

letter from the Chairman and the Chief Executive Officer



Alberto Meomartini



Carlo Malacarne

2009 was a very important year in our history. In a context that saw the world economy still characterised by great uncertainty, we concluded one of the biggest acquisitions of the year in Europe, and the share capital increase aimed at funding it was completely subscribed by the market, a clear sign of appreciation for our solid business model, characterised by a limited industrial and financial risk profile. The result was the creation of an integrated Group which, in continental Europe, leads the way in terms of the amount of capital invested for regulatory purposes. In an increasingly complex and competitive scenario, there is the need for an operator that can effectively face the coming up challenges, providing comprehensive and consistent solutions to the problems related to the evolution of the gas market, not only domestically but also at European level. The decision to integrate Snam Rete Gas, Italgas, Stogit and GNL Italia conforms with the expectations of our main stakeholders: the shareholders and the market, the Italian Electricity and Gas Authority, and in general all stakeholders in the gas market that may benefit from the acquisition. We will therefore continue to provide our customers with efficient, safe and reliable services. We will do this by guaranteeing the growth of infrastructures and the flexibility of the gas market, supporting the development of competition and the safety of the supply system.

The success of this operation and its sustainability owe much to the enthusiastic and concrete contributions of the people who work for the company. To enhance these contributions, we developed the “energie” program, a skills and processes integration project that allowed the four companies personnel to work in structured groups to shape the management processes and operating structures of the

new company. This integration process thus enabled us to identify the best practices in each individual company, placing them at the disposition of the new, united group.

We acquired Italgas and Stogit following the rules that have always acted as our guidelines: transparency, attention to finances, and the sustainability of operations. We therefore put into practice those behaviours that in 2009 enabled us to meet another important objective: inclusion in the Dow Jones Sustainability World Index, the leading and most prestigious international corporate social responsibility index, only open to companies that have shown an excellent ability to manage their activities according to sustainability criteria. An important milestone, just like our adhesion of the Global Compact, whose principles have always inspired us and which we will continue to support also via our stakeholders.

The financial crisis reached its most intense phase last year, although towards the end the first signs of recovery became evident. As you will discover in the next few pages, the crisis that began in the second half of 2008 had a major impact on natural gas consumption levels in 2009. There was a fall in consumption of almost 7 billion cubic metres, from 84.9 billion cubic metres in 2008 to the 78.1 billion recorded last year, the equivalent of an 8% drop.

We responded to these stormy waters by employing our resources and expertise with renewed determination. Because a stormy sea doesn't affect all vessels in the same way. Those who managed to stick to their course, who have a long history of experience, expertise and operational abilities behind them, were able to face the problems

with greater strength and make the most of the opportunities that even the most difficult moments present. We managed to do this. We never stopped to look at the future and pursuing growth. Not only did we finalise an extremely valuable acquisition, we also continued to invest – around € 1.3 billion by the end of the year – with positive consequences for our suppliers and related activities. Furthermore, for the four-year period 2009-2012, we have planned to make investments of € 6.4 billion in all of our areas of activity: transport, regasification, distribution and storage. We continue to move forward, respecting our plans and working towards increasing the importance of Snam Rete Gas' role in the European network, fully aware that we represent an important bridge between North African producers and continental Europe.

2009 also saw the Copenhagen Climate Change Conference, which underlined just how far we still have to go.

There are many things still to do, and many others that we can improve on. There can be no other way. We want to instil an even closer relationship with our stakeholders, whose perimeter has widened following the acquisitions, improving our dialogue and working relationship. We want to further improve our relationships with local communities, alongside whom we have worked so successfully for many years. We want to continue to guarantee the high quality of the activities we carry out in respect of the environment. We are a steady ship that knows how to navigate stormy seas because we have a clear and solid route that drives us.



The Chairman



The Chief Executive Officer

