

TERNA'S BOARD OF DIRECTORS: RESULTS AS OF SEPTEMBER 30, 2014 APPROVED

- **Revenues** at 1,447.7 million euros (1,401.2 million euros in 9M13, +3.3%)
- **EBITDA** at 1,134.8 million euros (1,133 million euros in 9M13, +0.2%)
- **Net profit** at 417.8 million euros (411.6 million euros in 9M13, +1.5%)
- **2014 Interim dividend** of 7 eurocents per share

Rome, November 12, 2014 – CEO Matteo Del Fante presented the results of the first nine months and third quarter of 2014, which were examined and approved by TERNA S.p.A.'s Board of Directors ("Terna") that met today chaired by Catia Bastioli.

"Results for the first nine months of the year were positive - said Matteo Del Fante, Terna's CEO - confirming once again the efficiency and strength of the company, despite an unfavorable economic environment. We continue our commitment to the development of the national transmission grid - said Del Fante - also in view of the integration of the European networks. We are constantly monitoring the market for new opportunities, which we will consider only if their industrial potential is proven and if they can help to create value for our shareholders, to whom today we confirm the interim dividend for 2014".

CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST 9 MONTHS OF 2014

<i>Figures in million euros</i>	First 9 months of 2014	First 9 months of 2013	% Change
Revenues	1,447.7	1,401.2	+3.3%
EBITDA (Gross Operating Margin)	1,134.8	1,133	+0.2%
EBIT (Operating Profit)	791.4	810.7	-2.4%
Net profit for the period	417.8	411.6	+1.5%

Revenues for the first nine months of 2014 amounted to 1,447.7 million euros, an increase of 46.5 million euros (+3.3%) compared to the same period of 2013. This increase was mainly related to non traditional activities (+43.6 million euros), essentially for revenues by the Tamini Group since acquisition (38.6 million euros) and increased activities on third party plants.

Operating costs amounted to 312.9 million euros, with an increase compared to the first nine months of 2013 (+44.7 million euros), mainly due to the operating costs recorded by the operation of the Tamini Group (37,7 million euros) and other non recurring items.

Group **EBITDA** (Gross Operating Margin) came to 1,134.8 million euros, increasing by 1.8 million euros (+0.2%) compared to the first nine months of 2013. The **EBITDA margin** fell from 80.9% in the first nine months of 2013 to 78.4% in the corresponding period of 2014 (**EBITDA margin** was 80.5% on a like-for-like basis).

Amortization, depreciation and write-downs for the period amounted to 343.4 million euros, up 21.1 million euros compared to the same period in 2013, mainly due to the commissioning of new plants.

EBIT (Operating Profit) amounted to 791.4 million euros, showing a decline from 810.7 million euros in the first nine months of 2013 (-2.4%).

Net financial charges for the period, equal to 99.8 million euros, were up 28.9 million euros compared to 70.9 million euros in the same period of 2013, which benefited from higher financial income mainly due to more favorable rates.

Profit before taxes stood at 691.6 million euros, decreasing by 48.2 million euros compared to the same period of the previous year (-6.5%).

Income taxes for the period amounted to 273.8 million euros and are reduced by 54.4 million euros (-16.6%) compared to the same period of the previous year, mainly as a result of the reduction in the additional IRES amount, provided for by Decree Law no. 138 of 13/08/2011 (so-called Robin Hood Tax), which decreases from 10.5% to 6.5%, with the IRES rate at 34% (compared to 38% in 2013).

As a result, **net profit for the period** came to 417.8 million euros, up 6.2 million euros (+1.5%) compared to 411.6 million euros for the first nine months of 2013.

Consolidated shareholders' equity as of September 30, 2014 registered **Net Shareholder's Equity** of 3,110.4 million euros compared to 2,940.6 million euros as of December 31, 2013.

Total investments of the Group were in line with the Strategic Plan and amounted to 652.4 million euros (758 million euros in the same period of 2013), reflecting the commissioning of strategic plants such as the Trino-Lacchiarella and Foggia-Benevento lines.

Net financial debt stood at 6,688.1 million euros as at September 30, essentially in line with 6,625.1 million euros as at December 31, 2013.

As at the end of September 2014, the **Group headcount** was 3,823. This figure includes the employees of the Tamini Group.

THIRD QUARTER 2014 INCOME STATEMENT RESULTS

During the third quarter of 2014 the Group's **revenues** totaled 497.8 million euros, with an increase of 15.4 million euros (+3.2%) compared to the same period of 2013, essentially reflecting the consolidation of the Tamini Group and the performance recorded by some of non traditional activities.

