Visibly in transition

2012

Annual Report

www.enexis.nl/annualreport2012

ENEXIS

ENERGIE IN GOEDE BANEN

Revenue 2012
(in EUR x million)

1,367.0

2011: **1,314.6**

Gross investment 2012
(in EUR x million)

504.4

2011: **445.3**

"Enexis produced a good financial result in 2012. When setting our tariffs, we were able to fulfil our strategic objective of providing an affordable service, while the reliability of our grid has remained at a high level. Our organisation has become stronger in customer service and by allowing our employees to take personal responsibility, we have become an attractive employer."

Profit for the year 2012
(in EUR x million)

229.1

2011: **229.4**

Balance sheet total 2012
(in EUR x million)

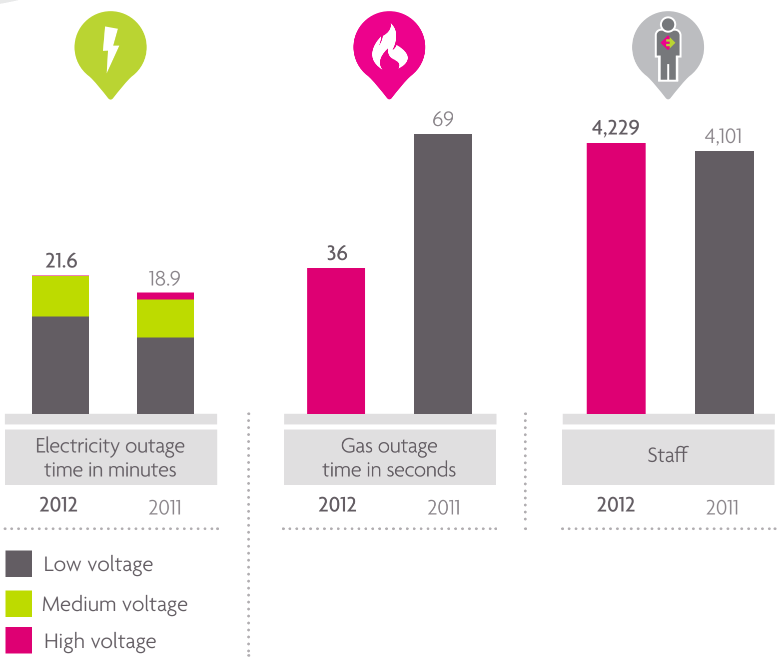
6,926.7

2011: **6,358.7**

DART rate Enexis 2012

0.49

2011: **0.53**



Visibly in transition

Maarten Blacquière ▲
Member of the Executive Board/CFO

Han Fennema ▶
Chairman of the Executive Board

Stability was the key word on the occasion of the publication of our first half-year report for 2012. It turned out to apply to the year as a whole. Very practical, with a highly reliable grid. But also with affordable tariffs for our customers and a good, predictable return for our shareholders. That stable result was, however, only possible as a result of the series of changes that were made to the business to increase our efficiency and customer orientation. The results of these changes are now becoming increasingly visible, and we are proud of this.

A fruitful year

In retrospect, 2012 was a very fruitful year. We achieved our financial targets with a good result and a minimal increase in tariffs. Profit for the year came to EUR 229.1 million (2011: EUR 229.4 million) with revenue of EUR 1,367.0 million (2011: EUR 1,314.6 million).
The profit remained stable despite an increase in operating expenses due to the formation of additional reserves in relation to the rising retirement age. The operating profit came to EUR 401.2 million (2011: EUR 402.5 million).
Customer satisfaction remained at a high level and despite the economic crisis our investment in the grids (for replacement, improvement and expansion) rose from EUR 362.5 million to EUR 382.4 million. We successfully completed various large projects, including the migration to the Central Connections Register and the Long-Term Optimisation Study. Enexis moreover realized good results with a significant improvement in its connection procedure, and we have convincingly implemented a series of ground-breaking initiatives with regard to sustainability, innovation and corporate social responsibility. The Smart Grid pilots and waste management are prime examples of this.

The people behind the data

If you look at the achievements in detail, you see more. You see the work of thousands of people. The teams on the telephones, the technicians, and the IT personnel behind the systems. Reading hundreds of thousands of meters every year, that means thousands of house visits every day. Dealing with outages quickly, that means hundreds of teams on the ground maintaining our grid every day. In other words, our stability is the result of the thousands of activities carried out in the name of Enexis every day. This is really the most important achievement in the year: that the daily work of more than four thousand people continues to deliver a high quality and reliable product.

Focus

The SMS failure service, a new training school, automated distribution, the market launch of Fudura, the opening of the EcoNexis Huis (a house build by Enexis on the principles of Smart Grid), the successful migration to the Central Connections Register, these are just a few of the topics that are reviewed in this annual report. We have made extensive efforts and we have also achieved much.

But we have also come to the conclusion that at this point we need to focus our policy more in the near future. To be precise, on four focus areas where we wish to make further progress: expense, customers, outages and leadership.

Focus on affordability

With affordability as one of the most important policy points, we are focusing on all the expenses that we can avoid without compromising quality and reliability. This applies as much to the materials we buy in, as it does to the expenses of our funding. Management on the basis of expense is not economising. It means handling the money we ask our customers to give us efficiently. Recent experience shows us that we can still make significant progress here. Based on the result in 2012, we will be able to keep our increase in customer tariffs to around the level of inflation (2.2%) in 2013.

A clear field for the customer

As a customer-oriented organisation, we have devoted attention to listening closely to our customers. This is the input for a flow of ideas for processes and tools that meet the wishes of our customers: self-management, being in control themselves. The many applications of internet shops and portals of banks and insurers prove this. We are making every effort, also in cooperation with our fellow grid operators, to offer such facilities. Also, we have seen how customers appreciate it if we communicate with them, not about them. About outages, via SMS, social media and a proprietary outage app. And about the service, via customer visits and customer satisfaction surveys. Enexis uses the scores of these surveys as targets to strive for. Customer satisfaction has indeed remained at a high level in 2012.

Maintenance and outages, expansion of the grid

Gas and electricity grids age. This is a fact of life. Even without considering the safety aspects, without maintenance the number of outage minutes would increase every year. On the other hand, with a budget of billions of euros the complete grid could be renewed, but this would not be affordable for customers. The point is to invest exactly the amount necessary in selected parts of the grid in order to compensate for the effects of ageing. Reliability against affordability, which is a delicate balance. Finding this balance is helped by the above-mentioned long-term optimisation studies and our recently renewed Strategic Asset Management Plan, but also by the digitalisation of house connections that was completed this year. Piece by piece, measures to prevent energy outages. And when an outage does occur, we are working hard on finding ways to increase the speed of our response. For instance, using advanced IT solutions such as the automated distribution that we are rolling out in parts of the Enexis area. This kind of advanced system cannot prevent outages occurring, as we saw in early 2013 in Enschede, which is in fact the first grid that we automated. However once power was restored, thousands of connections could be reconnected extremely quickly from one central location in Zwolle.

Leadership

A few years ago, we took a decision to work on an organisation that looks like an upside-down pyramid. At the top, the people who do the work, on the front line. Underneath, the people who enable them to do this, the managers and coaches. Saying what needs to be done, but not how. Realising such an organisation takes time and much effort from all those involved. From the craftsmen in the field, to manage their time and responsibilities effectively. But also especially from the management, since not every manager is a natural coach. The first responses from the employees are now available from a satisfaction survey, and they are favourable. However, the transition to the Enexis Way of Working is anyway worthwhile, since the renewing energy this generates not only encourages employees to develop themselves to the full, it also makes us an attractive employer.

Active in the financial world

2012 will continue to be an important year in the history of Enexis, since it marked our first entry into the debt capital market with two bond loans: one in January and one in November. Both were successful, and the second one was actually oversubscribed eight times. These transactions confirmed to us that we are seen as a sound company by the financial world with reliable performance, both in the primary process and in financial terms, as shown by our strong credit ratings from S&P (A+) and Moody's (Aa3).

Change of the watch

In our company's first appearance on the stock exchange, our CFO René Oudejans naturally played a central role. During the year, he decided to pursue a new challenge as the CFO of Gasunie. He was succeeded on 1 December 2012 by Maarten Blacquière, who had been the CFO of GasTerra since 2006.

Acquisition of Rendo

As part of sector consolidation and a further concentration of the number of grid managers, Enexis and Rendo started negotiations at the end of February regarding the sale of the company to Enexis. On 22 June Rendo stated that it would be temporarily suspending negotiations in connection with an investigation of criminal activity at Rendo in the past. We will consider whether and when negotiations can be resumed after this is completed.

Outlook

Enexis will strive for the highest possible reliability of its grid and customer satisfaction in 2013. We have an ambitious investment programme for this whereby we will once again make additional investments in the grid to maintain reliability in the long term. Projects have been started enabling customers increasingly to manage their energy use themselves, including the connection process. And we are convinced that we will once again be able to deliver a good financial result in 2013 that will further strengthen our reputation in the financial markets.

Acknowledgements

We conclude this foreword with an invitation to use this annual report not only to learn about the figures and the large numbers, but also to get acquainted with the people and the processes that make it all possible. We wish to thank our employees for their commitment, initiative and professionalism, as well as the Works Council, the Supervisory Board and the Shareholders Committee for their very pleasant and constructive cooperation.

Rosmalen, 8 April 2013

Han Fennema
Chairman of the Executive Board

Maarten Blacquière
Member of the Executive Board/CFO

Highlights 2012

We look back on 2012 with pride. This page lists some of the milestones in sequence during the year.

JAN | FEB | MARCH | APRIL | MAY | JUN

26 January
Bond loan of EUR 300 million issued by Enexis on Euronext

19 March
SMS breakdown service in Enexis' coverage area

21 March
Pilot X-werken starts

12 April
Automated distribution in Enschede grid

25 April
Opening of second trade school by Enexis for school leavers

24 May
Launch of Fudura

4 June
10,000th product installation via www.energieleveren.nl

25 June
Power matching City awarded at Rio+20

25 June
State Secretary Atsma opens the EcoNexis Huis

2 July
NTA 8120 audits Infra Services completed

13 July
Municipality of Groningen and Enexis sign covenant

7 November
Bond loan of EUR 500 million issued by Enexis on Euronext

29 November
Northern Enexis regions win Herman Levelink HSE Awards

30 November
Go-ahead for Your Energy Moment in Zwolle (smart district)

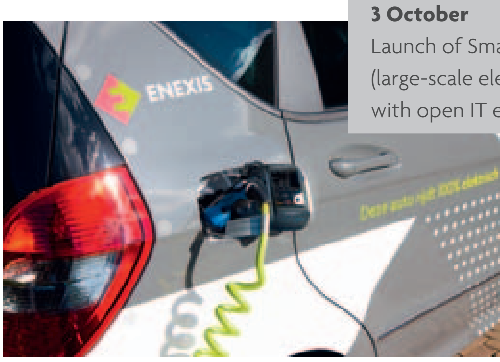
4 September
Smart Storage Etten-Leur

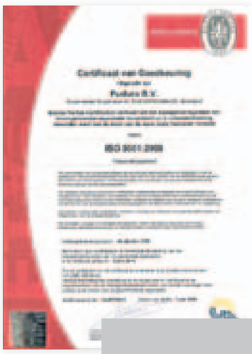
13 September
Innovation platform Enexis Unplugged live

JUL **AUG** **SEP** **OCT** **NOV** **DEC**

3 October
Enexis wins the Digital Recruiting Award

3 October
Launch of Smart Charging (large-scale electric charging with open IT environment)





13 August
ISO 9001 for all of Fudura

1 December
Maarten Blacquière joins as CFO

from l. to r.:

Ms M.E.J.M. Caubo
(appointed until 2015)

Ms W.M. van Ingen
(reappointed in 2012 until 2016)

R. de Jong, Vice-Chairman
(reappointed in 2012 until 2016)

M.A.E. Calon
(appointed until 2016)

D.D.P. Bosscher, Chairman
(reappointed in 2012 until 2016)

Report of the Supervisory Board

To the shareholders

With the presentation of the annual report and financial statements for the 2012 financial year prepared by the Executive Board of Enexis Holding N.V., the Supervisory Board wishes to express its satisfaction with the results and performance delivered.

The financial statements have been audited and issued with an unqualified audit opinion by Ernst & Young Accountants LLP. The unqualified auditor's opinion is included on page 123.

The Supervisory Board discussed the financial statements at its full session of 15 March 2013 extensively with the Executive Board and the auditor and took note of the findings of the Audit Committee. We approve the profit appropriation as proposed by the Executive Board.

We recommend that you adopt the financial statements with the proposed profit appropriation in their present form, taking account of the provisions of statute and the articles of association, at the General Meeting of Shareholders to be held on 26 April 2013.

Composition of the Supervisory Board

Mr F.J.M. Houben, Vice-Chairman of the Supervisory Board, stepped down in April 2012. Mr M.A.E. Calon was appointed to the Supervisory Board at the same time, which since then has been composed as follows:

- D.D.P. Bosscher, Chairman (reappointed in 2012, steps down in 2016)
- R. de Jong, Vice-Chairman (reappointed in 2012, steps down in 2016)
- Ms W.M. van Ingen (reappointed in 2012, steps down in 2016)
- Ms M.E.J.M. Caubo (steps down in 2015)
- M.A.E. Calon (steps down in 2016)

We wish to express our appreciation to Mr Houben for his commitment and dedication over many years as a Supervisory Board Member, during which time he was also Vice-Chairman of the Supervisory Board and a member of the Remuneration and Selection Committee.

Personal information on the members of the Supervisory Board is given in the Personal Details section of this annual report.

Meetings of the Supervisory Board

The Supervisory Board met on five occasions in 2012. None of the supervisory directors regularly failed to attend. All the meetings were attended by the Executive Board. Mr J.P. Eydems, Manager of Legal and General Affairs and the Company Secretary, acted as secretary to the Supervisory Board.

Independence of the Supervisory Directors

All the members of the Supervisory Board were independent of Enexis as specified in the Dutch Corporate Governance Code and as prescribed in Section 11 sub 2b of the Electricity Act 1998 and Section 3 sub 2b of the Gas Act throughout the year. The Supervisory Board is of the opinion that its composition is such that the members can operate independently with respect to each other and to the Executive Board.

Exercise of supervision

During its meetings and its contacts with the Executive Board, the Supervisory Board discussed the strategy of Enexis, the results achieved and the plans for the coming periods, the resolutions that required the approval of the Supervisory Board and all other relevant matters brought to its attention, including developments in the areas of regulation and safety. The Business Plan for 2013 was established at the meeting of 10 December 2012.

Special items of attention at the meetings in 2012 concerned the preparation for and successful issuance of two bond loans by Enexis, developments in the field of sector planning, and the composition and remuneration policy for the Executive Board. This last item was established at an extraordinary meeting of shareholders on 5 December 2012. Additionally, within the frameworks of this remuneration policy, Mr Han Fennema was reappointed as Chairman of the Executive Board as of 1 January 2013. Mr Maarten Blacquière was also appointed as a member of the Executive Board as of 1 January 2013 on the same occasion. Mr Blacquière thereby succeeds Mr René Oudejans, who left Enexis on 1 October 2012, as CFO and a member of the Executive Board.

We wish to thank Mr Oudejans for his commitment and the contribution he made to the separation and privatisation of Enexis over 4.5 years, whereby the unbundling of the company was put on a sound financial footing.

The financial results and the operation of the risk management and control systems at Enexis were frequently and extensively discussed at the meetings of the Supervisory Board. The Audit Committee advised the Supervisory Board on the major issues in this respect.

The Supervisory Board is moreover kept regularly informed regarding important developments by experts in various fields, for instance during a working visit to the business centre in Zwolle.

Committees

The Supervisory Board has two permanent committees: the Audit Committee and the Remuneration and Selection Committee.

Audit Committee

The Audit Committee supervises the internal risk management and control systems, finance and the provision of financial information. The Committee advises the Supervisory Board on these matters. The regular evaluation by the external auditor and the Chief Financial Officer (CFO) are also the responsibility of the Audit Committee. The composition of the Audit Committee since mid 2012 has been as follows:

- R. de Jong, Chairman
- Ms W.M. van Ingen
- M.A.E. Calon

The Audit Committee met on five occasions in 2012. All the meetings were attended by the CFO and the external auditor. The Audit Committee evaluated and discussed all the relevant financial matters submitted to the Supervisory Board, including reports from the internal and external auditors, the financial statements, the semi-annual report and risk-related financial reporting. Also in 2012, the Audit Committee was especially involved in the process of preparing for the issuance of two bond loans.

Remuneration and Selection Committee

The Remuneration and Selection Committee sets the selection criteria and appointment procedures for members of the Supervisory Board and the Executive Board. It regularly evaluates the performance of the individual members of the Supervisory Board and the members of the Executive Board and makes proposals regarding the remuneration policy for the members of the Executive Board. The Committee advises the Supervisory Board on these matters. The composition of the Remuneration and Selection Committee since mid 2012 has been as follows:

- D.D.P. Bosscher, Chairman
- Ms M.E.J.M. Caubo

The activities of the Remuneration and Selection Committee in 2012 focused mainly on the formulation of the remuneration policy for the Executive Board and the successor to the CFO, who left on 1 October 2012, within the frameworks of the Executives' Pay (Standards) Act [Wet Normering Topinkomens].

Appreciation

The Supervisory Board finds it important to express its appreciation to the employees: their professionalism and commitment to the organisation has made an important contribution to the achievement of the results. The regular contact between Ms Caubo representing the Supervisory Board and the Works Council has moreover in our experience been positive and has in our view added value. The Supervisory Board also wishes to express its appreciation for the work that has been done, and thanks the Executive Board and the employees for their efforts in 2012.

Rosmalen, 15 maart 2013

On behalf of the Supervisory Board

D.D.P. Bosscher
Chairman

Report of the Shareholders Committee

2012 ended with a telling and exemplary message: Enexis was highly ranked in the employers' survey conducted by SatisAction/NRC. This result is in line with the impression gained by the Shareholders Committee in 2012. The company is doing well. Enexis has shown that it scores highly on the reliability, affordability and sustainability of our energy Grid - year in, year out.

Partly for this reason, a very limited increase in tariffs has been introduced for the second consecutive year, as is established in our strategic objectives. This was made possible in part because Enexis succeeded in placing two bond loans in the debt capital market on extremely favourable conditions.

Enexis is making good progress in the implementation of its strategic plan for 2010-2014. The first orientation discussions between Enexis and the shareholders regarding the subsequent strategic plan that will be further formulated in 2013 took place in 2012. The Shareholders Committee is pleased to see that in Mr Maarten Blacquière a good successor to the highly valued CFO René Oudejans could be quickly found. In addition, there has been the reappointment of Mr Han Fennema as Chairman of the Executive Board and the remuneration policy newly established in December, that is in line with the Executives' Pay (Standards) in the Public and Semi-Public Sectors Act which took effect on 1 January. Taking all this into account, the Shareholders Committee has full confidence in Enexis for 2013.

The composition of the Shareholders Committee at year-end 2012 was as follows:

- Province of Noord-Brabant:
  L.W. Pauli (member of the Executive Council of Noord-Brabant)
- Province of Overijssel:
  T.W. Rietkerk (member of the Executive Council of Overijssel)
- Province of Limburg:
  M. Verheijen [1] (member of the Executive Council of Limburg)
- Provinces of Groningen, Flevoland and Drenthe:
  J.W. Moorlag (member of the Executive Council of Groningen)
- VEGAL:
  C.A.M. Hanselaar-van Loevezijn (Mayor of Roerdalen, Chairman of VEGAL)
- VEGANN:
  J. Kroon [2] (Mayor of Urk, representing VEGANN)
- The municipalities of Brabant:
  Hoskam (Alderman for the municipality of 's-Hertogenbosch)

1. Mr M. Verheijen ceased to be a member of the Executive Council of Limburg in September 2012 (and became a member of the Lower House of Parliament). He was replaced by Mr E. Koppe on the Shareholders Committee from then onwards. The GMS on 26 April 2013 will be requested to appoint Mr Koppe as a member of the Shareholders Committee.
2. Mr. J. Kroon stepped down as Mayor in 2012. The VEGANN has been represented by Mr W. Mulder at the meetings of the Shareholders Committee since then. Mr W. Mulder will be nominated as a permanent member of the Shareholders Committee on 26 April 2013.

Strategy

Reliable and safe energy supply is one of the cornerstones of modern society, and therefore is also of the utmost social importance. As a manager of energy grids with a monopolist position, Enexis is very much aware of its role and its responsibilities. The company's strategy and policy are therefore designed to carry out these duties optimally, both today and in the future.

The key items in this policy are reliability, of both the infrastructure and the organisation, affordability as a duty to customers who have no choice regarding their grid manager, sustainability as a logical requirement for a modern, socially relevant business and as an instrument for realising the energy transition, and customer orientation as a mandate for the organisation to ensure delivery of a high quality service to customers.

Vision

Society is becoming increasingly aware of its dependence on energy and the consequences of energy use for the economy, living standards and the climate. Our customers and other stakeholders are therefore becoming increasingly critical with regard to the performance and conduct of energy (distribution) partners and their ability to respond effectively to technological developments and changing market conditions.

Mission

Enexis makes every effort for a sustainable, reliable and affordable energy distribution to its customers.

Objectives

Enexis sets its objectives in the context of its ambition to be a leading grid manager. This ambition is reflected in the performance for our various stakeholders.

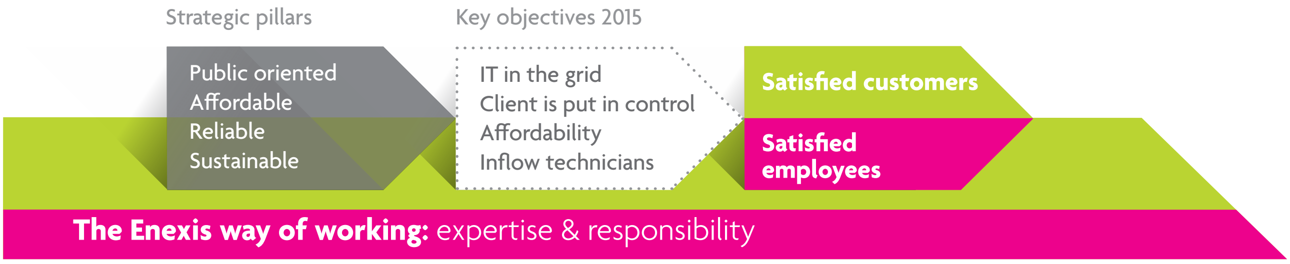
Society
- Enexis is playing a leading role in the facilitating of the energy transition.
- Reliability and safety will be maintained at the current high level.
- Costs are lower than at other grid managers.

Individual customers
- A controlled development of tariffs. The average increase in customer tariffs is in line with price inflation.
- Customer satisfaction is measured at higher than 7.5.

Employees
- Enexis is ranked among the 25 most attractive employers in the Netherlands.

Shareholders
- The provinces are actively involved with Enexis and have given the company a score of 8 on reliability, sustainability and social orientation.
- The shareholders can rely on the return as used by the Office of Energy Regulation in the calculation of tariffs.

Enexis Strategy



Running a business efficiently in a regulated environment

As a regional grid manager, Enexis has a special status. While it is unmistakably a company whose mandate is to deliver a good product with a sound performance and a tight budget and at the same time to deliver a stable return for its shareholders, it is also subject to tight government regulation. Enexis welcomes the challenge of delivering a reliable, affordable and sustainable product to its customers within the regulatory frameworks and playing a part in the energy transition that society needs.

Founding

Enexis Holding N.V. was founded on 19 December 2008 in advance of the proposed splitting of the energy company Essent into a commercial part and a grid part. This was prescribed by the Independent Network Management Act (the Unbundling Act) passed in 2006, which stipulates a strict separation between grid managers and suppliers and producers.

Affordability from intention into practice

By increasing its tariffs in 2012 by 2.5% Enexis is foregoing approximately EUR 80 million in potential revenues.
For an average family, this means a saving of EUR 19 per year.

Key figures	2012	2011	2010	2009	2008
Result					
Revenues from the supply of goods and services	1,367.0	1,314.6	1,204.2	1,358.1	1,341.9
Cost of sales	235.7	239.1	218.7	223.4	213.1
Gross margin	1,131.3	1,075.5	985.5	1,134.7	1,128.8
Other operating income	14.0	11.8	11.4	14.4	9.6
Operating expense excluding depreciation and impairments	458.2	412.9	398.7	516.7	558.2
Depreciation and impairments	285.9	271.9	248.5	233.3	214.7
Operating profit	401.2	402.5	349.7	399.1	365.5
Share of result of associates	-10.4	-5.7	4.9	9.2	6.6
EBIT	390.8	396.8	354.6	408.3	372.1
Financial income and expenses	-91.2	-88.5	-93.8	-72.5	-175.7
Profit before tax	299.6	308.3	260.8	335.8	196.4
Profit for the year	229.1	229.4	193.7	263.1	147.5
Balance sheet (before proposed appropriation)					
Net working capital	-109.8	-137.3	-86.3	0.2	25.7
Non-current assets [1)]	5,683.9	5,477.9	5,059.2	4,893.6	4,586.2
Assets invested [3)]	5,084.5	4,928.5	4,691.9	4,677.2	4,926.2
Equity	3,244.1	3,130.9	2,963.9	2,849.1	2,236.0
Balance sheet total [1)]	6,926.7	6,358.7	5,911.5	5,677.0	5,580.6
Ratios					
Solvency [1)]	46.8	49.2	50.1	50.2	40.1
ROIC [3)]	7.7	8.0	7.6	8.7	7.6
Return on equity	7.1	7.3	6.5	9.2	6.6
Cash flow					
Cash flow from operating activities	540.7	604.9	550.2	615.9	486.1
Cash flow from investment activities [2)]	-786.3	-514.9	-333.2	-90.1	-298.1
Cash flow from financing activities	-218.3	-61.1	-79.0	-335.6	-205.2
Cash flow [2)]	-27.3	28.9	138.0	190.2	-17.2

1. From 2012 the property, plant and equipment in use and the related prepaid contributions received are no longer netted off against the corresponding asset, but recognised gross. This results in an increase in both property, plant and equipment and the prepaid contributions from third parties. The figures for 2011 have been adjusted accordingly.
2. From 2012, Enexis has recognised its short-term interest-bearing loans placed and its placed deposits under the item Other financial assets (current) in its statement of financial position. The figures for 2011 have been adjusted accordingly.
3. The definition of assets invested has been changed. Under the new definition, the prepaid contributions have been eliminated from the assets invested..

On 30 June 2009 the shares in the grid group (Enexis) passed to the current shareholders, the 6 provinces and 125 municipalities that were also owners of the shares in Essent Holding. Enexis Holding B.V. was on that occasion transformed into Enexis Holding N.V., in which all the operating companies were legally incorporated. One of these, Enexis B.V., is the grid manager.
Although implementation of parts of the Independent Grid Management Act [Wet Onafhankelijk Netbeheer], in particular regarding the division order and limitations with respect to additional activities, has been suspended awaiting a ruling by the Supreme Court, Enexis has remained within the legal frameworks. A ruling from the Supreme Court was expected in early 2012, however this was postponed in order to await the European Court's answers to several questions. It is not currently known when the ruling will be made.
In the privatisation process, the shareholders converted a bridging loan from Essent into shareholder loans with various maturities amounting to EUR 1.8 billion. With effect from 2012, Enexis has started to gradually repay and refinance these loans by means of a programme of listed bond issues.

Corporate governance

While it is owned by government bodies, Enexis is definitely not a government institution. Enexis wishes to conduct its business as a good entrepreneur, taking account of the needs of its customers, shareholders and energy suppliers and in the awareness that the company's soundness and continuity are of social importance. Enexis has a monopoly, since no other company is permitted to operate a public electricity or gas grid. This means that our company – even without a statutory basis in the form of regulation – has a social responsibility that it takes extremely seriously and which forms the basis for its vision, mission and strategy.

Regulation

As a grid manager, Enexis is subject to regulation pursuant to two Acts of Parliament: the Electricity Act [Elektriciteitswet] 1998 and the Gas Act [Gaswet] 2000 and the regulations and prescriptions for the activities of the grid manager pursuant thereto. Supervision of compliance is the responsibility of the Office of Energy Regulation of the Netherlands Competition Authority [Nederlandse Mededingingsautoriteit, or NMa].
The regulation of the grid manager includes provisions regarding ownership, prescriptions for maintaining certain financial ratios and limitations on the amount of its customer tariffs.

Limited increase in customer tariffs

The grid manager is incentivised to operate as efficiently as possible by means of regulation of customer tariffs. Every three years, the NMa sets the benchmark for the maximum tariffs, based on the average of all grid managers. The grid manager then has discretion to set its actual tariffs within this framework. In line with its strategic objective of affordability and customer orientation, Enexis strives to keep any increases to a minimum.

By not fully using the maximum permitted tariffs, Enexis gave up approximately EUR 80 million in potential revenues in 2012. This meant a saving of EUR 19 on the energy bill for an average family.

For 2013, the NMa has set the maximum increase in tariffs at 6.7%. Enexis will limit the increase for 2013 to 2.2%, slightly less than the rate of inflation. This means unused potential sales of EUR 140 million, whereby an average family will save EUR 33 a year. These decisions mean that Enexis will charge its customers a total of more than EUR 200 million less than it could have charged in 2012 and 2013.

The strategy of affordability and customer orientation is linked with the aspiration to achieve sustainability and reliability, which is illustrated by a further increase in investment in the energy grids in line with our ambitious multi-year investment programme.

Financial policy

The objective of Enexis' financial policy is to establish sufficient funding through timely, continuing and adequate access to the international capital and money markets and the optimisation of Enexis' funding structure, costs and risks. The policy is implemented within the prevailing regulations of the Electricity Act 1998 and the Gas Act 2000 and the Financial Management of Grid Managers Decree [Besluit Financieel beheer netbeheerders].

> The grid manager has the discretion to set tariffs within the maximum tariffs set.

Dividend policy

It has been established in the articles of association that for the period 2011 to the end of 2013, 50% of the profit after tax, excluding material non-cash book profit, is available for distribution, to the extent that this does not affect the minimum investment level as prescribed by law.

Credit rating

In the context of its funding programme, Enexis has obtained credit ratings from two rating agencies, Moody's and Standard & Poor's. The long-term objective is to achieve a strong A ratings. These ratings are above the average creditworthiness as stated in the Financial Management of Grid Managers Decree.
In 2011 Standard & Poor's raised the rating from single A to A+. Moody's maintained its rating at Aa3 in September 2012.

Successful bond issues

In January 2012, Enexis successfully introduced itself to the public financial markets with the issue of a 10-year bond loan in an amount of EUR 300 million and a coupon of 3.375%. The loan was issued under a Euro Medium Term Note (EMTN) programme amounting to a total of EUR 3 billion and listed on NYSE Euronext in Amsterdam. The EMTN programme is intended to provide Enexis with the flexibility not only to refinance the shareholder loans but also to raise additional capital to carry out the necessary investment in the grids. The first loan attracted much interest and was quickly placed.
The second issue, an 8-year bond loan of EUR 500 million with a coupon of 1.875% under the same EMTN programme, was also enthusiastically received. The subscriptions from Dutch and international institutional investors amounted to more than EUR 4 billion. The proceeds will be used in 2013 to refinance part of the shareholders loans.

Amsterdam, 26 January / 7 November 2012

On 26 January 2012 Enexis Holding N.V. placed a 10-year loan of EUR 300 million under its Euro Medium Term Note (EMTN) programme of a total of EUR 3 billion. The bond is listed on NYSE Euronext in Amsterdam. The coupon was 3.375%. The loan was quickly taken up by the market, which came as no surprise since it had emerged during a road show around the financial centres in Europe that there would be substantial interest.

Successful bond issues

This interest actually increased, as was made clear when on 7 November of the same year Enexis issued a second loan, this time with a principal of EUR 500 million for a term to maturity of 8 years and an extremely low coupon of 1.875%. The interest was so great that the subscriptions amounted to more than EUR 4 billion, over eight times the principal of the loan.

The presentation of the second loan was marked by the Chairman of the Executive Board of Enexis Han Fennema banging the gong to open the stock exchange in Amsterdam. His explanation for the success of the issue: “The financial world sees us as a very sound and at the same time dynamic company that is well prepared for the developments in the energy sector that are to come. With a very limited risk, which explains the immediate interest of institutional investors.”

"Connect business and society to create synergy."

The province of Noord-Brabant is by far the largest shareholder in Enexis, with a holding of more than 30%. An important player that is closely involved with the company. However, as a member of the Shareholders Committee, the province maintains the appropriate distance from daily management. It is no activist, but it is certainly more than a casual shareholder. For the Province of Noord-Brabant, Enexis is a strategic investment. In many respects.

The Province House in Den Bosch, high above the polder, was once when it was built considered to be somewhat excessive, given the informal character of the Brabanders. But since then Noord-Brabant has developed into one of the most important, economically vibrant and strongest areas in Europe. Bert Pauli, member of the Provincial Executive and thus Chairman and member of the Enexis Shareholders Committee notes the importance of energy in this development. "As a province, we have an important strategic interest in Enexis. First of all, to ensure the security of energy supply to our citizens. And we most certainly need a reliable supply of energy, because we want to stay at the forefront in the field of innovation, knowledge and business development."

Intrinsic quality

Pauli notes the special status of Enexis, which is not a government organisation but is wholly owned by the government and run as a normal company. He is generous with his compliments: "Enexis is solid, it is a company with huge intrinsic quality and high business ethics. It is also very stable. This is no small matter, Enexis operates in a competitive market in a very customer-friendly manner and moreover has a good focus on the long term. I speak from personal experience when I say that forming a new large company is not a straightforward matter. And therefore I consider it to be no mean achievement that the company is already after such a short time acknowledged to be one of the best employers in the Netherlands."

Return

"You must remember that the role of government has been completely turned on its head recently. Much more than before, our job is to initiate and stimulate. And we work with public money, social property. This has to deliver a return, in whatever form that may be. The financial return in our view is very acceptable, certainly in view of the low risk. And certainly since the return we get from something as important as continuity of energy supply."

Synergy

However, Enexis also delivers a return for society. For instance, Pauli is very enthusiastic about the vocational schools that Enexis has set up. "I strongly believe in the value of connectivity. Connectivity, for example between the strong business sectors and areas such as health care and education, can provide huge synergy benefits. These vocational schools show that Enexis is addressing its responsibility to help prevent problems in the future. Here in Brabant, we are seeing strong growth in the hi-tech area and therefore also in other, related sectors. Between now and ten years' time we will definitely face a shortage of 60 to 80 thousand technically qualified personnel. This calls for new ideas, and vocational schools are a good example of this. To give young people an opportunity to learn a trade using ultra-modern methods, this is the best possible way to achieve connectivity between business and education."

Demands of the market

"Through the Shareholders Committee we were of course closely involved in the decisions regarding the bond loans. At the outset, we had given Enexis a solid financial basis in the form of shareholder loans. But the connection that has now occurred in the form of outside capital is a very positive development. The demands of the market in the form of the banks, institutional investors and other financial players are a good thing, as they will keep the company sharp. On the other hand, the bond issues are a fantastic opportunity for parties such as institutional investors, investment funds and banks to participate through Enexis in the future of the country's energy supply. And this is also a connection that will deliver great synergy benefits to society."

Bert Pauli
Member of the Provincial Executive Province of Noord-Brabant

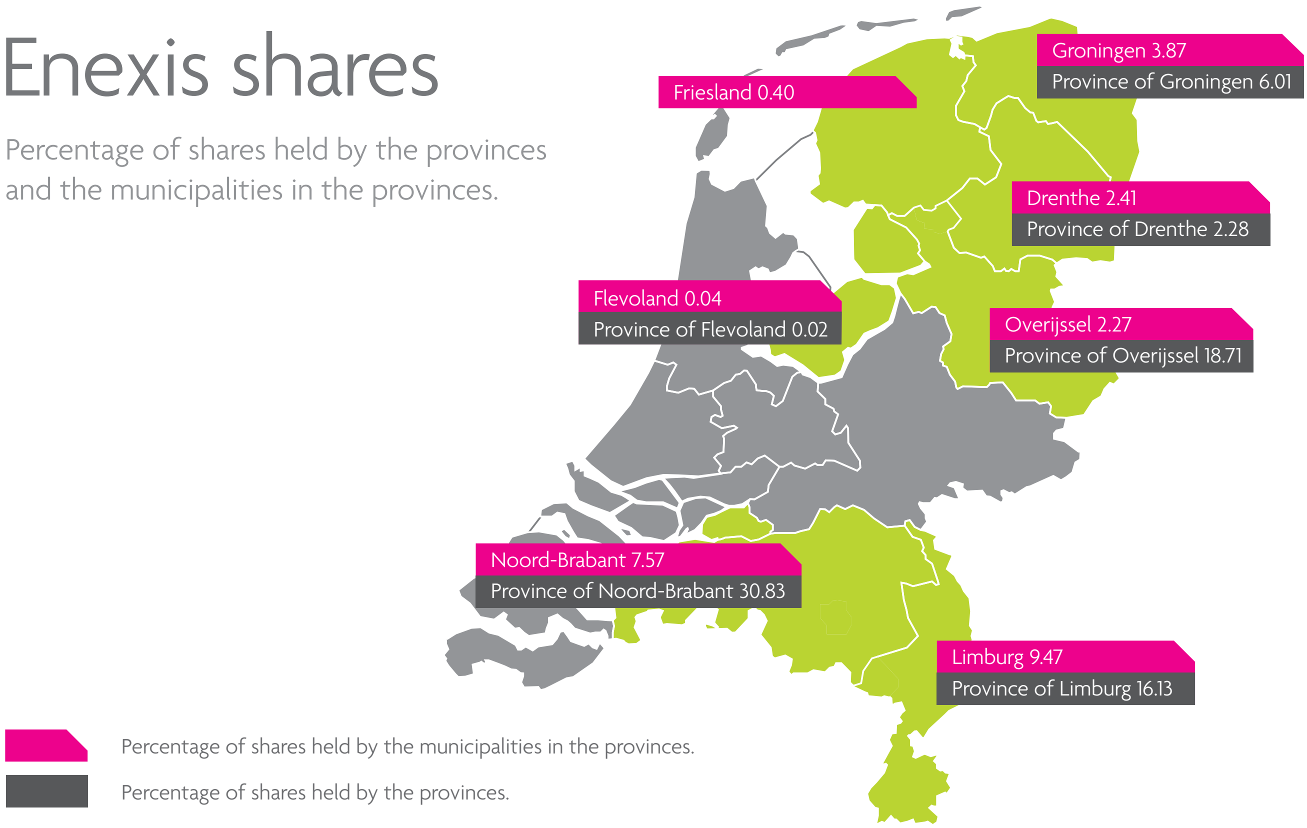
Tariff-setting by a monopolist

A grid manager is without competition in its area.
This is logical, since constructing a second grid would be far too expensive.

