

30 April 2020

This document constitutes the base prospectus of Eurogrid GmbH for the purposes of Article 8 (1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**") with a denomination of at least EUR 100,000 (or the equivalent in any other currency as at the relevant date of issuance) and a minimum maturity of one year (the "**Prospectus**").



Eurogrid GmbH

(Berlin, Federal Republic of Germany)
as Issuer

50Hertz Transmission GmbH

(Berlin, Federal Republic of Germany)
and

50Hertz Offshore GmbH

(Berlin, Federal Republic of Germany)
as Guarantors

€ 5,000,000,000

Debt Issuance Programme (the "Programme")

Application has been made to the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as the competent authority under the Prospectus Regulation and the Luxembourg act relating to prospectuses for securities dated 16 July 2019 (*Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129*, the "**Luxembourg Law**"). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the economic and financial soundness of the operation or the quality and solvency of the Issuer and/or the Guarantors or of the quality of the Notes that are the subject of this Prospectus pursuant to Article 6 (4) of the Luxembourg Law. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to list notes issued under the Programme (the "**Notes**") on the official list of the Luxembourg Stock Exchange and to trade Notes on the regulated market "*Bourse de Luxembourg*". The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**"). Notes issued under the Programme may also be listed on an alternative stock exchange or may not be listed at all.

Arrangers and Dealers

BNP PARIBAS

HELABA

MUFG

RABOBANK

COMMERZBANK

ING

NATWEST MARKETS

UNICREDIT BANK

This Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) as well as on the website of Eurogrid GmbH (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>).

The validity of the Prospectus will expire on 29 April 2021. Any obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

Potential investors should be aware that any website referred to in this document does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

IMPORTANT NOTICE

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference and, in relation to any series of Notes, together with the relevant final terms (the "**Final Terms**"). Full information on any tranche of Notes is only available on the basis of the combination of the Prospectus and the relevant Final Terms.

Eurogrid GmbH ("**Eurogrid**" or the "**Issuer**" or the "**Company**", together with all consolidated subsidiaries, the "**Group**") with its registered office in Berlin, Federal Republic of Germany, and 50Hertz Transmission GmbH and 50Hertz Offshore GmbH (each a "**Guarantor**" and together the "**Guarantors**"), each with its registered office in Berlin, Federal Republic of Germany and in respect of information on itself only, accept responsibility for the information given in this Prospectus. The Issuer and each Guarantor with regard to information for which it is responsible has confirmed to the Dealers (as defined herein) that this Prospectus contains all information with regard to the Issuer, the Guarantors and the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained herein with respect to the Issuer, the Guarantors and the Notes is accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer, the Guarantors or the Notes, the omission of which would make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading; that the Issuer and the Guarantors have made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.

The Issuer has undertaken with the Dealers to supplement this Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus in respect of Notes issued on the basis of this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Prospectus has been approved and the closing of any tranche of Notes offered to the public or, as the case may be, when trading of any tranche of Notes on a regulated market begins in respect of Notes issued on the basis of this Prospectus.

No person has been authorised to give any information which is not contained in or not consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or any other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Dealers or any of them.

Neither any Arranger nor any Dealer nor any other person mentioned in this Prospectus, excluding the Issuer and the Guarantors, is responsible for the information contained in this Prospectus or any supplement hereto, or any Final Terms or any document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

The distribution of this Prospectus, any supplement thereto and any Final Terms and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms come are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the United States of America, the United Kingdom and Japan; see "Selling Restrictions". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and include Notes in bearer form that are subject to tax law requirements of the United States of America; subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to United States persons.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – Solely for the purposes of the product approval process conducted by any Dealer who is a manufacturer with respect to the Notes for the purposes of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (each a "**manufacturer**"), the

Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID II Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules. The Issuer is not a manufacturer or distributor for the purposes of the MiFID II Product Governance Rules.

IMPORTANT – EEA and UK RETAIL INVESTORS - If the Final Terms in respect of any Notes include a legend entitled "*Prohibition of Sales to EEA and UK Retail Investors*", the Notes are not intended, to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4 (1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference into this Prospectus or any supplement hereto;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of financial markets;
- (v) be aware that it may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions;
- (vi) ask for its own tax adviser's advice on its individual taxation with respect to the acquisition, sale and redemption of the Notes; and
- (vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus, any supplement thereto and any Final Terms do not constitute an offer or an invitation to subscribe for or purchase any Notes.

In connection with the issue of any tranche of Notes, the Dealer or Dealers (if any) named as Stabilisation Manager(s) in the applicable Final Terms (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant tranche of Notes and 60 days after the date of the allotment of the relevant tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Any U.S. Person who holds an obligation under this Programme that is treated as in bearer form for U.S. federal income tax purposes will be subject to limitations under the U.S. income tax laws, including the limitations provided in Clauses 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended.

In this Prospectus, all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

Tranches of Notes may be rated or unrated. Where a tranche of Notes is rated, such rating and the respective rating agency will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Issuer or the Guarantors operate is taken from publicly available sources, including, but not limited to, third-party studies or the Issuer's or the Guarantors' estimates that are also primarily based on data or figures from publicly available sources. The information from third-party sources that is cited here has been reproduced accurately. As far as the Issuer is aware and able to ascertain from information published by such third-party, no facts have been omitted which would render the reproduced information published inaccurate or misleading.

This Prospectus also contains estimates of market data and information derived from these estimates that would not be available from publications issued by market research firms or from any other independent sources. This information is based on the Issuer's or the Guarantors' internal estimates and, as such, may differ from the estimates made by their competitors or from data collected in the future by market research firms or other independent sources. To the extent the Issuer derived or summarized the market information contained in this Prospectus from a number of different studies, an individual study is not cited unless the respective information can be taken from it directly.

Neither the Issuer nor the Guarantors have independently verified the market data and other information on which third parties have based their studies or the external sources on which the Issuer's own estimates are based. Therefore, neither the Issuer nor any of the Guarantors assumes any responsibility for the accuracy of the information on the market environment, market developments, growth rates, market trends and

competitive situation presented in this Prospectus from third-party studies or the accuracy of the information on which the Issuer's and the Guarantors' own estimates are based. Any statements regarding the market environment, market developments, growth rates, market trends and competitive situation presented in this Prospectus regarding the Issuer, the Guarantors and their operating divisions contained in this Prospectus are based on their own estimates and/or analysis unless other sources are specified.

Any websites referred to in this Prospectus are for information purposes only and do not form part of the Prospectus (except with respect to the documents incorporated by reference into this Prospectus).

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Eurogrid's and the Guarantors' business and management, their growth and profitability, and general economic and regulatory conditions and other factors that affect them.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer and the Guarantors make to the best of their present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Issuer's and the Guarantors' financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Issuer's and the Guarantors' business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*", "*Business Description of the Issuer*" and "*Business Description of the Guarantors*". These sections include more detailed descriptions of factors that might have an impact on the Issuer's and the Guarantors' business and the markets in which they operate.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Guarantors nor the Dealers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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GENERAL DESCRIPTION OF THE PROGRAMME

Under this € 5,000,000,000 Debt Issuance Programme, the Issuer may from time to time issue notes (the "**Notes**") to one or more of the Dealers (as defined herein). The maximum aggregate principal amount of the Notes from time to time outstanding under the Programme will not exceed € 5,000,000,000 (or the equivalent in other currencies at the time of the issue). The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement from time to time.

Notes will be issued on a continuous basis in tranches of Notes ("**Tranches**"), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and are identical in all respects, but which may have different issue dates, interest commencement dates, issue prices and dates for first interest payments may form a series of Notes ("**Series**"). Further Notes may be issued as part of existing Series. The specific terms of each Tranche will be set forth in the applicable Final Terms. The Final Terms of Notes listed on the official list of the Luxembourg Stock Exchange will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Notes listed on any other stock exchange, the Final Terms will be displayed on the website of the Issuer (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>).

The Notes are freely transferable. Notes may be issued at an issue price which is at par or at a discount to, or premium over, par, as stated in the applicable Final Terms. The yield for Fixed Rate Notes will be calculated by the use of the ICMA method, which determines the effective interest rate of notes taking into account accrued interest on a daily basis.

Notes under the Programme may be issued with fixed interest rates or as Notes without periodic payments of interest (zero coupon).

RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme and under the Guarantee.

Factors which the Issuer and the Guarantors believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. Many of the regulatory, environmental, legal and business operational risks to which 50Hertz Transmission GmbH ("50Hertz") is subject may, due to the group structure and contractual obligations between 50Hertz and 50Hertz Offshore GmbH ("50Hertz Offshore"), also have an impact on 50Hertz Offshore. Accordingly, references below to such risks relating to 50Hertz and its business also apply to 50Hertz Offshore and its business (as described in "Business Description of the Guarantors - 50Hertz Offshore GmbH").

The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. The Issuer or the Guarantors may be unable to pay interest, principal or other amounts on or in connection with Notes issued under the Programme for other reasons. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Additional risks and uncertainties, including those currently unknown, or deemed immaterial, could have the effects set forth above.

The risk factors in respect to (i) the Issuer and the Guarantors and (ii) the Notes are presented in categories depending on their nature with the most material risk factor presented first in each category:

Risks in respect of the Issuer and the Guarantors

Risks related to the Group structure

The Issuer is a holding company with no material operations and relies on its subsidiaries to provide itself with funds necessary to meet its financial obligations

The Issuer is a holding company with no material, direct operations. The Issuer's principal asset is the equity interest it holds in 50Hertz. As a result, the Issuer's ability to pay interest on and repay principal of the Notes and its other indebtedness is dependent upon the operations of its subsidiaries and the distributions, transfers, advances or other payments of funds the Issuer receives. The Issuer cannot provide any assurance that it will receive sufficient funds to make payments on the Notes when due. The Issuer's subsidiaries are separate and distinct legal entities and, except for the Guarantors pursuant to the Guarantee, they will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividends, distributions, advances, loans or other payments. Accordingly, all risk factors that have an impact on the Guarantors have an impact on the Issuer.

Any decisions made or actions taken within companies in which 50Hertz has minority participation (and thus no control) may result in higher costs, lower revenues or a lower profit margin concerning such companies

In the course of its business, 50Hertz engages in economic activities with other companies through collaborations or joint undertakings, which currently includes minority participations in CORESO SA ("CORESO"), European Energy Exchange AG ("EEX"), Elia Grid International NV/SA ("EGI"), Joint Allocation Office SA ("JAO") and TSCNET Services GmbH ("TSCNET Services"). As 50Hertz does not hold a controlling interest in such minority participations 50Hertz cannot ensure that all decisions taken within such companies are approved by 50Hertz or in its interests. In such cases, the decisions made or actions taken may result in higher costs, lower revenues or a lower profit margin concerning the minority participations.

Risks arising from regulatory, legislative and political matters

Decisions made by the German federal regulatory agency under the current regulatory framework may have a significant impact on 50Hertz

Almost the entire profit of 50Hertz as a German Transmission System Operator ("**TSO**") (99 per cent) is generated from regulated activities via network user charges and surcharges which are subject to regulation by the German national regulatory authority, the Federal Network Agency (*Bundesnetzagentur* – "**BNetzA**"). The two main sources of profit from regulated activities are the network user charges for access to and usage of the 50Hertz onshore transmission system based on an annual revenue cap and the surcharge for the recovery of costs incurred by 50Hertz due to the obligation to connect offshore windfarms (so-called *Offshore-Netzumlage* – "**Offshore Grid Surcharge**"). In addition, 50Hertz receives substantial revenues from non-profit business under the surcharge for the recovery of costs under the Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz* – "**EEG**") ("*EEG Umlage*" – "**EEG Surcharge**"). Apart from the aforementioned surcharges, several other surcharges exist which are, however, of minor relevance for the revenues of 50Hertz. The decisions made and the actions taken by BNetzA under the current regulatory framework may have a negative impact on 50Hertz. In particular, such decisions or actions may be based on false assumptions, defective research or unreasonable efficiency goals and may fail to acknowledge costs which 50Hertz cannot avoid incurring. BNetzA is under no statutory obligation to ensure the solvency of a TSO in all circumstances and there is no assurance that revenue limits such as the annual revenue cap imposed by BNetzA will allow 50Hertz to generate sufficient revenues, thereby allowing the Issuer to meet its financial obligations (for more information on the tariff-setting mechanism in Germany see section "The Group's business – Tariff setting in Germany").

The determination of and potential changes to the initial level of 50Hertz's revenue cap for a regulatory period may if the initial level is too low or is reduced negatively impact 50Hertz

The initial level of the revenue cap is determined for a 5-year regulatory period based upon a cost assessment for a "base" year. This cost base is subject to an efficiency benchmark resulting in an individual efficiency value (*Effizienzwert* – "**Xind**") for each TSO. An Xind below hundred per cent means that the delta to one hundred per cent is considered inefficient. In such case, the TSO has to decrease its initial level of the revenue cap in five equal yearly steps of 1/5 of the inefficient percentage until the end of the regulatory period. Furthermore, the initial level of the revenue cap is subject to a yearly adjustment by a general productivity factor ("**Xgen**") and an inflation factor as part of the regulation formula.

The cost assessment for a "base" year reviews cost items for onshore assets. The regulatory framework (i.e. Ordinance on Incentive Regulation *Anreizregulierungsverordnung* – "**ARegV**") basically classifies some costs as permanently non-influenceable costs, others as temporarily non-influenceable costs and influenceable costs. Permanently non-influenceable costs (as regards 50Hertz currently approximately 50 per cent of the costs) are not subject to the adjustment by Xind, Xgen and the inflation factor and, contrary to temporarily non-influenceable costs and influenceable costs, can be adjusted yearly.

There is a risk that neither the base year costs itself nor the results of the costs assessment of the applied costs provide a sufficient basis for the cost coverage in the following regulatory period.

The initial level of the revenue cap for the current third regulatory period came into effect in 2019, based on approved costs of the base year 2016 and will expire in 2023.

With decision of 21 January 2019, BNetzA decided on the initial level of 50Hertz' revenue cap for the third regulatory period (cf. BK8-17/0450-11). 50Hertz appealed against BNetzA's decision regarding the revenue cap in front of the Higher Regional Court Düsseldorf (*Oberlandesgericht Düsseldorf* – "**OLG Düsseldorf**") (cf. VI-3 Kart 702/19 [V]). Subject of the appeal is that when reviewing 50Hertz' cost base BNetzA cut back a substantial part of the current assets (*Umlaufvermögen*) which resulted from the EEG-Umlage. While BNetzA accepted this position when determining the initial level of 50Hertz' revenue cap for the first and the second regulatory period, BNetzA now changed its practice and declined this position to 50Hertz' disadvantage regarding the initial level of revenue cap for the third regulatory period. For the third regulatory period an interim solution was agreed with BNetzA covering fifty (50) per cent of the economic effect.

Accordingly, the outcome of this court procedure could have a negative impact on the liquidity and profitability of 50Hertz' business.

BNetzA set the Xgen for the third regulatory period to 0.9 per cent in the energy sector (cf. BNetzA, determination of 28 November 2018, BK4-17-056). Therefore, currently the Xgen reduces the initial level of the revenue cap as part of the regulation formula. 50Hertz appealed against the decision concerning the electricity sector in front of OLG Düsseldorf. 50Hertz is currently not actively leading the procedure, but rather waits for a final decision in other model proceedings. On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA is currently appealing against OLG Düsseldorf's decision at the Federal High Court (*Bundesgerichtshof* – "**BGH**"). BGH's final decision is expected for 2021. The outcome of the Xgen proceedings could potentially have a negative effect on 50Hertz' liquidity and profitability.

The outcome of the two aforementioned court cases regarding the initial level of 50Hertz' revenue cap and the Xgen might have effects on the ultimate revenue caps for the third regulatory period, which could potentially lead to a material drop in 50Hertz' profitability.

Currently, 50Hertz is being considered 100 per cent efficient by BNetzA in the third regulatory period, thus no deductions from the revenue caps are being made to incentivise increasing efficiency. Before the fourth regulatory period commences in 2024 and before following regulatory periods commence, another efficiency benchmark is expected to be carried out and Xind will be newly determined. There is a risk that 50Hertz will no longer be considered 100 per cent efficient and as a result an Xind below 100 per cent will be set by BNetzA, reducing 50Hertz' revenue cap and thus having a negative effect on profitability.

Likewise, Xgen is expected to be newly determined for the fourth and later regulatory periods, respectively. There is a risk that an Xgen above zero will be set by BNetzA, reducing 50Hertz' revenue cap and thus having a negative impact on profitability.

The current regulatory framework provides for the use of a "quality factor" which could also be applied to TSOs, but the criteria for the quality factor for TSOs and its implementation mechanism have yet to be established by BNetzA. There may be an additional negative impact on the profitability of 50Hertz if the relevant quality standards are not met.

Changes to the recognition of permanently non-influenceable costs by BNetzA may negatively impact 50Hertz' annual revenue cap

Another part of the annual revenue cap is based on the recognition of permanently non-influenceable costs associated with 50Hertz' obligations that – if not complete – may negatively impact the profitability of 50Hertz. The two main categories of permanently non-influenceable costs consist of cost associated with energy management (control power, onshore grid losses, reserves, redispatch, curtailment of renewable energies) and investment measure costs.

In the context of 50Hertz' annual revenue caps costs related to energy management may – if not recognized – negatively impact 50Hertz

The main risks regarding the energy management business result from cost increases, in particular with respect to control power, reserves, curtailment of renewable energies, procurement of energy volumes to cover onshore grid losses and redispatch costs. Such cost increases may result from volume effects and/or – except for curtailment of renewable energies – from price increases (for further information on volume and price effects and financial risks arising from this see "Risks arising from Markets and finances" below).

In order to reduce the risks arising from these effects, for the third regulatory period BNetzA has accepted separate procedural regulations (so called "*Freiwillige Selbstverpflichtung*" acc. to Sec. 11 para. 2 ARegV) for control power, grid losses and national redispatch. The third regulatory period will expire end of 2023. Currently it is unclear if BNetzA will accept equivalent procedural regulations for the fourth regulatory period. If not, the risks may increase with the commencement of the fourth regulatory period in 2024.

Regarding cross-border redispatch another procedural regulation is in place whose duration is unlimited in time. However, irrespective of the duration there is a risk that a procedural regulation which represents an

administrative act is revoked or amended by BNetzA in accordance with general principles of administrative law.

For instance, there are currently discussions ongoing as regards the introduction of incentive elements into the procedural regulation for redispatch. However, these incentive elements are expected to become effective only as of the fourth regulatory period commencing in 2024.

Moreover, in relation to redispatch BNetzA approved a new definition of reasonable compensation for redispatch (cf. BNetzA, determination of 10 December 2018, BK8-18/0007-A), which is, however, subject to a legal dispute lead by several generation operators in front of the OLG Düsseldorf which could lead to higher compensation of generation operators which may however not be covered by the compensation 50Hertz as TSO receives under the procedural regulation for redispatch.

Furthermore, even under the current regime there is a risk that not all energy management costs are accepted due to already included incentive elements: Currently for onshore grid losses real volumes are accepted, but prices are limited to a reference price. For control power the actual prices are fully accepted, whereas the costs resulting from volume differences are subject to a bonus/malus system.

Apart from that, several further procedural regulations exist, *inter alia* one for costs arising from European activities and one for the revenues from the Inter-Transmission System Operator Compensation ("ITC"). These procedural regulations cover real costs; nevertheless, due to time lags liquidity risks may arise.

Recognition of onshore investment costs in the context of 50Hertz's annual revenue cap, which may – if not recognized – negatively impact 50Hertz

For the time being German regulation provides for a specific remuneration regime for predefined onshore transmission network investments called investment measures ("IM"). If an expansion or restructuring measure is approved as an IM, the operational and capital costs incurred for such an IM are generally considered as permanently non-influenceable costs for the approved period without time delay (Sec. 23 ARegV). After the approved period, the costs resulting from the respective IM will become a part of the regulated asset base. Investment projects with an overall investment volume of € 8.6 billion contemplated by 50Hertz had been approved by BNetzA by 31 December 2019; further projects have been approved in between or are still in the approval phase. With regard to the projects in the approval phase there is the risk that BNetzA does not acknowledge the need for the investment as such and, in consequence thereof, does not (entirely) approve the IM. With regard to already approved IMs there is the risk that BNetzA does not acknowledge all costs incurred due to the conditional ex-post review of investing activities by the regulatory authorities in terms of appropriateness, scope and amount. In particular, in cases where investment measures are not realized, the inclusion of the costs accrued in relation to such investment measures in the network user charges is only potentially acknowledged by BNetzA.

As part of the ARegV revision in 2016, the methodology for the determination of the replacement share in investment measures was changed. For new investment measures, the replacement share is to be calculated under consideration of the real current values of the assets to be replaced. This will probably increase the replacement share compared to the former methodology, however, to a currently still unknown extent and thus negatively impact the profitability of investment measures and can subsequently have a negative impact on profit.

BNetzA has issued a self-binding determination with regard to the calculation of capital cost and cost of operation for approved IM. According to this determination actual costs of debt are accepted as long as they are market conform (*marktüblich*). This has to be proven by the network operator. The determination contains reference values to match the market conformity for the different options of financing. If cost of debt exceed the reference values and the market conformity is not proven by the network operator, costs of debt will not be completely accepted for the IM while the allowed cost of debt related to IM is capped at the lower of the actual cost of debt or cost of debt as calculated in accordance with a published BNetzA determination. These caps can result in 50Hertz only partially recovering its actual cost of debt, which may negatively impact the financial results of 50Hertz. In addition, the determination can be revoked or amended by BNetzA. If financings and investments are not aligned, a risk for the profit and hence liquidity might arise.

In general, operational costs linked to IMs are recognised by BNetzA as a lump sum. The lump sum is subject to reassessment and revision by BNetzA. Hence, there is a risk that a lower lump sum could be determined. The operational costs recognised by BNetzA may not be sufficient to cover actual operational costs of IMs and BNetzA may utilise a different approach in the future. Consequently, operational costs of IMs may not be fully recovered.

A specific rate of 3.4 per cent on approved actual investment volume used to apply to operational costs linked to offshore connections (cf. BNetzA, determination of 12 December 2011, BK4-11-026). However, this determination on accepted operational costs linked to offshore connections was revoked by BNetzA (cf. BNetzA, decision of 22 December 2017, BK4-17-002) due to the introduction of the Offshore Grid Surcharge (as defined below) which foresees a plan cost approach with an ex post settlement of actual costs. The procedure for the new determination was opened in December 2019 and is currently pending (BNetzA, procedure BK4-19-074). The risk is that for 2018 retrospectively a rate below 3.4 per cent is determined and thus 50Hertz needs to repay the difference between the rates, however, since in 2018 a provision was made, this results only in a liquidity risk.

Recognition of offshore investment costs in the context of Offshore Grid Surcharge, which may – if not recognized – negatively impact 50Hertz

Due to the introduction of the Offshore Grid Surcharge as of 2019, offshore assets were excluded from the network user charges as of 2019 and transferred to the Offshore Grid Surcharge. As a consequence, these significant costs are no longer subject to the IM regime or the base year principle. Instead, the Offshore Grid Surcharge is in respect of costs for offshore grid connections based on planned costs which are subject to yearly ex post reviews of the actual costs by BNetzA. The specific implementation of the new regulation and thus which offshore costs are recognised by BNetzA is due to the new regime currently uncertain. If not or only partly recognized, this would have an impact on 50Hertz' profitability and thus ultimately the Issuer's ability to meet its debt service obligations.

Insufficient return on the capital invested represents a financial risk with respect to both investments already made and future investments

The return on equity is determined by an imputed equity and a specific interest rate on this equity. Every 5 years, BNetzA determines the interest rate and thereby the equity remuneration for the following regulatory period. The interest rate consists of a risk-free base rate calculated making use of historical values of the past ten years published by the Central Bank of the Federal Republic of Germany and a risk premium. BNetzA has used a Capital Asset Pricing Model (CAPM) in order to calculate the equity remuneration. The equity remuneration for the third regulatory period starting in 2019 has been determined by BNetzA in October 2016 at 6.91 per cent (before corporate tax) for investments realized after 2006 (5.12 per cent for investments until 2006) ("**Interest Rate EK I**"). This means a decrease of 24 per cent compared with the return on equity valid for the second regulatory period (9.05 per cent for investments made since 2006 and 7.14 per cent for investments made before 2006) that is mainly driven by the development of the base rate. The aforementioned percentages are calculated before corporate tax and after imputed trade tax. The equity to which the Interest Rate EK I applies is limited to 40 per cent of the value of the regulated asset base. If the value of the regulated asset base financed by equity exceeds 40 per cent, an interest rate fixed in the StromNEV is applicable ("**Interest Rate EK II**"). An insufficient return on equity may result if the interest rates are too low compared to market level or if BNetzA does not recognize all balance sheet items in the calculation of the regulated asset base. Cost of debt is accepted as long as it is market conform (*markttüblich*). For cost of debt not allocated to investment measures the base year mechanism applies. Thus, costs incurred in between base years might not be fully covered and can subsequently have a negative impact on liquidity and profit.

Future changes to the regulatory framework on a national and European level may have a negative impact on 50Hertz

On national level in relation to the calculation and recognition of capital costs a potential fundamental change of the regulatory framework for TSOs is under discussion. These discussions comprise a change from the IM regime (as described above) to a capital cost adjustment model (*Kapitalkostenabgleich*), a

system currently already used for the distribution system operators according to ARegV. In the capital cost adjustment system, for each year of the regulatory period the capital costs of the base year are reduced by the depreciation and increased by capital costs of new investments within that year. Depending on the parameters to be set and the provisions for a transitional solution this may have a negative impact on 50Hertz' profitability.

On European level such changes include among others changes arising from the Clean Energy Package (as defined below). The current national regulatory framework is based upon, *inter alia*, the Third Electricity Package, consisting of a set of European Union (EU) Directives and Regulations relating to the European internal energy market. In 2018 and 2019 the European legislator adopted the so-called "**Clean Energy Package**", which largely replaces the Third Energy Package. The Clean Energy Package contains new rules with regard to the functions of Agency for the Cooperation of Energy Regulators ("**ACER**") and the European Network of TSOs for Electricity ("**ENTSO-E**"). It enhances the legal competences and regulatory oversight of the TSO by ACER. Moreover, it aims to further increase the interconnection of the European energy market as well as the cooperation between the European TSOs.

For this purpose 50Hertz was and will be involved in the drafting process of the so-called network codes. Network codes are sets of rules which apply to one or more parts of the energy sector. Regulation (EU) 2019/943 sets out the areas in which network codes shall be developed. ENTSO-E developed several network codes, which considerably impact 50Hertz' business. It is to be expected that the implementation of the Clean Energy Package will lead to further amendments of the network codes. The drafting and implementing of network codes and the respective methods (e.g. the methods in the context of capacity calculation based on the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management – "**CACM**") require financial and human resources. Thus, there are ongoing discussions with BNetzA on how these additional costs can be included in the national regulatory framework. As a result, this could lead to a mismatch in timing regarding the refinancing of these costs via the network user charges, which might potentially lead to a negative impact on 50Hertz' liquidity and profitability.

In December 2019, the European Commission announced the so-called "European Green Deal". The European Green Deal shall include measures for a sustainable development of Europe's economy and aims at reducing the net emissions of greenhouse gases to zero in 2050. In March 2020, the European Commission published the draft of a so-called "European Climate Law". This draft aims at ensuring that all EU policies contribute to the goal of zero emissions and that all sectors of the economy and society will contribute to this goal. To this point it remains unclear, which challenges will occur due to this new set of future rules, but the interpretation by the German regulatory authorities and the implementation into German law might have negative impacts on several aspects of the regulatory framework and hence the profitability of 50Hertz.

TSO permit to operate / certification may be revoked or could be modified

50Hertz is permitted to operate as a TSO in Germany and while this authorisation is not limited in time, it can be revoked by the Energy Authority of the State of Berlin (*Senatsverwaltung für Wirtschaft, Technologie und Forschung (Energiewirtschaft/Energieaufsicht)*) if 50Hertz, *inter alia*, does not have the personnel, technical and financial means to guarantee the continuous and reliable operation of the network in accordance with the applicable legislation. Such revocation of the permit will have a material adverse impact on 50Hertz and the Issuer, including the ability to meet their respective obligations under the Notes.

The unbundling regime in the German Energy Industry Act (*Energiewirtschaftsgesetz* — "**EnWG**") provides for different models (Ownership Unbundling, Independent Transmission Operator, Independent System Operator). In a certification process BNetzA assesses if the unbundling provisions are met by the respective TSO. The certification as ownership unbundled TSO has been granted to 50Hertz by the BNetzA by decision of 9 November 2012 after having notified its draft decision to the European Commission. The certification can be revoked if 50Hertz does not meet the unbundling provisions any more. The BNetzA could also impose a fine. However, after the revocation of the certification 50Hertz would still be able to

operate the network. Nevertheless, the revocation could have a negative impact on 50Hertz reputation and thereby affect its business results and operations.

50Hertz may incur significant costs to manage potential environmental and public health risks and to accommodate planning constraints

50Hertz' operations and assets are subject to European, national and regional regulations dealing with, *inter alia*, environmental matters, regional planning and zoning, building and environmental permits and rights of way. These regulations are often complex and subject to continual change (resulting in a potentially stricter regulatory framework or enforcement policy). The most significant environmental issues faced by 50Hertz relate to the visual impact of the infrastructure, electromagnetic fields ("**EMF**"), soil pollution, water contamination, noise and waste as well as the impact on protected species and areas. Compliance with such regulations may impose significant additional costs on 50Hertz, including expenses relating to the implementation of preventive or remedial measures. Additional costs may also be incurred by 50Hertz in respect of, *inter alia*, compensation for impact of the infrastructure on the environment, managing environmental and public health risks or planning constraints, actual or potential liability claims, and the defence of 50Hertz in legal or administrative procedures or the settlement of third party claims.

