

TERNA's BoD: RESULTS AS OF MARCH 31, 2012 APPROVED

- **Revenue at 431.6 million euros, +12.2%; Ebitda at 339.8 million euros, +15.3%; Ebit at 238.6 million euros, +19.6%**
- **Net profit from continuing operations at 114.2 million euros, +0.2%**

Rome, May 15, 2012 – CEO Flavio Cattaneo presented the results of the first quarter of 2012, which were examined and approved by TERN A SpA's Board of Directors that met today chaired by Luigi Roth.

SUMMARY OF THE FIRST QUARTER 2012 CONSOLIDATED RESULTS

Revenue in the first quarter of 2012, equal to 431.6 million euros registered an increase of 46.9 million euros (+12.2% compared to 384.7 million euros in the first quarter of 2011). This increase was mainly due to higher grid transmission fees for to +32.8 million euros and revenue from dispatching activities (+14 million euros).

Operating expenses, equal to 91.8 million euros were almost in line with the same period last year (+2%).

Ebitda (Gross Operating Profit) stood at 339.8 million euros with an increase of 45.1 million euros (+15.3%) compared to the figure of the first quarter of 2011.

Ebitda margin rose from 76.6% in the first quarter of 2011 to 78.7% in the same period in 2012.

Ebit (Operating Profit), after having registered depreciations and amortizations for 101.2 million euros, stood at 238.6 million euros, increasing by 39.1 million euros (+19.6%) compared to the first three months of 2011.

Net financial expenses for the period, equal to 31 million euros, increased by 5.9 million euros compared to the first quarter of 2011 due to greater financial charges for the medium-long term debt.

The **profit before taxes** stood at 207,6 million euros increasing by 33.2 million euros compared to the same period in 2011 (+19%).

Income taxes for the period amounted to 93.4 million euros with an increase of 33 million euros (+54.6%) mainly as a result of the 'corrective manoeuvre-bis' (the 'Robin Hood Tax'). The tax rate reached 45%, increasing by nearly 10 points with respect to the first quarter of 2011.

Consequently to this increased taxation, **net profit from continuing operations** stood at 114.2 million euros, almost in line with the same period of the previous year. **Adjusted net profit from continuing activities** applying the effects of the 'corrective manoeuvre-bis' also to the first quarter of the previous year, registered a +18.9 million euros increase (+19.8%) compared to 95.3 million euros of adjusted net profits from continuing operations as of March 31, 2011. The Group net profit, equal to 114.2 million euros, decreased by 59 million euros compared to 173.2 million euros in the same period of last year that included the extraordinary contribution from the sale of the equity interest in Rete Rinnovabile S.r.l., equal to 59.2 million euros.

The consolidated statements of financial positions of March 31, 2012 registered a **Group Shareholders' Equity** equal to 2,862.7 million euros compared to 2,751 million euros as of December 31, 2011. The **Net financial debt** stood at 5,273.1 million euros, increasing by 150 million euros as of December 31, 2011, mainly attributable to Capex for investments and reduction in trade payables compared to the end of 2011.

Total investments in core business in the first quarter of 2012 amounted to 245.4 million euros, decreasing by 4.7% compared to the same period of last year.

Group Headcount, as of the end of March 2012, equaled 3,505, increasing by 10 employees compared to the end of 2011.

A conference call will be held at 6:30 pm to illustrate the results of the first quarter of 2012 to financial analysts and institutional investors. Journalists can also be connected in listen only mode. The support material for the conference call will be available on Borsa Italiana S.p.A's website (www.borsaitaliana.it) and on Terna's website (www.terna.it), in the Investor Relations section, concomitantly with the beginning of the conference call itself. In the same section it will also be possible to follow the presentation through audio webcasting.

The reclassified Income Statement, Balance sheet and Statement of Cash flow of the TERNA Group are attached. It is highlighted that, in compliance with Directive no. DME/9081707 of September 16, 2009, these charts are included in the Terna Group's Interim Management Report as of March 31, 2012. It should be stressed that some comparative economic balances of the first quarter of 2011 were rectified to include the change in the accounting method of the Group's goodwill exemption, for tax purposes.

TERNA drafted the Interim Management Report as of March 31, 2012 in compliance with the provisions stated in art. 154-ter of Legislative Decree 58/98 and with Consob Directive no. DEM/8041082 dated April 30, 2008.

