

Directors' Report on the proposals
relating to the matters on the agenda of the Shareholders' Meeting

SNAM RETE GAS S.p.A.

**EXTRAORDINARY AND ORDINARY MEETING OF 27 AND 28 APRIL
2010 ON FIRST AND SECOND CALL**

**Directors' Report on proposals relating to the matters on the agenda of the
Shareholders' Meeting**

EXTRAORDINARY PART

Item 1

**Amendments to Articles 1, 2, 3, 4, 5, 6, 8, 10, 11, 12, 16, 17, 18, 19, 22 and
23, cancellation of Article 7 and consequent re-numbering of the By-laws of
Snam Rete Gas S.p.A.**

Dear Shareholders,

The Board intends to submit for approval of the Extraordinary Shareholder's Meeting a proposal to amend certain provisions of the By-Laws.

The reasons for the amendments hereby proposed belong to two different categories.

First, they are dictated by the need to update the wording of the By-Laws pursuant to changes in the legislative and regulatory framework in which the company business unfolds.

In recent years, with the promulgation of a legislative framework in the energy sector that has regulated various areas in the gas supply chain in an increasingly timely and analytical way, - also as a result of the influence of the European legislation - certain formulations inserted in the corporate purpose since the establishment of the Company, allowing its operation in

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businesses related or adjacent to the main of natural gas transport, are deemed no longer adequate to describe, with the more updated and precise terminology, the current scope of activities of the Company.

On this item, it shall also be noted that during the rest of 2009, the Company has actually exercised the option to operate businesses adjacent or connected to the transport business, by acquiring full control of the company Italgas S.p.A. and Stogit S.p.A. Today, Snam Rete Gas can therefore qualify as the most significant player in the regulated activities business in Europe, present, even through its subsidiaries, in the areas of transportation, distribution, storage, regasification, and measurement of natural gas.

In light of the foregoing, it seems therefore appropriate to explain in a more linear fashion, as part of the corporate purpose, the areas and contents of the various activities included therein, and state clearly and strictly the will to exercise the legitimate control of Snam Rete Gas on its subsidiaries.

The underlying reasons outlined above substantiate therefore the proposed amendments to Art. 2 of the By-Laws, and justify its introduction. Please note that this development also justifies the amendments that we shall propose on Art. 1 of the By-Laws.

Secondly, and in other respects, the Company, also reflecting the greater importance and visibility assumed following the establishment of the new corporate group, and to ensure maximum transparency in its business operations, deems suitable to immediately implement and adopt certain regulatory requirements introduced by the recent Legislative Decree No 27 of 27 January 2010, entitled "*Implementation of Directive 2007/36/EC of the*

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European Parliament and the Council of 11 July 2007 concerning the exercise of certain rights of shareholders in listed companies, pursuant to the delegation of Article. 31 of Law No 88 of 7 July 2009", published in the Official Gazette of 5 March 2010.

The adjustment that the Company proposes to implement now requires transposing the provisions of the Decree in the By-Laws that, by changing certain rules, leads to the corresponding changes to the By-Laws so as to ensure compliance with the new wording of those provisions, and that shall be applied to any Shareholders' Meetings called with notice after 31 October 2010. The relevant provisions modified are as follows:

- Art. 2366 of the Italian Civil Code (hereinafter, for brevity, C.C.), on the publication of the notice of call;
- Art. 2367 C.C., on the convening of the Shareholders' Meeting by the shareholders;
- Art. 2368 and 2369 C.C., on the Shareholders' Meeting quorum;
- Art. 2370 C.C on the entitlement to attend and vote at Shareholders' Meetings;
- Art. 2372 C.C, on voting by proxy;
- Art. 125-bis of the Finance Consolidation Act (hereinafter, for brevity, T.U.F.), on the Shareholders' Meeting notice of call;
- Art. 126 T.U.F., on consecutive calls;
- Art. 126-bis T.U.F., on supplements to the agenda by shareholders;
- Art. 147-ter T.U.F., on the election of the Board of Directors;
- Art. 148 T.U.F, on the election of the Board of Statutory Auditors.

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Legislative Decree No 27 of 27 January 2010 has introduced further amendments to the relevant legislation, with effect on provisions in the By-Laws, which are listed below and that the Board of Directors proposes to submit to the Shareholders' Meeting approval:

- Art. 2364 C.C, on the terms of convening the Shareholders' Meeting;
- Art. 135-novies T.U.F, on the indication in the By-Laws of at least one electronic means of delegation notification.

To implement the necessary adjustment, we shall propose the Shareholders' Meeting the amendment of articles 10, 11, 12, 16, 22.

The proposed amendments to Art. 5 and Art. 22 as well as the elimination of current Art. 7 emanate from the fact that provisions contained therein are no longer effective.

Further proposed amendments (e.g. to Art. 16) are derived from the need to ensure full consistency of the By-Laws, both with international best practices, and - conforming to the group standards- with the corresponding provisions of the By-Laws of the parent company Eni S.p.A.

The above mentioned amendments shall not constitute grounds to exercise the right of withdrawal; particularly, the amendment to Art. 2 shall not cause any significant change in the business of the Company.

Finally, renumbering is required following the removal of Art. 7 in the By-Laws and the redefinition thereof.

Dear Shareholders,

You are invited to:

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- approve the proposed amendments to the By-Laws of Snam Rete Gas S.p.A. in connection with articles 1, 2, 3, 4, 5, 6, 8, 10, 11, 12, 16, 17, 18, 19, 22 and 23, the repeal of Article 7 and subsequent renumbering of the By-Laws as reported in the text below and in conjunction with those in force

BY-LAWS
SNAM RETE GAS S.p.A.

Current text	Amended text
SNAM RETE GAS BY-LAWS	
<u>Title I - ESTABLISHMENT AND CORPORATE PURPOSE</u>	
<p>Art. 1 The company “Snam Rete Gas S.p.A.” or abbreviated as “Snam RG S.p.A.” is governed by these By-Laws. The name may be written in any font in either upper or lower case letters.</p>	<p>Art. 1 1.1 The Company “Snam Rete Gas S.p.A.” or abbreviated as “Snam S.p.A.” is governed by these By-Laws. The name may be written in any font in either upper or lower case letters.</p>
<p>Art. 2 The Company's purpose is: 1) the construction and operation of any means for the compression, transport, dispatch and regasifying 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 as regards the hydrocarbon sector and energy sources; 3) the acquisition of patents regarding energy sources and transportation thereof; 4) the study, design, building, acquisition, management and operation of complex transportation systems, transportation infrastructure, information technology and telecommunications;</p>	<p>Art. 2 2.1 The corporate purpose is to exercise, directly or indirectly, in Italy and abroad, including through direct or indirect participation in companies, organizations or businesses, regulated activities in the field of transport, dispatch, distribution, regasification, and storage of hydrocarbons, and any other activity instrumental, ancillary or complementary to one or more of the activities mentioned above, including the production of hydrocarbons related to the storage thereof, storage of other gases, energy measurement, and management of organized gas markets, all in compliance with relevant concessions pursuant to law provisions. 2.2 In pursuance of the corporate purpose and instrumental thereto: - the Company may take all</p>

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<p>5) the manufacture, purchase and sale of machines, equipment, materials and products related to the corporate purpose;</p> <p>6) the construction, purchase and sale, exchange, development, management and renting of property considered necessary or useful in achieving the corporate purpose;</p> <p>7) activities to protect, restore and safeguard the environment.</p> <p>In pursuing the corporate purpose the Company may either directly or indirectly take shareholdings in other companies or businesses with similar, complementary, related or connected purposes and may carry out any industrial, commercial, property and financial operations, including the issue of guarantees linked to, used for or complementary to even indirectly achieving the corporate purpose, with the exception of the collection of public savings and activities governed by regulations on financial intermediation.</p> <p>Activities restricted by law to specific professional categories are excluded. The Company may operate both in Italy and abroad.</p> <p>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 Regulatory Authority requirements and regulations.</p> <p>In particular, the Company, in accordance with the principles of cost-effectiveness, profitability and maximisation of shareholders' investment, and without prejudice to the requirements of confidentiality of company data, carries out its corporate purpose with the intention of promoting competition, efficiency</p>	<p>actions necessary or appropriate for the achievement of the corporate purpose, by way of example, industrial, commercial, property and financial operations, as assets or liabilities, and any activity that is connected to the achievement of the corporate purpose, including, among others, technical and scientific research - the acquisition of technical patents related to activities developed, the study, design, construction, acquisition, management and operation of complex systems of transportation, transportation infrastructure, information technology and telecommunications, with the exception of the collection of public savings and the performance of activities regulated by law on financial intermediation;</p> <ul style="list-style-type: none"> - the Company shall undertake the technical, industrial and financial coordination of subsidiaries and the provision of the appropriate financial assistance and services by those required; - the Company may engage in activities connected with the protection and restoration of the environment and land conservation. <p>In its operations the Company will treat shippers equally, act openly and impartially in transporting and dispatching, and operate in compliance with the applicable regulations and provisions of the Law. .</p> <p>In particular, the Company, in accordance with the principles of cost-effectiveness,</p>
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<p>and the appropriate levels of quality in providing services. To this end, it:</p> <ul style="list-style-type: none"> • guarantees impartiality in the management of essential infrastructures for the development of a free energy market; • prevents discrimination in the access to commercially sensitive information; • prevents the exchange of resources between segments of the supply chains. 	<p>profitability and maximisation of shareholders' investment, and without prejudice to the requirements of confidentiality of company data, carries out its corporate purpose with the intention of promoting competition, efficiency and the appropriate levels of quality in providing services. To this end:</p> <ul style="list-style-type: none"> • guarantees impartiality in the management of essential infrastructures for the development of a free energy market; • prevents discrimination in the access to commercially sensitive information; • prevents the exchange of resources between segments of the supply chains.
<p>Art. 3 The Company's head office is in San Donato Milanese, Milan, Piazza Santa Barbara 7. Additional offices, branches and agencies may be established or wound up in Italy and abroad.</p>	<p>Art.3 3.1 The Company's head office is in San Donato Milanese, Milan, Piazza Santa Barbara 7. 3.2 Additional offices, branches and / or agencies may be established or wound up in Italy and abroad.</p>
<p>Art. 4 The duration of the Company is until 31 December 2100 and may be extended.</p>	<p>Art. 4 4.1 The duration of the Company is until 31 December 2100 and may be extended one or more times, by resolution of the Shareholders' Meeting.</p>
<p>Title II – Share Capital of the Company</p>	
<p>Art. 5 The share capital amounts to 3,570,768,494.00 (three billion, five hundred seventy million, seven hundred sixty eight thousand, four hundred ninety four point zero zero) Euro, divided into 3,570,768,494 (three billion, five hundred seventy million, seven hundred sixty eight thousand, four hundred ninety four) shares with a value of 1.00 (one point zero zero) Euro each. The Extraordinary Shareholders'</p>	<p>Art. 5 5.1 The share capital amounts to 3,570,768,494.00 (three billion, five hundred seventy million, seven hundred sixty eight thousand, four hundred ninety four point zero zero) Euro, divided into 3,570,768,494 (three billion, five hundred seventy million, seven hundred sixty eight thousand, four hundred ninety four) shares with a value of 1.00 (one point zero zero) Euro each.</p>

