

FINANCIAL MARKET^S REVIEW



snam rete gas

The financial markets

Positive performance of the stock markets, mainly influenced by the quarterly results of the banking and industrial sectors which exceeded expectations. Snam Rete Gas shares increased more than the sector index and the stock markets.

July saw general growth in the stock markets, with rises of 6.9% for the US S&P 500, 4.9% for the European DJ STOXX50, 8.9% for the Italian FTSE/MIB and 5.3% for the DJEurostoxx Utilities Index. Despite the uncertainties of the US economic situation, the markets were supported by positive quarterly results from companies. In Europe, further contributions came from some economic indicators which exceeded expectations and from the positive results of the *stress tests* undertaken by the *major banks*.

In macroeconomic terms, the US registered a decrease in June in orders of durable goods in the manufacturing sector (-0.1% on a monthly basis) and in the ISM index relative to the services sector (at 53.8 points, compared to the previous 55.4), while industrial production remained relatively unchanged (+0.1%).

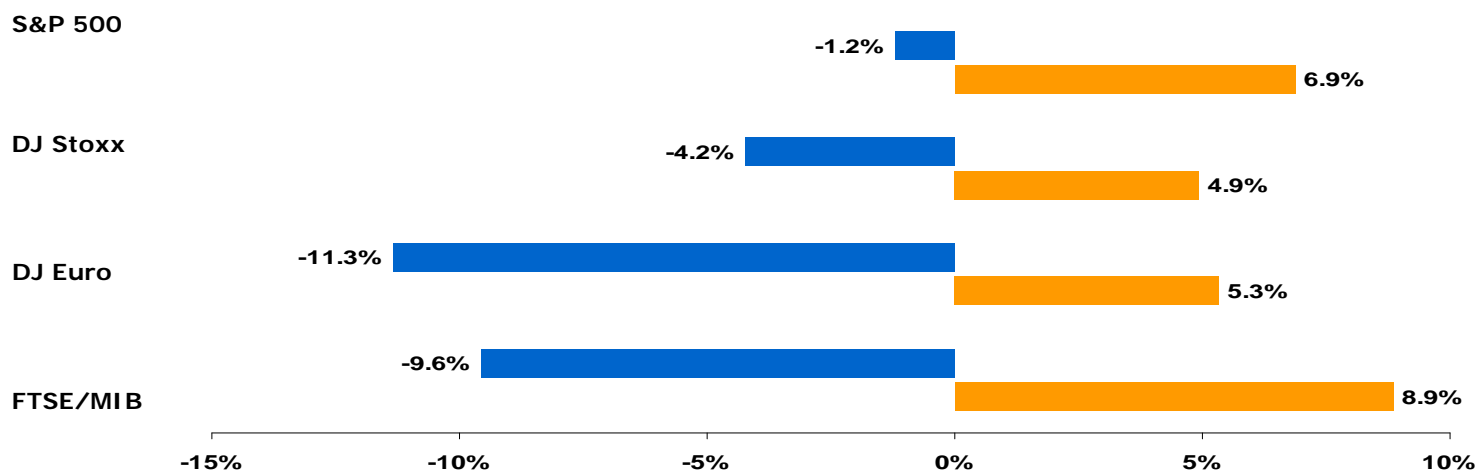
Contrasting signals also came from the real estate sector, with declines in new construction (-5.0%) as well as in existing properties (-5.1%), while the sale of new properties registered an increase (+23.6%). US GDP registered growth for the second quarter of 2010 (+2.4% on annual basis), but less than the previous quarter (+3.7%). Within the Eurozone, growth was reported by the economic indices for July, including the Purchasing Managers Index (PMI) (at 56.7 points from the previous 56 in June) and the German Ifo business confidence index (at 106.2 points, from the previous 101.8). Growth was also registered by the index on consumer confidence (at 101.3 points, from the previous 98.7 in June) and by the German index for industrial production (+2.6%, on monthly basis).



The Oil Market

Crude oil prices rose in July, alongside the positive performance of the stock markets and the weakening of the US dollar. The American WTI benchmark closed at US\$ 79/barrel (+4.4% on a monthly basis) and Brent at US\$ 78.3/barrel (+6%).