The Interim Management Report as of March 31, 2012, not subject to auditing, will be made available to the public today at Terna's headoffice and at the market management company Borsa Italiana S.p.A. (www.borsaitaliana.it) and will be available on Terna's website at www.terna.it.

The manager responsible for preparing the company's financial reports, Mr. Luciano Di Bacco, declares pursuant to paragraph 2 of Article. 154-bis of the Consolidated Law on Finance (TUF), that the accounting information included in this press release corresponds to the document results, books and accounting records.

In this release some "alternative performance indicators" are used (Ebitda, Ebitda margin and Net financial debt), the meaning and content of which are illustrated below and are in line with CESR/05-178b recommendation published on November 3, 2005:

- Ebitda (gross operating profit): represents an operating performance indicator; it is calculated by adding the operating profit (EBIT) to amortizations;
- Ebitda margin: represents an operating performance indicator: it derives from the ratio between the Gross Operating Margin (Ebitda) and revenues;
- Net financial debt: represents an indicator of the company's financial structure: it is determined as the result of short and long term financial debt and of related derivative instruments, net of cash and cash equivalents and of financial assets.

Terna Group's Reclassified Income Statement

Million euros	January 1 – March 31			
	2012	2011	Change	%
Revenues:				
- Grid Transmission Fees ⁽¹⁾	384.3	351.5	32.8	9.3%
- Other energy items ⁽¹⁾	32.8	19.2	13.6	70.8%
- Other sales and services ⁽¹⁾	6.1	7.2	-1.1	-15.3%
- Other revenues and income	8.4	6.8	1.6	23.5%
Total revenues	431.6	384.7	46.9	12.2%
Operating costs:				
- Personnel expenses	51.8	51.7	0.1	0.2%
- Services and use of third party assets	33.0	30.8	2.2	7.1%
- Materials	2.7	3.6	-0.9	-25.0%
- Other costs ⁽²⁾	4.3	3.9	0.4	10.3%
Total operating costs	91.8	90.0	1.8	2.0%
GROSS OPERATING PROFIT	339.8	294.7	45.1	15.3%
Amortization/Depreciation ⁽³⁾	101.2	95.2	6.0	6.3%
OPERATING PROFIT	238.6	199.5	39.1	19.6%
- Net financial income (charges) ⁽⁴⁾	-31.0	-25.1	-5.9	23.5%
PROFIT BEFORE TAXES	207.6	174.4	33.2	19.0%
- Income taxes for the period	93.4	60.4	33.0	54.6%
NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	114.2	114.0	0.2	0.2%
Net profit for the period from discontinued operations and assets held for sale	0.0	59.2	-59.2	-100.0%
NET PROFIT FOR THE PERIOD	114.2	173.2	-59.0	-34.1%
<i>-of which attributable to the Group</i>	<i>114.2</i>	<i>173.2</i>	<i>-59.0</i>	<i>-34.1%</i>

In the Consolidated Income Statement (Attachment II of the Interim Management Report of the Terna Group as of March 31, 2012):

- (1) The balance is included under item "Revenues from sales and services";
- (2) It corresponds to the item "Other operating costs" and to the item "Amortization and Depreciation" for the value of depreciation of net fixed assets (0.1 million euros);
- (3) It corresponds to the item "Amortization and Depreciation" net of the value of depreciation of net fixed assets (0.1 million euros);
- (4) It corresponds to the balance of items under points 1, 2 and 3 of letter C-"Financial income/charges".

Terna Group's Reclassified Balance Sheet

	31.03.2012	31.12.2011	Change
<i>Million euros</i>			
Net fixed assets			
- Intangible assets and goodwill	465.4	470.9	-5.5
- Property, plants and equipment	8,766.8	8,618.2	148.6
- Financial assets ⁽¹⁾	75.4	74.0	1.4
Total	9,307.6	9,163.1	144.5
Net working capital			
- Trade receivables ⁽²⁾	605.9	612.4	-6.5
- Inventories	7.1	16.3	-9.2
- Other assets ⁽³⁾	20.3	14.9	5.4
- Trade payables ⁽⁴⁾	504.3	705.0	-200.7
- Net payables for let-through lots ⁽⁵⁾	163.6	247.0	-83.4
- Net tax liabilities ⁽⁶⁾	264.1	121.5	142.6
- Other liabilities ⁽⁷⁾	322.1	294.3	27.8
Total	-620.8	-724.2	103.4
Gross invested capital	8,686.8	8,438.9	247.9
Sundry provisions ⁽⁸⁾	551.0	564.8	-13.8
NET INVESTED CAPITAL	8,135.8	7,874.1	261.7
Net equity attributable to the shareholders of the Group	2,862.7	2,751.0	111.7
Net financial debt ⁽⁹⁾	5,273.1	5,123.1	150.0
TOTAL	8,135.8	7,874.1	261.7