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<p>Meeting of 17 March 2009 assigned the Board of Directors, pursuant to article 2443 of the Italian Civil Code, the right to increase the share capital in cash, in one or more times and in a divisible manner, on or before 31 December 2010 for a maximum amount, including any share premium, of 3,500,000,000.00 (three billion five hundred million point zero zero) Euro, through the issue of ordinary shares with a nominal value of 1.00 (one point zero zero) Euro each, bearing regular dividend rights. Said shares shall be offered, pursuant to article 2441, paragraph 1 of the Italian Civil Code, to the entitled parties, with the widest powers for the Board of Directors to establish, in compliance with the limits set forth above, the terms and conditions of the operation, including the power to set the subscription price for the shares, the amount of the share premium, the number of the shares to be issued and the related exchange ratio, as well as to carry out the fulfilments required by the current legislation in force on the matter. Share Capital Increases in kind and through assignment of credits are allowed.</p> <p>The Company may issue shares, including special categories, to allocate for free as per Article 2349 of the Civil Code.</p>	<p>5.2 The Shareholders' Meeting may decide to increase capital by imposing terms, conditions and procedures. The capital may be increased:</p> <ul style="list-style-type: none"> - with in-kind contributions and credits; - by issuing new shares, including special categories, to be allocated for free under Article 2349 of the Civil Code.
<p>Art. 6</p> <p>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 provisions regarding representation, legitimation and circulation of the shares envisaged for shares traded on regulated markets are confirmed.</p> <p>The Board of Directors will set the terms and procedures for the</p>	<p>Art. 6</p> <p>6.1 The shares are registered and may not be split. Each share carries the right to one vote.</p> <p>6.2 Where a share is jointly owned, the shareholders' rights are exercised by a single representative. The provisions regarding representation, legitimation and circulation of the shares envisaged for shares traded on regulated markets are confirmed.</p> <p>6.3 Payments on shares shall be requested by the Board of Directors</p>

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<p>increase in share capital, in the event of the Shareholder's Meeting not having done so.</p> <p>Default interest on late payments shall be charged at the legal rate of interest and Article 2344 of the Civil Code applies.</p> <p>Withdrawal is allowed only in those cases envisaged in compulsory provisions of law and in any case, shall not be permitted in the case of extension of the duration, as well introduction, modification or removal of constraints regarding the circulation of shares</p>	<p>in one or more times. Default interest on late payments shall be charged at the legal rate of interest and Article 2344 of the Civil Code applies.</p> <p>6.4 Withdrawal shall be allowed only in those cases envisaged in compulsory provisions of law and in any case, shall not be permitted in the case of extension of the duration, as well introduction, modification or removal of constraints regarding the circulation of shares.</p> <p>6.5 The shareholder status implies, by itself, the unconditional adherence to these By-Laws.</p> <p>6.6 The domicile of shareholders, other parties with voting rights, directors, auditors and the body tasked with auditing, as regards their relationship with the company, is the one indicated in the corporate books or in subsequent notifications sent to the company by said persons.</p>
<p>Article 7</p> <p>Until the expiry of regulatory period on tariffs for natural gas transport and dispatch the regulatory period immediately following the period terminating on 30 September 2005, which term 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 were acquired, following the Company's listing on the Stock Exchange, by a Government or public authorities or by persons directly or indirectly controlled by them, or by persons who directly or indirectly, through companies controlled by them or connected to them or by bodies controlling them in the import and/or export of natural gas to Italy is</p>	

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subject to the written approval of the Company's Board of Directors.

Control under the terms of Article 2359, par. 1 and 2, of the Civil Code applies to non-corporate bodies as well.

In calculating this percentage, account is taken of the voting rights belonging as a whole to single bodies and to the group to which they belong, considered as being the body (even if not incorporated as a company) which exercises control, subsidiaries and those subject to joint control, as well as related companies and their 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 other than those indicated above which are bound by agreements with the bodies 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 approval by the Board of Directors.

Approval will be communicated within sixty days of 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 sixty 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, or those rights other than those deriving from voting stocks, for shares exceeding the 15% of the share capital may not be exercised.

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<p>The provisions of this article will lapse in the event of issue of ministerial decrees in respect of the Company regarding the exercise of special powers envisaged under Article 2, paragraphs 1 and 1bis, of Law no. 474 of 30 July 1994.</p>	
<p>Article 8 Shareholders shall unconditionally adhere to the By-Laws. The domicile of shareholders, other parties with voting rights, directors, auditors and the body tasked with auditing, as regards their relationship with the company, is the one indicated in the corporate books or in subsequent notifications sent to the company by said persons.</p>	
<p>Article 9 The Company may issue bonds, including convertible bonds or warrant bonds and other certificates of indebtedness in the correct legal forms.</p>	<p>Art. 7 7.1 The Company may issue bonds, including convertible bonds or warrant bonds and other certificates of indebtedness in the correct legal forms.</p>
<p><u>Title III – SHAREHOLDERS' MEETINGS</u></p>	
<p>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 120 days of the closing of the financial year. Shareholders' Meetings are held in Italy</p>	<p>Art. 8 8.1 Shareholders' Meetings shall be either ordinary or extraordinary. 8.2 The ordinary Shareholders' Meeting shall be called to approve the financial statements at least once a year, within 180 days of the closing of the financial year, since the Company is required to prepare consolidated financial statements. 8.3 Shareholders' Meetings shall be held in Italy.</p>
<p>Article 11 The Shareholders' Meeting is convened by a notice containing information on the date, time, location and agenda to be published in the Official Gazette or in at least one of the following daily newspapers: "Il Sole 24 Ore", "Corriere della Sera", "La</p>	<p>Art. 9 9.1 The Shareholders' Meeting shall be convened by notice published in terms and manner prescribed by law and by Consob Regulation. Shareholders who, jointly, represent at least one fortieth of the share capital may request,</p>

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<p>Repubblica” as required by law. Shareholders who separately or jointly represent at least one fortieth of the share capital may request, within five days of the publication of the notice convening the Meeting, additions to the agenda, specifying in the request the additional items they propose. Additions to the agenda may not be made for matters on which the Shareholders' Meeting is required by law to resolve on proposals put forward by the directors or on the basis of a plan or report they have prepared. Notice of items added to the agenda upon the approval of the Board of Directors shall be given at least ten days before the date set for the meeting in a notice to be published as described above. The notice may also indicate the date, time and location of the second and third call</p>	<p>within ten days after publication of the notice convening the shareholder's meeting, unless otherwise provided by provisions of the law, the supplement to the list of matters to be discussed, specifying in the request the matters to be resolved upon. Requests shall be submitted in writing. The supplement is not allowed for matters on which the Shareholders' Meeting may resolve, by law, upon proposal of the Directors or on the basis of a project or report they have prepared other than on matters on the agenda. Additions allowed by the Board of Directors shall be given notice at least fifteen days before the date fixed for the meeting, by way of information note to be published as indicated above, unless the law provides otherwise. Shareholders requiring the supplement of the agenda shall prepare a report holding the matters under consideration. The report shall be submitted to the Board of Directors before the submission deadline for the supplement request. The Board shall make the report publicly available together with any of their own observations, simultaneously to the publication of the supplement notice, on the Company's website and through other means laid down by Consob regulations.</p> <p>The notice may also indicate the date, time and place of the second and third call. If this information is not contained in the notice, the Shareholders' Meeting may again be called within thirty days.</p>
<p>Article 12 Participation in the Shareholders' Meeting is governed by provisions of law, by the By-Laws and by the</p>	<p>Art. 10 10.1 Participation in the Shareholders' Meeting is governed by provisions of law, by the By-</p>

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<p>provisions contained in the notice convening the Meeting.</p> <p>Persons who have been issued a notification pursuant to Civil Code Article 2370, paragraph 2 by an authorised financial intermediary at least two working days prior to the date set for the first call are entitled to participate in Shareholders' Meetings.</p> <p>Entitled persons may delegate in writing another person to represent them as a proxy, according to law.</p> <p>The Company shall provide space to enable associations of shareholders who fulfil the relevant legal requirements under the terms and procedures agreed with their legal representatives from time to time to post notices and to collect proxies on behalf of shareholders who are employees of the Company or its subsidiaries.</p> <p>It is the duty of the Shareholders' Meeting Chairman to ensure the validity of proxies and the right to participation in the Meeting.</p> <p>The conduct of Shareholders' Meetings is governed by meeting regulations approved by the ordinary Shareholders' Meeting.</p>	<p>Laws and by the provisions contained in the notice convening the Meeting.</p> <p>10.2 The legitimisation of the Shareholders' Meeting participation is governed by the provisions of the law. Those holding voting rights may delegate in writing another person to represent them as a proxy, according to law.</p> <p>Delegation shall be notified by way of certified electronic mail. The related documents shall be kept by the Company.</p> <p>10.3 The Company shall provide space to enable associations of shareholders who fulfil the relevant legal requirements under the terms and procedures agreed upon with their legal representatives from time to time to post notices and to collect proxies on behalf of shareholders who are employees of the Company or its subsidiaries.</p> <p>10.4 It is the duty of the Shareholders' Meeting Chairman to ensure the validity of proxies and the right to participation in the Meeting</p> <p>10.5 The conduct of Shareholders' Meetings is governed by meeting regulations approved by the ordinary Shareholders' Meeting.</p>
<p>Article 13</p> <p>The Shareholders' Meeting, legally convened and constituted, represents all the shareholders. Its decisions are binding on all the shareholders even if they did not participate in the Meetings, or abstained or voted against them.</p> <p>.</p>	<p>Art. 11</p> <p>11.1 The Shareholders' Meeting, legally convened and constituted, represents all the shareholders. Its decisions are binding on all the shareholders even if they did not participate in the Meetings, or abstained or voted against them</p> <p>11.2 The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the person appointed by a majority of the shareholders present.</p> <p>11.3 The Shareholders' Meeting appoints a Secretary, who need not be a shareholder.</p>

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	<p>11.4 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 a notary and signed by the Chairman.</p> <p>The copies of the minutes certified as correct by their writer and the Chairman constitute the legal record.</p>
<p>Article 14</p> <p>The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, in the event of his absence or impediment, by the person appointed by a majority of the shareholders present.</p> <p>The Shareholders' Meeting appoints a Secretary, who need not be a shareholder.</p> <p>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 a notary and signed by the Chairman.</p> <p>The copies of the minutes certified as correct by their writer and the Chairman constitute the legal record.</p>	
<p>Article 15</p> <p>The validity of the formation of Shareholders' Meetings is established by law.</p> <p>Ordinary Shareholders' Meetings authorise resolutions regarding sell-off's, assignments, rent, use and any other provisions, including those pertaining to joint ventures, which may limit the free availability of the assets of the Company or its branches with strategic relevance related to gas transport and dispatch activities, without prejudice, pursuant to article 2364 no. 5 of the Civil Code, to the directors' responsibility for actions taken. Resolutions regarding these matters shall be adopted, even in</p>	<p>Art. 12</p> <p>12.1 The validity of the formation of Shareholders' Meetings is established by law.</p> <p>12.2 Ordinary Shareholders' Meetings authorise resolutions regarding sell-off's, assignments, rent, use and any other provisions, including those pertaining to joint ventures, which may limit the free availability of the assets of the Company or its branches with strategic relevance related to gas transport and dispatch activities, without prejudice, pursuant to article 2364 no. 5 of the Civil Code, to the directors' responsibility for actions taken. Resolutions regarding these</p>

