

## **TERNA: BOARD APPROVES THE RESULTS AS OF MARCH 31, 2009**

- **Revenues at 366,8 million euros (337.3 million in 1Q08, + 8.7%)**
- **Ebitda at 267.3 million euros (246.2 million in 1Q08, + 8.6%)**
- **Ebit at 195.2 million euros (181.3 million in 1Q08, + 7.7%)**
- **Net income at 94.1 million euros (90.7 million in 1Q08, + 3.7%)**
- **Investments at 149.5 million euros (145.2 million in 1Q08, +3%)**

**Rome, May 15, 2009** – CEO Flavio Cattaneo presented the results of the first quarter of 2009, which were examined and approved by TERN A SpA, 's (Terna) Board of Directors that met today chaired by Luigi Roth.

CEO, Flavio Cattaneo, stated: *“First quarter results above expectations. A significant growth was achieved despite the current macroeconomic conditions, also thanks to the recognition by the Authority of our nature as an operator focused on infrastructures strategic for the development of the Country. This has been confirmed also by the absolute level of investments done in Q1. Furthermore, the agreement for the sale of Terna Participações will further strengthen our commitment towards our shareholders”*

### **CONSOLIDATED FINANCIAL RESULTS**

| Million euros                          | 1 <sup>st</sup> Q 2009 | 1 <sup>st</sup> Q 2008 | Change        |
|--|------------------------|------------------------|---------------|
| <b>Revenues</b>                        | <b>366.8</b>           | <b>337.3</b>           | <b>+ 8.7%</b> |
| <b>Ebitda (Gross Operating Margin)</b> | <b>267.3</b>           | <b>246.2</b>           | <b>+ 8.6%</b> |
| <b>Ebit (Operating Income)</b>         | <b>195.2</b>           | <b>181.3</b>           | <b>+ 7.7%</b> |
| <b>Net income</b>                      | <b>94.1</b>            | <b>90.7</b>            | <b>+ 3.7%</b> |

### **FOREWORD**

Terna has drawn up the Quarterly Report as of March 31, 2009, in compliance with the provisions pursuant to art. 154-ter of Legislative Decree 58/98 and to Consob recommendation n. DEM/8041082, dated April 30, 2008, which do not require the informative report according to the terms of the IAS 34.

### **FIRST QUARTER 2009 CONSOLIDATED RESULTS**

Revenues rose to 366.8 million euros, increasing by 8.7%, the Ebitda, to 267.3 million euros (+ 8.6%), and the net income to 94.1 million euros, increasing by 3.7%. Investments also increased to 149.5 million euros (+3%), based on Terna's constant commitment towards the National Transmission Grid development that is necessary to strengthen the entire electricity system and improving its safety and efficiency. The Ebit too, that stood at 195.2 million euros, increased by 7.7%.

**Revenues** in the first quarter of 2009, equal to 366.8 million euros (309,4 million euros for the Parent Company and 57.4 million euros for the Brazilian subsidiaries) recorded an increase of 29.5 million euros (+ 8.7% compared to the 337.3 million euros of the first quarter in 2008).

This increase was mainly due to higher revenues for the grid use (17.4 million euros), 13.4 million euros owing to higher revenues of the Parent Company for the transport of electricity on the

National Transmission Grid (NTG), including the share of the guarantee mechanism provided for with Resolution 188/08 that established the substantial offsetting of the annual variations of energy transmitted compared to the transport revenues. Revenues from the transport of energy of the Brazilian companies accounted for 4 million euros in the above-mentioned increase, mainly for the annual adjustment of the concession fee and for ETEO's contribution, that was acquired in May 2008, partly offset by the average depreciation of the local currency against the euro.

Higher revenues were also registered for activities carried out in Brazil by the Terna Serviços company for building the Brasnorte plants (6.6 million euros), for greater non-regulated activities carried by the Parent Company (+2.2 million euros) and for an increase in other revenues (+3.0 million euros) mainly owing to capital gains on transfer of assets.

