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TERNA-GRTN REUNIFICATION: AGREEMENT SIGNED

- *Agreement signed for the TSO activities of GRTN to be transferred to Terna in view of the reunification of ownership and management of the national electricity grid*
- *The business unit has been valued at 180 million euro.*

Rome, February 28, 2005 – Terna Spa (Terna) and Gestore della Rete di Trasmissione Nazionale Spa (“GRTN”), in accordance with the provisions outlined by the Presidential Decree (“DPCM”) dated May 11, 2004, have today signed the agreement for the transfer of GRTN’s activities regarding the Transmission System Operator (“TSO”).

The purpose of this agreement is the reunification of ownership and management of the national electricity transmission grid.

The TSO activities include approximately 580 employees and relate to the following activities:

- dispatching, i.e. the management of electricity flows injected and withdrawn in/from the national electricity transmission grid to balance the supply and demand of electricity;
- planning and development of the national transmission grid.

The parties have agreed a price of 68.3 million euro for the transfer of the TSO activities, net of about 112 million euro of trade payables due to Terna. The business unit being transferred has therefore been valued at 180 million euro. Mediobanca has advised Terna in this transaction.

Fulvio Conti, Chairman of Terna, commented: “The reunification of the ownership and management of the national transmission grid is now taking place, well in advance of the deadline set by the law. Terna will expand its perimeter of activities and will increase its margins for the benefit of the national transmission system and its shareholders”.

The effective date of the reunification of ownership and management of the national transmission grid will be determined once the following conditions have occurred:

- a new concession by the Ministry of Productive Activities for electricity transmission and dispatching activities to be issued in favour of Terna;
- the approval, by the Ministry of Productive Activities and the AEEG, of the “Network transmission, dispatching, development and safety code” (the so-called “Grid Code”);
- the consent of the Antitrust Authority.