

**TERNA'S BOARD OF DIRECTORS:
RESULTS APPROVED AS OF SEPTEMBER 30, 2012**

- **Revenues at 1,298.7 million euros (1,214.6 million in 9M11, +6.9%)**
- **Ebitda at 1,029 million euros (939.3 million in 9M11, +9.5%)**
- **Ebit at 718,1 million euros (650.3 million in 9M11, +10.4%)**
- **Net Income from Continuing Operations Adjusted¹ at 355.5 million euros (+15.6%)**
- **2012 Dividends: interim dividend at 7 euro cents, in line with the dividend policy**

Rome, November 8, 2012 – CEO Flavio Cattaneo presented the results of the first nine months and of the third quarter of 2012, which were examined and approved by TERNA S.p.A.'s ("Terna"), Board of Directors at a meeting held today and chaired by Luigi Roth.

"The excellent nine month results highlight the operating efficiency reached by the Group – stated Flavio Cattaneo, Terna's CEO. We are confident in a positive full year closing. From the beginning, Terna has had an objective: making a positive contribution to the development and growth of infrastructures in Italy and creating value for its shareholders. This twenty-ninth quarter of growth makes us satisfied with the work carried out and we are aware we still have an important path to follow. Developing infrastructures is an efficient driver for growth and for innovating the Italian electricity system. Thanks to the results obtained we can announce an interim dividend in line with our policy. This represents a very significant result also considering the Robin Hood Tax."

CONSOLIDATED FINANCIAL RESULTS²

Million euros	9M 2012	9M 2011	Change %
Revenues	1,298.7	1,214.6	+6.9%
Ebitda (Gross Operating Margin)	1,029	939.3	+9.5%
Ebit (Operating Income)	718.1	650.3	+10.4%
Earnings before taxes	646.1	562.7	+14.8%
Net Income from Continuing Operations	355.5	224.6	+58.3%
Net income from adjusted Continuing Operations¹	355.5	307.5	+15.6%

Revenues for the first nine months of 2012, equal to 1,298.7 million euros, registered an increase of 6.9% (+84.1 million euros) compared to 1,214.6 million euros of the same period of 2011. This increase was mainly due to higher grid usage fees and for the dispatching services.

¹ Includes the first application of Legislative Decree no. 138 dated August 13, 2011 (known as the Robin Hood Tax) and of Legislative Decree no. 98 dated July 6, 2011, article 23, paragraph 5 (financial measures for concession holders – IRAP adjustment); 9M 11 were affected by the *one off* effect deriving from the adjustment to the new IRES and IRAP rates of the net deferred tax fund at the beginning of 2011 that led to higher taxes for a total of 82.9 million euros.

Operating Costs equal to 269.7 million euros in the first nine months of 2012, registering a decrease of 5.6 million euros compared to the same period of 2011 (-2%), essentially owing to lower costs for services and materials.

Ebitda (Gross Operating Margin) stood at 1,029 million euros, increasing by 89.7 million euros compared to 939.3 million euros for the first nine months of 2011 (+9.5%). The **Ebitda margin** rose from 77.3% in the first nine months of 2011 to 79.2% in the same period of 2012.

Amortization and Depreciation for the period increased by 21.9 million euros compared to the first nine months of 2011 mainly due to the entrance into operation of new plants.

Ebit (Operating Income) was equal to 718.1 million euros, increasing by 10.4% compared to 650.3 million euros in the same period of 2011.

Net financial charges for the period equaled 72 million euros and registered a 15.6 million euro decrease compared to 87.6 million euros for the same period of 2011. This decrease was mainly attributable to lower interest rates which offset the higher charges due to the higher net financial debt.

Income taxes for the period stood at 290.6 million euros, decreasing by 47.5 million euros (-14%) compared to the first nine months of 2011, that were affected by the one-off tax effect related to the adjustment of the net deferred tax fund at the beginning of the year following the first application of the 2011 *tax measures*.

The tax rate for the period stood at 45% in line with the results of the first nine months of 2011 (without considering the above-mentioned one-off effect).

The Net Income from Continuing Operations for the period therefore stood at 355.5 million euros increasing by 130.9 million euros compared to the same period of the previous year (+36 million euros compared to the **Net Income** of the first nine months of 2011, that includes the results referred to discontinued operations equal to 94.9 million euros).

