





## Balance sheet

(in €)	Notes	31.12.2014		31.12.2015	
		Total	of which with related parties	Total	of which with related parties
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	(6)	1,703,660		670,700	
Trade and other receivables	(7)	2,873,278,786	2,860,933,979	3,275,686,795	3,263,465,160
Current income tax assets	(8)	16,136,430		28,516,005	
Other current tax assets	(8)	2,105,335		1,710,737	
Other current assets	(9)	12,310,429	3,079	12,764,991	2,308
		<b>2,905,534,640</b>		<b>3,319,349,228</b>	
<b>Non-current assets</b>					
Property, plant and equipment	(10)	3,545,204		2,899,945	
Intangible assets	(11)	14,464,617		18,256,710	
Investments in subsidiaries, associates and joint ventures	(12)	8,694,864,580		8,692,473,666	
Other receivables	(7)	9,371,265,285	9,370,998,573	8,768,846,997	8,768,580,449
Prepaid tax assets	(13)	8,837,416		7,691,351	
Other non-current assets	(9)	30,261,069	377,460	25,666,523	320,776
		<b>18,123,238,171</b>		<b>17,515,835,192</b>	
<b>TOTAL ASSETS</b>		<b>21,028,772,811</b>		<b>20,835,184,420</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Short-term financial liabilities	(14)	1,057,940,510	12,939,487	1,354,046,029	31,117,974
Short-term portion of long-term financial liabilities	(14)	998,799,056		1,377,499,608	
Trade and other payables	(15)	150,574,484	77,492,460	131,580,112	68,024,942
Current income tax liabilities	(8)	158,230		502,522	
Other current tax liabilities	(8)	3,651,703		35,350,225	
Other current liabilities	(16)	3,257,115		3,670,690	
		<b>2,214,381,098</b>		<b>2,902,649,187</b>	
<b>Non-current liabilities</b>					
Long-term financial liabilities	(14)	11,882,811,515		11,060,308,137	
Provisions for risks and charges	(17)	4,265,873		4,470,718	
Provisions for employee benefits	(18)	19,375,797		19,326,666	
Other non-current liabilities	(16)	22,783,578		13,296,490	
		<b>11,929,236,763</b>		<b>11,097,402,011</b>	
<b>TOTAL LIABILITIES</b>		<b>14,143,617,861</b>		<b>14,000,051,198</b>	
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	(19)	3,696,851,994		3,696,851,994	
Reserves		2,722,593,690		2,318,366,328	
Net profit		470,470,318		824,675,952	
Treasury shares		(4,761,052)		(4,761,052)	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,885,154,950</b>		<b>6,835,133,222</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>21,028,772,811</b>		<b>20,835,184,420</b>	



## Income statement

(in €)	Notes	2014		2015	
		Total	of which with related parties	Total	of which with related parties
<b>REVENUE</b>	(21)				
Core business revenue		196,250,487	184,422,084	198,388,959	185,656,347
Other revenue and income		1,064,598	399,884	256,697	103,946
		<b>197,315,085</b>		<b>198,645,656</b>	
<b>OPERATING COSTS</b>	(22)				
Purchases, services and other costs		(142,849,744)	(14,368,466)	(129,024,806)	(13,830,606)
Personnel cost		(68,260,881)	(13,720,175)	(67,864,728)	(10,485,403)
		<b>(211,110,625)</b>		<b>(196,889,534)</b>	
<b>AMORTIZATION, DEPRECIATION AND IMPAIRMENT</b>	(23)	<b>(4,532,690)</b>		<b>(5,647,250)</b>	
<b>OPERATING PROFIT</b>		<b>(18,328,230)</b>		<b>(3,891,128)</b>	
<b>FINANCIAL INCOME (EXPENSES)</b>	(24)				
Financial income		384,698,839	384,490,755	355,817,714	355,515,090
Income from derivative contracts		196,578			
Financial expenses		(434,903,935)	(2,741,920)	(395,413,299)	(481,867)
Losses from derivative contracts		(29,559)		(378,042)	
		<b>(50,038,077)</b>		<b>(39,973,627)</b>	
<b>INCOME (EXPENSE) ON EQUITY INVESTMENTS</b>	(25)	<b>536,533,262</b>		<b>875,311,946</b>	
<b>PRE-TAX PROFIT</b>		<b>468,166,955</b>		<b>831,447,191</b>	
Income tax paid	(26)	2,303,363		(6,771,239)	
<b>NET PROFIT</b>		<b>470,470,318</b>		<b>824,675,952</b>	

## Statement of comprehensive income

(€ million)	Notes	2014	2015
<b>Net profit</b>		<b>470</b>	<b>825</b>
<b>Other components of comprehensive income</b>			
<b>Components that can be reclassified to the income statement:</b>			
Change in fair value of cash flow hedging derivatives (effective portion)		(3)	
Tax effect		1	
		<b>(2)</b>	
<b>Components that cannot be reclassified to the income statement:</b>			
Actuarial (losses) / gains on remeasurement of defined-benefit plans for employees		(2)	
Tax effect		1	
		<b>(1)</b>	
<b>Total other components of comprehensive income, net of tax effect</b>		<b>(3)</b>	
<b>Total comprehensive income for the period</b>	(19)	<b>467</b>	<b>825</b>

## Statement of changes in shareholders' equity

(€ million)	Share capital	Share premium reserve	Legal reserve	Reserve for fair value of cash flow hedging derivatives net of tax effect	Other reserves	Retained earnings	Net profit for the year	Treasury shares	Interim dividend	Total
<b>Balance at 31 December 2013 (a)</b>	3,571	1,322	714	(1)	1	473	705	(7)	(338)	6,440
<b>Profit for 2014</b>							470			470
<b>Other components of comprehensive income</b>										
<i>Components that can be reclassified to the income statement:</i>										
- Change in fair value of cash flow hedge derivatives				(2)						(2)
<i>Components that cannot be reclassified to the income statement:</i>										
- Actuarial losses on remeasurement of defined-benefit plans for employees					(1)					(1)
<b>Total comprehensive income for 2014 (b)</b>				(2)	(1)		470			467
<b>Transactions with shareholders</b>										
- Allocation of 2013 dividend (€0.15 per share as the balance of the 2013 interim dividend of €0.10 per share)						(140)	(705)		338	(507)
- 2013 interim dividend	126	376								502
- Shares disposed of for stock option plans		2			(2)			2		2
<b>Total transactions with shareholders (c)</b>	126	378			(2)	(140)	(705)	2	338	(3)
<b>Other changes in shareholders' equity (d)</b>					(19)					(19)
<b>Balance at 31 December 2014 (e=a+b+c+d)</b>	3,697	1,700	714	(3)	(1)	(20)	470	(5)		6,885

(€ million)	Share capital	Share premium reserve	Legal reserve	Reserve for fair value of cash flow hedging derivatives net of tax effect	Reserve for defined-benefit plans for employees net of tax effect	Other reserves	Retained earnings	Net profit for the year	Treasury shares	Total
<b>Balance at 31 December 2014 (a)</b> (Note 19)	3,697	1,700	714	(3)	(1)	(20)	333	470	(5)	6,885
<b>Profit for 2015</b>								825		825
<b>Other components of comprehensive income</b>										
<b>Components that can be reclassified to the income statement:</b>										
- Change in fair value of cash flow hedge derivatives										
<b>Components that cannot be reclassified to the income statement:</b>										
- Actuarial losses on remeasurement of defined-benefit plans for employees										
<b>Total comprehensive income for 2015 (b)</b>								825		825
<b>Transactions with shareholders</b>										
- Reclassification to legal reserve		(25)	25							
- Allocation of dividend for 2014 (€0.25 per share)		(72)					(333)	(470)		(875)
<b>Total transactions with shareholders (c)</b>		(97)	25				(333)	(470)		(875)
<b>Balance at 31 December 2015 (e=a+b+c)</b> (Note 19)	3,697	1,603	739	(3)	(1)	(20)		825	(5)	6,835



## Cash flow statement

(€ million)	Notes	2014	2015
Net profit		470	825
Adjustments for reconciling net profit with cash flows from operating activities:			
Total depreciation and amortization	(23)	4	5
Dividends and other income from equity investments	(25)	(536)	(875)
Interest income		(385)	(355)
Interest expense		385	372
Income tax paid	(26)	(2)	6
Changes in working capital:			
- Trade receivables		(13)	13
- Trade payables		2	(6)
- Provisions for risks and charges		(1)	
- Other assets and liabilities		27	4
<i>Working capital cash flows</i>		15	11
Change in provisions for employee benefits		2	
Dividends and other income from equity investments collected		548	874
Interest collected		385	355
Interest paid		(385)	(372)
Income taxes paid net of reimbursed tax credits		40	(22)
<b>Net cash flow from operating activities</b>		<b>541</b>	<b>824</b>
- of which with related parties	(27)	536	506
Investments:			
- Property, plant and equipment		(2)	(1)
- Intangible assets		(5)	(8)
- Equity investments		(23)	(144)
- Financial receivables held for operations		(703)	(1,173)
- Change in payables and receivables relating to investments			(1)
<i>Cash flow from investments</i>		<i>(733)</i>	<i>(1,327)</i>
Divestments:			
- Equity investments		7	147
- Financial receivables held for operations		295	1,449
<i>Cash flow from divestments</i>		<i>302</i>	<i>1,596</i>
<b>Net cash flow from investment activities</b>		<b>(431)</b>	<b>269</b>
- of which with related parties	(27)	(411)	261
Assumption of long-term financial debt		2,970	1,167
Repayment of long-term financial debt		(1,473)	(1,618)
Increase (decrease) in short-term financial debt		(889)	296
Decrease (increase) in financial receivables not held for operations		(213)	(64)
		395	(219)
Net equity capital injections		2	
Dividends paid to Snam shareholders		(507)	(875)
<b>Net cash flow from financing activities</b>		<b>(110)</b>	<b>(1,094)</b>
- of which with related parties	(27)	(311)	(46)
<b>Net cash flow for the period</b>			<b>(1)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	(6)	<b>2</b>	<b>2</b>
<b>Cash and cash equivalents at the end of the period</b>	(6)	<b>2</b>	<b>1</b>



## Notes to the financial statements

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### Company information

Snam S.p.A. is an industrial holding company listed on the Milan stock exchange. It heads up the Snam Group and holds 100% of the share capital of operating companies Snam Rete Gas S.p.A., GNL Italia S.p.A., Stogit S.p.A. and Italgas S.p.A., which are responsible for managing and developing the natural gas transportation, regasification, storage and distribution segments, respectively. Since July 2014, Snam S.p.A. has held 100% of the share capital of Gasrule Insurance Limited, an insurance company based in Dublin. Snam operates in Europe's major energy corridors through agreements and equity investments with the leading industry players. Snam S.p.A. is also responsible for the strategic planning, management, coordination and control of its subsidiaries.

Shareholder CDP S.p.A. declared, with effect from the financial statements as at 31 December 2014, that it had de facto control over Snam S.p.A. within the meaning of international accounting standard IFRS 10 - "Consolidated Financial Statements". No management and coordination activity has been formalized or exercised.

As of 31 December 2015, CDP S.p.A. holds, through CDP Reti S.p.A.<sup>1</sup> and CDP GAS S.r.l.<sup>2</sup>, 28.98% and 1.12% respectively of Snam S.p.A.'s share capital.

### 1) Basis of presentation

The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to the procedure under Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and to Article 9 of Legislative Decree 38/2005. The IFRSs also include the International Accounting Standards (IASs) as well as the interpretative documents still in force issued by the IFRS Interpretation Committee (IFRS IC), including those previously issued by the IFRS Interpretation Committee (IFRIC), and by the Standing Interpretations Committee (SIC) before that. For simplicity, all of the aforementioned standards and interpretations will hereafter be referred to as "IFRS" or "International Accounting Standards".

The financial statements are prepared in consideration of future continuing business using the historical cost method, taking into account value adjustments where appropriate, with the exception of the items which, according to IFRS, must be measured at fair value.

The financial statements at 31 December 2015, approved by the Snam S.p.A. Board of Directors at its meeting held on 16 March 2016, have been audited by Reconta Ernst & Young S.p.A.

The financial statements are presented in euro. The Balance sheet and Income statement are presented in euro, while the Statement of comprehensive income, the Statement of changes in shareholders' equity and the Cash flow statement are presented in millions of euro. The comments in the Notes to the financial statements are presented in millions of euro, taking into account the significance of the amounts.

