

TERNA: BOARD APPROVES RESULTS AS OF JUNE 30, 2008

Revenues at 667.9 million euro (642.4 million in 1H07, + 4%)
Ebitda at 479.2 million euro (471.4 million in 1H07, + 1.7%)
Ebit at 347.4 million euro (352.7 million in 1H07, - 1.5 %)
Net income at 216.1 million euro (203.4 million in 1H07, + 6.2 %)
Investments at 332.7 million euro (253.5 million in 1H07, + 31.2%)

Rome, July 30, 2008 – Chief Executive Officer Flavio Cattaneo presented the results for the first half of 2008, which were examined and approved by TERNA SpA's Board of Directors that met today and was chaired by Luigi Roth.

CONSOLIDATED FINANCIAL RESULTS¹

Million euro	1 H 2008	1 H 2007	Change
Revenues	667.9	642.4	+ 4%
Ebitda (Gross operating margin)	479.2	471.4	+ 1.7%
Ebit (Operating income)	347.4	352.7	- 1.5%
Net income	216.1	203.4	+6.2%

Chief Executive Officer, Flavio Cattaneo, commented: *“Terna is continuing its strategic, industrial and financial growth, definitely focusing on investments. In particular, investments for the development of the national transmission grid registered a 39% growth, demonstrating the company's commitment towards its core business. The development of the high voltage grid is our priority objective, to guarantee greater safety and reliability to the electricity system. On these aspects, Terna's Management intends to continue and increase its efforts, even considering the difficulties in obtaining authorizations that slow down the process to build infrastructures”*

FOREWORD

The Group's Financial Report for the first half of 2008, ending on June 30, was drawn up according to the provisions of Art.154-ter of Legislative Decree 58/98 that was introduced by the Legislative Decree n. 196 dated November 6, 2007 (the so-called “Transparency Decree”).

¹ In this press release, several “alternative performance indicators” are used, (Ebitda and Net Financial Debt), whose meaning and content are indicated here below and are in line with the CESR/05-178b Recommendation, published on November 3, 2005:

- Ebitda (gross operating margin): is an operating performance indicator; it is calculated by adding amortization and depreciation to the operating result (EBIT);
- Net financial debt: is an indicator of the company's financial structure; it is calculated as the result of short- and long-term financial debt and relative derivative instruments, net of cash and cash equivalents and of financial assets.

CONSOLIDATED FINANCIAL RESULTS – FIRST HALF OF 2008

Revenues for the first half of 2008, equal to 667.9 million euro (538.2 million euro relating to the Parent Company, 93.6 million euro to the Brazilian subsidiaries and 36.1 million euro to the Italian subsidiary RTL) increased by 4% (25.5 million euro) compared to the same period last year, due to higher revenues both in Italy and Brazil.

Higher revenues for transporting electricity along the Italian National Transmission Grid, equal to 9 million euro, were mainly due to the combined effect of the expected single tariff reduction, after the new provisions became effective, and of the positive impact of RTT's consolidation with accounting of negative balances in the first half of 2007. Revenues of the Brazilian companies rose by 12.2 million euro compared to the first six months of last year, due to the combined effect of the annual adjustment of the concession fee (that also included offsetting higher PIS/Cofins taxes), of the area's enlargement and of the average appreciation of the local currency during this period of time, against the euro, compared to the first half of 2007.

Operating costs, equal to 188.7 million euro as of June 30, 2008 (162.8 million euro relating to the Parent Company, 23.8 million euro to the Brazilian subsidiaries and 2.1 million euro to RTL), rose by 17.7 million euro compared to the same period last year (+10.4%), mainly due to higher labor costs, higher costs for operational and maintenance activity in Italy and capital losses deriving from the disposal of parts of the system. Furthermore, in the first six months of 2008, the Brazilian subsidiaries were affected by higher PIS/Cofins taxes compared to the same period of 2007, for approximately 5 million euro.

Ebitda (Gross Operating Margin) stood at 479.2 million euro, equal to 71.7% of consolidated results, with a 7.8 million euro increase compared to the first half of 2007 (+1.7%).

Ebit (Operating Income) was equal to 347.4 million euro, registering a slight decrease (-1.5%) compared to the same period in 2007 and mainly reflecting the increase in amortization and depreciation due to the entrance into operation of new systems.

