

SNAM RETE GAS ANNOUNCES RESULTS FOR THE FIRST NINE MONTHS AND THIRD QUARTER OF 2008

First nine months

- **Transportation revenue: €1,349 million (+5.1%)**
- **EBIT: €731 million (+4.1%)**
- **Net profit: €373 million (+13.7%)**
- **Natural gas injected into the transportation network: 63.38 billion cubic metres (+7.7%)**
- **Investments: €740 million (+58.1%)**

San Donato Milanese, 29 October 2008 – The board of directors of Snam Rete Gas approved today the (unaudited) consolidated results for the first nine months and third quarter of 2008¹.

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

“The relevant results reported in the first nine months confirm the consistency of the company’s business model, characterised by a low industrial and financial risk”.

Key financial figures

(€m)

Third quarter			First nine months		Change	Change %
2007	2008		2007	2008		
420	439	Core business revenue	1,306	1,373	67	5.1
72	89	Operating costs	250	288	38	15.2
118	120	Amortisation, depreciation and impairment losses	356	361	5	1.4
231	231	EBIT	702	731	29	4.1
55	58	Net financial expense	155	168	13	8.4
106	114	Net profit	328	373	45	13.7
178	263	Investments	468	740	272	58.1

	31.12.2007	30.09.2008	Change	Change %
Net invested capital	9,389	9,607	218	2.3
Equity	3,507	3,657	150	4.3
Net financial debt	5,882	5,950	68	1.2
Leverage (%) (*)	62.6	61.9	(0.7)	

(*) Net financial debt/net invested capital ratio.

¹ This press release represents the quarterly report required by article 154-ter of the “Testo Unico della Finanza” (TUF).

Key financial ratios

Third quarter			First nine months	
2007	2008		2007	2008
0.060	0.065	Earnings per share (€) (*)	0.185	0.212
0.131	0.131	EBIT per share (€) (*)	0.395	0.415
1,760.8	1,761.0	Average number of shares outstanding during the period (million)	1,777.3	1,760.9

(*) Calculated considering the weighted average number of shares outstanding during the period.

Financial highlights

First nine months of 2008

- ❖ Transportation revenue: €1,349 million (+5.1%); the increase is due to the incentives received for investments (+€ 58 million) and greater volumes of gas transported (+€ 29 million), partly offset by the updated transportation tariffs (-€25 million)
- ❖ EBIT: €731 million (+4.1%); the increase is mainly due to higher transportation revenue (+€62 million) and other revenue and income (+€5 million), partly offset by higher operating costs (-€35 million), principally due to the rise in costs for gas purchases, and in amortisation and depreciation (-€5 million)
- ❖ Net profit: €373 million (+13.7%); the increase is due to the higher EBIT (+€29 million) and lower income taxes (+€29 million), partly offset by higher net interest expense (-€13 million)
- ❖ Net financial debt: €5,950 million; +€68 million on 31 December 2007. Leverage (debt/net invested capital): 61.9% (62.6% at 31 December 2007)

Third quarter 2008

- ❖ Transportation revenue: €431 million (+4.1%); the increase is due to incentives received for investments (+€ 20 million) and greater volumes of gas transported (+€6 million), partly offset by the updated transportation tariffs (-€10 million)
- ❖ EBIT: €231 million, unchanged from the third quarter of 2007
- ❖ Net profit: €114 million (+7.5%); the increase is due to the lower income taxes (+€11 million), partly offset by the higher net interest expense (-€3 million)

Key operating figures

Third quarter			First nine months		Change	Change %
2007	2008		2007	2008		
16.98	18.02	Natural gas injected into the National Gas Pipeline Network	58.87	63.38	4.51	7.7
10.59	11.39	(billions of cubic metres) (*)	37.30	38.65	1.35	3.6
6.39	6.63	- on behalf of Eni	21.57	24.73	3.16	14.6
		- on behalf of other operators				
0.49	0.27	Regasification of liquefied natural gas (LNG) (billions of cubic metres)	1.79	1.18	(0.61)	(34.1)
0.23	0.27	- on behalf of Enel Trade	0.88	0.91	0.03	3.4
0.26		- on behalf of Eni	0.91	0.27	(0.64)	(70.3)
30,951	31,242	Gas Pipeline Network (kilometres in use)	30,951	31,242	291	0.9
8,483	8,604	National Network	8,483	8,604	121	1.4
22,468	22,638	Regional Network	22,468	22,638	170	0.8

(*) The 2008 figures are updated to 9 October 2008.