### 2) Measurement criteria

The measurement criteria are the same as those adopted to prepare the consolidated annual report, which should be referred to for the details, with the exception of the recognition and measurement of equity investments in subsidiaries, joint ventures and associates, which are measured at acquisition cost.

Subsidiaries are companies over which the Company has the right to directly or indirectly exercise control, as defined in IFRS 10 - "Consolidated Financial Statements". Specifically, control exists where the controlling entity simultaneously:

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<sup>1</sup> CDP S.p.A. holds 59.10%.

<sup>2</sup> Company wholly owned by CDP S.p.A.

- has the power to make decisions concerning the investee entity;
- is entitled to receive a share of or is exposed to the variable profits and losses of the investee entity;
- is able to exercise power over the investee entity in such a way as to affect the amount of its economic returns.

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The proof of control must be verified on an ongoing basis by the Company, with a view towards identifying all the facts or circumstances that may imply a change in one or more of the elements on which the existence of control over an investee entity depends.

A joint venture is a joint arrangement in which the parties that hold joint control have rights to the net assets subject to the arrangement and, therefore, have an interest in the jointly controlled corporate vehicle.

An associate is an investee company in relation to which the investor holds significant influence or the power to participate in determining financial and operating policies, but does not have control or joint control. It is assumed that the investor has significant influence (unless there is proof to the contrary) if it holds, directly or indirectly through subsidiaries, at least 20% of the exercisable voting rights.

Subsidiaries, joint ventures, associates and other equity investments are indicated separately in the appendix “Subsidiaries, associates and equity investments of Snam S.p.A. at 31 December 2015”, which is an integral part of these notes.

If there are objective indicators of impairment, the recoverability of the book value is checked by comparing it with the recoverable amount, represented by the higher of fair value (net of selling costs) and value in use, determined by adopting the criteria specified in the “Impairment of non-current non-financial assets” section of the Notes to the consolidated financial statements. Value in use is generally determined within the limits of the corresponding portion of shareholders' equity of the investee company as set forth in the consolidated financial statements. The parent company's share of any losses of the investee company, greater than the investment's book value, is recognized in a special provision to the extent that the parent company is committed to fulfilling its legal or implied obligations to the subsidiary/associate, or, in any event, to covering its losses. When the reasons for the impairment losses carried out no longer apply, the book value of equity investments accounted for at cost is restored up to the amount of the impairment losses applied with the impact posted to the income statement under “Income (expense) on equity investments”.

Dividends are recognized at the date of the resolution passed by the Shareholders' Meeting, unless it is not reasonably certain that the shares will be sold before the ex-dividend date. Dividends approved by subsidiaries or joint ventures are posted to the income statement when approved, even if they derive from the distribution of profit reserves generated prior to the acquisition of the equity investment. The distribution of these profit reserves represents an event that leads to the presumption of a loss of value and, therefore, makes it necessary to check for the recoverability of the equity investment's book value. On the other hand, the distribution of a capital reserve represents a repayment of capital, with no impact on the income statement.

### 3) Financial statements<sup>3</sup>

The formats adopted for the preparation of the financial statements are consistent with the provisions of IAS 1 - “Presentation of financial statements” (hereinafter “IAS 1”). In particular:

- the balance sheet items are broken down into assets and liabilities, and then further into current or non-current items;
- the income statement classifies costs by type, since this is deemed to be the best way of representing the Company's operations and is in line with international best practice;
- the statement of comprehensive income shows the profit or loss in addition to the income and expense recognized directly in shareholders' equity as expressly provided for by the IFRS;
- the statement of changes in shareholders' equity reports the total income (expense) for the financial year, shareholder transactions and the other changes in shareholders' equity;

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<sup>3</sup> The financial statements are the same as those adopted for the 2014 Annual Report.



- the cash flow statement is prepared using the “indirect” method, adjusting the profit for the year of non-monetary components.

It is believed that these statements adequately represent the Company’s situation with regard to its balance sheet, income statement and financial position.

Moreover, pursuant to Consob Resolution No. 15519 of 28 July 2006, any income and expense from non-recurring operations is shown separately in the income statement.

With regard to the same Consob Resolution, the balances of receivables/payables and transactions with related parties, described in more detail in Note 27 – “Related-party transactions”, are shown separately in the financial statements.

In compliance with IAS 1, unless otherwise stated, comparative data refer to the previous year.

#### 4) Use of estimates

With regard to the use of accounting estimates, please refer to Note 5 “Use of estimates” in the Notes to the consolidated financial statements.

#### 5) Recently issued accounting standards

With regard to recently issued accounting standards, please refer to Note 6 “Recently issued accounting standards” in the Notes to the consolidated financial statements.

#### 6) Cash and cash equivalents

*Cash and cash equivalents*, totalling €1 million (€2 million at 31 December 2014), regard current account credit balances at credit institutions.

The book value of cash and cash equivalents approximates to their fair value. They are not subject to any usage restrictions. A comprehensive analysis of the financial situation and major cash commitments during the year can be found in the cash flow statement.

#### 7) Trade receivables and other current and non-current receivables

*Trade receivables and other current and non-current receivables*, amounting to €12,044 million (€12,244 million at 31 December 2014) break down as follows:

(€ million)	31.12.2014			31.12.2015		
	Current	Non-current	Total	Current	Non-current	Total
Trade receivables	100		100	87		87
Financial receivables	2,718	9,371	12,089	3,108	8,769	11,877
- held for operations	870	9,371	10,241	1,196	8,769	9,965
- not held for operations	1,848		1,848	1,912		1,912
Other receivables	55		55	80		80
	<b>2,873</b>	<b>9,371</b>	<b>12,244</b>	<b>3,275</b>	<b>8,769</b>	<b>12,044</b>

Trade receivables of €87 million (€100 million at 31 December 2014) comprise primarily the provision of services rendered to subsidiaries (€75 million).

Financial receivables held for operations (€9,965 million; €10,241 million at 31 December 2014) regard receivables for loans granted to the subsidiaries (€9,887 million) and Snam’s takeover of the Shareholders’ Loan (€78 million) granted to the associate Trans Adriatic Pipeline AG (TAP) as part of contractual agreements relating to the acquisition of a shareholding in the company on 17 December 2015.

Receivables from subsidiaries (€9,887 million) refer to Snam Rete Gas S.p.A. (€6,667 million; €7,232 million at 31 December 2014), Stocaggi Gas Italia S.p.A. (€1,778 million; €1,684 million at 31 December 2014) and Italgas S.p.A. (€1,442 million; €1,325 million at 31 December 2014).

Financial receivables held for operations (€9,965 million; €10,241 million at 31 December 2014) maturing within the year amount to €1,196 million (€870 million at 31 December 2014), maturing between one and five



years amount to €4,874 million (€5,570 million at 31 December 2014) and maturing in more than five years amount to €3,895 million (€3,801 million at 31 December 2014).

Financial receivables not held for operations (€1,912 million; €1,848 million at 31 December 2014) regard short-term financial receivables due from subsidiaries deriving from current accounts, governed by specific treasury agreements entered into by Snam S.p.A. and the subsidiaries. Receivables refer to Snam Rete Gas S.p.A. (€1,199 million; €751 million at 31 December 2014), Stogit S.p.A. (€281 million; €368 million at 31 December 2014), Italgas S.p.A. (€212 million; €262 million at 31 December 2014), Napoletana Gas S.p.A. (€103 million; €113 million at 31 December 2014), AES S.p.A. (€95 million; €119 million at 31 December 2014) and GNL Italia S.p.A. (€22 million; €19 million at 31 December 2014).

Financial receivables not held for operations increased by €64 million due to a rise in net utilizations of current accounts available to the subsidiaries (+€280 million) connected, in particular, to the liability management operation<sup>4</sup>. These effects were partially offset by the closure and simultaneous repayment to Snam of the Shareholders' Loan (-€216 million) disbursed by Snam to the company under joint control, TAG, during the refinancing of TAG's entire debt with the banking industry.

Other receivables of €80 million (€55 million at 31 December 2014) break down as follows:

(€ million)	31.12.2014	31.12.2015
Due from subsidiaries for Group VAT	36	49
IRES receivables for the national tax consolidation scheme	18	29
Other receivables	1	2
	55	80

IRES receivables for the national tax consolidation scheme (€29 million) concern: (i) IRES receivables from group companies (€16 million, compared with €6 million at 31 December 2014); (ii) receivables from the former parent company, Eni, of €13 million (€12 million at 31 December 2014), relating to the IRES refund request resulting from the partial IRAP deduction relating to tax years 2004 to 2007 (pursuant to Article 6 of Decree-Law 185 of 28 November 2008, converted into Law 2 of 28 January 2009) and tax years 2007 to 2011 (pursuant to Decree-Law 201/2011).

The market value of trade and other receivables is analyzed in Note 20, "Guarantees, commitments and risks". All receivables are in Euros. Receivables from related parties are described in Note 27 "Related-party transactions".

Trade receivables are due within the subsequent year and do not present past-due balances of significant amounts. Specific information on credit risk can be found in Note 20 "Guarantees, commitments and risks – Financial risk management – Credit risk".

<sup>4</sup> For further information on the transaction carried out in November 2015, please refer to Note 14 "Short-term financial liabilities, long-term financial liabilities and short-term portions of long-term financial liabilities".

## 8) Current income tax assets/liabilities and other current tax assets/liabilities

Current income tax assets/liabilities and other current tax assets/liabilities break down as follows:

(€ million)	31.12.2014	31.12.2015
<b>Current income tax assets</b>	<b>16</b>	<b>28</b>
- IRES	16	16
- Tax credits on withholding tax on foreign dividends		12
<b>Other current tax assets</b>	<b>2</b>	<b>2</b>
- VAT	1	1
- Other taxes	1	1
	<b>18</b>	<b>30</b>
<b>Current income tax liabilities</b>		<b>(1)</b>
- IRES		(1)
<b>Other current tax liabilities</b>	<b>(4)</b>	<b>(35)</b>
- VAT	(2)	(33)
- IRPEF withholdings for employees	(2)	(2)
	<b>(4)</b>	<b>(36)</b>

Current income tax assets, amounting to €28 million (€16 million at 31 December 2014) mainly refer to IRES receivables for higher tax payments on account made (€16 million) and tax receivables for withholdings on foreign dividends (€12 million).

Other current tax liabilities, amounting to €35 million (€4 million at 31 December 2014) mainly refer to payables to the tax authorities for Group VAT for December 2015 (€33 million).

Taxes pertaining to the year under review are shown in Note 26 - "Income taxes", to which reference is made.

## 9) Other current and non-current assets

Other current assets, which amount to €12 million (unchanged from 31 December 2014) and other non-current assets of €26 million (€30 million at 31 December 2014) break down as follows:

(€ million)	31.12.2014			31.12.2015		
	Current	Non-current	Total	Current	Non-current	Total
Market value of derivative financial instruments	1	5	6	3	5	8
Other assets:						
- Prepayments	11	25	36	9	21	30
	<b>12</b>	<b>30</b>	<b>42</b>	<b>12</b>	<b>26</b>	<b>38</b>

The market value of derivatives outstanding at 31 December 2015 is as follows:

(€ million)	31.12.2014			31.12.2015		
	Current	Non-current	Total	Current	Non-current	Total
<b>Other assets</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>8</b>
Fair value hedging derivatives						
- Fair value interest rate hedging derivatives	1	5	6	1	5	6
- Accrued income on derivatives				2		2
<b>Other liabilities</b>	<b>(1)</b>	<b>(9)</b>	<b>(10)</b>		<b>(1)</b>	<b>(1)</b>
Cash flow hedging derivatives						
- Fair value exchange rate hedging derivatives		(9)	(9)		(1)	(1)
- Accrued expenses on derivatives	(1)		(1)			

The assets arising from the market-value measurement of fair value hedging derivatives (€8 million) refer to an interest rate swap (IRS) entered into in 2014. The IRS is used to hedge against fluctuations in the fair value of a fixed-rate liability arising from a €500 million long-term bond issue. The eight-year bond has a maturity



date of 21 April 2023 and a fixed annual coupon of 1.5%. The IRS has converted the fixed-rate liability into an equivalent floating-rate liability benchmarked to the 12-month Euribor +0.5645%.