Net financial charges for the period were equal to 22.7 million euro (8.6 million euro of which relating to the Parent Company and 14.1 million euro to the Brazilian subsidiaries), with a 6 million euro decrease with respect to the first half of 2007. The reduction in net financial charges was mainly due to the Parent Company's derivatives that have balanced the increase of charges on medium- and long-term debt, attributable both to the rise in interest rates and to the increase in debt compared to the same period last year.

Results before taxes stood at 324.7 million euro which is substantially in line with the same period last year (+ 0.7 million euro).

Income taxes for the period were equal to 108.6 million euro, with a 12 million euro reduction compared to the first half of 2007, mainly relating to the Parent Company and attributable to the new IRES and IRAP tax rates that were introduced by the Finance Act 2008.

Net income for the period stood at 216.1 million euro, rising by 6.2 %, compared to 203.4 million euro of the first half of 2007. **The Group's net income**, after Minority interests, stood at 203.9 million, rising by 9.9 million euro (equal to 5.1%) compared to the same period in 2007.

The consolidated balance sheet as of June 30, 2008 recorded **Shareholders' Equity** equal to 2,312 million euro, of which the Group Net Shareholders' Equity amounted to 2,190.5 million euro, (against 2,273.5 million euro as of December 31, 2007, 2,162 million euro of which pertaining to the Group), while the **Net Financial Debt** was equal to 2,988.4 million euro (compared to 2,649.7 million euro as of December 31, 2007). The **debt/equity ratio** as of June 30, 2008 was equal to 1.29, rising compared to 1.17 as of December 31, 2007.

Investments in the first half of 2008 were equal to 332.7 million euro, with a 79.2 million euro increase (+ 31.2 %) compared to the same period last year. Of these, approximately 98.5% concerned Italy. Investments for the National Transmission Grid's **development and safety** amounted to nearly 250 million euro, up by 39%.

Headcount of the Group at the end of June 2008 stood at 3,706, up by 104 employees compared to December 31, 2007 mainly due to the insourcing of operational and maintenance activities on the part of the Brazilian subsidiaries leading to greater efficiency.

FOCUS ON THE ENERGY SYSTEM

GWh (Gigawatt/hours)	1 half 08	1 half 07	%
Net production	151,845	147,160	+ 3.2%
Of which intended for pumping	3,711	3,817	- 2.8%
Import/export balance	20,493	25,344	-19.1%
Italy's requirements	168,627	168,687	0%

Highest value of energy consumption: June 26, 2008 with a 55,292 Megawatt demand, +1.8% compared to the peak of the first half of 2007.

Implementation of the National Transmission Grid's Development Plan

The main projects implemented in this period were:

- **Submarine connection between Sardinia and the Italian Peninsula – SAPEI:** as of today, nearly 385 km out of the 425 expected to complete the first section were laid; in the two transforming stations in Latina and Fiume Santo civil works are underway;
- **380 kV “Casellina – Tavarnuzze – S. Barbara” (FI) power line:** work started in June;
- **Rationalization of the Val D'Ossola (Piemonte) grid:** work started at the beginning of June;
- **220 kV “Avisse-Villeneuve” long distance power line between Italy and France:** work started in June;
- **New 400 kV station in Priolo (SR):** work were completed in May;
- **New 400kV station in Palo del Colle (BA):** work completed.

In the first 6 months of 2008, 14 authorization procedures were completed, 7 of which for projects included in the Development Plan. During the same period, 21 new procedures were submitted, among which those relating to the new 150 kV “Cagliari Sud-Rumianca” (Sardinia) long distance power line, to the new 380/150 kV station in North Avellino, to the 380 kV connectors to the “Matera-S.Sofia” long distance power line and the 150 kV Avellino Nord-Pratola Serra” line.

TERNA continued its coordination activity with local institutions to obtain local acceptance of the electricity grid development measures by signing 14 National Agreements. Among these, the Memorandum of Understanding with the Friuli Venezia Giulia Region on the feasibility of the 380kV "Udine – Redipuglia" long distance power line, the Memorandum of Agreement on the Development Plan with the Piedmont Region, the Memorandum of Agreement (Accordo Moranzani) with the Veneto Region for restructuring the electricity grid in the provinces of Padova and Venice, the Memorandum of Understanding with the Sardinia Region on the development of the island's electricity grid, the Agreements with the Province of Lodi, the Adda Sud Park and the 8 Municipalities involved in the renewal of the 380kV grid in the Province of Lodi and the Localization Agreements with the Lombardia Region, the Province of Pavia and 24 Municipalities to build the Trino (VC) – Lachiarella (MI) line.

