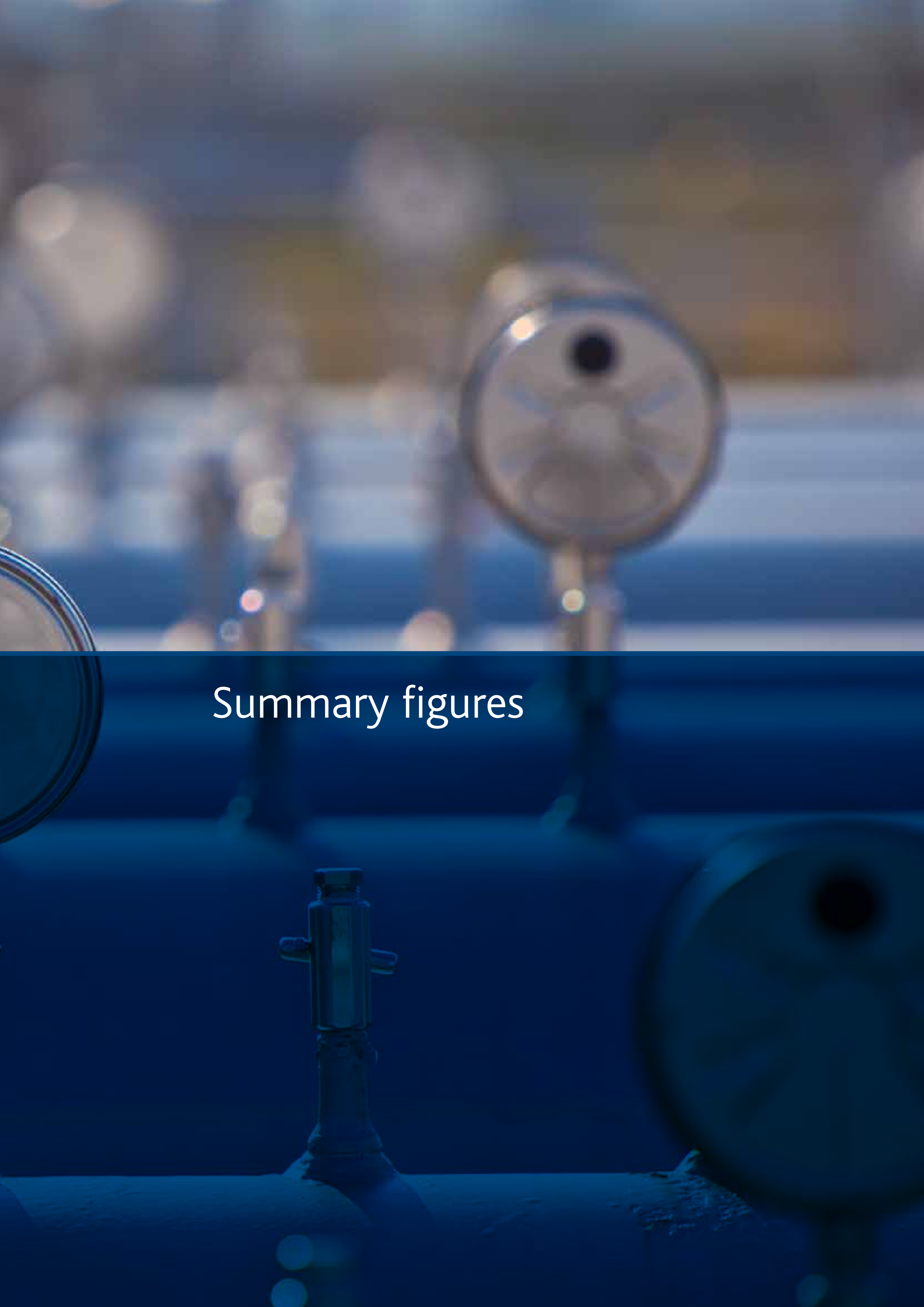
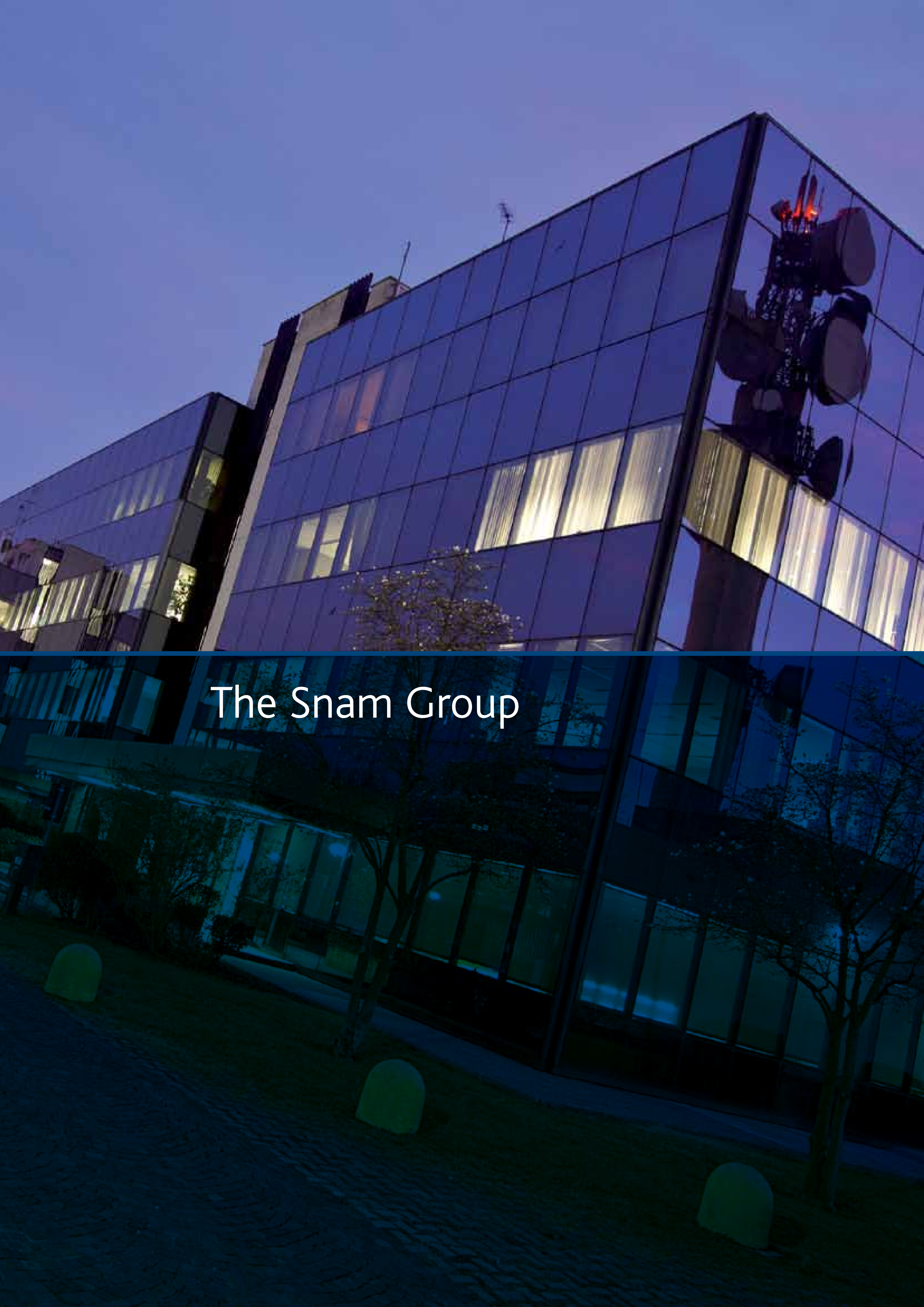


