

**BY-LAWS**  
**SNAM RETE GAS S.P.A**

COMPANY NAME – CORPORATE PURPOSE – HEAD OFFICE -  
DURATION OF THE COMPANY – SHARE CAPITAL - OBLIGATIONS

ARTICLE 1

The company “Snam Rete Gas S.p.A.”, or, in short form, "Snam RG S.p.A.", is governed by these By-Laws. The name may be written in any font both upper and lower case.

ARTICLE 2

The Company’s purpose is:

- 1) The construction and operation of means for the compression, transportation, dispatching and regasification of hydrocarbons, industrial gases and other gaseous, liquid and solid products;
- 2) Research and scientific and technical laboratory work in the field of physics and chemistry especially concerning the hydrocarbon sector and energy sources;
- 3) The acquisition of patents regarding energy sources and their transportation;
- 4) The study, design, building, acquisition, management and operation of complex transportation systems, transportation infrastructure, information technology and telecommunications;
- 5) The manufacture, purchase and sale of machines, equipment, materials and related products and accessories for the company’s purpose;
- 6) The construction, purchase and sale, exchange, development, management and renting of property considered as necessary or useful in achieving the corporate purpose;
- 7) Activities to safeguard and protect the environment.

In pursuing the corporate purpose the Company may take, either directly or indirectly, stakes in other companies or businesses with similar, complementary, related or connected objects and may carry out any industrial, commercial, property and financial operation, including the issue of guarantees, linked to, used for or complementary to achieving the corporate purpose, except for the collection of public savings and activities governed by regulations regarding financial intermediation.

Activities restricted by law to specific professional categories are excluded.

The Company may operate both in Italy and abroad.

In its operations the Company will treat shippers equally, act openly and impartially in transporting and dispatching, and operate in compliance with legal and Electricity and Gas Regulator requirements and regulations.

ARTICLE 3

The Company’s Head Office is in San Donato Milanese, Milan, Piazza Santa Barbara 7. Additional offices, branches and agencies may be set up or closed in Italy and abroad.

ARTICLE 4

The duration of the Company is until 31 December 2100 and may be extended.

## ARTICLE 5

The company's share capital is 1,955,000,000 euro (one billion nine hundred and fifty five million) divided into 1,955,000,000 (one billion nine hundred and fifty five million) shares, nominal value 1 (one) euro each.

The Board of Directors, as per article 2443 of the Civil Code, may increase the share capital in one or more tranches, by April 24, 2007, up to a maximum of euro 400,000 (four hundred thousand), with related appropriation to the "Reserve for share issue as per article 2349 of the Civil Code", and the issue at a nominal value of euro 1 (one) of up to 400,000 (four hundred thousand) ordinary bearing dividend shares, to assign as per article 2359 of the Civil Code to the Company's managers and those of its subsidiaries. The assignment of the shares will be effected by the month following the completion of three years from the commitment by the Company to allocate the shares to the managers. The Board of Directors has been given full powers to define the terms and conditions of effecting the capital increase, including the approval of the "Regulation of the stock assignment plan for ordinary Snam Rete Gas S.p.A. shares as per article 2349 of the Civil Code."

The Board of Directors, as per article 2443 of the Civil Code, may increase the share capital in one or more tranches, by July 31, 2004, for cash up to euro 2,000,000 (two million) with the issue of up to a maximum of 2,000,000 (two million) ordinary dividend bearing shares with a nominal value of euro 1 (one), and the exclusion of the pre-emptive rights as per article 2441, last paragraph, of the Civil Code and article 134, second and third paragraphs, of Legislative Decree February 24, 1998, No. 58. The options to subscribe the shares issued will be given to managers of the Company and its subsidiaries as per article 2359 of the Civil Code who have the most direct responsibility for results in strategic and economic terms. The options may be exercised on condition that the Snam Rete Gas S.p.A. share price at the dates set for the subscription to the options is higher than the arithmetic average of the official prices on the "Mercato Telematico Azionario" operated by Borsa Italiana S.p.A. recorded in the month preceding the date of the resolution to increase the share capital by the Board of Directors. The subscription price of the shares will be set at the arithmetic average of the official prices on the "Mercato Telematico Azionario" operated by Borsa Italiana S.p.A. recorded in the month preceding the date of the resolution to increase the share capital by the Board of Directors. The right to subscribe may be exercised after three years from the offer being made and for the following five years. The Board of Directors has been given full powers to define the terms and conditions of executing the capital increase, including the approval of the "Regulation of the stock option plan". In the event the subscriptions assigned are not fully exercised by the deadline set for the options issued in 2004, the share capital will be considered as having been increased by an amount corresponding to the subscriptions exercised up till that date.

