

**FULL FINANCIAL
STATEMENTS**

2010

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FINANCIAL REVIEW

Consolidated financial statements

Enexis achieved a profit for the year 2010 of EUR 193.7 million. A key factor in 2010 was the big reduction in the regulated tariffs, which led to decline in revenue of EUR 61.3 million. The strategy of Enexis was focused on compensating for a part of this lower revenue by cost savings, which resulted in a reduction of EUR 25.0 million in the cost level.

Profit developments

Operating profit was down from EUR 399.1 million in 2009 to EUR 349.7 million in 2010. This decline of EUR 49.4 million, was due to the lower gross profit of EUR 152.2 million, which was partly compensated by lower operating expenses of EUR 102.8 million. Financial expenses were EUR 21.3 less favourable on balance than in 2009. The share of profit of associates was also EUR 4.3 million lower. These developments together led to a decline in profit for the year of EUR 69.4 million compared with 2009.

Gross profit

Gross profit was down by EUR 152.2 million. After elimination of the revenues in 2009 of Enexis Lighting B.V. and Lighting View B.V., which were transferred in November 2009 to Ziut¹, as well as a number of exceptional items (one off repayment by TenneT and proceeds from the sale of UMTS masts to TenneT), the gross profit declined on balance by EUR 48.7 million. The decline in revenue was largely due to lower prices as a result of the X-factors imposed by the Energiekamer (Dutch Office of Energy Regulation) on the energy transport tariffs. On the other hand the cost of sales, after normalisation for exceptional items in 2009, showed a decline of EUR 17.4 million, resulting largely from one-off items. Favourable price differences on the grid losses were compensated by unfavourable price differences in the transport tariffs paid to TenneT.

¹ Financial data for Enexis Lighting B.V. and Lighting View B.V., which were transferred to Ziut in November 2009, are recognised at the following amounts in the consolidated income statement for 2009 of Enexis Holding N.V. (amounts in millions of euros):

Gross profit		65.4
Employee benefits expense	15.6	
Depreciation	0.7	
Cost of work contracted out, materials and other external expenses	42.7	
Other operating expenses	1.3	
.....		
Total operating expenses		60.3
Financial income and expenses		-0.1
.....		
Profit before tax		5.2

Operating expenses

Operating expenses declined by EUR 102.8 million. After elimination of the costs in 2009 of Enexis Lighting B.V. and Lighting View B.V., which were transferred to Ziut B.V. in November 2009, the remaining decline was EUR 37.5 million. This is the balance of the fall in operational costs by EUR 57.8 million and an increase of EUR 15.2 million in depreciation charges. Of the fall in operational costs, EUR 25.0 million was a result of the continuing efforts made in the efficiency programme which was initiated in 2009, the compensation for 'own product discount' for employees of EUR 12.7 million paid in 2009, a positive effect of changes in provisions of on balance EUR 30.5 million, and a number of one-off costs incurred in 2009 in relation to the unbundling of Enexis. On the other hand there was an increase in the expenses for policy spearheads such as sustainability, a number of initiatives such as e-laad, sustainability pilots (including Red Carpet and Smart Grid), the in-company training schools and the trainee programme, with costs totalling EUR 12.3 million.

Depreciation charges increased by EUR 15.2 million as a result of the higher level of investments – partly in IT systems – and higher impairment charges as a result of grid divestments associated with replacement and reconstruction projects. These were to a large extent caused by the increasing replacement investments.

Financial income and expenses

The balance of financial income minus expenses was EUR 21.3 million lower than in 2009. Interest income in that year was higher than in 2010 because of interest received in relation to the transfer of the high-voltage grid to TenneT. Interest charges were higher than in 2009 because loans were taken in part of 2009 at a variable, low interest rate, while in the whole of 2010 a fixed interest rate was paid on loans with a fixed duration.

Profit for the year

Profit in 2010 was EUR 69.4 million lower at EUR 193.7 million, compared with EUR 263.1 million in 2009.

Cash flow

Cash flow from operating activities was EUR 629.1 million positive. Cash flow from investing activities was EUR 412.1 million negative. On balance cash flow before financing activities was EUR 217.0 million positive. Cash flow used in financing activities was EUR 79.0 million negative. This relates primarily to dividends for 2009 paid to shareholders. On balance the total cash flow for continuing activities was EUR 138.0 million, by which amount the cash and cash equivalents increased to EUR 330.2 million positive. Most of these cash resources are on deposit.

CONSOLIDATED FINANCIAL STATEMENTS 2010

CONSOLIDATED INCOME STATEMENT

	Note	2010	2009
Revenue from the supply of goods and services	1	1,204.2	1,358.1
Cost of sales	2	218.7	223.4
Gross profit		985.5	1,134.7
Other operating income ¹	3	11.4	14.4
Gross profit plus other operating income		996.9	1,149.1
Employee benefits expense	4	220.4	260.7
Depreciation and impairments ¹	5	248.5	233.3
Cost of work contracted out, materials and other external expenses	6	164.9	239.8
Other operating expenses	7	13.4	16.2
Total operating expenses		647.2	750.0
Operating profit	8	349.7	399.1
Share of profit of associates	9	4.9	9.2
Financial income	10	5.0	15.5
Financial expenses	10	98.8	88.0
Financial income and expenses		-93.8	-72.5
Profit before tax		260.8	335.8
Income tax expense	11	67.1	72.7
Profit for the year²	8	193.7	263.1

Amounts in millions of euros.

¹ The comparable figures for 2009 were restated because of a change in the presentation of contributions to investments in grids and connections received from third parties. This restatement has no impact on equity or profit for the year (see further page 24 note 3).

² The profit for 2010 is EUR 1.29 per share (2009: EUR 1.76). The profit for the financial year 2010 relates solely to profits realised.

CONSOLIDATED BALANCE SHEET

(BEFORE PROPOSED APPROPRIATION OF PROFIT)

	Note	31 December 2010	31 December 2009
ASSETS			
Property, plant and equipment ¹	13	4,938.2	4,795.3
Intangible assets	14	85.3	63.1
Associates	15	32.9	32.5
Other financial assets	16	2.8	2.7
Non-current assets		5,059.2	4,893.6
Inventories	17	16.7	15.3
Receivables	18	504.2	575.2
Cash and cash equivalents	19	330.2	192.2
Current assets		851.1	782.7
Assets held for sale	20	1.2	0.7
Total assets		5,911.5	5,677.0

¹ The comparable figures for 2009 were restated because of a change in the presentation of contributions to investments in grids and connections received from third parties. This restatement has no impact on equity or profit for the year (see further note 13).

	Note	31 December 2010	31 December 2009
LIABILITIES			
Issued and paid-up share capital		149.7	149.7
Share premium reserve		2,436.3	2,436.3
General reserve		184.2	0.0
Profit for the year		193.7	263.1
Equity	21	2,963.9	2,849.1
Non-current interest-bearing liabilities	22	1,910.9	1,912.0
Non-current provisions	23	58.1	67.0
Advance contributions for installation of grids and connections ¹	24	290.3	217.3
Deferred income tax	26	65.7	26.8
Non-current liabilities		2,325.0	2,223.1
Trade and other payables	27	571.9	562.2
Current interest-bearing liabilities	28	15.5	14.5
Income tax expense	11	17.5	0.4
Current provisions	23	17.8	27.7
Current liabilities		622.7	604.8
Total liabilities		5,911.5	5,677.0

CONSOLIDATED CASH FLOW STATEMENT

	2010	2009
Amounts in millions of euros.		
Profit for the year	193.7	263.1
Depreciation, amortisation and impairments	242.6	229.1
Contributions for installation of grids and connections ²	78.9	114.9
Changes in provisions, working capital and other items	113.9	8.8
Cash flow from operating activities	629.1	615.9
Investments in, property, plant, equipment and intangible assets ²	-411.8	-414.5
Changes in assets and liabilities held for sale	-0.5	314.5
Acquisition of associate	-0.2	
Changes in financial assets	-0.2	0.9
Proceeds from sale of associates	0.0	6.7
Proceeds from sale of non-current assets	0.5	2.3
Cash flow from investing activities	-412.1	-90.1
Cash flow before financing activities	217.0	525.8
Change in interest-bearing liabilities	-0.1	-335.6
Dividend paid	-78.9	-
Additional capital contribution ¹	-	350.0
Repayment of bridge loan ¹	-	-350.0
Cash flow used in financing activities	-79.0	-335.6
Total cash flows	138.0	190.2
Cash and cash equivalents at beginning of year	192.2	2.0
Cash and cash equivalents at end of year	330.2	192.2

¹ The additional capital contribution and the repayment of the bridge loan did not generate cash flows.

² The comparable figures for 2009 were restated because of a change in the presentation of contributions to investments in grids and connections received from third parties. This restatement has no impact on equity or profit for the year.

Further information about the consolidated cash flow statement is given in note 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Profit for the year	Total equity
At 1 January 2009	20,000	0.020	1,023.6	1,064.9	147.5	2,236.0
Profit appropriation for 2008	-	-	-	147.5	-147.5	0.0
Capital contribution on instruction of Minister of Economic Affairs ¹	-	-	350.0	-	-	350.0
Repurchased from shareholder	-20,000	-0.020	-1,373.6	-1,212.4	0.0	-2,586.0
Issue and full payment of share capital ²	149,682,196	149.7	2,436.3	-	-	2,586.0
Profit for the year 2009	-	-	-	-	263.1	263.1
At 31 December 2009	149,682,196	149.7	2,436.3	0.0	263.1	2,849.1
At 1 January 2010	149,682,196	149.7	2,436.3	0.0	263.1	2,849.1
Profit appropriation for 2009	-	-	-	184.2	-184.2	0.0
Dividend paid for 2009 ³	-	-	-	-	-78.9	-78.9
Profit for the year 2010	-	-	-	-	193.7	193.7
At 31 December 2010⁴	149,682,196	149.7	2,436.3	184.2	193.7	2,963.9

¹ As a result of an instruction by the Minister of Economic Affairs dated 26 May 2009 in relation to the unbundling ('De Aanwijzing'), EUR 350 million in shareholder loans was converted into equity.

² Deed of transfer of shares in the capital of Enexis Holding N.V. by way of distribution of reserves.

³ The dividend payable to shareholders for 2009, which was paid in 2010, was EUR 0.53 per share (2009: n.a.).

⁴ At year-end 2010 the total equity per share was EUR 19.80 (2009: EUR 19.03).