However in order to keep prices under control and impose safeguards as to the quality of delivery, the Electricity Act 1998 and Gas Act 2000 state that the tariffs will be capped. This cap is set and maintained by the Netherlands Competition Authority or 'NMa'. The calculation of the cap includes incentives for efficient business conduct and for quality, thus ensuring that consumers will get value for money. The grid manager submits a proposed tariff each year that has to be approved by the NMa. In its strategy, Enexis has chosen to give priority to affordability and the lowest possible expenses, meaning in practice that the annual increase will be approximately in line with inflation. And in the last two years, this has been well below the maximum permitted increase in customer tariffs.

Enexis shares

Percentage of shares held by the provinces and the municipalities in the provinces.



A quote from:

Leo Wijntjens Senior Officer, Reporting

"Our entry into the financial market has not substantially changed the nature of my work, however there are of course more people looking over my shoulder these days. The AFM, banks, investors, and all kinds of professionals that want a clear picture of our financial position. Obviously, we want our external reporting to meet this need as effectively as possible. This absolutely gives my job an extra dimension."

Henk Kersjes Deputy Treasurer

"It is in the interest of Enexis to have good access to the capital market. Briefly put, this means we can raise sufficient capital at an acceptable cost. In all modesty, one can say that we have been very successful in our first year in which we have issued listed bonds. We are especially pleased with the success of the second issue, with an 8-year maturity and a historically low interest rate."

Putting the customer first

For a grid manager, everyone who lives or works in its service area and has or wants to have an energy connection is a customer. They have no choice. This involves significant responsibilities, and Enexis is very much aware of this. Service provision in the field of energy is not limited to the technical considerations. Clearly, the uninterrupted supply of energy is a primary task. But there are many other tasks and expectations that play a part in the relationship between a grid manager and its customer. Matters such as administration, information and advice. Since the customers have no choice as regards their grid manager, Enexis also only has one choice: to deliver a high-quality service. And preferably, to outperform expectations. Much effort has once again been devoted to this in 2012.

Customer panels

Much attention has been paid to the relationship between the grid manager and the customer in recent years. Changing market conditions and ever-increasing customer demands are also changing this relationship, since customers want to a large extent to be able to make their own decisions as to what kind of service is provided. Enexis has initiated a policy that puts a high priority on customer orientation. The so-called 'customer panels', in which informative discussions take place with customer groups, which started in 2011 and have provided a great deal of immediately applicable information, were continued in 2012. They provide a detailed picture of the wishes, needs and problems of our customers and at the same time insight into the possibilities for the development of practical solutions. Many of the improvements that were introduced to our customer approach in 2012 originated from one of these customer panels.

Enexis listens to its customers

Our customers express their wishes and expectations. Enexis translates these into solutions. Into improvements that really add value.

Key figures customer satisfaction	2012	2011	2010	2009	2008
Low volume	7.9	7.9	7.9	7.7	7.6
Bulk volume	7.3	7.2	7.2	7.2	7.0
Total	**7.6**	**7.6**	**7.6**	**7.5**	**7.4**

Customer segmentation

One of Enexis' priorities in 2012 was to strengthen its connection with the various customer groups, all of which can have very different wishes and needs. Naturally, every user wants uninterrupted supply and accurate invoicing, but clearly a family with a standard usage pattern has needs that are not the same as a large company with various facilities. Enexis has defined 11 segments in its effort to collaborate with its customers in a targeted way and at the right level and to design its products and services to better meet their needs. Each segment has an officer with responsibility for that segment and operational plans were formulated for all the segments during the course of 2012.

Strengthening of customer contact

The first-line customer contacts were strengthened further during the reporting year, mainly by means of further training and guidance of our customer service employees. Much attention was paid to showing empathy in conversations with customers. The employees were also given extra training to make them more versatile, which enabled processes to be simplified and accelerated. A 'flex-pool' of employees on call was set up in order to be able to meet peaks in demand. An automated chat facility was added to the Enexis website in 2012 allowing customers to obtain information quickly through a question and answer process. We are now working on a live chat facility which is planned for introduction in 2013. Enexis is aware that many more Enexis employees are involved in contact with customers. For instance, the meter readers have been the company's ambassadors for a long time. They can answer many of the frequently asked questions, they can carry informative material with them, or in case of more complicated questions they can obtain a quick answer from the information employees concerned. A centralised policy is being developed to ensure that customers can always rely on professional advice in their contacts with Enexis and its contractors.

> Our engineers have been deployed as the company's ambassadors for a long time.

Better communication in the event of outages

One of the greatest customer concerns, and the factor that to a large extent determines the level of customer satisfaction, is the communication in the event of outages. The key issue is uncertainty: what has happened, how long will it last, when will it be resolved? The way in which the information is passed on is crucial. A trial was conducted in 2011 with outage information being provided by SMS, and this service was rolled out for the whole of Enexis in 2012. Customers can indicate their wish to be kept updated via regular SMS messages in the event of an outage regarding progress and the time when supply is expected to be restored. This involvement, and the consideration for the customers involved that this service demonstrates, is highly valued. A new medium was also introduced in early October 2012, the Enexis app for outages, so that anyone with a smartphone or a tablet can see where outages in the Enexis area have occurred.

Our experience with this 'outage app' is as yet limited, but in combination with improved information on outages on the website and the SMS service, communication in the event of outages has been greatly improved. While this will not in itself reduce the number of outage minutes, it will meet the need of those concerned for information on progress towards the solution.

Streamlining of connections

Besides improving customer relations, segment responsibilities are also important internally. If employees know their customers and markets well, they can be the ideal partners of the process owners in the infrastructure organisation in a large project (The Connection) related to the improvement and streamlining of the connection process, which also has national implications. In 2012, Enexis prepared a special portal for this purpose enabling customers to initiate and manage simple processes relating to their connection. This portal will be made available to customers in the spring of 2013. With a phased approach, customers will increasingly be able to arrange (short-term) processes such as the strengthening of a connection themselves using this portal. Furthermore, over time the portal can be made available for use by all grid managers in the Netherlands, also those managing water, telecommunications and heating grid. The grid managers are expected to reach agreement regarding the form and usage of the national website by the end of 2013. This will replace the sites www.aansluitingen.nl and www.huisaansluitingen.nl.
This development will also affect the processes through increased automation and standardisation.

Special treatment for vulnerable households

The number of customers experiencing payment problems as a result of social-economic circumstances and facing disconnection (or the risk thereof) is increasing. The Enexis employees dealing with this work frequently encounter situations that are so socially distressing that a special approach is needed. This led to a trial in the city of Groningen, whereby an additional step is introduced into the process prior to disconnection that involves cooperation with the municipal social services. Legally, a joint venture agreement is required for the exchange of information that this involves. This was signed in Groningen on 13 July 2012. The agreement has aroused nationwide interest. Enexis is currently in consultation with various municipalities regarding the conclusion of a similar cooperation.
A special team is active throughout the Enexis organisation in which experience of debt counselling is bundled.

The New Market Model

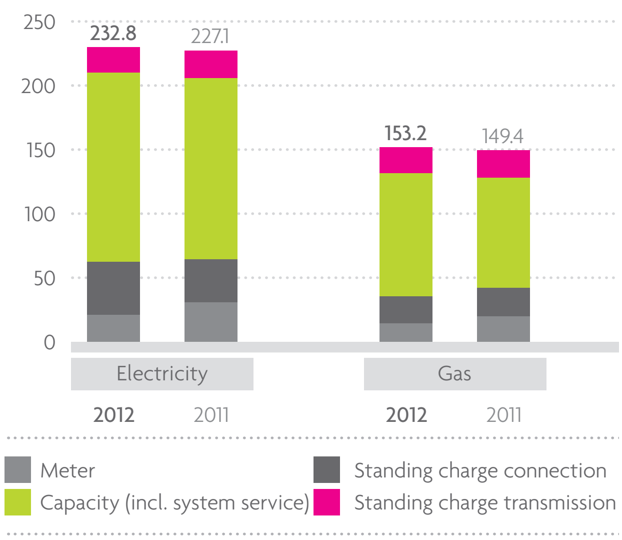
The internal preparations for making processes and systems ready for the introduction of the New Market Model in 2013 were made during 2012. Under the new model, the suppliers will invoice the customers for transport expenses and transfer them to the regional grid managers on a regular basis.
As part of the preparation for this, all the grid managers transferred all their connection data to a Central Connections Register [Centraal Aansluitingenregister, or 'C-AR'] in 2011 and 2012.
From now on this will be the origin of this invoicing.
Enexis successfully migrated its data from its own registers to the C-AR on 1 October 2012. Our own systems will (synchronously with the C-AR) remain in operation for allocation and reconciliation purposes, meaning establishing which part of the energy supplied is for the account of which supplier.
On 14 March 2013 the House of Representatives has set the new implementation date for the new Market Model on 1 August 2013.

Limited increase in customer tariffs

Enexis raised its tariffs by 2.5% in 2012, compared to a maximum increase permitted by the regulator of 8.4%. This modest increase is the practical application of Enexis' policy of striving for affordability.

Average invoice for household use

(annual costs in EUR, including 19% VAT)



Tariffs in 2012 per grid manager for an average household (annual costs in EUR, incl. 19% VAT)

	Electricity	Gas	Total
Endinet (NRE)	232	163	**395**
Enexis	233	153	**386**
Liander	241	166	**407**
Stedin	239	166	**404**
Westland	299	132	**431**
Delta	261	168	**429**
Cogas	273	164	**437**
Rendo	258	184	**441**

First year for smart meters

After several years of pilots, 2012 was the first year of the (initially small-scale) roll-out by the grid manager of the so-called 'smart meter', which makes physical meter reading obsolete as it can be read remotely. The smart meter is one of the elements of the New Market Model. Using IT peripherals, the meters can also give direct information on energy use. They thus play an important part in encouraging energy saving measures by consumers and business customers. They are also an essential element in the pilots conducted by Enexis in the context of 'smart grids' and are a central item in the mandate of Enexis in the framework of 'Enexis Unplugged', the innovation programme of Fudura.
Enexis installed a total of approximately 100,000 smart meters in 2012. The plan is to install a further 175,000 addresses in 2013. The intention is that conventional meters will have been replaced throughout the Netherlands by 2020 at the latest.

Applications necessary

The first year of placement has provided a great deal of experience. Technical improvements are needed, since the number of outages was still too high. Regarding the use of smart meters to provide information on energy use and to encourage energy saving, the lack of adequate affordable peripheral equipment and software is an obstacle for the time being. To help to overcome this, Enexis has invited businesses to develop applications for the smart meter as part of the knowledge project Enexis Unplugged. Enexis is itself engaged in a trial with 'Energy Sticks', which, connected to the smart meter, makes a large amount of measurement data immediately visible to the customer. In addition, Enexis is researching the potential of an extra hardware element that, connected to the smart meter, can make the customer's user data available for use in the customer's digital home grid.
On completion of the small-scale roll-out, at the end of 2013, Enexis will decide how the smart meters should be further rolled out across the whole grid.

Home energy generation

An increasing number of retail customers possess devices to generate energy themselves, such as solar panels and windmills. Since the amount of energy that these devices will produce is difficult to predict, it is becoming increasingly necessary to be able to measure energy flows at all times. The smart meter makes this possible. The rapid increase in the number of energy-generating devices at our customers shows that the initiative towards home energy generation that was partly put in motion by Enexis is gaining momentum. On 4 June 2012, the ten-thousandth installation was registered with Enexis via www.energieleveren.nl (the collective site of the grid managers). At the end of 2012 the number of Enexis customers generating energy themselves had grown to nearly 26,000. The vast majority of these concern solar panels. To support and encourage these and other customers, a special website has been set up, www.zelfenergieproduceren.nl. This website attracted extensive attention in 2012 and registered nearly 40,000 separate visits in 2012.

> The 10,000th installation was registered on 4 June 2012.

EcoNexis Huis opens

Part of Enexis' role as facilitator and driver of the energy transition is also the direct provision of information on the use and possibilities of sustainable, local energy within a so-called 'Smart Grid'. This is shown in very practical terms by the special EcoNexis Huis in Zwolle, where installations and systems for energy saving and sustainability are demonstrated that are already freely available but not yet in widespread use. With the house, Enexis is focusing on education, especially the Regional Training Centres. The EcoNexis Huis was opened by the then Secretary of State Atsma; since then it has attracted more than 1,000 visitors.

Quality up to standard

Whether Enexis' efforts to deliver an optimal product actually generate the desired quality can to a certain extent be established by means of nationally developed, uniform service and quality standards.

Service provision

The quality of the service provision is assigned a score on the basis of eight service standards based on quality criteria from the Grid Code. Enexis sets a performance level of 96% as the lower limit. The differing figures do not represent a drop in service, they are the result of changes to the definitions in combination with standardisation of the reporting.

Service performance domestic and corporate market (in percent)

		2012	2011	2010	2009	2008
1	In event of outage, engineer on site within 2 hours	99	98	98	98	97
2a	Correspondence dealt with within 10 working days	99	100	99	95	95
2b	Tenders dealt with within 10 working days	93 [1]	98	98	98	98
3	Appointments with customers made within 2-hour time windows	97	98	99	98	98
4	Works carried out within 3 days	81	97	99	97	96
5	Maintenance appointments made 5 days in advance are carried out	89	99	99	99	100
6	For works involving interruption to the energy supply, 3 days' warning is given	96	99	98	98	99
7	Quotations made within 10 days of receiving the request	99	99	99	96	99
8	Customer queries regarding energy interruption responded to within 10 working days	100	100	100	100	100

1. The different figure is due to temporary technical problems with post and mail processing.

Invoicing

The quality of the invoicing is measured on the basis of standards set by the Office of Energy Regulation, which require a minimum score of 98% for six standards with respect to prompt invoicing. Enexis consistently scores much higher than this.

Quality of the invoicing (in percent)

	2012	2011	2010	2009	2008
Connection and disconnection of electricity supply					
Timeliness of advance invoice for connections	100.0	99.6	92.7 [1)]	99.1	99.6
Timeliness of final bill for disconnections	100.0	99.9	98.4	99.9	99.9
Connection and disconnection of gas supply					
Timeliness of advance invoice for connections	100.0	99.6	86.4 [1)]	99.2	99.6
Timeliness of final bill for disconnections	99.9	99.9	98.4	99.9	99.9
Timeliness of annual electricity bill	100.0	99.9	99.7	99.7	99.7
Timeliness of annual gas bill	100.0	99.9	99.9	99.9	99.1

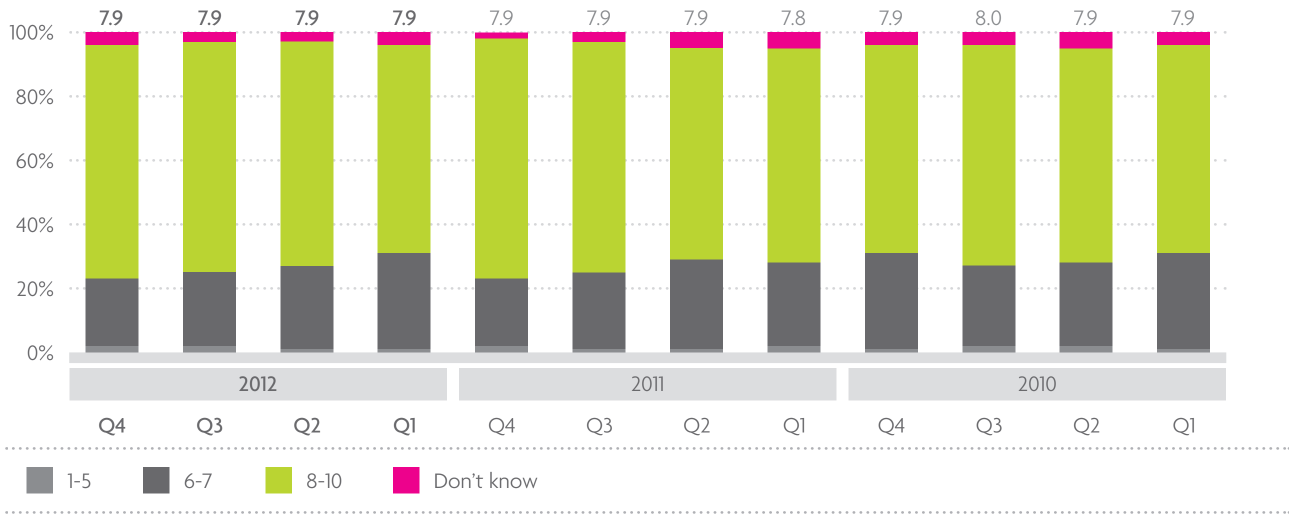
1. This figure showed a temporary decline in 2010 due to the introduction of a new customer information system.

Customer satisfaction

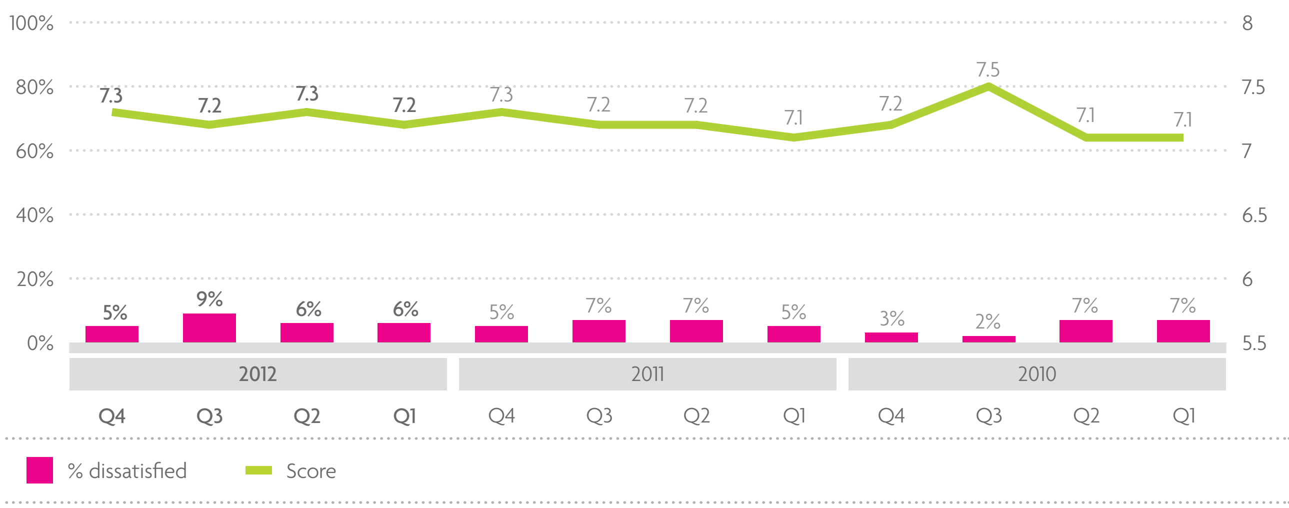
Many of the improvements in its products and services implemented by Enexis year after year are objectively measurable, but an important factor when considering whether the company is meeting all the wishes and expectations of its customers is the level of customer satisfaction. Enexis has this measured regularly by an independent consultant across all customer groups, both randomly and with respect to specific processes.

Generally, Enexis' efforts are followed by an increase in the measure of customer satisfaction. This was once again the case in 2012, when the average customer satisfaction score came to 7.6, exactly on target. Consumers and SME customers gave Enexis a score of 7.9. In the process measurements, regularly carried out with customers who had had a particular process carried out by Enexis, Meter Reading and Account Management were given scores of 8.0. Standard Connections rose slightly compared to 2011 to 6.6 and Assistance for outages increased further to 7.9.

Average score for total services awarded by consumers and low-volume clients



Assessment total service by bulk clients

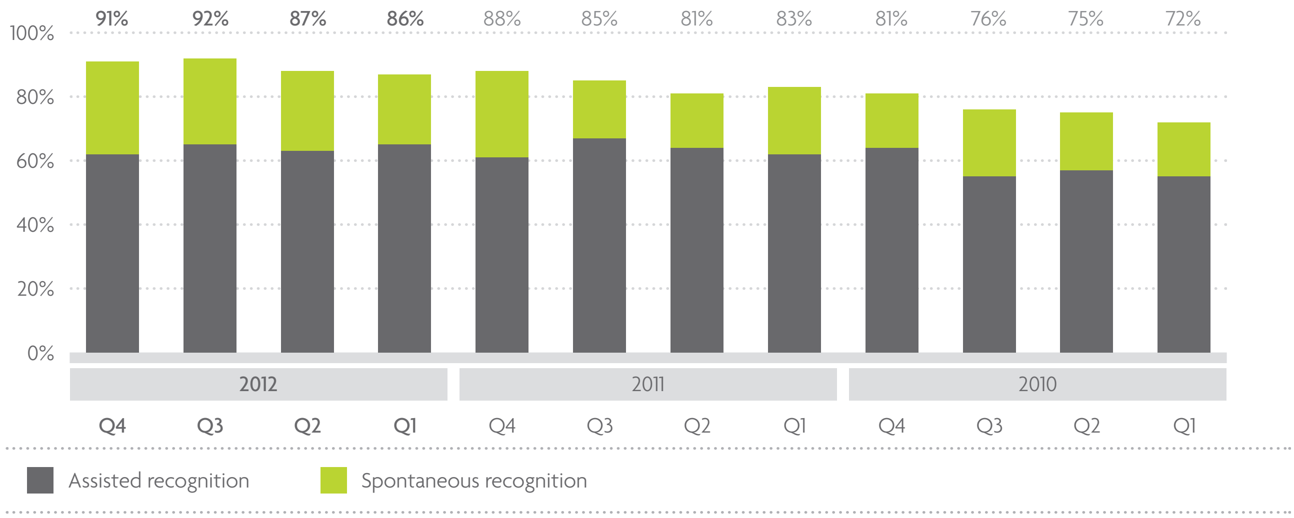


Name recognition

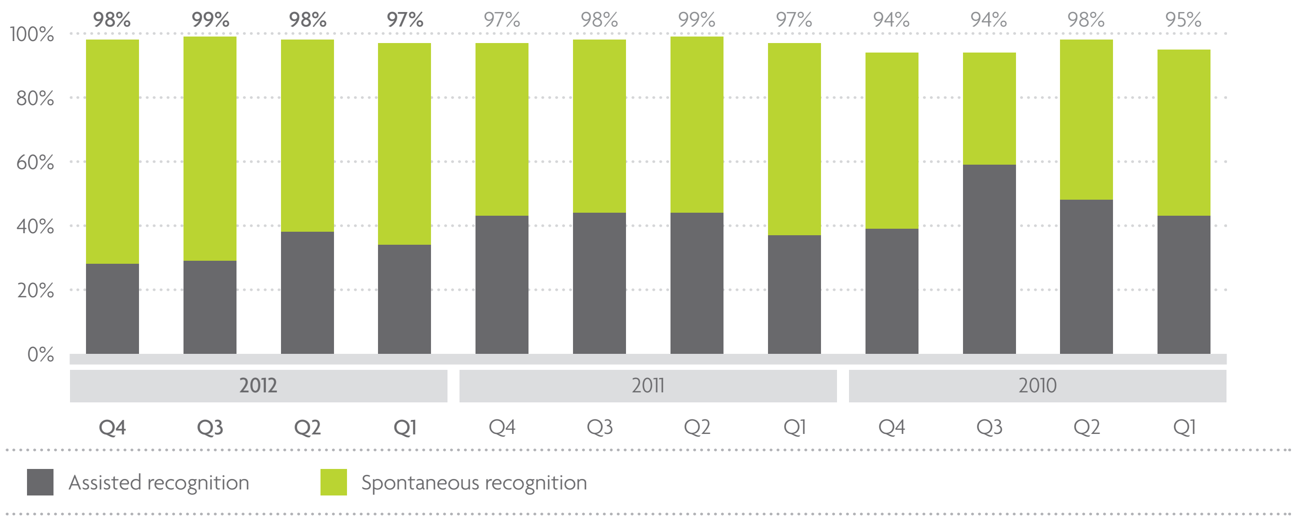
Our name recognition increased overall in the SME market and among consumers between 2011 and 2012. Whereas 27% of customers named Enexis spontaneously at the end of 2011, this rose to 29% at year-end 2012.

Since name recognition among the large corporate customers is already extremely high due to the more frequent contact we have with them, this measure did not increase overall. However the spontaneous name recognition of 70% at the end of 2012 was higher than the 54% for this measure at year-end 2011.

Brand recognition Enexis among consumers and small business clients



Brand recognition among large business clients



Fudura: convenience and innovation

Fudura, the new subsidiary of Enexis Holding, was presented to the market at the end of May 2012. Fudura includes the unregulated services that are offered in the commercial market. These include various measuring and infrastructure services, whereby Fudura takes responsibility for installations and metering for customers with their own energy infrastructure on the basis of expertise and independence. The customers can be assured that their infrastructure is in good hands and can concentrate on their core business. Another facet of Fudura concerns knowledge-intensive services that are closely related to the core business of Enexis, such as the supply of green gas. Fudura has held ISO 9001 certification since August 2012.

Gas and solar energy

At the beginning of the reporting year, Fudura was heavily engaged in the development and construction of installations for biogas, green gas and solar energy. However, several projects in progress relating to green gas slowed down during the year, mainly due to uncertainty regarding the status of subsidies. Its own activities as a partner in the development and construction of installations therefore also declined. There were however positive developments in relation to solar energy, where Fudura acted as an independent advisor as part of Enexis' social responsibility, including for school buildings, acting as a driving force in the process of energy transition.

Growth

One of the priorities in 2012 was the development of combined products and services. For instance, there was an increase in the number of customers using the Datadirect service in addition to metering services. Datadirect gives customers complete information on their energy use for all their connections, so they can take steps immediately. Further growth for Fudura came mainly from large customers with their own grids or managers of 'closed distribution systems' such as those in use at airports and industrial complexes. Fudura takes responsibility for metering and acts as a contract partner for administrative processes for these customers.

Enexis Unplugged

As part of its innovative activities, Enexis maintains numerous contacts with universities and other knowledge institutes. Many ideas can be found here that need support in order to be put into practice using the ingredients that the energy transition and the availability of alternative energy sources provide. Enexis is keen to contribute in this area, and through Fudura makes its knowledge and expertise available to help develop good ideas that are in line with its own activities. The Enexis Unplugged project started on 13 September 2012, in which anyone from inside or outside Enexis can put forward their ideas. 30 ideas have been proposed since then, also through the special website. Six of them are now receiving support from Enexis. These include a start-up company that takes measurements in existing homes in relation to living comfort and energy use with the aim of reducing expenses, CO_2 emissions and improving the health of the residents.

In the EcoNexis Huis, the future is already here

Zwolle, 25 June 2012

A house that can check itself to decide the right time to use energy. A house that itself supplies all the energy that the residents need. And a house that has all the modern novelties available in the market to save energy. The EcoNexis Huis built by Enexis in Zwolle has all this. The opening on 25 June 2012 by Joop Atsma, the then State Secretary for Infrastructure and the Environment, attracted much interest. It is exactly these two areas that meet each other in the EcoNexis Huis.

Among those present, and also someone closely involved with environmental issues, was the member of the Provincial Executive for Overijssel for Economy, Energy and Innovation, Theo Rietkerk. This was no coincidence, since the EcoNexis Huis fits seamlessly

into the province's cutting-edge energy policy. Rietkerk: "We have made a commitment in Overijssel that by 2020 20% of the energy will originate from new energy; alternative, non-fossil sources. Such an idea might seem to be abstract, but put simply it means that we have to use energy intelligently. Both by saving energy and by generating energy using the sun, wind, biomass or geothermal energy. You can very easily see these processes working here in the EcoNexis Huis".

The EcoNexis Huis is built and designed according to the Smart Grid principle, an intelligent electricity grid with an in-built measuring and regulating system that allocates energy as efficiently as possible. Smart Grids will be a reality in the future, but there are countless energy-saving devices and systems that can be put into practice today and are available in the market but are not yet in widespread use. Rietkerk: "In my view this offers great opportunities for SMEs to take advantage of the coming demand for specialist techniques and devices. I am convinced that new energy will produce a win-win situation for consumers and businesses."

The EcoNexis Huis is fully self-sufficient and energy-neutral, without use of fossil fuels. The roof has nearly 100 m^2 of solar panels that can produce 10,000 kWh of electricity per year. After deducting the total amount of electricity used, every year there is sufficient electricity left to drive an electric car for between 15,000 and 25,000 kilometres. Rainwater is collected in a 5,000-litre tank. The house is heated and cooled using geothermal energy.
The pipework for this extends 120 metres deep into the ground.

"Customers want more control."

Not just listening to customers, but actually understanding the wishes and desires of your customers in order to realise an optimal product in collaboration with them. True to our motto of 'Our professionalism for the customer, now and in future', Enexis has introduced improvements to its customer processes year after year. And successfully, too. But listening closely to our customers shows us that there is a huge variety of needs.

Jolanda van Zanen works hard on listening to customers and hearing their views. "We started with the customer service. This is the first line, the people who come into contact with customers directly, usually on the telephone. It is the main area for customer experience. We have made great strides, partly in the way we respond but also in the speed and completeness of our information. We continued with this last year. Our people have had more training and can now fulfill more tasks."

Live chat in the making

Much more is happening in the field of responding to customer questions and problems directly. The role of the website should not be underestimated. Van Zanen: "We recently introduced an automatic chat facility. Quite a lot of queries are already being dealt with through this. And soon we will go one step further with live chat. Not everybody wants to wait on the telephone. People would rather first see if they can solve the problem themselves. This is true in all areas and for all kinds of customers."

Jolanda van Zanen
in 2012 Director
Enexis Customer
Relations

Multi-site portal is a success

Do it yourself, that was in any case the request from many business customers with numerous (separately metered) electrical installations, known as multi-sites. They were having difficulty in maintaining the administration for all their accounts and retaining a general overview. The solution was a special multi-site portal, which has been in operation since 2011. This gives these customers an excellent overview enabling them to sort out and change all the possibilities and also gives them control of a number of processes. The response has been enthusiastic. Optimal control with big savings. Van Zanen: "We will see a lot more of this type of improvement in future. Solutions whereby the customers can take control themselves. This not only saves time and money, it also reflects the fact that the customer usually knows exactly what he wants better than anyone else."

Customer segments

This brings the conversation to another aspect of customer relations: the fact that there is no such thing as an average customer. Van Zanen: "That's right. But fortunately we do not have to deal with 2.6 million completely different customers. We have classified our customers into 11 segments. These are groups of customers with very similar requirements as regards energy security, sustainability, technical and other solutions and convenience (of processes). This allows us to focus accurately on their wishes and expectations."

The customer is taking the initiative

The customer as an active party in energy distribution. It would seem to be an attractive idea, but how realistic is it? Van Zanen: "This is already a reality. And it's not just about the bill. Take energy saving and self-generation of energy for instance. The people are taking the initiative here, but they have lots of questions. We have to answer them quickly and properly, so they can get on with it. If you want to put a solar collector on your roof, I can tell you the best way to administer this, but it is even better if you can arrange this yourself at home. And you will be pleased with it, I'm sure."

Advance of the smart meter

Smart meters are getting the green light in the Netherlands. This is the message of the New Market Model (NMM) to be introduced in 2013.

The intention is that around 80% of conventional meters will have been replaced throughout the Netherlands by 2020 at the latest. There is a long way to go, but Enexis is working energetically. A smart meter is a new type of energy meter with many possibilities. It can be read remotely – also by the customer – and electronically, and is completely able to deal with returned energy, for instance from a solar panel. It will also soon become an important link in the Smart Grids that will form the electricity grid of the future. Replacing every meter in the Netherlands with a smart meter is easier said than done. There are millions of connections involved. A start was made in 2012. Actually this was a trial in order to gain experience and deal with any teething problems. But even a trial involves huge numbers. Enexis installed a total of approximately 100,000 smart meters in 2012. The plan is to install a further 175,000 addresses in 2013.

Dialogue with the customer

Enexis does not speak to all its customers every day, but all its channels are open for its customers to express their wishes every day.

A quote from:

Lizzy A resident of the Muziekwijk in Zwolle and participant in Your Energy Moment

"I expect to change the way I use energy in future. Before I used to switch the machine on when I wanted to do the washing. Now I have an energy computer so that I am more aware of how I use energy. Now I can see how much it costs to use the washing machine at a particular time."

Alex de Jonge Manager of cabling & pipework and energy coordinator

"The Enexis multi-site portal saves us a great deal of time and money. We now get a bill for all our connections on an overall account that we can input ourselves and the portal gives me complete control of each separate connection. It's completely different from how it used to be, when every month we would receive a heap of bills all of which had to be checked, processed and paid separately. Much more convenient, and it saves money as well."

Good grids well managed

Enexis ensures that its gas and electricity grids are of high quality. This results in a limited number of outages and a good level of safety. However, because they consist of a large number of grids that were laid at different times, there is a huge variety of materials and components. Enexis' job is to operate, maintain, renew and expand these grids, which together are approximately 180,000 kilometres long and originally cost more than EUR 10 billion. Enexis does this for more than 2.6 million customers, who expect nothing less than a outage-free supply of energy. 365 days a year, 24 hours a day. Investment: roughly EUR 382 million in 2012.

Risk-Based Asset Management

Reliability is one of the key priorities in Enexis' strategy, albeit carefully weighed against another key priority: affordability. It is a fact that grids age; the challenge is to know where this can cause problems for delivering the desired level of quality. Enexis operates under the 'Risk-Based Asset Management' principle, in which the risk that certain components will fail forms the basis for maintenance and investment in grid renewal. Timely maintenance and renewal of weak points should prevent outage.

Where ageing can lead to safety issues, for example in the gas grids, a decision can be made to accelerate the replacement of parts of the grid. For instance, this applies to pipework made of grey cast iron, which is more brittle than steel or plastic and is easily damaged by excavation work or subsidence.

Preparation for the energy transition

More capacity requires more robust grids, but even more so, smarter use of them: Smart Grids.

Key figures	2012	2011	2010	2009	2008
Lengths (x 1,000 km)					
Electricity grid	134.2	133.3	132.3	131.0	128.6
Low voltage	90.0	89.4	88.8	88.0	86.3
Medium voltage	44.1	43.8	43.5	42.9	42.2
Between voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	44.8	44.6	41.3	41.1	41.0
Low pressure	35.8	35.6	32.8	32.7	32.6
High pressure	9.0	9.0	8.4	8.4	8.4
Stations (x 1,000)					
E-stations	52.7	52.5	52.1	51.8	51.3
G-stations	24.6	24.7	24.1 [1)]	24.3	24.2
Number of connections (x 1,000)					
Electricity	2,662	2,648	2,631	2,610	2,596
Gas	2,074	2,068	1,908	1,899	1,892
Quantities transported					
Electricity (GWh)	35,043	35,079	34,858	33,305	34,046
Gas (Mm^3) [2)]	6,350	5,788	6,959	6,003	6,109
Of which biogas	21.1	10.9	8.0	7.5	7.3
Product quality					
Outage duration electricity (in minutes)	21.6	18.9	25.1	20.0	21.8
High voltage	0.1	1.1	3.8	0.4	1.6
Medium voltage	15.2	11.9	15.2	14.6	15.5
Low voltage	6.3	5.9	6.2	5.0	4.7
Outage duration gas (in seconds)	36	69	43	25	42

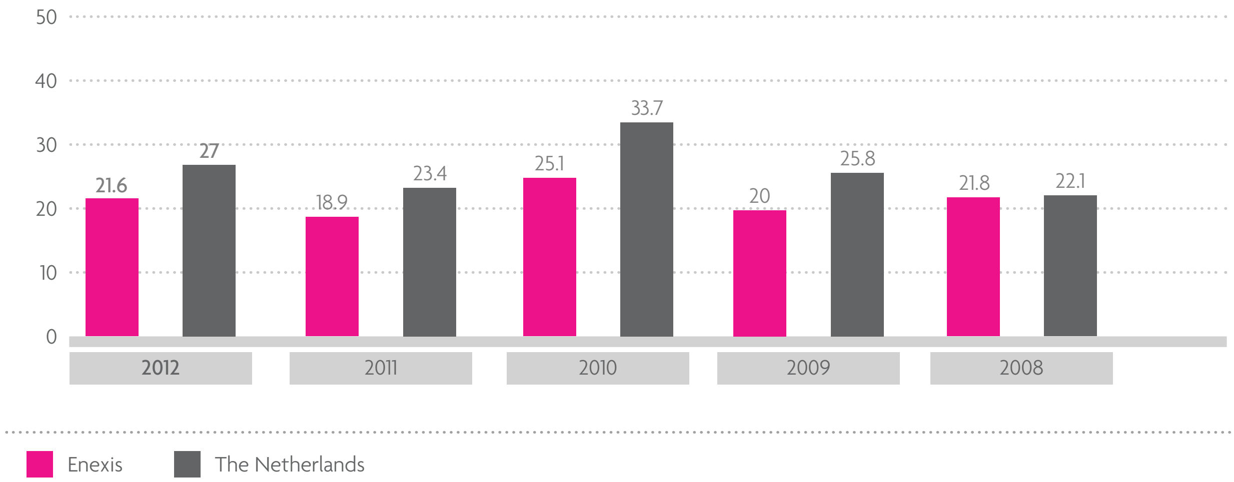
1. With effect from 2010 gas stations out of use are not included in the stated figure.
2. The quantity of gas transported by Gasunie cannot be exactly stated due to measuring problems. Gasunie is investigating possible solutions. Currently it would seem the potential deviation is up to 1.6%.