During a meeting held in Palermo last July 8, Terna and the Sicily Region agreed upon all necessary activities aimed at restoring the authorization procedure for the 380 kV "Sorgente (ME) – Rizziconi (RC) connection and to speed up the coordination process for building the 380 kV "Chiaromonte (RG) - Ciminna (PA)", "Ciminna (PA) - Sorgente (ME)" and "Paternò (CT)-Priolo (SR)" lines in the island.

ACQUISITIONS OF THE FIRST HALF OF 2008

Acquisition of Empresa de Transmissão de Energia do Oeste Ltda ("ETEO") and merging of Lovina Participações SA

On May 30, 2008 the TERNA Group finalized the agreement that had been signed in September 2007 by Terna Participações to purchase, through its subsidiary Lovina Participações, the entire share capital of Empresa de Transmissão de Energia do Oeste Ltda ("ETEO"), that is the holder of a thirty-year concession for 502 Km of 440 KV transmission lines in the state of San Paolo. The total consideration for purchasing the entire share capital of ETEO was equal to 566.5 million R\$ (nearly 223 million euro). The transaction was entirely financed by Terna Participações with a bank loan having an annual maturity and with the issuance of commercial papers.

On June 2, 2008 the merger took place of the company Lovina Participações SA into ETEO.

Acquisition of the long distance power lines in Brindisi and Ravenna from EniPower and transfer to SEF of the electricity station in Ferrara.

On June 27, 2008 TERNA S.p.A. signed a contract with EniPower Trasmisione S.p.A. for the acquisition of the 150 kV long distance power line in Brindisi (9.2 km) and of the 380 kV long distance power line in Ravenna (8.6 km), for a total of 17.8 km of lines accounting for 0.07% of the National Transmission Grid. The consideration was equal to 8.7 million euro. Finalizing the transaction is subject to certain suspensive conditions among which the approval by the Antitrust Authority which has already been received.

On the same date, R.T.L. - Rete Trasmisione Locale SpA (R.T.L. S.p.A.), a fully owned subsidiary of TERNA SpA – signed a contract with EniPower Ferrara S.r.l., a company 51% owned by Enipower S.p.A. and 49% owned by E.G.L. AG, to transfer the electricity station in Ferrara based on a 6.1 million euro consideration. This transaction, too, is subject to certain suspensive conditions.

The transactions are expected to be finalized within September 2008.

Once these transactions are completed, Terna's will own 98.3% of the grid.

SIGNIFICANT EVENTS OCCURRED AFTER JUNE 30, 2008

On July 29, 2008 TERNA S.p.A. signed a contract with SELEDISON S.p.A. for the acquisition of the 220 kV electricity stations in Castebello and Gloreza and of the relative territories located in Trentino Alto Adige, accounting for 0.10% of the National Transmission Grid. The consideration was equal to 8.2 million euro for the stations and to 1.9 million euro for the territories. Finalizing the transaction is subject to the approval by the Antitrust Authority which is expected to be issued within October 1, 2008.

Today, R.T.L. - Rete Trasmissione Locale SpA (R.T.L. S.p.A.), a fully owned subsidiary of TERNA SpA – finalized with Iride Energia S.p.A the acquisition of three new stalls for the electricity station in Moncalieri, built on the basis of the repowering project of the plant itself. The consideration was equal to 2.5 million euro. The transaction completed the acquisition of the 220 kV electricity substation in Moncalieri that was signed on June 28, 2007 between R.T.L. S.p.A. and Iride Energia S.p.A. and that was part of the acquisition transaction of the entire share capital of AEM Trasporto Energia srl.

BUSINESS OUTLOOK

On the basis of the results achieved in the first half of the year and of the current business outlook, a positive Group performance is expected also for the next six months.

In the second half of the year, a slight increase is expected in the gross operating margin compared to the first half of the year, thanks to the combined effect of higher revenues with respect to cost increases.

