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TERNA: BOARD APPROVES THE RESULTS AS OF MARCH 31, 2008

Consolidated trend in line with the objectives announced to the market, taking into consideration the beginning of the new regulatory period as of January 1, 2008.

- **Revenues at 337.3 million euro (324.9 million in 1Q07, + 3.8%)**
- **Ebitda at 246.2 million euro (239.8 million in 1Q07, + 2.7%)**
 - **Ebit at 181.5 million euro (181.6 million in 1Q07, - 0.1%)**
- **Net group income at 89.6 million euro (93.8 million in 1Q07, -4.5%) slightly decreased due to the impact of higher amortization and depreciation linked to the Grid's investment activity and to the increased financial charges**
- **Investments at 143.3 million euro (119.6 million in 1Q07, +19.8%)**

Rome, May 12, 2008 – CEO Flavio Cattaneo presented the results of the first quarter of 2008, which were examined and approved by TERNA SpA's Board of Directors that met today chaired by Luigi Roth.

CONSOLIDATED FINANCIAL RESULTS

Millions of euro	1°Q 2008	1°Q 2007*	Change
Revenues	337.3	324.9	+3.8%
Ebitda (Gross Operating Margin)	246.2	239.8	+2.7%
Ebit (Operating Income)	181.5	181.6	-0.1%
Net Group Income	89.6	93.8	-4.5%

* With reference to 2007, the figures were recalculated on the basis of changes made by applying the IAS 8; reference is to be made to the paragraph in the Illustrative Note "A. Accounting principles and evaluation criteria" of the Consolidated Financial Statement as of December 31, 2007.

FOREWORD

Terna has drawn up the Quarterly Report as of March 31, 2008 in compliance with 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 IAS 34.

FIRST QUARTER 2008 CONSOLIDATED RESULTS

Both revenues, with 337.3 million euro and +3.8%, and the Ebitda, with 246.2 million euro and +2.7% rose, also with the application of the new rates of the third regulatory period, in effect as of January 1, 2008. Investments were significant with 143.3 million euro (+19.8%), based on Terna's constant commitment towards the National Transmission Grid's development, necessary for strengthening the national electricity system and improving its safety and efficiency.

The Ebit was basically stable, with 181.5 million euro, considering increased amortization and depreciation linked to the investment trend and a Net Income equal to 89.6 million euro, slightly

decreased owing to the impact of increased amortization and depreciation linked to the Grid's investment activity and to the increased financial charges.

In the first quarter of 2008, **Revenues**, equal to 337.3 million euro (271.9 million euro for the Parent Company, 46.7 million euro for the Brazilian subsidiaries and 18.7 million euro for the subsidiary RTL) recorded an increase of 12.4 million euro (+ 3.8% compared to the 324.9 million euro for the first quarter of 2007).

This increase was due to higher revenues for the transport of electricity on the Italian national transmission grid for 4.9 million euro and essentially derived from the volume effect as well as from the expansion of RTL's field of activity. Higher revenues for grid use were also attributable to the Brazilian subsidiaries (+ 6.7 million euro), owing to various effects the most significant ones being the adjustment of the concession fee (also including the offset of higher PIS /Cofins taxes), the average appreciation of the local currency against the euro in the first quarter of 2008 compared to the same period last year, as well as the expansion of the field of activity.

Operating costs, equal to 91.1 million euro (78.8 million euro for the Parent Company, 11.9 million euro for the Brazilian subsidiaries and 0.4 million euro for the RTL subsidiary), registered an increase of 6 million euro (+ 7.1%) compared to the same period in 2007. This growth was mainly attributable to regular maintenance activity carried out by Terna and by its Brazilian subsidiaries, that as stated above, are affected by higher PIS/Cofins taxation compared to the same period in 2007 (+2.7 million euro).

Ebitda (Gross Operating Margin) stood at 246.2 million euro, equal to 73% of consolidated revenues, with an increase of 6.4 million euro (+2.7%) compared to the first quarter of 2007. The Brazilian subsidiaries contributed with 34.8 million euro (+6.7%) and the RTL subsidiary with 18.3 million (+36.6%).

Ebit (Operating Income), which reflected a 6.5 million euro increase in amortization owing to the entrance into operation of the new plants and the expansion of the field of activity, was equal to 181.5 million euro, substantially in line with the first three months of 2007.

Net financial charges for the period, equal to 41.8 million euro (33.9 million euro of which relative to the Parent Company) registered an increase compared to the first quarter of 2007, equal to 17.3 million euro, mainly owing to the medium and long term debt and relative coverage of the Parent Company and attributable to the increased interest rates and to the increased debt compared to the same period last year.