Amounts in millions of euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

Enexis Holding N.V., based in Rosmalen, the Netherlands, is responsible for the construction, maintenance and management of the distribution grids for electricity (cables and mains) and gas (mains and pipelines), and related operations, which mainly involve core-strengthening, unregulated activities in the fields of metering services and public lighting, rental of medium-voltage installations, and the installation and management of private energy-distribution grids.

Enexis Holding N.V. is a public limited liability company. About 74% of the Enexis shares are held by six Dutch provinces and about 26% by 121 Dutch municipalities.

The financial statements, which have been prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for its approval on 28 March 2011. The financial statements, signed for approval by the Supervisory Board, were presented to the Annual General Meeting of Shareholders for adoption on 20 April 2011.

2. Basis of preparation

2.1 General

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

The financial statements of Enexis Holding N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS) as accepted by the European Union. In addition, the financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code.

2.2 New and/or amended IFRS standards in 2010

Enexis Holding N.V. has adopted the following new and/or amended standards and interpretations, which are effective as of financial year 2010, for the first time in the financial statements for 2010.

IFRIC 18 'Transfers of Assets from Customers'. This amendment applies to accounting for transfers of assets from customers, and results in a change in the presentation of advance contributions. This amendment is applied with retrospective effect to 1 January 2008. See further notes 3, 5, 13 and 24.

Amendment of IAS 24 'Related Party Disclosures' with effect from 2010. This amendment concerns guidelines for additional information about related parties. It has minimal effects for Enexis Holding N.V.

Additions to IFRS 1, IFRS 2 and IAS32. These additions have no effects for Enexis Holding N.V.

Addition to IAS 27 and amendment of IFRS 3. No events with effects for Enexis Holding N.V. as a result of this addition and amendment occurred in 2010.

Interpretations of IFRIC 14, IFRIC 17, IFRIC 19. Under the present circumstances, these interpretations have no effects for Enexis Holding N.V.

Enexis Holding N.V. has not yet applied the following IFRS standards and interpretations in the financial statements for 2010:

IFRS 8 'Opening Segments', effective from financial year 2009. This standard states further requirements for the segment specification in the financial statements, relating to tightening the definition of segment and providing extra information.

Amendment of IFRS 7 'Financial Instruments'. This amendment relates to guidelines for additional information about financial instruments. This amendment has not yet been accepted by the European Union, but under the present circumstances will have no effects for Enexis Holding N.V.

IFRS 9 'Financial Instruments', effective from financial year 2013. This addition to the standard has not yet been accepted by the European Union.

Improvements to IFRS standards, effective from various dates. The interpretations have not yet been accepted by the European Union.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Enexis Holding N.V. and its subsidiaries.

Associates are legal entities and companies over whose management and financial policy the Company can exercise control. Associates are included in the consolidation from the date on which control is obtained. Associates are excluded from the consolidation from the date on which control ceases. 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 disclosed 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 situation, the transaction is treated as a change in equity, with the difference between the acquisition price and the fair value being taken to the other reserve.

2.4 Accounting policies

Accounting estimates and assumptions

The preparation of the financial statements requires the use of certain estimates and assumptions that affect the amounts presented. Differences between the actual results and these estimates and assumptions impact the amounts that will be recognised in future periods.

The assumptions and estimates used by management particularly affect the measurement of property, plant, equipment and intangible assets (useful economic lives and residual values), the need to recognise impairments of property, plant, equipment and intangible assets, the measurement of any deferred income tax assets, receivables (need to recognise potential impairments), provisions for employee benefits (actuarial assumptions) and other provisions, and the recognition of revenue (as a result of meter readings spread throughout the year and regulatory requirements).

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date. Income and expenses denominated in foreign currencies are translated at the exchange rates ruling on the corresponding transaction dates. Any resulting exchange differences are recognised through profit or loss.

Netting

The assets and liabilities relating to one counterparty are netted provided there is a contractual right to net the amounts recognised and there is the intention to do so. If there is no intention or no actual netting, each contract is treated separately as an asset or a liability.

Presentation

The classification used for the presentation of the income statement is by category.

Revenue

'Revenue represents the income from the supply of goods and services relating to the transport of electricity and gas, and other activities, less value-added tax and energy tax. Charging of low-volume consumers is on the basis of fixed costs depending on the capacity 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 load. The amount of revenue from the distributed energy is regulated by the Office of Energy Regulation and is determined based on the billed standing charges plus an estimate of the remaining billable standing charges minus an estimate of the remaining billable standing charges at the end of the previous financial year.'

Cost of sales

This concerns the cost of sales directly attributable to revenue, including energy transport charges and grid losses.

Grants and subsidies

Investment grants are recognised as reductions in the carrying amount of the asset concerned and released to profit or loss based on its useful life. Operating subsidies are recognised in profit or loss 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 consists of income not directly related to the Company's core activities.

Depreciation is applied to advance contributions for the installation of grids and new connections in parallel with the depreciation of the assets concerned and included 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 (i.e. employee benefits expense and cost of materials in particular) are deducted from the relevant cost categories.

Financial income and expenses

Interest received and paid is allocated to the period to which it relates, using the effective interest method.

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 on a straight-line basis. The expected useful life of the asset is taken into account in determining 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 through profit or loss.

Intangible assets

Intangible assets mainly comprise application software costs. All intangible assets are carried at cost less accumulated depreciation and any impairment losses. Depreciation is applied on a straight-line basis. The expected useful life of the asset is taken into account in determining depreciation. The useful lives are assessed each year, with any adjustments being recognised prospectively.

Impairments

During the year, it is assessed whether there is any indication that an asset may be impaired. If there are any such indications, 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. Value in use is determined based on 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 recognised through profit or loss. An impairment loss can be reversed if the

assumptions used for determining the recoverable amount no longer hold. 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 depreciation) had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised through profit or loss.

Associates

The carrying amounts of economic interests that do not belong to Enexis Holding N.V. (i.e. joint ventures and associates) 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 share of profit of the associate of Enexis Holding N.V. 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 includes loans to associates, to the extent that the loans are integral to 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).

Other financial assets

There are two categories of other financial assets:

- Assets available for sale.
- Loans and receivables.

Assets available for sale

This category includes equity interests over which the Company has no significant influence. Such interests are recognised at cost on acquisition (i.e. their fair value at the time) and subsequently at fair value. If a subsequent fair value cannot be reliably measured, the measurement is at cost. Unrealised gains and losses due to changes in fair value are temporarily recognised in equity as part of the IAS 39 reserve. On disposal of equity interests, the reserve is released to profit or loss. Impairment losses are recognised through profit or loss.

Loans and receivables

Loans to associates or external parties are carried at amortised cost less a provision for doubtful debts, if necessary.

Inventories

Inventories are stated 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 their purchase and to bringing inventories to their present location and condition.

Receivables

Receivables (including trade receivables) are carried at face value, if necessary net of a provision for doubtful debts. Several customer risk profiles are used to determine the provision. A separate provision is recognised for trade receivables. When it is firmly established that a receivable is uncollectable, it and the corresponding provision are both written off.

Netting and presentation of trade receivables and advances from private and small business customers are based on billing groups: a grouping method for customers based on the period in which their meters are read for the purpose of issuing energy bills. Other receivables, prepayments and accrued income are stated at face value, net of a provision for doubtful debts, which is deducted directly from the carrying amount.

Cash and cash equivalents

Cash and cash equivalents and securities are recognised at fair value.

Assets held for sale

Assets held for sale can comprise individual assets and/or asset groups, including the related liabilities if any. Assets or asset groups that management intends to sell within one year and whose sale within that term is highly probable are classified separately under current assets. On initial classification, such assets or asset groups, less any impairments recognised through profit or loss, are measured at the lower of their carrying amounts and fair values less costs to sell. Once classified as held for sale, they are no longer impaired.

Non-current interest-bearing liabilities

Non-current interest-bearing liabilities are carried at amortised cost using the effective interest method. Repayments 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 new connections

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

Deferred income tax

Deferrals relating to the differences between the carrying amounts and tax bases of property, plant and equipment and employee benefits provisions are shown separately as deferred income tax.

Provisions

Provisions are recognised for obligations enforceable at law or constructive 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 to 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 through profit or loss. Any cash outflows expected within a year of the balance sheet date are included separately 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, plan assets and expenses individually to the participants. Any contributions made during a financial year are recognised through profit or loss for that year.

Trade and other payables

Trade and other payables are stated at face value.

Income tax expense

Income tax is calculated by applying the current 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.

Income tax is recognised through profit or loss, except to the extent that it relates 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 financial leases and recognised as purchases of property, plant and equipment, with recognition of a corresponding non-current liability.

At inception of the lease, 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 a financial charge and a repayment on 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 outstanding term 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 operational lease), the lease payments are recognised evenly over the term of the lease.

Cash flow statement

The cash flow statement has been 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. Cash and cash equivalents at the end of the year disclosed in the cash flow statement are those recognised in the balance sheet, less bank overdrafts.

1. Revenue from the supply of goods and services

	2010	2009	
Transport fees for 2010	1,005.8	1,024.0	Amounts in millions of euros.
Prior-year adjustments of transport fees	3.2	39.2	
One-off payment for loss of revenue from UMTS masts		29.0	
Other products and services sold	195.2	265.9	
Total	1,204.2	1,358.1	

Transport fees for 2010 were lower than in 2009 as a result of the tariff reductions imposed by the Office of Energy Regulation, compensated by an increase in revenues.

Prior-year adjustments of transport fees consist of changes relating to regulation, fraud, unused capacity, emergency supplies and adjustments to revenue in prior years.

The One-off payment for loss of revenue from UMTS masts was agreed at the time of the transfer of the high-voltage grid to TenneT.

The decline in Other products and services sold was due particularly to the sale of the activities of Enexis Lighting B.V. and Enexis Lighting View B.V. in 2009 and their transfer to the Ziut B.V. joint venture (47% equity interest), representing revenue of EUR 64.8 million. The regular Other products and services sold relate mainly to work for third parties and payments received from third parties for repair of damage to the Enexis grid.

2. Cost of sales

	2010	2009	
Transport and system services	136.1	104.7	Amounts in millions of euros.
Distribution losses	96.1	118.7	
Other purchase costs/prior-year adjustments	-13.5	-	
Total	218.7	223.4	

The substantially higher Transport and system services were due particularly to tariff and capacity adjustments by TenneT. The Distribution losses were lower as a result of more favourable purchasing rates (on average EUR 60.10 compared with EUR 78.50), although this was partly cancelled out by higher volumes (1,506 GWh compared with 1,469 GWh). Of the Other purchase costs/prior-year adjustments, EUR 6.6 million relates to an allocation/reconciliation adjustment, EUR 5.8 million to a prior-year settlement with TenneT, and EUR 1.1 million to the purchase of metering services.

