

Base Prospectus dated 8 October 2013



**Alliander N.V.**

*(Incorporated in the Netherlands with limited liability and having its corporate seat in Arnhem)*

**Euro 3,000,000,000**

**Euro Medium Term Note Programme**

Under this Euro 3,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Alliander N.V. (the "Issuer" or "Alliander", formerly known as n.v. Nuon) may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Subject as set out herein, the Notes will have a minimum maturity of one year and a maximum maturity of forty years. The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed Euro 3,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes will be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the "**relevant Dealer**" in respect of those Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

No Notes may be issued under the Programme which have a minimum denomination of less than Euro 100,000 (or equivalent in another currency).

The Notes of each Tranche (as defined herein) will (unless otherwise specified in the applicable Final Terms) initially be represented by a global Note which will be deposited on or about the issue date thereof with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or any other agreed clearance system. See "Form of the Notes" herein.

Application has been made to Euronext Amsterdam N.V. for Notes issued under the Programme up to the expiry of 12 months from the date of this Base Prospectus to be admitted to trading on NYSE Euronext in Amsterdam ("**Euronext Amsterdam**").

References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading and listing on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information not contained herein which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be delivered to Euronext Amsterdam on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any exchange or quotation system or market.

Application has been made to the Authority for the Financial Markets (the "**AFM**"), which is the competent authority in the Netherlands for the purpose of Directive 2003/71/EC as amended (the "**Prospectus Directive**") for its approval of this Base Prospectus.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the applicable Final Terms.

This Base Prospectus is issued in replacement the base prospectus dated 12 October 2012 relating to the Programme.

**Arranger**

**Citigroup**

**Dealers**

**Barclays**

**ING**

**N.V. Bank Nederlandse Gemeenten**

**Citigroup**

**Morgan Stanley**

**Rabobank International**

## IMPORTANT NOTICE

This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area).

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any other information supplied by the Issuer or such other information as is in the public domain 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 of the Dealers.

Neither the Arranger nor the Dealers have independently verified all information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Neither this Base Prospectus nor any Final Terms nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus and any Final Terms or the offering, sale or delivery of any Note does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof 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 or that there has been no adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuer and any supplement to this Base Prospectus when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands) and Japan, see "*Subscription and Sale*".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” herein).

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated as described herein)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement (as defined under “Subscription and Sale”).

All references in this document to “U.S. dollars”, “U.S.\$” and “USD” refer to United States dollars and references to “euro”, “EUR”, “€” and “Euro” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

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## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is taken from, and is qualified by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” herein, respectively, shall have the same meanings in this general description.*

Issuer:	Alliander N.V.
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealers:	Barclays Bank PLC Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) ING Bank N.V. Morgan Stanley & Co. International plc N.V. Bank Nederlandse Gemeenten
Regulatory Matters:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. See “Subscription and Sale” herein and the following summary of certain restrictions applicable at the date of this Base Prospectus.
Agent:	Citibank, N.A., London branch
Paying Agent:	Citibank International PLC
Amsterdam Listing Agent:	Citibank International PLC
Size:	Up to Euro 3,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Danish kroner, euro, Hong Kong dollars, New Zealand dollars, Swedish kroner, Swiss francs, United States dollars, sterling and Japanese yen.
Maturities:	No Notes may be issued under the Programme which have a maturity date of less than one year or which have a maturity date of more than forty years. Subject thereto, Notes may be issued with any maturity, subject to applicable laws, regulations and restrictions.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not

intended to be issued in new global note form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form ( a “**New Global Note**” or “**NGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. The Temporary Global Note will be exchangeable as described therein for either a Permanent Global Note or definitive Notes upon certain conditions including, upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a Permanent Global Note is exchangeable for definitive Notes either (i) upon not less than 60 days’ notice or (ii) upon the occurrence of an Exchange Event, as described in "Form of the Notes" herein. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate.

Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Redemption:	The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than, if applicable, for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days’ irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.
Denomination of Notes:	No Notes may be issued under the Programme which have a minimum denomination of less than Euro 100,000 (or equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Taxation:	Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in the Netherlands, subject to certain exceptions as provided in Condition 7.
Negative Pledge:	See Condition 3.
Cross Default:	See Condition 9(iii).
Status of the Notes:	The Notes will constitute direct, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.
Rating:	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

Listing and admission to trading:

Application has been made to Euronext Amsterdam N.V. for Notes issued under this Base Prospectus to be admitted to trading and listed on Euronext Amsterdam. The Notes may also be admitted to listing, trading and/or quotation by such other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each issue will state whether or not the Notes are to be admitted to listing, trading and/ or quotation and, if so, by which listing authority, stock exchange and/or quotation system.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, the laws of the Netherlands.

Selling Restrictions:

There are selling restrictions in relation to the laws of the Netherlands, Japan, the United Kingdom and the United States, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale" herein.

Risk Factors:

Investing in Notes issued under the Programme involves certain risks. The risk factors that may affect the abilities of the Issuer to fulfil their respective obligations under the Notes are discussed under "Risk factors" below.



## RISK FACTORS

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside its control. The Issuer has identified in this Base Prospectus factors which could materially adversely affect its businesses and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

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

#### Risks related to Cross Border Lease Agreements

In the period 1998 to 2000, various energy companies in the Netherlands, including the Issuer, entered into cross-border leases (“**CBLs**”) for networks. These concern complex financial transactions with long durations which have been structured in such a way that the amounts placed on deposit and invested in securities (including interest received) at the start of the contracts are generally sufficient to meet the future payment obligations (lease instalments and amounts payable upon the possible exercise of the purchase option). The most important risk in respect of CBLs consists of an early termination of the transaction as a result of the occurrence of certain events of default or loss as laid down in the documentation, where the Issuer is liable to pay the termination value. This risk is proactively monitored, partly through a CBL-committee that is chaired by the Chief Financial Officer. A clear policy for the CBLs has been formulated and is actively adhered to. This policy is aimed at the further mitigation of the risks.

At the end of 2012 the maximum ‘strip risk’ (the portion of the ‘termination value’ – the possible compensation payable to the American counterparty in the event of early termination of the transaction – which cannot be settled from the deposits and investments held for this purpose) for all transactions together amounted to USD 326 million (2011: USD 450 million). To cover the equity strip risk (the portion of the strip risk that involves the equity investments by US investors which cannot be settled by the investments held for this purpose), amounting to USD 268 million at the end of 2012 (2011: USD 322 million<sup>1</sup>), the Issuer has provided the investors involved with security in the form of letters of credit for an amount of USD 74 million (2011: USD 103 million) in various transactions. The number and size of the letters of credit to be issued depend partly on the Issuer’s credit rating. The drop in the amount of the maximum strip risk as at year-end 2012 compared with the 2011 position is largely due to interest rate movements.

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

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

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

The Issuer’s income depends on dividends received from its subsidiaries. The Issuer’s largest subsidiaries, Liander N.V. and Endinet B.V. (“**the Grid Managers**”), derive their revenues to a large extent from regulated activities. These revenues depend on governmental regulations and European legislation,

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<sup>1</sup> In connection with a change in the definition of the equity strip risk in 2012, whereas a correction on the valuation of a specific investment as part of the strip risk is now included in the equity strip risk valuation, the comparative figures for 2011 have been restated for presentation purposes. The strip risk as such has not changed. The change entails that the valuation of this specific investment as part of the strip risk has been amended to mark-to-market valuation, whereas until 2012, this investment was valued based on Libor. Therefore the comparative figures for 2011 have been restated for presentation purposes.



which implies that the Issuer's net income is sensitive to regulatory amendments.

The impact of the Dutch regulatory framework in its current form on the income of the Issuer can be illustrated by the fact that in 2012, 92% of the Issuer's consolidated revenues were generated by regulated activities.

The revenues of the Grid Managers are subject to ex ante regulation by the Energy Department of the Dutch Authority for Consumers & Markets (the "**Energy Chamber**"). Therefore the regulatory framework has a substantial effect on the dividend income of the Issuer.

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

The level of permitted revenues of the Grid Managers includes a component based on the weighted average costs of capital ("**WACC**"). The variables used to calculate the WACC are the cost of equity, the cost of debt, the relative percentages of debt and equity in the capital structure and the corporate tax rate. The cost of equity represents the expected return on investment for the shareholders. The Issuer is the sole shareholder of the Grid Managers. The cost of debt represents the expected cost of debt for a company with an "A" credit rating. As is the case for almost all other cost factors the Energy Chamber bases the WACC on data which precede the regulation period for which the WACC is determined. Thus, the WACC may insufficiently reflect the costs of capital which the Grid Managers will effectively incur during the relevant regulation period, negatively impacting their profitability. For the current tariff regulation period (2011 - 2013), the cost of equity is set at 7.96% and the cost of debt at 5.45%. In addition, the actual capitalisation of the Grid Managers may differ from the 60/40 debt/equity ratio assumed in the Method Decision, which could also negatively impact the profitability of the Grid Managers. Finally, the actual corporate tax rate may deviate from the corporate tax rate assumed in the Method Decision, which could negatively impact the profitability of the Grid Managers. On 2 October 2013 the Energy Chamber published its method decision for the next tariff regulation period (2014-2016).<sup>2</sup> As result of this method decision the cost of equity will decrease to 5.6% and the cost of debt will decrease to 3.85% in the next tariff regulation period.

