

TERNA'S BOARD OF DIRECTORS: RESULTS AS OF SEPTEMBER 30, 2013 APPROVED

- **Revenues** at 1,401.2 million euros (1,298.7 million euros in 9M12, +7.9%)
- **EBITDA** at 1,132.7 million euros (1,029 million euros in 9M12, +10.1%)
- **EBITDA Margin** at 80.8% (79.2% in 9M12)
- **EBIT** at 810.7 million euros (718.1 million euros in 9M12, +12.9%)
- **Net profit** at 411.6 million euros (355.5 million euros in 9M12, +15.8%)
- **2013 dividend:** interim dividend of 7 euro cents per share, in line with the dividend policy

Rome, November 13, 2013 – CEO Flavio Cattaneo presented the results of the first nine months and third quarter of 2013, which were examined and approved by TERNA SpA's ("Terna") Board of Directors that met today chaired by Luigi Roth.

"These results reflect the level of excellence the Terna team has achieved", stated Flavio Cattaneo "which despite difficult economic conditions, has allowed us to obtain good results and carry on with our effort for Italian families and companies, who thanks to the Terna's work over the last eight years have benefited from over 5 billion euros in lower costs. But we still have more work to do, also to give a contribution to Italy's economic recovery. This is why Terna is continuing its plan of investments for the development of the Italian electricity grid and the cross-border interconnections", Cattaneo continued "and is always looking at all opportunities for organic growth, not just in traditional activities, but also for non-traditional activities both in Italy and abroad."

CONSOLIDATED ECONOMIC-FINANCIAL RESULTS FOR THE FIRST 9 MONTHS OF 2013

Million euros	9M 2013	9M 2012	Change %
Revenues	1,401.2	1,298.7	+7.9%
EBITDA (Gross operating margin)	1,132.7	1,029	+10.1%
EBIT (Operating income)	810.7	718.1	+12.9%
Profit before taxes	739.8	646.1	+14.5%
Net profit for the period	411.6	355.5	+15.8%

Revenues for the first nine months of 2013 amounted to 1,401.2 million euros (+7.9%), corresponding to an increase of 102.5 million euros compared to the same period of 2012. This was mainly attributable to Grid Fee, that stood at 1,241.8 million euros (+106.7 million euros compared to September 30, 2012).

Operating costs, equal to 268.5 million euros, were essentially in line with the first nine months of 2012 (-0.4%).

EBITDA (Gross Operating Margin) stood at 1,132.7 million euros, increasing by 103.7 million euros (+10.1%) compared to the first nine months of 2012. The **EBITDA margin** improved, reaching 80.8% versus 79.2% reported in the same period of the previous year, due to the significant increase in revenues and substantial stability of operating costs.

Depreciation and Amortization for the period increased by 11.1 million euros compared to the same period of 2012, mainly due the coming into operation of the new assets.

EBIT (Operating Income) stood at 810.7 million euros, increasing by 92.6 million euros (+12.9%) compared to the first nine months of 2012, after depreciation and amortization of 322 million euros.

Net financial charges recorded a slight decrease (1.1 million euros), mainly due to the reduction in interest rates, which more than offset the effects of the higher net debt and stood at 70.9 million euros for the period versus 72 million euros for the same period of 2012.

Profit before taxes stood at 739.8 million euros, increasing by 93.7 million euros compared to the same period of the previous year (+14.5%).

Income taxes for the period reached 328.2 million euros, increasing by 37.6 million euros (+12.9%), mainly due to the increase in Profit before taxes. The tax rate for the period stood at 44.4%, reaching 45% net of account balances reported at the time of payment of the 2012 taxes.

As a result, **net profit for the period** was 411.6 million euros, a 15.8% improvement compared to the 355.5 million euros of the same period of 2012.

Consolidated Balance Sheet as of September 30, 2013 registered **Shareholder's Equity** of 2,975.7 million euros compared to 2,788.3 million euros as of December 31, 2012.

Total investments of the Group for the period were equal to 758 million euros, a decrease compared to the 778.4 million euros (-2.6%) for the same period of last year, mainly due to different investment dynamics compared to last year and to significant activities made on the Sorgente-Rizziconi project¹ during 2012.

Net financial debt, stood at 6,339.7 million euros, compared to 5,855 million euros at the end of 2012. The increase is mainly due to the investments made by the Group and the payment of the 2012 final dividend.

