlands at the end of March, confirming that security of electricity supply is key to our 'license to operate'.

January

TenneT secures key role in international TSO organisation

Shareholders of TSCNET Services GmbH, the new services company for European transmission system operators (TSOs), appointed Siem Bruijns (TenneT) as one of its two managing directors. TenneT CEO Mel Kroon is chairman of its Supervisory Board. The company is a joint venture of member TSOs of the Transmission System Operator Security Cooperation (TSC).

Hand over offshore grid connection BorWin2

The BorWin2 offshore grid connection system in the German North Sea was handed over to TenneT. BorWin2 provides a capacity of 800 MW.

Start construction Franken line

Construction started the Franken line (Frankenleitung), the new north-south grid connection between Bavaria and the north of Germany.

February

Hand over offshore grid connection Helwin1

The HelWin1 offshore grid connection system in the German North Sea was handed over to TenneT. HelWin1 provides a capacity of 576 MW.

Green light for NordLink

TenneT and its partners, the Norwegian TSO Statnett and German development bank KfW, took the final investment decision on NordLink, the high-voltage direct current interconnector (1,400 MW) to be built between Norway and Germany.



Offshore converter platform of SylWin1



Green bonds issue

March

Big power outage the Netherlands

The biggest power outage in the Netherlands occurred on 27 March. The 1,500 MW outage impacted a large part of the province of North Holland as well as a small part of Flevoland province. Approximately one million households and businesses were disconnected for some time.

The outage was caused by a short circuit at the 380 kV substation in Diemen, near Amsterdam.

Start construction Hamburg - Kassø line

Construction started in Germany on the southern section of a power line connecting Hamburg (Germany) and Kassø (Denmark). The section runs from Hamburg Nord to Audorf.

April

Hand over offshore grid connection SylWin1

The SylWin1 offshore grid connection system in the German North Sea was handed over to TenneT. SylWin1 provides a capacity of 864 MW.

May

Merger of APX and EPEX SPOT announced

The APX and EPEX SPOT power exchanges announced their intention to integrate their activities to create a pan-European power exchange for the Central Western Europe region and United Kingdom. As a result of this merger, TenneT exchanged its interest in APX (71%) for an interest in EPEX SPOT (20% indirectly via HGRT).

Flow Based Market Coupling

The introduction of a market mechanism called Flow-Based Market Coupling will increase the efficiency of the European electricity market. This method more efficiently determines commercial transactions and the resulting physical flows, which helps the market participants to trade across borders and leads to more price convergence and better price levels.

Start construction West Coast line

Construction started on the West Coast line (Westküstenleitung), a high-voltage line to transport renewable energy generated along the west coast of Schleswig-Holstein in Germany.

June

Issue of green bonds

TenneT issued EUR 1 billion of green bonds. This makes TenneT the first non-financial company in the Netherlands to issue this type of environmentally responsible bonds. The issuance will be used for investments in offshore projects, connecting renewable energy to the grid.

Hand over offshore grid connection Helwin2

The HelWin2 offshore grid connection system in the German North Sea was handed over to TenneT. HelWin2 provides a capacity of 690 MW.

Ben Voorhorst joins ENTSO-E Presidential Team as vice-chair of the Board

The ENTSO-E Board appointed Ben Voorhorst, TenneT's Chief Operating Officer, as vice-chair. ENTSO-E is the European Network of Transmission System Operators and represents 41 electricity transmission system operators (TSOs) from 34 countries across Europe.

Key figures

Markets / Society

	First half 2015	Full year 2014
Grid availability (%)	99.9976%	99.9999%
Interruptions (#)	8	4
Energy not transported (MWh)	3,693	77

Environment

	First half 2015	Full year 2014
Leaked SF ₆ (%)	0.21%	0.56%
Grid losses of transported GWh (%)	1.18%	1.00%

Employees

	First half 2015	Full year 2014
Number of internal employees (headcount at the end of the period)	2,835	2,813
Lost Time Injury Frequency (incl. contractors)	2.3	2.5

Financial

EUR million, based on underlying financial information *

	First half 2015	First half 2014
Revenue	1,395	1,146
EBITDA	732	507
EBIT	490	368
Profit for the period	304	210
Investments	1,196	703

EUR million, based on underlying financial information *

	30 June 2015	31 December 2014
Total assets	14,344	13,645
Net interest bearing debt, adjusted	4,874	4,167
Equity	3,388	3,236

* Underlying financial information includes regulatory assets and liabilities in connection with TenneT's regulated activities whereas IFRS does not permit this. This implies that amounts resulting from past events and which are allowed or required to be settled in future grid tariffs are reflected separately.

Executive Board report

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 the maximum benefit for society in the financially most viable way for our broad range of stakeholders. Safety, environmental responsibility and stakeholder engagement are critical in everything we do. TenneT's people 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.

Introduction

Notwithstanding our strong track record, grid availability in the Netherlands during the first half of 2015 was below average as TenneT experienced the largest outage in its history. Approximately one million households and businesses in a large part of the Dutch province of North Holland as well as a small part of Flevoland province were impacted by this 1,500 MW outage which was caused by a short circuit at a substation due to a combination of a technical failure and human error. TenneT very much regrets this incident and is committed to learn from the experience. Based on the outcome of our investigations, we have taken measures in an effort to prevent this type of incident in the future.

TenneT has been and will be investing significantly in the electricity grid in both the Netherlands and Germany in order to install the additional capacity needed for the transition to a renewable energy future and to ensure grid availability and security of supply. In the first half of 2015, we made good progress in realising our investment portfolio. In the Netherlands, several large onshore construction projects are ongoing and we are working with all relevant stakeholders on developing the Dutch offshore high-voltage network infrastructure to integrate large-scale offshore wind energy. With our offshore investments in Germany we are now halfway towards the expansion target set by the German government, amounting to 6,500 MW of offshore wind capacity by 2020. Moreover, we started the construction of

our onshore projects Frankenleitung, Westküstenleitung and the Hamburg - Kassø line, which support the transmission of renewable energy across Germany.

Considering our strong ambition to realise our sizable investment portfolio, obtaining public acceptance for our large infrastructure projects and executing them to the highest standard, within time and budget constraints, are among our key challenges for the coming years. To address these challenges and make optimal use of the extensive knowledge and experience we have with large projects, we are further integrating and harmonising our asset management and project execution activities in our onshore and offshore operations in the Netherlands and Germany.

