

**SUPPLEMENT DATED 23 OCTOBER 2013 TO THE BASE PROSPECTUS DATED
11 JULY 2013**



TenneT Holding B.V.

(Incorporated with limited liability in the Netherlands with its statutory seat in Arnhem)

€8,000,000,000

Euro Medium Term Note Programme

Due from one month to 30 years from the date of original issue

This Supplement (the “**Supplement**”) is prepared as a supplement to, and must be read in conjunction with, the Base Prospectus dated 11 July 2013 (the “**Base Prospectus**”). The Base Prospectus has been issued by TenneT Holding B.V. (“**TenneT**”) in respect of a €8,000,000,000 Euro Medium Term Note Programme (the “**Programme**”). This Supplement, together with the Base Prospectus, constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “**Prospectus Directive**”). Terms used but not defined in this Supplement have the meanings ascribed to them in the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

INTRODUCTION

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus and this Supplement, or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer appointed by the Issuer.

Neither the delivery of this Supplement nor the Base Prospectus shall in any circumstances imply that the information contained in the Base Prospectus and herein concerning the Issuer is correct at any time subsequent to 11 July 2013 (in the case of the Base Prospectus) or the date hereof (in the case of this Supplement) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

So long as the Base Prospectus and this Supplement are valid as described in Article 9 of the Prospectus Directive, copies of this Supplement and the Base Prospectus, together with the other documents listed in the “General Information” section of the Base Prospectus and the information incorporated by reference in the Base Prospectus by this Supplement, will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, Utrechtseweg 310, 6812 AR Arnhem, The Netherlands. In addition, this Supplement, the Base Prospectus and the documents which are incorporated by reference in the Base Prospectus by this Supplement are available for viewing on the following website: www.tennet.eu.

Other than in the Netherlands, the Issuer, the Arranger and any Dealer do not represent that the Base Prospectus and this Supplement may be lawfully distributed in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

The distribution of the Base Prospectus and this Supplement may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus and this Supplement come must inform themselves about, and observe, any such restrictions (see “Subscription and Sale” in the Base Prospectus).

In accordance with Article 16 of the Prospectus Directive, investors who have agreed to purchase or subscribe for Notes issued under the Base Prospectus before publication of this Supplement have the right, exercisable within two working days commencing on the working day after the date of publication of this Supplement, to withdraw their acceptances.

RECENT DEVELOPMENTS AND INFORMATION INCORPORATED BY REFERENCE

This Supplement has been prepared in connection with:

- the Issuer's "Interim financial report 2013", published by way of a press release entitled "*TenneT posts solid half-year results as investment agenda takes shape*" and filed with the AFM on 6 August 2013 (the "**Interim Financial Report**"). Pages 15 up to and including 33 of the Interim Financial Report 2013, containing TenneT's financial statements (including the notes thereto and the auditor's review report thereon) in respect of the first half of the financial year 2013, by virtue of this Supplement, shall be incorporated in, and form part of, the Base Prospectus;
- the resignation of Mr. Eelco de Boer as the Issuer's Chief Financial Officer and member of the Issuer's Executive Board as of 1 August 2013 and the appointment of Mr. Otto Jager as the Issuer's Chief Financial Officer and member of the Issuer's Executive Board as of 1 August 2013, as announced by way of publication of a press release entitled "*Nieuwe CFO TenneT: Otto Jager volgt Eelco de Boer op*" ("*New CFO TenneT: Otto Jager succeeds Eelco de Boer*") and filed with the AFM on 24 July 2013;
- the publication of the opinion of the European Commission on 1 July 2013 in regard to TenneT's application for certification as a transmission system operator;
- the publication of the Method Decision for the next regulatory period (2014-2016), as published by the Authority Consumer & Market on 2 October 2013;
- the decision of the Bundesnetzagentur ("**BNetzA**") in regard to the determination of the individual efficiency factor for the second regulatory period (2014-2018);
- certain developments in regard to the connection of offshore wind farms in Germany:
 - (i) determination of the OPEX lump-sum by the BNetzA; and
 - (ii) the formal decision of the BNetzA in regard to the abuse proceedings initiated by the developers of the OWF "Borkum Riffgrund I" and the OWF "Borkum Riffgrund II" against TenneT TSO Germany;
- the amendment of Section 19(2) of the Ordinance on Tariffs for the Electricity Grid Access by the German legislator; and
- the publication of the Policy on Government Participations 2013 (*Nota Deelnemingenbeleid Rijksoverheid 2013*) as published by the Dutch Government on 18 October 2013.

The information contained in the Base Prospectus will be amended and supplemented as further described below.

2013 Semi Annual results

1. *The following new item 3 shall be inserted in the first paragraph of the chapter entitled "Documents incorporated by Reference" on page 32 of the Base Prospectus:*

- "3. TenneT 2013 Interim Financial Report (English version):
- consolidated semi-annual financial statements (page 15-20)
 - notes (page 21-31)
 - Independent auditor's review report (page 33)."