3. Other operating income

	2010	2009
Contributions to investments in the installation of grids and new connections after depreciation	5.9	4.2
Subsidies and refunds received	0.4	0.1
Proceeds from sale of assets	1.2	2.3
Rentals	3.4	4.9
Other	0.5	2.9
Total	11.4	14.4

Amounts in millions of euros.

Proceeds from the sale of assets in 2009 were influenced by the transfer of assets to TenneT.

Rental income related mainly to the rental of premises in Groningen (EUR 2.1 million) and the rental of premises to Ziut (EUR 1.1 million). None of the current rental contracts has a duration of more than one year.

Other income in 2009 related to a number of incidental settlements with TenneT and the release of the energy charge on unoccupied premises.

Under IFRIC 18, advance contributions for the installation of grids and new connections are from 2010 recognised as non-current liabilities with retrospective effect to 1 January 2008. Depreciation is applied to these contributions in parallel with the depreciation of the assets concerned and recognised as Other operating income in the income statement. See further notes 5, 13 and 24.

4. Employee benefits expense

	2010	2009
Salaries	196.2	205.4
Social security contributions	10.5	9.8
Pension costs	33.9	32.3
Outside staff	67.1	61.4
Allocation to provisions for employee benefits	-6.1	16.6
Other	22.5	26.0
Less: own production capitalised	-103.7	-90.8
Total	220.4	260.7

Amounts in millions of euros.

The workforce of Enexis increased by 228 in 2010 from 3,940 FTEs at year-end 2009 to 3,718 FTEs at year-end 2010. The increase was due primarily to the transfer of staff from Essent, in particular for billing, collection and the meter reading service (SSC) and a further change from external to internal staff.

After elimination of the exceptional items recognised in 2009 (Compensation for 'own product discount' of EUR 12.7 million and the establishment of a provision for reorganisation/transfer of staff of EUR 12.8 million) and the transfer of the Infra Products associate Ziut B.V. of EUR 15.3 million, an increase of EUR 0.5 million remains.

Of the additional employee costs of EUR 12.5 million resulting from the transfer of the SSC staff referred to above, EUR 7.9 million was compensated by a number of one-off cost items in 2009 and EUR 6.1 million by the release of employee-related provisions. The positive effect of EUR 12.9 million from higher capitalised production was partly cancelled out by higher salary costs as a result of the CAO (central labour agreement) increase of 1.1% from 1 July, the changed remuneration policy and the use of more outside staff.

The item Other includes travelling expenses, training costs and entertainment expenses.

5. Depreciation and impairments

	2010	2009
Depreciation of property, plant and equipment	215.6	211.3
Depreciation of intangible assets	19.7	13.2
Impairments	13.2	8.8
Total	248.5	233.3

Amounts in millions of euros.

Impairments relate to the disposal of grid components on replacement and reconstruction investments, and of transformers.

Under IFRIC 18, from 1 January 2008 depreciation is applied to advance contributions for the installation of grids and new connections in parallel with the depreciation of the assets concerned and recognised as Other operating income in the income statement. In 2010 this depreciation increased to EUR 5.9 million (2009: EUR 4.2 million). See further notes 3, 13 and 24.

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

	2010	2009
Work contracted out	83.8	127.0
Materials	15.9	36.2
Other external expenses	65.2	76.6
Total	164.9	239.8

Amounts in millions of euros.

On balance, a decline of EUR 9.4 million remains after elimination of the transfer of the Infra Products associate Ziut B.V. and the agreement with Essent for customer service agreement and meter reading which was terminated as a result of the transfer to Enexis of the employees concerned. This decline is the result of the continuation of the efficiency programme that was started in 2009 together with a number

of costs of a one off nature incurred in 2009 in relation to the unbundling of Enexis. On the other hand there were increased costs associated with spearheads such as sustainability, a number of initiatives such as e-laad, sustainability pilots (including Red Carpet and Smart Grid) and the in-company training schools.

7. Other operating expenses

	2010	2009
Released from/allocated to provisions	-7.5	2.8
Other (7a)	20.9	13.4
Total	13.4	16.2

Amounts in millions of euros.

In contrast to 2009, in which on balance an allocation was made to a number of other provisions, there was on balance a release from provisions in 2010 (see further note 23). The item Other was higher than in 2009 because of higher payments for service guarantees and compensation payments, costs relating to possible claims and higher environmental costs.

7a Accounting fees

Fees charged by Ernst &Young Accountants LLP in 2010 amounted to EUR 0.4 million in 2009 for accountancy services (2009: EUR 0.4 million) and EUR 0.1 for related activities (2009: EUR 0.1 million).

8. Exceptional items

Exceptional items include income and expense items that, in the view of management, do not arise in the normal course of business and/or because of their nature and size should be considered separately to enable a better analysis of the results. The lower limit for exceptional items is EUR 5 million.

Operating profit includes the following exceptional items:

	2010	2009
Normalised operating profit (excluding exceptional items)	333.0	377.9
<i>Expenses:</i>		
Compensation for 'own product discount' for all employees		-12.7
New provisions for reorganisation/employee transfers		-12.8
<i>Income:</i>		
Release of provision for reorganisation/employee transfers	5.8	
Settlement of prior-year purchases from TenneT	5.7	12.7
Release of provision for fiscal risks	5.2	
One-off payment for loss of revenue from UMTS masts		29.0
Partial release of provision for cross-border leases		5.0
Total exceptional items recognised in operating profit	16.7	21.2
Disclosed operating profit (including exceptional items)	349.7	399.1

The above items have the following impact on profit for the year:

	2010	2009
Profit for the year (excluding exceptional items)	181.3	247.3
Total exceptional items recognised in operating profit	16.7	21.2
Tax on exceptional items	-4.3	-5.4
Profit for the year (including exceptional items)	193.7	263.1

9. Share of profit of associates

	2010	2009
ZEBRA Gasnetwerk B.V.	2.1	2.6
Gain on sale of Lighting B.V. and Lighting View B.V.		6.7
GOB Euroservices B.V.		-0.1
Ziut B.V.	2.8	
Total	4.9	9.2

A gain on sale was achieved in 2009 on the transfer of Lighting B.V. and Lighting View B.V. to the joint venture Ziut B.V. (47% equity interest). Ziut first contributed as an associate to the profit of Enexis in 2010.

10. Financial income and expenses

	2010	2009
Interest received	5.0	15.5
Total financial income	5.0	15.5
Interest added to provisions	2.1	4.8
Other interest paid	96.7	83.2
Total financial expenses	98.8	88.0
Net financial expenses	-93.8	-72.5

Interest received in 2010 was higher than in 2009 because of interest received in relation to the transfer of the high-voltage grid to TenneT. EUR 1.4 million in construction interest was capitalised calculated on the basis of an interest rate of 4.26%.

Interest paid was higher than in 2009 because loans were taken in part of 2009 at a variable, low interest rate, while in 2010 a fixed interest rate was paid on loans with a fixed duration.

11. Income tax expense

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

The operations undertaken by Enexis Holding N.V. are subject to income tax. The income tax liability of each member of the tax group is determined and settled based on their profit disclosed in the financial statements and making allowance for any relevant exemptions. The reconciliation between the statutory income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

	2010	2009
In %		
Nominal statutory income tax rate in the Netherlands	25.50	25.50
Exempt from income tax and prior-year settlements	-0.51	-3.86
Effective tax rate for current year	24.99	21.64

The profit tax is as follows:

	2010	2009
Amounts in millions of euros		
Profit before tax	260.8	335.8
Exempt income and prior-year settlements	4.9	50.5
Taxable profit	255.9	285.3
Tax on current year	65.3	72.7
Adjustment preceding year	1.8	-
Total taxes	67.1	72.7
Of which deferred	38.9	26.8
Current portion	28.2	45.9

The deferred part of tax in 2010 is calculated on the basis of the change in the balance sheet items relating to deferred income tax assets and liabilities, in particular as a result of arbitrary depreciation.

Corporate income tax of EUR 1.8 million was recognised in 2010 on interest received of EUR 7.2 million in relation to the loan granted to TenneT in 2009 for the transfer of the high-voltage grid. It had been assumed in 2009 that this interest received would fall under the participation exemption. Because of developments in jurisprudence it has been decided for the sake of caution not to make use of this exemption.

12. Acquisitions

	2010	2009
Non-current assets	-	0.4
Current assets	-	8.9
Total assets acquired	-	9.3
Non-current liabilities	-	1.2
Current liabilities	-	4.1
Total liabilities acquired	-	5.3
Equity of acquired interest in Liandyn B.V.	-	4.0
Acquisition price of acquired interest in Liandyn B.V.	-	13.5

No acquisitions were made in 2010. The acquisition in 2009 referred to above relates to the participation acquired by Enexis Infra Products B.V. in Ziut B.V. without a controlling interest.

13. Property, plant and equipment

From 2010 and with retrospective effect to 1 January 2008, advance contributions from third parties for the installation of grids and new connections are no longer settled with gross investments and presented as property, plant and equipment, but instead are recognised separately under non current liabilities as 'advance contributions for installation' and depreciated as Other operating income. This change in presentation is in accordance with IFRIC 18 'Transfers of Assets from Customers', which was issued to bring uniformity to the different forms of presentation used in practice on the transfer of assets by customers, and also to make it clear that Enexis has a future delivery obligation. The comparative figures for 2009 have been adjusted in line with this change in presentation. The change results in an increase in the balance sheet total as at 31 December 2010 of EUR 290.3 million (31 December 2009: EUR 217.3 million). It has no effect on equity or profit for the year. See further notes 3, 5 and 24.

Changes in property, plant and equipment during 2010 were as follows:

	Land and buildings	Cables, pipelines and equipment	Other non current assets	Work in progress	Total 2010
Cost at 1 January	566.7	8,407.2	167.3	128.1	9,269.3
Accumulated depreciation at 1 January	261.0	4,090.8	122.2	0.0	4,474.0
Carrying amount at 1 January	305.7	4,316.4	45.1	128.1	4,795.3
Reclassified	0.0	0.0	-1.5	1.5	0.0
Consolidated and deconsolidated	0.0	0.0	0.0	0.0	0.0
Acquired	0.0	0.0	0.0	0.0	0.0
Reclassified work in progress	0.0	0.0	0.0	0.0	0.0
Assets held for sale	-1.8	0.6	0.0	0.0	-1.2
Purchased	4.0	302.6	20.9	47.0	374.5
Sold	-0.4	-1.1	-0.1	0.0	-1.6
Depreciated	-11.3	-208.3	-9.2	0.0	-228.8
Other	0.0	0.0	0.0	0.0	0.0
Carrying amount at 31 December	296.2	4,410.2	55.2	176.6	4,938.2
Accumulated depreciation at 31 December	270.2	4,274.9	131.0	0.0	4,676.1
Cost at 31 December	566.4	8,685.1	186.2	176.6	9,614.3

Other non-current assets include commercial vehicles subject to financial lease shown at the present value of the minimum future lease payments. At year-end 2010 their carrying amount was EUR 15.7 million.

