

TERNA'S BoD: RESULTS APPROVED AS OF SEPTEMBER 30, 2009 AND INTERIM DIVIDEND FOR 2009 RESOLVED OF 7 EURO CENTS PER SHARE

- **Revenues at 996.8 million Euros (886.5 million in 9M08*, +12.4%)**
- **Ebitda at 763.8 million Euros (645.9 million in 9M08*, +18.3%)**
- **Ebit at 540.4 million Euros (461.7 million in 9M08*, +17%)**
- **Group's Net Income at 320 million Euros (283 million in 9M08*, +13.1%)**
- **Investments at 570.8 million Euros (481,3 million in 9M08, +18.6%)**
- **2009 interim dividend at 7 Euro cents per share, to be paid as of November 26**

Rome, 10 November, 2009 – Terna's CEO presented the results of the first nine months and of the third quarter of 2009, which were examined and approved by TERN A SpA's ("Terna") Board of Directors at a meeting held today and chaired by Luigi Roth.

CONSOLIDATED FINANCIAL RESULTS¹

Million Euros	9M 2009	9M 2008*	Change %
Revenues	996.8	886.5	+12.4%
Ebitda (Gross operating margin)	763.8	645.9	+18.3%
Ebit (Operating income)	540.4	461.7	+17%
Group's Net income	320	283	+13.1%

* With reference to the financial balances of the first nine months of 2008, these were recalculated based on the re-classification of the Brazilian activities as "Discontinued Operations"

CEO Flavio Cattaneo commented: *"The Company is solid and the results of the first nine months are very satisfactory, particularly considering the current economic scenario. In 2009 we closed two milestone transactions: the acquisition of TELAT and the sale of Terna Participações, that allow us to look at FY 2009 with a positive growth trend. All management team is now looking to the investment opportunities in the Grid and to other non-regulated businesses. The positive results have once again allowed value creation for the shareholders"*.

FOREWORD

The Interim Report of the Group as of September 30, 2009 was drawn up according to the provisions of art.154-ter of Legislative Decree 58/98 introduced by Legislative Decree No. 195 dated November 6, 2007, 195 (known as the "Transparency Decree"), that does not require an informative report in compliance with the IAS 34.

CONSOLIDATED FINANCIAL RESULTS

Revenues for the first nine months of 2009, equaled 996.8 million Euros (933.4 million Euros for the Parent Company and 63.4 million Euros for the subsidiary Terna Linee Alta Tensione S.r.L. "TELAT"), and increased by 12.4% (approximately 110.3 million Euros) compared to 886.5 million for the same period in 2008. This increase was mainly due to higher Grid usage fees (equal to

+81.8 million Euros) attributable to the Parent Company for 20.5 million Euros, essentially owing to the mitigation system (resolution by the Authority for Energy and Gas no. 188/08) for neutralizing up to a range of +/-0,5% the effects of the annual variations of electricity transmitted; and to the contribution of the subsidiary TELAT for +61.3 million Euros relative to the Grid usage fee for the last six months of 2009 following the acquisition by Terna, that was finalized on April 1, 2009.

Operating Costs equaled 233 million Euros as of September 30, 2009 (230.2 million Euros for the Parent Company) and were reduced compared to the same period last year by 7.6 million Euros (-3.2%), mainly due to the partial release of the Energy Discount Fund (-26.8 million Euros) on labor costs following the re-calculation of the number of retirees entitled to this benefit sustained by Terna; this reduction was partially offset by the increase of other operating costs deriving principally from the ordinary management of the Parent Company and from expanding its field of activity following the acquisition of TELAT.

The **Ebitda** (Gross Operating Margin) stood at 763.8 million Euros, increasing by approximately 117.9 million Euros compared to the figures for the first nine months of 2008 (+18.3 %).

The **Ebitda margin** stood at 76.6%, increasing compared to 72.9% of the first nine months of 2008.

Depreciation in the period increased by 39.2 million Euros, attributable to the Parent Company (18.4 million Euros), principally for the entrance into operation of new plants, and to the subsidiary TELAT for 20.8 million Euros.

The **Ebit** (Operating Result) equaled 540.4 million Euros, increasing by approximately 17% compared to 461.7 million Euros for the same period in 2008.

Net financial charges in the period equaled 121.4 million Euros, entirely attributable to the Parent Company, and revealed a significant increase compared to 61.7 million for the same period in 2008. This was essentially attributable to the occurrence - during the first nine months of activity- of proceeds on derivatives for 33.2 million Euros as well as to a greater average net debt that was partially offset by a reduction in interest rates (24.2 million).