Moreover, for years legal grounds have been expanded to allow for a larger number of field testing of underground cables in highest voltage level (pilot projects). Lately new legislation has been implemented, introducing a larger number of additional pilot projects for alternating current ("**AC**") underground cables, while on the direct current ("**DC**") level, the legislator set underground cables as regular technology. In consequence, costs rise significantly in the concerned DC technology projects, as the use of underground cables at high voltage level is more expensive than the use of overhead lines. Discussion might emerge on enlarging underground cabling in the future also for AC connections. This might lead to future changes in law and may impose additional costs on 50Hertz.

Changes to the timing and amounts of investments may negatively impact the financial position of 50Hertz

Uncertainties about the timing and size of the investments e.g. caused by delays in implementing or even a political stop of the energy transition (*Energiewende*) or public opposition or long-lasting permission procedures could cause a lower remuneration than expected and have a negative impact on costs of debts in the case of mismatch between financing needs and financing activities of 50Hertz.

In addition, the customers of 50Hertz, including the power producers, expect to have access to a reliable level of capacity to dispatch power at all times. Consequently, the inability of 50Hertz to maintain sufficient capacity on the grid and make necessary investments may lead to financial penalties being payable by 50Hertz due to, *inter alia*, damages claims by customers.

Possible retroactive changes to, or different interpretations of, applicable laws, including tax laws, additional tax assessments, anticorruption laws and antitrust laws, may have a negative impact on the Issuer and the Guarantors

The Issuer and the Guarantors may inadvertently violate their obligations under a law or regulation and may be liable for substantial administrative fines. In particular, accounting standards, commercial and company laws and tax laws and their interpretation, e.g. by accounting standard setters and committees, accounting enforcers, tax authorities and courts are subject to changes, potentially with retroactive effect. Such changes may have a negative impact on the Issuer's and the Guarantors' net assets, financial position and results of operations being presented differently in the future and key performance indicators being impaired in this regard. Furthermore, although tax rules are applied by the Issuer and the Guarantors with accuracy and precision, the Issuer's and the Guarantors' interpretation may not correspond to that of the relevant authorities. For instance, the relevant authorities may not accept the tax grouping based on the profit and loss transfer agreements between the Issuer and 50Hertz, and between 50Hertz and 50Hertz Offshore. Tax audits may result in a higher taxable income or in a lower amount of carried forward tax losses being available to the Issuer and the Guarantors.

Risks arising from markets and finances

Mismatch in timing of generating revenues from surcharges (namely in relation to EEG) and costs incurred to be covered by the respective surcharge

With regard to all obligations of 50Hertz which are remunerated by the payment of surcharges it is to be noted that there might be a time gap between costs incurred and the recovery of such costs by the payment of the respective surcharge.

This in particular applies to the EEG Surcharge. In the past, in accordance with previous versions of the EEG, network operators were obliged to purchase all renewable energy within their network area at fixed rates. The occurring costs as well as the produced electricity were passed on to the four German TSOs who sold the energy on the spot market of an energy exchange in accordance with Sec. 2 Ordinance on the Renewable Energies (*Erneuerbare-Energien-Verordnung* – "**EEV**"). As of 1 August 2014, this prior mechanism of paying legally fixed feed-in tariffs was replaced by the principle of direct marketing (*Direktvermarktung*). Although operators of new renewable energy facilities are since then obliged to market their electricity directly or involve a direct marketer, they are still being paid a market premium (*Marktprämie*) from the network operators that closes the gap between the spot price and a feed-in tariff. So the actual market premium model does not significantly reduce the risk exposure of the network operators. To recover the costs for the market premium and – if renewable energy facilities are still marketed by the TSOs – the gap between the revenues for selling the energy and the feed-in tariffs, 50Hertz receives the EEG Surcharge, which is calculated in accordance with Sec. 3 EEV annually and will be published until every 15 October for the next calendar year. The calculation is based on forecasts for factors such as spot prices and volumes of energy from renewable energy facilities. However, during the course of the year, the volumes and spot prices can differ significantly from the forecasts resulting in positive or negative liquidity requirements for 50Hertz on its specific EEG account and may have an adverse impact on its cash position. Since previous calculations usually led to a cost under-absorption (*Kostenunterdeckung*), the missing difference between actual costs and actual revenues were factored into the EEG Surcharge for the following calendar year targeting at full recovery. To reduce the risk of such an under-absorption since 2012, the EEG Surcharge is dimensioned in a way to allow for the establishment of a liquidity reserve. The reduction of such a foreseen liquidity reserve e.g. from 10 per cent to 6 per cent as from 2017 and back to 8 per cent in 2020 onwards or maybe even further to a lower percentage, will have a negative impact on 50Hertz' liquidity and may lead to a heightened risk of financing needs.

Extraordinary events, such as epidemics (like currently corona / COVID-19 / Coronavirus 2 / SARS-CoV-2), natural catastrophes, strikes and riots, may cause an extraordinary significant mismatch in timing as a combination of negative effects might occur at the same time. Such events may cause, as can be seen in relation to corona, heavily reduced power prices leading to a higher market premium to be paid by network operators to the producers, at the same time a lower consumption and possible deferred payments or default of counterparts might lead to lower cash flow from EEG Surcharge. These effects might become even more severe than anticipated and thus may have a significantly negative impact on 50Hertz' liquidity.

Taking into account regional differences in the generation of renewable energy in Germany, EEG 2017 (as formerly EEG 2014) provides for a nationwide equalisation mechanism amongst the TSOs in Germany with respect to the costs resulting from paying legally fixed feed-in tariffs or, as of 1 August 2014, market premiums in their control area. The TSOs in Germany with control area responsibility (*Regelzonenverantwortlichkeit*) currently share the EEG costs according to the load amongst themselves based on Sec. 58 EEG 2017. Changes to the EEG cost-sharing mechanism between the TSOs in Germany with control area responsibility may therefore have a negative impact on 50Hertz' liquidity.

Mismatch in timing of generating revenues from network user charges and costs incurred to be covered by the network user charges

Network user charges are calculated on the basis of forecasted volumes of capacity respectively consumption. Differences between planned and actual volumes may arise from different sources such as total or partial loss of customers e.g. caused by shut downs due to the outbreak and spreading of epidemics (like corona / COVID-19 / Coronavirus 2 / SARS-CoV-2) and differing infeed of renewable energy on DSO

level. Any mismatch between the forecasted and actual volumes forming the basis for the network user charges calculation may have a negative impact on 50Hertz' liquidity and profitability.

The main cost risks regarding the energy management business as already stated above result from cost increases, in particular with respect to control power, reserves, curtailment of renewable energies, procurement of energy volumes to cover onshore grid losses and redispatch costs. Such cost increases may result from volume effects and/or – except for curtailment of renewable energies – from price increases. The volume effects may be enhanced by the fluctuating feed-in from renewable energy facilities, which need to be compensated for by maintaining a system balance between generation and consumption at all times. Due to the rapid development of renewable energies and the grid expansion by nature not being able to keep pace, the aforementioned effects might increase in future and may thus lead to an increase of finance needs due to a mismatch in timing.

With the Electricity Market Act (*Strommarktgesetz*) which entered into force on 30 July 2016 the remuneration of redispatch measures changed retrospectively as of 1 January 2013. Due to this power plant operators could raise subsequent claims against 50Hertz. Such additional costs are fully recoverable via the network user charges. However, the amount of the additional costs is for the time being still unclear. In any event, this would result in a mismatch in timing potentially leading to a negative impact on 50Hertz' liquidity.

The TEN-E Regulation (EU Regulation No 347/2013 on guidelines for Trans-European energy infrastructure) was passed in order to achieve the EU's energy policy objectives by promoting so-called projects of common interest ("PCIs"). For PCI TSOs can claim European cost sharing to other TSOs if their countries profit from those projects. In the past, the European national regulatory authorities as well as ACER decided against cost-sharing claims of other TSOs on a case by case basis. More projects are expected to address cost contribution applications to Germany and hence the German TSOs in the future and there is a risk the authorities may decide differently in future cases. Even though the revision of the ARegV in 2016 considers such costs as permanently non-influenceable costs, this can only be done with a time-delay of two years. Accordingly, in case the German TSOs had to bear a certain share of costs, this could temporarily lead to liquidity and profitability risks.

Supplier risks may negatively affect the budget, quality and/or the timely commissioning of infrastructure works

The electricity transmission infrastructure is a key component of the business of the Company and of the relevant affiliates of the Company. The Company and the relevant affiliates of the Company rely on a limited number of key suppliers to realize their infrastructure objectives.

Given the complexity of the infrastructure works and the increasing demand in the market, the Company and the relevant affiliates of the Company may not be able to find sufficient suppliers and supplies for their projects. In addition, the Company and the relevant affiliates of the Company are also exposed to the risk that their respective suppliers, when facing financial difficulties or difficulties in the cause of the outbreak and spreading of epidemics (like corona / COVID-19 / Coronavirus 2 / SARS-CoV-2), may not be able to comply with their contractual obligations.

Any cancellation of or delay in the completion of the infrastructure works of the Company or the relevant affiliates of the Company could have an adverse effect on the business of the Company or on the business of the relevant affiliates of the Company.

The Guarantors may not have adequate insurance coverage

The Guarantors have put into place insurance contracts necessary to operate their business in line with current industry standards. The Guarantors cannot provide an assurance that such insurance will prove to be sufficient and/or adequate. In particular, insurance may not be available or not cover certain risks whether due to faults, natural disasters, other causes such as damage to overhead lines or cables including sea cables, third party losses, damages or blackout claims or losses as a result of terrorism, sabotage, crime etc. Furthermore, damages, losses or claims may turn out to exceed insurance coverage. Any

uninsured financial loss or claim could have a material impact on the business, results of operations and financial condition of the Guarantors.

A rating downgrade may increase the Issuer's financing costs

The Issuer's credit ratings influence the Issuer's financing costs. Any actual or anticipated suspension, reduction or withdrawal of a credit rating assigned to the Issuer or any Notes by one or more credit rating agencies may adversely affect the cost and terms and conditions of the Issuer's financings, limit the Issuer's access to the capital markets and harm the Issuer's ability to finance its operations and investments.

Counterparty credit risk of the customers of 50Hertz and other TSOs may have a negative impact on 50Hertz

TSOs are exposed to the insolvency risks of their customers, including the DSOs paying the network tariffs, electricity sales companies paying the EEG Surcharge, persons being obliged to pay KWK-surcharge directly to 50Hertz and persons being responsible for running balancing accounts (such as traders and electricity suppliers) ("*Bilanzkreisverantwortliche*") in the control areas of the TSOs, as well as the other TSOs and their customers. Any counterparty credit risk that materialises could have a material adverse effect on 50Hertz financial position and results of operations.

In particular, there is a risk that *Bilanzkreisverantwortliche* carry out cross-border chain transactions, which lead to an unbalanced system balance sheet, and 50Hertz cannot pass on the costs for settlement due to insolvency (or similar) of the *Bilanzkreisverantwortlichen*.

Risks arising from technology and infrastructure

Specific risks arising from grid connections of offshore wind farms may have a negative impact on 50Hertz

Planning, construction and operation of grid connections of offshore wind farms is a business involving uncertainties (e.g. weather and soil conditions) and technical challenges. Moreover, there is only a small number of potential suppliers for main components of such grid connections. Delays and changes in the planning and construction stages as well as later, unplanned outages in the operational stage are therefore possible and may result in compensation payments to the offshore windfarm operators pursuant to Sec. 17e EnWG which may not be fully recoverable.

Technical problems are often only discovered in the implementation and operational stage and have then to be solved immediately. In particular, as there is still no experience with long-term operation of this technology there is a risk of design flaws only being discovered once a cable is in use. To prevent this various tests are performed before production and commissioning. Moreover, the cables are monitored during operation. However, this does not ensure that all or a combination of causes of errors can be identified. In extreme cases this can lead to an entire cable system having to be replaced. With cables representing a considerable value in 50Hertz Offshore's fixed assets, this would result in high impairment charges and investment costs. Furthermore, compensation payments to the offshore windfarm operators pursuant to Sec. 17e EnWG would become due. Apart from potentially arising liquidity risks, there is a risk that these costs are not fully covered by insurances taken out or by the Offshore Grid Surcharge (inter alia depending on the potential scale of fault on 50Hertz' side) and thus resulting in a profitability risk for 50Hertz.

In the event of transmission fluctuations, disruptions, system breakdowns/blackouts of the grid, or non-implementation of emergency measures as prescribed by law, 50Hertz may be held liable for damages by its customers and/or third parties or incur additional costs

Transmission fluctuations, disruptions, system breakdowns or blackouts of the grid (caused by unforeseen events such as an overload of the very high voltage network, network imbalances, intrusions of computer viruses and natural events) that affect 50Hertz' network may result in a failure of 50Hertz to maintain a sufficient and reliable grid capacity and to deliver electricity to customers or to inject energy from power generation facilities, and may expose 50Hertz to liability claims and litigation. The probability of transmission disruptions, as well as required emergency measures, has increased with the increasing distance between

the locations of generation and consumption and the volatility of energy in-feed as a result of increasing fluctuating feed-in from renewable energy facilities. Moreover, in 2019 in some situations a significant generation deficit occurred due to market behaviour of balancing group participants (in that case caused by wrong incentives) which had to be balanced. Even though the auction methodology has been changed to abolish the incentives existing in the past, it cannot be excluded that due to similar abusive behaviour of balancing group participants critical grid situations might arise in the future.

Furthermore, 50Hertz may also be liable if emergency measures required under Sec. 13 para 2 of the EnWG have not been implemented dutifully, unless the event qualifies as *force majeure*.

A failure of the IT systems and processes or a breach of their security measures may have a negative impact on 50Hertz

50Hertz' operations depend on IT systems, hardware and software, including fibre optic and copper cable based communication networks. The reliability and continuity thereof are essential in particular for an efficient and reliable operation of the electricity network and the electronic funds transfer.

In a complex project 50Hertz' highly available grid control system - which ensures the secure operation of its transmission grid - is being replaced by a new system. As this project is delayed the old grid control system must operate beyond its planned duration and operations must be secured in cooperation with the manufacturers of the subsystems. In consequence, there might result risks for security of supply. Moreover, there is in general no certainty that important system hardware and software failures, viruses, accidents, security breaches or acts of terrorism and sabotage will not occur and these could impair 50Hertz' ability to provide all or part of the services or to fulfil other obligations required by law or under the contracts to which it is a party. Such failures could endanger 50Hertz' reputation, which in turn might lead to the undermining of 50Hertz' business model caused by negative regulatory and legal decisions in their turn potentially resulting in an adverse effect on 50Hertz' financial position and results of operations.

The Issuer and 50Hertz are also subject to a number of IT security and privacy and data protection rules and regulations, including, the General Data Protection Regulation (EU Regulation 2016/679 as well as the IT Security Act (*IT-Sicherheitsgesetz*). Failure to comply with any of these acts by the Issuer or 50Hertz may have an adverse effect on their financial position and results of operations.

Acts of terrorism, sabotage or crime may adversely affect the operations of the Guarantors

The Guarantors' electricity network (being considered as critical infrastructure) and assets are widely spread geographically and potentially exposed to acts of terrorism, sabotage or crime. Such events could negatively affect the Guarantors' networks or operations and may cause network failures or system breakdowns. Network failures or system breakdowns could, in turn, have a material adverse effect on the Guarantors' financial condition and results of operations, particularly if the destructions caused by acts of terrorism, sabotage or crime are of major importance (e.g. through the reduction of revenues and for incurrence of costs for damages due to the unavailability of some parts or all of the network) or last for a longer period of time.

Use of innovative technologies involve higher technological risks for 50Hertz

Following extensive technical tests of the four German transmission system operators and in-depth consultation with the BNetzA and federal policymakers, it was decided for economic and ecological reasons to use the world's first extruded 525 kV cables for the large direct current connections from northern to southern Germany (i.e. for 50Hertz the South-East Link (*SuedOstLink*)). However, this decision to use an innovative technology naturally involves technological risks compared to using tried-and-tested cable technology solutions. This might lead to risks of significantly higher costs and loss of reputation that might cause the loss of business fields for 50Hertz in the worst case.

Risks arising from delay regarding the construction of new lines due to delay in permission processes

The construction of new lines regularly faces opposition from local or regional stakeholders and triggers complex administrative proceedings, leading to long-lasting permission processes potentially followed by court proceedings. Line construction delays are therefore still possible despite the intense efforts of 50Hertz'

permission and public participation experts. This can lead to an increase in congestions and critical situations for grid operations as the new lines are urgently needed to link high-consumption areas to the production centres, mainly for transporting the ever-growing highly variable feed-in volume of renewable energies in 50Hertz' balancing zone, and also because the planned shutdown of nuclear power plants in southern Germany is getting closer. Any delay regarding the construction of new lines might have an adverse effect on 50Hertz's financial position and results of operations.

Risks arising from delays in the connection of renewable energy facilities

In accordance with the current laws and regulations, 50Hertz is obligated to connect without undue delay all renewable energy facilities in its control area. Any delay in such connections may subject 50Hertz to damages claims. In case of costs not being allowed to be passed on, this would negatively impact 50Hertz' profitability.

Risks arising from legal and regulatory requirements to be implemented in IT systems (e.g. the Digitalization Act)

In 2016, the Digitalization Act (*Gesetz zur Digitalisierung der Energiewende*) entered into force. The main aspects of the Digitalization Act for 50Hertz are the redesign of communication systems and processes to ensure the processing of a high volume of smart meter data. The responsibility for the aggregation of the metering data for better balancing energy generation with consumption is given to the TSOs. However, remuneration of the respective costs is not regulated by the law and currently under discussion with BNetzA. The outcome of these discussions is unclear and could have a negative impact on profitability of 50Hertz.

In general, legal and regulatory requirements often lead to high implementation efforts for new processes resulting in the adaptation of IT systems that often need to be coordinated with numerous stakeholders and have ambitious deadlines. If 50Hertz is not able to implement the requirements within the set deadline or to the required extent there is a risk of penalty payments and loss of reputation.

Risks regarding occupational health and safety and personnel

A lack or loss of highly qualified employees may result in insufficient expertise and knowhow to meet the strategic objectives

50Hertz pursues an active human resources policy that aims maintaining an adequate level of expertise and knowhow in a tight labour market due to the highly specialised nature of its business. 50Hertz may, however, experience difficulties in attracting and retaining highly qualified staff required to support its operations, implement its investment programme and develop new business fields. Such a lack or loss of highly qualified staff may result in insufficient expertise and knowhow, in unsatisfactory quality levels and in the inability to maintain or operate the grid or complete infrastructure projects in time or not to meet strategic objectives. This may have effects on 50Hertz' earnings, financial position and results of operations.

Accidents at the Guarantors' facilities and involving the Guarantors' assets may have serious consequences

Accidents that may occur at the Guarantors' facilities or involve the Guarantors' assets (e.g. high voltage or offshore assets) may result in harm and death of humans or other serious consequences. As such, the Guarantors may be exposed to potential claims resulting in significant liabilities, use of financial and management resources and possible harm to their reputation.

Risk Factors in respect of the Notes

Risks related to the nature of the Notes

Market Price Risk

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The Holders of Notes ("**Holder**" meaning any holder of a

proportionate co-ownership or other beneficial interest or right in the Notes) are therefore exposed to the risk of an unfavorable development of market prices of their Notes which materialize if the Holders sell the Notes prior to the final maturity of such Notes. If Holders of Notes decide to hold the Notes until final maturity, the Notes will be redeemed at the amount set out in the relevant Final Terms.

Holders of Fixed Rate Notes are particularly exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate levels. While the nominal interest rate of a Fixed Rate Note as specified in the applicable Final Terms is fixed during the life of such Notes, the current interest rate on the capital market typically changes on a daily basis. As the market interest rate changes, the price of Fixed Rate Notes also changes, but in the opposite direction. If the market interest rate increases, the price of Fixed Rate Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate of comparable issues. If the market interest rate falls, the price of Fixed Rate Notes typically increases, until the yield of such Notes is approximately equal to the market interest rate of comparable issues. If Holders of Fixed Rate Notes hold such Notes until maturity, changes in the market interest rate are without relevance to such Holders as the Notes will be redeemed at a specified redemption amount, usually the principal amount of such Notes.

Holders of Zero Coupon Notes are exposed to the risk that the price of the Notes falls as a result of changes in the market interest rate. Prices of Zero Coupon Notes are more volatile than prices of Fixed Rate Notes and are likely to respond to a greater degree to market interest rate changes than interest bearing Notes with a similar maturity.

Liquidity Risk

Application has been made to the Luxembourg Stock Exchange for Notes issued under this Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. In addition, the Programme provides that Notes may be listed on other or further stock exchanges or may not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which Holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the Notes independent of the Issuer's financial performance and prospects. If Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices.

Risks related to specific Terms and Conditions of the Notes

Risk of Early Redemption

The applicable Final Terms will indicate if the Issuer has the right to call the Notes prior to maturity (optional call right) or for reason of minimal outstanding amount. In addition, the Issuer will always have the right to redeem the Notes if the Issuer is required to pay additional amounts (gross-up payments) on the Notes for reasons of taxation as set out in the Terms and Conditions. If the Issuer redeems the Notes prior to maturity, the Holders of such Notes are exposed to the risk that due to such early redemption his investment will have a lower than expected yield. The Issuer can be expected to exercise his call right if the yield on comparable Notes in the capital market has fallen which means that the investor may only be able to reinvest the redemption proceeds in comparable Notes with a lower yield. On the other hand, the Issuer can be expected not to exercise his call right if the yield on comparable Notes in the capital market has increased. In this event an investor will not be able to reinvest the redemption proceeds in comparable Notes with a higher yield. It should be noted, however, that the Issuer may exercise any call right irrespective of market interest rates on a call date.

Currency Risk

Holders of Notes denominated in a foreign currency (i.e. a currency other than euro) are particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors, such as macro-economic factors, speculative transactions and interventions by central banks and governments.

A change in the value of any foreign currency against the euro, for example, will result in a corresponding change in the euro value of Notes denominated in a currency other than euro and a corresponding change in the euro value of interest and principal payments made in a currency other than euro in accordance with the terms of such Notes. If the underlying exchange rate falls and the value of the euro rises correspondingly, the price of the Notes and the value of interest and principal payments made thereunder expressed in euro falls.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected.

Risks related to the to the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz*)

Since the Terms and Conditions of Notes issued under the Programme provide for meetings of Holders of a series of Notes or the taking of votes without a meeting, the Terms and Conditions of such Notes may be amended (as proposed or agreed by the Issuer) by majority resolution of the Holders of such Notes and any such majority resolution will be binding on all Holders. Any Holder is therefore subject to the risk that its rights against the Issuer under the Terms and Conditions of the relevant series of Notes are amended, reduced or even cancelled by a majority resolution of the Holders. Any such majority resolution will even be binding on Holders who have declared their claims arising from the Notes due and payable based on the occurrence of an event of default but who have not received payment from the Issuer prior to the amendment taking effect. According to the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz* – "**SchVG**"), the relevant majority for Holders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of the relevant Notes outstanding. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the relevant Notes outstanding.

Under the SchVG, an initial common representative (*gemeinsamer Vertreter*) of the Holders (the "**Holders' Representative**") may be appointed by way of the terms and conditions of an issue.

No initial Holders' Representative might be appointed by the Terms and Conditions. Any appointment of a Holders' Representative post issuance of Notes will, therefore, require a majority resolution of the Holders of the Notes. If the appointment of a Holders' Representative is delayed, this will make it more difficult for Holders to take collective action to enforce their rights under the Notes.

If a Holders' Representative will be appointed by majority decision of the Holders it is possible that Holders may be deprived of their individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the Holders' Representative by majority vote who is then exclusively responsible to claim and enforce the rights of all the Holders.

The applicable Final Terms will indicate if, in case of certain events of default, any notice declaring the Notes due and payable shall become effective only when the Fiscal Agent has received such default notices from Holders representing at least 25 per cent of the aggregate principal amount of the Notes then outstanding. Under the SchVG, even if a default notice is given by a sufficient number of Holders, it could be rescinded by majority resolution within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any case, more Holders would have to consent to a rescission than have delivered default notices. Holders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of certain events of default, unless the required quorum of Holders with respect to the Notes delivers default notices and such acceleration is not rescinded by majority resolution of the Holders.

Other related Risks

Risks related to Credit Ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Rating agencies may also change their methodologies for rating securities in the future. Any suspension, reduction or withdrawal of the credit rating assigned to the relevant Notes by one or more of the credit rating could adversely affect the value and trading of such Notes.

Risks relating to structural subordination

Generally, claims of creditors of a subsidiary, including trade creditors, secured creditors, and creditors holding indebtedness and guarantees issued by such subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent company. However, Holders will have direct claims against the Guarantors themselves under the Guarantee on a senior unsecured basis.

Accordingly, the Notes will be structurally subordinated to all creditors, including trade creditors, of the Issuer's subsidiaries other than the Guarantors. Any right of the Issuer and the Guarantors to receive assets of any subsidiary upon the insolvency or liquidation of the subsidiary (and the consequent rights of Holders to participate in those assets) will be structurally subordinated to the claims of these subsidiary's creditors, except to the extent the Issuer's and the Guarantors' claims do not result from (i) their respective shareholdings, (ii) shareholder loans (or their economic equivalent) subordinated by law, or (iii) contractually subordinated claims, in which case their claims would still be subordinated with respect to any assets of the subsidiary pledged to secure other indebtedness, and any indebtedness of the subsidiary senior to that held by the Issuer and the Guarantor. In addition, holders of secured indebtedness of the Issuer and the Guarantors would have a claim on the assets securing such indebtedness that is prior to the Holders and would have a claim that is *pari passu* with the Holders to the extent the security did not satisfy such indebtedness.

Risks relating to limitations of the Guarantee

The Guarantors are incorporated in the form of a German limited liability company (*Gesellschaft mit beschränkter Haftung*, "**GmbH**"). Consequently, the grant of a guarantee by it is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaft mit beschränkter Haftung*, "**GmbHG**").

As a general rule, Sections 30 and 31 of the GmbHG prohibit a GmbH from disbursing its assets to its shareholders to the extent that the amount of the GmbH's net assets (*i.e.*, assets minus liabilities and liability reserves) is already less or would fall below the amount of its stated share capital (*Stammkapital*). The granting of a guarantee by a GmbH in order to secure liabilities of a direct or indirect parent or sister company may be considered disbursements under Sections 30 and 31 of the GmbHG. Therefore, in order to enable German subsidiaries to grant guarantees and to create security interests to secure liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 of the GmbHG, it is standard market practice for terms and conditions, credit agreements, guarantees and security documents to contain so-called "*limitation language*" in relation to subsidiaries in the legal form of a GmbH incorporated in Germany. Pursuant to such limitation language, the beneficiaries of the security interests (including any guarantee) agree, subject to certain exemptions, to require payments under the Guarantee or, as the case may be, enforce the security interests against the German subsidiary only if and to the extent that such payment or, as the case may be, enforcement does not result in the GmbH's net assets falling below its stated share capital or, as the case may be, if the net assets are already below the amount of its stated share capital, to cause such amount to be further reduced. Accordingly, the security documents and other relevant documents relating to the Guarantee provided by the Guarantors contain such limitation

language and the Guarantee will be limited in the manner described. These limitations would, to the extent applicable, restrict the right of payment and would limit the claim accordingly irrespective of the granting of the subsidiary guarantee. This could lead to a situation in which the Guarantee cannot be enforced at all. German capital maintenance rules are subject to evolving case law (*Rechtsprechung*). Future court rulings may further limit the access of shareholders to assets of their subsidiaries constituted in the form of a GmbH, which can negatively affect the ability of the subsidiaries to make payments on the Guarantee and of the beneficiaries of the Guarantee to enforce the Guarantee.

Furthermore, it cannot be ruled out that the case law of the German Federal Supreme Court (*Bundesgerichtshof*) regarding so-called destructive interference (*existenzvernichtender Eingriff*) (i.e., a situation where a shareholder deprives a German limited liability company of the liquidity necessary for it to meet its own payment obligations) may be applied by courts with respect to the enforcement of a guarantee or security granted by a German (direct or indirect) subsidiary of the Issuer. In such a case, the amount of proceeds to be realised in an enforcement process may be reduced, even to zero.

In addition, enforcement of the Guarantee and security interests granted by subsidiaries of the Issuer may be limited under its respective terms to the extent that it would lead to the illiquidity (*Zahlungsunfähigkeit*) of the Guarantors.

The specific risk is that the Guarantors may be restricted in making payments under the Guarantee which in turn may result in a Holders' loss of the investment in the Notes.

Risks associated with green or social bonds

In respect of any Notes issued with a specific use of proceeds, such as a green or social bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes or social purposes ("**ESG Projects**"). Prospective investors must determine for themselves whether or not the use of such proceeds for any ESG Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or "social" or such other equivalent label and the criteria for what constitutes an ESG Project may be changed from time to time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any ESG Projects. Any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus and is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for ESG Projects in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant ESG Projects will be capable of being implemented in or substantially in such manner and that accordingly such proceeds will be totally or partially disbursed for such ESG Projects. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes. Also, any failure by the Issuer to provide any reporting or obtain any opinion will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any ESG Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining

or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance ESG Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

BUSINESS DESCRIPTION OF THE ISSUER

General Information

The legal and commercial name is Eurogrid GmbH (the "**Issuer**").