Performance of the main stock indices



Source: Snam Rete Gas on Bloomberg data

January-July '10 ■ July '10

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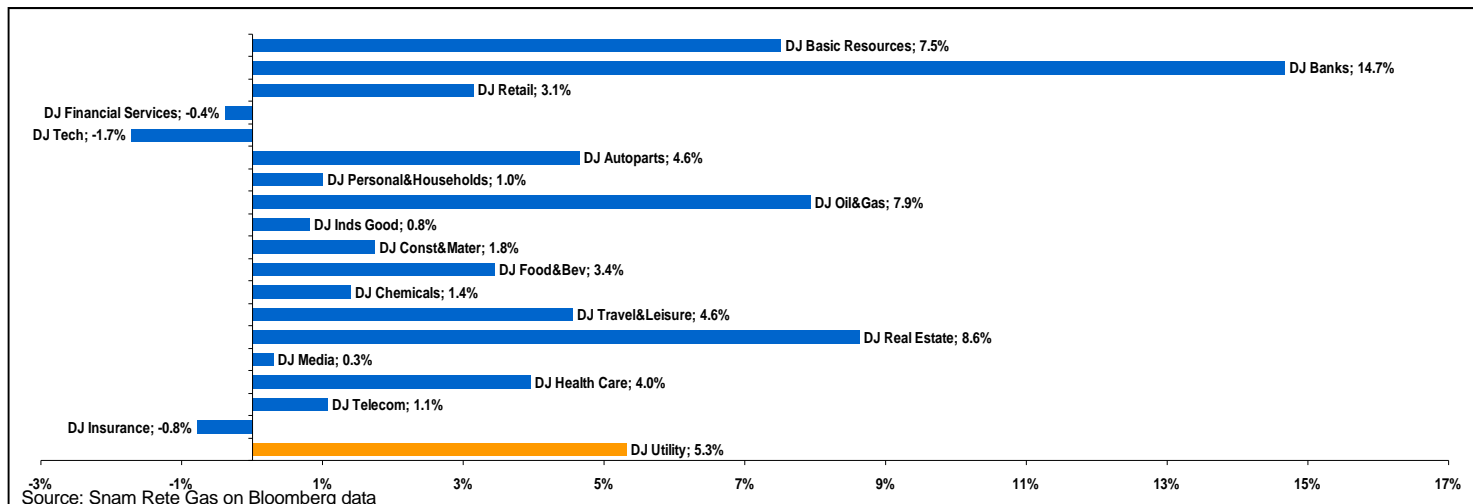
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The utility sector in the stock market

During July the markets recorded a positive trend overall, influenced by a more confident climate thanks to the release of positive company results and to the easing of tensions relating to the economic recovery. In Europe, the sectors particularly rewarded were Banking (+14.7%), which not only benefitted from the above mentioned factors but also from the positive results of the “stress test”, Oil & Gas (+7.9%), supported by the rising of oil prices, Basic Resources (+7.5%),

impacted by minor uncertainties around the economic recovery, and the Real Estate sector (+8.6%). The Utility sector (+5.3%) benefitted from the release of half year results from companies that make up the index - which were overall better than market expectations - and also from the positive trend of oil prices which resulted in a rise in the share prices of power generating companies.