Changes to the Issuer's Chief Financial Officer

2. *All information in regard to Mr E.T.A. de Boer on page 74 of the Base Prospectus, under the heading "Board of Management and Executive Board", shall be deleted and replaced by the following:*

Mr O. (Otto) Jager		Chief Financial Officer	Member Board of TenneT TSO B.V. Member Supervisory Board (<i>Aufsichtsrat</i>) of TenneT TSO GmbH
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Certification as transmission system operator

3. *The information set forth on page 11 of the Base Prospectus, under the heading "Certification as transmission system operator," shall be amended and restated in its entirety so that it will read as follows:*

"Following an amendment of the Electricity Act, which implemented the European Union's third legislative package on the internal energy market (including the third EU Electricity Directive 2009/72/EC), TenneT TSO NL – as are other transmission system operators in the EU – is obligated to apply for certification as a transmission system operator. On 20 September 2012, TenneT TSO NL filed its formal application. The Authority Consumer & Market published its draft decision regarding the application for certification of TenneT TSO NL on 16 May 2013. In its draft decision, the Authority Consumer & Market decided that TenneT satisfies the requirements for certification as a transmission system operator ("**TSO**") for the Dutch national high voltage grid and as an interconnector operator for the southern part of the NorNed cable. The draft decision was reviewed by the European Commission, which issued its opinion on 1 July 2013. In its opinion, the European Commission raised certain points for consideration in respect of the separation of control of generation and supply activities on the one hand and transmission activities on the other hand, between separate public bodies within the State of the Netherlands (the "**State**"), which must be taken into account by the Authority Consumer & Market when issuing its final decision, which is expected in November 2013. The Issuer has received no indication that the Authority Consumer & Market will deny certification. However, should the Authority Consumer & Market deny

certification, TenneT TSO NL will have the possibility to demonstrate to the Authority Consumer & Market within one year that the criteria for certification have been met, failure of which will lead to expiry of its designation as TSO. It is noted that the consequences of TenneT TSO NL losing its status as TSO in the Netherlands – which the Issuer itself considers very unlikely – cannot be quantified as such but could in theory be highly material. In practice however, it is expected, in view of the grave implications of such a scenario, that arrangements would be made by the legislator and/or regulator to procure that TenneT TSO NL would continue to carry out the tasks of TSO and could be re-appointed and certified as TSO as soon as possible. In addition to the one year period given to remedy any potential deficiencies, TenneT TSO NL may file objections and (if necessary) appeals against the Authority Consumer & Market's decision, if the Authority Consumer & Market were to deny certification."

4. *The second paragraph of page 68 of the Base Prospectus, under the heading "Dutch Electricity Market" shall be amended and restated in its entirety so that it will read as follows:*

"The third Electricity EU Directive (2009/72/EC) requires that a transmission system operator is certified by the national regulatory authority before it is approved and designated as a transmission system operator. In this regard, a certification procedure needs to be established in order to ensure (continuing) compliance with unbundling requirements. Any planned transaction or change in rights or influence over transmission system operator is also subject to this certification procedure. The implementation of the third Electricity EU Directive (2009/72/EC) in Dutch legislation took place on 20 July 2012. Therefore TenneT TSO NL is subject to this new certification procedure in order to be re-appointed as a TSO and is required to file its certification application within two months after the entry into force of the Dutch legislation. On 20 September 2012, TenneT TSO NL filed its formal application. The application process is however still pending. The Authority Consumer & Market published its draft decision regarding the application for certification of TenneT TSO NL on 16 May 2013. The draft decision was reviewed by the European Commission, which issued its opinion on 1 July 2013."

Publication of the Method Decision for the next regulatory period (2014-2016)

5. *The information set forth on page 8 and continuing on page 9 of the Base Prospectus, under the heading "Transportation services and system service costs," shall be amended and restated in its entirety so that it will read as follows:*

"Under the statutory incentive regulation for transportation services, the yearly revenue cap for TenneT TSO NL is calculated on the basis of approved grid costs from the year 2009 by applying both an individual efficiency factor (which reflects TenneT TSO NL's efficiency as compared to, and which is determined in comparison with, other European transmission operators) as well as a sector productivity factor ("frontier shift"). At the start of the regulatory period 2011-2013, TenneT TSO NL's total expenditures for the extra high-voltage ("EHV") grid are considered 48% efficient. The expenditures for the high-voltage ("HV") grid are deemed 100% efficient. The latter percentage is explained by the fact that the Authority Consumer & Market concluded that there is currently insufficient (reliable) data available to measure the efficiency of high-voltage expenditures. The applied efficiency factor for the EHV-grid expenditures is 0.92. This parameter is derived from the efficiency score of 48% plus a 10% mark-up to account for uncertainties in the determination of TenneT TSO NL's efficiency, and a 34% mark-up resulting from the Authority Consumer & Market's willingness to allow TenneT TSO NL to make up its efficiency backlog in the course of five regulatory periods, *i.e.* a period of 15 years. A new