Even excluding the impact of higher taxes registered during the first nine months last year for re-determining the net deferred tax fund at the beginning of 2011, **the (adjusted) net income from continuing operations** nonetheless increased by 48 million euros (+15.6%) compared to 307.5 million euros for the same period in the previous year.

The consolidated balance sheet as of September 30, 2012 registered a **Net Shareholders' Equity** equal to 2,822.8 million euros (compared to 2,751 million euros as of December 31, 2011).

Net Financial Debt was equal to 5,576.4 million euros and increased by 453.3 million euros compared to December 31, 2011 (5,123.1 million euros), mainly due to the trend of the investments made.

The **debt/equity ratio** as of September 30, 2012 was equal to 1.98%.

Total Group **Capex** in the first 9 months of 2012 equaled 778.4 million euros, of which 736.3 million euros related to **regulated activities** down by 4.8%. The capex trend was affected by a more marked seasonality in the third quarter that will be balanced in the last part of the year thus confirming the 2011 capex levels.

Headcount of the Group, at the end of September 2012, totaled 3,479 employees, down by 16 employees compared to December 31, 2011.

CONSOLIDATED FINANCIAL RESULTS OF THE THIRD QUARTER OF 2012²

<i>Million euros</i>	3Q 2012	3Q 2011	Change%
Revenues	442.1	420.5	+5.1%
Ebitda (Gross Operating Margin)	360.1	332.8	+8.2%
Ebit (Operating Income)	253.7	236.5	+7.3%
Earnings before taxes	243.8	207	+17.8%

During the third quarter of 2012, the Group's **revenues** amounted to 442.1 million euros increasing by 21.6 million euros (+5.1%) compared to the same period in 2011, essentially owing to the effect of higher Grid usage fees and dispatching services.

Operating costs equaled 82 million euros, decreasing by 5.7 million euros compared to 87.7 million euros in the third quarter of 2011 particularly for lower costs for services and materials.

Ebitda stood at 360.1 million euros with a +27.3 million euro variation (+8.2%) compared to the same period last year (332.8 million euros).

Ebit was equal to 253.7 million euros, increasing by 7.3% compared to the third quarter of 2011, after having allocated 106.4 million euros for amortizations and depreciations, a 10.1 million euro increase compared to 96.3 million euros for the same period in 2011.

Significant events after September 30, 2012

Approval of the National Development Plan and of the Defense Plan

On October 2, 2012 the Ministry for Economic Development approved the 2011 National Development Plan and the 2012 Defense Plan drafted by Terna S.p.A. Based on these provisions, the Ministry for Economic Development approved a total of 75 MW of batteries.

Bond issuance with a 5 year maturity expiring on February 16, 2018 for 750 million euros

On October 8, 2012, Terna S.p.A launched a bond issuance on the market in euros, with fixed rate, maturity of more than 5 years and expiring on February 16, 2018, for a total of 750 million euros under its Euro Medium Term Notes Programme (EMTN). The coupon is equal to 2,875% and its issue price equal to 99.736%.

2012 interim dividend of 7 euro cents per share

Based on the results obtained in the first six months of 2012, and also in view of the outlook for the year, TERNA S.p.A.'s Board of Directors, having obtained today the opinion from the external auditors, PricewaterhouseCoopers (PwC) as established by article 2433 *bis* of the Civil Code, resolved the distribution of the 2012 interim dividend in the amount of 7 euro cents per share. The interim dividend, gross of any legal withholding taxes, will be paid as of November 22, 2012 (*record date* pursuant to art. 83-*terdecies* of Legislative Decree no. 58 dated February 24, 1998, so-called "TUF": November 21, 2012), following the registration date of coupon no. 17 on November 19, 2012.

At 4:00 pm a conference call will be held to present the results of the first nine months and of the third quarter of 2012 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 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.

TERNA drew up the Consolidated Interim Management Report as of September 30, 2012 in compliance with the provisions of art. 154-ter of Legislative Decree 58/98, included in Consob communication no. DEM/8041082 dated April 30, 2008.