Our key objective to maintain grid reliability at all times was put to the test by the solar eclipse in Europe on 20 March. This caused extreme fluctuations in solar power generation over a short period of time and posed a challenge to TenneT Germany and other European transmission networks with a high proportion of solar power to continuously balance supply and demand of electricity. TenneT and the other TSOs started preparing for the solar eclipse a year in advance, putting in place a range of measures, including demand-side services and additional generation. In Germany, we noticed significant frequency fluctuation. During the first phase of the eclipse, TenneT Germany experienced a 7,000 MW drop in solar power supply.

Executive Board report

In the second phase, around 15,000 MW of solar power was fed into the grid within minutes – three times faster than is the case on a normal day. Due to the cloudy weather, the Netherlands only experienced a small dip in electricity supply of approximately 100 MW.

As we are expanding our grids and work towards the further integration of renewables, we are continuously challenged to meet the expectations of our stakeholders and respond to changes in the political and social environment. An important development in this respect is the recent agreement by Germany's ruling coalition parties on the cornerstones of the further realisation of the transition to renewable energy sources (the *Energiewende*). Among others, it was agreed that underground cabling will be the preferred solution for onshore high-capacity direct current (DC) connections and that all three planned large-scale DC lines in Germany will have a connection point in TenneT's grid area. The impact of these decisions on our investment and financing plan is expected to be significant and shall be further investigated in the coming months.

This 2015 half-year report describes key aspects of TenneT's operational, social and financial performance. It takes the same approach as our 2014 integrated annual report, providing a brief update of those topics we believe are most relevant to TenneT's strategy and its stakeholders.

Markets

TenneT operates in a changing market where more sources of renewable energy are being fed into the system. As one of the largest transmission system operators (TSOs) in Europe, we play a leading role in shaping this market. Taking up this role is important to fulfil our strategic objective to have a fully integrated market by 2020 with reliable and stable prices, improved security of supply, efficient use of interconnector capacity and an integrated wholesale price for electricity. To our customers in the Netherlands and across large parts of Germany, we aim to offer a continuous and secure electricity supply and non-discriminatory access to our services with an excellent price/performance ratio.

In May, we shared our insights into relevant market and price developments in our latest Market Review. Our most important observations were that electricity prices in the Netherlands had decreased by more than 20% in 2014 compared to 2013, and market prices in the Netherlands and Germany are gradually converging. In 2013, prices in the two countries matched for 19% of the time; in 2014 this figure rose to nearly 30%.

Market parties and consumers benefit from an integrated European electricity market. The subsea NorNed cable is used almost exclusively for importing cheaper renewable hydropower into the Netherlands from Norway; the three interconnectors between the Netherlands and Germany are also largely used for electricity imports from Germany to the Netherlands; while the subsea BritNed cable mainly exports electricity from the Netherlands to Great Britain.

Given the clear societal benefits of investing in interconnection capacity, we took the decision with our investment partners Statnett and KfW to invest in NordLink, the first high-capacity power cable between Norway and Germany. This 1,400 MW interconnector will exchange energy between two complementary systems: Germany's wind and solar power on one side, and Norway's hydropower on the other. The project won a silver medal in the German-Norwegian business award competition, recognising business opportunities between Germany and Norway.

The merger of the electricity exchanges APX Group and EPEX SPOT creates a strong, new combination that will serve all of Central Western Europe, including Great Britain. It is a logical step towards integrating the European market. As a result of this merger, TenneT exchanged its 71% interest in APX for a 20% stake in EPEX SPOT via HGRT (Holding de Gestionnaires de Réseaux de Transport S.A.S.).

Starting May 2015, TenneT and a number of neighbouring transmission grid companies introduced a mechanism which allows electricity to flow and be traded more effectively across borders, referred to as "Flow-Based Market Coupling". This is expected to lead to electricity prices being more equal across Europe.

In this changing landscape cooperation among European TSOs is essential. TenneT is an active participant in TSCNET Services GmbH, a services company for European transmission system operators. This regional initiative strives to foster security of power supply within the participating countries and throughout Europe. TenneT's leading role in this international organisation was confirmed with the appointment of Siem Bruijns, former head of system operations at TenneT, as one of the managing directors and Mel Kroon as chair of the Supervisory Board. Furthermore, in June TenneT's Chief Operating Officer Ben Voorhorst was appointed as vice-chair of ENTSO-E, the European Network of Transmission System Operators representing 41 TSOs from 34 countries across Europe.

Executive Board report

Another example this year of increasing cooperation among TSOs (Netherlands, Germany, Switzerland and Austria) is the first common tender for primary control power. With a total tendered output of 783 MW, it creates the largest single market for primary control reserve power in Europe. The common tender enables the most cost-efficient power stations to provide primary control power across national borders.

Society

Dutch and German people are accustomed to having electricity available 24/7. It is TenneT's job to make sure this availability is guaranteed without exception. At the same time, we are expected to feed more renewable energy into the grid. Balancing these needs is our main focus, while taking into account the impact of our intensive investment programme on people and communities.

Security of supply

Our grid availability during the first half of 2015 remains high at 99.9976%, but shows a decline compared to 2014. The main cause of this decline was the power outage at our Diemen substation on 27 March. Additionally, a smaller outage occurred at our substation at the Maasvlakte on 16 March.

Stakeholder dialogue

It is crucial that we connect with our stakeholders from the earliest phases of a project. One of the issues we have increasingly discussed, both in the Netherlands and Germany, is underground cabling. During the first half of 2015, we updated our position on underground cabling for 220 kV and 380 kV alternating current (AC) connections, relaxing our previous constraint of not more than 20 km in the Dutch AC grid, based on more extensive technical experience gained. In specific situations, underground cabling may be a viable alternative. However, the overall share of cabling in meshed AC grids has to be limited for now for technical reasons in order to guarantee security of supply. On the other side, direct current (DC) point-to-point connections, such as SuedLink, can be operated with more underground cable sections.

The benefit of extensive dialogue with our stakeholders is proven by the success of the Dutch underground cabling project in Apeldoorn. In April, we celebrated the closing of the project, where we also made a financial contribution towards a meeting place for local residents affected by the building activities.