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<p>second call, with the approval of shareholders representing at least three quarters of the share capital present at the meeting.</p> <p>For other matters within its powers, the ordinary Shareholders' Meeting decides with the majorities set by law.</p> <p>The extraordinary Shareholders' Meeting resolves, at the first, second and third call, with a majority of at least three quarters of the capital represented at the meeting.</p> <p>The Board of Directors is responsible for passing resolution on the following issues:</p> <ul style="list-style-type: none"> • mergers in the cases envisaged in articles 2505 and 2505 bis of the Civil Code, also in the case of de-mergers in the cases referred to in these clauses; • opening, modification and wind-up of branches; • reduction of the share capital in the case of withdrawal of shareholders; • amendments of By-Laws to comply with legislative provisions; • transfer of the company's registered office within the domestic territory. 	<p>matters shall be adopted, even in second call, with the approval of shareholders representing at least three quarters of the share capital present at the meeting.</p> <p>12.3 For other matters within its powers, the ordinary Shareholders' Meeting decides with the majorities set by law.</p> <p>12.4 The extraordinary Shareholders' Meeting resolves, at the first, second and third call, with a majority of at least three quarters of the capital represented at the meeting.</p> <p>12.5 The Board of Directors is responsible for passing resolution on the following issues:</p> <ul style="list-style-type: none"> • mergers in the cases envisaged in articles 2505 and 2505 bis of the Civil Code, also in the case of de-mergers in the cases referred to in these clauses; • opening, modification and wind-up of branches; • reduction of the share capital in the case of withdrawal of shareholders; • amendments of By-Laws to comply with legislative provisions; • transfer of the company's registered office within the domestic territory.
<p><u>Title IV - BOARD OF DIRECTORS</u></p>	
<p>Article 16</p> <p>The Company's management is entrusted to a Board of Directors consisting of not less than five members and no more than nine; their number and term of office are established by the Shareholders' Meeting at the time of their appointment.</p> <p>The directors can be appointed for a period of no longer than three</p>	<p>Art. 13</p> <p>13.1 The Company's management is entrusted to a Board of Directors consisting of not less than five members and no more than nine; Their number and term of office are established by the Shareholders' Meeting at the time of their appointment.</p> <p>13.2 The Directors can be appointed for a period of no longer than three</p>

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financial years. Their term of office expires on the date set for the Shareholders' Meeting to approve the financial statements of the last financial year of their term of office and they may be re-elected.

The Board of Directors is appointed by the Shareholders' Meeting based on lists showing the candidates in numerical order.

The lists are presented by the shareholders and filed with the Company's head office, at least fifteen days before the date of the Shareholders' Meeting in first call, and must be published, according to the procedures prescribed by the law and regulations issued by Consob for the election of the members of the administrative and internal control bodies.

All shareholders are entitled to present or jointly present only one list and to vote for only one list, in accordance with the above-mentioned legislative and regulatory provisions. A candidate may appear on one list only or he shall be ineligible.

Only shareholders who individually or jointly hold at least 2% of shares with the right to vote in the Ordinary Shareholders' Meeting, or a different percentage fixed or referred to by legislative or regulatory provisions, are entitled to present lists. In order to prove ownership of the number of shares required to present lists, shareholders shall present or have delivered to the Head Office a copy of the notification issued by the financial intermediaries who are authorised depositories of the shares together with the lists.

At least one member, if the Board of Directors is composed of not more than seven members, or at least three members, if the Board of Directors is composed of more than seven members, shall satisfy the independence requirements

financial years. Their term of office expires on the date set for the Shareholders' Meeting to approve the financial statements of the last financial year of their term of office and they may be re-elected.

13.3 The Board of Directors is appointed by the Shareholders' Meeting based on lists present by shareholders showing the candidates in numerical order.

The lists are **deposited at the Company's head office within the twenty-fifth day before the day of the Shareholders' Meeting called to decide on the appointment of the Board of Directors and made publicly available in the manner prescribed by law and by Consob regulations, at least twenty-one days before the Shareholders' Meeting.**

All shareholders are entitled to present or jointly present only one list and to vote for only one list, in accordance with the above-mentioned legislative and regulatory provisions. A candidate may appear on one list only or he shall be ineligible.

Shareholders shall be allowed to present lists only if, individually or jointly hold at least 2% of the share capital or are in whole holders **of the different percentage of share capital laid down by Consob in its regulation.** Ownership of the minimum **necessary shares to present lists** is determined considering those held on the day when the lists are deposited at the Company's registered office. **In order to prove ownership of the number of shares required to present lists, shareholders shall present, within the period foreseen for the list publication by the Company, a certification issued by the authorised financial intermediaries pursuant to applicable provisions of the law.**

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<p>established for members of the Board of Statutory Auditors of listed companies.</p> <p>The lists shall expressly identify the candidates who satisfy the above-mentioned independence requirements.</p> <p>All candidates shall further fulfil the integrity requirements established by current regulations.</p> <p>The professional curriculum vitae of each candidate and statements by each candidate accepting the nomination and certifying under their own responsibility that there are no causes of ineligibility or incompatibility and that they satisfy the integrity requirement and the independence requirement must be filed at the same time as the list. Failure to comply will result in the candidate's inadmissibility.</p> <p>Appointed directors shall inform the company in the event that they no longer satisfy the independence and integrity requirements, or should unexpected occurrences result in ineligibility or incompatibility.</p> <p>The Board of Directors shall periodically evaluate the independence and integrity of the members as well as ensure that there are no causes for ineligibility or incompatibility. In the event that a director does not satisfy or fails to fulfil the independence or integrity requirements declared and set down by law, or if there should be any reasons for ineligibility or incompatibility, the Board of Directors shall declare the suspension of the director's office and see to his replacement or invite him to remedy the reasons for incompatibility within a set term. Failure shall result in disqualification from the position.</p> <p>Members of the board shall be elected as follows:</p> <p>a) seven-tenths of the members to be elected, rounded down</p>	<p>At least one member, if the Board of Directors is composed of not more than seven members, or at least three members, if the Board of Directors is composed of more than seven members, shall satisfy the independence requirements established for members of the Board of Statutory Auditors of listed companies.</p> <p>The lists shall expressly identify the candidates who satisfy the above-mentioned independence requirements.</p> <p>All candidates shall further fulfil the integrity requirements established by current regulations.</p> <p>The professional curriculum vitae of each candidate and statements by each candidate accepting the nomination and certifying under their own responsibility that there are no causes of ineligibility or incompatibility and that they satisfy the integrity requirement and the independence requirement must be filed at the same time as the list. Failure to comply will result in the candidate's inadmissibility.</p> <p>Appointed directors shall inform the company in the event that they no longer satisfy the independence and integrity requirements, or should unexpected occurrences result in ineligibility or incompatibility.</p> <p>13.4 The Board of Directors shall periodically evaluate the independence and integrity of the members as well as ensure that there are no causes for ineligibility or incompatibility. In the event that a director does not satisfy or fails to fulfil the independence or integrity requirements declared and set down by law, or if there should be any reasons for ineligibility or incompatibility, the Board of Directors shall declare the suspension of the director's office and see to his replacement or invite him to remedy</p>
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<p>to the next lower integer number in the case of fractions, shall be taken from the list that received the majority of shareholder votes in the numerical order they were listed;</p> <p>b) the rest of the members shall be taken from the other lists that are in no way connected, even indirectly, to the shareholders who presented or voted for the list that had the largest number of votes; to this end, the votes obtained from these lists are subsequently divided by one, two or three according to the number of members to be appointed. The quotients thus obtained are progressively assigned to the candidates on each of these lists, according to the order given in the lists themselves. The quotients assigned in this way are then set out in descending order. Those with the highest quotients are accordingly elected. In the event of candidates having the same quotient, the candidate is elected from a list which has so far not had any members elected or which has had the lowest number of members elected. In the case that none of these lists has elected a member or all of them have elected the same number of members, the candidate who has received the largest number of votes shall be elected from these lists. Should there be an equal number of list votes, and all with the same quotient, a new vote shall be taken by the entire Shareholders'</p>	<p>the reasons for incompatibility within a set term. Failure shall result in disqualification from the position.</p> <p>13.5 Members of the board shall be elected as follows:</p> <p>a) seven-tenths of the members to be elected, rounded down to the next lower integer number in the case of fractions, shall be taken from the list that received the majority of shareholder votes in the numerical order they were listed;</p> <p>b) the rest of the members shall be taken from the other lists that are in no way connected, even indirectly, to the shareholders who presented or voted for the list that had the largest number of votes; to this end, the votes obtained from these lists are subsequently divided by one, two or three according to the number of members to be appointed. The quotients thus obtained are progressively assigned to the candidates on each of these lists, according to the order given in the lists themselves. The quotients assigned in this way are then set out in descending order. Those with the highest quotients are accordingly elected. In the event of candidates having the same quotient, the candidate is elected from a list which has so far not had any members elected or which has had the lowest number of members elected. In the case that none of these lists has elected a member or all of them have elected the same number of members, the candidate who has received the largest number of votes shall be elected from these lists. Should there be an equal number of list votes, and all with the same quotient, a new vote shall be taken by the entire Shareholders' Meeting, and the candidate who receives the simple</p>
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<p>Meeting, and the candidate who receives the simple majority of votes shall be elected;</p> <p>c) in the event that the minimum number of independent members pursuant to statutory regulations are not elected, the quotient of votes to be assigned to each candidate on the various lists shall be calculated following the system described in letter b); the number of candidates required to ensure compliance with the statutory provisions shall be elected from those candidates who have not yet been taken from the lists as per letters a) and b), who satisfy the independence requirements, and who have received the highest quotients. These members shall take the place of the non-independent members who were assigned the lowest quotients. In the event that there are not enough candidates to fulfil the minimum required number of independent members, the Shareholders' Meeting shall resolve, according to the legally prescribed majorities, to replace the candidates who do not satisfy the independence requirements and who received the lowest quotients;</p> <p>d) to appoint members who for any other reason are not appointed following the above procedure, the Shareholders' Meeting shall pass resolutions, in accordance with the legally</p>	<p>majority of votes shall be elected;</p> <p>c) in the event that the minimum number of independent members pursuant to statutory regulations are not elected, the quotient of votes to be assigned to each candidate on the various lists shall be calculated following the system described in letter b); the number of candidates required to ensure compliance with the statutory provisions shall be elected from those candidates who have not yet been taken from the lists as per letters a) and b), who satisfy the independence requirements, and who have received the highest quotients. These members shall take the place of the non-independent members who were assigned the lowest quotients. In the event that there are not enough candidates to fulfil the minimum required number of independent members, the Shareholders' Meeting shall resolve, according to the legally prescribed majorities, to replace the candidates who do not satisfy the independence requirements and who received the lowest quotients;</p> <p>d) to appoint members who for any other reason are not appointed following the above procedure, the shareholders' meeting shall pass resolutions, in accordance with the legally prescribed majorities, so as to ensure that the membership of the Board of Directors complies with the law and the By-Laws.</p> <p>Other mandatory provisions of current law, including regulations, are not affected and remain in force.</p> <p>13.6 The list voting procedure is applicable only in the case that the entire Board of Directors is being renewed.</p> <p>13.7 The Shareholders' Meeting can change the number of members of the</p>
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<p>prescribed majorities, so as to ensure that the membership of the Board of Directors complies with the law and the By-Laws.</p> <p>Other mandatory provisions of current law, including regulations, are not affected and remain in force.</p> <p>The list voting procedure is applicable only in the case that the entire Board of Directors is being renewed.</p> <p>The Shareholders' Meeting can change the number of members of the Board of Directors, even while it is in office, within the limit specified in the first paragraph of this article, seeing to the relative appointments. Appointments of members who are elected in this manner shall expire at the same time as that of those who are in office.</p> <p>If one or more members leave the Board during the term, action will be taken in compliance with Article 2386 of the Civil Code. If a majority of members leaves the Board, the entire Board of Directors shall be considered lapsed and the Board of Directors shall promptly convene the Shareholders' Meeting in order to appoint a new Board.</p> <p>The Board of Directors may form internal committees charged with consulting and proposal-making roles on specific matters.</p>	<p>Board of Directors, even while it is in office, within the limit specified in the first paragraph of this article, seeing to the relative appointments. Appointments of members who are elected in this manner shall expire at the same time as that of those who are in office.</p> <p>13.8 If one or more members leave the Board during the term, action will be taken in compliance with Article 2386 of the Civil Code. If a majority of members leaves the Board, the entire Board of Directors shall be considered lapsed and the Board of Directors shall promptly convene the Shareholders' Meeting in order to appoint a new Board.</p> <p>13.9 The Board of Directors may form internal committees charged with consulting and proposal-making roles on specific matters.</p> <p>.</p>
<p>Article 17</p> <p>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 need not be a Board member.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> ▪ represents the Company; ▪ chairs Shareholders' Meetings, exercising the functions envisaged in law and in the Shareholders' Meeting regulation; 	<p>Art. 14</p> <p>14.1 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 need not be a Board member.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> ▪ represents the Company pursuant to art. 19 of these By-Laws; ▪ chairs Shareholders' Meetings, exercising the functions envisaged in law