Operating costs in the third quarter of 2014 amounted to 115.5 million euros, compared to 82 million euros in the third quarter of 2013, mainly due to the costs related to the companies of the Tamini Group.

As a result, **EBITDA** came to 382.3 million euros, compared to 400.8 million euros in the same period of the previous year (-4.6%). This reduction primarily reflects **non-recurring effects** both on revenues and on operating costs. **EBIT** came to 274 million euros, down 6.2%, after depreciation and amortization of 108.3 million euros.

Net profit for the period came to 143.8 million euros, after taxes for the period of 94.7 million euros.

SIGNIFICANT EVENTS OCCURRED AFTER SEPTEMBER 30, 2014

By letter dated October 30, 2014 (statement pursuant to Article 120 of the Consolidated Law on Finance) the parent Cassa Depositi e Prestiti S.p.A. (CDP) informed Terna that on October 27, 2014, as part of the opening of the share capital of CDP Reti to third party investors, the entire equity investment held by CDP in Terna, consisting of 599,999,999 shares, representing 29.851% of the share capital, was transferred to CDP Reti S.p.A. At the date of the mentioned communication, CDP Reti S.p.A. was a wholly owned subsidiary of Cassa Depositi e Prestiti S.p.A.; as a result, the actual control exercised by CDP over Terna has not changed and is as declared by the Parent Company in its Communication of April 19, 2007.

2014 INTERIM DIVIDEND OF 7 EUROCENTS PER SHARE

In view of the financial and equity position and income statement results achieved by Terna S.p.A. in the first half of 2014 and the information about the economic prospects and business outlook for the current financial year, the Board of Directors of Terna S.p.A, having today received the opinion from the Auditing Company PricewaterhouseCoopers (PwC) required under Article 2433 bis of the Italian Civil Code, has resolved to pay the ordinary interim dividend for the year 2014 in the amount of 7 eurocents per share, in accordance with the dividend policy announced on March 25, 2014. The interim dividend, net of any withholdings required by law, will be payable from November 26, 2014 (record date pursuant to Article 83-terdecies of Legislative Decree no. 58 of February 24, 1998 known as the "Consolidated Law on Finance": November 25, 2014), with "ex-dividend" date of coupon no. 21 on November 24, 2014.

At 4:00 pm a conference call will be held to present the results of the first nine months of 2014 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 on 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. The Presentations will also be made available via the SDIR-NIS system, on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) through the authorized storage service "1Info" (www.1info.it).

Terna has prepared the Interim Management Report as of September 30, 2014 in compliance with Article 154-ter of Italian Legislative Decree 58/98 (Consolidated Law on Finance) and Consob Communication no. DEM/8041082 of April 30, 2008.

The reclassified Consolidated Income Statement, Balance Sheet and Statement of Cash Flows of the Terna Group are attached.

In compliance with Directive no. DME/9081707 dated September 16, 2009, such statements are included in the Interim Management Report of the Terna Group as of September 30, 2014. These are not subject to auditing on the part of the auditing company.

The Interim Report as of September 30, 2014 shall be made available to the public at the Company's registered office, published on the Company's website (www.terna.it) and on the internet site of the authorized storage service "1Info" (www.1info.it), and filed at the stock exchange management company Borsa Italiana S.p.A. (www.borsaitaliana.it), by the deadline set out by law. The information required on filing shall be provided.

The Executive in Charge of preparing the company's financial reports, Pierpaolo Cristofori, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance (TUF), declares that the accounting information included in this press release corresponds to the document results, books and accounting records.

