SNAM RETE GAS PUBLISHES ITS RESULTS FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2006

First nine months

- **gas injected into the transportation network: 65.54 billions of cubic metres +3.9%**
- **operating profit: Euro 679 million -11.6%**
- **profit: Euro 339 million -18.7%**
- **repurchase of treasury shares in the first nine months of 2006: Euro 288 million**

San Donato Milanese, 9 November 2006. The board of directors of Snam Rete Gas S.p.A. approved the (unaudited) results of the third quarter of 2006 on 8 November 2006.

Third quarter			First nine months			
2005	2006		2005	2006	Change	Change %
		Key operating and financial figures				
18.26	19.02	Natural gas injected into the National Gas Pipeline Network (billions of cubic metres)	63.05	65.54	2.49	3.9
0.6	0.53	Gassification of liquefied natural gas (LNG) (billions of cubic metres)	2.13	2.34	0.21	9.9
30,509	30,784	Gas Pipeline Network (kilometres in use)	30,509	30,784	275	0.9
249	207	Operating profit (€m)	768	679	(89)	(11.6)
136	99	Profit (€m)	417	339	(78)	(18.7)

Carlo Malacarne, CEO of Snam Rete Gas, had the following comments on the results:

"*The company's positive operating performance allowed it to offset the negative effects of external factors, such as the decrease in transportation tariffs and the cost of fuel gas, on its results. Development of the gas transportation infrastructure, aimed at meeting future demand for new transport capacity is continuing as scheduled.*".

Highlights - First nine months of 2006

Financial

- total revenue: Euro 1,322 million (-3.2%), Euro 1,275 million of which (-4.3%) generated by transportation services; the downturn is due to the application of the new regulation parameters from 1 October 2005
- net financial debt: Euro 5,007 million; up Euro 188 million on 31 December 2005
- *leverage* (debt/debt+equity): 57.24% (31 December 2005: 54.8%)

Operating

- gas injected into the transportation network: +2.49 billion cubic metres (+3.9%); this growth was driven by higher consumption in the thermoelectric sector
- controllable fixed costs: -4.3% (-6.2% in real terms)
- investments: Euro 400 million (-14.2%). Investment outlays mainly related to development of the transportation network in order to upgrade the import system from North Africa and Russia. 83% of the investments are incentivised

Outlook

- domestic demand for natural gas is expected to grow by an average of 2% over the four years from 2006 to 2009 following the rise in consumption of the thermoelectric sector
- continued commitment to making the investments necessary to ensure the gas market's growth; investments for 2006 are expected to be in line with those for the previous year

Highlights - third quarter of 2006

Financial

- total revenue: Euro 418 million (-5.0%), Euro 409 million of which (-4.7%) generated by transportation services; the downturn is due to the application of the new regulation parameters from 1 October 2005

Operating

- gas injected into the transportation network:+ 0.76 billion cubic metres (+4.2%); the growth is due to the greater quantities of natural gas injected into storage
- controllable fixed costs: -3.7% (-5.6% in real terms)
- investments: Euro 176 million (+31.3%)

Disclaimer

This press release includes forward-looking statements, especially in the section on the company's outlook. Such statements by their very nature are subject to risk and uncertainty as they depend on the fact that certain events and developments will take place. The actual results may differ from those communicated due to different reasons, such as foreseeable trends in demand, offer and natural gas prices, the effect of new energy and environment legislation, the successful development and implementation of new technologies, changes in the stakeholders' expectations and other changes in business conditions.

Contacts

Investor relations Snam Rete Gas
Tel +39.02.520.38272 - Fax: +39.02.520.38650
E-mail: investor.relations@snamretegas.it

Eni PR office
Tel +39 02.52031875 – +39 06.5982398
E-mail: ufficio.stampa@eni.it

This press release is also posted on the company's website www.snamretegas.it.