The reclassified consolidated income statement, balance sheet and statement of cash flows of the TERNA Group have also been attached. It should be noted that some comparative economic balances of the first nine months of 2011 were adjusted to consider the change in the accounting model of goodwill exemption of the Group for tax purposes.

It should be noted that in compliance with communication no. DME/9081707 of September 16, 2009, these statements have been included in the Consolidated Interim Management Report as of September 30, 2012 which is not subject to auditing by the auditors.

The Consolidated Interim Management Report as of September 30, 2012 will be published in the company's website (www.terna.it), deposited and made available to the public at the company's registered office and at the market management company, Borsa Italiana S.p.A (www.borsaitaliana.it) within the terms established by the law. The informative announcement regarding the deposit will also be submitted

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 statement, books and accounting records.

² 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 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.

Terna Group's reclassified consolidated income statement

<i>Million euros</i>	January 1		September 30	
	2012	2011	Change	%
Revenues:				
- Grid transmission fee ⁽¹⁾	1,135.1	1,039.9	95.2	9.2%
- Other energy items ⁽¹⁾	116.5	125.5	-9.0	-7.2%
- Other revenue from sales and services ¹⁾	19.1	24.6	-5.5	-22.4%
- Other revenue and income	28.0	24.6	3.4	13.8%
Total revenue	1,298.7	1,214.6	84.1	6.9%
Operating expenses:				
- Personnel expenses	146.2	146.7	-0.5	-0.3%
- Services and use of third party assets	95.4	99.9	-4.5	-4.5%
- Materials	10.8	15.5	-4.7	-30.3%
- Other expenses ⁽²⁾	17.3	13.2	4.1	31.1%
Total operating expenses	269.7	275.3	-5.6	-2.0%
GROSS OPERATING PROFIT	1,029.0	939.3	89.7	9.5%
Amortization and Depreciation (3)	310.9	289.0	21.9	7.6%
OPERATING PROFIT	718.1	650.3	67.8	10.4%
- Net financial income (charges) ⁽⁴⁾	-72.0	-87.6	15.6	-17.8%
PROFIT BEFORE TAXES	646.1	562.7	83.4	14.8%
- Income taxes for the period	290.6	338.1	-47.5	-14.0%
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	355.5	224.6	130.9	58.3%
<i>Adjustment – 2011 Tax measures</i>		82.9		
- Adjusted taxes on profit for the period	290.6	255.2	35.4	13.9%
ADJUSTED NET PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	355.5	307.5	48.0	15.6%
Net profit for the period from Discontinued Operations held for sale	0.0	94.9	-94.9	-100.0%
NET PROFIT FOR THE PERIOD	355.5	319.5	36.0	11.3%
<i>-Attributable to the Group</i>	<i>355.5</i>	<i>319.5</i>	<i>36.0</i>	<i>11.3%</i>

In the Consolidated income statement (Annex II to Consolidated interim financial report as of September 30, 2012):

- (1) this amount is included in the "Revenue from sales and services" item;
- (2) this corresponds to the item "Other operating expenses" and "Amortization and depreciation" for the value of asset depreciation (0.1 million euros);
- (3) this corresponds to "Amortization and depreciation" net of the value of asset depreciation (0.1 million euros);
- (4) this corresponds to the balance of items under points 1, 2 and 3 of letter C-"Financial income/expenses".

Terna Group's reclassified consolidated statement of financial position

	As of September 30, 2012	As of September 31, 2011	Change
<i>Million euros</i>			
Net fixed assets			
- Intangible assets and goodwill	462.7	470.9	-8.2
- Property, plant and equipment	9,075.9	8,618.2	457.7
- Financial assets ⁽¹⁾	78.3	74.0	4.3
Total	9,616.9	9,163.1	453.8
Net working capital			
- Trade receivables ⁽²⁾	630.2	612.4	17.8
- Inventories	7.5	16.3	-8.8
- Other assets ⁽³⁾	22.8	14.9	7.9
- Trade payables ⁽⁴⁾	460.5	705.0	-244.5
- Net payables for pass-through energy items ⁽⁵⁾	340.4	247.0	93.4
- Net tax liabilities ⁽⁶⁾	232.4	121.5	110.9
- Other liabilities ⁽⁷⁾	332.3	294.3	38.0
Total	-705.1	-724.2	19.1
Gross invested capital	8,911.8	8,438.9	472.9
Sundry provisions ⁽⁸⁾	512.6	564.8	-52.2
NET INVESTED CAPITAL	8,399.2	7,874.1	525.1
Net equity	2,822.8	2,751.0	71.8
Net financial debt ⁽⁹⁾	5,576.4	5,123.1	453.3
TOTAL	8,399.2	7874.1	525.1