Summary figures

The Snam Group



Business segments

Snam conducts activities regulated by the gas segment and is a significant European operator in terms of regulatory asset base (RAB) in its sector. The group operates in the following areas:

TRANSPORTATION

Natural gas transportation is an integrated service which involves providing transportation capacity and the actual transportation of the gas delivered to Snam Rete Gas to the entry points of the Italian gas transportation network[1] up to the redelivery points of the regional network, where the gas is redelivered to the users of the service (users).

The natural gas introduced into the national network originates from imports and, to a lesser extent, national production. The gas from abroad is injected into the national network through seven entry points where the network joins up with the import pipelines (Tarvisio, Gorizia, Gries Pass, Mazara del Vallo, Gela) and the LNG regasification terminals (Panigaglia, Cavarzere).

Snam Rete Gas S.p.A. is the leading Italian natural gas transportation and dispatching operator, and owns almost all the transportation infrastructures in Italy, with over 32,000 kilometres of high- and medium-pressure gas pipelines (approximately 94% of the entire transportation system).

1 The list of pipelines forming part of the national network and the related definition criteria are reported in the Decree of the Ministry of Industry, Commerce and Trade of 22 December 2000 as amended, based on the provisions of Legislative Decree no. 164 of 23 May 2000 (the 'Letta Decree').

LNG REGASIFICATION

The process for the extraction of natural gas from the fields, its liquefaction for transport by ship and subsequent regasification for use by the users, forms the 'LNG chain'. The process begins in the country of the exporter, where the natural gas is brought to the liquid state by cooling it to -160° C and subsequently loaded onto tankers for shipping to the destination terminal, the LNG regasification terminal. At the regasification terminal, the LNG is unloaded, then heated and returned to the gaseous state and is input into the natural gas transportation network.
Natural gas is also injected into the National Transportation Network from the LNG terminal at Panigaglia (La Spezia), which is owned by GNL Italia and regasifies 17,500 cubic metres of LNG per day; thus when operating at maximum capacity the terminal can inject over 3.5 billion cubic metres of natural gas into the transportation network annually.
The regasification service includes unloading the LNG from the vessel, operating storage, i.e., the storage time required for vaporising the LNG, regasifying it and injecting it into the national network at the Panigaglia entry point.

STORAGE

The natural gas storage business in Italy is done under a concession regime and it serves to offset the various demands of gas consumption and supply. In fact, procurement has had a basically constant profile throughout the year, while gas demand has been characterised by high seasonal variability with winter demand significantly higher than summer.
Essentially, there are two distinct phases in storage: (i) injection phase, generally concentrated between April and October, consisting of injecting into storage the natural gas deriving from the national transport network; and (ii) the extraction phase, usually concentrated between November and March of the following year, when the natural gas is extracted from the deposit, treated, and redelivered to users by the transportation network.
The storage business is carried out by making use of an integrated whole of infrastructures comprised of deposits, gas treatment plants, compression plants and the operational dispatching system.
Stogit is the major Italian operator and one of the leading European natural gas storage operators, via eight storage fields in Lombardy (four), Emilia Romagna (three) and Abruzzo (one).

