Presentation
Half-year results 2010

6 September 2010

Disclaimer

This presentation for the first half of 2010 is a translation of the Dutch presentation on the consolidated results for the first half 2010 of Alliander N.V. Although this translation has been prepared with the utmost care, deviations form the Dutch presentation might nevertheless occur. In such cases, the Dutch presentation prevails.

'We', 'Alliander', 'the company', 'the Alliander Group' or similar expressions are used in this presentation as a synonym for Alliander N.V. and its subsidiaries. Together they represent the network company. 'Liander' refers to Liander N.V. and its subsidiaries, together they represent the grid manager. 'Liandon' refers to Liandon B.V. and its subsidiaries. Alliander N.V. is the shareholder of Liander N.V., Liandon B.V., Alliander Finance B.V., Alliander AG and Stam Heerhugowaard Holding B.V.

On 1 July 2010, Alliander acquired the shares of network company Endinet B.V. With effect from this date, Endinet will be included in the consolidation. As a consequence, this presentation for the first half of 2010 does not include Endinet results, unless mentioned specifically.

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

This presentation has been prepared with due regard to the accounting policies applied in the preparation of the 2009 financial statements of Alliander N.V., which can be found on www.alliander.com. This presentation does not contain all information prescribed by IFRS for interim financial reporting. To obtain a complete picture this presentation must therefore be considered in conjunction with the 2009 Annual Report of Alliander N.V. published in April 2010.

All financial information shown throughout this presentation is unaudited.

Content

Highlights 2010 YTD

Financial results and position

- Halfyear result 2010: € 62 million (1)
- Decrease of regulated tariffs
- Decreased OPEX
- Lower CAPEX
- Confirmation of credit ratings:
  - S&P: A
  - Moody's: from A2 to Aa3
- Extension of RCF: € 600 million expiring March 2015
- Endinet acquisition including full repayment of Endinet loans by cash balances (July 2010)
- Update of EMTN and ECP programmes
- Termination of 2 CBL trusts

Strategic and operational developments

- Acquisition Endinet
- Decrease of external staff
- Increase of customer satisfaction
- Increase of average electricity outage
- New prevention and registration system to prevent excavation damage

Regulatory developments

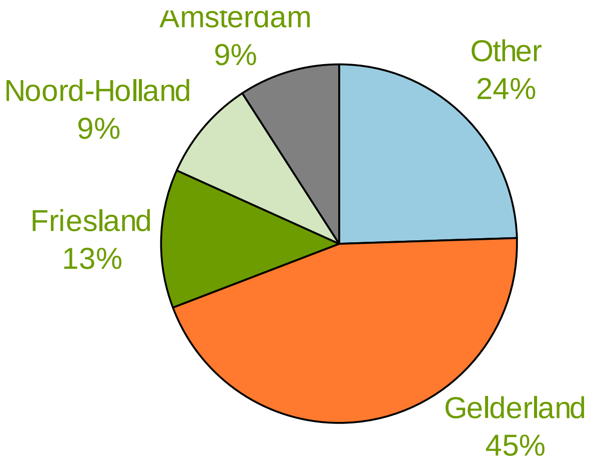
- Court decision on Unbundling Act (in appeal by Dutch State)
- Regulatory developments
  - Smart meters
  - Market model
  - X-factors for new regulating period

(1) Excluding Endinet results. Endinet will be included in consolidated Alliander results as of 1 July 2010

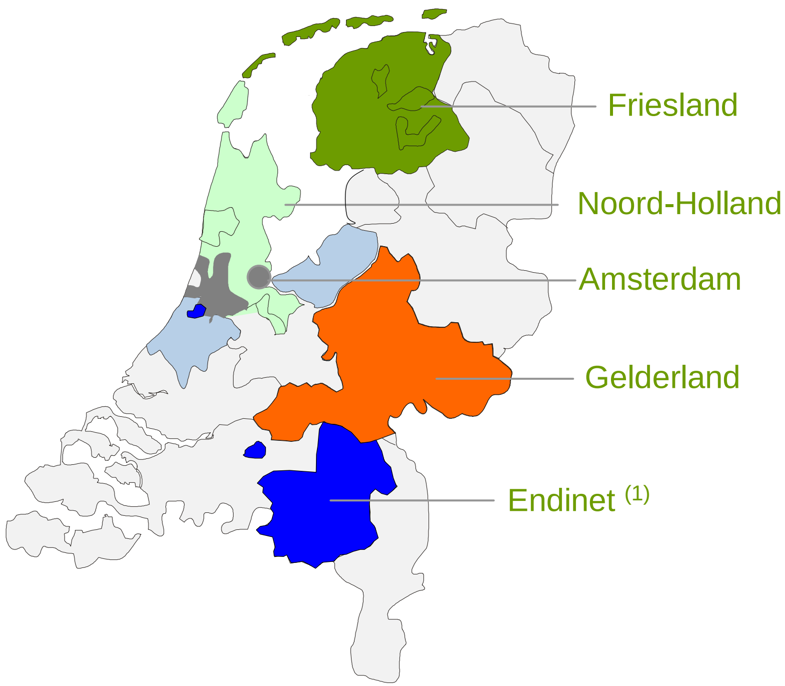
Content

Stable public shareholder base

Alliander Shareholders:
Provinces & Municipalities



Alliander's grid coverage regions coincide with the shareholders base

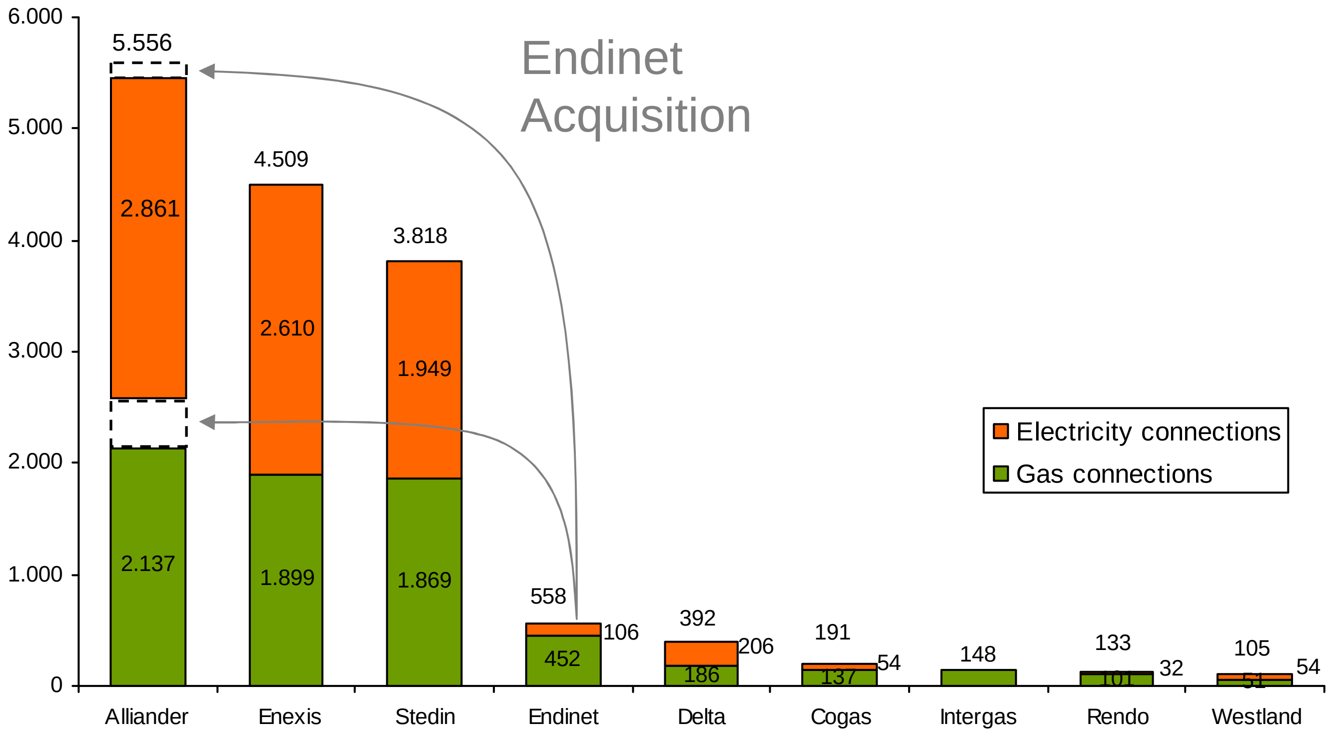


Stable shareholder base, 100% publicly owned shares

(1) As per 1 July 2010

Market share

Number of connections (x1,000)