The trend in revenues will mainly be due to greater volumes expected for the second half of the year- despite the forecast of a marginal increase in transported electricity compared to 2007; it will also be due to the positive performance of the Brazilian subsidiary that will benefit from the annual revenue review and from the consolidation of the subsidiary ETEO for the six month period.

As far as costs are concerned, the increase will mainly be linked to operational and maintenance activity for the systems, that is usually carried out during the summer months and to labor costs which will suffer an increase also due to a greater average headcount.

In view of the entrance into operation of new systems, the increase in amortization and depreciation will bring the operating result in line with respect to the first half of the year.

Regarding the financial management, a significant increase of net financial charges is expected, both due to an increase in the Group's debt and to varying interest rates, considering that during the first half of the year the Group benefited from profits deriving from the sales of some derivatives controlling interest rates.

PAYMENT OF THE 2008 INTERIM DIVIDEND

During September 2008, the amount of the 2008 interim dividend will be announced.

The interim dividend, gross of any withholdings in compliance with the law, will be paid as of November 27, 2008 following "registration date" of coupon n. 9 on November 24, 2008.

At 5:30 p.m. a conference call will be held to illustrate the results of the first half of 2008 to financial analysts and institutional investors. Journalists are also invited to listen to the call. Informative materials for the conference call will be available in the website www.terna.it, in the Investor Relations Section, at the beginning of the conference call. In the same section, the presentation can also be listened to through webcasting.

The Reclassified Income Statement, Balance Sheet and Statement of Cash Flows of the Terna Group are attached.

The above-mentioned documents are included in the Interim Report on Management that is part of the Half-Year Report as of June 30, 2008 and are not subject to auditing on the part of the Auditing Firm. Such documents were however reconciliated with those included in the Consolidated Financial Statement as of June 30, 2008.

It should be noted that auditing of the half year report as of June 30, 2008 was not completed yet.

The Half Year Report as of June 30, 2008, with the certification in compliance with Art. 154 bis par. 5 of Legislative Decree n. 58/98 (Consolidated Finance Act) and the report by the Auditing firm will be made available to the public at the Company's registered office and at Borsa Italiana S.p.A. and will be published in the website www.terna.it within August 29, 2008.

The manager in charge of drawing up the company's accounting documents. Mr. Luciano Di Bacco, declares pursuant to paragraph 2 of Art. 154-bis of the Consolidated Finance Act that the accounting information included in this press release corresponds to the financial statements, books and accounting records.

Terna Group's Reclassified Income Statement

<i>Million euro</i>	First half year			
	2008	2007*	Change	%
Revenues:				
- Grid usage fee (1)	601.6	580.4	21.2	3.7%
- Other energy revenues (1)	21.5	21.2	0.3	1.4%
- Other sales and services (1)	21.0	18.3	2.7	14.8%
- Other income and revenues	23.8	22.5	1.3	5.8%
Total revenues	667.9	642.4	25.5	4.0%
Operating costs:				
- Labor cost (2)	101.1	96.4	4.7	4.9%
- Services and use of third party assets	62.3	61.2	1.1	1.8%
- Materials (2)	5.6	4.0	1.6	40.0%
- Other costs	19.7	9.4	10.3	109.6%
Total operating costs	188.7	171.0	17.7	10.4%
EBITDA	479.2	471.4	7.8	1.7%
Amortization, depreciation	131.8	118.7	13.1	11.0%
EBIT	347.4	352.7	-5.3	-1.5%
- Net financial income (charges) (3)	-22.7	-28.7	6.0	-20.9%
PRE-TAX PROFIT	324.7	324.0	0.7	0.2%
- Income taxes	108.6	120.6	-12.0	-10.0%
NET INCOME	216.1	203.4	12.7	6.2%
-Net income pertaining to the Group	203.9	194.0	9.9	5.1%
-Net income pertaining to Minority Interest	12.2	9.4	2.8	29.8%

* For data reconciliation as of June 30, 2007 please refer to the Report on Management of the Terna Group's Half-Year Report as of June 30, 2007.