On 25 June 2002, in partial execution of the power conferred to it pursuant to the provisions of article 2443 of the Civil Code by the extraordinary shareholders' meeting on 24 April 2002, the Board of Directors resolved upon a rights issue for a maximum nominal amount of euro 608,500 (six hundred eight thousand five hundred) through the issue of a maximum of 608,500 (six hundred eight thousand five hundred) ordinary dividend bearing shares with a nominal value of euro 1 each, at a price of euro 2.977 (two point nine seven seven) per share, to be granted for subscription to the managers of the Company and its subsidiaries who have the most direct responsibility for results in strategic and economic terms, as per article 2359 of the Civil Code, in compliance with the provisions of the "Regulation of the stock option plan" and in accordance with the criteria set forth by the Board of Directors.

On 18 June 2003, in a further partial execution of the power conferred to it pursuant to the provisions of article 2443 of the Civil Code by the extraordinary shareholders' meeting on 24 April 2002, the Board of Directors resolved upon a rights issue for a maximum nominal amount of euro 640,500 (six hundred and forty thousand five hundred) through the issue of a maximum of 640,500 (six hundred and forty thousand five hundred) ordinary dividend bearing shares with a nominal

value of euro 1 each, at a price of euro 3.246 (three point two four six) per share, to be granted for subscription to the managers of the Company and its subsidiaries who have the most direct responsibility for results in strategic and economic terms, as per article 2359 of the Civil Code, in compliance with the provisions of the "Regulation of the stock option plan" and in accordance with the criteria set forth by the Board of Directors.

Share capital increases in kind are allowed.

The Company may issue shares, including special categories, to allocate for free as per Article 2349 of the Civil Code.

## ARTICLE 6

The shares are registered and may not be split. Each share carries the right to one vote. Where a share is jointly owned, the shareholders' rights are exercised by a single representative.

The Board of Directors will set the terms and methods for the increase in share capital, in the event of the Shareholder's Meeting not having done so.

Interest on arrears is due on late payments at the official rate of interest; Article 2344 of the Civil Code applies.

## ARTICLE 7

Until the expiry of the natural gas transportation and dispatching charges regulatory period immediately following that which terminates on 30 September 2005, which will be set by the competent Authority, the exercise of voting rights and of any other non – economic right connected to shares exceeding more than 15% of the share capital represented by shares with voting rights in the ordinary Shareholders' Meeting which have been acquired after the Company's listing on the Stock Exchange by a Government or public authorities or by bodies directly or indirectly controlled by them, or by bodies that are involved directly or indirectly, through companies controlled by them or connected to them, with the import and/or export of natural gas to Italy or by bodies controlling them, is subject to the written approval of the Company's Board of Directors.

For the definition of control, Article 2359, paras. 1 and 2, of the Civil Code applies, even for non-corporate bodies .

In calculating this percentage, account is taken of the voting rights of single bodies or the group to which they belong, considered as thus being the specific figure (even if not incorporated as a company) which exercises control, controlled companies and those subject to common control, as well as related companies and subsidiaries. In calculating the figure account is also taken of the rights deriving from shares held by trustees and/or proxies and in general by nominees, as well as shares held by entities which are different from those indicated above which are bound by agreements with the subjects indicated above, in any event relative to the use of the right to vote regarding the Company.

The purchase of shares exceeding the 15% threshold as defined above must be communicated in writing to the Company to obtain the expression of approval by the Board of Directors.

Approval will be communicated within 60 days from the receipt by the Company of the communication described above in writing to the shareholder and is irrevocable. Approval may be withheld only in the interests of the Company.