The Issuer operates under the laws of Germany and was incorporated as a limited liability company on 26 February 2010. The Issuer has its corporate seat in Berlin, Germany and its registered office is at Heidestraße 2, 10557 Berlin. The Issuer is registered with the commercial register of the local court (*Amtsgericht*) of Charlottenburg under registration number HRB 130427 B. The telephone number of the Issuer is +49-30-5150-2363. The website of the Issuer is <https://www.eurogrid.com>.

The Issuer's legal entity identifier (LEI) is 967600Q53854Z2NBCC81.

There have been no relevant recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

Object of the Issuer

Article 2 of the Issuer's articles of association (as translated from the German original), regarding its objects, reads as follows:

"2.1 *The object of the Company shall be to acquire, hold and manage participations in other businesses, in particular in the transmission grid operation sector.*

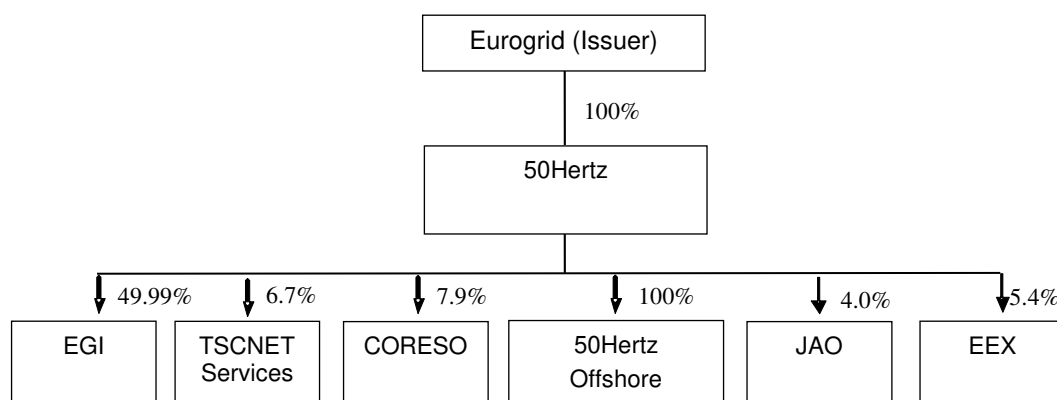
2.2 *The Company may enter into all transactions and take all measures related to or useful for the object of the Company."*

Business Overview

The Issuer is a holding company and as such, its principal asset is its investment in 50Hertz and its subsidiaries. See "*Business Description of the Guarantors - 50Hertz Transmission GmbH*" and "*Business Description of the Guarantors - 50Hertz Offshore GmbH*" for a description of 50Hertz and its subsidiaries, including 50Hertz Offshore.

Organisational Structure

The Issuer is the parent company of the Group. The following diagram depicts, in simplified form, the organisational structure of the Issuer and 50Hertz and its subsidiaries, including relevant minority participations, as at the date of this Prospectus:



A more detailed description of 50Hertz can be found under "*Business Description of the Guarantors - 50Hertz Transmission GmbH*".

A more detailed description of the subsidiaries of 50Hertz can be found under "*Business Description of the Guarantors - 50Hertz Transmission GmbH – Subsidiaries*".

Share Capital

The registered share capital of the Issuer amounts to € 25,000 comprising 25,000 shares with a nominal value of € 1.00 each. The share capital has been fully paid up.

Major Shareholders

80 per cent of the share capital of the Issuer is held by Eurogrid International NV/SA ("**Eurogrid International**"), a company incorporated in Brussels, Belgium and registered under 0823.637.886 RPR. Eurogrid International is directly owned by Elia Group NV/SA ("**Elia**"). 20 per cent of the share capital of the Issuer is held by Selent Netzbetreiber GmbH ("**Selent**"), a company incorporated in Frankfurt am Main, Germany and registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 115815. Selent is fully and directly owned by the state-owned Kreditanstalt für Wiederaufbau (Anstalt des öffentlichen Rechts) ("**KfW**").

KfW is a public law institution (*Anstalt des öffentlichen Rechts*) serving domestic and international public policy objectives of the Federal Government of the Federal Republic of Germany ("**Federal Government**"). KfW promotes its financing activities under the umbrella brand name KfW Bankengruppe ("**KfW Group**"). KfW conducts its business in the following business sectors: SME Bank & Private Clients (*Mittelstandsbank & Private Kunden*), Customized Finance & Public Clients (*Individualfinanzierung & Öffentliche Kunden*), KfW Capital GmbH & Co. KG ("**KfW Capital**", formerly Equity Financing), Export and Project Finance, Promotion of Developing Countries and Emerging Economies, and Financial Markets. The Federal Republic of Germany holds 80 per cent of KfW's subscribed capital, and the German federal states hold the remaining 20 per cent. KfW is organized under the KfW Law as a public law institution with unlimited duration.

Elia is a public limited liability company incorporated in Belgium with its shares listed on Euronext Brussels. Elia, a holding company, is organised, via its subsidiaries, around two electricity transmission system operators: Elia Transmission Belgium NV/SA ("**ETB**") in Belgium and 50Hertz and it has also a stake in entities offering a range of consultancy and engineering activities. ETB, as the Belgian TSO, owns 100 per cent of the Belgian very high voltage electricity network and owns (or has the right to use) approximately 94 per cent of the Belgian high voltage electricity network. In addition to its system operator activities in Belgium, ETB's core business is the operation, maintenance and development of very high voltage (380 kV, 220 kV and 150 kV) and high voltage (70 kV, 36 kV and 30 kV) networks to maintain a reliable electricity flow from electricity producers, whether located in Belgium or elsewhere in Europe, to distributors and large corporate clients. ETB also continuously aims at improving the functioning of the open electricity market by acting as a market facilitator, both in the context of a single European electricity market as well as in the framework of the integration of renewable energy, in accordance with national and European policies.

In July 2018, KfW was mandated by the Federal Government pursuant to and in accordance with article 2 paragraph 4 of the KfW Law (*Zuweisungsgeschäft*) to acquire a 20 per cent shareholding in Eurogrid International (formerly: Eurogrid International CVBA). Eurogrid International CVBA indirectly held all shares in the German transmission systems operator 50Hertz via its 100 per cent subsidiary Eurogrid. The transaction closed on August 22, 2018. In June 2019 and in accordance with its mandate by the Federal Government, KfW swapped its 20 per cent equity stake in Eurogrid International CVBA for a 20 per cent equity stake in Eurogrid. This share swap was executed to simplify the holding structure. Under the mandate, KfW is fully covered by a guarantee provided by the Federal Republic of Germany against any economic risks resulting from its investment in Eurogrid. KfW's stake in Eurogrid is held via the holding company Selent, a 100 per cent subsidiary of KfW. Selent's principal asset is its investment in Eurogrid. Selent's business purpose is to hold and administer participations in other companies, in particular in Eurogrid.

Administrative, Management, and Supervisory Bodies

The Issuer is managed by a board of managing directors comprising at least two managing directors (*Geschäftsführer*) who are appointed by the Supervisory Board of the Issuer. Their details are shown below:

Name	Responsibility	Principal activities outside the Issuer
Stefan Kapferer	Managing Director	Chief Executive Officer, 50Hertz Transmission GmbH
Yannick Dekoninck	Managing Director	Investor Relations Officer, Elia Group NV/SA

The business address of both managing directors is Heidestraße 2, 10557 Berlin, Germany.

Supervisory Board

Eurogrid is supervised by a non-obligatory supervisory board (*Aufsichtsrat*) consisting of five members.

The members of the supervisory board of Eurogrid are as follows:

Name	Position	Principal activities outside Eurogrid	Business Address
Christiaan Peeters	Chairman	Chairman of the Executive Committee and Chief Executive Officer of Elia Group NV/SA; Chairman of the Executive Committee and Chief Executive Officer of Elia Transmission Belgium NV/SA; Chairman of the Executive Committee and Chief Executive Officer of Elia Asset NV/SA; Member of the Board of Directors of Elia Grid International NV/SA; Chairman of the Board of Directors and the Audit Committee of Eurogrid International NV/SA; Member of the Board of Directors of Synergrid ASBL, Fédération des Gestionnaires de Réseaux Electricité et Gaz en Belgique; Chairman of the Supervisory	Elia Group NV/SA Bd. de l'Empereur 20 B – 1000 Brussels Belgium

Board of 50Hertz;

Chairman of the Board of
Directors of re.alto-energy SRL;

Member of the Supervisory
Board of re.alto-energy GmbH

Dr. Lutz-
Christian Funke

Vice Chairman

Secretary General of
Kreditanstalt für Wiederaufbau
AöR;

Palmengartenstraße 5-9,
D – 60325 Frankfurt /
Main

Managing Director of KfW
Beteiligungsholding GmbH;

Managing Director of
Gesellschaft zur
Beteiligungsverwaltung GZBV
Verwaltungs-GmbH;

Member of the Board of KfW
Stiftung;

Member of the Supervisory
Board of IKB Deutsche
Industriebank AG;

Member of the Supervisory
Board of 50Hertz Transmission
GmbH

Markus Berger

Member

Member of the Executive
Committee and Chief
Infrastructure Officer of Elia
Transmission Belgium NV/SA;

Elia Transmission Belgium
Elia Group NV/SA
Bd. de l'Empereur 20
B – 1000 Brussels
Belgium

Member of the Executive
Committee and Chief
Infrastructure Officer of Elia
Asset NV/SA;

Member of the Board of
Directors of Elia Engineering
NV/SA;

Member of the Board of
Directors of Elia Re SA;

Chairman of the Board of
Directors of Nemo Link Limited;

Chairman of the Board of
Directors of Elia Grid
International NV/SA;

Member of the Board of
Directors of Eurogrid
International NV/SA;

Chairman of the Board of
Directors and Administrative
Council Member of Cigre Belgïe
ASBL;

Chairman of the Board of
Directors of Bemas ASBL

Peter Michiels Member

Member of the Executive Elia Group NV/SA
Committee of Elia Group NV/SA; Bd. de l'Empereur 20
B – 1000 Brussels
Belgium

Member of the Executive
Committee and Chief Human
Resource and Internal
Communication Officer of Elia
Transmission Belgium NV/SA;

Member of the Executive
Committee and Chief Human
Resource and Internal
Communication Officer of Elia
Asset NV/SA;

Director of Elgabel OFP;

Director of Enerbel OFP;

Member of the remuneration
committee of Synergrid ASBL,
Fédération des Gestionnaires de
Réseaux Electricité et Gaz en
Belgique;

Member of the Board of
Directors of Eurogrid
International NV/SA;

		Member of the Board of Directors of re.alto-energy SRL;	
		Member of the Supervisory Board of re.alto-energy GmbH	
Catherine Vandenborre	Member	Member of the Executive Committee and Chief Financial Officer of Elia Group NV/SA;	Elia Group NV/SA Bd. de l'Empereur 20 B – 1000 Brussels Belgium
		Member of the Executive Committee and Chief Financial Officer of Elia Transmission Belgium NV/SA;	
		Member of the Executive Committee and Chief Financial Officer of Elia Asset NV/SA;	
		Member of the Board of Directors of Elia Engineering NV/SA;	
		Member of the Board of Directors of Elia Re SA;	
		Member of the Board of Directors of Eurogrid International NV/SA;	
		Member of the Board of Directors of Contassur SA;	
		Member of the Board of Director of Proximus SA;	
		Member of the Board of Proximus OFP;	
		Member of the Board of Directors of re.alto-energy SRL;	
		Member of the Supervisory Board of re.alto-energy GmbH	

Administrative, Management, and Supervisory Bodies Conflicts of Interest

None of the members of the board of managing directors have declared that there are any potential conflicts of interest between any duties to the Issuer and their private interests or other duties.

Fiscal Year

The fiscal year of the Issuer is the calendar year.

Financial Information

The audited consolidated financial statements of the Issuer as of and for the fiscal years ended 31 December 2018 and 31 December 2019 which have been prepared in accordance with the provisions of the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to Sec. 315e German Commercial Code (*Handelsgesetzbuch* – "**HGB**"), and the respective qualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) on these audited IFRS consolidated financial statements, are incorporated by reference into this Prospectus.

The qualified independent auditor's reports are fully reproduced on pages 147 to 157 of the pdf document of the Issuer's *Group management report and consolidated financial statements for fiscal year 2018 and independent auditor's report thereon* and on pages 152 to 162 of the pdf document of the Issuer's *Group management report and consolidated financial statements for fiscal year 2019 and independent auditor's report thereon*, respectively.

Statutory Auditors

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Federal Republic of Germany ("**EY**") has been the statutory auditor of the Issuer for the fiscal years ended 31 December 2018 and 31 December 2019. EY has audited in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)*) the consolidated financial statements prepared in accordance with IFRS ("**IFRS Consolidated Financial Statements**"), of the Issuer as of and for the fiscal years ended 31 December 2018 and 31 December 2019, and in each case issued a qualified independent auditor's report thereon.

EY is member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin.

Statement of No Material Adverse Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2019.

Significant Change in the Financial Position

There has been no significant change in the financial position and the financial performance of the Group since 31 December 2019.

Legal and Arbitration Proceedings

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

Material Contracts

The Issuer is party to a profit and loss transfer agreement with 50Hertz, see "*Business Description of the Guarantors - 50Hertz Transmission GmbH – Material Contracts*".

Ratings

As of the date of this Prospectus, S&P Global Ratings Europe Limited^{1,2} has assigned the long-term credit rating of BBB+ and Moody's Investor Services³ has assigned an unsolicited long-term credit rating of Baa1 to the Issuer.

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

¹ S&P Global Ratings Europe Limited (SPGRE), a Dublin-based Irish company is registered with the European Securities and Markets Authority (ESMA) as a credit rating agency (CRA) under Regulation (EC) No. 1060/2009 as amended ("the CRA Regulation").

² The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

³ Moody's Investor Services is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as most recently amended by the CRA Regulation.

BUSINESS DESCRIPTION OF THE GUARANTORS – 50HERTZ TRANSMISSION GMBH

General Information

The legal and commercial name is 50Hertz Transmission GmbH ("**50Hertz**").

50Hertz operates under the laws of Germany and was incorporated as a limited liability company on 10 October 2001. The company has its corporate seat in Berlin, Germany and has its registered office at Heidestraße 2, 10557 Berlin. 50Hertz is registered in the commercial register at the local court (*Amtsgericht*) of Charlottenburg under registration number HRB 84446 B. The telephone number of 50Hertz is +49-30-5150-0. The website of 50Hertz is <https://www.50hertz.com>.

50Hertz' legal entity identifier (LEI) is 529900N6V96MBOIRXV55.

There have been no relevant recent events particular to 50Hertz which are to a material extent relevant to the evaluation of 50Hertz' solvency.

Object of 50Hertz

Article 2 of 50Hertz' articles of association (as translated from the German original), regarding its objects, reads as follows:

"2.1 *Object of the Company shall be the construction, acquisition, operation, commercial use and provision of energy supply and telecommunication systems, in particular of a transmission network for electrical power with lines, switching devices and substations including other auxiliary equipment and the provision of all related services.*

2.2 *The Company may enter into all transactions and take all measures serving directly or indirectly the object of the Company. In particular, the Company may acquire or incorporate companies of the same or similar kind, and participate in such domestic and foreign companies, and enter into cooperation and enterprise agreements."*

Business Description

Regulatory Framework

Relevant German Legislation and TSO Obligations

In order to understand the business of 50Hertz which operates in a regulated environment, an overview on the applicable regulatory framework is provided below:

The German legal framework for electricity markets is laid down in various pieces of legislation. The key law is the EnWG, which defines the overall legal framework for the gas and electricity industry in Germany. The EnWG is supported by a number of laws, ordinances and regulatory decisions, which provide detailed rules on the current regime of incentive regulation, regulatory accounting methods and network access arrangements, including but not limited to:

- The Ordinance on Electricity Network Tariffs (*Verordnung über die Entgelte für den Zugang zu Elektrizitätsversorgungsnetzen (Stromnetzentgeltverordnung — "StromNEV")*) which establishes, *inter alia*, principles (*Grundsätze*) and methods for the network tariff calculations and further obligations of network operators;
- The Ordinance on Electricity Network Access (*Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen (Stromnetzzugangsverordnung — "StromNZV")*) which, *inter alia*, sets out the further detail on how to grant access to the transmission systems grids (and other types of grids) by way of establishing the balancing account system (*Bilanzkreissystem*), scheduling of electricity deliveries, control power and further general obligations, e.g. capacity shortage (*Engpassmanagement*), publication obligations, metering, minimum requirements for various types of

contracts and the duty of certain network operators to manage the balancing account system for renewable energy; and

- The Ordinance on Incentive Regulation ARegV which sets out the basic rules for incentive regulation of TSOs and other network operators (as further described below in "*Tariff Setting in Germany*"). It also describes in general terms how to benchmark efficiency, which costs enter the efficiency benchmarking, the method of determining inefficiency and how this translates into yearly targets for efficiency growth.

All TSOs in Germany with control area responsibility are subject to a number of obligations as a result of, *inter alia*, the following laws and ordinances:

- *Network expansion obligations:* All German network operators are obliged to operate, maintain and, in line with demand, optimise and expand their network systems (Sec. 11 para. 1 EnWG). Based on this more general obligation, the German TSOs with control area responsibility are obliged to set-up so-called network development plans (*Netzentwicklungspläne* - "**NEP**") every two years in order to safeguard a coordinated development and expansion of the German network systems. The NEP is subject to consultation and confirmation by the BNetzA. By confirmation of the NEP BNetzA confirms the network expansion projects included in the NEP. At least every four years BNetzA provides the NEP as confirmed by it to the Federal Government as draft for the federal demand plan (*Bundesbedarfsplan*) which is binding for the TSOs as to implementing the listed expansion measures as well as for the planning authorities as to the planning law and energy law related necessity of the measures. Further statutes, such as the Network Expansion Acceleration Act (*Netzausbaubeschleunigungsgesetz*) and Energy Line Expansion Act (*Energieleitungsausbaugesetz*), further promote the network expansion. The costs associated with such network expansion measures can be included in the network fee calculation.
- *Connection obligations in respect of power generation facilities:* The EnWG sets out the general rules for connection of power generation facilities. According to these rules, the German TSOs with control area responsibility must connect power generation facilities to their network on technical and economic conditions that are appropriate, non-discriminatory, transparent, and no less favourable than the network operator would apply to itself or to affiliated companies. TSOs can refuse a connection if they prove that the connection is not possible or unreasonable for operational, technical or economic reasons. The details of the procedures are laid down, *inter alia*, in the *Kraftwerks-Netzanschluss-Verordnung* ("**KraftNAV**").
- In the past, the German TSOs with control area responsibility were obliged to set-up a so-called offshore network development plan (*Offshore-Netzentwicklungsplan* – "**O-NEP**") to harmonise the further development of cable connections in accordance with the construction of new wind farms. As of 2019, the contents of the O-NEP were replaced partially by an accordingly extended NEP and partially by a so-called Site Development Plan (*Flächenentwicklungsplan* – "**FEP**") that was created for the first time in 2019 and will be renewed at least every four years thereafter by the Federal Maritime and Hydrographic Agency (*Bundesamt für Seeschifffahrt und Hydrographie*). As of 2017 and 2018 for a transitional model and beginning in 2021 on an annual basis, the BNetzA tenders network connection capacities according to the specifications of the Offshore Wind Energy Act (*Gesetz zur Entwicklung und Förderung der Windenergie auf See* (*Windenergie-auf-See-Gesetz* – *WindSeeG*)). Furthermore, according to Sec. 17d EnWG, German TSOs with control area responsibility are obligated to connect at their expense offshore wind farms according to the provisions of the NEP und FEP. The costs incurred in connection with this obligation are covered via the offshore grid surcharge.
- *EEG and EEV (Erneuerbare-Energien-Verordnung) obligations:* To promote the use of renewable energy facilities, the former Renewable Energy Sources Act (2009) provided for a system of fixed tariffs for electricity generated from renewable sources which has been replaced for new facilities by so-called market premiums according to the current EEG that came into effect as of 1 January 2017. New wind, biomass and solar plants above a certain size will receive a bonus only if they have previously won in a tender procedure. The German TSOs with control area responsibility have to take

off the energy generated by renewable energy facilities either connected directly to their network or being connected to distribution system operators ("**DSOs**") who then pass the electricity on to the TSO level and pay such fixed tariffs or market premiums to the plant operators or reimburse prior DSO payments if the facility is connected to their network. Taking into account regional differences in the generation of renewable energy, the EEG provides in Sec. 58 EEG for a nationwide equalisation mechanism amongst the TSOs with control area responsibility for the costs associated with this obligation. As a result, the four TSOs in Germany with control area responsibility share these costs amongst themselves based on an agreed mechanism, technical proceedings and necessary information exchange. As regards selling of the electricity produced by the renewable energy facilities, the EEG is supplemented by the Renewable Energy Implementation Ordinance (*Erneuerbare-Energien-Ausführungsverordnung* – "**EEAV**"). Under the EEG combined by with EEAV, the TSOs with control area responsibility must sell the infeed from renewable energy facilities on the day-ahead or intraday markets of a power exchange. The costs related to meeting the EEG obligations, including the associated costs of managing and financing them, are treated as pass-through costs. In cases when there is a difference between actual costs and actual revenues in a given year, the net costs are recovered in the following years.

- *Combined Heat and Power Act ("**CHP**" Act or "**KWKG**")*: The stated purpose of the law is "to make a contribution" to increase the electricity production from Combined Heat and Power (CHP) plants or cogeneration in Germany towards 110 TWh until 2020 and 120 TWh until 2025. To ensure this aim, the KWKG defines a support mechanism for CHP plants and certain newly built or expanded heat networks. The law places a duty on network operators to connect certain eligible types of CHP plants and to prioritise the feed-in of their electricity. Whilst operators of a CHP plant with a CHP capacity exceeding 100 kW are obliged to direct marketing, operators of smaller CHP plants may opt for the purchase of the CHP energy by the network operator. The production of electricity from CHP is promoted up to a certain amount with a bonus payment to be paid by the network operator to whose network the CHP plant is connected, depending on the kilowatt-hours generated and in some cases on whether the plants have won a tender issued by the BNetzA. If such a CHP plant is connected to the DSO level, occurring costs of the DSO can be passed on to the upstream TSOs who share them pro rata to ensure that financial burdens are equally shared amongst all network operators. The equalised costs are then passed back to the downstream networks in form of a uniform nationwide "KWK-surcharge" which will then be paid by the end consumers together with the respective network fees. The TSOs with control area responsibility are responsible to collect the KWK-surcharge from the electricity-intensive network customers within the meaning of Sec. 64 EEG directly.
- *Obligations in context with individual grid tariffs according to StromNEV*: Grid users can apply for so-called individual grid tariffs which are, compared to the standard grid tariffs, lower and take into account that particularly huge industrial grid users contribute to a permanent and steady usage of the network system. The TSOs are obligated to reimburse DSOs for loss of income resulting from such lower individual grid tariffs. The TSOs then balance their respective compensation payments towards DSOs and their own loss of income amongst each other according to a specific distribution key. The financial burden is then passed back to the downstream networks in the form of a uniform nationwide "Sec.19 StromNEV surcharge" which will then be paid by the end consumers together with the respective network fees.
- *Obligations according to the Ordinance on Interruptible Loads (*Verordnung über Vereinbarungen zu abschaltbaren Lasten* (*Verordnung zu abschaltbaren Lasten*) – "**AbLaV**")*: According to AbLaV facility operators connected to the network can offer detachable load (*abschaltbare Leistungen*) to their respective TSO. The TSO has to compensate the facility-operators. The costs arising from AbLaV are passed back to the downstream networks in accordance with Sec. 18 AbLaV according to Sec. 26, 28, 30 KWKG to the downstream networks in the form of a uniform nationwide "AbLaV surcharge" which will then be paid by the end consumers together with the respective network fees. The AbLaV is supposed to terminate on 1 July 2022.

- *Obligations according to Electricity Market Act:* In July 2016, the Electricity Market Act (*Strommarktgesetz*) entered into force. Main aspects with relevance to the TSOs were the introduction of several kinds of reserves (the so-called grid reserve and the grid stability units for the purpose of congestion management, voltage stability and black start capability, the capacity reserve to ensure generation adequacy and the security reserve that shall allow for a phase-out of lignite power plants and also ensure generation adequacy in the meantime). The costs resulting from these reserves are permanently non-influenceable costs in terms of the incentive regulation and therefore can be charged within the network tariffs without efficiency requirements.
- *Obligations according to the Digitalization Act (Gesetz zur Digitalisierung der Energiewende):* In July 2016, the Digitalization Act, the core of which is the new German Smart Meters Operation Act (*Messstellenbetriebsgesetz* - MsbG) entered into force. The main aspects of the Digitalization Act which have an impact on the TSOs are the redesign of communication systems and processes to ensure the processing of a high volume of smart meter data. The responsibility for the aggregation of the metering data for better balancing energy generation with consumption is given to the TSOs. However, remuneration of the respective costs is not regulated by the law and currently under discussion with BNetzA.

Regulatory agencies in Germany

The regulatory agency for the energy sector in Germany is the BNetzA in Bonn for network systems to which 100,000 or more network users are directly or indirectly connected and the specific regulatory authorities in the respective federal states for network systems to which less than 100,000 network users are directly or indirectly connected. The regulatory agencies are, *inter alia*, in charge of ensuring non-discriminatory third-party access to networks and monitoring the tariffs levied by the TSOs. 50Hertz is subject to the authority of the BNetzA.

Tariff Setting in Germany

The tariff regulation mechanism in Germany is determined by EnWG, StromNEV and ARegV. The grid tariffs are calculated based on the revenue cap (Sec. 17 ARegV) and comprise the onshore business. The revenue cap is determined by the BNetzA for each TSO and for each regulatory period. The revenue cap can be adjusted to account for specific cases provided for in the ARegV. The network operators are not allowed to retain revenue in excess of their individually determined revenue cap. If network operators nevertheless retain revenues in excess of their individually determined revenue cap, a compensation mechanism applies that leads to the reduction of future tariffs (Sec. 5 ARegV). Each regulatory period lasts five years, and the third regulatory period started on 1 January 2019 and will end on 31 December 2023. Tariffs are public and are not subject to negotiation with customers. Only certain customers (under specific circumstances that are accounted for in the relevant laws) are allowed to agree to individual tariffs according to Sec. 19 StromNEV (for example, in the case of sole use of a network asset). The *Netzentgeltmodernisierungsgesetz* ("**NEMoG**"), which entered into force in July 2017 and the *Verordnung zur schrittweisen Einführung bundeseinheitlicher Übertragungsnetzentgelte* of 5 April 2018, introduce a step by step implementation of nationwide uniform network tariffs for all German TSOs with control area responsibility. This step by step approach started in 2019 with a nationwide uniform share of 20 per cent of the individual cost basis of each TSO and will lead to nationwide uniform network tariffs in 2023. Moreover, the NEMoG introduces the transfer of offshore grid connection and operation costs as of 2019 to the former offshore liability surcharge which consequently was renamed offshore grid surcharge (*Offshore-Netzumlage*).

For the purposes of the revenue cap, the costs incurred by a network operator are classified into two categories as follows:

- Permanently non-influenceable costs ("**PNIC**"): these costs are generally direct pass through costs to customers and are recovered in full, albeit with a two-year time lag, unless stated otherwise. The cost items recognized in the PNIC are defined in the ARegV and include a selected number of allowed cost items, such as worker council costs, operational taxes and costs and revenues resulting from so-called procedural regulations (see below). In addition, the capital investments that have been allowed in the

IMs are also considered as PNIC until certain conditions are fulfilled and the investments become a part of the regulated asset base. These costs are passed through without time lag. The allowance for IM within PNIC includes remuneration for return on equity (based on a cap of 40 per cent), cost of debt (also subject to a cap), depreciation, imputed trade tax and operational expenditure (currently at a fixed rate of 0.8 per cent of the capitalized investment costs of the respective recognized onshore investments for IM applied for before 2019. For IM applied for afterwards, according to a revision of the ARegV and the StromNEV the German government approved in March 2019, a fixed rate of 0.2 per cent applies before commissioning and 0.8 per cent after commissioning. However, these rates are currently subject to reassessment and revision by BNetzA. All OPEX and CAPEX related to an approved IM which are reimbursed via the grid tariffs during the last three years of the approval phase for the respective IM will be deducted from the revenue cap distributed over a 20-year period, according to the BNetzA, starting after the approval phase and with the roll-over of the investment in the regulated asset base (so-called claw back). Furthermore, several procedural regulations also considered as PNIC are in place covering such cost items, inter alia, relating to control power, onshore grid losses and redispatch as well as costs from European initiatives, ITC, grid reserves and auction revenues and redispatch costs on interconnectors.