Income taxes for the period equaled 150.5 million Euros (143.8 million Euros as of September 30, 2008), and confirmed the tax percentage on results before taxes at 35,9%, in line with 36.0% for the first nine months of the previous year.

The **net income** stood at 340.1 million Euros (296.9 million as of 30 September 2008, +14.6%).

The **Group's Net Income**, including the results of sales activities, namely the Brazilian subsidiaries (equal to 71.6 million Euros), after Minority interests (equal to 20.1 million Euros), equaled approximately 320 million Euros, increasing compared to 283 million Euros of the same period in 2008 (+13.1%).

The consolidated balance sheet as of September 30, 2009 registered a **Net Shareholders' Equity** equal to 2,299.7 million Euros, of which Group Shareholders' Equity equal to 2,170.8 million Euros (compared to 2,163.7 million Euros as of December 31, 2008, 2,076.8 million Euros of which of the Group).

Net Financial Debt, only for TERNA SpA, (including the existing loan to Terna Participações that was repaid in October) and for its Italian subsidiaries equaled 4,292.7 million Euros. This amount does not include the proceeds from the sale of the Brazilian activities that occurred after September 30.

The **debt/equity ratio** (effective net financial debt of continued activities/Group's net total shareholders' equity) as of September 30, 2009 equaled 1.98.

Investments made by the group for its continued activities for the first 9 months of 2009 equaled 570.8 million Euros, increasing by 18.6% compared to the same period in 2008.

Headcount of the Group, at the end of September 2009, totaled 3,733 employees (220 of which working in the Brazilian subsidiaries) substantially in line with the figures as of December 31, 2008.

CONSOLIDATED FINANCIAL RESULTS AS OF THE THIRD QUARTER OF 2009

Million Euros	3rd quarter 2009	3rd quarter 2008*	Change%
Revenues	340.4	312.2	+9%
Ebitda (Gross Operating Margin)	256.8	236.5	+8.6%
Ebit (Operating Result)	177.4	173.2	+2.4%
Group's Net income	112.5	77.5	+45.2%

*With reference to the financial balances of the third quarter of 2008, these were recalculated based on the reclassification of the Brazilian activities as 'Discontinued Operations'

During the third quarter of 2009, the Group's **revenues** amounted to 340.4 million Euros, increasing by 28.2 million Euros (+9%) compared to the same period in 2008 owing, essentially to the effect of higher revenues from electricity transportation on the Grid for 26.3 million Euros attributable to the combined contribution of TELAT acquired on April 1, 2009, and offset in particular by the greater positive adjustments relating to the Parent Company during the third quarter of 2008.

Operating costs equaled 83.6 million Euros, increasing by 7.9 million Euros.

The **Ebitda** stood at 256.8 million Euros, with a variation of 20.3 million Euros (+ 8.6%) compared to the same period last year (236.5 million Euros).

The **Ebit** stood at 177.4 million Euros, increasing by 2.4% compared to the third quarter of 2008. During the period, a depreciation of 79.4 million Euros was allocated, increasing by 16.1 million Euros (attributable for nearly 10 million to the subsidiary TELAT) compared to 63.3 million Euros for the same period in 2008.

The **net income** stood at 120.4 million Euros (79.8 million Euros in the third quarter of 2008, +50.9%). The **Group's net income**, after Minority interests, equaled 7.9 million Euros, standing at 112.5 million Euros, increasing by 45.2% compared to 77.5 million Euros in the third quarter of 2008.

BUSINESS OUTLOOK

As announced, on November 3, 2009 the Company completed the sale of its controlling stake in Terna Participações ("Terna Part"). For detailed information regarding this transaction, reference should be made to the press release issued on that date.

With regard to the financial evolution of the upcoming months, 2009 is expected to end with higher revenues compared to the previous year, mainly thanks to the positive impact of the consolidation of TELAT.

With regard to costs, these will increase in the last quarter of the year mainly due to operating activities and to the trend of personnel costs, that will be affected by the unitary cost and by the average headcount.

Depreciations are also expected to increase, due to the entrance into operation of new plants, as well as to the expanded field of activity.

With regard to the financial charges, during the last quarter of the year, there will be a limited reduction of this item compared to the average of the previous quarters, thanks to the expected interest rate trend. The sale of the Brazilian subsidiary will also lead to a significant capital gain, that will impact the Consolidated Net Income at the end of the year for an amount in excess of 400 million.

