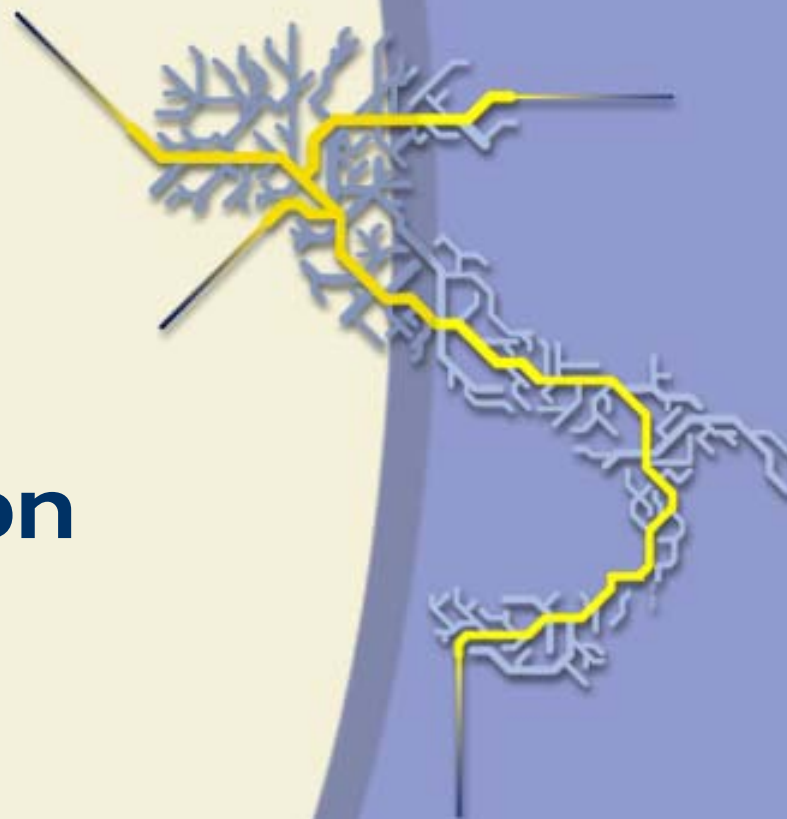


November 11, 2002



Snalm
Rete Gas

Analyst presentation





Snam
Rete Gas



Agenda

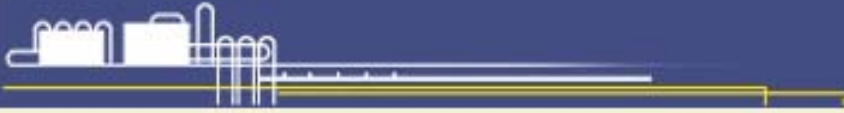
**Delivery on our
commitments at IPO**

**3Q 2002
financial results**

Closing remarks



Snam
Rete Gas



Delivery on our commitments at IPO

Salvatore Russo

Chairman and CEO



Snam
Rete Gas



**Delivery on our
commitments at IPO**

**One year ago ...
our commitment to shareholders:**

Core business focus

Constructive engagement with
regulator and shippers

Exploit market growth

Continued efficiency gains

Optimise capital structure &
attractive dividend policy



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Snam
Rete Gas



Core business focus

Focus on Gas

**Focus on Regulated
Business**

Focus on Italy



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SHIPPERS



One year of successful operating experience in the new environment

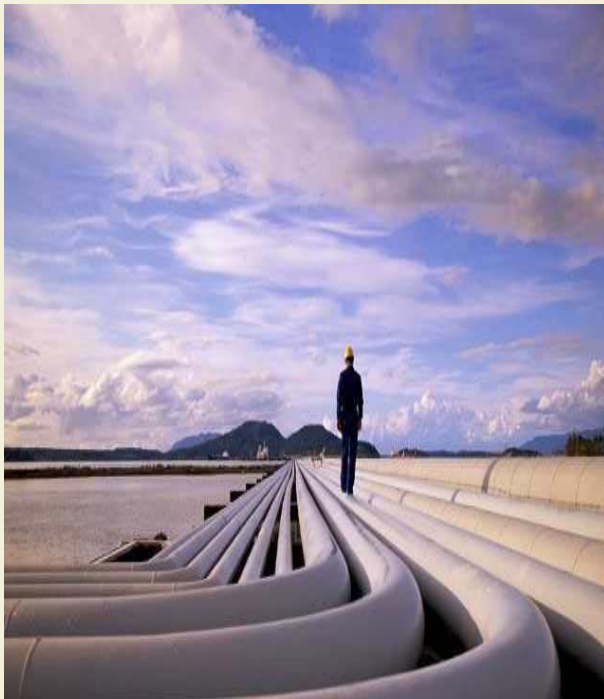
Granted capacity to all applicants

by exploiting the existing network and investing in new facilities

A sophisticated system facilitator

by investing in IT and increasing transparency

REGULATOR



Gas year 2002-2003 tariff approval

Sicily tax

Pass through cost principle clearly established

Network code criteria delivered

Principles in line with SRG preliminary
network code applied in the first gas year