**Operating costs** equal to 99.5 million euros (79.8 million euros for the Parent Company and 19.7 million euros for the Brazilian companies) registered an increase of 8.4 million euros (+ 9.2 %) compared to the same period in 2008. This growth was attributable to the Brazilian companies for 7.8 million euros mainly for a greater purchase of materials by Terna Serviços for building activities carried out for the Brasnorte company as well as for the inclusion of the ETEO company into its field of activity. The labor cost did not present any significant variations compared to the same period last year.

**Ebitda** (Gross Operating Margin) stood at 267.3 million euros, increasing by 21.1 million euros (+8.6%) compared to the results of the first quarter of 2008. The Brazilian subsidiaries contributed with 37.7 million euros.

**Ebit** (Operating Income), that reflected a 7.2 million euros (11.1%) increase in amortization essentially owing to the entrance into operation of new plants, was equal to 195.2 million euros, increasing by 13.9 million euros (+7.7%) compared to the first quarter of 2008.

**Net financial** charges for this period, equal to 49.2 million euros (40.4 million euros of which relative to the Parent Company and 8.8 million euros to the Brazilian companies) registered an increase compared to the first quarter of 2008 equal to approximately 9.3 million euros. This increase was mainly due to greater financial charges on the medium and long term debt compared to the first quarter of 2008.

**Income taxes** for the period equaled 51.9 million euros registering an increase of 1.2 million euros compared to the first quarter of 2008.

**Net income** stood at 94.1 million euros (90.7 million euros in the first quarter of 2008, + 3.7%).

**Group Net Income**, after subtracting the share of the minority shareholders, equaled 89.1 million euros, increasing by 4.2 % compared to the 85.5 million euros of the first quarter of 2008.

The consolidated balance sheet as of March 31, 2009 registered a **Net Shareholders' Equity** equal to 2,250.7 million euros, 2,155.0 million euros of which as **Group Shareholders' Equity** (compared to 2,163.7 million euros as of December 31, 2008, 2,076.8 million euros of which of the Group), while the **Net Financial Debt** was equal to 3,278.9 million euros and was reduced by 86.9 million compared to 3,365.8 million euros as of December 31, 2008. The **debt/equity** ratio as of March 31, 2009 equaled 1.46, decreasing compared to the 1.56 as of December 31, 2008.

Total **investments** in the first quarter of 2009 equaled 149.5 million euros, increasing by 3% compared to the 145.2 million euros during the same period last year.

**Headcount** of the Group, as of the end of March 2009, equaled 3,739, increasing by 5 employees compared to the end of 2008.

### **SIGNIFICANT EVENTS FOLLOWING MARCH 31, 2009**

On April 1, the acquisition was finalized of the entire capital of Enel Linee Alta Tensione Srl (ELAT), the company to which Enel Distribuzione transferred, effective January 1, 2009, a branch of the company formed by the high voltage lines and by the relative legal obligations. The branch transferred to ELAT is formed by 18,583 kilometers of high voltage grid mainly at 132 and 150 kilovolts.

Also on April 1, 2009, Elat's extraordinary shareholders' meeting resolved, among other things, to change the corporate name to Terna Linee Alta Tensione S.r.l. (TELAT S.r.l.).

The consideration for the transfer equaled 1,152 million euros and was entirely paid at the time of closing. The finalization of the transaction occurred following the existence of the contract conditions, in particular, obtaining the authorization for the transaction from the Antitrust Authority, the inclusion on the part of the appropriate authorities of the high voltage lines transferred into the National Transmission Grid, as well as issuing provisions on the part of the AEEG that recognized ELAT the relative tariff revenues.