In the half-year consolidated statements:

- (1) The balance is included in the item "Revenues from sales and services".
- (2) Inclusive of capitalized costs equal to nearly 26.5 million euro included under item "Labor costs" and of nearly 4.8 million euro under item "Materials".
- (3) Corresponds to the balance of the items detailed in points 1, 2, 3 of "Financial income/charges".

Terna Group's Reclassified Balance Sheet

<i>Million euro</i>	As of 30.06.2008	As of 31.12.2007*	Change
Net fixed assets			
- Intangible assets and goodwill	5840	384.7	199.3
- Property, Plants and machinery	5,895.9	5,613.0	282.9
- Financial assets (1)	43.7	36.9	6.8
Total	6,523.6	6,034.6	489.0
Net working capital			
- Trade receivables	1,479.1	1,541.1	-62.0
- Inventories	19,8	12.6	7.2
- Other assets (2)	28,2	19.1	9.1
- Trade payables	1,734.7	1,772.0	-37.3
- Net taxes payable (3)	48,7	4.1	44.6
- Other liabilities (4)	539,1	448.7	90.4
Total	-795,4	-652.0	-143.4
Gross capital employed	5,728.2	5,382.6	345.6
Sundry provisions (5)	427,8	459.4	-31.6
Net capital employed	5,300.4	4,923.2	377.2
Group Shareholders' Equity	2,190.5	2,162.0	28.5
Minority interest	121,5	111.5	10.0
Net financial debt (6)	2,988.4	2,649.7	338.7
Total	5,300.4	4,923.2	377.2

* For data reconciliation as of June 30, 2007 please refer to the Report on Management of the Terna Group's Half-Year Report as of June 30, 2007.

In the consolidated half-year statements, these correspond to:

- (1) The items "Equity investments valued at net equity" and "Other non-current assets";
- (2) The item "Other current assets" net of tax credits (101.3 million euro) and the item "Current financial assets" for the value of accrued income on financial income (0.3 million euro);
- (3) The items "Other current assets" for the value of tax credits (101.3 million euro), "Other current liabilities" for the amount of tax payables (38.4 million euro) and "income tax payables";
- (4) The items "Current financial assets" for the value of accrued income on derivative contracts (30.6 million euro), "Other non-current liabilities", "Current financial liabilities" and "Other current liabilities" net of other tax payables (64.5 million euro);
- (5) The items "Benefits for personnel", "Provisions for future risks and charges", "Deferred tax liabilities" and "Pre-paid tax assets";
- (6) The items "Long-term borrowings", "Current quotas of long term borrowings", "Short term borrowings", "Cash and cash equivalents", "Non-current financial assets", "Current financial assets" for the value of the short term borrowing for ETAU (1.7 million euro) and "Non-current financial liabilities".

*Terna Group's Cash Flow**

<i>Million euro</i>	Cash flow 30.06.2008	Cash flow 30.06.2007	Change
Cash and cash equivalent – opening balance	244.0	200.4	43.6
- Net income for the period	216.1	203.4	12.7
- Amortization and depreciation	131.8	118.7	13.1
- Net changes in provisions	-31.6	-25.1	-6.5
- Net losses (gains) on disposal of tangible assets	2.2	-0.4	2.6
Self-financing	318,5	296.6	21.9
- Change in net working capital	143.4	-67.2	210.6
Operating Cash Flow	461.9	229.4	232.5
Investments			
- Tangible assets	-32.,6	-242.4	-79.2
- Intangible assets	-11.1	-11.1	0.0
- Other changes in fixed assets	-265.9	-50.2	-215.7
- Changes in shareholding	-6.8	-0.4	-6.4
Total monetary flow from (to) investment activity	-605.4	-304.1	-301.3
- Changes in loans	214.5	260.7	-46.2
- Other movements in Group Shareholders' Equity	1.7	3.8	-2.1
- Dividends	-197.2	-185.4	-11.8
- Terna Participações' listing	0.0	0.0	0.0
- Other movements in Minority Interest Shareholders' Equity	0.3	0.0	0.3
Total monetary flow from (to) financial activity	19.3	79.1	-59.8
Total monetary flow for the period	-124.2	4.4	-128.6
Cash and cash equivalent – Closing balance	119.8	204.8	-85.0

* For reconciliation with Consolidated Financial Statements, please refer to the paragraph "Financial flows" of the Interim Report of the Half-Year Report as of June 30, 2008..