PRESS RELEASE

External Relations and Communication
Ph. +39 0683139081
Fax +39 0683138372
e-mail: ufficio.stampa@terna.it

Investor Relations
Ph. +39 0683138145
Fax +39 0683139312
e-mail: investor.relations@terna.it

TERNA PRESENTS THE 2010–2014 STRATEGIC PLAN

- ***Higher capex in the regulated business for 900 million euros (+26% compared to the previous plan)***
- ***Margin enhancement from the current 74% to 77%***
- ***Capital structure: Net Debt always below 60% of the regulatory asset base during the period of the Plan***
- ***Dividend policy confirmed: 4%annual growth, with 2008 as reference year, plus the step up coming from the sale of the Brazilian activities***

Rome, February 18, 2010 – Today, CEO Flavio Cattaneo will present to the financial community and the media the 2010-2014 Strategic Plan approved by the Company's Board of Directors, whose Chairman, Luigi Roth, is also attending the meeting.

Acceleration of capex: from 3.4 to 4.3 billion euros (+26%)
4.3 billion euros will be invested in the next 5 years, mainly for the development of the Grid, a 900 million euro increase, + 26% compared to the previous Plan (3.4 billion euros). Incentivised capex represent 77% of the total, and have increased from 2.6 billion euros to 3.3 billion euros, over 70% of which spent in Central and Southern Italy. Investments for interconnections with foreign countries increase from below 100 million euros to approximately 650 million euros in the present plan. On top of this, capex for the photovoltaic project exceed 300 million euros, bringing the Plan's total to over 4.6 billion euros.
The acceleration in capex translate into the Regulated Asset Base ("RAB"), that will rise from 8.6 billion euros to 11.1 billion euros at the end of the plan, with a compound average annual growth in excess of 5%.
The Plan foresees an average annual spending on the Grid of approximately 860 million euros. This represents an important, although sustainable, challenge for Terna, as already demonstrated by the significant results obtained in the last two years.
It has been estimated that the implementation of all the projects foreseen by the Plan will involve 200 companies for a total work force of 10,000 people.

The key development projects foreseen in the Plan are:

- Dolo-Camin Fusina Line (Veneto)
- Chignolo Po – Maleo Line (Lombardy)
- SA.PE.I, second cable (Sardinia – Italian peninsula)
- Santa Barbara-Casellina Line (Tuscany)
- Sorgente-Rizziconi connection (Sicily – Calabria)
- Foggia – Benevento Line (Puglia – Campania)

As far as interconnections are concerned, the projects included in the Plan are:

- Italy–Montenegro interconnection: as provided by the intergovernmental agreement recently signed, Terna will build a 450km-cable (375 Km of which as a submarine cable) between Villanova and Tivat and two sub-stations. The total investment will be 760 million euros, 590 million euros of which have been included in the 2010–2014 Strategic Plan. Furthermore, the above mentioned agreement foresees a strategic partnership between

Terna and Prenos, the local transmission operator, also through the acquisition by Terna of a minority stake in Prenos's share capital.
- Italy–France interconnection, for which the authorization procedure was initiated in October 2009.

Diversified Activities

For what concerns the photovoltaic project, the overall investment is planned to exceed 300 million euros, while the Ebitda Margin at regime will exceed 80% . The project is aimed at extracting value from some of the currently unused land located nearby Terna's sub-stations, by building small-sized photovoltaic plants with a target of 100 MW capacity within 2010.

Margin Enhancement: from 74% to 77%

Higher revenues and cost control will lead to enhanced margins for the Group, that will go from the current 74% to 77% at the end of the Plan.
From 2009 to 2014 the Group's average annual revenue growth will be approximately 6%, driven by the capex spending. The consolidation of Telat (acquired on April 1, 2009) and the maximization of incentives, particularly for dispatching activities – where Terna expects a cumulative 90 million euros in additional revenues during the 2010-2012 period - will also contribute to the margin's growth,.
The average annual growth in the Group's Costs equals to approximately 3% during the Plan, withcosts referred to regulated activities stable, despite the significant increase in investments, thanks to the rationalization of external costs and a containment of internal costs.

Capital structure: net debt lower than 60% of the regulatory asset base

The capex plan and the dividend policy will absorbe cash , so net debt will increase by 3.1 billion euros at the end of the Plan.
The capital structure remains solid: during the Plan, Terna is committed to maintaining the debt on RAB ratio always below 60%. Funding conditions will remain highly competitive also due to the Group's optimal level of rating.

Dividend policy: 4% annual growth, with 2008 as reference year

Confirmation of the Company's dividend policy, that foresees a 4% annual growth, with 2008 as reference year, semi-annual coupons, divided into interim and final dividends. In addition, part of the proceeds deriving from the sale of Terna Participações (corresponding to approximately 150 million euros) will be devoted to integrate the above-mentioned policy until 2012, as previously announced to the market last November.

"*A Plan with higher capex, that confirms our ability to accelerate the development of the Grid"*, stated Terna's CEO Flavio Cattaneo, "*4.3 billion euros represent a further challenge, with an important focus on Central and South Italy, interconnections and renewable sources. 2010 can be the peak year for a safer and more efficient Grid. Terna is ready. Now it is time to speed up the authorization process.*"

Support material regarding the Analyst Presentation will be available online on the website www.terna.it, in the Investor Relations section, concomitantly with the beginning of the Analyst Presentation.
In the same section, it will also be possible to follow the presentation in videowebstreaming.
A press conference will be held at the end of the Analyst Presentation.

In this release, some "alternative performance indicators" (gross operating margin, Ebitda, Ebitda margin and Net financial debt), whose meaning and contents are explained below pursuant to CESR/05-178b recommendation published on November 3, 2005:

- Gross Operating Margin (Ebitda): represents an indicator of the operating performance; it is calculated by adding amortizations to the Operating Income (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 equivalents and of financial assets