In the absence of approval or prior to the expiry of the 60 day period indicated above or in the absence of the communication by the shareholder, as indicated in the fourth paragraph of this article, voting rights, including those with rights other than those deriving from voting stocks, for shares exceeding the 15% of the share capital may not be exercised.

The provisions of this article will lapse in the event of issue in respect of the Company of ministerial decrees regarding the exercise of special powers envisaged under Article 2, paragraphs 1 and 1bis, of Law n. 474 of 30 July 1994.

#### ARTICLE 8

Shareholders shall unconditionally adhere to the By-Laws.  
The residence of each shareholder is that indicated in the shareholders register.

#### ARTICLE 9

The Company may issue bonds, including convertible ones or with warrants.

### SHAREHOLDERS' MEETINGS

#### ARTICLE 10

Shareholders' Meetings are either ordinary or extraordinary.

The Ordinary Shareholders' Meeting is called to approve the financial statements at least once a year within four months of the closing of the financial year.

When specific circumstances require, the above mentioned period may be extended to six months.

Shareholders' Meetings are held in Italy.

#### ARTICLE 11

The Shareholders' Meeting is convened through a notice containing information on the date, time, location and agenda.

The notice may also indicate the date, time and location of the second and third call.

#### ARTICLE 12

Participation in the Shareholders' Meeting is governed by the current legislation and by the instructions contained in the notice convening the Meeting.

Shareholders may delegate in writing another person to represent them as a proxy.

The Company shall provide space to enable shareholders who fulfil the relevant legal requirements to collect proxies on behalf of shareholders who are employees of the Company or its subsidiaries.

It is the duty of the Shareholders' Meeting Chairman to ensure the validity of proxies and participation in the Meeting.

Shareholders' Meetings are governed by the regulations approved by the Ordinary Shareholders' Meeting.

#### ARTICLE 13

The Shareholders' Meeting, legally convened and constituted, represents all the shareholders. Its decisions are binding for all the shareholders even if they did not participate in the Meetings, or abstained or voted against them.

## ARTICLE 14

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, if absent or otherwise prevented from so doing, by the Board member appointed by the Board or, if absent or otherwise prevented from so doing, by the oldest Board member, or if absent or otherwise prevented from so doing, by the person appointed by a majority of the shareholders present.

The Shareholders' Meeting appoints a Secretary, who is not necessarily a shareholder.

The minutes of the Shareholders' Meeting are written by the Secretary and signed by the Secretary and the Chairman; the minutes of the Extraordinary Shareholders' Meetings are written by the notary and the Chairman.

The copies of the minutes certified as correct by their writer and the Chairman constitute the legal record.

## ARTICLE 15

The Shareholders' Meetings are considered valid under the terms of current legislation.

Ordinary Shareholders' Meetings decide matters regarding sell-offs, capital increase contributions, rent, use and any other dispositions, including those pertaining to joint ventures, which may limit the free disposability of the assets of the Company or its branches with strategic relevance related to gas transportation and dispatching activities. Decisions regarding these matters shall be adopted, even in second call, with the majority of at least three quarters of the share capital present at the meeting.

For other matters it is concerned with, the Ordinary Shareholders' Meeting decides with the majorities set by the current law.

The Extraordinary Shareholders' Meeting decides, at the first, second and third call, with a majority of at least three quarters of the capital represented at the meeting.

## BOARD OF DIRECTORS

### ARTICLE 16

The Company is governed by a Board of Directors consisting of not less than five members and no more than nine. The Shareholders' Meeting sets the number of the Board members within these limits.

The members stay in office for the period set by the Shareholders' Meeting, which may not be longer than three years, and may be reappointed.

If because of resignations or other reasons a majority of Board members lapse, the whole Board is considered lapsed and a shareholders' meeting must be immediately called to appoint a new Board of Directors.

The Shareholders' Meeting may change the number of Board members during the lifetime of the Board, within the numerical limits indicated in this article; if the Shareholders' Meeting increases the number, the new Board members are appointed according to the provisions contained in this article. The term of the members so appointed ceases at the same time as that of the members already appointed.