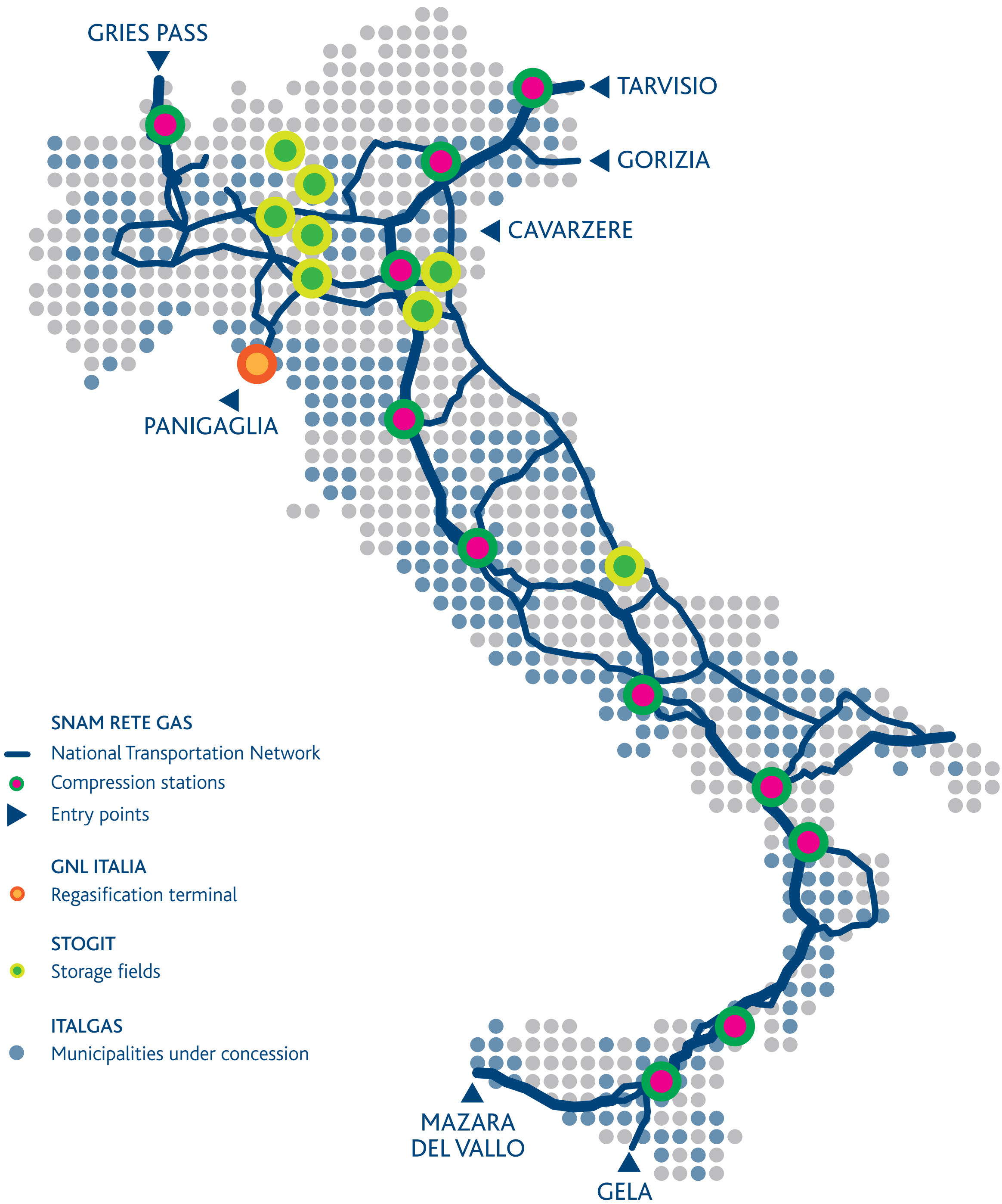
NATURAL GAS DISTRIBUTION

The natural gas distribution business operates on a concession regime through the conferral of this service by local public entities; it consists of the service of gas distribution through local transportation networks from delivery points at the metering and reduction stations (city gates) to the gas distribution network redelivery points at the end customers (households, businesses, etc.).
Gas distribution service is carried out for sales companies authorised to market to end customers by the transportation of the gas through city networks.
Italgas undertakes natural gas distribution activities by making use of an integrated system of infrastructures comprised of stations for withdrawing gas from the transport network, pressure reduction plants, local

transportation and distribution network, user derivation plants and redelivery points comprised of technical equipment featuring meters at the end customers.
Italgas is the leading Italian operator in the natural gas distribution business in Italy with 1,449 municipal concessions and more than 50,000 kilometres of medium- and low-pressure transportation network.