Reliable grids

An uninterrupted energy supply is the duty of every grid manager, but in reality it is not that simple: many thousands of mostly small outages occur in the Enexis area every year. For the customers, it is not important whether these are caused by the infrastructure itself or external influences, such as excavation works. For this reason the overall reliability of the grid is expressed in the annual outage time, showing the average time that a customer has had no energy supply during a year. For the Enexis electricity grid this was 21.59 minutes in 2012, compared to 18.91 minutes in 2011. The national average was 27 minutes.

Annual outage time per e-connection due to HV, MV and LV outages 2008 - 2012

(in minutes per connection)



The gas grids scored a outage time of 36 seconds per connection, compared to 69 seconds in 2011. The national average for the gas grids was 64 seconds. One of the priorities in Enexis' policy is to reduce the current regional differences by targeted investment at locations where this will be of the greatest benefit to reliability.

Outage time electricity/gas per region in the Enexis area in 2012

	Electricity (in min.)	Gas (in sec.)
Friesland	10.0	24
Groningen/Drenthe	32.9	45
Limburg	19.9	34
Overijssel/Flevoland	31.4	41
Noord-Brabant-O	16.8	26
Noord-Brabant-W	14.8	33
Total	**21.6**	**36**

Outages

Enexis had to deal with four large electricity outages in 2012. There was also one large gas outage in Ommen, which caused a lengthy inconvenience for customers.

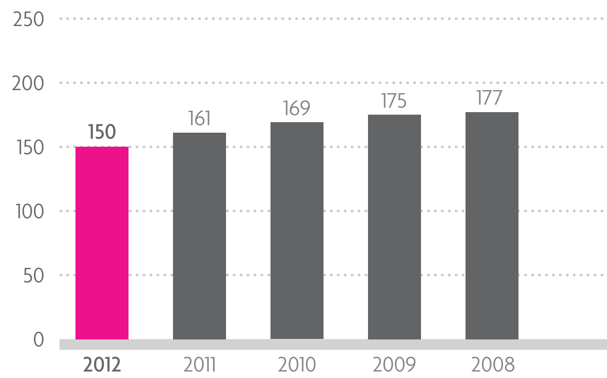
- On 23 May, a component exploded in the high voltage station in Helden, leading to 9,261 customers in the area being without power for more than two hours.
- In the neighbourhood of Beek on 7 June, over 14,000 customers were without power for nearly two hours when an isolated cable connection in the high voltage station broke down.
- The outage that occurred in Deventer on 2 August was lengthy because several cable connections failed simultaneously. More than 6,500 customers were affected. Power was restored for most of them after four hours, but the overall duration of the outage was more than seven hours.
- The worst outage affected more than 18,000 customers for more than two hours, when a short circuit caused a high voltage transformer in Groningen to fail on 1 October. The transformer was quickly switched off by the automatic safety mechanism, however an engineer of a contractor who was working on the site suffered severe burns.
- A gas outage that happened on 26 June in Ommen turned out to be due to an incorrectly closed circuit breaker in the feeding gas station of the national gas transport company of Gasunie. The gas supply was interrupted for nearly eight hours. Very careful preparation was required in order to restore pressure to the gas grid, in which the media also played a role. The outage was dealt with without further incident.

Various projects are ongoing within Enexis that are designed to deal more efficiently with outages, so that the number of outage minutes can be further reduced. Automated distribution is a powerful tool in this respect, since a large part of the area originally without power can be reconnected remotely. The introduction of automated distribution has already commenced in Enschede in 2011 and will be rolled out to other regions in 2013.

Safe gas grids

In addition to a reliability score, the gas grids are assessed on the basis of a safety indicator, the VeiligheidsIndicator Gasnetten, or VIG. This indicator establishes the statistical relationship between measured gas leaks and the chance that these will lead to incidents and/or accidents. This produces a figure (without dimension) to which applies: the lower the figure, the higher the level of quality and safety. The definitive calculation of the VIG score is made at the end of the first quarter of the reporting year. For this reason, only a provisional score can be given at the time of publication of this annual report. The weighting factors and the calculation of the VIG are also revised annually, so that the scores are only comparable within the year and not from one year to the next.
In 2011, Enexis had a VIG score of 161. The target for 2011 was a score of less than 175. The provisional score for 2012 is 150, against a target of 175.

VIG score



Investment

With a total investment in its regulated grids of EUR 382.4 million, Enexis completed its ambitious investment programme in 2012.

Investment in grids

	gross investment				
in EUR x million	2012	2011	2010	2009	2008
Electricity					
Standard connections	25.6	29.9	31	36.9	45.5
Customised connections	22.9	22	20.9	24.7	34.3
Grid expansions	122.8	132.1	140.8	133.9	115.2
Reconstructions	29.6	30.4	23.4	23.7	26.1
Replacements	33.9	26	22.9	15.4	25.6
Other	17.7	7	7.9	5	24.6
Sub-total Electricity	**252.5**	**247.4**	**246.9**	**239.6**	**271.2**
Gas					
Standard connections	9.0	10.6	9.9	12.8	16.2
Customised connections	2.1	2.6	2.4	2.7	2.7
Grid expansions	15.2	9.8	12.2	14.4	19
Reconstructions	18.7	16	14.5	14.8	16.8
Replacements	83.3	75	58.1	33.9	43.7
Other	1.6	1.1	1.5	1.5	1.5
Sub-total Gas	**129.9**	**115.1**	**98.6**	**80.1**	**99.8**
Total Electricity and Gas	**382.4**	**362.5**	**345.5**	**319.7**	**371**

Replacement of grey cast iron

The replacement programme for the gas grid for the whole year comprised 220 kilometres. This was successfully completed, with a total of 125 kilometres of grey cast iron pipes being replaced, well above the target for replacement agreed with the regulator, the State Supervision of Mines. On the basis of a long-term study, Enexis decided in 2012 to replace more grey cast iron than originally planned.

Data quality

The first requirement of the Risk-Based Asset Management method is to obtain a clear picture of the infrastructure; Enexis has made a full inventory of the asset data (location, type, age, etc.) during a project lasting six years and which was completed in early 2013. Enexis can now properly meet the strict requirement imposed on the grid managers by the Office of Energy Regulation in this respect.

Enexis will complete the project in the second quarter of 2013, whereby not only the data on all the assets as required by the regulator but also the wider information needed for the asset management will be up to standard. Naturally, all measures necessary have been taken to ensure data collection in future as well.

Long-term optimisation study

In order to have a continuous good understanding of the condition of the grids and their components, a regular analysis is made of all outages and the components that caused these to occur. This is part of a long-term optimisation study in which all the grid managers participate. This means that the analysis encompasses all the outages that take place throughout the Netherlands over a long series of years. For electricity, the data are for the past 25 years. This data collection and regular analysis are of immeasurable value in the determination of safety and quality for the coming decades. The analysis was completed at the end of 2012. Enexis conducted the analysis, and did this also for the other grid managers.

Condition of cables

Specifically for underground electricity cables, Enexis works with its fellow grid manager Alliander, consultancy agency Kema and the supplier Locamation in the 'Smart Cable Guard' project, the purpose of which is to investigate the condition of a (medium voltage) cable while it is in full use. This allows for a more efficient search for weak spots in the grid, while at the same time reducing maintenance expenses. The technological design was completed in 2012. In 2013 the focus will be on the robustness and practical applicability of the system. A similar project for low voltage cables will also be started in 2013.

Smart grids in development

The traditional energy grids feature one-way traffic: a producer sends energy to a consumer. This principle is however changing: the future is for grids that can handle two-way traffic. This development is still at an early stage in practice, however an increasing amount of gas and electricity is coming from decentralised sources such as solar panels and biogas installations in the grids. And on the Enexis drawing boards, smart grids have been a reality for some time already. An important condition for realisation is the application of advanced IT in the grids in combination with remotely switchable components. This automation is essential for both efficient dealing with outages and intricate two-way transport of energy. In the first case this will require automated distribution, and secondly optimal reconciliation of supply and demand for energy, both in terms of timing and location of generation and use.

Automated distribution

With automated distribution, in the first instance only for electricity, the medium voltage grids will be divided into smaller units that can be switched on or off remotely. When an outage occurs leaving a large part of the grid without power, the part actually affected can be quickly identified from a central location and the rest of the grid can be isolated, so that power supply can be very quickly restored in this part. Enexis began to introduce automated distribution in Enschede in 2011. The majority of the electricity supply had been automated there by the end of 2012. The system was tested with a serious outage on 23 March 2012. With its automated distribution, Enexis was able to restore the electricity supply to the first households after three minutes. A serious fire in a distribution substation in Enschede in the first week of January 2013 caused such an extensive outage that a large part of Enschede was without power for many hours. However, due to automated distribution it was possible to restore power remotely to a large number of households immediately after power had been restored in the substation concerned.

Smart Grid pilots continue

Information on the structure and possibilities of Smart Grids has mainly originated from studies carried out by universities, research institutes, producers and grid managers. There is still a long way to go to put this into practice, not only because of the technical issues, but also because it is not yet clear how people will react to this. This concerns situations in which return of solar or wind energy will be the norm, in which the use of household equipment will be adapted to available cheap energy and in which the effect of charging of hundreds of electric cars will have to be accurately estimated.

Enexis has been researching this with various pilots since 2010, including in the Meulenspie and Easy Street districts of Breda and the Muziekwijk in Zwolle. Both cases concern complexes with smart energy grids in which the residents also generate their own energy and by using an energy computer they can choose when they use energy on the basis of the current energy price and the production of sustainable electricity. the trial in Zwolle started on 30 November with 100 households participating. The roll-out of the first energy computers used in the pilot study in Breda started in early December. This study will officially start in March 2013.

Enexis is also involved in the Power Matching project City II/Hoogkerk. This project, coordinated by KEMA, is considered worldwide as one of the first true Smart Grid projects. During the Rio+20 UN conference in June 2012, the project was included in the list of the 100 most sustainable innovations, the Sustainia 100. Preparations were made in 2012 to double the number of participants from 25 to 50. This upscaling will take place in 2013.

Temporary storage of solar energy

Energy from solar panels that is not needed at a particular time, for example during the day, is normally returned to the grid to be used elsewhere. If more energy is needed at a later time, this is then returned to the same producer's location. This transport causes grid losses, takes up grid capacity and costs money. In Etten-Leur, where there are a large number of private solar cell owners living next to each other, the surplus energy has since July 2012 been stored in a battery system which can then be distributed to users in the neighbourhood as needed. In a compact standard transformer housing, four batteries each consisting of 29 Li-ion units can store enough energy to deliver power to 200 households for two hours. Together with Liander and TNO, Enexis is researching the contribution that this kind of Smart Storage Unit (SSU) can make to an affordable, reliable and sustainable energy supply.

Cooperation

Digging for maintenance on cables is unavoidable, but it causes considerable inconvenience to the public, especially in residential areas. Therefore Enexis endeavours to do this in cooperation with local authorities and other grid operators, including communications and water boards, to minimize the inconvenience as much as possible by coordinating the work. This requires strict long-term planning, in which Enexis acts as a strong stimulating party. This cooperation is now commencing in several municipalities and regions.

Enexis works in three regional partnerships for joint construction and maintenance of underground infrastructure.
These are NONed, for Groningen, Drenthe and Overijssel, Centraal Technisch Overleg (CTO – central technical consultation), operating in Friesland, and the Stichting Synfra in the three southern provinces.

The participants in these partnerships share their experiences with tendering and implementation with each other to eventually achieve a nationally coordinated approach to specification and implementation.

NONed

The preparations for a joint approach to the tendering were started in 2012. The current specification was prepared for use; the translation of the contractor policy of Enexis will be part of this specification. The contracting for the first sections will take place in the second half of 2013.

CTO

During the year under review, the joint tendering of a newly developed framework specification was withdrawn, because after the first tenders from the selected contractors, it appeared that the tendering documents contained too many ambiguities. In 2013, the specifications will be fixed and the tendering will be recommenced.

Synfra

2012 was characterised by the tendering for the combined implementation work. Because projects are increasingly being implemented with the water companies WML and Brabant Water, and less with the cable and telecommunications sector, the 'Combi 3+' alternative was selected. This means that the water and energy companies jointly contract their work and facilitate the cable and telecom companies as much as possible. In practice, this means that fibreglass tubes are laid side by side for household connections, in which the cable and telecom companies can install their grid afterwards. All 'combi' partners continue to use a common intake site as well as a notification system for customers and municipalities. Thus, higher efficiency is achieved for the energy and water companies and the customer is served in the best possible manner. This new way of working will be a fact with effect from 1 September 2013.

LSOI (Landelijke Samenwerking Ondergrondse Infrastructuur – National Partnership Underground Infrastructure)

Since November 2011, Enexis has been chairman of the LSOI, a management platform for the combined construction that has developed a shared vision on the connecting process, the beckoning perspective. Last year, development of the National Intake Portal (LIP - Landelijke Intake Portal) and the Digital Roundabout (DR) was started. The LIP initiative will replace the current intake portals www.aansluitingen.nl and www.huisaansluitingen.nl with a customer-oriented and user-friendly version. The Digital Roundabout will replace the "paper" transfer between grid operator and contractor by a computerised message exchange in which data is read directly into the source systems. The construction of the new IT platform will be started during the course of 2013.

Biogas and green gas

Biogas, created in fermentation plants, has been in use for a long time already as a renewable fuel, particularly in agricultural and horticultural businesses. In a number of cases, the production is also distributed to other customers. Untreated Biogas is not suitable for use in the normal gas grids. Therefore it must first be converted using several processes to become so-called green gas, with the correct calorific value, with no inconvenient constituents, and with the recognisable smell of gas.

Although the production of Biogas from waste such as manure, sludge and agricultural residues is an important factor in making energy supplies sustainable, an uncertain trend in the granting of subsidies during recent years has inhibited its growth. Producers of Biogas often do not dare to make the considerable investments, and where plants already exist, the increased price of agricultural products to be mixed in has become a stumbling block.

At the start of 2012, together with various partners, Enexis had various Biogas and green gas hub projects in the pipeline, such as the Biogas line of northeast Friesland (BioNOF), the Salland hub, and Wijster green gas hub with partner Attero. However, due to the uncertain situation regarding granting of subsidies, these projects were temporarily postponed.

In 2012, nevertheless, Enexis has once more gained a lot of experience with the injection of green gas at six locations in the public grid currently. This experience has led to clear internal processes and unambiguous quality requirements for the producers. One of the two new projects, at Suiker Unie (a major sugar company) in Groningen, includes a 2.7 km long pipeline between the fermentation plant and the Enexis gas grid. A large part of the route of the pipeline was constructed using steerable drilling. Suiker Unie uses 100,000 tonnes of production waste to feed 10 million cubic meters of green gas into the Groningen natural gas grid. This is sufficient for the annual needs of 7,000 households. The Suiker Unie pipeline is large enough to eventually also serve as a Biogas hub for surrounding farms.

Charging infrastructure for electric cars

The electric car is, generally speaking, still at the beginning of its wider introduction, but the car industry has made enormous strides in recent years by marketing a series of models that have electric or hybrid drives. There were only a small number of 7,000 electric cars in the Netherlands at the end of 2012. It is expected that there will be 200,000 by 2020. To enable charging, facilities are necessary that provide the driver with the opportunity to charge the car close to home or work. In view of the still limited range of entirely electric cars, the development of a tightly knit network of charging points with national coverage is necessary. Not only to provide power for the current fleet of electric cars, but also mainly to continue facilitating the expected growth of the electric car in the future.

Stichting e-laad

By the end of 2012, Stichting e-laad (a Dutch foundation for installing electric vehicle charging points), to which Enexis also contributes, had installed 3,000 charging points. The foundation was set up to solve a “chicken and egg problem” about driving electric vehicles and infrastructure. Meanwhile, Stichting e-laad has entered into new joint ventures, including with several large cities. Because it appears that the market is going to take over its tasks, the Stichting closed its intake for new charging points in September 2012. On the basis of the current arrangements, another 600 charging points will be installed.

Smart Charging

In 2012, the “Smart Charging” project finished, in which Enexis, together with Better Place and Oranjewoud, developed an open IT environment that allows the charging of cars to be as efficient as possible for both suppliers and grid operators. This allows charging points, grid, and user to communicate with each other about their mobility needs, so that the intelligent network can distribute the required energy properly.

The future of the electricity grid: distribution automation

Enschede, 12 April 2012

There are major changes taking place in the Dutch electricity grid. Even spectacular changes, but they are often barely perceptible to the eyes of the outside world. Here we are talking about changes such as a further electrification of everyday life, because we are all making ever-increasing use of it.

And about the growth of locally generated power, in which various flows from all types of sources go in many different directions through the grid. As well as about the need for more maintenance, while there will be fewer technicians available for this purpose. The solutions all point in one direction: smart grids and distribution automation.

Smart Grids

Extremely briefly: Smart Grids send the energy to where it is needed most. Criss-cross through the grid. In one direction in dark weather, in the other if the sun appears. During the daytime to the offices, in the evening to the car charging points. This is possible thanks to automation, IT. With ever more IT in the grids, it is possible to monitor the entire network from a single central grid control centre and thus also immediately see exactly where a fault

occurs. There can then immediately be as many connections as possible remotely switched into the grid again, while the emergency team have only just jumped into their car.

Digitalisation

Distribution automation is not something that can be purchased at any time and immediately put into use. It requires very thorough preparation, deep in the Enexis organisation, and a substantial investment. Thus, automation means not only a completed digitalisation of the grid and its characteristics, but also, very practically, a communications network between the central grid control centre and all the capillaries of the grid. And - even more practically - switches that can be controlled remotely. These are innovations that cannot be installed in one go. This is done step by step, always in combination with maintenance and replacement in sections of the grid.

Fewer outage minutes

All together, distribution automation is a gigantic undertaking, but the benefits are of the same magnitude. Due to the rapid response to faults, not only will the number of outage minutes be significantly reduced overall, but also the capacity of the outage services will be used much more efficiently. And that is not a luxury, in view of the impending scarcity of technical professionals. Constant monitoring of the grid also means a constant analysis of (potential) problem areas and, in the future, the development of new routines and procedures that enable real smart grids on a major scale. But that future has actually already started with distribution automation.

"A good picture of the situation is essential."

On 1 October 2012, a repair to a 110 kV transformer substation in Groningen went wrong. A flash, a bang, an outbreak of fire and two injured electricians. A few minutes later, the emergency services were on their way. Shortly afterwards, when it was clear that there were thousands of connections without power, GRIP2 became a fact. Fire brigade, ambulance, police, municipality and Enexis worked side by side to limit the consequences for the citizens.

When the incident room received the message - fire with injured people in a transformer substation on the Bornholmstraat - nothing more was known than this initial information. This changed rapidly. Roelf Knoop, deputy commander of the Groningen Regional Fire Brigade became the liaison officer with Enexis with effect from that moment. Mr. Knoop: "After this type of report there is a two-pronged response: In any event, help goes to the location of the incident while at the same time you try to obtain the best possible picture of the scope of the incident. This picture is essential. If it is only fire, who is affected by it, how many more people are there involved? If you want to respond properly, you must rapidly understand what you're dealing with."

Escalation

As more and more anxious phone calls came from shops and businesses that were suddenly without power, it soon became clear that the incident was not limited to the Bornholmstraat. Mr. Knoop: "In such a case you examine the extent to which the community is affected by the incident. In this case it appeared that thousands of connections were affected by the power outage and that could be for several hours. This led to escalation to GRIP2 *, the designation for an 'incident with a clear effect on the surroundings'. In such a case, an operational team takes action, for which my colleague as commander of service had the operational leadership. With us that person gets a 'buddy', someone who continuously supports them and in this case maintains the contacts with the grid operator. That was me, and so I worked closely with regional manager Peter Elzinga and the Grid Control Centre."

By the book

That worked excellently. Mr Knoop: "In the past it was sometimes difficult to obtain access to this type of information quickly. Now it is instantaneous. We had a map of the affected areas available in no time at all. Then you know where you should focus your actions, and especially where you don't need to focus any of your attention. In the later stages the contact with Enexis was very direct. In fact, everything went completely by the book, which is a good observation, because we carefully defined our response to such incidents in advance. So it was great to experience that all these preparations work well."

Power outage ended

From that perspective the outage appears as a success story. But it obviously wasn't for the thousands of people affected by it. Fortunately, the outage ultimately did not have any major additional incident. Around 12 o'clock, more than two hours after the flash, the signal could be given that the outage had been ended. And was there a learning moment? Roelf Knoop: "Well, no, everything went by the book. Excellent cooperation with Enexis, thus a good picture of the affected area and close contact with the Control Centre. That's what you really need, and we had that. Then you can focus on the things that are not completely under your control, such as the duration of the outage. Extinguishing the fire, making the location safe so that it can be repaired, that all takes time. But you can do nothing about that. Safety first."

* Gecoördineerde Regionale Incidentbestrijdings Procedure
(coordinated regional incident response procedure)

Roelf Knoop
Deputy Commander
regional fire brigade
Groningen

Constant renewal

An energy grid is composed of a complex system of pipelines and cables, switches and transformers and dozens of other components in a variety of materials, qualities and phases of their lives.

The reliability of supply that Enexis achieves with these is high. However, with more than 75,000 technical buildings, 44,000 km of gas pipeline and more than 134,000 km of power cable, the maintenance, merely to maintain their quality, is an enormous challenge. Each year, therefore, hundreds of kilometres of cable and pipeline are renewed, plus the components connected to them.

To work efficiently, each year the parts of the grid are renewed that need it most. This is common practice in the maintenance of machines, and a motorist also often replaces a bulb preventively. For a large grid operator, this is a much more difficult decision, in view of the enormous volume of variables. Therefore Enexis uses Risk Based Asset Management to take the renewal decisions. On the basis of its thorough and often digitally recorded knowledge of factors including location, use, age and condition, it is determined which grid components must be tackled first.

Grey cast iron replaced

Gas pipes made of grey cast iron are more vulnerable than those made of modern materials. Therefore, they are being deliberately replaced.

A quote from:

Pieter Elzinga Enexis Regional manager of Groningen and Drenthe

"I was in the car on the road from Kolham to Emmen. Busy as ever, then came the news that half of the town was out and with a seriously injured member of our staff. Then everything was very quiet like in the eye of a storm. And everything you're doing is suddenly utterly unimportant. You just think: Pieter, keep calm and as soon as possible get an overview, where can I turn round safely? Then the storm comes and you do what needs to be done. Full of confidence in your organisation."

An organisation with energy

Motivated employees, good, up-to-date systems and the best possible processes, these are necessary prerequisites for a healthy company. Throughout the Enexis organisation, therefore, there is hard work on meeting these prerequisites and continuing to improve them. However, Enexis has not reserved this task for specialised departments and officials. On the contrary, the company has deliberately chosen to place many responsibilities with the employees, relying on their motivation and professionalism. People, resources, and processes, all three have continued to be reinforced in 2012, resulting in a company that offers a very attractive workplace to its more than 4,000 employees and the many, mainly technical, staff members it needs.

Enexis Way of Working

At Enexis during recent years there has been crystallisation of how the organisation wants to develop itself and what roles the parties in the organisation must play to provide customers and other stakeholders with the best possible products and services. The result acquired shape in 2010 in the 'Enexis Way of Working', a set of principles and agreements that make explicit not only what is expected of all employees, but also what they can expect to enable them to do their job properly. Key points are skill and personal responsibility, but also clarity and initiation.

Enexis Way of Working

Managers support employees to do their work with expertise and commitment.

Key figures	2012	2011	2010	2009	2008
Staff					
Employees at year-end	4,229	4,101	4,061	3,791	3,511
FTEs at year-end	4,072 [1)]	3,797 [1)]	3,718	3,490	3,246
Women in workforce (%)	17.7	17.7	19.1	16.1	14.9
Absenteeism (%)	4.0	4.80	3.9	4.4	4.3
Number of students in Training and Education	17,784	18,648	12,378	9,628	9,093
Score for employee commitment %	80	80	-	81	78
DART rate of Enexis [2)]	0.49	0.53	0.55	0.55	0.55
DART rate of third parties	0.85	1.09	1.05	1.74	1.19
DART rate total	-	-	0.68	0.88	0.74
Sustainable vehicle fleet					
100% electric passenger cars	48	29	17	10	1
Passenger cars on Biogas/natural gas	30	11	3	3	-
Quantity of waste (in tonnes)					
Recycled waste	9,673	8,265	6,163	4,135	5,713
Incinerated waste	1,426	1,336	1,362	1,409	1,171
Land-filled waste	315	430	308	95	173
Total	11,414	10,031	7,833	5,640	7,058
Of which hazardous waste (%)	3.6	5.8	7.5	6.0	9.0

1. FTEs on the basis of the contractual working week and the part-time factors based on this. Up until 31 December 2011, the number of FTEs was determined using a standardised 38-hour working week. On the basis of redefinition the number of FTEs at the end of 2011 was 3,926.
2. DART: the DART rate stands for the number of accidents resulting in absenteeism or adapted work per 200,000 worked hours

This approach is extended to all areas of business and work, where in many places it has caused a marked change in the proven way of working and also intervenes in various aspects in the relationship between management and employees. All those concerned must become accustomed to this and in many cases the skills needed must also be developed and learned. Leadership is crucial to this. Facilitating and coaching are concepts that belong to the desired type of leadership. The structure of departments and the form of their products have also had to be adapted to the new situation, and not infrequently. A good example is the Human Resources department, which converted its task from 'regulating' to 'facilitating', and radically adapted the department's structure to this, so that the responsibilities there came to lie where they are required: with the employees themselves and management. Two culture measurements were made in 2012, in order to determine the extent to which the 'Enexis Way of Working' has become part of the day-to-day work with the employees. These showed that the objective had been achieved.

X working

The New Working, working independently of time and location, has been christened 'X working' at Enexis. X working allows employees to work on the basis of well-defined expected results, to decide for themselves where and when these results will be delivered. In practice, this often initially means working at or from home, with which the benefits lie mainly in the area of less commuting. However, there are many other benefits to employers and employees and favourable financial consequences, such as lower costs for housing, lower absenteeism, better balance of life between home and work, and higher working productivity. Started in 2011 with four pilots, X working currently comprises approximately 1,200 employees spread throughout the organisation.

The first results, following a base-line measurement and a first measurement, seem to confirm the positive expectations, both in terms of satisfaction among the employees involved, and regarding both commuting kilometres saved and absenteeism.

New employees

A dynamic company such as Enexis has a constant need for new employees. In particular, attracting technical professionals at the desired level is an unchanging challenge for Enexis. More efficient working processes will mean Enexis needs fewer employees, but at the same time the volume of the work is increasing, so there is still a great need for replacements. The ageing of the people in the organisation means that, with effect from 2016, the outflow of experienced fault-fixing technicians and construction supervisors, among others, will increase rapidly. With an unchanged policy, this would lead to bottlenecks in key business units such as the fault monitoring service.

Intensive recruitment

Especially now that the inflow into the technical training is continuing to decline, strong measures are needed to be able to control the situation in the future. Therefore, Enexis pays particular attention to strategic workforce planning, and the efforts to recruit skilled personnel have been intensified. These appear to have been successful. During the year under review, Enexis has been able, inter alia, to recruit a significant number of new employees for the fault monitoring service. What has assisted in this is undoubtedly that the labour market has expanded due to the crisis. The favourable working situation and conditions at Enexis, with a competitive salary, also make the company an attractive employer. This will also be an important asset, when in a few years the labour market becomes tighter and the need for skilled technicians will still be high.

Staff

	2012	2011	2010	2009	2008
Employees at year-end	4,229	4,101	4,061	3,791	3,511
FTEs at year-end	4,072 [1)]	3,797 [1)]	3,718	3,490	3,246
Women in workforce (%)	17.7	17.7	19.1	16.1	14.9
Absenteeism (%)	4.0	4.8	3.9	4.4	4.3
Number of students in Training and Education	17,784	18,648	12,378	9,628	9,093
Score for employee commitment (%)	80	80	-	81	78

1. FTEs on the basis of the contractual working week and the part-time factors based on this. Up until 31 December 2011, the number of FTEs was determined using a standardised 38-hour working week. On the basis of redefinition the number of FTEs at the end of 2011 was 3,926.

Vocational schools

Enexis meanwhile continues its efforts to increase the inflow at MBO (intermediate vocational education) level via its two own accredited vocational schools in Eindhoven and Emmen. The Eindhoven vocational school started in 2012 in a new building in Eindhoven, where all possibilities, including technical ones, are available for a sound professional training that is supplemented with training in practice alongside experienced technicians. At this vocational school, a 'turbo class' was added in 2012 to create a lateral inflow of technicians with experience gained in fields other than gas and electricity. The aim is to train these technicians in a period of one year to become a technician for the fault monitoring service. A school leaver needs an average of three years to gain the necessary knowledge and experience.

Labour market

The Enexis-wide labour market activities were continued unabated via various channels, including internet and social media. The special website www.werkenbijenexis.nl (working at Enexis) was completely renewed in 2012, after which the response to vacancies increased by 25%. The digital recruitment of Enexis received an award for the best digital job interview experience. The number of open applications also increased by 35% relative to previous years.

In this context, the company was also assisted by its good reputation as an employer, partly confirmed by high rankings in various top employer lists. Enexis finished fifth in the NRC Best Employers Survey and received the 'Top Employer certificate' from the CRF Institute.

Working safely

Gas and electricity can be dangerous. However, Enexis ensures there is good control of the risks from working on the grids. This is achieved by the craftsmanship of the people who work with the grids, by the standards and regulations that they use and comply with, and by the constant attention that safety receives at every moment in the day. This applies not only to its own employees; Enexis also demands this from the contractors who work for it.

Despite this, incidents involving injury unfortunately occur occasionally, but attention is constantly paid to safety in the day-to-day work. Thus, Enexis reports systematically to all employees of the implementing departments on incidents and near misses, and shows how they arose. The results of this attention are positive: the number of accidents with absenteeism in the primary work continues to fall in line with the objectives. Vicinity accidents (trip and fall) still require a lot of attention in terms of prevention.

VGWM results, DART rate and accidents

	2012	2011	2010	2009	2008
Fatal accident	0	0	1	0	0
DART rate of Enexis	0.49	0.53	0.55	0.55	0.55
DART rate of third parties	0.85	1.09	1.05	1.74	1.19
Workplace visits (internal) [1]	110%	114%	129%	112%	133%
OGB reports (internal) [2]	747	819	864	828	1,213
Evacuation practices [1]	95%	95%	96%	94%	90%

1. Percentage compared to planning.
2. Undesired events.

Accidents with absenteeism and accidents with adapted work are weighted according to the number of accidents per 200,000 hours worked. This is the DART rate (Days Away, Restricted or Transferred). For Enexis employees, the DART rate for 2012 came to 0.49, which meant a marked improvement over 2011, when the score came to 0.53. For contractors, the DART rate came to 0.85, a significant drop compared to 2011, when the score was 1.09. The number of incidents that were the result of the primary activities increased slightly. The number of serious incidents remained similar to 2011. The majority of the accidents were 'vicinity accidents' such as falling and tripping. Close confrontation with the incidents of colleagues makes these incidents very tangible and promotes safety awareness. In 'toolbox sessions', short refresher courses, agreements and rules are regularly refreshed.

To support safety awareness among employees of Enexis and of the contractors working on behalf of Enexis, Enexis presents annual awards for the best safety projects. Enexis projects also compete for the Herman Levelink HSE award. This was awarded on 29 November 2012 to a joint project of the northern regions of Enexis. The award for the contractors, the Contractor Safety Award went (for the third time already) to Siers Groep Oldenzaal BV.

BEI/Viag

Since 2009, the basis for safe working has been formed by two documents: Operational Management of Electrical Installations (Bedrijfsvoering Elektrische Installaties - BEI) and The Safety Instruction for Natural Gas (Veiligheidsinstructies Aardgas - Viag), supplemented by the so-called Safe Working Instructions ('Veiligheidswerkinstructies'). Technicians who perform work on energy grids must always be in possession of a so-called 'Instruction' as evidence that they can work according to the detailed instructions and in compliance with all the safety measures that are associated with this. This will guarantee both personal and external safety.

With effect from 1 January 2014, every technician must possess a BEI/Viag personal certificate (PCE), confirming that he or she knows the regulations. Enexis has created its own recognised BEI/Viag examination institute, which is also open to outsiders. During the course of 2012, the majority of the Enexis technicians involved passed the exam, partly with the assistance of additional lessons provided internally.

Regular examinations

Health and safety are very closely associated with each other, including through the quality of the workplace. All employees are offered a standardised Regular Medical Examination every four years, in which there is examination of not only the musculoskeletal system, but also the interactions with the workplace and the presence of stress factors. Employees of the fault monitoring service undergo such an examination every two years, combined with a number of medical checks.

Asbestos

The handling of asbestos and contaminated soil was further tightened by the legislature in 2012, partly as a result of several incidents involving asbestos that occurred elsewhere. Within Enexis, there is hard work on methods to control the issues. Thus an inventory has been taken to determine where asbestos exists in the soil in the form of asbestos cement gas pipelines and in which electrical component housing (transformer stations, switching stations) asbestos has been included. The gas pipelines concerned are swiftly replaced, and the other asbestos is replaced when its characteristics could pose problems for the reliability of the facility or the safety of employees.

Management system VCA tested

The Enexis' system for Health, Safety and Environment Management is certified with the Dutch VCA certificate every three years. In the context of this widely recognised certificate, the company is checked at least once a year by means of objective audits to remain constantly focused sharply on its quality. The Enexis HSE Management system is so well developed and embedded in the organisation that audits and certification are always completed positively, which was also the case in 2012.

NTA 8120 certificate for Enexis as a whole

In recent years, Enexis has worked hard to become certified according to the Netherlands Technical Agreement 8120 introduced in 2009, realised by a joint venture of regulators, all Dutch grid operators and certifying bodies. NTA 8120 is a quality certification that will eventually be an umbrella certificate that also includes the current VCA certification.

Parts of the Enexis organisation (three regions, the Asset Management department, Customer Relationships department, and the staff departments) were certified in 2011. On 10 October 2012, the entire implementation organisation was also certified. This meant the entire Enexis organisation was NTA 8120 certified as a grid operator. The certification is renewed by means of interim checks and an audit every three years, which contributes to the safeguarding and embedding of the working methods and processes.

In addition to the NTA 8120 certificate, Enexis also holds a PAS 55 certificate and NEN-EN-ISO 9001.

Education and training

Apart from the regular educational and training needs, the specific 'Enexis Way of Working' approach means that there is a great need for education and training and courses that focus on leadership and working with result-oriented management. Enexis places great emphasis on personal development of all employees and therefore encourages the continuous acquisition of new knowledge and skills. A broad range of training opportunities, housed in the Enexis Learning Square, are available. In consultation with their manager, employees can draw up an individual learning path, often in blended learning, a combination of traditional classroom training and e-learning. In the coming period, the range of e-learning packages in particular will be greatly expanded.

Enexis Training and Education

	2012
Days of traditional training courses	4,297
Average number of training hours	35
Number of students on traditional training courses	17,784
Number of students using e-learning	4,413
Participants – leadership college (in days)	422
Participants – technical school	32
Number of students' exams (in days)	6,683

Terms and conditions of employment

Enexis uses terms and conditions of employment that are entirely in line with its vision regarding the personal responsibility and freedom of choice of the employees. They are highly flexible and can be determined within wide margins by employees and supervisors themselves. A free amount up to 35% of the employee's income is available for variations in terms and conditions of employment. The details can be easily entered via a digital 'Terms and Conditions of Employment Shop'.

Employee developments in 2012 (excluding trainees and work experience places)

	Men	Women	Year end 2012	CAO
FTEs	3,453	619	4,072	99.7%
Number	3,482	747	4,229	99.7%

Age category, age structure in 2012

Age category	Men	Women	Total
Aged 0 to 19 inclusive	16	0	**16**
Aged 20 to 24 inclusive	89	5	**94**
Aged 25 to 29 inclusive	230	42	**272**
Aged 30 to 34 inclusive	250	76	**326**
Aged 35 to 39 inclusive	264	74	**338**
Aged 40 to 44 inclusive	351	118	**469**
Aged 45 to 49 inclusive	466	183	**649**
Aged 50 to 54 inclusive	615	128	**743**
Aged 55 to 59 inclusive	748	92	**840**
Aged 60 years and older	453	29	**482**
Total	**3,482**	**747**	**4,229**
Percentage	82.3%	17.7%	**100%**

Job description	Men	Women	Total
Administrative staff	1,124	638	**1,762**
Management staff	266	53	**319**
Technical staff	2,092	56	**2,148**
Total	**3,482**	**747**	**4,229**

Employee participation

Enexis employees can influence company policy via the Works Council (Ondernemingsraad - OR). In addition to the Works Council, Enexis has several business unit committees and four standing committees: Finance, Social Policy and Organisation, Safety, Health, Welfare and Environment, and the executive committee of the OR.
There were eight regular consultative meetings during the year under review, and an additional meeting concerning the proposed acquisition of Rendo.

The responsibilities and tasks of the Works Council are ever further embedded in the organisation. This is why the standing committees and the committees of the business units are increasingly coordinating policy issues and operational issues directly with the business directors. They provide a preliminary recommendation to the umbrella OR, which can then focus more on the general outlines of the policy and delve deeper into the content of issues. The changing society and the route that Enexis has taken in the framework of the 'Enexis Way of Working' also affect the nature and character of the dialogue between the Works Council and management. More personal responsibility for the employees and more opportunities for personally shaping terms and conditions of employment and training routes lead to individualisation of the employee, while the Works Council is specifically focused on collective interests. This calls for both parties, Works Council and management, to introduce some reorientation in the form and content of the consultation. All the stakeholders concerned contributed constructively to this in 2012. A coordinator has been actively assisting the consultation professionally since January 2012.

The members of the Works Council and the committees not only worked for the welfare and rights of the employees, but also for the success of the company as a healthy and ethical organisation. Enexis is most grateful to them for their commitment.

Contractor Policy

Enexis works extensively with various subcontractors who perform a large part of the connection work under the responsibility of Enexis. In line with the insights concerning managing on results, a lot of responsibility has been transferred to these contractors within specific frameworks. During the course of the year, these frameworks have been adjusted in more detail in the form of updates to the specifications. In the tendering process, price was considered less important than the quality of the work and the output. This means the contractors are rewarded more for their attention to issues such as training, safety and sustainability.
Due to their strong commitment to the connection process, the contractors are closely involved in the project entitled "The Connection" that streamlines the connection process from beginning to end and focuses on the customer's wishes. New contractor policy will be introduced in the Southern Netherlands during the summer of 2013, and in the North in two stages in mid-2013 and mid-2014.

