

TERNA: BOARD OF DIRECTORS APPROVES THE GROUP'S 2013-2017 STRATEGIC PLAN

4.1 BILLION EUROS OF GRID INVESTMENTS

CONFIRMED ALSO COMMITMENT ON NON TRADITIONAL ACTIVITIES

DIVIDEND POLICY CONFIRMED

- **Traditional Activities:** 4.1 billion euros of investments for grid maintenance and development, of which about 300 million euros for storage systems.
- **Non Traditional Activities:** expected a pipeline of activities for a value of about 400 million euros cumulated and an additional potential of 900 million euros in the Plan period.
- **Margins Enhancement:** during the Plan period, expected a strengthening of the Ebitda Margin, that will exceed 80% in 2017.
- **Strong financial structure:** during the Plan period, confirmed a strong capital structure and an improvement of the financial ratios.
- **Dividend policy confirmed:** a base dividend of 19 eurocents per share from Traditional Activities, on top of which the contribution from Non Traditional Activities will be added (60% pay out on results).

Rome, February 6, 2013 – TERNA S.p.A.'s Board of Directors that met today, chaired by Luigi Roth, approved the 2013-2017 Strategic Plan, presented by CEO Flavio Cattaneo who will illustrate it together with the 2012 Preliminary Consolidated Results during a meeting with the financial community and the media.

"Electricity infrastructures - commented CEO, Flavio Cattaneo – are a priority for the Country and represent a key driver for growth, development and employment also at a European and Mediterranean level: from 2005 6.5 billion euros already invested by Terna in specific projects stand to witness that huge benefits can be brought to the community and at the same time to a company and its shareholders. We have once again overcome a very difficult year with increasing results that reward the excellent job carried out by Terna's team. The new Plan continues to have ambitious targets: completing the upgrade and the development of the National Transmission Grid and exploring new business opportunities in Non Traditional activities in Italy and abroad, which are already offering an important contribution. We will continue pursuing efficiency, safety and lower costs for the electricity system based on these two strategic aspects, to the advantage of all, businesses and communities, and to create value for our shareholders, who we believe will be once more extremely satisfied".

2013-2017 STRATEGIC PLAN

Traditional Activities

Priority to grid development also by introducing new technology

In the next 5 years Terna Group will invest, in activities regulated by the Electricity and Gas Authority (AEEG), **4.1 billion euros for the Electricity Grid's safety and modernization**, of which 83% for Grid development. Of these 4.1 billion euros, **about 300 million euros will be allocated to the development of storage systems**.

In the medium and long term, the **2013 National Development Plan confirms investments for 7.9 billion euros**.

The Plan's **priorities** are to **increase the Net Transfer Capacity** with foreign countries and **reduce bottlenecks** between and inside market zones or due to the use of renewable plants.

Terna currently has over **150 building sites open** throughout the Country, for a value of **3 billion euros**. At present, there is an overall of **1,200 km of new sustainable and technological grid being built and 60 new stations**. Once completed, the projects will allow the **removal of 850 km of old lines**. The main projects being implemented include: the 380 kV Foggia-Benevento power line, between Puglia and Campania; the 380 kV "Trino-Lacchiarella" power line, between Lombardia and Piemonte; the 380 kV "Dolo-Camin" power line, between Venezia and Padova, doubling the electricity connection between Sicilia and Calabria, "Sorgente-Rizziconi*", two new interconnections with foreign countries, namely "Piossasco-Grand'Ile*", between Italy and France and "Villanova-Tivat", between Italy and Montenegro. The future structures will bring technological, environmental and sustainability innovation and this will lead to a 1 mln ton reduction of CO2 emissions. In particular, 70% of the overall length of our 6 top development projects (i.e. over 1.000 km) will be made using submarine and underground cables, whilst last generation pylons (i.e. single pole pylons and "Germoglio" supports) will cover 60% of overhead segments.

Non traditional activities

Fine-tuned the business model

Terna strategy allows to consolidate a pipeline of about **400 million euros**, developing activities in the field of engineering, O&M and housing of fibre optic. Further potential 900 million euros, could be added, but they are not currently included in the Plan.

Improved margins

Eighth year of growth

Increased revenues and cost control will allow to achieve an additional increase in profitability. The Ebitda margin at the end of the Plan should exceed 80%.

Strong financial structure

Ongoing commitment to strengthen capital ratios

The 2013-2017 Plan set a lower increase of the financial debt for an amount of 600 million euros compared to previous plan (1 billion euros compared to 1.6 billion euros).

The capital structure remains solid: during the Plan period the ratio between **Net debt and RAB will be lower than 60% in all the plan years** and we foresee that the ratio between Net debt and Ebitda will improve and reach a value below 4x at the end of the Plan.


Dividend policy confirmed

The 2013-2017 plan confirms the Terna S.p.A. dividend policy announced last year: in the Plan period is expected a base dividend from **Traditional Activities** equal to 19 eurocents per share, on top of which the contribution from Non Traditional Activities will be added (60% pay out on results).

At 11.30am a meeting with the financial community and the media will be held to present corporate strategy and 2012 Preliminary Consolidated Results. The support material for the meeting will be available on Borsa Italiana S.p.A.'s website (www.borsaitaliana.it) and on the Company's website (www.terna.it in the Investor Relations section), at the beginning of the meeting. In the same section the presentation can be followed via video web streaming.

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

- Ebitda (Gross operating margin): represents an indicator of the operating performance; it is calculated by adding amortization to the Operating Income (EBIT);
- Ebitda margin: represents an indicator of the operating performance; it derives from the ratio between the Gross Operating Margin (Ebitda) and revenues;
- Net financial debt: represents an indicator of the company's own financial structure; it is calculated according to the short and long term financial debt and relative derivatives, net of cash and cash equivalents and of financial assets.

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