

**TERNA: THE BOARD APPROVES THE 2009 RESULTS**

***Dividend proposed for 2009: 19 euro cents per share, +20% compared to 2008 (of which 7 euro cents already paid as interim dividend and 12 euro cents as the final dividend, payable in June 2010)***

***Revenues at 1,360.7 million euros, +13.8%***

***Ebitda at 1,003.2 million euros, +18.0%***

***Ebit at 694.4 million euros, +16.3%***

***Group net profit at 771.0 million euros, + 135.4% (354 million euros, + 17.8% without the effect of the sale of the Brazilian subsidiary)***

***Investments at 900.4 million euros, +17.7%***

**Rome, March 19, 2010** – CEO Flavio Cattaneo presented the 2009 results which were examined and approved by TERNA SpA's Board of directors that met today chaired by Luigi Roth.

CEO Flavio Cattaneo, has commented: *"Terna has kept its promises in a very difficult year with a result, also net of capital gains for over 400 million euros deriving from the sale of Terna Participações, which was very important in terms of efficiency and capability of creating value for shareholders. The entire company team continues to be fully committed develop the Italian electricity grid for reducing the costs for the system while guaranteeing safety and environmental respect"*.

**2009 CONSOLIDATED RESULTS**

**Revenues** for 2009, equal to 1,360.7 million euros registered an increase of 164.9 million euros (+13.8% compared to 1,195.8 million euros registered in 2008). This increase derived from higher fees for transmission along the National Transmission Grid (NTG) equal to +125.1 million euros, due to the Parent Company's tariff revision (38.5 million euros), and to the consolidation of TELAT (97.7 million euros). Furthermore, incentives for optimizing the volumes of services on the Market for Dispatching Services (equal to 40.0 million euros) contributed to increasing other regulated revenues (43.1 million euros).

**Operating costs** amounted to 357.5 million euros (353.2 million euros of which for the Parent Company) and registered an increase of 3.5% (12.1 million euros) compared to 2008 (345.4 million euros). The increase was mainly due to services and the use of third party asset equal to +17.3 million euros, essentially attributable to the Parent Company both for core and third parties activities. The reduction in personnel costs, equal to 19.6 million euros, is attributable to redefining the number of beneficiary retirees of the Energy Bonus unitary release of part of the fund (for 26.8 million euros) partially offset by a higher personnel cost. Also significant were the provisions for risks on credit losses (14.1 million euros).

**Ebitda** (Gross Operating Margin) stood at 1,003.2 million euros, increasing by 152.8 million euros compared to 850.4 million euros in 2008 (+18.0%). The **Ebitda margin** stood at 73.7%, increasing by nearly 3 percentage points compared to 2008.

**Investments increased** by 17.7% compared to the previous year and equalled a total of 900.4 million euros, 624 million euros of which subject to development incentives. The entrance into

operation of new plants during the year, particularly the 1<sup>st</sup> pole of the SA.PE.I, and the consolidation of the new subsidiary TELAT, determined a significant increase in **depreciations**: 55.3 million euros (+ 21.8% compared to 2008).

**Ebit** (Operating Result) equalled 694.4 million euros registering an increase of 16.3%, equal to 97.5 million euros (compared to 596.9 million euros in 2008).

**Net financial charges** for the year stood at -148.3 million euros. The 26.5 million euro increase is entirely attributable to the Parent Company; it is due for nearly 15 million euros to charges on a greater average net financial debt, only partially offset by the reduction in interest rates and in inflation compared to the previous year, and for nearly 11 million euros to currency exchange transactions relative to the repatriation from Terna Part of dividends and intercompany loan that were disbursed to the company and subsequently reimbursed.

**Income taxes** for the year, equal to 192.1 million euros, refer to the Parent Company for 179.5 million euros and for 12.6 million euros to the subsidiaries. The effect on the result before taxes of continued activities was equal to 35.2%.

**Net Income from Continuing Operations** stood at 354.0 million euros (+17.8% compared to 300.5 million euros in 2008). The **Group Net Income**, including the effects deriving from the sale of its shareholding in the Brazilian subsidiary Terna Participações, equal to 417.0 million euros reached 771.0 million euros, up by 443.5 million euros (+135.4%) compared to the previous year.

