

Full of energy – for everyone

Our mission

TenneT is an important facilitator in the liberalised energy market. With its high quality transmission grid and customised approach, TenneT offers and develops a comprehensive range of transmission and system services, while also supplying services in support of free-market operation and a sustainable energy supply system.

Our vision

TenneT wishes to develop further in the Dutch and Northwestern European market in order to strengthen its position in that market. This ambition fits into the 'Strengthen and Build' strategy that TenneT has adopted against the backdrop of international market conditions. As a Transmission System Operator (TSO), TenneT wants to play an active role in strengthening the European electricity market, based on an international vision in which we show initiative and take specific steps together with other TSOs, regulating bodies and government authorities. Integrating the electricity markets of the various countries is the best way to create a strong European market characterised by transparency, sufficient liquidity and good pricing. The goal is a single market area in Northwestern Europe in which TSOs will solve congestions and market parties will not face restrictions. This market area will have a common system for balancing supply and demand, thus creating the uniformity that market parties need in order to cover their risks.

Our ambition

TenneT makes every effort to ensure optimum quality across the board, supplying its customers as efficiently and professionally as possible with services and products. Where relevant and possible, we also develop and market new products and services. It is our ambition to realise an integrated, strong and independent national transmission grid, to develop this grid further and to safeguard its quality. After all, the transmission grid is the backbone of the Dutch electricity supply system. To enhance the security of supply, it is important for all transmission grids to be managed uniformly and to be organised and controlled centrally. This opens the door to efficiency gains, because the development, administration and control of grids will no longer be divided between the different regions, but will take place nationally.

Our core values

TenneT operates in accordance with two core values: quality and integrity. These values express our shared identity as an organisation and guide all our decisions and activities. At TenneT, quality means that we strive to meet high process and performance standards in all that we do. The key is to focus continually on controlling and improving our activities and safeguarding their quality. To ensure our integrity, we operate in a reliable, impartial and transparent manner, both internally and in relation to third parties.