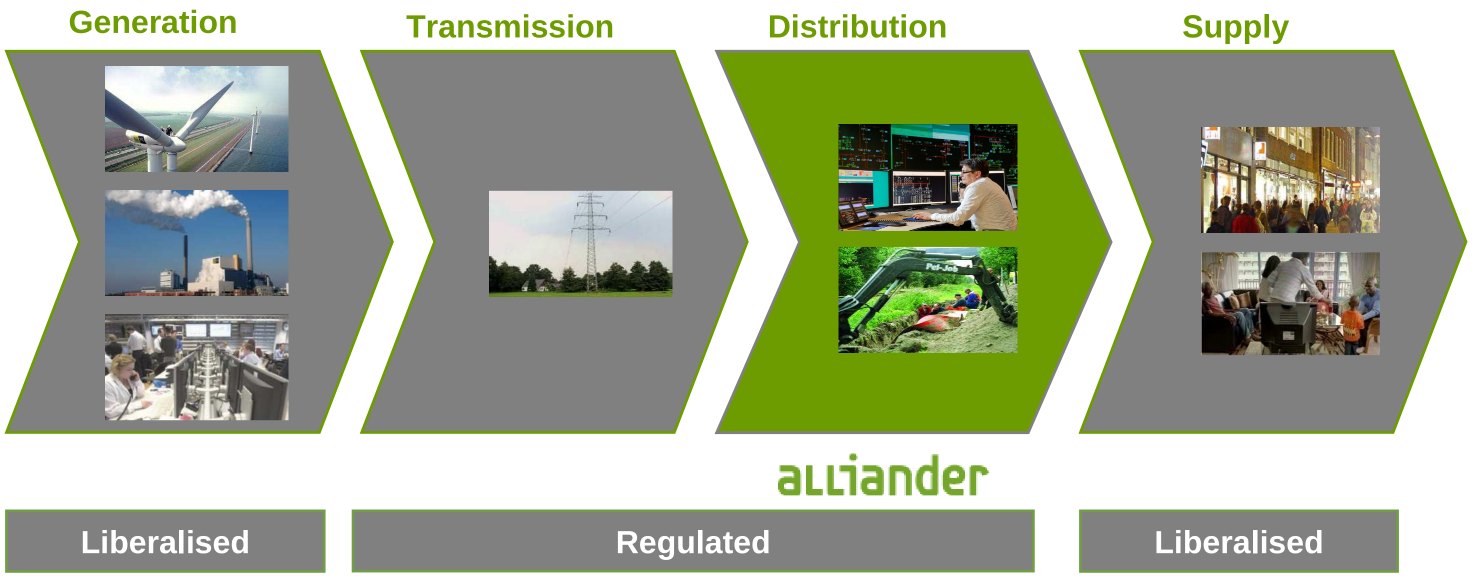


- Alliander and Endinet together have 3 million electricity customers and 2.6 million gas customers in the Netherlands
- Market share Endinet is 4%, which will bring the market share of Alliander to 38%
- Scale of operations and performance to date give comfort on continued outperformance versus the industry average

Alliander is the largest network company in the Netherlands with market share of 38%

Source: EnergieNed "Energy in the Netherlands" 2010 publication

Position in Dutch energy value chain



Alliander: Connected, reliable and leading

- Alliander is the leading Dutch regional network company
- Through technical and social innovation we aim to continuously improve efficiency and contribute to energy policy implementation as a reliable, responsible and connected regional network company that is providing crucial services to society
- We measure results in customer satisfaction, grid reliability, people motivation and costs per connection
- We are the number one regional network company in the eyes of our customers
- A robust investment from both a financial and social perspective
- We are the a natural partner for the development and implementation of energy policies
- We are an innovative company participating and leading in numerous energy projects

Operational excellence	As a ‘LEAN’ company we live a culture of continuous improvement. Operational excellence allows us to outperform the regulatory yardstick
World Class Customer Management	We continuously improve our products and services from the customers perspective and re-design our processes, procedures and systems to deliver these fast, reliably and innovatively
Technical innovation	We are exploiting technological developments to improve services to customers and energy suppliers and optimise grid management. Smart meter and related grid technology will also be required to enable the increasingly dynamic management of the grid, resulting from decentralised generation

Business profile

Stable cash flow profile	Over 95% regulated cash flow: Constructive and stable regulatory framework and high degree of cash flow stability
Largest market share	Alliander is the largest network company in the Netherlands with 38% market share and scale of operations and performance to date give comfort on continued outperformance versus the industry average
Core Dutch infrastructure asset	Alliander is considered as of great strategic importance to the Dutch energy sector
Stable public shareholder base	100% owned by Dutch provinces and municipalities and will remain in public ownership as privatisation is not allowed by law
Robust capital structure	Strong financial profile with clear and well defined financial policy, supported by regulated financial ratios and proven commitment to stay within financial policy framework
Leader in Dutch consolidation	Alliander is at the forefront of the Dutch network consolidation, thereby safeguarding its current strong market position
Innovative company	An innovative company where people work passionately to achieve our ambitions
Strong credit ratings	Alliander has strong Long Term Credit Ratings of Aa3/A (confirmed in March 2010 / August 2010) with 'stable' outlook

Content

Key figures first half 2010

€ million, or otherwise as stated

	First half-year 2009	First half-year 2010	Movement '09-'10
Financial key figures			
Revenue reported	720	679	-6%
Operating profit reported	324	129	-60%
Operating profit comparable (1)	177	148	-16%
Profit after tax reported	207	62	-70%
Profit after tax comparable (1)	89	70	-21%
Investment in property, plant and equipment	186	157	-16%
Ratios	**31 Dec 2009**	**30 Jun 2010**	
Net debt position	1,382	1,344	
Solvency	41.6%	42.4%	
FFO / Net Debt	25.4%	24.6%	
Outage Electricity (in minutes)	27.4	29.5	

(1) Comparable: reported excluding incidental items and fair value movements

Incidental items and fair value movements

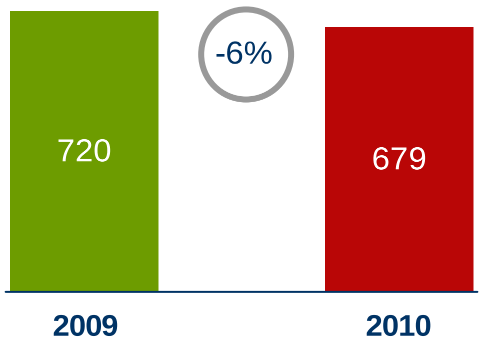
€ million

	First half-year 2009	First half-year 2010
Result on cross-border lease-related investments	2	-19
Book profit on sale of HV-grids to TenneT	168	-
Reservation for staff bonuses	-23	-
Total impact on operating profit from continuing operations	**147**	**-19**
Interest rate swaps related to Endinet acquisition	-	19
Fair value movements on financial instruments	-	-7
Interest relating to corporate income tax payable for prior years	-16	-
Foreign exchange result on a cross-border lease-related investment	1	-3
Total impact on profit before tax from continuing operations	**132**	**-10**
Tax effect of incidental items	-26	2
Release of corporate income tax payable for prior years	12	-
Total impact on profit after tax	**118**	**-8**

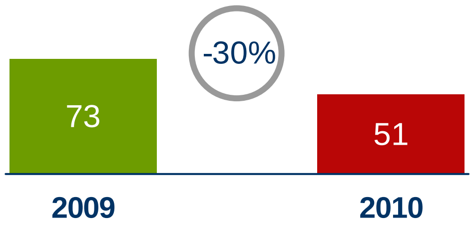
Financial highlights [1] first half 2010