The consolidated financial position as of December 31, 2009 registered **net shareholders' equity** equal to 2,501.5 million euros, completely belonging to the Group, (compared to 2,076.8 million euros as of December 31, 2008), while the **net financial debt** equalled 3,758.2 million euros (compared to 2,953.6 million euros as of December 31, 2008, excluding Brazil's net financial debt). The **debt/equity** ratio as of December 31, 2009 was equal to 1.50, increased compared to 1.42 as of December 31, 2008.

**Group headcount** at the end of 2009 was equal to 3,447.

## 2009 RESULTS OF THE PARENT COMPANY – TERNA SpA

The Parent Company closed 2009 with **revenues** at 1,295.2 million euros, increasing by 8.3% compared to 1,196.1 million euros of the previous year.

**Operating costs** amounted to 361.4 million euros increasing by 4.6%.

**Ebitda** stood at 933.8 million euros, equal to 72.1% of revenues (increased by 1 percentage point compared to 2008), rising by 83.1 million euros compared to 850.7 million euros of last year, with a 9.8% growth.

**Depreciations**, equalled 279.4 million euros, registering an increase of 25.9 million euros compared to 2008.

**Ebit** equalled 654.4 million euros, increasing by 57.2 million euros (+9.6%) compared to 2008.

**Net Income from Continuing Operations** stood at 325.8 million euros increasing by 27.3 million euros (+9.1%) compared to 298.5 million euros of the previous year. The **Net Income** for 2009,

including the overall economic impact, equalled 464.2 million euros, deriving from the sale of its shareholding in the Brazilian subsidiary Terna Participações and amounted to 790.0 million euros, increasing by 454.7 million euros (+135.6%).

**Shareholder's Equity** registered a net shareholder's equity equal to 2,468.3 million euros (compared to 2,028.0 in 2008), while the **net financial debt** was equal to 3,260.9 million euros (increasing by 306.8 million euros compared to I 2008).

## CONSOLIDATED FINANCIAL RESULTS<sup>1</sup>

It is necessary to point out that the results of the transaction regarding the sale of Terna Participações were included under the profit item as 'Net profit from discontinued activities'. Consequently, 2008 data were reported net of the Brazilian activities.

Million euros	2009	2008*	Change
<b>Revenues</b>	1,360.7	1,195.8	+13.8%
<b>Ebitda (Gross operating margin)</b>	1,003.2	850.4	+18.0%
	694.4	596.9	+16.3%
<b>Net Income from Continuing Operations</b>	354.0	300.5	+ 17.8%
<b>Group Net Income</b>	771.0	327.5	+135.4%

## 2009 RESULTS OF THE PARENT COMPANY TERNA

Million euros	2009	2008	Change
<b>Revenues</b>	1,295.2	1,196.1	+8.3%
<b>Ebitda (Gross operating margin)</b>	933.8	850.7	+9.8%
	654.4	597.2	+9.6%
<b>Net Income from Continuing Operations</b>	325.8	298.5	+9.1%
<b>Net Income</b>	790.0	335.3	+135.6%

<sup>1</sup> In this release some "alternative performance indicators" are used (Ebitda and Net financial debt), the meaning and content of which are illustrated below and are in line with the CESR/05-178b recommendation published on November 3, 2005:  
- Ebitda (gross operating margin): represents an operating performance indicator; it is calculated by adding the operating income (EBIT) to the amortization;

-Ebitda margin: represents an operating performance indicator: it derives from the ratio between the Gross Operating Margin (Ebitda) and the revenues;

- Net financial debt: represents an indicator of the company's financial structure: it represents an indicator of the company's financial structure; it is determined as the result of short and long term financial debt and of related derivative instruments, net of cash and cash equivalents and of financial assets.

## **SIGNIFICANT EVENTS OCCURRING AFTER THE 2009 BALANCE SHEET**

### **The 2010 photovoltaic project**

On January 29, 2010 SunTergrid's Board of Directors, resolved the transfer, effective as of February 1, 2010 to its subsidiary Rete Rinnovabile ('RTR'), of its company branch formed by electricity production plants from renewable sources, as well as all of its activities and contracts relative to the above-mentioned plants. The consideration for the transaction equalled 3.2 million euros.

### **Italy-Montenegro inter-governmental agreement**

On February 6, 2010 an inter-governmental agreement was signed between governments of Italy and Montenegro that definitively sets the respective official commitment for building the new submarine electricity interconnection and for implementing a strong strategic partnership between the national transmission operators, Terna and Prensos, aimed at investments in the Montenegrin grid.