Assets with 'held for sale' status are six high-voltage stations in Brabant.

Assets shown as sold are an office building and a part of the high-voltage grid in Friesland.

Construction interest of EUR 1.4 million was capitalised in 2010 (2009: zero) calculated on the basis of an interest rate of 4.26%.

Changes in this item were as follows in 2009:

	Land and buildings	Cables, pipelines and equipment	Other non current assets	Work in progress	Total 2009
Cost at 1 January	564.9	8,066.9	156.9	122.1	8,910.8
Accumulated depreciation at 1 January	253.5	3,910.8	116.4	0.0	4,280.7
Carrying amount at 1 January	311.4	4,156.1	40.5	122.1	4,630.1
Reclassified	0.2	-5.9	2.3	3.4	0.0
Consolidated and deconsolidated	0.0	-0.4	-1.8	0.0	-2.2
Acquired	0.0	0.0	0.0	0.0	0.0
Reclassified work in progress	0.0	0.0	0.0	2.3	2.3
Assets held for sale	0.0	-0.5	0.0	0.0	-0.5
Purchased	10.6	365.6	15.2	0.3	391.7
Sold	-5.6	0.0	-0.9	0.0	-6.5
Depreciated	-10.9	-198.4	-10.7	0.0	-220.0
Other	0.0	-0.1	0.5	0.0	0.4
Carrying amount at 31 December	305.7	4,316.4	45.1	128.1	4,795.3
Accumulated depreciation at 31 December	261.0	4,090.8	122.2	0.0	4,474.0
Cost at 31 December	566.7	8,407.2	167.3	128.1	9,269.3

See note 28 for commitments arising from the financial lease of commercial vehicles.

The expected useful lifetimes of the key assets are as follows:

Buildings	25-50 years
Cables, pipelines and equipment	25-55 years
Other non-current assets:	
Commercial vehicles	7 years
Tools and equipment	5 years

14. Intangible assets

Changes in intangible assets were as follows in 2010:

	Software	Under construction	Total 2010
Cost at 1 January	146.7	2.3	149.0
Accumulated depreciation and impairments at 1 January	85.9	0.0	85.9
Carrying amount at 1 January	60.8	2.3	63.1
Reclassified	2.3	-2.3	0.0
Purchased	41.3	0.6	41.9
Sold	0.0	0.0	0.0
Consolidated and deconsolidated	0.0	0.0	0.0
Depreciation	-19.7	0.0	-19.7
Carrying amount at 31 December	84.7	0.6	85.3
Accumulated depreciation at 31 December	105.6	0.0	105.6
Cost at 31 December	190.3	0.6	190.9

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

Changes this item were as follows in 2009:

	Software	Under construction	Total 2009
Cost at 1 January	117.4	4.6	122.0
Accumulated depreciation and impairments at 1 January	75.0	0.0	75.0
Carrying amount at 1 January	42.4	4.6	47.0
Reclassified	0.0	-2.3	-2.3
Purchased	31.8	0.0	31.8
Sold	-0.1	0.0	-0.1
Consolidated and deconsolidated	-0.1	0.0	-0.1
Depreciation	-13.2	0.0	-13.2
Carrying amount at 31 December	60.8	2.3	63.1
Accumulated depreciation at 31 December	85.9	0.0	85.9
Cost at 31 December	146.7	2.3	149.0

The expected useful lifetime of Software is 5 years.

15. Associates

Associates can be classified as follows:

	2010	2009
G.O.B. Euroservices B.V.	0.0	0.0
ZEBRA Gasnetwerk B.V.	13.3	12.8
Energie Data Services Nederland B.V.	0.1	0.1
Ziut B.V.	19.3	19.6
Other associates and foundations	0.2	-
At 31 December	32.9	32.5

The change in Other associates and foundations relates to Stichting Global Networks Initiatives (GGNI), in which Enexis Holding N.V. participates together with other grid operators.

Changes in associates were as follows:

	2010	2009
At 1 January	32.5	10.4
Purchased	0.2	20.2
Profits for the year	4.9	1.9
Dividends received	-4.7	-
Other associates and foundations	0.2	-
At 31 December	32.9	32.5

Stichting Global Networks Initiatives (GGNI) in Groningen, in which Enexis Holding N.V. participates together with other grid operators, was established in 2010. The dividends received in 2010 were paid by ZEBRA Gasnetwerk B.V. (EUR 1.6 million) and from Ziut B.V. (EUR 3.1 million).

The table below lists the relevant information in relation to the equity interest of Enexis Holding N.V. for all its associates in 2010.

	2010
Non-current assets	41.1
Current assets	62.9
Non-current liabilities	-27.2
Current liabilities	-43.9
Carrying amount at 31 December 2009	32.9
Revenue	36.2
Costs (including financial income and expenses)	-29.8
Profit before tax	6.4
Income tax expense	1.5
Profit for the year	4.9

Comparative figures for 2009 are given below:

	2009
Non-current assets	42.5
Current assets	62.8
Non-current liabilities	-28.9
Current liabilities	-43.9
Carrying amount at 31 December 2008	32.5
Revenue	7.4
Costs (including financial income and expenses)	4.9
Profit before tax	2.5
Income tax expense	0.6
Profit for the year	1.9

A list of all associates (group companies and other associates) is shown in note 47. None of the associates is listed on a stock exchange.

16. Other financial assets

Other financial assets can be classified as follows:

	2010	2009
Loans and receivables	2.8	2.7
Total	2.8	2.7

The weighted average effective interest rate on the loans was 3.2% in 2010 (2009: 4.9%).

The fair value of loans is substantially the same as their carrying amount.

17. Inventories

	2010	2009
Amounts in millions of euros.		
Materials	17.7	16.2
Provision for obsolescence	-1.0	-0.9
Total	16.7	15.3

The revaluation of inventories recognised through profit or loss in 2010 was EUR 0.2 million (2009: zero).

18. Receivables

	2010	2009
Amounts in millions of euros.		
Trade receivables	84.4	132.4
Amounts receivable	434.6	458.6
Current portion of loans	2.8	-
Provision for doubtful debts	-17.6	-15.8
Total	504.2	575.2

The fair value of the receivables is in line with their carrying amount.

The item Amounts receivable relates to additional estimates of transport fees that have yet to be settled in final billings.

A loan of EUR 2.8 million was granted in 2010 to Ziut B.V. at an interest rate of 4.4% and with a remaining term of 1 month. The fair value of the item Loans is substantially in line with their carrying amount.

The ages of Trade receivables, net of the provision for doubtful debts, at 31 December 2010 (compared with figures for 2009) were as follows:

	2010	2009
Not past due	13.6	4.8
0-30 days past due	34.9	81.1
31-60 days past due	9.5	5.0
61-90 days past due	2.3	1.2
91-365 days past due	5.8	8.2
Over 365 days past due	0.8	16.2
Total	66.8	116.6

The collectability of trade receivables is assessed individually or collectively depending on the customer profile, based on a risk assessment by management. Tariffs for customer supplies have fallen, so that billings are receivables are lower. The dates of billing and receipt of payment in the period around year-end also influence the balances at year-end.

Changes in the provision for doubtful debts as regards Trade receivables can be classified as follows:

	2010	2009
At 1 January	-15.8	-20.6
Allocation recognised through profit or loss	-3.1	-3.0
Write-offs	3.3	9.3
Reversals of earlier write-offs	-2.0	-1.5
At 31 December	-17.6	-15.8

19. Cash and cash equivalents

	2010	2009
Amounts in millions of euros.		
Cash at bank and cash balances	40.2	7.2
Short-term deposits	290.0	185.0
Total	330.2	192.2

In accordance with the conditions as stated in the Treasury Charter, temporarily surplus cash resources are placed on deposit, held in commercial savings accounts or invested in money market funds.

In relation to the investment of surplus cash resources, the Treasury Charter aims at alignment with the Dutch Local Authorities Funding Act ('Wet Fido') and the Loans, Advances and Derivatives Regulations for Local Authorities ('Ruddo'). Additional limits have been set on the amounts and terms involved.

20. Assets held for sale

Assets held for sale can be classified as follows:

	2010	2009
Amounts in millions of euros.		
High-voltage stations	1.2	-
High-voltage grid	-	0.7
Total	1.2	0.7

The high-voltage stations held for sale are six stations to be transferred to TenneT in addition to the assets sold in 2009. The sale and transfer will take place in the first half of 2011.

21. Equity

The Company's authorised share capital amounts to EUR 300,000,000 (three hundred million euro), divided into 300,000,000 (three hundred million) ordinary shares of EUR 1 (one euro) each. 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 profit for the year 2010 consists of realised gains only. After tax, the profit for the year 2010 amounted to EUR 193.7 million (2009: EUR 263.1 million).

Further information is given in the consolidated statement of changes in equity on page 13.

22. Non-current interest-bearing liabilities

	2010	2009
Shareholder loan convertible into equity	350.0	350.0
Shareholder loans	1,450.0	1,450.0
Subordinated loans	93.9	93.9
Private loans	4.3	5.1
Lease obligations	12.7	13.0
Total	1,910.9	1,912.0

Non-current interest-bearing liabilities include borrowings with outstanding terms exceeding one year. The amounts relating to repayments due within one year are recognised as current interest-bearing liabilities.

In accordance with the instruction by the Minister of Economic Affairs ('De Aanwijzing'), part of the shareholder loans of EUR 350,000,000 must be convertible into equity within the context of the unbundling in the event of a structural capital shortfall. 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 endorsed by the Supervisory Board. Such a request must be made with a view to ensuring continuity in fulfilling the task of Enexis as grid operator and in accordance with the relevant energy regulations. As lenders, shareholders are under the obligation to cooperate in the requested conversion if Enexis should have a structural capital shortfall, but only to the extent that such conversion is necessary for Enexis to comply with the statutory and bank financial ratios on a structural basis. This convertible shareholder loan is subject to an interest rate of 7.2% (2009: 7.2%) and has a remaining term of 8.75 years.

