

TERNA'S BOARD OF DIRECTORS: DECEMBER 31, 2014 RESULTS APPROVED

- **Revenues** at 1,996.4 million euros (+5.3%)
- **EBITDA** at 1,491.5 million euros (+0.2%)
- Group's **Net Income** at 544.5 million euros (+6%)
- **Free cash flow** at 260 million euros
- **Proposed dividend for 2014** of 20 eurocents per share
(of which 7 cents already paid as interim dividend and 13 cents as final dividend payable in June 2015)

London, March 26, 2015 – The CEO Matteo Del Fante presented the 2014 results, which were examined and approved by the Board of Directors of TERNA S.p.A. ("Terna") at a meeting chaired by Catia Bastioli today.

"These results reflect positive contribution from both our Regulated and Non Regulated businesses. Our strong Quality of Service performance helped deliver improved cash flow and working capital – stated Terna's CEO, Matteo Del Fante – Terna today has grown into Europe's leading transmission operator, well positioned to play a leading role in the development of an integrated European grid as energy policy evolves. We will maintain our focus on achieving further operational efficiencies, technology advances and growth opportunities as we expand the grid and invest in Non Regulated Activities. This will continue to deliver benefits for electricity consumers and value for our shareholders".

CONSOLIDATED ECONOMIC AND FINANCIAL RESULTS

<i>Figures in million euros</i>	2014	2013	% change
Revenues	1,996.4	1,896.4	+5.3%
EBITDA (Gross Operating Margin)	1,491.5	1,488.1	+0.2%
EBIT (Operating Profit)	1,010.9	1,037.7	-2.6%
Net profit for the year	544.5	513.6	+6%

2014 **revenues** stand at 1,996.4 million euros, with an increase of 100 million euros (+5.3%) versus 2013. This increase was mainly related to Non Regulated activities (+79.1 million euros), essentially for revenues earned by the Tamini Group since acquisition (53.5 million euros) and increased other activities pertaining to fees for NTG variants, planning of interconnections with foreign networks and maintenance on Third-Party plants.

Operating costs amount to 504.9 million euros, up by 96.6 million compared to 2013. The increase reflects the incorporation of the Tamini Group (approx. 53 million euros) and includes a provision of approx. 37 million euros to support a new generational change project that is to be started during 2015, which entails the recruitment of young professionals and a voluntary early retirement plan.

Even considering non-recurring cost items, the Group's **EBITDA** (Gross Operating Margin) still amounts to 1,491.5 million euros, with an increase of 3.4 million euros (+0.2%) compared to 2013. **EBITDA margin** decreases from 78.5% in 2013 to 74.7% in 2014.

Amortization and depreciation for the year amounted to 480.6 million euros, up by approx. 30 million euros versus 2013, mainly due to the commissioning of new plants.

EBIT (Operating Profit) was 1,010.9 million euros, against 1,037.7 million euros in 2013 (-2.6%), as an effect of higher amortization and depreciation.

Net financial charges for the year, equal to 127.9 million euros, were up 27.7 million euros compared to 100.2 million euros in 2013, which benefited from higher financial income mainly due to more favorable rates.

Profit before taxes totaled 883 million euros, a 54.5 million euros reduction compared to the previous financial year (-5.8%).

Income taxes for the financial year amounted to 338.5 million euros, an 85.4 million euros decrease (-20.1%) over the previous financial year, mainly due to the reduction of the IRES (corporate income tax) surcharge provided for by Decree Law no. 138 of 13/08/2011 (the so-called Robin Hood Tax), which set the IRES current tax rate at 34% (versus 38% in 2013), and to the adjustment of net deferred taxes resulting from the ruling on the unconstitutionality of the aforementioned IRES surcharge by the Constitutional Court (which set the rate for the IRES surcharge at 27.5% from 2015 onwards). Therefore, the **tax rate** for the financial year decreased from 45.2% in 2013 to 38.3% in 2014.