### **Increase of current EMTN program and issuance of new bonds**

On February 17, 2010 Terna's Board of Directors resolved to increase the existing EMTN program from 2 to 4 billion euros and the issuance within March 31, 2011, in one or more instalments, of public or private bonds, for a total amount equal to 1.5 billion euros intended exclusively for qualified investors in Italy and/or abroad.

### **Agreement with the European Investment Bank for the SA.PE.I project**

On March 18, 2010 TERNA S.p.A. signed an agreement with the European Investment Bank (EIB) for an additional loan of 73 million euros for the interconnection project formed by a high voltage, DC 500 kv submarine cable connecting Sardinia with the mainland ("SA.PE.I"). This loan increases the already existing one of 300 million euros granted on May 5, 2008. This second loan will also have a 20 year maturity and will be repaid in six-month installments starting from the fifth year. The financial conditions are highly competitive and include an annual loan cost equal to the 6 month Euribor rate, increased by a margin of 40 basis points.

### **MANAGEMENT OUTLOOK FOR 2010**

2010 will be focused on implementing the 2010-2014 Strategic Plan. Specifically, investments included in the Development Plan will be aimed at reducing grid congestion and at removing the congestions caused by the increased renewable sources production, in line with the company's objective to improve operational efficiency and ensure the maximum quality of its transmission service and to increasingly efficient and safe energy flow in the electricity system. In 2010, the company will also focus on developing the photovoltaic project. During the year, the acquisition of Retrasm Srl will also be finalized that will bring the Terna Group to owning approximately 99% of the NTG.

### **CALLING THE SHAREHOLDERS' MEETING AND DIVIDENDS**

The Board of Directors will submit to the Shareholders' Meeting that will be held on April 29 and 30, respectively on first and second call, the approval of a total dividend for the entire 2009 equal to 19 euro cents per share and the distribution – gross of any legal withholdings – of the remaining

12 euro cents per share. Overall, the 2009 proposed dividend per share is up by 20% compared to 2008.

It should be noted that TERNA's Board of Directors held on November 10, 2009 had already resolved the distribution of 2009 interim dividend for 2009 equal to 7 euro cents per share gross of any legal withholdings, that was paid as of November 26, 2009.

As already announced to the market, the Board of Directors will propose the date of June 21, 2010 as the "coupon date" for coupon no.12 and June 24, 2010, for the relative payment.

*A conference call will be held at 12:30 p.m. (Italian time) to illustrate the 2009 results to financial analysts and institutional investors. Journalists can be connected also in the audio mode. The support material for the conference call will be available on Borsa Italiana S.p.A's website ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and on Terna's website ([www.terna.it](http://www.terna.it)), in the Investor Relations section concomitantly with the beginning of the conference call itself. In the same section it will also be possible to follow the presentation through audio webcasting.*

*The manager responsible for preparing the company's financial reports, Luciano di Bacco, declares pursuant to paragraph 2 of Article. 154-bis of the Consolidated Law on Finance, that the accounting information included in this press release corresponds to the document results, books and accounting records.*

*TERN A S.p.A.'s draft financial statement and the TERNA Group's consolidated financial statement as of December 31, 2009, together with TERNA S.p.A.'s report on the management, the Consolidated Financial Statement and the certification of the Manager Responsible and of the CEO in compliance with paragraph 5 of article. 154-bis of the Consolidated Law on Finance, with additional documents as envisaged by the law and with the Report on Corporate Governance will be deposited and available to the public at the company's headoffice and at the market management company Borsa Italiana S.p.A. and can be consulted on Borsa Italiana S.p.A.'s website ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and on the company's website ([www.terna.it](http://www.terna.it)) in compliance with the terms envisaged by the law.*

*The Financial Statements and relative notes have been submitted to the Board of Statutory Auditors and to the Independent Auditing Company for their appropriate and relevant evaluation.*

*As soon as the reports of the Board of Statutory Auditors and of the Independent Auditing Company are ready and in compliance with existing law provisions, they will be made available to the public.*