Operating highlights

First nine months of 2008

- ❖ Investments: €740 million (+58.1%). Capital expenditure is mainly related to the upgrading of the import infrastructure from North Africa and the Po Valley pipelines
- ❖ Gas injected into the transportation network: +4.51 billion cubic metres (+7.7%). The increase is due to the rise in domestic natural gas demand, driven by the residential and thermoelectric sectors
- ❖ Volumes of regasified LNG: 1.18 billion cubic metres (-34.1%)

Third quarter 2008

- ❖ Investments: €263 million (+47.8%)
- ❖ Gas injected into the transportation network: +1.04 billion cubic metres (+6.1%)
- ❖ Volumes of regasified LNG: 0.27 billion cubic metres (-44.9%)

Outlook

❖ **Gas demand in Italy**

Domestic natural gas demand is forecast to grow at an average annual rate of around 2% in the four year period from 2008 to 2011, thanks to the significant consumption in the thermoelectric sector

❖ **Investments**

The group plans to invest €4.3 billion in the 2008-2011 period, including approximately €1 billion in 2008 for projects to upgrade the Italian natural gas transportation infrastructure, necessary to facilitate market growth and improve the system's safety and flexibility

❖ **Efficiency**

Snam Rete Gas will continue to pursue its operating efficiency objective in 2008 by optimising its organisational and technological structures

This press release on the unaudited consolidated figures for the first nine months and third quarter of 2008 represents the quarterly report in accordance with the requirements of article 154-ter of the "Testo Unico della Finanza" (TUF). Financial information relating to the profit and loss and to the balance sheet have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission using the procedure as per article 6 of EU Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002. The income statement figures relate to the first nine months and third quarters of 2008 and 2007. The balance sheet data refers to 30 September 2008 and 31 December 2007. The format of the interim financial statements reflects that of the schedules presented in the directors' reports on the half year and the annual reports.

The quarterly report includes the interim financial statements of Snam Rete Gas S.p.A. and its wholly-owned subsidiary GNL Italia S.p.A..

Given their materiality, amounts are expressed in millions of Euros.

Pursuant to paragraph 2, article 154-bis of the "Testo Unico della Finanza", the manager in charge of financial reporting, Antonio Paccioretti, states that the financial information included in this press release complies with the relevant documentation, accounting ledgers and records.

Disclaimer

This press release includes forward-looking statements, especially in the section on the group's outlook about future gas demand, investment plans and future performance. Such statements are, by their very nature, 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 various reasons, such as foreseeable trends in demand, offer and natural gas prices, general macro-economic conditions, the effect of new energy and environment legislation, the successful development and implementation of new technologies, changes in stakeholders' expectations and other changes in business conditions.

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Results for the first nine months of 2008

Reclassified consolidated income statement

(€m)

Third quarter		First nine months		Change	Change %
2007	2008	2007	2008		
420	439	1,306	1,373	67	5.1
1	1	2	7	5	
421	440	1,308	1,380	72	5.5
(72)	(89)	(250)	(288)	(38)	15.2
		2		(2)	(100.0)
349	351	1,058	1,092	34	3.2
(118)	(120)	(356)	(361)	(5)	1.4
231	231	702	731	29	4.1
231	231	700	731	31	4.4
(55)	(58)	(155)	(168)	(13)	8.4
176	173	547	563	16	2.9
(70)	(59)	(219)	(190)	29	(13.2)
		(1)		1	(100.0)
106	114	328	373	45	13.7
106	114	327	373	46	14.1

(*) Adjusted net profit is profit net of non-recurring transactions.

(**) The net profit for the period is wholly attributable to the shareholders of Snam Rete Gas.

Summary of the results for the first nine months of 2008

EBIT² recorded for the first nine months of 2008 amounts to €731 million, up €29 million or 4.1% on the same period of 2007, mainly due to the increase in transportation revenue (+€62 million, net of the items netted against costs) and in other revenue and income (+€5 million). These positive factors were partly offset by the increase in operating costs (-€35 million, net of items netted against revenue), mainly due to the rise in variable costs related to the purchase of fuel gas used by the compression stations (-€22 million) and recurring fixed costs (-€5 million), together with greater amortisation and depreciation (-€5 million).

The **net profit** (€373 million) increased by €45 million (13.7%) compared to the same period of 2007 due to the higher EBIT (+€29 million) and lower income taxes (+€29 million), mainly attributable to the modifications introduced by the 2008 Budget Law, partly offset by higher net financial expense (-€13 million).