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<ul style="list-style-type: none"> ▪ calls and chairs Board of Directors' meetings, prepares the agenda and coordinates its tasks; ▪ arranges for adequate information about the topics on the agenda to be provided to the directors; ▪ exercises the powers granted by the Board of Directors. 	<p>and in the Shareholders' Meeting regulation;</p> <ul style="list-style-type: none"> ▪ calls and chairs Board of Directors' meetings, prepares the agenda and coordinates its tasks; ▪ arranges for adequate information about the topics on the agenda to be provided to the directors.
<p>Article 18</p> <p>The Board of Directors is convened by the Chairman – or, in his absence or impediment, by a Managing Director, or, finally, in his absence or impediment, by the eldest board member– whenever he thinks it appropriate or when at least two Board members request a meeting of the Board in writing. The request must indicate the reasons for convening the Board.</p> <p>The Board of Directors meets in the location indicated in the notice of the meeting. The notice is usually sent at least five days before the meeting; the Board of Directors will define any other terms and procedures for the convening of its meetings.</p> <p>The Board of Directors' meetings may be held via conference call or video conference on condition that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. The meeting is considered as having taken place where the Chairman of the meeting and Secretary are located.</p> <p>The meetings of the Board of Directors are chaired by the Chairman; in the event of his absence or impediment, by the oldest Managing Director present will chair the meeting, or in the event of his absence or impediment, by the oldest board member present</p>	<p>Art. 15</p> <p>15.1 The Board of Directors is convened by the Chairman – or, in his absence or impediment, by the Managing Director, or, finally, in his absence or impediment, by the eldest board member– whenever he deems suitable or when at least two Board members request a meeting of the Board in writing. The request must indicate the reasons for convening the Board.</p> <p>15.2 The Board of Directors meets in the location indicated in the notice of the meeting. The notice is usually sent at least five days before the meeting; the Board of Directors will define any other terms and procedures for the convening of its meetings. The Board of Directors' meetings may be held via conference call or video conference on condition that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. The meeting is considered as having taken place where the Chairman of the meeting and Secretary are located.</p> <p>The Board shall define additional terms and conditions for the calling of Shareholders' Meetings.</p> <p>15.3 The meetings of the Board shall be chaired by the Chairman or in his absence or impediment, the Managing Director or, finally, in case of absence or inability to attend of the latter, by the oldest Board member</p>

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<p>Article 19</p> <p>The Board of Directors, pursuant to Article 2381 of the Civil Code, may delegate powers to one or more of its members, defining the limits of this delegation and establishing Committees, determining their powers and the number of components.</p> <p>The Board of Directors may appoint, as proposed by the eldest Managing Director, upon agreement with the Chairman, one or more General Managers, defining their powers, subject to verification that they satisfy the legally prescribed integrity requirements. The Board of Directors shall periodically evaluate the integrity of the General Managers. Failure to satisfy the requirements shall result in removal from the position.</p> <p>The Board of Directors may also delegate powers for single acts or categories of acts to Company employees and third parties.</p> <p>On the occasion of meetings and at least once every three months, the Chairman or any directors granted powers pursuant to this article shall inform the Board of Directors and the Board of Auditors on the general trend of operations, including those of subsidiaries, on foreseeable developments, on operations with the most significant economic, financial and patrimonial impact, with special reference to operations in which directors have a personal or indirect interest and those which are affected by any party exercising management or coordination activities.</p> <p>The Board of Directors, as proposed by the eldest Managing Director and upon agreement with the Chairman, subject to prior approval by the Board of Statutory Auditors, shall appoint the manager charged with preparing the company's financial reports from</p>	<p>present</p> <p>Art. 16</p> <p>16.1 The Board of Directors is invested with full powers for ordinary and extraordinary management of the Company and, in particular, may take all actions it deems necessary for the implementation and achievement of the corporate purpose, excluding only acts that the law or these By-laws reserve the Shareholders' Meeting. The Board may delegate its powers to one or more of its members, determining the limits of delegation pursuant to Article 2381 of the Italian Civil Code and appointing the Managing Director. The Board may, at any time, direct the Managing Director course of action, and carry out transactions thereto attributed, , as can at any time revoke such delegation, proceeding in that case, to the simultaneous appointment of another Managing Director. The Board may also establish committees and determine their powers and the number of components.</p> <p>The Board, upon proposal of the Chairman, in consultation with the Managing Director, may confer powers for single acts or categories of acts to other members of the Board of Directors.</p> <p>The Chairman and the Managing Director, within the powers to them conferred, may give proxies and powers of attorney of the Company, for single acts or categories of acts, to employees of the Company and also third parties.</p> <p>16.2 The Board of Directors may appoint, as proposed by the Managing Director, upon agreement with the Chairman, one or more General Managers, defining their powers, subject to verification that they satisfy the legally prescribed integrity requirements. The Board of Directors</p>
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<p>among those who satisfy the requirements of professionalism specified below.</p> <p>The Manager responsible for preparing the company's financial reports shall be chosen from among those who have worked in the following roles for at least three years:</p> <ul style="list-style-type: none"> a) administrative or internal control or management responsibilities at a listed company in Italian or European Union regulated markets, or markets in countries who are members of the OECD that have a share capital no less than two million Euro, or b) legal auditing of the financial statements of companies described in letter a), or c) professional practice or university professorship in the subject, either financial or accounting, or d) managerial functions with public or private organisations with responsibilities in the financial, accounting, or auditing sectors. <p>The Board of Directors shall ensure that the manager responsible for preparing the company's financial reports is endowed with adequate powers and means to perform his duties and shall ascertain that the company's administrative and accounting procedures are effectively applied</p>	<p>shall periodically evaluate the integrity of the General Managers. Failure to satisfy the requirements shall result in removal from the position.</p> <p>16.3 On the occasion of meetings and at least once every three months, the Chairman or any directors granted powers pursuant to this article shall inform the Board of Directors and the Board of Auditors on the general trend of operations, including those of subsidiaries, on foreseeable developments, on operations with the most significant economic, financial and patrimonial impact, with special reference to operations in which directors have a personal or indirect interest and those which are affected by any party exercising management or coordination activities.</p> <p>16.4 The Board of Directors, as proposed by the Managing Director and upon agreement with the Chairman, subject to prior approval by the Board of Statutory Auditors, shall appoint the manager charged with preparing the company's financial reports from among those who satisfy the requirements of professionalism specified below.</p> <p>The Manager responsible for preparing the company's financial reports shall be chosen from among those who have worked in the following roles for at least three years:</p> <ul style="list-style-type: none"> a) administrative or internal control or management responsibilities at a listed company in Italian or European Union regulated markets, or markets in countries who are members of the OECD that have a share capital no less than two million Euro, or b) legal auditing of the financial statements of companies described in letter a), or c) professional practice or university
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	<p>professorship in the subject, either financial or accounting, or</p> <p>d) managerial functions with public or private organisations with responsibilities in the financial, accounting, or auditing sectors.</p> <p>The Board of Directors shall ensure that the manager responsible for preparing the company's financial reports is endowed with adequate powers and means to perform his duties and shall ascertain that the company's administrative and accounting procedures are effectively applied.</p>
<p>Article 20</p> <p>A Board of Directors meeting is valid if a majority of members is present.</p> <p>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.</p> <p>The minutes of the board meetings are written by the Secretary of the Board of Directors and signed by the Chairman of the meeting and the Secretary. Copies of minutes certified by the Chairman of the meeting and the Secretary of the Board of Directors are valid for legal purposes.</p>	<p>Art. 17</p> <p>17.1 A Board of Directors meeting is valid if a majority of members is present.</p> <p>17.2 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.</p> <p>17.3 The minutes of the board meetings are written by the Secretary of the Board of Directors and signed by the Chairman of the meeting and the Secretary.</p> <p>17.4 Copies of minutes certified by the Chairman of the meeting and the Secretary of the Board of Directors are valid for legal purposes.</p>
<p>Article 21</p> <p>Board members are entitled to 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 for expenses arising from their duties. Board members with specific duties receive remuneration set by the Board of Directors following the opinion of the Board of Auditors.</p>	<p>Art. 18</p> <p>18.1 Board members are entitled to 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 for expenses arising from their duties.</p> <p>18.2 Board members with specific duties receive remuneration set by the Board of Directors following the opinion of the Board of Auditors.</p>