Method Decision in which the efficiency and productivity factor of TenneT TSO NL has been determined for the next regulatory period of 3 years (2014-2016) was published by the Authority Consumer & Market on 2 October 2013. According to this most recent Method Decision, the efficiency factor for the HV- and EHV-grid expenditures for the next regulatory period (2014-2016) will be 0.96 (it is noted that the efficiency of the HV-grid is also taken into consideration in this Method Decision, and is no longer assumed to be 100%). The efficiency factor of 0.96 is derived from an efficiency score of 85% for both the EHV- and HV-grid (excluding the NordNed-interconnector) and a mark-up of 11% to allow TenneT TSO NL to make up its deemed efficiency backlog in the course of four regulatory periods, *i.e.* a period of 12 years. This is however a mere calculation for the purpose of determining the efficiency factor for the regulatory period 2014-2016. No inferences can be drawn as to the efficiency or the applied efficiency factors of TenneT TSO NL in subsequent regulatory periods based on the efficiency factor for the regulatory period 2011-2013. TenneT has the right of appeal in relation to the new Method Decision for the regulatory period (2014-2016) (and has already publicly indicated that it will make use of its right of appeal). However, it is noted that such appeal does not have suspensive effect; unless and until the court would rule otherwise, TenneT will be bound by the new Method Decision for the regulatory period (2014-2016).

The yearly revenue caps are reduced by an assumed sector productivity factor ("frontier shift") of 1.9% (adjusted to the respective consumer price index) for all costs (with the exception of the costs related to purchasing ancillary services and cross border tariffs) for the regulatory period 2011-2013. According to the new Method Decision for the regulatory period (2014-2016), the frontier shift for the next regulatory period (2014-2016) will be 1.1% per annum.

Pursuant to the new Method Decision for the next regulatory period (2014-2016) the existing compensation scheme for investment costs will not be continued. However, as from the next regulatory period (2014-2016) TenneT will receive compensation for capital costs and operation costs for regular expansion investments made during that regulatory period.

As opposed to transportation service costs, where statutory incentive regulation applies as described above, incentive regulation for system service costs is for the first time achieved through the adoption by the Authority Consumer & Market of a budget for the regulatory period 2011-2013. This applies equally to the new regulatory period (2014-2016).".

6. *The information set forth on page 9 continuing on page 10 of the Base Prospectus, under the heading "Regulatory decisions" shall be amended and restated in its entirety so that it will read as follows:*

"TenneT TSO NL's level of permitted revenues includes a component based on the weighted average costs of capital ("**WACC**"). The regulatory WACC is based on historical data which precede the regulatory period for which the WACC is determined. The WACC is determined by the extent to which TenneT TSO NL is financed by means of debt and shareholders' equity (gearing), the cost of debt capital and shareholders' equity, respectively, the corporation tax rate applicable and inflation. The actual values of all of these variables may deviate from the assumptions used by the Authority Consumer & Market. Thus, the regulatory WACC may insufficiently reflect the true cost of capital which TenneT TSO NL will incur during the relevant regulatory period, thereby positively or negatively impacting its profitability. For the current tariff regulatory period (2011-2013), the pre-tax regulatory WACC is set at 6.0% (compared with 5.4% for the previous regulatory period (2008-2010)). According to the new Method Decision for the next regulatory period (2014-2016) that was published on 2 October 2013 by the Authority Consumer & Market, the WACC for that next regulatory period (2014-2016) will be 3.6%. TenneT has the right of appeal in relation to the new Method Decision for that next regulatory period (2014-2016) (and has already publicly indicated that it will make use of its right of

appeal). A material item that has an impact on the WACC is the decrease of the interest market rates utilized in the calculation, in particular the decline of the risk free rate."

7. *The seventh paragraph of page 10 of the Base Prospectus, under the heading "Regulatory decisions" shall be amended and restated in its entirety so that it will read as follows:*

"In addition, the Authority Consumer & Market has in the Method Decisions for the current tariff regulatory period (2011-2013) incorporated cost of capital as a result of delayed compensation of investment costs as a ground for recalculation of tariffs. This incorporation will not be continued in the upcoming regulatory period (2014-2016)."

German regulatory framework – regulation of grid tariffs

8. *The third paragraph of page 12 of the Base Prospectus, under the heading "Regulation of grid tariffs (incentive regulation)", shall be amended and restated in its entirety, so that it will read as follows:*

"Under the incentive regulation in Germany, the yearly revenue cap for the first regulatory period (2009 – 2013) is based on approved grid costs from the year 2006 and will be based on the grid costs of the year 2011 for the second regulatory period (2014 – 2018). The years 2006 and 2011 are hence the designated "photo years" for the respective regulatory periods. The grid costs are separated into non-influenceable and influenceable costs, where non-influenceable costs comprise permanently non-influenceable costs (*dauerhaft nicht beeinflussbare Kosten*) and temporarily non-influenceable costs (*vorübergehend nicht beeinflussbare Kosten*). In principle, influenceable costs reflect the TSO's inefficiency and must be reduced in correspondence to the individual efficiency factor during the regulatory period. Further, influenceable costs and temporarily non-influenceable costs are adjusted by a sectoral productivity factor and consumer price index. Since TenneT TSO Germany was assessed to be 100% efficient by the regulator for the regulatory period 2009 – 2013, the yearly revenue caps for this period are only being reduced by an adjusted sectoral productivity factor of 1.25%. In the second regulatory period (2014 – 2018) the sectoral productivity factor will increase to 1.5%. The individual efficiency factor for the second regulatory period has not yet been formally determined by the BNetzA. However, during discussions with TenneT TSO Germany, the BNetzA has indicated that the individual efficiency factor will be slightly below 100% as a result of an international benchmarking on the basis of the Data Envelopment Analysis scheme, which takes into consideration the grid costs of each TSO in the base year 2011. The impact on TenneT TSO Germany's revenues caused by the minor adjustment of the individual efficiency factor is limited. As temporarily non-influenceable costs are determined based on the costs in a particular photo year, there is no 1:1-reimbursement for all actual costs in any given year of the regulatory period. However, TenneT TSO Germany can benefit (i.e. increase its profits) if it becomes more efficient during the regulatory period by reducing its temporarily non-influenceable costs below the approved grid costs."