- Temporarily non-influenceable costs ("**TNIC**") and influenceable costs ("**IC**"): TNIC and IC are all costs that do not classify as PNIC, e.g. maintenance costs. TNIC are all respective costs which are deemed fully efficient. They are included in the revenue cap, taking into account an annual adjustment for inflation and the Xgen. The Xgen reduces the revenue cap as part of the regulation formula and was set by section 9 ARegV at annually 1.25 per cent in the first regulatory period and annually 1.5 per cent in the second regulatory period. Pursuant to section 9 para. 3 ARegV BNetzA prior to the third regulatory period had to determine a new Xgen. With decision dated 28 November 2018 it set the Xgen for power network operators at 0.90 per cent (cf. BK4-17-056). 50Hertz appealed against the decision concerning the power sector in front of the OLG Düsseldorf. 50Hertz is not actively leading the procedure, but rather waits for a final decision in other proceedings, which were selected by the court as model procedures. On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA's decision in the gas sector (cf. BK4-17-093). BNetzA is currently appealing against OLG's decision in front of the BGH. BGH's final decision is expected for 2021. The IC are also included in the revenue cap. The IC are annually adjusted with regard to inflation and a general productivity factor, but, in addition, IC are also subject to Xind (with 50Hertz being deemed 100 per cent efficient for the third regulatory period, there are no IC and no inefficient costs). The efficiency factor provides an incentive to the TSO to reduce or eliminate the inefficient costs over the course of the regulatory period. If a grid operator is deemed 100 per cent efficient, the full respective cost volume is allocated to TNIC, thus the cost basis (excluding PNIC) is only adjusted with regard to the general productivity factor and inflation by a general inflation factor computed based on a statutorily fixed formula. In addition, the current incentive mechanism provides for the use of a quality factor which could also be applied vis-à-vis the TSOs but the criteria and implementation mechanism for such a quality factor for TSOs is yet to be established by the BNetzA. Both TNIC and IC include the capital costs (i.e. remuneration for return on equity (based on a cap of 40 per cent), cost of debt (also subject to a cap), depreciation and imputed trade tax for assets which are included in the base year and do not qualify as PNIC).

With regard to return on capital, the BNetzA provides separate revenue allowances for the return on equity and cost of debt. For the allowed return on equity, which is included in the TNIC/IC for assets belonging to the regulatory asset base and the PNIC for assets approved in IM, the return on equity for the third regulatory period is set at 5.12 per cent for investments made before 2006 and 6.91 per cent for investments made since 2006, based on 40 per cent of the total asset value regarded as "financed by equity" with the remainder of the investment treated as "quasi-debt". The return on equity is calculated before corporate tax and after imputed trade tax. Post tax, this return on equity for the third regulatory period would result in a rate of 4.18 per cent for investments made before 2006 and 5.64 per cent for investments made since 2006. The return on equity rate is redetermined by the BNetzA for every regulatory period. With respect to the cost of debt, the allowed cost of debt related to TNIC/IC is capped if it cannot be

proven as being in line with the market (*marktkonform*). The allowed cost of debt related to PNIC incurred by approved investment measures is capped at the lower of the actual cost of debt or cost of debt as calculated in accordance with a BNetzA determination – unless exceeding cost of debt is proven as being in line with the market.

In addition to the grid tariffs, costs and revenues regarding the offshore business are subject to the offshore grid surcharge as of 2019. The offshore grid surcharge comprises CAPEX (including return on equity) and actual OPEX according to the Ordinance on Grid Tariffs (*StromNEV*) and the Ordinance on Incentive Regulation (*ARegV*) as well as payments to offshore wind farms following the offshore liability provisions established in the EnWG to compensate for interruptions or delays of offshore grid connections. The offshore grid surcharge is calculated annually based on planned costs for year t with a later actual cost settlement in year t+1 and corresponding compensation for deviations between planned and actual costs in the offshore grid surcharge of the year t+2.

In addition to the grid tariffs and the offshore grid surcharge, 50Hertz is compensated for costs incurred related to its renewable energy obligations, including EEG and CHP/KWKG, and other obligations like the individual grid tariffs mechanism according to *StromNEV* and the *AblV* subject to surcharges.

European Regulation and Laws

The activities of 50Hertz are influenced not only by the regulatory framework in Germany, but also by European Union regulation and legislative acts, which are to be implemented into German law.

In respect of electricity, the Third Energy Package – which was adopted in 2009 consisting of a set of European Union (EU) Regulations and Directives relating to the European internal energy market – included also Regulation (EC) 713/2009 establishing an Agency for the Cooperation of Energy Regulators (ACER), which is entitled to handle within its competences electricity matters. ACER is a decentralised body of the European Union with legal personality. It shall issue opinions on all questions related to the field of energy regulators. It can participate in the creation of network codes in the fields of electricity and gas and it can make decisions regarding cross-border infrastructure within its competences, including derogations from certain provisions in the applicable regulations.

In 2018 and 2019 the European legislator adopted the so-called "Clean Energy Package", which largely replaces the Third Energy Package. However, the key principles of the Third Energy Package are maintained by the Clean Energy Package. For 50Hertz' business as a TSO the Regulation on the internal market for electricity (EU) 2019/943 ("**Electricity Regulation**") and the Directive on common rules for the internal market for electricity (EU) 2019/944 will be most relevant.

Regulation (EC) 714/2009, which was part of the Third Energy Package, set out areas in which network codes were to be developed. This regulation was recasted by the Electricity Regulation which requires in addition further network codes to be developed. Network codes are sets of rules which apply to specific areas of the energy sector. They are based on framework guidelines developed by ACER. ENTSO-E, a group consisting of all European TSOs, then has to draft the network codes. They become binding after being adopted by the European Commission as a regulation via the comitology procedure. Most relevant network codes for 50Hertz' business developed under the Third Energy Package are in particular the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management – CACM, Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation – SOGL and Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing, - EB GL. They establish obligations on the European TSOs to cooperate on facilitating cross border energy exchanges with the aim to implement the European internal energy market.

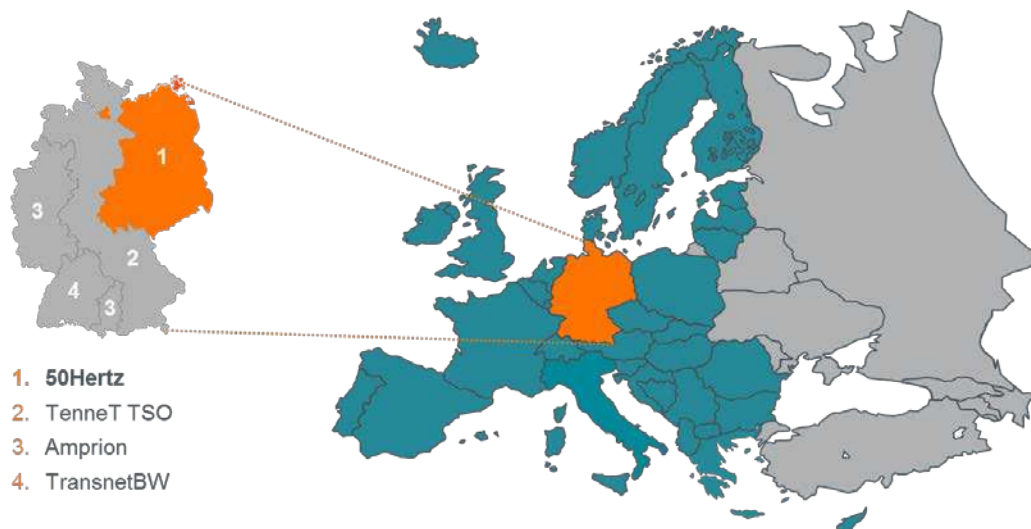
Business Overview

50Hertz is one of the four TSOs in Germany that owns, operates, maintains and develops a 380 kV — 220 kV transmission network with an installed capacity of around 57,500 MW (thereof around 34,300 MW renewables, thereof around 19,700 MW wind). The 50Hertz-grid has a length of around 10,490 km in an

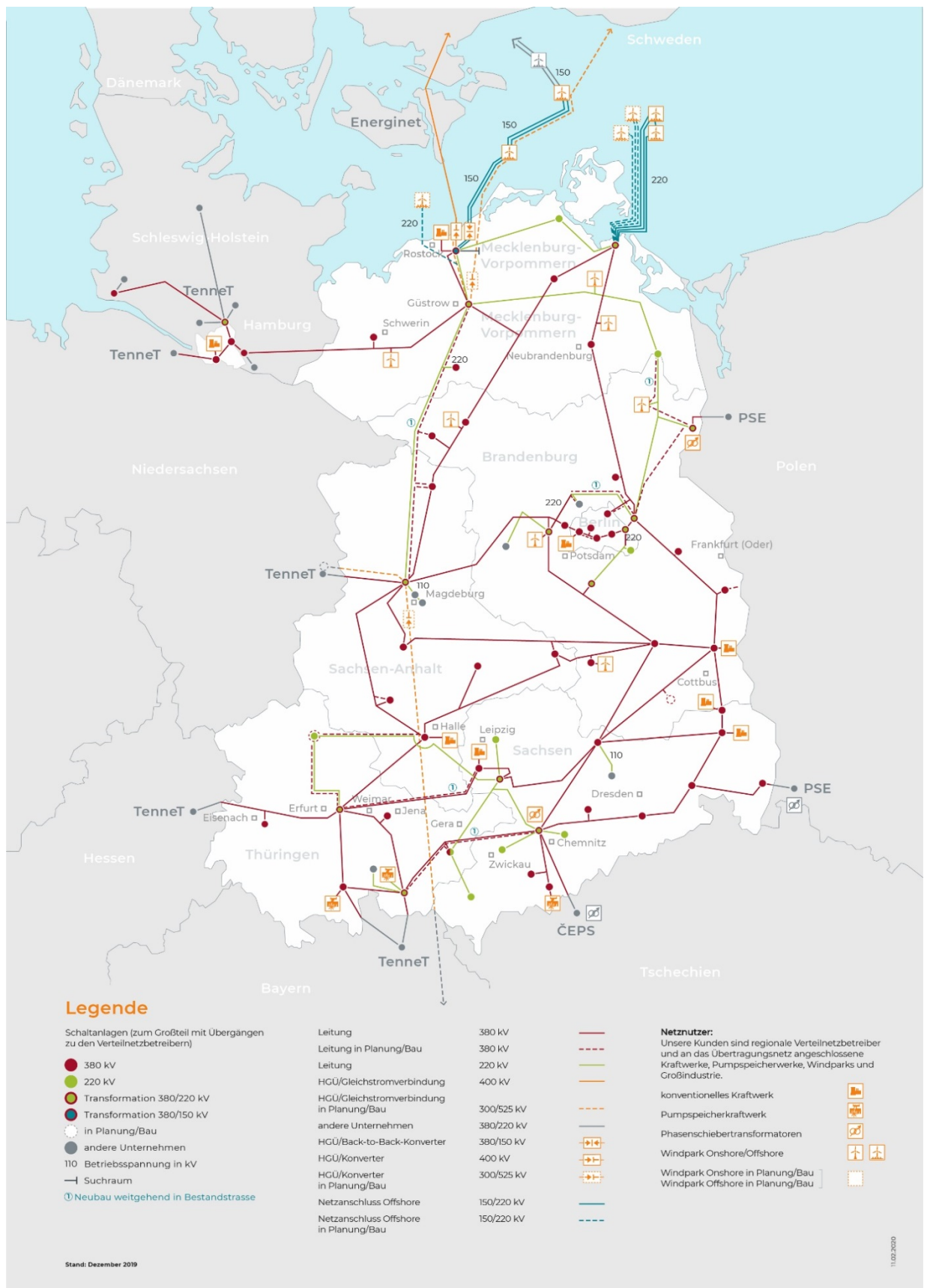
area covering the five Eastern German states of Thuringia, Saxony, Saxony-Anhalt, Brandenburg and Mecklenburg-Western Pomerania as well as Berlin and Hamburg and also the grid connections of offshore wind farms in the Baltic Sea. 50Hertz' control area covers approximately 109,000 km² (a third of Germany) with about 18 million inhabitants consuming approximately 20 per cent of Germany's electricity. Maintenance of the transmission system, substations and switching stations is organized through five regional centers operating in a region characterized by a lot of wind; renewable energy already accounts for over 60 per cent of the electricity consumption in the 50Hertz-grid region. This share will further increase over the next years following further investments in integrating photovoltaic generation, wind onshore and connecting the offshore wind farms in the Baltic Sea. 50Hertz has the youngest asset base among the German TSOs. Its administrative center is situated in Berlin-Mitte. In addition, 50Hertz' network is situated at the crossroads between the Western and North Eastern European electricity markets due to the central location of its network between Scandinavia, Poland, the Czech Republic and Central Western Europe.

As of 31 December 2019, 50Hertz reported total assets amounting to € 6,407.5 million. In the fiscal year ended 31 December 2019 the operations of 50Hertz generated revenue of € 10,718.9 million and cash flow from operating activities of € -151.3 million. The number of employees of 50Hertz as of 31 December 2019 was 1,089.

50Hertz' location within Europe and Germany is shown below:



2. A map with the grid operated by 50Hertz is shown below:



Under the German legal and regulatory framework, 50Hertz performs the following services:

- *Operate a safe, reliable and efficient transmission grid on a non-discriminatory basis:* 50Hertz has to operate, maintain and develop its grid meeting the demands of its customers to the extent this is economically reasonable. In particular, the TSOs have to contribute to security of supply by providing appropriate transmission capacity and system reliability.
- *Provide grid connection and transport electricity through the high voltage grid:* 50Hertz is obligated to provide physical connection to its grid to final customers, level or downstream electricity supply grids and lines, as well as generation facilities (whose statutory priority feed-in might have to be considered in case of congestions) subject to technical and economic conditions that are appropriate, non-discriminatory, and transparent. In addition, and in accordance with regulated third party access ("TPA") rules, 50Hertz must also grant TPA to their grid on an economically reasonable, non-discriminatory and transparent basis.
- *Provide preferential grid connection to, and feed-in electricity produced from renewable energy sources:* With regards to electricity generated from renewable energy facilities, TSOs in Germany are under the obligation to optimise, amplify and expand their grid and, as far as economically reasonable, to ensure the purchase, transmission and distribution of such electricity. Accordingly, 50Hertz is obligated to connect without undue delay all renewable energy facilities in its control area to its transmission grid and any delay in such connections may subject 50Hertz to damages claims. In particular, 50Hertz is obligated to construct connections to all offshore wind farms in its control area under the further prerequisites of the EnWG and to share the costs incurred thereby with the other German TSOs;
- *Provide system service:* 50Hertz has the responsibility to maintain a secure and reliable energy supply system. The development of the German electricity market in recent years has led to a disproportionate share of energy being consumed in the southern and western parts of Germany, whereas the majority of the renewable energy generation is expected to be located in the northern and eastern parts of Germany. Taking into account these regional differences in the generation of renewable energy and fluctuating feed-in from renewable energy facilities, 50Hertz is focused on maintaining a system balance between generation and consumption at all times. In order to continuously balance demand and supply of electricity, 50Hertz primarily relies on the use of different types of control power (primary, secondary and tertiary control power). In addition, 50Hertz conducts congestion management measures when required and manages grid losses in its transmission system by procuring energy; and
- *Manage cross-border connections:* 50Hertz operates a number of cross-border interconnections to Poland, Denmark and the Czech Republic. Their management involves non-discriminatory and transparent transfer capacity allocation mechanisms under pertinent European legislation and under EnWG.

In addition to the core businesses with respect to system operation and transmission ownership mentioned above, 50Hertz has two further roles in the German electricity market:

- It is responsible as trustee for managing cash-flows resulting from the German Renewable Energy Sources Act ("EEG"). Amongst others, the electricity generated from renewable installations in the 50Hertz control zone under the feed-in-tariff regime is sold by 50Hertz at the day-ahead and intra-day market of nominated electricity market operators.
- It is facilitator for the development of the energy market, especially in the capacity calculation regions (CCRs) Core and Hansa. Amongst others, 50Hertz is active in designing the European and national electricity market in a way that it serves best an efficient and secure system operation.

Key Projects

In the upcoming five years (2020-2024), 50Hertz plans to invest €4.2 billion in Germany, after investing about €3.1 billion in the past 5 years (2015-2019). 50Hertz' most important projects at present are the

South-East Link (*SuedOstLink*, the direct current connection between Saxony-Anhalt and Bavaria), the 380kV Berlin diagonal power link (*380kV Kabeldiagonale Berlin*), reinforcement of pylons all over the 50Hertz grid (*Mastverstärkungsprogramm*), the Uckermark Line (*Uckermarkleitung*) and the reinforcement of the overheadline Wolmirstedt-Guestrow.

From the very first project planning phase on, each of the grid development projects of 50Hertz is systematically accompanied by a transparent dialogue and public participation process in order to integrate best external stakeholder input. This enhances the project quality, lowers the risk of delays and enhances acceptance for required new infrastructure.

Strategy

The 50Hertz strategy derives from the company's vision and mission and serves to achieve the company's five top targets:

- Competitive and sustainable profitability;
- high efficiency;
- strong health & safety and value-based corporate culture;
- demand-driven grid development and
- high security of supply.

The top targets support 50Hertz' responsibility for the society, its employees and its shareholders. Besides this internal perspective, the 50Hertz strategy also reflects the external perspective – the future energy landscape and derived implications for the TSO business.

Thus, five strategic directions have been defined that comprise the necessary actions to fulfil the company's top targets under given conditions in its strategic environment:

- (1) Co-shape the regulatory and legal framework and seize business opportunities;
- (2) enhance process and cost efficiency;
- (3) take health & safety to the next level and strengthen entrepreneurship;
- (4) identify and realise flexible approaches for grid development and
- (5) sustainably enhance system, market and grid operation.

In the light of the top targets, the strategic directions of 50Hertz can be briefly summarised as follows:

(1) Co-shape the regulatory and legal framework and seize business opportunities:

50Hertz is directly influenced by political decisions and changes in the legal and regulatory framework. For this reason, 50Hertz considers it important to continue its active involvement in co-shaping the regulatory and legal framework and optimising within it to achieve a stabilisation of the regulatory environment and ensure a proper regulatory remuneration of its activities, hence a competitive sustainable profitability. Furthermore, 50Hertz will have its eyes open on business opportunities to prepare the company for the future.

(2) Enhance process and cost efficiency:

Being a regulated company, 50Hertz is expected to maintain a proper balance between high quality and high efficiency of its operations. This expectation is reflected in the current regulatory framework, in which TSOs are measured on the basis of meeting their quality commitments and efficiency requirements. To make sure 50Hertz' performance reflects the needs and priorities of its customers and helps maximise the benefits for society, 50Hertz has defined process and cost efficiency as one of the strategic directions to concentrate on.

(3) Take health & safety to the next level and strengthen entrepreneurship:

50Hertz is currently operating in a dynamic environment and is facing a number of opportunities and challenges, which result from the energy transition and the ambitious European goals for decarbonisation. In this context the company is on a growth track, especially through the integration of renewable energy sources onshore and offshore, and has a large-scale investment programme to realise. Therefore, 50Hertz further develops its employees in a targeted manner and strengthens know-how exchange which is seen as a critical factor of success. In such a situation of growth combined with rapid changes in the energy sector, 50Hertz needs a great deal of agility and openness towards change as well as collaborative drive and power on its further empowered employees. Working on electrical infrastructure is and always will be dangerous by its nature. Therefore safety is a critical part of 50Hertz' corporate culture. Reinforcing this safety culture is a top priority for 50Hertz to ensure a responsible and safe way of working for all employees of 50Hertz as well as contractors and other third parties.

(4) Identify and realise flexible approaches for grid development:

Being a grid infrastructure operator, 50Hertz has to make long-term investment decisions with a lasting effect: grid infrastructure constructed today will be depreciated in up to 40 years and will most likely serve the society also after its depreciation period. Therefore, it is essential for TSOs to make well-reasoned decisions based on high quality grid planning methods and tools and taking into account socio-economic considerations. The sheer size and societal value of 50Hertz' CAPEX programme means that the company has to focus on efficiently delivering its grid development projects with high quality and on time. While delivering the transmission grid for the future, it is important that 50Hertz' stakeholders, in particular the public, understand what the company is trying to achieve in the interest of society with its ambitious CAPEX plan. Early involvement of stakeholders, an open dialogue on 50Hertz' projects, as well as participatory elements to collect stakeholder suggestions enriching the project outcome are essential to enhance public acceptance and to de-risk project delivery.

(5) Sustainably enhance system, market and grid operation:

To fulfil its role as system and grid operator, it is key for 50Hertz to ensure a high level of system security, grid safety and reliability as well as environmental sustainability. 50Hertz' ambition is to permanently guarantee a secure and uninterrupted system operation as well as reliable, efficient and environmentally-compatible operation of its transmission grid. In addition, 50Hertz intends to expand its role in the integration of renewable energy sources. Further developing system operation capabilities, processes and tools is therefore one of the focus areas of 50Hertz' activities. Digitization enables 50Hertz to cope with the constantly increasing complexity of the energy business and to realize the needed faster responsiveness in of its grid operations. Last but not least, ensuring high security standards in core TSO processes, e.g. system operation, asset management and grid operation will be the key to cope with future challenges arising from changed generation structure and decreasing security margins in the grid.

Since 2014 50Hertz (partly included in ratings of Eurogrid partly on its own) receives ratings from different agencies in the area of sustainability; the most recent ones listed below:

- in terms of the ratings and assessments by Sustainalytics, 50Hertz (included in a rating of Eurogrid) received an overall ESG Score of "79/Outperformer" (on a scale from 0 to 100) in August 2019;
- in terms of the ratings and assessments by Vigeo-Eiris, 50Hertz (included in a rating of Eurogrid) received an overall ESG Score of "52/robust" (on a scale from 0 to 100) in October 2018;
- in terms of the ratings and assessments by MSCI, 50Hertz received an overall ESG Score of "AA" (on a scale from CCC to AAA) in January 2020 (compared to Eurogrid which received an overall ESG Score of "BBB" (on a scale from CCC to AAA) in terms of the ratings and assessments by MSCI in October 2018).

As part of its capital investment strategy, 50Hertz had received approval from BNetzA for investment projects with an overall investment volume of € 8.6 billion by 31 December 2019. Since 2012 the biennially issued NEP is the basis for onshore grid development projects of 50Hertz. Offshore grid development

projects used to be integrated into the O-NEP. As of 2019 the O-NEP as well as the Spatial Offshore Grid Plan (*Bundesfachplan Offshore – "BFO"*) were replaced partially by the FEP in primary responsibility of the Federal Maritime and Hydrographic Agency (*Bundesamt für Seeschifffahrt und Hydrographie*) and partially by an accordingly extended NEP responsibility by BNetzA. Overall the FEP and NEP are since then the basis for the grid development projects of 50Hertz. The Issuer and the Guarantors will look to meet these and other financing needs through diversified sources of funding.

Subsidiaries

50Hertz' subsidiaries include its 100 per cent subsidiary 50Hertz Offshore and its minority shareholdings in JAO (4.0 per cent ownership), CORESO (7.9 per cent ownership), EEX (5.4 per cent ownership), EGI (49.99 per cent ownership) and TSCNET Services (6.7 per cent ownership). Each is described further below:

- **50Hertz Offshore:** 50Hertz Offshore GmbH was established in 2007 to facilitate the grid connection of the offshore wind farms to the control area of 50Hertz and operate these connections on behalf of 50Hertz as required now under Sec. 17d of the EnWG in accordance with the 2006 Infrastructure Planning Acceleration Act (*Infrastrukturplanungsbeschleunigungsgesetz 2006*). See "*Business Description of the Guarantors - 50Hertz Offshore GmbH*" for additional information on 50Hertz Offshore;
- **JAO:** As of 31 December 2014, 50Hertz Transmission had an 11.1 per cent shareholding in CAO Central Allocation Office GmbH ("**CAO**") based in Freising. In 2015, CAO was merged into Capacity Allocation Service Company.eu SA ("**CASC**"), Luxembourg. CASC was subsequently renamed Joint Allocation Office SA, keeping its registered office in Luxembourg. In 2017, based on all European TSOs' proposal, all European national regulatory authorities have assigned JAO the function of operating the single allocation platform in accordance with article 49 of Regulation (EU) 2016/1719 (FCA Regulation). As a consequence the number of JAO shareholders has increased. Currently, 50Hertz holds shares in the issued capital of JAO of 4.0 per cent;
- **CORESO:** CORESO SA was established by Elia (which in between transferred its participation to its wholly owned subsidiary ETB a Belgium TSO) and RTE (a French TSO). Beside 50Hertz other European TSO's joined, namely National Grid (UK), Terna (Italy), REN (Portugal) REE (Spain), EirGrid (Ireland) and SONI (UK Northern Ireland). The purpose of CORESO is to provide supporting services in the framework of security of supply inter alia by common system security calculations and coordination services between the respective customers or in cooperation with similar service providers; 50Hertz holds shares in the issued capital of CORESO of 7.9 per cent;
- **EEX:** European Energy Exchange AG is an energy exchange offering e.g. exchange trading of energy and energy related products as well as registration services. 50Hertz holds shares in the issued capital of EEX of 5.4 per cent;
- **EGI:** Elia Grid International NV/SA is a company founded by 50Hertz (49.99 per cent) and Elia (50.01 per cent.) in 2014 offering consultancy and engineering services on the international energy market. EGI owns 100 per cent of Elia Grid International GmbH, 100 per cent of Elia Grid International LLC Qatar and 100 per cent of Elia Grid International LLC Singapore; and
- **TSCNET Services:** TSCNET Services GmbH was registered in 2014, 50Hertz being one of the founding shareholders. Since 2013, experts dispatched from TSC member TSOs work in Munich day and night (24/7), providing tailor-made coordination services for operational planning, forecast data merging, congestion assessment and capacity calculation for the control centers of TSOs in continental Europe. 50Hertz holds shares in the issued capital of TSCNET of 6.7 per cent. Other shareholders are European TSOs, namely Amprion (Germany), APG (Austria), ČEPS (Czech Republic), ELES (Slovenia), HOPS (Croatia), MAVIR (Hungary), PSE (Poland), SEPS (Slovakia), Swissgrid (Switzerland), TenneT TSO (Germany), TenneT TSO (the Netherlands), Transelectrica (Romania) and TransnetBW (Germany).

Major Shareholders, Organisational Structure and Share Capital

The registered share capital of 50Hertz amounts to € 200,000,000 comprising four shares with nominal values of € 25,000, € 149,975,000, € 49,000,000 and € 1,000,000, respectively. All four shares have been issued and fully paid up, and are owned by the Issuer, which acquired 50Hertz from Vattenfall Europe AG on 19 May 2010. A brief description of the organisational structure of the Issuer, 50Hertz and its subsidiaries can be found under "*Business description of the Issuer – Organizational Structure*", above.

Administrative, Management, and Supervisory Bodies

Management

50Hertz is managed by a board of managing directors, comprising five managing directors as listed below. It is legally represented by two managing directors (*Geschäftsführer*) jointly or by one managing director jointly with a holder of a commercial power of attorney (*Prokura*). The managing directors are appointed and removed by the supervisory board. The company has a personnel director (*Arbeitsdirektor*) whose duties and powers are determined by Section 33 para 2 of the German Co-determination Act 1976 (*Mitbestimmungsgesetz 1976*). The personnel director is nominated by the trade union IG BCE (*Industriegewerkschaft Bergbau, Chemie, Energie*) and shall not be appointed or removed against the vote of the majority of the employees' representatives in the supervisory board.

The current managing directors of 50Hertz are as follows:

Name	Responsibility	Principal activities outside 50Hertz
Stefan Kapferer	Chief Executive Officer	Managing Director of Eurogrid GmbH
Marco Nix	Chief Financial Officer	Managing Director of 50Hertz Offshore GmbH
Dr Frank Golletz	Chief Technical Officer	Managing Director of 50Hertz Offshore GmbH Member of the Board of Directors of Elia Grid International NV/SA
Dr Dirk Biermann	Chief Markets & System Operation Officer	Member of the Board of Directors of Elia Grid International NV/SA Member of the Board of Directors of CORESO SA Member of the Supervisory Board of European Energy Exchange AG Member of the Supervisory Board of TSCNET Services GmbH
Sylvia Borchering	Chief Human Resource Officer (personnel director)	None

The business address of all managing directors is Heidestraße 2, 10557 Berlin, Germany.

Supervisory Board

50Hertz is supervised by a co-determined supervisory board (*Aufsichtsrat*) consisting of six members. In accordance with the articles of association of 50Hertz, two of the supervisory board members are employee representatives. The remaining four members, one of whom is nominated by the trade union IG BCE, are elected by the shareholder (Eurogrid) based on the proposal of the shareholders of Eurogrid International.

The members of the supervisory board of 50Hertz are as follows:

Name	Position	Principal activities outside 50Hertz	Business Address
Christiaan Peeters	Chairman	Chairman of the Executive Committee and Chief Executive Officer of Elia Group NV/SA; Chairman of the Executive Committee and Chief Executive Officer of Elia Transmission Belgium NV/SA; Chairman of the Executive Committee and Chief Executive Officer of Elia Asset NV/SA; Member of the Board of Directors of Elia Grid International NV/SA; Chairman of the Board of Directors and the Audit Committee of Eurogrid International NV/SA; Member of the Board of Directors of Synergrid ASBL, Fédération des Gestionnaires de Réseaux Electricité et Gaz en Belgique; Chairman of the Supervisory Board of Eurogrid GmbH; Chairman of the Board of Directors of re.alto-energy SRL; Member of the Supervisory Board of re.alto-energy GmbH	Elia Group NV/SA Bd. de l'Empereur 20 1000 Brussels Belgium
Karin Erhard*	Vice Chairwoman	Member of the Executive Committee of the trade	Industriegewerkschaft Bergbau, Chemie,

		union IG BCE (Industriegewerkschaft Bergbau, Chemie, Energie); Member of the Supervisory Board of Evonik Industries AG;	Energie Königsworther Platz 6 30167 Hanover, Germany
Markus Berger	Member	Member of the Executive Committee and Chief Infrastructure Officer of Elia Transmission Belgium NV/SA; Member of the Executive Committee and Chief Infrastructure Officer of Elia Asset NV/SA; Member or the Board of Directors of Elia Engineering NV/SA; Member or the Board of Directors of Elia Re SA; Chairman of the Board of Directors of Nemo Link Limited; Chairman of the Board of Directors of Elia Grid International NV/SA; Member of the Board of Directors of Eurogrid International NV/SA; Chairman of the Board of Directors and Administrative Council Member of Cigre Belgïe ASBL; Chairman of the Board of Directors of Bemass ASBL	Elia Transmission Belgium Elia Group NV/SA Bd. de l'Empereur 20 1000 Brussels Belgium
Dr. Lutz- Christian Funke	Member	Secretary General of Kreditanstalt für Wiederaufbau AöR;	Palmengartenstraße 5-9 60325 Frankfurt am

			Managing Director of KfW Beteiligungsholding GmbH;	Main Germany
			Managing Director of Gesellschaft zur Beteiligungsverwaltung GZBV Verwaltungs-GmbH;	
			Member of the Board of KfW Stiftung;	
			Member of the Supervisory Board of IKB Deutsche Industriebank AG;	
			Member of Supervisory Board (Vice Chairman) of Eurogrid GmbH	
Andrea Ludwig*	Member	None		50Hertz Transmission Heidestraße 2 10557 Berlin Germany
Dr. Lutz Pscherer*	Member	None		50Hertz Transmission Heidestraße 2 10557 Berlin Germany

*Employee representatives.