Discussions with stakeholders in some of our large extension projects – Zuid-West 380 kV in the Netherlands

and SuedLink in Germany – is an intensive ongoing process. These talks have resulted in an adjustment to the route design of the Zuid-West 380 kV to Krabbendijke, among other things. The exact location of the eastern part of this route is still open to discussion and alternatives submitted by stakeholders are being evaluated by the Ministry of Economic Affairs. In Germany, we have met with a number of important political stakeholders of SuedLink on several occasions to update them on the project status and discuss their needs and requests.

As part of developing the Dutch offshore infrastructure we initiated an online stakeholder consultation process for 'Grid at Sea'. We want to work with our stakeholders to optimise the offshore grid configuration and realise it at an efficient cost level for society.

In Germany, we opened our substations in Büttel and Dörpen to the public to make visible how we connect offshore wind energy to the onshore grid. Around 700 people attended.

Influencing the discussion

Important decision makers in the political arena in Europe were invited to view our offshore activities in Germany and the Netherlands, to give them a better understanding of the efforts needed to make the transition to renewable energy happen. Among the participants invited by the German Federal Ministry for Economic Affairs and Energy, were the G7 energy ministers, who visited the HelWin1 offshore platform as a showcase for the German 'Energiewende'. Maroš Šefčovič, vice chair of the European Commission and EU commissioner for the energy union, paid a visit to DolWin2.

Environment

A more integrated and sustainable North West European electricity market will have a positive impact on carbon emissions in Europe. However, additional CO₂-emissions are caused by unavoidable transport losses related to the transport distance, since renewable energy travels longer distances. This is evidenced by the increase of grid losses from 1.00% in 2014 to 1.18% in the six months ended 30 June 2015. As a company, we are aware of our responsibility to take care of the environment and to limit our impact as far as we are reasonably able.

To underline this position, TenneT is the first non-financial company in the Netherlands to issue so-called 'green bonds'. The issue relates to funding for the DolWin1, DolWin2 and DolWin3 offshore platforms, which transmit

renewable electricity from wind farms in the German North Sea to the onshore electricity grid. As part of the green bond issue, independent sustainable rating agency oekom positively verified the environmental and social performance of these offshore grid connections.

In our own operations, the correct measurement of SF₆ emissions and alignment between the Netherlands and Germany based on a corporate SF₆ policy is high on the agenda. In 2014 we set a target to reduce future relative SF₆ emissions by 20% in 2020 and an absolute target not to exceed the 2015 level. This target is challenging, given the necessary grid development and the lack of proven SF₆-free alternatives for some necessary equipment. The results disclosed in the 'Key figures' section of the half-year report, show current actual leakage is 0.21% compared to 0.56% in 2014.

From the discussions with our stakeholders, it is clear that we have to balance the impact of our assets and building activities on nature. The benefit of consulting local governments and NGOs when we plan new constructions is that we can jointly agree on the future destination of areas near overhead lines and that each party takes up responsibility to make it happen.

Our Dutch head office building in Arnhem was rated 'Very Good' according to the Dutch BREAAAM-NL standard for sustainable buildings, as published in the first half of 2015. Our focus on re-using and recycling materials in particular qualified as outstanding and one of a kind.

Employees Safety

The safety of everyone involved in our activities remains a top priority. We organize ongoing safety awareness training, campaigns and 'safety walks' by management. Safety is an integral part of our core processes. The impact of our efforts was confirmed in our recent employee survey, which reported considerable improvements in safety awareness among TenneT employees.

TenneT uses lost time injury frequency (LTIF) as a key performance indicator of safety in external publications and to determine performance-based remuneration of our Board members and employees. The LTIF for the first half of the year is 2.3, compared to 2.5 in 2014. We see that the number of incidents is decreasing and believe that we are on track to reach our target of an LTIF below one in 2018. There is much to be gained from investigating all incidents,

sharing information about them, as well as from sharing good practices among contractors and other TSOs. This will help us achieve our Safety Vision 2018.

Health

We recognise that the well-being of our people is beneficial to both their personal and working lives. To align our health initiatives in the Netherlands and Germany and guarantee that our employees stay 'sustainably employable', we developed a vision document on health and have installed a Health Steering Committee, chaired by the CEO. The vision focusses on the health and resilience of our staff, stimulating good mental and physical condition. Our Committed Power programme, organised for the tenth time this year, activated more than 1,000 employees to run, cycle, skate or do Nordic walking together.

Our health performance measured by the absentee rate shows a 4.0% absentee rate in the Netherlands and 2.6% absentee rate in Germany in the first half of the year, compared to 3.1% for the Netherlands and 2.1% for Germany in 2014.

A stimulating and energizing place to work

In Germany, TenneT was recognised as the 'Best Employer 2015' in the category medium-sized businesses in the energy, resources and disposal industry by news magazine Focus, in association with professional networking portal Xing and employer rating website Kununu.

It is important to us to be an employer of choice and create one of the best places to work in the European energy sector. We organised various internal initiatives this year to keep our people energised in the workplace. In the Netherlands, the MobiliTenneT programme stimulates employees to share a car with colleagues, cycle or use public transport to get to work. These are sustainable transportation alternatives that are often cheaper and smarter ways of commuting. In Germany, we are piloting an open office concept in Bayreuth that we plan to roll out in our new German head office, which is expected to open in 2017.

In April, we conducted our biennial employee survey to measure the level of engagement and satisfaction, which resulted in a score of 83% on 'sustainable engagement' compared to 79% in 2014. We are close to our target to be at the level of High Performance Organisations, which is 85%. Our sustainable engagement score is a crucial in our vision on people and organisation.

Financial results

Financial performance is measured using underlying financial information, which differs from the IFRS reported figures, as presented in the interim condensed consolidated financial statements. Underlying financial information involves the recognition of regulatory receivables and payables which – based on the current enacted 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 it is therefore used for management reporting and analysis, as well as for internal decision-making and financial planning.

High level of investments continued in 2015

Total investments in tangible fixed assets during the six months to 30 June 2015 amounted to EUR 1,196 million, an increase of 70% compared to the same period in 2014, of which the majority relates to German offshore projects.

In the first half of 2015, four German offshore grid connections were completed: BorWin2 (800 MW), HelWin1 (576 MW), SylWin1 (864 MW) and HelWin2 (690 MW). TenneT can now transmit a combined total of 3.5 GW of offshore wind energy to the German grid, more than half of the government's targeted capacity of 6.5 GW by 2020.

