PRESS RELEASE

Snam Rete Gas: Board of Directors approve the results for the period ended 30th June, 2006

- Gas injected into the transmission network - 46.5 billion cubic metres: +3.9%
- Operating profit - 472 million Euros: -9.1%
- Net profit - 240 million Euros: -14.6%

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San Donato Milanese 26th July 2006. Today the Board of Directors of Snam Rete Gas S.p.A. approved the results as at 30th June, 2006. Net profit for the period was 240 million Euros. The 2006 stock option plan has also been approved by the Board.

Snam Rete Gas will continue to invest in the Italian natural gas transport network, in particular in the import infrastructure system from North Africa and Russia. These investments will guarantee the development of the Italian natural gas transport system, pursuing technological efficiency in line with the new needs of the Country and the energy liberalisation process.

Second quarter			First Half			
2005	2006		2005	2006	Change	Change %
		Main operating data				
21.09	21.63	Natural gas injected into the National Pipeline Network (billions of cubic metres)	44.79	46.52	1.73	3.9
0.88	0.87	Gasification of liquefied natural gas (LNG) (billions of cubic metres)	1.53	1.81	0.28	18.3
30,530	30,757	Pipeline network (kilometers in operation)	30,530	30,757	227	0.7
256	223	Operating Profit (million Euros)	519	472	(47)	(9.01)
134	113	Net profit (million Euros)	281	240	(41)	(14.6)

Highlights I Half 2006

Operating highlights

- ❖ Gas injected into the transport network increased by 1.73 billion cubic metres (+3.9%), driven by the thermoelectric sector.
- ❖ Controllable fixed cost decreased by 6.5% in real terms.

Financial highlights

- ❖ Total revenues were 904 million Euros (-2.3%), of which transport accounted for 866 million Euros (-4.1%). The decrease was due to the application of the new regulatory parameters which took effect on 1st October 2005.
- ❖ Net financial debt increased by 208 million Euros from 31st December 2005, reaching 5,027 million Euros.

Operating outlook

- Natural gas demand in the Italian market is expected to grow on average at around 2% in the next four years (2006–2009), led by increased consumption in the thermoelectric sector.
- In 2006 Snam Rete Gas will continue to invest in order to support market growth. 2006 capital expenditure will be in line with the previous year.

Purchase of own shares

Snam Rete Gas is continuing to implement its buy back plan, as authorised at the Shareholders' Meeting held on 10th November 2005. The plan will be for up to a maximum of 194,737,950 Snam Rete Gas shares and for a total amount not exceeding 800 million Euros. On the 25th July 2006, 54,825,044 Snam Rete Gas ordinary shares had been purchased (corresponding to approximately 2.80% of share capital) at an average price of 3.53 Euros for a total amount of approximately 193.5 million Euros.

2006 *stock option* plan

The Board of Directors, within the scope of the 2006-2008 management incentive and loyalty plan, awarded 2,600,000 Snam Rete Gas stock options at 3.542 euro per share for 2006. This price is the higher of the arithmetic average of official prices recorded on the Mercato Telematico Azionario in the month preceding the grant date and the average cost of the treasury shares as of the day prior to the grant.

The Shareholders' Meeting has authorized the Board of Directors to dispose of a maximum of 9 million of treasury shares for servicing the 2006-2008 stock option plan. This amount represents approximately 0.46% of Snam Rete Gas's share capital. Option rights will be granted in the three year period to managers with roles and responsibilities that directly impact strategic and business results. The options will vest after three years from the grant date. For the next three years they will vest in variable proportion from 100% to 0% as a function of the total shareholder return of Snam Rete Gas shares in the three-year vesting period compared to the return of six peer European utilities.

San Donato Milanese, 26th July 2006

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First Half 2006 Consolidated results

Net Profit (240 million Euros) decreased by 41 million Euros, or 14.6%. This followed a fall in operating profit (47 million Euros) and higher financial expenditure (32 million Euros), mainly due to an increase in average financial debt affected by the payment of the Extraordinary Dividend in November 2005. Income taxes fell by 38 million Euros.