The main characteristics of the derivative in question are summarized in the table below:

(€ million)

Type of derivative	Contract start date	Maturity date	Residual term (years)	Interest rate purchased	Interest rate sold	Nominal value at 31/12/2014	Nominal value at 31/12/2015	Market value at 31/12/2014	Market value at 31/12/2015
Interest rate swap	22.10.2014	21.04.2023	7.3	12-month Euribor + 0.5645%	1.5	500	500	6	8

The liabilities arising from the market-value measurement of cash flow hedging derivatives (€1 million) refer to a cross-currency swap (CCS) entered into in 2013. The CCS is used to hedge against fluctuations in the exchange rate of a ¥10 billion long-term bond issue. The six-year bond has a maturity date of 25 October 2019 and a half-yearly coupon with an annual fixed rate of 1.115%. The CCS has converted the fixed-rate, foreign-currency liability into an equivalent liability in Euro with a fixed annual rate of 2.717%.

The main characteristics of the derivative in question are summarized in the table below:

(€ million)

Type of derivative	Contract start date	Maturity date	Residual term (years)	JPY/EUR exchange rate purchased	JPY/EUR exchange rate sold	Nominal value (*) at 31/12/2014	Nominal value (*) at 31/12/2015	Market value at 31/12/2014	Market value at 31/12/2015
Cross-currency swap	25.10.2013	25.10.2019	3.8	133.98	138.2	75	75	(10)	(1)

(\*) Equal to a value of ¥10 billion at an exchange rate of ¥133.98/€.

In relation to such contract, the Company agrees with its counterparties on the exchange of two capital flows (at the time of entering into the contract and upon the maturity of the underlying financial instrument) and periodic interest flows (on the same dates provided for the hedged item) denominated in different currencies at a predetermined exchange rate.

The fair value of hedging derivatives and their classification as a current or non-current asset/liability have been determined based on generally accepted financial measurement models and market parameters at the end of the year.

Information on the risks being hedged by the derivatives and on policies adopted by the Company to hedge against these risks is provided in Note 20 - "Guarantees, commitments and risks - Management of financial risks".

The item "Other assets" (€30 million; €36 million at 31 December 2014) consists entirely of prepayments relating to up-front fees and the substitute tax on revolving credit lines<sup>5</sup>. The current portion amounts to €9 million (€11 million at 31 December 2014) while the non-current portion totals €21 million (€25 million at 31 December 2014).

## 10) Property, plant and equipment

Property, plant and equipment, which amounts to €3 million (€4 million at 31 December 2014), breaks down as follows:

31.12.2014

<sup>5</sup> Upfront fees and the substitute tax are to be regarded as "transaction costs" pursuant to IAS 39 – "Financial Instruments: Recognition and Measurement"; the related charges are spread over the expected life of the financial instrument.



(€ million)	Plant and equipment	Industrial and commercial equipment	Other assets	Non-current assets under construction and payments on account	Total
<b>Cost at 31/12/2013</b>	1		12		13
Investments				2	2
Disposals			(8)		(8)
Other changes and	(1)	1	1	(1)	
<b>Cost at 31/12/2014</b>		1	5	1	7
<b>Provisions for depreciation at 31/12/2013</b>			(10)		(10)
Total depreciation			(1)		(1)
Disposals			8		8
<b>Provisions for depreciation at 31/12/2014</b>			(3)		(3)
<b>Net balance at 31/12/2013</b>	1				3
<b>Net balance at 31/12/2014</b>		1	2	1	4

(€ million)	31.12.2015				Total
	Industrial and commercial equipment	Other assets	Non-current assets under construction and payments on account		
<b>Cost at 31/12/2014</b>	1	5	1		7
Investments			1		1
Other changes		1	(2)		(1)
<b>Cost at 31/12/2015</b>	1	6			7
<b>Provisions for depreciation at 31/12/2014</b>		(3)			(3)
Total depreciation		(1)			(1)
<b>Provisions for depreciation at 31/12/2015</b>		(4)			(4)
<b>Net balance at 31/12/2014</b>	1	2	1		4
<b>Net balance at 31/12/2015</b>	1	2			3

Depreciation for the year (€1 million) refers to economic and technical depreciation determined on the basis of the useful life of the assets or their remaining possible use by the Company.

Depreciation, impairment losses and reversals of impairment recorded during the year are recognized in the income statement under components of operating profit.

The Company's property, plant and equipment are not collateralized.

Contractual commitments to purchase property, plant and equipment, and to provide services related to the construction thereof, are reported in Note 20 - "Guarantees, commitments and risks".

## 11) Intangible assets

*Intangible assets*, which amount to €18 million (€14 million at 31 December 2014), break down as follows:

31.12.2014



(€ million)	Finite useful life		Total
	Industrial patent rights and intellectual property rights	Non-current assets under construction and payments on account	
<b>Cost at 31/12/2013</b>	44	2	46
Investments		5	5
Other changes	4	(5)	(1)
<b>Cost at 31/12/2014</b>	48	2	50
<b>Provisions for amortization at 31/12/2013</b>	(33)		(33)
Total amortisation	(3)		(3)
<b>Provisions for amortization at 31/12/2014</b>	(36)		(36)
<b>Net balance at 31/12/2013</b>	11	2	13
<b>Net balance at 31/12/2014</b>	12	2	14

(€ million)	31.12.2015		Total
	Industrial patent rights and intellectual property rights	Non-current assets under construction and payments on account	
<b>Cost at 31/12/2014</b>	48	2	50
Investments		8	8
Other changes	7	(7)	
<b>Cost at 31/12/2015</b>	55	3	58
<b>Provisions for amortization at 31/12/2014</b>	(36)		(36)
Total amortization	(4)		(4)
<b>Provisions for amortization at 31/12/2015</b>	(40)		(40)
<b>Net balance at 31/12/2014</b>	12	2	14
<b>Net balance at 31/12/2015</b>	15	3	18

Industrial patent rights and intellectual property rights of €15 million (€12 million at 31 December 2014) concern information systems and applications.

Investments (€8 million) essentially regard software user licences.

Amortization for the year (€4 million) refers to economic and technical amortization determined on the basis of the finite useful life of the intangible assets or their remaining possible use by the Company. There are no intangible assets with an indefinite useful life. Amortization, impairment losses and reversals of impairment recorded during the year are recognized in the income statement under components of operating profit.

Intangible assets are not collateralized.

Information regarding contractual commitments to purchase intangible assets and to provide services related to the development thereof is provided in Note 20 - "Guarantees, commitments and risks".

## 12) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures, which amount to €8,693 million (€8,696 million at 31 December 2014), break down as follows:

(€ million)	Balance at 31/12/2014	Acquisitions and subscriptions	Sales and repayments	Balance at 31/12/2015
<b>Equity investments in subsidiaries</b>	<b>7,496</b>			<b>7,496</b>
Italgas S.p.A.	2,966			<b>2,966</b>
Snam Rete Gas S.p.A.	2,849			<b>2,849</b>
Stogit S.p.A.	1,618			<b>1,618</b>
GNL Italia S.p.A.	43			<b>43</b>
Gasrule Insurance Ltd	20			<b>20</b>
<b>Investments in joint ventures</b>	<b>1,200</b>	<b>14</b>	<b>(147)</b>	<b>1,067</b>
TIGF Holding S.A.S.	597		(145)	<b>452</b>
Trans Austria Gasleitung GmbH (TAG)	486	14		<b>500</b>
GasBridge 1 B.V. and GasBridge 2 B.V.	117		(2)	<b>115</b>
<b>Investments in associates</b>		<b>130</b>		<b>130</b>
Trans Adriatic Pipeline AG (TAP)		130		<b>130</b>
	<b>8,696</b>	<b>144</b>	<b>(147)</b>	<b>8,693</b>

Acquisitions and subscriptions (€144 million) refer to: (i) the acquisition by Statoil of 20% of the share capital of Trans Adriatic Pipeline AG (TAP) for a contractual amount of €130 million; (ii) the adjustment for cash of the consideration for the acquisition, completed in December 2014, by CDP GAS of an equity investment in Trans Austria Gasleitung GmbH - TAG (€14 million) to take account of changes in the contractual parameters between the reference date and the acquisition completion date.

Sales and repayments (€147 million) mainly relate to the distribution of an extraordinary dividend, by way of repayment of capital by TIGF Holding SAS (€61 million), and the effects of the entry of a new shareholder into the capital of TIGF Holding SAS (€84 million).





The table below provides the breakdown of subsidiaries, joint ventures and associates, with a comparison between the net book value and the Company's share of shareholders' equity.

(€ million)	Shareholding	Shareholders' equity (last year)	Profit (loss) (last year)	Net Book value 31/12/2015 (A)	Share of shareholders' equity at 31/12/2015 (B)	Difference compared to measurement using equity method (B) - (A)
<b>Equity investments in subsidiaries</b>		<b>8,244</b>	<b>1,183</b>	<b>7,496</b>	<b>8,244</b>	<b>748</b>
Italgas S.p.A.	100%	2,724	339	2,966	2,724	(242)
Snam Rete Gas S.p.A.	100%	4,129	659	2,849	4,129	1,280
Stogit S.p.A.	100%	1,304	184	1,618	1,304	(314)
GNL Italia S.p.A.	100%	67	1	43	67	24
Gasrule Insurance Ltd	100%	20		20	20	
<b>Investments in joint ventures</b>		<b>1,919</b>	<b>159</b>	<b>1,067</b>	<b>1,072</b>	<b>5</b>
TIGF Holding S.A.S.	40.50%	1,102	58	452	446	(6)
Trans Austria Gasleitung GmbH (TAG)	84.47%	555	81	500	495	
GasBridge 1 B.V. and GasBridge 2 B.V.	50%	262	20	115	131	16
<b>Investments in associates</b>		<b>651</b>		<b>130</b>	<b>130</b>	
Trans Adriatic Pipeline AG (TAP)	20%	651		130	130	
		<b>10,814</b>	<b>1,342</b>	<b>8,693</b>	<b>9,446</b>	<b>753</b>

The higher book value of the equity investments in Italgas and Stogit compared to the corresponding shareholders' equities, equal to €242 and €314 million, respectively, derives from the recognition upon completion of the acquisition of the Companies' assets and liabilities acquired with continuity of accounting values. The recoverable amount of those equity investments is estimated with reference to invested capital for regulatory purposes (RAB) recognized by the Authority, adjusted by the net financial position. This amount is higher than the relative cost recognized.

Considering the amount of equity and the profit outlooks resulting from the Company's Plans, no impairment loss was recognized on the value of Snam S.p.A.'s equity investment in TIGF Holding S.A.S., as the book value is €6 million higher than the amount resulting from the application of the equity method.

Equity investments are not collateralized. There are no further restrictions on their availability, with the exception of what is established in the loan agreements.

Subsidiaries, joint ventures and associates are indicated separately in the appendix "Subsidiaries, associates and equity investments of Snam S.p.A. at 31 December 2015", which is an integral part of these notes.



### 13) Prepaid tax assets

Prepaid tax assets amount to €8 million (€9 million at 31 December 2014).

Prepaid taxes break down as follows based on the nature of the temporary differences:

(€ million)	31.12.2015				
	Opening balance	Provisions	Utilizations	Other changes	Final balance
<b>Prepaid tax assets (*)</b>					
Employee benefits	5			(1)	4
Provision for risks and charges and other non-deductible provisions	1				1
Other temporary differences	3	2	(2)		3
	<b>9</b>	<b>2</b>	<b>(2)</b>	<b>(1)</b>	<b>8</b>

(\*) Prepaid tax assets refer exclusively to IRES.

Note 26 "Income taxes" provides information about taxes for the year.

### 14) Short-term financial liabilities, long-term financial liabilities and short-term portions of long-term financial liabilities

Short-term financial liabilities, amounting to €1,354 million (€1,058 million at 31 December 2014), and long-term financial liabilities, including short-term portions of long-term liabilities totalling €12,438 million (€12,882 million at 31 December 2014), break down as follows:

(€ million)	31.12.2014					31.12.2015				
	Short-term financial liabilities	Long-term financial liabilities				Short-term financial liabilities	Long-term financial liabilities			
		Short-term portion	Long-term portion maturing within 5 years	Long-term portion maturing in more than 5 years	Total long-term portion		Short-term portion	Long-term portion maturing within 5 years	Long-term portion maturing in more than 5 years	Total long-term portion
Bank loans	1,045	23	1,168	1,060	2,228	1,323	22	1,178	1,427	2,605
Bonds		975	5,821	3,835	9,656		1,356	4,935	3,520	8,455
Other lenders	13					31				
	<b>1,058</b>	<b>998</b>	<b>6,989</b>	<b>4,895</b>	<b>11,884</b>	<b>1,354</b>	<b>1,378</b>	<b>6,113</b>	<b>4,947</b>	<b>11,060</b>

#### Short-term financial liabilities

Short-term financial liabilities, amounting to €1,354 million (€1,058 million at 31 December 2014), relate mainly to uncommitted variable-rate credit lines (€1,323 million).