Operating results

Consolidated underlying EBIT for the six month period to 30 June 2015 amounts to EUR 490 million, an increase of EUR 122 million compared to the same period in 2014.

TenneT's growing asset base and its investments in recent years are the main drivers for the increase in revenues and EBIT. Particularly in Germany, where the regulatory framework provides for an immediate return on capital invested in large projects during the construction phase, TenneT's continuing high level of investments, especially offshore, caused revenues and EBIT to increase. This effect was partly compensated by higher depreciation charges. In the Netherlands, there is no return on capital invested during the construction phase; the positive effect of the growing level of investments are largely offset by the declining revenue cap for the years 2014-2016.

In addition to the increase resulting from TenneT's regulated activities, EBIT was positively affected by EUR 20 million higher results from TenneT's 50% participation in the BritNed cable caused by higher price differences between Great Britain and the Netherlands. Furthermore, EBIT included a EUR 12 million incidental gain from the transfer of APX into EPEX SPOT (also refer to the 'Markets' section of this report).

Funding

The size of TenneT's investment programme requires good access to equity and debt sources to maintain an appropriate capital structure and ensure the company remains attractive to investors. On 30 June 2015, TenneT Holding B.V. had the following senior unsecured credit ratings from Standard & Poor's and Moody's, which remained unchanged compared to 2014 and were confirmed by these rating agencies on 18 May 2015 and 7 May 2015, respectively.

Senior unsecured credit rating as of 30 June 2015

	Long-term rating	Short-term rating
Standard & Poor's	A- (stable outlook)	A-2
Moody's	A3 (stable outlook)	P-2

In 2015, TenneT's long-term interest-bearing borrowings increased following a EUR 1 billion issue of so-called green bonds in June (also refer to the 'Environment' section of this report). The issue comprised two tranches of EUR 500 million each, maturing in 2021 and 2027, respectively. The interest coupons are 0.875% and 1.75%, respectively. In addition to the green bond issuances, EUR 150 million was borrowed from the European Investment Bank (under an existing commitment), maturing 16 April 2037, and repayable in equal annual instalments from 16 April 2018.

As at 30 June 2015, there was EUR 650 million of undrawn committed EIB facilities available. In addition, TenneT had EUR 375 million of uncommitted credit lines available and a EUR 2.2 billion revolving credit facility ('RCF'). In July 2015, the maturity date of the RCF was extended by one year to July 2020. On 30 June 2015, there were no amounts outstanding under the RCF or under the uncommitted credit lines.

Arnhem, 30 July 2015

Executive Board TenneT Holding B.V.

J.M. Kroon *
U.T.V. Keussen *
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 2015

Interim consolidated statement of income

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

	Notes	2015	2014
Revenue		1,408	1,229
Grid expenses		601	455
Personnel expenses		82	89
Depreciation and amortisation of assets		240	137
Other operating expenses		40	131
Other (gains)/losses	4	-13	-
Total operating expenses		950	812
Share in profit of joint ventures and associates		37	13
Operating profit		495	430
Finance income		6	6
Finance expense		-62	-66
Finance result		-56	-60
Profit before income tax		439	370
Income tax expense		116	102
Profit for the period		323	268
Profit attributable to:			
Equity holders of ordinary shares		246	217
Hybrid securities		17	17
Owners of the company		263	234
Non-controlling interests	10	60	34
Profit for the period		323	268

Net income and earnings per share attributable to the equity holders

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

	Notes	2015	2014
Net income per share	5	1,315	1,170
Basic and diluted earnings per share	5	1,270	1,125

Interim condensed consolidated financial statements

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
	Notes	Hedging reserve	Reserve for exchange rate difference	Retained earnings	Unappropriated result	Equity attributable to ordinary shares	Hybrid securities	Equity attributable to owners of the company	
2014									
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years:</i>									
Amortisation of hedges		-1	-	-	-	-1	-	-1	-1
Taxation		-	-	-	-	-	-	-	-
		-1	-	-	-	-1	-	-1	-1
Total other comprehensive income 2014		-1	-	-	-	-1	-	-1	-1
Profit for the period		-	-	-	217	217	17	234	34
Total comprehensive income 2014		-1	-	-	217	216	17	233	34
2015									
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years:</i>									
Amortisation of hedges		2	-	-	-	2	-	2	2
Reclassification of exchange rate differences	3	-	2	-	-	2	-	2	2
Taxation		-	-	-	-	-	-	-	-
		2	2	-	-	4	-	4	4
Total other comprehensive income 2015		2	2	-	-	4	-	4	4
Profit for the period		-	-	-	246	246	17	263	60
Total comprehensive income 2015		2	2	-	246	250	17	267	60

Interim consolidated statement of financial position

(EUR million)

Assets	Notes	30 June 2015	31 December 2014
Non-current assets			
Tangible fixed assets	6	11,292	10,333
Intangible assets		112	118
Investments in joint ventures		312	272
Investments in associates	3	37	13
Deferred tax assets		8	8
Other financial assets		97	116
Total non-current assets		11,858	10,860
Current assets			
Inventories		18	13
Account- and other receivables	7	1,997	1,934
Financial assets		2	15
Income tax receivable		-	5
Cash and cash equivalents	8	273	122
		2,290	2,089
Assets of disposal group classified as held for sale	3	-	519
Total current assets		2,290	2,608
Total assets		14,148	13,468

Interim consolidated statement of financial position

(EUR million)

Equity and liabilities	Notes	30 June 2015	31 December 2014
Equity			
Equity attributable to ordinary shares	9	2,957	2,816
Hybrid securities	9	504	520
Equity attributable to owners of the company		3,461	3,336
Non-controlling interests	10	898	852
Total equity		4,359	4,188
Non-current liabilities			
Borrowings	11	3,765	2,627
Deferred income		234	216
Deferred tax liability		496	497
Provisions	12	770	686
Other liabilities		1	1
Total non-current liabilities		5,266	4,027
Current liabilities			
Account- and other payables	13	4,129	3,601
Borrowings	11	42	698
Other financial liabilities		42	38
Deferred income		5	5
Income tax payable		93	181
Provisions	12	212	240
		4,523	4,763
Liabilities of disposal group classified as held for sale	3	-	490
Total current liabilities		4,523	5,253
Total equity and liabilities		14,148	13,468

