

TERNA'S BOARD OF DIRECTORS: 2012 RESULTS APPROVED

- **Dividend proposed for 2012: 20 eurocents per share**
(of which 7 cents already paid as interim dividend and 13 cents as final dividend payable next June)
- **Record-breaking Group's total capex at 1,235 million euros**
 - **Revenues at 1,806 million euros**
 - **Ebitda at 1,390 million euros**
 - **Ebit at 969 million euros**
- **Group's Net Income at 464 million euros**

Rome, March 15, 2013 – CEO Flavio Cattaneo presented the 2012 results, which were examined and approved by TERNA SpA's Board of Directors, that met today chaired by Luigi Roth.

"We close also 2012 with very good results, that recognize the outstanding professional level of Terna's team – commented CEO Flavio Cattaneo. This eighth consecutive year of growth rewards the efforts we have carried out, whose goals were and continue to be an increasingly efficient and safe electricity grid and the value creation; this is based on a strategic approach which combines the core business and the development of Non Traditional Activities. The record-breaking level of investments and the 2012 dividends confirm Terna's focus on the electricity grid and on shareholders".

CONSOLIDATED ECONOMIC AND FINANCIAL RESULTS

Million euros	2012	2011	Change %
Revenues	1,806	1,636	+10.4%
Ebitda (Gross Operating Margin)	1,390	1,230	+13.0%
Ebit (Operating Profit)	969	836	+15.9%
Earnings before taxes	876	715	+22.5%
Net income	464	440	+5.5%

2012 Consolidated **Revenues** stood at 1,806 million euros, of which 1,592 million euros attributable to the Parent Company and 197 million euros to the subsidiary Terna Rete Italia Srl, with a growth of 170 million euros (+10.4%) compared to 2011, mainly due to the Grid Transmission Fee and to the results from Non Traditional Activities carried out by the Group, equal to 86 million euros.

Operating expenses, equal to 416 million euros, registered a 10 million euro increase (+2.5%) compared to the previous year, mainly due to the combined effect of a reduction in personnel expenses and of an increase in other business costs.

Ebitda (Gross Operating Margin) stood at 1,390 million euros, of which 64 million euros attributable to Non Traditional Activities, with an increase of 160 million euros (+13%) compared to 1,230 million euros in 2011. **Ebitda margin** rose from 75.2% in 2011 to 77% in 2012.

Depreciation for the year increased by 27 million euros compared to 2011, mainly for the start up of new plants.

Ebit (Operating Profit) was equal to 969 million euros, increasing by 133 million euros (+15.9%) compared to 836 million euros in 2011.

Net financial charges for the year stood at 93 million euros, 28 million euros lower compared to 2011, essentially due to a reduction in interest rates.

Income taxes for the year were equal to 412 million euros, rising by 24 million euros (+6.2%) compared to 2011, essentially due to the increase in the Profit Before Tax.

The *tax rate* was equal to 47%, compared to 54.3% in 2011 which was affected by the non recurring impact of the Deferred Tax Fund adjustment, following the application of the so-called Robin Hood Tax. Without this impact, the 2012 tax rate would be comparable to the previous year.

The Group's Net Income stood at 464 million euros, rising by 24 million euros (+5.5%) compared to 2011, that included 113 million euros from discontinued operations.

The consolidated Balance Sheet as of December 31, 2012 registered a **Net Shareholders' Equity** equal to 2,794 million euros (compared to 2,751 million euros as of December 31, 2011).

Net financial debt was equal to 5,855 million euros (compared to 5,123 million euros as of December 31, 2011) and registered an increase of 732 million euros compared to 2011.

The **debt/equity** ratio as of December 31, 2012 was equal to 2.1.

Total **investments** made by the Group in 2012 were equal to 1,235 million euros, rising by 0.5% compared to 1,229 million euros in 2011.

Group Headcount at the end of 2012 was equal to 3,436, decreasing by 59 units compared to December 31, 2011.

2012 RESULTS OF THE PARENT COMPANY – TERNA SpA

The Parent Company closed 2012 with **Revenues** at 1,660 million euros, a 6.8% increase compared to 1,554 million euros of the previous year.

Operating Expenses amounted to 460 million euros, increasing by 6.5% compared to 2011.

Ebitda stood at 1,200 million euros, equal to 72.3% of revenues (rising by 0.1 percentage points compared to 2011), with a 78 million euro increase compared to 1,122 million euros in the previous year (+7.0%).

Depreciation, equal to 371 million euros, rose by 22 million euros compared to 2011.

Ebit was equal to 829 million euros, rising by 7.2% (equal to +56 million euros) compared to 2011.