The increase compared with 31 December 2014 (€296 million) is mainly due to net utilizations of uncommitted lines of bank credit (€278 million).

There are no short-term financial liabilities denominated in currencies other than the Euro.

The weighted average interest rate on short-term financial liabilities was 0.05% (0.71% for 2014).

#### Long-term financial liabilities and short-term portions of long-term financial liabilities

Long-term financial liabilities, including short-term portions of long-term liabilities, amounted to €12,438 million (€12,882 million at 31 December 2014).



The breakdown of bond loans (€9,811 million), indicating the issuing company, the year of issue, the currency, the average interest rate and the maturity, is provided in the following table.

(€ million)

Issuing company	Issued (year)	Currency	Nominal amount	Adjustments (a)	Balance at 31/12/2015	Rate (%)	Maturity (year)
<b>Euro Medium Term Notes</b>							
SNAM S.p.A. (b)	2012	€	1,200	33	1,233	3.875	2018
SNAM S.p.A. (c)	2012	€	1,250	39	1,289	3.5	2020
SNAM S.p.A. (b)	2012	€	850	39	889	5	2019
SNAM S.p.A. (b)	2012	€	700	14	714	4.375	2016
SNAM S.p.A.	2012	€	1,000	8	1,008	5.25	2022
SNAM S.p.A. (b) (d)	2013	€	1,000	11	1,011	2.375	2017
SNAM S.p.A.	2013	€	500	13	513	3.375	2021
SNAM S.p.A.	2013	€	300		300	3-month Euribor + 0.85	2016
SNAM S.p.A.	2013	€	70	1	71	2.625	2018
SNAM S.p.A. (e)	2013	¥	76		76	1.115	2019
SNAM S.p.A.	2014	€	600	12	612	3.25	2024
SNAM S.p.A.	2014	€	500	2	502	1.5	2019
SNAM S.p.A. (f)	2014	€	500	6	506	12-month Euribor + 0.5645	2023
SNAM S.p.A.	2014	€	150		150	3-month Euribor + 0.65	2016
SNAM S.p.A.	2015	€	250	5	255	1.5	2023
SNAM S.p.A. (b)	2015	€	750	(68)	682	1.375	2023
			<b>9,696</b>	<b>115</b>	<b>9,811</b>		

(a) Includes issue premium/discount, accrued interest and adjustment to the fair value of the bond loan, converted to variable rate through an IRS hedging derivative.

(b) Bond loans subject to the liability management operation.

(c) Bond tapped for an incremental amount of €500 million, with the same interest rate and maturity as the original placement.

(d) Bond tapped for an incremental amount of €250 million, with the same interest rate and maturity as the original placement.

(e) Bond with a nominal value of ¥10 billion, converted into euros through a cross-currency swap (CCS). The indicated nominal value is obtained by converting into Euros at the year-end spot exchange rate.

(f) Fixed-rate bond, converted into variable-rate through an IRS hedging derivative.

The new bond loans (€937 million) relate to: (i) the reopening on 28 January 2015, for an incremental nominal value of €250 million, of a fixed-rate bond loan already in issue, maturing in April 2023 (€255 million); (ii) the liability management operation, which entailed the repurchase of fixed-rate bonds with residual maturity of less than two years for a nominal value of approximately €1.0 billion and the simultaneous issue of a new fixed-rate bond with a nominal value of €750 million (€682 million). The difference between the market value of the repurchased bonds and the value of the new issue was settled by Snam in cash<sup>6</sup>.

Payables for bank loans (€2,627 million) relate to term loans, of which €1,627 million concern European Investment Bank (EIB) funding. In 2015, three variable-rate loans were contracted with the EIB to fund investment projects, for a total nominal amount of €697 million, taken out by Snam Rete Gas (€573 million) and Italgas (€124 million) respectively.

There are no other long-term bank loans denominated in currencies other than the euro.

The weighted average interest rate on bank loans used (excluding loan contracts with the EIB) was 0.40% (1.07% for 2014).

There were no breaches of loan agreements as at the reporting date.

The market value of short- and long-term financial liabilities is reported in Note 20, "Guarantees, commitments and risks".

The Company has unused committed and uncommitted credit lines of €3.95 billion and €0.82 billion, respectively.

<sup>6</sup> For more information about the operation, please see the section "Annual profile – Main events" in the Directors' Report.

### Financial covenants and negative pledge commitments

At 31 December 2015, Snam had medium- and long-term loans from a pool of national and international banks. Some bilateral loan agreements were also entered into with these banks. These medium-/long-term loans are subject, *inter alia*, to the usual covenants imposed in international market practice, e.g. negative pledge, *pari passu* and change of control clauses.

In particular, the syndicated loans and bilateral loans are subject, *inter alia*, to a negative pledge covenant pursuant to which Snam and the Group subsidiaries are subject to limitations in terms of pledging real property rights or other restrictions on all or part of the respective assets, shares or merchandise, and/or documents representing merchandise; this covenant is subject to set expiration dates and to exceptions on restrictions for which the creation and/or existence is explicitly permitted.

At 31 December 2015, Snam also had medium/long-term loans taken out with the European Investment Bank (EIB), the contractual clauses of which are broadly in line with those described above. Exclusively for the EIB loans, the lender has the option to request additional guarantees if Snam's credit rating is downgraded to BBB- (Standard & Poor's/Fitch Ratings Limited) or Baa3 (Moody's) for at least two of the three rating agencies.

At 31 December 2015, the banking financial liabilities subject to these restrictive clauses amounted to approximately €2.6 billion.

Failure to comply with the covenants established for these loans – in some cases only when this non-compliance is not remedied within a set time period – and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Snam's failure to comply and could trigger the early repayment of the relative loan.

Bonds, with a nominal value of €9.7 billion, refer to securities issued under the Euro Medium Term Notes programme. The covenants set for the programme's securities reflect international market practices and relate, *inter alia*, to negative pledge and *pari passu* clauses. Specifically, under the negative pledge clause, Snam and its significant subsidiaries are subject to limitations in relation to the creation or maintenance of restrictions on all or part of their own assets or inflows to guarantee present or future debt, unless this is explicitly permitted.

Failure to comply with these covenants – in some cases only when this non-compliance is not remedied within a set time period – and the occurrence of other events, such as cross-default events, some of which are subject to specific threshold values, may result in Snam's failure to comply and could trigger the early repayment of the relative loan.

As at 31 December 2015, there were no identified events resulting in failure to comply with the aforementioned commitments and covenants.

### Breakdown of net financial debt

The breakdown of net financial debt, showing related-party transactions, is provided in the following table:

(€ million)	31.12.2014			31.12.2015		
	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	2		2	1		1
B. Securities available for sale and held to maturity						
<b>C. Cash (A+B)</b>	<b>2</b>		<b>2</b>	<b>1</b>		<b>1</b>
<b>D. Financial receivables not held for operating activities</b>	<b>1,848</b>		<b>1,848</b>	<b>1,912</b>		<b>1,912</b>
E. Short-term financial liabilities to banks	1,045		1,045	1,323		1,323
F. Long-term financial liabilities to banks	23	2,228	2,251	22	2,605	2,627
G. Bonds	975	9,656	10,631	1,356	8,455	9,811
H. Short-term financial liabilities to related parties	13		13	31		31
I. Long-term financial liabilities to related parties						
L. Other short-term financial liabilities						
M. Other long-term financial liabilities						
<b>N. Gross financial debt (E+F+G+H+I+L+M)</b>	<b>2,056</b>	<b>11,884</b>	<b>13,940</b>	<b>2,732</b>	<b>11,060</b>	<b>13,792</b>
<b>O. Net financial debt (N-C-D)</b>	<b>206</b>	<b>11,884</b>	<b>12,090</b>	<b>819</b>	<b>11,060</b>	<b>11,879</b>

### 15) Trade and other payables

Trade payables and other payables, which amount to €132 million (€151 million at 31 December 2014) comprise the following:

(€ million)	31.12.2014	31.12.2015
Trade payables	64	58
Payables for investment activities	30	29
Other payables	57	45
	<b>151</b>	<b>132</b>

Trade payables of €58 million (€64 million at 31 December 2014) include amounts due to suppliers of €51 million (€60 million at 31 December 2014) and amounts due to subsidiaries of €7 million (€4 million at 31 December 2014).

Payables for investment activities of €29 million (€30 million at 31 December 2014) regard primarily the estimated effects of the price adjustment recognized in connection with the agreement signed when the contract was entered into for the acquisition of the equity investment held in Stogit S.p.A.<sup>7</sup>

<sup>7</sup> More information on commitments assumed can be found in Note 20 "Guarantees, commitments and risks".

Other payables of €45 million (€57 million at 31 December 2014) break down as follows:

(€ million)	31.12.2014	31.12.2015
IRES payables for the national tax consolidation scheme	4	11
Group VAT	1	4
Other payables:	52	30
- Group VAT payments on account	34	15
- Payables to employees	9	8
- Payables to pension and social security institutions	4	4
- Other	5	3
	57	45

Other payables decreased by €12 million compared to 31 December 2014 mainly due to lower payments on account for group VAT (-€19 million), in part offset by higher IRES payables for the national tax consolidation scheme (+€7 million).

Note 27 “Related-party transactions” contains information about payables due to related parties.

The book value of trade payables and other payables, considering the limited time interval between the occurrence of the payable and its maturity, is an approximation of the fair value. The market value of trade and other payables is provided in Note 20 – “Guarantees, commitments and risks – Other information on financial instruments”.

## 16) Other current and non-current liabilities

*Other current liabilities*, which amount to €3 million (unchanged from 31 December 2014) and *other non-current liabilities* of €13 million (€23 million at 31 December 2014) break down as follows:

(€ million)	31.12.2014			31.12.2015		
	Current	Non-current	Total	Current	Non-current	Total
Market value of derivative financial instruments	1	9	10		1	1
Other liabilities:	2	14	16	3	12	15
- Prepaid revenue and income	2	14	16	3	12	15
	3	23	26	3	13	16

Liabilities arising from the market valuation of derivative financial instruments in existence at 31 December 2015, amounting to €1 million (€10 million at 31 December 2014), are detailed in Note 9 – “Other current and non-current assets”.

Prepaid revenue and income (€15 million; €16 million at 31 December 2014) regards the advance payment for the concession to a telecommunications operator of the use of fibre optic cables. The current portion amounts to €3 million (€2 million at 31 December 2014) while the non-current portion totals €12 million (€14 million at 31 December 2014).

## 17) Provisions for risks and charges

Provisions for risks and charges of €5 million (€4 million at 31 December 2014) are analyzed in the table below:

(€ million)	31.12.2014			
	Opening balance	Provisions	Uses	Final balance
			against charges	
Provision for litigation	1	1	(1)	1
Other provisions for risks and charges	4		(1)	3
	5	1	(2)	4

(€ million)	31.12.2015			
	Opening balance	Provisions	Uses	Final balance
			against charges	
Provision for litigation	1			1
Other provisions for risks and charges	3	2	(1)	4
	4	2	(1)	5

The provision for litigation (€1 million; unchanged from 31 December 2014) included costs which the Company has estimated it will incur for existing lawsuits.

Other provisions of €4 million (unchanged from 31 December 2014) concern social security contributions correlated with long-term benefits connected with deferred cash incentive plans and long-term cash incentive plans.

## 18) Provisions for employee benefits

Provisions for employee benefits, amounting to €19 million (unchanged from 31 December 2014), can be broken down as follows:

(€ million)	31.12.2014	31.12.2015
Employee severance pay (TFR)	7	7
Supplemental healthcare provision for company executives of Eni (FISDE)	3	3
Other employee benefit provisions	9	9
	19	19

The provision for employee severance pay (TFR) of €7 million (unchanged from 31 December 2014) is governed by Article 2120 of the Italian Civil Code and represents the estimated liability, determined on the basis of actuarial procedures, for the amount to be paid to employees at the time that the employment is terminated. The principal amount of the benefit is equal to the sum of portions of the allocation calculated on compensation items paid during the employment and revalued until the time that such relationship is terminated. Due to the legislative changes introduced from 1 January 2007 for companies with more than 50 employees, a significant part of severance pay to be accrued is classified as a defined-contribution plan since the company's only obligation is to pay the contributions to the pension funds or to INPS. Liabilities related to severance pay predating 1 January 2007 remain a defined-benefit plan to be valued using actuarial methods.