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

### **Political risk**

The uncertainties related to the political decision-making about such issues as the restructuring and up scaling of the network companies and the introduction of the smart meter influence the company's development.

### **Commodity price risk**

Market price risk related to the procurement of electricity can have an impact on the financial results of the Issuer. The need to procure electricity stems from the fact that grid operators have to replace electricity that is lost in the distribution of electricity. In general, these grid losses are estimated from the discrepancy between energy produced (as reported by power plants) and energy sold to end customers. The annual average grid losses are estimated at 1.5TWh.

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<sup>2</sup> [www.acm.nl](http://www.acm.nl)

### **Available labour capacity for strategic staff planning.**

In view of its ageing workforce, the Issuer needs to have company-wide insight into the expected overall staffing developments and requirements for the medium term. Natural attrition of staff is likely to lead to a net departure of technical and engineering staff in the coming years.

Moreover, given the number of externally hired full-time employees (FTEs) in the past years – mainly in connection with the implementation of projects – there is the risk of the Issuer becoming too dependent on external hiring of technical and engineering staff. This gives rise to the specific risk that the knowledge that these hired employees have acquired in essential and specific areas of expertise is lost upon their departure, even though the Issuer has entered into alliances with various educational institutions to educate its staff about various internal requirements.

### **Risks related to the market generally**

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

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

#### **Exchange rate risks and exchange controls**

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

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

#### *Interest rate risks*

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

#### *Credit ratings may not reflect all risks*

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

### **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

##### *Notes subject to optional redemption by the Issuer*

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

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

##### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

##### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

##### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal

amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **Risks related to Notes generally**

In relation to any issue of Notes that have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of Euro 100,000 (or its equivalent) that are not integral multiples of Euro 100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Set out below is a description of material risks relating to the Notes generally:

#### *Modification, waivers and substitution*

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

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Foreign Account Tax Compliance Act Withholding*

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.. The Issuer's obligations under the Notes are discharged once the Paying Agent has paid the clearing systems and the

Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

#### *Change of law*

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

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### **Legal investment considerations may restrict certain investments**

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



## INFORMATION INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the AFM shall be incorporated in, and to form part of, this Base Prospectus:

- (a) the most recent Articles of Association (*statuten*) of the Issuer;
- (b) the following sections of the annual report of the Issuer for the financial year ended 31 December 2012 (English version):
  - audited consolidated annual financial statements (pages 101 - 104)
  - notes to the audited consolidated annual financial statements (pages 105 – 156)
  - auditor's report (pages 166-167); and
- (c) the following sections of the annual report of the Issuer for the financial year ended 31 December 2011 (English version):
  - audited consolidated annual financial statements (pages 92 - 96)
  - notes to the audited consolidated annual financial statements (pages 97 - 150)
  - auditor's report (page 158).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the AFM in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer, the Arranger and the Paying Agents (at their specified offices) will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the written or oral request of such person, a copy of any or all of the information which is incorporated herein by reference. Written or oral requests for such information should be directed to the specified office of any Paying Agent set out at the end of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can also be obtained from [www.alliander.com](http://www.alliander.com). The Annual Report of 2012 can be obtained from <http://www.alliander.com/en/alliander/investors/publications/index.htm>, the Annual Report of 2011 can be obtained from <http://www.alliander.com/en/alliander/investors/publications/index.htm> under "Archive" and the most recent Articles of Association (*statuten*) of the Issuer can be obtained from <http://www.alliander.com/nl/alliander/over-alliander/corporate-governance/statuten/index.htm>.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

## **RESPONSIBILITY STATEMENT**

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



## FORM OF THE NOTES

Each Tranche of Notes will (unless otherwise indicated in the applicable Final Terms) be initially represented by a temporary global Note (a “**Temporary Global Note**”) or, if so specified in the applicable Final Terms, a permanent global Note (a “**Permanent Global Note**”) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear and Clearstream Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depository (the “**Common Depository**”) for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Final Terms.

On and after the date (the “**Exchange Date**”) which is not less than 40 days after the date on which the Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (free of charge), as described therein and in the applicable Final Terms, either for (a) interests in a Permanent Global Note of the same series or (b) for definitive Notes of the same series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” herein) the Agent shall arrange that, where a Temporary Global Note representing a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream, Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series.

Definitive Notes will be in the standard euromarket form with Coupons or Talons for further Coupons attached. Definitive Notes and global Notes will be to bearer.

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part for security printed definitive Notes with, where applicable, interest coupons or coupon sheets and talons attached. Such exchange may be made, as specified in the applicable Final Terms either: (i) upon not less than 60 days’ written notice being given to the Agent by Euroclear, Clearstream, Luxembourg and/or another relevant Clearing System (acting on the instructions of any of its

participants) as described therein or (ii) only upon the occurrence of an Exchange Event.

An “**Exchange Event**” means (1) an Event of Default (as defined in Condition 9) has occurred and is continuing, (2) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (3) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event.

In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the global Note may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 45 days after the date on which the relevant notice is received by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. As at the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form.

The following legend will appear on all global Notes, definitive Notes and interest coupons (including talons):

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, or interest coupons.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg as the case may be.

Pursuant to the Agency Agreement the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 of the Notes. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, holders of interests in such global Note credited to their accounts with the relevant clearing system(s) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) and subject to the terms of the relevant global Note.

## FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

**ALLIANDER N.V.**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

**under the Euro 3,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 8 October 2013 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (the “**Prospectus Directive**” and must be read in conjunction with the Base Prospectus dated 8 October 2013 which constitutes a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at Utrechtseweg 68, 6812 AH Arnhem, the Netherlands and [www.alliander.com](http://www.alliander.com) and copies may be obtained from Utrechtseweg 68, 6812 AH Arnhem, the Netherlands.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions as set out in Schedule [ ] to this document. This document constitutes the Final Terms of the securities described herein for the purposes of Article 5.4 of the Prospectus Directive, save in respect of the Conditions which are replaced by the Conditions as set out in Schedule [ ] to this document. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 8 October 2013, save for the Conditions, which are replaced by the Conditions as set out in Schedule [ ] to this document. Copies of such documents are available for viewing at the registered office of the Issuer, currently at Utrechtseweg 68, 6812 AH Arnhem, the Netherlands and on [www.alliander.com](http://www.alliander.com) and copies may be obtained from Utrechtseweg 68, 6812 AH Arnhem, the Netherlands.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

1. Issuer: Alliander N.V.
2. (a) Series Number: [ ]

- (b) Tranche Number: [ ]
- (c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [*date*]]Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (a) Series: [ ]
- (b) Tranche: [ ]
5. (a) Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]] (*if applicable*)
6. (a) Specified Denominations: [ ]  
[ ]
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (b) Calculation Amount *(If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [ ]
8. Maturity Date: [*Fixed rate - specify date/ Floating rate - Interest Payment Date falling in or nearest to [specify month]*]

9. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[[ ] month [LIBOR/EURIBOR] ] +/- [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 (see paragraph [14]/[15]/[16] below )
10. Redemption: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs] [Not Applicable]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(see paragraph [18]/[19] below )]
13. [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ] , respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] ] [Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(f) Determination Date(s): [ ] in each year] [Not Applicable]

*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*

15. Floating Rate Note Provisions

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Specified Period(s)/Specified Interest Payment Dates: [ ]

(b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]

(c) Additional Business Centre(s): [ ]

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]

(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]

(f) Screen Rate Determination:

• Reference Rate: Reference Rate: [ ] month [LIBOR/EURIBOR].