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	<p>Article 19 19.1 Legal representation of the Company before any judicial or administrative authority and before third parties and the social signature are responsibility of either the Chairman or the Managing Director.</p>
<p>Title V – BOARD OF STATUTORY AUDITORS</p>	
<p>Article 22 The Board of Statutory Auditors consists of three statutory auditors; two alternate auditors shall also be appointed. The Shareholders' Meeting shall appoint the auditors and determine their compensation. Auditors shall be chosen from among those who satisfy the integrity and professionalism requirements established by the applicable laws, particularly Ministry of Justice Decree no. 162 of 30 March 2000. According to the provisions of this decree, the matters strictly connected to the Company's activities are: commercial law, business economics, corporate finance. For this purpose, a sector strictly connected to the Company's business is engineering. Auditors may hold positions as members of administrative and control bodies in other companies, within the limits established by Consob regulations. Until these regulations come into force, auditors may not be appointed, or if appointed, will cease to be so, who are already statutory auditors in at least five companies that are not controlled by Eni S.p.A. issuing shares listed in regulated markets. The Board of Statutory Auditors shall be appointed by the Shareholders' Meeting based on lists presented by shareholders of the candidates in numerical order. Legal provisions and regulations</p>	<p>20.1 The Board of Statutory Auditors consists of three statutory auditors; two alternate auditors shall also be appointed. The Shareholders' Meeting shall appoint the auditors and determine their compensation. Auditors shall be chosen from among those who satisfy the integrity and professionalism requirements established by the applicable laws, particularly Ministry of Justice Decree no. 162 of 30 March 2000. According to the provisions of this decree, the matters strictly connected to the Company's activities are: commercial law, business economics, corporate finance. For this purpose, sectors strictly connected to the Company's business are engineering and geological. 20.2 Auditors may hold positions as members of administrative and control bodies in other companies, within the limits established by Consob regulations. 20.3 The Board of Statutory Auditors shall be appointed by the Shareholders' Meeting based on lists presented by shareholders of the candidates in numerical order. The filing, presentation, and publication of the lists shall be governed by Art. 13.3 of these By-laws. Each shareholder may individually or jointly present only one list and vote for only one list, in accordance with the procedures prescribed by the above-mentioned legislative and</p>

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issued by Consob regarding the election of members of administrative and internal control bodies shall be applied to matters concerning the filing, presentation, and publication of the lists.

Each shareholder may singly or jointly present only one list and vote for only one list, in accordance with the procedures prescribed by the above-mentioned legislative and regulatory provisions.

Shareholders who at the time of the presentation of lists have the right to vote and who alone or jointly with other shareholders hold at least 2% of shares with the right to vote in the ordinary meeting, or a different percentage fixed or referred to by legislative or regulatory provisions, are entitled to present lists.

In order to prove ownership of the number of shares required to present lists, shareholders shall present or have delivered to the Head Office, along with the lists, a copy of the notification issued by the financial intermediaries who are authorised depositories of the shares.

A candidate who appears on more than one list shall be ineligible.

The lists are divided into two sections: the first regards candidates for the post of statutory 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 audits of financial statements for at least three years.

The two acting statutory auditors and one alternate auditor shall be taken from the list that receives the majority of votes. The other statutory and alternate auditors shall be appointed according to the procedures set forth in Article 16, letter b), to be applied individually to each of the sections in which the other lists are divided.

regulatory provisions.

Shareholders shall be allowed to present lists only if, individually or jointly hold at least 2% of the share capital or are in whole holders **of the different percentage of share capital laid down by Consob in its regulation.**

A candidate who appears on more than one list shall be ineligible.

The lists are divided into two sections: the first regards candidates for the post of statutory 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 audits of financial statements for at least three years.

The two statutory and one alternate auditors shall be taken from the list that receives the majority of votes. The other statutory and alternate auditors shall be appointed according to the procedures set forth in Article 13.5, letter b), to be applied individually to each of the sections in which the other lists are divided.

The Shareholders' Meeting shall appoint the statutory auditor who was elected according to the procedures set forth in Article 13.5, letter b) as Chairman of the Board of Statutory Auditors.

In the event that an auditor taken from the list that received the majority of votes is replaced, the alternate auditor from the same list shall take his or her place; in the event an auditor taken from the other lists is replaced, the alternate auditor from these lists shall be appointed.

The list voting procedure is applicable only in the event that the entire Board of Statutory Auditors is being renewed.

Other mandatory provisions of current law, including regulations, are not affected and remain in force.

20.4 Outgoing auditors are eligible

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<p>The Shareholders' Meeting shall appoint the statutory auditor who was elected according to the procedures set forth in Article 16, letter b) as Chairman of the Board of Statutory Auditors.</p> <p>In the event that an auditor taken from the list that received the majority of votes is replaced, the alternate auditor from the same list shall take his or her place; in the event an auditor taken from the other lists is replaced, the alternate auditor from these lists shall be appointed.</p> <p>The list voting procedure is applicable only in the event that the entire Board of Statutory Auditors is being renewed.</p> <p>Other mandatory provisions of current law, including regulations, are not affected and remain in force.</p> <p>Outgoing auditors are eligible for re-election.</p> <p>The Board of Statutory Auditors may meet via conference call or video conference providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions.</p> <p>The meeting is considered as having taken place where the Chairman of the Board of Statutory Auditors and Secretary, if appointed, are located.</p> <p>The right to convene the Board of Directors may be exercised individually by each member of the Board of Statutory Auditors; the right to convene the Shareholders' Meeting may be exercised by no less than two members of the Board of Statutory Auditors</p>	<p>for re-election.</p> <p>20.5 The Board of Statutory Auditors may, after consultation with the Chairman of the Board, convene the Shareholders' Meeting and the Board of Directors. The right to convene the Board of Directors may be exercised individually by each member of the Board of Statutory Auditors; the right to convene the Shareholders' Meeting may be exercised by no less than two members of the Board of Statutory Auditors.</p> <p>20.6 The Board of Statutory Auditors may meet via conference call or video conference providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions.</p> <p>The meeting is considered as having taken place where the Chairman of the Board of Statutory Auditors and Secretary, if appointed, are located.</p>
<p>Article 23 Legal Representation of the Company in relation to third parties and in court is the individual responsibility of the Chairman and those Board members who have been delegated powers under Article 19 of these By-Laws.</p>	

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<u>Title VI - BALANCE SHEET, PROFITS AND DIVIDENDS</u>	
<p>Article 24</p> <p>The Company's financial year runs from 1st January to 31st December of each year.</p> <p>At the end of each financial year the Board of Directors prepares the financial statements as required by law.</p> <p>The net profit shown in the financial statements and properly approved will be distributed:</p> <ul style="list-style-type: none"> - up to 5% to legal reserves until this reaches the limit set by law; - the remainder will be distributed to shares, except as otherwise decided by the Shareholders' Meeting. <p>Dividends not collected within five years of the date on which they became payable revert to the Company.</p> <p>The Board of Directors may agree a dividend payment on account in the course of financial year.</p>	<p>Art. 21</p> <p>21.1 The Company's financial year runs from 1st January to 31st December of each year.</p> <p>At the end of each financial year the Board of Directors prepares the financial statements as required by law.</p> <p>21.2 The net profit shown in the financial statements and properly approved will be distributed:</p> <ul style="list-style-type: none"> - up to 5% to legal reserves until this reaches the limit set by law; - the remainder will be distributed to shares, except as otherwise decided by the Shareholders' Meeting. <p>Dividends not collected within five years of the date on which they became payable revert to the Company.</p> <p>The Board of Directors may agree a dividend payment on account in the course of financial year.</p>
<u>Title VII - LIQUIDATION AND WIND-UP</u>	
<p>Article 25</p> <p>The liquidation and wind-up of the Company is governed by the relevant laws.</p>	<p>Article 22</p> <p>22.1 The liquidation and wind-up of the Company is governed by the relevant laws</p>
<u>Title VIII - GENERAL PROVISIONS</u>	
<p>Article 26</p> <p>All matters not expressly covered or not otherwise regulated by the By-Laws are governed by provisions of law.</p>	<p>Art. 23</p> <p>23.1 All matters not expressly covered or not otherwise regulated by the By-Laws are governed by provisions of law.</p>

- confer the Managing Director full powers to ensure that, even through proxies, proceeds to the implementation of these resolutions, introducing where appropriate or necessary, formal additions, deletions and changes

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requested by the competent Authorities for its inclusion in the Companies'
Register .

ORDINARY PART

Item 1

Financial Statements as at 31 December 2009, Consolidated Financial Statements as at 31 December 2009, Directors' Report, Reports of the Board of Statutory Auditors and of the Independent Auditors

Dear Shareholders,

the 2009 financial statements of Snam Rete Gas SpA, which closed with
an operating profit of Euro 529,716,868.51 and the consolidated
financial statements that closed with a net profit of Euro 732 million are
presented in the file "Financial statements for the year 2009" filed with
the office of the Company and the Italian Stock Exchange (Borsa
Italiana S.p.A.) This report therefore makes reference to that document.

Dear Shareholders,

You are invited to approve the financial statements for the year ended 31
December 2009 of Snam Rete Gas S.p.A., closed with a profit of Euro
529,716,868.51.

Item 2

Allocation of net income and payment of dividend

Dear Shareholders,

The Board of Directors proposes to:

- attribute the profit of Euro 327,196,549.87, remaining after the
distribution of 2009 interim dividend of Euro 0.06 per share,

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approved by the Board of Directors on 29 July 2009, to the “Legal Reserve”, pursuant to Article. 2430 of the Civil Code, for the amount of Euro 26,485,843.43;

- distribute to shareholders by way of dividend of Euro 0.14 per share for outstanding shares at the ex-dividend date, excluding own shares at that date, on account of the 2009 interim dividend of Euro 0.06, using remaining profits of Euro 300,710,706.44 and profits relating to prior periods up to the total amount of the dividend; the dividend per share for the 2009 therefore amounts to Euro 0.20;
- pay the settlement of the dividend of Euro 0.14 per share from 27 May 2010, ex-dividend date 24 May 2010.

Dear Shareholders,

You are invited to:

- attribute the profit of Euro 327,196,549.87, remaining after the distribution of 2009 interim dividend of Euro 0.06 per share approved by the Board of Directors on 29 July 2009, to the “Legal Reserve”, pursuant to Article. 2430 of the Italian Civil Code, for the amount of Euro 26,485,843.43;
- distribute to shareholders by way of dividend of Euro 0.14 per share, for outstanding shares at the ex-dividend date, excluding own shares at that date, on account of the 2009 interim dividend of Euro 0.06, using the remaining profits of Euro 300,710,706.44 and profits relating to prior periods up to the total amount of the dividend; the dividend per share for year 2009 therefore amounts to Euro 0.20;

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- pay the settlement of the dividend of Euro 0.14 per share from 27 May 2010, ex-dividend date 24 May 2010.

Item 3

Determination of the number of members of the Board of Directors

Dear Shareholders,

The office appointment conferred on 26 April 2007 to the Board of Directors responsible for your Company, expires with the Shareholders' Meeting called to approve the financial statements as at 31 December 2009.

Article 16 of the By-Laws foresees that the Board of Directors is composed of a number of members not less than five and not more than nine.

The Shareholders' Meeting called has set in nine the members of the Board of Directors.

The Board of Directors, in consideration of the business size and the complexity of the activities of your Company, proposes to set to nine the number of Directors to be appointed at the Shareholders' Meeting.

Dear Shareholders,

You are invited to approve the proposal to establish nine as the number of Directors to be appointed at the Shareholders' Meeting.