Non-recurring significant events and transactions

No non-recurring significant events and transactions took place during the period. Non-recurring significant transactions of the first nine months of 2007 related to the recognition of income following the changes in the treatment of Italian post-employment benefits introduced by the 2007 Budget Law, which increased EBIT and net profit for the period by €2 million and €1 million, respectively.

Revenue

Total revenue (€1,380 million) increased by €72 million, principally due to the higher natural gas transportation revenue (€62 million) and rise in other revenue and income (€5 million). Regasification revenue is unchanged at €15 million.

² EBIT is analysed by considering only those elements that have led to a change therein, as application of the gas sector tariff regulations generate costs and revenue which are netted.

The increase in other revenue and income is mainly due to recognition of the €3 million gain on the factoring without recourse of the remaining receivable due from the Sicilian Regional Authorities.

Operating costs

The operating costs (€288 million) increased by €38 million versus the same period of 2007. This change is mainly due to: (i) the rise in variable costs (€29 million), principally attributable to the higher cost of gas (€25 million) due to the higher unit cost, and greater volumes of gas used by the compression stations, and the higher costs for the recharging of transportation services on their networks by third party operators (€3 million); and (ii) the rise in recurring fixed costs (€5 million).

At 30 September 2008, the group employed 2,326 people (2,346 at 30 September 2007).

Amortisation, depreciation and impairment losses

Amortisation and depreciation (€361 million) increased by €5 million versus the first nine months of 2007. Investments of €740 million made during the period were almost entirely related to transportation infrastructure under construction.

Net financial expense

Net financial expense (€168 million) increased by €13 million compared to the same period of 2007, due to the higher interest expense caused by the rise in average borrowing for the period and the higher average cost of debt.

Financial expense of €20 million was capitalised in the period compared to €12 million in the first nine months of 2007. The €8 million difference is due to larger investments in infrastructure under construction.

The average borrowing cost was approximately 4.2% (4.0% in the first nine months of 2007).

Income taxes

Income taxes (€190 million) decreased by €29 million compared to the same period of 2007, principally due to the modifications introduced by the 2008 Budget Law, applicable from 1 January 2008, and partially offset by the higher pre-tax profit.

The tax rate is 33.7% compared to 40.0% in the first nine months of 2007. The decrease is due to the reduction in the IRES and IRAP rates.

Summary of the results for the third quarter of 2008

EBIT (€231 million) is unchanged compared to the same three months of 2007. The rise in core business revenue (+€19 million), mainly due to the higher transportation revenue, was fully offset by the increase in operating costs (-€15 million), principally related to the rise in variable costs (-€14 million), smaller utilisation of the provision for risks and charges (-€2 million) and the increase in amortisation and depreciation (-€2 million).

Net profit (€114 million) increased by €8 million or 7.5% compared to the same period of 2007 due to smaller income taxes (+€11 million), partially offset by higher net financial expense (-€3 million), attributable to the rise in average borrowing for the period and the higher average cost of debt.

Non-recurring significant events and transactions

No non-recurring significant events and transactions took place during the third quarter of either 2008 or 2007.

Operating costs

The operating costs (€89 million) increased by €17 million on the same period of 2007. This change is mainly due to: (i) higher variable costs (€14 million), principally attributable to the rise in the cost of fuel gas used by the compression stations and for network losses (€13 million); and (ii) smaller utilisation of the provision for risks and charges (€2 million). Recurring fixed costs (€50 million) are unchanged following the €3 million decrease in personnel expense, due to the greater portion thereof absorbed by investing activities, offset by the rise in external costs.

Reclassified consolidated balance sheet

The reclassified consolidated balance sheet combines the assets and liabilities of the legally-required balance sheet format included in the annual and half year reports in accordance with their function, split into the three basic functions: investment, operations and financing.

Company management holds that this format presents information useful for investors as it allows identification of the sources of financing (own and third party funds) and the application of such funds for non-current assets and working capital.

The reclassified balance sheet format is used by management to calculate the key leverage ratios.

Reclassified consolidated balance sheet

	31.12.2007	30.09.2008	Change
Property, plant and equipment	9,957	10,363	406
Intangible assets	41	43	2
Net payables for investments	(212)	(224)	(12)
Non-current assets	9,786	10,182	396
Net working capital	(368)	(546)	(178)
Provisions for employee benefits	(29)	(29)	
Net invested capital	9,389	9,607	218
Equity	3,507	3,657	150
Net financial debt	5,882	5,950	68
Coverage	9,389	9,607	218

Net invested capital (€9,607 million) increased by €218 million compared to 31 December 2007, due to the rise in non-current assets (+€396 million), partly offset by the reduction in net working capital (-€178 million).

