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TenneT Holding announces new funding structure with Dutch state guarantee and launches bondholder consent process

TenneT Holding B.V. ("**TenneT**") announces a new funding structure to facilitate the separation of its Dutch and German operations, by establishing two stand-alone companies, each operating and funded separately. The new funding structure is part of TenneT's exploration of structural solutions for the equity needs of its German operations.

Currently, TenneT raises all debt financing centrally at the holding level. As part of this strategic initiative, TenneT has incorporated a wholly-owned subsidiary TenneT Netherlands B.V. to serve as the holding company for the Dutch TSO business. The corporate reorganisation will enable future senior debt financing to be raised by TenneT Netherlands for the Dutch TSO business and by TenneT Germany for the German TSO business.

Envisaged debt transfer

To protect the interests of TenneT's senior debt holders and to avoid structural subordination as a result of the anticipated raising of debt at the lower level of TenneT Netherlands and TenneT Germany, TenneT intends to transfer its existing senior debt financing from the TenneT Holding level to the level of TenneT Netherlands. TenneT will solicit consent from its eligible noteholders and engage with its other debt financiers in the coming period to facilitate the envisaged debt transfer.

State guarantee

TenneT Netherlands is expected to receive an irrevocable and unconditional institutional guarantee from the state of the Netherlands. The state guarantee will cover TenneT Netherlands' payment obligations under its current and future debt financing (including, with certain exceptions, debt that is part of the envisaged debt transfer). It will also include a keep-well obligation in favour of TenneT Netherlands. The granting of the state guarantee remains subject to the approval of the Dutch parliament. More information on the state guarantee is available on TenneT's website at <https://www.tennet.eu/investor-relations/cs>.

Expected credit ratings and financial policy

Upon the state guarantee being granted, the credit risk of senior debt instruments of TenneT Netherlands is expected to align with that of the state of the Netherlands. As such, TenneT Netherlands' existing and future debt instruments in scope of the state guarantee are anticipated to receive a credit rating of "AAA" by S&P and/or "Aaa" by Moody's while debt instruments of TenneT Netherlands outside the scope of the State Guarantee would receive a credit rating of "BBB+" by S&P and/or "A3" by Moody's.

In the context of the new funding structure, TenneT Holding will implement a new financial policy. TenneT Holding will commit to maintaining an issuer credit rating of at least BBB+ by S&P, and to maintaining a funds from operations (FFO) to net debt ratio based on 'underlying' financial information well above 5%. As a result of the new funding structure and financial policy, TenneT Holding's issuer credit rating is expected to be BBB+ by S&P and Baa2 by Moody's and all senior debt instruments remaining at TenneT Holding are expected to receive a credit rating of "BBB" by S&P and/or "Baa2" by Moody's, reflecting a downgrade for their expected structural subordination to debt at TenneT Netherlands and TenneT Germany level.

Consent solicitation

In connection with the envisaged debt transfer, TenneT today announces an invitation to the eligible holders of its outstanding senior notes listed below to consent to certain modifications of the terms and conditions of such notes to facilitate such debt transfer. Additional information on the consent solicitation will be provided on TenneT's website at <https://www.tennet.eu/investor-relations/cs>.

Upon obtaining consent, TenneT expects to effectuate the debt transfer ultimately in October 2025. If sufficient consent would not be obtained, the envisaged debt transfer will not be implemented, in which case TenneT would also cease the current preparations for fulfilling TenneT Germany's equity need through third-party equity investment and instead continue to provide substantially all equity to TenneT Germany itself for the coming years, with the support of the Dutch state as its shareholder.

TenneT's outstanding EUR 500,000,000 0.750% senior green bonds due June 2025 are not part of the consent solicitation and will be repaid at their maturity date. TenneT's outstanding subordinated hybrid instruments will not form part of the envisaged debt transfer and remain at TenneT Holding level.