€ million

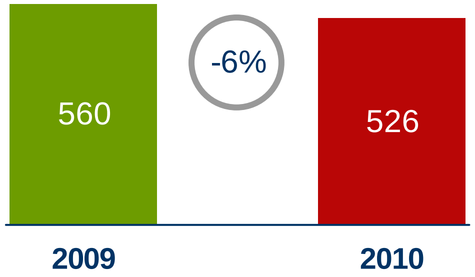
Revenue



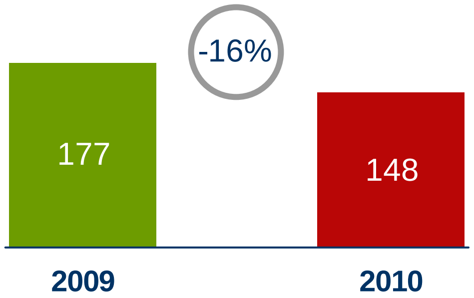
Other income



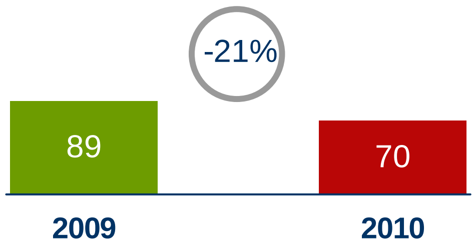
Purchasing costs, costs sub-contracted work and operating expenses



Operating profit

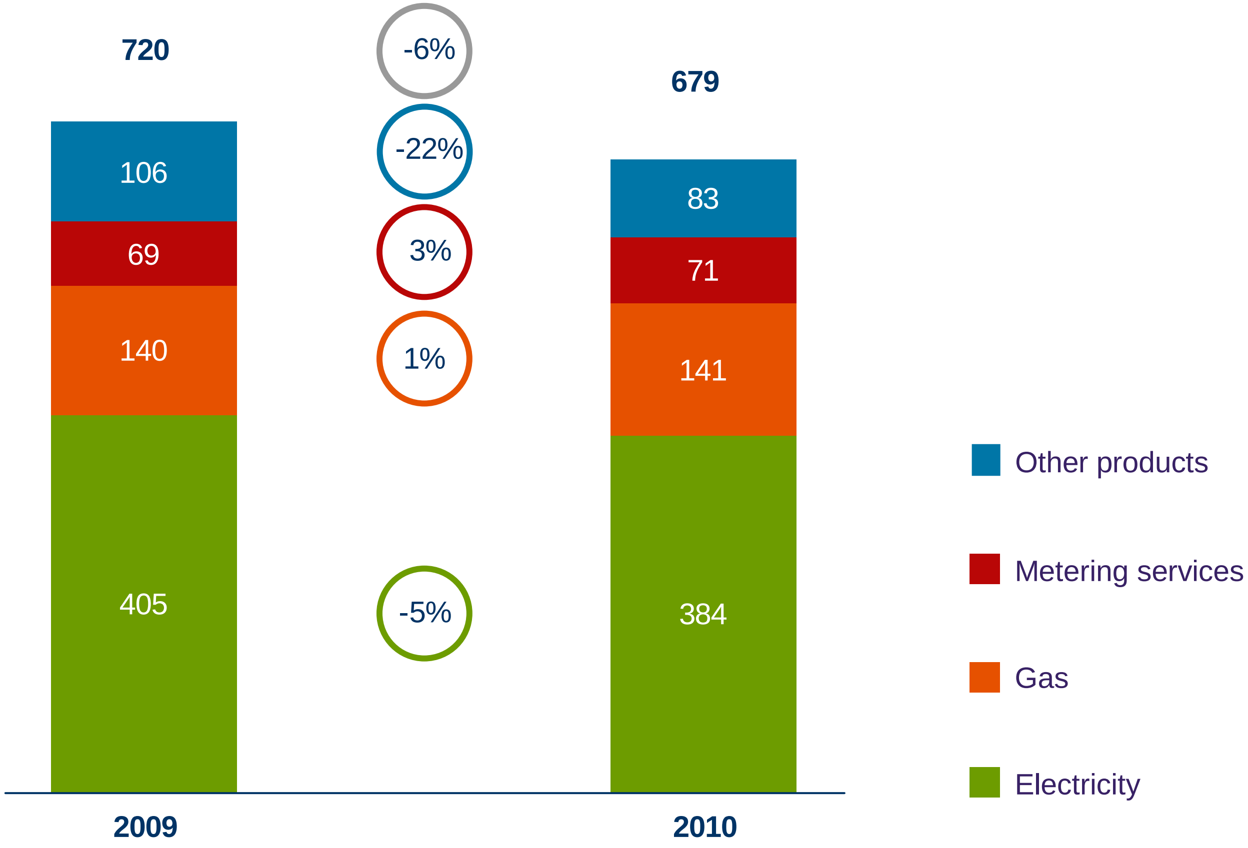


Profit after tax



(1) Excluding incidental items and fair value movements

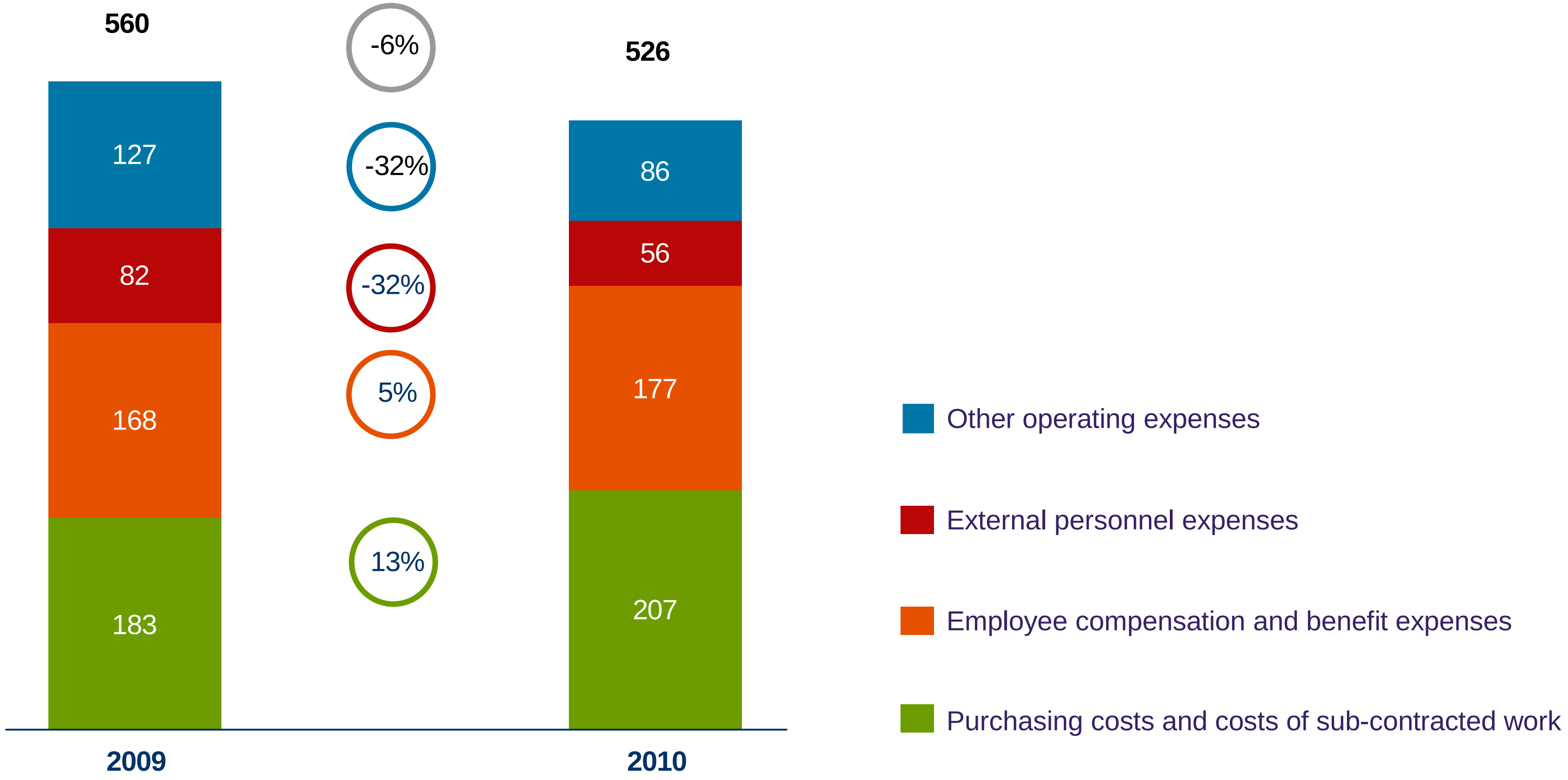
Revenue [1] first half 2010
€ million



(1) Excluding incidental items and fair value movements

Purchasing costs, costs of sub-contracted work and operating expenses [1] first half 2010