Interim condensed consolidated financial statements

Interim consolidated statement of changes in equity

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

	Attributable to equity holders of the company									Non-controlling interest	Total equity	
	Notes	Paid-up and called-up capital	Share premium reserve	Hedging reserve	Reserve for exchange rate difference	Retained earnings	Unappropriated result	Equity attributable to ordinary shares	Hybrid securities	Equity attributable to owners of the company		
Balance at 31 December 2013		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		-	-	-	-	-	-	-	-	-	-35	-35
Distribution on hybrid securities		-	-	-	-	-	-	-	-33	-33	-	-33
Taxation on distribution on hybrid securities		-	-	-	-	-	8	8	-	8	-	8
Sale to non-controlling interest		-	-	-	-	13	-15	-2	-	-2	366	364
Capital contribution		-	-	-	-	-	-	-	-	-	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
Balance at 31 December 2014		100	600	4	-2	1,621	493	2,816	520	3,336	852	4,188
Total comprehensive income		-	-	2	2	-	246	250	17	267	60	327
Dividends paid	9	-	-	-	-	-	-117	-117	-	-117	-12	-129
Distribution on hybrid securities	9	-	-	-	-	-	-	-	-33	-33	-	-33
Taxation on distribution on hybrid securities	9	-	-	-	-	-	8	8	-	8	-	8
Sale of subsidiary	3	-	-	-	-	-	-	-	-	-	-4	-4
Capital contribution		-	-	-	-	-	-	-	-	-	2	2
Appropriation remaining prior year profit		-	-	-	-	384	-384	-	-	-	-	-
Balance at 30 June 2015		100	600	6	-	2,005	246	2,957	504	3,461	898	4,359

Interim condensed consolidated financial statements

Interim consolidated statement of cash flows

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

	Notes	2015	2014
Operational activities			
Operating profit for the period		495	430
Adjustments to reconcile operating profit to operating cash flows:			
Depreciation, amortisation and impairment of assets		240	137
Result on disposal of assets		-1	-
Gain on disposal of subsidiary	3, 4	-12	-
Share in profit of joint ventures and associates		-37	-13
Dividends received from joint ventures and associates		28	20
Increase in deferred income		18	6
Movements in provisions and other (financial) liabilities and assets		-53	129
		183	279
Working capital adjustments excluding EEG working capital:			
(Increase)/decrease in account- and other receivables		113	197
(Increase)/decrease in inventories		-5	-1
Increase/(decrease) in account- and other payables		-9	-233
Increase/(decrease) in current financial liabilities		6	-88
		105	-125
Income tax paid		-192	-79
Net cash flows from operating activities excluding EEG working capital		591	505
EEG working capital adjustments:			
(Increase)/decrease in EEG receivables	7	-176	-361
Increase/(decrease) in EEG payables	13	537	871
		361	510
Net cash flows from operating activities		952	1,015
Investing activities			
Purchase of tangible and intangible fixed assets		-1,007	-875
Proceeds from sale of tangible and intangible fixed assets		1	-
Sale / acquisition of subsidiary	3	-295	-6
Capital contribution to joint ventures and associates		-32	-5
Contributions to financial assets		-	-12
Proceeds from repayment of financial assets		12	23
Interest received		1	1

Continuation >

Interim condensed consolidated financial statements

< Continued

	Notes	2015	2014
Net cash flows used in investing activities			-1,320
<i>Financing activities</i>			
Proceeds from borrowings	11	1,167	-
Repayment of borrowings	11	-684	-3
Interest paid		-99	-99
Transaction costs of sale of non-controlling interests		-	-3
Dividends paid to equity holders of the company	9	-117	-
Distribution on hybrid securities	9	-33	-33
Dividends paid to non-controlling interests		-12	-35
Proceeds from sale to non-controlling interests		-	366
Proceeds from capital contributions by non-controlling interests		2	18
Net cash flows from financing activities			224
Net change in cash and cash equivalents			-144
Cash and cash equivalents at 30 June		273	898
Cash and cash equivalents at 1 January		417	546
			352

Notes to the interim condensed consolidated financial statements

1. General notes

The interim condensed consolidated financial statements of TenneT Holding B.V. and its subsidiaries (hereafter referred to as 'TenneT', 'the company' or 'the Group') for the six month period ended 30 June 2015 were prepared by the Executive Board and authorised for issue in accordance with a resolution of the Executive Board on 30 July 2015. 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 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 GmbH & Co. KG and its subsidiaries.

As at 30 June 2015, 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 that are deeply subordinated securities and are considered 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.

Basis for preparation

The interim condensed consolidated financial statements for the six month period ended 30 June 2015 have been prepared in accordance with IAS 34 'Interim financial reporting'. 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 2014, published on 10 March 2015.

The interim condensed consolidated financial statements are presented in euros and all values are rounded to the nearest million (EUR ,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 the basis of a going concern for the foreseeable future.

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 2014 annual financial statements, except for the adoption of new standards, amendments and interpretations effective as of 1 January 2015, which do not have a material impact on the interim condensed consolidated financial statements and as such these are not further described. Furthermore, the classification of statement of income items has been reassessed and as a result certain items have been reclassified in the interim consolidated statement of income. Originally reported comparative figures have been reclassified to conform with the current year's presentation.

Furthermore, the Group adopted early the amendments to IFRS 10/IAS 28 'Sales or contributions of assets between an investor and its associate/joint venture' that has been issued but is not yet effective. These amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving

Notes to the interim condensed consolidated financial statements

an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendment is applied prospectively and does not affect TenneT's financial position, performance or disclosures.

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

2. Segment information

For management information purposes TenneT's Executive Board considers the performance of its activities in the Netherlands and in Germany separately. In addition, non-regulated activities are considered 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. The 'underlying' information involves matching regulatory revenues and expenses with each other during a corresponding reporting period. TenneT's Executive Board believes the presentation of 'underlying' financial information leads to a sound, consistent and transparent financial insight into current and future business developments.

2.1 'Underlying' segment information

For management purposes the company is organised into three segments.