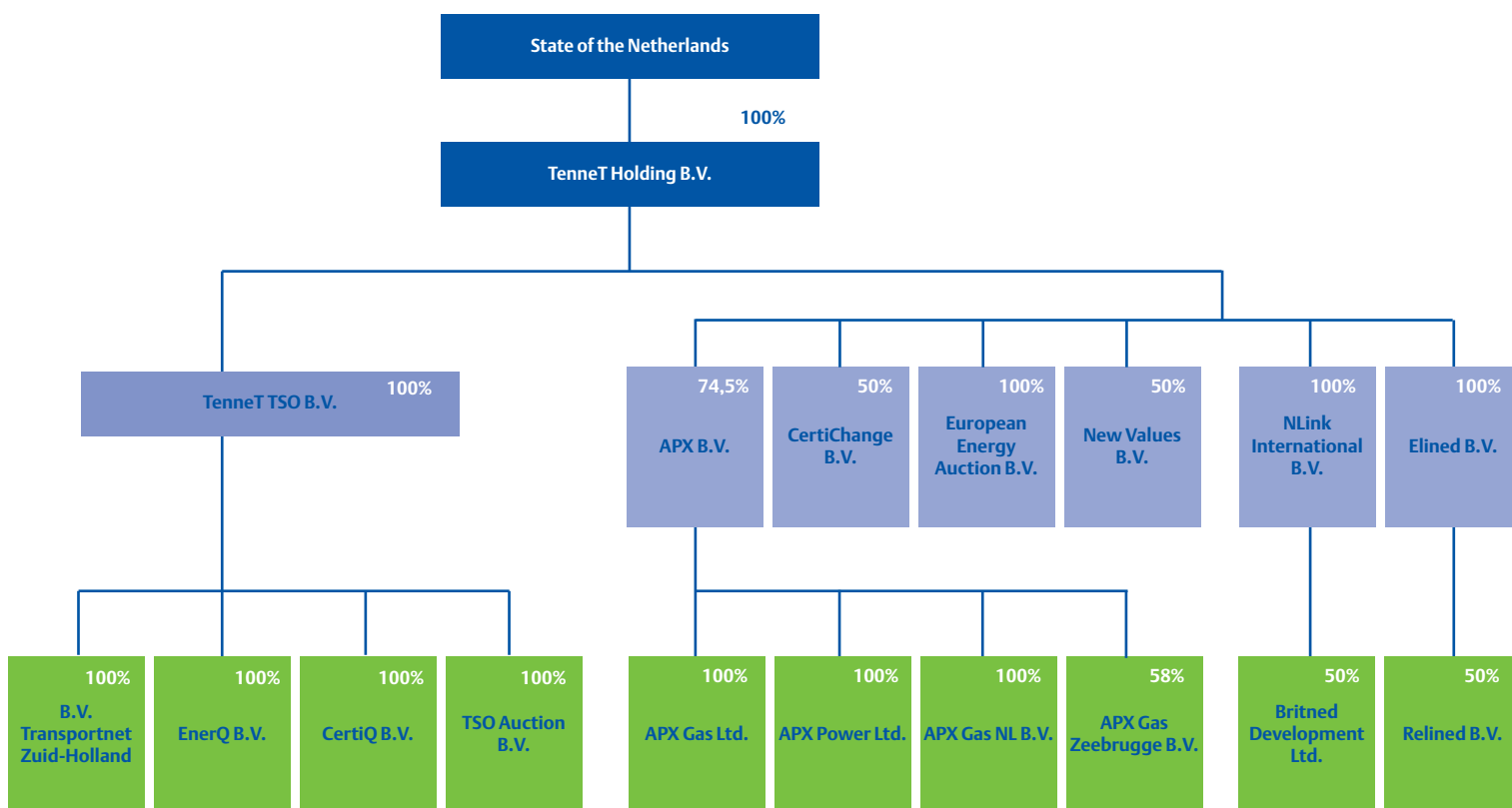
General information

TenneT's tasks

With its 493 employees, TenneT plays a central role for Dutch society in the electricity market. We are responsible for a number of important tasks aimed at achieving efficient market operation and transparency.

- TenneT ensures that electricity transmissions take place as intended.
- TenneT manages the 380 kV and 220 kV transmission grids in the Netherlands and the 150 kV grid in the province of Zuid Holland.
- TenneT monitors the continuity of the electricity supply in the Netherlands in order to safeguard the security of supply.
- TenneT makes the transmission grid available for electricity transmissions, in an impartial manner, and maintains the balance between demand and supply in the Netherlands.
- TenneT promotes the environmental quality of the electricity supply.
- TenneT seeks to ensure optimum service provision in support of a properly functioning electricity market, both in the Netherlands and in other European countries, in an innovative manner and by deploying new services and products where appropriate.
- TenneT maintains joint ventures with foreign TSOs and industry organisations in the Netherlands in order to perform its duties properly and carry out transmissions via cross-border interconnections.
- TenneT efficiently manages its operations in order to realise sufficient returns to guarantee the long-term continuity of the business and to ensure that its shareholder remains interested in TenneT.
- TenneT devotes a great deal of attention to creating a motivating and inspirational work environment for its staff.

TenneT organisation



Activities

TenneT Holding B.V. currently manages the following businesses (at May 2006):

Regulated activities

TenneT TSO B.V. carries out regulated activities. These are statutory tasks related to managing the national transmission grid and maintaining the required balance between supply and demand in the Dutch electricity grid. TenneT has delegated several regulated activities of an operational nature to subsidiaries like TSO Auction B.V., which organises the auctioning of import and export capacity on the five cross border connections. TenneT's subsidiary EnerQ B.V. administers the subsidy schemes under the Electricity Production (Environmental Quality) Act on behalf of the government. CertiQ B.V. issues and registers guarantees of origin for sustainably generated electricity. It is important that a neutral, independent party should perform activities of this kind for the market.

TenneT TSO B.V.

This company manages the 220 kV and 380 kV transmission grids in the Netherlands and the 150 kV grid in the province of Zuid Holland. TenneT TSO B.V. further maintains the supply and demand balance in the Dutch electricity grid.

B.V. Transportnet Zuid Holland

Owns the 150 kV grid and part of the 380 kV grid in the province of Zuid-Holland.

TSO Auction B.V.

This company auctions the available capacity on the five cross border connections in the high voltage grid (two to Belgium and three to Germany). German TSOs E.ON Netz and RWE Net and Belgian TSO Elia participate in the auction house's activities.

CertiQ B.V.

CertiQ issues certificates for sustainably generated electricity. The object of these guarantees of origin is to confirm sustainable generation and to obtain grants under the government scheme operated by EnerQ. The guarantees are registered, issued and traded electronically.

EnerQ B.V.

This company carries out the grants scheme set up by the government under the Electricity Production (Environmental Quality) Act.

Foundation for the Management of Allocated Funds from the National High Voltage Grid

This foundation (in Dutch: Stichting Beheer Doelgeden Landelijk Hoogspanningsnet) was established as a trust office to manage the allocated funds received by TenneT TSO B.V. in its capacity as administrator of the national high voltage grid through performance of its statutory duties. These allocated funds include auction receipts, proceeds of imbalance settlements, and proceeds from imports by producers with commitments that arose before 2000. TenneT TSO B.V. is not allowed to use the allocated funds to finance its own operations because they are earmarked for specifically designated purposes.