Operating profit was 472 million Euros, or 14 million Euros (9.1%) lower than in the first half of 2005. The reduction was mainly due to: (i) lower transport revenues (35 million Euros), which suffered from new regulatory parameters coming into effect on 1st October 2005 (46 million Euros) but benefited from the growth of volumes transported (11 million Euros), and (ii) higher operating costs (29 million Euros). The positive outcome of a dispute with a third-party led to a significant increase in other revenues and income (19 million Euros).

Operating costs increased by 20 million Euros mainly due to higher variable costs following an increase of fuel gas costs and expected staff leaving incentives (13 million Euros). This was partially offset by the reduction in controllable fixed costs (5 million euros).

Income Taxes (152 million Euros) dropped by 38 million Euros compared to the same period in 2005 mainly due to the reduction in pre-tax profit and the payment of the substitution tax in the first half 2005 (8 million Euros) owed after the release of revaluation reserves. Higher current taxes (159 million Euros) and the reduction of deferred taxes (189 million Euros) were affected by changes in fiscal law (Article 102-bis of the Tuir – Income Tax Law).

Net financial debt came to 5,027 million Euros, an increase of 208 million Euros compared to the 31st December 2005. Long-term financial debt represented 65% of the net financial debt. The average duration of long term debt, including the current portion, is around four and a half years (five years as at 31st December 2005). Net financial debt increased by 410 million Euros from 31st March 2006.

Leverage, or the ratio between the Net Financial debt and the net capital employed, was 57.0% (54.8% on the 31st December 2005).

Investments reached 224 million Euros. These were mainly related to the development of the transport network connected to improvements made on the import system from North Africa and Russia. 82% of the investments will benefit from incentivised remuneration.

Consolidated Financial Statements and Balance Sheet

Consolidated Financial Statements

Second Quarter 2005	Second Quarter 2006		First Half 2005	First Half 2006	Change	(million Euros) Change %
456	430	Income from Operations	924	884	(40)	(4.3)
(2)	1	Other revenues and income	1	20	19	
454	**431**	**Total Revenues**	**925**	**904**	**(21)**	**(2.3)**
(82)	(96)	Operating Costs	(175)	(205)	(30)	17.1
372	**335**	**Gross Operating Margin**	**750**	**699**	**(51)**	**(6.8)**
(116)	(112)	Amortisation and Depreciation	(231)	(227)	4	(1.7)
256	**223**	**Operating Profit**	**519**	**472**	**(47)**	**(9.1)**
(24)	(40)	Net Financial Expenditure	(48)	(80)	(32)	66.7
232	**183**	**Pre-Tax profit**	**471**	**392**	**(79)**	**(16.8)**
(98)	(70)	Income Tax	(190)	(152)	38	20.0
134	**113**	**Net Profit**	**281**	**240**	**(41)**	**(14.6)**

Balance Sheet

(million Euros)

31.03.2006		31.12.2005	30.06.2006	Change
9,537	Tangible Assets	9,575	9,538	(37)
49	Intangible Assets	53	50	(3)
(168)	Net debt for investment activities	(205)	(141)	64
9,418	**Fixed Assets**	**9,423**	**9,447**	**24**
(667)	**Net working capital**	**(601)**	**(604)**	**(3)**
(28)	**Staff benefit fund**	**(27)**	**(28)**	**(1)**
8,723	**Capital employed**	**8,795**	**8,815**	**20**
4,106	**Net Equity**	**3,976**	**3,788**	**(188)**
4,617	**Net Financial debt**	**4,819**	**5,027**	**208**
8,723	**Cover**	**8,795**	**8,815**	**20**

Covenants

Snam Rete Gas has entered into financing agreements with banks which call for the upholding of some financial ratios generally based on the consolidated balance sheet of Eni Group. As at June 30, 2006, financial debts subjects to these covenants amounted to 14 million Euros (23 million Euros at 31st December 2005). The limits have been respected.