- **'TSO Netherlands'**: includes all regulated activities in the Netherlands and reflects the consolidated 'underlying' information of TenneT TSO B.V. and its subsidiaries.
- **'TSO Germany'**: includes all regulated activities in Germany and reflects the consolidated 'underlying' information of TenneT GmbH & Co. KG and its subsidiaries.
- **'Non-regulated companies'**: includes all other companies within the Group. As presented hereafter, the financial information of this segment excludes the net asset value of consolidated subsidiaries, external borrowings and receivables/payables from/to consolidated subsidiaries of TenneT Holding B.V.

The 'underlying' segment information is as follows:

	Revenue	EBIT	Investments	Assets	Liabilities
(EUR million)	Six month period ended 30 June 2015			30 June 2015	
TSO Netherlands	318	65	258	3,999	2,641
TSO Germany	1,063	376	937	13,122	8,966
Non-regulated companies	23	50	1	560	111
	1,404	491	1,196	17,681	11,718
Eliminations and adjustments	-9	-1	-	-3,337	-762
Consolidated 'underlying' information	1,395	490	1,196	14,344	10,956

Notes to the interim condensed consolidated financial statements

	Revenue	EBIT	Investments	Assets	Liabilities
(EUR million)	Six month period ended 30 June 2014			31 December 2014	
TSO Netherlands	327	71	104	3,856	2,458
TSO Germany	817	283	598	11,851	7,827
Non-regulated companies	24	14	1	915	674
	1,168	368	703	16,622	10,959
Eliminations and adjustments	-21	-	-	-2,977	-550
Consolidated 'underlying' information	1,147	368	703	13,645	10,409

2.2 Reconciliation of 'underlying' segment information to consolidated 'underlying' segment information

Reconciliation of assets (EUR million)	30 June 2015	31 December 2014
'Underlying' segment assets	17,681	16,622
Eliminations of intercompany receivables	-2,962	-2,602
Elimination of participation held by TSO NL in non-regulated company	-375	-375
'Underlying' consolidated assets	14,344	13,645

Reconciliation of liabilities (EUR million)	30 June 2015	31 December 2014
'Underlying' segment liabilities	11,718	10,959
Eliminations of intercompany payables	-4,569	-3,875
Borrowings	3,807	3,325
'Underlying' consolidated liabilities	10,956	10,409

2.3 Regulatory deferral accounts: reconciliation to IFRS figures

The difference between reported IFRS figures and 'underlying' financial information mainly relates to regulatory deferral accounts 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.

Furthermore, the recognition of regulatory deferral accounts and different measurement of tangible fixed assets results in different deferred tax balances in IFRS reported figures compared to 'underlying' financial information.

Notes to the interim condensed consolidated financial statements

The reconciliation of the 'underlying' information to the reported IFRS figures is as follows:

(EUR million)	EBIT	Assets	Liabilities	Recovery/reversal period (years)
	Six month period ended 30 June 2015	30 June 2015		
Consolidated 'underlying' information	490	14,344	10,956	
To be settled in tariffs	-100	-146	-109	0 - 5
Auction receipts	94	-	-1,072	0 - 30
Investment contributions	-6	-	-285	0 - 33
Maintenance of the energy balance	15	-	-35	0 - 1
Difference in tangible fixed assets	2	-47	-	0 - 10
Effect on deferred tax balances	-	-3	334	0 - 33
Consolidated IFRS financial statements	495	14,148	9,789	

(EUR million)	EBIT	Assets	Liabilities	Recovery/reversal period (years)
	Six month period ended 30 June 2014	31 December 2014		
Consolidated 'underlying' information	368	13,645	10,409	
To be settled in tariffs	-39	-129	-147	0 - 5
Auction receipts	96	-	-990	0 - 30
Investment contributions	-6	-	-291	0 - 34
Maintenance of the energy balance	9	-	-33	0 - 1
Difference in tangible fixed assets	2	-48	-	0 - 11
Effect on deferred tax balances	-	-	332	0 - 34
Consolidated IFRS financial statements	430	13,468	9,280	

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 years. 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

In the past an impairment reversal related to TSO Netherlands was recorded only under IFRS. On the other hand as part of the purchase price allocation of the transpower acquisition a step-up (including the recognition of regulatory liabilities for an equal amount) was recorded in the 'underlying' information.

Under IFRS auction receipts are recognised as revenue when realised.

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 by the regulator, classified as investment contributions included under 'Liabilities'. A periodic amount equal to the depreciation charges, plus a portion of the operating expenses, is released to the statement of income.

Maintenance of the energy balance

As the administrator of the high-voltage grid, TenneT in the Netherlands receives funds for performing certain statutory duties, such as maintaining 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 a liability in the statement of financial position.

3. Disposal of assets held for sale and acquisition of associate

Effective 4 May 2015 TenneT sold all its shares (70.8%) in APX Holding B.V. to EPEX Spot SE ('EPEX') in consideration of new shares in EPEX. Subsequently, TenneT contributed these EPEX shares to Holding des Gestionnaires de Réseaux de Transport d'Électricité S.A.S. ('HGRT') in exchange for newly issued ordinary shares in HGRT. As a result, TenneT's interest in HGRT increased from 24.5% to 40%. HGRT's shareholding in EPEX amounts to 49%.

At 31 December 2014 and up to 4 May 2015, APX's assets and liabilities were classified as held for sale and included in the 'non-regulated companies' segment. Following the sale of TenneT's shares in APX, all APX's assets and liabilities were derecognised. Furthermore, the reserve for exchange differences relating to APX's foreign operation (EUR -2 million) was reclassified from equity to profit-or-loss.

Taken together, the sale of APX resulted in a EUR 12 million gain (note 4), a decrease of the non-controlling interests of EUR 4 million (note 10), an increase in investments in associates (EUR 24 million) and a decrease of the cash and cash equivalents of EUR 295 million (note 8).

4. Other (gains)/losses

In the first six months of 2015 the other gains and losses amounting to EUR 13 million mainly relate to the gain resulting from the APX sale (reference is made to note 3).

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 of hybrid securities, by the weighted average number of ordinary shares in issue during the period.

Notes to the interim condensed consolidated financial statements

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)	2015	2014
Profit for the period attributable to owners of the company	263	234
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	254	225
Weighted average number of ordinary shares in issues (in thousands)	200	200

6. Tangible fixed assets

Tangible fixed assets increased by EUR 959 million to EUR 11,292 million (2014: EUR 10,333 million) which is mainly related to offshore investments in Germany. At 30 June 2015, external commitments of EUR 2,911 million (2014: EUR 3,272 million) regarding the purchase of tangible fixed assets had been entered into.