Unregulated activities

Besides the regulated activities TenneT Holding B.V. also undertakes several tasks with the aim of supporting the energy market and ensuring that it operates smoothly. It is precisely the company's independent position that makes it prudent for TenneT to perform these activities. In doing so TenneT applies unambiguous criteria when deciding whether or not to take on new activities. They must in any event contribute to enhancing the transparency and efficiency of the Dutch energy market, or to the environmental quality of energy. The activities must support our statutory tasks and not put them at risk. They may not impair the quality or independence of TenneT TSO B.V.

APX B.V.

APX, with its head office in Amsterdam, is a group of international electricity and gas exchanges for short term trading in Belgium, the Netherlands, Luxembourg and the United Kingdom. N.V. Nederlandse Gasunie owns 25.5% of the shares; the other 74.5% are held by TenneT Holding B.V. The core activity in the Netherlands concerns the spot market for electricity. It is possible to trade anonymously on this market by means of an auction system that runs on an electronic trading platform. Trading is in spot contracts for next day delivery. The exchange clears the contracts and publishes information including a daily price index.

- **APX Power Ltd. (APX Power UK)**

APX Power UK was established as the first independent electricity exchange in the United Kingdom and facilitates anonymous continuous trading in spot and forward contracts.

- **APX Gas Ltd.**

APX Gas UK (formerly EnMO) facilitates two thirds of all 24 hour and spot trading of gas in the United Kingdom.

- **APX Gas NL B.V.**

In cooperation with Gas Transport Services, APX Gas NL facilitates 24 hour and spot trading on the Title Transfer Facility (TTF), a virtual platform in the Netherlands.

- **APX Gas Zeebrugge B.V.**

APX Gas Zeebrugge (58%) provides a physical platform at the Belgian port of Zeebrugge, in cooperation with Huberator, a subsidiary of the Belgian gas transport company Fluxys. It acts as a central counterparty to allow parties to trade anonymously.

EEXchange B.V. (now named New Values B.V.)

New Values is a 50/50 joint venture of TenneT Holding B.V. and Rabobank Netherlands. New Values is an electronic market that facilitates trading in carbon dioxide emission allowances by means of a full trade electronic trading platform.

CertiChange B.V.

CertiChange is a 50/50 joint venture of TenneT Holding B.V. and Rabobank Netherlands. CertiChange is an electronic market that facilitates trading in guarantees of origin and RECS certificates by means of a full trade electronic trading platform. A decision has been made to liquidate this company.

NLink International B.V.

NLink was established to develop and build international submarine cables. NLink is currently examining the possibility of installing a submarine cable to the United Kingdom.

- **BritNed Development Ltd.**

Brit Ned Development Ltd is a 50/50 joint venture of NLink International B.V. and National Grid Transco, with its registered office in London. It was set up to develop, build and operate an interconnector between the Netherlands and the United Kingdom.

Elined B.V.

This company rents out sites for telecommunications masts.

- **Relined B.V.**

This 50/50 joint venture of Elined B.V. and ProRail B.V. operates the fibre optic infrastructure of the high voltage grid and the railway network.

European Energy Auction B.V. (trading as EnergieKeuze)

EnergieKeuze (Energy Choice) is an on line auction house that facilitates the trade in long term contracts for the business market in the Netherlands and Belgium.

TenneT also holds the following minority interests:

Endex European Energy Derivatives Exchange N.V.

Endex was established to develop an exchange for bilateral long term transactions in the electricity market. TenneT holds a 9.89% interest in Endex.

Belpex S.A.

TenneT Holding B.V. holds a 10% interest in the Belgian electricity exchange Belpex S.A.

HGRT

TenneT TSO B.V. holds a 24.5% interest in holding company HGRT (Holding de Gestionnaires de Réseaux de Transport), through which TenneT TSO B.V. indirectly participates in Powernext.

- **Powernext SA**

Indirectly, TenneT TSO B.V. holds a 4.165% interest in this French electricity exchange.

Organisation

Shareholder
State of the Netherlands

Supervisory Board

	born	year of appointment	reappointment	not beyond
R.E. Selman (Chairman)	(1937)	1998	2006	2010
C. Griffioen (Deputy Chairman)	(1941)	2000	2008	2012
J.F. van Duyne	(1942)	2001	2009	2013
J.F.T. Vugts	(1942)	2001	2009	2013
A.W. Veenman	(1947)	2005	2009	2017

Chief Executive Officer
J.M. Kroon MBA

Board of Management

H. Drent	Human Resources Manager
A.A. Hartman	Corporate Affairs Manager
C.J.M. Meeuwis	Market and Regulation Manager
B.G.M. Voorhorst	Manager, Transmission Operations Business Unit
I. Rutgers-van Lingen	Finance Manager
P.M.E. Dirix	Manager, System Operations Business Unit