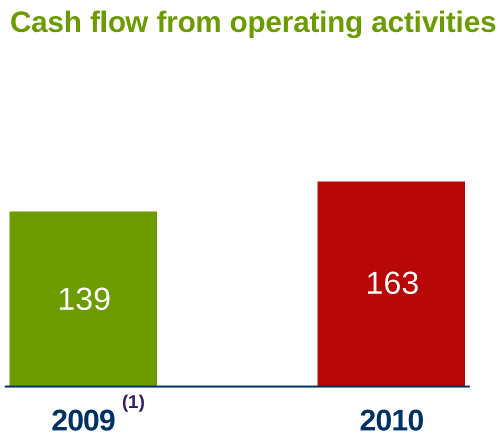
€ million

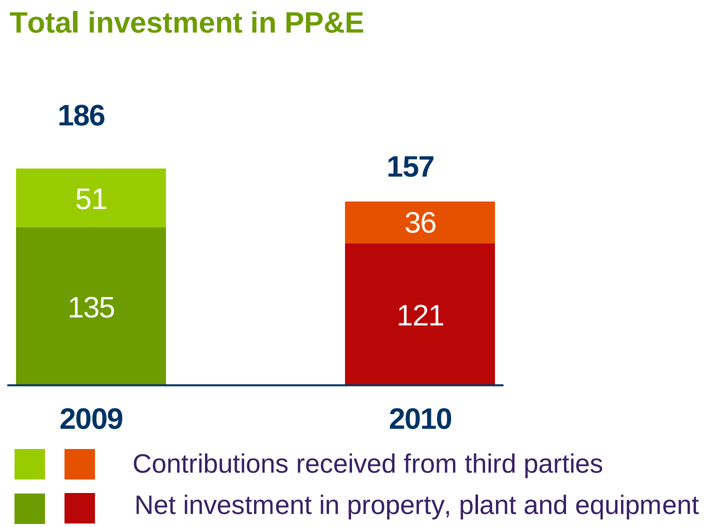


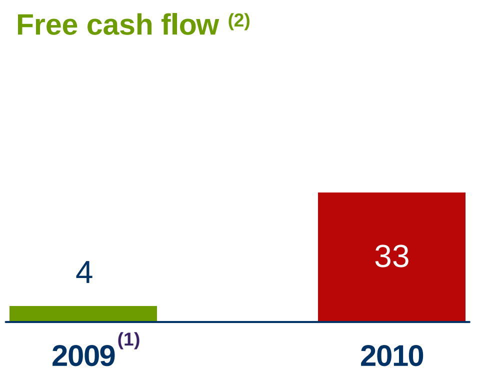
(1) Excluding incidental items and fair value movements

Cash flows and Capex first half 2010

€ million







(1) Excluding Nuon Energy contribution to dividend over 2008 result

(2) Free cash flow = Cash flow from operating activities – Gross investment in non-current assets + Contributions received from third parties

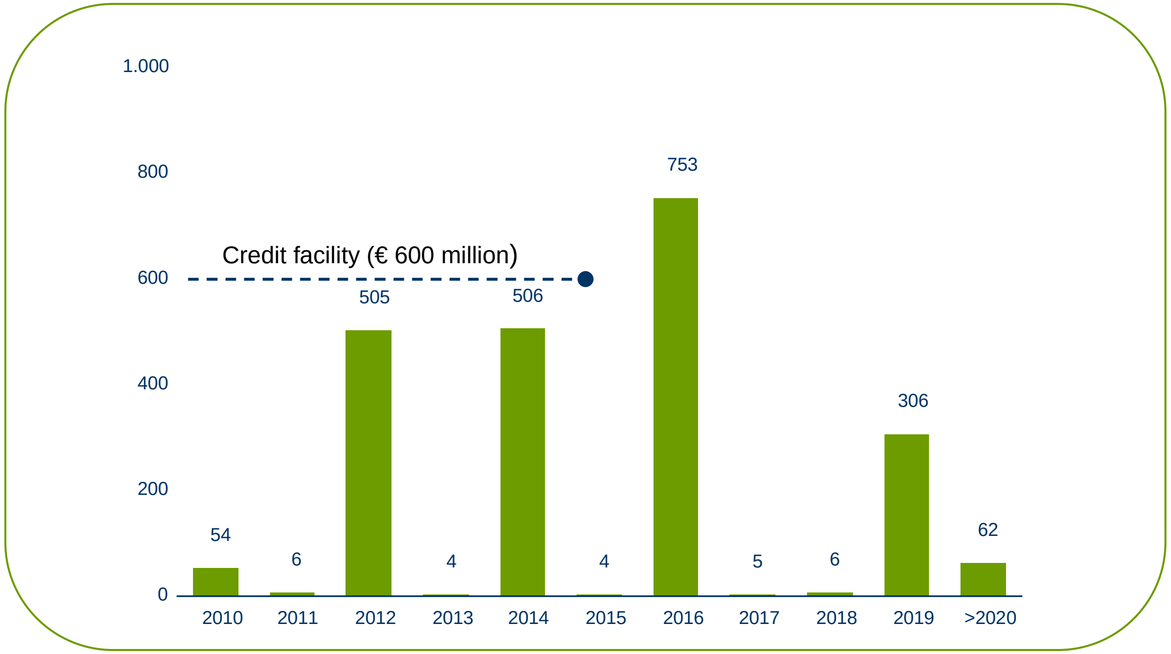
Financial position

€ million

Bank facilities	Amount committed	Drawn	Expiry date
Committed credit facility [1]	600	--	March 2015

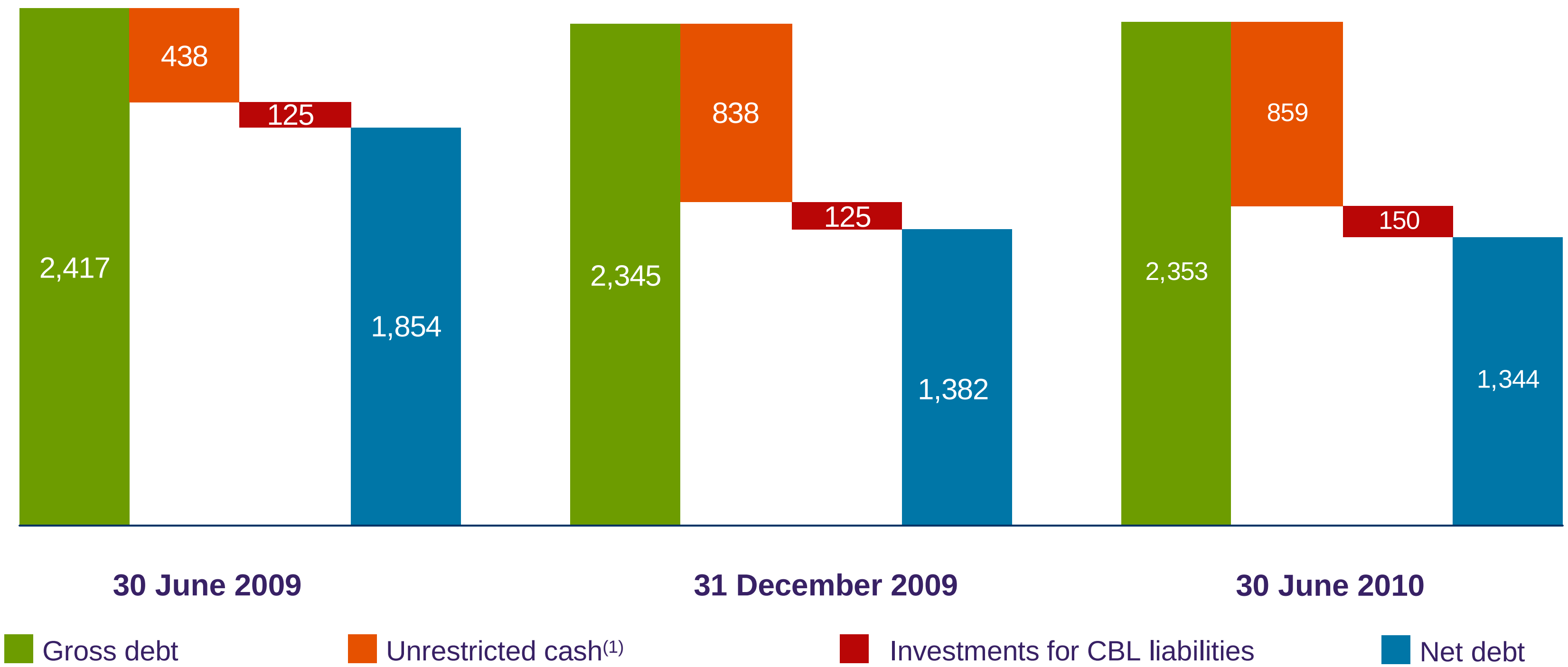
Issue programmes	Size	Used
Euro Medium Term Notes	3,000	2,050
Euro Commercial Paper	1,500	50