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 EEG related receivables of EUR 1,149 million (2014: EUR 973 million) are not at the Group's free disposal.

8. Cash, cash equivalents and bank overdrafts

(EUR million)	30 June 2015			31 December 2014		
	At free disposal	Not at free disposal	Total	At free disposal	Not at free disposal	Total
Collateral securities	-	42	42	-	38	38
Short-term bank deposits	100	-	100	-	-	-
Cash at bank	119	12	131	83	1	84
Cash and cash equivalents	219	54	273	83	39	122
Cash and cash equivalents included in assets held for sale	-	-	-	-	295	295
Total cash and cash equivalents used in cash flow statement	219	54	273	83	334	417

9. Equity attributable to owners of the company

During the first six months of 2015 TenneT distributed a EUR 116.5 million common dividend to its ordinary shareholder (EUR 583 per share). Furthermore, TenneT paid a distribution of EUR 33 million to the holders of the hybrid securities. 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:

(EUR million)	Country	2015	2014
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	77%	78%
TenneT Offshore DolWin3 Verwaltungs GmbH ('TODV')	Germany	77%	78%
APX Holding B.V.	Netherlands	-	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.

As a result of the sale of APX there is no non-controlling interest in APX remaining. Further information on this sale is included in note 3.

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

(EUR million)	TO2	TO8	TOD3	TODV	APX	Total
At 31 December 2013	247	146	-	-	8	401
Profit attributable to non-controlling interests	10	20	3	-	1	34
Dividends paid	-35	-	-	-	-	-35
Sale to non-controlling interest	-	-	366	-	-	366
Capital contribution	-	18	-	-	-	18
At 30 June 2014	222	184	369	-	9	784
At 31 December 2014	229	230	385	-	8	852
Profit attributable to non-controlling interests	13	30	16	-	1	60
Dividends paid	-	-7	-	-	-5	-12
Sale of subsidiary	-	-	-	-	-4	-4
Capital contribution	2	-	-	-	-	2
At 30 June 2015	244	253	401	-	-	898

11. Borrowings

(EUR million)	Carrying amount		Fair value		Hierarchy
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	
Borrowings:					
- Borrowings – bonds	3,191	2,699	3,538	3,103	Level 1
- Borrowings – other	616	626	652	698	Level 2
	3,807	3,325	4,190	3,801	

Notes to the interim condensed consolidated financial statements

Borrowings include bonds, loans, short term cash loans and short term commercial papers. The fair values of the bonds (level 1) are based on price quotations (unadjusted) and the fair values of the other borrowings (level 2) are based on discounted cash flows.

In February 2015 a EUR 500 million bond was redeemed upon maturity. Furthermore, in June 2015 TenneT issued EUR 1 billion senior unsecured green bonds under its Euro Medium Term Note programme. The issue comprised two tranches of EUR 500 million each. The first bond matures in 2021 and bears a 0.875% interest coupon (carrying value EUR 497 million). The second bond matures in 2027 and bears a 1.75% interest coupon (carrying value EUR 495 million).

In addition, TenneT withdrew EUR 150 million under the European Investment Bank loan which matures on 16 April 2037 with annual instalments from 16 April 2018 onwards. TenneT has also EUR 375 million of uncommitted credit lines available and a EUR 2.2 billion revolving credit facility ('RCF'). On 30 June 2015, there were no amounts outstanding under the uncommitted credit lines or RCF.

12. Provisions and contingencies

Part of the provisions is related to the provision for environmental and decommissioning, which serves to cover future obligations to dispose of hazardous substances and to decommission assets. In the first six months of 2015, an amount of EUR 111 million was added to the provision for future decommissioning costs for projects constructed in 2015. Consequently, these additions were recognised through the statement of financial position.

TenneT primarily uses reserve capacity to solve transmission restrictions and pays a compensation to the reserve power plants for redispatch. In July 2015 BNetzA decided that the compensation should include compensation for fixed costs and this decision is likely to be applied retrospectively. The BNetzA agreed with TenneT and the three other German TSOs to develop a new concept for the compensation of redispatch and consequently the financial impact of this decision is currently unknown and therefore has not been provided for.

13. Account- and other payables

Account- and other payables comprise expenses payable in respect of transmission and system services, accounts payable and EEG accounts payable. The increase in the account- and other payables is mainly related to the EEG accounts payable of EUR 2,435 million (2014: EUR 1,898 million) as a result of a higher solar feed-in.

14. Events after the reporting period

In July 2015, the maturity date of the EUR 2.2 billion RCF was extended by one year to July 2020.

Also in July 2015 TenneT acquired the 220KV net of Netz Veltheim GmbH in Germany. The purchase price amounts to EUR 33 million.

Furthermore, Ms. Griffith was appointed member of the Supervisory Board of TenneT Holding B.V. effective 1 July 2015.

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 2015 as included in the section "Interim condensed consolidated financial information" of the half-year report 2015 of TenneT Holding B.V., Arnhem, which comprises the interim consolidated statement of financial position as at 30 June 2015, 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 2015, 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 2015 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