9. *The following new paragraph will be inserted after the third paragraph on page 13 of the Base Prospectus, under the heading "Regulation of grid tariffs (incentive regulation)."*

"BNetzA is expected to issue a report assessing the performance of the current regulatory framework in 2014. Although there have been no recent announcements by the BNetzA indicating its intention to adapt the current regulatory framework, it cannot be excluded that the BNetzA may propose certain significant changes to the regime of incentive regulation. Such changes to the

regulatory framework may entail the risk that the future regulatory framework might be less favourable for TenneT TSO Germany than the current regulatory framework."

Certain developments in regard to the Connection of offshore wind farms in Germany

10. *The third paragraph of page 13 and continuing on page 14 of the Base Prospectus, under the heading "Connection of offshore wind farms", shall be amended and restated in its entirety so that it will read as follows:*

"The realization of offshore grid connections systems requires large scale investments. Capital costs and an amount of operating costs related to such investments are normally supported by the BNetzA in the form of special investment measures for which TenneT TSO Germany can apply. Such investment measures are reflected in the revenue cap without delay for a specified period of time, whereby operating costs are covered by an OPEX lump-sum which, pursuant to a formal decision issued by the BNetzA, amounts to 3.4% of the approved acquisition and production costs (*Anschaffungs- und Herstellungskosten*) of the respective investment measure. While such an OPEX lump-sum is currently deemed sufficient, it can neither be ruled out entirely that the OPEX lump-sum will be exceeded by the actual operating costs nor that the BNetzA will reduce the amount of the OPEX lump-sum by issuing a new formal decision in the future. Furthermore, TenneT TSO Germany is entitled to pass through the approved regulatory costs resulting from the construction, operation and maintenance of the offshore grid connection lines to the other TSOs. Such pass through of costs applies to both the investment measure phase and the subsequent regular incentive regulation phase. The amounts passed through are proportional to the end consumers' share of energy consumption within the respective control areas of the TSOs. While the horizontal balancing of such offshore costs requires neither any formal ex ante approval by the regulator nor a contractual arrangement amongst the TSOs, the TSOs nevertheless agreed on a horizontal balancing agreement in 2009. In this agreement, TenneT TSO Germany and the other three onshore TSOs laid down their common understanding of the rollable offshore related costs, namely (approved) capital expenditures and operating expenses of the offshore connection systems as well as compensation for any delay in cost reimbursement. This agreement has recently been re-negotiated to take into account statutory changes in the regulatory framework (e.g. the t-0 effectiveness of costs under investment budgets/measures) and to allow the entry of additional "offshore TSOs". In regard to the amount of rollable costs, the revised agreement now provides for a planned cost approach for the following year, as well as a true-up (*Ist-Abgleich*) for any deviations – excluding deviations from actual operational costs provided that the OPEX lump-sum is not exceeded during the investment measure phase – between actual and planned costs in the year thereafter. In this respect, it is noteworthy that, pursuant to the latest statutory amendment, payments of the TSOs under the horizontal balancing scheme are recognized as permanently non-influenceable costs under their individual revenue cap."

11. *The third paragraph of page 14 of the Base Prospectus, under the heading "Connection of offshore wind farms", shall be amended and restated in its entirety so that it will read as follows:*

"As a consequence of such delays, operators and developers of OWFs which have received an unconditional grid connection commitment in the past may, in principle, pursue abuse proceedings (*Missbrauchsverfahren*) vis-à-vis the BNetzA and/or claim damages in civil court proceedings. In this context, the developers of the OWF "*Deutsche Bucht*" filed for such an abuse proceeding against TenneT TSO Germany with the BNetzA claiming that TenneT TSO Germany is in breach of

its statutory obligations under the previous (now repealed) statutory framework to timely connect the OWF to its grid. While the abuse proceedings were terminated as a result of a settlement agreement which included an interim connection of the OWF "*Deutsche Bucht*", the developers of the OWF "*Borkum Riffgrund I*" and the OWF "*Borkum Riffgrund II*" have also initiated abuse proceedings requesting the BNetzA, in particular, to order TenneT TSO Germany to construct the grid connection and to begin grid operation by a specific point in time. By its decision dated 23 September 2013, the BNetzA has dismissed the latter abuse filings as unfounded, arguing in particular that the legitimate interests of the OWF developers are currently not impaired. Furthermore, the developer of the OWF "*Borkum West II*" filed a judicial claim for damages incurred as a result of delayed realization of the respective grid connection line. Similar to the OWFs "*Deutsche Bucht*", "*Borkum Riffgrund I*" and "*Borkum Riffgrund II*", the claim is based on the alleged infringement of the previous (now repealed) statutory framework. So far, the claim is limited to a partial complaint (*Teilklage*) and an application for a formal declaration by the court that TenneT TSO Germany is required to pay compensation for all current and future damages resulting from the delay."