As a result, the **debt/equity** ratio as of September 30, 2013 stood at 2.13.

Headcount of the Group, at the end of September 2013, totaled 3,467, 31 employees more compared to December 31, 2012.

THIRD QUARTER 2013 CONSOLIDATED INCOME STATEMENT RESULTS

<i>Million euros</i>	3Q 2013	3Q 2012	Change %
Revenues	482.4	442.1	+9.1%
EBITDA (Gross operating margin)	400.8	360.1	+11.3%
EBIT (Operating income)	292.2	253.7	+15.2%
Profit before taxes	264	243.8	+8.3%
Net profit	147.9	133.6	+10.7%

During 3Q 2013 the Group's revenues were equal to 482.4 million euros, corresponding to an increase of 40.3 million euros (+9.1%) compared to the same period of 2012, essentially due to the higher Grid Fee.

Operating costs stood at 81.6 million euros, basically in line with the third quarter of 2012 (-0.5%). EBITDA stood at 400.8 million euros, a change of +40.7 million euros (+11.3%) compared to the same period of last year (360.1 million euros).

EBIT amounted to 292.2 million euros, a 15.2% increase compared to the third quarter of 2012, after depreciation and amortization for 108.6 million euros, up by 2.2 million euros compared to the 106.4 million euros of the same period of 2012.

Profit before taxes stood at 264 million euros, an 8.3% increase compared to the same period of 2012.

Net profit for the period amounted to 147.9 million euros, a 10.7% increase compared to the 133.6 million euros of 3Q 2012.

PROGRESS ON MAIN PROJECTS

Among the most important achievements of the period:

- **380 kV "Sorgente-Rizziconi"² Power line** (119.4 million euros): both sets of submarine cables and optical fiber were laid, and the related protection works were concluded. The excavation of the Sicilian side of the well and of the Favazzina side tunnel are currently in progress.
- **380 kV "Trino-Lacchiarella" Power line** (45.5 million euros): four changes concluded on the existing interfering power lines, and the first "Rosental" pylons assembled.
- **380 kV "Dolo-Camin" Power line** (34.6 million euros): the work completed involved the executive design and procurement of materials, waiting for the authorization process to restart;
- **380 kV "Foggia-Benevento II" Power line** (18.8 million euros): the construction of the foundations and the assembly of the pylon bases are currently under way; burials due to interference will be required for which the construction sites were opened in September;
- **Restructuring of the North Calabria grid** (18.7 million euros): the boosting 150 kV Lauria-Padula power line has been completed and the works on all power stations (Aliano, Feroletto, Taranto Nord, Pisticci and Rotonda) are currently being completed;
- **Capri-mainland Interconnection** (17.2 million euros): the power station construction sites are open and the required archeological inspections are on their way as well as the executive design of the submarine cable. The contract for the planning, supply and laying of submarine cables has been awarded.

SIGNIFICANT EVENTS OCCURRED AFTER SEPTEMBER 30, 2013

Legality Rating

On **October 2, 2013** The Autorità Garante della Concorrenza e del Mercato (AGCM) awarded Terna S.p.A. the Legality Rating, with the maximum score of three stars, following the formal request forwarded by the Company, in compliance with Italian Law-Decree 1/2012 (art. 5-ter – Legality Rating of companies), amended by Law-Decree 29/2012 and converted, with amendments, by Law 62/2012. At the same time, the Parent Company was included in the list of companies with Legality Rating, in compliance with Article 8 of the regulations issued by AGCM with resolution no. 24075/2012.

Terna confirmed as sustainability leader by STOXX ESG indexes

Terna has been included in the STOXX Global 1800 Index, produced by the company STOXX Limited, for the third year running. The index selects 313 companies out of the 1,800 originally included in the international basket according to their sustainability performances. Terna is one of the 104 companies in the world, and the only one in Italy, which is included in all three indexes. A reflection of its strong commitment and excellence in all areas of sustainability. A total of 5 Italian companies are included in the three indexes, while only 9 Italian companies (13 in 2011 and 10 in 2012), including Terna, are part of the STOXX Global ESG Leaders index.

Merger of Suntergrid S.p.A. into Terna Plus S.r.l.

