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TERNA: 1.4 BILLION EURO BOND ISSUE CLOSED SUCCESSFULLY

The issue was more than 2.5 times oversubscribed, with international investors accounting for 2/3 of the placement

Rome, 12 October 2004 – Terna SpA (S&P rating AA-, Moody's Aa3) today launched a fixed rate bond issue for a total 1.4 billion euro .

The offering is split in two tranches; a 600 million euro 10-year maturity and a 800 million euro 20-year maturity. The 10-year bond, issued at 99.968, with an annual coupon of 4.25, offering a spread of 22 basis points over the 10-year swap rate. The 20-year bond, issued at 99.624, with an annual coupon of 4.90%, offering a spread of 38 basis points over the 20-year swap rate.

Bookrunners and Joint Lead Managers are Credit Suisse First Boston, JP Morgan e UBS. The issue, reserved for institutional investors, was more than 2.5 times oversubscribed, with foreign investors accounting for almost two-thirds of the placement.

“The success of the placement witnesses the excellent risk profile of the company - said Fulvio Conti, Terna Chairman – confirmed also by the level of the spreads obtained”.