Changes in *property, plant and equipment* and *intangible assets* (+€408 million) are analysed below:

	Property, plant and equipment	Intangible assets	Total
Opening balance at 31 December 2007	9,957	41	9,998
Investments	720	20	740
Amortisation, depreciation and impairment losses	(343)	(18)	(361)
Sales, eliminations and disposals	(4)		(4)
Other changes	33		33
Closing balance at 30 September 2008	10,363	43	10,406

Other changes (€33 million) relate to: (i) the change in pipes in stock purchased for investment purposes and not yet used to construct plants (+€47 million); and (ii) the grants received from private bodies (-€14 million).

Net working capital

	31.12.2007	30.09.2008	(€m) Change
Trade receivables	408	356	(52)
Inventories	95	120	25
Fair value of derivative financial instruments	72	78	6
Other assets	110	13	(97)
Deferred tax liabilities	(541)	(521)	20
Deferred and accrued income	(156)	(232)	(76)
Trade payables	(158)	(160)	(2)
Provisions for risks and charges	(70)	(70)	
Tax liabilities (*)	(70)	(63)	7
Deferred income for rent of telecommunications cables	(30)	(29)	1
Other liabilities (*)	(28)	(38)	(10)
	(368)	(546)	(178)

(*) The December 2007 VAT payable due to the parent Eni as part of the group VAT scheme has been reclassified from "Other liabilities" to "Tax liabilities" (€19 million).

The change in net working capital of €178 million is mainly due to: (i) smaller other assets (-€97 million) principally due to collection of the first instalment of the receivable due from the Sicilian Regional Authorities for repayment of the amounts paid in 2002 by the company for the tax on title to pipelines and the subsequent factoring without recourse of the remaining receivable (-€81 million); (ii) greater deferred and accrued income (-€76 million) due to adjustment of revenue to the ceiling established by the Electricity and Gas Authority; and (iii) smaller trade receivables (-€52 million), principally due to the fact that the portion of turnover tied to transported gas in the last two months of the period was lower than that for the last two months of 2007. These factors were partially offset by: (i) the increase in inventories (+€25 million); and (ii) the decrease in deferred tax liabilities (+€20 million).

Inventories (€120 million) include natural gas in stock (€61 million) and materials (€59 million), mostly consisting of spare parts to be used for the gas pipelines and the LNG terminal.

The *deferred tax liabilities* (€521 million) decreased by €20 million compared to 31 December 2007 mainly due to the reversal of such liabilities related to fiscally-driven excess and accelerated depreciation recognised in previous years.

Equity

Equity (€3,657 million) increased by €150 million over 31 December 2007 due to: (i) recognition of the net profit for the period (+€373 million); (ii) fair value gains of derivative financial instruments (+€5 million, net of the related tax effect); (iii) the distribution of the ordinary dividend for 2007 of €0.13 per share (-€229 million, to complete the distribution commenced with the interim dividend of €0.08 per share distributed in October 2007); and (iv) other changes of less than €1 million each related to the company's management incentivisation plans.

At 30 September 2008, Snam Rete Gas had 195,429,850 treasury shares (equal to 9.99% of share capital) for a total amount of €794 million, equal to an average price of €4.06 per share. The decrease compared to 31 December 2007 is due to allocation of 39,100 shares to managers as part of the stock grant plans, following the maturity of their rights.

The market value³ of the treasury shares at 30 September 2008 is €819 million.

³ Calculated by multiplying the number of treasury shares by the period-end official price (€4.189 per share)

Net financial debt and leverage

The leverage ratio shows a company's degree of indebtedness and is the net financial debt to net invested capital ratio. It is one of the key ratios used to assess the soundness and efficiency of a company's financial position.

	31.12.2007	30.09.2008	(€m) Change
Financial liabilities	5,883	5,951	68
Short-term financial liabilities	1,367	1,131	(236)
Current portion of long-term financial liabilities	15	520	505
Long-term financial liabilities	4,501	4,300	(201)
Financial receivables and cash and cash equivalents	(1)	(1)	
Financial receivables (*)	(1)	(1)	
Cash and cash equivalents (*)			
	5,882	5,950	68

(*) The balance of two current accounts has been reclassified from "Cash and cash equivalents" at 31 December 2007 to "Financial receivables" as their use is restricted.

