

APPLICABLE FINAL TERMS

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II Product Governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

18 January 2019

TERNA - Rete Elettrica Nazionale S.p.A.

Issue of €250,000,000 1.000 per cent. Notes due 23 July 2023 (the "Notes")
(to be consolidated and form a single series with the €750,000,000 1.000 per cent. Notes due 23 July 2023 (the "Original Notes"))
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 Conditions (the **Conditions**) set forth in the Base Prospectus dated 13 October 2017 which is incorporated by reference in the Base Prospectus dated 12 October 2018. 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 dated 12 October 2018 which constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (the **Base Prospectus**), including the Conditions incorporated by reference in 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: | 2018-1 |
| | (b) | Tranche Number: | 2 |
| | (c) | Date on which the Notes will be consolidated and form a single Series with the Original Notes on exchange of the | The Notes will be consolidated and form a single Series with the Original Notes on exchange of the |

	Series:	Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about 4 March 2019 (the “Exchange Date”)
2.	Specified Currency or Currencies:	Euro (€)
3.	Aggregate Nominal Amount:	
	(a) Series:	€1,000,000,000
	(b) Tranche:	€250,000,000
4.	Issue Price:	99.787 per cent. of the Aggregate Nominal Amount plus accrued interest from and including 23 July 2018 to, but excluding, the Issue Date. Such accrued interest is equal to €1,246,575.34.
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 (in relation to calculation of interest in global form see Conditions):	€1,000
6.	(a) Issue Date:	21 January 2019
	(b) Interest Commencement Date:	23 July 2018, being the date of issue of the Original Notes
7.	Maturity Date:	23 July 2023
8.	Interest Basis:	1.000 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 25 July 2018 and resolution deed (<i>atto di determina</i>) of the Chief Executive Officer dated 10 January 2019, the latter registered in the Companies’ Register of Rome on 11 January 2019.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 13. | Fixed Rate Note Provisions: | Applicable |
| | (a) Rate(s) of Interest: | 1.000 per cent. per annum payable in arrear on each Interest Payment Date |
| | (b) Interest Payment Date(s): | 23 July in each year from, and including, 23 July 2019 up to, and including, the Maturity Date |
| | (c) Fixed Coupon Amount(s):
for Notes in definitive form (and in relation to Notes in global form see Conditions): | €10.00 per Calculation Amount |
| | (d) Broken Amount(s):
for Notes in definitive form (and in relation to Notes in global form see Conditions): | Not Applicable |
| | (e) Day Count Fraction: | Actual/Actual (ICMA) |
| | (f) Determination Date(s): | 23 July 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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| | | Minimum period: 5 days Maximum period: 90 days |
| 17. | Notice periods for Condition 7.2: | |
| 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
25. Talons for future Coupons to be attached to No.
Definitive Notes:
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 to be listed on the Official List of the Luxembourg Stock Exchange with effect from 21 January 2019.

The Original Notes were admitted to trading on the regulated market of the Luxembourg Stock Exchange on 23 July 2018.

- (ii) Estimate of total expenses related to admission to trading: €600

2. RATINGS

Ratings:

The Notes to be issued have been rated:

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

Moody's Investors Service Ltd. (**Moody's**): Baa2

S&P Global Ratings Europe Limited, France Branch (**S&P**): BBB+

Each of Fitch, Moody's and S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Each of Fitch, Moody's and S&P 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

- (i) Reasons for the offer: To finance and/or refinance Eligible Green Projects
(See “Use of Proceeds” wording in the Base Prospectus)
- (ii) Estimated net proceeds: €250,464,075.34
5. **YIELD** (*Fixed Rate Notes only*)
- Indication of yield: 1.048 per cent.
6. **HISTORIC INTEREST RATES** (*Floating Rate Notes only*)
- Not Applicable
7. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING UNDERLYING, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS**
- Not Applicable
8. **OPERATIONAL INFORMATION**
- (i) ISIN: Until the Notes are consolidated and form a single Series with the Original Notes, the Notes will have a temporary ISIN Code XS1937059365. After the Notes are consolidated and form a single Series with the Original Notes on or after the Exchange Date, they will have the same ISIN Code as the Original Notes, being XS1858912915.
- (ii) Common Code: Until the Notes are consolidated and form a single Series with the Original Notes, the Notes will have a temporary Common Code 193705936. After the Notes are consolidated and form a single Series with the Original Notes on or after the Exchange Date, they will have the same Common Code as the Original Notes, being 185891291.
- (iii) CFI: DTFUFB
- (iv) FISN: TERNA RETE. SPA/1 MTN 20230723 REGS
- (v) Any clearing system(s) other than Euroclear and Clearstream Luxembourg, and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

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| (viii) | 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. |
| (ix) | Intended to be held in a manner which would allow Eurosystem eligibility: | <p>Yes.</p> <p>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.</p> |

9. 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: | UniCredit Bank AG |
| (vi) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA D |
| (vii) | United States Tax Considerations | The Notes are not Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. |
| (viii) | Prohibition of Sales to EEA Retail Investors: | Applicable |