The members are appointed by the Shareholders' Meeting on the basis of lists in which the candidates are listed in numerical order.

The right to present such lists is held by the Board of Directors and Shareholders who individually or with other shareholders represent at least 2% of the voting shares for the ordinary shareholders' meeting.

Each shareholder may present individually or with other shareholders one list only and every candidate may appear in one list only, or he/she will be ineligible.

The list presented by the Board of Directors and those presented by shareholders must be deposited at the Company's Head Office and published in at least two Italian national daily newspapers, one of which must be a financial paper, at least twenty and ten days respectively before the date of the Shareholders' Meeting on first call.

The title of shares necessary to present a list shall be demonstrated by presenting at or sending to the Company's Head Office at least five days before the Shareholders' Meeting first call a copy of the certificates issued by the appropriate authorities. Together with each list, within the time limits indicated above, statements must be presented containing each candidate's acceptance of nomination, confirming that there is no cause for ineligibility or incompatibility, as well as the possession of the requisites which are legally necessary for performing the task in question, plus the CV of each candidate.

Each person entitled to vote may vote for one list only.

The elections of the Board members proceed as follows:

- a) Seven tenths of the members are taken from the list which obtains the most votes, in the numerical order they were listed, with numbers which are not whole rounded down;
- b) the other members are taken from the other lists; to this end, the votes obtained from these lists are subsequently divided by 1, 2 or 3 according to the number of members to be appointed. The quotients thus obtained are progressively assigned to the candidates on these lists, according to the order respectively envisaged. The quotients assigned in this way are then set out in descending order. Those with the highest quotients are accordingly appointed. In the event of candidates having the same quotient, the candidate is appointed from a list which has so far not had any members appointed or which has had the lowest number of members appointed. If this is the first member to be appointed with this method and so no lists have yet supplied a member or if the lists have all contributed the same number of members, the candidate will be appointed from the list which has received the most votes. In the case of votes cast being the same and the quotient assigned to the candidates also being the same, the Shareholders' Meeting will vote again and the member obtaining the highest number of votes will be appointed.
- c) Members who, for whatever reason, are not appointed as per the procedures indicated above, are appointed by the Meeting, which decides with the majority legally applicable.

#### ARTICLE 17

The Board of Directors may appoint the Chairman from among its members if the Shareholders' Meeting has not already done so, as well as the Secretary, who does not have to be a board member.

#### ARTICLE 18

The Board of Directors is convened by the Chairman whenever he thinks it appropriate or when at least two Board members asks in writing for it to meet. The request must indicate the reasons for convening the Board. If within thirty days from the request the Board has not met to discuss the matters and the request came from at least two Board members, the Board of Directors or, if this is not possible the Chairman of the Board of Auditors, will without delay convene a Shareholders' Meeting to discuss the matter indicated in the request for a board meeting.

The Board of Directors meets in the location indicated in the notice of the meeting. The notice is sent at least five days before the meeting; the Board of Directors will define any other elements regarding the holding of its meetings.

The Board of Directors' Meetings may be held in video conference on condition that all participants are identifiable and can follow the discussion and participate in real time in the

discussions. The meeting is considered as having taken place where the Chairman and Secretary are located.

The meetings of the Board of Directors are chaired by the Chairman; in the event that he or she is absent or unable to participate, the oldest managing director present will chair the meeting, or if he or she is absent or unable to participate the oldest board member present.

#### ARTICLE 19

The Board of Directors has powers of ordinary and extraordinary administration and may carry out all that is necessary to implement and achieve the corporate purpose, with the exception of those actions which the law and these By-Laws reserve for the Shareholders' Meeting.

The Board of Directors may delegate powers to one or more of its members, defining the limits of this delegation, subject to the provisions of Article 2381 of the Civil Code.

The Board of Directors may appoint one or more General Managers, defining their powers.

The Board of Directors may also delegate powers for single acts or categories of acts to Company employees and third parties.

The Chairman of the Board of Directors and the members who have been delegated powers as per these By-Laws must report timeously to the Board of Auditors the activities which the Company or its subsidiaries have carried out and the operations with the most significant impact in economic, financial and asset terms as well as those which could give rise to potential conflicts of interest.