The supplementary healthcare provision for Company executives of Eni (FISDE) of €3 million (unchanged from 31 December 2014) includes the estimate of costs (determined on an actuarial basis) related to contributions to be paid to the supplementary healthcare provision benefiting current<sup>8</sup> and retired executives.

FISDE provides financial supplementary healthcare benefits to Eni Group executives<sup>9</sup> and retired executives whose most recent contract of employment was as an executive with the Eni Group. FISDE is funded through the payment of: (i) contributions from member companies; (ii) contributions from individual members for themselves and their immediate family; and (iii) *ad hoc* contributions for specific benefits. The amount of the liability and the healthcare cost are determined on the basis, as an approximation of the estimated healthcare expenses paid by the fund, of the contributions paid by the company in favour of pensioners.

Other employee benefit provisions of €9 million (unchanged from 31 December 2014) concern long-term benefits connected with deferred cash incentive plans and long-term cash incentive plans.

Deferred cash incentive plans are allocated to executives who have met the goals set out in the year preceding the allocation year, and allocate a basic incentive that is disbursed after three years and varies according to the performance achieved by the Company during the course of the three-year period following the time of the allocation. The benefit is provisioned when Snam's commitment to the employee arises. The estimate is subject to revision in future periods, based on the final accounting and updates to profit forecasts (above or below target).

The long-term incentive plans that replaced the preceding stock option allocations involve the payment, three years after being assigned, of a variable cash bonus tied to a measure of company performance. Obtaining the benefit depends on the achievement of certain future performance levels and is conditional on the beneficiary remaining with the Company for the three-year period following the allocation (the "vesting period"). This benefit is allocated pro rata over the three-year period depending on the final performance parameters.

Deferred cash incentive plans and long-term cash incentive plans are classified as other long-term benefits pursuant to IAS 19.

The composition of and changes in employee benefit provisions, determined by applying actuarial methods, are as follows<sup>10</sup>:

(€ million)	31.12.2014				31.12.2015			
	Provision for employee severance pay (TFR)	FISDE	Other provisions	Total	Provision for employee severance pay (TFR)	FISDE	Other provisions	Total
<b>Current value of the obligation at the start of the year</b>	6	2	8	16	7	3	9	19
Current cost			3	3			4	4
Revaluations (impairment losses):	1	1		2				
- Actuarial gains and losses resulting from changes in the financial assumptions	1	1		2				
Benefits paid			(3)	(3)			(4)	(4)
Effect of business combinations, disposals and transfers			1	1				
<b>Current value of the obligation at the end of the year</b>	7	3	9	19	7	3	9	19

Costs related to employee benefit liabilities (€4 million), which are measured using actuarial assumptions, are recognized in the income statement.

<sup>8</sup> For executives in service, contributions are calculated from the year in which the employee retires and refer to the years of service provided.

<sup>9</sup> Currently, the fund provides the same benefits for executives of the Snam Group.

<sup>10</sup> The table also provides a reconciliation of liabilities recorded for employee benefit provisions.



The main actuarial assumptions used to determine liabilities at the end of the year and to calculate the cost for the following year are indicated in the table below:

	2014			2015		
	Provision for employee severance pay (TFR)	FISDE	Other provisions	Provision for employee severance pay (TFR)	FISDE	Other provisions
Discount rate (%)	1.50	1.50	0.5-1.50	1.9	1.9	0.6-1.9
Inflation rate (%) (*)	1.8	1.8	1.8	1.8	1.8	1.8

(\*) With regard to the other provisions, the rate relates only to seniority bonuses.

The discount rate adopted was determined by considering the yields on bonds issued by Eurozone companies with AA ratings.

The employee benefit plans recognized by Snam are subject, in particular, to interest rate risk, in the sense that a change in the discount rate could result in a significant change in the liability.

The sensitivity of the discount rate represents the change in the value of the actuarial liability obtained using the end-of-year valuation data, changing the discount rate by a certain number of basis points, without any change in the other assumptions.

The effects deriving from a reasonably likely change<sup>11</sup> in the discount rate (change of +/-0.5%) at the end of the year amount to -€1 million and +€1 million, respectively.

The maturity profile of the obligations for employee benefit plans is shown in the following table:

(€ million)	31.12.2014				31.12.2015			
	Provision for employee severance pay (TFR)	FISDE	Other provisions	Total	Provision for employee severance pay (TFR)	FISDE	Other provisions	Total
Within the next year			4	4			4	4
Within five years	2		5	7	2		5	7
Between five and ten years	3			3	3			3
Beyond 10 years	2	3		5	2	3		5
	7	3	9	19	7	3	9	19

The weighted average maturity of bonds for employee benefit plans is shown below:

	2014			2015		
	Provision for employee severance pay (TFR)	FISDE	Other provisions	Provision for employee severance pay (TFR)	FISDE	Other provisions
Weighted average maturity (years)	10	22	2	9	22	2

<sup>11</sup> With regard to FISDE, any changes relating to mortality do not have a significant effect on the liability.



## 19) Shareholders' equity

*Shareholders' equity*, amounting to €6,835 million (€6,885 million at 31 December 2014) is broken down as follows:

(€ million)	31.12.2014	31.12.2015
Share capital	3,697	3,697
Legal reserve	714	739
Share premium reserve	1,700	1,603
Reserve for fair value of cash flow hedging derivatives	(3)	(3)
Other reserves	(20)	(20)
Retained earnings	333	
Reserve for remeasurement of defined-benefit plans for employees	(1)	(1)
Net profit for the year	470	825
Less:		
- Treasury shares	(5)	(5)
	6,885	6,835

A brief description of the components of the company's shareholders' equity at 31 December 2015 is provided below.

### *Share capital*

The share capital as at 31 December 2015 consisted of 3,500,638,294 shares without nominal value (unchanged from 31 December 2014), with a total value of €3,696,851,994 (unchanged from 31 December 2014).

### *Legal reserve*

The legal reserve at 31 December 2015 totalled €739 million (€714 million at 31 December 2014). The increase of €25 million relates to the reclassification from the share premium reserve of the amount required to reach the limit stipulated in Article 2430 of the Italian Civil Code, as resolved by the Shareholders' Meeting of 29 April 2015.

### *Share premium reserve*

The share premium reserve at 31 December 2015 totalled €1,603 million (€1,700 million at 31 December 2014). The decrease of €97 million reflects the reclassification to the "Legal reserve" (€25 million) resolved upon by the Shareholders' Meeting of 29 April 2015, and the use of part of the reserve to pay out the 2014 dividend to shareholders (€72 million).

### *Reserve for fair value of cash flow hedging derivatives*

The reserve for fair value of cash flow hedging derivatives (-€3 million; unchanged from 31 December 2014) includes the fair value measurement of cash flow hedging derivatives relating to a cross currency swap contract.

### *Other reserves*

Other reserves of -€20 million (unchanged from 31 December 2014) relate essentially to: (i) the reserve (-€19 million) created to cover the difference between the issue price of the 119,000,000 shares issued in the transaction for the acquisition of TAG, as resolved upon by Snam's Board of Directors on 17 December 2014 (€4.218), and the price of the shares at 19 December 2014, the transaction completion date (€4.056); (ii) the reserve created to cover the cost of the 1,127,250 treasury shares in the portfolio (+€5 million); and (iii) the reserve arising from purchases of business units carried out by companies under common control (-€4 million).



*Reserve for remeasurement of defined-benefit plans for employees*

At 31 December 2015, the reserve for remeasurement of employee benefit plans (-€1 million; unchanged from 31 December 2014) included actuarial losses, net of the relative tax effect, recognized under other components of comprehensive income pursuant to IAS 19.

*Treasury shares*

There are 1,127,250 treasury shares in the portfolio, recognized as a reduction from shareholders' equity, amounting to €5 million (unchanged from 31 December 2014) and equal to 0.03% of the share capital. Their market value at 31 December 2015 was around €5 million<sup>12</sup>. At this date, all stock options had been exercised. There are therefore no remaining treasury shares committed to these plans.

*Dividends*

On 27 April 2015, the Ordinary Shareholders' Meeting of Snam S.p.A. resolved to distribute an ordinary dividend for 2014 of €0.25 per share; the dividend (€875 million) was paid out as of 20 May 2015, with an ex-coupon date of 18 May 2015 and a record date of 19 May 2015.

In its meeting of 16 March 2016, the Board of Directors proposed to the Shareholders' Meeting convened for 27 April 2016 the distribution of an ordinary dividend of €0.25 per share. The dividend will be paid out as of 25 May 2016, with an ex-coupon date of 23 May 2016 and a record date of 24 May 2016.

*Breakdown of shareholders' equity by origin, possible use and possibility of distribution:*

(€ million)	Amount 31/12/2015	Possibility of use	Available portion
<b>A) SHARE CAPITAL</b>	3,697		
Treasury shares in the portfolio	(5)		
<b>B) CAPITAL RESERVES</b>			
Share premium reserve (*)	1,603	A,B,C	1,603
Legal reserve	632	B	632
Reserve for treasury shares in the portfolio	5		
Contribution reserve	(19)		
<b>C) PROFIT RESERVES</b>			
Legal reserve	107	B	107
Reserve from business units	(3)		
Reserve for fair value of cash flow hedging derivatives	(3)		
Unavailable reserves for application of IFRS	(3)		
Reserve for remeasurement of defined-benefit plans for employees	(1)		
			<b>2,342</b>
<b>Non-distributable portion</b>			<b>739</b>
<b>Remaining distributable portion</b>			<b>1,603</b>

(\*) The share premium reserve is fully distributable as the legal reserve has reached the amount of one-fifth of the share capital.

A Available for share capital increase.

B Available to cover losses.

C Available for distribution to shareholders.

At 31 December 2015, the amount of the reserves which, if distributed, will be counted as part of income subject to IRES and IRAP taxation is €1 million, corresponding to the remaining amount of off-balance sheet deductions made for tax purposes, net of the relative deferred taxation, the "bulk restriction" pursuant to art. 109, paragraph 4, letter b) of Italian Presidential Decree no. 917/86 as amended.

<sup>12</sup> Calculated by multiplying the number of treasury shares by the official share price at 31 December 2015 (€4.85 per share).

## 20) Guarantees, commitments and risks

*Guarantees, commitments and risks*, amounting to €257 million (€268 million at 31 December 2014) comprise:

(€ million)	31.12.2014	31.12.2015
<b>Guarantees given in the interest of:</b>	<b>131</b>	<b>123</b>
- subsidiaries	131	123
<b>Commitments</b>	<b>137</b>	<b>134</b>
Commitments for the purchase of goods and services	131	129
Other	6	5
	<b>268</b>	<b>257</b>

### *Guarantees*

Guarantees issued in the interest of subsidiaries (€123 million) refer mainly to hold-harmless letters issued in favor of banks for guarantees mainly issued for participation in tenders and concessions relating to the natural gas distribution service (€68 million) and performance bonds (€53 million).

### *Commitments*

At 31 December 2015, commitments with suppliers to purchase property, plant and equipment and provide services for the purchase of property, plant and equipment and intangible assets under construction totalled €129 million (€131 million at 31 December 2014).

Other commitments refer to minimum future payments relating to non-cancellable operating lease transactions expiring within the year (€4 million, including €2 million expiring in the following year and €2 million between one and five years).

Also note that, in relation to TAP, the contractual agreements stipulate that shareholders are responsible for financing the project for gas exports in western Europe, according to the level of their respective shareholdings, until the pipeline enters into service, and if its capacity is expanded.

## FINANCIAL RISK MANAGEMENT

### Introduction

Snam S.p.A. has established the Enterprise Risk Management (ERM) unit, which reports directly to the CEO and oversees the integrated process of managing corporate risk for all Group companies. The main objectives of ERM are to define a risk assessment model that allows risks to be identified, using standardized, group-wide policies, and then prioritized, to provide consolidated measures to mitigate these risks and to draw up a reporting system.

The ERM unit operates as part of the wider internal control and risk management system of Snam.

The main corporate financial risks identified, monitored and, where specified below, managed by the Company are as follows:

- risk arising from exposure to fluctuations in interest and exchange rates;
- credit risk arising from the possibility of counterparty default;
- liquidity risk arising from not having sufficient funds to meet short-term financial commitments;
- rating risk;
- debt covenant and default risk.