Net income for the year stood at 463 million euros, increasing by 9 million euros (+2.0%) compared to the 2011 net income, that included 34 million euros from discontinued operations.

The Balance Sheet registered a **Shareholders' Equity** equal to 2,599 million euros (compared to 2,555 million euros in 2011), while the **Net Debt** was equal to 5,621 million euros (+816 million euros compared to December 31, 2011).

SIGNIFICANT EVENTS OCCURRED AFTER YEAR-END

Terna recognized as the best European utility for Total Shareholder Return

On **March 11, 2013** Terna received in London the "*International Utility Award 2013*" from Washington DC-based Edison Electric Institute (EEI) (USA). Terna has been recognized as the best of its category among the European utilities for Total Shareholder Return in the 2010-2012 three year period. Indeed, in that period Terna's return stood at 24%, compared to average returns in the sector and of the Italian indexes that were definitely negative (DJ Stoxx -10%, Ftse Mib -21%).

AEEG Resolutions on pilot projects for storage systems

With resolutions 66/2013/R/eel of **February 21, 2013**, and 43/2013/R/eel, of **February 7, 2013**, the Authority for Electricity and Gas assigned the incentive mechanism based on a 2% extra remuneration (category I=4), respectively, to 6 "*energy intensive*" pilot projects (for a total of 35 MW of experimental storage systems included in the 2011 National Development Plan), and to 2 "*power intensive*" pilot projects (for a total of 16 MW of storage systems included in the 2012 Defence Plan of the National Transmission Grid).

Terna, the only Italian electricity company in the World Sustainability Gold Class

On **January 23, 2013** Terna, the only Italian electricity company, was included for the second consecutive year in the Gold Class of RobecoSam – Sustainability Yearbook 2013, the yearbook of the International rating agency that conducts a screening of companies by assessing their possibility of access, inclusion or exclusion from the prestigious Dow Jones Sustainability indexes based on an ethical analysis that takes into account the main disputes and compliance with strict economic, environmental and social performance criteria.

OUTLOOK

In 2013, the Company will implement the 2013-2017 Strategic Plan approved by the Board of Directors on February 6, 2013.

In line with the strategy of the previous Strategic Plan, the Group finalized the corporate restructuring process which established a company structure with greater focus on Non Traditional Activities on top of the consolidated Traditional Activities.

With reference to Traditional Activities, and particularly to the development and renewal of the National Transmission Grid, the investments are expected in line with the year just ended; in particular, according to the National Development Plan, the Company shall continue to develop and build interconnections with foreign Countries (Montenegro and France), to reduce grid

congestions (projects Sorgente-Rizziconi* and Trino-Lacchiarella) and to continue the development of storage systems projects.

In terms of revenues, regulated activities are expected to increase, thanks to investments made in 2011 and the impacts of the re-evaluation of the Regulated Asset Base (RAB).

In line with the previous years, the Company will continue to implement the rationalization of processes and to pursue greater efficiency, while also ensuring the highest quality of the transmission and dispatching services.

Regarding funding, the bonds issued during 2012 will guarantee the resources available for corporate activities until 2015.

SHAREHOLDERS' MEETING CALL AND DIVIDENDS

In line with the dividend policy, The Board of Directors will submit to the Shareholders' Meeting the approval of a total ordinary dividend for the entire 2012 equal to 20 eurocents per share and the distribution of the remaining 13 eurocents per share gross of any legal withholdings.

It should be noted that on November 8, 2012, TERNA's Board of Directors had already resolved the distribution to shareholders of an ordinary interim dividend for 2012 equal to 7 eurocents per share gross of any legal withholdings, paid as of November 22, 2012.

The Board of Directors will propose June 24, 2013 as the "ex-dividend date" for coupon no.18 (*record date* pursuant to art.83-terdecies of Legislative Decree no. 58 dated February 24, 1998, so-called "TUF": June 26, 2013) and June 27, 2013 for the relative payment.

The Ordinary Shareholders' Meeting called upon to approve TERNA S.p.A.'s financial statement as of December 31, 2012 and the allocation of income will be convened on May 14, 2013, on single call.

The section of "Terna's Annual Report on Remuneration" that - with reference to the members of administrative bodies, general directors and other managers holding strategic responsibilities - includes information on the Remuneration Policy and the procedures used for the adoption and implementation of this Policy, will be submitted to the Ordinary Shareholders' Meeting in its consultative session with non-binding vote.