All such information is in any case provided at the meetings of the Board of Directors, held at least quarterly.

#### ARTICLE 20

A Board of Directors meeting is valid if a majority of members is present.

The decisions are agreed by a simple majority of members present and, in the event of a tie, by the meeting chairman's casting vote.

The minutes of the board meetings are written by the Secretary of the Board of Directors and signed by the Secretary of the Board of Directors and countersigned by the Chairman of the meeting and the Secretary. Copies of minutes certified by the Chairman and the Secretary are valid for legal purposes.

#### ARTICLE 21

Board members receive a remuneration on an annual basis and for the duration of their office as set by the ordinary Shareholders' Meeting when they were appointed; the remuneration so defined is valid until such time as the Shareholders' Meeting decides otherwise. Board members also receive reimbursement relative to the costs arising from their duties.

Board members with particular duties receive a remuneration set by the Board of Directors following the opinion of the Board of Auditors.

### BOARD OF AUDITORS

#### ARTICLE 22

The Board of Auditors consists of three Effective Auditors; two additional Alternate Auditors must also be appointed.

The Auditors are chosen from those possessing the professional requisites and standing indicated in the Justice Ministry decree of 30 March 2000, n. 162.

According to the provisions of this decree, the subjects strictly connected to the Company's activities are: commercial law, business economics, corporate finance.

The sector strictly connected to the Company's business is engineering.

Auditors may not be appointed, or if appointed, will cease to be so, who already carry out this function in five companies issuing shares listed in regulated markets, other than the controlling company and the companies it controls.

The Effective Auditors and the Alternate Auditors are appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders in which the candidates are listed in numerical order.

For the presentation, delivery and publication of the lists the provisions of Article 16 above apply.

The lists are divided into two sections: the first regards candidates for the post of Effective Auditor, the second is for that of Alternate Auditor. At least the first candidate for each section must be enrolled in the auditors register and have carried out legal control of accounts for at least three years.

From the list which has obtained the most votes two Effective Auditors and one Alternate Auditor are taken in order. The other Effective Auditor and Alternate Auditor are nominated using the procedure set out in Article 16, line b), to apply separately to each of the sections into which the other lists are divided.

The Chairmanship of the Board of Auditors will be given to the first candidate on the list containing the most votes.

In case of substitution of an auditor taken from the list obtaining the most votes, the Alternate Auditor from the same list will take his place; in the case of substitution of an auditor taken from the other lists the Alternate Auditor appointed will take his place under the procedures set out in Article 16.

The auditors not appointed for whatever reason according to the procedures indicated above are appointed by the Shareholders' Meeting which decides with the majority legally applicable.

The auditors may be re-elected.

The Board of Auditors may, subject to communication of the fact to the Chairman of the Board of Directors, convene the Shareholders' Meeting and the Board of Directors. The powers for convening may also be exercised by at least two members of the Board of Auditors.

## REPRESENTATION AND COMPANY SIGNATURE

### ARTICLE 23

Legal Representation of the Company in relation to third parties and in legal forums is the shared responsibility of the Chairman and Board members who have been delegated powers as per Article 19 of the By-Laws.

## BALANCE SHEET, PROFITS AND DIVIDENDS

### ARTICLE 24

The Company's financial year runs from 1<sup>st</sup> January to 31<sup>st</sup> December of each year.

At the end of each financial year the Board of Directors prepares the financial statements as required by law.

The net profit shown in the balance and properly approved will be distributed:

- up to 5% to the legal reserve, until this latter reaches the limit set by law;
- the remaining share will be distributed to shares, except as otherwise decided by the Shareholders' Meeting.



Dividends not collected within five years of the date in which they became payable revert to the Company.

The Board of Directors may agree a dividend payment on account in the course of financial year.

## LIQUIDATION AND CLOSING

### ARTICLE 25

The liquidation and closure of the Company is governed by the relevant laws.

## GENERAL PROVISIONS

### ARTICLE 26

All matters not expressly covered or not otherwise regulated by the By-Laws are governed by law.