Maturity profile gross debt (30 June 2010)



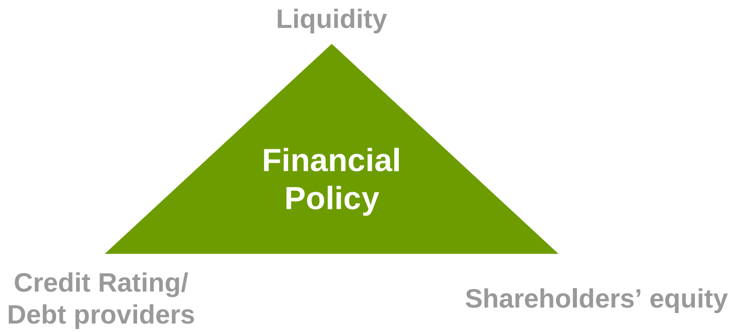
(1) Including € 200 million L/C back-up facility

Net debt
€ million



(1) including available-for-sale investments

Alliander's financial policy



Financial Framework

- FFO/Net debt: Minimum 20%
- FFO Interest cover: Minimum 3.5
- Net debt/capitalization: Maximum 60%
- Solid A rating profile
- Comply with regulatory criteria for the network operator

Dividend Policy

- Stable dividend
- Pay-out: 45% of after-tax profit, adjusted for incidental items, unless CAPEX from regulatory obligations or financial criteria require higher retained earnings
- Minimum solvency of 30% (1)

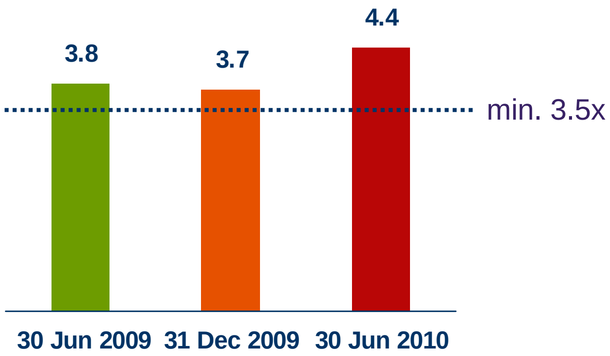
General Principles

- Part of overall policy and strategy
- Balance between protection of debt providers' and shareholder returns
- Financial strength and discipline
- Maintain cushion relative to regulatory criteria
- Flexibility to grow and invest
- Transparent reporting
- No structural subordination

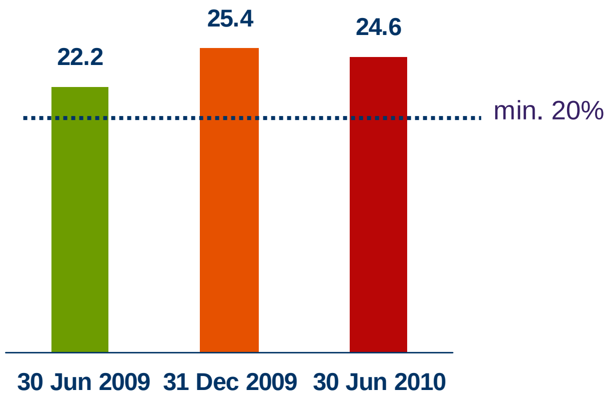
(1) Solvency: Equity/Total assets net of deferred income

Ratios financial policy

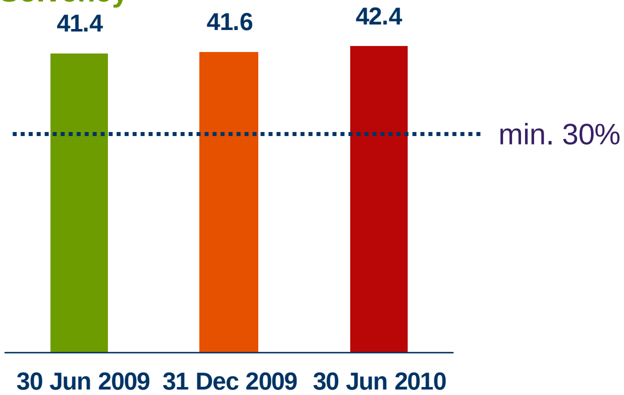
Interest cover (1)



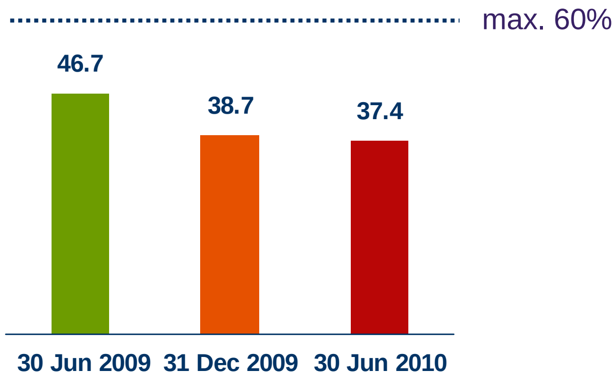
FFO(2) / Net debt



Solvency (3))



Net debt/capitalisation (4)



(1) Interest cover: profit after taxation adjusted for deferred tax asset movements and incidental items and fair value movements plus depreciation and net finance income and expenses, divided by net finance income and expenses adjusted for incidental items and fair value movements

(2) Funds From Operations: 12-months profit after taxation adjusted for deferred tax asset movements and incidental items and fair-value movements plus depreciation of PP&E and intangible assets

(3) Solvency: equity including result period divided by total assets less deferred income

(4) Net debt capitalisation: net debt divided by the sum of net debt and equity

Strong credit ratings

Moody's Investors Service

Aa3/Stable

Rationale

- Counts as a Government Related Issuers (GRI) under Moody's methodology
- 100% ownership by a number of Dutch regional and local governments provides comfort for expected systemic support in distressed situations
- Endinet acquisition in line with strategy of becoming one of the leaders in the long-term development of the Dutch regional network sector
- Strong liquidity position supported by solid cash flow generation, favourable debt maturity profile and reasonable dividend policy
- Compliance with all covenants with comfortable headroom
- Moody's expects Alliander not to materially divert below its minimum credit metric, set within its financial policy: FFO interest coverage at or above 3.5x and FFO/Net Debt above 20% on a sustainable basis

STANDARD & POOR'S

A/Stable

Rationale

- Strategic importance to the provinces and municipality owners as the monopoly provider of gas and electricity distribution services in its licence areas
- The Endinet acquisition is largely neutral for Alliander's business risk profile, which is assessed as "excellent"
- Rating reflects S&P's view on Alliander's low-risk regulated electricity and gas distribution network businesses, stable and predictable operating cash flow, high quality network assets and stable operating performance
- Stable outlook reflects the opinion that Alliander will continue to focus on its regulated business and continue to post stable and predictable cash flows that cover its investment requirements.