Net profit for the year improved by approx. 31 million euros over 2013, reaching 544.5 million euros (+6%).

The Group's **total investments** are in line with development plans and amount to 1,096.1 million euros, compared to 1,212.3 million euros in 2013.

Over the course of the year, new strategic infrastructures such as the "Trino-Lacchiarella" and "Foggia-Benevento" lines were commissioned. Moreover, activities for the construction of the 380 kV "Sorgente-Rizziconi" power line and the "Italy-Montenegro" HVDC interconnection carried on, as did works for the development of electricity storage systems.

Net financial debt as at December 31st 2014 totaled 6,967.8 million euros compared to 6,697.8 million euros at 31 December 2013.

Consolidated Shareholders' equity as of December 31, 2014 registered **net Shareholders' equity** of 3,092.9 million euros compared to 2,940.6 million euros as at end of 2013.

As at December 31, 2014, the **group headcount** was 3,797. This figure includes the employees of the Tamini Group.

RESULTS OF THE PARENT COMPANY - TERNA S.p.A.

Terna S.p.A. closed 2014 with **revenues** at 1,788.1 million euros, a 1.8% increase (+32.2 million euros) compared to 2013.

Operating costs amounted to 503 million euros, compared with a 2013 year-end figure of 442.7 million euros, essentially as a result of some non-recurring items.

EBITDA, as a result, came to 1,285.1 million euros, equal to 71.9% of revenues (74.8% in 2013), a 28.1 million euros decrease compared to 1,313.2 million euros in 2013 (-2.1%).

Amortization and depreciation for the year of 426.7 million euros was up 26.5 million euros compared to 2013 (+6.6%), mainly owing to the commissioning of new plants and the new decommissioning plans defined at the end of the financial year.

Therefore, **EBIT** (Operating Profit) stood at 858.4 million euros, decreasing by 54.6 million euros (-6%) compared to the 2013 financial year.

Net profit for the year was 450.4 million euros, down 4.4 million euros compared to net profit in 2013 (-1%).

The statement of financial position registered Shareholders' equity of 2,756.7 million euros (compared to 2,688.1 million euros at December 31, 2013) and net financial debt of 6,796.2 million euros (+321.6 million euros compared to December 31, 2013).

SIGNIFICANT EVENTS OCCURRING AFTER YEAR-END

Terna a global leader in sustainability

On January 20, 2015, for the third year in a row, the Company was included in the RobecoSAM's Gold Class in the Sustainability Yearbook 2015 - which this year included a panel of over 3,000 international companies from 42 countries and 59 different sectors - that assesses the performance of the sustainability policies of major global corporations.

With one of the highest scores in the basket, Terna is one of the only companies in the world included in the Gold Class of the Electric Utilities industry, i.e. the highest performing companies in terms of sustainability. There are only 4 Italian companies included in the Gold Class for their respective industry.

Successful launch of a 7-year bond issuance for 1 billion euros

On **January 23, 2015**, Terna S.p.A. successfully launched a fixed-rate bond issuance for 1 billion euro within its 6 billion euro Euro Medium Term Notes Programme (EMTN), which was rated "BBB" with stable outlook by Standard and Poor's, "(P)Baa1" with stable outlook by Moody's and "BBB+" with stable outlook by Fitch. The issuance generated a demand of approx. 3.5 billion euros.

The securities, listed on the Luxembourg stock exchange, have a duration of 7 years and mature on February 2, 2022. The coupon amounts to 0.875% (the lowest coupon in the history of corporate issues in Italy) and were issued at a price of 99.42%, with a spread of 52 basis points over the *midswap*.

The transaction is part of Terna's financial optimization program, aimed at covering the Group's Business Plan requirements.

Terna and Anie launch the "Safe work sites" project

On **January 26, 2015** Terna and Anie, the Federation that brings together the major companies in the electro-technical and electronic sector, signed a protocol about the safety of the works that are required to guarantee the maximum efficiency of the national electricity grid's 63,900 km or so.