In its extraordinary session, the Meeting will be called to resolve on some changes to the Company Bylaws, essentially following the new provisions introduced by Legislative Decree no. 91, dated June 18, 2012 amending Legislative Decree no. 27, dated January 27, 2010, implementing the so-called Directive on *Shareholders' Rights* (regarding particular shareholders' rights of listed companies). These regard, among others, articles 2369 c.c. and 147-ter of the Consolidated Law on Finance for the summoning of meetings and depositing lists.

The documentation relative to the items on the agenda of the Shareholders' Meeting, as established by the existing regulations, will be made available to the public in compliance with law provisions.

A conference call will be held at 12:30 a.m. to illustrate the 2012 results to financial analysts and institutional investors which also journalists can attend in the audio 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/Presentations 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 manager responsible for preparing the company's financial reports, 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.

The 2012 Annual Report including TERNA S.p.A.'s draft financial statement and the TERNA Group's consolidated financial statement as of December 31, 2012, together with TERNA S.p.A.'s report on the management, the Consolidated Financial Statement and the certification of the manager responsible and of the CEO in compliance with paragraph 5 of article. 154-bis of the Consolidated Law on Finance, with additional documents as established by the law and with the Annual Report on Corporate Governance and ownership structure, will be deposited and made available to the public at the company's headoffice and at the market management company Borsa Italiana S.p.A. and will be available on Borsa Italiana S.p.A.'s website (www.borsaitaliana.it) and on the Company's website (www.terna.it.) in compliance with the terms established by the law. The established information regarding the deposit will be issued.

The 2012 Annual Report has been submitted to the Board of Statutory Auditors and to the Independent Auditing Company for their relevant evaluation.

The report by the Board of Statutory Auditors and the reports by the Independent Auditing Company will be made available to the public as soon as they are available according to the terms established by the law.

It should be noted that, according to communication no. DME/9081707 of September 16, 2009, the reclassified charts of the Income Statement, Balance Sheet and Cash Flow Statement of the Terna Group and of Terna S.p.A. attached herewith, are the ones included in the Report on the Management (included in the Annual Financial Report as of December 31, 2012), for which the Independent Auditing Company, in compliance with art. 14 of Legislative Decree no. 39 dated January 27, 2010 shall verify its consistency with the Financial Statement.

In this release some "alternative performance indicators" are used (Ebitda 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 margin): represents an operating performance indicator; it is calculated by adding the operating profit (EBIT) to the amortization;
- 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 S.p.A. is the only responsible party for the information included herein. The EU is not responsible of any use that could be made of the information included herein.

Terna Group's Reclassified Income Statement

Million euros	2012	2011	Changes	%
Revenues:				
- Grid Transmission Fees (1)	1,532	1,381	151	10,9%
- Other energy items (1)	161	163	-2	-1.2%
- Other revenues and income (2)	113	92	21	22.8%
Total revenues	1,806	1,636	170	10.4%
Operating expenses:				
- Personnel expenses	197	211	-14	-6.6%
- Services and use of third party assets	139	149	-10	-6.7%
- Materials	30	21	9	42.9%
- Other expenses (3)	50	25	25	100.0%
Total operating expenses	416	406	10	2.5%
GROSS OPERATING MARGIN	1,390	1,230	160	13.0%
Amortization/Depreciation (4)	421	394	27	6.9%
OPERATING PROFIT	969	836	133	15.9%
- Net financial income (expense) (5)	-93	-121	28	-23.1%
PROFIT BEFORE TAXES	876	715	161	22.5%
- Income taxes for the year	412	388	24	6.2%
NET PROFIT FOR THE YEAR FROM CONTINUING	464	327	137	41.9%
Profit for the year from Discontinued Operations and assets held for sale	0	113	-113	-100.0%
NET PROFIT FOR THE YEAR	464	440	24	5.5%
-Attributable to the Shareholders of the Group	464	440	24	5.5%

In the Consolidated Income Statement:

- (1) The balance is included under item "Revenues from sales and services";
- (2) It corresponds to the item "Revenues from sales and services" for the value of "Other sales and services" (40.2 million euros) and to the item "Other revenues and income" (73.1 million euros);
- (3) It corresponds to the item "Other operating expenses" and to the item "Amortization and Depreciation" for the value of depreciation of Trade receivables (3.0 million euros) and of fixed assets (0.1 million euros);
- (4) It corresponds to the item "Amortization and Depreciation" net of the value of depreciation of trade receivables (3.0 million euros) and of fixed assets (0.1 million euros);
- (5) It corresponds to the balance of items under points 1, 2 and 3 of letter C-"Financial income and expenses".