Item 4

Determination of the duration in office of the Directors

Dear Shareholders,

Pursuant to Article 16 of the By-Laws, Directors can be appointed for a term not exceeding three years and expiring at the Shareholders' Meeting called to approve the financial statements for the last year of office.

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The Board of Directors, to ensure continuity in the management of the Company, proposes to set the term of office of directors to be nominated in three years, expiring on the date of which will be convened to approve the financial statements at 31 December 2012.

Dear Shareholders,

You are invited to approve the proposal to set the Directors' office term to three years, expiring on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2012.

Item 5

Appointment of the Directors

Dear Shareholders,

Pursuant to Article 16 of the By-Laws, the Board of Directors is appointed by the Shareholders' Meeting on the basis of lists in which the candidates are listed in numerical order.

The lists submitted by shareholders shall be deposited at the registered office at least fifteen days before the date of the first call.

Each shareholder may submit or participate in presenting only one list and vote for one list. Each candidate may appear on one list under penalty of ineligibility. Entitled to present lists are only those shareholders who, alone or with others, own at least 1% of the shares entitled to vote at the ordinary Shareholders' Meeting, as determined by Consob Resolution No. 17148 of 27 January 2010.

The lists must be accompanied, under penalty of rejection, by the following:

- statements whereby candidates accept their candidacy;

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- detailed information on their personal and professional characteristics;
- statements from all candidates on their eventual compliance with the independence requirements pursuant to Article 148, paragraph 3, of the TUF and attestation of the absence of grounds for ineligibility and incompatibility, and possession of good repute;
- indication of the identity of shareholders who have submitted the lists and the percentage of shares held in the capital of your Company.

We would also urge the Shareholders to take into consideration the recommendations made by Consob on eventual relationships between "majority" and "minority" lists contained in Notice DEM/9017893 of 26 February 2009 concerning: *Appointment of the members of the management and control boards.*

In order to prove ownership of the number of shares required to present a list, shareholders must present or submit to the registered office, together with the lists, a copy of the notice issued by financial intermediaries as authorized share custodians.

The lists presented, together with the above information will be readily available to the public on the Company's website and at the Italian Stock Exchange.

At least one Director, if the Board is composed of a number of members not exceeding seven, or at least three Directors, if the Board is composed of more than seven members, must meet the independence standards for Auditors of companies listed pursuant to Art. 148 paragraph 3 of the TUF, referenced in Art. 147-ter of TUF.

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The lists shall expressly identify the candidates meeting the requirements of independence described.

Shareholders are also invited to take into account the independence requirements prescribed for the Directors in the Code of Conduct issued by the Italian Stock Exchange.

All candidates must also meet the integrity requirements for Auditors of listed companies Art. 148, paragraph 4, of the TUF, referenced for Directors in Art. 147-*quinquies*, paragraph 1, of TUF.

The election of Directors shall proceed as follows:

- a) from the list that receives the majority of shareholders' votes shall be drawn, in their listed order, seven-tenths of Directors to be elected, rounding down if the fractional number is less than the unity;
- b) the remaining Directors shall be selected from other lists that are not related in any way, even indirectly, to the shareholders who have presented or voted the list which obtained the highest number of votes and for this purpose, the votes obtained by these lists will be divided into one or two or three following the numerical order of Directors to be elected. The ratios thus obtained will be assigned to the candidates of each list, following the previous order set for them. The ratios assigned to the candidates of the various lists are arranged in decreasing order. Those with the highest ratios shall be elected. Should more than one candidate obtain identical ratios, the candidate pertaining to a list that has not elected any Director or that has elected the lowest number of Directors shall be elected. Should none of the lists have yet elected a

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- Director, or have elected the same number of Directors as part of these lists, the candidate with the highest number of votes shall be elected. Should there be an equal number of list votes, and all with the same ratio, a new vote shall be taken by the entire Shareholders' Meeting, and the candidate who receives the simple majority of votes shall be elected;
- c) if, as a result of the above steps, the appointment of the minimum number of independent directors statutorily prescribed fails, the ratio of votes attributed to each candidate in the various lists shall be calculated according to the system described in letter b); those candidates not yet considered in the lists pursuant to letters a) and b), meeting the requirements of independence and with the highest ratios, shall be elected, in the number required to ensure compliance with the provisions of the by-law. If follows that, non-independent Directors are be assigned the lowest ratios. In the absence of a number of candidates that would enable compliance with the minimum number of independent Directors, the Shareholders' Meeting shall resolve, by majority vote, on the replacement of candidates not meeting the independence requirements that have earned the lowest ratio;
- d) for the appointment of Directors, for any reason, not appointed under the procedure described above, the Shareholders' Meeting shall resolve by legally prescribed majority, to ensure however that the composition of the Board complies with the law and the By-Laws.

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Regarding the proposal of the Board referred to in paragraph 3 above, the Shareholders' Meeting is therefore urged to appoint nine Directors on the basis of lists presented by those entitled to do so.

Dear Shareholders,

You are invited to vote on a list amongst those submitted and published in accordance with provisions of the By-Laws.

Item 6

Appointment of the Chairman of the Board of Directors

Dear Shareholders,

Pursuant to Article 17 of the By-Laws, the Chairman of the Board of Directors is elected by the Shareholders' Meeting, or should it fail to comply, the Board of Directors shall elect from among its members the Chairman.

The Board proposes that the Shareholders' Meeting elects as Chairman of the Board the first candidate from the list that obtained the majority of votes.

Dear Shareholders,

You are invited to elect as Chairman of the Board the first candidate from the list that obtained the majority of votes.

Item 7

Determination of the Directors' remuneration

Dear Shareholders,

Pursuant to Article 21 of the By-Laws, the Directors are entitled, on an annual basis and for the office term, to a compensation determined by the ordinary Shareholders' Meeting upon their appointment; compensation

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which shall remain valid until otherwise resolved by the Shareholders' Meeting. Directors are also entitled to the reimbursement of expenses incurred in connection with their office.

Please note that on 18 April 2008, the Shareholders' Meeting authorized the Board to extend the insurance, as foreseen by management, to cover occupational risks of the Directors and Statutory Auditors of Snam Rete Gas S.p.A, pursuant to the standard terms and conditions which are common practice in the insurance market. The insurance policy, which remains in place for the new members of these Boards, provides an overall ceiling and an annual premium of Euro 50 million and Euro 476,775 respectively.

Dear Shareholders,

You are invited to approve one of the proposals to be presented at the Shareholders' Meeting on this agenda item.

Item 8

Appointment of the Statutory Auditors

Dear Shareholders,

The Shareholders' Meeting is called to renew the Board of Statutory Auditors appointed on 26 April 2007. Pursuant to Article 22 of the By-Laws, the Board of Statutory Auditors consists of three acting and two alternate members. Pursuant to Article 22 of the By-Laws, the Shareholders' Meeting is called to appoint the Board of Statutory Auditors on the basis of lists presented by shareholders, on which candidates are listed in numerical order. According to the proposal of the Board on agenda item 9, the candidate mentioned in the first place in the minority list that obtained the

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highest number of votes shall be offered the post of Chairman of the Board. Chairman of the Board candidates shall necessarily meet the independence requirements prescribed by Article. 148, paragraph 3, of the TUF and the requirements of integrity and professionalism held in the Decree of the Minister of Justice no 162 of 30 March 2000, taking into consideration the matters and areas closely related to the Company's business described in the provisions of the By-Laws. Matters closely related to the Company's business include commercial law, business and corporate finance. The area closely related to the Company's business is engineering.

Statutory Auditors must also comply with the duty cumulation limit set by Consob in art. 144-*terdecies* of Regulation No 11971 of 14 May1999 (the "Issuers' Regulation").

We urge shareholders to take into account the requirements of independence for Statutory Auditors imposed by the Code of Conduct issued by the Italian Stock Exchange. List presentation, storage and publication shall be governed by the procedures for Directors appointment based on list voting, as referenced, and by the provisions issued by Consob regulations, *mutatis mutandis*. In particular, shareholders may present lists only if, alone or with others, represent at least 1% of the shares entitled to vote at the ordinary Shareholders' Meeting, as determined by Consob Resolution No. 17148 of 27 January 2010.

Lists shall be accompanied by:

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- information regarding the identity of shareholders who have submitted lists, indicating the total percentage of shares held and a certificate indicating the ownership of such participation;
- a statement by the shareholders other than those who hold, also jointly, a controlling interest or a relative majority, indicating the absence of relationships, pursuant to Article 144 - *quinquies* of the Issuers' Regulation, with the latter;
- candidates' acceptance of the detailed information request on personal and professional characteristics, and a statement certifying compliance with the requirements set by law and the By-Laws, also with reference to the rules of the Issuers' Regulation on duty cumulation limits.

We would also urge the Shareholders to take into consideration the recommendations made by Consob on eventual relationships between "majority" and "minority" lists contained in Notice DEM/9017893 of 26 February 2009 concerning: *Appointment of the members of the management and control boards*.

The lists presented, together with the above information will be readily available to the public on the Company's website and at the Italian Stock Exchange. Lists are divided into two sections: the first holds candidates for the acting Statutory Auditor office, the second concerns candidates for alternate Statutory Auditors. At least the first candidate in each section must be entered in the Auditors' Register and have been involved in the audit practice for a period not below three years. Two acting Statutory Auditors and one alternate Auditor shall be drawn from the list receiving the highest

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number of votes. The remaining acting Statutory Auditors and alternate Statutory Auditors shall be appointed pursuant to the provisions of Article. 16 b) of the By-Laws, to be individually applied to each of the sections of the other lists.

The Statutory Auditors will hold office for three years and, in any event, until the Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2012.

Dear Shareholders,

You are invited to vote on a list among those submitted and disclosed in accordance with provisions of the By-Laws.

Item 9

Appointment of the Chairman of the Board of Statutory Auditors

Dear Shareholders,

Pursuant to Article 22 of the By-Laws, the Shareholders' Meeting shall appoint the Chairman of the Board of Statutory Auditors in the manner provided by Article. 16 b) of the By-Laws, by the minority shareholders or in the manner provided in Article 16 d) of the By-Laws.

Dear Shareholders,

You are invited to appoint Chairman of the Board the Statutory Auditor held in the minority list with the highest number of votes. In the absence of minority lists or election, for any reason, the Statutory Auditors, in the manner provided for in art. 16 d) of the By-Laws, are invited to appoint Chairman of the Board of Statutory Auditors the elected candidate under those rules proposed by the shareholders.

Item 10

Determination of the remuneration of the Chairman of the Board of Statutory Auditors and the effective Statutory Auditors

Dear Shareholders,

The Shareholders' Meeting, pursuant to Article 2402 of the Italian Civil Code, shall determine the annual remuneration due to the Chairman of the Board of Statutory Auditors and acting Statutory Auditors.

Please note that on 18 April 2008, the Shareholders' Meeting authorized the Board to extend the insurance, as foreseen by management, to cover occupational risks of the Directors and Statutory Auditors of Snam Rete Gas S.p.A., pursuant to the standard terms and conditions which are common practice in the insurance market. The insurance policy, which remains in place for the new members of such Boards, provides an overall ceiling and an annual premium of Euro 50 million and Euro 476,775 respectively.