• Interest Determination Date(s): [ ]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

• Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate)*

(g) ISDA Determination:

• Floating Rate Option: [ ]

• Designated Maturity: [ ]

• Reset Date: [ ]

*(being the first day of the Interest Period)*

(h) Margin(s): [+/-] [ ] per cent. per annum

(i) Minimum Rate of Interest: [ ] per cent. per annum

(j) Maximum Rate of Interest: [ ] per cent. per annum

(k) Day Count Fraction: [[Actual/Actual (ISDA)],[Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond basis]  
30E/360 (ISDA)]

16. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Accrual Yield: [ ] per cent. per annum

(b) Reference Price: [ ]

(c) Day Count Fraction in relation to the Early Redemption Amount: [30/360][Actual/360][Actual/365]

#### PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b): Minimum Period: [ ] days

Maximum Period: [ ] days

18. Issuer Call:

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [[ ] per Calculation Amount

(c) If redeemable in part:

(i) Minimum Redemption Amount: [ ]



(ii) Maximum Redemption Amount: [ ]

(d) Notice periods: Minimum Period: [ ] days  
Maximum Period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

19. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [ ] per Calculation Amount

(c) Notice periods: Minimum Period: [ ] days  
Maximum Period: [ ] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

20. Final Redemption Amount: [ ] per Calculation Amount

21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [ ] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

(a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]

*(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:*

*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

(b) New Global Note:

[Yes] [No]

23. Additional Financial Centre(s):

[Not Applicable/give details]

*(Note that this item relates to the place of payment and not Interest Period end dates to which subparagraphs 15(c) relates)*

24. Talons for future Coupons to be attached to Definitive Notes:

[Yes as the Notes have more than 27 coupon payments. Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

25. Whether Condition 7 of the Notes applies:

[Condition 7 applies / does not apply]

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [NYSE Euronext in Amsterdam/*specify other relevant regulated and, if relevant, listing on an official list*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [NYSE Euronext in Amsterdam /*specify other relevant regulated and, if relevant, listing on an official list*] with effect from [ ].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)<sup>3</sup>*

- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]. [Each of [defined terms] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**")]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer [ ]

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<sup>3</sup> It may be necessary to use a drawdown prospectus for some issues of fungible notes.

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds: [ ]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [ ].

## 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## 6. HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].

## 7. OPERATIONAL INFORMATION

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]

(vi) Deemed delivery of clearing system notices for the purposes of Condition 13: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

(vii) Intended to be held in a manner which would allow Eurosystem [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be

eligibility:

deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name and address of relevant Dealer: [Not Applicable/*give name and address*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]

## **SCHEDULE TO THE FINAL TERMS**

*(In relation to a tranche of Notes which is being increased and was originally issued under a Base Prospectus or Prospectus with an earlier date than the current Base Prospectus, insert full terms and Conditions which shall be in the form set out in the previous Base Prospectus or Prospectus which, in the case of a listed issue shall have been previously approved by the relevant competent authority)*

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each global Note and which will be endorsed on (or, if permitted by the relevant listing authority, stock exchange and/or quotation system and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each global Note and definitive Note. Reference should be made to “**Applicable Final Terms**” above for a description of the content of the Final Terms which include the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by Alliander N.V. (the “**Issuer**”, which expression shall include any Substituted Debtor pursuant to Condition 16) pursuant to the Agency Agreement (as defined below). References herein to the “**Notes**” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The holders of the Notes and the Coupons (as defined below) are deemed to have notice of, are entitled to the benefit of and are subject to the provisions of an amended and restated agency agreement (the “**Agency Agreement**”, which expression shall include any amendments or supplements thereto or any restatement thereof) dated 8 October 2013 and made between the Issuer, Citibank, N.A. as issuing and principal paying agent and agent bank (in such capacity the “**Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes will have interest coupons (“**Coupons**”) and, if indicated in the applicable Final Terms, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Any reference herein to “**Noteholders**” shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “**Couponholders**” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

The Final Terms for this Note are endorsed hereon or attached hereto or applicable hereto or, if permitted by the relevant listing authority, stock exchange and/or quotation system, incorporated by reference herein and supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “**applicable Final Terms**” are to the Final Terms for this Note.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.



## 1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the Applicable Final Terms.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./ N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a global Note held by a common depositary for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms. Any amendments to these Terms and Conditions in connection with such additional or alternative clearing system shall be specified in the applicable Final Terms.

## 2. Status of the Notes

The Notes and the relative Coupons constitute direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and, subject as provided in Condition 3, with all other present and future unsecured and unsubordinated obligations of the Issuer (save for those preferred by mandatory provisions of law) from time to time outstanding.

## 3. Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not grant or permit to be outstanding, and the Issuer will procure that there is not granted or permitted to be outstanding, and will procure that none of the Material Subsidiaries (as defined in Condition 9) will grant or permit to be outstanding, any mortgage, charge, lien, pledge or other security interest over any of its present or future assets or revenues or any part thereof, to secure any Relevant Indebtedness or any guarantee thereof unless the Issuer shall, in the case of the granting of the security, before or at the same time, and in any other case, promptly, procure that all amounts payable under the Notes are secured equally and rateably or that such other security or other arrangement is provided as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For this purpose "**Relevant Indebtedness**" means any indebtedness, present or future, in the form of or represented by notes, bonds, debentures, debenture stock, loan stock, certificates or other similar instruments which are, or are capable of being, listed, quoted or traded on or admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or other securities market (including, without limitation, any over-the-counter market).

## 4. Interest

### (a) Interest on Fixed Rate Notes

This Condition 4 (a) applies to Fixed Rate Notes only. The applicable Final Terms contain provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) **Interest on Floating Rate Notes**

This Condition 4(b) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4(b) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Financial Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(b) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, “**Business Day**” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam, London and each Additional Business Centre specified in the applicable Final Terms; and
  - (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the “**TARGET2 System**” (the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System) is open.
- (ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms on the following basis:

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if in the case of (a) above, no such offered quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

In this Condition 4(b)(ii)(B), the expression **Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms; and the expression **Specified Time** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of the Notes will be determined as provided in the applicable Final Terms.

(iii) *Minimum and/or Maximum Rate of Interest*



If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph b above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph b above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (c) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (e) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day Count Fraction =

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest

Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Interest Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case  $D_2$  will be 30;

- (g) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Interest Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

- (v) *Notification of Rate of Interest and Interest Amount*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13.

- (vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders, Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent,



in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(f) **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 or individually.

**5. Payments**

(a) **Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney); and
- (ii) payments in euro shall be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

(b) **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon

provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) ***Payments in respect of Global Notes***

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) ***General provisions applicable to payments***

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) ***Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of such delay.

For these purposes (unless otherwise specified in the applicable Final Terms), **“Payment Day”** means:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (a) in the case of Notes in definitive form only, the relevant place of presentation; ;
  - (b) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars shall be Sydney) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System

is open.

(f) **Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vi) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

**6. Redemption and Purchase**

(a) **At Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the Applicable Final Terms.

(b) **Redemption for Tax Reasons**

Unless the applicable Final Terms provides that Condition 7 does not apply, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than the minimum period and not more than the maximum period of notice specified in the Applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) if on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) **Redemption at the Option of the Issuer**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given:

- (i) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13; and
- (ii) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case

of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

(d) **Redemption of Notes at the Option of the Noteholders**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period and not more than the maximum period of notice as specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “**Put Notice**”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg, from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(d) and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(e) **Early Redemption Amount**

For the purpose of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount;
- (iii) in the case of a Zero Coupon Note, at an amount (the “**Amortised Face Amount**”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^Y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

$y$  is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365) (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365).

(f) **Purchases**

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) **Cancellation**

All Notes which are redeemed or purchased by the Issuer or any of its subsidiaries will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 6(h) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

(h) **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6(e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 13.

**7. Taxation**

Unless otherwise specified in the relevant Final Terms, all payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:

- (a) by or on behalf of a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note or Coupon or the receipt of principal or interest in respect thereof; or
- (b) by or on behalf of a Noteholder or Couponholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or



- (c) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the **“Relevant Date”** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of five years after the date on which the relevant payment first becomes due.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

## 9. Events of Default

If any one or more of the following events (each an **“Event of Default”**) shall have occurred and be continuing:

- (i) default is made for more than 14 days in the payment of interest or 7 days in the payment of principal in respect of the Notes; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 30 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) if any Indebtedness of the Issuer or any Material Subsidiary, in each case having an outstanding aggregate principal amount of at least Euro 50,000,000 (or its equivalent in any other currency or currencies), shall become due and payable prior to the stated maturity thereof following a default or any security therefor becomes enforceable, or, in the case of finance or capital leases as referred to in sub-paragraph (iii) of the definition of Indebtedness, if the counterparty accelerates the obligations of the Issuer or any Material Subsidiary, as the case may be, under such capital or finance lease, or the Issuer or any Material Subsidiary fails to make repayment of any such loan or debt at the maturity thereof or at the expiration of any grace period originally applicable thereto or any guarantee of any loan, debt or other moneys given by the Issuer or any Material Subsidiary shall not be honoured when due and called upon; or
- (iv) if any order is made by any competent court or resolution passed for the winding up, liquidation or dissolution of the Issuer or any Material Subsidiary save either (a) for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders or (b) in the case of a Material Subsidiary, a solvent winding up where all (or substantially all) of the assets of such Material Subsidiary are vested in the Issuer or another Material Subsidiary or (c) in the case of the Issuer in connection with a reorganisation under which the continuing entity effectively assumes all the rights and obligations of the Issuer; or
- (v) the Issuer or any Material Subsidiary is or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law in its jurisdiction of incorporation or is adjudicated bankrupt, is granted a suspension of payments (*surséance van betaling*) or becomes subject to special measures within the meaning of Section 3.5.5 of the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*); or
- (vi) if:

- (A) the Issuer or any Material Subsidiary ceases to carry on the whole or substantially the whole of its business except for the purposes of any demerger, merger, consolidation or reconstruction in the case where either (a) prior consent thereto has been given by an Extraordinary Resolution of the Noteholders, or, in the case of the Issuer, (b) the surviving or resulting company assumes all of the rights and obligations of the Issuer with respect to the Notes, or, in the case of any Material Subsidiary, (c) another Material Subsidiary takes over that part of the business which such initial Material Subsidiary ceases to carry on; or
  - (B) the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due; or
- (vii) if:
- (A) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable bankruptcy, liquidation, insolvency, composition, reorganisation or other similar laws; or
  - (B) an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to the whole or a material part of the undertaking or assets of any of them; or
  - (C) an encumbrancer takes possession of the whole or a material part of the undertaking or assets of the Issuer or any Material Subsidiary; or
  - (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of the Issuer or any Material Subsidiary, and in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (viii) if the Issuer or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

For the purposes of these Conditions:

**“Auditors”** means PricewaterhouseCoopers Accountants N.V. or, in the event of their being unable or unwilling to carry out any action requested of them, such other reputable firm of international accountants as may be nominated by the Issuer;

**“Group”** means the Issuer and its Subsidiaries from time to time;

**“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised under any note purchase facility;
- (ii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iii) the amount of any liability in respect of any purchase price for assets or services the payment of which is contractually deferred for a period in excess of 90 days; and
- (iv) amounts raised under any transaction (including, without limitation, any forward sale or



purchase agreement) having the commercial effect of a borrowing;

**“Material Subsidiary”** means, at any time, any Subsidiary of the Issuer whose net turnover (consolidated in the case of a company which itself has Subsidiaries) represents not less than 10 per cent. of the consolidated total net turnover of the Group taken as a whole, as calculated by reference to the then most recent financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then most recent consolidated financial statements of the Group but if a Subsidiary has been acquired since the date as at which the then most recent consolidated financial statements of the Group were prepared, the financial statements shall be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by a director of the Issuer as representing an accurate reflection of the revised net turnover of the Group); and

**“Subsidiary”** means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation;

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

A report by a director of the Issuer that in his opinion a subsidiary is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Noteholders and the Couponholders. Such report may, if requested, be accompanied by a report from the Auditors addressed to the Directors of the Issuer as to proper extraction of figures used by the Directors of the Issuer in determining a Material Subsidiary as to mathematical accuracy of the calculations.

## **10. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system;
- (ii) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;
- (iii) there will at all times be an Agent; and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(b). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **13. Notices**

All notices regarding the Notes shall be published (i) in at least one daily newspaper of wide circulation in the Netherlands and (ii) if and for so long as the Notes are listed on NYSE Euronext in Amsterdam and the rules of that exchange so require, by the delivery of the relevant notice to Euronext Amsterdam and through a press release which will also be made available on the website of the Issuer ([www.alliander.com](http://www.alliander.com)). Any such notice will be deemed to have been given on the date of the first publication in all the newspapers and/or through all the other channels through which such publication is required to be made.

Until such time as any definitive Notes are issued, there may (provided that, in the case of any publication required by a listing authority, stock exchange and/or quotation system, the rules of the listing authority, stock exchange and/or quotation system so permit), so long as the global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **14. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An

Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons, the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Netherlands law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

## 15. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## 16. Substitution of the Issuer

- (a) The Issuer may, with the consent of the Noteholders or Couponholders which will be deemed to have been given in respect of each issue of Notes on which no payment of principal or interest on any of the Notes is in default, be replaced and substituted by any directly or indirectly wholly owned subsidiary of the Issuer (the “**Substituted Debtor**”) as principal debtor in respect of the Notes and the relative Coupons provided that:
  - (i) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the “**Documents**”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by the Terms and Conditions of the Notes and the provisions of the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, and the relative Coupons and the Agency Agreement as the principal debtor in respect of the Notes and the relative Coupons in place of the Issuer and pursuant to which the Issuer shall guarantee, which guarantee shall be unconditional and irrevocable, (the “**Guarantee**”) in favour of each Noteholder and each holder of the relative Coupons the payment of all sums (including any additional amounts payable pursuant to Condition 7) payable in respect of the Notes and the relative Coupons;
  - (ii) where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Netherlands, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 with the substitution for the references to the Netherlands of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor, the Issuer to indemnify and hold harmless each Noteholder and Couponholder against all liabilities, costs, charges and expenses, provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred by or levied against such holder as a result of any substitution pursuant to this Condition and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder or Couponholder by any political sub-division or taxing authority of any country in which such Noteholder or Couponholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

- (iii) the Documents shall contain a warranty and representation by the Substituted Debtor and the Issuer (a) that each of the Substituted Debtor and the Issuer has obtained all necessary governmental and regulatory approvals and consents for such substitution and the performance of its obligations under the Documents, and that all such approvals and consents are in full force and effect and (b) that the obligations assumed by each of the Substituted Debtor and the Issuer under the Documents are all valid and binding in accordance with their respective terms and enforceable by each Noteholder;
  - (iv) each listing authority, stock exchange and/or quotation system which has admitted Notes to listing, trading and/or quotation thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the admission to listing, trading and/or quotation of such Notes would be maintained by such listing authority, stock exchange and/or quotation system;
  - (v) the Substituted Debtor shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of local lawyers acting for the Substituted Debtor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent; and
  - (vi) the Issuer shall have delivered to the Agent or procured the delivery to the Agent of a legal opinion from a leading firm of Dutch lawyers acting for the Issuer to the effect that the Documents (including the Guarantee) constitute legal, valid and binding obligations of the Substituted Debtor, the Issuer under Dutch law, such opinion to be dated not more than three days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders and Couponholders at the specified office of the Agent.
- (b) In connection with any substitution effected pursuant to this Condition, neither the Issuer nor the Substituted Debtor need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and no Noteholder or Couponholder, except as provided in Condition 16(a)(ii), shall be entitled to claim from the Issuer or any Substituted Debtor under the Notes and the relative Coupons any indemnification or payment in respect of any tax or other consequences arising from such substitution.
  - (c) Upon the execution of the Documents as referred to in paragraph (a) above, and subject to the notice referred to in paragraph (e) below having been given the Substituted Debtor shall be deemed to be named in the Notes and the relative Coupons as the principal debtor in place of the Issuer and the Notes and the relative Coupons shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes and the relative Coupons save that any claims under the Notes and the relative Coupons prior to release shall enure for the benefit of Noteholders and Couponholders.
  - (d) The Documents shall be deposited with and held by the Agent for so long as any Notes or Coupons remain outstanding and for so long as any claim made against the Substituted Debtor by any Noteholder or Couponholder in relation to the Notes or the relative Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Noteholder and Couponholder to the production of the Documents for the enforcement of any of the Notes or the relative Coupons or the Documents.
  - (e) Not later than 15 business days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 13.

## **17. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith, are governed by, and shall be construed in accordance with, the laws of the

Netherlands.

The Issuer submits for the exclusive benefit of the Dealers, the Noteholders and the Couponholders to the jurisdiction of the Court of first instance (*rechtbank*) of Amsterdam, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Dealer Agreement, Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith may be brought in any other court of competent jurisdiction.

### **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the Issuer for its general corporate purposes.

## ALLIANDER N.V.

The figures contained in this description relate solely to the consolidated figures as mentioned in the annual report 2012 of Alliander N.V.

### Incorporation and shareholders

Alliander N.V. ("**Alliander**") was incorporated on 17 December 1998. Alliander is registered in the Arnhem Chamber of Commerce under number 34108286. It is a limited liability corporation duly incorporated under the laws of the Netherlands and has its registered office at Utrechtseweg 68, 6812 AH Arnhem, Postbus 50, 6920 AB Duiven, the Netherlands (phone number: +31 88 5426363).

Alliander's Articles of Association were last amended by notarial deed executed on 27 March 2013 before Mr. K.A. Verkerk, civil law notary in Arnhem. Alliander was formed through the merger of energy companies in the provinces of Noord-Holland, Zuid-Holland, Gelderland, Flevoland and Friesland. Alliander's shareholders comprise almost 80 public authorities, including the Province of Gelderland (44.68%), BV Houdstermaatschappij Falcon (Province of Friesland) (12.65%), Province of Noord Holland (9.16%), Municipality of Amsterdam (9.16%). These four largest shareholders have a controlling interest of 75.65%. The shareholders do not assume any responsibility for the debts of Alliander N.V. or its subsidiaries.