Source: Moody's Investors Service as of March 11, 2010 and Standard and Poor's as of August 6, 2010

Content

Endinet acquisition

Strategic rationale and transaction details

Strategic rationale

- Fits in Alliander's strategic vision:
  - Strengthens position as market leader in Dutch regional network sector
  - Leading position in expected upcoming consolidation of Dutch network sector: Alliander expects one regional network company to remain in the Netherlands
  - Creates value for shareholders and society
- In line with strategic framework set out by Dutch government for consolidation of a currently fragmented regional network sector
- Significant cash balance invested in core regulated business

Transaction details

- Purchase price of € 712 million
- Effective per 1 July 2010
- Full repayment of Endinet loans
- Total Standardized Asset Value (SAV): ~ € 500 million
- CBL strip risk: ~ € 43 million (mid 2010)
- Capitalization according to legislation

Endinet acquisition
Facts

Geographical Presence

Company Profile

- Endinet is an independent network company focused on the construction and management of regulated gas and electricity networks (NRE Netwerk BV, Obragas Net NV and BV Netbeheer Haarlemmermeer) in the Netherlands
- Primary activity is operation of three gas networks and associated gas meters and connections
- Number of connections:
  - Electricity: 106,000
  - Gas: 452,000
- Endinet also provides on a small scale local, non-regulated services (less than 5% of 2009 revenues) such as:
  - Public light infrastructure
  - Traffic lights
  - Glass fibre networks
  - Sustainable energy

Content

Incentive based regulation

Regulation model	• Simulating competition by yardstick competition (benchmarking) • Creating incentives for operators • Level playing field (equal performance leads to equal revenues) • Rate of return in accordance with risks
Impact	▪ Above average performers do well, below average performers are penalized ▪ This model implies that the overall sector is able to cover its cost ▪ Privatisation not allowed by law

The regulatory framework is constructive and does not allow for privatisation

Dutch regulatory system & developments

- The regulatory system has been improved (adjusted) in the course of years. Updates of parameters and small model improvements expected for the next regulatory tariff period 2011-2013
- Government policy aims for a balance between quality and sustainability, whilst providing the incentive for efficiency
- Strong belief in (the results of) competition. No major changes in the regulation principles foreseen. Yardstick competition prevailing
- Total cost recovery for the industry remains one of the basis principles, which means that individual companies with an average performance will cover their costs (including the WACC as set by the Energiekamer, applied on the standardised asset value)
- Liander has been able to outperform. By beating the yardstick Liander is able to obtain a return on investment (standardised asset value) which exceeds the WACC determined by the Energiekamer. For the period between 2011- 2013 the WACC (in post tax real terms) is set at 6.2%
- For the next regulatory period 2011-2013 negative x-factors (increase in tariffs) are proposed by the Energiekamer
- There is a difference between regulatory costs and commercial costs with respect to the asset value. The larger the difference between the regulatory and the commercial asset values, the larger the cushion against unforeseen circumstances.

Content

Appendices

Half-year results 2010 (1)

€ million

	H1 '09	Incid. items	H1 '09 excl incid.	H1 '10	Incid. items	H1 '10 excl incid.	Mov. '09 - '10
Revenue	720	-	720	679	-	679	
Other income	241	168	73	51	-	51	
Total income	**961**	**168**	**793**	**730**	**-**	**730**	**-8%**
Purchase costs and costs of subcontracted work	183	-	183	207	-	207	
Employee compensation and benefit expenses	191	23	168	177	-	177	
External personnel expenses	82	-	82	56	-	56	
Other operating expenses	125	-2	127	105	19	86	
Depreciation and impairments	106	-	106	110	-	110	
Less: Own work capitalised	-50	-	-50	-54	-	-54	
Total operating expenses	**637**	**21**	**616**	**601**	**19**	**582**	**-6%**
Operating profit (EBIT)	**324**	**147**	**177**	**129**	**-19**	**148**	**-16%**
Finance income and expense	-76	-15	-61	-49	9	-58	
Share in result of associates and joint ventures after tax	4	-	4	3	-	3	
Profit before tax from continuing operations	**252**	**132**	**120**	**83**	**-10**	**93**	**-23%**
Tax	-45	-14	-31	-21	2	-23	
Profit after tax	**207**	**118**	**89**	**62**	**-8**	**70**	**-21%**

(1) The comparative figures for 2009 are pro forma

Consolidated balance sheet

€ million

	30 June 2009		31 December 2009		30 June 2010	
Assets						
Non-current assets		5,490		5,631		5,701
Current assets		724		674		360
Cash and cash equivalents		337		451		695
Total assets		**6,551**		**6,756**		**6,756**
Shareholders' equity and liabilities						
Shareholders' equity						
Share capital	684		684		684	
Reserves	1,255		1,249		1,501	
Profit after tax	207		312		62	
Total shareholders' equity		**2,146**		**2,245**		**2,247**
Long-term liabilities						
Interest-bearing debt	2,266		2,272		2,288	
Deferred income	1,416		1,436		1,451	
Other long-term liabilities	211		211		220	
Total long-term liabilities		**3,893**		**3,919**		**3,959**
Short-term liabilities						
Interest-bearing debt	151		73		65	
Other short-term liabilties	361		519		485	
Total short-term liabilities		**512**		**592**		**550**
Total shareholders' equity and liabilities		**6,551**		**6,756**		**6,756**

Cash flow statement first half-year 2010
€ million

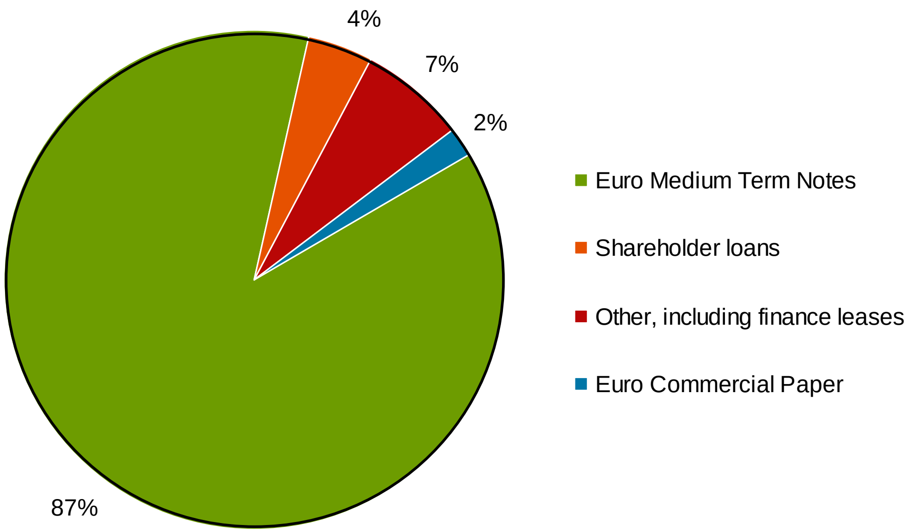
	First half-year 2009 (1)	First half-year 2010
Profit after tax	207	62
Adjustments for:		
Finance income and expense	76	49
Tax	45	21
Profit after tax from associates and joint ventures	-4	-3
Depreciation and impairment less amortisation	87	90
Changes in working capital	-26	-
Changes in deferred tax, provisions, derivatives and other	-153	32
Cash flow from operations	**232**	**251**
Net interest paid and received	-76	-61
Dividends received from associates and joint ventures	-	5
Corporate income tax paid	-17	-32
Cash flow from operating activities	**139**	**163**
Capital expenditure on property, plant and equipment	-186	-157
Construction contributions received	51	36
Investment in non-current financial assets	-	-9
Proceeds from assets held for sale	368	-
Cash flow from investing activities	**233**	**-130**
Repayment current account with Nuon Energy	-1,499	-
New/repaid other current interest-bearing liabilities and current part of long-term debt	89	50
New long-term debt	1,250	3
Repaid long-term debt	-5	-58
New/repaid current loans granted	-368	270
Capital contribution	400	-
Dividend paid	-139	-54
Cash flow from financing activities	**-272**	**211**
Net cash flow	**100**	**244**
Free cash flow (2)	**4**	**33**

(1) The comparative figures for 2009 are pro forma and adjusted for comparison purposes
(2) Free cash flow = cash flow from operating activities – gross investment in non-current assets + contributions received from third parties

Funding summary

€ million

Total interest-bearing debt: € 2,353 million (30 June 2010)