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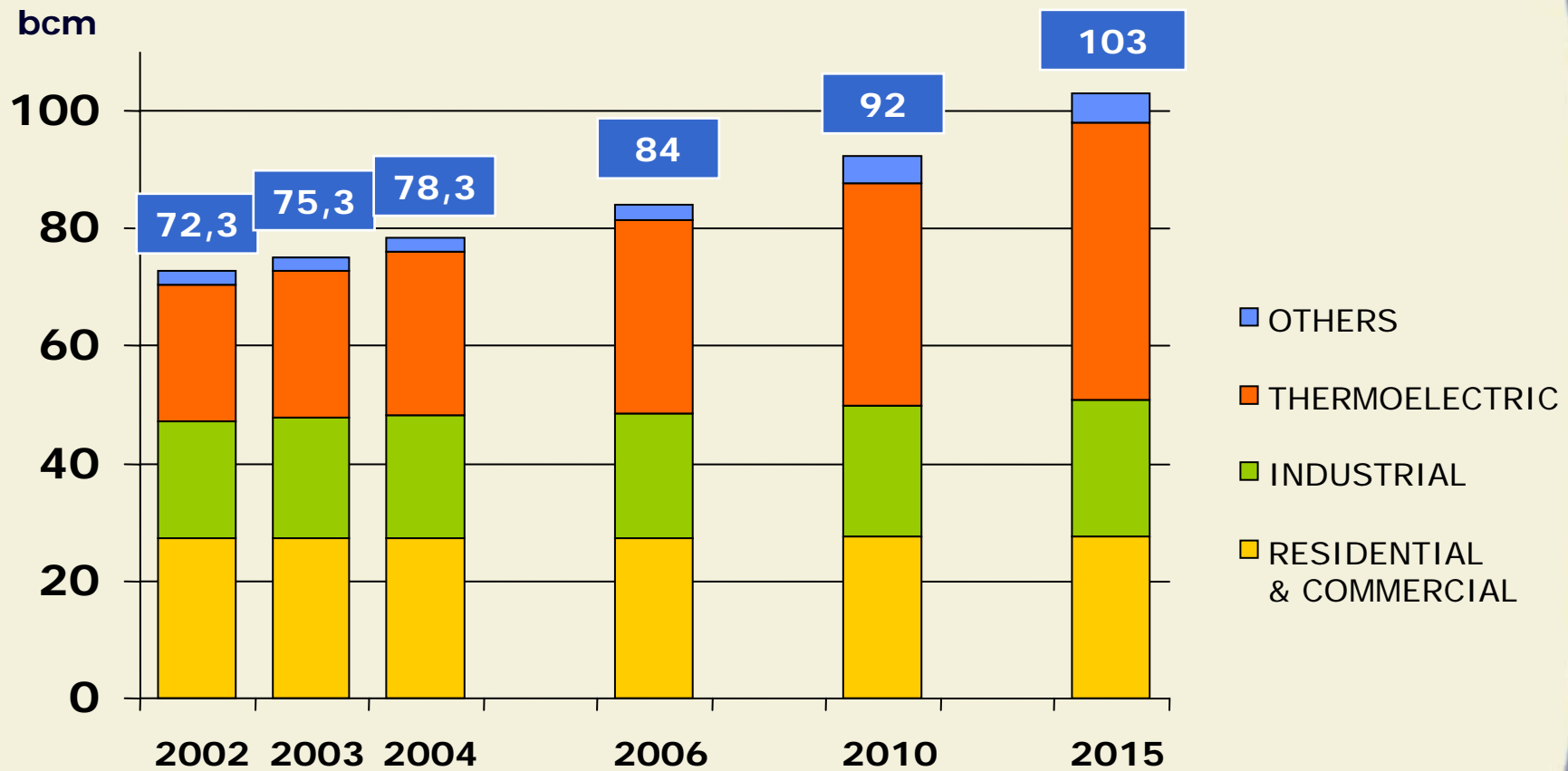