*It should be noted that the reclassified charts of the Income Statement, Balance Sheet and Cash Flow Statement of the TERNA Group and of TERNA S.p.A. attached herewith, are the ones included in the Report on the Management (included in the Annual Financial Report as of December 31, 2009), for which the Independent Auditing Company, in compliance with art. 156, paragraph 4bis of the Consolidated Law on Finance and with art. 2409ter of the Civil Code provides verification for consistency with the Consolidated Financial Statement and with the Balance Sheet as of December 31, 2009.*

***Terna Group's Reclassified Income Statement***

<i>In millions of euros</i>	2009	2008*	Change	%
<b>Revenues:</b>				
- Grid transmission fees (1)	1,185.6	1,060.5	125.1	11.8%
- Other energy items (1)	91.5	48.4	43.1	89.0%
- Other revenues from sales and services (1)	40.2	43.1	-2.9	-6.7%
- Other revenues and income	43.4	43.8	-0.4	-0.9%
<b>Total revenues</b>	<b>1,360.7</b>	<b>1,195.8</b>	<b>164.9</b>	<b>13.8%</b>
<b>Operating expenses:</b>				
- Personnel expenses	181.6	201.2	-19.6	-9.7%
- Services and use of third party assets	128.0	110.7	17.3	15.6%
- Materials	10.2	11.8	-1.6	-13.6%
- Other expenses (2)	37.7	21.7	16.0	73.7%
<b>Total operating expenses</b>	<b>357.5</b>	<b>345.4</b>	<b>12.1</b>	<b>3.5%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>1,003.2</b>	<b>850.4</b>	<b>152.8</b>	<b>18.0%</b>
<b>Amortization/Depreciation (3)</b>	<b>308.8</b>	<b>253.5</b>	<b>55.3</b>	<b>21.8%</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>694.4</b>	<b>596.9</b>	<b>97.5</b>	<b>16.3%</b>
- Net financial income/(expense) (4)	-148.3	-121.8	-26.5	21.8%
<b>PROFIT BEFORE TAX</b>	<b>546.1</b>	<b>475.1</b>	<b>71.0</b>	<b>14.9%</b>
- Income taxes for the year	192.1	174.6	17.5	10.0%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>354.0</b>	<b>300.5</b>	<b>53.5</b>	<b>17.8%</b>
Profit for the year from Discontinued Operations	417.0	40.9	376.1	919.6%
<b>PROFIT FOR THE YEAR</b>	<b>771.0</b>	<b>341.4</b>	<b>429.6</b>	<b>125.8%</b>
- <i>Attributable to the shareholders of the Parent</i>	771.0	327.5	443.5	135.4%
- <i>Attributable to minority interests</i>	0.0	13.9	-13.9	-100.0%

In the Consolidated income statement:

- (1) The balance is included under item "Revenues from sales and services";
- (2) It corresponds to the item "Other operating expenses" and to "Amortization, depreciation and impairment losses" for the value of impairment (€3.7 million) and the accrual to the provision for bad debts (€14.1 million);
- (3) It corresponds to the item "Amortization, depreciation and impairment losses" net of the value of impairment (€3.7 million) and the accrual to the provision for bad debts (€14.1 million);
- (4) It corresponds to the balance of items 1, 2 and 3 of letter C-"Financial income/expenses".

\* In the Income Statement, the 2009 figures relative to the sale of the Brazilian activities were reclassified under the item "Profit for the year from Discontinued Operations and assets held for sale" as per the provisions of the "IFRS 5 – Non-current assets held for sale and discontinued operations". For comparison purposes, the 2008 figures of the Brazilian companies were also reclassified under the same item.