Executive management of wholly owned subsidiaries

APX B.V.	B. den Ouden	Chief Executive Officer
	P. Verberne	Chief Operating Officer
TSO Auction B.V.	C.J.M. Meeuwis	Managing Director
EnerQ B.V.	P.M.E. Dirix	Managing Director
CertiQ B.V.	P.M.E. Dirix	Managing Director
Elined B.V.	J.W. Tom	Managing Director
NLink International B.V.	A.A. Hartman	Managing Director
European Energy Auction B.V.	J. Vroomans	Managing Director

Supervisory Board



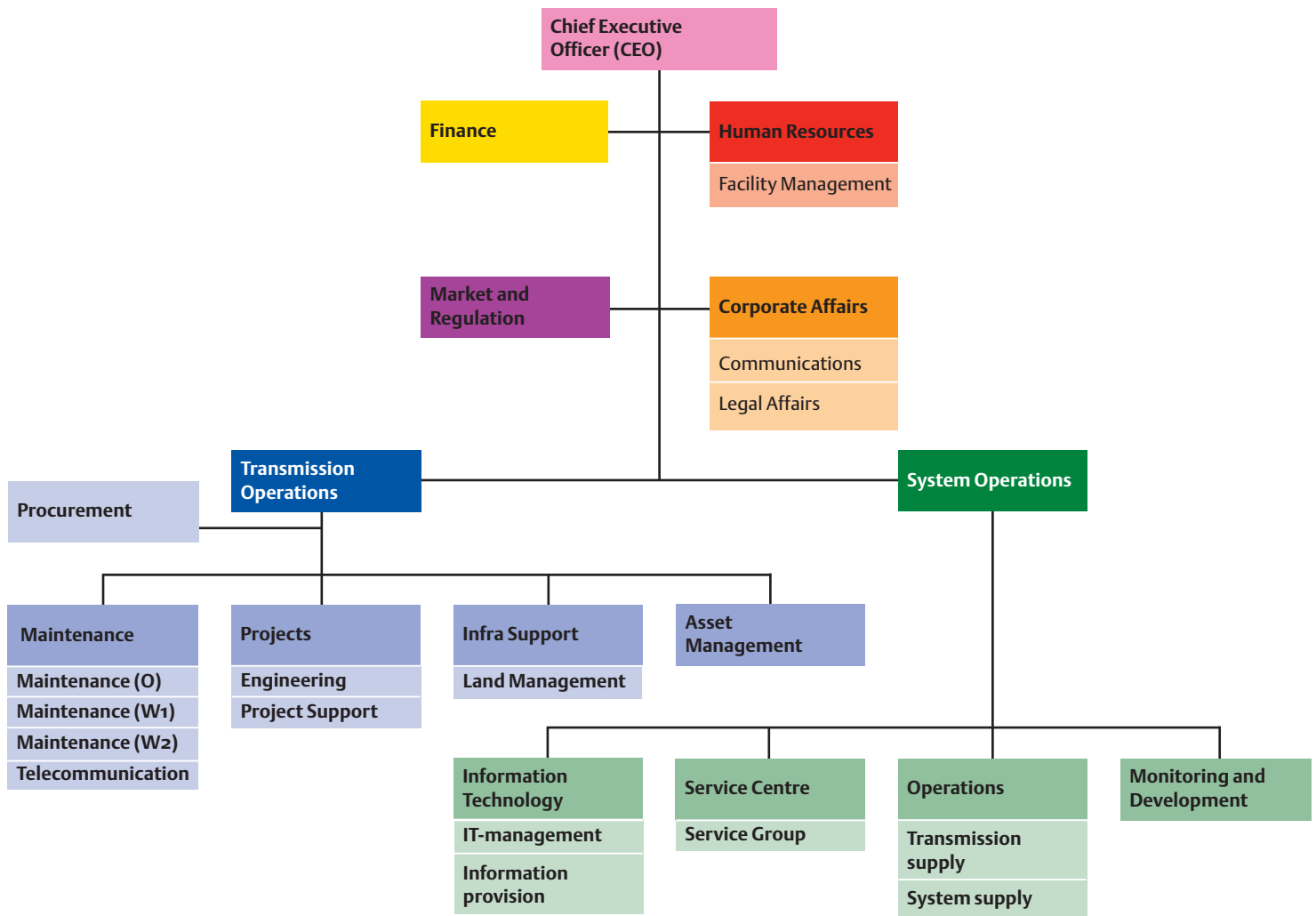
Sitting left to right: A.W. Veenman, J.F.T. Vugts
Standing left to right: J.F. van Duyne, R.E. Selman,
and C. Griffioen.

Board of Management and Management



Left to right: P.M.E. Dirix, H. Drent, B.G.M. Voorhorst,
J.M. Kroon MBA, I. Rutgers, C.J.M. Meeuwis and
A.A. Hartman.