Net financial debt amounted to €5,950 million, an increase of €68 million on 31 December 2007. Positive net cash flows from operating activities (+€ 920 million) covered almost all the company's financial requirements for net investment outlays (€759 million) and payment of the remaining 2007 dividend of €0.13 per share (€229 million).

Long-term financial liabilities of €4,300 million make up 72% of net financial debt (77% at 31 December 2007). The average maturity of the long-term financing, excluding the short-term portion, is just over four years (as at 31 December 2007).

Fixed rate and floating rate debt at period end made up 56% and 44% of financial liabilities, respectively (55% and 45%, respectively, at 31 December 2007). All the financial liabilities are due to Eni and they are all in Euros.

The leverage ratio - the ratio of net financial debt to net invested capital - is 61.9% (62.6% at 31 December 2007).

Net financial debt decreased by €96 million compared to 30 June 2008.

There are no financial liabilities subject to covenants.

Reclassified consolidated cash flow statement and changes in net financial debt

The reclassified cash flow statement set out below summarises the legally-required format. It shows the opening and closing cash and cash equivalents and the change in net financial debt during the period. The two statements are reconciled through the free cash flow, ie the cash surplus or deficit left over after servicing capital expenditure. The free cash flow closes either: (i) with the change in cash and cash equivalents for the period, after adding/deducting all cash flows related to financial liabilities/assets (taking out/repayment of loans), and equity (payment of dividends/capital injections); or (ii) with the change in net financial debt for the period, after adding/deducting the debt flows related to equity (payment of dividends/capital injections), and the changes in the opening and closing balances related to changes in exchange rates.

Reclassified consolidated cash flow statement

(€m)

	First nine months	
	2007	2008
Net profit for the period	328	373
<i>Adjusted by:</i>		
- Amortisation, depreciation and other non-monetary components	355	363
- Interest and income taxes	373	358
Cash flows from operating activities before changes in working capital	1,056	1,094
Change in working capital due to operating activities	83	180
Interest and income taxes paid	(312)	(354)
Net cash flows from operating activities	827	920
Investments in property, plant and equipment and intangible assets	(440)	(773)
Disinvestments		2
Net payables for investments	(80)	12
Free cash flow	307	161
Change in financial liabilities	363	68
Cash flows of equity	(670)	(229)
Net cash flows for the period	0	0
Free cash flow	307	161
Cash flows of equity	(670)	(229)
Change in net financial debt	(363)	(68)

Performance

Transportation and regasification of natural gas

Quantities of natural gas injected into the national gas pipeline network

(billions of m³)

Third quarter			First nine months		Change	Change %
2007	2008		2007	2008		
2.39	2.29	National production	7.35	6.92	(0.43)	(5.9)
14.59	15.73	Imports (Entry points)	51.52	56.46	4.94	9.6
4.35	5.33	Mazara del Vallo	16.38	18.27	1.89	11.5
4.56	4.80	Tarvisio	16.40	18.23	1.83	11.2
3.15	3.18	Gries Pass	10.19	11.55	1.36	13.3
1.98	2.12	Gela	6.59	7.14	0.55	8.3
0.06	0.03	Gorizia	0.17	0.09	(0.08)	(47.1)
0.49	0.27	Panigaglia (LNG)	1.79	1.18	(0.61)	(34.1)
16.98	18.02		58.87	63.38	4.51	7.7

Gas injected into the national transportation network in the first nine months of 2008 increased by 4.51 billion cubic metres, or 7.7%, to 63.38 billion cubic metres. This growth reflects the rise in domestic demand for natural gas during the nine months, mainly from the residential and thermoelectric sectors.

With respect to gas injected into the network at the entry points interconnected with foreign networks, greater volumes were injected at Mazara del Vallo (+1.89 billion cubic metres), Tarvisio (+1.83 billion cubic metres) and the Gries Pass (+1.36 billion cubic metres), partly offset by the decrease in gas injected at Panigaglia (-0.61 billion cubic metres) and in national production (-0.43 billion cubic metres).

Volumes injected by shipper

(billions of m³)

Third quarter			First nine months		Change	Change %
2007	2008		2007	2008		
10.59	11.39	Eni	37.30	38.65	1.35	3.6
1.89	2.34	Enel Trade	6.91	7.39	0.48	6.9
1.21	1.34	Edison	4.86	6.05	1.19	24.5
0.85	0.62	Plurigas	2.43	2.69	0.26	10.7
2.44	2.33	Other	7.37	8.60	1.23	16.7
16.98	18.02		58.87	63.38	4.51	7.7

Quantities of regasified LNG

The Panigaglia (SP) LNG terminal regasified 1.18 billion cubic metres of natural gas in the first nine months of 2008 compared to 1.79 billion cubic metres in the same period of 2007. Different sized methane tankers unloaded 33 loads compared to 57 in the first nine months of 2007.