On April 24, Terna, Cemig Geração and Transmissão S.A., a subsidiary of Companhia Energética de Minas Gerais ('Cemig') and Cemig (as a guarantor) signed an agreement for transferring a block of shares formed by 173,527,113 ordinary shares, accounting for nearly 65.86% of Terna Participações S.A. share capital. The sum for purchasing each share was equal to 13.43 reais, (nearly 4.66 euros), for a total amount of 2,330 million reais for the entire block of shares (approximately 809 million euros at the exchange rate of the day the transfer was announced). Therefore, the sum for purchasing a share certificate (or "Unit", formed by an ordinary share and two privileged shares) was equal to 40.29 reais (nearly 13.99 euros).

The transaction has already been approved by Cemig's Board of Directors and, according to the Brazilian law, is subject to the ratification on the part of the company's Shareholders' meeting which will be held on next May 28. The closing of the transaction will occur not prior to September 30, 2009 and will also be subject to the approval on the part of the local regulatory Authority (ANEEL, Agência Nacional de Energia Elétrica).

The use of the income deriving from the transfer will be evaluated only after the closing of the transaction.

*At 3:30 pm a conference call will be held to illustrate the results of the first quarter of 2009 and open to financial analysts and institutional investors. Journalists are also invited to listen to the call. The support material for the conference call will be available at the website of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and also at Terna's website at [www.terna.it](http://www.terna.it), in the Investor Relations section, concomitantly with the start of the conference call. In the same section it will also be possible to follow the presentation through audio webcasting.*

*The reclassified consolidated Income Statement, Balance Sheet and Statement of Cash Flows of the TERNA Group are attached. It is highlighted that, with reference to the balances of the first quarter of 2008 of the attached reclassified charts, the items were recalculated that were affected by the application by the Terna Group as of December 31, 2008 of the new version of the IAS 23-Financial Charges and of the registered effects of the purchase price allocation, as established in the IFRS 3, relating to foreign acquisitions of 2007, definitively registered in the last quarter of 2008.*

*The Quarterly report as of March 31, 2009, which was not subject to accounting auditing, will be available to the public at Terna's headoffice and at the market management company, Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)) and will be available on Terna's website at [www.terna.it](http://www.terna.it) as of today's date.*

*In compliance with the existing Brazilian laws, on the websites of the Brazilian Securities Commission (at [www.cvm.gov.br](http://www.cvm.gov.br)) and of the Brazilian subsidiary, Terna Participações ([www.terna.com.br](http://www.terna.com.br)), the results published today are available for the first quarter of 2009 for Terna Participações and its subsidiaries, drafted according to the Brazilian BR GAAP accounting principles (and expressed in the local currency).*

*The officer responsible for preparing Terna's accounting documents, Mr. Luciano di Bacco, certifies that in compliance with paragraph 2 of article. 154-bis of the Consolidated Finance Act, the financial information included herein reflects the accounting entries, records and the books.*

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

- Ebitda (Gross operating margin): represents an indicator of the operating performance; it is calculated by adding amortization to the Operating Income (EBIT);
- 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