Good CSR score

Enexis CSR policy is based on three spearheads: fewer emissions, less raw materials, and more recycling of waste. The reduction of the CO_2 emissions is an ongoing activity, which provides (CO_2) gains each year by reducing grid losses, limiting emissions from the vehicle fleet, and from energy efficient buildings. Raw material consumption is mainly limited by efficient working methods, which also prevents a lot of unnecessary waste. The waste management itself was thoroughly revised in 2011 and 2012 in cooperation with waste processing company Sita and consulting firm Ecofys. Smart management of the waste flows in 2012 resulted in a much larger proportion ending up in recycling flows, and the proportions for landfill and incineration was significantly reduced. In total, some 3,500 additional tonnes of waste were recycled compared to 2010. Besides a significant reduction of CO_2 emissions in the processing, this also had a positive financial effect: instead of an annual cost item, an amount could be credited for the waste disposal in 2012. Altogether it provided a saving of more than one million euros.
To obtain an impression of the position that Enexis occupies in the CSR area, measured using an internationally recognised scale, engineering consultancy Royal HaskoningDHV conducted a quick scan on the basis of ISO 26000. Seven key themes were reviewed: good governance, human rights, labour, environment, ethical business, consumer issues, and community involvement. On the basis of these requirements, Enexis scored 85%. Amply sufficient to observe that we are heading in the right direction, but the score also shows that there is certainly room for further improvement.

Sustainable employability

Changing internal processes and a rise in the retirement age make it necessary to intensively guide employees to new positions, inside and outside Enexis. This was the case in 2011 and 2012, for example, due to the forthcoming transfer of the invoicing from the energy distributers to the energy suppliers. A large number of the employees involved have meanwhile been guided to a new position. A job centre was created for this purpose where career coaches supervise the employees. Furthermore, reassignment policy is mainly proactive, focused on sustainable employability. For example, older employees can be deployed elsewhere in the company when their jobs threaten to become too physically demanding.

Sustainable accommodation

Good accommodation is an important basis for healthy working in any business, but from the perspective of its sustainability mission, including the New Working, Enexis also imposes a number of additional requirements. For this reason Enexis pursues a sustainability policy not only in the existing buildings, but also if there is a lot of new construction in progress, in which energy neutrality is one of the basic principles. This is achieved by including its own solar systems, heat pumps and maximum insulation. Construction of new offices had already been started in Maastricht and Venlo in 2011. The Maastricht office was occupied at the start of 2013. The Venlo office will become available in May 2013. On 5 April 2012, the first pile was driven into the ground for a new regional office in Zwolle, which was completed in February 2013. All three buildings received a four-star (Excellent) BREEAM New Construction certificate as a distinction for their sustainability.

At the end of 2012, the decision was also taken to exchange the headquarters in Rosmalen for eight floors in a modern office next to the station of 's-Hertogenbosch, and to move the Arnhem meeting locations to the Rijntoren above the station there. The locations of the new offices enable many people to get to their work or meetings easily by public transport. The buildings were also optimally prepared for flexible workplaces and meeting spaces that are part of New Working. Moreover, Enexis also implemented energy saving measures in the existing offices in order to achieve a more sustainable use. This achieved a significant energy saving that, compared to 2011, represents a reduction of an estimated 956 tonnes of CO_2.

Sustainable vehicle fleet

Enexis has a considerable vehicle fleet containing a total of 1,129 passenger cars and 1,159 commercial vehicles, which is indispensable for proper performance of the positions, but is also a source of CO_2 emissions. Enexis limits this as much as possible by making cars with a favourable energy label mandatory, while drivers of a leased or company car receive training in safe and economical driving. Also, more and more cars with conventional fuel are being replaced by cars powered by natural gas or green gas, or by electric cars. At the end of 2012, the fleet contained 48 electric cars and 30 cars using green gas. Halfway through the year under review, it appeared that the electric cars all together had already travelled one million kilometres since the first arrival in the fleet in 2008.

Sustainable vehicle fleet

	2012	2011	2010	2009	2008
Electric cars					
100% electric passenger cars	48	29	17	10	1
Passenger cars using Biogas/natural gas	30	11	3	3	

Sustainable purchasing

Enexis also requires from its cooperating partners and suppliers that sustainability is part of the transactions. In tendering processes, Enexis requires the signature of a Supplier Code of Conduct, which states what is required of them, including in the areas of working conditions, environmental protection, and human rights. It is clearly stated during tendering processes what specific sustainability requirements are imposed including on products, processes and disposal of residual materials.

CO_2 footprint

Emissions to zero

Enexis tightened its climate policy in 2012. The goal is to reduce the company's own net emissions to zero, according to the approach of the 'Trias Energetica', which has three stages. First, reduction of energy consumption and hence greenhouse gas emissions. Therefore, Enexis has invested in new, energy-neutral buildings and electric cars, and measures have been taken to reduce grid losses in the electrical grid and leakage of gas from the gas grid. There is work on reduction in the chain, for example with waste management. The second stage is to find sustainable alternatives for energy instead of fossil sources. As regards electricity consumption in the offices, Enexis switched to wind energy originating in the Netherlands and grid losses are generated in Scandinavian hydroelectric power stations. There is still not a real sustainable alternative for the other operations. Stage three is compensation. Enexis compensates what remains of energy consumption from fossil sources by purchasing Gold Standard certificates.

CO_2 certificates

In 2012, Enexis contributed to the reduction of CO_2 by purchasing Gold Standard CO_2 certificates from a collection of wind farms in Taiwan. These certificates, which are partly issued on the initiative of the World Wildlife Fund, each represent one tonne of CO_2 reduction by realising new projects in the field of renewable energy. The proper checks of the Gold Standard guarantee that the additional CO_2 reduction represented by the certificates is actually realised. Moreover, it is recorded in a reliable system and had demonstrable, positive effects for the local community.

Increasing insight into the chain

Apart from the company's own emissions, chain emissions have also been further identified. Two new computational models have been developed in cooperation with suppliers and consulting firm Ecofys. Thus, Enexis now also has insight into the CO_2 emissions in the manufacturing of operating equipment such as transformers, cables and gas pipes before they are taken into use, and into the emissions from the processing at the end of their life. This allows Enexis to seek further opportunities to reduce the environmental impact, together with the manufacturers of the equipment on the one hand, and with the waste processing company on the other. The good results in the field of waste management are presented elsewhere in this report. The results of the emission calculation can be found in the adjacent table.

Effect of reduction measures

The Enexis target for 2012 was to reduce 5% of CO_2 emissions in its buildings and in the vehicle fleet. By opting for Dutch wind energy, the emissions for electricity consumption in the buildings has been reduced to zero. Electricity consumption itself has been reduced by 5%. Gas consumption has been reduced by 2%. In both cases, this is after adjustment for weather effects and changes in the number of buildings. In 2013, there will be a further reduction due to taking energy-neutral and highly efficient buildings into use. The reduction in the vehicle fleet was not achieved. There was an increase in emissions by 11%. The reason for this lay in an expansion of the vehicle fleet by 13%, mainly due to allocation of company cars to administrators. This led to an increase in the total number of kilometres by 8.7%. The number of kilometres that employees drove with their own car for Enexis, included in the chain emissions, also decreased at the same time of course. The amount of leakage from the gas grid increased slightly as well. This was caused by an increase in the length of the network by 1,487 kilometres, partly due to the acquisition of Intergas in 2011, and partly due to the installation of new grid components. The average gas leakage per kilometre of pipeline fell slightly due to replacement of old pipes.

Grid-specific indicator

The Enexis CO_2 emissions depend to a large extent on the amount of work that is performed. In times of great economic activity, more is built, resulting in more network expansions. The average customer also consumes more energy, which means that more losses occur. Therefore, in addition to the absolute value of the footprint, the relative value is also relevant. The amount of CO_2 emissions in the company's own operations for each customer was selected. In 2012, this was 25.5 kg CO_2 for each customer. In 2011, this value was 29.0 kg CO_2 for each customer.

Own emissions of Enexis

Greenhouse Gas Protocol scope 1 and 2	CO_2 emissions (in tonnes of CO_2 equivalents) 2012	2011
Grid loss electricity transport[1] 1,714 million kWh	0	13,018
Leakages in gas grid Length of grid pipelines 44,764 km Gas leakage 7.4 million m^3 of natural gas	107,909	105,846
Leakage of SF_6 from switching equipment Leakage 5 kg	114	209
Electricity consumption in buildings[2] 8.2 million kWh of electricity	0	4,162
Natural gas consumption in buildings 1.4 million m^3 of natural gas	2,547	2,783
Travelling and transport using Enexis vehicle fleet Passenger cars 2.0 million litres of fuel Commercial vehicles 2.5 million litres of fuel Trucks 0.2 million litres of fuel	12,107	10,905
Total own emissions of Enexis	**122,677**	**136,923**
Compensation with Gold Standard certificates	**122,677**	**0**
Net own emissions of Enexis	**0**	**136,923**

Chain emissions

Greenhouse Gas Protocol scope 3	CO_2 emissions (in tonnes of CO_2 equivalents) 2012	2011
Travelling by employees using their own transport and public transport Commuting journeys 15.2 million kilometres Business travel by car 10.5 million kilometres Train 0.9 million kilometres Air travel 0.35 million kilometres	5,154	5,841
Production of grid components by suppliers[3] 2,665 kilometres of cable 1,225 kilometres of gas pipes 681 transformers 1,899 plants and (sub)stations	47,725	0
Treatment of industrial waste[3]		0
Emissions in treatment	5,290	
Emissions in the chain avoided as result of recycling by Enexis	4,280	

1. Enexis purchased the grid loss in green energy via Guarantees of Origin from hydroelectric power stations in Scandinavia. In 2012, these enabled Enexis to avoid 719,537 tonnes of CO_2 in its own footprint.
2. For energy in the buildings, Enexis uses 100% Dutch Wind Energy.
3. Published in this Annual Report for the first time.

Enexis puts electrical testers to work

Venlo, 23 March 2012

How do you get energy on the agenda for children in the highest grades of primary school? By letting them generate it themselves. This is the starting point for the 'Power measurement' teaching package that Enexis has developed for groups 5 and 6. It consists of a digital program and a package full of special teaching materials, with which the children can get to work straight away. Two thousand packages have been made and more than half of these have already quickly found their way into the schools during 2012.

Questions such as: ‘how do you actually generate energy?” and “how can you use energy more cleverly?” get the pupils, called ‘electrical testers’ by Enexis, not only thinking but also doing things. The latter with all kinds of sustainable materials including a dynamo cum voltmeter made of wood, because sustainability is one of the accents in the teaching package. Wind and solar energy are discussed at length.

Enexis hopes that this teaching package will sow the seed among the pupils for an interest in technology, which, through technical training, should provide the required technicians in the long term.

Mark Verheijen, at the time member of the Limburg Provincial Executive and now a VVD MP, together with Enexis‘ chairman Han Fennema symbolically handed over the first package to the primary school ’t Ritjen in Venlo on 23 March 2012. He emphasised that it is of the utmost importance to ensure there are sufficient trained professional people. “That was the reason for the Province of Limburg, as an Enexis shareholder, to support initiatives that provide a reliable, sustainable energy supply,” said Mr Verheijen.

"Soon they will have both a profession and a job."

While our society becomes increasingly dependent on technology, enthusiasm among young people for technical training is decreasing ever further. Result: when a large group of experienced technicians retires in a few years' time, they will leave behind a gap that will be increasingly difficult to fill. At Enexis, too, there is a threat that in four to six years there will be a shortage of experienced maintenance and fault technicians. Too great a risk to stand idly by, the company believes. Therefore the Enexis vocational school was created, a solid bridge between the VMBO (preparatory secondary vocational education) and the technician's practice.

"We are looking for people with at least VMBO standard electro or higher. With considerable intelligence, because the pace of learning is quite high, and especially with the drive and attitude to learn the profession," according to Arie van den Heuvel, Enexis teacher at the vocational school in Eindhoven. There, together with colleagues in North and South and teachers from the King Willem I College ROC (regional education centre), he teaches the students theoretical and practical subjects for them to transfer to the Enexis regions in the autumn for their further development.

Flying hours

They are at school two days a week in that first year, at least one of which is in one of the modern training workshops in the new building of the vocational school in Eindhoven.

Arie van den Heuvel
Enexis vocational school teacher

There they learn the basic principles of working with increasingly advanced equipment and infrastructure. "The other three days of the week," explains Mr Van den Heuvel, "they work with one of the contractors that we regularly engage. There they acquire hours of practical experience and become familiar with the discipline of day-to-day work."

Selection more demanding

Enexis has two vocational schools, one in Emmen and one in Eindhoven. In Eindhoven, the third class started in 2012. It concerns 12 students per location each year, usually aged between 17 and 23. These 12 remain after a rigorous selection process. Mr Van den Heuvel: "Selection has now become more demanding, because over the years you know ever better what to look for to be able to predict whether a candidate really can complete the training successfully. It is no small feat. In the couple of years of training, they not only become good craftsmen, but they also learn to work independently, take responsibility and be good representatives of Enexis. They must not only be technically trained, but they also have to acquire behavioural competences."

Permanent job

It takes most people two to three years to complete the training in addition to the practice. At that time they are considered to be at MBO3 level (intermediate vocational education third year). This means that they must have completed four blocks of theory spread over two years. Mr Van den Heuvel: "If they are completely ready, they are offered a permanent contract. And, if you ask me, that is an excellent prospect. If they seize the opportunity and really go for it, they will have both a profession and permanent employment in a couple of years' time. In these times, that is still not something that goes without saying."

Personal development

The satisfaction for Mr Van den Heuvel is in any case noticeably high. After a career as an electrician, he joined practical education and graduated with his teaching qualification for secondary education as a technology teacher. "What attracts me so much in education in general, but especially here in the vocational school, is the personal development that the students achieve in the first year. That is tremendous. When they arrive, they are sometimes still real teenagers who barely know what they want. And soon they will be professionals with considerable technical and theoretical knowledge. Look, sustainability is a major priority for Enexis. Well, if you ask me, this is still one of the most sustainable things you can do for society."

Constant attention for safety

Working safely goes without saying at Enexis. But everything that goes without saying harbours the risk of becoming routine, and that can be dangerous.

This applies not only to technicians, every motorist knows what it means. Therefore Enexis constantly emphasises all aspects of safety. By continuously pointing out potential hazards, including through the use of incident analysis, safety awareness is constantly kept alive. Two documents, Operational Management of Electrical Installations (Bedrijfsvoering Elektrische Installaties - BEI) and the Natural Gas Safety Instructions (Veiligheidsinstructies Aardgas - Viag), supplemented by Work Safety Instructions ('Veiligheidswerkinstructies') provide precise instructions for the safe performance of work. Technicians are aware of these; they are the basis for their admission to the profession. Additionally, there are briefings for each job, containing all the particular details of the specific situation at the site.
But the Last Minute Risk Analysis, which every technician conducts before starting any job, is at least equally important. Three short questions: what could go wrong, what is the cause and how can you prevent the danger? Three correct answers form the basis for working safely. You either work completely safely, or you don't work at all. This is something many do-it-yourself people would do well to consider...

Enexis at school

At Enexis, permanent education speaks for itself. In order to keep up-to-date on your job, but also to develop yourself and be able to tackle new tasks and challenges.

Course participants classroom training	Course participants E-learning	Training hours per employee	Classroom training days
17,784	4,413	35	4,297

A quote from:

Martin Kouters Student of Enexis vocational school

"I only started a couple of months ago, but it suits me fine. After five years in the police, I really wanted something different. Two friends of mine were already at the vocational school, and a technical profession had always seemed attractive. I want to learn a lot and I get every opportunity to do so at the vocational school and in the practical work. Plus I'm outside a lot and enjoy working with my hands. Yes, I now feel I have found my place completely."

Arie Strik Teacher at Enexis vocational school from the ROC Koning Willem I College

"It is a different group, they are young, and have little idea what it is like in the real world. This does provide problems in the practical work sometimes. Many people forget that they themselves were young once. However, patience, clarity and sincerity will get you far and after a while you will see them change automatically in the direction of the responsible professionals they will soon become."

Company-wide risk management

Significant risks

For the 2013 Business Plan, the business risks of Enexis were re-evaluated in the autumn of 2012, including an assessment of their impact. The most significant risks and the control measures that Enexis takes are described below.

Safety

The risk of accidents is strongly intertwined with our primary processes. Controlling the number of accidents has also systematically received a lot of attention within Enexis. Intensification of the maintenance of obsolete parts of the (gas) grid provides an increased risk of accidents. Enexis consistently works on reinforcing the safety awareness of its employees and that of its contractors. In the selection of contractors, the assurance of safety is an important factor in the tendering procedure.

Laws and regulations

Risks in the area of the Electricity Act, the Gas Act and related regulations are monitored by our Strategy and Regulation department. Enexis conducts close consultation with both the Ministry and NMa in relation to regulations and supervision, both individually and in cooperation with the sector.
In addition, we recognise risks associated with privacy, EU tendering and tax laws and regulations. Enexis pays additional attention to these areas.

Acting with Customer Focus

Customers are becoming more critical and place increasingly higher demands on our services. The risk that we will not meet the expectations of customers is increasing as a result. We are therefore strengthening our customer focus by means of education, training and coaching, and with various projects, including a new, customer-oriented approach of the connection process and the development of various portals for customer processes. The introduction of the New Market Model will have a positive effect on customer-oriented working. On the other hand, however, the implementation and possible postponement of this model may cause an increased risk of disruption of services to customers. A fallback scenario is being developed to control this risk.

The continuity of the internal (IT supporting) processes

Enexis has an extensive, complex IT environment, in which continuous maintenance is needed to control risks in the areas of security and continuity. To ensure the quality of services and the (internal) customer focus, restructuring of the information management department is anticipated in 2013. In addition, projects are being performed to improve a number of basic provisions. It is expected that results will be visible from 2014.

Turnover of qualified technical employees
From 2015, a large number of employees will be retiring. In particular, the departure of technicians and administrators could eventually lead to a structural shortage of experienced technically skilled workers, also because the inflow into technical training is stagnating. More efficient working processes will mean that Enexis needs fewer employees, but at the same time the amount of the work is increasing, so there is still a great need for replacements. Additional attention is paid to strategic employee planning to prevent future problems, and Enexis is active on the labour market, particularly aiming to recruit additional apprentice technicians. The current situation seems slightly more favourable: the expanding labour market resulting from the crisis, and the gradual rise in the retirement age, extend the period during which the measures of Enexis can achieve their effect.

Outage time
Ageing of the grid increases the risk of a rise in the number of outage minutes. The management of these risks to achieve the desired values by the best possible maintenance and replacement measures is a permanent task of the Asset Management and Infrastructure Services departments. Various projects are also being implemented to enable work to proceed more effectively in the event of a fault and thus limit the total outage time. One of these projects, distribution automation, is of crucial importance in this regard.

‘In-Control’ statement

The Management Board is responsible for the design and operation of the internal risk management and control system of Enexis. This system has the aim of monitoring the realisation of strategic and operational objectives, the reliability of financial reporting, and compliance with laws and regulations.

The internal risk management and control of Enexis is embedded in the Risk and Control Framework. It should be noted in this context that the framework does not provide absolute certainty regarding the realisation of the company’s objectives, or that material errors, losses, fraud or violations of laws and regulations will not occur in the processes and the financial reporting. The framework is regularly evaluated and further developed.

The Management Board evaluated the design and operation of the Enexis Risk and Control Framework during 2012, partly on the basis of the business control information, the ‘Letters of Representation’, the reports of the Internal Audit and Risk department, and the management letter from the external auditor.

Despite the fact that improvements were made in 2012 in the area of internal control, additional attention is needed in 2013 for:
- Strengthening the measures related to information security;
- Strengthening the relationship between asset administration and operating asset registration.

Subject to the above, the Management Board believes that the internal risk management and control system of Enexis regarding the control objectives in the field of financial reporting operated properly in 2012, and that it provided a reasonable degree of certainty that the financial reporting is free from material misstatement.

On the basis of the above, we believe that we therefore meet the best practice provisions II.1.3, II.1.4 and II.1.5 of the Dutch Corporate Governance Code.
The above was also discussed with the Audit Committee of the Supervisory Board, in the presence of the external and internal auditors.

Rosmalen, 15 March 2013

The Management Board

Han Fennema
Chairman of the Management Board

Maarten Blacquière
Management Board member/CFO

Corporate Governance

Enexis Holding N.V. is a public limited liability company [naamloze vennootschap] governed by Dutch law. The company is subject to what is called the two-tier board structure, which means it has a Management Board and a Supervisory Board. This is to provide the best possible openness and transparency concerning its organisational structure, actions, goals and results, Enexis applies the Dutch Corporate Governance Code, to the extent that this is possible and appropriate.

This Code stresses the responsibility that companies have for social aspects of doing business, usually called Corporate Social Responsibility (CRS). This is a good match with the strategic goals of Enexis in terms of sustainability, reliability, affordability, and focus on the public.

Enexis deviates from a number of best practice provisions of the Dutch Corporate Governance Code. For example, on the basis of the remuneration policy for the Management Board adopted by the General Meeting of Shareholders, there is divergence from provision II.1.1 (maximum term of appointment for directors). Provisions II.2.12 to II.2.14 inclusive (publication of remuneration report) are implemented by means of publication of the remuneration of the members of the Management Board in the financial statements. It was also decided to opt for a combined Remuneration and Selection Committee and this constitutes a deliberate deviation from III.5 (setting up of a separate Remuneration Committee and a Selection and Appointments Committee). A number of other deviations (see enumeration) are due to the fact that the shares in Enexis are held by Dutch (local) authorities and are not listed on the stock exchange.

Provisions that did not apply to Enexis in 2012 are:

- II.2.4 to II.2.7 inclusive (options);
- III.7.1 to III.7.2 inclusive (share-based remuneration to supervisory directors);
- III.8.1 to III.8.4 inclusive (one-tier management structure);
- IV.1.1 (quorum requirements for resolutions to cancel the binding nature of nominations for non-structural companies);
- IV.1.2 (specific voting rights on financing preference shares);
- IV.1.7 (registration date for exercising voting/meeting rights);
- IV.2.1 to IV.2.8 inclusive (certification of shares);
- IV.3.4 (analysts);
- IV.3.11 (overview of protection measures in annual report);
- IV.4.1 to IV.4.3 inclusive (institutional investors).

Proper company management and supervision

The two key pillars for good corporate governance are proper company management and proper supervision thereof. The Management Board (MB), Supervisory Board (SB), and the General Meeting of Shareholders (AGM) are responsible for management and supervision. To enable these tasks to be performed properly, they are supported by an effective system of risk management measures, internal audit function and auditors. It has been laid down in regulations and the articles of association how the MB, SB, and the AGM relate to each other.
These documents have been published on www.enexis.nl.

The Management Board

The MB is responsible for the management of Enexis. The MB sets the operational and financial objectives of the company, defines the strategy required to achieve these objectives, and identifies the prerequisites that apply for the strategy. The MB operates under the supervision or approval of the SB and the AGM and within the provisions of the articles of association. The MB is responsible for compliance with all the relevant laws and regulations, the management of the risks and the financing of the company. The MB is jointly responsible with the SB for the corporate governance structure of Enexis, and compliance with the Dutch Corporate Governance Code.

Members of the MB are appointed by the SB, which also appoints one of the members as Chairman and another as Chief Financial Officer (CFO)/MB Member. In 2012 from 1 January to 30 September inclusive, the MB consisted of two members, and thereafter of one member. With the appointment of Mr Blacquière as MB Member with effect from 1 January 2013, from that date on the MB again consisted of two members.

The MB members divide the duties among themselves and determine that division in consultation with the SB. The personal details of the MB members are included in the personal details section towards the end of this annual report.

The MB acts in accordance with its own regulations that are in line with the Dutch Corporate Governance Code as much as possible and which are approved by the SB. These regulations include procedures for composition, duties and powers, meetings, and decision-making.

The MB members are paid in accordance with the remuneration policy of the company that has been adopted by the AGM. The SB sets the amount of remuneration for each MB member upon recommendation by the Remuneration and Selection Committee. Details of the remuneration of the MB are reported in the abridged and detailed financial statements.

The Supervisory Board

The Supervisory Board supervises the policy of the Management Board, in particular when it comes to achieving the objectives of the company, the strategy and the risks inherent in the business activities, the internal system for risk management and control, and financial reporting. The SB acts in accordance with its own regulations, in which composition, committees, duties and powers, meetings, and decision-making have been laid down. The Supervisory Board sets up two standing committees from among its members: an Audit Committee and a combined Remuneration and Selection Committee. These committees also have regulations that define their composition, duties, and how the committee must perform its duties.

Members of the SB receive a fee that is determined by the AGM. In addition to their fee, they are entitled to reimbursement of travel and accommodation expenses that they incur in the performance of their duties. Details of the remuneration of the SB are reported in the abridged and detailed financial statements.

Policy on balanced division

With respect to the Management and Supervision (Public and Private Companies) Act, more particularly the requirement of "a balanced distribution of men and women in the Management Board and Supervisory Board", it can be concluded that Enexis meets these requirements as far as the Supervisory Board is concerned. The Management Board is not yet compliant with this regulation. The policy of Enexis is also generally aimed at increasing the number of women appointed during the coming years and by encouraging the promotion of women to senior positions. All this is in order to increase the number of women employed at Enexis, also in management positions, in line with the ambitions.

General Meeting of Shareholders

The Annual General Meeting (AGM) is the highest decision-making body within Enexis. Decision-making in the AGM includes resolutions on the written Annual Report of the MB, discharge of the MB and the SB, adopting the financial statements and the determination of the profit appropriation. The AGM also approves the strategy of the company and appoints the members of the SB.

Certain powers of the AGM are assigned to a Shareholders' Committee (SC). This committee consists of seven members and has the aim of promoting the decisiveness and effectiveness of decision-making within the AGM. The members of the SC receive no remuneration for their work. The tasks of the SC are described in the articles of association of Enexis and the working method has been laid down in a covenant between the MB, the SB, and the SC, which has been approved by the AGM.

Risk Management

Risk management is an important part of the Enexis management model. It focuses on all facets of the company with a broad perspective from strategic and operational risks, to the reliability of financial and other reporting, and the compliance with laws and regulations. Enexis has a risk management policy and Risk Management Governance.

Line and project managers at all levels of the organisation are themselves responsible for identifying risks and taking measures. The Internal Audit and Risk department, the Compliance Officer of the Strategy and Regulation department, and security experts of the information management department, all support Internal Audit and Risk with the quantifying, restricting and monitoring of the risks. This decentralised responsibility is an essential element of the overall approach to risk.
A Risk Management Committee (RMC) has been set up at central level, which monitors the implementation of risk management policy. In addition to a number of directors, the RMC includes experts in the field of risk management.

The system of measures for risk management, in addition to the Enexis Governance model, consists of a large number of instruments, procedures and control systems. For example, these include:

- The risk based asset management system, for the determination of the maintenance and investment programme for the assets;
- An annual stocktaking of the long-term risks (State of the Risk), linked to drawing up the strategic plan;
- Monitoring the total Value at Risk against the Risk Appetite, the effect of risks that is considered in the decision-making and drawing up of annual goals;
- The Enexis Internal Control Framework, in which the line management is accountable for the control of the business processes.

Internal Audit office

Enexis has an internal audit office, part of the Internal Audit and Risk department, which is independent and provides additional assurance to the management and the Management Board concerning the control, effectiveness, efficiency and compliance of the operations. Internal Audit and Risk also assesses the processes related to control, risk management and management (governance).

Internal Audit and Risk operates under the responsibility of the Chairman of the Management Board. The Audit Committee supervises the department and advises the Management Board on the role and performance; in particular, this committee adopts the audit plan and takes note of deliberations and findings.
The audit plan is established in consultation with the external auditor and the Management Board, and is based on issues including the risk reporting and the audit findings. The external auditor also takes note of the findings of Internal Audit and Risk.

The external auditor

The external auditor is appointed by the General Meeting of Shareholders. The Supervisory Board nominates the external auditor based on recommendations by both the Audit Committee and the Management Board.
An important factor considered in the nomination is especially the independence of the external auditor. The Management Board reports annually to the Supervisory Board and the General Meeting of Shareholders on the developments in the relationship with the eternal auditor and especially its independence.

At least once every four years, the Management Board assesses the performance of the external auditor in the various entities and capacities in which the external auditor operates. The Management Board reports its most important findings to the Supervisory Board and the General Meeting of Shareholders. A European tendering procedure was conducted in 2011 and resulted in the proposal by the Supervisory Board to the General Meeting of Shareholders. The proposal for this appointment for a period of three years was approved during the Annual General Meeting of Shareholders on 26 April 2012.

The Audit Committee supervises the relationship with the external auditor. The committee:

- Assesses the independence, remuneration and any non-audit activities of the external auditor for the company.
- Determines the involvement of the external auditor with respect to the content and publication of financial reporting by the company, except the financial statements.
- Takes note of irregularities concerning the content of the financial reporting, such as those that must be reported by the external auditor.
- The external auditor takes part in the meetings of the Audit Committee.

Stable result with a small tariff increase

Profit for the year

Enexis realised a profit for the year 2012 of EUR 229.1 million, almost identical to the result for 2011 (EUR 229.4 million). These results were achieved with a tariff increase in line with inflation. This restriction in the tariff increase will be continued in 2013, which demonstrates that Enexis considers affordable services to be of paramount importance.

Revenue, cost of sales, and gross margin

Enexis realised revenue of EUR 1,367.0 million in 2012, an increase of 4.0% compared to 2011's EUR 1,314.6 million. This increase is due to the tariff increase for existing customers of EUR 32.8 million, the increase in the number of customers or the number of products and services that they have purchased amounting to EUR 8.0 million, and the acquisition of Intergas with effect from 1 June 2011, worth EUR 11.6 million, with which Intergas was recognised in the revenue for a whole year in 2012, but only for seven months in 2011.

The gross margin including other operating income increased by EUR 58.0 million in 2012 and amounted to EUR 1,145.3 million (2011: EUR 1,087.3 million). The increase is mainly due to the increase in revenue from regulated operations mentioned above. Furthermore, the lower purchasing costs, the higher revenues of Fudura B.V., and work performed for third parties contributed to the increased gross margin.

Operating expenses

In 2012, the operating expenses compared to 2011 increased by EUR 59.3 million to EUR 744.1 million. EUR 6.6 million of this increase can be explained by Intergas being included in the operating expenses for 12 months in 2012 and for only seven months in 2011. The other increase in costs can be divided into a recurring portion of EUR 24.6 million, and a non-recurring portion of EUR 28.1 million.

The recurring portion of the increase represents the balance of a saving of EUR 10.7 million and an increase in costs of EUR 35.3 million. The recurring increase in costs consists of three components:

- Increase in the maintenance and operating expenses of the electricity and gas grids, as well as costs of a long-term IT programme for the digital management of our grids, totalling EUR 14.5 million.
- Inflation effects, collective labour agreement increases, and a retirement benefit surcharge for the ABP pension fund, totalling EUR 12.6 million.
- Increase in depreciation costs due to higher replacement investments during recent years for the benefit of the energy grids amounting to EUR 8.2 million.

The savings realised are the result of process improvements, managing on a basis of efficiency, and the implementation of improvement programmes, which enable Enexis to keep the services affordable.

The non-recurring portion of the increase in operating expenses amounted to EUR 28.1 million. This increase is largely due to the fact that the release in 2011 of the provisions formed was higher than in 2012. A higher addition was also made to the provisions in 2012. The balance of the changes in the provisions resulted in EUR 20.6 million higher operating expenses in 2012 compared to 2011. In addition to the change in the provisions, the higher contribution in 2012 to the Stichting e-laad (Dutch foundation for installing electric vehicle charging points) of EUR 5.8 million led to a non-recurring increase in operating expenses.

Share of result of associates, and financial income and expenses

The share of result of associates in 2012 was minus EUR 10.4 million (2011: minus EUR 5.7 million). This was mainly caused by a write-down on the carrying amount of an unconsolidated associate as a result of lower anticipated long-term results. On the basis of this write-down, no more impairment of this associate is expected in the future.

The balance of financial income and expenses in 2012 amounted to an expense of EUR 91.2 million, EUR 2.7 million higher than the expenses in 2011 of EUR 88.5 million. As a result of a premature repayment of shareholder loan (tranche A) in 2012, a one-off penalty interest amount was paid.

This penalty interest was partially offset by lower interest expenses due to a lower outstanding debt. In addition, the issuing of a second bond loan in November for the repayment of the second part of the shareholder loans (tranche B) in 2013 caused the interest expense to increase slightly. Interest income decreased in 2012 by EUR 2.1 million due to a lower average balance of outstanding deposits and the lower deposit interest rates that were received.

Financing

In December 2011, Enexis started a European Medium Term Notes (EMTN) programme of EUR 3 billion. Under this programme, in January 2012 Enexis issued a 10-year bond loan of EUR 300 million with a coupon interest rate of 3.375% that is listed on the NYSE Euronext Amsterdam exchange.

Enexis used the proceeds for the premature repayment of an existing shareholder loan of EUR 450 million (tranche A) that had a duration until 30 September 2012. The remaining EUR 150 million of the repayment was paid out of the available cash resources.

In November 2012, Enexis issued a second bond loan of EUR 500 million under the EMTN programme. This time the bond loan had a period to maturity of eight years, at a coupon interest rate of 1.875%. Enexis will use the proceeds of this loan to repay the second part of the shareholder loans (tranche B) in 2013.

Number of customers per province in our area of operations on 31 December 2012

	Electricity	Gas
Drenthe	200,799	153,176
Flevoland	28,334	26,546
Friesland	50,934	196,078
Groningen	317,966	266,395
Limburg	543,665	489,406
Overijssel	457,344	313,382
Noord-Brabant	1,062,652	629,251
Total	**2,661,694**	**2,074,234**

Financial report

Revenue 2012
(in EUR x million)

1,367.0

2011: **1,314.6**

Gross investment 2012
(in EUR x million)

504.4

2011: **445.3**

Profit for the year 2012
(in EUR x million)

229.1

2011: **229.4**

Balance sheet total 2012
(in EUR x million)

6,926.7

2011: **6,358.7**

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Consolidated financial statements for 2012

Consolidated income statement

amounts in millions of euros	Notes	2012	2012	2011	2011
Revenue from the supply of goods and services	1		1,367.0		1,314.6
Cost of sales	2		235.7		239.1
Gross margin			**1,131.3**		**1,075.5**
Other operating income	3		14.0		11.8
Gross margin plus other operating income			**1,145.3**		**1,087.3**
Employee benefits expenses	4	286.0		268.0	
Depreciation and impairments	5	285.9		271.9	
Cost of work contracted out, materials and other external expenses	6	148.1		138.4	
Other operating expenses	7	24.1		6.5	
Total operating expenses			**744.1**		**684.8**
Operating profit			**401.2**		**402.5**
Share of result of associates	8		-10.4		-5.7
Financial income	10	5.7		7.8	
Financial expenses	10	96.9		96.3	
Financial income and expenses	10		**-91.2**		**-88.5**
Profit before tax			**299.6**		**308.3**
Corporate income tax expense	11		70.5		78.9
Profit for the year	12		**229.1**		**229.4**
Attributable to:					
Minority shareholders			0.0		0.0
Shareholders			229.1		229.4
Average number of shares during the financial year			149,682,196		149,682,196
Profit per share [1]			**1.53**		**1.53**

1. Stated in euro, dilution of earnings does not apply.

Consolidated statement of comprehensive income

amounts in millions of euros	2012	2011
Profit for the year	229.1	229.4
Non-realised income through equity	-2.5	-5.7
Corporate income tax release on non-realised income through equity	0.7	1.4
Released part of non-realised income through hedge reserve	0.8	-
Tax released part of non-realised income through hedge reserve	-0.2	-
Total result included non-realised income through hedge reserve and equity	**227.9**	**225.1**

Consolidated balance sheet
(before proposed appropriation of profit)

amounts in millions of euros	Notes	31 December 2012	31 December 2011
Assets			
Property, plant and equipment [1]	13	5,549.9	5,344.2
Intangible assets	14	119.0	106.0
Associates	15	12.8	25.3
Other financial assets	16	2.2	2.4
Non-current assets		**5,683.9**	**5,477.9**
Inventories	17	23.0	24.7
Receivables	18	548.8	527.0
Other financial assets (current) [2]	19	629.2	260.0
Cash and cash equivalents	20	41.8	69.1
Current assets		**1,242.8**	**880.8**
Total assets		**6,926.7**	**6,358.7**

amounts in millions of euros	Notes	31 December 2012	31 December 2011
Liabilities			
Issued and paid-up share capital		149.7	149.7
General reserve		2,436.3	2,436.3
Share premium reserve		434.5	319.8
Hedge reserve		-5.5	-4.3
Profit for the year		229.1	229.4
Equity	21	**3,244.1**	**3,130.9**
Non-current interest-bearing liabilities	22	1,750.3	1,459.7
Non-current provisions	23	74.5	63.7
Advance contributions for installation of grids and connections [1]	24	478.7	403.4
Deferred corporate income tax	25	172.4	134.0
Non-current liabilities		**2,475.9**	**2,060.8**
Trade and other payables	26	645.2	609.2
Current interest-bearing liabilities	27	514.2	463.6
Corporate income tax expense	11	19.8	52.8
Current provisions	23	16.6	27.0
Advance contributions to be amortised in following year	24	10.9	8.7
Derivatives	28	-	5.7
Current liabilities		**1,206.7**	**1,167.0**
Total liabilities		**6,926.7**	**6,358.7**

1. Until the end of 2011, the amounts received in advance pertaining to property, plant and equipment in execution have been presented in a netted manner. As of 2012, however, these amounts are no long presented as net amounts but as gross amounts. This means that it no longer concerns amounts received from third parties netted against the corresponding asset. This results in an increase in both the property, plant and equipment in execution and in the advance contributions for installation of grids and connections. The figures for 2011 have been adjusted in line with the above.
2. As of 2012, Enexis included the Other financial assets (short-term) separately in the balance sheet. This item includes the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere.