Investments

(€m)

Third quarter			First nine months		Change	Change %
2007	2008		2007	2008		
130	174	Development	331	534	203	61.3
67	121	Investments with 3% incentive	183	354	171	93.4
63	53	Investments with 2% incentive	148	180	32	21.6
48	89	Maintenance and other	137	206	69	50.4
21	30	Investments with 1% incentive	61	74	13	21.3
27	59	Investments with no incentives	76	132	56	73.7
178	263		468	740	272	58.1

Investments⁴ of €740 million were made during the period, up 58.1% on the first nine months of 2007.

The key projects, which have a **3% incentive** compared to the basic remuneration, related to:

- as part of the project to upgrade the infrastructure for imports from North Africa (€231 million): (i) materials and carrying out of the main works for the Rende-Tarsia and Tarsia-Morano pipelines; (ii) carrying out of the main works and the beginning of additional works for the Mazara-Menfi pipeline; (iii) completion of construction of the Enna station and carrying out of the final main works for the Montalbano-Messina pipeline in Sicily; and (iv) completion of the additional works for the Martirano-Rende pipeline in Calabria;
- as part of the project to upgrade the infrastructure in the Po Valley: (i) design, delivery of part of the materials and obtainment of permits for the Poggio Renatico-Cremona pipeline (€56 million); and (ii) completion of construction of the Poggio Renatico plant in Ferrara (€23 million).

Investments with a 2% incentive relate to many projects, the most significant of which are:

- the upgrading of the pipeline network in South Piedmont (€36 million); work in the first nine months of 2008 related to completion of construction work for the Mortara-Alessandria and Alessandria-Oviglio pipelines and initial works for the Oviglio-Ponti and Cherasco-Cuneo pipelines;
- obtainment of permits and delivery of part of the materials for the Cremona-Sergnano pipeline in Lombardy (€12 million);
- completion of construction work of the Flaibano-Gonars pipeline in Friuli (€11 million).

Investments with a 1% incentive relate to many projects for the maintenance of adequate safety and quality levels at the plants. The project for the technological upgrading of the Montesano sulla Marcellana compression station in Campania required a significant outlay (€4 million in the first nine months of 2008).

Investments without incentives include projects for the replacement of assets and plants, including the Tarvisio-Malborghetto pipeline (€45 million) and projects for the introduction of new IT systems, the development of existing ones and the purchase of other operating assets.

Significant subsequent events

On 23 October 2008, Snam Rete Gas distributed an interim dividend for 2008 of €0.09 per share to all shares outstanding at 20 October 2008 for a total of €158 million. This had been approved by the board of directors on 29 July 2008.

⁴ Investments are classified in accordance with Resolution no. 166/05 – “Criteria for the determination of the natural gas transportation and dispatching tariffs” published by the Electricity and Gas Authority on 30 July 2005, that identified different project categories which have differing incentive levels. The allocation of the investments to the different project categories is reviewed by the Electricity and Gas Authority during presentation of the tariff proposals.

Other information

Litigation and actions of the Electricity and Gas Authority

Reference should be made to the 2008 half year report for information on the most significant litigation currently pending for which, except as stated otherwise in such report, it has not made any provision therefore, as it deems the unfavourable outcome to be improbable or because the amount cannot be estimated reliably. The 2008 half year report also describes the preliminary investigation by the Electricity and Gas Authority into unaccounted-for gas as per resolution no. VIS 41/08.

Compliance with article 37 of Consob resolution no. 16191/07 (Market regulations)

On 12 February 2008, the board of directors checked that Snam Rete Gas S.p.A. met the requirements set out in paragraph 1, article 37 of Consob resolution no. 16191/07 for the listing of shares of subsidiaries managed and coordinated by another company on an Italian regulated market.

The board of directors represented that the company's interests were met by the centralised treasury arrangement with Eni S.p.A. as all the treasury transactions and financing agreements are agreed independently by Snam Rete Gas and take place at market conditions. This representation was confirmed by the board of statutory auditors. Detailed disclosure of the company's compliance with the requirements of article 37 of resolution no. 16191/07 is given in the corporate governance report which is part of the 2007 Annual Report.