Dear Shareholders,

You are invited to approve one of the proposals to be presented at the Shareholders' Meeting on this agenda item.

Item 11

**Proposals justified by the Board of Statutory Auditors to the
shareholders' meeting for the revocation due to "objective" just cause
of the accounts auditing appointment granted to the firm
PricewaterhouseCoopers S.p.A. and for the granting to the independent
auditing firm Reconta Ernst & Young S.p.A. of the accounts auditing
appointment for the accounting periods 2010 – 2018, in pursuance of**

Article 159, par. 2 of Italian Legislative Decree No. 58 dated 24

February 1998

Dear Shareholders,

The Board of Directors submits for your approval a reasoned proposal from the Board of Statutory Auditors for the dismissal of the PricewaterhouseCoopers S.p.A Company from the remit of accounting audit granted to it for "objective" reasons and the conferral of the role of auditors to the Reconta Ernst & Young S.p.A. auditing company for the years 2010 – 2018, pursuant to Section 159, paragraph 2 of the Italian Law Decree dated 24th February 1998 no. 58.

"Dear Shareholders,

We set out these presents pursuant to Section 159, paragraph 2 of the Italian Law Decree 58/98 (the Italian Consolidated Law on Finance "TUF") and section 146 of the Regulation governing Issuing Parties, adopted by the Consob (Italian Securities and Exchange Commission) under ruling no. 11971/99 as later amended and extended (the "Issuer Regulations").

In order to ensure the effective and efficient operation of the work as auditors of the Company and of the Group under which it comes (the "Snam Group"), it is in fact our intention to propose to you the early termination of the contract for accounting audit conferred upon PricewaterhouseCoopers S.p.A. ("PwC") for the balance of its term.

This is for the reasons set out below, and in addition it must be stressed already that they in no way impugn its work nor its conduct in executing the remit and in general the undoubted professionalism of PwC.

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The reasoning behind our intention concerns the structure – well known to you all – of the Snam Group and in particular – on the one hand – the form it took following the acquisitions of Italgas S.p.A. (“**Italgas**”) and Stogit S.p.A. (“**Stogit**”), which took place during 2009, and its membership of the wider group that comes under Eni S.p.A. (the “**Eni Group**” and “**Eni**”, respectively) and – on the other hand – the features of its role and work, with its own major peculiarities and issues.

In fact, as you well know, the task of accounting audit conferred to PwC by the subsidiaries Italgas and Stogit will come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on 31 December 2009 (and thus during the next Annual General Meeting for the financial statements), and it will not be renewable further, whilst that entrusted to the same PwC by the Company shall come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on 31 December 2012.

In the light of the above, a misalignment can be discerned, both in subjective terms and in terms of duration, in the task of accounting auditor granted by the Company and by the subsidiaries Stogit and Italgas.

We do not believe this misalignment is justified, first and foremost, from the perspective of the wider demand to ensure that you, the shareholders, and the public at large are provided with information about the Company that is as complete, accurate and timely as possible. Secondly, from the viewpoint of economy, we must rationalise costs and efficiency using the group dynamic.

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From the consolidated law in sections, 155, 156, 165 and 165 *bis* of the TUF, in the part in which it is stated that the auditor of a Parent company has sole liability for the auditing of the consolidated financial statements, the appropriateness arises for promoting the presence of a single auditor in common for all the companies connected by controlling interests, in order to guarantee improved efficiency and effectiveness in the auditing process, thanks to the greater in-depth direct knowledge of the group, to increased flexibility and improved co-ordination in the flow of information.

In practice, we have been able to note how gaps and inefficiencies in the auditing of groups sometimes arises from having several auditors and the difficulty of co-ordinating smooth sharing of information between them, which can bring about delay in the processes and contribute to the risk of dangerous computer misalignment. Thus, an alignment in terms of duration of the task of auditing would be justifiable, besides in terms operating demands, by the appropriateness of ensuring more effective and efficient auditing work, thus enabling audit risk to be reduced.

TUF regulations require, amongst other things, that the auditor of a parent company carry out an in-depth checking of the work carried out by the auditors of subsidiary companies and thus, direct checking of the financial statements of subsidiaries that cannot be limited to merely checking that the consolidated financial statements agrees with the data provided by the latter. In this respect, section 165 paragraph 1 bis of the TUF provides that the parent company auditor, to the extent that it is “*entirely liable for the audit of the consolidated financial statements*”, is required to carry out the work deemed necessary to ascertain if the accounting information in the

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subsidiary companies are correctly stated in the context of the consolidated group accounts, having specific powers of discovery and compulsion to this end, which combine with specific duties incumbent upon auditors and the directors in the other companies in the group.

The role and responsibility of the group auditor are specifically applied in the work of accounting audit for the consolidated financial statements for the Snam Group, with especial reference to representing Italgas and the groups that comes under it (the "Italgas Group") and Stogit, in the context of the same. The Italgas Group and Stogit represent, in fact, a significant reality within the Snam Group under various major aspects with the view to organising and carrying out the auditing task.

First of all, under quality aspects, the Italgas Group and Stogit represent together about 40% of the total assets and income for the Snam Group.

Furthermore, the peculiarities of the *business* and organisation involve specific information demands and a highly complex organisation, which is continually evolving over the course of the years. In this context, some areas of the annual financial statements and the consolidation at the Italgas Group and in the annual financial statements of Stogit present risk profiles and thus demand special attention and specific consideration and monitoring on the part of the auditor. We refer in particular, to the typical operating income, to tangible fixed assets, to the provision for risks, and to concessions, which are strongly influenced – amongst other things – by the complex and peculiar regulations that relate to the sector of methane gas distribution in urban networks and to the business of storage.

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Considering the role and responsibility of the group auditor, it is obvious that the orderly unfolding of the auditing work on the part of the Snam group requires an appropriate degree of knowledge of the particular business pursued by the Italgas Group and by Stogit. Thus, based on the practise in the last few years and the planned corporate timetable for Snam, the audit of the consolidated financial statements for the Italgas Group and the annual financial statements for Stogit could be carried out along with those of the Snam Group. In particular, the documentation of the auditing work by the auditor for the Italgas Group and for Stogit could be formally completed and available for examination by the Snam Group auditor at a time very close to the issue of the audit reports. It thus follows, from a practical point of view, that there is a need to plan the parallel working of the various auditing *teams* (Snam, Italgas and Stogit).

This aspect of timely working, which already today, with the presence of a single auditor for the Snam Group, the Italgas Group and Stogit, demands considerable organisational efforts in order to comply with timing for making the consolidated financial statements for the Snam Group available, which moving ever forward in time, would involve, in the case of a misalignment of roles, to major objective criticisms, which could in actual fact hamper – if not prevent – the Company auditor from carrying out and completing all the procedures of examining the documentation, of *re-auditing* or of planned *re-performance* in order to take on the liability for the work carried out by the auditor of the subsidiaries and would involve, for the latter, an increased burden of work, since the same party might be required to be answerable - within a particularly short period of time - for

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the several in depth demands made by the auditor of the Company pursuant to of section 165, paragraph 1-*bis* of the TUF.

Such considerations can be made with regard to the forthcoming expiry of the task entrusted to PwC by the parent company Eni with regard to the Eni Group financial statements. In fact, as you well know, the task of accounting audit conferred to PwC by the subsidiaries Italgas and Stogit will come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on the 31st December 2009 (and thus during the next Annual General Meeting for the accounts), and it will not be renewable further, whilst that entrusted to the same PwC by the Company shall come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on the 31st December 2012. Thus at the next Annual General Meeting, Eni shall be required to assign the task to a different audit company, because of the prohibition of renewal of the remit to the same company before at least three years have give by since the expiry of the previous instructions, as provided under section 159, paragraph 4 of the TUF.

The above considerations thus demonstrate the appropriateness, if not the downright need, to provide for the early termination of the task entrusted to the PwC Company, conferring the remit at the same time to the auditing company that will be entrusted with auditing the subsidiaries Italgas and Stogit and the Eni parent company.

In this way, the task entrusted by Eni, Italgas and Stogit would be aligned in subjective and in duration terms, thus enabling a more organic execution of

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the work of auditing and greater efficiency and effectiveness of the procedures involved.

As regards the procedure for effecting the early termination, as is well known, at today's date dismissal for just cause represents the only fully compliant approach to early termination of the relationship with the auditor of the financial statements, to which we thus feel we must resort.

We have already informed the board of Directors of this initiative, by means of the Internal Controls Committee and later in the meeting of the 10th March 2010. By a letter dated 23rd February 2010, furthermore, we informed PwC itself of our intent, explaining the underlying reasons - which, we repeat, have nothing to do with the work carried out by PwC and with the professionalism demonstrated in carrying out the task of auditing. In turn, PwC has made its observations dated 2nd March 2010. Stating that it notes and shares the considerations we have made in the letter referred to and it has no significant reasons to object to an early termination of the task.

* * *

During the course of 2009 Eni has carried out a specific tender procedure for the grant of the task of auditing for the period from 2010 – 2018, as required by current regulations; the tender has involved the group companies, including Italgas and Stogit, with the goal of entrusting the remit of accounting audit to a sole auditor (group auditor) chosen from the auditing companies of international significance (KPMG, Reconta Ernst & Young and Deloitte & Touche). The company entrusted with the accounting audit for the listed parent company shall in fact be fully responsible for the audit of the consolidated financial statements of the Group.

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For this purpose, a special Procedural Commission was formed to support the Board of Statutory Auditors within Eni, with a mandate to define the model for assessing the companies that were taking part in the tender and to carry out all the work required for its application.

With this in mind, as an option, Snam Rete Gas was included in the context of the tender as an option, along with the subsidiaries GNL Italia and Saipem which, as is known, have audit assignments expiring in 2012. The entire tender proceedings have largely involved the Boards of Statutory Auditors of Snam Rete Gas and Saipem, with a constant view to their respective decision-making autonomy; below the meetings that took place in the presence of the members of the Boards of Statutory Auditors of Snam Rete Gas and Saipem are listed.

Date	Nature of Meeting
30/07/09	First meeting to co-ordinate and set the tender criteria.
18/09/09	Meeting with CONSOB representatives.
18/09/09	Analysis of the scoring model for assessing the technical and financial bids.
21/10/09	Analysis of the tabulation of technical bids. Technical enquiry meeting with KPMG.
22/10/09	Technical enquiry meeting with Deloitte & Touche. Technical enquiry meeting with Reconta Ernst & Young.
28/10/09	Closure of technical bid assessment. Opening of Financial Bids.
18/11/09	Final Report presented by the Procedural Commission. Final Financial Tabulation with Tender Award to Reconta Ernst & Young.
18/11/09	<u>Snam Rete Gas Board of Statutory Auditors:</u> analysis of the bid evidence reported to Snam Rete Gas and subsidiaries and confirmation of the overall advantageousness of the bid made by Reconta Ernst & Young compared with the other bidding companies.