Consolidated statement of cash flow

amounts in millions of euros	2012		2011 [2]	
Profit for the year	229.1		229.4	
Change in hedge reserve	1.2		1.4	
Profit for the year incl. change in hedge reserve	230.3		230.8	
Depreciation and impairments	285.9		271.9	
Impairments of associates [1]	10.0		8.5	
Amortised contribution for installation of grids and connections	-9.8		-8.1	
Change in operating working capital [2,3]	-25.0		51.0	
Change in deferred corporate income taxes	38.4		49.3	
Change in non-current provisions	8.3		2.3	
Others	2.6		-0.8	
Cash flow from operating activities		**540.7**		**604.9**
Investments in property, plant, equipment and intangible assets	-504.4		-445.3	
Acquisitions	-		-188.4	
Contributions for installation of grids and connection	87.3		87.2	
Sale of assets and liabilities held for sale	-		1.2	
Loans granted	-105.3		-1.2	
Increase/decrease deposits	-265.0		30.0	
Repayment of loans granted	1.1		1.6	
Cash flow from investing activities		**-786.3**		**-514.9**
Cash flow before financing activities		**-245.6**		**90.0**
Issue bonds	791.5		-	
New interest-bearing liabilities	-		5.0	
Repayment of interest-bearing liabilities	-450.3		-8.0	
Dividend paid	-114.7		-58.1	
Settlement derivative	-8.2		-	
Cash flow used from financing activities		**218.3**		**-61.1**
Total cash flows		**-27.3**		**28.9**
Cash and cash equivalents at beginning of financial year		69.1		40.2
Cash and cash equivalents at end of year		**41.8**		**69.1**

1. The impairment of associates consists, for an amount of EUR 2.6 million, of a reorganisation provision to be made by Ziut B.V. and, for an amount of EUR 7.4 million, of by Enexis' downward revaluation of Ziut B.V. to zero on the basis of the business valuation calculation.
2. As of 2012, Enexis included the Other financial assets (short-term) separately in the balance sheet. This item includes the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere. As the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere in 2011 were still included in the balance sheet under receivables or cash and cash equivalents respectively, the 2011 comparative figures have been adjusted accordingly.
3. The operational working capital in the cash flow statement has been adjusted in line with the 2012 interest contribution of the provisions, so that the cash flow reflects reality on the basis of interest in this way.

The outflow of cash equivalents included as 'Increase in deposits' (EUR 265 million) and 'Loans granted' (EUR 105.3 million) results from the listed bond loan issued in November 2012 and are short-term in nature. These equivalents are intended to finance the envisaged early repayment of the Tranche B shareholders' loan in 2013. For more detailed information on the cash flow statement, please see note 29.

Consolidated statement of changes in equity
(before proposed appropriation of profit)

amounts in millions of euros	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve 3)	Profit for the year	Total equity
At 1 January 2011	**149,682,196**	**149.7**	**2,436.3**	**184.2**	**-**	**193.7**	**2.963.9**
Profit appropriation for 2010	-	-	-	135.6	-	-135.6	**-**
Dividend paid for 2010 1)	-	-	-	-	-	-58.1	**-58.1**
Non-realised income 2011	-	-	-	-	-4.3	-	**-4.3**
Profit for the year 2011	-	-	-	-	-	229.4	**229.4**
Subtotal 2011	**-**	**-**	**-**	**135.6**	**-4.3**	**35.7**	**167.0**
At 31 December 2011 2)	**149,682,196**	**149.7**	**2,436.3**	**319.8**	**-4.3**	**229.4**	**3,130.9**
At 1 January 2012	**149,682,196**	**149.7**	**2,436.3**	**319.8**	**-4.3**	**229.4**	**3,130.9**
Profit appropriation for 2011	-	-	-	114.7	-	-114.7	**-**
Dividend paid for 2011 1)	-	-	-	-	-	-114.7	**-114.7**
Non-realised income 2012	-	-	-	-	-1.8	-	**-1.8**
Amortisation hedge reserve 2012	-	-	-	-	0.6	-	**0.6**
Profit for the year 2012	-	-	-	-	-	229.1	**229.1**
Subtotal 2012	**-**	**-**	**-**	**114.7**	**-1.2**	**-0.3**	**113.2**
At 31 December 2012 2)	**149,682,196**	**149.7**	**2,436.3**	**434.5**	**-5.5**	**229.1**	**3,244.1**

1. The dividend for 2011, which belonged to and is paid to shareholders in 2012, was EUR 0.77 per share (2011: EUR 0.39), calculated on the basis of the number of shares at year-end.
2. Total equity per share at year-end 2012 was EUR 21.67 (2011: EUR 20.92), calculated on the basis of the number of shares at the end of the period.
3. The hedge reserve cannot be distributed.

Explanation to the consolidated financial statements

1. General information

Enexis Holding N.V., with its registered office in Rosmalen, the Netherlands, is responsible for the construction and installation, maintenance, management and development of the distribution grids for electricity (cables and mains) and gas (mains and pipelines), and related services. The related services specifically involve core-strengthening, unregulated activities in the area of metering services, public lighting, rental of medium-voltage equipment, and the installation and management of private energy-distribution grids.

Enexis Holding N.V. is a Dutch public limited liability company (*naamloze vennootschap*). Some 74% of the Enexis shares are held by six Dutch provinces and some 26% by 116 Dutch municipalities.

The financial statements, prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for signing on 15 March 2013. The financial statements, signed by the Supervisory Board, will be presented to the Annual General Meeting of Shareholders for adoption on 26 April 2013.

2. Accounting policies

2.1 General

The consolidated financial statements of Enexis Holding N.V. include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, and the consolidated statement of changes in equity. The disclosures to the financial summaries included in the consolidated financial statements form an integral part of the consolidated financial statements of Enexis Holding N.V.

Enexis Holding N.V. applies the euro as its functional currency. Unless stated otherwise, all amounts are in millions of Euros.

Enexis Holding N.V. the International Financial Reporting Standards (IFRS) as adopted by the European Union as its accounting principles for measurement and determination of the result. In addition, the financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code.

2.2 New and/or amended IFRS standards in 2012

New standards established in 2012

In 2012, the following new reporting standards were adopted by the European Commission and must be applied in the reporting with effect from the date identified for each standard. Where Enexis has opted for earlier application, despite a later mandatory date of entering into force, this is explicitly stated.

IFRS 10 - Consolidated financial statements

The new IFRS 10 standard replaces parts of IAS 27 and interpretation SIC 12 for the determination of the degree of control in other entities and the obligation for consolidation as a result of the control thus determined. This standard is effective for financial years commencing on or after 1 January 2013 and has not been applied early by Enexis. An initial analysis shows that this new standard will not have any effect on Enexis, since the new standard does not result in any changes in control determined for Enexis.

IFRS 11 - Joint arrangements

IFRS 11 provides the option of accounting for jointly operated entities to be limited to two types, specifically joint operations and joint ventures. On the basis of the distinction between these categories, where there is no 100% control of an entity by Enexis, there are only cases of joint ventures. This standard is effective for financial years commencing on or after 1 January 2013 and has not been applied early by Enexis. An initial analysis shows this new standard has no material effect on Enexis, as Enexis only has very limited cases of joint ventures and no joint operations.

IFRS 12 - Disclosure of interests in other entities

IFRS 12 replaces the disclosure requirements as included in IAS 27 and IAS 28 and sets the disclosure requirements for interests in other entities. This change has the effect for Enexis that additional information must be included for the investments it holds in associates. Enexis discloses this information in note 52 – Associates, and is effective for all financial years commencing on or after 1 January 2013. It has not been applied early by Enexis.

IFRS 13 - Fair value measurement

The new standard IFRS 13 stipulates how to determine the fair value of assets and liabilities and also aims to further improve the disclosures about the determined fair value. At year-end 2012, Enexis measured no assets and liabilities at fair value, which means this new standard has no effect on Enexis. This standard is effective for financial years commencing on or after 1 January 2013 and has not been applied early by Enexis.

Amended standards established in 2012

In 2012, the following amended reporting standards were adopted by the European Commission and must be applied in the reporting with effect from the date identified for each standard. When Enexis has opted for earlier application, despite a later mandatory date of entering into force, this is explicitly stated.

IAS 1 - Financial statement presentation

The main change concerns the grouping within the other elements of the comprehensive income of total result on the basis of the future settlement or not via the result**.** This adjustment has limited effect on the financial statements of Enexis, because Enexis only has unrealised results that will be recognised in the future via the income statement. This standard must be applied with effect from 1 January 2013. Enexis has not yet applied this standard in its financial statements for 2012.

IAS 19 - Employee benefits

The main changes in this standard relate to the obligation to recognise and measure the pension obligations within a defined benefit plan, a more detailed elaboration of the aspects of termination payments and the provisions that can be formed for these, and the disclosures for all employee benefits. This standard must be applied with effect from 1 January 2013. This standard has not been applied early by Enexis in its financial statements for 2012.

For the pension obligation that Enexis has placed with the ABP, the effect is limited to the disclosures that must be provided concerning this plan. On the basis of IFRS, this plan is accounted for as a defined contribution plan, because the pension administrator has no consistent and reliable basis for attributing to Enexis the plan's obligation, fund's assets and expenses. The amended IAS 19 standard stipulates some mandatory additional disclosures, which must be included in the financial statements when a defined benefit plan is accounted for as a defined contribution plan.

Enexis will further investigate in 2013 the effect of the amended standard on termination payments as the restructuring provisions formed.

IFRS 1 - First time adoption of IFRS

The amendment to this standard is twofold, specifically in the area of hyperinflation and in the area of determining the fair value of financial assets and liabilities before the date of initial application of IFRS. These amendments are effective for financial years commencing on or after 1 January 2013, but do not apply to Enexis, because Enexis is not a first time adopter.

IFRS 7 - Financial instruments: disclosures

The amendments include additional disclosures on financial instruments that are netted on the basis of the rules contained in IAS 32 - Financial instruments: presentation. Analogous to the amendments in IAS 32, the purpose of the amendments is to bring IFRS more into line with US GAAP. The amendments do not lead to Enexis having to include additional disclosures. These amendments are effective for financial years commencing on or after 1 January 2013.

IAS 27 - Separate financial statements

As a result of the new IFRS 10 and IFRS 12 standards, IAS 27 has been adapted and now it merely contains provisions relating to the separate financial statements. This standard has no other changes concerning content. These amendments are effective for financial years commencing on or after 1 January 2014, but do not result in any changes for Enexis.

IAS 28 - Investments in associates and joint ventures

IAS 28 has been amended as a result of the new IFRS 11 and IFRS 12 standards. The amendments have the result that joint ventures, similarly to associates, must be measured on the basis of the equity method. In addition, the disclosures related to investments in associates have been brought into line with IFRS 12 `Disclosure of interests in other entities´. These amendments are effective for financial years commencing on or after 01 January 2014.

IAS 12 - Income taxes

The amendment to IAS 12 is a new exception for the measurement of tax deferrals related to real estate investments on the basis of fair value. In addition, the amended standard contains the interpretation of SIC 21 - Income Taxes - Recovery of Revalued Non-Depreciable Assets, as a result of which SIC 21 has lapsed. As Enexis holds no real estate investments, this standard has no effect on Enexis. The amended standard is effective for financial years commencing on or after 1 January 2013.

IAS 32 - Financial instruments: presentation.

The amendments relate to the option of netting a financial asset and financial liability and aim to bring IFRS more into line with US GAAP. The amendments have no effect on the opportunity for Enexis to net assets and liabilities. These amendments are effective for financial years commencing on or after 01 January 2014.

IFRIC 20 - Stripping costs in the production phase of a surface mine

This interpretation provides more detailed specification of how development costs should be dealt with in mining operations. This interpretation is effective for financial years commencing on or after 1 January 2013, and has no effect on Enexis.

Future standards and amendments
In addition to the new and amended standards and interpretations, there are a new standard and a number of amendments to existing standards that are expected. This will only be effective when they have been adopted by the European Commission.

IFRS 9 - Financial instruments
This standard has already been published in 2009, but is still subject to various changes and consequently has not been adopted. This standard contains guidelines concerning the classification and measurement of financial assets. In view of the status of this standard, the effect for Enexis cannot yet be estimated. The expected effective date is 1 January 2015.

IFRS 1 - First time adoption of IFRS
This amendment to this standard will only affect first time adopters which have government loans with an interest rate below the market rate, and therefore will not affect Enexis.

Various improvement projects
There are various improvement and amendment projects in progress for IFRS:
- Improvements to IFRSs 2009-2011 (various IFRS and IAS standards);
- Transition guidance (IFRS 10, IFRS 11 and IFRS 12); and
- Investment entities (IFRS 10, IFRS 11, IFRS 12 and IAS 27).

The exact changes that will result from the projects identified above cannot yet be determined, which means the effect for Enexis cannot yet be determined. The expected date of adoption by the European Commission and with this the effective date of these guidelines cannot yet be determined. When the amendments from these projects are established, Enexis will conduct an analysis of the expected impact of these improvement and amendment projects.

2.3 Principles for the consolidation
The consolidated financial statements comprise the financial statements of Enexis Holding N.V. and its group companies.

Group companies are legal entities and companies over whose management and financial policy the Company can exercise control. Group companies are included in the consolidation from the date on which control is acquired, and are excluded from the consolidation from the date on which control ceases to exist. In determining whether control exists, potential voting rights that can be exercised directly are taken into account.

Full consolidation is used. If an interest in a consolidated entity is less than 100%, a minority interest is recognised in equity and in the income statement. Transactions between consolidated companies and intercompany balances are eliminated.

The entity concept method is applied to any additional interest acquired in an associate over which the Company already has control. In this context, changes in the ownership interest in a group company that do not lead to loss of control are accounted for as changes in equity. In such a case the carrying amounts of the minority or majority interests are adjusted to reflect the changes in their relative interests in a group company. Any difference between the amount by which the minority interests are adjusted and the fair value of the payment made or received is recognised directly in equity and attributed to the owners of the parent company.

2.4 Principles for measurement and determination of the result
Accounting estimates and assumptions
The preparation of the financial statements requires the use of specific estimates and assumptions that affect the recognised amounts. Differences between the actual results and these estimates and assumptions affect the amounts that will be recognised in future periods.

The assumptions and estimates used by the management particularly affect the valuation of property, plant, equipment and intangible assets (notes 13 and 14; see also ‘Property, plant and equipment’ and ‘Intangible assets’ in the Accounting policies below), the need to recognise impairments of property, plant, equipment and intangible assets (notes 13 and 14; see also ‘Impairments’ in the Accounting policies below), the valuation of any deferred corporate income tax assets (note 25; see also ‘Deferred corporate income tax assets’ in the Accounting policies below), the need to recognise any write-downs of receivables (note 18; see also ‘Receivables’ in the Accounting policies below), actuarial assumptions in provisions for employee benefits (note 23; see also ‘Provisions’ in the Accounting policies below) and the recognition of revenue as a result of meter readings spread throughout the year and regulatory requirements (note 1; see also ‘Revenue’ in the Accounting policies below).

Reclassification of other current financial assets
With effect from 2012, Enexis is recognising the Other current financial assets separately in the balance sheet. This item includes the current interest-bearing loans extended and the deposits placed. Since the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. These adjustments concern:

	2011 - before reclassification	2011 - after reclassification
Consolidated balance sheet		
Other financial assets (short-term)	-	260.0
Cash and cash equivalents	329.1	69.1
Total	**329.1**	**329.1**
Company balance sheet		
Receivables	549.4	99.4
Other financial assets (short-term)	-	450.0
Cash and cash equivalents	117.9	117.9
Total	**667.3**	**667.3**

Adjustment of advance contributions received from third parties in property, plant and equipment under construction
Up to and including the year 2011, the advance contributions received relating to property, plant and equipment under construction were netted against this item in the balance sheet. With effect from 2012, these amounts are no longer accounted for as net amounts, but as gross amounts. This means that there is no longer any question of contributions received from third parties that are netted with the corresponding asset. This results in an increase in both the property, plant and equipment under construction, and the advance contributions received from third parties. The 2011 figures have been adjusted by an amount of EUR 39.3 million for this purpose.

	2011 - before reclassification	2011 - after reclassification	Difference
Consolidated balance sheet			
Property, plant and equipment	5,304.9	5,344.2	39.3
Advance contributions for installation of grids and connections	364.1	403.4	39.3

Foreign currencies
Assets and liabilities denominated in foreign currencies are converted on the basis of the exchange rate prevailing on the balance sheet date. Transactions denominated in foreign currencies are converted against the exchange rate of the corresponding transaction dates. Any resulting exchange rate differences are recognised through profit or loss. Monetary items are converted on the basis of the exchange rate prevailing at year-end.

Netting
The asset and liability items relating to a single counterparty are netted provided there is a contractual right to net the amounts recognised and Enexis intends to do so. If there is no intention or no actual netting, each contract is treated separately as an asset or a liability item.

Presentation
The classification used for the presentation of the operating expenses in the income statement is by category.

Revenue
Revenue accounts for the income from the supply of goods and services relating to the distribution of electricity and gas and other activities, less VAT and energy tax. Charging of low-volume energy consumers occurs on the basis of fixed expenses depending on the size of the connection.

Charging of high-volume consumers is done periodically on the basis of contractually agreed capacity, plus in the case of electricity on the basis of metered consumption and actual grid load.

The amount of revenue from the distributed energy is regulated by the Office of Energy Regulation of the Netherlands Competition Authority (*NMa*) and is determined on the basis of the invoiced grid charges plus an estimate of the remaining billable grid charges minus an estimate of the remaining billable grid charges at the end of the previous financial year.

Cost of sales
This recognises the purchasing costs directly attributable to revenue, including the costs of transport services, system services, and grid losses.

Grants and subsidies
Investment grants are recognised as reductions in the acquisition costs of the asset concerned and released to the result on the basis is of the asset's useful life. Operating subsidies are recognised in the result in the period to which they relate. Grants and subsidies are recognised only if their receipt is reasonably certain.

Other operating income
Other operating income recognises income that is not directly related to the core operations.

Advance contributions for the installation of grids and new connections are amortised, parallel to the depreciation of the assets concerned, and recognised under other operating income.

Operating expenses
Expenses are allocated to the financial year to which they relate. Any expenses directly attributable to the company's investment projects and capitalised as such (mainly employee benefits expense and cost of materials) are deducted from the relevant cost categories.

Interest received and paid is allocated in proportion to time to the period to which it relates, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months. The ineffective part of derivatives is recognised directly in the income statement under financial income and expenses.

Property, plant and equipment
Items of property, plant and equipment are carried at cost or internal manufacturing price, net of subsidies received (up to 2008), and less accumulated depreciation and any impairment losses.

Depreciation is applied using the straight-line method. The expected useful life of the asset is taken into account in determining the depreciation. The useful lives and residual values are assessed each year, with any adjustments being recognised prospectively. Land is not depreciated. Items of property, plant and equipment are derecognised on disposal or if no further economic benefits are expected from their continued use or from their sale. Any gain or loss on derecognition of an asset is recognised in the result.

The expected useful lives of the main property, plant and equipment categories are as follows:

	Period
Estimated useful lives	
Buildings	25-50 years
Cables, pipelines and equipment	25-55 years
Other non-current assets en vans	7 years
Tools and equipment	5 years
Meters (excl. software)	15 years

Intangible assets
Intangible assets mainly comprise application software costs.

All intangible assets are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is applied using the straight-line method. The expected useful life of the asset is taken into account in determining the amortisation. The useful lives and residual values are assessed each year, with any adjustments being recognised prospectively.

Goodwill is the difference between the acquisition price for the company less the fair value of identifiable assets and the fair value of the acquired liabilities of the company. Goodwill is carried at cost less any impairment losses. Goodwill is assessed each year for impairment, or more frequently if events or changes in conditions indicate that the carrying amount may be subject to impairment. An impairment of goodwill cannot be reversed.

The expected useful lives of the main intangible asset categories are as follows:

	Period
Estimated useful lives	
Software	5 years
Goodwill	n.a.

Impairments

During the financial year, an assessment is made of whether there is any indication that an asset may be impaired. If any such indications exist, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the greater of the fair value less costs to sell and its value in use. The value in use is determined on the basis of the present value of the expected future cash flows.

An impairment loss is recognised if the carrying amount of an asset or of the cash generating unit to which it belongs exceeds the recoverable amount of the asset concerned. Impairment losses are charged to the result.

An impairment loss can be reversed if it is established that the assumptions used for determining the recoverable amount no longer hold true. An impairment loss is reversed only to the extent that the carrying amount after reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Effects of reversing impairment losses are credited to the result.

The starting point for the impairment assessment is initially based on the data contained in the strategic plan and the business plan. In this context, the strategic plan is based on an estimate of some variables derived from the Office of Energy Regulation of the Netherlands Competition Authority (*NMa*). On the one hand, the realisable values of the regulated segment and, on the other, those of the other segment are determined on the basis of:

- the figures included in the strategic plan and the business plan until 2025, after which a residual value is taken into account;
- three cash flow generating units: the electricity grid, the gas grid, and the commercial operations;
- a discount rate of 5.93% after tax based on the risk-free interest rate, a company-specific surcharge, leverage ratio, asset beta, equity beta and a market risk premium in line with the regulated operations; and
- inflation.

Associates

The carrying amounts of economic interests that are consolidated are determined using the equity method of accounting in accordance with the accounting policies of Enexis Holding N.V. Using this method, the economic interest is initially measured at cost, after which its carrying amount is increased or reduced by the Enexis Holding N.V. share in the result of the associate. Dividends received are netted against the carrying amount.

In the event of negative equity, losses on associates are recognised up to the amount of the net investment in the entity in question. This net investment also includes loans extended to associates, to the extent that the loans form an actual part of the net investment. A provision is formed for the company's share of further losses only in the event and to the extent that it has accepted liability for the financial obligations of the associate in question or in the event that it has the firm intention to allow the associate to meet its financial obligations (for its share).
For any impairment of associates, please see the procedure as included in the 'Impairments' section in the accounting policies.

Derivatives

The company only uses derivatives to hedge the risk of changes in future cash flows in relation to the regular interest payments. These changes in cash flows may be the result of developments in market interest rates. In view of the specific application of derivatives to mitigate the interest rate risk on cash flows, Enexis applies hedge accounting.

Derivatives are subsequently measured at fair value. The fair value is determined by using the discounted future cash flows method. The discount rate is determined on the basis of the market interest rate at the end of the financial year. The cash flows are determined on the basis of the contractually agreed interest rates, maturity dates, and nominal amounts. Changes in the fair value are recognised in the hedge reserve (part of equity), provided the hedge is highly effective. The ineffective part of the hedge is recognised directly in the income statement under financial income and expenses.

Derivatives are classified as current or non-current other financial assets, as applicable, if their fair value is positive, and as current or non-current financial liabilities, as applicable, if their fair value is negative.

Fixed financial assets

Fixed financial assets contain recognised loans and receivables with a period to maturity of more than one year. Loans granted to associates or external parties are carried at amortised cost. If deemed necessary, a provision for doubtful debt is formed in connection with possible uncollectability, which is deducted from the carrying amount.

Inventories

Inventories are recognised at the lower of cost and estimated net realisable value (the estimated selling price in the normal course of business less costs to sell). Cost is calculated using the weighted average cost method.

Cost comprises all expenses and costs directly attributable to the purchase of the inventories, and to bringing them to their present location and condition.

Receivables

In view of the short duration of the (trade) receivables, their fair value corresponds to the nominal value less a value correction for possible doubtful debts. Different customer risk profiles are used to determine this value correction. For trade receivables, the value correction is recognised through a separate 'provision'. When it is firmly established that a receivable is not collectable, both the receivable and the corresponding 'provision' are derecognised.

Netting and presentation of trade receivables and advances from low-volume private and small business customers are based on charging groups: a grouping method for customers on the basis of the period spread in which their meters are read for the purpose of issuing energy consumption invoices.

Other receivables and accrued assets are recognised at nominal value, less a value correction for doubtful debts, which is deducted directly from the carrying amount.

Other current financial assets

The other current financial assets are carried at amortised cost, normally the same as the nominal value, and have a period to maturity of no more than one year.

Liquid assets

Liquid assets are recognised at fair value, which is normally the same as the nominal value. Cash and cash equivalents only includes cash and cash equivalents payable on demand. Cash and cash equivalents not payable on demand are recognised in the other current financial assets.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities are carried at amortised cost using the effective interest method. These are recognised at nominal value less any transaction costs and these costs are then amortised over the period to maturity of the obligation. Repayment obligations on non-current liabilities falling due within one year are presented under current interest- bearing liabilities. Gains and losses on the buy-back of interest-bearing liabilities are recognised as financial expenses.

Advance contributions for the installation of grids and connections

Advance contributions from third parties for the installation of grids and new connections are recognised on receipt as non-current liabilities. Amortisation is applied using the straight-line method, taking into account the expected useful life of the asset.

Deferred corporate income tax

The deferrals present relate to differences between the commercial and tax bases for valuation of property, plant and equipment, and employee-related provisions. The corporate income tax deferrals also relate to unrealised results of derivative transactions that have been recognised through equity as a hedge reserve formed for this purpose. Deferrals are valued at the applicable corporate income tax rate at the end of the year concerned.

Provisions

Provisions are recognised for obligations enforceable by law or factual obligations of uncertain amount or timing as a result of past events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at a current discount rate, taking into account any specific risks inherent in the obligation. The present value is calculated, insofar as applicable, using the projected unit credit method. Any resulting actuarial gains and losses are recognised directly in the result. Any expenditure expected within a year of the balance sheet date is recognised as separate items under current liabilities.

Pension obligations

The pension and early-retirement benefits for employees are treated as defined contribution plans in accordance with IAS 19, as there is insufficient information available and the pension funds in question have stated that there is no consistent and reliable method for allocating the liability, pension fund assets and expenses individually to the participants. Any contributions paid during a financial year are recognised in the result.

As a result of the deterioration in its financial position at the end of 2008, the ABP pension fund board initiated a recovery plan at the beginning of 2009 to improve the funding ratio of its fund. Under this plan, the board of the fund is required at the beginning of each year to carry out an evaluation of the recovery plan's progress on the basis of the funding ratio achieved at the end of the preceding year. At year-end 2012, the funding ratio was 96%. The contribution amounts to 25.4% for 2013, compared to 24.1% in 2012. This contribution includes the temporary addition of 3.2% that is charged for the recovery of the funding ratio of the pension fund.

Trade and other payables

Trade and other payables are carried at nominal value.

Corporate income tax expense

Corporate income tax is calculated by applying the prevailing nominal tax rate to the profit before tax disclosed in the financial statements, taking into account permanent differences between this profit and the profit for tax purposes.

Taxes are recognised in the income statement, except to the extent that they relate to items recognised directly in equity.

Lease

Leases that involve the transfer to Enexis Holding N.V. of substantially all the risks and rewards associated with ownership of an asset are classified as finance leases and recognised as investments under property, plant and equipment, with recognition of a corresponding non-current liability.

At the commencement of the lease period, the carrying amount of the asset and the liability is the lower of the fair value of the leased asset and the present value of the lease payments. Lease payments are split into financing expenses and a repayment of the lease obligation, in order to achieve a constant discount rate on the outstanding balance of the liability. The asset is depreciated over the shorter of the asset's useful life and the residual period of the lease. If the lease does not provide for the transfer of substantially all the risks and rewards associated with ownership (i.e. if it is an operating lease), the lease payments are recognised as an expense in the result on a time-proportional basis during the period of the lease.

Cash flow statement

The cash flow statement is prepared using the indirect method, with the change in cash and cash equivalents at the end of the year being based on the profit for the year. The net cash and cash equivalents at the end of the year disclosed in the cash flow statement is the cash and cash equivalents recognised in the balance sheet, less current bank liabilities.

Segment information

Segments are reported according to the method used for internal reporting to the Chief Operating Decision-Maker (CODM). The Management Board is identified as the highest-ranking officer (CODM), with responsibility for the allocation of funding and assessing the performance of the segments. Internal reporting is based on the same policies as those used for the consolidated financial statements, with an adjustment made for exceptional items and changes in fair value.

3. Segmentation

Enexis Holding N.V. distinguishes between two reporting segments, specifically:

- Regulated operations; and
- Other.

The breakdown identified above is based on the internal reporting structure, specifically the consolidated monthly reports and the (annual) business plan. Because of the high level of administrative independence, virtually all revenues, costs, assets and liabilities can be fully allocated to the segments.

The regulated operations (grid management) form by far the largest segment within Enexis; in terms of revenue, profit for the year, and total assets, the share of these operations is more than 90%.

The segments classified under 'Other' concern the Fudura B.V. and Enexis Vastgoed B.V. activities.

	Enexis regulated		Enexis other [1]		Standardisation [2] and eliminations		Enexis total	
amounts in millions of euros	2012	2011	2012	2011	2012	2011	2012	2011
Income statement								
Revenu	1,317.8	1,272.2	68.8	65.7	-19.6	-23.3	1,367.0	1,314.6
Cost of sales	235.8	233.7	8.3	8.3	-8.4	-2.9	235.7	239.1
Other operating income	14.1	9.0	2.7	2.8	-2.8	-	14.0	11.8
Gross profit plus other operating income	1,096.1	1,047.5	63.2	60.2	-14.0	-20.4	1,145.3	1,087.3
Operating expenses	714.0	660.1	44.1	36.7	-14.0	-12.0	744.1	684.8
Operating profit	382.1	387.4	19.1	23.5	-	-8.4	401.2	402.5
Share of result of associates	1.2	2.0	-1.6	0.8	-10.0	-8.5	-10.4	-5.7
Financial income and expenses	-91.0	-87.8	-0.2	-0.7	-	-	-91.2	-88.5
Profit for the year	196.2	226.4	14.0	17.8	18.9	-14.8	229.1	229.4
Assets and liabilities								
Total assets	6,830.0	6,298.7	96.7	76.0	-	-16.0	6,926.7	6,358.7
Non-consolidated associates	12.8	13.6	-	11.6	-	-	12.8	25.3
Liabilities (provisions and debts)	3,640.1	3,229.0	42.6	14.7	-	-16.0	3,682.6	3,227.7
Others								
Investments in property, plant and equipment	473.0	442.8	31.4	7.5	-	-	504.4	450.3
Number of employees at end of year (FTE) [3]	3,907.6	3,777.1	164.0	148.9	-	-	4,071.6	3,926.0

1. The share of result of associates was adversely affected in 2012 and 2011 as a result of a downward value adjustment of the carrying amount of participations on the basis of anticipated long-term results.
2. See note 9 for standardised amounts. Special items.
3. As of 2012, Enexis presents the number of FTEs on the basis of the contractual working week and the part-time factors based thereon. Until 2012, the number of FTEs was determined on a standardised 38-hour working week. This standardised 38-hour working week formed the basis for the calculation of the part-time factor. The figures for 2011 were adjusted accordingly.

Costs and revenues charged between the segments mutually, as well as mutual receivables, payables and current-account positions between the distinguished segments are eliminated. These costs and revenues relate almost entirely to payments for the use of assets.

With effect from 2012, the activities of the Facility Management (FM) department are recognised under the regulated operations, as this organisation falls under the responsibility of the Human Resources (HR) department, were the HR department is an integral part of the regulated operations.

All activities for the ‘Other’ segment that are performed by the FM department are directly charged on to the ‘Other’ segment. The 2011 figures have been adjusted for the shift of the FM department from the ‘Other’ segment to the segment of the regulated activities. This shift has the following effect on the 2011 segmentation:

amounts in millions of euros	2011
Income statement	
Revenu	34.9
Cost of sales	-
Other operating income	3.2
Gross profit plus other operating income	38.1
Operating expenses	44.6
Operating profit	-6.5
Share of result of associates	-
Financial income and expenses	-0.2
Profit for the year	-4.9
Assets and liabilities	
Total assets	19.2
Non-consolidated associates	-
Liabilities (provisions and debts)	-
Others	
Investments in property, plant and equipment	-1.5
Number of employees at end of year (FTE)	36.6

Exceptional items for each segment

Enexis reports the normalised results internally for each segment. This normalization takes place on the basis of items as disclosed in note 9. Exceptional items. The exceptional items for 2012 can be divided between the segments as follows:

amounts in millions of euros	Regulated activities	Other	Total 2012
Additional allocation to provisions for employeee benefits	-13.2	-0.4	**-13.6**
Impairments associates	-	-10.0	**-10.0**
Total	**-13.2**	**-10.4**	**-23.6**

Notes to the consolidated financial statements

1. Revenue from the supply of goods and services

amounts in millions of euros	2012	2011
Transmission fees for 2011	1,130.7	1,100.6
Adjustments of transmission fees of previous years	11.4	8.4
Metering services	138.2	129.3
Other products and services sold	86.7	76.3
Total	**1,367.0**	**1,314.6**

Enexis decided in 2012 not to increase the transport tariffs for regulated metering services to the maximum level permitted by the Office of Energy, but only to an increase of the tariffs of 2.5%; just below the level of inflation.

The transport income increased in 2012, mainly due to the tariff increase of 2.5% (EUR 27.3 million) and five months additional revenue from former Intergas customers in 2012 compared to 2011 (EUR 10.2 million), because the results of Intergas were accounted for in the consolidated income statement with effect from June 2011.

The other sales and services relate to work performed for third parties, to the commercial activities placed with the entities Fudura B.V. and Enexis Vastgoed B.V., and to various regulated revenues that are not related to transportation of energy.

2. Cost of sales

amounts in millions of euros	2012	2011
Transport and system services	142.6	146.4
Distribution losses	93.2	92.4
Other purchase costs/prior-year adjustments	-0.1	0.3
Total	**235.7**	**239.1**

The purchase costs of transportation services have decreased compared to 2011 (EUR 2.7 million). This is mainly because a regular connection charge was passed on from TenneT in 2011. The cost of distribution losses increased compared to the previous year due to higher energy prices.

3. Other operating income

amounts in millions of euros	2012	2011
Amortised contributions to investments in the installation of grids and new connections	9.8	8.1
Subsidies and refunds received	1.1	0.5
Proceeds from sale of assets	0.6	0.1
Rental income	1.8	3.1
Other	0.7	-
Total	**14.0**	**11.8**

The increase in the amortisation of the advance contributions received for investments in grids and connections are in line with the increase in the corresponding item in the balance sheet, an increase of approximately 20%.

The grants increased compared to 2011 (EUR 0.6 million) due to a number of non-recurring grants.

The rental income fell in 2012, partly due to the termination of a lease and partly as a result of the adjusted lease conditions of an existing contract.

The category other relates primarily to fees received for fleet management. This fee was received in 2012 as a result of the management of the company's own fleet of leased vehicles.

4. Employee benefits expense

amounts in millions of euros	2012	2011
Salaries	224.4	215.0
Social security contributions	16.9	12.6
Pension costs	39.7	35.2
Outside staff	69.3	60.9
Allocation to provisions for employee benefits	14.0	15.7
Other	28.4	22.6
Less: own production capitalised	-106.7	-94.0
Total	**286.0**	**268.0**

The workforce of Enexis increased by 146 FTEs in 2012, from 3,926 FTEs as at 1 January 2012 to 4,072 FTEs at year-end 2012. With effect from 2012, Enexis reports the number of FTEs on the basis of the contractual working week and the part-time factors based on this. Up until 2012, the number of FTEs was determined using a standardised 38-hour working week. This standardised 38-hour working week was the starting point for the calculation of the part-time factor. The 2011 figures have been adjusted for this change.

In addition to this increase in new members of staff, the employees of the former Intergas Energie B.V. were employed for a full year in 2012, compared to seven months in 2011, which resulted in an increase in both salary costs and social security charges, and pension costs.

The structural CAO (collective labour agreement) salary increase of 1.5%, and the non-recurring payment of 0.5% of annual income in January 2012, also caused an increase of EUR 4.2 million.

The total of the employee benefits expense increased due to an increase in the number of FTEs, which meant that, in addition to the salaries, the social security charges and pension contributions increase, as a result of an increase of the calculated social security charges on reserved amounts, such as holiday pay and result-related benefits, and due to the recovery contribution imposed with effect from 1 April 2012 by the ABP for the recovery of the funding ratio of the pension fund.

The costs of hiring third parties increased by EUR 8.4 million in 2012. However, this increase was more than offset by higher capitalised production compared to 2011 (EUR 12.7 million).

The addition to the employee-related provisions amounted to EUR 14.0 million in 2012. This addition is mainly caused by the change in estimating the retirement age of the employees of Enexis. Please refer to note 23. Provisions, for a more detailed explanation concerning this change in estimate. An addition to the employee-related provisions also took place in 2011. An addition took place in 2011 as a result of reorganisations initiated in 2011 in various staff departments.

5. Depreciation and impairments

amounts in millions of euros	2012	2011
Depreciation of property, plant and equipment	239.4	229.6
Depreciation of intangible assets	24.9	25.6
Impairments and accelerated depreciation	21.6	16.7
Total	**285.9**	**271.9**

The depreciation on property, plant and equipment increased as a result of increasing (replacement) investments in the energy grid over recent years.

The impairments and accelerated depreciation item consists of sold and accelerated depreciation in cables and pipelines, transformers and software. Impairments and accelerated depreciation increased in 2012 by EUR 4.9 million to an amount of EUR 21.6 million. EUR 3.8 million of this increase was caused by accelerated depreciation on conventional meters as a result of the introduction of smart meters. There was also a case of accelerated depreciation of the office equipment in 2012 as a result of some planned relocations.

The impairments and accelerated depreciation for 2012 consist of:

amounts in millions of euros	2012	2011
Cables, pipelines and equipment	10.7	9.9
Electricity- and gasmeters	3.8	-
Design offices	2.7	-
Software	2.4	3.4
Transformers	1.5	2.2
Vans	0.5	0.3
Buildings	-	0.9
Total	**21.6**	**16.7**

6. Costs of work contracted out, materials and other external expenses

amounts in millions of euros	2012	2011
Work contracted out	70.5	59.4
Materials	13.6	17.1
Other external expenses	64.0	61.9
Total	**148.1**	**138.4**

The cost of work contracted out increased by EUR 11,1 million compared to 2011. The key cause of this increase is the increase in the maintenance costs of the electricity and gas grids and the higher contributions to the Stichting e-laad (Dutch foundation for installing electric vehicle charging points). In addition, the materials cost is EUR 3,5 million lower as a result of reduced materials consumption for the completed projects and due to a positive effect of price differences. The other external expenses increased primarily due to an intensive IT improvement programme and higher communications costs, specifically for Customer Relations.