Administrative, Management, and Supervisory Bodies Conflicts of Interest

None of the managing directors or members of the supervisory board of 50Hertz have declared that there are any potential conflicts of interest between any duties to 50Hertz and their private interests or other duties.

Fiscal Year

The fiscal year of 50Hertz is the calendar year.

Financial Information

The audited annual financial statements of 50Hertz as of and for the fiscal years ended 31 December 2018 and 31 December 2019 which have been prepared in accordance with the provisions of the HGB and the respective unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon, are incorporated by reference into this Prospectus.

Statutory Auditors

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Federal Republic of Germany ("EY") has been the statutory auditor of 50Hertz for the fiscal years ended 31 December 2018 and 31 December 2019. EY has audited in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)*) the HGB annual

financial statements of 50Hertz as of and for the fiscal years ended 31 December 2018 and 31 December 2019 and in each case issued an unqualified independent auditor's report thereon.

EY is member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin.

Statement of No Material Adverse Change

There has been no material adverse change in the prospects of 50Hertz since 31 December 2019.

Significant Change in the Financial Position

There have been no significant changes in the financial position and the financial performance of the Group since 31 December 2019.

Legal and Arbitration Proceedings

50Hertz is regularly involved in legal and governmental proceedings and may also become involved in arbitration proceedings. Two disputes which are of particular note concern the initial level of 50Hertz' revenue cap:

With decision of 21 January 2019, BNetzA decided on the initial level of 50Hertz' revenue cap for the third regulatory period (cf. BK8-17/0450-11). 50Hertz appealed against BNetzA's decision regarding the revenue cap in front of the OLG Düsseldorf (cf. VI-3 Kart 702/19 [V]). Subject of the appeal is that when reviewing 50Hertz' cost base BNetzA cut back a substantial part of the current assets (*Umlaufvermögen*) which resulted from the EEG-Surcharge. While BNetzA accepted this position when determining the initial level of 50Hertz' revenue cap for the first and the second regulatory period, BNetzA now changed its practice and declined this position to 50Hertz' disadvantage regarding the initial level of the revenue cap for the third regulatory period.

Moreover, BNetzA set the Xgen for the third regulatory period to 0.9 per cent in the energy sector (cf. BNetzA, determination of 28 November 2018, BK4-17-056). 50Hertz appealed against the decision concerning the electricity sector in front of OLG Düsseldorf. 50Hertz is currently not actively leading the procedure, but rather waits for a final decision in other model proceedings. On 9 July 2019, OLG Düsseldorf revoked in a model procedure the corresponding BNetzA decision in the gas sector (cf. BK4-17-093). BNetzA is currently appealing against OLG Düsseldorf's decision at the BGH. BGH's final decision is expected for 2021.

Material Contracts

50Hertz has entered into a profit and loss transfer agreement with its parent company, the Issuer, effective as of June 2010. The aim of the profit and loss transfer agreement is to create a fiscal unity between 50Hertz and the Issuer for trade and corporate tax purposes. Pursuant to the profit and loss transfer agreement, 50Hertz is obliged to transfer its profits to the Issuer and in return, the Issuer is obliged to compensate 50Hertz (in accordance with the provisions of the German Stock Corporation Act (Sec. 302 *Aktiengesetz*)) for any annual losses 50Hertz incurs during the term of the agreement and subject to the terms of the profit and loss transfer agreement. The agreement is valid for an unlimited period of time and may only be terminated after five years with a one month notice period prior to the end of a fiscal year of 50Hertz.

50Hertz is also party to a profit and loss transfer agreement with 50Hertz Offshore, see "*Business Description of the Guarantors - 50Hertz Offshore GmbH – Material Contracts*".

On 19 May 2010 the Issuer, 50Hertz and 50Hertz Offshore entered into a German law cash pool agreement (the "**Cash Pool Agreement**"). The purpose of the Cash Pool Agreement is to optimise the treasury activities (cash, interest, foreign exchange, financing and investment management) within these three companies. However, at instigation of the BNetzA, as of 30 September 2016 the accounts to settle the EEG held by 50Hertz were removed from the cash pool process. Each Guarantor owes ongoing information disclosure duties to the Issuer (including periodically informing the Issuer of its ongoing financial position and of the occurrence of any extraordinary risks or a material deviation from its planned liquidity, revenue or

profit levels) and the Issuer has corresponding information disclosure duties to the Guarantors. In addition, the Issuer has an obligation to inform the other parties about new participations or retirement of any cash pool participant. There is no fixed termination date for the Cash Pool Agreement. A prerequisite for participation in the Cash Pool Agreement is that the share capital of the participating company is fully paid up. In addition, the continued participation of a company in the Cash Pool Agreement is only possible if the company does not have negative equity, or if the company can recover its losses under a profit and loss transfer agreement. Failure to meet these conditions would trigger a right to terminate participation.

Ratings

50Hertz is not rated.

BUSINESS DESCRIPTION OF THE GUARANTORS – 50HERTZ OFFSHORE GMBH

General Information

The legal and commercial name is 50Hertz Offshore GmbH ("**50Hertz Offshore**").

50Hertz Offshore operates under the laws of Germany and was incorporated as a limited liability company on 29 June 2007. The company has its corporate seat in Berlin, Germany, and has its registered office at Heidestraße 2, 10557 Berlin. The company is registered in the commercial register at the local court (*Amtsgericht*) of Charlottenburg under registration number HRB 108780 B. The telephone number of 50Hertz Offshore is +49-30-5150-0. The website of 50Hertz Offshore is <https://www.50hertz.com/>.

There have been no relevant recent events particular to 50Hertz Offshore which are to a material extent relevant to the evaluation of 50Hertz Offshore's solvency.

50Hertz Offshore's legal entity identifier (LEI) is 8755005LVIN8ES5KAA34.

Object of 50Hertz Offshore

Article 2 of 50Hertz Offshore's articles of association (as translated from the German original), regarding its objects, reads as follows:

- "1. *Object of the company is the construction, acquisition, maintenance, system management and operation of electricity lines as well as related equipment and facilities for the connection of offshore-plants primarily to be erected in the Baltic Sea to an electricity transmission or distribution network.*
2. *The company may take all measures and enter into all transactions serving directly or indirectly the object of the company. In particular, the company may acquire or incorporate companies of the same or similar kind, and participate in such domestic and foreign companies, and enter into cooperation and enterprise agreements."*

Business Overview

50Hertz Offshore was formed to facilitate the connection of offshore wind farms to the 50Hertz control area and to provide for a transparent accounting of the costs and capital employed. 50Hertz Offshore is expected to incur all the capital expenditure and other related costs related to these offshore connections.

In accordance with EnWG, 50Hertz is obliged to construct the grid connections to offshore clusters foreseen in the NEP respectively the Site Development Plan, connect wind farms to which the BNetzA has assigned capacity on the grid connection and operate the connection assets after commissioning. Furthermore, according to Sec. 17f EnWG the German connecting TSOs are obliged to distribute the costs of constructing and operating the grid connections to the offshore wind farms among them according to the electricity supply volume in their respective control areas.

By way of a framework agreement signed in November 2008 between 50Hertz and 50Hertz Offshore, 50Hertz has delegated its obligation to construct and operate the grid connections to the offshore clusters and wind farms to 50Hertz Offshore, granting at the same time the right of being reimbursed for all respective costs. For the avoidance of doubt, this delegation did not result in 50Hertz Offshore qualifying as a TSO respectively being itself as a company directly subject to regulation. 50Hertz Offshore currently has no employees and instead relies on services provided by 50Hertz pursuant to service contracts. See "*Business description of the Guarantors – 50Hertz Offshore GmbH – Material Contracts*".

Important investment needs of 50Hertz Offshore are primarily triggered by the procurement and installation of sea and land cables and other electrical equipment to connect offshore wind farms. The first commercial offshore wind farm in the Baltic Sea ("**Baltic 1**") was connected to 50Hertz' transmission grid in 2011. A second grid connection ("**Baltic 2**") was finalized in 2015; a third offshore cluster connection ("**Ostwind 1**") was approved by the BNetzA in the O-NEP in 2013, with a further approval in 2015. This grid connection consists of three cable systems and was allocated to two wind farms (Wikinger and Arkona). The commissioning of the grid connection was completed in 2019, in line with the foreseen completion dates.

During the 2018 capacity auction, three additional offshore wind farms (Arcadis Ost 1, Baltic Eagle and Wikinger Süd¹) in the Baltic Sea north of Lubmin were awarded. As a result, BNetzA has approved three additional cable systems and associated on- and offshore substations in the Cluster Westlich Adlergrund ("**Ostwind 2**"). 50Hertz Offshore placed orders for these cable systems in 2018. In 2019 agreements with the windfarm owners were concluded in relation to joint platforms. Several additional offshore projects are foreseen by 50Hertz Offshore. The size of the offshore investment portfolio may fluctuate considerably over the coming years depending on the contents of the future FEP that shall determine a "balanced distribution of projects between North and Baltic Sea" for the period after 2025.

¹ Wikinger Süd belongs to the Wikinger cluster but was awarded separately

As of 31 December 2019, the total assets of 50Hertz Offshore, which mainly consisted of grid connection related assets and assets under construction, amounted to € 2,256.9 million. 50Hertz Offshore's income is driven by direct operating costs and imputed regulatory costs linked to the offshore activities, which are chargeable to 50Hertz. Revenue for the fiscal year ended 31 December 2019 amounted to € 252.3 million.

Major Shareholders, Organisational Structure and Share Capital

The registered share capital of 50Hertz Offshore amounts to € 1,000,000, comprising one share with a nominal value of € 1,000,000 which has been issued and is fully paid up. 50Hertz Offshore is a wholly owned subsidiary of 50Hertz. A brief description of the organisational structure of 50Hertz and its subsidiaries including 50Hertz Offshore can be found under "*Business description of the Guarantors – 50Hertz Transmission GmbH - Subsidiaries*", above.

Administrative, Management, and Supervisory Bodies

50Hertz Offshore is managed by a board of managing directors. The board of managing directors comprises two managing directors as listed below. 50Hertz Offshore is represented by two managing directors jointly or by one managing director together with a holder of a commercial power-of-attorney (*Prokurist*).

Name	Responsibility	Principal activities outside 50Hertz Offshore
Marco Nix	Managing Director	Managing Director of 50Hertz Transmission GmbH
Dr. Frank Golletz	Managing Director	Managing Director of 50Hertz Transmission GmbH Member of the Board of Directors of Elia Grid International SA

The business address of both managing directors is Heidestraße 2, 10557 Berlin, Germany.

Administrative, Management, and Supervisory Bodies Conflicts of Interest

None of the managing directors of 50Hertz Offshore have declared that there are any potential conflicts of interest between any duties to 50Hertz Offshore and their private interests or other duties.

Fiscal Year

The fiscal year of 50Hertz Offshore is the calendar year.

Financial Information

The audited annual financial statements of 50Hertz Offshore as of and for the fiscal years ended 31 December 2018 and 31 December 2019 which have been prepared in accordance with the provisions of the HGB and the respective unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon are incorporated by reference into this Prospectus.

Statutory Auditors

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, office Berlin, Friedrichstraße 140, 10117 Berlin, Federal Republic of Germany ("**EY**") has been the statutory auditor of 50Hertz Offshore for the fiscal years ended 31 December 2018 and 31 December 2019. EY has audited in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)*) the HGB

annual financial statements of 50Hertz Offshore as of and for the fiscal years ended 31 December 2018 and 31 December 2019 and, in each case, issued an unqualified independent auditor's report thereon.

EY is member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin.

Statement of No Material Adverse Change

There has been no material adverse change in the prospects of 50Hertz Offshore since 31 December 2019.

Significant Change in the Financial Position

There have been no significant changes in the financial position and the financial performance of the Group since 31 December 2019.

Legal and Arbitration Proceedings

50Hertz Offshore has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which 50Hertz Offshore is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of 50Hertz Offshore or the Group.

Material Contracts

50Hertz Offshore has entered into a domination/profit and loss transfer agreement with its parent company, 50Hertz, effective as of January 2008. The aim of the domination/profit and loss transfer agreement is to achieve a fiscal unity between 50Hertz and 50Hertz Offshore for trade tax and corporate tax purposes. Pursuant to the domination part of the agreement, 50Hertz is entitled to issue instructions to the management of 50Hertz Offshore. Pursuant to the profit and loss transfer part of the agreement, 50Hertz Offshore is obliged to transfer its profits to 50Hertz and in return, 50Hertz is obliged to compensate 50Hertz Offshore (in accordance with the provisions of the German Stock Corporation Act (Sec. 302 *Aktiengesetz* (*AktG*)) and subject to the terms of the profit and loss transfer agreement) for any annual losses 50Hertz Offshore incurs during the term of the agreement. The agreement was concluded for a fixed term until 31 December 2013, and thereafter it is automatically renewed if not terminated by three months' notice prior to the end of the respective fiscal year of 50Hertz Offshore.

50Hertz Offshore is also party to the Cash Pool Agreement between the Issuer and 50Hertz (see "*Business Description of the Guarantors – 50Hertz Transmission GmbH – Material Contracts*").

The business of 50Hertz Offshore is based on a framework agreement signed in November 2008 with 50Hertz, under which 50Hertz has delegated its obligation to construct and operate the grid connections to the offshore clusters and wind farms to 50Hertz Offshore, granting at the same time the right of being reimbursed for all respective costs. Further, as 50Hertz Offshore currently has no employees and instead relies on services provided by 50Hertz pursuant to service contracts, such service contracts are of material importance to the business of 50Hertz Offshore.

Ratings

50Hertz Offshore is not rated.

ISSUE PROCEDURES

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Tranche of Notes (the "**Conditions**"). The Conditions will be constituted by the relevant set of Terms and Conditions of the Notes set forth below (the "**Terms and Conditions**") as further specified by the provisions of the Final Terms as set out below.

Options for sets of Terms and Conditions

A separate set of Terms and Conditions applies to each type of Notes, as set forth below. The Final Terms provide for the Issuer to choose among the following Options:

Option I – Terms and Conditions for Notes with fixed interest rates (Fixed Rate Notes); and

Option II – Terms and Conditions for Notes without periodic interest payments (Zero Coupon Notes).

In addition, a separate set of Terms and Conditions for Notes with fixed interest rates, included in the Debt Issuance Programme Prospectus of the Issuer dated 13 May 2015, is incorporated by reference into this Prospectus for the purpose of a potential increase of Notes outstanding and originally issued prior to the date of this Prospectus ("**Option I A**").

Documentation of the Conditions

The Issuer may document the Conditions of an individual issue of Notes in either of the following ways:

- The Final Terms shall be completed as set out therein. The Final Terms shall determine which of Option I, Option I A or Option II, including certain further options contained therein, respectively, shall be applicable to the individual issue of Notes by replicating the relevant provisions and completing the relevant placeholders of the relevant set of Terms and Conditions as set out in the Prospectus in the Final Terms. The replicated and completed provisions of the set of Terms and Conditions shall constitute the Conditions, which will be attached to each global note representing the Notes of the relevant Tranche.
- Alternatively, the Final Terms shall determine which of Option I, Option I A or Option II and of the respective further options contained in each of Option I, Option I A or Option II are applicable to the individual issue by only referring to the specific sections of the relevant set of Terms and Conditions as set out in the Prospectus. The Final Terms will specify that the provisions of the Final Terms and the relevant set of Terms and Conditions as set out in the Prospectus, taken together, shall constitute the Conditions. Each global note representing a particular Tranche of Notes will have the Final Terms and the relevant set of Terms and Conditions as set out in the Prospectus attached.

Determination of Options/ Completion of Placeholders

The Final Terms shall determine which of Option I, Option I A or Option II shall be applicable to the individual issue of Notes. Each of the sets of Terms and Conditions of Option I, Option I A or Option II also contains certain further options (characterised by indicating the optional provision through instructions and explanatory notes set out either on the left of or in the square brackets within the text of the relevant set of Terms and Conditions as set out in the Prospectus) as well as placeholders (characterised by square brackets which include the relevant items) which will be determined by the Final Terms as follows:

Determination of Options

The Issuer will determine which options will be applicable to the individual issue either by replicating the relevant provisions in the Final Terms or by reference of the Final Terms to the sections of the relevant set of Terms and Conditions as set out in the Prospectus. If the Final Terms do not replicate or refer to an alternative or optional provision it shall be deemed to be deleted from the Conditions.

Completion of Placeholders

The Final Terms will specify the information with which the placeholders in the relevant set of Terms and Conditions will be completed. In case the provisions of the Final Terms and the relevant set of Terms and

Conditions, taken together, shall constitute the Conditions the relevant set of Terms and Conditions shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the placeholders of such provisions. In that case, all instructions and explanatory notes and text set out in square brackets in the relevant set of Terms and Conditions and any footnotes and explanatory text in the Final Terms will be deemed to be deleted from the Conditions.

TERMS AND CONDITIONS OF THE NOTES

The Terms and Conditions of the Notes (the "**Terms and Conditions**") are set forth below for two options:

Option I comprises the set of Terms and Conditions that apply to Tranches of Notes with fixed interest rates (Fixed Rate Notes).

Option II comprises the set of Terms and Conditions that apply to Tranches of Notes without periodic interest payments (Zero Coupon Notes).

The set of Terms and Conditions for each of these Options contains certain further options, which are characterised accordingly by indicating the respective optional provision through instructions and explanatory notes set out in square brackets within the set of Terms and Conditions.

In the Final Terms the Issuer will determine, which of Option I or Option II including certain further options contained therein, respectively, shall apply with respect to an individual issue of Notes, either by replicating the relevant provisions or by referring to the relevant options.

To the extent that upon the approval of the Prospectus the Issuer had no knowledge of certain items which are applicable to an individual issue of Notes, this Prospectus contains placeholders set out in square brackets which include the relevant items that will be completed by the Final Terms.

Terms and Conditions

This Series of Notes is issued pursuant to a Fiscal Agency Agreement dated on or about 30 April 2020 (the "**Agency Agreement**") between Eurogrid GmbH, 50Hertz Transmission GmbH, 50Hertz Offshore GmbH and ING Bank N.V. as fiscal agent (the "**Fiscal Agent**", which expression shall include any successor fiscal agent there under) and the other parties named therein.

The provisions of these Terms and Conditions apply to the Notes as completed by the terms of the final terms attached hereto (the "**Final Terms**"). The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; and all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the terms of the Final Terms. Copies of the Final Terms may be obtained free of charge at the specified office of the Fiscal Agent and at the specified office of any Paying Agent and at the principal office of the Issuer provided that, in the case of Notes which are not listed on any stock exchange, copies of the relevant Final Terms will only be available to Holders of such Notes.

OPTION I – Terms and Conditions for Notes with fixed interest rate ("**Fixed Rate Notes**")

§ 1

(CURRENCY, DENOMINATION, FORM)

(1) *Currency; Denomination.* This Series of Notes (the "**Notes**") of Eurogrid GmbH ("**Eurogrid**" or the "**Issuer**") is being issued in [**Specified Currency**] (the "**Specified Currency**") in the aggregate principal amount [**in the case the Global Note is an NGN the following applies: (subject to § 1(4))**] of [**Aggregate Principal Amount**] (in words: [**Aggregate Principal Amount in words**]) (the "**Aggregate Principal Amount**") in the denomination of [**Specified Denomination**] (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

[In the case of Notes which are represented by a Permanent Global Note the following applies:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**") without coupons. The Permanent Global Note shall be signed manually by authorized signatories of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and interest coupons will not be issued.]

[In the case of Notes which are initially represented by a Temporary Global Note the following applies:

(3) *Temporary Global Note — Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**") without coupons. [**In the case of Euroclear and CBL and if the Global Note is an NGN the following applies:** The details of such exchange shall be entered in the records of the ICSDs (as defined below).] The Global Notes shall only be valid if each of them bears the handwritten signatures of two authorized representatives of the Issuer and the control signature of a person instructed by the Fiscal Agent. Definitive Notes and interest coupons will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Notes. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes will be treated as a request to exchange the Temporary Global Note pursuant to subparagraph (b) of this § 1(3). Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 1(6).]

(4) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means [if more than one Clearing System the following applies: each of] the following: [Clearstream Banking AG, Frankfurt am Main,] [Clearstream Banking, société anonyme Luxembourg ("**CBL**") [Euroclear Bank SA/NV Brussels as operator of the Euroclear System ("**Euroclear**"),] [additional or alternative Clearing System] and any successor in such capacity. [In the case of CBL and Euroclear as Clearing System the following applies: "**International Central Securities Depository**" or "**ICSD**" means each of CBL and Euroclear (together, the "**ICSDs**").]

[In the case of Notes kept in custody on behalf of the ICSDs and the global note is a NGN, the following applies: The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or interest payment being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.]

[In the case of Notes kept in custody on behalf of the ICSDs and the global note is a CGN, the following applies: The Notes are issued in classical global note ("**CGN**") form and are kept in custody by a common depositary on behalf of both ICSDs.]

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

[In the case the Temporary Global Note is a NGN, the following applies: On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.]

(6) *United States.* For the purposes of these Terms and Conditions "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2

(STATUS, NEGATIVE PLEDGE AND GUARANTEE)

(1) *Status.* The obligations under the Notes constitute unsecured and unsubordinated obligations of

the Issuer ranking *pari passu* among themselves and *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge.* So long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes (i) not to grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, and (ii) to procure, to the extent legally permissible, that none of its Material Subsidiaries will grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, unless at the same time the Holders share equally and rateably in such security or other security as shall be approved by an independent accounting firm as being equivalent security has been made available to Holders.

For purposes of these Terms and Conditions, "**Capital Market Indebtedness**" means any obligation for the payment of borrowed money (including contingent liabilities) which is represented by any bond or debt security with an original maturity of more than one year which is, or is intended to be, or is capable of being listed or traded on a stock exchange or other recognised securities market.

(3) *Guarantee and Negative Pledge.*

(a) Each of 50Hertz Transmission GmbH and 50Hertz Offshore GmbH (each of them a "**Guarantor**" and together the "**Guarantors**") has given an unconditional and irrevocable guarantee (the "**Guarantee**") under which the Guarantors jointly and severally guarantee subject to certain limitations set out therein for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with Section 328 paragraph 1 of the German Civil Code (*BGB*)¹, giving rise to the right of each Holder to require performance of the Guarantee directly from the relevant Guarantor and to enforce the Guarantee directly against the relevant Guarantor. Copies of the Guarantee may be obtained free of charge at the specified office of the Fiscal Agent.

(b) Each Guarantor has undertaken in the Guarantee, as long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, (i) not to grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness (as defined in § 2 (2)), and (ii) to procure, to the extent legally possible, that none of its Material Subsidiaries will grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness, unless at the same time the Holders share equally and rateably in such security or such other security as shall be approved by an independent accounting firm as being equivalent security has been made available to Holders.

¹ An English language convenience translation of Section 328 paragraph 1 of the German Civil Code (*BGB*) reads as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance".

(c) For purposes of these Terms and Conditions, "**Material Subsidiary**" means a Subsidiary of the Issuer, or, as applicable, a Guarantor, (i) which, based on the latest audited annual consolidated financial statements of the Issuer (*Konzernabschluss*) and the latest audited annual financial statements of the relevant Subsidiary, has (x) unconsolidated gross assets (i.e. the sum of fixed assets (*Anlagevermögen*) and current assets (*Umlaufvermögen*) within the meaning of Section 266 paragraph 2 of the German Commercial Code (*HGB*) (without group internal positions) representing 10 per cent. or more of the consolidated gross assets of the Issuer, (y) unconsolidated operating profits before net interest expenses and taxes (without group internal positions) representing 10 per cent. or more of the consolidated operating profits before net interest expenses and taxes of the Issuer, or (ii) to which all or substantially all of the assets of a Subsidiary which was a Material Subsidiary before such transfer having occurred have been transferred, or to which such assets have passed in any other way, in which case the disposing entity will cease to be a Material Subsidiary. "**Subsidiary**" means (i) an entity of which a person owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership or (ii) an entity which is controlled, directly or indirectly, by a person within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*).

§ 3 (INTEREST)

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of **[Rate of Interest]**% *per annum* from (and including) **[Interest Commencement Date]** to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable in arrear on **[Interest Payment Date(s)]** in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on **[First Interest Payment Date]** **[if the First Interest Payment Date is not the first anniversary of the Interest Commencement Date the following applies: and will amount to [Initial Broken Amount per Specified Denomination] per Specified Denomination.] [If Maturity Date is not an Interest Payment Date the following applies: Interest in respect of the period from (and including) [last Interest Payment Date preceding the Maturity Date] to (but excluding) the Maturity Date will amount to [Final Broken Amount per Specified Denomination] per Specified Denomination.]**

(2) *Late Payments.* If the Issuer for any reason fails to render any payment of principal in respect of the Notes when due, interest shall continue to accrue at the default rate of interest established by statutory law² on the outstanding amount from (and including) the due date to (but excluding) the day on which such payment is made to the Holders.

(3) *Calculation of Interest for Periods of less than one Year.* If interest is to be calculated for a period of less than one year, it shall be calculated on the basis of the Day Count Fraction (as defined below). **[If the Specified Currency is Euro and if Actual/Actual (ICMA) is applicable the following applies: The number of Interest Payment Dates per calendar year (each a "Determination Date") is [number of regular Interest Payment Dates per calendar year].]**

² The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by *Deutsche Bundesbank* from time to time, Sections 288 paragraph 1, 247 paragraph 1 of the German Civil Code.

(4) *Day Count Fraction*. "**Day Count Fraction**" means with regard to the calculation of the amount of interest on the Notes for any period of time (the "**Calculation Period**"):

[If the Specified Currency is Euro and if Actual/Actual (ICMA) is applicable the following applies:

(i) if the Calculation Period (from and including the first day of such period but excluding the last) is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period (from and including the first day of such period but excluding the last) divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(3)) that would occur in one calendar year; or

(ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of: (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(3)) and (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in § 3(3)) that would occur in one calendar year.

"Determination Period" means the period from (and including) a Determination Date to, (but excluding) the next Determination Date.]

[In the case of 30/360, 360/360 or Bond Basis the following applies: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[In the case of 30E/360 or Eurobond Basis the following applies: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

§ 4 (PAYMENTS)

(1) (a) *Payment of Principal*. Payment of principal in respect of the Notes shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(b) *Payment of Interest*. Payment of interest on the Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

[In the case of interest payable on a Temporary Global Note the following applies: Payment of interest on Notes represented by the Temporary Global Note shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System, upon due certification as provided in § 1(3)(b).]

(2) *Manner of Payment*. Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Discharge*. The Issuer or, as the case may be, the Guarantors shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is

[In the case the Notes are not denominated in Euro the following applies: a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in **[relevant financial center(s)]**][.][and]]

[In the case the Clearing System and TARGET2 shall be open the following applies: a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans European Automated Real time Gross Settlement Express Transfer payment system (TARGET2) are operational to forward the relevant payment].

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; **[if the Notes are redeemable at the option of the Issuer for other than tax reasons or reasons of minimal outstanding principal amount the following applies:** the Call Redemption Amount of the Notes;] **[if the Notes are redeemable at the option of the Holder the following applies:** the Put Redemption Amount of the Notes;] and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer or, as the case may be, the Guarantors may deposit with the competent authority (*Hinterlegungsstelle*) at the seat of the Issuer (at the time of issuance of the Notes the local court (*Amtsgericht*) in Berlin-Tiergarten) principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5 (REDEMPTION)

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer or the Guarantors, as the case may be, are required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or a Guarantor, as the case may be, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Final Redemption Amount (as defined above), together with interest (if any) accrued to the date fixed for redemption (excluding).

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantors would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the

date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

[If the Notes are subject to Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount, the following applies:

[(3)] *Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount.*

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased by the Issuer, the Guarantors or any direct or indirect subsidiary of the Issuer or the Guarantors pursuant to the provisions of this § 5 or otherwise (a "**Clean-up Call Event**"), the Issuer may, on not less than 30 nor more than 60 days' notice to the Holders of Notes given within 30 days after the Clean-up Call Event, redeem, at its option, the remaining Notes in whole but not in part at their Early Redemption Amount (as defined below) plus interest accrued to but excluding the date of such redemption.]