## Terna Group's Reclassified Income Statement

| million euros   | January 1 – March 31 |              |             |              |
|---|----------------------|--------------|-------------|--------------|
|   | 2009                 | 2008*        | Change      | %            |
| <b>Revenues:</b>  |                      |              |             |              |
| - Grid transmission fees (1)                            | 325.0                | 307.6        | 17.4        | 5.7%         |
| - Other energy items (1)                                | 11.2                 | 10.9         | 0.3         | 2.8%         |
| - Other revenues from sales and services (1)            | 16.6                 | 7.8          | 8.8         | 112.8%       |
| - Other revenues and income                             | 14.0                 | 11.0         | 3.0         | 27.3%        |
| <b>Total revenues</b>                                   | <b>366.8</b>         | <b>337.3</b> | <b>29.5</b> | <b>8.7%</b>  |
| <b>Operating expenses:</b>                              |                      |              |             |              |
| - Personnel expenses (2)                                | 51.3                 | 50.3         | 1.0         | 2.0%         |
| - Services and use of third party assets                | 30.2                 | 30.4         | -0.2        | -0.7%        |
| - Materials (2)   | 9.8                  | 2.0          | 7.8         | 390.0%       |
| - Other expenses  | 8.2                  | 8.4          | -0.2        | -2.4%        |
| <b>Total operating expenses</b>                         | <b>99.5</b>          | <b>91.1</b>  | <b>8.4</b>  | <b>9.2%</b>  |
| <b>GROSS OPERATING PROFIT (EBITDA)</b>                  | <b>267.3</b>         | <b>246.2</b> | <b>21.1</b> | <b>8.6%</b>  |
| <b>Amortization/Depreciation</b>                        | <b>72.1</b>          | <b>64.9</b>  | <b>7.2</b>  | <b>11.1%</b> |
| <b>OPERATING INCOME (EBIT)</b>                          | <b>195.2</b>         | <b>181.3</b> | <b>13.9</b> | <b>7.7%</b>  |
| - Net financial income (charges) (3)                    | -49.2                | -39.9        | -9.3        | 23.3%        |
| <b>PROFIT BEFORE TAXES</b>                              | <b>146.0</b>         | <b>141.4</b> | <b>4.6</b>  | <b>3.3%</b>  |
| - Income taxes  | 51.9                 | 50.7         | 1.2         | 2.4%         |
| <b>PROFIT FOR THE PERIOD</b>                            | <b>94.1</b>          | <b>90.7</b>  | <b>3.4</b>  | <b>3.7%</b>  |
| - <i>Attributable to the shareholders of the Parent</i> | <i>89.1</i>          | <i>85.5</i>  | <i>3.6</i>  | <i>4.2%</i>  |
| - <i>Attributable to minority interests</i>             | <i>5.0</i>           | <i>5.2</i>   | <i>-0.2</i> | <i>-3.8%</i> |

\* For data reconciliation as of March 31, 2008 please refer to the Group performance and financial position of the Terna Group's Interim Financial Report as of March 31, 2008.

In the consolidated statements:

(1) this figure is included under item "Revenues from sales and services".

(2) including the capitalized cost item equal euro 13.8 million under "Personnel expenses" and euro 7.1 million under item "Materials".

(3) corresponds to the balance of the items described under points 1, 2, 3 of "Financial income/charges".

## Terna Group's Reclassified Balance Sheet

| <i>million euros</i>                                  | As of<br>31.03.2009 | As of<br>31.12.2008* | Change        |
|---|---------------------|----------------------|---------------|
| <b>Net fixed assets</b>                               |                     |                      |               |
| - Intangible assets and goodwill                      | 493.6               | 483.2                | 10.4          |
| - Property, plants and equipment                      | 6,143.2             | 6,035.8              | 107.4         |
| - Financial assets (1)                                | 45.1                | 43.7                 | 1.4           |
| <b>Total</b>  | <b>6,681.9</b>      | <b>6,562.7</b>       | <b>119.2</b>  |
| <b>Net Working Capital</b>                            |                     |                      |               |
| - Trade receivables                                   | 1,205.2             | 1,730.4              | -525.2        |
| - Inventories   | 14.7                | 17.7                 | -3.0          |
| - Other assets (2)                                    | 28.2                | 26.6                 | 1.6           |
| - Trade payables                                      | 1,360.8             | 1,880.6              | -519.8        |
| - Net tax liabilities (3)                             | 76.3                | -11.9                | 88.2          |
| - Other liabilities (4)                               | 571.5               | 514.2                | 57.3          |
| <b>Total</b>  | <b>-760.5</b>       | <b>-608.2</b>        | <b>-152.3</b> |
| <b>Gross invested capital</b>                         | <b>5,921.4</b>      | <b>5,954.5</b>       | <b>-33.1</b>  |
| Sundry provisions (5)                                 | 391.8               | 425.0                | -33.2         |
| <b>Net invested capital</b>                           | <b>5,529.6</b>      | <b>5,529.5</b>       | <b>0.1</b>    |
| Equity attributable to the shareholders of the parent | 2,155.0             | 2,076.8              | 78.2          |
| Equity attributable to minority interests             | 95.7                | 86.9                 | 8.8           |
| Net financial debt (6)                                | 3,278.9             | 3,365.8              | -86.9         |
| <b>Total</b>  | <b>5,529.6</b>      | <b>5,529.5</b>       | <b>0.1</b>    |