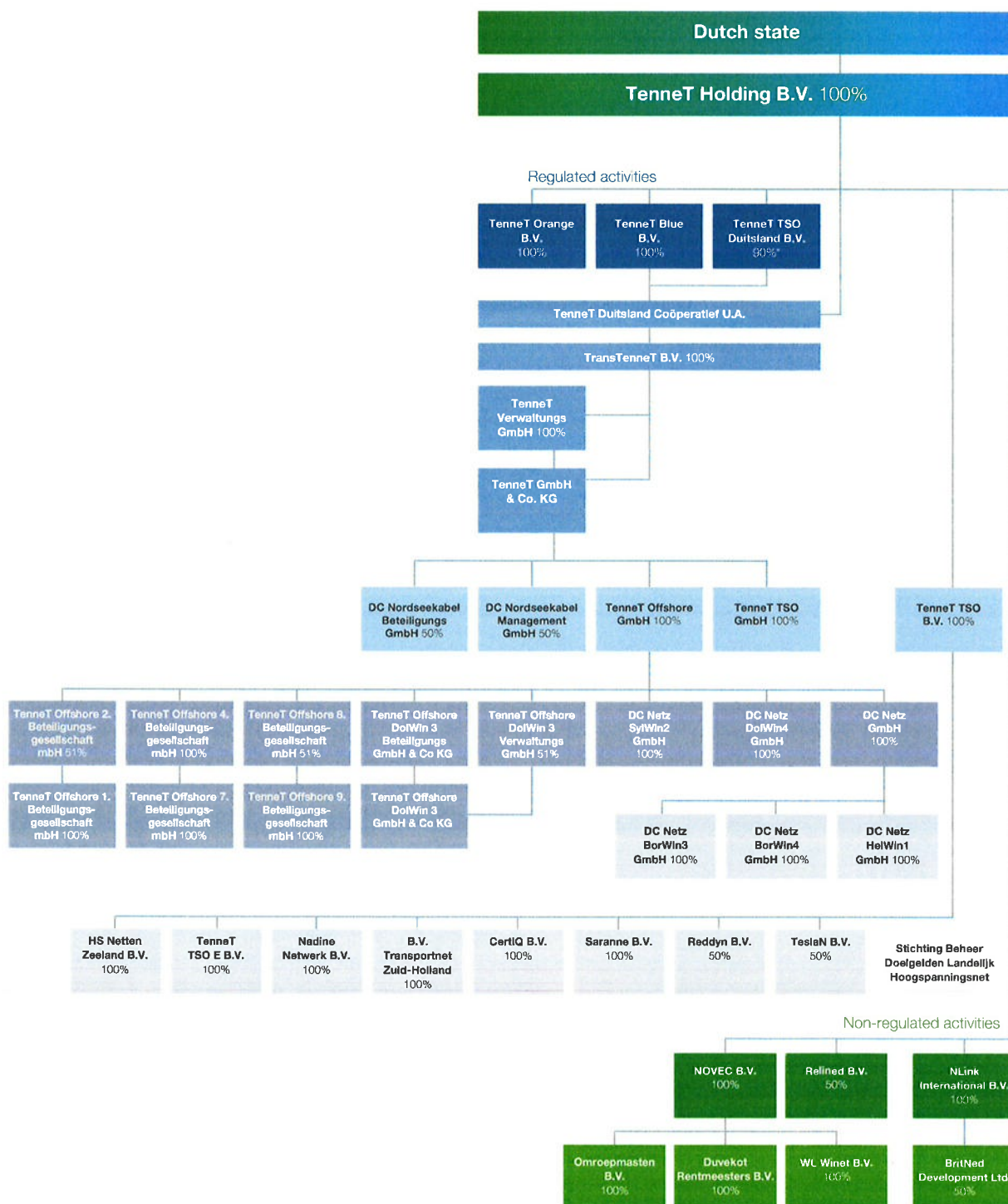
Zwolle, 30 July 2015

Ernst & Young Accountants LLP

Signed by A.E. Wijnsma

Legal structure

(Consolidated entities and joint ventures as defined under IFRS)



* 10% Stichting Beheer Doelgelden Landelijk Hoogspanningsnet

Abbreviations and definitions

AC – Alternating current

In alternating current (AC), the flow of electricity periodically reverses direction. Whereas in direct current (DC), the flow of electricity is only in one direction. AC is used to transport electricity over relatively shorter distances and DC for relatively longer distances.

BNetzA – Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen

German regulatory authority, which maintains and promotes competition in so-called grid markets amongst other duties.

BREEAM-NL – Building Research Establishment Environmental Assessment Methodology

BREEAM – NL is the environmental assessment method and rating system to measure the sustainability of new buildings in the Netherlands, based on a global standard.

CSR – Corporate Social Responsibility

The socially responsible business practices of a company balancing people, planet and profit.

DC – Direct current

In direct current (DC), the flow of electricity is only in one direction. Whereas in alternating current (AC), the flow of electricity periodically reverses direction. DC is used to transport electricity over relatively longer distances and AC for relatively shorter distances.

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 taking into account 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 Germany's dependence on fossil fuels such as oil, natural gas or coal, and nuclear power.

EIB – European Investment Bank

The European Investment Bank is the bank of the European Union. It is the only bank owned by and representing the interests of the European Union Member States.

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.

ENTSO-E – European Network of Transmission System Operators for Electricity

ENTSO-E is the organisation of Transmission System Operators at a European level. Its mission is to promote important aspects of energy policy.

G7 – Group of Seven

The Group of Seven (G7) is a group of finance ministers and central bank governors from seven leading advanced economies in the world: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States. It meets annually to discuss issues such as global economic governance, international security, and energy policy.

Gross interest-bearing debt

Non-current borrowings plus its current portion plus bank overdrafts.

GW – Gigawatt

An amount of power equal to one billion watts.

GWh – Gigawatt hour

An amount of energy equivalent to delivering one billion watts of power for a period of one hour.

IFRS – International Financial Reporting Standards

The internationally prescribed and recognised reporting guidelines.

kV – kilovolt

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

KWK-G – Kraft-Wärme-Kopplungs-Gesetz

German Combined Heat and Power Act.

Enclosures

LTIF – Lost Time Injury Frequency

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

LWC – Lost Workday Cases

An occupational injury or illness that results in an employee being unfit for work on any day after the day the injury occurred.

MW – Megawatt

An amount of power equal to one million watts.

MWh – Megawatt hour

An amount of energy equivalent to delivering one million watts of power for a period of one hour.

Net interest-bearing debt, adjusted

Gross 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 is any voluntary citizens' group that is neither a government initiative 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.

SF₆ – Sulphur Hexafluoride

An inorganic, colourless, odourless and non-flammable greenhouse gas. SF₆ is used in the electricity 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 seven days a week and (3) facilitating a smoothly functioning, liquid and stable electricity market.

Enclosures

TenneT Holding B.V.

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We look forward to receiving your feedback on this report,
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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.

Statement of the Executive Board

Statement of responsibility

We confirm that the half-year report for the period 1 January to 30 June 2015, to the best of our knowledge, gives a fair review of TenneT's financial position, financial performance and cash flow of TenneT as a whole, and that the disclosures in the half-year report give a fair review of the performance, results and position of TenneT, together with the most significant risks and uncertainties faced by TenneT.

Executive Board TenneT Holding B.V.

J.M. Kroon *
U.T.V. Keussen *
B.G.M. Voorhorst *
O. Jager *
A.A. Hartman
W. Breuer

** Statutory Director*