2009 INTERIM DIVIDEND OF 7 EURO CENTS PER SHARE AND RELATIVE RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS AS PER THE PRESS RELEASE DATED NOVEMBER 3, 2009

Based on the results obtained, and also in view of the expected business outlook for the year, the Board of Directors, having obtained today the opinion from the external auditors, KPMG, as envisaged by article 2433bis of the Civil Code, also resolved the distribution of the 2009 interim dividend in the amount of 7 Euro cents per share, increasing by 18.2% compared to the 2008 interim dividend.

The interim dividend, gross of any withholdings taxes, will be paid as of November 26, 2009, following the registration date of coupon no. 11 on November 23, 2009.

Furthermore, as announced in the press release dated November 3, 2009, the Board of Directors resolved today Terna's new dividend policy. The new policy envisages a 4% annual growth in dividends, with 2008 as the new reference year, and no longer 2005 - as previously announced during the presentation of the 2009-2013 Strategic Plan; it also confirmed semi-annual coupons, divided into interim and final dividends. Furthermore, the Board resolved to devote a part of the proceeds from the sale of Terna Part (equal to approximately 150 million Euros) to integrate the above-mentioned policy. This amount will be distributed over the next 4 years (2009-2012).

At 4:15 pm, a conference call will be held to present the results of the first nine months and of the third quarter of 2009 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 website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on Terna's website (www.terna.it) in the Investor Relations section at the beginning of the conference call. In the same section it will also be possible to follow the presentation through audio webcasting.

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

With references to the balances of the first 9 months of 2008 in the attached reclassified charts, adjusted considering the reclassification of the Brazilian activities as "Discontinued Operations", the items were recalculated that were affected by the application carried out by the Terna Group as of December 31, 2008 of the new version of the IAS 23-Financial Charges and of the consequences of the purchase price allocation, as established by the IFRS 3, relative to foreign acquisitions definitely reported in the 2008 Financial Statements. These charts, included in the

Half-Year Management Report as of September 30, 2009, were reconciled with the statements included in the same document.

The Management Report as of September 30, 2009, not subject to auditing, will be made available to the public within November 14, 2009 at the company's registered office and at the Borsa Italiana S.p.A.'s office and will also be available on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) and on Terna's website (www.terna.it). The required informative report will also be provided regarding the deposit of the Report.

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.

¹ In this release, some "alternative performance indicators" (Ebitda 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 result (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.

Terna Group's Reclassified Income Statement

January 1 – September 30

In millions of euros

	2009	2008*	Change	%
Revenues:				
- Grid transmission fees (1)	885.7	803.9	81.8	10.2%
- Other energy items (1)	53.1	32.6	20.5	62.9%
- Other revenues from sales and services (1)	26.6	26.5	0.1	0.4%
- Other revenues and income	31.4	23.5	7.9	33.6%
Total revenues	996.8	886.5	110.3	12.4%
Operating expenses:				
- Personnel expenses (2)	121.3	146.0	-24.7	-16.9%
- Services and use of third party assets	83.9	76.0	7.9	10.4%
- Materials (2)	11.5	6.3	5.2	82.5%
- Other expenses (3)	16.3	12.3	4.0	32.5%
Total operating expenses	233.0	240.6	-7.6	-3.2%
GROSS OPERATING PROFIT (EBITDA)	763.8	645.9	117.9	18.3%
Amortization and Depreciation (4)	223.4	184.2	39.2	21.3%
OPERATING PROFIT (EBIT)	540.4	461.7	78.7	17.0%
- Net financial income (expense) (5)	-121.4	-61.7	-59.7	96.8%
PRE- TAX PROFIT	419.0	400.0	19.0	4.8%
- Income taxes for the period	150.5	143.8	6.7	4.7%
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	268.5	256.2	12.3	4.8%
Profit for the period from assets held for sale	71.6	40.7	30.9	75.9%
PROFIT FOR THE PERIOD	340.1	296.9	43.2	14.6%
- Attributable to the shareholders of the Parent	320.0	283.0	37.0	13.1%
- Attributable to minority interests	20.1	13.9	6.2	44.6%

* For data reconciliation as of September 30, 2008 please refer to the paragraph "Reconciliation of alternative performance indicators pursuant to the CESR 05-178b recommendation" of the Terna Group's Interim Financial Report as of September 30, 2008, considering the reclassification of the Brazilian assets as "Discontinued Operations".

In the consolidated statements:

- (1) this figure is included under item "Revenues from sales and services";
- (2) including "Capitalised internal work" in the amount of €43.6 million under *Personnel expenses* and €7.3 million under *Materials*;
- (3) corresponds to "Other operating expenses" and "Amortization, depreciation and impairment losses" for the impairment (€2.7 million);
- (4) corresponds to "Amortization, depreciation and impairment losses" net of the impairment;
- (5) corresponds to the balance of the items described under points 1, 2, 3 of C- "Financial income/expense".