The agreement – the first of its kind signed by Anie with an infrastructure operator - follows the one signed in 2012 on the environmental safety of work sites and it is part of a synergistic cooperation effort that aims at minimizing risks by adopting specific procedures in carrying out work site activities.

Ruling of the Constitutional Court of 10/2015: declaration of constitutional illegitimacy of the IRES surcharge pursuant to Article 81, par. 16, 17 and 18 of Legislative Decree no. 112/2008

On **February 11, 2015** the ruling with which the Constitutional Court declared the constitutional illegitimacy of the so-called Robin Hood Tax (Article 81, par. 16, 17 and 18 of Legislative Decree no. 112/2008) was published.

The Court, however, believed that the retroactive implementation of this constitutional illegitimacy declaration would have determined a serious breach of the state's budgetary balance provided for by

Article 81 of the Constitution. Consequently, constitutional illegitimacy shall apply from the day following the publication of this ruling.

Launch of market coupling on Italian borders: go-live of the project with France, Austria and Slovenia

February 24, 2015 marked the official start of the market coupling project on Italian borders. After an inspection and testing phase that was successfully concluded in January, starting from the aforementioned date the electricity markets for three of Italy's five borders, i.e. those with France, Austria and Slovenia, were "aligned" (or, in technical jargon, "coupled") with one another through the synchronization of the relevant Electricity Stock Exchanges and the co-ordination of the relevant TSOs. The process for electricity borders between Italy and Switzerland and Italy and Greece, instead, will start in the next few months.

With the operational go-live, which, for Italy, involves Gme and Terna, our Country has taken a further, major step towards a European integrated electricity market and is now part of the wider Multi-Regional Coupling (MRC), which already connects the majority of EU electricity markets, from Finland through to Portugal to Slovenia. At continental level, the extension of market coupling to MRC will impact 20 European Countries as a whole, for a total yearly consumption of approx. 2,800 TWh, i.e. 75% of European electricity demand.

The benefits of market coupling - the mechanism that integrates the electricity markets of several countries and enables the assignment of daily transit capacity at the border - are manifold. At a more general level, according to "Booz&Company" study for the European Commission, the entire integration process of European energy markets will result in benefits of 70 billion euros per year, of which 40 billion in the electricity sector: out of aforementioned above amount, 2.5 to 4 billion euros will result from market coupling.

The necessary precondition for the start of market coupling for Italy was also the alignment of the closing time of the session for bid submission on the Day-Ahead Market (MGP): starting from February 10, in fact, Terna changed the timing of MGP, shifting closing time from 09:00 am to 12:00 am and thus synchronizing it with that of other European countries for the first time since the Italian electricity market was established (2004).

OUTLOOK

Over the next fiscal year the company will focus on maximizing cash flow, as required to guarantee a healthy and balanced financial structure and support its dividend policy. This objective will be pursued through capital expenditure and operating cost efficiency programs and by developing new initiatives, including the creation of new cross-border interconnections and new activities in non regulated environments.

We will continue to deploy our grid expansion projects such as the “Sorgente-Rizziconi” 380 kV double circuit AC interconnection which will ensure a greater security of connection with the Italian electricity grid for Sicily’s electricity grid, as well as increase competition between operators, with a relevant positive impact on prices, as well as Italy-Montenegro interconnection. Moreover we will expand our storage systems.

In line with previous years, the Group will continue pursuing the process of optimization and operating cost efficiency.

Non Regulated Activities will continue to focus on value creation through contracts for third parties in the engineering, construction and maintenance services primarily for the electricity sector and housing for the telecommunications business.

Moreover, we shall continue Tamini’s consolidation and development process, with the objective of best leveraging the company’s expertise.

Agreements for the start of the construction of the interconnection with France pursuant to Law 99/2009 (so-called Interconnector) are also expected to be finalized in 2015.

Terna will also be going on with the delivery of a voluntary turnover programme, aimed at the strategic addition of young bright individuals, consistently with the new Group’s organization programme.