There follows a description of the policies and principles adopted by Snam for the management and control of the risks arising from the financial instruments listed above. As part of the disclosure required by IFRS 7 – “Financial Instruments: Disclosure”, the nature and scale of the risks arising from these instruments are also described.

With reference to other management risks, please refer to the chapter on “Factors of uncertainty and risk management” in the Directors’ Report.

## Interest rate risk

Fluctuations in interest rates affect the market value of the Company's financial assets and liabilities and its net financial expense. Snam aims to optimize interest rate risk while pursuing its financial objectives. The company has adopted a centralized organizational model. In accordance with this model, Snam's various departments access the financial markets and use funds to cover financial requirements, in compliance with approved objectives, ensuring that the risk profile stays within defined limits.

Gross financial debt at 31 December 2015 and 31 December 2014 breaks down into fixed-rate and floating-rate debt as follows:

(€ million)	31.12.2014		31.12.2015	
	Amount	%	Amount	%
At fixed rate (*)	9,679	69%	8,855	64%
At floating rate	4,261	31%	4,937	36%
	<b>13,940</b>	<b>100%</b>	<b>13,792</b>	<b>100%</b>

(\*) At 31 December 2015, fixed-rate loans referred almost entirely to bonds.

At 31 December 2015, Snam used external financial resources in the form of bonds and bilateral and syndicated loans with banks and other financial institutions, in the form of medium- to long-term loans and bank credit lines at interest rates indexed to the reference market rates, in particular the Europe Interbank Offered Rate (Euribor), and at fixed rates.

The exposure to interest rate risk at 31 December 2015 was approximately 36% of the total exposure of the Company (31% at 31 December 2014).

At 31 December 2015 Snam had an existing interest rate swap (IRS) contract relating to a fixed-rate bond in the amount of €500 million maturing in 2023. The IRS contract was used to convert the fixed-rate loan to a variable-rate loan.

The breakdown of fixed rate and floating rate financial receivables of Snam S.p.A. due from the subsidiaries and joint ventures is shown below:

(€ million)	31.12.2014		31.12.2015	
	Amount	%	Amount	%
At fixed rate	8,691	72%	7,961	67%
At floating rate	3,398	28%	3,916	33%
	<b>12,089</b>	<b>100%</b>	<b>11,877</b>	<b>100%</b>

Snam S.p.A. applies the same contractual conditions to loans granted to the subsidiaries as those applied to loans entered into with banks and bonds placed in the market. Snam S.p.A.'s net exposure to interest rate risk at 31 December 2015 was therefore roughly €0.8 billion.

The impact on the profit for the period of a hypothetical change in the average reference market rate (Euribor) for the year 2015 of +/- 10%, applied to the net exposure to interest rate risk existing at 31 December 2015, is less than €1 million.

## Currency risk

Snam's exposure to currency risk is associated with transaction risk. Transaction risk is generated by the conversion of commercial or financial receivables (payables) into currencies other than the functional currency and is caused by the impact of unfavorable exchange rate fluctuations between the time that the transaction is carried out and the time it is settled (collection/payment). Snam's risk management system aims to minimize transaction risk through measures such as the use of derivatives.

As at 31 December 2015, Snam's foreign-currency items essentially refer to a ¥10 billion bond maturing in 2019 and with an issue-date value of approximately €75 million. The bond has been fully converted into Euros by a cross-currency swap, with the same notional amount and maturity as the hedged component. This swap

is considered to be a cash flow hedging derivative. Snam does not have any cross-currency swaps in place for speculative purposes.

The effect on shareholders' equity and net profit at 31 December 2015 of a hypothetical change of +/-10% in €/¥ exchange rates actually applied over the course of the year is less than €1 million.

The exchange rate change has no effect on the profit for the period since the effects of such a change are offset by the effects of the hedging derivative.

### **Credit risk**

Credit risk is the Company's exposure to potential losses arising from counterparties failing to fulfill their obligations. Default or delayed payment of fees may have a negative impact on the financial position and results of Snam S.p.A.

Snam S.p.A. provides its services essentially to group companies. Snam S.p.A. may, however, incur liabilities and/or losses from the failure of its clients to comply with payment obligations, also given the current economic and financial situation, which makes the collection of receivables more complex.

Snam's maximum exposure to credit risk at 31 December 2015 is the book value of the financial assets on its balance sheet. At the same date, it does not have past-due balances of significant amounts.

There were no material credit risks at 31 December 2015. Roughly 86% of trade receivables are due from group companies.

### **Liquidity risk**

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or that the Company may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it cannot meet its payment commitments. This may affect profit or loss should the Company be obliged to incur extra costs to meet its commitments or, in extreme cases, lead to insolvency and threaten the Company's future as a going concern.

Snam's risk management system aims to establish, under the financial plan, a financial structure that, in line with the business objectives, ensures sufficient liquidity for the Group, minimizing the relative opportunity cost and maintaining a balance in terms of the duration and composition of the debt.

Snam S.p.A. manages the Group treasury centrally. Therefore, the liquidity risk to which it is exposed is closely correlated with the risks that impact the Group as a whole.

Snam S.p.A. has adopted a series of policies and processes to optimize financial resource management in order to reduce liquidity risk, in particular:

- centralized collection and payment management (cash management systems);
- monitoring of forecast liquidity conditions in relation to the business planning process;
- obtaining adequate lines of credit;
- diversification of instruments for obtaining financial resources and continuous and active presence in the capital market.

As shown in the "Interest rate risk" section, the Company had access to a wide range of funding sources through the credit system and the capital markets (bilateral contracts, pool financing with major domestic and international banks, loan contracts with the EIB and bonds).

Snam's objective is to gradually achieve a balanced debt structure, in terms of composition between bonds and bank credit and the availability of usable committed bank credit lines, in line with its business profile and the regulatory environment in which it operates.

At 31 December 2015, Snam had unused committed long-term credit lines worth approximately €3.95 billion. Snam also has a Euro Medium Term Notes (EMTN) programme for a maximum total value of €12 billion, which was used for approximately €9.7 billion at 31 December 2015. At the end of 2015, the programme permits the issue, by 30 June 2016, of additional bonds worth up to around €2.3 billion, to be placed with institutional investors operating mainly in Europe, in accordance with the terms and conditions of the Programme.



## Rating risk

Moody's confirmed a Baa1 (stable outlook) rating for Snam's long-term debt on 9 September 2015.

On 8 October 2015 the rating agency Standard & Poor's confirmed a BBB rating with a stable outlook.

On 23 July 2015, the Fitch rating agency assigned Snam a rating of BBB+, with a stable outlook, and confirmed the assessment on 24 September 2015.

Snam's long-term rating by Moody's and Standard & Poor's is a notch higher than that of Italian sovereign debt. Based on the methodology adopted by these rating agencies, the downgrade of one notch from the current rating of the Republic of Italy would lead to a corresponding reduction of Snam's current rating.

## Debt covenant and default risk

Default risk is the possibility that when certain circumstances occur, the lender may enact contractual protections that may result in the early repayment of the loan, thus generating a potential liquidity risk.

As at 31 December 2015, Snam has unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions. Some of these contracts provide, *inter alia*, for the following: (i) negative pledge commitments pursuant to which Snam and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; and (iii) limitations on certain extraordinary transactions that the Company and its subsidiaries may carry out.

The bonds issued by Snam as at 31 December 2015 as part of the Euro Medium Term Notes programme provide for compliance with covenants that reflect international market practices regarding, *inter alia*, negative pledge and *pari passu* clauses.

Failure to comply with these covenants, and the occurrence of other events, some of which are subject to specific threshold values, such as cross-default events, may result in Snam's failure to comply and could trigger the early repayment of the relative loan. Exclusively for the EIB loans, the lender has the option to request additional guarantees if Snam's rating is downgraded to BBB- (Standard & Poor's/Fitch Ratings Limited) or Baa3 (Moody's).

For further information, please refer to Note 24 of the Notes to the consolidated financial statements in paragraph "Guarantees, commitments and risks - Disputes and other measures".

## Future payments for financial liabilities

The table below shows the repayment plan contractually established in relation to the financial payables, including interest payments:

(€ million)	Balance at 31/12/2014	Balance at 31/12/2015	Within 12 months	After 12 months	Maturity				
					2017	2018	2019	2020	Beyond
<b>Financial liabilities</b>									
Bank loans	3,293	<b>3,948</b>	<b>1,343</b>	<b>2,605</b>	1,020	25	63	70	1,427
Bonds (*)	10,445	<b>9,695</b>	<b>1,150</b>	<b>8,545</b>	1,000	1,270	1,425	1,250	3,600
Other lenders	13	<b>31</b>	<b>31</b>						
Interest on loans (*)	2,006	<b>1,632</b>	<b>327</b>	<b>1,305</b>	292	271	204	162	376
	<b>15,757</b>	<b>15,306</b>	<b>2,851</b>	<b>12,455</b>	<b>2,312</b>	<b>1,566</b>	<b>1,692</b>	<b>1,482</b>	<b>5,403</b>

(\*) Future payments include the cash flow generated by hedging derivatives (CCS and IRS).

## Other information on financial instruments

In relation to the categories mentioned in IAS 39 – "Financial instruments: recognition and measurement", Snam has no financial assets held to maturity, available for sale or held for trading. As a result, the financial assets and liabilities all fall within the classification of financial instruments measured at amortized cost.



The book value of financial instruments and their relative effects on results and on equity can be analyzed as follows:

	Book value		Income/Expense recognised in the income statement		Income/Expense recognised in shareholders' equity (a)	
	Balance at 31/12/2014	Balance at 31/12/2015	Balance at 31/12/2014	Balance at 31/12/2015	Balance at 31/12/2014	Balance at 31/12/2015
(€ million)						
<b>Financial instruments measured at amortised cost</b>						
- Trade and other receivables	101	89				
- Financial receivables (b)	12,089	11,877	384	355		
- Trade and other payables	(112)	(102)				
- Financial payables (b)	13,940	13,792	(435)	(395)		
<b>Financial instruments measured at fair value</b>						
Net assets (liabilities) for hedging derivatives						
(b)	(4)	7			(3)	...

(a) Net of tax effect.

(b) The effects on the income statement are recorded under "Financial income/(expense)".



The table below provides a comparison between the book value of financial assets and liabilities and their respective fair value.

(€ million)	Balance at 31/12/2014		Balance at 31/12/2015	
	Book value	Market value	Book value	Market value
<b>Financial instruments measured at amortised cost</b>				
- Trade and other receivables	101	101	89	89
- Financial receivables	12,089	13,066	11,877	12,696
- Trade and other payables	112	112	102	102
- Financial payables	13,940	15,066	13,792	14,730
<b>Financial instruments measured at fair value</b>				
Net assets (liabilities) for hedging derivatives	(4)	(4)	7	7

The book value of trade receivables and other receivables, considering the limited time interval between the occurrence of the receivable and its maturity, is an approximation of the fair value.

The market value of financial payables includes bonds, whose value is estimated on the basis of the market listings at 31 December 2015, and financial liabilities to banks, all at floating rate, whose corresponding market value is taken as the nominal repayment value.

### Market value of financial instruments

Below is the classification of financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy defined on the basis of the significance of the inputs used in the measurement process. More specifically, in accordance with the characteristics of the inputs used for measurement, the fair value hierarchy comprises the following levels:

- level 1: prices quoted (and not amended) on active markets for the same financial assets or liabilities;
- level 2: measurements made on the basis of inputs differing from the quoted prices referred to in the previous point, which, for the assets/liabilities submitted for measurement, are directly (prices) or indirectly (price derivatives) observable;
- level 3: inputs not based on observable market data.

With regard to the above, the classification of the financial assets and liabilities measured at fair value in the statement of financial position according to the fair value hierarchy concerned derivative financial instruments at 31 December 2015 classified at level 2 and entered under Note 9 “Other current and non-current assets” (€8 million) and Note 16 “Other current and non-current liabilities” (€1 million).

### Disputes and other measures

Snam is involved in civil, administrative and criminal cases and legal actions related to its normal business activities. According to the information currently available and considering the existing risks, Snam believes that these proceedings and actions will not have material adverse effects on its financial statements.

With reference to the revocation of court administration, ordered by the Court of Palermo with respect to the subsidiary Italgas on 9 July 2015, please refer to Note 24 of the Notes to the consolidated financial statements “Guarantees, commitments and risks - Disputes and other measures” in the paragraph “Court administration of the subsidiary Italgas - Court of Palermo”.