July 2010

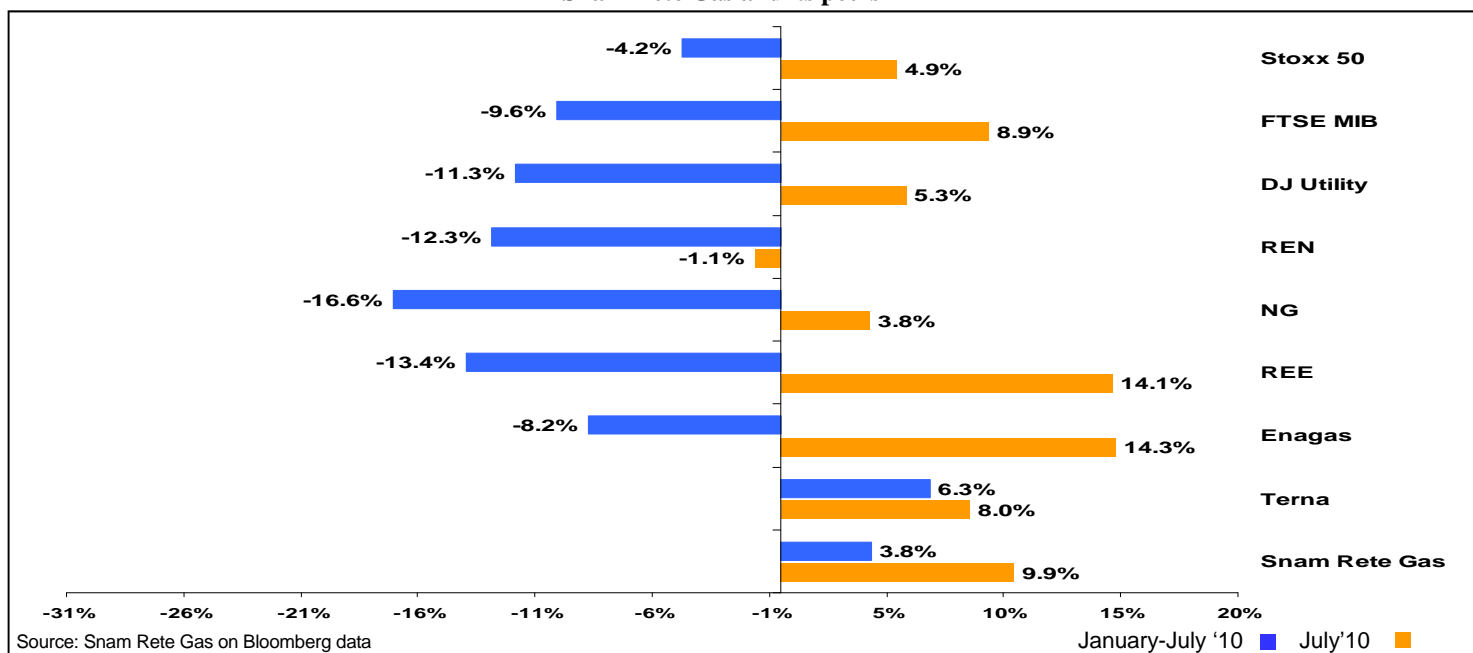


Snam Rete Gas shares and its peers in the Stock Market

The Snam Rete Gas share price ended the final session in July at €3.60, a rise of 9.9% compared to the close in June, registering a better performance versus the Italian market (+8.9%), the utility sector (+5.3%) and its main peers, with the exception of the Spanish companies supported by half year results which exceeded expectations (Red Electrica) and by the updated strategic plan (Enagas). The positive performance of Snam Rete

Gas shares was particularly influenced by the release of strong half year results and by the announcement of the 2010 interim dividend distribution (€9 cents per share), which was higher than market expectations. The average daily trading volume for Snam Rete Gas shares in July was about 8.3 million, a reduction compared to 11.4 million in June.

Snam Rete Gas and its peers





Updates from the gas network

ANNOUNCES RESULTS FOR THE FIRST HALF OF 2010

On July 27 the Snam Rete Gas Board of Directors approved the half year report to 30 June 2010 and examined consolidated results for the second quarter of 2010. The board also resolved to distribute an interim dividend for 2010 of €0.09 per share.

Financial highlights¹

(million euro)	2009	2010	Change
Core business revenue	1,485	1,676 ²	+12.9%
EBITDA	1,115	1,257	+12.7%
EBIT	762	930	+22.0%
Net profit	429	547	+27.5%
Investment	733	632	-13.8%

Operating highlights

(billion cubic meter)	2009	2010	Change
Gas injected into the transportation network	38.11	43.06	+13.0%
Available storage capacity	8.9	9.2	+3.4%
Number of active meters (mln)	5.72	5.81	+1.6%

"In the first half of this year, which experienced a recovery in gas demand, we managed to improve our results significantly thanks to solid operating performance across our businesses (...). Our business model, which has a low risk profile and aims to add value through investments, efficiency and maintaining a solid capital structure, continues to confirm its consistency. On the basis of these solid results and considering our forecasts for the full year 2010, the company will distribute an interim dividend for 2010 of €0.09 per share, which confirms our attractive and sustainable shareholder remuneration and is in line with dividend policy for the 2010-2012 period."

Carlo Malacarne, Snam Rete Gas CEO

¹ In order to meaningfully compare the results of the first halves of 2010 and 2009 (the latter of which do not include the economic effects of consolidating Italgas and Stogit, which were recognised from the third quarter of 2009), the consolidated data of Snam Rete Gas, GNL Italia, Italgas and Stogit for the first half of 2009 were aggregated; as a result, transactions between Snam Rete Gas and the companies, and between the companies themselves, were eliminated.

² €1,535 million. Including revenue from building and upgrading distribution infrastructures (€141 million), which was recognised after the application from 1 January 2010 of IFRIC 12 "Service Concession Arrangements". More information on the accounting effects of this interpretation can be found in the disclosure on page five of this press release.

Corporate environment and security

The renewal of QAS certification at Italgas

DNV has renewed Italgas' Integrated QAS Certification for Quality, Environment, Health and Security for the next three years. The confirmation came after the periodical renewal check of the QAS management system, which was done in the first quarter of the year. For Italgas this is an important renewal that again confirms the decision, taken in 1995, to obtain certifications that prove the efficiency and quality of the company's work, to show to clients and concessionary entities. It was a decision that allowed Italgas to be the first company in its sector in Italy to obtain the Quality certification in 1996, and to receive the integrated certification for Quality, Environment, Health and Safety in 2002.



News from the Authority

July 22, 2010: the "Autorità per l'Energia Elettrica e il Gas (AEEG)", through Resolution 108/10, approved the tariffs for thermal year 2010/2011 for the regasification activity.

July 28, 2010: the "Autorità per l'Energia Elettrica e il Gas (AEEG)", through Resolution 110/10, approved the tariffs for distribution and metering activity for 2010.

Agenda

2010 interim dividend ex-dividend date

18
October

2010 interim dividend payment

21
October

Third quarter 2010 report

27
October