SHAREHOLDERS’ MEETING AND DIVIDEND

The Board of Directors will submit to the Shareholders’ Meeting the approval of a total ordinary dividend for the entire 2014 equal to 20 eurocents per share and the distribution of the remaining 13 eurocents per share gross of any legal withholdings.

It should be noted that on November 12, 2014, TERNA’s Board of Directors had already resolved the distribution to shareholders of an ordinary interim dividend for 2014 equal to 7 eurocents per share gross of any applicable withholdings, paid as of November 26, 2014.

The Board of Directors will propose June 22, 2015 as the “ex-dividend date” for coupon no.22 (record date pursuant to Article 83 *terdecies* of Italian Legislative Decree no. 58 dated February 24, 1998, so-called “TUF”: June 23, 2015) and June 24, 2015 for the relative payment.

As disclosed to the market on January 21, 2015, the Shareholder’s Meeting called to approve TERNA S.p.A.’s financial statements as of December 31, 2014, as well as the income allocation, has been scheduled in the following time frame, in single call: May 18, 2015 – June 16, 2015.

With respect to convening the Shareholders’ Meeting, the Board of Directors resolved to delegate the Chairwoman to establish its location and date within the time frame already announced to the market.

The Ordinary Shareholders’ Meeting, moreover, shall be called to resolve on the appointment of a Director as a result of the appointment by co-optation of Director Yunpeng He on January 21, 2015, as per the press release issued on the same date.

The section of “Terna’s Annual Report on Remuneration” that - with reference to the members of administrative bodies, general directors and other managers holding strategic responsibilities –includes information on the Remuneration Policy and the procedures used for the adoption and implementation of this

Policy, will be submitted to the Ordinary Shareholders' Meeting in its consultative session with non-binding vote.

The notice of call shall be published in the manner and within the deadline required pursuant to Law.

Today, a meeting is scheduled with the financial community and the media at the Intercontinental London Park Lane in London at 02:00 pm (GMT) to present corporate strategy and 2014 results to financial analysts and institutional investors. The support material for the conference call will be available on the Company's website (www.terna.it), in the Investor Relations/Presentations section, at the beginning of the conference call. In the same section it will be possible to follow the presentation through web-streaming. The Presentations will also be made available via the SDIR-NIS system, on the website of Borsa Italiana S.p.A. (www.borsaitaliana.it) through the authorized storage service "1Info" (www.1info.it).

The Executive in Charge of preparing the company's financial reports, Pierpaolo Cristofori, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance (TUF), declares that the accounting information included in this press release corresponds to the document results, books and accounting records.

The 2014 Annual Financial Report, including TERNA S.p.A.'s draft financial statements and the TERNA Group's consolidated financial statements as of December 31, 2014 together with TERNA S.p.A.'s Directors' Report, the Consolidated Financial Statements and the certification of the Executive in Charge of preparing the company's financial reports and of the CEO in compliance with paragraph 5 of article 154 bis of the Consolidated Law on Finance, with additional documents as established by the law and with the Annual Report on Corporate Governance and ownership structure, will be filed at the Company's head office and will be available to the public on the Company's website (www.terna.it), will be published on the website of the authorized storage mechanism "1Info" (www.1info.it), as well as deposited at the market management company Borsa Italiana S.p.A. (www.borsaitaliana.it) in compliance with the terms established by the law. The information required on filing shall be provided.

The 2014 Annual Financial Report has been submitted to the Board of Statutory Auditors and to the Independent Auditing Company for their relevant evaluation.

The report by the Board of Statutory Auditors and the reports by the Independent Auditing Company will be made available to the public as soon as they are available according to the terms established by the law.

The reclassified Income Statement, Statement of financial position and Statement of Cash flow of the TERNA Group and of Terna S.p.A. are attached.

It should be noted that, pursuant to communication no. DME/9081707 of September 16, 2009, the reclassified statements presented below are those included in the Directors' Report (included in the 2014 Annual Financial Report), for which the Independent Auditing Company, in compliance with Article 14 of Italian Legislative Decree no. 39 dated January 27, 2010 shall verify consistency with the Financial Statements.

