

## **Information regarding the Snam Rete Gas Share-Based Payment Plans (Article 84-bis of Consob Regulation no. 11971)**

### **Stock option plan 2006-2008**

This document describes the stock option plan 2006-2008 for managers of Snam Rete Gas S.p.A. and its subsidiaries pursuant to Article 2359 of the Italian Civil Code.

It is noted that the Plan should be considered “of major significance” pursuant to Article 84-bis, paragraph 2 of the Issuers Regulation.

### **Definitions**

The meaning of several terms used in the information document is set forth below:

Stock option	the right to purchase, in a one-to-one ratio, ordinary shares of Snam Rete Gas, with a nominal value of € 1
Exercise price	price paid by the assignee for exercising the right to purchase
Vesting period	period during which the option cannot be exercised
Exercise period	period during which the option may be exercised

### **1. Beneficiaries of the Plan**

The beneficiaries of the Plan are managers assigned the most direct strategic and financial responsibilities for results and who, at the date of the of assignment of options are employed by and currently working for Snam Rete Gas or its subsidiaries pursuant to Article 2359 of the Italian Civil Code, whose employment relationship is governed by the national labour contracts for managers or equivalent regulations regarding employees of subsidiaries residing in countries different to Italy.

The participants in the plan include the Chairman, Mr. Alberto Meomartini (in office since 23 December 2005), the Chief Executive Officer, Mr. Carlo Malacarne (in office since 8 May 2006) and the Operations General Manager, Mr. Francesco Iovane (in office since 8 May 2006), who has performed executive duties since 1 September 2007.

Four managers have been identified who have regular access to privileged information, and the power to adopt management decisions which may affect the development and future outlook of the Company. These managers, together with the CEO and the Operations General Manager, as at 1 September 2007 are now members of the Management Committee and, as such, are considered “top managers with strategic responsibilities” (CONSOB 11971 of 14 May 1999 and subsequent amendments).

## 2. Motivations for adoption of the Plan

The Plan was adopted in order to motivate and ensure the loyalty of managers, to encourage their involvement in corporate risk, improve company performance and create value for Shareholders.

The stock options assigned in the Plan may be exercised after three years, in the amount linked to the positions of the Total Shareholder Return of the Snam Rete Gas stock compared to those of the 6 leading European Utilities listed and operating on regulated markets, calculated on an annual basis, during the three-years of the vesting period.

This performance indicator was chosen because it focuses on return for the shareholder, offers a comparative overview of other Utilities and because it is commonly used in long-term incentive plans on the company's specific market.

On termination of each three-years of implementation, the results of the Stock Option Plan will be verified by the Compensation Committee and approved by the Board of Directors.

The value of the stock options assigned to each assignee was determined considering the market levels and practices for equivalent managerial positions.

This Plan was not supported by the Employee motivation and participation fund, pursuant to Article 4, paragraph 112, of Law no. 350 of 24 December 2003.

## 3. Approval process and share assignment schedule

On 17 March 2006, the Board of Directors of Snam Rete Gas approved the proposal of the Compensation Committee regarding the Stock Option Plan 2006-2008 and resolved to submit it to the approval of the Shareholders' Meeting.

The Shareholders' Meeting of 27 April 2006 approved the Stock Option Plan 2006-2008 and authorised the Board of Directors to make available a maximum of 9.000,000 treasury shares, about 0.46% of share capital, for the Plan. The Shareholders' Meeting granted a mandate to the Board of Directors to draw of the Regulations.

The Plan foresees the yearly assignment of stock options in 2006, 2007 and 2008, respectively.

The Board of Directors annually approves: (i) the yearly assignment of stock options; (ii) the Regulations; (iii) the criteria for identifying assignees; (iv) the benchmark panel. The Board also identifies the Chairman and Chief Executive Officer as beneficiaries of the Plan, resolves to implement the plan for the Chairman and Chief Executive Officer and grants a mandate to the Chief Executive Officer to identify the assignees on the basis of the approved criteria. The Chief Executive Officer, in exercising the mandate granted, carries out the yearly assignment.

On 26 July 2006 and 24 July 2007 respectively, the Board of Directors approved the Plan assignments for 2006 and 2007.

The Chairman and Chief Executive Officer, as beneficiaries of the Plan, abstained from voting on the resolutions taken by the Board of Directors. The Chairman and Chief Executive Officer then exited the meeting at the point for discussion and approval of the offer of stock options by the Board to the Chairman and Chief Executive Officer.

The Plan is administered by the Personnel and Organisation Division (Management Administration) in cooperation with the Administration, Finance and Control Division (Financial Administration) and the General Affairs Division (Corporate Secretary).