\* For data reconciliation as of December 31, 2008 please refer to the Report on Management of the 2008 Annual Report of the Terna Group.

In the consolidated statements, these correspond to:

- (1) The items "Equity-accounted investees" and "Other non-current assets";
- (2) The items "Other current assets" net of other tax receivables (€12.4 million) and "Current financial assets" for the value of accrued interest income (€3.2 million);
- (3) The items "Tax assets", "Other current assets" for the value of other tax receivables (€12.4 million), "Other current liabilities" for the value of other tax payables (€51.4 million) and "Income tax liabilities";
- (4) The items "Other non-current liabilities", "Current financial liabilities", "Other current liabilities" net of other tax payables (€32.3 million) and "Current financial assets" for the value of accrued interest expense on derivatives (€0.2 million);
- (5) The items "Employee benefits", "Provisions for contingencies and charges", "Deferred tax liabilities", and "Deferred tax assets";
- (6) The items "Long-term loans", "Current portion of long-term loans", "Short-term loans", "Non-current financial liabilities", "Cash and cash equivalents", "Noncurrent financial assets" and "Current financial assets" for the value of the short-term loan to ETAU (€0.2 million).

## *Terna Group's Cash Flow\**

| <i>million euros</i>  | Cash flow<br>31.03.2009 | Cash flow<br>31.03.2008 |
|---|-------------------------|-------------------------|
| <b>Opening cash and cash equivalents</b>                            | <b>779.7</b>            | <b>244.0</b>            |
| - Profit for the period   | 94.1                    | 90.7                    |
| - Amortization and depreciation                                     | 72.1                    | 64.9                    |
| - Net change in provisions  | -33.2                   | 0.9                     |
| - Net losses/(profits) on asset disposals                           | -1.7                    | 0.6                     |
| <b>Self-financing</b>   | <b>131.3</b>            | <b>157.1</b>            |
| - Change in net working capital                                     | 152.3                   | 48.2                    |
| <b>Cash flows from operating activities</b>                         | <b>283.6</b>            | <b>205.3</b>            |
| <b>Investments</b>  |                         |                         |
| - Property, plant and equipment                                     | -143.3                  | -141.6                  |
| - Intangible assets   | -6.2                    | -3.6                    |
| - Other changes in non-current assets                               | -20.6                   | 23.3                    |
| - Changes in shareholding   | -1.2                    | -0.5                    |
| <b>Total cash flows generated by/(used in) investing activities</b> | <b>-171.3</b>           | <b>-122.4</b>           |
| - Change in loans   | -633.2                  | 10.4                    |
| - Cash flow hedge and stock option to equity                        | -24.4                   | 0.5                     |
| - Dividends to minority interests of the foreign subsidiaries       | -1.0                    | -6.7                    |
| <b>Total cash flows generated by/(used in) financial activities</b> | <b>-658.6</b>           | <b>4.2</b>              |
| <b>Total cash flows for the period</b>                              | <b>-546.3</b>           | <b>87.1</b>             |
| <b>Closing cash and cash equivalents</b>                            | <b>233.4</b>            | <b>331.1</b>            |

\* For the reconciliation with the consolidated accounting statements, please refer to the paragraph "Reconciliation of alternative performance indicators pursuant to the CESR 05-178b recommendation" of the Terna Group's Interim Financial Report as of March 31, 2009.