Terna Group's Reclassified Statement of Financial Position

Million euros	As of 31.12.2012	As of 31.12.2011	Change
Net fixed assets			
- Intangible assets and goodwill	471	471	0
- Property, plants and equipment	9,342	8,618	724
- Financial assets (1)	81	74	7
Total	9,894	9,163	731
Net working capital			
- Trade receivables (2)	744*	612	132
- Inventories	7	16	-9
- Other assets (3)	32	15	17
- Trade payables (4)	712	705	7
- Net liabilities let-through lots (5)	440*	247	193
- Net tax liabilities (6)	36	121	-85
- Other liabilities (7)	366	294	72
Total	-771	-724	-47
Gross invested capital	9,123	8,439	684
Sundry provisions (8)	474	565	-91
NET INVESTED CAPITAL	8,649	7,874	775
Group's Net Equity	2,794	2,751	43
Net financial debt (9)	5,855	5,123	732
TOTAL	8,649	7,874	775

*net of entries offset for an electricity market operator, paid in January 2013.

In the Consolidated Statement of Financial Position, these correspond to:

- (1) The items "Equity accounted investees", "Other non-current assets" and "Non-current financial assets" for the value of other shareholdings (0.8 million euros);
- (2) The item "Trade receivables" net of the value of trade receivables for energy pass-through revenues (1,018.1 million euros) and of entries offset for an electricity market operator paid in January 2013 (122.0 million euros);
- (3) The item "Other current assets" net of other receivables (48.5 million euros) and the item "Current financial assets" (21.3 million euros);
- (4) The item "Trade payables" net of the value of payables for energy pass-through expenses (1,580.1 million euros);
- (5) The items "Trade receivables" for the value of receivables for energy pass-through revenues (1,018.1 million euros) and "Trade payables" for the value of payables for energy pass-through expenses (1,580.1 million euros) net of entries offset for an electricity market operator paid in January 2013 (122.0 million euros);
- (6) The items "Tax receivables", "Other current assets" for the value of other tax receivables (48.5 million euros), "Other current liabilities" for the amount of the other tax payables (8.0 million euros) and "Tax liabilities";
- (7) The items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (154.8 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 cash equivalents", "Non-current financial assets" for the value of FVH derivatives (754.9 million euros).

Terna Group's Cash Flow*

<i>Million euros</i>	Cash flow 31.12.2012	Cash flow 31.12.2011
Opening cash and cash equivalents	1,115	156
<i>Of which Cash and cash equivalents from Discontinued operations</i>	<i>0</i>	<i>6</i>
- Net profit for the period	464	440
<i>Of which attributable to Continuing operations</i>	<i>464</i>	<i>327</i>
- Amortization and depreciation	421	394
- Net change in provisions	-91	-34
- Losses (Profits) on asset disposal	-7	-4
Self-financing	787	796
- Change in net working capital	47	343
Cash flow from operating activities	834	1.139
Investments		
- Total investments	-1,235	-1,229
- Other changes in net fixed assets	97	22
- Change in shareholding	-7	-43
Total cash flow from (to) investment activities	-1,145	-1,250
Net invested capital from discontinued operations and assets held for sale	0	399
- Change in loans	2,127	1,133
- Other transactions in the Group net equity	-19	-40
- Dividends to shareholders of the Parent Company	-402	-422
Total cash flow from (to) financial activities	1,706	671
Total cash flow for the period	1,395	959
Closing cash and cash equivalents	2,510	1,115

*For reconstruction to the Terna Group's accounting statements, refer to the paragraph "Terna Group's economic and financial management" of the Management Report of 2012 Terna S.p.A.'s and the Terna Group's Annual Financial Report.

Terna SpA's Reclassified Income Statement

<i>Million euros</i>	2012	2011	Changes	%
Revenues:				
Grid transmission fees (1)	1,344	1,238	106	8.6%
Other energy items (1)	161	163	-2	-1.2%
Other revenues and income (2)	155	153	2	1.3%
Total revenues	1,660	1,554	106	6.8%
Operating expenses:				
- Personnel expenses	82	214	-132	-61.7%
- Services and use of third party assets	315	166	149	89.8%
- Materials	19	34	-15	-44.1%
- Other expenses (3)	44	18	26	144.4%
Total operating expenses	460	432	28	6.5%
GROSS OPERATING MARGIN	1,200	1,122	78	7.0%
Amortization/Depreciation (4)	371	349	22	6.3%
OPERATING PROFIT	829	773	56	7.2%
Net financial income (expense) (5)	-19	-9	-10	111.1%
PROFIT BEFORE TAX	810	764	46	6.0%
- Income taxes for the year	347	344	3	0.9%
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	463	420	43	10.2%
Profit for the year from Discontinued operations and assets held for sale	0	34	-34	-100.0%
PROFIT FOR THE YEAR	463	454	9	2.0%