Organisational structure



Profiles of members of the Board of Management and the Supervisory Board

President and Chief Executive Officer

J.M. Kroon

Mel Kroon (1957) was appointed TenneT's President and Chief Executive Officer on January 1, 2002, having previously served (from 1997 to 2002) as Managing Director of Hooge Huys Verzekeringen N.V., part of the Utrecht based SNS Reaal Insurance Group, where he became Deputy Chairman of the Executive Board of SNS Reaal Insurance in 1999.

Mr Kroon read aeronautical and aerospace engineering at Delft University of Technology, and went on to complete his Master's in Business Administration at Rochester University/Erasmus University in Rotterdam. His career began at Fokker Aircraft N.V., where he held a variety of posts including Vice President of Marketing. He subsequently moved to Holec N.V. as Director of Marketing & Sales for the Traction Division, and then to the SNS Reaal Insurance Group.

Mr Kroon currently holds the following non company positions: member of the Supervisory Board of Havenbedrijf Rotterdam N.V. (Port of Rotterdam Authority), Chairman of the Supervisory Board of Diamond Tools Group B.V., member of the Supervisory Board of Revalidatietechniek Het Dorp B.V., member of the Supervisory Board of Endex European Energy Derivatives Exchange N.V., member of the Supervisory Board of APX B.V., member of the ETSO Steering Committee, member of the Board of EnergieNed and Chairman of the Phoenix Real Estate Management Foundation.

Supervisory Board

R.E. Selman

Ruud Selman (1937), Chairman of the Supervisory Board, was appointed on October 21, 1998 and his second term of office expires in October 2006. He is also a member of the Supervisory Boards of Trespa International B.V. (chairman) and Holland Colours N.V. (Chairman). Mr Selman's other positions include chairing the Advisory Committee for Technological Partnership Projects (Senter/Ministry of Economic Affairs) and the Board of the Shares Trust Office Foundation of ASM Lithography. He also sits on the governing boards of the Vopak Shares Trust Office Foundation and the Univar Shares Trust Office Foundation.

C. Griffioen

Cees Griffioen (1941) is Deputy Chairman of the Supervisory Board and chairs its Audit Committee. He was appointed on June 15, 2000 and his second term of office expires in June 2008. Mr Griffioen is a member of the Supervisory Boards of N.V. Nederlandse Gasunie and Gas Transport Services B.V. and is a member of the Supervisory Boards of Berenschot Holding B.V., KAS BANK N.V. and Cordares Holding N.V. He is also a member of the Supervisory Council of the Noorderbreedte Care Group and of the Board of Governors of the Postgraduate Controllers' Course at Groningen University. He is also an advisor to the Regional Director of Deloitte.

J.F.T. Vugts

Jan Vugts (1942) was appointed to the Supervisory Board on July 17, 2001 and sits on its Audit Committee. He was reappointed in July 2005 for a second term of office that expires in 2009. Mr Vugts chairs the Supervisory Board of Alewijnse Holding B.V. and is a member of the Supervisory Board of Van Grinsven Drukkers B.V. He also sits on the Board of the K.U.N. Foundation and the Board of the Trust Office Foundation of Wolters Kluwer.

J.F. van Duyne

Fokko van Duyne (1942) was appointed to the Supervisory Board on October 26, 2001. He was reappointed in October 2005 for a second term of office that expires in 2009. He chairs the Supervisory Boards of Gamma Holding N.V., OPG Groep N.V., De Nederlandsche Bank N.V. (the Netherlands Central Bank) and Samas Groep N.V. Mr Van Duyne is also chairman of the Supervisory Board of Royal Verkade N.V. and chairs the Board of the Preference Share Foundation of Koninklijke Wegener N.V. He is chairman of the board of the Trust Office of Vedior N.V., a member of the board of the Trust Office Foundation of Fugro N.V., the board of the Continuity Foundation of Boskalis Westminster N.V. and the Preference Share Foundation of Buhrmann N.V. Van Duyne is also a Crown appointed member of the Social and Economic Council of the Netherlands (SER). In October 2005, he was asked by the Minister of Economic Affairs Mr Brinkhorst to lead a consortium of nine large industrial enterprises wishing to conclude joint long term contracts for the procurement of energy.

A.W. Veenman

Aad Veenman (1947) was appointed to the Supervisory Board on March 8, 2005, for a term of office that expires in 2009. He was named President and CEO of Netherlands Railways on November 1, 2002 and became President of the Community of European Railway and Infrastructure Companies (CER) on 1 January 2005. Veenman is also a member of the Supervisory Board of Rabobank Netherlands and chairs the Supervisory Board of Koninklijke Ten Cate N.V.

Key figures of TenneT Holding B.V.