### Profile Alliander group

Alliander is a network company in the energy sector and owns the electricity and gas grids in about a third of the Netherlands. It has over 6,800 employees. Alliander's subsidiaries Liander N.V. ("**Liander**") and Endinet B.V. ("**Endinet**"), as Grid Managers, perform the statutory management task in respect of the cables, pipelines and related equipment in Gelderland, Friesland, Flevoland, Noord-Holland, a part of Zuid-Holland and the eastern part of Brabant. The Grid Managers are responsible for connections to the energy infrastructure and for transportation of electricity and gas for 3.3 million customers. Alliander also provides services relating to the installation and maintenance of complex energy infrastructures, such as high voltage installations and private energy grids. These activities are performed by its subsidiary Liandon B.V. ("**Liandon**").

Alliander aspires to fulfill its public responsibilities in a committed and reliable way. A key objective is to realise balanced growth for all its stakeholders: customers, staff, shareholders, the environment and society. Alliander acts at all times with an awareness of the social significance of energy to its customers and for society.

Alliander also feels responsible for helping to achieve a more sustainable supply of energy in the Netherlands. Achieving more sustainable and more decentralised generation of energy places high demands on the energy infrastructure and represents a challenge for network companies. Alliander sees it as its responsibility, along with that of other parties, to facilitate the advancement of sustainability at a price that is acceptable to society.

Alliander was formerly known as n.v. Nuon and consisted of both a network company and a production and supply company. Due to the Independent Network Operation Act (the "**WON**"), the company unbundled into an independent network company and an independent production and supply company. The legal unbundling took place in full on 1 July 2009.

### Profile Alliander N.V.

Alliander is the holding company of the Alliander group which group comprises, among others, the regulated broad grid managers, named Liander N.V. and Endinet B.V. (since 1 July 2010) and installation and maintenance services provider to complex energy structures, named Liandon B.V.



Important grid manager data			
	Unit	2012	2011
Number of electricity customers	in thousands	3.087	3.057
Number of gas customers	in thousands	2.644	2.630
Number of new electricity connections	in thousands	31	36
Number of new gas connections	in thousands	22	23
Number of smart meters	in thousands	379	154
Number of disconnections <sup>1</sup>	in thousands	12,4	12,1
Transported electricity volumes	GWh	30.522	30.576
Transported gas volumes	million m <sup>2</sup>	7.461	7.039
High-voltage (110/150 kV)	kilometres	412	551
Intermediate-voltage (50 kV)	kilometres	1.805	1.808
Medium-voltage (3/10/20 kV)	kilometres	37.009	36.717
Low-voltage (0,23 kV)	kilometres	48.059	48.407
<b>Size of electricity transport network</b>	<b>kilometres</b>	<b>87.285</b>	<b>87.483</b>
High-pressure (greater than 0,2 bar)	kilometres	7.102	7.131
Low-pressure (less than 0,2 bar)	kilometres	35.410	35.329
<b>Size of gas transport network</b>	<b>kilometres</b>	<b>42.512</b>	<b>42.460</b>

<sup>1</sup> The number of connections relates to the number of properties disconnected due to e.g. end of supply, payment arrears or fraud

## Profile Grid Managers

Liander and Endinet (since 1 July 2010) are responsible for connecting and transporting gas and electricity. In 2010, the reliability of the grids operated by the Grid Managers exceeded 99.99%.

Generating about 92% of the revenue of the Alliander group, the Grid managers are Alliander's largest business units. The Grid Managers have 3.3 million customers in Gelderland and Noord-Holland and in large areas of Flevoland, Friesland, Zuid-Holland and Brabant.

The Grid Managers' duties are laid down by law. The Energy Department of the Authority for Consumers & Markets (*ACM/Energie*) monitors compliance. These statutory duties are:

- To connect customers to the electricity grid
- To transport electricity and gas via the electricity and gas grid
- To build, maintain, expand and repair energy grids
- To solve power outages and gas leaks
- To contribute to the free energy market by making it possible to switch to another supplier.

The Grid Managers also offer other services, such as building, managing, maintaining and upgrading connections to the gas and electricity grid and supplying and reading energy meters.

## Profile Liandon B.V.

As a technical specialist, Liandon designs, builds, manages and maintains complex private energy grids and large industrial and other installations for some 670 customers throughout the Netherlands. Liandon has customers in the field of high-voltage power, such as TenneT Holding B.V. ("**TenneT**"), as well as customers with their own energy network, such as Agriport, Prorail, Nuon and Ericsson.

Liandon's core activities are consultancy, projects, maintenance and management in the fields of high-voltage, complex medium-voltage, gas and industrial installations.

- Liandon is a service provider to the Grid Managers, Liander, and the high-voltage company, TenneT. This means that Liandon is responsible for innovations in the Grid Managers' grids and installations as well as for building, renovating, managing, maintaining and measuring, controlling and securing installations.
- Liandon also works in the open market. It supplies comprehensive solutions and services including consultancy, innovation, building, maintenance, management and ICT for energy and other

infrastructures.

- Liandon is Alliander's technical knowledge centre. Some three-quarters of all innovations at Alliander originate in this business unit.

## The regulatory framework

A substantial part of Alliander's activities is regulated. This concerns mainly the grid management operations, which have been placed within the Grid Managers. Non-regulatory tasks have also been attributed to the Grid Managers. Energy supervision in the Netherlands has been entrusted to ACM/Energie (Authority for Consumers & Markets/Energy Department). In the past years, the supervision over Dutch business and industry, including the energy companies, has been intensified and the enforcement policy tightened up. It cannot be ruled out that the trend towards further regulation in the energy sector will continue, thereby putting pressure on the results of Alliander.

## Unbundling

For the Issuer, the year 2009 was dominated by the unbundling of the production and supply activities. For the realisation of this, the legally required unbundling plan was submitted by the Issuer (then named n.v. Nuon) to the Netherlands Competition Authority on 30 October 2008. On 8 April 2009 the Minister of Economic Affairs (the "**Minister**") announced that the unbundling plan, subject to related instructions, complied with the statutory requirements.

In February 2009 and prior to the Minister's consent for the unbundling plan, the Issuer announced the takeover of the production and supply company n.v. Nuon Energy ("**Nuon Energy**") by the Swedish energy company Vattenfall. The Issuer's shareholders agreed to the unbundling and sale of Nuon Energy on 17 June 2009. The competition authorities gave their consent shortly afterwards. On 1 July 2009 Nuon Energy was formally unbundled from its parent company (the Issuer). On the same date the Issuer changed its name from n.v. Nuon to Alliander N.V. The Issuer's Management and Supervisory Boards were reconstituted as at that date.

By unbundling Nuon Energy the group achieved full compliance with the prohibition imposed by the WON on integrated energy companies. The unbundling plan referred to above describes how the financial separation will be effectuated. The basic aim was to create two financially healthy companies with balanced financing structures, taking into account the fact that Alliander operates chiefly in a regulated environment, while Nuon Energy is active in the free market. The financing structure set out in the unbundling plan does justice to the long-term investment requirements of both companies. This ensures compliance with the Decree on the Financial Management of the Grid Manager, which stipulates that the total debt of the grid manager Liander divided by the sum of its shareholders' equity and total debt on the unbundling date may not exceed 60%.

The most important of the ministerial instructions was the requirement for Nuon Energy to contribute € 400 million of additional capital to the grid manager. The actions required in this respect were taken before the legal unbundling of Nuon Energy. At the time of the unbundling and following a further instruction by the Minister relating to the sale of the grids with voltages of 110 kV and higher (the "**HV-grids**") to TenneT, Liander received an additional € 5 million from Nuon Energy. In order to ensure full compliance with the ministerial instruction regarding the sale of the HV-grids, Liander's shareholders' equity has been further reinforced in 2010 by € 15 million being assigned from the dividend payable to Alliander shareholders for 2009.

Under the WON, Alliander was required to provide a statement from an independent expert confirming that the unbundling plan has been correctly implemented. This statement, which also outlines how Alliander has ensured compliance with the ministerial instructions accompanying the unbundling plan, was sent to the Netherlands Competition Authority on 18 December 2009.

Some relationships between Alliander and Nuon Energy have remained in place since the unbundling of the production and supply activities. These include activities relating to invoicing and collecting amounts from consumers (until the supplier model becomes operational) and the sub-leasing of two district heating grids, which were unable to be transferred to Nuon Energy at the time of the unbundling because of the cross border leasing contracts attached to them. Furthermore several joint balance sheet items will be settled in the near future.

Nuon Energy was financially unbundled from n.v. Nuon with retroactive force to 1 January 2009, which means that from that date Nuon Energy's results have no longer been included in Alliander's financial

statements. Consequently, since 1 January 2009, the results of the Issuer have comprised the results of the network company, including those of the grid manager Liander, Liandon, Alliander Finance B.V., Alliander AG and (for the period to 1 December 2009) Liandyn B.V. (“**Liandyn**”).

