

2010 CONSOLIDATED PRELIMINARY FIGURES EXAMINED 2011-2015 STRATEGIC PLAN PRESENTED

INCREASE IN THE 2010 RESULTS DESPITE THE UNFAVORABLE ECONOMIC SITUATION

- *Double-digit growth of all indicators, record high from the IPO*
- *Ebitda increasing by 17%, grid investments saw a 30% increase, reaching 1.2 billion euros; to these we must add all photovoltaic investments*

2011-2015 PLAN: ADDITIONAL INVESTMENTS ON THE GRID AND NEW FOCUS ON NON-TRADITIONAL ACTIVITIES

- **Traditional Regulated Activities:** *5 billion euros (+15%) of grid investments, profitability increased from the present 74% to 78%*
- **Non-Traditional Activities:** *we tripled our investments commitment up to 1 billion euros*

Solid financial structure: net financial debt still lower than 60% of the regulated invested capital during the Plan period

Dividend policy confirmed: 4% annual growth, plus the integration deriving from the possible sale of Non-Traditional Activities

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Rome, February 14, 2011 – In today's meeting, chaired by Luigi Roth, TERNA SpA's Board of Directors examined the 2010 preliminary consolidated figures and approved the 2011-2015 Strategic Plan. The results and the Plan are illustrated by CEO Flavio Cattaneo during a meeting with the financial community and the media.

2010 CONSOLIDATED PRELIMINARY FIGURES¹

2010 results, the highest from the IPO of June 2004, registered a double-digit increase of all indicators, despite an unfavorable economic situation.

Consolidated revenues exceeded 1,580 million euros, a 14% increase compared to 2009. Increased revenues reflected the tariff trends, the results of the subsidiary TELAT over the 12 months and the valorization of incentives linked to the reduction of the volumes on the Dispatching Services Market (AEEG resolution 213/09).

Ebitda (Gross Operating Margin) stood at over 1,170 million euros, a 17% increase compared to 2009. The **Ebitda margin** stood at 74%, a 200 bps increase compared to 2009.

¹ Figures are calculated net of the data referred to the RTR Group, reclassified within "activities intended for sale"

Investments for continuing activities reached 1,160 million euros, a 30% increase compared to last year. Approximately 850 million regarded development projects, confirming the timely implementation of the Development Plan of the National Transmission Grid. Moreover, investments in the photovoltaic project have reached about 300 million euros.

Net financial debt of continuing activities was equal to 4,722 million euros, increasing compared to the 3,758.2 million euros at the end of 2009; the financial debt's increase was mainly attributable to the investment trend and, marginally, to the impact of pass-through items on the working capital. Net debt does not yet take into account the positive effects of the disposal of the Renewable Grid.

2011-2015 STRATEGIC PLAN

Increased investments: from 4.3 to 5 billion euros (+15%) for traditional regulated activities; we have tripled our investments for non-traditional activities: allocated up to 1 billion euros.

Traditional Regulated Activities

In the next 5 years, approximately 5 billion euros will be invested for modernizing the grid, 700 million euros (+15%) more compared to what was announced in the previous Plan (4.3 billion euros). Development investments eligible to receive incentives represented nearly 82% of the total and increased from 3.3 billion euros to 4 billion euros. The increased investments were reflected on the Regulated Asset Base, or RAB, that grew from 9 billion euros to 12.4 billion euros at the end of the plan, a compound annual growth of 6.6%. Investments in regulated activities equal an annual average of approximately 1 billion euros. For Terna this represents an important yet sustainable challenge, as already demonstrated by the significant results obtained in the last few years.

Implementing all the projects is expected to involve 200 companies for a total work force of 10,000 people.

The Plan also includes restructuring the electricity grid in the country's largest metropolitan areas: Milan, Turin, Genoa, Rome, Naples and Palermo. Furthermore, we must add the new power stations for collecting and inputting renewable energy into the grid and the equipment for regulating electricity and voltage flows.