Income taxes for the period equalled 50.1 million euro and decreased by 13.2 million compared to the first quarter of 2007, essentially attributable to the Parent Company and mainly owing to the new IRES and IRAP rates introduced by the 2008 Finance Act.

Net Income equaled 89.6 million euro (93.8 million in the first quarter of 2007, -4.5%).

Group Net Income for the period, after subtracting the share of the minority shareholders, equaled 84.4 million euro, decreasing by 5.1% compared to the 88.9 million euro of the first quarter of 2007. This slight decrease is mainly due to higher amortisation and depreciation linked to the Grid's investment activity and to increased financial charges.

The consolidated balance sheet as of March 31, 2008 registered a **Net Shareholders' Equity** equal to 2,334.1 million euro, 2,230.1 million euro of which as the **Group's Shareholders' Equity** (compared to the 2,273.5 million euro as of December 31, 2007, 2,162 million euro of which of the

Group), while the **Net Financial Debt** was equal to 2,573 million euro (compared to 2,649.7 million euro as of December 31, 2007). The **debt/equity** ratio as of March 31, 2007 was equal to 1.10.

Total Investments in the first quarter of 2008 were equal to 143.3 million euro, with an increase of 23.7 million euro (+19.8%) compared to the same period last year.

Headcount of the Group as of March 31, 2008 equalled 3,692, increased by 90 employees compared to the end of 2007.

SIGNIFICANT EVENTS AFTER MARCH 31, 2008

TERNA's Annual Shareholders' Meeting was held on April 28th which appointed the Board of Directors and the Board of Statutory Auditors for the 2008-2010 three year period, confirming Luigi Roth as Chairman of the Board. In its first meeting, the new Board of Directors confirmed Flavio Cattaneo as TERNA's CEO.

On May 5, TERNA signed an agreement with the European Investment Bank (EIB) for a 300 million euro loan intended for building a new High Voltage Direct Current 500 kV submarine cable between Sardinia and the Italian Peninsula: the SAPEI. The loan will have a 20 year maturity, with highly competitive conditions that include an annual cost for the loan equal to the Euribor 6-month rate, increased by a 5 base point margin.

At 5:00 PM a conference call will be held to illustrate the 2008 First Quarter results to financial analysts and institutional investors. Journalists are also invited to listen to the call. Support material for the conference call will be available at www.terna.it in the Investor Relations section, from the beginning of the conference call. In the same section, it will also be possible to listen to the presentation through audio webcasting.

The reclassified consolidated Income Statement, Balance Sheet and Statement of Cash Flows of the TERNA Group are attached.

The Quarterly Report as of March 31, 2008, which was not subject to accounting auditing, will be available on Terna's website at www.terna.it within the terms established by the law.

In compliance with current Brazilian laws in force, on the Internet sites of the Brazilian Securities Commission (www.cvm.gov.br) and of its Brazilian subsidiary Terna Participações (www.terna.com.br), the results are available for the first quarter of 2008, published on today's date, 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 the requirements of paragraph 2 of art. 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 amortizations (EBIT) to the Operating Income;

- 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

Reclassified Income Statement

Millions of euro	January 1 – March 31			
	2008	2007*	Change	%
Revenues:				
- Grid usage fee (1)	307.6	296.0	11.6	3.9%
- Other energy revenues (1)	10.9	10.7	0.2	1.9%
- Other sales and services (1)	7.8	8.4	-0.6	-7.1%
- Other income and revenues	11.0	9.8	1.2	12.2%
Total revenues	337.3	324.9	12.4	3.8%
Operating costs:				
- Labour cost (2)	49.5	51.9	-2.4	-4.6%
- Services and use of third party assets	30.4	26.9	3.5	13.0%
- Materials (2)	2.8	1.8	1.0	55.6%
- Other costs	8.4	4.5	3.9	86.7%
Total operating costs	91.1	85.1	6.0	7.1%
EBITDA	246.2	239.8	6.4	2.7%
Amortization/Depreciation	64.7	58.2	6.5	11.2%
EBIT	181.5	181.6	-0.1	-0.1%
- Net financial income (charges) (3)	-41.8	-24.5	-17.3	70.6%
PROFIT BEFORE TAXES	139.7	157.1	-17.4	-11.1%
- Income taxes	50.1	63.3	-13.2	-20.9%
NET INCOME	89.6	93.8	-4.2	-4.5%
-Net income pertaining to the Group	84.4	88.9	-4.5	-5.1%
-Net income pertaining to third parties	5.2	4.9	0.3	6.1%

* With reference to 2007, the figures were recalculated on the basis of changes made by applying the IAS 8; reference is to be made to the paragraph in the Illustrative Note "A. Accounting principles and evaluation criteria" of the Consolidated Financial Statement as of December 31, 2007.