### Environmental regulations

Please refer to Note 24 “Guarantees, commitments and risks - Environmental regulations” of the Notes to the consolidated financial statements.

### Other commitments and risks



The other unevaluated commitments and risks are:

*Commitments arising from the contract for the acquisition of Italgas and Stogit from Eni*

The price determined for the acquisition of Italgas and Stogit is subject to adjustment mechanisms based on commitments made when the transaction was completed, which were also intended to apply after the date of execution.

**Acquisition of Italgas**

As at 31 December 2015, the remaining commitments from the aforementioned agreements concerned adjusting the Italgas purchase price to take into account part of the costs/benefits arising from the sale of property owned by Italgas that is no longer part of its operations.

**Acquisition of Stogit**

The purchase contract established that the Stogit acquisition price may be adjusted to take into account the different amount that might be recognized by the Authority for the tariff period 1 April 2014 – 31 March 2018, the period subsequently postponed by the Authority to the four-year period 1 January 2015 – 31 December 2018, relating to the volumes of natural gas owned by Stogit on the share transfer date and which are part of RAB assets.

With regard to these commitments, it should be noted that the storage tariffs for the year 2015, the first year in the tariff period 1 January 2015 - 31 December 2018, were approved by the Authority by means of Resolution 27/2016/R/gas, published on 29 January 2016. As contractually established, the related activities connected to the verification of the amount deriving from the price adjustment were initiated.

## 21) Revenue

The breakdown of *revenue* for the period, which totaled €198 million (€197 million in 2014), is shown in the following table:

(€ million)	2014	2015
Core business revenue	196	198
Other revenue and income	1	
	<b>197</b>	<b>198</b>

Core business revenue (€198 million) refers to revenue for the provision of services (€186 million), consisting primarily of chargebacks to subsidiaries of costs incurred for the provision of services carried out and managed centrally by Snam S.p.A. and revenue deriving from the rental and maintenance of fibre optic telecommunications cables used by third parties under concessions (€12 million).

The reasons for the most significant changes are described in the “Financial review of Snam S.p.A.” section of the Directors’ Report.

## 22) Operating costs

The breakdown of *operating costs*, which totaled €197 million (€211 million in 2014), is shown in the following table:

(€ million)	2014	2015
Purchases, services and other costs	143	129
Personnel cost	68	68
	<b>211</b>	<b>197</b>

Operating costs include expenses connected with the provision of centralized services rendered to the subsidiaries. The services provided by Snam S.p.A. are governed by service agreements entered into by the parent company and its subsidiaries and regard the following areas: ICT, personnel and organization, planning, administration, finance and control, general services, property and security services, legal and corporate affairs and compliance, health, safety and environment, regulation, external relations and communication, internal audit and Enterprise Risk Management (ERM). The pricing model for service contracts is based on the chargeback of costs incurred to provide the services on a full-cost basis.

### *Purchases, services and other costs*

*Purchases, services and other costs*, which amounted to €129 million (€143 million in 2014), can be broken down as follows:

(€ million)	2014	2015
Purchase costs for raw materials, consumables, supplies and goods	6	4
Costs for services	115	102
Costs for the use of third-party assets	14	20
Other operating expenses	7	3
Net accrual to provisions for risks and charges	1	
	<b>143</b>	<b>129</b>

Purchase costs for raw materials, consumables, supplies and goods (€4 million) primarily relate to costs to purchase hardware as part of the activities managed centrally by Snam S.p.A.



Costs for services, which amounted to €102 million (€115 million in 2014), related to:

(€ million)	2014	2015
IT (Information Technology) services	56	54
Technical, legal, administrative and professional services	26	19
Personnel-related services	8	8
Telecommunications services	10	6
Other services	15	15
	<b>115</b>	<b>102</b>

Costs for IT services (€54 million) also include costs incurred on behalf of the subsidiaries and charged back to them.

Costs for technical, legal, administrative and professional services (€19 million) refer primarily to legal services and accounting and administrative services as well as consulting services.

Personnel-related services (€6 million) relate mainly to reimbursements of travel expenses, food and training costs.

Costs for the use of third-party assets (€20 million) break down as follows:

(€ million)	2014	2015
Fees, patents and licences	9	15
Leases and rentals	5	5
	<b>14</b>	<b>20</b>

Fees, patents and licences (€15 million) regard primarily software user licences.

Other operating expenses (€3 million) break down as follows:

(€ million)	2014	2015
Direct and indirect taxes	6	1
Other expenses	1	2
	<b>7</b>	<b>3</b>

### *Personnel cost*

The item *personnel cost*, totaling €68 million (unchanged from 2014), is broken down as follows:

(€ million)	2014	2015
Wages and salaries	35	39
Social security contributions (pensions and healthcare assistance)	10	11
Employee benefits	3	4
Services of seconded personnel	14	11
Other expenses	6	3
	<b>68</b>	<b>68</b>

### Average number of employees

The average number of employees on staff broken down by professional status is shown in the table below:

Professional status	31.12.2014	31.12.2015
Executives	55	60
Managers	156	169
Office workers	292	311
Manual workers	5	4
	<b>508</b>	<b>544</b>

The average number of employees is calculated on the basis of the monthly number of employees for each category.

The number of personnel in service at 31 December 2015 was 713 (705 at 31 December 2014), an increase of 8 compared to 31 December 2014.

### Remuneration due to key management personnel

The remuneration due to persons with powers and responsibilities for the planning, management and control of the Company, i.e. executive and non-executive directors, general managers and managers with strategic responsibilities (“key management personnel”), in office at 31 December 2015, amounted (including contributions and ancillary costs) to €6 million in 2015 (the same as in 2014) and breaks down as follows:

(€ million)	2014	2015
Wages and salaries	4	4
Other long-term benefits	2	2
	<b>6</b>	<b>6</b>

### Remuneration due to directors and statutory auditors

Remuneration due to directors totaled €4 million and remuneration due to statutory auditors totaled €0.2 million (Article 2427, no 16 of the Italian Civil Code). This remuneration includes emoluments and any other amounts relating to pay, pensions and healthcare due for the performance of duties as a director or statutory auditor giving rise to a cost for the Company, even if not subject to personal income tax.

## 23) Amortization, depreciation and impairment

*Amortization, depreciation and impairment*, which amounted to €5 million (€4 million in 2014), can be broken down as follows:

(€ million)	2014	2015
<b>Total depreciation and amortization</b>		
- Property, plant and equipment	1	1
- Intangible assets	3	4
	<b>4</b>	<b>5</b>

Amortization of intangible assets (€4 million) refers to industrial patent rights and intellectual property rights.

For more details about amortization, depreciation and impairment losses relating to property, plant and equipment and intangible assets, please see Note 10 “Property, plant and equipment”, and Note 11 “Intangible assets”.



## 24) Financial expense (income)

*Financial expense (income)*, which amounted to €40 million (€50 million in 2014), can be broken down as follows:

(€ million)	2014	2015
<b>Financial expense (income)</b>	<b>383</b>	<b>376</b>
Financial expenses	435	395
Financial income	(52)	(19)
<b>Other financial income</b>	<b>(333)</b>	<b>(336)</b>
Other financial income	(333)	(336)
	<b>50</b>	<b>40</b>

(€ million)	2014	2015
<b>Expense (income) on financial payables and receivables</b>	<b>383</b>	<b>376</b>
Interest and other expenses on bond loans	350	364
Fees on loans and bank credit lines	50	16
Interest expense on credit lines and loans due to banks and other lenders	35	15
Interest and other income from financial receivables not held for operations	(52)	(19)
<b>Other financial income</b>	<b>(333)</b>	<b>(336)</b>
Interest and other income from financial receivables held for operations	(332)	(336)
Other income	(1)	
	<b>50</b>	<b>40</b>

Expense (income) on financial debt (€376 million) related to: (i) interest and other expense on bond loans (€364 million), referring essentially to interest on 16 bond loans (€355 million); (ii) the portion attributable to the period of upfront fees on revolving credit lines (€9 million) and credit line non-usage fees (€7 million); (iii) interest payable to banks on revolving credit lines, uncommitted credit lines and loans with fixed maturity (€15 million in total); and (iv) interest income on financial receivables not held for operations due from the subsidiaries (€19 million).

Other financial income (€336 million) relates primarily to interest income on financial receivables held for operations due from the subsidiaries (€327 million).

## 25) Income from equity investments

*Income from equity investments*, which amounted to €875 million (€536 million in 2014), can be broken down as follows:

(€ million)	2014	2015
Dividends	508	853
Other income from equity investments	28	22
	<b>536</b>	<b>875</b>

Income from equity investments consists of: (i) dividends (€853 million) distributed by the subsidiaries Snam Rete Gas S.p.A. (€425 million), Italgas S.p.A. (€213 million) and Stogit S.p.A. (€112 million), as well as companies under joint control Trans Austria Gasleitung GmbH (€77 million), TIGF Holding S.A.S. (€15 million), GasBridge 1 B.V. and GasBridge 2 B.V. (€11 million)<sup>15</sup>; and (ii) income from the subscription of a bond convertible into shares issued by TIGF Investissements S.A.S. (€22 million).

Information relating to equity investments is provided in Note 12 “Investments in subsidiaries, associates and joint ventures”.

<sup>15</sup> More information is provided in the appendix to the Notes to the separate financial statements, “Notes on companies controlled through a direct equity investment of Snam S.p.A.”.

## 26) Income tax paid

Income taxes for the year, which amounted to €6 million, can be broken down as follows:

(€ million)	2014			2015		
	IRES	IRAP	Total	IRES	IRAP	Total
<b>Current taxes</b>	<b>(3)</b>	<b>2</b>	<b>(1)</b>	<b>7</b>		<b>7</b>
Current taxes for the year	(3)	2	(1)	8		8
Adjustments for current taxes relating to previous years				(1)		(1)
<b>Deferred and prepaid taxes</b>		<b>(1)</b>	<b>(1)</b>	<b>(2)</b>	<b>1</b>	<b>(1)</b>
Deferred taxes						
Prepaid taxes		(1)	(1)	(2)	1	(1)
	<b>(3)</b>	<b>1</b>	<b>(2)</b>	<b>5</b>	<b>1</b>	<b>6</b>

The rates applied and established by tax regulations for current taxes are 27.5% for IRES and 4.65% for IRAP, respectively. Deferred and prepaid taxes include the adjustment (totaling less than €1 million) of the IRES rate from 27.5% to 24% as at 1 January 2017.

The impact of IRES on pre-tax profit is influenced by taxation on 5% of the amount of dividends distributed by the subsidiaries.

## 27) Relationships with related parties

Considering the de facto control of CDP S.p.A. over Snam S.p.A., pursuant to the international accounting standard IFRS 10 - Consolidated Financial Statements, based on the current Group ownership structure, the related parties of Snam are represented by Snam's associates and joint ventures as well as by the parent company CDP S.p.A. and its subsidiaries and associates, and direct or indirect subsidiaries, associates and joint ventures of the Ministry of Economy and Finance. Members of the Board of Directors, Statutory Auditors and Snam Group and CDP managers with strategic responsibilities, and their families, are also regarded as related parties. Transactions between Snam S.p.A. and related parties are part of ordinary business operations and are generally settled under market conditions, i.e. the conditions that would be applied between two independent parties. All the transactions carried out were in the interest of the Company.

Pursuant to the provisions of the applicable legislation, the Company has adopted internal procedures to ensure that transactions carried out by Snam or its subsidiaries with related parties are transparent and correct in their substance and procedure.

Directors and auditors declare their interests affecting the Company and the Group every six months, and/or when changes in said interests occur; they also inform the Chief Executive Officer (or the Chairman, in the case of the Chief Executive Officer), who in turn informs the other directors and the Board of Statutory Auditors, of individual transactions that the Company intends to carry out and in which they have an interest.

Snam is not subject to management and coordination. Snam manages and coordinates its subsidiaries, pursuant to Article 2497 *et seq.* of the Italian Civil Code.

The transactions carried out by the Company with the related parties essentially regard the trading of goods, the provision of services and the provision and use of financial resources with the entities defined above.

The amounts involved in commercial, financial and other transactions with the above-mentioned related parties are shown below for the 2014 and 2015 financial years. The nature of the most significant transactions is also stated.