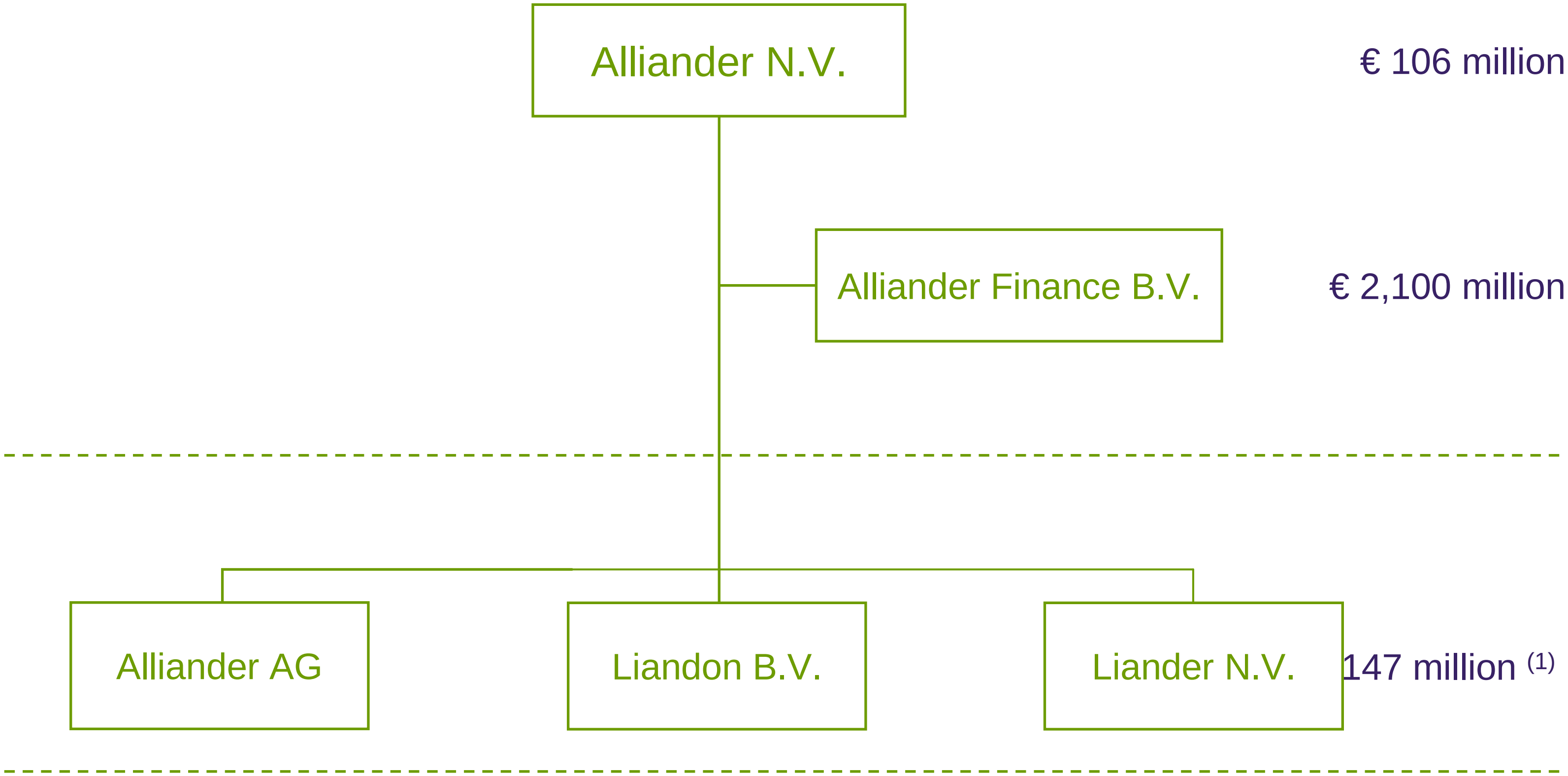


Net debt summary

Gross debt		**2,353**
Cash	695	
Other investments	164	
CBL investment	150	
Total cash and cash equivalents		**1,009**
Net debt		**1,344**

Location of debt

Interest-bearing debt € 2,353 million (30 June 2010)



(1) including € 140 million finance lease obligations Liander

Cross-border leases

6 US leases (USD mln)	**31 Dec 2009**	**30 June 2010**
Equity strip risk	518	407
MtM risk	173	176
	691	583

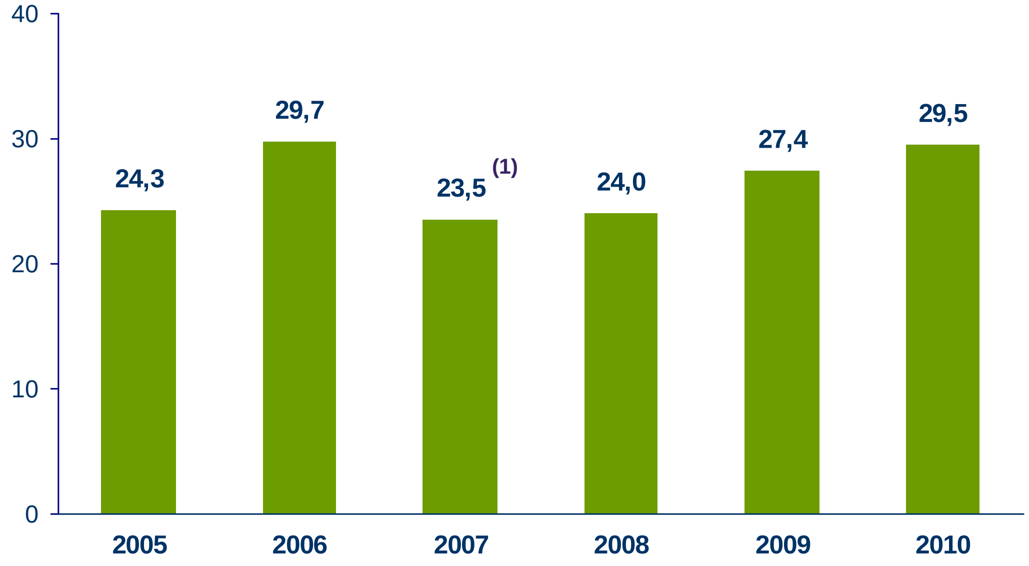
Letters of Credit (USD mln)	**31 Dec 2009**	**30 June 2010**
Issued	312	170
Additional LCs at A3/A-	249	250
Additional LCs at Baa1/BBB+	22	18

Back-up facility (€ mln)	**31 Dec 2009**	**30 June 2010**
Back-up L/C Facility	400	200

As of 1 July 2010 1 Endinet CBL: strip risk USD 43 million, L/C posted USD 62 million

Grid reliability

Average outage electricity per customer (min)

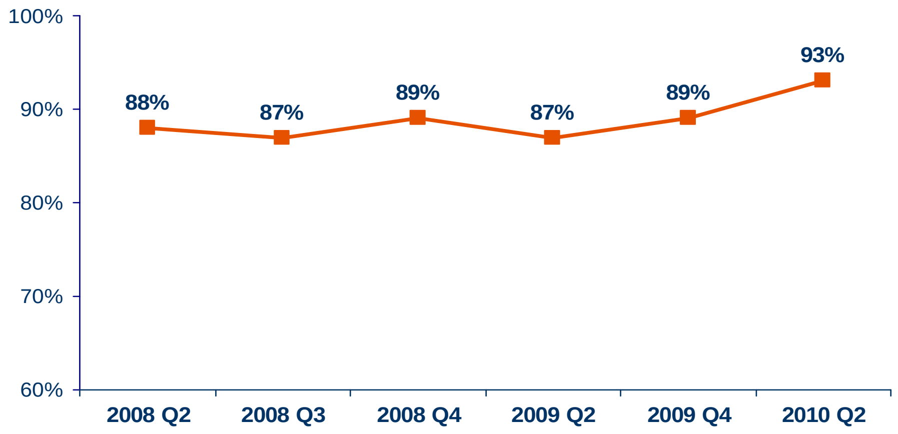


- Increase in electricity outage in past 12 months is caused by several extensive and prolonged power failures