## **2012 at a glance**

### *Capital market and money market activities*

Alliander has a € 3 billion EMTN programme. As at year end 2011, bonds totaling € 1.8 billion had been issued. In 2012, a total nominal amount of € 824 million was repaid/ redeemed early and a nominal amount of € 800 million was issued, meaning that bonds with a carrying amount of € 1.766 billion were in issue as at 31 December 2012 (nominal amount: € 1.776 billion).

Alliander also has a € 1.5 billion ECP programme. Under this ECP programme, an amount of € 537 million was issued in the year under review. As at year-end 2012, however, all the ECP loans had been repaid.

Alliander has contracted a committed backup credit facility totalling € 600 million with six banks. The facility runs until 13 July 2018. Part of this facility can also be used to issue letters of credit relating to cross-border leases. The facility has not been drawn on.

### *Rating*

In 2012, Standard & Poor's credit rating of A+/A-1 (positive outlook) and Moody's rating of Aa3/P-1 (stable outlook) remained unchanged. Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Limited are established in the European Union and are registered under the Regulation (EC) No. 1060/2009.

On 15 August 2013 Standard & Poor's Credit Market Services Europe Limited increased its rating of Alliander to AA-.

## **Business strategy**

Energy networks form an important pillar underpinning our society. Alliander's customers and wider society count on energy being available at all times. What motivates Alliander is to ensure a reliable, affordable, safe and sustainable energy supply is provided both now and in the future.

This objective is translated into a mission, which is to contribute towards a better society in the regions in which Alliander operates. One key condition for this involves maintaining a dialogue with Alliander's stakeholders, which are customers, employees, shareholders and debt providers and society. Alliander listens to what they expect from a network company, particularly in terms of the products and services which Alliander delivers and develops. In this way, Alliander aims to continuously improve and accomplish its core values, which are to be 'committed, reliable, the best'.

Alliander's mission is translated into the following ambitions:

- To be the number one service provider in the eyes of the customer in regions where we are active;
- In respect of its employees, to be an innovative and successful company, driven to work for a better society;
- To be a robust, socially and economically responsible investment for its shareholders and debt providers; and
- In respect of the supervisory body and the society, to be the natural partner in development and achievement of energy policy.

## Financial results in 2012

The profit after tax for 2012 was € 224 million (2011: € 251 million). Excluding incidental items and fair value movements, the net profit was € 228 million (2011: € 228 million). In the 2012 reporting period, the regulated revenue was higher than in the preceding year, taking advantage of the higher tariff ceiling allowed

by the Office of Energy Regulation, the increased level of maintenance and network investments, as reflected in the costs of subcontracted work, operating expenses and amortisation/depreciation charges.

The cash flow from operating activities was slightly down, the solvency ratio and the net debt position increased and total assets increased by € 96 million, partly accounted for by an increase in the capital expenditure on the networks.

Revenue for 2012 was up by € 88 million (6%) compared with 2011, at € 1,674 million. This increase is largely accounted for by higher energy distribution tariffs (€ 122 million) for both electricity and gas (regulated activities), partially offset by lower revenue from deregulated activities (€ 35 million) reported by Liandon and Alliander AG among others.

Other income in 2012 came in at € 98 million (2011: € 109 million). The decrease of € 11 million is mainly due to a one-off compensation payment of € 7 million in 2011 connected with an incident involving a powder fire extinguisher.

Total operating expenses for 2012 came in at € 1,378 million (2011: € 1,297 million). The increase of € 81 million compared with 2011 is mainly due to a higher level of activities connected with maintenance and capital projects and an increase in costs outside Alliander's control, resulting in:

- an increase in both payroll and contract labor staff costs, totaling € 60 million. This was partly attributable to reorganisation costs amounting to € 15 million connected with organisational changes;
- higher amortisation/depreciation charges and a higher level of investment in the networks during the year but also affected by an increase in disposals – combined effect € 26 million;
- an increase in sufferance tax of € 13 million.

The increase in costs was partly offset by an increase of € 29 million in capitalised own production connected with the increased level of capital expenditure.

The operating profit for 2012 was down by € 4 million at € 394 million. Excluding incidental items, the operating profit came in at € 409 million, an increase of € 11 million compared with 2011.

Finance income and expenses in 2012 resulted in a net expense of € 145 million (2011: € 176 million). The reduction of € 31 million is due to the difference in fair value movements on financial instruments, a gain of € 39 million, and lower regular interest charges, down by € 7 million. The gains were partly cancelled out by higher costs (€ 14 million) connected with the bond buyback operation.

The share in the results after tax of associates and joint ventures in 2012 was a loss of € 15 million (2011: € 5 million loss). The 2012 and 2011 results include an impairment loss of € 12 million following adjustments of projected medium-term results.

The effective tax rate (the tax rate expressed as a percentage of profit before tax excluding the share in the results after tax of associates and joint ventures) for the 2012 financial year was 4% (2011: 15.1% negative). The difference between the standard rate of taxation and the effective tax burden in both years is mainly the effect of an adjustment in the forecast results in the long-term, which led to an increase in the carrying amount of the deferred tax assets, and the finalisation in 2011 of the corporation tax assessments for prior years.

The profit after tax for the year came in at € 224 million (2011: € 251 million). Excluding incidental items and fair value movements, the net profit for 2012 was € 228 million (2011: € 228 million). This result is accounted for by higher revenue (€ 88 million) resulting from the increase in regulated tariffs, the gain largely being offset by higher costs and amortisation/depreciation charges with a combined downside effect of € 81 million.

Alliander's results can be influenced by incidental items and fair value movements. Alliander defines incidental items as items which in the management's opinion do not derive directly from the ordinary activities and/or whose nature and size are so significant that they must be considered separately to permit proper analysis of the underlying results.

Net incidental items and fair value movements in 2012 combined to give a loss of € 4 million after tax (2011: € 23 million gain).

## Management of Alliander N.V.

### **Management Board**

Alliander's Management Board consists of two members:

- Mr P.C. Molengraaf      Chairman of the Management Board
- Mr M.R. van Lieshout      Chief Financial Officer (CFO)

### **P.C. Molengraaf** (1965, Dutch nationality)

Chairman of the Management Board

Mr Molengraaf has been appointed with effect from 30 June 2009 as chairman of the Management Board of Alliander. He is responsible for Alliander's overall management.

Mr Molengraaf joined Nuon early in 2005 as Director of the Customer Service Division. In February 2007 he was appointed by Essent and Nuon as Programme Director for the proposed merged company. After the merger process was called off, he became Director of the Network Services Division at Nuon. From 1 July 2008 to 30 June 2009 he held the position of chairman of the Board of the Nuon network company. Before joining Nuon, Mr. Molengraaf was employed at Shell in various capacities including European Customer Service Centre Manager, Cross-Business IT Manager and Commercial Director of Shell Netherlands Sales Company.

Mr Molengraaf studied Information Science at TU Delft and obtained his MBA at the Rotterdam School of Management of the Erasmus University.

Supervisory Directorships/Other Positions

- Member of the Supervisory Board of N.V. KEMA
- Member of the Supervisory Board of B.V. Ziut
- Member of the Supervisory Board of Vopak Nederland B.V.
- Member of the Members' Council of Netbeheer Nederland (Association of Energy Network Operators in the Netherlands)
- Board member of the employer's association for Energy, Cable & Telecom and Waste & Environment Businesses (WENb)

### **M.R. van Lieshout** (1963, Dutch nationality)

Member of the Management Board and CFO

Mr Van Lieshout was appointed as a member of the Management Board in the position of CFO with effect from 1 January 2010. He is responsible for the financial management of Alliander.

Mr Van Lieshout joined Nuon as financial director of N.V. Nuon Business in 2003. From July 2008 to 1 January 2010 he held the position of Director of Finance, Treasury and Tax Affairs of Alliander. Before joining Nuon, Van Lieshout was employed in various capacities, including CFO of ABB Benelux.

Mr van Lieshout studied Business Economics (specialising in Accountancy) at VU University Amsterdam and attended various Business Programs at the International Institute for Management Development (IMD) in Lausanne.

Supervisory Directorships/Other Positions:

- Member of the Supervisory Board of Canisius-Wilhelmina Hospital.