In this release some "alternative performance indicators" are used (EBITDA and Net financial debt), the meaning and content of which are illustrated below in line with CESR /05-178b recommendation published on November 3, 2005:

- Ebitda (Gross Operating Margin): is an indicator of operating performance; it is calculated by adding Amortization and Depreciation to the Operating Profit (EBIT);
- Ebitda margin: is an indicator of operating performance; it derives from the ratio between the Gross Operating Margin (Ebitda) and revenues;
- Net financial debt: is an indicator of the company's own financial structure; it is calculated according to the short- and long-term financial debt and relevant derivatives, net of cash and cash equivalents and of financial assets.

Terna Group's Reclassified Income Statement*

Million euros	FY2014	FY2013	Δ	Δ%
Revenues:				
- Transmission fees ⁽¹⁾	1,650.7	1,644.4	6.3	0.4%
- Dispatching fees ⁽¹⁾	117.3	114.4	2.9	2.5%
- Other revenues and income	198.0	106.8	91.2	85.4%
<i>of which other revenues from Regulated Activities⁽¹⁾</i>	54.9	42.8	12.1	28.3%
<i>of which other revenues from Unregulated Activities⁽²⁾</i>	143.1	64.0	79.1	123.6%
- Revenues from construction activities under concession** ⁽¹⁾	30.4	30.8	(0.4)	(1.3%)
Total revenues	1,996.4	1,896.4	100.0	5.3%
Operating costs:				
- Personnel expenses ⁽³⁾	258.9	198.9	60.0	30.2%
- Services, leases and rentals ⁽³⁾	139.5	120.8	18.7	15.5%
- Materials ⁽³⁾	37.1	11.4	25.7	225.4%
- Other expenses	39.0	46.4	(7.4)	(15.9%)
- Costs from construction activities under concession** ⁽⁴⁾	30.4	30.8	(0.4)	(1.3%)
Total operating costs	504.9	408.3	96.6	23.7%
GROSS OPERATING MARGIN	1,491.5	1,488.1	3.4	0.2%
Amortization and Depreciation	480.6	450.4	30.2	6.7%
OPERATING PROFIT	1,010.9	1,037.7	(26.8)	-2.6%
- Net financial income (expense) ⁽⁵⁾	(127.9)	(100.2)	(27.7)	27.6%
INCOME BEFORE TAXES	883.0	937.5	(54.5)	-5.8%
-Income taxes for the year ⁽⁶⁾	338.5	423.9	(85.4)	(20.1%)
NET PROFIT FOR THE YEAR	544.5	513.6	30.9	6.0%

* In the Reclassified Income Statement of the Terna Group, revenues from Regulated Activities include revenues of the items "Transmission Fees", "Dispatching Fees" and "Other revenues and income".

** Recognized in accordance with IFRIC 12 "Service Concession Arrangements".

In the Income Statement of the Consolidated Financial Statements at December 31, 2014:

- (1) The balance is included in "Revenues from sales and services".
- (2) The balance corresponds to the item "Other revenues and income", to the item "Revenues from sales and services" for a value of 69.5 million euros and item "Net profit from discontinued operations" for a value of 13.8 million euros, pertaining to the release of the provision accrued by Suntergrid S.p.A., incorporated into Terna Plus S.r.l. in 2013, for the adjustment of the estimate of probable costs linked to extraordinary transactions finalized in 2011 in the solar power sector;
- (3) correspond respectively to the items "Personnel expenses", "Services" and "Raw materials and consumables used", net of construction costs for concession activities ex IFRIC 12 (30.4 million euros, of which 6.1 million euros for "Personnel expenses", 21.3 million euros for "Services, leases and rentals" and 3 million euros for "Materials").
- (4) The balance is included in the items "Personnel costs", "Services" and "Raw materials and consumables used", as detailed in note (3) above;
- (5) corresponds to the balance of items under points 1, 2 and 3 letter C-"Financial income and expenses";
- (6) corresponds to the item "Taxes for the financial year" and to the item "Net profit from discontinued operations" for -2.8 million euros, pertaining to the tax effects of the release of the provision commented on in note (2) above.