**Terna Group's Reclassified Statement of financial position**

<i>In millions of euros</i>	As of 31.12.2009	As of 31.12.2008	Change
Net fixed assets			
- Intangible assets and goodwill	372.2	483.2	-111.0
- Property, plants and equipment	7,075.3	6,035.8	1,039.5
- Financial assets (1)	21.0	43.7	-22.7
<b>Total</b>	<b>7,468.5</b>	<b>6,562.7</b>	<b>905.8</b>
Net Working Capital			
- Trade receivables (2)	371.8	264.2	107.6
- Inventories	11.7	17.7	-6.0
- Other assets (3)	10.7	17.5	-6.8
- Trade payables (4)	381.3	326.3	55.0
- Net liabilities let-through lots (5)	303.4	88.1	215.3
- Net tax liabilities (6)	14.8	-21.0	35.8
- Other liabilities (7)	265.3	514.2	-248.9
<b>Total</b>	<b>-570.6</b>	<b>-608.2</b>	<b>37.6</b>
<b>Gross invested capital</b>	<b>6,897.9</b>	<b>5,954.5</b>	<b>943.4</b>
Sundry provisions (8)	638.3	425.0	213.3
<b>Net invested capital from continuing operations</b>	<b>6,259.6</b>	<b>5,529.5</b>	<b>730.1</b>
<b>Net invested capital from discontinued operations and assets held for sale</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
<b>TOTAL NET INVESTED CAPITAL</b>	<b>6,259.7</b>	<b>5,529.5</b>	<b>730.2</b>
Equity attributable to the shareholders of the Parent	2,501.5	2,076.8	424.7
Equity attributable to minority interests	0.0	86.9	-86.9
<b>TOTAL NET FINANCIAL DEBT (9)</b>	<b>3,758.2</b>	<b>3,365.8</b>	<b>392.4</b>
<i>-Net financial debt Italy</i>	<i>3,758.2</i>	<i>2,953.6</i>	<i>804.6</i>
<b>Total</b>	<b>6,259.7</b>	<b>5,529.5</b>	<b>730.2</b>

In the consolidated Statement of financial position, these correspond to:

- (1) the items "Equity accounted investees" and "Other non-current assets";
- (2) the item "Trade receivables" net of the value of trade receivables for energy pass-through revenues (€797.3 million);
- (3) the item "Other current assets" net of other tax receivables (€17.9 million) and the item "Current financial assets" for the value of deferred assets (€1.0 million);
- (4) the item "Trade payables" net of the value of payables for energy pass-through expenses (€1,100.7 million);
- (5) the item "Trade receivables" for the value of trade receivables for energy pass-through revenues (€797.3 million) and "Trade payables" for the value of payables for energy pass-through expenses (€1,100.7 million);
- (6) the items "Other current assets" for the value of other tax receivables (€17.9 million), "Other current liabilities" for the amount of the other tax payables (€7.1 million), "Tax assets" and "Tax liabilities";
- (7) the items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (€88.2 million);
- (8) the items "Employee benefits", "Provisions for contingencies and charges" and "Deferred tax liabilities";
- (9) the items "Long-term loans", "Current portion of long-term loans", "Short-term loans", "Non current financial liabilities", "Cash and cash equivalents", "Non current financial assets" and "Current financial assets" for the value of short term securities (€500.0 million)

**Terna Group's Cash Flow\***

	Cash flow 31.12.2009	Cash flow 31.12.2008
<i>In millions of euros</i>		
<b>Opening cash and cash equivalents</b>	<b>779.7</b>	<b>244.0</b>
<i>of which cash and cash equivalents of the Discontinued operations</i>	<b>90.5</b>	<b>120.8</b>
- Profit for the year	771.0	341.4
- Amortization and depreciation	308.8	280.4
- Net change in provisions	213.3	-35.6
- Net losses/(profits) on asset disposals	-1.3	-2.9
<b>Self-financing</b>	<b>1,291.8</b>	<b>583.3</b>
<i>Of which attributable to continuing operations</i>	<i>754.6</i>	<i>0.0</i>
- Change in net working capital	-37.6	-43.8
<i>Of which attributable to continuing operations</i>	<i>206.9</i>	<i>0.0</i>
<b>Cash Flow from operating activities</b>	<b>1,254.2</b>	<b>539.5</b>
<b>Investments</b>		
- Property, plant and equipment	-859.8	-747.0
- Intangible assets	-40.6	-28.9
- Other changes in non-current assets	-332.3	-99.1
<i>Of which from acquired companies</i>	<i>-1,209.3</i>	<i>-257.9</i>
<i>Of which attributable to continuing operations</i>	<i>-1,181.8</i>	<i>0.0</i>
- Changes in equity investments	22.7	-7.3
<i>Of which acquisition of shareholding in associated companies and in jointventures</i>	<i>-2.7</i>	<i>-9.4</i>
<i>Of which attributable to continuing operations</i>	<i>-5.7</i>	<i>0.0</i>
<b>Total cash flows generated by/(used in) investing activities</b>	<b>-1,210.0</b>	<b>-882.3</b>
- Changes in loans	-387.2	1,251.8
<i>Of which attributable to continuing operations</i>	<i>115.5</i>	<i>0.0</i>
- Other changes in equity attributable to the Group	-11.9	-46.0
- Dividends	-337.8	-327.5
- Equity of minority interests from discontinued operations	-86.9	0.2
<b>Total cash flows generated by/(used in) financial activities</b>	<b>-823.8</b>	<b>878.5</b>
<b>Total cash flows for the year</b>	<b>-779.6</b>	<b>535.7</b>
<b>Closing cash and cash equivalents</b>	<b>0.1</b>	<b>779.7</b>
<i>of which cash and cash equivalents of the Discontinued operations</i>	<b>0.0</b>	<b>90.5</b>

