



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 consolidated financial statements of the TERNA Group 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 parent's directors. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 consolidated 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.

Reference should be made to the report dated 11 April 2006 for our opinion on the prior year consolidated financial statements, which included the prior year figures presented for comparative purposes.

- 3 In our opinion, the consolidated financial statements of the TERNA Group 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 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 the TERNA Group 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

KPMG S.p.A., an Italian limited liability share capital company, is a member firm of KPMG International, a Swiss cooperative.

Società per azioni
 Capitale sociale
 Euro 9.250.400,00 i.v.
 Registro Imprese Milano e
 Codice Fiscale N. 00709000199
 R.E.A. Milano N. 512987
 Part. IVA 00709600158
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