

1 March 2016

TERNA - Rete Elettrica Nazionale S.p.A.

**Issue of €80,000,000 1.60 per cent. Notes due March 2026
under the
€8,000,000,000 Euro Medium Term Note Programme**

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the **Conditions**) set forth in the Base Prospectus dated 15 December 2015 and the supplement to it dated 24 February 2016 which together constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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| 1. | (a) | Series Number: | 2016-1 |
| | (b) | Tranche Number: | 1 |
| | (c) | Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 2. | | Specified Currency or Currencies: | Euro (€) |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Series: | €80,000,000 |
| | (b) | Tranche: | €80,000,000 |
| 4. | | Issue Price: | 99.087 per cent. of the Aggregate Nominal Amount |
| 5. | (a) | Specified Denominations: | €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000. |
| | (b) | Calculation Amount: | €1,000 |
| 6. | (a) | Issue Date: | 3 March 2016 |
| | (b) | Interest Commencement Date: | Issue Date |
| 7. | | Maturity Date: | 3 March 2026 |

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| 8. | Interest Basis: | 1.60 per cent. Fixed Rate
(see paragraph 13 below) |
| 9. | Redemption/Payment Basis: | 100 per cent. |
| 10. | Change of Interest Basis: | Not Applicable |
| 11. | Put/Call Options: | Not Applicable |
| 12. | Date Board approval for issuance of Notes obtained: | Board of Directors' Resolution dated 4 March 2015 and Chief Executive Officer's Resolution dated 18 February 2016, the latter registered in the Companies' Register of Rome on 22 February 2016 |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 13. | Fixed Rate Note Provisions: | Applicable |
| | (a) Rate(s) of Interest: | 1.60 per cent. per annum payable in arrear on each Interest Payment Date |
| | (b) Interest Payment Date(s): | 3 March in each year from and including 3 March 2017 up to and including the Maturity Date |
| | (c) Fixed Coupon Amount(s):
<i>(Applicable to Notes in definitive form)</i> | €16.00 per Calculation Amount |
| | (d) Broken Amount(s):
<i>(Applicable to Notes in definitive form)</i> | Not Applicable |
| | (e) Day Count Fraction: | Actual/Actual (ICMA) |
| | (f) Determination Date(s): | 3 March in each year |
| 14. | Floating Rate Note Provisions: | Not Applicable |
| 15. | Zero Coupon Note Provisions: | Not Applicable |
| 16. | Inflation Linked Interest Note Provisions: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 17. | Notice periods for Condition 7.2: | Minimum period: 5 days
Maximum period: 90 days |
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| 18. | Issuer Call: | Not Applicable |
| 19. | Investor Put: | Not Applicable |
| 20. | Inflation Linked Redemption Note Provisions: | Not Applicable |
| 21. | Final Redemption Amount: | €1,000 per Calculation Amount |
| 22. | Early Redemption Amount payable on redemption for taxation reasons or on event of default: | €1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 23. | Form of Notes: | |
| | (a) Form: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| | (b) New Global Note: | Yes |
| 24. | Additional Financial Centre(s) | TARGET2 and London |
| 25. | Talons for future Coupons to be attached to Definitive Notes: | No |
| 26. | Redenomination applicable: | Redenomination not applicable |

Signed on behalf of TERNA - Rete Elettrica Nazionale S.p.A.:

By:
Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange with effect from 3 March 2016.
- (ii) Estimate of total expenses related to admission to trading: €5,000

2. RATINGS

Ratings: The Notes to be issued have been rated:

Baa1 by Moody's Investors Service Ltd. (**Moody's**);

BBB by Standard & Poor's Credit Market Services Europe Ltd. (**S&P**); and

BBB+ by Fitch Ratings Ltd. (**Fitch**).

Each of Moody's, S&P and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Each of Moody's, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Dealer and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Not Applicable

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: 1.70 per cent.

6. OPERATIONAL INFORMATION

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| (i) | ISIN: | XS1371569978 |
| (ii) | Common Code: | 137156997 |
| (iii) | Any clearing system(s) other than Euroclear and Clearstream Luxembourg, and the relevant identification number(s): | Not Applicable |
| (iv) | Delivery: | Delivery against payment |
| (v) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (vi) | Deemed delivery of clearing system notices for the purposes of Condition 14: | Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the second business day after the day on which it was given to Euroclear and Clearstream, Luxembourg. |
| (vii) | Intended to be held in a manner which would allow Eurosystem eligibility: | Yes.

Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. |

7. DISTRIBUTION

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| (i) | Method of distribution: | Non-syndicated |
| (ii) | If syndicated, names of Managers: | Not Applicable |
| (iii) | Date of Subscription Agreement: | Not Applicable |
| (iv) | Stabilising Manager(s) (if any): | Not Applicable |
| (v) | If non-syndicated, name of relevant Dealer: | Morgan Stanley & Co. International plc |

(vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D