Exploit market growth



Continued efficiency gains

Optimise capital structure &
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ASSUMPTIONS on THERMOELECTRIC

- Electricity demand growth: +2,1%
- Additional CCGT: +19 GW (2006) +5 GW (2010)
- EE Imports: 55 TWh (2006)

Source: Snam Rete Gas estimates



DRIVERS FOR NEW CAPACITY:

- Gas demand growth
- Gas fired power generation
- Market liberalisation

Northern
Europe
+27%

Russia
+5%

LNG
-

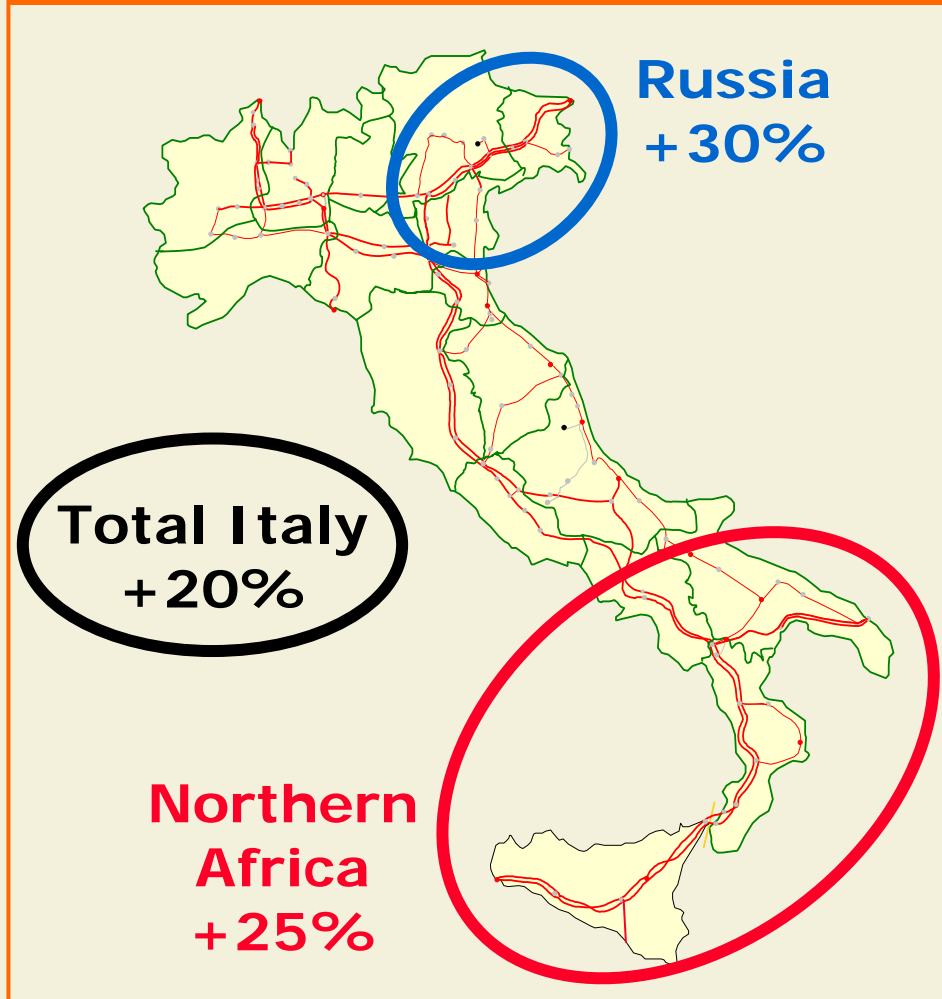
Algeria
-



+10% transport capacity
in gas year 2002-03 vs
2001-02

More than 400 €m capex
in 2001 and 2002E
for new capacity increases

**New transport capacity
planned by 2006**



**Raised 2003-2006
capex plan**

€2.4 bn

(of which more than 75%
of development capex)

+50% vs IPO firm plan



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OPERATING FIXED COSTS:

COMMITMENT:

-4% per year
in the 1° regulatory period

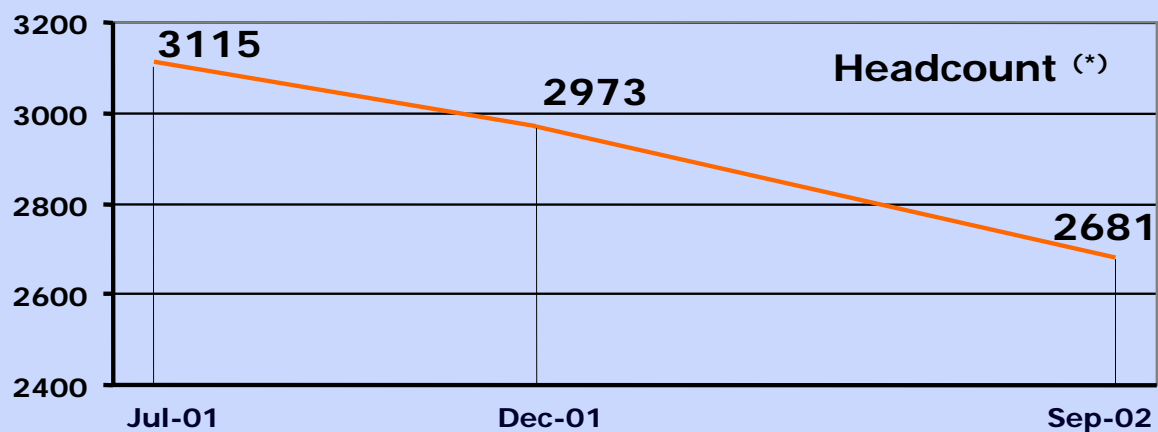


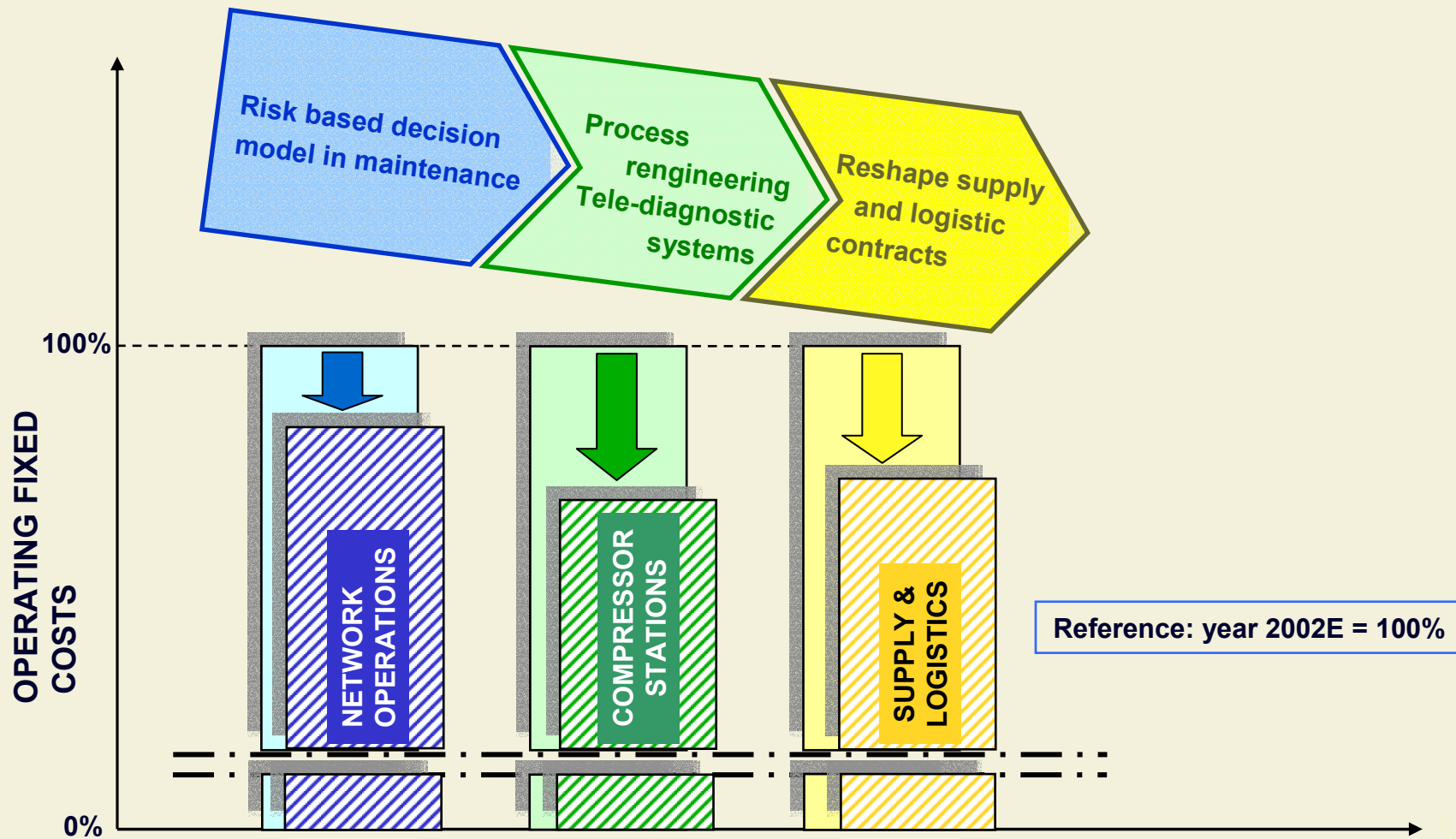
ACHIEVEMENTS:

- -9% 2001 vs 2000
- -8% 2002E vs 2001

SOURCES OF IMPROVEMENT:

- New maintenance policies
- Personnel rationalisation:







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Capital structure

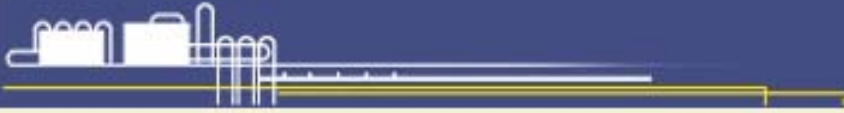
- Expected 2002 year end leverage 40%
- Average leverage in the first regulatory period allowing us to outperform regulatory WACC

Debt restructuring

- Higher duration in long-term debt
- Lower interest rate volatility risk

Dividend policy

2001	183 m€	100% pay-out (*)
2002E		65% pay-out



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Snam
Rete Gas



3Q2002 financial results

Claudio De Marco

Chief Financial Officer



3Q 2002		JAN-SEPT 2002
15.4	VOLUMES (bcm)	54.7
426	REVENUES (€m)	1,326
309	EBITDA (€m)	954
196	EBIT (€m)	616
113	NET PROFIT (€m)	339
88	CAPEX (€m)	253
186	FREE CASH FLOW (€m)	535
	HEADCOUNT (at end of September)	2,681
	NET DEBT (at end of September)	3,658
	LEVERAGE (D/D+E) (at end of September)	41%



3Q 2002	€m	Jan-Sept 2002
426	REVENUES of which:	1326
412	Regulated revenues	1282
14	Non regulated revenues	44
-117	Operating expenses	-372
309	EBITDA	954
-113	Depreciation & Amortisation	-338
196	EBIT	616
-40	Net interest income (expenses)	-119
-	Extraordinary income (expenses)	-6
156	EBT	491
-43	Income taxes	-152
113	Net profit	339



	€m				
3Q 2002			Jan-Sept 2001	Jan-Sept 2002	Change
117		TOTAL OPERATING EXPENSES	366	372	+6
115		REGULATED ACTIVITIES	296	347	+51
65		CONTROLLABLE OPEX	250	211	-39
58		Operating fixed costs	205	180	-25
7		Variable costs	45	31	-14
50		OTHER	46	136	+90
33		Sicilian tax	-	65	+65
-4		Modulation services	42	17	-25
19		Pass-through costs	4	52	+48
2		Provision	-	2	+2
2		NON - REGULATED ACTIVITIES	70	25	-45



€m

	31Dec 2001		30Sept 2002
Net Invested Capital	9,396	-379	9,017
Fixed assets	9,425	-119	9,306
Tangible assets	9,338	-134	9,204
Intangible fixed assets	87	+15	102
Net working capital	-12	-261	-273
Short term receivables	463	-69	394
Short term liabilities	-475	-192	-667
Staff-leaving indemnity	-17	+1	-16
Net financial debt (cash)	4,193	-535	3,658
Shareholders' equity	5,203	+156	5,359



3Q 2002	€m	Jan-Sept 2002
113	Net income	339
110	Depreciation and other non-monetary items	338
66	Change in net working capital	278
-	Change in staff leaving indemnity	-1
289	Cash flow from operations	954
-103	Net investments	-236
-	Dividends	-183
186	Free Cash Flow	535
3,844	Initial Net Financial Debt	4,193
3,658	Final Net Financial Debt	3,658



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Agenda

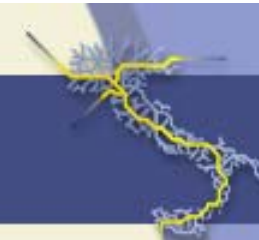
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Closing remarks

Delivery on IPO Promises

Consistent Strategy

Increased capex forecast

Strong cash flow generation