The tender process has involved the following tasks:

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- Remit of Accounts Auditor for the Financial Statements and Systems Auditor for internal checking pursuant to the SOX (Sarbanes Oxley Act) regulations for the Eni group for the nine year period from 2010 – 2018;
- Additional tasks strictly connected to the work of accounting auditor for the companies in the Eni group for the nine-year period from 2010 – 2018, which task may be activated as an option.

For the purpose of assessing the bids, given the nature and the peculiarity of the task (binding nine year period), the criterion of the "most financially advantageous bid" was adopted, in order to take adequate account of the technical/qualitative aspects of the bids presented. The final score allocated to the bids was the result thus of the combination of the technical score and the price bid, according to the application of the "best integrated bid" method; the best bid was identified in the one that presented the lowest "integrated bid".

5 criteria were identified for the technical assessment:

- The professional work carried out by the Bidder during the period 2004-2008 in oil & gas sector companies;
- The Bidder's presence in the Principal's countries of business;
- The Bidder's bid quality and compliance with the Principal's needs;
- The forecast effort for accounting audit;
- The forecast effort for audit for SOX purposes.

Based on the assessment of the above items and in the light of the scoring model adopted, the following scores were awarded:

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- Deloitte & Touche 2.10
- KPMG 2.82
- Reconta Ernst & Young 3.72

The Procedures Commission then carried out the opening of the financial bids, whose terms were consolidated with the technical assessments to obtain the final values. The results were stated in the “Report on the Outcome of the Tender procedure” which was presented to the Boards of Statutory Auditors of Eni, Snam Rete Gas and Saipem on the 18th November 2009.

In particular, the report concluded that: “applying the best integrated bid method, the integration percentages to be applied to the scores for the Bidders Deloitte & Touche and KPMG based on the points obtained in the technical assessment (respectively equal to 2.10 and 2.82). No integration has to be carried out on the amount bid by Reconta Ernst & Young since it was the bidder that obtained the best points for technical/quality aspects (3.72)”. These results are illustrated in summary in the following table:

Best Integrated Price	REY	KPMG	D&T
Bid Amounts	180.8	162.1	219.7
Technical Points	3.72	2.82	2.10
Amount Integration (%)	-	36.3%	65.3%
Amount Integration	-	58.8	143.5
Integrated Amounts	180.8	220.9	363.2
Final Ranking	1°	2°	3°

(Amounts in millions of Euro)

Thus, by applying the best integrated bid method, for the nine year period 2010-2018 the best bid is identified as that from Reconta Ernst & Young.

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In this respect, the Procedural Commission has highlighted that:

- By means of the tender a significant cost reduction has been achieved over the current auditor (this reduction can be equated to 32.8% for the Eni Group overall);
- The bid from the best Bidder guarantees better compliance with the Principal's expectations also from a technical viewpoint;
- The best Bidder has obtained the highest score for four out of the five assessment criteria that formed the Scoring Model.

Taking account of the above the Procedural Commission has noted that the average hourly rates bid by the top two bidders were (i) lower by more than 27% with regard to the market benchmark (87 Euros per hour) and (ii) lower by around 18/20% with regard to the current auditor (77 Euros per hour).

Believing that even lower prices could place any financial second round beyond the threshold of the so-called "anomalous bid" indicated in the Tender Documents, the Procedural Commission has proposed not exercising the option of a second round.

Based on these items, the Board of Statutory Auditors of Snam Rete Gas has examined the results of the tender with reference to Snam Rete Gas itself.

The analysis show that the best financial bid was that made by Reconta Ernst & Young for a total of Euro 7.412 million compared with 7.511 from Deloitte & Touche and 8.548 from KPMG.

On the basis of the above statements Reconta Ernst & Young was asked to prepare a proposal for the accounting audit for the none year period from

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2010-2018 for all the companies in the Snam Rete Gas group. The instructions relating to each of the companies shall be given by their respective Annual General Meetings, on proposals from the Boards of Statutory Auditors.

The proposal for the business of accounting audit for Snam Rete Gas S.p.A. made by Reconta Ernst & Young on the 24th February 2010 is summarised below by kind of work. The proposal is made by reference to three time periods within the nine-year period.

Accounting Audit for the Annual Financial Statements for Snam Rete Gas S.p.A. and the work of checking the consistency of the management report with the financial statements for the year.

For each of the years 2010-2011

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	146.00	10%	144.96	21,164.16
Manager	511.00	35%	89.28	45,622.08
Senior	438.00	30%	51.84	22,705.92
Assistant	365.00	25%	26.88	9,811.20
	<u>1,460.00</u>			<u>99,303.36</u>

For each of the years 2012-2013

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	131.40	10%	144.96	19,047.74
Manager	459.90	35%	89.28	41,059.87
Senior	394.20	30%	51.84	20,435.33
Assistant	328.50	25%	26.88	8,830.08
	<u>1,314.00</u>			<u>89,373.02</u>

For each of the years 2014-2018

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	124.10	10%	144.96	17,989.54
Manager	434.35	35%	89.28	38,778.77
Senior	372.30	30%	51.84	19,300.03
Assistant	310.25	25%	26.88	8,339.52
	<u>1,241.00</u>			<u>84,407.86</u>

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Periodic Checks required by section 155 paragraph 1 item a) of the T.U.F.

and the work carried out for filing tax returns:

For each of the years 2010-2011

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	35.00	10%	144.96	5,073.60
Manager	122.50	35%	89.28	10,936.80
Senior	105.00	30%	51.84	5,443.20
Assistant	87.50	25%	26.88	2,352.00
	<u>350.00</u>			<u>23,805.60</u>

For each of the years 2012-2013

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	31.50	10%	144.96	4,566.24
Manager	110.25	35%	89.28	9,843.12
Senior	94.50	30%	51.84	4,898.88
Assistant	78.75	25%	26.88	2,116.80
	<u>315.00</u>			<u>21,425.04</u>

For each of the years 2014-2018

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	29.80	10%	144.96	4,319.81
Manager	104.30	35%	89.28	9,311.90
Senior	89.40	30%	51.84	4,634.50
Assistant	74.50	25%	26.88	2,002.56
	<u>298.00</u>			<u>20,268.77</u>

Auditing the consolidated financial statements, work to check the consistency of the report with the consolidated financial statements, checking the translation into English of the financial statement papers and the issue of the audit report in English.

For each of the years 2010-2011

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	13.00	10%	144.96	1,884.48
Manager	45.50	35%	89.28	4,062.24

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Senior	39.00	30%	51.84	2,021.76
Assistant	<u>32.50</u>	25%	26.88	<u>873.60</u>
	<u>130.00</u>			<u>8,842.08</u>

For each of the years 2012-2013

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	11.70	10%	144.96	1,696.03
Manager	40.95	35%	89.28	3,656.02
Senior	35.10	30%	51.84	1,891.58
Assistant	<u>29.25</u>	25%	26.88	<u>786.24</u>
	<u>117.00</u>			<u>7,957.87</u>

For each of the years 2014-2018

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	11.10	10%	144.96	1,609.06
Manager	38.85	35%	89.28	3,468.53
Senior	33.30	30%	51.84	1,726.27
Assistant	<u>27.75</u>	25%	26.88	<u>745.92</u>
	<u>111.00</u>			<u>7,549.78</u>

Limited accounting audit of the consolidated abbreviated half-year financial statements, checking the translation into English and issuing the audit report in English.

For each of the years 2010-2011

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	32	10%	144.96	4,638.72
Manager	112	35%	89.28	9,999.36
Senior	96	30%	51.84	4,976.64
Assistant	<u>80</u>	25%	26.88	<u>2,150.40</u>
	<u>320</u>			<u>21,765.12</u>

For each of the years 2012-2013

<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	28.80	10%	144.96	4,174.85
Manager	100.80	35%	89.28	8,999.42
Senior	86.40	30%	51.84	4,478.98
Assistant	<u>72.00</u>	25%	26.88	<u>1,935.36</u>
	<u>288.00</u>			<u>19,588.61</u>

For each of the years 2014-2018

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<u>Category</u>	<u>Hours</u>	<u>Hours Mix (%)</u>	<u>Hourly Rate</u>	<u>Amount</u>
Partner	27.20	10%	144.96	3,942.91
Manager	95.20	35%	89.28	8,499.46
Senior	81.60	30%	51.84	4,230.14
Assistant	68.00	25%	26.88	1,827.84
	<u>272.00</u>			<u>18,500.35</u>

The proposal sets out the methods used for determining the professional resources and hours required for the task taking account of the peculiarities that determine the business of Snam Rete Gas.

Dear Shareholders,

For the statements above, pursuant to of Section 159 paragraph 2 of the TUF, we propose you approve the following resolutions:

The General Meeting of Shareholders in Snam Rete Gas S.p.A.,

(a) Having noted that:

- the task of accounting audit conferred to PricewaterhouseCoopers S.p.A by the subsidiaries Italgas S.p.A. and Stogit S.p.A., and by the parent company Eni S.p.A., will come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on the 31st December 2009, and it will not be renewable further, whilst that entrusted to the same PricewaterhouseCoopers S.p.A by the Company shall come to normal expiry, through having reached the end of the maximum term provided by law, with the approval of the financial statements for the year ended on the 31st December 2012;
- at the next Annual General Meeting, Italgas S.p.A., Stogit S.p.A. and Eni S.p.A. shall be required to allocate the task to a different accounting company, because of the prohibition of renewal of the

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- remit to the same company before at least three years have give by
since the expiry of the previous instructions, as provided under
section 159, paragraph 4 of the TUF;
- in the light of the above, a misalignment can be discerned, both in
subjective terms and in terms of duration, in the task of accounting
auditor granted by the Company and by Stogit S.p.A., Italgas S.p.A.
and Eni S.p.A.;
 - (b) considering that an alignment in terms of duration of the task of
auditing would be justified, in addition to by operating demands, by
the need to ensure improved efficiency and effectiveness in the
auditing process, with the purpose of providing shareholders and the
public at large information that is as complete, accurate and timely
with regard to the Company and the group of which it forms part;
 - (c) given the reasoned proposal by the Board of Statutory Auditors for
terminating for “objective” just cause the auditing remit conferred
upon PricewaterhouseCoopers S.p.A, and having taken account of
the observations from the same PricewaterhouseCoopers S.p.A;
 - (d) repeating that the reasons for termination for just cause set out here
do not in any way impugn the work or conduct in executing the remit
or in general the undeniable professionalism of
PricewaterhouseCoopers S.p.A;
 - (e) thanks PricewaterhouseCoopers S.p.A for the professionalism shown
in the course of the remit entrusted to it; and
 - (f) resolves:

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1. to terminate for “just cause” for the balance of its term, the remit assigned to PricewaterhouseCoopers S.p.A. for the accounting audit at Snam Rete Gas S.p.A. and for the Snam Rete Gas group;
2. to give instructions for the accounting audit for the years 2010 - 2018 to Reconta Ernst & Young S.p.A. under the terms stated in the proposal made dated 24th February 2010;
3. to mandate the Managing Director to prepare and circulate the press release required under section 114 of the TUF and to carry out all other acts and/or to fulfil all other provisions of law or regulations in force on this topic.

San Donato Milanese, 10th March 2010

The Board of Statutory Auditors”

The Chairman of the Board of Directors

Mr. Alberto Meomartini