On October 18, 2013 Suntergrid S.p.A. merged into the subsidiary Terna Plus S.r.l., with legal effect from **October 21, 2013**, in accordance with the merger plan approved on June 6, 2013 by the respective Boards of Directors and subsequently resolved upon on June 10, 2013 by their Shareholders' meetings. The goal of the merger is to increase the Group's synergies - in order to be more efficient in the management of non-traditional business - via rationalization of non-traditional activities included in the perimeter of Terna Plus, as SunTergrid operates in the same sector and performs complementary and similar activities.

AEEG Resolution certified the positive achievement of first half 2013 milestone

With resolution ARG/elt 87/10 dated 2010, the Autorità per l'Energia Elettrica e il Gas (AEEG) introduced the extra-remuneration mechanism for works in progress, for a specific number of projects, when predetermined goals are achieved (milestones). On **October 24, 2013** the AEEG published Resolution 469/2013/R/eel, through which it certified the achievement of the Transmission Grid development strategic investments milestones for the first half of 2013, in order to award the incentive for the acceleration of investments on fixed assets, under way as of December 31, 2011 and December 31, 2012, to be incorporated in the transmission tariffs for the year 2014. In particular, the Authority verified the exceeding of the 70% threshold of the total agreed value of the milestones set for the first half of 2013, reserving the right to perform on-site inspections of their achievement and, therefore, awarding Terna the incentive for the acceleration of the capital expenditure on the I=3 investments in place as of December 31, 2011 and December 31, 2012, to be incorporated in the transmission tariffs for the year 2014, with the exclusion of the decisions which will be taken as a result of the additional investigations ordered via resolution 565/2012/R/eel.

2013 INTERIM DIVIDEND OF 7 EUROCENTS PER SHARE

Based on the results achieved for the first six months of 2013, having received today the opinion from the Auditing Company, PricewaterhouseCoopers (PwC), in compliance with Article 2433 bis of the Italian Civil Code and in the light of the outlook for the current year, the Board of Directors of Terna S.p.A has resolved to pay the ordinary interim dividend for the year 2013 in the amount of 7 eurocents per share, in accordance with the dividend policy announced on February 6, 2013. The interim dividend, gross of any withholdings

required by law, will be payable from November 21, 2013 (record date pursuant to Article 83-terdecies of the Legislative Decree 58 of February 24 1998 known as the "Consolidated Law on Finance": November 20, 2013), following "record date" of the coupon no. 19 on November 18.

Coopting of new Director

The Board of Directors, as a replacement for the resigning Director Fabio Buscarini, via resolution approved by the Board of Statutory Auditors, coopted the Attorney at Law Antonio Segni as new non-executive and independent Director as he meets the requirements for this post. Mr. Segni has accepted the position and will remain in office until the next Shareholders' Meeting. His resume will be available for consultation on our website www.terna.it.

At 2:30 pm a conference call will be held to present the results of the first nine months of 2013 to financial analysts and institutional investors. Journalists are also invited to listen to the call. The support material for the conference call will be available in the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and in the Company's website (www.terna.it), in the Investor Relations/Presentations section, at the beginning of the conference call. In the same section it will be possible to follow the presentation through audio webcasting.

TERNNA has prepared the Interim Management Report as of September 30, 2013 in compliance with 'art. 154-ter of Legislative Decree 58/98 (Consolidated Finance Act) and Consob directive no. DEM/8041082 of April 30, 2008.

The reclassified Income Statement, Balance Sheet and Consolidated Statement of Cash Flows of the Terna Group are attached. It should be noted that the Terna Group has applied the new IAS 19 - Employee benefits, mandatory as of January 1, 2013, which excludes the possibility of deferring the recognition of actuarial gains and losses using the corridor approach. As a result, certain comparative balances for 2012 have been adjusted reporting higher liabilities for employee benefits at December 31, 2012 for around 9 million euros, higher assets for deferred tax assets for an amount equal to approximately 3 million euros and a decrease of shareholders' equity of around 6 million euros.

In compliance with Directive no. DME/9081707 dated September 16, 2009, such statements and sheets are included in the Interim Management Report of the Terna Group as of September 30, 2013. These are not subject to auditing on the part of the auditing company.

The Interim Management Report as of September 30, 2013 will be made available to the public at the Company's registered office and at the market management company Borsa Italiana S.p.A. (www.borsaitaliana.it) and will be published in the website www.terna.it according to the law. The information required on filing shall be provided.

The manager in charge of drawing up the company's accounting documents, Mr. Luciano di Bacco, declares pursuant to paragraph 2 of art. 154-bis of the Consolidated Finance Act, that the accounting information included in this press release corresponds to the financial statements, books and accounting records.