In the Reclassified Balance Sheet (Attachment II of the Interim Management Report of the Terna Group as of March 31, 2012) these correspond to:

- (1) The items "Equity accounted investees", "Other non-current assets" and "Non-current financial assets" for the value of other investees (0.6 million euros);
- (2) The item "Trade receivables", net of receivables for revenues from let-through energy (1,127.1 million euros);
- (3) The item "Other current assets" net of other tax receivables (12.9 million euros) and the item "Current financial assets" for the value of deferred financial assets (5.7 million euros);
- (4) The item "Trade payables" net of the value of payables for let-through energy costs (1,290.7 million euros);
- (5) The items "Trade receivables" for the value of receivables for revenues from let-through energy (1,127.1 million euros) and "Trade payables" for the value of payables for let-through energy costs (1,290.7 million euros);
- (6) The items "Receivables for income taxes", "Other current assets" for the value of other tax receivables (12.9 million euros), "Other current liabilities" for the amount of other tax liabilities (60.1 million euros) and "Income tax liabilities";
- (7) The items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax liabilities (60.1 million euros);
- (8) The items "Employee benefits", "Provisions for contingencies and future charges" and "Deferred tax liabilities";
- (9) The items "Long-term loans", "Current portions of long-term loans", "Non-current financial liabilities", "Cash and ash equivalents", "Non-current financial assets" for the value of FVH derivatives (547.2 million euros).

Terna Group's Cash Flow*

<i>Million euros</i>	Cash flow first 3 months 2012	Cash flow first 3 months 2011
Opening cash and cash equivalents	1,114.9	156.3
<i>Of which Cash and cash equivalents from Discontinued operations</i>	<i>0.0</i>	<i>6.2</i>
- Net profit for the period	114.2	173.2
<i>Of which attributable to Continuing operations</i>	<i>114.2</i>	<i>114.0</i>
- Amortization and depreciation	101.2	95.2
- Net change in provisions	-13.8	-12.7
- Losses (Profits) on asset disposal	-1.1	-0.8
Self-financing	200.5	254.9
- Change in net working capital	-103.4	41.6
Cash flow from operating activities	97.1	296.5
Investments		
- Property, plants and equipment	-237.9	-259.6
<i>Of which attributable to continuing operations . investment in Traditional activities</i>	<i>-237.7</i>	<i>-249.8</i>
- Intangible assets	-7.7	-7.6
- Other changes in net fixed assets	2.4	0.9
- Change in shareholding	-1.4	-35.9
Total cash flow from (to) investment activities	-244.6	-302.2
Net invested capital from discontinued operations and assets held for sale	0.0	398.8
- Change in loans	1,395.1	1,161.2
<i>Of which attributable to continuing operations</i>	<i>1,395.1</i>	<i>1,393.7⁽¹⁾</i>
- Other transactions in the Group net equity	-2.5	6.9
<i>Of which attributable to continuing operations</i>	<i>-2.5</i>	<i>22.9</i>
- Net equity of minority interests from discontinued operations	0.0	-0.2
Total cash flow from (to) financial activities	1,392.6	1,167.9
Total cash flow for the period	1,245.1	1,561.0
<i>Of which attributable to continuing operations</i>	<i>1,245.1</i>	<i>1,567.2</i>
Closing cash and cash equivalents	2,360.0	1,717.3

⁽¹⁾ The change takes into account the net positive financial position versus RTR as of December 31, 2010 (254.6 million euros)

*For reconstruction to the consolidated accounting statements, refer to the paragraph "Terna Group's economic and financial management" of the Interim Management report of the Terna Group as of March 31, 2012.