12. *The third and fourth paragraphs of page 88 of the Base Prospectus, under the heading "TenneT TSO Germany", shall be amended and restated in its entirety so that it will read as follows:*

"As regards potential delays relating to the construction of offshore grid connection lines, the developers of the offshore wind farms "*Deutsche Bucht*", "*Borkum Riffgrund I*" and "*Borkum Riffgrund II*" filed for abuse proceedings against TenneT TSO Germany with the BNetzA on 27 June 2012 (offshore wind farm "*Deutsche Bucht*") and 21 December 2012 (offshore wind farms "*Borkum Riffgrund I*" and "*Borkum Riffgrund II*") claiming, in particular, that TenneT TSO Germany is in breach of its statutory obligations to connect the OWFs to its transmission grid system. Parallel to these (administrative) abuse proceedings, the developer of the offshore wind farm "*Deutsche Bucht*" initiated summary proceedings before a civil court requesting BNetzA, inter alia, to order TenneT TSO Germany to construct the grid connection and to begin grid operation by a specific point in time. While the administrative abuse filing initiated by the developers of the offshore wind farms "*Borkum Riffgrund I*" and "*Borkum Riffgrund II*" have recently been rejected by the BNetzA by way of a formal decision dated 23 September 2013, on 24 October 2012 TenneT TSO Germany entered into a settlement agreement with the developer of the offshore wind farm "*Deutsche Bucht*" in order to terminate all pending proceedings. As a consequence, on 24 October 2012, the application for a preliminary injunction was withdrawn. Further, on 27 November 2012, the BNetzA formally terminated the abuse proceedings.

On 10 October 2012, the developer and future operator of the offshore wind farm "*Borkum West II*" filed a claim for damages against TenneT TSO Germany. The claim is based on the allegation that TenneT TSO Germany is responsible for substantial damages incurred as a result of infringing the obligation to realize the offshore grid connection by the time that the offshore wind farm reached the status of operational readiness. So far the claim is limited to a so called "partial complaint" of EUR 200,000. However, the claimant also applied for a formal declaration by the court that TenneT TSO Germany is required to pay compensation for all current and future damages resulting from the delay. TenneT TSO Germany has comprehensively replied to and rejected the claim in its entirety. On 27 June 2013, an oral court hearing took place in which both the factual and legal aspects of the claim were comprehensively discussed. Subsequently, the court issued an order to take evidence; a further court hearing is scheduled for 21 November 2013."

Amendment Section 19(2) of the Ordinance on Tariffs for the Electricity Grid Access by the German legislator

13. *The second paragraph of page 16 and continuing on page 17 of the Base Prospectus, under the heading "Sharing of costs for gridfee benefits," shall be amended and restated in its entirety so that it will read as follows:*

"In its ruling dated 6 March 2013 the court annulled the normative basis for the grid fee reductions and/or exemptions (Section 19 (2) of the Ordinance on Tariffs for the Electricity Grid Access (*Stromnetzentgeltverordnung*, "**StromNEV**")). As a consequence, also the corresponding resolution implemented by the BNetzA in December 2011 was reversed. The BNetzA has appealed the ruling at the Federal Court of Justice and, therefore, it has not yet become final and binding (*rechtskräftig*). Furthermore, the legislator has amended the respective section of the StromNEV. Accordingly, the legislator has provided for the possibility of reducing grid fees only up to 90% with no option of being exempted entirely from grid fee payments. On 22 August 2013, the amended ordinance came into force with retroactive effect to 1 January 2012. Due to interim provisions, for the calendar years 2012 and 2013, it is expected that no significant grid fee differences will have to be balanced retroactively. However, in regard to the calendar year 2011, a complete rescission (*Rückabwicklung*) is likely to be necessary".

14. *The second paragraph of page 17 of the Base Prospectus, under the heading "Sharing of costs for gridfee benefits," shall be deleted in its entirety.*

Policy on Government Participations 2013

15. *The text under the heading "Influence of the State of the Netherlands as the sole shareholder of the Issuer" on page 20 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

"The Issuer is controlled by the State, being the sole holder of the shares in the share capital of the Issuer as well as the relevant policy maker and legislator. So far, the State has demonstrated flexibility with respect to the Issuer's dividend policy. In addition, it has a strong interest in maintaining a healthy profile for the Issuer and has agreed to lower dividends when deemed appropriate. Through its role as sole shareholder, policymaker and legislator the State has a strong influence on the Issuer's operations, which depending on the circumstances may positively or negatively influence the Issuer's business, financial condition and net income. On 18 October 2013, the Dutch government published its Policy on Government Participations 2013 (*Nota Deelnemingenbeleid 2013*, the "**Policy on Government Participations 2013**"). In the Policy on Government Participations 2013, the State resolved that it will seek further influence over the Issuer, *e.g.* in respect of important investments, whereby the existing threshold for approval will be decreased, and in respect of appointment of members of the management boards and supervisory boards of its participations (see "*Business Description of the Issuer - Corporate Governance*").