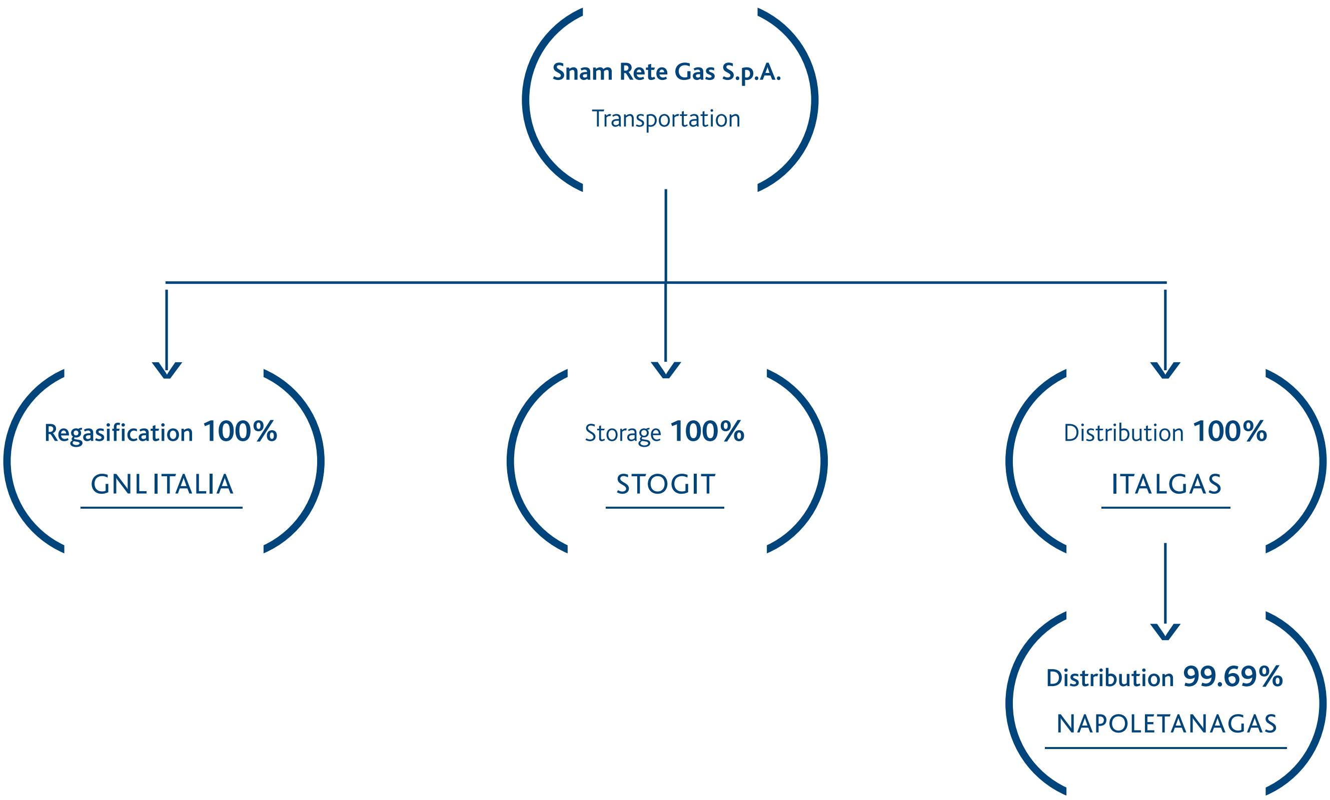
Snam's presence in the territory

INFRASTRUCTURE AS AT 31 DECEMBER 2011



Scope of consolidation as at 31 December 2011

The Snam group scope of consolidation[2] as at 31 December 2011[3] can be represented as follows:



CONSOLIDATING COMPANY	SHAREHOLDERS	% OWNERSHIP
Snam Rete Gas S.p.A.	Eni S.p.A.	52.53
	Snam Rete Gas S.p.A.	5.39
	Other shareholders	42.08

FULLY CONSOLIDATED SUBSIDIARIES	SHAREHOLDERS	% OWNERSHIP
GNL Italia S.p.A.	Snam Rete Gas S.p.A.	100
Stogit S.p.A.	Snam Rete Gas S.p.A.	100
Italgas S.p.A.	Snam Rete Gas S.p.A.	100
Napoletana Gas S.p.A.	Italgas S.p.A.	99.69
	Other shareholders	0.31

2 The list of subsidiaries, associates and significant equity investments of Snam Rete Gas S.p.A. can be found in the appendix "Subsidiaries, associates and significant equity investments of Snam Rete Gas S.p.A. at 31 December 2011" to the Notes to the consolidated financial statements.

3 On 1 January 2012, in implementing the draft of Legislative Decree no. 93 of 1 June 2011, which encodes into national legislation EU Directives concerning the Third Energy Package, the new corporate structure of Snam came into being. For further details on the new scope of consolidation as at 1 January 2012, please see the section, "Annual profile - Primary legislative provisions", below.

Annual Profile

Results

In 2011 Snam achieved EBIT of €1,958 million, an increase of 5.2% over 2010, which was primarily the result of the increase of revenues from regulated activities and operating cost control. The increase reflects the improved performance recorded by the natural gas distribution (+€104 million; +22.9%) and storage (+€37 million; +17.0%) business segments. EBIT for the transportation business segment (€1,137 million) recorded a reduction compared with the previous year (-€48 million; -4.1%) mainly due to lower volumes of natural gas transported (-6.0%) and to the recording, in 2010, of additional transportation revenue resulting from the recognition by the Electricity and Gas Authority of the additional expenses incurred for the acquisition of fuel gas from 1 October 2008 to 31 December 2009 (€55 million).
Net profit for 2011 of €790 million, -28.6% compared to 2010, was strongly penalised by the government's fiscal measures for rebalancing public finances and in particular, the extension of the application of additional IRES ('Robin Hood Tax') to companies operating in the natural gas transportation and distribution sector. The negative effect on the consolidated income statement of the Robin Hood Tax was €344 million, of which €169 million of greater current taxes and €175 million of greater deferred taxes, associated primarily with the one-off adjustment of deferred taxes as at 31 December 2010. Excluding this adjustment, the adjusted net profit amounted to €978 million, a fall of €128 million or 11.6% compared with 2010.
The significant results from the cost reductions achieved enabled the realisation of the savings target announced for 2012, one year in advance. The accumulated cost savings at the end of 2011 were €81 million, calculated in real terms based on fixed controllable costs of 2008 and like-for-like operations.
The net cash flow from operations (€1,537 million) allowed us to cover almost entirely the outflows associated with net capital expenditure for the period of €1,589 million. The increase in net financial debt, following the payment of the dividend to shareholders of €811 million, amounted to €856 million.

Dividends

Profit and cash generation made it possible to distribute a dividend, subject to the approval of the Shareholders' Meeting, of €0.24 per share, of which €0.10 per share was distributed in October 2010 as an interim dividend, and the balance of €0.14 per share will be made payable as of 24 May 2012 (ex-dividend date of 21 May 2012).