In this release, some "alternative performance indicators" (EBITDA, EBITDA margin and Net financial debt) are used, whose meaning and contents are explained below pursuant to CESR/05-178B recommendation published on November 3, 2005:

- EBITDA (gross operating margin): is an indicator of the operating performance; it is calculated by adding amortization to the operating profit (EBIT);
- EBITDA margin: is an indicator of the operating performance; it is the result of the ratio between Gross Operating Margin (EBITDA) and revenues;
- Net financial debt: is an indicator of the company's financial structure; it is calculated as a result of the short term and long term financial debt and relative derivatives, net of cash and cash equivalents and of financial assets.

Terna Group's Reclassified Income Statement

January 1 - September 30				
Million euros	2013	2012	Change	%
Revenues:				
- Grid Transmission Fees	1,241.8	1,135.1	106.7	9.4%
- Other energy items	101.8	116.5	-14.7	-12.6%
- Other revenues and income	57.6	47.1	10.5	22.3%
Total revenues	1,401.2	1,298.7	102.5	7.9%
Operating costs:				
- Personnel expenses	144.3	146.2	-1.9	-1.3%
- Services, leases and rentals	93.5	95.4	-1.9	-2.0%
- Materials	9.2	10.8	-1.6	-14.8%
- Other expenses	21.5	17.3	4.2	24.3%
Total operating costs	268.5	269.7	-1.2	-0.4%
GROSS OPERATING MARGIN	1,132.7	1,029.0	103.7	10.1%
Amortization/Depreciation	322.0	310.9	11.1	3.6%
OPERATING PROFIT	810.7	718.1	92.6	12.9%
- Net financial income (expense)	-70.9	-72.0	1.1	-1.5%
INCOME BEFORE TAXES	739.8	646.1	93.7	14.5%
- Income taxes for the period	328.2	290.6	37.6	12.9%
NET PROFIT FOR THE PERIOD	411.6	355.5	56.1	15.8%
- <i>Attributable to the Shareholders of the Group</i>	411.6	355.5	56.1	15.8%

Terna Group's Reclassified Statement of Financial Position

	As of 09/30/2013	As of 12/31/2012	Change
<i>Million euros</i>			
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Net fixed assets			
- Intangible assets and goodwill	458.3	470.4	-12.1
- Property, plant and equipment	9,795.5	9,342.0	453.5
- Financial assets	83.4	81.4	2.0
Total	10,337.2	9,893.8	443.4
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Net working capital			
- Trade receivables	715.2	744.0	-28.8
- Inventories	7.0	6.6	0.4
- Other assets	28.8	32.4	-3.6
- Trade payables	529.0	712.0	-183.0
- Net liabilities let-through lots	203.8	440.0	-236.2
- Net tax liabilities	216.6	35.9	180.7
- Other liabilities	380.0	365.5	14.5
Total	-578.4	-770.4	192.0
Gross invested capital	9,758.8	9,123.4	635.4
Sundry provisions	443.4	480.1	-36.7
NET INVESTED CAPITAL	9,315.4	8,643.3	672.1
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Group's Net Equity	2,975.7	2,788.3	187.4
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Net financial debt	6,339.7	5,855.0	484.7
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TOTAL	9,315.4	8,643.3	672.1

Terna Group's Cash Flow

<i>Million euros</i>	<i>Cash flow 09/30/2013</i>	<i>Cash flow 09/30/2012</i>
Opening cash and cash equivalents	2,510.1	1,114.9
- Net profit for the period	411.6	355.5
- Amortization and Depreciation	322.0	310.9
- Net change in provisions	-36.7	-40.6
- Net losses (gains) on asset disposals	-0.9	-3.4
Self-financing	696.0	622.4
- Change in net working capital	-192.0	-19.1
Cash Flow from operating activities	504.0	603.3
Investments		
- Total investments	-758.0	-778.4
- Other changes in net fixed assets	-5.4	21.2
- Change in equity investments	-1.1	-4.1
Total cash flow from (to) investing activities	-764.5	-761.3
- Change in loans	-87.9	1,405.7
- Other changes in equity attributable to owners of the Parent	37.1	-34.0
- Dividends to shareholders of the Parent Company	-261.3	-261.3
Total cash flow from (to) financial activities	-312.1	1,110.4
Total cash flow for the period	-572.6	952.4
Closing cash and cash equivalents	1,937.5	2,067.3