

SNAM RETE GAS 2007 ANNUAL REPORT

- **Preliminary results confirmed**
- **Dividend of €0.21 per share proposed**

San Donato Milanese, 13 March 2008. The board of directors of Snam Rete Gas S.p.A. today approved the consolidated financial statements, reporting a profit of €94 million, and the draft separate financial statements, showing a profit of €96 million¹. The board resolved to propose that the shareholders approve the distribution of a dividend of €0.21 per share, €0.08 per share of which was already distributed as an interim dividend in October 2007. The balance of €0.13 per share will be paid from 22 May 2008 with an ex-dividend date of 19 May 2008.

The board of directors also resolved to request the shareholders approval of an insurance policy to cover the management liabilities of the company's directors and statutory auditors.

The board of directors called an ordinary meeting of the shareholders to take place on 18 and 21 April 2008, on first and second call respectively.

The consolidated financial statements and draft separate financial statements of Snam Rete Gas S.p.A. have been made available to the board of statutory auditors and the independent auditors. The reclassified income statement, balance sheet and cash flow statement taken from the group's consolidated financial statements and the parent's separate financial statements as at 31 December 2007 are attached.

The report on compliance with the Code of Conduct encouraged by Borsa Italiana S.p.A. and compliance with the related commitments is available to the market at the company's registered office and in the Corporate governance section of its website.

The board of directors also approved the Sustainability report which sets out the company's commitment to sustainable development.

Pursuant to paragraph 2, article 154-bis of the Consolidated Finance Act, the manager in charge of financial reporting, Antonio Paccioretti, states that the financial information included in this press release complies with the ledgers, accounting records and entries.

Data and information included below has been extracted from Snam Rete Gas's 2007 Annual report which has been published along with this press release. The 2007 Annual report includes the certifications rendered by the company CEO and manager responsible for the preparation of the company's financial reports - pursuant to Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998, in accordance with the format set by the Italian market regulatory body (CONSOB).

¹ The actual figures match the preliminary figures for 2007; reference should be made to the press release of 13 February 2008.

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This press release is also posted on the website www.snamretegas.it.

The draft separate 2007 financial statements will also be available on the website from 19.00

Reclassified consolidated income statement, balance sheet and cash flow statement (*)

Consolidated income statement

	(€m)			
	2006	2007	Change	Change %
Core business revenue	1,760	1,790	30	1.70
Other revenue and income	29	78	49	
<i>including: non-recurring</i>				
	20	71	51	
Total revenue	1,789	1,868	79	4.4
Operating costs	(395)	(357)	38	(9.6)
<i>including: non-recurring</i>				
	(14)	5	19	
EBITDA	1,394	1,511	117	8.4
Amortisation, depreciation and impairment	(483)	(489)	(6)	1.2
EBIT	911	1,022	111	12.2
Adjusted EBIT	905	946	41	4.5
Net financial expense	(168)	(200)	(32)	19.0
<i>including: non-recurring</i>				
		10	10	
Profit before tax	743	822	79	10.6
Income taxes	(295)	(228)	67	(22.7)
<i>including: non-recurring and other special items</i>				
	(3)	66	69	
Profit (**)	448	594	146	32.6
Adjusted profit (**)	445	442	(3)	(0.7)

(**) The profit is totally attributable to the shareholders of Snam Rete Gas

Consolidated balance sheet

	(€m)	31.12.2006	31.12.2007	Change
Property, plant and equipment		9,715	9,957	242
Intangible assets		48	41	(7)
Net payables for investments		(236)	(212)	24
Non-current assets		9,527	9,786	259
Net working capital		(539)	(368)	171
Provisions for employee benefits		(34)	(29)	5
NET INVESTED CAPITAL		8,954	9,389	435
Equity		3,699	3,507	(192)
Net financial debt		5,255	5,882	627
COVERAGE		8,954	9,389	435

(*)Reference should be made to the paragraph on the reconciliation of the reclassified balance sheet with the mandatory balance sheet in the 2007 financial statements.

Consolidated cash flow statement

	(€m)	
	2006	2007
Profit	448	594
<i>Adjusted by:</i>		
- Amortisation, depreciation and other non-monetary components	496	488
- Interest and income taxes	462	426
Cash flows from operating activities before changes in working capital	1,406	1,508
Change in working capital due to operating activities	73	2
Interest and income taxes paid	(537)	(576)
Net cash flows from operating activities	942	934
Investments in property, plant and equipment and intangible assets	(629)	(727)
Disinvestments	2	1
Net payables for investments	31	(24)
Free cash flow	346	184
Change in financial payables	436	627
Cash flows of equity	(782)	(811)
Net cash flows for the year	0	0
Free cash flow	346	184
Cash flows of equity	(782)	(811)
Change in net financial debt	(436)	(627)

Reclassified income statement, balance sheet and cash flow statement of Snam Rete Gas S.p.A. (*)

Income statement

	(€m)			
	2006	2007	Change	Change %
Core business revenue	1,737	1,769	32	1.8
Other revenue and income	28	78	50	
<i>including: non-recurring</i>		20	71	51
Total revenue	1,765	1,847	82	4.6
Operating costs	(389)	(347)	42	(10.8)
<i>including: non-recurring</i>		(14)	5	19
EBITDA	1,376	1,500	124	9.0
Amorisation, depreciation and impairment losses	(479)	(485)	(6)	1.3
EBIT	897	1,015	118	13.2
Adjusted EBIT	891	939	48	5.4
Net financial expense	(168)	(199)	(31)	18.5
<i>including: non-recurring</i>			10	10
Gains on investments	9	7	(2)	(22.2)
Profit before tax	738	823	85	11.5
Income taxes	(291)	(227)	64	(22.0)
<i>including: non-recurring and other special items</i>		(3)	64	67
Profit	447	596	149	33.3
Adjusted profit	444	446	2	0.5

Balance sheet

	(€m)		
	31.12.2006	31.12.2007	Change
Property, plant and equipment	9,630	9,873	243
Intangible assets	47	40	(7)
Investments	43	43	
Net payables for investments	(234)	(211)	23
Non-current assets	9,486	9,745	259
Net working capital	(529)	(362)	167
Provisions for employee benefits	(33)	(28)	5
NET INVESTED CAPITAL	8,924	9,355	431
Equity	3,683	3,493	(190)
Net financial debt	5,241	5,862	621
COVERAGE	8,924	9,355	431

(*) Reference should be made to the paragraph on the reconciliation of the reclassified balance sheet with the mandatory balance sheet in the 2007 separate financial statements.

Cash flow statement

	(€m)	
	2006	2007
Profit	447	596
<i>Adjusted by:</i>		
- Amortisation, depreciation and other non-monetary components	493	482
- Interest and income taxes	449	417
Cash flows from operating activities before changes in working capital	1,389	1,495
Change in working capital due to operating activities	76	8
Interest and income taxes paid	(521)	(567)
Net cash flows from operating activities	944	936
Investments in property, plant and equipment and intangible assets	(625)	(724)
Disinvestments	1	1
Net payables for investments	30	(23)
Free cash flow	350	190
Change in financial payables	432	621
Cash flows of equity	(782)	(811)
Net cash flows for the year	0	0
Free cash flow	350	190
Cash flows of equity	(782)	(811)
Change in net financial debt	(432)	(621)