Natural gas transportation

An amount of 78.30 billion cubic metres of gas was injected into the transportation network, a reduction of 5.01 billion cubic metres (-6.0%) on 2010. This fall was attributable primarily to the reduction in natural gas demand in Italy (-6.3% compared to 2010), concentrated specifically in the residential and tertiary sector (-8.2%) and in the thermoelectric sector (-6.9%). Adjusted for weather effect, natural gas demand decreased by approximately 3% compared with 2010.

Regasification of liquefied natural gas (LNG)

In 2011, 1.89 billion cubic metres of natural gas were regasified, slightly lower than the 2010 volumes (1.98 billion cubic metres).

Natural gas storage

During 2011, 15.31 billion cubic metres of natural gas were moved through the Snam Rete Gas storage system, essentially in line with volumes handled during 2010.
Available storage capacity at 31 December 2011 was 10.0 billion cubic metres, an increase of 8.7% compared with 2010 due to development and upgrade investments at the Fiume Treste, Minerbio and Settala concessions.

Natural gas distribution

As at 31 December 2011, the number of active meters located at end-user gas resupply points stood at 5.897 million units, 0.8% higher than 31 December 2010.

Investments

Investment amounted to €1,585 million (€1,540 million in 2010) of which €1,155 million was through incentives[4] (72.9% out of total investments).

Primary legislative provisions

Implementation of the Third Energy Package adjustment project
The Gazzetta Ufficiale of 28 June 2011 published Legislative Decree no. 93 of 1 June 2011, which enacts EU Directives 2009/72/EC and 2009/73/EC (the Third Energy Package) concerning common rules for the internal market in electricity and natural gas. The Decree sets Snam an obligation to conform, by 3 March 2012, to the ITO (Independent Transmission Operator) model, which provides for the operational and decision-making separation of the transporter from the vertically integrated business (i.e. Eni) marketing the gas.
On 5 December 2011, the Shareholders' Meeting, in implementing the Community guidelines adopted by the Decree, authorised, pursuant to Article 12.2 of the Articles of Association of Snam Rete Gas S.p.A., the transfer of the "Transportation, dispatch, remote control and metering of natural gas" business unit to Snam Trasporto S.p.A., a wholly-owned subsidiary which acts as operator of the transportation system continuously from 1 January 2012[5].

4 Including measurement investments. More details on investments in each business segment are given in the section "Business segment operating performance".

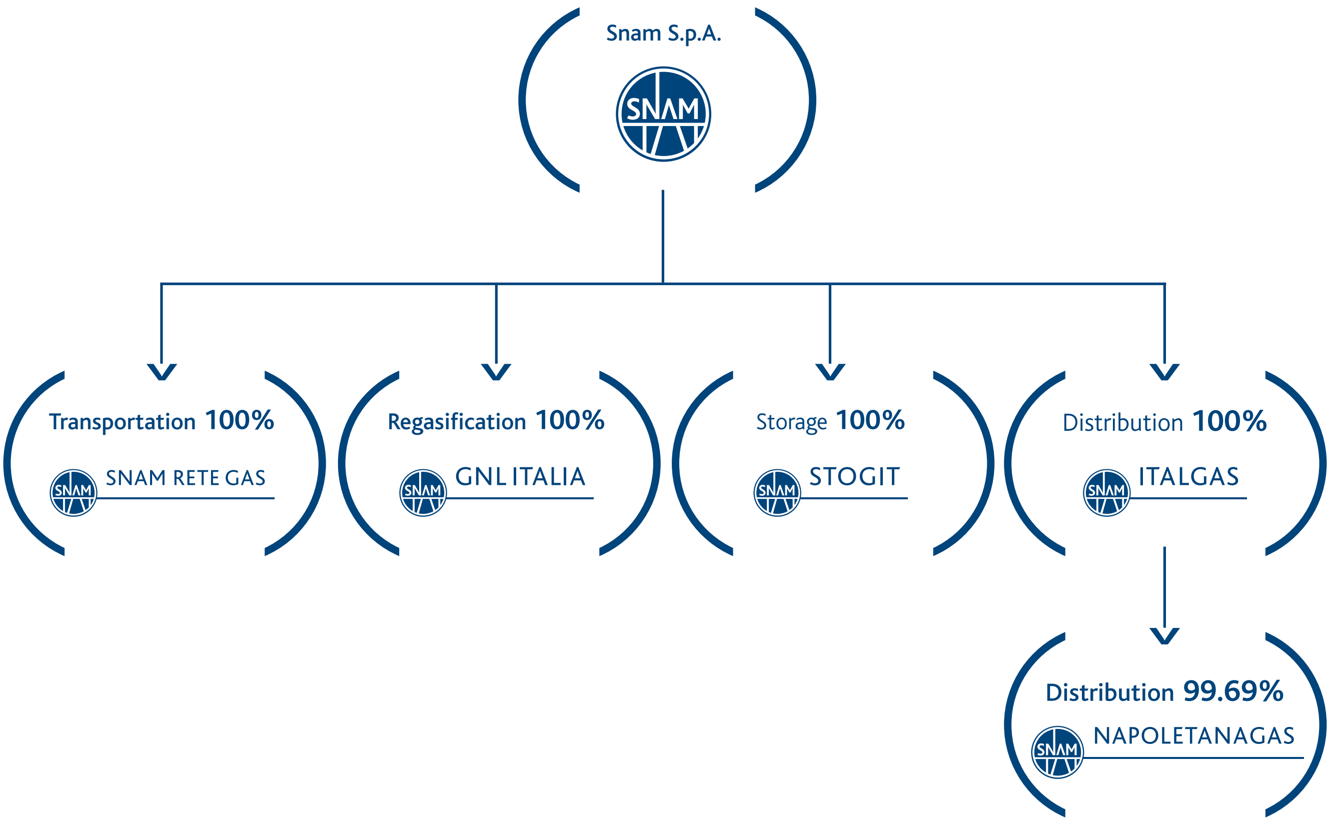
5 For more details on operation please see the section "Other information" of the Notes to the individual financial statements of Snam Rete Gas S.p.A.