Dutch state support

The corporate reorganisation and envisaged debt transfer have the full support of TenneT's sole shareholder, the state of the Netherlands. Eelco Heinen, Dutch Minister of Finance: *"As sole shareholder of TenneT, we fully endorse the steps taken to separate the Dutch and German operations. We are confident that the new funding structure, supported by the state guarantee, will provide TenneT Netherlands with a strong financial basis to continue to invest in the Dutch electricity grid, and at the same time enable separate funding of TenneT Germany."*

Arina Freitag, CFO of TenneT, explains: *"Today is an important step towards the formation of two separately financed national TSOs under the umbrella of TenneT Holding, in line with TenneT's strategic objectives. With this new financing structure, we can continue to ensure a safe and reliable electricity supply in the Netherlands and Germany."*

Description of the series of notes	ISIN / Common Code	Outstanding nominal amount
EUR 500,000,000 1.000% due June 2026	XS1432384664 / 143238466	EUR 500,000,000
EUR 1,250,000,000 1.625% due November 2026	XS2477935345 / 247793534	EUR 1,250,000,000
EUR 500,000,000 1.750% due June 2027	XS1241581096 / 124158109	EUR 500,000,000
EUR 650,000,000 0.125% due December 2027	XS2348325221 / 234832522	EUR 650,000,000
EUR 500,000,000 1.375% due June 2028	XS1828037587 / 182803758	EUR 500,000,000
EUR 650,000,000 3.875% due October 2028	XS2549543143 / 254954314	EUR 650,000,000
EUR 500,000,000 1.375% due June 2029	XS1632897929 / 163289792	EUR 500,000,000
EUR 1,000,000,000 2.125% due November 2029	XS2478299204 / 247829920	EUR 1,000,000,000
EUR 200,000,000 4.750% due June 2030	XS0513509959 / 051350995	EUR 200,000,000
EUR 500,000,000 0.875% due June 2030	XS2002491780 / 200249178	EUR 500,000,000
EUR 500,000,000 0.500% due June 2031	XS2348325494 / 234832549	EUR 500,000,000
EUR 500,000,000 4.250% due April 2032	XS2549543226 / 254954322	EUR 500,000,000
EUR 600,000,000 0.125% due November 2032	XS2262065159 / 226206515	EUR 600,000,000
EUR 750,000,000 2.375% due May 2033	XS2478299386 / 247829938	EUR 750,000,000
EUR 500,000,000 1.250% due October 2033	XS1505568136 / 150556813	EUR 500,000,000
EUR 750,000,000 2.000% due June 2034	XS1828037827 / 182803782	EUR 750,000,000
EUR 1,000,000,000 4.500% due October 2034	XS2549543499 / 254954349	EUR 1,000,000,000
EUR 1,000,000,000 0.875% due June 2035	XS2406569579 / 240656957	EUR 1,000,000,000
EUR 500,000,000 1.875% due June 2036	XS1432384409 / 143238440	EUR 500,000,000
EUR 750,000,000 1.500% due June 2039	XS2002491863 / 200249186	EUR 750,000,000
EUR 750,000,000 0.500% due November 2040	XS2262065233 / 226206523	EUR 750,000,000
EUR 650,000,000 1.125% due June 2041	XS2348325650 / 234832565	EUR 650,000,000
EUR 850,000,000 2.750% due May 2042	XS2478299469 / 247829946	EUR 850,000,000
EUR 850,000,000 4.750% due October 2042	XS2549715618 / 254971561	EUR 850,000,000

IMPORTANT INFORMATION

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Nothing in this press release shall be deemed an offer of, an offer to purchase or the solicitation of an offer to sell, any securities in the United States or any other jurisdiction.

About TenneT

TenneT is a leading European grid operator. We are committed to providing a secure and reliable supply of electricity 24 hours a day, 365 days a year, while helping to drive the energy transition in our pursuit of a brighter energy future – more sustainable, reliable and affordable. In our role as cross-border Transmission System Operator (TSO) we design, build, maintain and operate over 25,000 kilometres of high-voltage electricity grid in the Netherlands and large parts of Germany, and facilitate the European energy market through our 17 interconnectors to neighbouring countries. We are one of the largest investors in national and international onshore and offshore electricity grids, with an underlying revenue of EUR 8.4 billion and a total underlying asset value of EUR 55 billion. Every day our 9,700 people are highly motivated to ensure that the supply and demand of electricity is balanced and always available for over 43 million people.

Lighting the way ahead together.