\* For retracing to consolidated financial statements, please refer to the paragraph "Group performance and financial position" of the Report on Management of 2009 Annual Report Terna SpA and Terna Group.



**Terna SpA's Reclassified Income Statement**

<i>In millions of euros</i>	<b>2009</b>	<b>2008*</b>	<b>Change</b>	<b>%</b>
<b>Revenues:</b>				
- Grid transmission fees (1)	1.087.9	1.060.5	27.4	2.6%
- Other energy items (1)	91.5	48.4	43.1	89.0%
- Other revenues from sales and services (1)	73.8	43.1	30.7	71.2%
- Other revenues and income	42.0	44.1	-2.1	-4.8%
<b>Total revenues</b>	<b>1,295.2</b>	<b>1,196.1</b>	<b>99.1</b>	<b>8.3%</b>
<b>Operating expenses:</b>				
- Personnel expenses	182.3	201.2	-18.9	-9.4%
- Services and use of third party assets	126.3	110.7	15.6	14.1%
- Materials	17.7	11.8	5.9	50.0%
- Other expenses (2)	35.1	21.7	13.4	61.8%
<b>Total operating expenses</b>	<b>361.4</b>	<b>345.4</b>	<b>16.0</b>	<b>4.6%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>933.8</b>	<b>850.7</b>	<b>83.1</b>	<b>9.8%</b>
<b>Amortization/Depreciation (3)</b>	<b>279.4</b>	<b>253.5</b>	<b>25.9</b>	<b>10.2%</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>654.4</b>	<b>597.2</b>	<b>57.2</b>	<b>9.6%</b>
- Net financial income/(expense) (4)	-149.1	-124.1	-25.0	20.1%
<b>PROFIT BEFORE TAX</b>	<b>505.3</b>	<b>473.1</b>	<b>32.2</b>	<b>6.8%</b>
- Income taxes for the year	179.5	174.6	4.9	2.8%
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>325.8</b>	<b>298.5</b>	<b>27.3</b>	<b>9.1%</b>
Profit for the year from Discontinued Operations	464.2	36.8	427.4	1.161.4%
<b>PROFIT FOR THE YEAR</b>	<b>790.0</b>	<b>335.3</b>	<b>454.7</b>	<b>135.6%</b>

In the Terna SpA's income statement:

- (1) The balance is included under item "Revenues from sales and services";
- (2) It corresponds to the item "Other operating expenses" and to "Amortization, depreciation and impairment losses" for the value of impairment (€2.8 million) and the accrual to the provision for bad debts (€14.1 million);
- (3) It corresponds to the item "Amortization, depreciation and impairment losses" net of the value of impairment (€2.8 million) and the accrual to the provision for bad debts (€14.1 million);
- (4) It corresponds to the balance of items 1 and 2 of letter C-"Financial income/expenses".

\* In the Income Statement, the 2009 figures relative to the sale of the Brazilian activities were reclassified under the item "Profit for the year from Discontinued Operations and assets held for sale" as per the provisions of the "IFRS 5 – Non-current assets held for sale and discontinued operations". For comparison purposes, the 2008 figures from Brazilian companies were also reclassified under the same item.