Terna Group's Reclassified Statement of Financial Position

Million euros	as at 31.12.2014	as at 31/12/2013	Δ
Net non-current assets			
- Intangible assets and goodwill	452.5	461.8	(9.3)
- Property, plant and equipment	10,778.6	10,119.9	658.7
- Financial assets ⁽¹⁾	91.3	82.8	8.5
Total	11,322.4	10,664.5	657.9
Net working capital			
- Trade receivables ⁽²⁾	670.8	846.1	(175.3)
- Inventories	21.6	8.0	13.6
- Other assets ⁽³⁾	24.4	16.8	7.6
- Net tax receivables ⁽⁴⁾	6.2	32.9	(26.7)
- Trade payables ⁽⁵⁾	742.9	780.0	(37.1)
- Net payables for pass-through energy items ⁽⁶⁾	453.9	407.3	46.6
- Other liabilities ⁽⁷⁾	347.0	289.9	57.1
Total	(820.8)	(573.4)	(247.4)
Gross invested capital	10,501.6	10,091.1	410.5
Sundry provisions ⁽⁸⁾	440.9	452.7	(11.8)
NET INVESTED CAPITAL	10,060.7	9,638.4	422.3
Group's Net Equity	3,092.9	2,940.6	152.3
Net financial debt ⁽⁹⁾	6,967.8	6,697.8	270.0
TOTAL	10,060.7	9,638.4	422.3

In the Statement of Financial Position of the Consolidated Financial Statements at December 31, 2014, they correspond to:

- (1) the items "Equity accounted investees", "Other non-current assets" and "Non-current financial assets" for the value of other equity investments (0.3 million euros) and prepaid Revolving Credit Facility commissions (2.0 million euros);
- (2) the item "Trade receivables" net of the value of receivables from energy pass-through revenues (907.0 million euros);
- (3) the item "Other current assets" net of other tax receivables (21.6 million euros);
- (4) the items "Income tax assets", "Other current assets" for the value of other tax receivables (21.6 million euros), "Other current liabilities" for the value of other tax payables (40.1 million euros) and "Income tax liabilities";
- (5) the item "Trade payables" net of the value of payables for energy pass-through expenses (1,360.9 million euros);
- (6) the items "Trade receivables" for the value of receivables from energy pass-through revenues (907.0 million euros) and "Trade payables" for the value of payable for energy pass-through expenses (1,360.9 million euros);
- (7) the items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (40.1 million euros);
- (8) the items "Employee benefits", "Provisions for risks and charges" and "Deferred tax liabilities";
- (9) the items "Long-term loans", "Current portions of long-term loans", "Non-current financial liabilities", "Cash and cash equivalents", "Non-current financial assets" for the value of FVH derivatives (784.8 million euros).

Terna Group's Cash Flow*

<i>Million euros</i>	<i>Cash flow 31.12.2014</i>	<i>Cash flow 31.12.2013</i>
- Net profit for the year	544,5	513,6
- Amortization and Depreciation	480,6	450,4
- Net financial charges	127,9	100,2
- Net change in provisions	(11,8)	(27,4)
<i>of which contribution from Tamini Group**</i>	15,1	-
- Net losses (gains) on asset disposals	(1,8)	(1,7)
Operating Cash Flow	1.139,4	1.035,1
- Change in net working capital	244,9	-150,0
<i>of which contribution from Tamini Group**</i>	(39,3)	-
- Other changes in net fixed assets	(33,6)	0,6
<i>of which contribution from Tamini Group**</i>	(30,6)	-
- Change in equity investments	(4,5)	(0,7)
- Other changes in equity attributable to owners of the Parent	9,8	40,7
Cash Flow from Operating Activities	1.356,0	925,7
- Total Investments	(1.096,1)	(1.212,3)
Free Cash Flow	259,9	(286,6)
- Dividends to shareholders of the Parent Company	(402,0)	(402,0)
- Net financial charges	(127,9)	(100,2)
Change in Net Debt	(270,0)	(788,8)