### Commercial and other transactions

Commercial and other transactions can be broken down as follows:

(€ million)	31.12.2014					
	Receivables	Payables	Costs (a)		Revenue	
			Services	Other	Services	Other
<b>Subsidiaries</b>	<b>130</b>	<b>44</b>	<b>8</b>	<b>17</b>	<b>185</b>	
- Snam Rete Gas S.p.A.	77	24	7		109	
- Società Italiana per il Gas S.p.A.	41	15	1	13	53	
- Stoccaggi Gas Italia S.p.A.	8	1			15	
- Napoletana Gas S.p.A.	3	4		4	7	
- GNL Italia S.p.A.	1				1	
<b>Companies owned or controlled by the State</b>	<b>13</b>	<b>33</b>	<b>3</b>			
- Eni group	13	33	3			
<b>Total</b>	<b>143</b>	<b>77</b>	<b>11</b>	<b>17</b>	<b>185</b>	

(a) Inclusive of costs for goods and services to be used in investment activities.

(€ million)	31.12.2015		2015				
	Receivables	Payables	Costs (a)			Revenue	
			Goods	Services	Other	Goods	Services
<b>Subsidiaries</b>	<b>141</b>	<b>37</b>		<b>10</b>	<b>14</b>		<b>186</b>
- Azienda Energia e Servizi Torino S.p.A.	1						4
- GNL Italia S.p.A.	2						1
- Napoletana Gas S.p.A.	4	2					7
- Snam Rete Gas S.p.A.	79	21		8	2		103
- Società Italiana per il Gas S.p.A.	45	10		1	12		57
- Stoccaggi Gas Italia S.p.A.	10	4		1			14
<b>Companies under joint control</b>	<b>1</b>						
- TIGF Investissements S.A.S.	1						
<b>Companies owned or controlled by the State</b>	<b>13</b>	<b>31</b>					
- Eni group	13	31					
<b>Total</b>	<b>155</b>	<b>68</b>		<b>10</b>	<b>14</b>		<b>186</b>

(a) Inclusive of costs for goods and services to be used in investment activities.

### Subsidiaries

The most significant asset-side commercial dealings with the subsidiaries Snam Rete Gas S.p.A., Italgas S.p.A., Stogit S.p.A., Napoletanagas S.p.A, GNL Italia S.p.A., Azienda Energia e Servizi Torino S.p.A. and Gasrule Ltd. regard the provision of services carried out and managed centrally by Snam S.p.A. with respect to the following organizational areas: ICT, personnel and organization, planning, administration, finance and control, general services, property and security services, legal and corporate affairs and compliance, health, safety and environment, regulation, external relations and communication, internal audit and Enterprise Risk Management (ERM). The services provided to subsidiaries are governed based on rates defined in line with costs incurred by taking a full cost approach.

The main liability-side commercial dealings relate to the chargeback to Snam by the subsidiaries of costs relating to personnel in service at the parent company, on staff at the subsidiaries, as well as lease agreements.

Other transactions primarily relate to relations between Snam and its subsidiaries in relation to the national tax consolidation scheme. These transactions are governed by the appropriate legally binding contracts<sup>16</sup>.

<sup>16</sup> For more information, see Note 7 - "Current and non-current trade and other receivables".



### Companies owned or controlled by the State

Asset-side relations with the company owned or controlled by the State, Eni, refer primarily to: (i) the IRES refund request resulting from the partial IRAP deduction relating to tax years 2004 to 2007 (pursuant to Article 6 of Decree-Law 185 of 28 November 2008, converted into Law 2 of 28 January 2009) and tax years 2007 to 2011 (pursuant to Decree-Law 201/2011); (ii) the price adjustment mechanisms for the acquisition of Stogit and Italgas based on the commitments made when the transactions were completed.

### Financial transactions

Financial transactions can be broken down as follows:

(€ million)	31.12.2014		2014	
	Receivables	Payables	Income	Expense
<b>Parent company</b>				<b>(3)</b>
- Cassa Depositi e Prestiti				(3)
<b>Subsidiaries</b>	<b>11,873</b>		<b>384</b>	
- Snam Rete Gas S.p.A.	7,983		260	
- Stoccaggi Gas Italia S.p.A.	2,052		66	
- Società Italiana per il Gas S.p.A.	1,588		52	
- Azienda Energia e Servizi Torino S.p.A.	119		2	
- Napoletana Gas S.p.A.	112		4	
- GNL Italia S.p.A.	19			
<b>Companies under joint control</b>	<b>216</b>	<b>13</b>		
- Trans Austria Gasleitung GmbH (TAG)	216			
- GasBridge 1 B.V. and GasBridge 2 B.V.		13		
<b>Total</b>	<b>12,089</b>	<b>13</b>	<b>384</b>	<b>(3)</b>

(€ million)	31.12.2015		2015	
	Receivables	Payables	Income	Expense
<b>Subsidiaries</b>	<b>11,799</b>	<b>12</b>	<b>352</b>	
- Azienda Energia e Servizi Torino S.p.A.	95		1	
- Gasrule Ltd		12		
- GNL Italia S.p.A.	22			
- Napoletana Gas S.p.A.	103		2	
- Snam Rete Gas S.p.A.	7,867		244	
- Società Italiana per il Gas S.p.A.	1,653		47	
- Stoccaggi Gas Italia S.p.A.	2,059		58	
<b>Companies under joint control</b>		<b>19</b>	<b>3</b>	
- Trans Austria Gasleitung GmbH (TAG)			3	
- GasBridge 1 B.V. and GasBridge 2 B.V.		19		
<b>Associates</b>	<b>78</b>			
- Trans Adriatic Pipeline AG (TAP)	78			
<b>Total</b>	<b>11,877</b>	<b>31</b>	<b>355</b>	

### Subsidiaries

Financial transactions in place between Snam S.p.A. and its subsidiaries relate to the coverage of financial requirements of the operating companies. These transactions are governed by contracts entered into under normal market conditions.





**Companies under joint control**

Relations with TAG GmbH refer to income recognized for the Shareholders' Loan disbursed by Snam S.p.A. to Trans Austria Gasleitung GmbH (TAG) in the form of a short-term revolving credit line, which was repaid to Snam on 31 July 2015.

Relations with GasBridge 1 B.V. and GasBridge 2 B.V. refer to loans received, repayable on demand.

**Associates**

Transactions with TAP AG refer to the shareholders' loan in favor of associate Trans Adriatic Pipeline AG (TAP) following the contractual agreements relating to the acquisition from Statoil<sup>17</sup> of the stake held in TAP.

Transactions with directors, statutory auditors and key managers, with reference in particular to their remuneration, are described in Note 22 - "Operating costs".

*Impact of related-party transactions or positions on the balance sheet, income statement and statement of cash flows*

The impact of related-party transactions or positions on the balance sheet is summarized in the following table:

(€ million)	31.12.2014			31.12.2015		
	Total	Related parties	Share %	Total	Related parties	Share %
<b>Statement of financial position</b>						
Trade receivables and other current receivables	2,873	2,861	99.6	3,275	3,263	99.6
Other non-current receivables	9,371	9,371	100.0	8,769	8,769	100.0
Short-term financial liabilities	1,058	13	1.2	1,354	31	2.3
Trade and other payables	151	77	51.0	132	68	51.5

The impact of related-party transactions on the income statement is summarized in the following table:

(€ million)	2014			2015		
	Total	Related parties	Share %	Total	Related parties	Share %
<b>Income statement</b>						
Revenue	197	185	93.9	198	186	93.9
Purchases, services and other costs	143	14	9.8	129	14	10.9
Personnel cost	68	14	20.6	68	10	14.7
Financial income	385	384	99.7	355	355	100.0
Financial expenses	435	3	0.7	395		

Related-party transactions are generally governed on the basis of market conditions, i.e. the conditions that would be applied between two independent parties.

<sup>17</sup> At the closing date, Snam took over financial commitments from the transferring company Statoil under the shareholders' agreement amounting to €78 million. More information on the acquisition can be found in the Directors' Report under "Annual profile – Main events".



The principal cash flows with related parties are shown in the following table:

(€ million)	2014	2015
Revenue	185	186
Cost and expense	(28)	(24)
Change in trade and other receivables		(12)
Change in trade and other payables	(2)	1
Interest collected	384	355
Interest paid	(3)	
<b>Net cash flow from operating activities</b>	<b>536</b>	<b>506</b>
Investments:		
- Equity investments	(3)	(14)
- Financial receivables held for operations	(703)	(1,173)
- Change in payables and receivables relating to investments		(1)
<b>Cash flow from investments</b>	<b>(706)</b>	<b>(1,188)</b>
Divestments:		
- Financial receivables held for operations	295	1,449
<b>Cash flow from divestments</b>	<b>295</b>	<b>1,449</b>
<b>Net cash flow from investment activities</b>	<b>(411)</b>	<b>261</b>
Repayment of long-term financial debt	(100)	
Increase (decrease) in short-term financial debt	2	18
Decrease (increase) in financial receivables not held for operations	(213)	(64)
<b>Net cash flow from financing activities</b>	<b>(311)</b>	<b>(46)</b>
<b>Net cash flow for the period with related parties</b>	<b>(186)</b>	<b>721</b>

The effect of cash flows with related parties is shown in the following table:

(€ million)	31.12.2014			31.12.2015		
	Total	Related parties	Share %	Total	Related parties	Share %
Cash flow from operating activities	541	536	99.1	824	506	61.4
Cash flow from investment activities	(431)	(411)	95.4	269	261	97.0
Cash flow from financing activities	(110)	(311)	N/A	(1,094)	(46)	4.2

## 28) Significant non-recurring events and transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no significant non-recurring events or transactions took place during the course of the year.

## 29) Positions or transactions arising from atypical and/or unusual transactions

Pursuant to Consob Communication DEM/6064293 of 28 July 2006, it should be stated that no atypical and/or unusual positions or transactions took place during the course of the year.

## 30) Significant events after the end of the financial year

Such events are described in the Directors' Report under "Summary data and information – Main events".

### 31) Publication of the financial statements

The financial statements were authorized for publication, to be carried out in accordance with the law, by the Board of Directors of Snam at its meeting of 16 March 2016. The Board of Directors authorized the Chairman and the Chief Executive Officer to make any changes which might be necessary or appropriate for finalizing the format of the document in the period between 16 March 2016 and the date of approval by the Shareholders' Meeting.

### 32) Fees for auditors and for services other than auditing

Pursuant to Article 149-*duodecies*, second paragraph of Consob resolution 11971 of 14 May 1999, as amended, the remuneration for the year paid to the Reconta Ernst & Young S.p.A. auditing firm for services provided to the parent company Snam S.p.A, its subsidiaries and companies under common control, are specified below.

(€ thousands)

Type of services	Service provider	Recipient	Remuneration
Auditing <sup>(1)</sup>	Auditor of the parent company	Parent Company	134
	Auditor of the parent company	Subsidiaries <sup>(2)</sup>	763
	Network of the parent company's auditor	Subsidiaries <sup>(3)</sup>	140
Certification services <sup>(4)</sup>	Auditor of the parent company	Parent Company	345
	Auditor of the parent company	Subsidiaries	30
	Network of the parent company's auditor	Subsidiaries <sup>(5)</sup>	40
			<b>1,452</b>

(1) Auditing services essentially include: (i) the audit of the consolidated financial statements and the separate financial statements of Snam S.p.A, the subsidiaries and the joint ventures; (ii) the limited audit of the half-year financial report; (iii) accounting audits conducted in the course of the year pursuant to Article 14, letter b of Legislative Decree no. 39/2010; (iv) audits conducted in compliance with the ISA 600 auditing principle; (v) the certification of revenue pursuant to AEEGSI resolutions no. 514/2013/R/gas (Natural gas transport and dispatching activity), no. 438/2013/R/gas (Liquefied natural gas regasification activity) and no. 531/2014/R/gas (Natural gas storage activity); (vi) the audit of the annual accounts pursuant to the Integrated Accounting Unbundling Act (TIUC); (vii) the compliance audit of the Sustainability Report.

(2) Of which €76 thousand relating to joint ventures.

(3) Of which €113 thousand relating to joint ventures.

(4) Certification services relate to: (i) the audit of the financial reporting control system; (ii) comfort letters connected with the issue of bonds; (iii) the audit of statements of costs incurred by Snam Rete Gas S.p.A. relating to the investments envisaged in Article 18 of Decree-Law no. 91/2014 (2015 Competition Decree) converted by Law no. 116/2014.

(5) Relating to joint ventures.