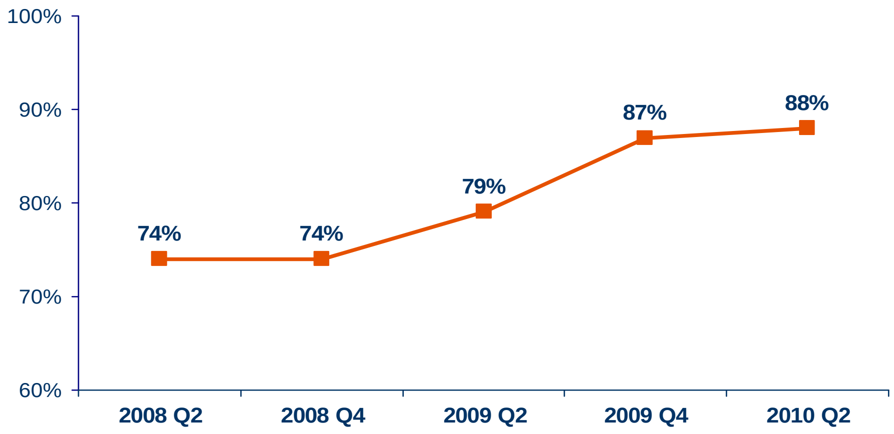
(1) 48,1 including Helicopter accident in Tieler- en Bommelerwaard in December 2007

Customer Satisfaction

Customer Satisfaction Consumer Market



Customer Satisfaction Business Customers



- High customer satisfaction in consumer and business market.
- Consumer market improving
- Business customers improving

Innovative company

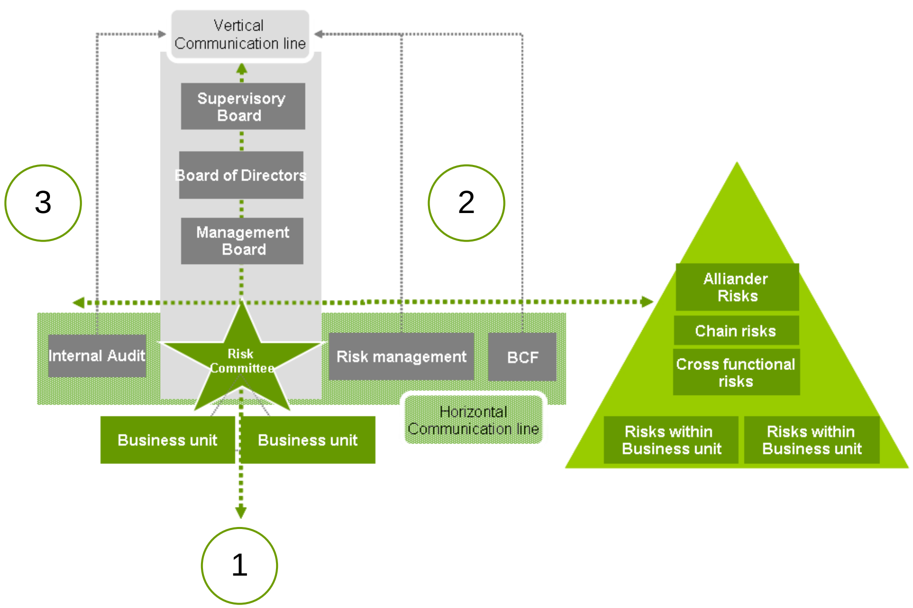
Smart metering	Installation of advanced meters, capable to be read through the internet and providing the consumer extended information about its own energy usage
Smart grid	Upgrade the power grids to be capable of routing power in more optimal ways than the current one-way to the customers and to be able to adapt to the change of supply and demand
Electric cars	As new vehicle, electric cars are responsible for new challenges like the availability of public charging points and the energy peak due to charging cars at the same time
Prevention of gas leak in grid	With the help of satellite Envisat, movements of the soil are monitored daily so endangered grids can be replaced before a potential leak. In the cities the method used is the “Cure in Place Lining”, where a lining is shoved within the damaged grid, without having to open the streets
Leading in setting up the Dutch central register of connections	In order to reach a better and more simple market model in the energy sector, the grid manager decided to bundle their register of connections into one central register by the year 2011. Liander is the first grid manager to commit itself and will play a major role in the solution and developments of this project

Risk management

Alliander considers risk management as an integrated part of managing the organisation and guarantee business continuity within controlled levels of uncertainty. The chosen risk framework is based on three principles which are; applying COSO-principles for Enterprise Wide Risk Management, being compliant with the applied Code for Corporate Governance, the Dutch regulators and 'form follows function'.

The two main components are risk management infrastructure and the risk management process. The risk management infrastructure contains the following parts; risk policy, risk language, roles and responsibilities, risk reporting and risk technology. The risk management process is a continuing process which contains seven steps; determine goals, identify risks, risk assessment; determine mitigations efforts; design and testing control activities, monitoring control activities and evaluate and improvement of the risk process.

the Governance Structure for Risk Management



Roles and responsibilities for managing risk are defined according to the 'Three lines of defense model'.

1. The first line of defense is line management. Line management within Alliander is primarily responsible for managing risks and executing the control activities.

2. The staff department risk management forms the second line of defense. They are responsible for developing and implementing the Alliander Risk policy including the risk framework, supporting the business units in implementing the risk management strategy and monitoring the effectiveness of the control activities. The risk management department is part of the business unit 'Algemene Zaken'. Risk management closely cooperates with the staff unit Business Control Framework (BCF) in order to embed the monitoring of the progress in control activities.

3. The third line of defense is the staff department Internal Audit. They provide the Board of Directors of Alliander with an independent assurance on risk mitigation.

Consolidated income statement first half-year 2010 IFRS [1]

€ million

	First half-year 2009		First half-year 2010	
Revenue	720		679	
Other income	241		51	
Total income		**961**		**730**
Purchase costs and costs sub-contracted work	183		207	
Employee compensation and benefit expenses	191		177	
External personnel expenses	82		56	
Other operating expenses	125		105	
Total purchase costs, costs sub-contracted work and operating expenses	**581**		**545**	
Depreciation and impairment of property, plant and equipment	106		110	
Less: Own work capitalised	-50		-54	
Total operating expenses		**637**		**601**
Operating profit (EBIT)		**324**		**129**
Finance income and expense		-76		-49
Share in results of associates and joint ventures after tax		4		3
Profit before tax from continuing operations		**252**		**83**
Tax		45		21
Profit after tax from continuing operations		**207**		**62**
Profit after tax from discontinued operations		226		-
Profit after tax		**433**		**62**

(1) Presented above is the income statement of Alliander showing the unbundling of Nuon Energy in strict accordance with IFRS, which requires recognition of the transaction as at the date of transfer of control (30 June 2009). This means that the result of Nuon Energy for the period 1 January to 30 June 2009 is recognised as profit from discontinued operations.

Financial definitions

Alliander financial policy

- **Net debt:** Interest bearing debt less cash and cash equivalents that are not restricted
- **FFO:** 12-months profit after taxation adjusted for deferred tax asset movements and incidental items and fair-value movements plus depreciation of PP&E and intangible assets
- **Interest cover:** FFO and net financial income and expenses, divided by net financial income and expenses adjusted for incidental items and fair value movements
- **Net debt/capitalisation:** net debt divided by the sum of net debt and equity

X-factor in the regulated allowed revenue formula

- **X-factor:** The x-factor symbolizes the efficiency gains which the grid managers can achieve during the regulatory period. Regional grid managers who reduce their cost per unit of output by more than the average grid manager, realize a relatively higher profit. This is an incentive for grid managers to operate as efficiently as possible
- **Outputsteering implemented in the energy Acts by the formula:** $AR_t = (1 + (cpi \pm x + q)/100) * AR_{\underline{t-1}}$, by which:
  - AR_t = allowed revenue
  - cpi = consumer price index
  - x = efficiency reduction
  - q = quality performance

Other

- **Solvency:** equity including result period divided by total assets less deferred income
- **Deferred income (Equalisation accounts):** These are the contributions and payments received from customers, property developers and local and regional governmental bodies for the costs incurred for electricity or gas infrastructure of new housing projects and industrial estates. The contributions and payments are recognised as deferred income on the balance sheet. Deferred income is amortised over the expected useful lives of the assets involved. There is no legal obligation to refund any amount after initial connection of the customer. The amounts of deferred income to be charged are laid down in the regulatory legislation.

Outlook

The Management Board, in consultation with the Supervisory Board, has formulated the policy to not issue statements with regard to future expected results. Accordingly the Management Board publishes interim reports and does not issue statements on the expected results for the year 2010.