

TERNA PRESENTS THE 2009 – 2013 STRATEGIC PLAN

- **Nearly 3.4 billion euro capex during the Plan period (+ 300 million euro compared to the previous Plan, +10%), 2.6 billion euro of which for grid development**
- **Greater management efficiency: margin enhancement from 71% to 77%**
- **Capital structure: gearing at the end of the period at 58%,**
- **Dividend policy confirmed, with a minimum yearly growth of at least 4%**

Milan, February 3, 2009 - The CEO Flavio Cattaneo illustrated today in a meeting with the financial community and the media, the Strategic Plan for 2009-2013, approved by the Company's Board of Directors chaired by Luigi Roth, also present at the meeting.

MAIN STRATEGIC GUIDELINES

Targets achieved in grid development and consolidation, thanks to the expected acquisition of Enel HV, and to a solid regulatory system that recognizes the Company's infrastructural nature were the basis to outline TERNA Group's 2009-2013 Strategic Plan according to the following four guidelines:

- **Sustainable growth**: by developing the National Transmission Grid (NTG) with a total capex plan equal to 3.4 billion euro for the 2009-2013 period, increased by 300 million euro compared to the previous Plan, Development capex represents nearly 77% of total capex, increasing from 2.5 billion euro to 2.6 billion euro.
- **Margin enhancement**: mainly deriving from increased revenues and from cost reduction for carrying out regulated activity in Italy. EBITDA margin is expected to increase from 71% (preliminary 2008 data) to 77% at the end of the Plan period, a two percentage points target increase compared to the previous Plan (75%).
- **Improvement and sustainability of Terna SpA's capital structure**, that will be partly reached already in 2009 through the closing of the acquisition of Enel's HV grid (Enel Linee Alta Tensione Srl, "ELAT"). Gearing, therefore, will rise from 41% in 2008 to 58% in 2013.
- **System safety and reliability**: confirmed commitment towards guaranteeing the highest level of performance in safety of the system and reliability of the National Transmission Grid, in line with the guidelines provided by the Regulatory Authority and with international best practices

BUSINESS UNIT ITALY

1. TERNA's Capex Plan

During the five-year period, Terna will invest for development and other projects about 3.4 billion euro, with a 300 million euro growth compared to what was announced last year (3.1 billion euro). In line with the previous year, the increase in the capex plan is mainly related to development projects that represent nearly 77% of the total, increasing from the 2.5 billion euro announced last year to 2.6 billion euro. Of these, 2.3 billion euro regard investments connected to projects already included within the National Development Plan; the remaining 300 million mainly refer to investments included in the Defence Plan and to other investments deriving from the expected enlarged field of activity. The remaining 800 million refer to maintenance and other investments. Approximately half of the capex falls within the category established by the Authority for Electricity and Gas (AEEG) for which an additional 3% remuneration is expected with respect to the 6.9% remuneration floor. Moreover, a further 29% belongs to the 2% incentive category.

The capex plan drives the Regulated Asset Base (RAB) that will increase from 6.3 billion euro to approximately 10 billion euro at the end of the Plan period, with a total growth equal to nearly 60% and a 8% annual average increase. This is largely due to the significant volume of expected net investments but also to the acquisition of Enel's HV grid.

Furthermore, the RAB percentage that receives incentives on the total will rise from 9% at the end of 2007 to 34% in 2013, not only due to the significant amount of development investments expected in the Plan, but also for having extended the incentive remuneration to various strategic projects also during the construction phase, in exchange of precise commitments given by Terna for their final coming into operation.

The new Plan foresees an annual average capex of approximately 700 million euro. This represents an important challenge for the company which can be now adequately met, a confirmation of Terna's capability in sustaining high capex levels.

The Company's objective is to provide the electricity system with a more efficient and safer management of energy flows. Measures included in the plan will allow reducing local congestion, eliminating Grid bottlenecks, strengthening the Grid by favouring production from renewable sources, strengthening the transmission system and the Northern Italy interconnection.

Therefore, there are several feasibility studies currently underway for electricity interconnection with foreign countries which play a primary role in the two-fold objective of strengthening the system safety and differentiating supply sources. In addition to various projects in France and Slovenia, the most advanced interconnection study regards the Balkan Countries, particularly Montenegro where Terna has signed a preliminary agreement with the local electricity operator.