6a. Auditor's fees

Fees charged in the 2012 financial year by Ernst & Young Accountants LLP, amounted to EUR 0,5 million (2011: EUR 0,5 million):

amounts in millions of euros	2012	2011
Fees for the examination of the financial statements	0.3	0.4
Fees charged for other audit assignments	0.1	-
Fees for advisory services in the tax field	-	-
Fees charged for other non-audit services	0.1	0.1
Total	**0.5**	**0.5**

7. Other operating expenses

amounts in millions of euros	2012	2011
Allocated to/released from provisions	4.0	-8.4
Other	20.1	14.9
Total	**24.1**	**6.5**

There was a net allocation to provisions in 2012, whereas there was a net release of several provisions in 2011: provisions for Cross Border Lease, Decontamination of gas sites, and other provisions. In addition, the other operating expenses were mainly higher due to the costs for termination of the Cross Border Lease, higher costs for contributions to trade associations, taxes, and land registry fees.

8. Share of result of associates

amounts in millions of euros	2012	2011
ZEBRA Gasnetwerk B.V.	1.5	2.2
G.O.B. Euroservices B.V.	-	-0.2
Ziut B.V.	-11.6	-7.7
Other associates and foundations	-0.3	-
Total	**-10.4**	**-5.7**

The interest in Ziut B.V. decreased by EUR 11.6 million to zero in 2012. This decrease is the balance of the result for the current financial year attributable to Enexis (minus EUR 1.6 million), the part of a Ziut B.V. reorganisation provision at year-end allocated to Enexis (minus EUR 2.6 million) and a write-down to zero of the residual value in use (minus EUR 7.4 million). This write-down is the result of progressively increasing insights regarding the future cash flows from normal operations and anticipated additional costs arising from the settlement of existing contracts. These progressively increasing insights follow the estimate of an expected stabilisation of operating income at the end of 2011, on the basis of which an impairment of EUR 8.5 million had already been recognised in 2011. The insights at the end of 2012, however, with limited results in a continuation of the operations of the associate in the long term.

The impairment of Ziut B.V. is based on the following principles:

	Accounting principles impairment tests
Variables	
Growth	1.50%
Discount rate (WACC non-regulated activities)	8.20%
Period	5 years, with residual value
Source operating result future years	Outlook Ziut B.V.

9. Exceptional items

Exceptional items include income and expense items which, in the opinion of management, do not arise in the normal course of business and/or which, because of their nature and size, should be considered separately for a better analysis of the results. The lower limit used for exceptional items is EUR 5.0 million.

Operating profit including the share of the result of associates, but excluding the financial income and expenses, includes the following exceptional items:

amounts in millions of euros	2012	2011
Normalised operating profit including share of result of asscociates (excluding exceptional items)	**414.4**	**413.7**
Expenses		
Additional dotation staff-related provisions through partial increase outflow age	-13.6	-
New provision for reorganisation	-	-13.6
Impairments of associates [1]	-10.0	-8.5
Post-payment of periodical connection fee for 2008-2010 received from TenneT	-	-5.3
Income		
Release of provision for Cross Border Lease in relation to settlement of Maastricht Cross Border Lease liabilities	-	5.0
Release of provision for Energy XS through settlement of bankruptcy	-	5.5
Total exceptional items	**-23.6**	**-16.9**
Presentend operating profit including share of results of associates (including exceptional items)	**390.8**	**396.8**

1. The impairment of the participations is made for an amount of EUR 2.6 million from a restructuring provision by Ziut E.g. to take and for EUR 7.4 million from a write-down of made by Enexis Ziut B.V. to nil based on the business valuation calculation.

The effect of the items above on the profit for the year is as follows:

amounts in millions of euros	2012	2011
Profit for the year (excluding exceptional items)	**249.7**	**244.2**
Total exceptional items	-23.6	-16.9
Tax on exceptional items [1]	3.0	2.1
Profit for the year (including exceptional items)	**229.1**	**229.4**

1. The impairment of associates consists, for an amount of EUR 2.6 million, of a reorganisation provision to be made by Ziut B.V. and, for an amount of EUR 7.4 million, of by Enexis' downward revaluation of Ziut B.V. to zero on the basis of the business valuation calculation.

10. Financial income and expenses

amounts in millions of euros	2012	2011
Interest received	5.7	7.8
Total financial income	**5.7**	**7.8**
Interest added to provisions	2.5	2.0
Other interest paid	94.4	94.3
Total financial expenses	**96.9**	**96.3**
Net financial expenses	**-91.2**	**-88.5**

Financial income and expense amounted to EUR 91,2 million in 2012, which means they increased EUR 2,7 million on balance compared to 2011. Financial expenses increased by EUR 0,6 million from EUR 96,3 million in 2011 to EUR 96,9 million in 2012. This increase in financial expenses is the balance of several compensating developments in 2012:

- In January 2012, there was a premature repayment of the shareholder loan (tranche A) of EUR 450 million. A penalty interest for premature repayment of EUR 3.1 million was paid;
- In January 2012, a new bond loan of EUR 300 million and a period to maturity of 10 years was issued;
- In November 2012, a new bond loan of EUR 500 million and a period to maturity of 8 years was issued; There is the intention to use the second bond loan to repay tranche B of the shareholder loans prematurely on 30 September 2013. Until that date, the borrowed funds will be invested defensively.

Particularly due to the lower average balance of outstanding funds on deposit and the lower deposit interest rates in 2012, interest income decreased from EUR 7,8 million in 2011 to EUR 5,7 million in 2012. When tranche B of the shareholder loans is prematurely repaid on 30 September 2013, a penalty interest amount for premature repayment will be payable. On the basis of the applicable interest rates on 31 December 2012, the penalty interest amount to pay is estimated at EUR 12.9 million.

11. Corporate income tax expense

Enexis Holding N.V. is head of the tax group and in that capacity is jointly and severally liable for the obligations of the members of the tax group.

The operations of Enexis Holding N.V. are subject to corporate income tax. The corporate income tax liability of each member of the tax group is determined and settled on the basis of their realised commercial profits and taking into account the applicable exemptions. The reconciliation between the statutory corporate income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

in %	2012	2011
Nominal statutory corporate income tax rate in the Netherlands	25.00	25.00
Exempt from corporate income tax and prior-year settlements	0.86	0.45
Effective tax rate for current year	**25.86**	**25.45**

amounts in millions of euros	2012	2011
Profit before tax	299.6	308.3
Exempt income and prior-year settlements	-10.4	-5.7
Taxable profit	**310.0**	**314.0**
Tax on current year	78.3	78.5
Adjustment preceding year	-7.7	0.4
Total taxes	**70.5**	**78.9**
Of which deferred	38.4	69.7
Current portion	**32.1**	**9.2**

amounts in millions of euros	2012	2011
Impairment asscociates	-10.0	-8.5
Share of result of associates	-0.4	2.8
Total	**-10.4**	**-5.7**

The adjustment of the corporate income tax for the previous year (EUR 7.7 million) relates to the settlement in 2012 of pending cases agreed with the Tax and Customs Administration and third parties.

12. Acquisition

On 31 May 2011, Enexis Holding N.V. acquired the shares of Intergas Energie B.V., which meant the control of the company was formally transferred. With effect from 1 June 2011, therefore, Intergas Energie B.V, was consolidated in the Group figures. The final cost of this acquisition in 2011 amounted to EUR 192.3 million.

The figures of Intergas Energie B.V. are included in the consolidated figures of Enexis Holding N.V. for the whole of 2012. For 2011, the figures of Intergas Energie B.V. are only recognised in the income statement for seven months. This generally leads to an increase in the income and expenses amounts in the income statement.

13. Property, plant and equipment

Up to the year 2011, the advance contributions received relating to property, plant and equipment under construction were netted against this item in the balance sheet. With effect from 2012, these amounts are no longer accounted for as net amounts, but as gross amounts. This means that there is no longer a question of contributions received from third parties that are netted with the corresponding asset. This results in an increase in both the property, plant and equipment under construction, and the advance contributions received from third parties. The 2011 figures have been adjusted by EUR 39.3 million for this.

Changes in property, plant and equipment for 2012 were as follows:

amounts in millions of euros	Land and Buildings	Cables, pipelines and equip-ment	Other non-current assets	Work in progress	Total 2012
Cost at 1 January 2012	577.8	9,272.4	191.7	179.9	**10,221.8**
Accumulated depreciation at 1 January 2012	277.2	4,460.7	139.7	0.0	**4,877.6**
Carrying amount at 1 January 2012	**300.6**	**4,811.7**	**52.0**	**179.9**	**5,344.2**
Reclassified	-1.4	-0.2	-	1.6	**-**
Reclassified work in progress	4.0	125.8	1.2	-131.0	**-**
Purchased [2), 3)]	5.5	276.6	14.7	167.3	**464.1**
Sold [1)]	-0.7	-	-0.1	-	**-0.8**
Depreciated	-11.0	-216.0	-12.4	-	**-239.4**
Impairment	-	-16.0	-3.2	-	**-19.2**
Other	-	1.0	-	-	**1.0**
Carrying amount at 31 December 2012	**297.0**	**4,982.9**	**52.2**	**217.8**	**5,549.9**
Accumulated depreciation at 31 December 2012	287.8	4,969.1	148.0	0.0	5.404.9
Cost at 31 December 2012	**584.8**	**9,952.0**	**200.2**	**217.8**	**10,954.8**

1. Divestments relate to buildings sold by Enexis Vastgoed B.V.
2. EUR 1.8 million (2011: EUR 1.5 million) of construction period interest was capitalised in 2012, based on an interest rate of 4.46% (2011: 4.8%).
3. Other non-current assets consist of commercial vehicles on financial lease, recognised at the present value of the minimum future lease payments. At year end 2012 the carrying value was EUR 15.6 million.

The comparative summary for 2011 is as follows:

amounts in millions of euros	Land and Buildings [1]	Cables, pipelines and equipment [2]	Other non-current assets [3]	Work in progress	Total 2011
Cost at 1 January 2011	566.4	8,685.1	186.2	214.8	**9,652.5**
Accumulated depreciation at 1 January 2011	270.2	4,274.9	131.0	-	**4,676.1**
Carrying amount at 1 January 2011	**296.2**	**4,410.2**	**55.2**	**214.8**	**4,976.4**
Reclassified	1.5	-0.7	-	-9.4	**-8.6**
Acquisition	0.3	195.8	-	1.1	**197.2**
Reclassified work in progress	11.4	147.0	1.9	-160.3	**-**
Purchased [2) - 3)]	5.9	278.4	8.0	133.7	**426.0**
Sold [1]	-2.8	-	-0.6	-	**-3.4**
Depreciated	-11.9	-205.9	-11.8	-	**-229.6**
Impairment	-	-13.0	-0.3	-	**-13.3**
Other	-	-0.1	-0.4	-	**-0.5**
Carrying amount at 31 December 2011	**300.6**	**4,811.7**	**52.0**	**179.9**	**5,344.2**
Accumulated depreciation at 31 December 2011	277.2	4.460.7	139.7	-	**4,877.6**
Cost at 31 December 2011	**577.8**	**9,272.4**	**191.7**	**179.9**	**10,221.8**

1. Divestments relate to buildings in Maasbracht, Helmond and Maasbree sold by Enexis Vastgoed B.V.
2. EUR 1.5 million (2010: EUR 1.4 million) of construction period interest was capitalised in 2011, based on an interest rate of 4.8% (2010: 4.26%).
3. Other non-current assets consist of commercial vehicles on financial lease, recognised at the present value of the minimum future lease payments. At year end 2011 the carrying value was EUR 16.7 million.

Please see note 32 for the liabilities arising from the financial lease of the commercial vehicles.

14. Intangible assets

Changes in intangible assets were as follows in 2012:

amounts in millions of euros	Goodwill	Software	Under construction	Total 2012
Cost at 1 January 2012	16.9	210.2	5.6	**232.7**
Accumulated depreciation at 1 January 2012	-	126.7	-	**126.7**
Carrying amount at 1 January 2012	**16.9**	**83.5**	**5.6**	**106.0**
Reclassified	-	4.7	-4.7	**-**
Purchased	-	38.8	1.5	**40.3**
Impairment	-	-2.4	-	**-2.4**
Depreciation	-	-24.9	-	**-24.9**
Carrying amount at 31 December 2012	**16.9**	**99.7**	**2.4**	**119.0**
Accumulated depreciation at 31 December 2012	-	153.9	-	**153.9**
Cost at 31 December 2012	**16.9**	**253.6**	**2.4**	**272.9**

Goodwill relates to the acquisition in 2011 of Intergas Energie B.V., and shows the difference between the cost of the acquisition and the fair value of the net assets at the time of acquisition.

Assets classified as software mainly concern the grid registration system, several operating systems, connection registers, customer information systems, work order management systems, and other supporting systems.

The comparative summary for 2011 is as follows:

amounts in millions of euros	Goodwill	Software	Under construction	Total 2011
Cost at 1 January 2011	-	190.3	0.6	**190.9**
Accumulated depreciation at 1 January 2011	-	105.6	0.0	**105.6**
Carrying amount at 1 January 2011	**0.0**	**84.7**	**0.6**	**85.3**
Reclassified	-	-	8.6	**8.6**
Purchased	-	24.3	-	**24.3**
Sold	-	3.6	-3.6	**-**
Acquisition	16.9	-	-	**16.9**
Impairment	-	-3.4	-	**-3.4**
Depreciation	-	-25.7	-	**-25.7**
Carrying amount at 31 December 2011	**16.9**	**83.5**	**5.6**	**106.0**
Accumulated depreciation at 31 December 2011	-	126.7	-	**126.7**
Cost at 31 December 2011	**16.9**	**210.2**	**5.6**	**232.7**

During the year under review, there was assessment of whether there are any indications for impairment of the regulated assets or the unregulated assets, in which the value in use is taken as the starting point. The goodwill that arose from the acquisition of Intergas is attributed to the cash generating unit of the gas-related activities in this context. Enexis also conducts an annual assessment of any impairment of the goodwill.

The values in use of the regulated assets and of the unregulated assets are determined on the basis of the most recent Strategic Plan (SP). The most important assumptions included in this plan are estimates including the discount rate on the basis of the WACC rates used by Office of Energy Regulation of the Netherlands Competition Authority, the tariffs, the development of the number of connections and services, as well as the operating expenses and other costs. The selected assumptions concern estimates and are largely based on past experience and, if applicable, to the most up-to-date information in the area of tariff regulation. The values in use determined for both the regulated assets and the unregulated assets were considerably higher than the carrying amounts of the corresponding assets, whether or not plus the goodwill allocated to these assets. There is therefore no need for impairment of regulated assets, their associated goodwill, or the unregulated assets.

The assessment for impairments is based on the following assumptions:

	Starting points regulated activities	Starting points non-regulated activities
Variables		
Cash-generating units	Electricity and gas	Single cash flow generating unit
Source	Strategic plan	Strategic plan
Cost debt capital	4.09%	4.09%
Cost equity	6.79%	6.79%
Discount rate after taxes [1]	5.93%	7.63%

1. Discount rate is an estimation based on the data as provided by ENERGIEKAMER VAN DE NMA.

15. Associates

Associates can be classified as follows:

amounts in millions of euros	2012	2011
G.O.B. Euroservices B.V.	-	-
ZEBRA Gasnetwerk B.V.	12.8	13.4
Energie Data Services Nederland B.V.	-	0.1
Ziut B.V.	-	11.6
Other associates and foundations	-	0.2
At 31 December	**12.8**	**25.3**

In 2012, the interest of Enexis in Ziut B.V. was decreased by EUR 11.6 million to zero, as a result of income from regular operations (minus EUR 1.6 million) and a write-down of the associate (minus EUR 10.0 million). For further information on the writing down of the associate, please see note 8. Share of result from associates, where the considerations for this impairment are disclosed and the variables for determining the amount of the impairment are included.

Changes in the associates were as follows:

amounts in millions of euros	2012	2011
At 1 January	**25.3**	**32.9**
Purchased	0.1	0.2
Profits for the year	-10.4	-5.7
Dividends received	-2.2	-2.1
At 31 December	**12.8**	**25.3**

The received dividends item in 2012 concerned the dividend received from ZEBRA Gasnetwerk B.V. for 2011.

The table below lists the relevant information concerning the equity interest of Enexis Holding N.V. for all the associates.

amounts in millions of euros	2012	2011
Non-current assets	25.4	27.3
Current assets	36.5	44.8
Non-current liabilities	-19.6	-21.8
Current liabilities	-29.5	-25.0
At 31 December	**12.8**	**25.3**
Revenue	32.1	35.3
Costs(including financial income and expenses)	-32.6	-31.8
Profit before tax	**-0.5**	**3.5**
Write-down participating interests	-10.0	-8.5
Corporate income tax expense	0.1	-0.7
Profit for the year	**-10.4**	**-5.7**

A list of all associates (group companies and other associates) is shown in note 52. Associates. None of the associates is listed on a stock exchange.

16. Fixed financial assets

Fixed financial assets can be classified as follows:

amounts in millions of euros	2012	2011
Loans and receivables	2.2	2.4
Total	**2.2**	**2.4**

Changes in financial assets for 2012 were as follows:

amounts in millions of euros	Loans granted to staff	Other loans	Total 2012
At 1 January 2012	**1.9**	**0.5**	**2.4**
New loans	1.1	-	**1.1**
Redemptions	1.0	0.3	**1.3**
At 31 December 2012	**2.0**	**0.2**	**2.2**

This item relates almost entirely to the employee loans under financing schemes. The weighted average effective interest rate of the loans amounts to approximately 2.4% (2011: 2.6%).

The interest rate used for the fixed financial assets approximates the market rate at the end of 2012. Because of the limited difference between the two interest rates, the carrying amount of the fixed financial assets is substantially the same as their fair value.

17. Inventories

amounts in millions of euros	2012	2011
Materials	24.1	25.6
Provision for obsolescence	-1.1	-0.9
Total	**23.0**	**24.7**

Relative to 2011, the amount for the inventories decreased by EUR 1.7 million. This decrease was caused because a start was made in 2012 with the limited-scale rollout of the smart meters. At the end of 2011, the limited-scale rollout in 2012 was anticipated by taking an additional quantity of smart meters into the inventory.

18. Receivables

amounts in millions of euros	2012	2011
Trade receivables	90.5	90.9
Amounts receivable	474.5	454.0
Provision for doubtful debts	-16.2	-17.9
Total	**548.8**	**527.0**

The amounts receivable item relates to additional estimates of the transport fees that still have to be settled by energy suppliers with final billing.

The fair value of the current portion of loans item is substantially in line with the carrying amount.

The ages of trade receivables, without deduction of the provision for doubtful debts, as at 31 December 2012 (compared with figures for 2011) are as follows:

	2012			2011
amounts in millions of euros	Net	Provision	Gross	Gross
Not past due	15.9	-	15.9	18.7
0-30 days past due	38.1	-0.3	38.4	28.1
31-60 days past due	5.6	-1.9	7.5	10.3
61-90 days past due	0.5	-1.3	1.8	1.7
91-365 days past due	5.5	-4.9	10.4	10.9
Over 365 days past due	8.7	-7.8	16.5	21.2
Total	**74.3**	**-16.2**	**90.5**	**90.9**

The collectability of trade receivables is assessed individually or collectively depending on the customer profile, based on a risk assessment by the management.

Changes in the provision for doubtful debts are as follows:

amounts in millions of euros	2012	2011
At 1 January	**-17.9**	**-17.6**
Allocation recognised through profit or loss	-5.8	-6.2
Release	0.9	-
Write-offs	6.6	6.7
Reversals of earlier write-offs	-	-0.8
At 31 December	**-16.2**	**-17.9**

19. Other financial assets (current)

amounts in millions of euros	2012	2011
Loans with maturity < 1 year	104.2	-
Short-term deposits	525.0	260.0
At 31 December	**629.2**	**260.0**

With effect from 2012, Enexis is recognising the other financial assets (current) separately in the balance sheet. This item includes the current interest-bearing loans extended and the deposits made. Since the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. We refer to the Accounting Principles in paragraph 2.4 for more detailed information concerning the reclassification.

The other financial assets increased by EUR 369 2 million as a result of, among other things, the balance of the bond loans issued in 2012 for a total of EUR 800 million and the repayment of EUR 450 million for the shareholder loan (tranche A). Enexis intends to use part of the surplus cash for the premature repayment of tranche B of the shareholder loan on 30 September 2013.

In accordance with the prerequisites as stated in the Treasury Charter, temporary surplus cash resources are placed on deposit, held in commercial savings accounts, or invested in Money Market Funds. For the investment of surplus cash resources, the Treasury Charter aims at alignment with the Dutch Local and Regional Authorities (Funding) Act (“***Wet Fido***”) and the Loans Advances and Derivatives (Local Authorities) Regulations (“***Ruddo***”), with which additionally limits are set for the amount, the period to maturity, and the credit rating of the counterparty. All deposits are available on maturity. As a result of the amount of the temporarily available funds arising from the notes issued on 13 November 2012, the limits set in the Treasury Charter were exceeded. Therefore, a separate temporary investment policy was adopted by the Management Board. This additional policy has been reported to the Supervisory Board.

The periods to maturity and fixed interest rates of the placed deposits can be summarised as follows:

	% (weighted on average)	Amount (EUR million)
Maturities at the end of 2012		
Free recordable	1.44	20
0-3 months	0.20	155
3-6 months	0.35	125
6-9 months	0.74	175
9-12 months	0.64	50
	0.51	**525**

In addition to the deposits, in 2012, as a result of the temporary surplus cash resources from the second issue of the bond loans, Enexis extended a short-term loan of EUR 100 million to a state associate with a credit rating of A- Stable.

This extended loan falls under the scope of the approved investment policy for the proceeds of the bond loan.

20. Cash and cash equivalents

amounts in millions of euros	2012	2011
Cash at bank and cash balances	41.8	69.1
Total	**41.8**	**69.1**

With effect from 2012, Enexis is recognising the other current financial assets separately in the balance sheet. Since the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. We refer to the Accounting Principles in paragraph 2.4 for more detailed information concerning this reclassification.

The balance of cash and cash equivalents decreased from EUR 69.1 million at year-end 2011 to EUR 41.8 million at year-end 2012. This decrease is mainly due to the balance of both the use of cash resources for repayment of the shareholder loan (tranche A) in 2012, and the positive cash flow from normal operations. For a more detailed breakdown, please see the cash flow statement and the notes to it included in note 29.

21. Equity

The company's authorised share capital amounts to three hundred million Euros (EUR 300,000,000) and is divided into three hundred million (300 million) ordinary shares of one euro (EUR 1.00). Of these shares, 149,682,196 shares with a total value of EUR 149,682,196 have been issued and fully paid up.
The share premium reserve is tax-approved.

The hedge reserve relates to the equivalent value of the interest rate swaps settled in 2012 by Enexis, which swaps were entered into in the phase prior to the issue of the first notes with a value of EUR 300 million in January 2012, with the aim of hedging the risks arising from the expected future interest payments. At the close of the first Euro Medium Term Notes programme on 19 January 2012, the interest rate swaps were settled, and the loss recognised in the cash flow hedge reserve up to that date will be released to the profit or loss for the remaining term of the loans. After deduction of deferred corporate income tax of EUR 2.0 million, the total of the hedge reserve formed through equity amounted to EUR 8.1 million. The hedge reserve cannot be freely distributed.

The gains or losses realised for the 2012 financial year before taxation formed through the income statement amounted to EUR 299.6 million of realised gains. After taxes, the profit realised in 2012 amounted to EUR 229.1 million (2011: EUR 229.4 million) and the change in the hedge reserve was minus EUR 1.2 million (2011: minus EUR 4.3 million).

For further information, please refer to the consolidated statement of changes in equity on page 74.

22. Non-current interest-bearing liabilities

amounts in millions of euros	2012	2011
Shareholder with a loan conversion right to convert into equity (tranche D)	350.0	350.0
Shareholder loans (tranche C)	500.0	500.0
Shareholder loans (tranche B)	-	500.0
Euro Medium Term Notes	791.5	-
Subordinated loan	93.9	93.9
Private loan	2.9	3.6
Lease obligations	12.0	12.2
Total	**1,750.3**	**1,459.7**

Non-current interest-bearing liabilities include borrowings still available to Enexis with outstanding terms of more than one year. The amounts for repayment due within one year are recognised in the current interest-bearing liabilities. As a result of the proposed early repayment of EUR 500 million of tranche B of the shareholder loans, this shareholder loan is recognised under the current interest-bearing liabilities at year-end 2012.

In accordance with the Instruction from the Minister of Economic Affairs, part of the shareholder loans (tranche D) of EUR 350 million must be convertible into equity within the context of the unbundling in the event of a structural capital shortage. Enexis has the right to request the lender to convert all or parts of the loan into equity, if this is considered necessary by Enexis and is endorsed by its Supervisory Board. Such a request must be made with a view to ensuring the continuity of Enexis fulfilling its task as grid operator and in accordance with the requirements of the Energy Regulations. As lenders, shareholders are under the obligation to cooperate in the requested conversion if Enexis were to have a structural capital shortfall, but only to the extent that this conversion is necessary for Enexis to comply with the statutory and bank financial ratios on a structural basis.

On 16 January 2012, an amount of EUR 250 million was used from the available cash resources for the early repayment of a part of the shareholder loan tranche A amounting to EUR 450 million.

On 26 January 2012, the residual amount of EUR 200 million of tranche A of the shareholder loans was repaid prematurely from the proceeds of the notes issued on 26 January 2012 under the EMTN programme. Tranche A of the shareholder loans formally had a repayment date of 30 September 2012. As a result of the early repayment, a penalty interest of EUR 3.1 million was paid.

In accordance with the fixed repayment schedule, tranche B of the shareholder loans, amounting to EUR 500 million, is formally repayable on 30 September 2014, but the loan agreement provides the opportunity to repay the loan early with effect from one year prior to this date.

With the issuing of a second series of notes on 13 November 2012 amounting to EUR 500 million, it is intended that these borrowings be used for the early repayment of tranche B of the shareholder loan in September 2013. A penalty interest will be payable as a result of the proposed early repayment. Because of the proposed early repayment, tranche B of the shareholder loans is recognised under the current interest-bearing liabilities.

The bonds loans issued in 2012 are measured at amortised cost. As a result of this valuation method, the issue costs for each loan, which are subject to IAS 23, are capitalised and are amortised over the term of the loans. For the loans issued in 2012, this has the following effect:

amounts in millions of euros	Bond loan EUR 300 mio 2022	Bond loan EUR 500 mio 2020	Total
Nominal value	300.0	500.0	**800.0**
Costs to be amortized	-3.6	-4.9	**-8.5**
Net value EMTN at issue date	**296.4**	**495.1**	**791.5**

The characteristics of the non-current interest-bearing liabilities are as follows:

amounts in millions of euros	2012 Contractual expiration date	2012 Intrest	2012 Nominal value	2011 Contractual expiration date	2011 Interest	2011 Nominal value
Shareholder with a loan conversion right to convert into equity (tranche D)	30 September 2019	7,20%	350,0	30 September 2019	7,20%	350,0
Shareholder loans (tranche C)	30 September 2016	4,65%	500,0	30 September 2016	4,65%	300,0
Shareholder loans (tranche B) [1]	30 September 2014	4,10%	500,0	30 September 2014	4,10%	500,0
Euro Medium Term Notes 1st issue	26 January 2022	3,38%	300,0	-	-	-
Euro Medium Term Notes 2nd issue	13 November 2020	1,88%	500,0	-	-	-
Subordinated loan	undetermined	9,00%	93,9	undetermined	9,00%	300,0
Subordinated loan [2]	15 March 2017	6,76%	2,9	6 February 2018	6,80%	300,0
Weighted average	**9 May 2018**	**4,32%**	**2.246,8**	**30 September 2018**	**4,97%**	**1.750,0**

1. In connection with the intended early repayment, this loan was included at the end of 2012 under the Interest-bearing liabilities (current) item.
2. This concerns several loans. The data included represent value on the basis of average weighting.

The subordinated loans are subordinated to payables by the group company Aktivabedrijf Enexis Noord B.V. The subordinated loans were made fully available to Enexis B.V. by some of the shareholders of Enexis. The fair value amounts to EUR 123 million (2011: EUR 111 million).

The private loans are loans from third parties acquired by Enexis B.V. from Essent Nederland B.V.

The duration of the lease obligations (including current portion) is as follows:

amounts in millions of euros	2012 < 1 year	2012 1-5 years	2012 > 5 years	2011 < 1 year	2011 1-5 years	2011 > 5 years
Nominal lease obligations	4.8	11.1	1.1	4.9	11.7	1.3
Present value of lease obligations	4.8	10.9	1.1	4.9	11.1	1.1

23. Provisions

At the end of 2012, the provisions can be classified as follows:

amounts in millions of euros	Long-service benefits	Shorter working hours and special-purpose leave	Ohter employee benefits	Gridd losses	Cross Border Lease	Decon-tamina-tion of gas sites	Other	Total provisions 2012
Obligations at beginning of year	27.1	23.9	16.2	9.6	3.5	2.5	7.9	**90.7**
Interest	1.1	0.9	-	-	-	-	0.5	**2.5**
Recognised claims in 2012	5.3	12.6	1.5	0.8	-	-	3.9	**24.1**
Released	-	-1.2	-3.4	-2.4	-3.5	-	-5.7	**-16.2**
Benefits paid	-2.0	-	-2.2	-4.9	-	-0.1	-0.8	**-10.0**
Total	**31.5**	**36.2**	**12.1**	**3.1**	**-**	**2.4**	**5.8**	**91.1**
Less: current portion	1.7	3.2	3.3	3.2	-	-	5.2	**16.6**
Total non-current portion	**29.8**	**33.0**	**8.8**	**-0.1**	**-**	**2.4**	**0.6**	**74.5**

The comparative figures for 2011:

amounts in millions of euros	Long-service benefits	Shorter working hours and special-purpose leave	Ohter employee benefits	Gridd losses	Cross Border Lease	Deconta-mination of gas sites	Other	Total provisions 2011
Obligations at beginning of year	26.1	24.3	8.2	1.9	5.3	3.2	6.9	**75.9**
Interest	1.1	1.0	-	-	-	-	-	**2.1**
Recognised claims in 2011	2.3	1.1	13.6	10.1	-	-	2.5	**29.6**
Released	-	-0.1	-4.3	0.0	-5.2	-0.7	-1.4	**-11.7**
Benefits paid	-2.7	-2.6	-1.3	-2.4	-	-	-	**-9.0**
Other	0.3	0.2	-	-	3.4	-	-0.1	**3.8**
Total	**27.1**	**23.9**	**16.2**	**9.6**	**3.5**	**2.5**	**7.9**	**90.7**
Less: current portion	2.3	2.6	5.8	8.3	0.1	-	7.9	**27.0**
Total non-current portion	**24.8**	**21.3**	**10.4**	**1.3**	**3.4**	**2.5**	**-**	**63.7**

The current portion of EUR 16.6 million (2011: EUR 27.0 million) is recognised separately under the current liabilities.

Estimates of employee-related provisions

The most important parameters used in calculating the employee-related provisions are as follows:

	2012	2011
Discount curve	Euro Utility (A) BFV Curve	Euro Utility (A) BFV Curve
Discount rates	0.3% - 4.2%	1.8% - 5.5%
Estimated future salary increases	1.5%	1.5%
Estimate future departure chance	-1.0%	-1.0%
Holiday storage and social security	14.3%	14.3%

Change in accounting estimates

In 2012, there was a change in accounting estimates for the benefit provisions. In its calculation models, Enexis has increased the retirement age as a result of developments in society and the internally observed trend of a higher average age of retirement. The average retirement age on which the new model is based is 65 years old. This led to the following effect in 2012:

amounts in millions of euros	Long-service benefits	Shorter working hours and special-purpose leave
1 December 2012	27,1	23,9
Regular movements	3,5	1,8
Change outflow age of employees	1,9	11,7
Change collective and social security	-1,0	-1,2
31 December 2012	**31,5**	**36,2**

Long-service benefits

In accordance with CAO (collective labour agreement) terms, Enexis Holding N.V. grants long-service benefits to employees. A provision for these long-service benefits is formed from the time an employee joins the company, and is based on the number of years of service, expected price inflation and salary increases, mortality rates, invalidity rates, and attrition rates.

Changes in estimates during the year under review due to the increased average retirement age, resulted in an additional increase in the provision in 2012 by EUR 1.9 million.

Shorter working hours and special purpose leave

This provision relates to liabilities arising from the transition scheme for shorter working hours for older employees and from special purpose leave schemes.

Changes in estimates during the year under review due to the increased average retirement age, resulted in an additional increase in the provision in 2012 by EUR 11.7 million.

Provision for other employee-related expenses

This provision relates to various employee-related expenses, including payments on leaving service and dismissal, health costs for older employees, and retention and reorganisation costs. New provisions were initiated in 2011 in relation to reorganisations started in 2011 in a number of staff departments and the loss of permanent staff positions in the Customer Relations Department, in anticipation of the transition to the new market model in 2013.

The provisions for reorganisation have been calculated at the individual level on the basis of the gross salary, the length of service, the expected duration of redundancy and an addition of 35% for employer's contributions. An estimate has been made for part of the provisions in relation to the future dates on which the redundant employees will leave service.

Provision for grid losses

The grid losses provision relates to the financial risk arising from the reconciliation and allocation process.

Provision for future legal and advisory fees for Cross Border Leases

In 2012, the last Cross Border Lease agreement was voluntarily terminated prematurely. Please see note 32 for further information on this. As a result of the terminated CBL, the provision for legal and advisory fees was released in 2012.

Provision for decontamination of gas sites

This provision relates to the financial risk associated with obligations to decontaminate gas sites.

Other provisions

The other provisions item is composed of several provisions of diverse natures including provisions related to tax and legal issues.

24. Advance contributions for the installation of grids and connections

Up until May 2011, the advance contributions received relating to property, plant and equipment under construction were netted against this item in the balance sheet. With effect from 2012, these amounts are no longer accounted for as net amounts, but as gross amounts. This means that there is no longer question of contributions received from third parties that are netted with the corresponding asset. This results in an increase in both the property, plant and equipment under construction, and the advance contributions received from third parties. Both the opening balance and the closing balance of the 2011 figures have been adjusted for this by EUR 39.3 million.

The advance contributions for investments in the installation of grids and new connections can be classified as follows:

amounts in millions of euros	2012	2011
At 1 January	412.1	328.5
Received during the year	87.3	88.3
Acquisition of Intergas Energie B.V.	-	3.4
Depreciated	-9.8	-8.1
Total	**489.6**	**412.1**
Current portion to be amortised in following financial year	10.9	8.7
Total non-current portion	**478.7**	**403.4**

25. Deferred corporate income tax

Deferred corporate income tax assets and liabilities relate to differences between the carrying amounts and tax bases for property, plant and equipment, employee benefits provisions, and derivatives.

amounts in millions of euros	2012	2011
Deferred corporate income tax assets for provisions	-9.2	-5.7
Deferred corporate income tax assets for derivatives	-1.8	-1.4
Deferred corporate income tax investments reserve	1.0	-
Deferred corporate income tax liabilities for property,plant and equipment	182.4	141.1
Total	**172.4**	**134.0**

The tax incentive scheme in particular (arbitrary depreciation facility in 2009, 2010 and 2011) resulted in a strong increase in the deferred corporate income tax on property, plant and equipment. Case law indicates that the provisions for special purpose leave and shorter working hours are not admissible for tax purposes.

26. Trade and other payables

amounts in millions of euros	2012	2011
Suppliers	90.3	91.7
Tax and social security contributions	64.9	50.9
Payments to employees	43.5	42.7
Advance payments placed on deposit	370.3	349.8
Other	76.2	74.1
Total	**645.2**	**609.2**

Unless stated otherwise, all these items are settled within one year.

The advance payments received from energy suppliers, which are placed on deposit; result from the agreements with energy suppliers within the framework of the supplier model. The energy supplier is obliged to pay half-yearly advances to the grid operator to compensate for the time-related disadvantages that the method of settlement between the parties entails. In the normal execution of the agreement, the debt to the suppliers is a non-current debt. On termination of the agreement or in the event of changes to the expected settlement amount, the outstanding liability is repayable on demand in full or in part, respectively and for this reason is presented as a current liability. No interest is due on the advances.

The increase of the taxes and social security contributions in 2012 compared to 2011 was caused by a higher balance of outstanding VAT payable at year-end 2012.

27. Current interest-bearing liabilities

amounts in millions of euros	2012	2011
Shareholder loan to be repaid in following financial year (tranche A)	-	450.0
Shareholder loan to be repaid in following financial year (tranche B)	500.0	-
Loan ZEBRA Gasnetwerk B.V.	8.0	8.0
Private loan	0.6	0.7
Guarantee deposits received	0.7	-
Lease obligations	4.9	4.9
Total	**514.2**	**463.6**

Enexis intends to repay tranche B of the shareholder loans (EUR 500 million) prematurely in 2013. As a result of this, tranche B of the shareholder loans is recognised under the current interest-bearing liabilities at year-end 2012.

In 2012, ZEBRA Gasnetwerk B.V. extended a loan of EUR 8.0 million at a variable interest rate of 0.15% applicable at year-end 2012, with a residual term of two months.

28. Derivatives

amounts in millions of euros	2012	2011
Current liabilities	-	-5.7
Total	**-**	**-5.7**

In the phase prior to the issuing of the first notes of EUR 300 million, under the Euro Medium Term Notes programme, Enexis hedged the risks related to the expected future interest payments by means of two forward starting interest rate swaps. The interest rate swaps involved were settled at the time of fixing the interest rate for these notes on 19 January 2012 (result of negative EUR 8.2 million). As at this date, the loss recognised in the cash flow hedge reserve, after incorporating the deferred tax on the result, was released to the result for the residual term of the notes. On balance, the originally hedged interest level was recognised in the income statement. On maturity of the first notes, the hedge reserve will have been fully recognised in profit or loss.