** Initial Value at the acquisition date of May 20, 2014

* Per la riconduzione ai prospetti contabili di bilancio del Gruppo Terna si rimanda al paragrafo "Gestione economica e finanziaria del Gruppo Terna" incluso nella sezione "Performance" della Relazione sulla gestione della Relazione finanziaria annuale 2014 Terna S.p.A. e Gruppo Terna.

Terna S.p.A. Reclassified Income Statement*

Million euros	FY2014	FY2013	Δ	Δ%
Revenues:				
- Transmission fees ⁽¹⁾	1,468.6	1,467.8	0.8	0.1%
- Dispatching fees ⁽¹⁾	117.3	114.4	2.9	2.5%
- Other revenues and income ⁽²⁾	171.8	142.9	28.9	20.2%
<i>of which other revenues from Regulated Activities</i>	118.2	105.1	13.1	12.5%
<i>of which other revenues from Unregulated Activities</i>	53.6	37.8	15.8	41.8%
- Revenues from construction activities under concession** ⁽¹⁾	30.4	30.8	(0.4)	(1.3%)
Total revenues	1,788.1	1,755.9	32.2	1.8%
Operating costs:				
- Personnel expenses ⁽³⁾	87.7	46.8	40.9	87.4%
- Services, leases and rentals ⁽³⁾	346.4	318.1	28.3	8.9%
- Materials ⁽³⁾	4.3	4.0	0.3	7.5%
- Other expenses	34.2	43.0	(8.8)	(20.5%)
<i>of which service Quality</i>	(2.2)	24.1	(26.3)	(109.1%)
- Costs from construction activities under concession** ⁽⁴⁾	30.4	30.8	(0.4)	(1.3%)
Total operating costs	503.0	442.7	60.3	13.6%
GROSS OPERATING MARGIN	1,285.1	1,313.2	(28.1)	(2.1%)
Amortization and Depreciation	426.7	400.2	26.5	6.6%
OPERATING PROFIT	858.4	913.0	(54.6)	(6.0%)
- Net financial income (expense) ⁽⁵⁾	(121.2)	(88.5)	(32.7)	36.9%
INCOME BEFORE TAXES	737.2	824.5	(87.3)	(10.6%)
- Income taxes for the year	286.8	369.7	(82.9)	(22.4%)
NET PROFIT FOR THE YEAR	450.4	454.8	(4.4)	(1.0%)

* In the Reclassified Income Statement of the Terna S.p.A., revenues from Regulated Activities include revenues of the items "Transmission Fees", "Dispatching Fees" and "Other revenues and income".

** Recognized in accordance with IFRIC 12 "Service Concession Arrangements".

In the Income Statement of the Financial Statements at December 31, 2014:

- (1) The balance is included in "Revenues from sales and services";
- (2) the balance corresponds to the item "Other revenues and income" and item "Revenues for sales and services" for 93.7 million euros;
- (3) the items "Personnel expenses", "Services" and "Raw materials and consumables used", net of construction costs for concession activities ex IFRIC 12 correspond to respectively 30.4 million euros, of which 0.2 million euros for "Personnel expenses", 28.8 million euros for "Services, leases and rentals" and 1.4 million euros for "Materials".
- (4) The balance is included in the items "Personnel costs", "Services" and "Raw materials and consumables used", as detailed in the previous note (3);
- (5) corresponds to the balance of items under points 1, 2 and 3 letter C-"Financial income and expenses".