The same Shareholders' Meeting also approved, with effect from 1 January 2012, the amendment to the Articles of Association concerning the change in company name from "Snam Rete Gas S.p.A." to "Snam S.p.A.", corresponding to the abbreviated version of the previous name. This decision is due to the expediency of giving "Snam Trasporto S.p.A." the name "Snam Rete Gas S.p.A.", taking into account the reputation of the brand, both in the specific business sector and in the market in general, as the leading national gas transportation operator.
The enactment of the Third Energy Package also gave rise to:

- the termination of the services agreements with Eni or with its subsidiaries;
- the acquisition of the Eni subsidiary Adfin, dedicated to the accounting and administration of Snam and its subsidiaries (1 November 2011);
- the acquisition of the Eni subsidiary, dedicated to the ICT services of Snam and its subsidiaries (1 November 2011);

The Electricity and Gas Authority is assessing the conformity of the model adopted by Snam, pursuant to the legal proThrough the effect of the above operations, the scope of consolidation and the new logos of the company and the group as at 1 January 2012 are as follows:

SCOPE OF CONSOLIDATION AS AT 1 JANUARY 2012:



Liberalisation Decree

Decree Law no. 1 of 20 January 2012 was published in the Gazzetta Ufficiale of 24 January 2012 authorising "*Urgent arrangements for competition, development of infrastructures and competitiveness*". Specifically, Article 15 "*Arrangements on the subject of ownership unbundling*" established that the Prime-Ministerial Decree pursuant to Article 1, paragraph 905 of Law no. 296 of 27 December 2006 relating to the implementation of ownership unbundling between Eni and Snam, will be issued within six months of the above-mentioned Decree Law coming into force.

Decree-Law no. 138 of 13 August 2011 - Additional urgent measures for financial stability and development

Net profit for 2011 was strongly penalised by the fiscal measures introduced by Decree Law no. 138 of 13 August 2011, converted into Law no. 148 of 14 September 2011. Specifically, Article 7 of this Decree amended Decree Law no. 112 of 25 June 2008 (converted into Law no. 133 of 6 August 2008) establishing an additional corporate income tax (Robin Hood Tax) for companies operating in the fields of hydrocarbons exploration and development, oil refining, production and sale of petrol, oil, diesel, lubricants, liquefied natural gas and natural gas, and the production or sale of electricity, making provision, from the current financial year, for:

- extending the scope of the Decree to include companies operating in the fields of transmission, dispatch and distribution of electricity and transportation and distribution of natural gas;
- for financial years 2011, 2012 and 2013, the increase in the rate of additional tax from 6.5% to 10.5%;
- changes to the ceiling above which the additional tax applies, identified, with reference to the previous financial year, as revenue of €10 million and taxable income of €1 million, to replace the previous threshold of €25 million.

As a result of the measures in question, Snam companies operating in the natural gas transportation and distribution segment are subject to the additional corporate income tax (IRES) at a rate of 10.5% for financial years 2011, 2012 and 2013 and 6.5% from 2014.

Key figures

To improve the economic and financial review, in addition to conventional IAS/IFRS indicators and financial statements, the directors' report also contains reclassified financial statements and several alternative performance indicators such as EBITDA, EBIT, net profit in the adjusted configuration and net financial debt. The following tables, the explanatory notes thereto and the reclassified consolidated financial statements illustrate these amounts; see the glossary for a definition of the terms used, where these are not specified.

MAIN INCOME STATEMENT DATA

(€ million)	2009 (a)	2010	2011
Core business revenue	2,438	3,475	**3,539**
Core business revenue net of the effects of IFRIC 12	2,438	3,126	**3,179**
Operating costs	581	968	**993**
Operating costs net of the effects of IFRIC 12	581	619	**633**
EBITDA	1,887	2,540	**2,612**
EBIT	1,274	1,862	**1,958**
Net profit (b)	732	1,106	**790**
Adjusted net profit (c)	732	1,106	**978**

(a) The 2009 income statement data include the impact of consolidating Italgas and Stogit from 30 June 2009, the date the acquisition transaction was completed.
(b) Net profit is attributable to Snam.
(c) For a definition of net profit and reconciliation with adjusted net profit, which excludes special items, see the section "Comments on the results – Reconciliation of net profit with the adjusted figure".

KEY BALANCE SHEET AND CASH FLOW FIGURES

(€ million)	2009	2010	2011
Investments (a)	1,254	1,540	**1,585**
Net invested capital at 31 December	15,652	16,257	**16,989**
Shareholders' equity including minority interests at 31 December	5,703	5,916	**5,792**
Group Shareholders' equity at 31 December	5,702	5,915	**5,791**
Net financial debt at 31 December	9,949	10,341	**11,197**
Free Cash Flow (b)	(4,489)	382	**(52)**

(a) Investments for 2009 in the distribution and storage of natural gas segments, amounting to €172 and €149 million respectively, relate to the period 1 July 2009 - 31 December 2009.
(b) Free cash flow for 2009 reflects the disbursement for the acquisition of Italgas and Stogit.

KEY SHARE FIGURES

(€ million)		2009	2010	2011
Number of shares of share capital	(millions)	3,570.8	3,570.8	**3,571.2**
Number of shares outstanding on 31 December	(millions)	3,375.9	3,376.6	**3,378.6**
Average number of shares outstanding during the year	(millions)	2,579.3	3,376.2	**3,378.0**
Year-end official stock price	(€)	3.46	3.73	**3.39**
Average official share price during the year	(€)	3.22	3.59	**3.75**
Market capitalisation (a)		11,681	12,595	**11,454**
Dividend per share (€ per share)		0.20	0.23	**0.24**
Dividends per period (b)		675	777	**811**
Dividends paid in the year		450	776	**811**

(a) The product of the number of shares outstanding (exact number) multiplied by the year-end official stock price.
(b) The amount for 2011, representing the balance, was estimated on the basis of the number of shares outstanding on 31 December 2011.