Terna Group's Reclassified Statement of financial position

<i>In millions of euros</i>	As of 30.09.2009	As of 31.12.2008*	Change
Net fixed assets			
- Intangible assets and goodwill	359.6	483.2	-123.6
- Property, plants and equipment	6,917.5	6,035.8	881.7
- Financial assets (1)	16.8	43.7	-26.9
Total	7,293.9	6,562.7	731.2
Net Working Capital			
- Trade receivables	1,157.1	1,730.4	-573.3
- Inventories	16.1	17.7	-1.6
- Other assets (2)	24.6	26.6	-2.0
- Trade payables	1,388.8	1,880.6	-491.8
- Net tax liabilities (3)	91.2	-11.9	103.1
- Other liabilities (4)	315.1	514.2	-199.1
Total	-597.3	-608.2	10.9
Gross invested capital	6,696.6	5,954.5	742.1
Sundry provisions (5)	590.3	425.0	165.3
Net invested capital for continuing operations	6,106.3	5,529.5	576.8
Net invested capital for assets held for sale	923.2	0.0	923.2
TOTAL NET INVESTED CAPITAL	7,029.5	5,529.5	1,500.0
Equity attributable to the shareholders of the Parent			
	2,170.8	2,076.8	94.0
Equity attributable to minority interests			
	128.9	86.9	42.0
Net financial debt of continuing operations:(6)	4,498.3	3,365.8	1,132.5
<i>Effective net financial debt at September 30, 2009, i.e. including effect of loan to Terna Participações (€ 205.6 million)</i>	4,292.7		
Net financial debt of assets held for sale	231.5	0,0	231.5
TOTAL NET FINANCIAL DEBT	4,729.8	3,365.8	1,364.0
Total	7,029.5	5,529.5	1,500.0

* For data reconciliation as of December 31, 2008 please refer to the Report on Management of the 2008 Annual Report of the Terna Group.

In the consolidated statements, these correspond to:

- (1) The items "Equity-accounted investees" and "Other non-current assets";
- (2) The items "Other current assets" net of other tax receivables (€12.1 million) and "Current financial assets";
- (3) The items "Tax assets", "Other current assets" for the value of other tax receivables (€12.1 million), "Other current liabilities" for the value other tax payables (€19.8 million) and "Income tax liabilities";
- (4) The items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (€82.1 million);
- (5) The items "Employee benefits", "Provisions for contingencies and charges" and "Deferred tax liabilities";

- (6) The items “Long-term loans”, “Current portion of long-term loans”, “Non-current financial liabilities”, “Cash and cash equivalents” and “Non-current financial assets”.

*Terna Group's Cash Flows **

<i>euro milioni</i>	Cash flows 30.09.2009	Cash flows 30.09.2008
Opening cash and cash equivalents	779.7	244.0
<i>of which cash and cash equivalents attributable to assets held for sale</i>	90.5	120.8
- Profit for the period	340.1	296.9
- Amortisation and depreciation	233.1	204.4
- Net change in provisions	-16.7	-33.3
- Net losses/(profits) on asset disposals	-1.7	1.1
Self-financing	554.8	469.1
- Change in net working capital	357.1	113.6
Cash flows from operating activities	911.9	582.7
Investments		
- Property, plant and equipment	-558.2	-472.4
- Intangible assets	-26.0	-17.8
- Other changes in non-current assets	-1,376.2	-205.8
- Change in equity investments	-23.1	-9.4
Total cash flows generated by/(used in) investing activities	-1,983.5	-705.4
- Change in loans	1,162.2	431.2
- Other changes in equity attributable to the shareholders of the Parent	-93.8	-0.6
- Dividends to the shareholders of the Parent	-197.7	-308.6
- Dividends to minority shareholders of foreign subsidiaries	-1.0	-18.9
- Other changes in equity attributable to minority interest	0.1	0.2
Total cash flows generated by/(used in) financial activities	869.8	103.3
Total cash flows for the period	-201.8	-19.4
Closing cash and cash equivalents	577.9	224.6
<i>of which Cash and cash equivalents attributable to assets held for sale</i>	153.0	88.8

* For the reconciliation with the consolidated accounting statements, please refer to the paragraph “Reconciliation of alternative performance indicators pursuant to the CESR 05-178b recommendation” of the Terna Group’s Interim Financial Report as of September 30, 2009.