Summary of the results for the first nine months of 2006

The **profit** (Euro 339 million) decreased by Euro 78 million (18.7%) compared to the same period of 2005 due to a decrease in the operating profit (down Euro 89 million) and higher net financial expense (up Euro 47 million) reflecting the increase in financial debt incurred for the distribution of the extraordinary dividend in November 2005. Income taxes decreased by Euro 58 million.

The **operating profit** accounted in the first nine months of 2006 amounts to Euro 679 million, down Euro 89 million or -11.6% on the same period of 2005. This downturn is mainly due to: (i) lower transportation revenue (down Euro 53 million, net of the items netted against costs), negatively affected by the application of the new regulation parameters from 1 October 2005 (Euro 68 million) and positively affected by the increase in volumes transported (Euro 15 million), and lower regassification revenue (down Euro 5 million); (ii) higher operating costs (up Euro 36 million, net of the components offset by revenue); and (iii) higher amortisation and depreciation charges (up Euro 9 million) attributable to investments made to upgrade compression stations and the roll out of new pipelines. The favourable outcome of a dispute with third parties had a positive impact on the company's results (Euro 19 million) leading to a significant rise in other revenue and income.

The income statement for the first nine months of 2006 was affected by **non-recurring items** that had a positive impact on the operating profit and profit (net of income taxes) of Euro 2 million and Euro 1 million, respectively.
These items related to the recognition of: (i) income following the positive outcome of a dispute with third parties (Euro 19 million); (ii) termination benefits to employees (Euro 15 million); and (iii) expense and income deriving from the disposal and sale of property, plant and equipment (Euro 2 million).

The increase in **operating costs** (up Euro 37 million) was due to the rise in variable costs (up Euro 26 million), mainly related to the purchase of fuel gas used for the compressor stations and higher non-recurring charges for termination benefits (up Euro 15 million), partly offset by the reduction in controllable fixed costs (down Euro 7 million).

Income taxes of Euro 218 million decreased by Euro 58 million compared to the same period of 2005 mainly due to lower profit before tax.

Net financial debt amounted to Euro 5,007 million, an increase of Euro 188 million on 31 December 2005. The net cash flows from operating activities (Euro 846 million) covered most of the outlays for the payment of the ordinary dividend

(Euro 328 million), the repurchase of treasury shares during the first nine months of 2006 (Euro 288 million) and net investments (Euro 418 million).

Long-term financial liabilities made up 65% of net financial debt. The average term of the long-term financing, including the current portion, is roughly four and a half years (roughly five years at 31 December 2005).

Summary of the results for the third quarter of 2006

The **profit** (Euro 99 million) decreased by Euro 37 million, down 27.2% compared to the same period of 2005 due to a decrease in the operating profit (down Euro 42 million) and higher net financial expense (up Euro 15 million) reflecting the increase in average financial debt. Income taxes decreased by Euro 20 million.

The **operating profit** for the three months ended 30 September 2006 decreased by Euro 42 million (-16.9%) from the same period of 2005 to Euro 207 million. The reduction is mainly due to lower transportation revenue (down Euro 18 million net of the items that are netted against costs), negatively affected by the application of the new regulation parameters from 1 October 2005 (Euro 22 million) and positively affected by the increase in volumes transported (up Euro 4 million), higher amortisation and depreciation charges (up Euro 13 million) and higher operating costs (up Euro 7 million) following the rise in variable costs.

The income statement for the third quarter of 2006 was affected by **non-recurring items** that had a negative impact on the operating profit and net profit (net of income taxes) of Euro 4 million and Euro 2 million, respectively.
These items related to the recognition of: (i) expense and income deriving from the disposal and sale of property, plant and equipment (Euro 2 million); and (ii) termination benefits to employees (Euro 2 million).

Income taxes (Euro 66 million) decreased by Euro 20 million compared to the same period of 2005, mainly due to the lower profit before taxes.

Net financial debt decreased by Euro 21 million compared to 30 June 2006. The net cash flows from operating activities (Euro 307 million) covered the net investments (Euro 153 million), the repurchase of treasury shares during the third quarter of 2006 (Euro 133 million) and led to a reduction in net financial debt.