	2005	2004	2004	2003	2002 ¹⁾	2001
	IFRS	IFRS	Dutch GAAP	Dutch GAAP	Dutch GAAP	Dutch GAAP
Financial data (in millions of euros)						
Turnover	417.9	413.7	415.8	358.1	326.4	354.5
Operating result (EBIT)	67.5	110.9	112.0	82.5	80.1	78.6
Net profit after taxes	96.0	65.2	58.0	51.0	46.6	63.6
Tangible fixed assets	1,111.5	1,047.9	794.0	765.1	492.3	482.1
Shareholders' equity	609.0	551.8	374.1	339.2	288.2	179.2
Balance sheet total	2,971.1	2,043.1	1,861.9	1,711.6	994.6	875.5
Number of staff at year-end	493	491	491	352	318	280
Ratios²⁾						
Solvency	51.6%	51.0%	42.9%	35.6%	43.3%	27.6%
Return on average total assets	8.5%	6.4%	6.4%	6.3%	7.1%	10.5%
Return on average shareholders' equity	16.5%	14.6%	16.3%	16.2%	20.0%	46.9%
Interest cover	4.3	7.5	7.8	10.2	12.6	10.4
Loans/EBITDA	2.4	2.0	2.1	3.4	1.6	1.4
Technical data						
Circuit length – 380 kV (in km)	2,003	2,003	2,003	2,003	2,003	2,003
Circuit length – 220 kV (in km)	683	683	683	683	683	683
Circuit length – 150 kV (in km)	551	551	551	542	-	-
Substations – 380 kV (number)	18	18	18	18	18	18
Substation – 220 kV (number)	12	12	12	12	12	12
Substations – 150 kV (number)	19	19	19	19	-	-
Import (in GWh)	23,691	21,405	21,405	20,801	20,870	21,492
Export (in GWh)	5,398	5,188	5,188	3,809	4,488	4,209
Failures – 380/220 kV ³⁾	39 ⁴⁾	14	14	16	18	17
Interruptions – 380/220 kV	-	-	-	-	-	1
Unsupplied energy (MWh) – 380/220 kV	-	-	-	-	-	6
Failures – 150 kV ³⁾	20	17	17	19	5	8
Interruptions – 150 kV	1	1	1	-	3	2
Unsupplied energy (MWh) – 150 kV	151	141	141	-	340	257

¹⁾ Result revised for provision for deferred tax assets

²⁾ Balance sheet total excluding assets not immediately at our disposal, accounts receivable and accounts payable in connection with exchange transactions and investment contributions received in advance

³⁾ Failures that do not lead to interruptions in the electricity supply

⁴⁾ Twenty failures occurred in one day due to "line dancing"

The Dutch transmission grid

1 January 2006

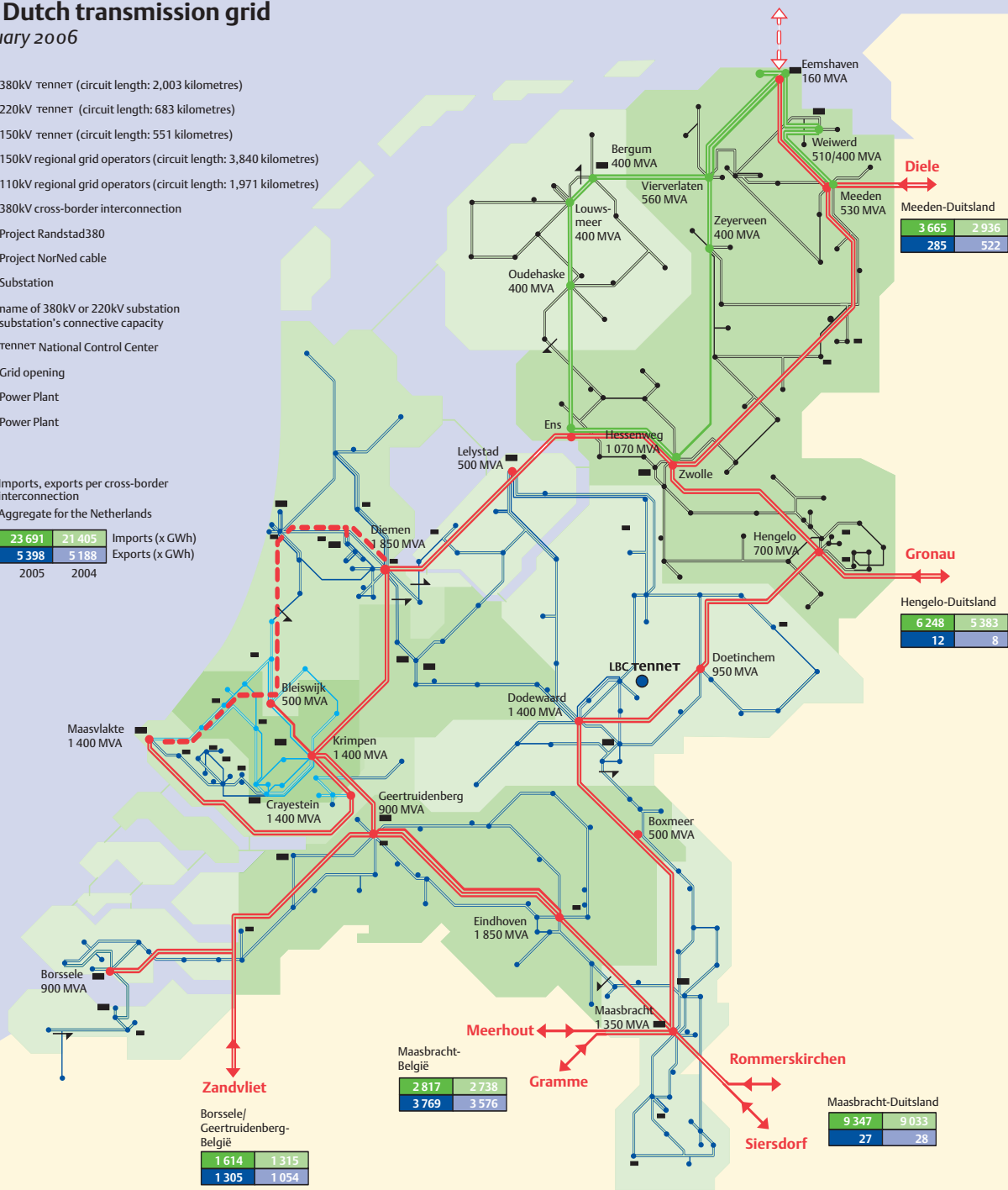
- 380kV tennet (circuit length: 2,003 kilometres)
- 220kV tennet (circuit length: 683 kilometres)
- 150kV tennet (circuit length: 551 kilometres)
- 150kV regional grid operators (circuit length: 3,840 kilometres)
- 110kV regional grid operators (circuit length: 1,971 kilometres)
- ⇄ 380kV cross-border interconnection
- ⇄ Project Randstad380
- ⇄ Project NorNed cable
- ● ● Substation