## **Supervisory Board**

The Supervisory Board of Alliander N.V. consists of the following six members:

- E.M. d'Hondt
- Ms J.W.E. Spies
- J.C. van Winkelen
- Ms J.G. van der Linde
- F.C.W. Briët
- Ms A.G.M. van der Veer-Vergeer

### **E.M. d'Hondt** (1944, Dutch nationality)

- Appointed in 2009
- Current term of office ends in 2017
- Member of the Selection, Appointment and Remuneration Committee
- Former Chairman of the Association of Universities in the Netherlands and former Mayor of Nijmegen

Supervisory directorships/other positions:

- Chairman of Supervisory Board: Brink Groep B.V.
- Chairman of Supervisory Board: Goudse Verzekeringen N.V.
- Member of Supervisory Board: BMC Groep B.V.
- Member of Supervisory Board: Police Academy
- Chairman of the Board of GGD (Municipal Health Department) Netherlands
- Vice-Chairman of the Netherlands Red Cross
- Member of Advisory Board of Netherlands Care Insurers

### **J.W.E. Spies** (1966, Dutch nationality)

- Appointed in 2013
- Current term of office ends in 2017
- Former Minister of the Interior and Kingdom Relations in the government Rutte-1

Supervisory directorships/other positions

- Member of the Board Consumer Affairs Arbitration Board
- Member of the Advisory Board of Fakton B.V.

### **J.C. van Winkelen** (1945, Dutch nationality)

- Appointed in 2009
- Current term of office ends in 2015
- Chairman of the Audit Committee
- Former Management Board Chairman of Vitens N.V. and former Director of N.V. Nuon Water

Supervisory directorships/other positions:

- Chairman of Supervisory Board: Douma Staal B.V.



- Vice-Chairman of Supervisory Board of Wetsus (Centre of Excellence for Sustainable Water)
- Adviser to Hak N.V.

**Ms J.G. van der Linde** (1957, Dutch nationality)

- Appointed in 2009
- Current term of office ends in 2017
- Member of Audit Committee
- Director of the Clingendael International Energy Programme

Supervisory directorships/other positions:

- Professor in Geopolitics and Energy Management at the Faculty of Arts of the University of Groningen
- Member of the Dutch General Energy Council
- Member of Supervisory Board: Wintershall Nederland B.V.
- Member of Advisory Council of Rotterdam Climate Initiative
- Member of International Advisory Council of KAPSARC

**F.C.W. Briët** (1947, Dutch nationality)

- Appointed in 2009
- Current term of office ends in 2015
- Chairman of the Selection, Appointment and Remuneration Committee
- Former Chairman of the Management Board of De Goudse Verzekeringen N.V., former Management Board Member of Koninklijke Hoogovens/Corus and Former Chairman of the Board of Directors of Unilever Nederland B.V.

Supervisory directorships/other positions:

- Chairman of Supervisory Board: Coöperatie Bloemenveiling FloraHolland U.A.
- Member of Supervisory Board: DWS Zorgverzekeraar
- Member of Advisory Board of Boval B.V.

**Ms A.G.M. van der Veer-Vergeer** (1959, Dutch nationality)

- Appointed in 2009
- Current term of office ends in 2016
- Member of the Audit Committee
- Independent management adviser on strategy and governance/Director of the Stranergy consultancy
- Former CEO Currence Holding B.V., former CEO KPN Business Solutions Division, former member of Executive Board Achmea Bank Holding and former Board Chairman Staalbankiers N.V.

Supervisory directorships/other positions:

- Member of Supervisory Board: LeasePlan Corporation N.V.
- Adviser: National Register of Supervisory Directors and Regulators
- Member of Supervisory Board NPO (Netherlands Public Broadcasting Company)
- Member of Supervisory Board of the Netherlands Stomach Liver and Bowel Foundation
- Board Member of Stichting Preferente Aandelen Nedap

The address of both the Management Board and Supervisory Board is Alliander N.V., Utrechtseweg



68, 6812 AH Arnhem - P.O. Box 50, 6920 AB Duiven, the Netherlands.

No actual or potential conflicts of interest exist between duties to the Issuer of the persons on the Management and Supervisory Boards, as listed above, and their private interests and/or other duties.

### **Principal Subsidiaries of Alliander N.V.**

Liander N.V.

Endinet Groep B.V.

Liandon B.V.

Alliander A.G.

Ziut B.V. (53%)

n.v. KEMA (24.9% owned)

Stam Heerhugowaard Holding B.V.

### **Major Shareholders**

The four largest shareholders in the Issuer are: Province of Gelderland (44.68%), BV Houdstermaatschappij Falcon (Province of Friesland) (12.65%), Province of Noord Holland (9.16%) and the municipality of Amsterdam (9.16%). The remainder is owned by approximately 54 smaller municipal shareholders.

### **Material Contracts**

Cross-border lease transactions

In the period 1998 to 2000, subsidiaries of Alliander entered into US cross-border leases for networks, including LILO (lease-in lease-out) and SILO (sale-in lease-out) transactions. The seven transactions currently remaining relate to gas networks in Friesland, Gelderland, Flevoland, Noord-Holland, Zuid-Holland, Noord-Brabant and Utrecht, district heating networks in Almere and Duiven/Westervoort and the electricity network in the Randmeren region. The networks have been leased for a long period to US parties (head lease), which, in turn, have subleased the assets to the various Alliander subsidiaries (sublease). At the end of the sublease there is the option of purchasing the rights of the American counterparty under the head lease, thus ending the transaction. The terms agreed for the subleases expire between 2015 and 2028. The fees earned on the cross-border leases were recognized in the year in which the transaction in question was concluded. There are conditional and unconditional contractual rights and obligations relating to the cross border leases. Security in the form of mortgages and pledges has been granted on parts of the networks within the framework of the obligations entered into. The total net carrying amount of the networks covered by cross border leases at year-end 2012 was approximately € 1.4 billion (2011: €1.4 billion). At the end of 2012, a total of \$ 4.1 billion (2011: \$ 4.0 billion) was held on deposit with several financial institutions or invested in securities in connection with these transactions. Since no powers of disposal exist over the majority of the assets concerned and associated liabilities, they are not regarded as assets and liabilities of Alliander and the respective amounts are not recognised in the consolidated financial statements of Alliander. The assets over which Alliander does have powers of disposal are recognised as financial assets. The associated lease obligations are recognised in finance lease liabilities.

At the end of 2012, the maximum 'strip risk' (the portion of the 'termination value' - the possible compensation payable to the American counterparty in the event of premature termination of the transaction - which cannot be settled from the deposits and investments held for this purpose) for all transactions together was \$ 326 million (year-end 2011: \$ 450 million). To cover the equity part of the strip risk, amounting to \$ 268 million at the end of 2012 (2011: \$ 322 million<sup>4</sup>), Alliander has provided the investors

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4 In connection with a change in the definition of the equity strip risk in 2012, whereas a correction on the valuation of a specific investment as part of the strip risk is now included in the equity strip risk valuation, the comparative figures for 2011 have been restated for presentation purposes. The strip risk as such has not changed. The change entails that the valuation of this specific investment as part of the strip risk has been amended to mark-to-market valuation, whereas until 2012, this investment was valued based on Libor. Therefore the comparative figures for 2011 have been restated for presentation purposes.

involved with security in the form of letters of credit for an amount of \$ 74 million (2011:\$ 103 million) in various transactions. The number and size of the letters of credit to be issued depends partly on Alliander's credit rating. The drop in the amount of the maximum strip risk as at year-end 2012 compared with the 2011 position is largely due to interest rate movements.

An amount of \$ 58 million of the maximum strip risk relates to two cross-border lease contracts that are recognised on the face of the balance sheet. The remainder, amounting to \$ 268 million, relates to the cross-border lease contracts accounted for as off-balance-sheet commitments.

In connection with the implementation of the Independent Network Operation Act, the heating networks belonging to Liander Infra Oost N.V. that had been covered by a cross border lease were subleased in mid-2008 to N.V. Nuon Warmte, part of N.V. Nuon Energy. These operating leases have a term of 12.5 years (term runs to 31 December 2020). The total carrying amount of the subleased heating networks and associated meters as at 31 December 2012 was € 109 million (2011: € 113 million).

### **Auditor's report**

The auditors, PricewaterhouseCoopers Accountants N.V. issued unqualified auditor's reports on the financial statements for the financial years ended 31 December 2012 and 31 December 2011 of the Issuer on 15 February 2013 and 7 March 2012 respectively.

For a better understanding of the Issuer's financial position and results and of the scope of the audit, the Balance Sheets and Statements of Income should be read in conjunction with the financial statements from which they have been derived and the auditors' reports thereon.

### **SUMMARY FINANCIAL INFORMATION RELATING TO ALLIANDER N.V.**

The following tables set out in summary form balance sheet and income statement information relating to Alliander N.V. Such information is derived from the audited consolidated financial statements of Alliander N.V. as at and for the years ended 31 December 2012<sup>5</sup> and 31 December 2011. Such financial statements and the accompanying notes, together with the reports of the auditors, are incorporated by reference into this Base Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

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<sup>5</sup> The Financial statements for 2012 were adopted by Alliander N.V.'s general meeting of shareholders on 27 March 2013.