Below are listed the major strategic works that concern the northern area of the country: Piedmont, Lombardy, Veneto and Friuli; the central area of the country: Tuscany, Emilia Romagna, Abruzzo and Sardinia; the southern area of the country: Campania, Puglia, Calabria and Sicily.

Northern Area

- New Italy-France interconnection*
- Trino-Lacchiarella (Piedmont-Lombardy) electricity line
- Dolo-Camin-Fusina (Veneto) electricity line
- Chignolo Po – Maleo (Lombardy) electricity line
- Redipuglia-Udine Ovest (Friuli) electricity line

Central Area

- Italy-Montenegro interconnection
- New Sardinia-Corsica-Italy (Sa.Co.I.) connection
- Colunga-Calenzano (Tuscany-Emilia) electricity line
- Elba-mainland connection

Southern Area

- Capri-mainland (Campania) connection
- Montecorvino-Avellino-Benevento (Campania) electricity line
- Foggia – Benevento (Puglia – Campania) electricity line
- Sorgente-Rizziconi (Sicily – Calabria) connection*
- Paternò-Pantano-Priolo (Sicily) electricity line

Non Traditional Activities

Terna, although having as priority the maintenance of its financial solidity profile, is analyzing investment opportunities also in non-traditional activities, relying on its expertise and know-how acquired during the management of big infrastructures and its extensive knowledge of the electricity market. We have tripled our investments for this kind of activities, allocating up to 1 billion euros.

In particular, 2011 will see the development of an additional portfolio of photovoltaic projects for approximately 50 MWP. Investments opportunities in the energy efficiency sector and for building and managing grid infrastructures for the connection of renewable capacity to the local Grid in the Balkan area will also be examined. In the light of an appropriate regulatory regime, investments in the energy storage sector, aimed at improving grid efficiency and safety in the most congested areas due to the presence of renewable source plants may also be taken into consideration.

Improved margins: from 74% to 78%

Increased revenues and costs control will allow to improve the Group's profitability from the current 74% to 78% at the end of the Plan period.

From 2011 to 2015, the compound annual growth for Grid fees will be approximately 6%, thanks to increased investments. Core opex will remain stable despite the significant increase in investments.

Solid financial structure: net financial debt lower than 60% of the regulated invested capital

Cash absorption generated by the investment plan and by the dividend policy will lead to a 2.6 billion euros increase in the net financial debt at the end of the Plan, lower than what indicated in the previous industrial Plan.

Capital structure will remain solid: during the Plan period, the ratio between debt and the Regulated Asset Base (RAB) will remain well below 60%. Debt conditions, also linked to the Group's excellent rating, will remain highly competitive.

Dividend policy confirmed: 4% annual growth

The 2011-2015 Strategic Plan confirms the dividend policy. As already occurred with the sale of Terna Participações, a part of the capital gains registered with the sale of non-traditional activities may integrate the above-mentioned policy that implies an annual 4% growth, based on 2008 as reference year.

The support material for the Analyst Presentation will be available on Terna's website at www.terna.it, in the Investor Relations Section, concomitant with the start of the Analyst Presentation.

In the same section it will be possible to follow the presentation in videowebstreaming.

In this report various "alternative performance indicators" (Ebitda, Ebitda Margin and Net Financial Debt), are used whose meanings and contents are illustrated below pursuant to CESR/05-178b recommendation published on November 3, 2005:

- Ebitda (gross operating margin): represents the operating performance indicator; it is calculated by adding amortizations to the operating result (Ebit);
- 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 own financial structure; it is determined according to the short and long term financial debt and relative derivatives, net of cash and cash equivalent and of financial activities.

The officer responsible for preparing Terna's accounting documents, Mr. Luciano di Bacco, certifies that in compliance with the requirements of paragraph 2 of art. 154-bis of the Consolidated Finance Act, the financial information included herein reflects the accounting entries, records and the books.



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