

**SNAM S.p.A.**

**ORDINARY SHAREHOLDERS' MEETING OF 27 APRIL 2016**

**ON SINGLE CALL**

**Report of the Board of Directors on the proposals relating to items on the agenda of the Shareholders' Meeting**

**Item 9**

**Appointment of the members of the Board of Statutory Auditors**

Shareholders,

with the Shareholders' Meeting for approving the financial statements as at 31 December 2015, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 26 March 2013 will expire. Pursuant to Article 20 of the Bylaws, the Board of Statutory Auditors is composed of three standing auditors and two alternate auditors, and the Shareholders' Meeting is called upon to appoint the Board of Statutory Auditors based on the list presented by the Shareholders, in which the candidates are listed by progressive number and may not exceed the number of components of the body to be elected. The candidates for the office of statutory auditor must fulfil the requirements of independence provided for in Article 148, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 ("TUF") as well as the honourableness and professionalism required by Decree No. 162 of 30 March 2000, considering subject matters and sectors that strictly pertain to the Company's business as identified in Article 20, paragraph 1, of the Bylaws. The subject matters that strictly pertain to the Company's business are: commercial law, business economics and business finance. The sector strictly pertaining to the Company's business is the engineering and geology sector.

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Furthermore, the statutory auditors must comply with the limit on the cumulation of offices as set by Consob in Article 144-*terdecies* of Regulation No. 11971 of 14 May 1999 (hereinafter "Issuer Regulation").

Under the Bylaws, the appointment also must be made in adherence to the equality of gender representation provision referred to in Law No. 120 of 12 July 2011.

Following the application of that provision, pursuant to Article 20 of the Bylaws, Shareholders, who intend to present a list for the replacement of the Board of Statutory Auditors containing three or more candidates, are asked to include, in the section for standing auditors, such number of candidates belonging to the least represented gender as is equal to at least one third of the candidates (rounding up, if necessary, to the next highest unit) as well as, if the section for alternate auditors indicates two candidates, one of each gender.

The Shareholders are also reminded to consider the independence requirements provided by statutory auditors by the Application Criterion 8.C.1 of Corporate Governance Code approved by Corporate Governance Committee.

For the filing, submission and publication of lists, shall be applied the procedures relating to the appointment of directors by voting list, pursuant to Article 20, paragraph 3, in conjunction with Article 13, paragraph 3, of the Bylaws, in addition to the provisions of the Issuer Regulation. In particular, only Shareholders who, alone or jointly with others, represent at least 0,5% of the shares with voting entitlement in an Ordinary Shareholders' Meeting may submit lists (see Consob Resolution no. 19499 of 28 January 2016).

The lists presented must be filed with the Company's registered office by 2 April 2016.

In the event a sole list, or lists submitted by shareholders with relationships of affiliation between themselves pursuant to article 144-*quinquies* of Issuer Regulation, is filed at the indicated deadline, additional lists can be submitted up to the third day following the original

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expiry date, without prejudice to Article 147-*ter*, paragraph 1-*bis*, last part, of TUF. In this case the above mentioned threshold is reduced by half.

The lists may be sent by mail or delivered to the following address:

Snam S.p.A.

Direzione Affari Legali, Societari e Compliance (April 2016 Shareholders' Meeting Lists for appointment of Board of Directors and Board of Statutory Auditors)

Piazza Santa Barbara, 7

20097 San Donato Milanese (MI) – Italy

or by fax to the Direzione Affari Legali, Societari e Compliance of Snam, +39 0237037631 or by e-mail to [segreteria societaria@snam.it](mailto:segreteria societaria@snam.it) or by certified e-mail to [snam.assemblea@pec.snam.it](mailto:snam.assemblea@pec.snam.it).

The lists must be accompanied by the following under penalty of inadmissibility:

- information on the identities of the shareholders presenting the lists, including the overall equity percentage held;
- statement from shareholders who do not hold, even jointly, a controlling or relative majority stake, certifying as to the absence of links, as provided for in Article 144-*quinquies* of the Issuer Regulation, with such others;
- the acceptance of the candidacy, exhaustive information about the personal and professional characteristics of the candidates and a statement by them certifying that they fulfil the requirements provided for by law and the Bylaws, with reference as well to Article 2, paragraph 2, letter c), of the Prime Ministerial Decree of 25 May 2012 and to the rules of the Issuer Regulation relating to limits on the cumulation of offices.

The Shareholders are also asked to consider the recommendations made by Consob on links between “majority” and “minority” shareholders’s lists contained in Communication No.

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DEM/9017893 of 26 February 2009 concerning the appointment of members of boards of directors and statutory auditors.

Pursuant to Article 2400, last paragraph, of the Italian Civil Code, at the time of the appointment and before accepting the office, the shareholders' meeting must be informed as to posts on the boards of directors and of statutory auditors held by the Statutory Auditors at other companies. Candidates with such posts are asked to include the pertinent list in their CVs, with the recommendation that they make sure that these are updated to the day when the shareholders' meeting is actually held.

The lists filed, accompanied by the information mentioned above, are to be made available to the public at the registered office, at the Company's web site [www.snam.it](http://www.snam.it) ("Governance and Conduct" – "Shareholders' Meeting" Section), at Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), as well as at the authorised storage system "NIS-STORAGE" managed by Bit Market Service S.p.A. ([www.emeraketstorage.com](http://www.emeraketstorage.com)), by 6 April 2016.

The holding of the minimum quota necessary for presenting the lists is determined in consideration of the shares registered in the Shareholder's name on the date on which lists are filed at the Company. The pertinent certification may be presented even after the filing of lists, provided that it is completed by 6 April 2016. The lists are broken into two sections: the first for candidates to the office of standing auditor, the second for candidates to the office of alternate auditor. At least the first candidate in each section must be included in the register of legal auditors and must have a minimum of three years' experience as an auditor.

Two standing auditors and one alternate auditor are taken from the list that wins the majority of the votes. The other standing auditor and the other alternate auditor are appointed in accordance with the procedures of Article 13, paragraph 5, letter b), of the Bylaws, which shall be applied separately to each of the sections into which the other lists are broken down.

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On the basis of the Board of Directors' proposal related to item 10 on the Agenda, the first candidate on the minority shareholders' list who obtains the greatest number of votes is to be proposed for the post of Chairman of the Board of Statutory Auditors.

If according to the above mentioned procedure it is not possible to ensure the compliance with the law on gender representation for the standing auditors, the quotient of votes to be attributed to each candidate taken from the standing auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same standing auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor he/she has just been replaced by). If this procedure fails to ensure the compliance with the law on gender representation, the candidate is replaced by the person appointed by the Shareholders' Meeting with the majority of votes set by the law, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and with the Bylaws. Where candidates from different lists have obtained the same quotient, the candidate from the list from which the greater number of Statutory Auditors has been taken shall be replaced, or, if these numbers of Statutory Auditors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced.

For the appointment of Statutory Auditors not appointed for any reason according to the above mentioned procedures, the Shareholders' Meeting shall resolve by statutory majority so as to

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ensure that the composition of the Board of Statutory Auditors complies both with the law and the Bylaws.

The statutory auditors shall hold office for three financial years and, in any event, up to the date of the Shareholders' Meeting that will be called for approving the financial statements as at 31 December 2018.

Dear Shareholders,

You are invited to vote for one of the lists presented and announced pursuant to the provisions of the Bylaws.

The Chairman of the Board of Directors

Mr. Lorenzo Bini Smaghi