In Terna SpA's income statement:

- (1) The balance is included under item "Revenues from sales and services";
- (2) It corresponds to the item "Revenues from sales and services" for the value of "Other sales and services" (66.5 million euros) and to the item "Other revenues and income" (88.2 million euros);
- (3) It corresponds to the item "Other operating expenses" and to the item "Amortization and depreciation" for the value of depreciation of trade receivables (3.0 million euros) and of fixed assets (0.1 million euros);
- (4) It corresponds to the item "Amortization and depreciation" net of the value of depreciation of trade receivables (3.0 million euros) and of fixed assets (0.1 million euros);
- (5) It corresponds to the balance of items under points 1 and 2 of letter C-"Financial income/expenses".

Terna SpA's Reclassified Statement of Financial Position

<i>Million euros</i>	As of 31.12.2012	As of 31.12.2011	Change
Net fixed assets			
- Intangible assets and goodwill	364	363	1
- Property, plants and equipment	8,203	7,514	689
- Financial assets (1)	681	629	52
Total	9,248	8,506	742
Net working capital			
- Trade receivables (2)	722*	606	116
- Inventories	0	13	-13
- Other assets (3)	31	17	14
- Trade payables (4)	650	723	-73
- Net liabilities let-through lots (5)	481*	247	234
- Net tax liabilities (6)	-14	96	-110
- Other liabilities (7)	399	285	114
Total	-763	-715	-48
Net invested capital	8,485	7,791	694
Sundry provisions (8)	265	431	-166
NET INVESTED CAPITAL	8,220	7,360	860
Net equity	2,599	2,555	44
Net financial debt (9)	5,621	4,805	816
TOTAL	8,220	7,360	860

**net of entries offset for an electricity market operator, paid in January 2013.

In Terna S.p.A.'s Statement of financial position, these correspond to:

- (1) The items "Other non-current assets" and "Non current financial assets" for the value of shareholdings (678.9 million euros);
- (2) The item "Trade receivables" net of the value of trade receivables for energy pass-through revenues (1,018.1 million euros) and of entries offset for an electricity market operator, paid in January 2013 (122.0 million euros);
- (3) The item "Other current assets" net of other tax receivables (46.2 million euros) and the item "Current financial assets";
- (4) The item "Trade payables" net of the value of payables for energy pass-through expenses (1,621.1 million euros);
- (5) The items "Trade receivables" for the value of receivables for energy pass-through revenues (1,018.1 million euros) and "Trade payables" for the value of payables for energy pass-through expenses (1,621.1 million euros) net of entries offset for an electricity market operator, paid in January 2013 (122.0 million euros);
- (6) The items "Tax receivables", "Other current assets" for the value of other tax receivables (46.2 million euros), "Other current liabilities" for the amount of other tax payables (1.0 million euros) and "Tax liabilities";
- (7) The items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (112.7 million euros);
- (8) The items "Employee benefits", "Provisions for contingencies and charges" and "Deferred tax liabilities";
- (9) The items "Long-term loans", "Current portion of long-term loans", "Short-term loans", "Non-current financial liabilities", "Cash and cash equivalents", "Non-current financial assets" for the value of loan to Terna Rete Italia Srl and of FVH derivatives (respectively 500.0 million euros and 754.9 million euros).

Terna SpA's Cash flow*

<i>Million euros</i>	Cash flow as of 31.12.2012	Cash flow as of 31.12.2011
Opening cash and cash equivalents and intercompany account	1,114	169
- Profit for the year	463	454
<i>Of which attributable to continuing operations</i>	463	420
- Amortization/Depreciation	371	349
- Net change in provisions	-166	-81
- Net losses (profits) on asset disposals	-6	-4
Self-financing	662	718
- Change in net working capital	48	336
Cash Flow from operating activities	710	1.054
Investments		
- Total investments	-1,167	-1,173
- Shareholdings	-56	-39
- Other changes in fixed assets	117	1
Total cash flow from (to) investment activities	-1,106	-1,211
- Change in loans	2,196	1,547
- Other transactions in the net equity	-18	-23
- Dividends	-402	-422
Total cash flow from (to) financial activities	1,776	1,102
Total cash flow for the period	1,380	945
Closing cash and cash equivalents and intercompany account	2,494	1,114

* For reconduction to Terna SpA's accounting statements, refer to the paragraph "Terna SpA's economic and financial management" of the Management Report of 2012 Terna S.p.A.'s and the Terna Group's Annual Financial Report.