Terna S.p.A. Reclassified Statement of Financial Position

<i>Million euros</i>	as at 31.12.2014	as at 31/12/2013	Δ
Net non-current assets			
- Intangible assets and goodwill	346.2	356.1	(9.9)
- Property, plant and equipment	9,577.0	8,972.6	604.4
- Financial assets ⁽¹⁾	685.1	683.3	1.8
Total	10,608.3	10,012.0	596.3
Net working capital			
- Trade receivables ⁽²⁾	628.5	846.2	(217.7)
- Inventories	0.7	0.7	-
- Other assets ⁽³⁾	6.5	8.2	(1.7)
- Trade payables ⁽⁴⁾	609.3	724.4	(115.1)
- Net payables for pass-through energy items ⁽⁵⁾	488.1	449.4	38.7
- Net tax liabilities ⁽⁶⁾	0.7	-32.0	32.7
- Other liabilities ⁽⁷⁾	335.0	301.9	33.1
Total	-797.4	-588.6	(208.8)
Gross invested capital	9,810.9	9,423.4	387.5
Sundry provisions ⁽⁸⁾	258.0	260.7	(2.7)
NET INVESTED CAPITAL	9,552.9	9,162.7	390.2
Net equity	2,756.7	2,688.1	68.6
Net financial debt ⁽⁹⁾	6,796.2	6,474.6	321.6
TOTAL	9,552.9	9,162.7	390.2

In the Statement of Financial Position of the Financial Statements at December 31, 2014, they correspond to:

- (1) the items "Other non-current assets" and "Non-current financial assets" for the carrying amount of the other investments (681.1 million euros);
- (2) the item "Trade receivables" net of the value of receivables from energy pass-through revenues (875.0 million euros);
- (3) the item "Other current assets" net of other tax receivables (58.7 million euros) and the item "Current financial assets" net of the value of FVH derivatives (18.4 million euros);
- (4) The item "Trade payables" net of the value of payables for energy pass-through expenses (1,324.4 million euros);
- (5) the items "Trade receivables" for the value of receivables from energy pass-through revenues (875.0 million euros) and "Trade payables" for the value of payable for energy pass-through expenses (1,324.4 million euros);
- (6) the items "Income tax assets", "Other current assets" for the value of other tax receivables (58.7 million euros), "Other current liabilities" for the value of other tax payables (1.3 million euros) and "Income tax liabilities";
- (7) the items "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (112.1 million euros);
- (8) the items "Employee benefits", "Provisions for risks and charges" and "Deferred tax liabilities";
- (9) the items "Long-term loans", "Current portions of long-term loans", "Non-current financial liabilities", "Short-term loans", "Cash and cash equivalents", "Non-current financial assets" for the value of the loan to Terna Rete Italia S.r.l. and of FVH derivatives (500.0 million euros and 527.1 million euros, respectively) and "Current financial assets" for the value of FVH derivatives (18.4 million euros).

Terna SpA's Cash flow*

<i>Million euros</i>	Cash flow at 31.12.2014	Cash flow at 31.12.2013
- Net profit for the year	450,4	454,8
- Amortization and Depreciation	426,7	400,2
- Net financial charges	121,2	88,5
- Net change in provisions	(2,7)	(11,5)
- Net losses (gains) on asset disposals	(1,8)	(1,7)
Operating Cash Flow	993,8	930,3
- Change in net working capital	206,9	(121,5)
- Change in equity investments	0,7	(2,2)
- Other changes in fixed assets	1,8	(35,5)
- Other transactions in the net equity	20,2	36,8
Cash Flow from Operating Activities	1.223,4	807,9
- Total investments	(1.021,8)	(1.119,5)
Free Cash Flow	201,6	(311,6)
- Dividends paid to shareholders	(402,0)	(402,0)
- Net financial charges	(121,2)	(88,5)
Change in Net Debt	(321,6)	(802,1)

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* For a reconciliation with Terna S.p.A. financial statements, reference is made to the paragraph "Terna S.p.A. Performance and Financial Position" in the section "Performance" of the 2014 Directors' Report of Terna S.p.A. and the Terna Group Annual Financial Report.