In his letter dated 18 March 2013 to the second Chamber of the Dutch Parliament, Finance Minister Dijsselbloem stated that there was an ongoing dialogue with the Issuer regarding the Issuer's capital requirements and that one of the options would be to allow minority privatisation. In the Policy on Government Participations 2013, the State announced that, for the time being, it wishes to retain full ownership of the Issuer. Furthermore, it announced that it will hold annual reviews in respect of certain of the State's participations. Every participation (including that in the Issuer), shall be evaluated at least

once every seven years in order to determine whether it is still feasible and in the public interest for the State to keep a majority interest in such participation. Such review will focus on the assessment of (i) the public order, (ii) corporate governance, (iii) the business economic position, (iv) the strategic environment of the participation and (v) the manner in which the public interests are being met.

It is noted that the business of the Issuer is regulated by the European Union's third package on the internal energy market (including the third EU Electricity Directive 2009/72/EC) and the Electricity Act (as amended to implement the aforesaid Electricity Directive 2009/72/EC)."

16. *The second paragraph under the heading "Capitalisation and Group Structure" on page 64 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

"The Issuer's sole shareholder, the State, is represented by the Ministry of Finance (as opposed to the Ministry of Economic Affairs of the Netherlands in its capacity as legislator (see "*Business Description of the Issuer, History*" below)). In his letter dated 18 March 2013 to the second Chamber of the Dutch Parliament, Finance Minister Dijsselbloem stated that there is an ongoing dialogue with the Issuer regarding the Issuer's capital requirements and that one of the options would be to allow minority privatisation. According to the Policy on Government Participations 2013, the State has the following view on its shareholding in the Issuer: "The decision whether or not to allow for a privatisation should be made on a case by case basis, without an aspiration to have the (State's) portfolio (of participations) as large or small as possible." (*translation of the original Dutch text*). In the Policy on Government Participations 2013 the State categorised its participations in three categories:

1. predetermined temporary state-ownership (*bij voorbaat tijdelijk staatsaandeelhouderschap*);
2. permanent state-ownership (*permanent staatsaandeelhouderschap*); and
3. non-permanent state-ownership (*niet-permanent staatsaandeelhouderschap*).

The category "permanent state-ownership" contains participations for which the Dutch government deems it important that the State maintains a controlling influence by means of at least a majority stake. It does not mean that by definition there cannot be any additional private or public shareholders, but the State must maintain a controlling interest. The Issuer has been placed in the "permanent state-ownership" category. The Dutch government will not seek private, financial parties to make risk-bearing investments in the Issuer's Dutch activities. However, the Dutch Government will review the possibility of entering into strategic cooperation with other transmission system operators certified based on the European rules by means of cross-participations. No transaction will take place unless this has been discussed with the second Chamber of the Dutch Parliament.

In the Policy on Government Participations 2013, the State announced that (i) for the time being, it wishes to retain full ownership of the Issuer and (ii) it will hold annual reviews in respect of the State's participations. Every participation (including that in the Issuer), shall be evaluated at least once every seven years in order to determine whether it is still feasible and in the public interest for the State to keep a majority interest in such participation. Such review will focus on the assessment of (i) the public order, (ii) corporate governance, (iii) the business economic position, (iv) the strategic environment of the participation and (v) the manner in which the public interests are being met. Furthermore, the Policy on Government Participations 2013 provides that the State will seek to increase its influence over certain of the Issuer's business decisions and the Issuer's corporate governance (see "*Business Description of the Issuer - Corporate Governance*"). It is noted that the business of the Issuer is

regulated by the European Union's third package on the internal energy market (including the third EU Electricity Directive 2009/72/EC) and the Electricity Act (as amended to implement the aforesaid Electricity Directive 2009/72/EC).".

17. *The first paragraph on page 73 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

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

In the Policy on Government Participations 2013, the State has resolved that the threshold for its right of approval of certain investments by certain of its participations will be decreased (it will make a distinction between investments that are in line with the current activities of the participations, for which a higher approval threshold may apply, and investments which are extraordinary and / or foreign, for which generally a lower threshold should apply). It is not yet clear what thresholds will apply for the Issuer and its investments. In connection with the Policy on Government Participations 2013, the Ministry of Finance advised the Issuer that it will inform the Supervisory Board in the course of 2014 with an explanation of the investment thresholds proposed by the State and, if required, a proposal for an amendment of the Issuer's articles of association. Furthermore, it will seek more influence over appointment of members of the managing boards and supervisory boards of its participations and assess those members' suitability and their affinity with the public domain. Also, the flexible remuneration policy for members of the participations' managing boards will be amended so as to be limited to twenty per cent. of a member's annual salary. For the remuneration of the participations' supervisory boards, the State will prepare a policy with similar starting points as for members of a managing board of State participations. The Ministry of Finance further announced that the Supervisory Board will receive an invitation during the course of 2014 to discuss the Issuer's remuneration policy. Also, it announced that it will send a new policy to the Supervisory Board for the remuneration of supervisory boards of State participations mid-2014. Based on that policy, the State will assess proposals to amend the Issuer's remuneration policy.