- Diemen 450 MVA name of 380kV or 220kV substation
substation's connective capacity
- tennet National Control Center
- ▶ Grid opening
- Power Plant
- Power Plant

Imports, exports per cross-border interconnection

Aggregate for the Netherlands

23 691	21 405	Imports (x GWh)
5 398	5 188	Exports (x GWh)
2005	2004	



Key figures of CertiQ B.V.

Type of sustainable energy in MWh	The Netherlands 2005	International 2005
Biomass	4,570,409	1,396,633
Water	94,464	8,401,347
Solar	2,902	-
Wind	2,064,992	1,000
CHP	9,691,563	-
Total	16,424,330	9,798,980

Key figures of EnerQ B.V.

Category	Budget used 2005 (x EUR 1,000)	Budget used 2003-2005 (x EUR 1,000)	Production 2003-2005 (x 1.000 MWh)	Requests 2005 (number)
Wind	138,869	247,198	3,837	201
Solar	253	446	5	187
Water	446	636	7	6
Biomass	279,971	374,476	5,538	71
CHP	112,783	197,233	22,113	1,157
Total	532,322	819,990	31,500	1,622

Key figures of TSO Auction B.V.

Financial data	Available capacity	Acquired capacity	Revenues (x EUR 1,000)	Revenues 2004 (x EUR 1,000)	Revenues 2003 (x EUR 1,000)
Daily auction	46.7 TWh	45.2 TWh	48,457	20,784	52,121
Monthly auction	20.3 TWh	20.3 TWh	34,239	26,119	44,402
Annual auction	15.8 TWh	15.8 TWh	36,448	34,908	35,501
Resale		4.9 TWh	(2,084)	(1,271)	(1,540)
Total			117,060	80,540	130,484

Workforce data of TenneT Holding B.V.

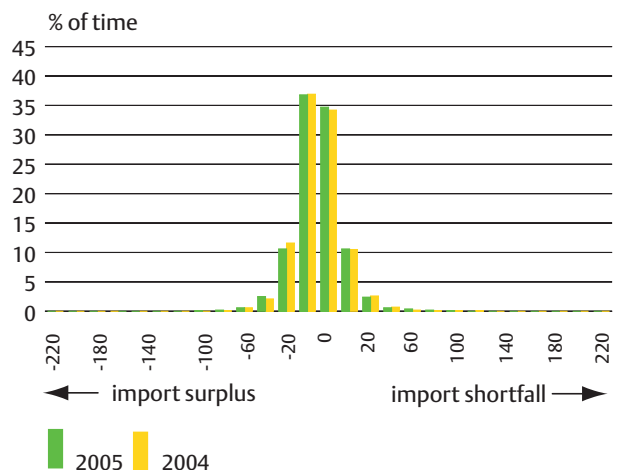
	2001	2002	2003	2004	2005
Number of staff	280	318	352	491	493
Permitted basic composition	246.5	273.5	312.15	486.75	496.85
Average age	42.4	41.8	41.1	41.3	40.8
Average time of service	2.3	2.8	3.2	2.8	3.5
Natural attrition percentage	6.91	9.07	7.06	7.99	11.50

PM The starting point used to determine the average time of service was the establishment of TenneT on 21 October 1998. Any time of service with TenneT's legal predecessors SEP and TZH has not been included.