KEY PROFIT AND FINANCIAL INDICATORS

		2009 (a)	2010	2011
EBIT per share (b)	(€)	0.49	0.55	**0.58**
Net profit per share (b)	(€)	0.28	0.33	**0.23**
Adjusted net profit per share (b)	(€)	0.28	0.33	**0.29**
Group shareholders' equity per share (b)	(€)	2.21	1.75	**1.71**
ROE (c)	%	15.8	19.0	**13.5**
ROI (d)	%	10.0	11.7	**11.8**
Dividend yield (Dividend for the period/year-end official stock price) (%)	%	5.8	6.2	**7.1**
Price/Book value (Average official price per share/Group shareholders' equity per share)	(€)	1.46	2.05	**2.19**

(a) Profit for 2009 in the distribution and storage of natural gas segments, relating to the period 1 July 2009 - 31 December 2009.
(b) Calculated considering the average number of shares outstanding during the year.
(c) Return on equity (ROE) was calculated as the ratio of net profit to the average of beginning and ending shareholders' equity for the period.
(d) Return on investment (ROE) was calculated as the ratio of EBIT to the average of beginning and ending net invested capital for the period.

KEY OPERATING FIGURES (a)

	2009	2010	2011	Change	Change %
Natural gas transportation (b)					
Natural gas injected into the national gas transportation network (billions of cubic metres) (c)	76.90	83.31	**78.30**	(5.01)	(6.0)
Transportation network (kilometres in use)	31,531	31,680	**32,010**	330	1.0
Liquefied Natural Gas (LNG) regasification (b)					
LNG regasification (billions of cubic metres)	1.32	1.98	**1.89**	(0.09)	(4.5)
Natural gas storage (b)					
Available storage capacity (billions of cubic metres) (d)	8.9	9.2	**10.0**	0.8	8.7
Natural gas moved through the storage system (billions of cubic metres)	16.52	15.59	**15.31**	(0.28)	(1.8)
Natural gas distribution					
Active meters (millions)	5.771	5.848	**5.897**	0.049	0.8
Distribution concessions (number)	1,441	1,448	**1,449**	1	0.1
Distribution network (kilometres)	49,973	50,307	**50,301**	(6)	
Employees in service at year end (number) (e)	**6,187**	**6,104**	**6,112**	**8**	**0.1**
by business segments:					
- Transportation (f)	2,254	2,636	**2,755**	119	4.5
- Regasification	87	70	**74**	4	5.7
- Storage	301	279	**278**	(1)	(0.4)
- Distribution	3,545	3,119	**3,005**	(114)	(3.7)

(a) The changes indicated in the table, and in those subsequent to this Report, must be considered as changes for the year 2011 over the year 2010. The percentage changes were calculated with reference to the data indicated in the relevant tables.
(b) Gas volumes are expressed in standard cubic metres (SCM) with an average higher heating value (HHV) of 38.1 and 39.4 MJ/SCM, respectively for the businesses of natural gas transportation, regasification and storage.
(c) The data for 2010 have been aligned with those published in the National Transportation Network Financial Statements.
(d) Working gas capacity for modulation, mining and balancing services. The available capacity is that declared to the Electricity and Gas Authority at the start of the thermal year 2011-2012, in compliance with Resolution ARG/gas 119/10.
(e) Fully consolidated companies.
(f) Employees in service in 2011 include personnel transferred following the purchase of the "ICT" and "Unbundled Companies Administrative Services" business units from Eni and Eni Adfin, respectively.

NET PROFIT (€ million)

ADJUSTED NET PROFIT (€ million)

EBIT (€ million)