Merchant lines projects are also being studied for interconnection with some Mediterranean Countries, among which Tunisia and Albania.

The most important projects to be implemented include:

ITALY

- ⇒ Submarine cable connection between Sardinia and the Italian peninsula (SA.PE.I.)
- ⇒ Sorgente – Rizziconi (Sicily/Calabria) connection
- ⇒ Upgrading of the Turin grid

- ⇒ Dolo-Camin (Veneto) line
- ⇒ Santa Barbara-Casellina line, between Florence and Arezzo
- ⇒ Foggia-Benevento line, between Apulia/Campania
- ⇒ Restructuring of the grid in Northern Calabria
- ⇒ Upgrading of the electricity systems in the Valcamonica territory
- ⇒ Trino-Lacchiarella line (Piedmont/Lombardy).

The finalization of the ELAT acquisition will allow the expansion of the field of activity of the National Transmission Grid, with benefits for planning upgrading measures on the territory as well as for opportunities to strengthen existing lines.

ENVIRONMENTAL SUSTAINABILITY

This is a very important strategic factor for TERNA. Developing the grid not only means building new lines in addition to the already existing ones. New plants and systems are often accompanied by significant upgrading measures that include the removal of obsolete pylons, thus a reduced environmental impact of electricity infrastructures.

Within this framework, during the 2006-2008 three-year-period, the following important projects were either started or completed. :

- ⇒ Milan area: 10 km of 220 kV power lines removed following the building of the new 380 kV "Turbigio-Rho" line
- ⇒ Cagliari: 12 km of power lines removed in the Molentargius-Saline Park by removing 28 pylons, 10 of which from the pond, to the advantage of the rich local birdlife. This project is also linked to the restructuring of the grid in the Cagliari area.
- ⇒ Valcamonica and Valtellina: work began for upgrading the electricity grid; the project includes the removal of 160 km of obsolete lines and pylons and the transformation into underground cables of the area's electricity infrastructures, for a total of 110 km of power lines. The work was possible thanks to the coming into operation of the San Fiorano – Robbia interconnection power line between Italy and Switzerland.

2. Margin enhancement

The increase in revenues and cost control will allow increasing the Group's EBITDA margin from the present 71% to 77% at the end of the Plan period.

From 2008 to 2013, the Group's average annual revenue growth is expected to be 5%, thanks to the expansion of the field of activity based on ELAT's acquisition, but also to greater regulated revenues in Italy based on the growth of the RAB and of recognized costs. Moreover, the Regulator introduced an incentive plan linked to the reduction of dispatching costs, which will hopefully lead to additional remuneration for the Company connected to the reduced costs for dispatching services.

The Plan also establishes that costs will remain stable despite the strong asset growth, thanks to the optimization of external costs and to the reduction of internal costs through the best management of resources and insourcing of personnel for investment activities.

An asset development of over 40% is expected from 2008 to 2013. This will allow a significantly improved efficiency through a 27% reduction of regulated costs for km of lines during the Plan period

3. Grid quality and reliability

TERNA must guarantee a safe electric system and top quality transmission service, in line with the levels established by the Grid Code and with international best practices.

With regard to safety, the Defence Plan will be increased by 40% during the period (compared to the previous Plan) in order to increase reliability and efficiency through investments in the TLC network and in the IT systems, thus improving asset protection.

Terna is committed to maintaining the current quality standards of its transmission and dispatching services.

With regard to energy consumption, 2008 registered the first reduction in annual electricity demand since 1981. The forecast for the next twelve months indicates an additional reduction in demand

BUSINESS UNIT BRAZIL

The strategy in Brazil is confirmed. Terna Participações' main targets will be organic growth and cost efficiency, particularly in the recently acquired companies. With regard to the organic growth, the Company is completing an investment plan (new lines and strengthening the existing ones) for a total of approximately 126 million R\$, that will produce greater regulated revenues of approximately 13 million R\$ as of September 2009. For what concerns efficiency, the insourcing plan for the subsidiary ETEO will be completed and will allow for the increase of the Ebitda margin from 73% in 2008 to 80% in 2013.