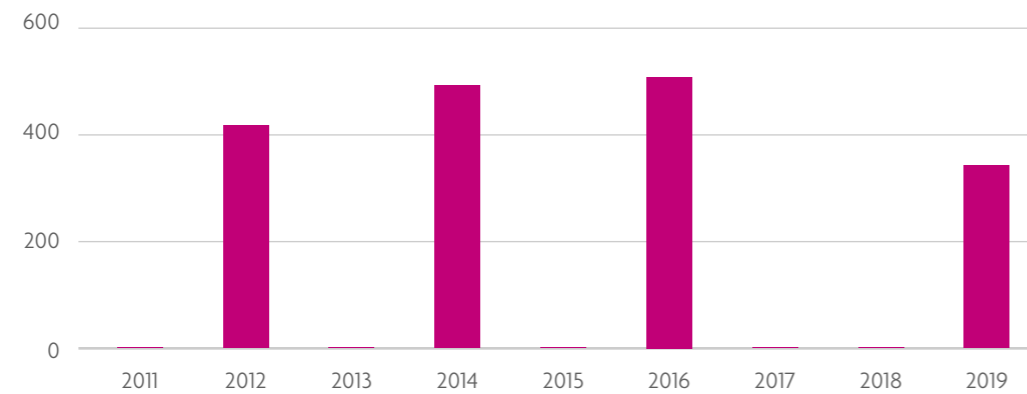
The other Shareholder loans are subject to a weighted average interest rate of 4.0% (2009: 4.0%) and have a weighted average remaining term of 3.8 years.

Subordinated loans are subordinated to payables by the group company Aktivabedrijf Enexis Noord B.V. All Subordinated loans have been granted by some of the Enexis shareholders and have indefinite terms. The interest rate (2010 and 2009: 9%) will not be revised.

The Private loans have been assigned by Essent Nederland B.V. to Enexis B.V.

The weighted average remaining term of these loans is 2.5 years, with a weighted average interest rate of 7.8% (2009: 6.8%). No collateral security has been provided for these loans.

The repayment schedule of the above long-term loans is shown below:



The Lease obligations have been reclassified because of their interest-bearing nature. These obligations were as follows at year-end 2010 and year-end 2009:

	2010			2009		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Nominal lease obligations	4.9	12.5	1.3	4.4	12.5	1.8
Present value of lease obligations	5.0	11.6	1.0	4.4	11.5	1.5

The current portion of these Lease obligations is included separately under current liabilities.

23. Provisions

Provisions can be classified as follows:

	2010	2009
Long-service benefits	26.1	23.5
Shorter working hours and special-purpose leave	24.3	23.8
Provision for future legal and advisory fees for cross-border leases	5.3	8.5
Provision for other employee benefits	8.2	22.4
Provision for grid losses	1.9	7.5
Provision for decontamination of gas sites	3.2	3.2
Other provisions	6.9	5.8
Total	75.9	94.7
Less: current portion	17.8	27.7
	58.1	67.0

The current portion of EUR 17.8 million (2009: 27.7 million) is recognised as a separate component of current liabilities.

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 and salary increases, and mortality, invalidity and attrition rates.

	2010	2009
Amounts in millions of euros.		
Obligations at beginning of year	23.5	21.7
Interest	1.0	2.3
Allocated to provision	3.2	1.9
Released	0.0	-0.2
Benefits paid	-2.3	-1.9
Other	0.7	-0.3
Total	26.1	23.5
Less: current portion	2.8	2.3
Total non-current portion	23.3	21.2

The most important parameters used in calculating the long-service benefit provision are:

	2010	2009
In %.		
Discount rate	1.8-5.1 %	1.9-5.1%
Estimated rate of future salary increases	2.5 %	2.5%

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.

	2010	2009
Obligations at beginning of year	23.8	21.2
Interest	1.1	2.4
Allocated to provision	1.0	2.1
Released	-2.7	-0.1
Benefits paid	-0.1	-1.3
Other	1.2	-0.5
Total	24.3	23.8
Less: current portion	2.5	2.2
Total non-current portion	21.8	21.6

Provision for future legal and advisory fees for cross-border leases

This provision relates to legal and advisory fees in connection with the cross-border leases.

	2010	2009
Obligations at beginning of year	8.5	15.7
Allocated to provision	0.0	0.0
Released	-3.0	-5.0
Benefits paid	-0.2	-2.5
Other	0.0	0.3
Total	5.3	8.5
Less: current portion	0.0	0.0
Total non-current portion	5.3	8.5

Provision for other employee benefits

The provision relates to various employee-related expenses, including payments on leaving service and dismissal, healthcare costs for older employees and retention and reorganisation costs.

	2010	2009
Amounts in millions of euros.		
Obligations at beginning of year	22.4	10.0
Interest	0.0	0.1
Allocated to provision	0.0	14.8
Released	-12.3	-0.6
Benefits paid	-1.9	-1.9
Total	8.2	22.4
Less: current portion	7.3	20.9
Total non-current portion	0.9	1.5

Provision for grid losses

This provision relates to the financial risk arising from the reconciliation and allocation process.

	2010	2009
Amounts in millions of euros.		
Obligations at beginning of year	7.5	7.6
Reclassified	0.0	0.0
Allocated to provision	1.9	-0.1
Reconciliation 2006 to 2008	0.0	0.0
Released	-7.5	0.0
Total	1.9	7.5
Less: current portion	0.8	0.0
Total non-current portion	1.1	7.5

Provision for decontamination of gas sites

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

	2010	2009
Amounts in millions of euros.		
Obligations at beginning of year	3.2	3.7
Allocated to provision	0.0	0.0
Benefits paid	0.0	-0.5
Total	3.2	3.2
Less: current portion	0.0	0.0
Total non-current portion	3.2	3.2

Other provisions

Other provisions consist of various provisions relating to market compliance, legal issues and data cleansing.

	2010	2009
Amounts in millions of euros.		
Obligations at beginning of year	5.8	0.0
Allocated to provision	5.2	2.8
Released	-4.2	-2.0
Reclassified	0.0	5.0
Total	6.8	5.8
Less: current portion	4.3	2.3
Total non-current portion	2.5	3.5

24. Advance contributions for the installation of grids and new connections

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

	2010	2009
At 1 January	217.3	106.5
Add: Received during the year	78.9	114.9
Deduct: Depreciated	-5.9	-4.1
Balance at 31 December	290.3	217.3

From 2010 and with retrospective effect to 1 January 2008, advance contributions from third parties for the installation of grids and new connections are no longer settled with gross investments and presented as property, plant and equipment, but instead are recognised separately under non current liabilities as 'advance contributions for installation'. This change in presentation is in accordance with IFRIC 18 'Transfers of Assets from Customers', which was issued to bring uniformity to the different forms of presentation used in practice on the transfer of assets by customers, and also to make it clear that Enexis has a future delivery obligation. The comparative figures for 2009 have been adjusted in line with this change in presentation. The change results in an increase in the balance sheet total as at 31 December 2010 of EUR 290.3 million (31 December 2009: EUR 217.3 million). It has no effect on equity or profit for the year. See further notes 3, 5 and 13.

25. Other non-current liabilities

Not applicable.

26. Deferred income tax

Deferred income tax assets and liabilities relate to differences between the carrying amounts and tax bases of assets and liabilities at the effective date of the tax group, i.e. 1 July 2009, since when Enexis Holding N.V. has headed the tax group.

	2010	2009
Deferred income tax assets for provisions	-6.3	-1.8
Deferred income tax liabilities for property, plant and equipment	72.0	28.6
Total	65.7	26.8

In particular the fiscal incentive scheme (arbitrary depreciation facility in 2009 and 2010) results in a strong increase in the deferred income tax on property, plant and equipment. Recent jurisprudence indicates that the provisions for special purpose leave and shorter working hours are not fiscally admissible. However these were included in the calculation of the deferred income tax position in 2009, which led to a substantial adjustment in 2010.

27. Trade and other payables

	2010	2009
Suppliers	48.6	37.7
Tax and social security contributions	47.4	44.4
Payments to employees	43.7	43.1
Advances placed on deposit	349.4	366.7
Other	82.9	70.3
Total	571.9	562.2

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

The advances from energy suppliers that 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 by way of compensation 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 in the expected settlement amount, the outstanding liability is repayable on demand in full or in part, respectively, and for this reason is recognised as a current liability. No interest is due on the advances.

28. Current interest-bearing liabilities

		2010	2009
Amounts in millions of euros.	Loan ZEBRA Gasnetwerk B.V.	9.8	9.4
	Private loan	0.7	0.7
	Lease obligations	5.0	4.4
	Total	15.5	14.5

ZEBRA Gasnetwerk B.V. places its temporary cash surpluses on deposit with its shareholders. The loans granted in this respect to Enexis B.V. in 2009 of EUR 6.0 million and EUR 3.4 million (at interest rates of 2.26% and 1.00%, respectively) have been repaid and refinanced by a new loan of EUR 9.8 million at an interest rate of 0.9% with a term of 1 month.

29. Notes to the cash flow statement

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

		2010	2009
Amounts in millions of euros.	Cash at bank and cash balances	40.2	7.2
	Short-term deposits	290.0	185.0
	Total	330.2	192.2

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

Changes in provisions, working capital and other items

The changes in provisions, working capital and other items can be classified as follows:

	2010	2009
Working capital	86.4	25.3
Provisions	-9.0	-8.9
Other	36.5	-7.6
	113.9	8.8

Changes in working capital can be classified as follows:

	2010	2009
Income tax expense recognised through profit or loss	67.1	72.7
Income tax paid	-50.0	-120.4
Interest received and paid recognised through profit or loss	93.8	72.6
Interest paid	-99.7	-62.3
Interest received	5.0	15.4
Working capital before tax and interest	70.3	47.3
	86.4	25.3

30. Financing policy and risks associated with financial instruments

General

The financing policy of Enexis is aimed at assuring the independent financing of Enexis by enabling 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 objectives, task description and mandate, reporting, risk management and the organisational and administrative frameworks for financing.

The operations of Enexis carry risks in relation to the financing and the use of financial instruments. The following risks are distinguished: market risk, credit risk, solvency/liquidity risk and process risk. Among the objectives of policy is to reduce the impact of these risks on the financial results.

Market risk

Market risk is the risk that relates to changes in the value of cash flows and financial instruments as a result of changes in market prices, market interest rates and currency exchange rates. Enexis holds no financial instruments for trading purposes, nor does it issue any financial instruments.