The market prices recorded on the dates referred to above are as follows:

17 March 2006 – € 3.689

27 April 2006 – € 3.545

26 July 2006 – € 3.544

24 July 2007 – € 4.184

#### 4. Characteristics of the instruments assigned

The option rights grant each assignee the right to purchase shares, with a 1:1 ratio, at a unit price corresponding to the higher between the arithmetic mean of the official prices on the Electronic Stock Market managed by Borsa Italiana S.p.A. in the month preceding the date of assignment of the option rights for the purchase of shares and the average cost of the treasury shares in portfolio recorded the day prior to the assignment date.

The stock option plan 2006-2008 includes a performance target for the purpose of exercising the options. Upon conclusion of each three-year vesting period, the Board of Directors determines a number of options which may be exercised, in a percentage from zero to 100, depending on the positioning of the Total Shareholders' Return (TSR) of the Snam Rete Gas stock compared to those of the six leading European Utilities listed and operating on regulated markets.

The options may be exercised following three years from assignment (vesting period) for a maximum term of three years (exercise period). Once six years have passed from the assignment date, the options which have not been exercised shall be forfeited, and thus, shall not attribute any rights to the assignee.

In cases of: (i) mutual termination of employment of the beneficiary; (ii) loss of control by Snam Rete Gas S.p.A. in the company where the assignee is employed; (iii) transfer to companies which are not subsidiaries of the company (or company branch) where the Beneficiary is employed; (iv) death of the beneficiary, his/her heirs maintain the right to exercise the options by 31 December of the year in which the vesting period terminates, in an amount proportionate to the period of time from the time of the assignment to the occurrence of the above events. In case of unilateral termination of employment, if the event occurs during the vesting period, the options shall be forfeited. If the event occurs during the exercise period, the options may be exercised within three months.

Different to that set forth in the regulations regarding the assignment for 2007, the regulations for assignment 2006 do not contain an adjustment allowing beneficiaries to take advantage of the facilitated tax treatment currently in force. Thus, in order to implement the new tax

regulations established by Legislative Decree no. 262 of 3 October 2006, converted into Law no. 286 of 24 November 2006, an amendment to the Regulations of the Stock Option Plan – Assignment 2006 shall be submitted to the Board of Directors' meeting called for 18 September 2007. This amendment, drawn up by the Compensation Committee on 24 July 2007, aims at implementing the aforementioned conditions.

Should the requisites be met, the Board may adjust the exercise price and/or number of shares due in relation to the options which have not yet been exercised and/or the terms and conditions of exercise as a result of the following operations:

- a) grouping or splitting of the shares representing the Snam Rete Gas share capital;
- b) free share capital increase of Snam Rete Gas;
- c) increase in Snam Rete Gas share capital against payment, also through the issue of shares with attached warrants, bonds convertible into Snam Rete Gas shares and bonds with warrants for the subscription of Snam Rete Gas shares; the transfer of treasury shares not for the purpose of the incentive plan is assimilable to an increase in share capital;
- d) decrease in Snam Rete Gas share capital;
- e) distribution of extraordinary dividends through withdrawal from reserves of Snam Rete Gas;
- f) merger, should this involve amendments to the Snam Rete Gas share capital;
- g) split-off of Snam Rete Gas;
- h) assignment of assets in the Snam Rete Gas portfolio to shareholders;
- i) public take-over bid or purchase and exchange public offer on Snam Rete Gas shares.

For each single assignment, the options were assigned in a single tranche.

For the 2006 assignment, the options were assigned on 26 July 2006 and thus, may be exercised starting from 27 July 2009, until 26 July 2012. In any event, the Plan shall conclude on 26 July 2012.

For the 2007 assignment, the options were assigned on 24 July 2007 and thus, may be exercised starting from 25 July 2010, until 24 July 2013. In any event, the Plan shall conclude on 24 July 2013.

The following is a summary of assignments performed during 2006-2007:

Year	no. of managers	exercise price	no. of options assigned	No. of outstanding options as at 1/09/2007
2006	18	3.542 <sup>(1)</sup>	2,597,500	2,597,500
2007	20	4.322 <sup>(2)</sup>	2,326,500	2,326,500
			<b>4,924,000</b>	<b>4,924,000</b>

<sup>(1)</sup> Average cost of treasury shares recorded the day before the assignment date (higher than arithmetic mean of official prices on the Electronic Stock Market in the month prior to the assignment date).

<sup>(2)</sup> Arithmetic mean of official prices on the Electronic Stock Market in the month prior to the assignment date (higher than average cost of treasury shares recorded the day before the assignment date)

The following sets forth the options Snam Rete Gas assigned, regarding the parties identified by name or categories selected as described in paragraph 1.

Name/category	No. of outstanding options	No. of outstanding options
	2006	2007
Mr. Alberto Meomartini, Chairman	508,000	347,000
Mr. Carlo Malacarne, Chief Executive Officer	425,000	464,500
Mr. Francesco Iovane, Operations GM	214,500	197,000
Other managers with strategic responsibilities	426,000 <sup>(1)</sup>	432,500 <sup>(2)</sup>

<sup>(1)</sup> 3 of the current 4 managers participated in the Plan.