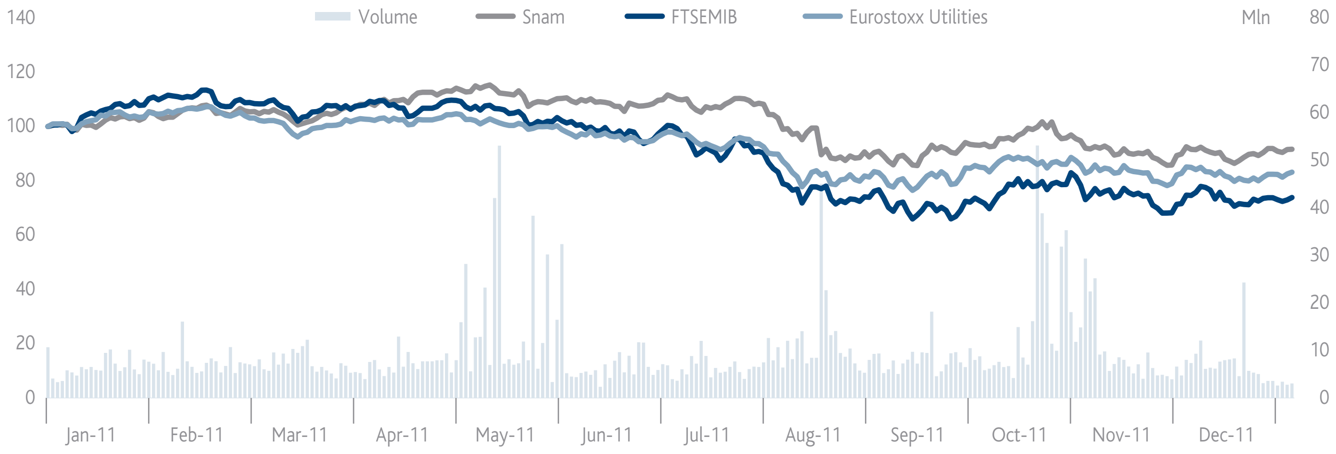
Snam and financial markets

During 2011 the European financial markets were affected by the escalation s of the problems associated with the sovereign debt of various countries in the euro area, including Italy.
The possible incapacity to refinance the stock of debt due to the size of the debt itself and the increasing cost of debt gradually reduced the confidence of market operators, penalising all European markets, primarily those of countries with higher levels of debt.
Furthermore, during the year the financial markets also suffered from the increasing need of various banks to recapitalise in order to rebalance their capital structure.
Lastly, the austerity moves of various governments to tackle the problems of their public accounts gave rise to downward revisions of the forecasts for economic growth indices for 2012 with, in some cases, predictions of recession.
This had an inevitable negative effect on the annual performance of the primary European markets: the London FTSE 100 index was down 5.6%, the Frankfurt DAX 14.7%, while the CAC 40 in Paris was down 17%. The European Eurostoxx 50 index closed the year down 17%.
During the year the Italian financial markets also sustained a fall in value: the FTSE MIB index, which includes Italy's 40 largest listed companies by market capitalisation, dropped by 25.2%, while the FTSE Italia All-Share index, which includes all listed companies, was down 24.3%. These performances were motivated by the fact that Italy represented, in the foreign debt crisis, one of the high risk situations for financial market operators, especially in the last part of the year, because of fears of the refinancing of the high public debt. Moreover it should be underlined that the trend of the national indices was influenced by their segmented composition, featuring a prevalence of companies belonging to the banking sector, which during the year recorded a significantly downward trend.
The Snam stock, which also features on the leading international indices (Stoxx Europe, S&P Europe, MSCI Europe) as well as the Italian FTSE MIB index, closed 2011 at an official price of €3.39, down 9.1% from the €3.73 recorded at the end of the previous year. The annual performance of the stock was not only affected by the negative trend of the financial markets in Italy and Europe, but also and especially by the extension of the application of the Robin Hood Tax in the second part of year to regulated national energy companies, which involved an increase in the tax rates.
During the year, the stock did however outperform the European utilities sector (Stoxx Europe 600 Utilities -16.6%), confirmation of the interest in companies with solid business fundamentals and long-term visibility of results and cash flows, in spite of increasing country risk and elevated volatility.
In 2011 the Italian MTA (Mercato Telematico Azionario) saw approximately 2.4 billion Snam shares change hands, with average daily exchanges of around 9.3 million shares, a fall compared to the 11.5 million of 2010.

Shareholders

At 31 December 2011, the fully subscribed and paid-up share capital of Snam Rete Gas S.p.A. totalled €3,571,187,994 and consisted of 3,571,187,994 ordinary shares with a nominal value of €1 (3,570,768,494 shares with the same nominal value at 31 December 2010). The increase of €355,000 over 31 December 2010 was due to the issue of 355,000 shares with a nominal value of €1, subscribed by executives entitled to participate in the 2003 and 2004 stock option plans.
At year end, based on entries in the Shareholders' Register and other information gathered, Eni S.p.A. held 52.53% of share capital, Snam Rete Gas S.p.A. held 5.39% in the form of treasury shares in the portfolio, and the remaining 42.08% was held by other shareholders.

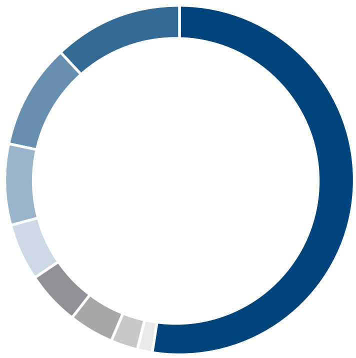
SNAM - COMPARISON OF PRICES OF SNAM, FTSE MIB AND EURO STOXX 600 UTILITIES
(31 December 2010 - 31 December 2011)



Source: Snam calculations using BLOOMBERG data.

SHAREHOLDER BASE OF SNAM BY TYPE OF INVESTOR

11.94% Continental Europe institutions
9.59% Retail investors
7.41% North America institutions
5.39% Treasury shares
4.97% UK & Ireland institutions
4.10% Italy institutions
2.56% Rest of the World institutions
1.51% Banca d'Italia

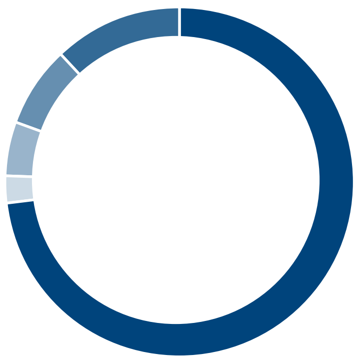


52.53% ENI

SNAM SHAREHOLDER BASE BY GEOGRAPHICAL AREA

11.94% Continental Europe
7.41% USA and Canada
4.97% UK and Ireland
2.56% Rest of the World

(*) The total amount of retail investors and treasury shares in the portfolio is included in the Italian percentage



73.12% Italy (*)

KEY INDICES WHICH INCLUDE SNAM STOCK

FTSE MIB
Stoxx Europe 600
Stoxx Europe 600 Utilities
S&P Europe

SUSTAINABILITY INDICES

FTSE4Good Europe (as of 2002)
FTSE4Good Global (as of 2002)
DJSI World (as of 2009)
ECPI Ethical Europe (as of 2009)
ECPI Ethical Global (as of 2009)
ECPI Ethical EMU (as of 2009)
Stoxx Global ESG Leaders (as of 2011)