Market prices

This refers to the risk of changes in commodity prices, in particular relating to the purchase of grid losses. Hedging of price risks during the year in which grid losses arise is compensated by full prior hedging of the physical purchase. The predicted amounts are physically purchased at the beginning of the year, which delivers a predictable result subject only to differences in volumes. The purchasing price risk is reduced by spreading the purchasing over a period of approximately two years prior to the start of physical supply. No derivatives are used in the purchase of grid losses.

Interest rate risk

Interest rates on the shareholder loans are fixed for the term of each tranche. The different tranches of the shareholder loans have the following terms (from 30 September 2009) and fixed interest rates:

Tranche A: EUR 450 million, 3 years and 3.27%
Tranche B: EUR 500 million, 5 years and 4.10%
Tranche C: EUR 500 million, 7 years and 4.65%
Tranche D: EUR 350 million, 10 years and 7.20%

The other loans also have fixed rates over their respective terms.

Enexis had no open interest rate derivatives at year-end 2010.

Exchange-rate risk

Enexis is 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 exchange-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 the immediate elimination of exchange-rate risk in consultation with the Purchasing department. Enexis had no open currency future or option contracts at year-end 2010.

Credit risk

Credit risk is the risk of losses if 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 management. The economic decline following the credit crisis was a factor in determining the credit risk in 2010.

In principle, the maximum credit risk equals the carrying amount of trade receivables and current assets.

Surplus liquidity is placed on deposit subject to standard market conditions with financial institutions based in the EU that comply with defined minimum rating requirements, and with the Dutch state or in bonds guaranteed by it. A policy of spreading investments is also followed by observing limits with each counterparty and maximum terms of deposits and other investments.

Solvency/liquidity risk

Solvency risk

Solvency risk is the risk that the equity or capital base of Enexis are insufficient to allow it to meet its obligations in the long term. For both Enexis Holding N.V. and Enexis B.V., Enexis strives to maintain at least a long-term A/A2 rating with a stable outlook. This objective is monitored on the basis of defined minimum financial key figures in relation to interest coverage, debt coverage and solvency.

Liquidity risk

Liquidity risk is the risk that Enexis will be unable to meet its short-term payment obligations. Measures taken to cover this risk include a committed Revolving Credit Facility (RCF) of EUR 450 million with a consortium of 11 banks extending until mid 2015.

In addition, Enexis has transferred its bank accounts to two cash pools linked to a committed overdraft facility of EUR 20 million.

Enexis held cash and cash equivalents amounting to EUR 330.2 million at year-end 2010 (2009: EUR 192.2 million).

Process risk

Process risk consists of the risks associated with setting up the organisation, the procedures and the activities of the Treasury department. These risks are covered by an organisational separation of front office and back office functions, as well as by 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 consists of the share capital paid up by the shareholders and the accrued general reserves.

The capital management of the Enexis Group ('the Group') aims to achieve a financially sound capital structure and to maintain its strong credit ratings to support the continuity of its operations and to be able to make planned investments.

In this process, the Group strives to achieve for its shareholders the return on equity as defined by the Office of Energy Regulation, taking into account the interests of the Group's lenders and other stakeholders.

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

	target	2010
EBIT interest cover	≥ 2.5	3.6
FFO interest cover	≥ 4.0	5.7
FFO/net interest-bearing liabilities	$\geq 20\%$	24%
Net interest-bearing liabilities/equity + total invested capital	$\leq 55\%$	39%

EBIT interest cover = ratio of (operating profit plus share of result of associates) to interest paid.

FFO interest cover = ratio of (profit for the year plus changes in deferred income tax plus depreciation/amortisation plus changes in provisions plus other one-off and not cash related costs plus interest paid) to interest paid.

FFO/net interest-bearing liabilities = ratio of (profit for the year plus changes in deferred income tax plus depreciation/amortisation plus changes in provisions plus other one-off and not cash related costs) to (interest-bearing liabilities minus surplus liquidity).

Net interest-bearing liabilities/equity + net interest-bearing liabilities = ratio of (interest bearing liabilities minus surplus liquidity) to (equity plus interest-bearing liabilities minus surplus liquidity).

By complying with these key ratios and maintaining the current credit rating, the Group amply meets the statutory obligations for capital structure and solvency ('Besluit Financieel Beheer Netbeheerders' / Resolution on Financial Management of Grid Operators), as well as the financial covenants under existing financing agreements and Letter 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, the Group may subject to specific conditions and taking into account the guidelines issued by the Ministry of Economic Affairs change its dividend policy, distribute capital to shareholders, exercise its conversion right or issue new shares.

Equity + net interest-bearing liabilities

	2010	2009
Non-current interest-bearing liabilities	1,910.9	1,912.0
Current interest-bearing liabilities	15.5	14.5
Sub-total interest-bearing liabilities	1,926.4	1,926.5
Less: cash and cash equivalents	330.2	192.2
Plus: non-freely-available cash	200.0	
Net debt (A)	1,796.2	1,734.3
Issued and paid-up share capital	149.7	149.7
General reserve	2,620.5	2,436.3
Profit for the year	193.7	263.1
Total equity (B)	2,963.9	2,849.1
Equity + net interest-bearing liabilities (A+B)	4,890.3	4,583.4

Amounts in millions of euros.

31. Related party disclosures

Transactions with related parties are conducted at arm's length prices. Year-end asset and liability positions are not retained, 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 2010 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 shareholders other than in the course of regular operation had a value of EUR 0.1 million in 2010. Loans by shareholders at year-end 2010 had a value of EUR 1,893.9 million (2009: EUR 1,893.9 million). Interest payments on these loans in 2010 were EUR 91.1 million (2009: EUR 46.1 million). Dividend payments to shareholders amounted to EUR 78.9 million.

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

Sales transactions amounting to EUR 7.8 million and purchase transactions amounting to EUR 6.3 million took place with Enexis associates. The total value of receivables from associates at year-end 2010 was EUR 0.9 million and the total value of liabilities to associates was EUR 0.3 million. Loans to associates at year-end 2010 had a value of EUR 2.8 million, and loans from associates were EUR 9.8 million. Interest payments on these loans in 2010 were EUR 0.2 million. Dividends received from associates had a value of EUR 4.7 million.

Information on transactions with key officers in is given in note 33.

The non-consolidated associates of Enexis Holding N.V. and its affiliates are shown below. Further information is given in note 47.

	Registered office	Equity stake held by Enexis Holding N.V. at 31 December 2010	Equity stake held by Enexis Holding N.V. at 31 December 2009	
G.O.B. Euroservices B.V.	Heerlen	40%	40%	In %.
ZEBRA Gasnetwerk B.V.	Bergen op Zoom	67%	67%	
Energie Data Services Nederland B.V.	Arnhem	15%	15%	
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 contingencies

Developments in cross-border leases in 2010

One cross-border lease ('CBL') still remained at year-end 2010, consisting of one individual transaction.

Cross-border leases have been established since 1998 on Enexis gas grids in the provinces of Drenthe, Friesland, Groningen, Limburg (including the gas grid in Maastricht), Noord-Brabant and Overijssel, and on the Enexis electricity grid in Maastricht. Of these transactions, one CBL on the gas grid in Maastricht is still in effect.

These CBLs were established with US investors and with Dutch and foreign lenders and guarantors, among other parties. When entering into the CBLs, the US investors often incorporated separate legal entities, some in the form of trusts. Enexis has also placed its CBL in a separate subsidiary of the asset company Enexis Maastricht B.V.

The CBLs are governed by conditional and unconditional rights and obligations. Under the cross guarantee structure that was agreed at the unbundling on 30 June 2009, Essent N.V. and Enexis B.V. mutually guarantee substantially all these obligations, in relation to both the remaining grid CBLs and the CBLs relating to the (Essent) production and supply operations. This includes any amounts due to US investors and some other parties upon termination, as described below. In addition, supplementary agreements were concluded on 30 September 2009, for example relating to the mutual guarantee structure and indemnities, as well as to the establishment of a CBL fund to cover any costs associated with the termination of the CBLs. This fund was financed by RWE and the Enexis shareholders.

As in previous years, the structure of the transactions concluded for this purpose does not require disclosure of the rights and obligations of the CBLs in Enexis' balance sheet.

The number of CBLs relating to the commercial assets of Essent N.V. was reduced to one, consisting of six individual transactions.

It is possible in consultation with the investor for a CBL to be terminated prematurely. This option of voluntary early termination has been used frequently in recent years because of a range of circumstances.

Early (involuntarily) termination of CBLs may also occur if specific events as defined in the contracts arise, for example default by the lessee, or if the underlying asset is destroyed.

In case of involuntary early termination of a CBL, the Enexis CBL entity, and consequently Enexis B.V. and Essent N.V. (Essent N.V. under the cross-guarantee structure) can be held liable for payment of termination compensation and other related indemnities and finance charges to the US investors and/or other CBL parties. Enexis can reclaim any expenses incurred in both voluntary and involuntary early terminations from the CBL fund.

There was 1 voluntary early CBL termination by Enexis in 2010 (2 transactions), which explains why the values of the CBL obligations as stated below declined further in that year.

At 31 December 2010, total equity exposure on the remaining grid CBL (i.e. the amount that would be payable in case of early termination) was USD 26.9 million (31 December 2009: USD 86.1 million). Part of this amount is covered by separate financial instruments (portfolio investments) at a value depending on the time of any early termination. The value of these instruments at 31 December 2010 was estimated at USD 16.9 million (31 December 2009: USD 52.4 million).

The contractually agreed CBL rental obligations for the coming years can be broken down as follows:

	2011	2012	2013	2014	2015 >	total	
CBL rental obligations	9.6	3.6	3.6	3.6	29.2	49.6	Amounts in millions of US dollars.

For the remaining CBL contract rights of pledge and other security rights were granted on the underlying assets. At 31 December 2010 these assets had a carrying amount of about EUR 17 million (31 December 2009: EUR 42 million).

Under the terms of the CBL contracts, Letters of Credit and/or other guarantees were issued for the benefit of specific CBL contracting parties when the CBLs were concluded. At 31 December 2010, financial institutions had issued Letters of Credit to the value of approximately USD 11.8 million for the grid CBL in favour of contracting parties. At year end 2009 the value of issued LCs for grid CBLs was about USD 34 million.

Rental and lease obligations

	2010			2009		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Passenger cars	1.9	2.0	0.0	2.1	2.0	0.0
Office locations	5.1	36.6	22.5	5.5	30.9	18.7
Total	7.0	38.6	22.5	7.6	32.9	18.7

Amounts in millions of euros.