[If the Notes are subject to Early Redemption at the Option of the Issuer at specified Call Redemption Amounts the following applies:

[(4)] *Early Redemption at the Option of the Issuer.*

[If the Notes are subject to Early Redemption at specific Call Redemption Dates, the following applies:

(a) The Issuer may, upon notice given in accordance with clause (b), redeem all or some only of the Notes at the Call Redemption Date(s) at the Call Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the relevant redemption date.

<i>Call Redemption Date(s)</i>	<i>Call Redemption Amount(s)</i>
[Call Redemption Date(s)]	[Call Redemption Amount(s)]
[•]	[•]
[•]	[•]

[If the Notes are subject to Early Redemption at specific Call Redemption Periods, the following applies:

(a) The Issuer may, upon notice given in accordance with clause (b), redeem all or some only of the Notes within the Call Redemption Period(s) at the Call Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the relevant redemption date.

<i>Call Redemption Period(s)</i>	<i>Call Redemption Amount(s)</i>
[Call Redemption Period(s)]	[Call Redemption Amount(s)]
[•]	[•]
[•]	[•]

[If Notes are subject to Early Redemption at the Option of the Holder the following applies:
The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by

the Holder thereof of its option to require the redemption of such Note under subparagraph [(6)] of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § 13. Such notice shall specify:

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) the relevant redemption date, which shall be not less than **[Minimum Notice to Holders]** nor more than **[Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders; and
- (iv) the Call Redemption Amount at which such Notes are to be redeemed.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.] **[In the case of Notes in NGN form the following applies:** For technical procedure of the ICSDs, in the case of a partial redemption the outstanding principal amount following such partial redemption will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.]]

[If the Notes are subject to Early Redemption at the Option of the Issuer at Early Redemption Amount the following applies:

[(5)] *Early Redemption at the Option of the Issuer.*

(a) The Issuer may, upon notice given in accordance with clause (b), at any time redeem all or some only of the Notes (each a "Call Redemption Date") at the Early Redemption Amount (as defined below) together with accrued interest, if any, to (but excluding) the relevant Call Redemption Date.

[If Notes are subject to Early Redemption at the Option of the Holder the following applies:

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under subparagraph [(6)] of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § 13. Such notice shall specify:

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed; and
- (iii) the Call Redemption Date, which shall be not less than **[Minimum Notice to Holders]** nor more than **[Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.] **[In the case of Notes in NGN form the following applies:** For technical procedure of the ICSDs, in the case of a partial redemption the outstanding principal amount following such partial redemption will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.]]

[If the Notes are subject to Early Redemption at the Option of the Holder the following applies:

[(6)] *Early Redemption at the Option of a Holder.*

(a) The Issuer shall, at the option of the Holder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) set forth below together with accrued interest, if any, to (but excluding) the Put Redemption Date.

<i>Put Redemption Date(s)</i>	<i>Put Redemption Amount(s)</i>
[Put Redemption Dates(s)]	[Put Redemption Amount(s)]
[•]	[•]
[•]	[•]

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note under this § 5.

(b) In order to exercise such option, the Holder must, not less than **[Minimum Notice to Issuer]** nor more than **[Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Redemption Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice ("**Put Redemption Notice**") in the form available from the specified offices of the Fiscal Agent and the Paying Agents. The Put Redemption Notice must specify (i) the principal amount of the Notes in respect of which such option is exercised, and (ii) the securities identification number of such Notes, if any. No option so exercised may be revoked or withdrawn. The Issuer shall only be required to redeem Notes in respect of which such option is exercised against delivery of such Notes to the Issuer or to its order.]

[(7)] *Early Redemption Amount.*

(a) For purposes of subparagraph (2) **[and (3)]** of this § 5 and § 9, the "**Early Redemption Amount**" of a Note shall be its principal amount.

[If the Notes are subject to Early Redemption at the Option of the Issuer at Early Redemption Amount the following applies:

[(b)] For purposes of subparagraph **[(5)]** of this § 5, the Early Redemption Amount of a Note shall be the higher of (i) its Final Redemption Amount and (ii) the Present Value. The "**Present Value**" will be calculated by the Calculation Agent by discounting the sum of the principal amount of a Note and the remaining interest payments to **[Maturity Date][first call date]** on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Comparable Benchmark Yield plus **[percentage]%**. "**Comparable Benchmark Yield**" means the yield at the Redemption Calculation Date on the corresponding [euro denominated benchmark debt security of the Federal Republic of Germany] **[other relevant benchmark security]** [due **[maturity]**, carrying ISIN **[ISIN]**, or, if such benchmark security is no longer outstanding on the Redemption Calculation Date, such other comparable benchmark security selected as appropriate by the Calculation Agent], [as daily published by the Deutsche Bundesbank on its website www.bundesbank.de.]**[as appearing around [relevant time] on [relevant screen page]]**, or, if such yield cannot be so determined, the yield determined as aforesaid as appearing or published on such other comparable page or pricing source (or, if applicable, at such other time on the Redemption Calculation Date) as may be considered to be appropriate by the Calculation Agent, in each case as having a maturity comparable to the remaining term of the Note to **[Maturity Date][first call date]**, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to **[Maturity Date][first call date]**. "**Redemption Calculation Date**" means the third Payment Business Day prior to the relevant Call Redemption Date.]

§ 6

(THE FISCAL AGENT[,] [AND] THE PAYING AGENT [AND THE CALCULATION AGENT])

(1) *Appointment; Specified Office.* The initial Fiscal Agent and the initial Paying Agent and its initial specified office shall be:

ING Bank N.V.
Issuer Services

Attn: Remko Los
Location Code: TRC 02.039
Foppingadreef 7
1102 BD Amsterdam
The Netherlands
Tel.: +31 (0)20 5636619
Email: iss.pas@ing.com

[If the Fiscal Agent is to be appointed as Calculation Agent the following applies: The Fiscal Agent shall also act as Calculation Agent.]

[If a Calculation Agent other than the Fiscal Agent is to be appointed the following applies: The Calculation Agent and its initial specified office shall be:

Calculation Agent: **[name and specified office]**

The Fiscal Agent [.] [and] the Paying Agents [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent **[in the case of Notes listed on a stock exchange (the "Stock Exchange") the following applies: .] [and]** (ii) so long as the Notes are listed on the **[name of Stock Exchange]**, a Paying Agent (which may be the Fiscal Agent) with a specified office in **[location of Stock Exchange]** and/or in such other place as may be required by the rules of such stock exchange] **[and] [.] [(iii)]** a Paying Agent in an EU member state, if possible, that will not be obliged to withhold or deduct tax in connection with any payment made in relation to the Notes unless the Paying Agent would be so obliged in each other EU Member State if it were located there, **[in the case of payments in United States dollar the following applies: [and] [(iv)]** if payments at or through the offices of all Paying Agents outside the United States (as defined in § 1(6)) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollar, a Paying Agent with a specified office in New York City], **[and [(v)]** a Calculation Agent **[if Calculation Agent is required to maintain a Specified Office in a Required Location the following applies:** with a specified office located in **[Required Location]**]. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

(3) *Agent of the Issuer.* The Fiscal Agent [.] [and] the Paying Agents [and the Calculation Agent] act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7 (TAXATION)

All payments of principal and interest made by the Issuer in respect of the Notes to the Holders shall be made free and clear of, and without withholding or deduction for, any present or future taxes or duties of whatever nature imposed or levied by way of deduction or withholding by or on behalf of the Federal Republic of Germany or any political subdivision or any authority therein or thereof having power to tax (the **"Taxing Jurisdiction"**), unless such deduction or withholding is required by law. In that event the Issuer shall pay such additional amounts (the **"Additional Amounts"**) as shall result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to

(a) any taxes that are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by

the Issuer from payments of principal or interest made by it; or

(b) payments which are to be withheld or deducted by reason of the relevant Holder having some connection with Germany other than the mere holding of the Notes; or

(c) payments to, or to a third party on behalf of, a Holder where no such withholding or deduction would have been required to be made if the Notes were credited at the time of payment to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside Germany; or

(d) payments where such withholding or deduction is imposed pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party/are parties, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(e) payments pursuant to, or as a consequence of (i) an international agreement, to which Germany is a party, or (ii) a directive or regulation passed pursuant to, or in the consequence of, such agreement, or

(f) payments to the extent such withholding or deduction is payable by or on behalf of a Holder who could lawfully mitigate (but has not so mitigated) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected; or

(g) payments which are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later; or

(h) payments to the extent such withholding or deduction is required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or

(i) any combination of items (a)-(h);

nor shall any Additional Amounts be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

For the avoidance of doubt, the withholding tax (*Kapitalertragsteuer*) currently levied in the Federal Republic of Germany at the level of the custodian bank or collecting agent and the solidarity surcharge (*Solidarit tszuschlag*) imposed thereon pursuant to tax law as in effect as of the date of issue of the Notes do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

§ 8 (PRESENTATION PERIOD)

The presentation period provided in Section 801 paragraph 1, sentence 1 of the German Civil Code (*BGB*) is reduced to ten years for the Notes.

§ 9
(EVENTS OF DEFAULT)

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from the Notes and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5 [(7)]), together with accrued interest (if any) to (but excluding) the date of repayment, in the event that:

(a) the Issuer fails to pay principal or interest under the Notes within 30 days from the relevant due date, or

(b) any Guarantor fails to pay amounts payable under the Guarantee within 30 days from the relevant due date, or

(c) the Issuer fails to duly perform any other material obligation arising from the Notes or any Guarantor fails to perform any other material obligation arising from the Guarantee and such failure continues unremedied for more than 30 days after the Fiscal Agent has received a request thereof in the manner set forth in § 9(3) from a Holder to perform such obligation; or

(d) (i) any Capital Market Indebtedness of the Issuer or any of its Material Subsidiaries or of any Guarantor or any of its Material Subsidiaries becomes prematurely repayable as a result of a default in respect of the terms thereof, or (ii) the Issuer or any of its Material Subsidiaries or any Guarantor or any of its Material Subsidiaries fails to fulfill any payment obligation under any Capital Market Indebtedness or under any guarantees or suretyships given for any Capital Market Indebtedness of others within 30 days from its due date or, in the case of such guarantee or suretyship, within 30 days of such guarantee or suretyship being invoked, given that the obligations under (i) and (ii) above exceed 2 per cent. of the balance sheet total of the Issuer, as stated in its latest consolidated balance sheet drawn up in accordance with IFRS and unless the Issuer or its relevant Material Subsidiary or the respective Guarantor or its relevant Material Subsidiary contests in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked or if a security granted therefor is enforced on behalf of or by the creditor(s) entitled thereto; or

(e) the Issuer or any Guarantor announces its inability to meet its financial obligations or ceases its payments generally; or

(f) a court opens insolvency proceedings against the Issuer or any Guarantor and such proceedings are instituted and have not been discharged or stayed within 90 days, or the Issuer or the Guarantor applies for or institutes such proceedings; or

(g) the Issuer or any Guarantor enters into liquidation unless this is done in connection with a merger (*Verschmelzung*) or other form of transformation under the German Transformation Act (*Umwandlungsgesetz*) or other form of combination with another company and such company assumes all obligations contracted by the Issuer or the relevant Guarantor in connection with the Notes or the Guarantee; or

(h) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer or any Guarantor is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and in the Guarantee, respectively, and this situation is not cured within 90 days; or

(i) the Guarantee ceases to be valid and legally binding.

(2) *No Termination.* The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(3) *Notice.* Any default notice in accordance with § 9(1) shall be made by means of a declaration at least in text form (section 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) delivered to the specified office of the Fiscal Agent together with evidence by means of a certificate of the Holder's Custodian (as defined in § 14(3)) that such Holder, at the time of such notice, is a holder of the relevant

Notes.

(4) *Quorum.* In the events specified in subparagraph (1) (c) and/or (d), any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in subparagraph (1) (a), (b) and (e) through (h) entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such default notices from the Holders representing at least 25 per cent. of the aggregate principal amount of Notes then outstanding.

§ 10 (SUBSTITUTION)

(1) *Substitution.* The Issuer (reference to which shall always include any previous Substitute Debtor (as defined below)) may, at any time, if no payment of principal of or interest on any of the Notes is in default, without the consent of the Holders, substitute for the Issuer any Affiliate (as defined below) of the Issuer as the principal debtor in respect of all obligations arising from or in connection with the Notes (any such company, the "**Substitute Debtor**"), provided that:

(a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes and is in a position to fulfill all payment obligations arising from or in connection with the Notes in the Specified Currency without, subject to para. (e) below, the necessity of any taxes or duties levied by the country or jurisdiction in which the Substitute Debtor is domiciled (other than taxes which would also be levied in the absence of such substitution) to be withheld or deducted at source and to transfer all amounts which are required therefore to the Paying Agent without any restrictions, and that in particular all necessary authorizations to this effect by any competent authority have been obtained, and, to the extent service of process must be effected to the Substitute Debtor outside of Germany, a service of process agent in Germany is appointed;

(b) the Issuer and the Guarantors if they are not themselves the Substitute Debtor irrevocably and unconditionally guarantee in favor of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms equivalent to the terms of the Guarantee (the "**Substitution Guarantee**");

(c) the Substitute Debtor, the Issuer and the Guarantors have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer and the Guarantors if they are not themselves the Substitute Debtor of the Substitution Guarantee in respect of the obligations of the Substitute Debtor, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Notes, and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor and the Substitution Guarantee given by the Issuer and the Guarantors if they are not themselves the Substitute Debtor are each valid and binding in accordance with their respective terms and enforceable by each Holder;

(d) § 9 shall be deemed to be amended so that it shall also be an Event of Default under such provision if the Substitution Guarantee shall cease to be valid or legally binding against the Issuer and the Guarantors if they are not themselves the Substitute Debtor;

(e) the Substitute Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon such Holder in connection with any payments on the Notes (including taxes or duties being deducted or withheld at source), upon conversion or otherwise, as a consequence of the assumption of the Issuer's obligations by the Substitute Debtor, provided that such undertaking shall be limited to amounts that would not have been imposed upon the Holder had such substitution not occurred; and

(f) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognized standing to the effect that subparagraphs (a) through (e) above have been satisfied.

For purposes of this § 10, "**Affiliate**" shall mean any affiliated company (*verbunden*

Unternehmen) within the meaning of Sections 15 et seq. of the German Stock Corporation Act (*Aktiengesetz*) held by the Issuer.

(2) *Discharge from Obligations. References.* Upon a substitution in accordance with this § 10, the Substitute Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer as issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution including that the relevant jurisdiction in relation to the Issuer in § 7 shall be the Substitute Debtor's country of domicile for tax purposes. Furthermore, in the event of such substitution the following shall apply:

(a) in § 7 and § 5(2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;

(b) in § 9(1)(c) to (g) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

Any such substitution, together with the notice referred to in subparagraph (3) below, shall, in the case of the substitution of any other company as principal debtor, operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes.

(3) *Notification to Holders.* Not later than 15 Payment Business Days after effecting the substitution, the Substitute Debtor shall give notice thereof to the Holders and, if any Notes are listed on any stock exchange, to such stock exchange in accordance with § 13 and to any other person or authority as required by applicable laws or regulations.

§ 11

(FURTHER ISSUES, PURCHASES AND CANCELLATION)

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12

(AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE)

(1) *Resolutions of Holders.* The Holders may with consent of the Issuer (if required) by a majority resolution pursuant to section 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**"), as amended from time to time, agree to amendments of the Terms and Conditions or resolve any other matters provided for by the SchVG. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 12(2) below. A duly passed majority resolution shall be binding upon all Holders.

(2) *Majority.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75% of the voting rights participating in the vote (a

"Qualified Majority").

(3) *Passing of resolutions.* The Holders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with section 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 and section 5 et seqq. of the SchVG.

(4) *Holders' meeting.* If resolutions of the Holders shall be made by means of a meeting the convening notice will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian (as defined in § 14 (3)) in accordance with § 14(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a meeting.* Together with casting their votes, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.

(6) *Second meeting.* If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(4), in case of a meeting the chairman may convene a second meeting in accordance with Section 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer may convene a second meeting within the meaning of Section 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. The provisions set out in § 12(4) shall apply *mutatis mutandis* to the Holders' registration for a second meeting.

(7) *Holders' representative.* **[If no Holders' Representative is designated in the Terms and Conditions of the Notes the following applies:** The Holders may by majority resolution appoint a common representative to exercise the Holders' rights on behalf of each Holder (the "**Holders' Representative**").

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.]

[If the Holders' Representative is appointed in the Terms and Conditions of the Notes, the following applies: The joint representative (the "**Holders' Representative**") shall be [name and address]. The Holders' Representative shall have the duties and responsibilities and powers provided for by law. The liability of the Holders' Representative shall be limited to ten times of the amount of its annual remuneration, unless the Holders' Representative has acted wilfully or with gross negligence. The provisions of the SchVG apply with respect to the dismissal of the Holders' Representative and the other rights and obligations of the Holders' Representative.]

(8) *Publication.* Any notices concerning this § 12 shall be made exclusively pursuant to the provisions of the SchVG.

(9) *Guarantee.* The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Guarantee and any Substitution Guarantee.

§ 13
(NOTICES)

[In the case of Notes which are listed on the official list of the Luxembourg Stock Exchange the following applies:

(1) *Publication.* Subject to § 12 (8), all notices concerning the Notes will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) shall apply. If the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been given on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are listed on a stock exchange other than on the official list of the Luxembourg Stock Exchange the following applies:

(1) *Publication.* Subject to § 12 (8), all notices concerning the Notes will be made by means of electronic publication on the internet website of the stock exchange with respect to which the Issuer applied for listing of the Notes, if the rules of such stock exchange so permit. Any such notice will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on such a stock exchange, subparagraph (1) shall apply. If the rules of such stock exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been given on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are unlisted the following applies:

Notification to Clearing System. Subject to § 12 (8), the Issuer will deliver all notices to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.]

§ 14
(APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT)

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed in every respect by German law.

(2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or any Guarantor or to which such Holder and the Issuer or any Guarantor are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) which has been confirmed by the Clearing System; (ii) a copy of the Note in global form certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such

proceedings of the actual records or the global note representing the Notes or (iii) any other means of proof permitted in legal proceedings in the country of enforcement. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and which maintains an account with the Clearing System, and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
(LANGUAGE)

These Terms and Conditions are written in the English language only.

OPTION II – Terms and Conditions for Notes without periodic interest payments ("Zero Coupon Notes")

**§ 1
(CURRENCY, DENOMINATION, FORM)**

(1) *Currency; Denomination.* This Series of Notes (the "**Notes**") of Eurogrid GmbH ("**Eurogrid**" or the "**Issuer**") is being issued in [**Specified Currency**] (the "**Specified Currency**") in the aggregate principal amount [**in the case the Global Note is an NGN the following applies:** (subject to § 1(4))] of [**Aggregate Principal Amount**] (in words: [**Aggregate Principal Amount in words**]) (the "**Aggregate Principal Amount**") in the denomination of [**Specified Denomination**] (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued in bearer form.

[In the case of Notes which are represented by a Permanent Global Note the following applies:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**"). The Permanent Global Note shall be signed manually by authorized signatories of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes will not be issued.]

[In the case of Notes which are initially represented by a Temporary Global Note the following applies:

(3) *Temporary Global Note — Exchange.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in Specified Denominations represented by a permanent global note (the "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**") without coupons. [**In the case of Euroclear and CBL and if the Global Note is an NGN the following applies:** The details of such exchange shall be entered in the records of the ICSDs (as defined below).] The Global Notes shall only be valid if each of them bears the handwritten signatures of two authorized representatives of the Issuer and the control signature of a person instructed by the Fiscal Agent. Definitive Notes will not be issued.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the date of issue of the Notes. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Notes will be treated as a request to exchange the Temporary Global Note pursuant to subparagraph (b) of this § 1(3). Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 1(6)).]

(4) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means [**if more than one Clearing System the following applies:** each of] the following: [Clearstream Banking AG, Frankfurt am Main,] [Clearstream Banking, société anonyme Luxembourg ("**CBL**")], [Euroclear Bank SA/NV Brussels as operator of the Euroclear System ("**Euroclear**"),] [additional or alternative Clearing System] and any successor in such capacity. [**In the case of CBL and Euroclear as Clearing System the following applies:** "**International Central Securities Depository**" or "**ICSD**" means each of CBL and Euroclear (together, the "**ICSDs**").]

[In the case of Notes kept in custody on behalf of the ICSDs and the global note is a NGN, the following applies: The Notes are issued in new global note ("**NGN**") form and are kept in

custody by a common safekeeper on behalf of both ICSDs.

The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or interest payment being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.]

[In the case of Notes kept in custody on behalf of the ICSDs and the global note is a CGN, the following applies : The Notes are issued in classical global note ("CGN") form and are kept in custody by a common depository on behalf of both ICSDs.]

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

[In the case the Temporary Global Note is a NGN, the following applies: On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.]

(6) *United States.* For the purposes of these Terms and Conditions "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2

(STATUS, NEGATIVE PLEDGE AND GUARANTEE)

(1) *Status.* The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge.* So long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, the Issuer undertakes (i) not to grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, and (ii) to procure, to the extent legally permissible, that none of its Material Subsidiaries will grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, unless at the same time the Holders share equally and rateably in such security or other security as shall be approved by an independent accounting firm as being equivalent security has been made available to Holders.

For purposes of these Terms and Conditions, "**Capital Market Indebtedness**" means any obligation for the payment of borrowed money (including contingent liabilities) which is represented by any bond or debt security with an original maturity of more than one year which is, or is intended to be, or

is capable of being listed or traded on a stock exchange or other recognised securities market.

(3) *Guarantee and Negative Pledge.*

(a) Each of 50Hertz Transmission GmbH and 50Hertz Offshore GmbH (each of them a "**Guarantor**" and together the "**Guarantors**") has given an unconditional and irrevocable guarantee (the "**Guarantee**") under which the Guarantors jointly and severally guarantee subject to certain limitations set out therein for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes.

The Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with Section 328 paragraph 1 of the German Civil Code (*BGB*)¹, giving rise to the right of each Holder to require performance of the Guarantee directly from the relevant Guarantor and to enforce the Guarantee directly against the relevant Guarantor. Copies of the Guarantee may be obtained free of charge at the specified office of the Fiscal Agent.

(b) Each Guarantor has undertaken in the Guarantee, as long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, (i) not to grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness (as defined in § 2 (2)), and (ii) to procure, to the extent legally possible, that none of its Material Subsidiaries will grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness, unless at the same time the Holders share equally and rateably in such security or such other security as shall be approved by an independent accounting firm as being equivalent security has been made available to Holders.

(c) For purposes of these Terms and Conditions, "**Material Subsidiary**" means a Subsidiary of the Issuer, or, as applicable, a Guarantor, (i) which, based on the latest audited annual consolidated financial statements of the Issuer (*Konzernabschluss*) and the latest audited annual financial statements of the relevant Subsidiary, has (x) unconsolidated gross assets (i.e. the sum of fixed assets (*Anlagevermögen*) and current assets (*Umlaufvermögen*) within the meaning of Section 266 paragraph 2 of the German Commercial Code (*HGB*) (without group internal positions) representing 10 per cent. or more of the consolidated gross assets of the Issuer, (y) unconsolidated operating profits before net interest expenses and taxes (without group internal positions) representing 10 per cent. or more of the consolidated operating profits before net interest expenses and taxes of the Issuer, or (ii) to which all or substantially all of the assets of a Subsidiary which was a Material Subsidiary before such transfer having occurred have been transferred, or to which such assets have passed in any other way, in which case the disposing entity will cease to be a Material Subsidiary. "**Subsidiary**" means (i) an entity of which a person owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership or (ii) an entity which is controlled, directly or indirectly, by a person within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*).

§ 3 (INTEREST)

(1) *No Periodic Payments of Interest.* There will not be any periodic payments of interest on the Notes.

¹ An English language convenience translation of Section 328 paragraph 1 of the German Civil Code (*BGB*) reads as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance".

(2) *Late Payments.* If the Issuer for any reason fails to render any payment of principal in respect of the Notes when due, interest shall accrue at the default rate of interest established by statutory law² on the outstanding amount from (and including) the due date to (but excluding) the day on which such payment is made to the Holders.

(3) *Day Count Fraction.* "**Day Count Fraction**" means in respect of a Calculation Period (as defined below in § 5 [(7)]).

[In the case of 30/360, 360/360 or Bond Basis the following applies: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[In the case of 30E/360 or Eurobond Basis the following applies: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]

§ 4 (PAYMENTS)

(1) *Payment of Principal.* Payment of principal in respect of the Notes shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *Discharge.* The Issuer or, as the case may be, the Guarantors shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means any day which is

[In the case the Notes are not denominated in Euro the following applies: a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in **[relevant financial center(s)]**].**[and]]**

[In the case the Clearing System and TARGET2 shall be open the following applies: a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans European Automated Real time Gross Settlement Express Transfer payment system (TARGET2) are operational to forward the relevant payment].

(5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; the Amortized Face Amount of the Notes; **[if the**

² The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by Deutsche Bundesbank from time to time, Sections 288 paragraph 1, 247 paragraph 1 of the German Civil Code.

Notes are redeemable at the option of the Issuer for other than tax reasons or reasons of minimal outstanding principal amount the following applies: the Call Redemption Amount of the Notes;] **[if the Notes are redeemable at the option of the Holder the following applies:** the Put Redemption Amount of the Notes;] and any premium and any other amounts which may be payable under or in respect of the Notes. References in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer or, as the case may be, the Guarantors may deposit with the competent authority (*Hinterlegungsstelle*) at the seat of the Issuer (at the time of issuance of the Notes the local court (*Amtsgericht*) in Berlin-Tiergarten) principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5 (REDEMPTION)

(1) *Final Redemption.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on **[Maturity Date]** (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Note shall be its principal amount.

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes was issued, the Issuer or the Guarantors, as the case may be, are required to pay Additional Amounts (as defined in § 7 herein) at maturity or upon sale or exchange of any Note, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or a Guarantor, as the case may be, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Fiscal Agent and, in accordance with § 13 to the Holders, at their Amortized Face Amount (as defined below).

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantors would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect.

Any such notice shall be given in accordance with § 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

[If the Notes are subject to Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount, the following applies:

[(3)] *Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount.*

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased by the Issuer, the Guarantors or any direct or indirect subsidiary of the Issuer or the Guarantors pursuant to the provisions of this § 5 or otherwise (a "**Clean-up Call Event**"), the Issuer may, on not less than 30 nor more than 60 days' notice to the Holders of Notes given within 30 days after the Clean-up Call Event, redeem, at its option, the remaining Notes in whole but not in part at their Amortized Face Amount (as defined below).]

[If the Notes are subject to Early Redemption at the Option of the Issuer at specified Call Redemption Amounts the following applies:

[(4)] *Early Redemption at the Option of the Issuer.*

[If the Notes are subject to Early Redemption at specific Call Redemption Dates, the following applies:

(a) The Issuer may, upon notice given in accordance with clause (b), redeem all or some only of the Notes at the Call Redemption Date(s) at the Call Redemption Amount(s) set forth below.

<i>Call Redemption Date(s)</i>	<i>Call Redemption Amount(s)</i>
[Call Redemption Date(s)]	[Call Redemption Amount(s)]
[•]	[•]
[•]	[•]

[If the Notes are subject to Early Redemption at specific Call Redemption Periods, the following applies:

(a) The Issuer may, upon notice given in accordance with clause (b), redeem all or some only of the Notes within the Call Redemption Period(s) at the Call Redemption Amount(s) set forth below.

<i>Call Redemption Period(s)</i>	<i>Call Redemption Amount(s)</i>
[Call Redemption Period(s)]	[Call Redemption Amount(s)]
[•]	[•]
[•]	[•]

[If Notes are subject to Early Redemption at the Option of the Holder the following applies: The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under subparagraph [(6)] of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § 13. Such notice shall specify:

- (i) the Series of Notes subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) the relevant redemption date, which shall be not less than **[Minimum Notice to Holders]** nor more than **[Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders; and
- (iv) the Call Redemption Amount at which such Notes are to be redeemed.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System. **[In the case of Notes in NGN form the following applies:** For technical procedure of the ICSDs, in the case of a partial redemption the outstanding principal amount following such partial redemption will be reflected in the records of the

ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.]]

[If the Notes are subject to Early Redemption at the Option of the Issuer at Early Redemption Amount the following applies:

[(5)] *Early Redemption at the Option of the Issuer.*

(a) The Issuer may, upon notice given in accordance with clause (b), at any time redeem all or some only of the Notes (each a "**Call Redemption Date**") at the Early Redemption Amount (as defined below).

[If Notes are subject to Early Redemption at the Option of the Holder the following applies:

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under subparagraph [(6)] of this § 5.]

(b) Notice of redemption shall be given by the Issuer to the Holders of the Notes in accordance with § 13. Such notice shall specify:

(i) the Series of Notes subject to redemption;

(ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed; and

(iii) the Call Redemption Date, which shall be not less than **[Minimum Notice to Holders]** days nor more than **[Maximum Notice to Holders]** days after the date on which notice is given by the Issuer to the Holders.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.] **[In the case of Notes in NGN form the following applies:** For technical procedure of the ICSDs, in the case of a partial redemption the outstanding principal amount following such partial redemption will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.]]

[If the Notes are subject to Early Redemption at the Option of the Holder the following applies:

[(6)] *Early Redemption at the Option of a Holder.*

(a) The Issuer shall, at the option of the Holder of any Note, redeem such Note on the Put Redemption Date(s) at the Put Redemption Amount(s) set forth below.

