



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
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**(Translation from the Italian original which remains the definitive version)**

## **Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998**

To the shareholders of  
 TERNA S.p.A.

- 1 We have audited the separate financial statements of TERNA S.p.A. as at and for the year ended 31 December 2006, comprising the income statement, balance sheet, statement of changes in equity, statement of recognised income and expense, cash flow statement and notes thereto. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. These are the first set of separate financial statements prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures for comparative purposes prepared using consistent accounting policies. Furthermore, note M to the separate financial statements discloses the effects of the adoption of the International Financial Reporting Standards endorsed by the European Union and includes the disclosures on the IFRS reconciliation schedules required by IFRS 1. We audited such schedules, which had already been approved by the board of directors and published as an appendix to the half year report at 30 June 2006 and issued our report thereon on 5 September 2006.

- 3 In our opinion, the separate financial statements of TERNA S.p.A. as at and for the year ended 31 December 2006 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of



**TERNA S.p.A.**  
*Relazione della società di revisione*  
*31 dicembre 2006*

Legislative decree no. 38 of 28 February 2005. Therefore, they are clearly stated and give a true and fair view of the financial position of TERNA S.p.A. as at 31 December 2006, the results of its operations, changes in its equity and its cash flows for the year then ended.

Rome, 7 May 2007

KPMG S.p.A.

(Signed on the original)

Bruno Mastrangelo  
Director of Audit