Purchase commitments

Enexis Holding N.V. had, through its subsidiaries Enexis B.V., Enexis Meetbedrijf B.V., Enexis Infra Products B.V. and Enexis Vastgoed B.V., purchase commitments to a value of EUR 108.6 million at year-end 2010 (2009: EUR 166 million).

Legal proceedings and disputes

Enexis Holding N.V. was involved in several legal proceedings and disputes at year end 2010 through its subsidiaries Enexis B.V., Enexis Meetbedrijf B.V., Enexis Infra Products B.V. and Enexis Vastgoed B.V. Based on financial risk, provisions have been formed for claims received where this is considered necessary.

Guarantees issued

Enexis Holding N.V. had, through its subsidiaries Enexis B.V., Enexis Meetbedrijf B.V., Enexis Infra Products B.V. and Enexis Vastgoed B.V., issued third-party guarantees for an amount of EUR 0.4 million at year-end 2010 (2009 relating to Essent Netwerk B.V. and subsidiaries: EUR 0.2 million).

33. Remuneration of the Management Board and the Supervisory Board

Remuneration of the Management Board

The salaries of the members of the Management Board of Enexis Holding N.V. are shown on the basis of the individually agreed contracts. It was decided in consultation with the General Meeting of Shareholders that, pending the finalisation of the proposed Act Standardising Publicly Financed Remuneration of Top Executives (Wetsontwerp normering uit publieke middelen gefinancierde belonging topfunctionarissen) submitted to the Dutch Parliament for review in January 2011, no remuneration policy for the members of the Management Board would be drawn up.

The new chairman of the Management Board, Mr. Fennema, who took office on 1 September, has therefore been appointed by the General Meeting of Shareholders, after consultation with the Shareholder Committee, for a 2-year period on the basis of a temporary contract of employment. The duration of this temporary contract is until 1 August 2012, with the option of renewal by Mr. Fennema in line with the remuneration policy which may by then have been defined. The contract of employment with Mr. Fennema provides for a basic annual salary of EUR 290,000 (including vacation allowance) and no variable income.

The increase in the remuneration of Mr. Oudejans in 2010 compared with 2009 (4.91%) reflects the contractual agreements about the development of his salary. The basic annual salary of Mr. Oudejans in 2010 under his contract of employment was EUR 209,423 (including vacation allowance), with a maximum variable income of 35% of the basic annual salary.

The basic annual salary of Mr. Levelink in 2010 under his contract of employment was EUR 252,178, with a maximum variable income of 35% of the basic annual salary.

The table below illustrates the developments in the remuneration of the Management Board members. The table shows the remuneration based on performance during the year. For the annual variable income the year shown is the year to which the income relates. The table shows the remuneration of the members of the Management Board in 2010 on the basis of the gross salary (including social security charges). Previous annual reports showed the salaries excluding social security charges. The comparative figures for 2009 have been adjusted accordingly.

	2010	2009
J.J. Fennema¹		
Basic salary (including vacation allowance)	120,834	
Employer's contributions ⁴	3,341	
Pension costs ²	19,658	
	143,833	
H.J. Levelink³		
Basic salary (including vacation allowance)	168,118	249,065
Employer's contributions ⁵	16,687	3,553
Variable income ⁶	50,015	63,213
Pension costs ²	31,458	47,085
	266,278	362,916
I.M. Oudejans		
Basic salary (including vacation allowance)	209,423	199,619
Employer's contributions ⁷	10,808	10,367
Variable income ⁸	54,178	50,663
Pension costs ²	32,946	31,429
	307,355	292,078
Total	717,466	654,994

In addition to the above remuneration, the members of the Management Board receive a fixed annual expenses allowance of EUR 3,600 for Mr. Fennema and Mr. Levelink and EUR 3,300 for Mr. Oudejans.

For footnotes, please see page 63.

- The employment of Mr. Fennema relates to the period 1 August to 31 December 2010.
- Relates to employer's contribution to the pension scheme as charged by the pension fund; the employee's contribution is not included.
- The employment of Mr. Levelink relates to the period 1 January to 31 August 2010. The variable income for 2010 and the variable income for 2009 were paid in 2010.
- The employer's contributions for Mr. Fennema in 2010 were EUR 3,341 (EUR 967 employer's contribution to the 'levensloop' (unpaid leave) scheme, and EUR 2,374 employer's contribution to social security charges).
- The employer's contributions for Mr. Levelink in 2010 were EUR 16,687 (EUR 2,476 employer's contribution to social security charges, EUR 12,935 payment for remaining hours of leave, EUR 1,035 vacation allowance over paid hours of leave, and EUR 241 employer's contribution to health insurance).
- The variable income of Mr. Levelink in 2010 was set at 85% of his maximum achievable variable income of 35%, based on an estimate of the outcome of the Balanced Scorecard on his date of retirement.
- The employer's contributions for Mr. Oudejans in 2010 were EUR 10,808 (EUR 6,269 employer's contribution to social security charges, EUR 3,769 employer's contribution to the 'levensloop' (unpaid leave) scheme, EUR 680 flexbudget and EUR 90 health budget).
- The variable income of Mr. Oudejans in 2010 was set on the basis of the outcome of the Enexis Balanced Scorecard for 2010 at 73.9% of his maximum achievable variable income of 35%.

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. From July 2010 the annual remuneration for 2010 is: chairman EUR 24,944, member EUR 16,900. Additional annual payments are made for committee membership, and from July 2010 these are: chairman 5,075, member EUR 4,568. The remuneration is adjusted annually on 1 July based on the median general collective increases as stated in the HAY compensation report.

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.

Name	Membership	Committees	Total remuneration	Total remuneration
			2010	2009
D.D.P. Bosscher	24,760	5,038	29,798	27,288
F.J.M. Houben	16,775	4,534	21,309	20,325
W.M. van Ingen	16,775	4,534	21,309	20,325
J.A.M. Theeuwes	16,775	5,038	21,813	20,825
R. de Jong	16,775	4,534	21,309	20,325
Total	91,860	23,678	115,538	109,088

In addition to the above remuneration, the members of the Supervisory Board receive a fixed annual expenses allowance of EUR 2,000 for the chairman and EUR 1,500 for the members.

COMPANY FINANCIAL STATEMENTS 2010

COMPANY INCOME STATEMENT

	Note	2010	2009	
Share of profit of group companies	35	195.8	254.7	Amounts in millions of euros.
Financial income	36	82.3	28.4	
Financial expenses	36	85.2	28.6	
Financial income and expenses		-2.9	-0.2	
<i>Profit before tax</i>		192.9	254.5	
Income tax expense	37	-0.8	-8.6	
Profit for the year		193.7	263.1	

COMPANY BALANCE SHEET

(BEFORE PROPOSED APPROPRIATION OF PROFIT)

	Note	31 December 2010	31 December 2009
Assets			
Group companies	38	2,943.6	2,881.2
Other financial assets	39	1,800.0	1,800.0
Non-current assets			
		4,743.6	4,681.2
Receivables	40	23.7	20.9
Income tax expense	40a	73.8	34.2
Cash and cash equivalents	41	9.3	-
Current assets			
		106.8	55.1
Total assets			
		4,850.4	4,736.3

	Note	31 December 2010	31 December 2009
Liabilities			
Issued and paid-up share capital		149.7	149.7
Share premium reserve		2,620.5	2,436.3
Profit for the year		193.7	263.1
Equity			
	42	2,963.9	2,849.1
Non-current interest-bearing liabilities	43	1,800.0	1,800.0
Deferred income tax	44	65.7	26.8
Non-current liabilities			
		1,865.7	1,826.9
Trade and other payables	45	20.9	20.9
Cash and cash equivalents	41	-	39.4
Current liabilities			
		20.9	60.3
Total equity and liabilities			
		4,850.4	4,736.3

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. Basis of preparation

The company financial statements of Enexis Holding N.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. The accounting policies are largely the same as those used for the consolidated financial statements in accordance with Section 362, paragraph 8, of Part 9, Book 2 of the Netherlands Civil Code with group companies being recognised at net asset value using the equity method.

Enexis Holding N.V. is a public limited liability company. Approximately 74% of the Enexis shares are held by six Dutch provinces, and about 26% by 121 Dutch municipalities.

Consolidated entities are measured 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 of the result of the relevant consolidated entity. Dividends received are netted against the carrying amount.

Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euro. For a description of the accounting policies, reference is made to the accounting policies section of the consolidated financial statements.

35. Share of profit of group companies

	2010	2009
Enexis B.V.	173.8	167.4
Enexis Meetbedrijf B.V.	7.7	44.2
Enexis Infra Products B.V.	13.5	40.2
Enexis Vastgoed B.V.	0.8	2.9
Total	195.8	254.7

The profit for the year of Enexis Meetbedrijf B.V. in 2010 was lower than in 2009 because of the transfer of low-volume consumer meters to Enexis B.V. The profit for the year of Infra Products B.V. in 2009 was strongly influenced by a one-off income item from the sale of the high-voltage grid to TenneT (one-off payment for loss of revenue from UMTS masts).

36. Financial income and expenses

	2010	2009
Interest received	82.3	28.4
Total financial income	82.3	28.4
Other interest paid	85.2	28.6
Total financial expenses	85.2	28.6
Net finance expenses	-2.9	-0.2

Amounts in millions of euros.

Other interest paid relates to interest paid on the shareholder loans.

In 2009 these payments related to only part of the year.

The shareholder loans are fully relented to Enexis B.V. on the same conditions.

Interest received relates to the interest received on these loans to Enexis B.V. The financing structure after the unbundling of Enexis was established in mid-2009, which explains the large increase in the figures for 2010 compared with those for 2009.

37. Income tax expense

	2010	2009
Income tax	-0.8	-8.6
Total income tax	-0.8	-8.6

Amounts in millions of euros.

Until 1 July 2009, Enexis Holding N.V. was a member of the corporate income tax group headed by Essent N.V. With effect from 1 July 2009, Enexis Holding N.V. has headed its own tax group, in which capacity it is jointly and severally liable for any obligations assumed by the members of the tax group.

The operations undertaken by Enexis Holding N.V. are subject to income tax. The income tax liability of each member of the tax group is determined and settled based on their profit disclosed in the financial statements and making allowance for any relevant exemptions. The reconciliation between the statutory income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

	2010	2009
Nominal statutory income tax rate in the Netherlands	25.5	25.5
Tax-exempt share of result of associates	25.9	28.8
Effective tax rate	-0.4	-3.3

In %.