Furthermore, the Policy on Government Participations 2013 sets out that the State will seek to be involved in an early stage in regard to the strategic choices of its participations. The strategy of the participation will be assessed by the State in respect of the public interest, the financial consequences and feasibility. The State will protect its financial interest by focussing on efficiency and rate of return. Following the publication of the Policy on Government Participations 2013, the Ministry of Finance advised the Issuer that it will send an invitation to the Board of Management to discuss the norm for the rate of return that the State will establish in respect of the Issuer. The eventual norm (after establishment) will be published in the Annual Accounts Administration State participations (*Jaarverslag Beheer Staatsdeelnemingen*) which is sent to the second Chamber on an annual basis. A

second manner for the State to protect its interests is by focussing on sound capital positions and proper risk management of the relevant participation. This will likely also affect the Issuer and may lead to an amendment of its constituent documents."

18. *The third paragraph on page 73 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

"As a result of the bill "Priority for sustainability" (*Voorrang voor duurzaam*), which entered into force on 1 July 2011, a mitigated large company regime (*gemitigeerd structuurregime*) within the meaning of Section 2:265 Dutch Civil Code was introduced for the Issuer. An amendment of the articles of association of the Issuer is currently being prepared for amongst others this purpose. Also, it is possible that the articles of association will need to be amended to give effect to the decisions of the State as set out in the Policy on Government Participations 2013 (see above). The exact timing of any amendment of the articles of association has not yet been determined. Following the publication of the Policy on Government Participations 2013, the Ministry of Finance advised the Issuer that it will send a letter to the Supervisory Board within the coming months, wherein it will set out the process it envisages to follow in case of (re)appointment of members of managing boards and/or supervisory boards of the State's participations (including that in the Issuer). Whether the State will require an amendment of the Issuer's articles of association in this respect is not yet clear. Pursuant to the mitigated large company regime, members of the supervisory board are appointed by the general meeting of shareholders (*i.e.* the State) upon a (binding) nomination by the board of supervisory directors, as opposed to the previous structure of appointment by the supervisory board. The State, in its capacity as sole shareholder of the Issuer, is entitled to reject the (binding) nomination of the supervisory board, but it cannot appoint persons to the supervisory board that have not been nominated by the supervisory board. Accordingly, upon a rejection by the State of one or more of its nominated candidates for appointment, the supervisory board will need to prepare a new binding nomination, to a maximum of three times, following which the State can appoint its own candidate."

19. *The third paragraph on page 90 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

"The Issuer's sole shareholder, the State, is represented by the Ministry of Finance (as opposed to the Ministry of Economic Affairs of the Netherlands in its capacity as legislator (see "*Business Description of the Issuer, History*" below)). In his letter dated 18 March 2013 to the second Chamber of the Dutch Parliament, Finance Minister Dijsselbloem stated that there was an ongoing dialogue with the Issuer regarding the Issuer's capital requirements and that one of the options would be to allow minority privatisation. In the Policy on Government Participations 2013, the State announced that, for the time being, it wishes to retain full ownership of the Issuer. Furthermore, it announced that it will hold annual reviews in respect of certain of its participations, with every participation (including that in the Issuer) being evaluated at least once every seven years. The State will focus on sound capital positions (see "*Business Description of the Issuer - Corporate Governance*"). One of the State's starting points is that its participations should be able to finance themselves independently by raising capital on acceptable conditions. The State has in the past applied a rule of thumb that non-financial participations should have a credit rating of at least A- and financial participations should have a rating of at least AAA (this is not applicable to temporary participations). However, in the Policy on Government Participations 2013 the State found that a differentiation should be made if a participation's credit rating differs too much from the credit rating of private parties in the same sector. In that case, the Dutch Government should be able to deviate from the earlier mentioned rule of thumb, provided that it acts prudently."