<i>Put Redemption Date(s)</i>	<i>Put Redemption Amount(s)</i>
-------------------------------	---------------------------------

[Put Redemption Dates(s)]	[Put Redemption Amount(s)]
[•]	[•]
[•]	[•]

The Holder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of any of its options to redeem such Note under this § 5.

(b) In order to exercise such option, the Holder must, not less than **[Minimum Notice to Issuer]** nor more than **[Maximum Notice to Issuer]** days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Redemption Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice ("**Put Redemption Notice**") in the form available from the specified offices of the Fiscal Agent and the Paying Agents. The Put Redemption Notice must specify (i) the principal amount of

the Notes in respect of which such option is exercised, and (ii) the securities identification number of such Notes, if any. No option so exercised may be revoked or withdrawn. The Issuer shall only be required to redeem Notes in respect of which such option is exercised against delivery of such Notes to the Issuer or to its order.]

[(7)] *Amortized Face Amount.*

(a) The "**Amortized Face Amount**" of a Note shall be an amount equal to the sum of:

(i) **[Reference Price]** (the "**Reference Price**"), and

(ii) the product of **[Amortization Yield]** (compounded annually) and the Reference Price from (and including) **[Issue Date]** to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Notes become due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year (the "**Calculation Period**") shall be made on the basis of the Day Count Fraction (as defined in § 3).

If the Issuer fails to pay the Amortized Face Amount when due, the Amortized Face Amount of a Note shall be calculated as provided herein, except that references in subparagraph (a)(ii) above to the date fixed for redemption or (as the case may be) the date on which such Note becomes due and payable shall refer to the date on which, upon due presentation and surrender of the relevant Note (if required), payment is made. In such case, § 3 (2) does not apply.

[If the Notes are subject to Early Redemption at the Option of the Issuer at Early Redemption Amount the following applies:

[(b) For purposes of subparagraph [(5)] of this § 5, the "**Early Redemption Amount**" of a Note shall be the higher of (i) its Amortized Face Amount and (ii) the Present Value. The "**Present Value**" will be calculated by the Calculation Agent by discounting the sum of the principal amount of a Note using the Comparable Benchmark Yield plus **[percentage]**%. "**Comparable Benchmark Yield**" means the yield at the Redemption Calculation Date on the corresponding [euro denominated benchmark debt security of the Federal Republic of Germany] **[other relevant benchmark security]** [due **[maturity]**, carrying ISIN **[ISIN]**, or, if such benchmark security is no longer outstanding on the Redemption Calculation Date, such other comparable benchmark security selected as appropriate by the Calculation Agent], [as daily published by the Deutsche Bundesbank on its website www.bundesbank.de.][as appearing around **[relevant time]** on **[relevant screen page]**], or, if such yield cannot be so determined, the yield determined as aforesaid as appearing or published on such other comparable page or pricing source (or, if applicable, at such other time on the Redemption Calculation Date) as may be considered to be appropriate by the Calculation Agent, in each case as having a maturity comparable to the remaining term of the Note to **[Maturity Date]****[first call date]**, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to **[Maturity Date]****[first call date]**. "**Redemption Calculation Date**" means the third Payment Business Day prior to the relevant Call Redemption Date.]

§ 6

(THE FISCAL AGENT[,] [AND] THE PAYING AGENT [AND THE CALCULATION AGENT])

(1) *Appointment; Specified Office.* The initial Fiscal Agent and the initial Paying Agent and its initial specified office shall be:

ING Bank N.V.

Issuer Services

Attn: Remko Los

Location Code: TRC 02.039

Foppingadreef 7
1102 BD Amsterdam
The Netherlands
Tel.: +31 (0)20 5636619
Email: iss.pas@ing.com

[If the Fiscal Agent is to be appointed as Calculation Agent the following applies: The Fiscal Agent shall also act as Calculation Agent.]

[If a Calculation Agent other than the Fiscal Agent is to be appointed the following applies: The Calculation Agent and its initial specified office shall be:

Calculation Agent: **[name and specified office]**

The Fiscal Agent [,][and] the Paying Agents [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent [or the Calculation Agent] and to appoint another Fiscal Agent or additional or other Paying Agents [or another Calculation Agent]. The Issuer shall at all times maintain (i) a Fiscal Agent **[in the case of Notes listed on a stock exchange (the "Stock Exchange") the following applies: [,] [and]** (ii) so long as the Notes are listed on the **[name of Stock Exchange]**, a Paying Agent (which may be the Fiscal Agent) with a specified office in **[location of Stock Exchange]** and/or in such other place as may be required by the rules of such stock exchange] **[and] [,] [(iii)]** a Paying Agent in an EU member state, if possible, that will not be obliged to withhold or deduct tax in connection with any payment made in relation to the Notes unless the Paying Agent would be so obliged in each other EU Member State if it were located there, **[in the case of payments in United States dollar the following applies: [and] [(iv)]** if payments at or through the offices of all Paying Agents outside the United States (as defined in § 1(6)) become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in United States dollar, a Paying Agent with a specified office in New York City], **[and [(v)]** a Calculation Agent **[if Calculation Agent is required to maintain a Specified Office in a Required Location the following applies:** with a specified office located in **[Required Location]**]. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 13.

(3) *Agent of the Issuer.* The Fiscal Agent [,][and] the Paying Agents [and the Calculation Agent] act solely as the agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for any Holder.

§ 7 (TAXATION)

All payments of principal and interest made by the Issuer in respect of the Notes to the Holders shall be made free and clear of, and without withholding or deduction for, any present or future taxes or duties of whatever nature imposed or levied by way of deduction or withholding by or on behalf of the Federal Republic of Germany or any political subdivision or any authority therein or thereof having power to tax (the "**Taxing Jurisdiction**"), unless such deduction or withholding is required by law. In that event the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to

(a) any taxes that are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or

withholding by the Issuer from payments of principal or interest made by it; or

(b) payments which are to be withheld or deducted by reason of the relevant Holder having some connection with Germany other than the mere holding of the Notes; or

(c) payments to, or to a third party on behalf of, a Holder where no such withholding or deduction would have been required to be made if the Notes were credited at the time of payment to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside Germany; or

(d) payments where such withholding or deduction is imposed pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party/are parties, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(e) payments pursuant to, or as a consequence of (i) an international agreement, to which Germany is a party, or (ii) a directive or regulation passed pursuant to, or in the consequence of, such agreement; or

(f) payments to the extent such withholding or deduction is payable by or on behalf of a Holder who could lawfully mitigate (but has not so mitigated) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected; or

(g) payments which are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later; or

(h) payments to the extent such withholding or deduction is required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or

(i) any combination of items (a)-(h);

nor shall any Additional Amounts be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

For the avoidance of doubt, the withholding tax (*Kapitalertragsteuer*) currently levied in the Federal Republic of Germany at the level of the custodian bank or collecting agent and the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon pursuant to tax law as in effect as of the date of issue of the Notes do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

§ 8 (PRESENTATION PERIOD)

The presentation period provided in Section 801 paragraph 1, sentence 1 of the German Civil Code (*BGB*) is reduced to ten years for the Notes.

§ 9
(EVENTS OF DEFAULT)

(1) *Events of default.* Each Holder shall be entitled to declare due and payable by notice to the Fiscal Agent its entire claims arising from the Notes and demand immediate redemption thereof at the Amortized Face Amount (as described in § 5 [(7)]), in the event that:

(a) the Issuer fails to pay principal or interest under the Notes within 30 days from the relevant due date, or

(b) any Guarantor fails to pay amounts payable under the Guarantee within 30 days from the relevant due date, or

(c) the Issuer fails to duly perform any other material obligation arising from the Notes or any Guarantor fails to perform any other material obligation arising from the Guarantee and such failure continues unremedied for more than 30 days after the Fiscal Agent has received a request thereof in the manner set forth in § 9(3) from a Holder to perform such obligation; or

(d) (i) any Capital Market Indebtedness of the Issuer or any of its Material Subsidiaries or of any Guarantor or any of its Material Subsidiaries becomes prematurely repayable as a result of a default in respect of the terms thereof, or (ii) the Issuer or any of its Material Subsidiaries or any Guarantor or any of its Material Subsidiaries fails to fulfill any payment obligation under any Capital Market Indebtedness or under any guarantees or suretyships given for any Capital Market Indebtedness of others within 30 days from its due date or, in the case of such guarantee or suretyship, within 30 days of such guarantee or suretyship being invoked, given that the obligations under (i) and (ii) above exceed 2 per cent. of the balance sheet total of the Issuer, as stated in its latest consolidated balance sheet drawn up in accordance with IFRS and unless the Issuer or its relevant Material Subsidiary or the respective Guarantor or its relevant Material Subsidiary contests in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked or if a security granted therefor is enforced on behalf of or by the creditor(s) entitled thereto; or

(e) the Issuer or any Guarantor announces its inability to meet its financial obligations or ceases its payments generally; or

(f) a court opens insolvency proceedings against the Issuer or any Guarantor and such proceedings are instituted and have not been discharged or stayed within 90 days, or the Issuer or the Guarantor applies for or institutes such proceedings; or

(g) the Issuer or any Guarantor enters into liquidation unless this is done in connection with a merger (*Verschmelzung*) or other form of transformation under the German Transformation Act (*Umwandlungsgesetz*) or other form of combination with another company and such company assumes all obligations contracted by the Issuer or the relevant Guarantor in connection with the Notes or the Guarantee; or

(h) any governmental order, decree or enactment shall be made in or by the Federal Republic of Germany whereby the Issuer or any Guarantor is prevented from observing and performing in full its obligations as set forth in these Terms and Conditions and in the Guarantee, respectively, and this situation is not cured within 90 days; or

(i) the Guarantee ceases to be valid and legally binding.

(2) *No Termination.* The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(3) *Notice.* Any default notice in accordance with § 9(1) shall be made by means of a declaration at least in text form (section 126b of the German Civil Code, *Bürgerliches Gesetzbuch*) delivered to the specified office of the Fiscal Agent together with evidence by means of a certificate of the Holder's Custodian (as defined in § 14(3)) that such Holder, at the time of such notice, is a holder of the relevant

Notes.

(4) *Quorum.* In the events specified in subparagraph (1) (c) and/or (d), any notice declaring Notes due shall, unless at the time such notice is received any of the events specified in subparagraph (1) (a), (b) and (e) through (h) entitling Holders to declare their Notes due has occurred, become effective only when the Fiscal Agent has received such default notices from the Holders representing at least 25 per cent. of the aggregate principal amount of Notes then outstanding.

§ 10 (SUBSTITUTION)

(1) *Substitution.* The Issuer (reference to which shall always include any previous Substitute Debtor (as defined below)) may, at any time, if no payment of principal of or interest on any of the Notes is in default, without the consent of the Holders, substitute for the Issuer any Affiliate (as defined below) of the Issuer as the principal debtor in respect of all obligations arising from or in connection with the Notes (any such company, the "**Substitute Debtor**"), provided that:

(a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes and is in a position to fulfill all payment obligations arising from or in connection with the Notes in the Specified Currency without, subject to para. (e) below, the necessity of any taxes or duties levied by the country or jurisdiction in which the Substitute Debtor is domiciled (other than taxes which would also be levied in the absence of such substitution) to be withheld or deducted at source and to transfer all amounts which are required therefore to the Paying Agent without any restrictions, and that in particular all necessary authorizations to this effect by any competent authority have been obtained, and, to the extent service of process must be effected to the Substitute Debtor outside of Germany, a service of process agent in Germany is appointed;

(b) the Issuer and the Guarantors if they are not themselves the Substitute Debtor irrevocably and unconditionally guarantee in favor of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms equivalent to the terms of the Guarantee (the "**Substitution Guarantee**");

(c) the Substitute Debtor, the Issuer and the Guarantors have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer and the Guarantors if they are not themselves the Substitute Debtor of the Substitution Guarantee in respect of the obligations of the Substitute Debtor, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Notes, and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor and the Substitution Guarantee given by the Issuer and the Guarantors if they are not themselves the Substitute Debtor are each valid and binding in accordance with their respective terms and enforceable by each Holder;

(d) § 9 shall be deemed to be amended so that it shall also be an Event of Default under such provision if the Substitution Guarantee shall cease to be valid or legally binding against the Issuer and the Guarantors if they are not themselves the Substitute Debtor;

(e) the Substitute Debtor undertakes to reimburse any Holder for such taxes, fees or duties which may be imposed upon such Holder in connection with any payments on the Notes (including taxes or duties being deducted or withheld at source), upon conversion or otherwise, as a consequence of the assumption of the Issuer's obligations by the Substitute Debtor, provided that such undertaking shall be limited to amounts that would not have been imposed upon the Holder had such substitution not occurred; and

(f) there shall have been delivered to the Fiscal Agent one opinion for each jurisdiction affected of lawyers of recognized standing to the effect that subparagraphs (a) through (e) above have been satisfied.

For purposes of this § 10, "**Affiliate**" shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of Sections 15 et seq. of the German Stock Corporation Act (*Aktiengesetz*) held by the Issuer.

(2) *Discharge from Obligations. References.* Upon a substitution in accordance with this § 10, the Substitute Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer as issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution including that the relevant jurisdiction in relation to the Issuer in § 7 shall be the Substitute Debtor's country of domicile for tax purposes. Furthermore, in the event of such substitution the following shall apply:

(a) in § 7 and § 5(2) an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;

(b) in § 9(1)(c) to (g) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference to the Substitute Debtor.

Any such substitution, together with the notice referred to in subparagraph (3) below, shall, in the case of the substitution of any other company as principal debtor, operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes.

(3) *Notification to Holders.* Not later than 15 Payment Business Days after effecting the substitution, the Substitute Debtor shall give notice thereof to the Holders and, if any Notes are listed on any stock exchange, to such stock exchange in accordance with § 13 and to any other person or authority as required by applicable laws or regulations.

§ 11

(FURTHER ISSUES, PURCHASES AND CANCELLATION)

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the settlement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12

(AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE)

(1) *Resolutions of Holders.* The Holders may with consent of the Issuer (if required) by a majority resolution pursuant to section 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**"), as amended from time to time, agree to amendments of the Terms and Conditions or resolve any other matters provided for by the SchVG. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 12(2) below. A duly passed majority resolution shall be binding upon all Holders.

(2) *Majority.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights

participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 SchVG, or relating to material other matters may only be passed by a majority of at least 75% of the voting rights participating in the vote (a "**Qualified Majority**").

(3) *Passing of resolutions.* The Holders can pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with section 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with section 18 and section 5 et seqq. of the SchVG.

(4) *Holders' meeting.* If resolutions of the Holders shall be made by means of a meeting the convening notice will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Holders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian (as defined in § 14(3)) in accordance with § 14(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a meeting.* Together with casting their votes, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(3)(i)(a) and (b) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.

(6) *Second meeting.* If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(4), in case of a meeting the chairman may convene a second meeting in accordance with Section 15 paragraph 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer may convene a second meeting within the meaning of Section 15 paragraph 3 sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. The provisions set out in § 12(4) shall apply *mutatis mutandis* to the Holders' registration for a second meeting.

(7) *Holders' representative.* **[If no Holders' Representative is designated in the Terms and Conditions of the Notes the following applies:** The Holders may by majority resolution appoint a common representative to exercise the Holders' rights on behalf of each Holder (the "**Holders' Representative**").

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.]

[If the Holders' Representative is appointed in the Terms and Conditions of the Notes, the following applies: The joint representative (the "**Holders' Representative**") shall be [name and address]. The Holders' Representative shall have the duties and responsibilities and powers provided for by law. The liability of the Holders' Representative shall be limited to ten times of the amount of its annual remuneration, unless the Holders' Representative has acted wilfully or with gross negligence. The provisions of the SchVG apply with respect to the dismissal of the Holders' Representative and the other rights and obligations of the Holders' Representative.]

(8) *Publication.* Any notices concerning this § 12 shall be made exclusively pursuant to the

provisions of the SchVG.

(9) *Guarantee.* The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Guarantee and any Substitution Guarantee.

§ 13 (NOTICES)

[In the case of Notes which are listed on the official list of the Luxembourg Stock Exchange the following applies:

(1) *Publication.* Subject to § 12 (8), all notices concerning the Notes will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on the official list of the Luxembourg Stock Exchange, subparagraph (1) shall apply. If the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been given on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are listed on a stock exchange other than the official list of the Luxembourg Stock Exchange the following applies:

(1) *Publication.* Subject to § 12 (8), all notices concerning the Notes will be made by means of electronic publication on the internet website of the stock exchange with respect to which the Issuer applied for listing of the Notes, if the rules of such stock exchange so permit. Any such notice will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).

(2) *Notification to Clearing System.* So long as any Notes are listed on such a stock exchange, subparagraph (1) shall apply. If the rules of such stock exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders, in lieu of publication as set forth in subparagraph (1) above; any such notice shall be deemed to have been given on the seventh day after the day on which the said notice was given to the Clearing System.]

[In the case of Notes which are unlisted the following applies:

Notification to Clearing System. Subject to § 12 (8), the Issuer will deliver all notices to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh day after the day on which the said notice was given to the Clearing System.]

§ 14 (APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT)

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed in every respect by German law.

(2) *Submission to Jurisdiction.* The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer, or any Guarantor or to which such Holder and the Issuer or any Guarantor are parties, protect and enforce in his

own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) which has been confirmed by the Clearing System; (ii) a copy of the Note in global form certified as being a true copy by a duly authorized officer of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes or (iii) any other means of proof permitted in legal proceedings in the country of enforcement. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and which maintains an account with the Clearing System, and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the Proceedings.

§ 15
(LANGUAGE)

These Terms and Conditions are written in the English language only.

FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS] - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU ("**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[MiFID II PRODUCT GOVERNANCE / [PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET] [RETAIL INVESTORS TARGET MARKET] – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties[, and] professional clients [and retail clients] [●], each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and [(ii) all channels for distribution of the Notes are appropriate [including investment advice, portfolio management, non-advised sales and pure execution services]][(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, and] portfolio management[, and] [non-advised sales][and pure execution services], subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. **[Consider any negative target market]** Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].][Insert further details on target market, client categories etc.] [Insert further details on target market, client categories etc.]

[Date]

FINAL TERMS

Eurogrid GmbH

[Title of relevant Series of Notes]¹

Series: [●], Tranche [●]

issued pursuant to the

€ 5,000,000,000

Debt Issuance Programme

dated 30 April 2020

of

Eurogrid GmbH

¹ In case Green Bonds are issued, include the term "Green Bond" in the title of the Notes.

guaranteed by
50Hertz Transmission GmbH and
50Hertz Offshore GmbH

Issue Price: [] per cent.

Issue Date: []²

These are the Final Terms of an issue of Notes under the € 5,000,000,000 Debt Issuance Programme of Eurogrid GmbH (the "**Programme**") which have been prepared for the purpose of Article 8 (4) of Regulation (EU) 2017/1129, as amended. Full information on Eurogrid GmbH and the offer of the Notes is only available on the basis of the combination of the Base Prospectus dated 30 April 2020 [as supplemented by [a] Supplement[s] dated [•]] (the "**Prospectus**") and these Final Terms, which must be read in conjunction with each other. The Prospectus and any supplement thereto are available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Eurogrid GmbH (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>) and copies may be obtained free of charge at the specified office of the Fiscal Agent and from Eurogrid GmbH, Heidestraße 2, 10557 Berlin, Germany.

In case of Notes listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Final Terms of Notes will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu). In case of Notes listed on any other stock exchange, the Final Terms will be displayed on the website of Eurogrid GmbH (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>). In case of Notes which are not listed on any stock exchange, copies of the relevant Final Terms will only be available to Holders of such Notes.

[This Tranche of Notes will be consolidated and form a single Series with [Title(s) of relevant Tranches of Notes] on [•].]³

² The Issue is the date of payment and settlement of the Notes. In the case of free delivery, the Issue Date is the delivery date.

³ To be inserted in the case that the Notes will be consolidated and form a single Series with one or several existing Tranches of Notes.

Part I.: TERMS AND CONDITIONS

[A. In the case the options applicable to the relevant Tranche of Notes are to be determined by replicating the relevant provisions set forth in the Prospectus as Option I, Option I A or Option II, including certain further options contained therein, respectively, and completing the relevant placeholders, insert:

The Terms and Conditions applicable to the Notes (the "**Conditions**") are as set out below.

[In the case of Fixed Rate Notes replicate here the relevant provisions of Option I or Option I A⁴ including relevant further options contained therein, and complete relevant placeholders]

[In the case of Zero Coupon Notes replicate here the relevant provisions of Option II including relevant further options contained therein, and complete relevant placeholders]]

[B. In the case the options applicable to the relevant Tranche of Notes are to be determined by referring to the relevant provisions set forth in the Prospectus as Option I, Option I A or Option II, including certain further options contained therein, respectively, insert:

This Part I. of the Final Terms is to be read in conjunction with the set of Terms and Conditions that apply to [Fixed Rate] [Zero Coupon] Notes (the "**Terms and Conditions**") set forth in the Prospectus as [Option I] [Option I A]⁵ [Option II]. Capitalised terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this Part I. of the Final Terms to numbered paragraphs and subparagraphs are to paragraphs and subparagraphs of the Terms and Conditions.

The blanks in the provisions of the Terms and Conditions, which are applicable to the Notes, shall be deemed to be completed with the information contained in the Final Terms as if such information were inserted in the blanks of such provisions. All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or not completed or which are deleted shall be deemed to be deleted from the Terms and Conditions applicable to the Notes (the "**Conditions**").

CURRENCY, DENOMINATION, FORM (§ 1)

Currency and Denomination

Specified Currency	[]
Aggregate Principal Amount	[]
Aggregate Principal Amount in words	[]
Specified Denomination ⁶	[]

☐ **Permanent Global Note**

☐ **Temporary Global Note exchangeable for Permanent Global Note**

Global Note⁷

⁴ In case of an increase of an issue of Notes which were originally issued prior to the date of this Prospectus, the Terms and Conditions of the Tranches have to be identical in all respects, but may have different issue dates, interest commencement dates, issue prices and dates for first interest payments.

⁵ In case of an increase of an issue of Notes which were originally issued prior to the date of this Prospectus, the Terms and Conditions of the Tranches have to be identical in all respects, but may have different issue dates, interest commencement dates, issue prices and dates for first interest payments.

⁶ At least € 100,000 or its equivalent in any other currency.

⁷ Complete for Notes kept in custody on behalf of the ICSDs.

☐ Classical Global Note (CGN)

☐ New Global Note (NGN)

Clearing System

☐ Clearstream Banking AG, Frankfurt am Main

☐ Clearstream Banking, société anonyme, Luxembourg

☐ Euroclear Bank SA/NV, Brussels

☐ additional or alternative Clearing System

[specify details, including address]

INTEREST (§ 3)

☐ **Fixed Rate Notes [(Option I)] [(Option I A)]**

Rate of Interest and Interest Payment Dates

Rate of Interest [] per cent. *per annum*

Interest Commencement Date []

Interest Payment Date(s) []

First Interest Payment Date []

Initial Broken Amount []
(per Specified Denomination)

Last Interest Payment Date preceding the Maturity Date []

Final Broken Amount []
(per Specified Denomination)

Number of regular Interest Payment Dates per calendar year []

☐ **Zero Coupon Notes (Option II)**

Amortized Face Amount

Reference Price []

Amortization Yield []

Day Count Fraction

☐ Actual/Actual (ICMA)

☐ 30/360, 360/360 or Bond Basis

☐ 30E/360 or Eurobond Basis

PAYMENTS (§ 4)

Payment Business Day

☐ Relevant Financial Center(s) []

☐ Clearing System and TARGET2

REDEMPTION (§ 5)

Final Redemption

Maturity Date ⁸	[]
Early Redemption	
Early Redemption at the Option of the Issuer for reason of Minimal Outstanding Principal Amount	[Yes/No]
Early Redemption at the Option of the Issuer at specified Call Redemption Amounts	[Yes/No]
Call Redemption Date(s)	[Not applicable.][]
Call Redemption Period(s)	[Not applicable.][]
Call Redemption Amount(s)	[]
Minimum Notice ⁹	[]
Maximum Notice	[]
Early Redemption at the Option of the Issuer at Early Redemption Amount	[Yes/No]
Early Redemption Amount	
Percentage above Comparable Benchmark Yield	[] per cent.
Relevant benchmark security	
☐ Euro denominated benchmark debt security of the Federal Republic of Germany	
☐ Other relevant benchmark security	[]
☐ Specification of benchmark security: maturity, ISIN	[]
☐ as daily published by the Deutsche Bundesbank on its website www.bundesbank.de	
☐ Relevant time	[]
Relevant screen page	[]
☐ Maturity Date	
☐ First call date	[]
Minimum Notice ¹⁰	[]
Maximum Notice	[]

⁸ Minimum maturity of one year following the Issue Date.

⁹ Euroclear requires a minimum notice period of five days.

¹⁰ Euroclear requires a minimum notice period of five days.

Early Redemption at the Option of a Holder

[Yes/No]

Put Redemption Date(s) []

Put Redemption Amount(s) []

Minimum Notice [] days

Maximum Notice (not more than 60 days) [] days

THE FISCAL AGENT[,] [AND] THE PAYING AGENT [AND THE CALCULATION AGENT] (§ 6)**Calculation Agent**

[Yes/No]

☐ Fiscal Agent☐ Other []

Specified Office []

☐ Required Location []**AMENDMENTS OF THE TERMS AND CONDITIONS BY RESOLUTIONS OF HOLDERS, JOINT REPRESENTATIVE (§ 12)****Holder's Representative**☐ No Holder's Representative is designated in the Conditions.☐ A Holder's Representative is appointed in the Conditions.

Name of Holders' Representative []

Address of Holders' Representative []

]]

Part II.: ADDITIONAL INFORMATION¹¹

A. Essential information

Interests of Natural and Legal Persons involved in the Issue

[Not applicable] [specify details]

Use of proceeds

[specify details]

[Estimated net proceeds¹²]

[]

Eurosystem eligibility¹³

☐ Intended to be held in a manner which would allow Eurosystem eligibility

[Yes/No]

[Yes. Note that the designation "Yes" simply means that the Notes are intended upon issue to be deposited with (i) in the case of a NGN, one of the ICSDs as common safekeeper, or (ii) in case of a CGN, Clearstream Banking AG, Frankfurt am Main, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "No" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

B. Information concerning the securities to be admitted to trading

Securities Identification Numbers

Common Code

[]

ISIN

[]

German Securities Code (WKN)

[]

Any other securities number

[]

Yield to final maturity¹⁴

[]

Resolutions, authorisations and approvals by virtue of which the Notes will be created

[Specify details]

C. Distribution

¹¹ There is no obligation to complete Part II. of the Final Terms in its entirety in case of Notes that will not be listed on any regulated market within the European Economic Area. To be completed in consultation with the Issuer.

¹² If proceeds are intended for more than one use they will need to be split out and presented in order of priority.

¹³ Select "Yes" if the Notes are in NGN form and are to be kept in custody by an ICSD as common safekeeper or if the Notes are in CGN form and to be kept in custody by Clearstream Banking AG, Frankfurt. Select "No" if the Notes are in NGN form and are to be kept in custody by the common service provider as common safekeeper.

¹⁴ Only applicable for Fixed Rate Notes.

Method of distribution☐ Non-syndicated☐ Syndicated**Management Details**

Specify Management Group or Dealer (names and addresses) []

Commissions

Management/Underwriting Commission (specify) []

Selling Concession (specify) []

Listing Commission (specify) []

Stabilisation Manager(s) [insert details/None]**D. Listing(s) and admission to trading** [Yes/No]☐ Official list of the Luxembourg Stock Exchange and regulated market of the Luxembourg Stock Exchange☐ Other []**Date of admission** []

Estimate of the total expenses related to admission to trading []

Prohibition of Sales to EEA and UK Retail Investors [Not applicable] [Applicable]*(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)***E. Additional Information****Rating of the Notes** [Not applicable] []**[include brief explanation of the meaning of the rating if this has previously been published by the rating provider]**

[Moody's Investors Service, Inc. is established in the United Kingdom and is registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.][Fitch Ratings Ltd. is established in the United Kingdom and is registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.][specify other rating agency whether the relevant rating agency is established in the European Community and is registered or has applied for registration pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.] The European Securities and Markets Authority ("ESMA") publishes on its website (<http://www.esma.europa.eu>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

[Third Party Information]

With respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading and (ii) the Issuer or the Guarantors have not independently verified any such information and accept no responsibility for the accuracy thereof.]

GUARANTEE AND NEGATIVE PLEDGE ("GUARANTEE")

of

**50Hertz Transmission GmbH, Berlin, Federal Republic of Germany, and of
50Hertz Offshore GmbH, Berlin, Federal Republic of Germany,
for the benefit of the holders of notes (the "Notes"), issued by Eurogrid GmbH, Berlin, Germany
under its € 5,000,000,000 Debt Issuance Programme (the "Programme")**

WHEREAS:

- (A) Eurogrid GmbH ("**Eurogrid**" or the "**Issuer**") intends to issue Notes under the Programme from time to time, the outstanding aggregate nominal amount of which will not exceed the programme amount of € 5,000,000,000.
- (B) The Notes will be issued with Terms and Conditions under German law (as amended, supplemented or modified by the applicable Final Terms, or, subsequent to their issuance, by majority resolution of the Holders, the "**Conditions**").
- (C) Each of 50Hertz Transmission GmbH and 50Hertz Offshore GmbH (each of them a "**Guarantor**" and together the "**Guarantors**") intends to give an unconditional and irrevocable guarantee under which the Guarantors jointly and severally guarantee subject to certain limitations for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes. Each Guarantor furthermore intends to enter into a negative pledge for the benefit of each Holder of Notes that may be issued under the Programme from time to time.