In the Consolidated statement of financial position (Annex II to consolidated interim financial report as of September 30, 2012) these correspond to:

- (1) "Equity-accounted investees", "Other non-current assets" and "Non-current financial assets" for the carrying amount of the other interests (0.6 million euros);
- (2) "Trade receivables" net of energy-related pass-through revenue receivable (1,402 million euros);
- (3) "Other current assets" net of other tax assets (10.1 million euros) and Current financial assets" for the value of deferred operations (6.5 million euros);
- (4) "Trade payables" net of the energy-related pass-through costs payable (1,742.4 million euros);
- (5) "Trade receivables" for energy-related pass-through revenue receivable (1,402 million euros) and "Trade receivables" for energy-related pass-through costs payable (1,742.4 million euros);
- (6) "Tax assets", "Other current assets" for the value of other tax receivables (10.1 million euros), "Other current liabilities" for the value of other tax payables (65.6 million euros) and "Income tax liabilities";
- (7) "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax liabilities (65.6 million euros);
- (8) "Employee benefits", "Provisions for risks and charges" and "Deferred tax liabilities";
- (9) "Long-term loans", "Current portion of long-term loans", "Non-current financial liabilities", "Cash and cash equivalents", "Non-current financial assets" for the value of FVH derivatives (707.6 million euros).

Terna Group's Cash Flow

<i>Million euros</i>	Cash flow September 30, 2012	Cash flow September 30, 2011*
Opening cash and cash equivalents	1,114.9	156.3
<i>Of which Opening cash and cash equivalents of Discontinued Operations</i>	<i>0.0</i>	<i>6.2</i>
- Net profit for the period	355.5	319.5
<i>Of which Net profit for the period from Continuing operations</i>	<i>355.5</i>	<i>224.6</i>
- Amortization and Depreciation	310.9	289.0
- Net change in provisions	-52.2	-9.2
- Net losses (Profits) on asset disposal	-3.4	-1.4
Self-financing	610.8	597.9
- Change in net working capital	-19.1	239.4
Cash Flow from operating activities	591.7	837.3
Investments		
- Property, plants and equipment	-747.4	-817.5
<i>Of which Continuing operations – investments in traditional activities</i>	<i>-742.6</i>	<i>-810.0</i>
- Intangible assets	-31.0	-34.0
- Other changes in intangible assets	21.2	12.8
- Change in equity investment	-4.1	-40.6
Total cash flow from (to) investing activities	-761.3	-879.3
NET INVESTED CAPITAL from discontinued operations held for sale	0.0	202.2
- Change in loans	1,405.7	703.6
<i>Of which continuing operations</i>	<i>1,405.7</i>	<i>728.4**</i>
- Other changes in net equity attributable to the Group	-22.4	-45.3
<i>Of which Continuing operations</i>	<i>-22.4</i>	<i>-16.3</i>
- Dividends paid to the shareholders of the Parent Company	-261.3	-261.3
- Net assets of minority interests in Discontinued operations	0.0	-0.2
Total cash flow from (to) financial activities	1,122.0	396.8
Total cash flow for the period	952.4	557.0
<i>Of which Continuing operations</i>	<i>952.4</i>	<i>563.2</i>
Closing cash and cash equivalents	2,067.3	713.3

* Data was recalculated to consider the change in the accounting of the Group's goodwill exemption for tax purposes;

**includes as of September 30, 2011, the total Group financing to NRTS (233 million euros as capital reserve and the net passive financial position of €43.3 million euros) and as of December 31, 2010, the net positive financial position to RTR (254.6 million euros)

*For reconciliation to the Consolidated financial statements, refer to the paragraph "Terna Group performance and financial position" of the Consolidated interim financial report of the Terna Group as of September 30, 2012.