**Terna SpA's Reclassified Statement of financial position**

<i>In millions of euros</i>	As of 31.12.2009	As of 31.12.2008	Change
Net fixed assets			
- Intangible assets and goodwill	264.8	255.8	9.0
- Property, plants and equipment	5,976.3	5,415.6	560.7
- Financial assets (1)	581.2	220.7	360.5
<b>Total</b>	<b>6,822.3</b>	<b>5,892.1</b>	<b>930.2</b>
Net Working Capital			
- Trade receivables (2)	379.8	239.8	140.0
- Inventories	11.7	16.6	-4.9
- Other assets (3)	12.1	13.7	-1.6
- Trade payables (4)	386.9	320.1	66.8
- Net liabilities let-through lots (5)	303.4	88.1	215.3
- Net tax liabilities (6)	-8.2	-24.7	16.5
- Other liabilities (7)	265.4	250.3	15.1
<b>Total</b>	<b>-543.9</b>	<b>-363.7</b>	<b>-180.2</b>
<b>Gross invested capital</b>	<b>6,278.4</b>	<b>5,528.4</b>	<b>750.0</b>
Sundry provisions (8)	549.3	546.3	3.0
<b>Net invested capital</b>	<b>5,729.1</b>	<b>4,982.1</b>	<b>747.0</b>
Net invested capital from discontinued operations and assets held for sale	0.1	0.0	0.1
<b>TOTAL NET INVESTED CAPITAL</b>	<b>5,729.2</b>	<b>4,982.1</b>	<b>747.1</b>
Net Equity	2,468.3	2,028.0	440.3
Net financial debt (9)	3,260.9	2,954.1	306.8
<b>Total</b>	<b>5,729.2</b>	<b>4,982.1</b>	<b>747.1</b>

In the Terna SpA's Statement of financial position, these correspond to:

- (1) the item "Other non current assets" and "Non current financial assets" for the value of shareholding (€575.7 million);
- (2) the item "Trade receivables" net of the value of trade receivables for energy pass-through revenues (€797.3 million);
- (3) the item "Other current assets" net of other tax receivables (€17.7 million) and the item "Current financial assets" for the value of deferred assets (€3.3 million);
- (4) the item "Trade payables" net of the value of payables for energy pass-through expenses (€1,100.7 million);
- (5) the item "Trade receivables" for the value of trade receivables for energy pass-through revenues (€797.3 million) and "Trade payables" for the value of payables for energy pass-through expenses (€1,100.7 million);
- (6) the items "Other current assets" for the value of other tax receivables (€17.7 million), "Other current liabilities" for the amount of the other tax payables (€7.1 million), "Tax assets" and "Tax liabilities";
- (7) the items "Other non current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (€88.3 million);
- (8) the items "Employee benefits", "Provisions for contingencies and charges" and "Deferred tax liabilities";
- (9) the items "Long-term loans", "Current portion of long-term loans", "Short-term loans", "Non current financial liabilities", "Cash and cash equivalents", "Non current financial assets" for the value of loan to Telat and of derivatives FVH (€500.0 million and €123.2 million respectively) and "Current financial assets" for the value of short term securities (€500.0 million).

**Terna SpA's Cash Flow\***

<i>In millions of euros</i>	Cash flow as of 31.12.2009	Cash flow as of 31.12.2008
<b>Opening cash and cash equivalents and intercompany account</b>	<b>689.2</b>	<b>130.6</b>
- Profit for the year	790.0	335.3
- Amortization and depreciation	279.4	253.5
- Net change in provisions	3.0	-0.5
- Net losses/(profits) on asset disposals	-1.9	-2.9
<b>Self-financing</b>	<b>1,070.5</b>	<b>585.4</b>
- Change in net working capital	180.2	-105.3
<b>Cash Flow from operating activities</b>	<b>1,250.7</b>	<b>480.1</b>
<b>Investments</b>		
- Property, plant and equipment	-831.5	-736.0
- Intangible assets	-40.6	-28.9
- Equity investments	-359.6	448.7
- Other changes in non current assets	23.9	-474.4
<b>Total cash flows generated by/(used in) investing activities</b>	<b>-1,207.8</b>	<b>-790.6</b>
- Changes in loans	-382.3	1.204.0
- Other changes in equity	-11.9	-26.3
- Dividends	-337.8	-308.6
<b>Total cash flows generated by/(used in) financial activities</b>	<b>-732.0</b>	<b>869.1</b>
<b>Total cash flows for the year</b>	<b>-689.1</b>	<b>558.6</b>
<b>Closing cash and cash equivalents and intercompany accounts</b>	<b>0.1</b>	<b>689.2</b>

\* For retracing to Terna SpA financial statements, please refer to the paragraph "Terna SpA performance and financial position" of the Report on Management of 2009 Annual Report Terna SpA and Terna Group