IT IS AGREED AS FOLLOWS:

- (1) Guarantee: Each Guarantor jointly and severally (*als Gesamtschuldner*) and unconditionally and irrevocably guarantees (*garantiert*) by way of independent payment obligation (*selbständiges Zahlungsversprechen*) to each Holder of a Note (which expression shall include any Note represented by a Temporary Global Note or Permanent Global Note) issued by Eurogrid on or after the date hereof under the Programme, the due and punctual payment of the principal of, and interest on, the Notes and any other amounts which may be payable under the relevant Note, as and when the same shall become due, in accordance with the Conditions.
- (2) Status of Guarantee: This Guarantee constitutes an unconditional, irrevocable, unsecured (subject to paragraph (4) hereunder) and unsubordinated obligation of the respective Guarantor on a joint and several basis, and ranks *pari passu* with all other present or future unsecured and unsubordinated obligations of the respective Guarantor outstanding from time to time, subject to any obligations preferred by law.
- (3) Payments Free of Taxes: All amounts payable in respect of this Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes or duties of whatever nature imposed or levied by way of deduction or withholding by or on behalf of the Federal Republic of Germany or any political subdivision or any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In that event the Guarantor shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to:
 - (a) any taxes that are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Guarantor from payments of principal or interest made by it; or

- (b) payments to, or to a third party on behalf of, a Holder where such Holder (or a fiduciary, settlor, beneficiary, member or shareholder of such Holder, if such Holder is an estate, a trust, a partnership or a corporation) is liable to such withholding or deduction by reason of having some present or former connection with Germany, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than by reason only of the holding of such Note or the receipt of the relevant payment in respect thereof or the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or
- (c) payments to, or to a third party on behalf of, a Holder where no such withholding or deduction would have been required to be made if the Notes were credited at the time of payment to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside Germany; or
- (d) payments where such withholding or deduction is imposed pursuant to (i) any European Union Directive or Regulation concerning the taxation of savings, or (ii) any international treaty or understanding relating to such taxation and to which Germany or the European Union is a party/are parties, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (e) payments to the extent such withholding or deduction is payable by or on behalf of a Holder who could lawfully mitigate (but has not so mitigated) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected; or
- (f) payments to the extent such withholding or deduction is payable by or on behalf of a Holder who would have been able to mitigate such withholding or deduction by effecting a payment via another Paying Agent in a member state of the European Union, not obliged to withhold or deduct tax; or
- (g) payments to the extent such withholding or deduction is for or on account of the presentation by the Holder of any Note for payment on a date more than 30 days after the date upon which presentation may first be made hereunder; or
- (h) payments to the extent such withholding or deduction is required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or
- (i) any combination of items (a)-(h);

nor shall any Additional Amounts be paid with respect to any payment on a Note to a Holder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of the Note.

- (4) **Negative Pledge:** Each Guarantor undertakes towards each Holder, so long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Fiscal Agent, (i) not to grant or permit to subsist any mortgage, land charge, lien

or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, and (ii) to procure, to the extent legally permissible, that none of its Material Subsidiaries will grant or permit to subsist any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*) over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness or any guarantee or other suretyship in respect of any such Capital Market Indebtedness, unless at the same time the Holders share equally and rateably in such security or such other security as shall be approved by an independent accounting firm as being equivalent security has been made available to Holders.

For these purposes, "**Capital Market Indebtedness**" means any obligation for the payment of borrowed money (including contingent liabilities) which is represented by any bond or debt security with an original maturity of more than one year which is, or is intended to be, or is capable of being listed or traded on a stock exchange or other recognised securities market.

For these purposes, "Material Subsidiary" means a Subsidiary of the Guarantor, (i) which, based on the latest audited annual consolidated financial statements of the Issuer (*Konzernabschluss*) and the latest audited annual financial statements of the relevant Subsidiary, has (x) unconsolidated gross assets (i.e. the sum of fixed assets (*Anlagevermögen*) and current assets (*Umlaufvermögen*) within the meaning of Section 266 paragraph 2 of the German Commercial Code (HGB) (without group internal positions) representing 10 per cent. or more of the consolidated gross assets of the Issuer, (y) unconsolidated operating profits before net interest expenses and taxes (without group internal positions) representing 10 per cent. or more of the consolidated operating profits before net interest expenses and taxes of the Issuer, or (ii) to which all or substantially all of the assets of a Subsidiary which was a Material Subsidiary before such transfer having occurred have been transferred, or to which such assets have passed in any other way, in which case the disposing entity will cease to be a Material Subsidiary. "**Subsidiary**" means (i) an entity of which a person owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership or (ii) an entity which is controlled, directly or indirectly, by a person within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*).

- (5) **Separate Liability:** The obligations of each Guarantor under this Guarantee (i) shall be separate and independent from the obligations of the Issuer under the Notes as well as from the obligations of the other Guarantor or any other present or future guarantor of the Notes, and (ii) shall exist irrespective of the legality, validity and binding effect or enforceability of the Notes issued under the Programme. Payment of any amounts under the Guarantee excludes the right of a Holder to demand payment of such amounts from the Issuer. Nothing in this Guarantee shall limit own objections or legal defences of a Guarantor against a Holder or the non-occurrence of a payment obligation under the Guarantee (*Nichtvorliegen eines Garantiefalls*).
- (6) **Avoidance of Payments:** If a payment of a Guarantor under the Guarantee was challenged or reduced in an insolvency or liquidation or on a similar legal basis, the obligations of the Guarantors remain as if the payment, the waiver, reduction or avoidance would not have occurred.
- (7) **Extension to obligations of Substitute Debtor:** The obligations of each Guarantor under this Guarantee shall, without any further act or thing being required to be done or to occur, extend to the obligations of any Substitute Debtor which is not the Guarantor arising in respect of any Note by virtue of a substitution pursuant to the Conditions.
- (8) **Contract for the benefit of third parties:** This Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to Sec. 328 (1) of the German Civil Code (*BGB*). They give rise to the right of each such Holder to require performance of the obligations undertaken herein directly from each Guarantor, and to enforce such obligations directly against each Guarantor.

Any Holder has the right in case of non-performance of any payments on the Notes to enforce the Guarantee by filing a suit directly against the respective Guarantor without the need to take prior proceedings against the Issuer.

(9) Limitations on Enforcement: The enforcement of claims under the Guarantee is subject to the following limitations (the "**Limitations on Enforcement**"):

(a) No Holder nor any other person shall be entitled to enforce the Guarantee against a Guarantor if (i) the Guarantee secures an obligation of an affiliated company (*verbundenes Unternehmen*) within the meaning of Section 15 of the German Stock Corporation Act (*Aktiengesetz*) (the "**Stock Corporation Act**") (in each case other than any of the relevant Guarantor's direct or indirect subsidiaries), and (ii) the enforcement of the Guarantee would cause

(x) the relevant Guarantor's net assets (*Nettovermögen*) (the "**Net Assets**") to be less than its stated share capital (*Stammkapital*) (*Begründung einer Unterbilanz*), or

(y) (if its Net Assets are already lower than its stated share capital) such amount to be further reduced (*Vertiefung einer Unterbilanz*),

and thereby affects its assets which are required for the obligatory preservation of its stated share capital according to Section 30 et seq. of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) (the "**GmbH-Act**") (each, a "**Capital Impairment**"); or

(z) such Guarantor demonstrates that such enforcement has the effect that the Guarantor would be unable to make payments as they fall due (*Zahlungsunfähigkeit*), thereby taking into account all possible measures in order to increase its liquidity (*Zahlungsfähigkeit*) to the extent necessary to satisfy the amounts demanded under this Guarantee (a "**Liquidity Impairment**").

(b) For the purpose of determining whether a Capital Impairment has occurred:

(i) any recourse claim (*Rückgriffsanspruch*) which the relevant Guarantor has, or would acquire against a shareholder or another affiliate in the meaning of section 15 of the Stock Corporation Act as a result of the enforcement of the Guarantee, shall be taken into account to the extent that such recourse claim is valuable (*werthaltig*). To the extent that there is such valuable (*werthaltig*) recourse claim, no Limitations on Enforcement apply;

(ii) the value of the Net Assets shall be determined in accordance with accounting principles generally accepted in Germany from time to time consistently applied by the relevant Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss* according to Section 42 of the GmbH-Act and Sections 242 and 264 of the German Commercial Code (*Handelsgesetzbuch*)) in the previous years;

(iii) in case the stated share capital of the relevant Guarantor is not fully paid up (*nicht voll eingezahlt*) and has not been demanded (*nicht eingefordert*), the amount which is not paid up and not demanded shall be deducted from the stated share capital;

(iv) the amount of any increase of the relevant Guarantor's stated share capital that has been effected out of retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) shall be disregarded to the extent that such increase would cause such Guarantor's Net Assets to fall below its stated share capital.

(c) The Limitations on Enforcement do not apply to a Guarantor:

(i) if and to the extent that such Guarantor's managing directors (*Geschäftsführer*) on behalf of such Guarantor have not notified (in accordance with § 13 of the Conditions (Notices)) the relevant Holder in writing within 15 Guarantee Business Days after the

Holder has notified such Guarantor of its intention to demand payment under the Guarantee that a Capital Impairment or Liquidity Impairment would occur (setting out in reasonable detail (including an up-to-date balance sheet) to what extent a Capital Impairment or Liquidity Impairment would occur and establishing prima facie evidence (*glaubhaft machen*) that the measures undertaken in accordance with Clause (8)(d)(i) below would not prevent such Capital Impairment or Liquidity Impairment); (A "**Guarantee Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in Amsterdam (The Netherlands), London (United Kingdom), Luxembourg (Luxembourg), Berlin and Frankfurt am Main (Germany)) and/or

- (ii) if such Guarantor has not provided (in accordance with § 13 of the Conditions (Notices)) an Auditors' Determination (as defined below) to the relevant Holder within 45 days from the date the Holder has received the written notice by the managing director(s) (*Geschäftsführer*) of such Guarantor referred to above; and/or
 - (iii) in relation to amounts that correspond to such part of the issuance proceeds of the Notes (if any) that have been on-lent or otherwise passed on to such Guarantor or any of its subsidiaries and have not been repaid by such Guarantor; and/or
 - (iv) with regards to a Limitation of Enforcement due to a Capital Impairment only, if and so long as a domination agreement (*Beherrschungsvertrag*) and/or a profit and loss transfer agreement (*Gewinn- und Verlustabführungsvertrag*) (either directly or through a chain of domination and/or profit and loss transfer agreements) is or becomes effective between such Guarantor and the Issuer, unless the relevant Guarantor would not be able to recover (including being restricted from enforcing or exercising any right to recover) the annual loss (*Jahresfehlbetrag*) which the Issuer in its capacity as dominating entity (*herrschendes Unternehmen*) is obliged to pay pursuant to Section 302 Stock Corporation Act; and/or
 - (v) if and to the extent, at the time of enforcement of the Guarantee, the restrictions under Clause (9)(a) are, due to a change of the applicable laws or otherwise, not required to protect the managing directors of the relevant Guarantor or of any of its direct or indirect shareholders from the risk of personal liability; and/or
 - (vi) if and to the extent that a Guarantor is legally permitted to take measures (including, without limitation, setting-off claims) to avoid the demanding of payment under the Guarantee causing a Capital Impairment provided that it is commercially justifiable to take such measures.
- (d) If any Guarantor intends to demonstrate that the enforcement of the Guarantee would lead to the occurrence of a Capital Impairment or a Liquidity Impairment, then such Guarantor shall:
- (i) realise at market value all of its assets that are shown in its balance sheet with a book value (*Buchwert*) which is significantly lower than its market value and which are not necessary for such Guarantor's business (*nicht betriebsnotwendig*), to the extent necessary to satisfy the amounts demanded under the Guarantee; and
 - (ii) instruct, at its own cost and expense, an independent accounting firm of international standing to determine whether (and, if so, to what extent) payment under the Guarantee would cause a Capital Impairment or Liquidity Impairment, taking into account the adjustments set forth under Clauses (9)(b), (9)(c) and (9)(d)(i) (the "**Auditors' Determination**").
- (e) The Limitations on Enforcement do not affect the right of the Holders to claim again any outstanding amount under the Guarantee at a later point in time if and to the extent that Clause (9) would allow this at that later point in time.

- (10) ING Bank N.V., which accepted this Guarantee, in its capacity as Fiscal Agent does not act in a relationship of agency or trust, a fiduciary or in any other similar capacity for the Holders.
- (11) Exercise of Guarantors' Rights: So long as any sum remains payable under the Notes or this Guarantee, no right of the Guarantors, by reason of the performance of any of its obligations under this Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity shall be exercised or enforced. For the avoidance of doubt, this shall not apply to any claim pursuant to, or within the meaning of, Section 302 of the German Stock Corporation Act or any successor provision.
- (12) Amendment of Guarantee: The Holders may consent to amendments of this Guarantee by majority resolution passed in accordance with § 12 of the Conditions, provided that no obligation to make any payment or render any other performance shall be imposed on any Holder by majority resolution. Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.
- (13) Terms used herein and not otherwise defined herein shall have the meaning attributed to them in the Conditions.
- (14) This Guarantee shall be governed by, and construed in accordance with, German law.
- (15) This Guarantee is written in the English language only.
- (16) The original version of this Guarantee shall be delivered to, and kept by, the Fiscal Agent.
- (17) Place of performance shall be Berlin.
- (18) Non-exclusive place of jurisdiction for all legal proceedings arising out of or in connection with this Guarantee against the Guarantors shall be Frankfurt am Main.
- (19) On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Fiscal Agent each Holder may protect and enforce in his own name his rights arising under this Guarantee in any legal proceedings against the respective Guarantor or to which such Holder and the Guarantor are parties, without the need for production of this Guarantee in such proceedings.

13 May 2015

50Hertz Transmission GmbH

50Hertz Offshore GmbH

We accept the terms of the above Guarantee without recourse, warranty or liability.

13 May 2015

ING Bank N.V.

USE OF PROCEEDS

Except as disclosed in the relevant Final Terms, as applicable, the net proceeds of the issue of each Tranche of Notes will be used by the Issuer for general corporate purposes. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

WARNING REGARDING TAXATION

PROSPECTIVE PURCHASERS OF THE NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS. THE RESPECTIVE RELEVANT TAX LEGISLATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE NOTES.

SUBSCRIPTION AND SALE

Underwriting

The Notes may be issued on a continuing basis to one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue ("**Dealer of the Day**") or on an ongoing basis (together, the "**Dealers**"). The Notes will be distributed on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the relevant Final Terms.

Notes may be sold from time to time by the Issuer to any one or more of the Dealers specified herein and any additional Dealer appointed under the Programme from time to time by the Issuer. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or about 30 April 2020 (the "**Dealer Agreement**") and made between the Issuer, the Guarantors and the Dealers specified herein. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. A subscription agreement prepared in connection with a particular Tranche of Notes, if any, will typically be dated on or about the respective date of the Final Terms applicable to such Tranche of Notes.

No public offering

No action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons who have access to this Prospectus are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdictions in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribution such offering material, in all cases at their own expense.

Selling Restrictions

General

Each Dealer has represented, warranted and undertaken that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes the Prospectus or any Final Terms or any related offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, nor the Guarantors, nor any other Dealer shall have any responsibility therefor.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

United States of America (the "United States")

- (a) With regard to each Tranche, each Dealer has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented, warranted and undertaken that, except in accordance with Rule 903 of Regulation S under the Securities Act, it has not offered or sold, and will not offer or sell, any Note within the United States or to, or for the benefit of U.S. persons (i) as part of its distribution at any time, or (ii) otherwise until 40 days after the later of the

commencement of the offering or the closing date, and it will have sent to each Dealer to which it sells Notes during the 40-day restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Accordingly, each Dealer has further represented, warranted and undertaken that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note.

Each Dealer has represented, warranted and undertaken that neither it, its affiliates nor any persons acting on its or their behalf have offered or sold or will offer and sell the Notes by means of any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in the United States. Each Dealer has further represented, warranted and undertaken that neither it, its affiliates nor any persons acting on its or their behalf have made or caused to be made or will make or cause to be made a public offer of the Notes in the United States.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Notes may not be purchased by or transferred to any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, any plan or arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, or any entity whose underlying assets include the assets of any such employee benefit plans, plans or arrangements.

- (b) From and after the time that the Issuer notifies the Dealers in writing that it is no longer able to make the representation set forth in Clause 4 (1) (p) of the Dealer Agreement, each Dealer (i) acknowledges that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act; (ii) represents, warrants and undertakes that it has not offered, sold or delivered any Notes, and will not offer, sell or deliver any Notes, (x) as part of its distribution at any time or (y) otherwise until 40 days after the later of the commencement of the offering and closing date, except in accordance with Rule 903 of Regulation S under the Securities Act; and accordingly, (iii) further represents, warrants and undertakes that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirements of Regulation S; and (iv) also agrees that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(iii) of Regulation S under the Securities Act (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

- (c) Each Dealer who has purchased Notes of a Tranche hereunder (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant Lead Manager) shall determine and notify to the Fiscal Agent and the Issuer the completion of the distribution of the Notes of such Tranche.

- (d) With regard to each Tranche, each Dealer represents, warrants and undertakes that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of Notes, except with its affiliates or with the prior written consent of the Issuer and the Guarantors, if applicable.
- (e) Notes will be issued (i) in accordance with the provisions of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended) (the "**TEFRA C Rules**"), or (ii) in accordance with the provisions of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended) (the "**TEFRA D Rules**"), as specified in the Final Terms.

In addition, where the TEFRA C Rules are specified in the Final Terms as being applicable to any Tranche of Notes, Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and undertaken that it, in connection with the original issuance of Notes has not offered sold or delivered and will not offer, sell or deliver, directly or indirectly, Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented, warranted and undertaken in connection with the original issuance of Notes, that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the TEFRA C Rules.

In addition, in respect of Notes issued in accordance with the TEFRA D Rules, each Dealer has represented, warranted and undertaken that:

- (i) except to the extent permitted under the TEFRA D Rules, (x) it has not offered or sold, and during the restricted period will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (y) such Dealer has not delivered and will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (ii) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (iii) if such Dealer is a United States person, it has represented that it is acquiring the Notes for purposes of resale, in connection with their original issuance and if such Dealer retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended); and
- (iv) with respect to each affiliate that acquires from such Dealer Notes for the purposes of offering or selling such Notes during the restricted period, such Dealer either (x) has repeated and confirmed the representations and agreements contained in sub-clauses (i), (ii) and (iii) above on such affiliate's behalf or (y) has agreed that it will obtain from such affiliate for the benefit of the purchaser of the Notes and the Issuer the representations and agreements contained in sub-clauses (i), (ii) and (iii) above.

Terms used in this paragraph (e) have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the TEFRA D Rules.

European Economic Area and UK

Unless the Final Terms in respect of any Notes specify "*Prohibition of Sales to EEA and UK Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or

otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specify "*Prohibition of Sales to EEA and UK Retail Investors*" as "*Not Applicable*", in relation to each Member State of the European Economic Area and the United Kingdom (each a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer or any Guarantor; and
- (b) *General Compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to a Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

GENERAL INFORMATION

1. Responsibility Statement

The Issuer and each Guarantor in respect of information on itself only, accept responsibility for the information given in this Prospectus. The Issuer and each Guarantor hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

ING Bank N.V. in its capacity as fiscal agent and listing agent, does not accept any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either themselves or on their behalf in connection with Eurogrid. Accordingly, ING Bank N.V. disclaims any and all liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

2. Interests of Natural and Legal Persons involved in the Issue/Offer

Certain of the Dealers and their affiliates may be customers of, borrowers from or creditors of the Issuer and its affiliates. In addition, certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for Eurogrid and its affiliates in the ordinary course of business. Furthermore, certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

Moreover, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

3. Authorisation

The establishment of the Programme has been duly authorised by the Managing Board of the Issuer and the shareholder of the Issuer on 11 May 2015.

The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The Guarantors have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the Guarantee and performance of their obligations under the Guarantee.

4. Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under this Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange.

The Programme provides that Notes may be listed on other or further stock exchanges, as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Notes may further be issued under the Programme which will not be listed on any stock exchange.

5. Clearing Systems

The Notes have been accepted for clearance through Clearstream Banking AG, Neue Börsenstraße 1, 60487 Frankfurt am Main, Federal Republic of Germany ("**CBF**"), Clearstream Banking société anonyme, 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Kingdom of Belgium ("**Euroclear**"). The appropriate German securities number ("**WKN**") (if any), Common Code and ISIN for each Tranche of Notes allocated by CBF, CBL and Euroclear will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative Clearing System the appropriate information will be specified in the applicable Final Terms.

6. Fiscal Agent and Paying Agent

The Fiscal Agent and Paying Agent is ING Bank N.V., Bijlmerdreef 106, 1102 CT Amsterdam, The Netherlands.

7. Luxembourg Listing Agent

The Luxembourg Listing Agent is ING Luxembourg SA, 26, Place de la Gare, L-2965 Luxembourg, Grand Duchy of Luxembourg.

8. Documents on Display

So long as Notes are capable of being issued under this Prospectus, copies of the following documents will, when published, be available free of charge during normal business hours from the registered office of the Issuer and from the specified offices of the Paying Agents and will be published on the website of the Issuer (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>):

- (i) this Prospectus;
- (ii) the documents incorporated by reference into this Prospectus;
- (iii) any supplements to this Prospectus;
- (iv) the Guarantee;
- (v) the constitutional documents (with an English translation where applicable) of each of the Issuer, 50Hertz and 50Hertz Offshore.

In the case of Notes listed on the official list of the Luxembourg Stock Exchange, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Notes listed on any other stock exchange, the Final Terms will be displayed on the website of the Issuer (<https://www.eurogrid.com/de-de/Investor-Relations/Debt-Issuance-Programme>).

DOCUMENTS INCORPORATED BY REFERENCE

The pages specified below of the following documents which have been published or which are published simultaneously with this Prospectus and filed with the CSSF shall be incorporated by reference in, and form part of, this Prospectus:

Audited consolidated financial statements of Eurogrid GmbH as of and for the fiscal year ended 31 December 2018 prepared in accordance with IFRS, included in the Group management report and consolidated financial statements for fiscal year 2018 Eurogrid GmbH and the independent auditor's report thereon (English language version)

Consolidated income statement	page 73
Consolidated statement of comprehensive income	page 73
Consolidated statement of financial position	page 74
Consolidated statement of changes in equity	page 75
Consolidated statement of cash flows	page 76
Notes to the consolidated financial statements	pages 77 - 146
Independent auditor's report	pages 147 - 157 of the pdf document

<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2018/Eurogrid%20GmbH%20Consolidated%20Financial%20Statements%20and%20Management%20Report.pdf?ver=2020-04-17-130913-000>

Audited consolidated financial statements of Eurogrid GmbH as of and for the fiscal year ended 31 December 2019 prepared in accordance with IFRS, included in the Group management report and consolidated financial statements for fiscal year 2019 of Eurogrid GmbH and the independent auditor's report thereon (English language version)

Consolidated income statement	page 79
Consolidated statement of comprehensive income	page 80
Consolidated statement of financial position	page 81
Consolidated statement of changes in equity	page 82
Consolidated statement of cash flows	page 83
Notes to the consolidated financial statements	pages 84 - 151
Independent auditor's report	pages 152 - 162 of the pdf document

<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2019/Eurogrid%20GmbH%20Consolidated%20Financial%20Statements%20and%20Management%20Report%20.pdf?ver=2020-04-17-131135-187>

Audited annual financial statements of 50Hertz Transmission GmbH as of and for the fiscal year ended 31 December 2018 prepared in accordance with HGB, included in the Report on the fiscal year 2018 of 50Hertz Transmission GmbH and the independent auditor's report thereon (English language version)

Statement of financial position	page 36
Income statement	page 37
Statement of cash flows	page 38
Statement of changes in fixed assets (part of the notes to the financial statements)	page 39
Notes to the financial statements	pages 40 - 62
Independent auditor's report	pages 63 - 69 of the pdf document

<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2018/50%20Hertz%20Transmission%20GmbH%20Financial%20Statements%20and%20Management%20Report%20HGB.pdf?ver=2020-04-17-130932-720>

Audited annual financial statements of 50Hertz Transmission GmbH as of and for the fiscal year ended 31 December 2019 prepared in accordance with HGB, included in the Report on the fiscal year 2019 of 50Hertz Transmission GmbH and the independent auditor's report thereon (English language version)

Statement of financial position	page 39
Income statement	page 40
Statement of cash flows	page 41
Statement of changes in fixed assets (part of the notes to the financial statements)	page 42
Notes to the financial statements	pages 43 - 66
Independent auditor's report	pages 67 - 74 of the pdf document

<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2019/50%20Hertz%20Transmission%20GmbH%20Financial%20Statements%20and%20Management%20Report%20HGB.pdf?ver=2020-04-17-131153-297>

Audited annual financial statements of 50Hertz Offshore GmbH as of and for the fiscal year ended 31 December 2018 prepared in accordance with HGB and the independent auditor's report thereon, included in the Report on the fiscal year 2018 of 50Hertz Offshore GmbH (English language version)

Statement of financial position	page 12
Income statement	page 13
Statement of cash flows	page 14
Statement of changes in fixed assets (part of the notes to the financial statements)	page 15
Notes to the financial statements	pages 16 – 27
Independent auditor's report	pages 28 - 33 of the pdf document

<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2018/50%20Hertz%20Offshore%20GmbH%20Financial%20Statements%20and%20Management%20Report%20HGB.pdf?ver=2020-04-17-130926-827>

Audited annual financial statements of 50Hertz Offshore GmbH as of and for the fiscal year ended 31 December 2019 prepared in accordance with HGB and the independent auditor's report thereon, included in the Report on the fiscal year 2019 of 50Hertz Offshore GmbH (English language version)

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<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Included%20Documents/2019/50%20Hertz%20Offshore%20GmbH%20Financial%20Statements%20and%20Management%20Report%20HGB.pdf?ver=2020-04-17-131146-877>

The financial statements and independent auditor's reports mentioned above are English language translations of the respective German language audited financial statements and independent auditor's reports. The respective independent auditor's reports refer to the respective consolidated financial statements and group management reports of Eurogrid GmbH, the respective annual financial statements and management reports of 50Hertz Transmission GmbH and the respective annual financial statements and management reports of 50Hertz Offshore GmbH, each as a whole, and not solely to the respective consolidated financial statements or annual financial statements incorporated by reference into this Prospectus.

Debt Issuance Programme Prospectus of the Issuer dated 13 May 2015

Terms and Conditions of the Notes (Option I A)

Set of Terms and Conditions for Notes with fixed interest rates	pages 51 - 68
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<https://www.eurogrid.com/Portals/1/Content/Investor%20Relations/Debt%20Issuance%20Programme/Prospectus/2015/20150513%20Eurogrid%20GmbH%20Prospectus.pdf?ver=2015-05-13-162428-000>

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross-reference lists above is either not relevant for investors or covered elsewhere in this Prospectus.

Availability of documents incorporated by reference

All documents incorporated herein by reference are available free of charge and may be inspected during usual business hours on any working day from the date hereof for the whole life of the Prospectus at the offices of Eurogrid GmbH as set out at the end of this Prospectus. In addition, such documents will be available free of charge and may be inspected during usual business hours on any working day from the date hereof for the whole life of the Prospectus at the principal office in Luxembourg of ING Luxembourg SA for Notes listed on the official list of the Luxembourg Stock Exchange and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

NAMES AND ADDRESSES

ISSUER

Eurogrid GmbH
Heidestraße 2
10557 Berlin
Federal Republic of Germany

GUARANTORS

50Hertz Transmission GmbH
Heidestraße 2
10557 Berlin
Federal Republic of Germany

50Hertz Offshore GmbH
Heidestraße 2
10557 Berlin
Federal Republic of Germany

FISCAL AGENT AND PAYING AGENT

ING Bank N.V.
Bijlmerdreef 106
1102 CT Amsterdam
The Netherlands

LUXEMBOURG LISTING AGENT

ING Luxembourg SA
26, Place de la Gare
L-2965 Luxembourg
Grand Duchy of Luxembourg

ARRANGERS

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London NW1 6AA
United Kingdom

Commerzbank Aktiengesellschaft
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

Coöperatieve Rabobank U.A.
Croeselaan 18
3521 CB Utrecht
The Netherlands

ING Bank N.V.
Bijlmerdreef 106
1102 CT Amsterdam
The Netherlands

Landesbank Hessen-Thüringen Girozentrale
Neue Mainzer Strasse 52-58
60311 Frankfurt am Main
Federal Republic of Germany

MUFG Securities (Europe) N.V.
World Trade Center, Tower H, 11th Floor
Zuidplein 98
1077 XV Amsterdam
The Netherlands

Nat West Markets NV
Claude Debussylaan 94
Amsterdam 1082 MD
The Netherlands

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Federal Republic of Germany

DEALERS

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75009 Paris
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Landesbank Hessen-Thüringen Girozentrale
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1077 XV Amsterdam
The Netherlands

Nat West Markets NV
Claude Debussylaan 94
Amsterdam 1082 MD
The Netherlands

UniCredit Bank AG
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81925 Munich
Federal Republic of Germany

LEGAL ADVISERS

To the Issuer and the Guarantors as to German law

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To the Dealers as to German law

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AUDITORS

To the Issuer

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To the Guarantors

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