Other information

Repurchase of treasury shares

In respect of the programme for the repurchase of treasury shares authorised by the shareholders in their meeting of 10 November 2005 for a maximum number of 194,737,950 shares for a total amount of Euro 800 million, on 7 November 2006, 99,996,297 ordinary shares (equal to approximately 5.11% of the share capital) were repurchased for an average price of Euro 3.63 and a total of approximately Euro 363 million.

Covenants

Snam Rete Gas has entered into loan agreements with banks which entail compliance with certain financial ratios. These are mainly based on Eni group's consolidated financial statements. At 30 September 2006, the financial liabilities subject to these covenants amounted to Euro 9 million (31 December 2005: Euro 23 million). The conditions have been respected.

Consolidated income statement, balance sheet and cash flow statement (*)

Income statement

Third quarter 2005	Third quarter 2006		First nine months 2005	First nine months 2006	Change	(€m) Change %
439	416	Core business revenue	1,363	1,300	(63)	(4.6)
1	2	Other revenue and income	2	22	20	
	1	*including: non-recurring*		*20*	*20*	
440	**418**	**Total revenue**	**1,365**	**1,322**	**(43)**	**(3.2)**
(79)	(86)	Operating costs	(254)	(291)	(37)	14.6
(1)	*(5)*	*including: non-recurring*	*(3)*	*(18)*	*(15)*	
361	**332**	**Gross operating profit**	**1,111**	**1,031**	**(80)**	**(7.2)**
(112)	(125)	Amortisation, depreciation and impairment losses	(343)	(352)	(9)	2.6
249	**207**	**Operating profit**	**768**	**679**	**(89)**	**(11.6)**
(27)	(42)	Net financial expense	(75)	(122)	(47)	62.7
222	**165**	**Profit before tax**	**693**	**557**	**(136)**	**(19.6)**
(86)	(66)	Income taxes	(276)	(218)	58	(21.0)
136	**99**	**Profit**	**417**	**339**	**(78)**	**(18.7)**

Balance sheet

30.06.2006		31.12.2005	30.09.2006	(€m) Change
9,538	Property, plant and equipment	9,575	9,582	7
50	Intangible assets	53	50	(3)
(141)	Payables for investments	(205)	(158)	47
9,447	**Non-current assets**	**9,423**	**9,474**	**51**
(604)	**Net working capital**	**(601)**	**(697)**	**(96)**
(28)	**Provisions for employee benefits**	**(27)**	**(29)**	**(2)**
8,815	**NET INVESTED CAPITAL**	**8,795**	**8,748**	**(47)**
3,788	**Equity**	**3,976**	**3,741**	**(235)**
5,027	**Net financial debt**	**4,819**	**5,007**	**188**
8,815	**COVERAGE**	**8,795**	**8,748**	**(47)**

Cash flow statement

Third quarter 2006		First nine months 2005	First nine months 2006
			(€m)
99	Profit	417	339
	Adjusted by:		
126	- Amortisation, depreciation and other non-monetary items	345	368
113	- Interest and income taxes	356	349
338	**CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL**	**1,118**	**1,056**
16	Change in working capital	(27)	83
(47)	- Interest and income taxes collected (paid)	(92)	(293)
307	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	**999**	**846**
(170)	Investments in property, plant and equipment and intangible assets	(438)	(374)
	Divestments	1	3
17	Receivables and payables related to investing activities	13	(47)
154	**FREE CASH FLOW**	**575**	**428**
(21)	Change in financial payables	(181)	188
(133)	Cash flows of equity	(394)	(616)
0	**NET CASH FLOWS FOR THE PERIOD**	**0**	**0**
154	**FREE CASH FLOW**	**575**	**428**
(133)	Cash flows of equity	(394)	(616)
21	**CHANGE IN NET FINANCIAL DEBT**	**181**	**(188)**

(*) The consolidated income statement, balance sheet and cash flow statement have not been audited. The key captions of the reclassified schedules can easily be reconciled to those of the legally-required format using the same method applied for the 2006 Half Year Report.