29. Notes to the cash flow statement

In preparing the consolidated cash flow statement, the following items have been included in net cash and cash equivalents:

amounts in millions of euros	2012	2011
Cash at bank and cash balances	41.8	69.1
Total	**41.8**	**69.1**

The main items of the cash flow statement can be classified as follows.

Changes in the net working capital can be classified as follows:

amounts in millions of euros	2012	2011
Corporate income tax expense recognised through profit or loss	70.5	78.9
Corporate income tax paid or received	-61.1	5.7
Interest received and paid recognised through profit or loss	91.2	88.4
Interest paid	-86.6	-96.0
Interest received	5.8	7.8
Working capital before tax and interest	5.2	-33.8
Total	**25.0**	**51.0**

Classification of net working capital:

amounts in millions of euros	2012	2011	Change
Inventories	23.0	24.7	-1.7
Receivables	548.8	527.0	21.8
Subtotal	**571.8**	**551.7**	**20.1**
Trade and other payables	-647.7	-609.2	-38.5
Corporate income tax	-19.8	-52.8	33.0
(Current) provisions	-16.6	-27.0	10.4
Total	**-112.2**	**-137.3**	**25.0**

30. Financing policy and risk associated with financial instruments

General

The financing policy of Enexis is aimed at assuring the independent financing of Enexis by ensuring timely, constant, and sufficient access to the capital and money markets and at the same time optimising the financing structure, costs and risks. The execution of the financing policy is laid down in the Treasury Charter, which contains the Treasury's objectives, task description and mandate, reporting, risk management and the organisational and administrative frameworks for financing. As a result of the amount of the temporarily available funds arising from the notes issued on 13 November 2012, the limits set in the Treasury Charter were exceeded. Therefore, a separate temporary investment policy was adopted by the Management Board. This additional policy for the temporary investment of the proceeds of these notes has been reported to the Supervisory Board.

The operations of Enexis expose it to a number of risks, such as: market risk, credit risk, solvency/liquidity risk and process risk. Among the objectives of the policy is to minimise the effect of the risks identified on the financial results, for which purpose Enexis can use financial instruments/derivatives.

Market risk

Market risk is the risk that relates to changes in value of the cash flows and financial instruments as a result of changes in market prices, interest rates, and currency exchange rates. Enexis holds no financial instruments for trading purposes.

Market prices

This refers to the risk of changes in commodity prices, in particular for the purchase of grid losses. This risk is largely hedged through price fixing by means of future purchases, in which the predicted volumes have already been physically purchased at the start of the year. This provides a predictable result subject only to differences in volumes. The purchasing price risk is reduced by spreading the purchasing at fixed prices over a period of approximately two years prior to the date of actual settlement. No derivatives are used in the purchasing of grid losses.

Interest rate risk

Receivables

Enexis limits the interest rate risk on receivables in two ways:

- matching the maturities of the receivables, including the financial assets, with the liquidity forecast, and
- interest rates contractually agreed in advance for the financial asset until the end date of the contracts entered into. Only a small portion of the surplus cash resources is invested with a short horizon or at variable rates to provide diversification and flexibility. In view of the general opinion that the interest rate has reached a minimal level, the risk concerning these financial assets is considered as minimal.

Borrowed capital

Interest-bearing loans have the following terms, interest rates and maturity dates:

amounts in millions of euros	Nominal value	Contractual expiration date	Initial contract period (years)	Remaining period (years)	Interest
Shareholder with a loan conversion right to convert into equity (tranche D)	350.0	30 September 2019	10.0	6.7	7.20%
Shareholder loans (tranche C)	500.0	30 September 2016	7.0	3.7	4.65%
Shareholder loans (tranche B)	500.0	30 September 2014	5.0	0.7	4.10%
Shareholder loans (tranche A)	450.0	30 September 2012	3.0	n.a.	3.27%
Euro Medium Term Notes 1st issue	300.0	26 January 2022	10.0	9.1	3.375%
Euro Medium Term Notes 2nd issue	500.0	13 November 2020	8.0	7.9	1.875%
Subordinated loan	93.9	undertermined	undertermined	undertermined	9.00%
Private loan [1]	2.9	15 March 2017	divers	4.2	6.76%

1. This concerns multiple loans. Average weighted values give the recorded data.

EUR 250 million of Tranche A of the shareholder loans was repaid on 16 January 2012 and EUR 200 million was repaid on 26 January 2012. The early repayment led to the payment of a penalty interest of EUR 3.1 million.

Enexis intends to make use of the stipulated provision for repayment one year before maturity for tranche B of the shareholder loans (EUR 500 million). Tranche C of the shareholder loans includes an identical option for the early repayment of this loan up to one year before the maturity date of this loan.

Since almost the entire value of the remaining loan liability has a fixed interest rate, the interest rate sensitivity for each basis point (0.01%) of rise or fall in the base interest rate relative to the base rate at year-end is not relevant.

Enexis has the option of using derivatives to hedge specific risk exposures, including but not limited to the interest rate risk. The interest rate consists, on the one hand, of the risk that the regulated interest rate payments in the future will be lower than those under existing loan agreements and, on the other, that the interest to be paid for future financing is higher than that payable at the current market interest rate. The interest rate risk can be mitigated, with the approval of the Management Board and the Supervisory Board, by the use of interest rate derivatives, such as Interest Rate Swaps. The use of these derivatives also allows the interest result to be optimised.

Exchange rate risk

Enexis may be exposed to exchange rate risk on the issue of financial instruments and purchases in currencies other than the euro. The policy followed is that Enexis hedges both the exchange rate and the interest rate risks immediately on the issue of financial instruments denominated in other currencies. In the case of investments or larger purchases denominated in other currencies with an equivalent value exceeding EUR 250,000, the policy is to consider elimination of the exchange rate risk in consultation with the Purchasing department.

The total value of liquid funds, receivables and liabilities held in foreign currencies at the year-end was zero, which means that exchange rate risks and sensitivity to exchange rate fluctuations are not relevant.

Credit risk

Credit risk is the risk of losses that arise when counterparties fail to meet their payment obligations. Most of the activities of Enexis Holding N.V. and its group companies are regulated. Credit risks in regulated markets are lower than in liberalised energy markets. The collectability of trade receivables is assessed individually or collectively depending on the customer profile, based on a risk assessment by the management. The general economic developments are taken into account in determining credit risks.

The maximum credit risk is in principle equal to the carrying amount of the receivables and current assets.

Surplus liquidity is placed on deposit subject to standard market conditions with financial institutions based in the EU, funds, and third parties that comply with the minimum rating requirements, and with the Dutch State, or in securities guaranteed by it. Efforts are also made to spread investment risks by observing limits with each counterparty linked to maximum terms of deposits.

Solvency

Solvency risk

Solvency risk is the risk that equity or the capital base of Enexis is insufficient to allow it to meet its obligations in the long term. For both Enexis Holding N.V. and for Enexis B.V., Enexis strives for a strong A rating. This objective is monitored on the basis of defined minimum financial key figures in relation to interest coverage, debt coverage and solvency. The credit rating gives Enexis good access to the international capital markets, with solvency guaranteed by monitoring of the minimum financial key figures.

Liquidity risk and contractual term analysis

Liquidity risk

Liquidity risk is the risk that Enexis will be unable to meet its short-term payment obligations. Measures taken to hedge this risk include a committed Revolving Credit Facility (RCF) of EUR 450 million with a consortium of 11 banks extending until mid 2015. Until now, Enexis has not used the RCF, but retains it for any unforeseen liquidity requirement. To retain the RCF, Enexis has contractual obligations to the participating banks. These obligations are mainly in the area of providing information to the banks involved, meeting the usual financial covenants and other, for these facilities, usual general covenants such as Pari passu and Negative pledge.

In addition, Enexis has transferred its bank accounts into two cash pools, with which an overdraft facility of EUR 20 million has been granted to one of these cash pools.

Enexis had a positive cash balance of EUR 41.8 million at year-end 2012 (2011: EUR 69.1 million). In addition, at year-end 2012, EUR 525 million was held in short-term deposits (2011: EUR 260 million).

Contractual term analysis

The table below shows the contractual undiscounted cash flows.

31 December 2012

amounts in millions of euros	< 1 month	< 3 months	3-12 months	1-5 years	> 5 years	Total
Non-current interest-bearing liabilities	-	-	-	512.9	1,245.9	**1,758.8**
Trade and other payables	154.7	-	86.5	370.3	43.5	**655.0**
Current interest-bearing liabilities	-	9.3	504.8	-	-	**514.1**
Interest on interest-bearing liabilities	8.3	16.4	73.8	331.3	218.9	**648.7**
Total	**163.0**	**25.7**	**665.1**	**1,214.5**	**1,508.3**	**3,576.6**

31 December 2011

amounts in millions of euros	< 1 month	< 3 months	3-12 months	1-5 years	> 5 years	Total
Non-current interest-bearing liabilities	-	-	-	1,011.1	448.6	**1,459.7**
Trade and other payables	140.5	-	70.7	349.8	42.7	**603.7**
Current interest-bearing liabilities	0.8	451.0	11.8	-	-	**463.6**
Derivatives	5.7	-	-	-	-	**5.7**
Interest on interest-bearing liabilities	7.0	14.0	62.9	236.8	88.4	**409.1**
Total	**154.0**	**465.0**	**145.4**	**1,597.7**	**579.7**	**2,941.8**

The Non-current interest-bearing liabilities > 5 years include the subordinated loan of EUR 93.3 million with an indefinite term.

Process risk

Process risk consists of the risks associated with setting up the organisation, the procedures and the activities of the Treasury Department of Enexis. These risks are hedged by an organisational segregation of duties between front office and back office, as well as by means of the defined financing policy, the Treasury Charter, the Treasury Control Framework and related internal assessments and internal audits.

Capital management

The capital managed by the company includes the share capital paid up by the shareholders and the accrued general reserves.

The capital management of the Enexis group ('Group') aims to achieve a financially sound capital structure and maintain its strong credit ratings (S&P A+ with positive outlook and Moody's Aa3 with stable outlook) to support the continuity of its operations and to be able to make planned investments.

In this process, the Group aims to achieve the return on equity for its shareholders as defined by the Office of Energy Regulation of the Netherlands Competition Authority (*NMa*), taking into account the interests of the Group's lenders and other stakeholders of Enexis.

To meet the targets of maintaining its strong credit rating and a financially sound capital structure, the following financial key ratios are aimed for:

	Standard	Actual
EBIT-interest coverage	>= 2.5	4.1
FFO-interest coverage	>= 4.0	6.8
FFO/net interest-bearing liabilities	>= 20%	34%
Net interest-bearing liabilities/(shareholders ' equity + net interest-bearing liabilities)	=< 55%	33%

EBIT (Earnings Before Interest and Taxes) interest cover
= ratio of (operating profit + share of result of associates) to gross interest expense paid.

FFO (Funds From Operations) interest cover
= ratio of (profit for the year, plus change in deferred corporate income tax, plus depreciation, less amortisation contributions, plus changes in provisions, plus other non-recurring and non-cash related items, plus gross interest expenses paid) to gross interest expenses paid.

FFO / net interest-bearing liabilities
= ratio of (profit for the year, plus change in deferred corporate income tax, plus depreciation, less amortisation contributions, plus changes in provisions, plus other non-recurring and non-cash related items) to (interest- bearing liabilities, less other current financial assets, less cash and cash equivalents).

Net interest-bearing liabilities/ (equity plus net interest-bearing liabilities)
= ratio of (interest-bearing liabilities, less other current financial assets, less cash and cash equivalents) to (equity, plus interest-bearing liabilities, less other current financial assets, less cash and cash equivalents).

By complying with these key ratios and maintaining the current credit rating, the Group amply meets its statutory requirements concerning capital ratios and creditworthiness (***Besluit Financieel Beheer Netbeheerders*** - Network Manager (Financial Management) Decree), as well as the financial covenants under existing financing agreements and Letters of Credit facilities.

The Group manages its capital structure and adjusts it to changes in economic conditions and statutory or regulatory requirements, taking into account the target minimum key ratios. To maintain or adjust its capital structure, subject to specific conditions, taking into account the guidelines issued by the Minister of Economic Affairs, the Group can change its dividend policy, distribute capital to shareholders, exercise its conversion rights, or issue new shares.

31. Related party disclosures

Transactions with related parties are conducted at arm's length prices and conditions. Year-end asset and liability positions are not invested, but are usually settled in cash. No guarantees were received or issued for assets or liabilities of related parties. The adjustment for doubtful debts was zero.

In 2012, Enexis Holding N.V. had the following related parties: the shareholders and their affiliates, associates and key officers. The shares in Enexis Holding N.V. are held by Dutch provinces and municipalities. Sales transactions with the shareholders, other than in the course of regular operations, had a value of EUR 0.1 million in 2012. Loans from shareholders at year-end 2012 had a value of EUR 1,443.9 million (2011: EUR 1,893.9 million). Interest payments on these loans in 2012 amounted to EUR 83.9 million (2011: EUR 91.1 million). Dividend payments to shareholders amounted to EUR 114.7 million (2011: EUR 58.1 million).

There were no transactions with affiliates of shareholders other than in the course of regular operations.

Sales transactions amounting to EUR 5.7 million (2011: EUR 7.7 million) and purchase transactions amounting to EUR 6.9 million (2011: EUR 2.2 million) took place with Enexis associates.

The total value of receivables from associates at year-end 2012 was EUR 1.3 million (2011: EUR 1.9 million) and total value of liabilities to associates was EUR 0.9 million (2011: EUR 1.8 million).

Loans to associates at year-end 2012 had a value of EUR 3.8 million (2011: 3.3 million), and loans from associates at year-end 2012 were EUR 8.0 million (2011: EUR 8.0 million).

Interest payments on these loans in 2012 were EUR 0.1 million (2011: EUR 0.1 million). Dividends received from associates had a value of EUR 2.2 million (2011: EUR 1.9 million).

For the disclosures concerning transactions with the members of the Management Board and the Supervisory Board, please see note 33.

The non-consolidated associates of Enexis Holding N.V. and its affiliates are shown below. More detailed information is presented in note 52.

amounts in millions of euros	Registered office	Equity stake held by Enexis Holding N.V. 31 December 2012	Equity stake held by Enexis Holding N.V. 31 December 2011
G.O.B. Euroservices B.V.	Heerlen	40%	40%
ZEBRA Gasnetwerk B.V.	Bergen op Zoom	67%	67%
Energie Data Services Nederland B.V.	Arnhem	16%	16%
Ziut B.V.	Arnhem	47%	47%

Enexis Holding N.V. is the majority shareholder in ZEBRA Gasnetwerk B.V. Control is exercised on a 50/50 basis.

32. Off–balance sheet commitments and assets

Development in Cross Border Lease in 2012

On 26 September 2012, the last remaining Cross Border Lease (CBL) of Enexis, which was for the gas grid in the former Intergas area, was voluntarily ended prematurely. The costs of termination, after deducting the proceeds from the investments, for a value of USD 6.8 million (EUR 5.1 million) were charged to the result in 2012. This took place with simultaneous release of the balance of EUR 3.5 million in the provision for CBL compliance costs. For a specific time after termination of this CBL, there will be the possibility of subsequent invoices for the termination and settlement of the CBL structure, as well as a very low risk of claims arising from accrued liabilities, the so-called surviving obligations. We estimate the possible subsequent costs and the risk of claims for this CBL termination as very low. The other CBLs originally entered into by Essent/Enexis were all voluntarily terminated by the end of 2011. For the time being, the existing cross-guarantee structure between Essent and Enexis has remained intact for the possible accrued liabilities and expenses after termination. This entails both parties standing as guarantors for the US investors of the discontinued commercial and grid CBLs. To cover possible costs and claims, the former Essent shareholders and RWE formed a CBL fund. We estimate that the balance of the fund is more than sufficient to cover any subsequent costs of Enexis, and estimate the risk subsequent claims as very limited. Enexis is not entitled to any residual funds of the CBL fund.

Huur, lease en inkoopverplichtingen

	2012			2011		
amounts in millions of euros	< 1 month	1-5 years	> 5 years	< 1 month	1-5 years	> 5 years
Passenger cars	14.4	30.1	3.4	5.7	5.3	0.0
Office locations	15.0	35.4	7.9	10.7	26.2	3.8
Gridd loss	92.2	81.6	-	96.2	18.6	-
ICT	28.5	58.1	-	7.0	2.0	-
Overig	7.4	0.8	1.7	14.6	1.6	-
Total	**157.5**	**206.0**	**13.0**	**134.2**	**53.7**	**3.8**

Through its subsidiaries Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V., Enexis Holding N.V. had purchase commitments for EUR 471.7 million at year-end 2012 (2011: EUR 164.5 million).

Legal procedures and disputes

Enexis Holding N.V. was involved in several legal proceedings and disputes at year-end 2012, including through its subsidiaries Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V.. Based on financial risk, provisions have been formed for the claims received, or the possible financial impact has been recognised in the financial statements.

Guarantees issued

Through its subsidiaries Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V., Enexis Holding N.V. has issued no guarantees on behalf of third parties (2011: EUR 0.2 million).

33. Remuneration of the Management Board and the Supervisory Board

The remuneration of the members of the Management Board and Supervisory Board in 2012 was EUR 0.7 million (2011: EUR 0.8 million).

Remuneration of the Management Board

On 1 January 2013, the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (***Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*** - WNT) came into force. Pending the passing of this Act, Enexis had not yet defined a new remuneration policy for the members of the Management Board. Up until the end of 2012, therefore, the salaries and corresponding employment conditions were determined on the basis of individually agreed contracts for the members of the Management Board.

Governance

The remuneration policy of the Management Board of Enexis Holding N.V. (Enexis) is determined by the General Meeting of Shareholders of Enexis. After consultation with the Shareholders Committee, the Supervisory Board is authorised to make recommendations for the remuneration policy. On the advice from its Remuneration & Selection Committee formed from among its members, the Supervisory Board draws up the remuneration policy. Within the remuneration policy adopted by the General Meeting of Shareholders, the Supervisory Board, again on the advice of the Remuneration and Selection Committee, sets the salary and employment conditions of the individual directors.

2013 Remuneration policy

The new remuneration policy for the Management Board of Enexis was adopted by the General Meeting of Shareholders on 5 December 2012 on the proposal of the Supervisory Board. The new policy came into force on 1 January 2013.

The remuneration policy for the Management Board of Enexis has the aim of being able to attract, motivate, and retain qualified directors and thus to align the remuneration to the objective of the company and that of all the company's stakeholders.

The remuneration policy is consistent with and contributes to sound and effective risk management and does not encourage the taking of more risks than are acceptable for the company and its stakeholders. Remuneration policy is also in accordance with several factors, including the complexity of the tasks and powers of the Management Board, and the scope of the responsibilities of this position, and the long-term objectives of the company and its shareholders. The remuneration policy also takes account of the views of the Supervisory Board regarding the general management of the company.

With effect from 2013, the remuneration of the Management Board of Enexis Holding N.V. fully complies with the new Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (***Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*** - WNT).

Remuneration components

The WNT regulates the total remuneration of the Management Board and caps the amount of the remuneration. Since the level of remuneration of positions with comparable complexity and social effect is very substantially higher than the absolute capped standard of the WNT, it has been decided to set the remuneration for the Management Board at the maximum level permitted by the WNT. All remuneration elements in cash form (taxable, except for the social security contributions, fall under the WNT's capped standard. The maximum remuneration permitted by the WNT is adjusted each year. For 2013, the maximum level is set at EUR 228,599, excluding social security contributions.

The remuneration policy for the Management Board does not include any variable remuneration because the WNT does not allow this.

Retirement benefit plan

Members of the Management Board participate in the retirement benefit plan that has been placed with the ***Stichting Pensioenfonds ABP*** (the pension fund for employees in the government, public and education sectors), in accordance with the pension regulations applicable from time to time for the employees and directors of Enexis. The directors have to pay a personal contribution for participation in the retirement benefit plan.

Other terms and conditions of employment

The basic principle is that the collective labour agreement for Grid Companies of the Energy and Utilities (***CAO Netwerkbedrijven van de Energie- en Nutsbedrijven - ENb***) and the collective labour agreement of Enexis BV, both of which are applicable for employees of Enexis, also apply for the Management Board, subject, however, to compliance with the stipulations in the WNT. Tangible benefits arising from the collective terms and conditions of employment applicable to the employees of Enexis are therefore included in the remuneration of the Management Board, if and to the extent these are appropriate.

The remuneration can be adjusted each year. The operation and the (annual) general salary adjustments for the employees at Enexis are always observed, with the relevant provisions of the WNT continuing to serve as the absolute criterion.

The remainder of the policy focuses on offering a competitive package, consisting of a fixed net expense allowance that will be capped according what is permitted under tax rules, a company car, accident insurance, disability scheme, and director's liability insurance. No loans or advances are granted to directors. Members of the Management Board are entitled to holiday leave days according to the provisions in the Enb (collective labour agreement for Grid Companies).

Contracts of employment

The contracts of employment with the members of the Management Board are entered into for an indefinite period. The Supervisory Board sees no reason to pursue a policy that uses fixed-term contracts. A policy with contracts of employment for indefinite periods is sufficient; there are adequate opportunities to take measures in the event of a director not performing properly. Any severance payment is determined on the basis of a court ruling.

Remuneration of directors in 2012

In the absence of a new remuneration policy, the salaries of the members of the Management Board of Enexis Holding N.V. for 2012 are presented on the basis of the individually agreed contracts.

A temporary employment contract with a term of two years, from 1 August 2010 to 1 August 2012, was concluded with Chairman of the Management Board, Mr Fennema, upon his joining and appointment. This temporary contract was extended for a period of five months up to 1 January 2013. Mr Fennema's temporary contracts of employment each included an agreed fixed income of EUR 290,000 (salary including holiday allowance) per annum. No variable income applied. A contract for an indefinite period with effect from 1 January 2013, which is completely in accordance with the newly defined remuneration policy, was agreed with Mr Fennema at the end of 2012.

The contract of employment for Mr Oudejans dates from before the privatisation of Enexis, and provided for a basic annual salary in 2012 of EUR 222,182, including holiday allowance, with variable remuneration per annum of up to 35% of the basic annual salary. This salary was adjusted annually in line with the salary developments at Enexis. The employment of Mr Oudejans was terminated at his request with effect from 1 October 2012 as a result of his accepting a job elsewhere. On the basis of the contractual agreements, Mr Oudejans was not paid any variable remuneration for 2012, the year of performance.

Mr Oudejans was succeeded in his position as Chief Financial Officer by Mr Blacquière with effect from 1 December 2012. Mr Blacquière was appointed as a member of the Management Board of Enexis Holding N.V. with effect from 1 January 2013. A contract for an indefinite period, completely in accordance with the newly defined remuneration policy, was agreed with Mr Blacquière at the end of 2012. In order to provide insight into the development of the remuneration of the members of the Management Board, a table below shows the remuneration as determined on the basis of the performance during the year. The annual variable income is shown in the year to which it relates. The table does not include an amount of EUR 38,858 that is due according to the Crisis Levy Act. This amount was charged against the result in 2012.

amounts in euros	2012	2011
J.J. Fennema		
Basic salary (including vacation allowance)	290,000	290,000
Employer's contributions [1]	10,129	9,063
Pension costs [2]	51,187	47,411
Total	**351,316**	**346,474**
I.M. Oudejans [3]		
Basic salary (including vacation allowance)	166,637	218,899
Employer's contributions [4]	47,180	10,915
Variable income [5]	-	54,353
Pension costs [6]	28,862	35,343
Total	**242,679**	**319,510**
Total	**593,995**	**665,984**

1. Employers ' contributions for Mr. Fennema amounts in 2012 EUR 10,129 (EUR 2320 EUR 7.449 employer contribution employer contribution life course, social security costs and EUR 360 employer contribution health).
2. Concerns employers ' pension scheme charges as charged by the Pension Fund; the contribution of the driver is not included.
3. Mr Oudejans is per 1 October 2012 from service.
4. Employers ' contributions for Mr Oudejans amounts in 2012 EUR 47.180 (EUR 2,999 employer contribution life course, EUR 5,460 employer contribution social security costs, EUR flexbudget, EUR 510 68 health budget and EUR 38.143 mainly paid out vacation days).
5. For the year of performance (2012) is awarded to Mr Oudejans no variable remuneration.
6. Concerns employers ' pension scheme charges as charged by the Pension Fund; the contribution of the driver is not included.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board is based on the accepted system of compensation and benefits based on conformity with market practice. The annual remuneration, with effect from July 2012, is: Chairman EUR 25,572, member EUR 17,326. In addition the annual committee remuneration with effect from July 2012 is: Chairman EUR 5,203, member EUR 4,684.

The remuneration is adjusted annually on 1 July based on the median general collective increases as stated in the HAY compensation report.

The WNT (see also "Remuneration of management Board" above) also includes provisions on the standardisation of remuneration for members and chairmen of the highest supervisory bodies. The WNT limits the remuneration of the members of the Supervisory Board: the capping according to the WNT amounts to 7.5% for the chairman and 5% for a member of the remuneration of the members of the Management Board. There is a transitional period of four years for existing agreements.

The table below provides an overview of developments in the remuneration of the individual members of the Supervisory Board, broken down by board and committee membership. There is an Audit Committee and a Remuneration and Selection Committee.

amounts in euros	Membership on annual basis	Committees on annual basis	Total remuneration on annaual basic	Remuneration payed in 2012	Remuneration-payed in 2011
D.D.P. Bosscher	25,383	5,165	30,548	30,548	30,165
M. Calon [1]	17,198	4,649	21,847	14,234	-
Ms M.E.J. Caubo [2]	17,198	4,649	21,847	19,924	11,868
F.J.M. Houben [3]	-	-	-	7,228	21,576
Ms W.M. van Ingen	17,198	4,649	21,847	21,847	21,576
R. de Jong	17,198	5,165	22,363	22,363	21,932
J.A.M. Theeuwes [4]	-	-	-	-	7,325
Total	**94,175**	**24,277**	**118,452**	**116,144**	**114,442**

1. Mr Calon was appointed supervisory director of Enexis Holding N.V. at the General Meeting of Shareholders of 26 April 2012. Mr Calon became a member of the Audit Committee in June 2012. The remuneration stated in column 2012 is time-proportionate.
2. Ms Caubo became a member of the Remuneration and Selection Committee in June 2012.
3. In accordance with the Enexis Holding N.V. Supervisory Board's schedule for retirement, Mr Houben retired on 26 April 2012 as supervisory director of Enexis Holding N.V. The remuneration stated in column 2012 is time-proportionate.
4. In accordance with the Enexis Holding N.V. Supervisory Board's schedule for retirement, Mr Theeuwes retired on 20 April 2011 as supervisory director of Enexis Holding N.V.

34. Events after the reporting period

Please refer to the other details. Events after the reporting period on page 125.

Company financial statements for 2012

Company income statement

amounts in millions of euros	Notes	2012	2012	2011	2011
Share of result of group companies	35		231.5		229.6
Financial income	36	84.5		84.2	
Financial expenses	36	87.7		84.2	
Financial income and expenses	36		**-3.2**		**0.0**
Profit before tax			**228.3**		**229.6**
Corporate income tax expense	37		-0.8		0.2
Profit for the year			**229.1**		**229.4**
Attributable to:					
Minority shareholders			-		-
Shareholders			229.1		229.4
Average number of shares during financial year			149,682,196		149,682,196
Profit per share [1]			**1.53**		**1.53**

1. Stated in euro, dilution of earnings does not apply.

Company statement of comprehensive income

amounts in millions of euros	2012	2011
Profit for the year	229.1	229.4
Non-realised income through equity	-2.5	-5.7
Corporate income tax of non-realised income through equity	0.7	1.4
Realised part of non-realised income through hedge reserve	0.8	-
Tax released part of non-realised income through hedge reserve	-0.2	-
Total result included non-realised income through hedge reserve and equity	**227.9**	**225.1**

Company balance sheet
(for proposal profit appropriation)

amounts in millions of euros	Notes	31 December 2012	31 December 2011
Assets			
Group companies	38	3,237,8	3,107,8
Other financial assets	39	1,150,1	1,350,4
Non-current assets		**4,387,9**	**4,458,2**
Receivables	40	104,2	99,4
Other financial assets (current) [1]	41	1,004,2	450,0
Cash and cash equivalents	42	111,9	117,9
Current assets		**1,220,3**	**667,3**
Total assets		**5,608,2**	**5,125,5**

amounts in millions of euros	Notes	31 December 2012	31 December 2011
Liabilities			
Issued and paid-up share capital		149.7	149.7
General reserve		2,436.3	2,436.3
Share premium reserve		434.5	319.8
Hedge reserve		-5.5	-4.3
Profit for the year		229.1	229.4
Equity	43	**3,244.1**	**3,130.9**
Non-current interest-bearing liabilities	44	1,641.5	1,350.0
Deferred corporate income tax	45	172.4	114.9
Non-current liabilities		**1,813.9**	**1,464.9**
Trade and other payables	46	30.4	21.2
Current interest-bearing liabilities	47	500.0	450.0
Corporate income tax expense	48	19.8	52.8
Derivatives	49	-	5.7
Current liabilities		**550.2**	**529.7**
Total liabilities		**5,608.2**	**5,125.5**

1. As of 2012, Enexis included the Other financial assets (short-term) separately in the balance sheet. This item includes the short-term interest-bearing loans (funds lent) and the deposits placed elsewhere. As the short-term interest-bearing loans (funds lent) and the deposits place elsewhere in 2011 were still included in the balance sheet under claims or liquid assets respectively, the 2011 comparative figures have been adjusted accordingly.

Explanation to the company financial statements

Accounting policies

The separate financial statements of Enexis Holding NV are prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. The accounting policies used are largely the same as those used for the consolidated financial statements in accordance with the provisions of Section 362:8 of Part 9 of Book 2 of the Dutch Civil Code, in which investments in group companies are recognised at the net value of the assets according to the equity method of accounting.

The separate financial statements of Enexis Holding N.V. consist of the separate income statement, the separate statement of comprehensive income, the separate balance sheet, and the separate statement of changes in equity. The disclosures to the financial summaries included in the separate financial statements form an integral part of the separate financial statements of Enexis Holding N.V.

Enexis Holding N.V. is a Dutch public limited liability company (*naamloze vennootschap*). Some 74% of the Enexis shares are held by six Dutch provinces and some 26% by 116 Dutch municipalities.

The carrying amounts for the parties included in the consolidation are determined using the equity method of accounting. Using this method, the economic interest is initially measured at cost, after which its carrying amount is increased or reduced by the share in the result. Dividends received are netted against the carrying amount.

Enexis Holding N.V. uses the euro as its functional currency. All amounts, unless stated otherwise, are recognised in millions of euros. For the accounting principles, please refer to the accounting policies of the consolidated financial statements.

Notes to the company financial statements

35. Share of result of group companies

amounts in millions of euros	2012	2011
Enexis B.V.	229.4	221.0
Fudura B.V.	1.9	8.0
Others	0.2	0.6
Total	**231.5**	**229.6**

The result of Fudura B.V. was adversely affected relative to 2011 by the disappointing result of its associate Ziut B.V. and by the impairment of this associate because of a poorer market outlook.

36. Financial income and expenses

amounts in millions of euros	2012	2011
Interest received	84.5	84.2
Total financial income	**84.5**	**84.2**
Other interest paid	87.7	84.2
Total financial income	**87.7**	**84.2**
Net finance expenses	**-3.2**	**0.0**

The other interest paid consists of interest paid on the loans granted by the shareholders and not yet repaid, and the interest expenses on both the bond loans issued in 2012. This item also includes the recognition of the penalty interest paid as a result of the premature repayment of the tranche A shareholder loan, as well as the amortised swap costs and other costs for the 2022 bond loan.

The shareholder loans were fully lent on to Enexis B.V. and on the same conditions. This also applies for the bond loan issued of EUR 300 million in January 2012. Interest received relates to the interest received on these loans granted to Enexis B.V.

The bond loan issue of EUR 500 million in November 2012 including amortised costs, has not yet been lent on to Enexis B.V. There is still the intention, however, to lend this loan on to Enexis B.V. in the third quarter of 2013, with the calculation date being to the date of issue of the second bond loan. However, because this loan had not yet been lent on to Enexis B.V. in 2012, a financial result on the second bond loan was created in 2012 at Enexis Holding N.V.

When tranche B of the shareholder loans is prematurely repaid on 30 September 2013, a penalty interest amount will then be payable for premature repayment. On the basis of the applicable interest rates on 31 December 2012, the penalty interest amount to pay is estimated at EUR 12.9 million.

37. Corporate income tax expense

amounts in millions of euros	2012	2011
Corporate income tax expense	-0.8	0.2
Total corporate income tax	**-0.8**	**0.2**

Enexis Holding N.V. is head of the tax entity and in that capacity it is jointly and severally liable for any obligations of the members of the tax group.

The operations of Enexis Holding N.V. are subject to corporate income tax. The corporate income tax liability is calculated and settled with the underlying members of the tax group on the basis of their realised commercial profits and taking into account the applicable exemptions. The reconciliation between the statutory corporate income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

in %	2012	2011
Nominal statutory corporate income tax rate in the Netherlands	25.00	25.00
Tax-exempt share of result of associates	25.42	25.00
Effective tax rate	**-0.42**	**0.00**

38. Investment in group companies

amounts in millions of euros	2012	2011
Enexis B.V.	3,184.2	3,046.5
Fudura B.V.	34.4	32.5
Enexis Vastgoed B.V.	19.2	28.8
Total	**3,237.8**	**3,107.8**

Changes in the investments in group companies were as follows:

amounts in millions of euros	2012	2011
At 31 January	**3,107.8**	**2,943.6**
Profit for the year	231.5	229.6
Dividends paid	-101.5	-65.4
At 31 December	**3,237.8**	**3,107.8**

The development of the value of the associate Fudura B.V. is the result, on the one hand, of the dividends paid to Enexis Holding N.V. and, on the other, the result of Fudura B.V. for 2012.

39. Other financial assets

amounts in millions of euros	2012	2011
Loans to group companies	1,150.1	1,350.4
Total	**1,150.1**	**1,350.4**

The conditions as laid down in the current financing require that no contractual or structural subordination occurs of existing loans against new external financing. To prevent structural subordination, external financing is contracted by Enexis Holding N.V. For the operations or investments in the energy grids of Enexis, the necessary funds are lent to Enexis B.V. by Enexis Holding N.V. in a back-to-back loan under the same conditions. A few external loans of a limited amount, transferred originally from Essent, have Enexis B.V. as original contracting party and are accepted as exceptions in the financing documentation.

The second bond loan of EUR 500 million had not yet been lent to Enexis B.V. by means of a back-to-back loan at the year-end 2012. In 2013, this loan agreement will be drawn up with commencement date of 13 November 2012, which was the issue date of the second bond loan.

40. Receivables

amounts in millions of euros	2012	2011
Receivables from group companies	77.3	78.5
Amounts receivable	27.0	20.9
Total	**104.2**	**99.5**

With effect from 2012, Enexis is recognising the Other current financial assets separately in the balance sheet. This item includes the current interest-bearing loans granted and the deposits placed. As the current interest-bearing loans granted and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. We refer to the Accounting Principles in paragraph 2.4 for more detailed information concerning this reclassification.

Receivables from group companies include receivables in connection with the settlement of corporate income tax payable. Settlement of tax positions takes place through Enexis Holding N.V. because of its position as head of the tax entity.

The Amounts receivable item relates to the interest due from Enexis B.V.

41. Other financial fixed assets (current)

amounts in millions of euros	2012	2011
Loans with maturity < 1 year	104.2	-
Loans with maturity < 1 year to group companies	500.0	450.0
Short-term deposits	400.0	-
At 31 December	**1,004.2**	**450.0**

With effect from 2012, Enexis is recognising the other current financial assets separately in the balance sheet. This item includes the current interest-bearing loans extended and the deposits made. Since the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. We refer to the Accounting Principles in paragraph 2.4 for more detailed information concerning this reclassification.

In connection with the intended repayment of EUR 500 million of tranche B of the shareholder loans on 30 September 2013, an equal amount of the loans to group companies is recognised as Other current financial assets.

The periods to maturity and fixed interest rates of the placed deposits can be summarised as follows:

	% (weighted on average)	Amount (EUR millions)
Maturities at the end of 2012		
0-3 months	0.23	100
3-6 months	0.24	75
6-9 months	0.46	175
9-12 months	0.64	50
	0.38	**400**

42. Cash and cash equivalents

amounts in millions of euros	2012	2011
Cash at bank and cash balances	111.9	117.9
Total	**111.9**	**117.9**

With effect from 2012, Enexis is recognising the other current financial assets separately in the balance sheet. As the current interest-bearing loans extended and the deposits placed were still recognised respectively under receivables or cash and cash equivalents in the balance sheet in 2011, the comparative figures for 2011 have been adjusted accordingly. We refer to the Accounting Principles in paragraph 2.4 for more detailed information concerning this reclassification.

43. Equity

As the accumulated share of result of minority interests, to the extent not distributed, can be deemed to be zero, no related statutory reserve is recognised for this. More detailed information is presented in note 21.

44. Non-current interest-bearing liabilities

amounts in millions of euros	2012	2011
Shareholder loan with a conversion right to convert into equity (tranche D)	350.0	350.0
Euro Medium term notes	791.5	-
Shareholder loans (tranche C)	500.0	500.0
Shareholder loans (tranche B)	-	500.0
Total	**1,641.5**	**1,350.0**

In accordance with the Instruction from the Minister of Economic Affairs, part of the shareholder loans (tranche D) in the amount of EUR 350 million must be convertible into equity within the context of the division in the event of a structural capital shortage. This loan is subject to an interest rate of 7.2% and has a remaining term of 6.8 years. Please see note 22 for the conversion conditions.

The average interest rate for tranches C and D of the long-term shareholder loans amounts to 5.70% (2011: 5.70%) with an average residual term to maturity of 5.0 years (2011: 6.0 years).

The bond loans issued are subject to a weighted average interest rate (coupon interest) of 2.44% (2011: not applicable) with a weighted average residual term to maturity of 8.3 years (2011: not applicable). More detailed information is presented in note 22.

In accordance with the fixed repayment schedule, tranche B of the shareholder loans, amounting to , is formally repayable on , but the loan agreement provides the opportunity to repay the loan prematurely with effect from one year prior to this date. With the issuing of a second series of notes in amounting to , it is intended that these borrowings be used for the premature repayment of tranche B of the shareholder loan on . Penalty interest will be payable as a result of the proposed premature repayment. Tranche B of the shareholder loans is therefore recognised under the current interest-bearing liabilities.