*) Formation in the first half of 2004, before the acquisition of TZH

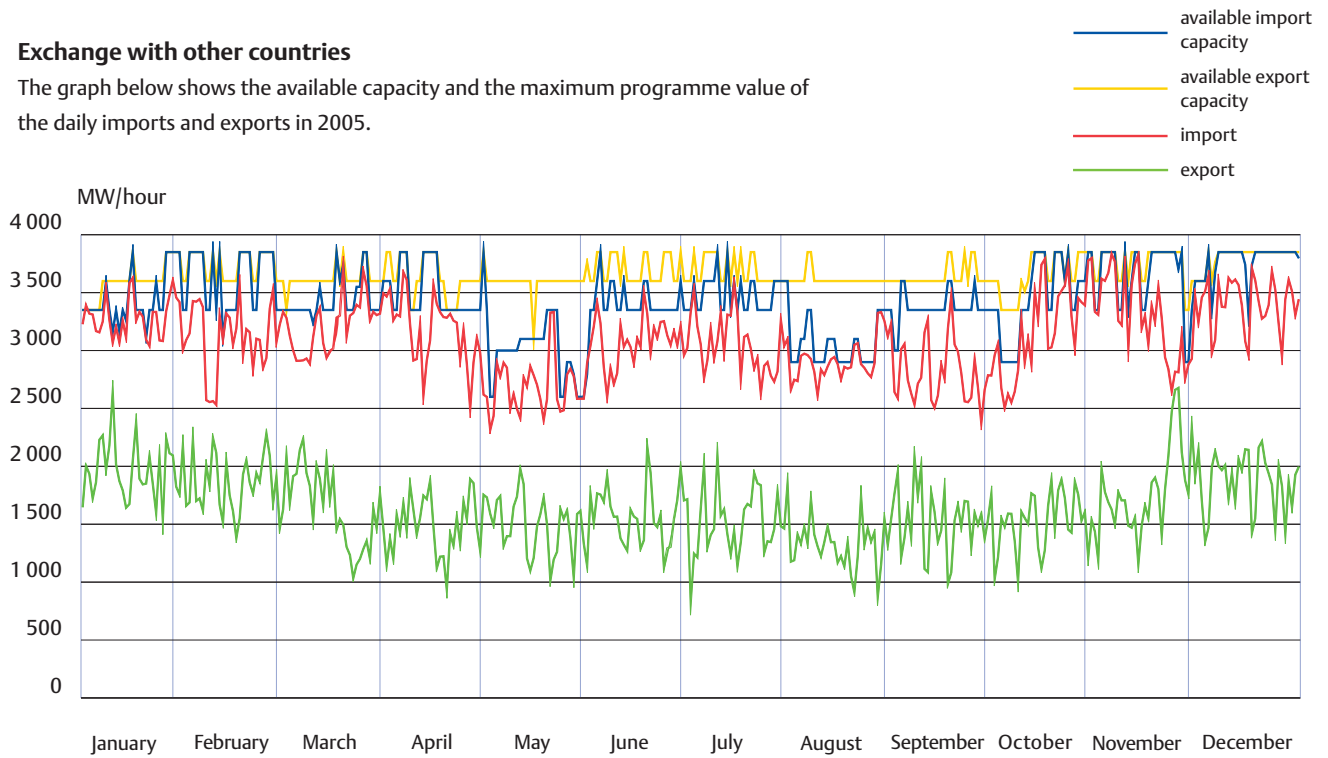
Involuntary exchanges between the Netherlands and other countries

The diagram shows the discrepancies of the physical energy flows relative to the exchange programme involving other countries, expressed in hourly values. The difference with the international exchange programme remained below 20 MWh in 71.5% of the hours, while the national standard of 100 MWh was not met in 0.2% of the time.



Exchange with other countries

The graph below shows the available capacity and the maximum programme value of the daily imports and exports in 2005.



Daily imbalance of PRPs

The graph below shows the aggregate daily imbalance of all programme-responsible parties (PRPs) for the period from 1 January to 31 December 2005, with the bars representing the daily positive imbalance (surplus) and negative imbalance (deficit) volumes.

**) The unusually high value of 31 October 2005 concerns an administrative difference due to an allocation error made by a grid administrator.*