Terna Group's Reclassified Income Statement

III quarter				January 1 - September 30				
2014	2013	Δ	Δ%		2014	2013	Δ	Δ%
Million euros								
Revenues:								
422.1	422.0	0.1	0.0%	- Transmission fees (1)	1,238.7	1,241.8	(3.1)	(0.2%)
30.2	29.6	0.6	2.0%	- Dispatching fees (1)	87.7	84.8	2.9	3.4%
40.0	25.6	14.4	56.3%	- Other revenues and income	103.4	57.6	45.8	79.5%
3.3	2.1	1.2	57.1%	<i>of which other revenues from Traditional Activities (1)</i>	15.8	13.6	2.2	16.2%
36.7	23.5	13.2	56.2%	<i>of which revenues from Non-Traditional Activities</i>	87.6	44.0	43.6	99.1%
5.5	5.2	0.3	5.8%	- Revenues from construction activities under concession (2)	17.9	17.0	0.9	5.3%
497.8	482.4	15.4	3.2%	Total revenues	1,447.7	1,401.2	46.5	3.3%
Operating costs:								
57.6	39.1	18.5	47.3%	- Personnel expenses	161.4	139.5	21.9	15.7%
31.7	25.8	5.9	22.9%	- Services, leases and rentals	89.9	82.7	7.2	8.7%
15.4	3.0	12.4	413.3%	- Materials	30.0	7.8	22.2	284.6%
5.3	8.5	(3.2)	(37.6%)	- Other expenses	13.7	21.2	(7.5)	(35.4%)
5.5	5.2	0.3	5.8%	- Costs from construction activities under concession (2)	17.9	17.0	0.9	5.3%
115.5	81.6	33.9	41.5%	Total operating costs	312.9	268.2	44.7	16.7%
382.3	400.8	(18.5)	(4.6%)	GROSS OPERATING MARGIN	1,134.8	1,133.0	1.8	0.2%
108.3	108.6	(0.3)	(0.3%)	Amortization and Depreciation	343.4	322.3	21.1	6.5%
274.0	292.2	(18.2)	(6.2%)	OPERATING PROFIT	791.4	810.7	(19.3)	(2.4%)
(35.5)	(28.2)	(7.3)	25.9%	- Net financial income (expense)	(99.8)	(70.9)	(28.9)	40.8%
238.5	264.0	(25.5)	(9.7%)	PROFIT BEFORE TAX	691.6	739.8	(48.2)	(6.5%)
94.7	116.1	(21.4)	(18.4%)	- Income taxes for the period	273.8	328.2	(54.4)	(16.6%)
143.8	147.9	(4.1)	(2.8%)	NET PROFIT FOR THE PERIOD	417.8	411.6	6.2	1.5%
143.8	147.9	(4.1)	(2.8%)	- <i>Attributable to the Shareholders of the Group</i>	417.8	411.6	6.2	1.5%

- (1) Revenue from Traditional Activities includes revenues of the items "Transmission Fees" "Dispatching Fees" and "Other revenues and income".
- (2) Recognized in accordance with IFRIC 12 "Service Concession Arrangements".

Terna Group's Reclassified Statement of Financial Position

	as at 30/09/2014	as at 31/12/2013	Δ
<i>Million euros</i>			
Net fixed assets			
- Intangible assets and goodwill	448.9	461.8	(12.9)
- Property, plant and equipment	10,457.8	10,119.9	337.9
- Financial assets	84.8	82.8	2.0
Total	10,991.5	10,664.5	327.0
Net working capital			
- Trade receivables	647.1	846.1	(199.0)
- Trade payables	551.9	780.0	(228.1)
- Net liabilities let-through lots	411.4	407.3	4.1
- Net tax liabilities	138.4	(32.9)	171.3
- Inventories	18.5	8.0	10.5
- Other assets	142.5	95.5	47.0
- Other liabilities	457.8	441.3	16.5
Total	(751.4)	(646.1)	(105.3)
Gross invested capital	10,240.1	10,018.4	221.7
Sundry provisions	441.6	452.7	(11.1)
NET INVESTED CAPITAL	9,798.5	9,565.7	232.8
Group's Net Equity	3,110.4	2,940.6	169.8
Net financial debt	6,688.1	6,625.1	63.0
TOTAL	9,798.5	9,565.7	232.8

Terna Group's Cash Flow

<i>Million euros</i>	<i>Cash flow 30/09/2014</i>	<i>Cash flow 30/09/2013</i>
Opening cash and cash equivalents	1,617.1	2,510.1
- Net profit for the period	417.8	411.6
- Amortization and Depreciation	343.4	322.3
- Net change in provisions	(11.1)	(36.7)
<i>of which contribution from Tamini Group*</i>	5.6	-
- Net financial charges	99.8	70.9
- Net losses (gains) on asset disposals	(0.9)	(0.9)
Self-financing	849.0	767.2
- Change in net working capital	105.3	(192.3)
<i>of which contribution from Tamini Group*</i>	(32.0)	-
Cash Flow from operating activities	954.3	574.9
Investments		
- Total investments	(652.4)	(758.0)
- Other changes in net fixed assets	(16.5)	(5.4)
<i>of which contribution from Tamini Group*</i>	(17.7)	-
- Change in equity investments	(0.6)	(1.1)
Total cash flow from (to) investing activities	(669.5)	(764.5)
- Change in loans	495.9	(87.9)
- Other changes in equity attributable to owners of the Parent	13.3	37.1
- Dividends to shareholders of the Parent Company	(261.3)	(261.3)
- Net financial charges	(99.8)	(70.9)
Total cash flow from (to) financial activities	148.1	(383.0)
Total cash flow for the period	432.9	(572.6)
Closing cash and cash equivalents	2,050.0	1,937.5

* Initial value at the acquisition date of May 20, 2014.