The financial plan includes refinancing the short-term debt of 529 million R\$, entered for the acquisition of ETEO.

CAPITAL STRUCTURE

Cash paid for the acquisition of ELAT, the capex plan and the dividend policy all lead to an improved the capital structure. Terna SpA's gearing will rise from 41% at the end of 2008 (preliminary data) to 58%.

During the Plan period, the debt is expected to increase by 2.4 billion euro.

In addition to its present cash availability, Terna has already secured the financial resources sufficient for covering at competitive costs both the acquisition of Elat and nearly all of the financial needs foreseen by the Plan.

Financial ratios will slightly deteriorate for the debt incurred with the Elat acquisition and could lead to a downgrade of the Group's rating, although the rating is expected to remain stable during the Plan period. The possible downgrade will not have significant consequences on the Group's financial charges.

DIVIDEND POLICY

The dividend policy is confirmed and foresees an annual minimum dividend growth of at least 4%, based on 2005 as floor year, and six-month coupons divided into interim dividend and final dividend.

This policy will determine a highly attractive return for investors and one of the best in the sector. The final 2008 dividend will be announced to the market on March 11th, following the approval of the 2008 results by the Board of Directors.

SOCIAL RESPONSIBILITY

In line with Terna's Code of Ethics, the commitment towards sustainability strengthens the Group's continuous improvement with objectives aimed at supporting medium-long term growth. With regard to the environment, in addition to the above-mentioned positive effects - i.e. removal of lines as part of grid development and reduced grid losses - performance improvements will be driven by the environmental management system which has received ISO14001 certification. Terna is among the five companies listed in the S&PMib that received the ISO 14001 environmental certification, the ISO 9001 quality certification and the OHSAS 18001 occupational safety certification. Through recent agreements with the WWF and the LIPU, Terna is also involved in biodiversity protection.

In the past few years, Terna received various recognitions for environmental sustainability: since January 2009, Terna has been among the ten European companies to have received the Ruban d'Honneur at the European Business Award 2009 for the Sustainability Category. In addition to being reconfirmed in the FTSE4Good, the financial index of the Financial Times Stock Exchange in London that groups the best European companies that have stood out for sustainable economic development, the Company has also been included in the Global Sustainability Index (GSI), Ethical Index Euro, Axia Ethical Index and Axia CSR Index.

"Our first three years closed with a business growth trend both in Italy and Brazil – commented Terna's CEO – that have made us become the first independent operator in Europe and the second private operator in Brazil. Preliminary data for 2008 exceeded our expectations compared to all the activities included in the previous Plan.,2008 was a highly satisfactory year for results, a year in which the basis were laid for future growth also thanks to the acquisition of the Enel assets. Through our focused activities, we succeeded in limiting management risks also through a very constructive approach with the Regulator.

The Company's infrastructural nature and the recognition by the Authority of our main objective, namely development, will allow us to be able to look at the future with a positive attitude. The Plan presented today confirms our commitment to strengthen one of the country's fundamental energy infrastructures to the benefit of the entire community, namely the HV Grid. Since 2005 – added Flavio Cattaneo – we have been saying that Terna would have operated with a primary business target: creating value for all shareholders and contributing to the development of the Italian system. At the end of the second three-year period beginning now in 2009, we can state this objective has been continuously pursued also thanks to the commitment of our team of professionals, working all over the national territory. .Despite the troubled economic scenario – commented the CEO - we believe that the 2009 results will also follow a positive trend and will allow us to confirm our dividend policy. "

The support material for the Analyst Presentation will be available on-line at www.terna.it, in the Investor Relations Sector, concomitantly with the beginning of the Analyst Presentation. In the same section it will be possible to follow the presentation through video webstreaming. A press conference is also scheduled at the end of the analyst presentation.

This presentation includes "alternative performance indicators" (gross operating margin, Ebitda and Net financial debt) whose meaning and contents are explained as follows, in line with the CESR/05-178b recommendation published on November 3, 2005:

- Gross operating margin (Ebitda): an indicator of the operating performance calculated by adding amortizations to the operating result (EBIT);
- Net financial position: an indicator of the financial structure deriving from the result of the short and long term financial debt and relative derivatives, net of cash and cash equivalent means and of financial activities