45. Deferred corporate income tax

amounts in millions of euros	2012	2011
Deferred corporate income tax	172.4	114.9
Total	**172.4**	**114.9**

The available deferred corporate income tax assets and liabilities relate to differences between the carrying amounts and tax bases of property, plant and equipment, employee benefits provisions, and derivatives with the participations in group companies. As the participations are settled on the basis of the commercial result, these deferrals are determined at holding company level and recognised as deferred corporate income tax.

46. Trade and other payables

amounts in millions of euros	2012	2011
Interest payable	30.4	21.2
Total	**30.4**	**21.2**

Interest payable relates to the interest due on both the loans granted by shareholders and the Euro Medium Term Notes.

47. Current interest-bearing liabilities

amounts in millions of euros	2012	2011
Shareholder loan to be repaid in following financial year (tranche A)	-	450.0
Shareholder loan to be repaid in following financial year (tranche B)	500.0	-
Total	**500.0**	**450.0**

Enexis intends to repay tranche B of the shareholder loans (EUR 500 million) prematurely in 2013. As a result of this, tranche B of the shareholder loans is recognised under the current interest-bearing liabilities at year-end 2012.

48. Corporate income tax expense

amounts in millions of euros	2012	2011
Amounts receivable	19.8	52.8
Total	**19.8**	**52.8**

The change during the year was caused primarily by the items relating to the deferred corporate income tax assets and liabilities and the effect of corporate income tax on the fiscal result.

49. Derivatives

amounts in millions of euros	Interest rate	Currency	Nominal value	Term	Fair value 2012	Fair value 2011
A forward starting intrest rate swap	2.80%	euro	125 mln	2-4-2012 / 2-4-2022	-	-4.2
B forward starting intrest rate swap	2.61%	euro	100 mln	2-4-2012 / 2-4-2022	-	-1.5
Total					**-**	**-5.7**
Presentation on balance sheet						
Current liabilities					-	-5.7
Total					**-**	**-5.7**

For further information, please see note 28 in the consolidated financial statements.

50. Related party disclosures

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are not invested and are usually settled in cash. No guarantees were received or issued for assets or liabilities of related parties. The adjustment for doubtful debts was zero. Loans from shareholders at year-end 2012 had a value of EUR 1,443.9 million (2011: EUR 1,893.9 million). Interest payments on these loans in 2012 amounted to EUR 83.9 million (2011: EUR 91.1 million). Dividend payments to shareholders amounted to EUR 114.7 million (2011: EUR 58.1 million).

Loans to associates at year-end 2012 had a value of EUR 1,150.1 million (2011: EUR 1,350.4 million).

51. Remuneration of the Management Board and the Supervisory Board

Remuneration of the Management Board

For more detailed information, please see note 33 in the consolidated financial statements of Enexis Holding N.V.

Remuneration of the Supervisory Board

For more detailed information, please see note 33 in the consolidated financial statements of Enexis Holding N.V.

52. Associates

	Registered office	Equity stake held by Enexis Holding N.V. 31-12-2012	Equity stake held by Enexis Holding N.V. 31-12-2011	Structure of division of	Joint and several liability statement
Group companies					
Enexis B.V.	Rosmalen	100%	100%	Enexis Holding N.V.	ja
Fudura B.V. [1]	Rosmalen	100%	100%	Enexis Holding N.V.	ja
Enexis Vastgoed B.V.	Rosmalen	100%	100%	Enexis Holding N.V.	ja
Aktivabedrijf Enexis Friesland B.V.	Rosmalen	100%	100%	Enexis B.V.	ja
Aktivabedrijf Enexis Noord B.V.	Rosmalen	100%	100%	Enexis B.V.	ja
Aktivabedrijf Enexis Maastricht B.V.	Rosmalen	100%	100%	Enexis B.V.	ja
Aktivabedrijf Enexis Brabant B.V.	Rosmalen	100%	100%	Enexis B.V.	ja
Aktivabedrijf Enexis Limburg B.V.	Rosmalen	100%	100%	Enexis B.V.	ja
Intergas Energie B.V. [2]	Rosmalen	100%	100%	Enexis B.V.	ja
Intergas Gasnetwerk B.V.	Oosterhout	100%	100%	Aktivabedrijf Enexis Intergas B.V.	ja
Nijverheidsweg 4b B.V. [4]	Rosmalen	-	100%	Enexis Vastgoed B.V.	
Nutsbedrijven Maastricht Gasnetwerk B.V.	Maastricht	100%	100%	Aktivabedrijf Enexis Maastricht B.V.	ja
Other associates (no controlling interests) and Foundations					
G.O.B. Euroservices B.V.	Heerlen	40%	40%	Enexis Holding N.V.	
ZEBRA Gasnetwerk B.V. [3]	Bergen op Zoom	67%	67%	Enexis B.V.	
Energie Data Services Nederland B.V.	Arnhem	16%	16%	Enexis B.V.	
Ziut B.V.	Arnhem	47%	47%	Fudura B.V.	
Entrade Pipe B.V. [3]	Tilburg	67%	67%	Zebra Gasnetwerk B.V.	
ZEBRA Activa B.V. [3]	Middelburg	67%	67%	Zebra Gasnetwerk B.V.	
Stichting JOB center [4]	Arnhem	-	n.a.	Enexis Holding N.V.	
Stichting Sociaal Fonds Enexis	Rosmalen	n.a.	n.a.	Enexis Holding N.V.	
Stichting GGNI	Groningen	n.a.	n.a.	Enexis Holding N.V.	
Stichting e-laad	Arnhem	n.a.	n.a.	Enexis B.V.	
Stichting sYnfra	's-Hertogenbosch	n.a.	n.a.	Enexis B.V.	
Stichting beheer Maastricht CBL Fondsen	Amsterdam	n.a.	n.a.	Enexis B.V.	
Stichting Senioren Enexis	Rosmalen	n.a.	-	Enexis B.V.	
Stichting Nutsbedrijven Maastricht "EDF" 1999 [4]	Amsterdam	-	n.a.	Aktivabedrijf Enexis Maastricht B.V.	
Stichting Nutsbedrijven Maastricht Transfer 1999 [4]	Amsterdam	-	n.a.	Aktivabedrijf Enexis Maastricht B.V.	

1. Enexis Infra Products B.V. (acquiring company) and Enexis Meetbedrijf B.V. (company ceasing to exist) merged on 19 December 2011, whereafter the name was changed to Fudura B.V. by means of a deed of partial amendment to the articles of association.
2. On 2 January 2012, the name Intergas Energie B.V. was changed to Aktivabedrijf Enexis Intergas B.V. by means of a full amendment to the articles of association.
3. Other participations >50% are not included in the consolidation if there is no decisive control.
4. Cancelled by means of a resolution adopted outside a meeting.

Profit appropriation

Appropriation of the result in accordance with the articles of association

In accordance with the articles of association, the profit will be at the free disposal of the General Meeting of Shareholders (article 36.2) to the extent that it is not reserved.

Regarding de financial years 2011 up to and including 2013, at least 50% of the profit realised in the relevant financial year (if any) will be reserved (article 36.6). The adopted distributable profit after taxes exclusive of material non-cash book profits will form the basis for the dividend to be distributed.

Motion for appropriation of the result of the 2012 financial year

The income statement has been closed with a result of EUR 229.1 million.

Relating to the abovementioned minimum reserve requirement, the proposed profit appropriation is as follows:

amounts in millions of euros	2012	2011
Profit	229.1	229.4
Reservation in favor of the general reserve	114.4	114.7
Proposed dividend	**114.5**	**114.7**

The dividend distribution intended for 2012 amounts to EUR 0,77 (2011: EUR 0,77) per share. The motion for profit appropriation has not been recognised in the balance sheet as per 31 December 2012.

Combined report by the independent auditor

To: the General Meeting of Shareholders and the Supervisory Board of Enexis Holding N.V.

Engagement

The management board of Enexis Holding N.V. (hereinafter referred to as 'Enexis') has entrusted us with an assurance engagement in respect of the 2012 Annual Report of Enexis (hereinafter referred to as 'the Report'). The Report includes the consolidated and company financial statements for 2012, and a report by the management board on the policies pursued, the business operations, the performance and the events in 2012. The engagement entrusted to us consisted of:

- auditing the consolidated financial statements, consisting of the consolidated income statement and the consolidated statement of comprehensive income for 2012, the consolidated balance sheet as at 31 December 2012, the consolidated statement of cash flow, the consolidated statement of changes in equity for 2012 and the notes thereto, comprising a summary of the accounting policies and other explanatory information;
- auditing the company financial statements consisting of the company income statement and the company statement of comprehensive income for 2012 and the company balance sheet as at 31 December 2012 and the notes thereto, comprising a summary of the accounting policies and other explanatory information;
- providing a limited level of assurance on the non-financial information in the Report included in the sections entitled 'Strategy', 'Running a business efficiently in a regulated environment', 'Putting the customer first', 'Good grids well managed', 'An organisation with energy', 'CO_2 footprint' and 'CSR accountability'.

Based on the engagement entrusted to us, our procedures focused on obtaining:

- a reasonable level of assurance that the financial statements give a true and fair view of the financial position of Enexis as at 31 December 2012 and of its result for the year then ended;
- a limited level of assurance that the Report accurately and adequately represents, in all material respects, the policies pursued, the business operations, the performance and the events of Enexis during 2012.

Responsibilities

Management board's responsibility

The management board of Enexis is responsible for the preparation and fair presentation of the financial statements in accordance with both International Financial Reporting Standards as adopted by the European Union and Part 9, Book 2 of the Dutch Civil Code, as well as for the preparation of the management board report in accordance with Part 9, Book 2 of the Dutch Civil Code.

The management board is also responsible for the preparation of the Report in accordance with the Sustainability Reporting Guidelines (G3) of Global Reporting Initiative, the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board and the accounting policies of Enexis, including the identification of stakeholders and the selection of material topics.

The choices made by the management board in respect of the scope of the Report and the accounting policies are set out in the chapter entitled 'CSR accountability' and the GRI Index of the Report.

Finally, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to provide assurance on the Report. We conducted our procedures in accordance with Dutch law. This requires that we comply with the applicable ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the financial statements are free from material misstatement and limited assurance about whether the Report accurately and adequately, in all material respects, represents the policies pursued, the business operations, the performance and the events during 2012.

The Report contains forward-looking information in the form of ambitions, strategy, plans, forecasts and estimates. The fulfilment of such information is inherently uncertain. For that reason, we do not provide assurance in respect of the fulfilment of forward-looking information.

Procedures

Procedures with respect to the financial statements

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Procedures with respect to the Report

We have performed the procedures with respect to the Report in accordance with Dutch law, including Standard 3410N 'Assurance engagements with respect to sustainability reports'. The review of the Report comprises the following procedures in particular:

- assessing the information contained in the Report on the basis of the criteria laid down in the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative and included in the accounting policies of Enexis;
- gaining an understanding of the design of the systems and methods used to collect and process data serving as a basis for the reported information;

- assessing the reasonableness of the information contained in the Report on the basis of a combination of analytical review procedures and making inquiries;
- interviewing officers in charge;
- examining relevant company documents and consulting external sources;
- evaluating the acceptability of the accounting policies applied and of the reasonableness of estimates applied in the preparation of the Report;
- evaluating the overall presentation of the Report.

Our engagement in relation to the non-financial information in the Report is aimed at obtaining a limited level of assurance. The procedures carried out are aimed at determining the plausibility of the information. These procedures are less in-depth than those carried out for an assurance engagement aimed at obtaining reasonable assurance.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Enexis as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and Part 9, Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Enexis as at 31 December 2012 and of its result for the year then ended in accordance with Part 9, Book 2 of the Dutch Civil Code.

Conclusion with respect to the Report

Based on our procedures, nothing has come to our attention that causes us to believe that the non-financial information shown in the 2012 Report does not accurately and adequately represent, in all material respects, the policies pursued, the business operations, the performance and the events during 2012 in accordance with the guidelines of Global Reporting Initiative, the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board and the accounting policies of Enexis as stated on pages 126 to 129 of the Report.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

The Hague, 15 March 2013

Ernst & Young Accountants LLP

J. Niewold

Events after the reporting period

There are no events after the reporting period to be reported.

CSR accountability

Enexis' sustainability reporting and the GRI index

For Enexis, Corporate Social Responsibility (CSR) is an integral part of its business operations. Ensuring a reliable, affordable and sustainable energy supply is our main objective. The accountability concerning the sustainability performance is therefore integrated in the regular annual report.

When drawing up the sustainability report, the guidelines from the Global Reporting Initiative (GRI), the international organisation that sets up guidelines for sustainability reporting, public accountability for economic, environmental, and social performance, were applied. The mission of the GRI is to make the sustainability reporting for all organisations, regardless of size, sector or location, just as routine and comparable as financial reporting.

All the information on indicators and standards can be found at www.globalreporting.org GRI's website.

In this annual report, Enexis reports on 38 performance indicators from the GRI. The GRI G3 guidelines were applied in combination with the Electric Utilities Sector Supplement, issue April 2009. The non-financial section of the annual report has also been reviewed by the external auditor, which means the Enexis 2012 Annual Report meets the GRI B+ standard. That standard has a minimum requirement that at least 20 performance indicators are represented.

An important part of the sustainability report is the CO_2 footprint, which shows the emissions of greenhouse gases by Enexis. This chapter contains an explanation of the calculation of the CO_2 footprint. The results of the calculation of Enexis' CO_2 footprint can be found on pages 54 and 55. Pages 128 and 129 contain an explanation of the calculation of the CO_2 footprint.

Demarcation and gathering of information

In determining the subdivision of this report, four main themes were selected which closely align with the activities of Enexis and the interests of the stakeholders, specifically Government and financial world, Customer and market, The grids, People and organisation. Careful consideration has been given to the subjects to be reported on. Looking specifically at the GRI indicators on which Enexis reports in the Annual Report, each time a consideration was made between relevance for the management of Enexis, materiality (degree of material significance) and the investment required to obtain the relevant data. This weighing up for the application of GRI was made in 2010 and has applied since then.
When gathering information, a distinction can be made between quantitative and qualitative information. The quantitative information is, where possible, derived from Enexis systems, hence subject to all internal control measures. The gathering and substantiation of these non-financial data is placed under the responsibility of the Planning and Reporting department of Finance, with close involvement of the business controllers.
The qualitative information is aligned to the main themes of Enexis. The information on these themes is provided and substantiated by the people responsible within the organisation. The section Management Approach to CSR on page 127 addresses the themes that are prescribed by the GRI guidelines.

In this annual report, we report on the efforts and realisation of objectives in 2012. We also present our plans and vision for the future. This so-called forward-looking information can be recognised from words such as aim for, expect, want, forecast, goal, vision, ambition, intention and prediction. It is inherent in future expectations that the results are subject to risks, and realisation is uncertain. Therefore, the external auditor provides no assurance on the realisation of forward-looking information.

Management Approach to Corporate Social Responsibility (CSR)

CSR is part of the regular operational management within Enexis. Each of the management members is responsible for one or more areas in which they are specifically involved. These are the so-called focus areas.

Policy is supported by three pillars:

- Intelligent grids (including Smart Grid, biogas);
- Insight into Energy consumption (including smart meters, 'Energie in Beeld');
- Enexis Sustainable (including CO_2 footprint, waste management).

For each of these pillars, targets were formulated in 2012 and included in the scorecard of the Management Board. The people responsible are supported by a CSR coordinator, who is part of the Strategy and Regulation department. During a bimonthly internal sustainability meeting, the Management Board and the various people responsible discuss the progress, ambitions and direction of the various initiatives. In addition, efforts are made to increase CSR awareness among the employees, for example by means of newsletters, articles in the company journal, and presentations. As regards the various categories that GRI distinguishes, the management approach is as follows.

Environment

Compliance with environmental legislation is embedded in the core processes at Enexis. Line management is responsible for this. Each individual employee is responsible for following it up in the implementation. Monitoring relevant legislation has been placed with the Health, Safety and Environment department. Enexis is transparent in the area of CO_2 emissions, by calculating and publishing the CO_2 footprint.

Working conditions and valuable work

Enexis is certified according to Pas 55-1/NTA 8120. More on this can be found in the chapter 'People and organisation'. The person delegated with responsibility for this is the Asset Management director. Safety is the responsibility of line management, supported by a Health, Safety and Environment staff department. There is a process for reporting and analysis of Undesirable Events (Ongewenste Gebeurtenissen - OGBs). The desired performance in the area of safety is stated in the company-wide objectives of Enexis and is measured and reported externally using the DART rate. Please refer to the paragraph 'Working safely' in the chapter 'People and Organisation'. Contractors are required to hold a VCA certificate.

Human rights

There is no specific policy in the area of (improving) human rights. Satisfying basic human rights is normal in the work of Enexis. Monitoring of legislation and compliance in this area are delegated to the Manager of Legal Affairs.

A Code of Conduct applies to all Enexis internal employees. They receive no special training in the field of human rights. Suppliers must sign the Supplier Code of Conduct. More about this can be found on page 53.

Society

Enexis places great emphasis on the social importance of its core business. This is defined in the Strategy and is the responsibility of the Management Board.

Product accountability

The quality of products is guaranteed via a system certified according to PAS 55-1/NTA 8120. More information about this can be found in the chapter 'The grids'. The person to whom this responsibility is delegated is the Asset Management director. The assessment framework is formed by the regulation of grid operators, in which conditions are set for prices and performance indicators for the basic services.

These are checked by the Office of Energy Regulation of the Netherlands Competition Authority (NMa). In addition, Enexis has a Compliance Officer belonging to the Strategy and Regulation department who provides solicited and unsolicited advice to the directors and management.

Explanation to the calculation of the CO_2 footprint

As a guideline for calculating the CO_2 footprint, Enexis uses the Greenhouse Gas (GHG) Protocol, Corporate Standard. The CO_2 footprint is part of the Consolidated Annual Report of Enexis Holding N.V. The organisational scope of the footprint therefore contains the annual emissions as a result of the operations of the business units that are included in that report: Enexis B.V. and Fudura B.V. The effects of operations of minority interest Ziut and of the Stichting e-laad are not included.

Enexis has opted for the Operational Control approach of the GHG Protocol. The operational scope of the footprint therefore contains the operations over which Enexis has a decisive degree of control. These are operations associated with the installation and management of grids for the transport of electricity and gas. Enexis has both a field service and a supporting office organisation for this purpose.

All greenhouse gases are reported in CO_2 equivalents. Besides CO_2, Methane and SF6 emissions are additionally reported. The conversion factors for CO_2 equivalents are derived from the IPCC Fourth Assessment Report with an outlook period of 100 years. Conversion factors for converting energy consumption into CO_2 emissions are based where possible on primary data and otherwise are taken from the 2012 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting. Nitrous oxide (N_2O) emission is part of the factors for car fuel. The method of calculation for the CO_2 footprint is recorded in a Monitoring Protocol. Specific models have been developed in 2012 for calculating the chain emissions resulting from the manufacturing of operating equipment by suppliers and the treatment of industrial waste by the waste processing company. The resulting emissions are reported as chain emissions, also called scope 3 emissions.

The following components are part of the CO_2 footprint calculation:

Greenhouse Gas Protocol scope 1, emissions resulting from:

- Leakage of gas from the distribution grid. This is calculated according to "Protocol 11-013 Oil and gas distribution and transportation", issued by the Dutch Ministry of Infrastructure and Environment for calculating emissions under the Kyoto Protocol. The basis for this is the pipeline length according to the Geographic Information system on the reference date of 31 December 2012. The calculation of the leaked amount of natural gas includes both the methane and CO_2 components. In accordance with the identified Protocol, the lengths of connecting pipes are not included.
- Leakage of the greenhouse gas SF6 from switching equipment. If it is unknown what percentage of the gas from an installation has leaked, the entire volume present is deemed to have been lost.
- Gas consumption in the company's own buildings. For the buildings that are entirely in use by Enexis, this is the measured consumption; for shared buildings, the calculated consumption on the basis of a key indicator is multiplied by the specific emissions from the burning of gas.
- Travelling and transport using the Enexis fleet of vehicles. The actual amount of fuel filled up is used as input. The emissions for the E-cars (electric cars) in the fleet are not included separately. If the E-car recharging is done at Enexis buildings, the consumption is usually part of the consumption of the building; elsewhere the charged energy is not recorded. Because the charging points of Stichting e-laad, at which there is a lot of charging, supply green electricity, the emissions not included are deemed to be negligible.

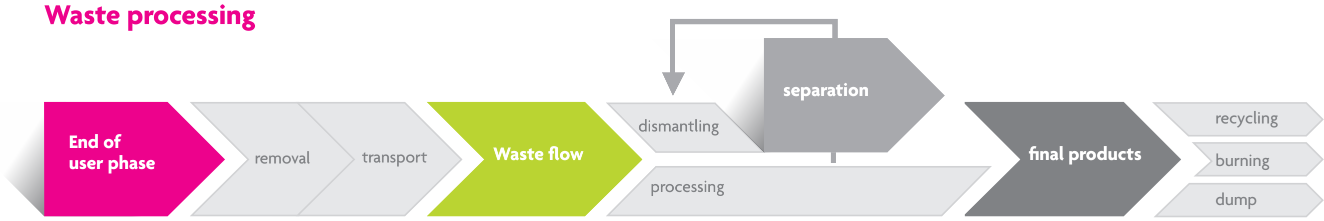
Greenhouse Gas Protocol scope 2, emissions resulting from:

- Grid loss with electricity transport. This loss, which arises due to electrical resistance in cables and other components, is determined in the allocation and reconciliation processes. The timeline of the reconciliation process only provides a final value 17 months after the end of the financial year. The CO_2 footprint reconciles with the financial year-end using an adjustment for the (limited) still expected reconciliation result. The grid loss is purchased on the wholesale market. Besides the quantity of kWh, Enexis purchases Guarantees of Origin (GoOs) from Scandinavian hydroelectric power stations, which guarantee that a certain amount of energy is generated sustainably. These GoOs are credited and redeemed according to the rules of the AIB (Association of Issuing Bodies). For the purpose of transparency, besides the emissions associated with the use of renewable energy, Enexis reports the emissions that Enexis has avoided in its own footprint due to this choice. In that case, the emission factor of the RWE Supply and Trading Netherlands Structured Origination Mix is used. This factor varies from year to year on the basis of the fuel mix at the suppliers. The chain emissions of the hydroelectric power stations are not included in scope 3, nor are the chain emissions of other energy generators.
- Electricity consumption in the company's own buildings. For the buildings that are entirely in use by Enexis, this is the measured consumption; for shared buildings, the calculated consumption on the basis of a key indicator is multiplied by the emission factor stated by the energy supplier. This was zero in 2012, because energy was purchased from Dutch wind turbines for the entire year.

Greenhouse Gas Protocol scope 3, emissions resulting from:

- Travelling by employees using their own transport and public transport.
  - Commuting and business trips. Calculated using the kilometres from expense claims. The calculation of the emissions is based on the average composition according to CBS StatLine for the Dutch fleet of vehicles and its average fuel consumption.
  - Railway travel. Calculated using the statement of the NS (Dutch Railways), both the total number of kilometres travelled on Business Cards and the emission factor per passenger kilometre.
  - Taxi trips. The basis of the statement of the NS on Business Cards.
  - Air travel. Calculated using the statement of flights from the contracted travel agent. Different emission factors apply for continental and intercontinental flights.
- Production of new assets. For the different categories of assets (including cables, gas pipelines, transformers), the emissions from production are determined on the basis of primary data and key figures. These values are multiplied by the assets actually put to use during 2012. Taking account of the limitations concerning completeness in the chain, it was decided to report the total emissions from the production of assets in the year of commissioning.
- Treatment of industrial waste. The chain of waste treatment is mapped in cooperation with waste processing company Sita and consulting firm Ecofys. All the steps from disposal up to and including final processing are identified for each of the main flows (see diagram). The emissions in processing for each unit of weight are determined for each stage in the treatment, partly using primary data and partly on the basis of secondary data from the Eco-invent database. This is how the emissions in the processing of the waste flow are calculated.

Waste processing



The calculation of the chain emissions from the production of assets and from the treatment of industrial waste is based on the actual quantities of assets commissioned, or the waste provided to the waste processing company. The conversion to CO_2 emissions is based on data originating from third parties and on key figures from reliable and recognised source documents such as the Greenhouse Gas Protocol. This approach leads in the short term to insight on working on reducing emissions together with chain partners.

We emphasize that the quantification of CO_2 emissions is subject to uncertainties as a result of variables such as the emission factors used to calculate the emissions, the determination of the completeness of the CO_2 emissions originating from the chain, and the inability to determine these variables in all circumstances as a result of insufficient scientific knowledge. This provides room for improvement if more detailed primary data become available in the future.

The validation of the footprint is part of the audit of the non-financial section of the annual report.

GRI Index

To show the alignment with the GRI standards, below you will find the so-called GRI index, which can also serve as a reading guide. This is followed by additional information on a number of GRI indicators that are not included in the annual report, but which shed light on (aspects of) relevant GRI indicators.

Indicator	Specification	Page
EU3	Number of residential, industrial, institutional and commercial customer accounts	**35**
EU4	Length of above and underground transmission and distribution lines by regulatory regime	**35**
EU6	Reliability of electricity (Management approach to ensure short and long-term electricity availability and reliability)	**35**
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	**51, 132**
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	**49-50**
EU21	Contingency planning measures, disaster/emergency management plan and training programmes, and recovery/restoration plans	**132**
EU26	Percentage of population unserved in licensed distribution or service areas	**132**
EU29	Average power outage duration	**35**
EC4	Significant financial assistance received from government	**132**
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operations	**132**
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations	**48, 132**
EN3	Direct energy consumption by primary energy source	**55**
EN4	Indirect energy consumption by primary source	**55**
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	**25**, **29**, **39**, **41**
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	**55**
EN8	Total water withdrawal by source	**132**
EN16	Total direct and indirect greenhouse gas emissions by weight	**55**
EN17	Other relevant indirect greenhouse gas emissions by weight	**55**
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	**52-53**, **55**
EN19	Emissions of ozone-depleting substances by weight	**132**
EN22	Total weight of waste by type and disposal method	**47**
EN23	Total number and volume of significant spills	**132**
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulation	**132**

Indicator	Specification	Page
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	**55**
LA1	Total workforce by employment type, employment contract, and region	**51, 133**
LA4	Percentage of employees covered by collective bargaining agreements	**50**
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	**133**
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes	**51**
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	**49**
LA10	Average hours of training per year per employee by employee category	**50**
LA14	Ratio of basic salary of men to women by employee category	**133**
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	**53**
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	**133**
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	**4**, **40**
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes	**133**
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	**133**
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	**133**
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	**23-28**

Additional information for the substantiation of some GRI indicators

EU15 Percentage of employees eligible to retire

The determination is based on an average retirement age of 65 years old. In this case, 11% of the employees will retire within five years, and 31% within 10 years. This is based on the numbers in the table "Age structure of employees in 2012," on page 51. The effects of adjusting (increasing) the retirement age are not included.

EU21 Contingency planning measures, training programmes and recovery plans

Crisis plans are ready for all foreseeable emergency situations; the employees concerned have been trained. In general, these matters are safeguarded in the context of Enexis' certification according to NTA 8120 and Pas 55-1.

EU26 Percentage of population unserved in licensed distribution or service areas

Enexis has a connection obligation for the distribution of electricity; everyone is connected to the electricity mains. There is also a connection obligation for gas. For low-volume consumers an exception exists for so-called unprofitable areas and areas with district heat mains.

EC4 Significant financial assistance received from government

Enexis does not depend on government grants for its core operations. In 2012, however, Enexis did receive a number of grants, specifically for innovative projects concerning the energy transition. Below is a summary, together with the amounts received for this in 2012.

Amounts received in 2012

Amounts in EUR	2012
ESF grant	
Ipin scheme (Smart Grid)	261,255
O&O fund	399,689
Elektromobiliteit+ (electro-mobility)	81,750
EOS demo (smart storage)	70,710
SBIR	28,017
Brabantse OntwikkelingsMaatschappij (Brabant development company)	44,265
	885,686

EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operations

The Enexis salary tables have no fixed minimum starting salary. The policy is to pay median level +5% compared to the Dutch market average. That is more than offered by approximately 65% to 70% of the companies in the market, and is above minimum wage level. The benchmark used is the database of the Hay Group. This policy principle is embedded in the Enexis corporate collective labour agreement.

EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations

Enexis only operates in the Netherlands. Therefore there is no specific policy to recruit top management from the "local community". Technicians with fault monitoring shifts are naturally recruited in the regions where they work, to ensure smooth handling of outages.

EN8 Total water withdrawal by source

Enexis only uses water in its buildings, not in the processes. In 2012, 21,301 meters^3 of water were used in the buildings. This is discharged through the sewers. EN19 Emissions of ozone-depleting substances by weight: There is no use of ozone-depleting substances in the core processes.

EN19 Emission of ozone depleting substances according to weight

One does not work with ozone depleting substances in the key processes.

EN23 Total number and volume of significant spills and EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulation

There were no known Undesirable Events (Ongewenste Gebeurtenissen - OGBs) for which fines were imposed nor were there any Official Reports drawn up concerning the environment.

LA1 Origin and employment contract type of employees

Country	Province	Definite period	Indefinite period	Total
Belgium	Belgium		30	**30**
Germany	Germany	1	20	**21**
Foreign Total		**1**	**50**	**51**
Netherlands	Drenthe	11	339	**350**
	Flevoland		20	**20**
	Friesland	6	223	**229**
	Gelderland	3	105	**108**
	Groningen	17	478	**495**
	Limburg	29	977	**1,006**
	Noord-Brabant	59	1,253	**1,312**
	Noord-Holland	6	3	**9**
	Overijssel	18	578	**596**
	Utrecht	3	26	**29**
	Zeeland	1	6	**7**
	Zuid-Holland	3	14	**17**
Dutch Total		**156**	**4,022**	**4,178**
Total		**157**	**4,072**	**4,229**

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

Enexis uses the notice periods pursuant to the Dutch Civil Code.

LA14 Ratio of basic salary of men to women by employee category

Amounts in EUR	2012	2011
Average salary of female employees (in EUR):	3,422	3,120
Average salary of male employees (in EUR):	3,666	3,577

The difference can partly be explained by the lower average age of women who are employed and partly from a slightly lower classification of the type of jobs they hold.

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

There is a very limited risk of incidents in this area within the core operation. Therefore no specific training courses are provided in this area. However, there is a conduct guideline for employees, which was introduced in 2011.

SO7 Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes

There were no lawsuits brought against Enexis in 2012 related to anticompetitive behaviour, anti-trust, and monopoly practices (market access).

SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

There were no significant fines or sanctions imposed on Enexis in 2012. However, Enexis did receive claims for damages following outages of the supply of electricity and gas. These were dealt with in accordance with the applicable procedures.

PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements

For bulk consumption, each quotation is accompanied by a copy of the General Terms and Conditions. Customers among the low-volume consumers are referred to the general terms and conditions and their attention is drawn to the information contained on the website of Enexis and on sites that provide information about responsible use of energy, such as www.energieveilig.nl (energy safely).

Management Board

Han Fennema
Chairman of the Management Board

Han Fennema (12 September 1964) has been Chairman of the Enexis Holding N.V. Management Board since 1 September 2010. Mr Fennema has held various positions in the energy world. He held a number of positions at Exxon Mobil in the fields of ICT, finance, logistics and joint venture management. After that he was director of strategy at Eneco's holding company, and subsequently Managing Director of Eneco Netbeheer (Eneco's grid management), then Management Board member and COO of Eneco Energie. Mr Fennema is Chairman of Netbeheer Nederland (Dutch grid management) and a member of the management committee of the Stichting e-laad. He is also a supervisory director of Ziut B.V.

Maarten Blacquière
Management Board Member/CFO

Maarten Blacquière (28 January 1967) has been CFO since 1 December 2012, and Management Board Member/CFO of Enexis Holding N.V. since 1 January 2013. Mr Blacquière has held various financial positions. From January 2006 to November 2012 he had the job of CFO at GasTerra B.V. Before this, Mr Blacquière worked at Esso Nederland B.V, including as European Financial Accounting & Reporting Migration Manager and Benelux Financial Reporting Manager. Since 2011, Mr Blacquière has also been a member of the Board of Stichting Pensioenfonds Gasunie (Gasunie pension fund trust) and member of the Supervisory Board and Audit Committee of Stichting Zorggroep Leveste Middenveld (a care/healthcare trust).

Supervisory Board

D.D.P. Bosscher
Mr Bosscher (30 January 1945) has been Chairman of the Supervisory Board since 2008, reappointed in 2012 and due to retire in 2016. Mr Bosscher is also Chairman of the Remuneration and Selection Committee. He is also a Management Board Member of the Stichting Imtech. Former Technology and Development Director of Sappi Fine Paper plc. He holds Dutch nationality.

Ms M.E.J.M. Caubo
Ms Caubo (7 November 1961) was appointed as a member of the Supervisory Board in 2011, and is due to retire in 2015. She is also a member of the Remuneration and Selection Committee. Ms Caubo is director of Responsible Care at DSM. She is also chairwoman of the Supervisory Board of the Stichting Conrisq Groep. She holds Dutch nationality.

Ms W.M. van Ingen
Ms Van Ingen (1 March 1958) was appointed as a supervisory director in 2008, reappointed in 2012, and is due to retire in 2016. She is a member of the Audit Committee. Ms Van Ingen is chairwoman of the Management Board of law firm Nysingh advocaten-notarissen N.V. She is also a supervisory director at Woonbeheer Borne (housing corporation) and Rabobank Apeldoorn and Surroundings (a major cooperative bank). She is also chairwoman of the Fanny Blankers-Koen Games and deputy chairwoman of the Industriële Kring Twente (Twente Industrial Circle). She holds Dutch nationality.

R. de Jong
Mr De Jong (24 September 1948) was appointed Supervisory Director in 2008, reappointed in 2012 and he will retire in 2016. He is vice chairman of the Supervisory Board and chairman of the Audit Committee. Mr De Jong, formerly CFO at Essent N.V., is also chairman of the Supervisory Board of EAH Holding B.V. (Thialf) and Bakeplus Holding B.V., supervisory director of USG People N.V., supervisory director of N.V. Nederlandse Gasunie, board member of Stichting Aandelenbeheer BAM Groep, board member of Stichting tot het houden van Preferente- en Prioriteitsaandelen B Wereldhave and member of the Supervisory Board of the Healthcare Sector Guarantee Fund. He holds Dutch nationality.

M.A.E. Calon
Mr Calon (18 January 1959) was appointed Supervisory Director in 2012 and will retire as such in 2016. He is a member of the Audit Committee. Mr Calon was a member of the Provincial Executive in the province of Groningen. He is chairman of Aedes (Federation of social housing institutions in the Netherlands). He holds Dutch nationality.

Supervisory Board Committees

Audit Committee

R. de Jong (chairman)
W.M. van Ingen
M.A.E. Calon

Remuneration and Selection Committee

D.D.P. Bosscher (chairman)
M.E.J.M. Caubo

Shareholders' Committee

The Shareholders' Committee consists of delegates from provinces and municipalities. Its members are appointed by the General Meeting of Shareholders.

The Shareholders' Committee had the following composition at year-end 2012:
Province of Noord-Brabant: L.W. Pauli
(Member of the Executive Council of Noord-Brabant)
Province of Overijssel: T.W. Rietkerk
(Member of the Executive Council of Overijssel)
Province of Limburg: M. Verheijen [1]
(Member of the Executive Council of Limburg)
Provinces of Groningen, Flevoland and Drenthe:
J.W.Moorlag (Member of the Executive Council of Groningen)
VEGAL: C.A.M. Hanselaar-van Loevezijn
(Mayor of Roerdalen, Chair of VEGAL)
VEGANN: J. Kroon [2] (Mayor of Urk, on behalf of VEGANN)
Brabant municipalities: J.W.F. Hoskam
(Executive Councillor, Municipality of 's-Hertogenbosch)

Composition of the Works Council

W. (Wouter) Camfferman (chairman)
A.R. (Aldo) van den Bos (secretary)
E.H.J.M. (Eef) Verhoeven (deputy chairman)
P.J.M. (Peter) Doreleijers (deputy secretary)
D.J. (Dik) Brokken
G.J. (Gerrit) van Diggelen
J.J.A.J. (Jacques) Haans
H.B. (Henk) Hulzebosch
A.C.M. (Guus) ter Laare
Y. (IJbe) van Nielen
H. (Rieks) Reinders
Mevrouw C.S. (Cindy) Scholten
F.E.M. (Frank) Schonewille
J.A.W. (Hans) Sluyter
A.G. (Algèr) Snijder
A.J.M. (Alfons) Vollenbroek
P.W. (Peter) Weldam
Mevrouw A. (Astrid) Woldinga
J.F.N.M. (Jo) Custers (official secretary)

1. In September 2012, Mr M. Verheijen resigned his position in the Executive Council of Limburg, and became a member of the Lower House of the Dutch Parliament. From that time, Mr E. Koppe replaced him in the Shareholders' Committee. The General meeting of Shareholders on 26 April 2013 will be requested to appoint Mr Koppe as a member of the Shareholders' Committee.
2. Mr J. Kroon resigned as mayor in 2012. Mr W. Mulder has attended Shareholders' Committee meeting on behalf of the VEGANN since that time. On 26 April 2013, Mr W. Mulder will be nominated for appointment as a permanent member of the Shareholders' Committee.

Publication details

Publisher
Enexis Holding N.V.
P.O. Box 856
5201 AW 's-Hertogenbosch, the Netherlands
Telephone: +31 (0)88 857 77 77

The annual report is available online on our website
www.enexis-ref.nl/site/downloads.jsp

Editing and production
Communications department of Enexis, Rosmalen,
and Martin van den Akker

Draft and layout
DartGroup, Amsterdam

Photography
Annabelle Oosterweghel, Vincent van den Hoogen

Illustrations
DartGroup, Amsterdam

English translation
AVB Vertalingen, Amstelveen

The original Dutch version of this annual report
is available at www.enexis.nl

The Dutch printed version takes precedence.

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ENERGIE IN GOEDE BANEN