



**TERNA — Rete Elettrica Nazionale Società per Azioni.**  
*(incorporated with limited liability in the Republic of Italy)*

**€8,000,000,000**

**Euro Medium Term Note Programme**

This second supplement (the **Supplement**) is supplemental to, forms part and should be read and construed in conjunction with, the Base Prospectus dated 15 December 2015, as supplemented by the first supplement dated 24 February 2016 (the **Base Prospectus**). This Supplement constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and is prepared in connection with the €8,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by TERNA - Rete Elettrica Nazionale Società per Azioni (the **Issuer** or **Terna**). Unless otherwise defined in this Supplement, the terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and contains no omissions likely to affect its import.

**Purpose of the Supplement**

The purpose of this Supplement is to update (i) the “*Documents Incorporated by Reference*” Section of the Base Prospectus to incorporate by reference recent press releases relating to Terna; (ii) a paragraph of the “*Description of the Issuer*” Section of the Base Prospectus; (iii) certain paragraphs of the “*Regulatory Matters – Tariff System*” Section of the Base Prospectus; and (iv) a paragraph of the “*General information*” Section of the Base Prospectus.

**I. DOCUMENTS INCORPORATED BY REFERENCE**

This Supplement has been prepared to disclose and to incorporate by reference in their entirety in the Base Prospectus, copies of the following press releases:

- press release dated 26 February (relating to the affirmation of rating by Fitch);
- press release dated 16 March 2016 (relating to the deposit of the decision of Terna S.p.A CEO of 18 February 2016 approving the issue of a 10-year 80 million Euro bond);
- press release dated 21 March 2016 (relating to the approval of the 2015 financial results by the Board of Directors);
- press release dated 8 April 2016 (relating to the update of the 2016 calendar of corporate events);
- press release dated 29 April 2016 (relating to the filing of documentation);
- press release dated 4 May 2016 (relating to the approval of the results as of 31 March 2016 by the Board of Directors)

- press release dated 13 May 2016 (relating to the publication of interim report as of 31 March 2016)

which have previously been published and have been filed with the *Commission de Surveillance du Secteur Financier* and shall be incorporated by reference in their entirety in, and form part of, the Base Prospectus.

The Issuer confirms that the results as at 31 December 2015 referred to in the press release dated 21 March 2016 (relating to the approval of the 2015 financial results by the Board of Directors) have been compiled on the basis of the established financial reporting process of the Issuer using the same accounting principles, criteria and assumptions as have been used in the annual financial report of Terna and of the Terna Group for the business year 2015.

## **II. DESCRIPTION OF THE ISSUER**

The fifth paragraph of Section entitled “**DESCRIPTION OF THE ISSUER - Overview**” on page 111 of the Base Prospectus is hereby replaced as follows:

“As of 11 February 2016, on the basis of (i) the shareholders’ book, (ii) the communications received pursuant to the Issuers’ Regulation (as defined below) and (iii) the available information, each of CDP Reti S.p.A. (a joint-stock company controlled by Cassa Depositi e Prestiti S.p.A. in which the Ministry for the Economy and Finance of the Italian Republic holds 80.1 per cent. stake) and Norges Bank owns, respectively, 29.851 per cent. and 2.014 per cent. in the Terna’s share capital while the remaining shares are held by institutional and retail investors.”

## **III. REGULATORY MATTERS**

The paragraph “*Base remuneration*” on page 185 of the Base Prospectus as amended by the first supplement dated 24 February 2016 is hereby replaced in its entirety as follows:

“Pursuant to AEEGSI’s Resolution 654/15, the RAB is remunerated at a base return rate (WACC); for years 2016 to 2018 the regulated base WACC is set to 5.3 per cent.”.

The paragraph “*Cost sharing of the penalties/refunds paid by the distribution companies to customers connected to the MV and LV distribution grids*” set out in Section entitled “**REGULATORY MATTERS – Tariff System**” on pages 184 to 192 as amended by the first supplement dated 24 February 2016 is hereby replaced in its entirety as follows:

“According to the current regulation, Terna may be called to pay distributors a share of the penalties/refunds paid by them when the number and/or duration of outages for end customers connected to their grids (MV/LV) exceeds the specific standards established by the AEEGSI.

Terna’s exposure for exceeding the standards of duration of interruptions has a cap of 70 Million € / year. When such refunds exceed the cap, Terna may request the refund of the excess from the “Exceptional Events Fund” (EEF). Terna’s exposure for exceeding standards on the number of outages is contained within the limits of the provisions of the regulation of the quality of the distribution service (Title 5 of Part I of the “*Testo integrato della regolazione output-based dei servizi di distribuzione e misura dell’energia elettrica per il periodo di regolazione 2016-2023*”, TIQE). Other specific cases may entitle Terna to request a refund from the EEF.”.

## **IV. GENERAL INFORMATION**

The paragraph “*Significant or Material Change*” on page 211 of the Base Prospectus is hereby replaced in its entirety as follows:

“There has been no significant change in the financial or trading position of the Group since 31 March 2016 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2014.”

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Copies of this Supplement and the documents incorporated by reference in this Supplement can be obtained free of charge from the registered office of the Issuer, from the specified office of the Paying Agent for the time being in Luxembourg, from the website of the Issuer ([www.terna.it](http://www.terna.it)) and from the website of the Luxembourg Stock Exchange [www.bourse.lu](http://www.bourse.lu).

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.