In the consolidated statements:

- (1) The balance is included in the item "Revenues from sales and services",
- (2) includes the item capitalized costs equal to euro 13.0 million under item "Labour cost" and to euro 1.5 million under item "Materials".

And corresponds to the items detailed in points 1, 2 and 3 of "Financial income and charges".

Reclassified Balance Sheet

<i>Millions of euro</i>	As of 31.03.2008	As of 31.12.2007*	Change
Net fixed assets			
- Intangible assets and goodwill	376.2	384.7	-8.5
- Properties, plants and equipment	5,653.5	5,613.0	40.5
- Financial activities (1)	37.3	36.9	0.4
Total	6,067.0	6,034.6	32.4
Net working capital			
- Trade receivables	1,657.8	1,541.1	116.7
- Inventories	15.8	12.6	3.2
- Other assets (2)	21.2	19.1	2.1
- Trade payables	1,822.7	1,772.0	50.7
- Net taxes payable (3)	107.6	4.1	103.5
- Other liabilities (4)	464.7	448.7	16.0
Total	-700.2	-652.0	-48.2
Gross capital employed	5,366.8	5,382.6	-15.8
Sundry provisions (5)	459.7	459.4	0.3
Net capital employed	4,907.1	4,923.2	-16.1
Group's shareholders' equity	2,230.1	2,162.0	68.1
Third parties' shareholders' equity	104.0	111.5	-7.5
Net financial debt (6)	2,573.0	2,649.7	-76.7
Total	4,907.1	4,923.2	-16.1

* For data reconciliation as of December 31, 2007, reference is made to the Terna Group's Report on 2007 Annual Financial Report of the Terna Group.

In accounting statements, these correspond to:

- (1) The items "Equity investments valued at net equity", "Other non current assets" and "Current financial assets" for the value of the advance payment for the shareholding in ETEO (euro 0.1 million);
- (2) The item "Other current assets" net of tax credits (euro 11.2 million) and the item "Current financial assets" for the value of accrued income financial proceeds (euro 0.5 million);
- (3) The items "Other current assets" for the value of tax credits (euro 11.2 million), "Other current liabilities" for the amount of the other tax payables (euro 68.0 million) and "Tax liabilities on income";
- (4) The items "Other non current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (euro 70.4 million);
- (5) The items "Provisions for personnel", "Provisions for future risks and charges", "Tax liabilities including deferred taxes" and "Prepaid tax assets";
- (6) The items "Long term borrowings", "Current quota of long term borrowings", "Short term borrowings", "Cash and cash equivalents", "Non current financial assets" net of the advance payment for the shareholding in ETEO (euro 0.1 million), "Current financial assets" for the value of the short term loan for ETAU (euro 1.5 million) and "Non current financial liabilities".

Terna Group's statement of Cash Flow*

<i>Millions of euro</i>	Cash flow 31.03.2008	Cash flow 31.12.2007
Intercompany C/A and opening cash balance	244.0	200.4
- Net income	89.6	432.8
- Amortization/Depreciation	64.7	255.1
- Net changes in funds	0.3	-106.5
- Losses (Profits) on net asset sales	0.6	-0.6
Self-financing	155.2	580.8
- Change in net working capital	48.2	88.3
Operating Cash Flow	203.4	669.1
Investments		
- Property, plants and equipment	-139.7	-591.1
- Intangible assets	-3.6	-24.9
- Other changes in fixed assets	23.3	-88.3
- Change in shareholdings	-0.5	-24.5
Total monetary flow from (to) investment activity	-120.5	-728.8
- Change in loans	10.4	410.5
- Other movements in Group's Shareholders' Equity	0.5	4.0
- Dividends	-6.7	-311.3
- Other movements in Minority interests	0.0	0.1
Total monetary flow from (to) financial activity	4.2	103.3
Total monetary flow for the period	87.1	43.6
Intercompany C/A and closing cash balance	331.1	244.0

* For reconciliation with accounting statements, reference is made to the paragraph "Reconciliation of alternative indicators of performance pursuant to the CESR/05-178b recommendation" of the Terna Group's Quarterly Report as of March 31, 2008.