Further changes to the Base Prospectus

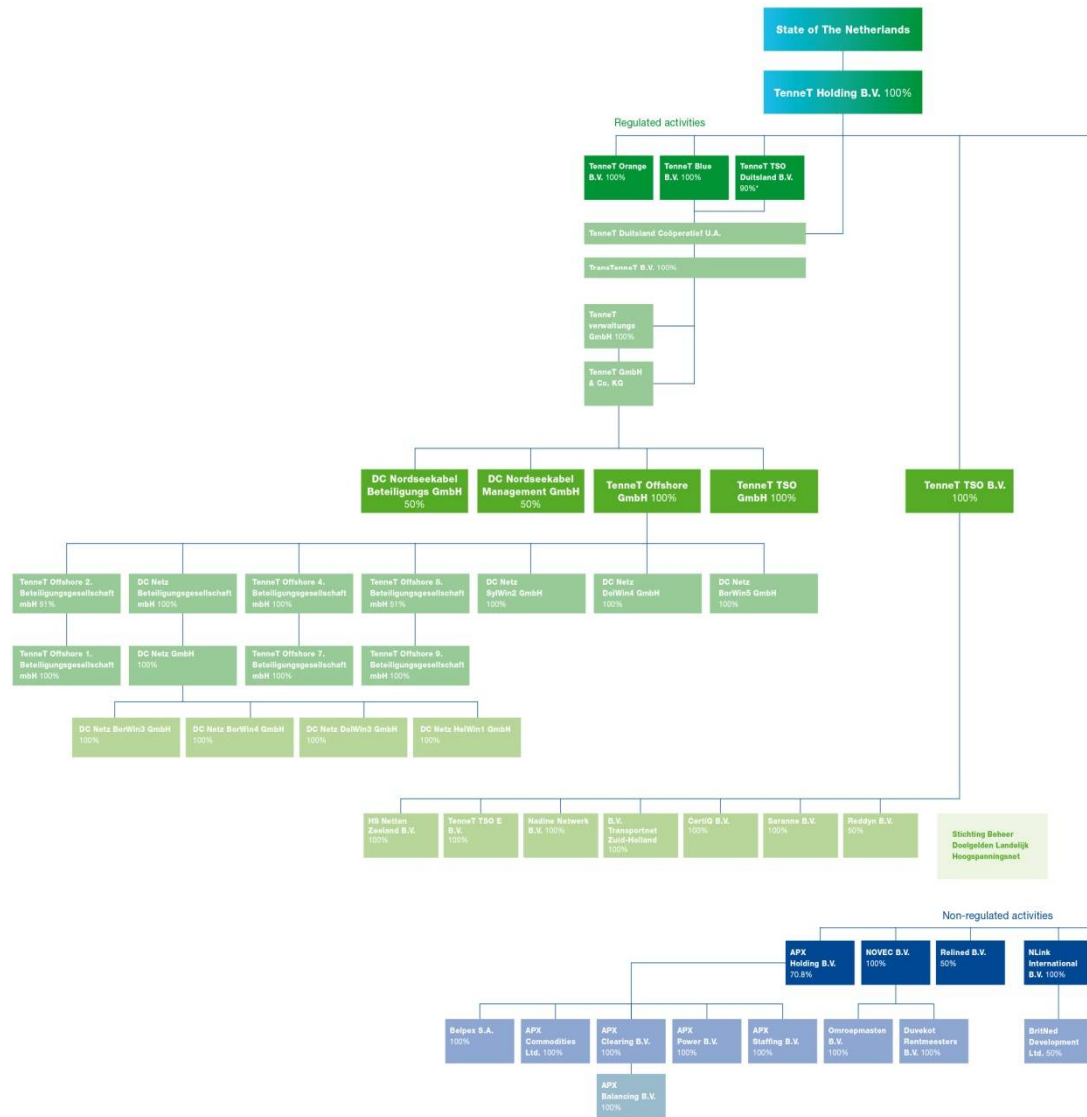
20. Page 65 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:

"The legal structure of the TenneT Group as per 30 September 2013 is as set out on the following page (minority participations are not included in the following organisation chart):"

21. The organisation chart as included on page 66 of the Base Prospectus shall be deleted in its entirety and will be replaced by the following organisation chart:

TenneT Group legal overview

(as per September 2013)



* 10% Stichting Beheer Doelgeden Landelijk Hoogspanningsnet

22. *Item (4) of the chapter "General Information" on page 105 of the Base Prospectus shall be amended and restated in its entirety so that it will read as follows:*

"There has been (i) no material adverse change in the prospects of the Issuer or of the TenneT Group since 31 December 2012 and (ii) no significant change in the financial or trading position of the Issuer or of the TenneT Group since 30 June 2013, except in each case for the following:

TenneT TSO NL's level of permitted revenues includes a component based on the WACC. The regulatory WACC is based on historical data which preceded the regulatory period for which the WACC is determined. The WACC is determined by the extent to which TenneT TSO NL is financed by means of debt and shareholders' equity (gearing), the cost of debt capital and shareholders' equity, respectively, the corporation tax rate applicable and inflation. The actual values of all of these variables may deviate from the assumptions used by the Authority Consumer & Market. Thus, the regulatory WACC may insufficiently reflect the true cost of capital which TenneT TSO NL will incur during the relevant regulatory period, thereby positively or negatively impacting its profitability. For the current tariff regulatory period (2011-2013), the pre-tax regulatory WACC is set at 6.0% (compared with 5.4% for the previous regulatory period (2008-2010)). According to the new Method Decision for the next regulatory period (2014-2016) that was published on 2 October 2013 by the Authority Consumer & Market, the WACC for that next regulatory period (2014-2016) will be 3.6%. TenneT has the right of appeal in relation to the new Method Decision for the regulatory period (2014-2016) (and has already publicly indicated that it will make use of its right of appeal)."

23. *The following new paragraph shall be inserted at the end of item (13) of the chapter "General Information" on page 107 of the Base Prospectus:*

"The condensed consolidated financial statements, part of the Issuer's Interim Financial Report 2013 have been reviewed by Ernst & Young Accountants LLP. The "registeraccountants" of Ernst & Young Accountants LLP are members of the NBA (*Nederlandse Beroepsorganisatie van Accountants* – the Netherlands Institute of Chartered Accountants). The independent auditor's review report has been produced at the request of the Issuer and has been included in the Prospectus, through incorporation by reference, with the consent of Ernst & Young Accountants LLP."