## Consolidated balance sheet under IFRS

Below, the balance sheet of Alliander is stated on the basis of IFRS:

# Consolidated financial statements

<b>Consolidated balance sheet</b>			
€ million	Note	2012	2011
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	5,821	5,575
Intangible assets	4	320	320
Investments in associates and joint ventures	5	28	54
Available-for-sale financial assets	6	314	279
Derivatives	8	11	-
Other financial assets	7	46	38
Deferred tax assets	17	335	346
		<b>6,875</b>	<b>6,612</b>
<b>Current assets</b>			
Inventories	9	36	28
Trade and other receivables	10	316	277
Derivatives	8	5	-
Tax assets		7	-
Other financial assets	7	75	295
Cash and cash equivalents	11	100	106
		<b>539</b>	<b>706</b>
<b>Total assets</b>		<b>7,414</b>	<b>7,318</b>
<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
	12		
Share capital		684	684
Share premium		671	671
Subordinated perpetual bond		494	494
Hedge reserve		-2	-5
Revaluation reserve		28	-
Other reserves		1,104	984
Profit after tax		224	251
<b>Total equity</b>		<b>3,203</b>	<b>3,079</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing debt	13	1,891	1,422
Derivatives	8	73	120
Finance lease liabilities	19	131	133
Deferred income	14	1,530	1,505
Provisions for employee benefits	15	59	55
Other provisions	16	74	29
		<b>3,758</b>	<b>3,264</b>
<b>Short-term liabilities</b>			
Trade and other payables	18	88	93
Tax liabilities		78	59
Interest-bearing debt	13	5	509
Derivatives	8	-	49
Provisions for employee benefits	15	63	58
Accruals		219	207
		<b>453</b>	<b>975</b>
<b>Total liabilities</b>		<b>4,211</b>	<b>4,239</b>
<b>Total equity and liabilities</b>		<b>7,414</b>	<b>7,318</b>

## Consolidated income statement under IFRS

Presented below is the income statement of Alliander.

### Consolidated income statement

<i>€ million</i>	Note	2012	2011
Revenue	21	1,674	1,586
Other Income	22	98	109
<b>Total income</b>		<b>1,772</b>	<b>1,695</b>
<b>Operating expenses</b>			
Purchase costs and costs of subcontracted work	23	-449	-450
Employee benefit expenses	24	-433	-385
External personnel expenses	24	-121	-109
Other operating expenses	25	-219	-193
<b>Total purchase costs, costs of subcontracted work and operating expenses</b>		<b>-1,222</b>	<b>-1,137</b>
Depreciation and impairment of property, plant and equipment	26	-337	-312
Less: Own work capitalised		181	152
<b>Total operating expenses</b>		<b>-1,378</b>	<b>-1,297</b>
<b>Operating profit (EBIT)</b>		<b>394</b>	<b>398</b>
Finance income	27	64	29
Finance expense	28	-209	-205
Result from associates and joint ventures after tax	5	-15	-5
<b>Profit before tax</b>		<b>234</b>	<b>217</b>
Tax	29	-10	34
<b>Profit after tax</b>		<b>224</b>	<b>251</b>

The profit after tax for 2012 is entirely attributable to the shareholders of Alliander N.V..

## TAXATION

### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds, or is deemed to hold, (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act (*Successiewet 1956*); and
- (v) individuals to whom the Notes or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

### Withholding Tax

All payments made by the Issuer under the Notes can be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### Corporate and Individual Income Tax

- (a) Residents of the Netherlands

If a holder, being a corporate entity, is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act



2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities by the individual with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual holding the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments will be taxed at a rate of 30%.

(b) Non-residents of the Netherlands

If a person is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such person (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is (other than by way of securities) entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

### **Gift and Inheritance Tax**

(c) Residents of the Netherlands

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or

at the time of his or her death. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled and is subject to Netherlands gift and inheritance tax if the donor is, or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(d) Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of a gift by or as a result of, the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax, unless in the case of a gift of the Notes by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such holder dies within 180 days after the date of the gift, and at the time of his or her death is a resident or deemed to be a resident of the Netherlands. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled.

### **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

### **Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

### **EU Savings Directive**

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

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### **The proposed Financial Transaction Tax**

The European Commission has published a proposal for a Directive for a common financial transactions tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad

range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## **FATCA DISCLOSURE**

### ***Foreign Account Tax Compliance Act***

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have announced an intention to enter into an IGA.

If the Issuer becomes a Participating FFI under FATCA the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above**

description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated dealer agreement dated 8 October 2013 (the “**Dealer Agreement**”) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and Treasury regulations thereunder promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes of any Series (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as determined and certified to the Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restriction on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus



pursuant to Article 16 of the Prospectus Directive.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) **General Compliance:** it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (FSMA) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (ii) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

### Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; “**FIEA**”) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, it will not offer or sell Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### The Netherlands / Global

Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter. As used herein “**Zero Coupon Notes**” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or deliveries and neither the Issuer nor any of the Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.



## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes under the Programme were duly authorised by a resolution of the Supervisory Board of the Issuer dated 8 June 2001 and by a resolution of the Management Board of Alliander Finance B.V. dated 3 December 2001. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Dealer Agreement, the Agency Agreement and the Notes.

The increase in the maximum aggregate nominal amount of the Programme from Euro 2,000,000,000 to Euro 3,000,000,000 was duly authorised by a resolution of the Management Board of the Issuer dated 24 March 2009.

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Management Board of the Issuer dated 17 September 2013.

### Listing and admission to trading

Application has been made to Euronext Amsterdam N.V. for Notes issued under the Programme to be admitted to trading and to be listed on Euronext Amsterdam.

However, Notes may be issued pursuant to the Programme which will not be listed on Euronext Amsterdam or admitted to listing, trading and/or quotation by any other listing authority, exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

### Documents Available

From the date hereof, so long as any of the Notes remains outstanding and throughout the life of the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of any Paying Agent or the specified office of the Amsterdam Listing Agent:

- (i) the Articles of Association of the Issuer;
- (ii) the most recently published consolidated audited annual financial statements and any consolidated unaudited interim six monthly statements published subsequently to such annual financial statements of the Issuer from time to time;
- (iii) the annual reports of the Issuer for the years ended 2011 and 2012 (containing the audited financial statements of the Issuer, which include the consolidated financial statements), in each case together with the audit reports prepared in connection therewith;
- (iv) all supplements to this Base Prospectus circulated by the Issuer from time to time in accordance with the undertaking given by the Issuer in the Dealer Agreement (as defined in "Subscription and Sale" herein);
- (v) the Dealer Agreement and the Agency Agreement (which contains the forms of the temporary and Permanent Global Notes, the Definitive Notes, the Coupons and the Talons);
- (vi) a copy of this Base Prospectus;
- (vii) any future information memoranda, prospectuses and supplements to this Base Prospectus and any other information incorporated herein or therein by reference; and
- (viii) the Final Terms for each Tranche of Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

### Clearing and Settlement Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the

applicable Final Terms.

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

### **Significant or Material Change**

There has been no material adverse change in the prospects of the Issuer since 31 December 2012, nor has there been any significant change in the financial or trading position of the Issuer and its subsidiaries, taken as a whole, which has occurred since 31 December 2012.

### **Litigation**

The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or of the Issuer and its subsidiaries, taken as a whole.

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers Accountants N.V., the Netherlands, who have audited the accounts of the Issuer for the financial years ended 31 December 2011 and 31 December 2012 in accordance with generally accepted accounting principles and practices in The Netherlands. The relevant auditors of PricewaterhouseCoopers Accountants N.V. who have signed the audit reports incorporated by reference into this Base Prospectus are members of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The auditors of the Issuer have no material interest in the Issuer.

### **Post-issuance information**

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

## REGISTERED OFFICE OF THE ISSUER

### **Alliander N.V.**

Utrechtseweg 68  
6812AH Arnhem  
P.O. Box 50  
6920 AB Duiven  
The Netherlands

### **ARRANGER**

#### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

### **DEALERS**

#### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

#### **Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

#### **Coöperatieve Centrale Raiffeisen – Boerenleenbank B.A. (Rabobank International)**

Croeselaan 18  
3521 CB Utrecht  
The Netherlands

#### **ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

#### **Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

#### **N.V. Bank Nederlandse Gemeenten**

Koninginnegracht 2  
2514 AA The Hague  
The Netherlands

**AGENT**

**Citibank, N.A., London branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**OTHER PAYING AGENT**

Citibank International PLC  
Schiphol Boulevard 257  
1118 BH Amsterdam  
The Netherlands

**LEGAL ADVISERS**

*To the Dealers in the Netherlands*

**Clifford Chance LLP**

Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

*To the Issuer*

**Allen & Overy LLP**

Apollolaan 15  
1077 AB Amsterdam  
The Netherlands

**AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers Accountants N.V.**

Prinses Margrietplantsoen 46  
2595 BR Den Haag  
The Netherlands

**AMSTERDAM LISTING AGENT**

**Citibank International PLC**

Schiphol Boulevard 257  
1118 BH Amsterdam  
The Netherlands