38. Group companies

	2010	2009
Amounts in millions of euros.		
Enexis B.V.	2,877.1	2,753.4
Enexis Infra Products B.V.	10.9	53.1
Enexis Meetbedrijf B.V.	27.3	47.4
Enexis Vastgoed B.V.	28.2	27.3
Other associates	0.1	-
Total	2,943.6	2,881.2

Changes in this item were as follows:

	2010	2009
Amounts in millions of euros.		
At 31 January	2,881.2	-
Acquired by transfer	0.1	2,626.5
Profit for the year	195.8	254.7
Dividends received	-133.5	-
At 31 December	2,943.6	2,881.2

The value of the associates Enexis Infra Products B.V. and Enexis Meetbedrijf B.V. were reduced by dividend payments to Enexis Holding N.V.

39. Other financial assets

	2010	2009
Loans to group companies	1,800.0	1,800.0
Total	1,800.0	1,800.0

Loans to group companies are loans to Enexis B.V. The conditions of these loans are the same as those of the shareholder loans referred to in note 43.

40. Receivables

	2010	2009
Amounts receivable	20.9	20.9
Current portion of loans	2.8	-
Total	23.7	20.9

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

A loan of EUR 2.8 million was granted in 2010 to Ziut B.V. at an interest rate of 4.4% and with a remaining term of 1 month. The fair value is substantially in line with their carrying amount.

40a. Income tax expense

	2010	2009
Amounts in millions of euros.		
Amounts receivable	73.8	34.2
Total	73.8	34.2

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

41. Cash and cash equivalents

	2010	2009
Amounts in millions of euros.		
Cash at bank and cash balances	9.3	-39.4
Total	9.3	-39.4

In 2009 the item Cash and cash equivalents was shown on the liabilities side of the balance sheet.

42. Equity

Since 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. Further information is given in note 21.

43. Non-current interest-bearing liabilities

	2010	2009
Amounts in millions of euros.		
Convertible shareholder loan	350.0	350.0
Shareholder loans	1,450.0	1,450.0
Total	1,800.0	1,800.0

In accordance with the instruction by the Minister of Economic Affairs ('De Aanwijzing'), part of the shareholder loans of EUR 350,000,000 must be convertible into equity within the context of the unbundling in the event of a structural capital shortfall. This loan is subject to an interest rate of 7.2% and has a remaining term of 8.75 years. Please see note 22 for the conversion conditions.

The other shareholder loans are subject to a weighted average interest rate of 4.0% and have a weighted average remaining term of 3.8 years. Further information is given in note 22.

44. Deferred income tax

	2010	2009
Amounts in millions of euros.		
Deferred income tax on non-current assets	65.7	26.9
Total	65.7	26.9

45. Trade and other payables

	2010	2009
Interest payable	20.9	20.9
Total	20.9	20.9

Amounts in millions of euros.

Interest payable relates to the interest due on the shareholder loans at year-end.

46. Related party disclosures

Transactions with related parties are conducted at arm's length prices. Year-end asset and liability positions are not retained, but usually settled in cash. No guarantees were received or issued for assets or liabilities of related parties, respectively, except for those disclosed in note 31 involving the CBLs. The adjustment in 2009 for doubtful debts was zero (2009: zero).

Shareholder loans at year-end 2010 were EUR 1,893.9 million (2009: EUR 1,893.9 million). Interest payments on these loans in 2010 were EUR 91.9 million (2009: EUR 46.1 million). Dividend payments to shareholders amounted to EUR 78.9 million.

Loans granted to associates were EUR 2.8 million at year-end 2010.

47. Associates

Registered office	Equity stake held by Enexis Holding N.V. at 31 December 2010	Equity stake held by Enexis Holding N.V. at 31 December 2009	Structure of associate division of	Joint and several liability statement	
Group companies					
Enexis B.V.	Rosmalen**	100%	100%	Enexis Holding N.V.	yes
Enexis Meetbedrijf B.V.	Rosmalen**	100%	100%	Enexis Holding N.V.	yes
Enexis Infra Products B.V.	Rosmalen**	100%	100%	Enexis Holding N.V.	yes
Enexis Vastgoed B.V.	Rosmalen**	100%	100%	Enexis Holding N.V.	yes
Aktivabedrijf Enexis Friesland B.V.**	Rosmalen**	100%	100%	Enexis B.V.	yes
Aktivabedrijf Enexis Noord B.V.**	Rosmalen**	100%	100%	Enexis B.V.	yes
Aktivabedrijf Enexis Maastricht B.V.**	Rosmalen**	100%	100%	Enexis B.V.	yes
Aktivabedrijf Enexis Brabant B.V.**	Rosmalen**	100%	100%	Enexis B.V.	yes
Aktivabedrijf Enexis Limburg B.V.**	Rosmalen**	100%	100%	Enexis B.V.	yes
Nijverheidsweg 4b B.V.	Rosmalen	100%		Enexis Vastgoed B.V.	
Frigem Gasnetwerken B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Friesland B.V.	yes
Westergo Gasnetwerken B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Friesland B.V.	yes
Edon Gasnetwerken Noord B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Noord B.V.	yes
Edon Gasnetwerken Oost B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Noord B.V.	yes
Edon Gasnetwerken Zuid B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Noord B.V.	yes
Edon Gasnetwerken West B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Noord B.V.	yes
Edon Gasnetwerken Twente B.V.	Zwolle	liq***	100%	Aktivabedrijf Enexis Noord B.V.	yes
Nutsbedrijven Maastricht Elektriciteitsnetwerk B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Maastricht B.V.	yes
Nutsbedrijven Maastricht Gasnetwerk B.V.	Maastricht	100%	100%	Aktivabedrijf Enexis Maastricht B.V.	yes
Inframosane N.V.	's-Hertogenbosch	liq***	100%	Aktivabedrijf Enexis Maastricht B.V.	yes
PNEM Gasnet I B.V.	Arnhem	liq***	100%	Aktivabedrijf Enexis Brabant B.V.	yes
Megasnet I B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Limburg B.V.	yes
Megasnet II B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Limburg B.V.	yes
Megasnet III B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Limburg B.V.	yes
Megasnet IV B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Limburg B.V.	yes
Megasnet V B.V.	Maastricht	liq***	100%	Aktivabedrijf Enexis Limburg B.V.	yes
Other associates (less than 50% voting rights)					
G.O.B. Euroservices B.V.	Heerlen	40%	40%	Enexis Holding N.V.	
ZEBRA Gasnetwerk B.V.	Bergen op Zoom	67%	67%	Enexis B.V.	
Energie Data Services Nederland B.V.	Arnhem	15%	15%	Enexis B.V.	
Ziut B.V.	Arnhem	47%	47%	Enexis Infra Products B.V.	
NV Stadsherstel Leeuwarden*)	Zwolle	0%	0%	Aktivabedrijf Enexis Friesland B.V.	
Entrade Pipe B.V.	Tilburg	67%	67%	Zebra Gasnetwerk B.V.	
ZEBRA Activa B.V.	Middelburg	67%	67%	Zebra Gasnetwerk B.V.	
Stichting JOB center	Arnhem	n.v.t.	n.v.t.	Enexis Holding N.V.	
Stichting Sociaal Fonds Enexis	Rosmalen	n.v.t.		Enexis Holding N.V.	
Stichting GGNi	Groningen	n.v.t.		Enexis Holding N.V.	
Stichting E-laad	Arnhem	n.v.t.	n.v.t.	Enexis B.V.	
Stichting sYnfra	's-Hertogenbosch	n.v.t.		Enexis B.V.	
Stichting beheer Maastricht CBL Fondsen	Amsterdam	n.v.t.		Enexis B.V.	
Stichting Nutsbedrijven Maastricht "Edf" 1999	Amsterdam	n.v.t.		Aktivabedrijf Enexis Maastricht B.V.	
Stichting Nutsbedrijven Maastricht Tranfer 1999	Amsterdam	n.v.t.		Aktivabedrijf Enexis Maastricht B.V.	

* Beneficial ownership transferred to Essent Nederland B.V.; legal ownership due to be transferred in 2011.

** Name and/or registered office changed in 2010.

*** liq: liquidated in 2010.

OTHER INFORMATION

48. Remuneration of the Management Board

Further information is given in note 33.

49. Remuneration of the Supervisory Board

Further information is given in note 33.

50. Events after the balance sheet date

No events occurred after the balance sheet date that might affect the company financial statements of Enexis Holding N.V.

Independent auditor's report

To: general meeting of shareholders and supervisory board of Enexis Holding N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Enexis Holding N.V., Rosmalen.

The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statement of income, cash flows, and changes in equity for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 entity'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 entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Holding N.V. as at December 31, 2010, 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 with Part 9 of 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 Holding N.V. as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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 Report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that Report of the Management Board, 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.

Maastricht, The Netherlands
12 April 2011

Ernst & Young Accountants LLP

was signed P.L.C.M. Janssen

APPROPRIATION OF PROFIT

Provisions in the Articles of Association governing profit appropriation

In accordance with the Articles of Association, the profit, insofar as not qualified as retained earnings, will be at the disposal of the General Meeting of Shareholders (Article 36.2).

Under the unbundling plan, at least 70% (seventy per cent) of the profit achieved for the financial years 2009 and 2010, if any, is required to be retained (Article 36.6). The basis for the dividend to be paid is the distributable profit after tax and excluding material non-cash book profits.

Proposed appropriation of profit for 2010

The income statement shows a profit for the year of EUR 193.7 million.

Making allowance for the retained earnings requirement, profit is proposed to be appropriated as follows:

	2010	2009	
Profit for the year	193.7	263.1	Amounts in millions of euros.
Addition to General Reserve	135.6	184.2	
Proposed dividend distribution	58.1	78.9	

The proposed dividend distribution for 2010 is EUR 0.39 per share (2009: EUR 0.53).

The proposed appropriation of profit has not been recognised in the balance sheet as at 31 December 2010.

EVENTS AFTER THE BALANCE SHEET DATE

Enexis and Intergas Holding reached provisional agreement on 25 January 2011 about the acquisition of Intergas Energie B.V., owner and operator of the gas distribution grid in the central and western parts of the province of Noord-Brabant, with approximately 148,000 connections. The acquisition sum, based on the enterprise value, is EUR 200 million, which will be financed by Enexis out of its available cash position. Intergas had revenues of almost EUR 30 million in 2009, and has more than 60 employees.

Approval of the planned acquisition is still required from the shareholders or their representatives and the Works Councils of both parties, the Minister of Economic Affairs, Agriculture and Innovation and possibly also the Netherlands Competition Authority (NMa). The aim is for the transaction to be completed by end-May 2011.