<sup>(2)</sup> The 4 current managers participated in the Plan.

Starting from financial year 2003, the share-based incentive plans issued by Snam Rete Gas are recorded as a component of personnel costs, based on fair value of the option assigned to the employees. The fair value of the stock options is the value of the option determined using the Black-Scholes model which considers the option exercise conditions, the share's current value, expected volatility and risk-free rate. With reference to the yearly assignment, the expected charges for the company are determined considering the fair value of the number of options assigned during the year. With reference to the assignment for 2006, the charges determined using this method amounted to € 664,960.

San Donato Milanese, 17 September 2007

**Contacts**

**Investor Relations Snam Rete Gas**

Tel +39.02.520.38272 - Fax: +39.02.520.38650

E-mail: [investor.relations@snamretegas.it](mailto:investor.relations@snamretegas.it)

**Snam Rete Gas External Relations**

Tel +39.02.520.58691 - Fax: +39.02.520.38227

E-mail: [relazioni.esterne@snamretegas.it](mailto:relazioni.esterne@snamretegas.it)

**Eni press release**

Tel +39 02.52031875 – +39 06.5982398

E-mail: [ufficio.stampa@eni.it](mailto:ufficio.stampa@eni.it)

*This press release is also posted on the company's website [www.snamretegas.it](http://www.snamretegas.it).*

**SHARE-BASED PAYMENT PLANS**  
**Regulation no. 11971/1999, Annex 3A, Schedule 7, Table 1**

Date: 09 / 17 / 2007

Name or category	Position	FRAME 2							
		Options (option grant)							
		<u>Section 1</u>							
		Options within currently valid plans, approved on the basis of previous Shareholders' Meeting resolutions							
		Date of Shareholders' Meeting resolution	Description of instrument	Number of financial instruments underlying the options assigned by not exercisable	Number of financial instruments underlying the options, exercisable but not exercised	Date of assignment by the competent body, BOD	Exercise price	Market price of underlying financial instruments at the assignment date	Option expiry
Mr. Alberto Meomartini	Chairman	27 April 2006	options to purchase Snam Rete Gas shares	508,000	-	26 July 2006	€ 3.542	€ 3.544	26 July 2012
Mr. Carlo Malacarne	Chief Executive Officer	27 April 2006	options to purchase Snam Rete Gas shares	425,000	-	26 July 2006	€ 3.542	€ 3.544	26 July 2012
Mr. Francesco Iovane	Operations General Manager	27 April 2006	options to purchase Snam Rete Gas shares	214,500	-	26 July 2006	€ 3.542	€ 3.544	26 July 2012
3 managers with strategic responsibilities	Sundry	27 April 2006	options to purchase Snam Rete Gas shares	426,000	-	26 July 2006	€ 3.542	€ 3.544	26 July 2012
Other managers	Sundry	27 April 2006	options to purchase Snam Rete Gas shares	1,024,000	-	26 July 2006	€ 3.542	€ 3.544	26 July 2012

**SHARE-BASED PAYMENT PLANS**  
**Regulation no. 11971/1999, Annex 3A, Schedule 7, Table 1**

Date: 09 / 17 / 2007

Name or category	Position	FRAME 2							
		Options (option grant)							
		<u>Section 1</u>							
		Options within currently valid plans, approved on the basis of previous Shareholders' Meeting resolutions							
		Date of Shareholders' Meeting resolution	Description of instrument	Number of financial instruments underlying the options assigned by not exercisable	Number of financial instruments underlying the options, not exercised	Date of assignment by the competent body, BOD	Exercise price	Market price of underlying financial instruments at the assignment date	Option expiry
Mr. Alberto Meomartini	Chairman	27 April 2006	options to purchase Snam Rete Gas shares	347,000		24 July 2007	€ 4.322	€ 4.184	24 July 2013
Mr. Carlo Malacarne	Chief Executive Officer	27 April 2006	options to purchase Snam Rete Gas shares	464,500	-	24 July 2007	€ 4.322	€ 4.184	24 July 2013
Mr. Francesco Iovane	Operations General Manager	27 April 2006	options to purchase Snam Rete Gas shares	197,000	-	24 July 2007	€ 4.322	€ 4.184	24 July 2013
4 managers with strategic responsibilities	Sundry	27 April 2006	options to purchase Snam Rete Gas shares	432,500	-	24 July 2007	€ 4.322	€ 4.184	24 July 2013
Other managers	Sundry	27 April 2006	options to purchase Snam Rete Gas shares	885,500	-	24 July 2007	€ 4.322	€ 4.184	24 July 2013