

PRESS RELEASE

Alliander half-year results: profit lower due to tariff reductions imposed by regulator **Endinet now part of Alliander**

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- **Network company Alliander reports net profit of €62 million for the first half of 2010, compared with €207 million for the same period in 2009. Profit after incidental items is €70 million (H1 2009: €89 million), mainly reflecting tariff reductions imposed by the regulator.**
- **Standard & Poor's credit rating reaffirmed at A, Moody's credit rating revised upwards to Aa3 (A2).**

These are the key points of the first-half 2010 results published by Alliander today. CEO Peter Molengraaf commented: 'I'm pleased with this result. We've maintained our robust financial position and completed our acquisition of Endinet. Developments such as the growth in small-scale decentralised generation and the advent of the electric car are creating an increasingly complex energy economy. We are adapting our networks to accommodate these developments. The investments we are making are accordingly concerned with reliability and, to an increasing extent, driven by the need for sustainability in our future energy supplies. A sound financial basis is therefore vital. The Endinet acquisition further strengthens our market position.'

Profit after tax was €62 million (H1 2009: €207 million). The exceptionally high result in 2009 was mainly attributable to an incidental book profit on the sale of the high-voltage networks to national grid operator TenneT. Eliminating incidental items, net profit was €70 million for the first half of 2010 (H1 2009: €89 million). Revenue was down 6% at €679 million (H1 2009: €720 million), largely as a consequence of reductions in the electricity and gas transportation tariffs imposed by the regulator. Procurement costs from TenneT were higher. Alliander realised overhead savings of €12 million in the first six months of 2010.

Investments

Alliander invested €157 million in the first half of 2010, €29 million less than in the same period in 2009. The decrease reflects reduced investment in the electricity and gas networks due to the relatively long period of sub-zero temperatures and reduced customer demand for high-volume connections. Investment in IT systems was also down following the completion of various projects relating to the unbundling. Alliander's replacement investments in the networks were, however, higher compared with the first half of 2009. The number of new connections completed was unchanged compared with the same period in 2009: 19,000 for electricity and 11,000 for gas.

Customer satisfaction and outage duration

Customer satisfaction among residential customers rose to 93%, from 87% in the first half of 2009. The satisfaction rating among municipal authorities and business customers improved from 79% to 88%. The outage duration (12-month moving average) for electricity increased from 27.4 minutes in 2009 to 29.5 minutes in the first half of 2010, due to several extensive and prolonged power failures.

Acquisition of Endinet

The shares of network operator Endinet were transferred to the company on 1 July 2010. The purchase price was funded out of cash reserves. Endinet is therefore now part of Alliander and will be included in the consolidation for the second half of 2010. Endinet has annual revenues of around €110 million and a staff of approximately 250. Joining forces with Endinet strengthens Alliander's position as the largest network operator in the Netherlands, enabling the company to shape the

transition to a more sustainable energy supply system more effectively, working in partnership with the other Dutch network operators.

Innovations

Liander has been piloting a new excavation damage prevention and recording system since 2009. Incidents involving excavation damage, which are currently responsible for roughly one-third of all power outages, have been reduced by more than half with this system. The trials have now been successfully concluded and the system will shortly be made available to Liander-approved contractors. Liander and Enexis have also signed a partnership agreement for the *Energie in beeld* (Energy in focus) programme, under which the two network managers will support municipal authorities in the achievement of their climate-change objectives. The programme gives municipal authorities an insight into local energy consumption, by district or by postcode. Armed with this information, they will be able to manage their performance-improvement efforts more effectively.

About Alliander

Network company Alliander, which employs approximately 6,000 staff, comprises the Liander, Endinet and Liandon companies. Grid managers Liander and Endinet distribute electricity to 3.0 million customers and gas to 2.6 million customers in an area extending to over a third of the Netherlands. Liander has a statutory duty to manage the electricity and gas grids and associated plant in the provinces of Gelderland, Friesland, Flevoland, North Holland and part of South Holland; Endinet performs a similar role in Eindhoven, East Brabant and the Haarlemmermeer area. Liandon provides services relating to the construction and maintenance of complex energy infrastructures.

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