



AUTHORISATION FOR THE PURCHASE OF OWN SHARES

Dear Shareholders,

The Board of Directors has called you to an ordinary Shareholders' Meeting in order to resolve upon the proposal for authorisation to acquire ordinary shares of Snam S.p.A. (the “**Company**”), including in several stages, pursuant to and for the purposes of, respectively, Articles 2357 and 2357-ter of the Italian Civil Code, as well as to Article 132 of Legislative Decree No 58/1998 (the “**Consolidated Financial Act**”) and under the conditions described in this explanatory report (the “**Report**”).

This Report has been prepared in accordance with and following the structure of Annex 3A, scheme 4) of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments (the “**Issuers’ Regulation**”).

1) Reasons for the request for authorisation to acquire treasury shares

The Board of Directors considers to be appropriate for the Shareholders’ Meeting of the Company to resolve upon the authorisation to acquire of shares of the Company, including in several stages, pursuant to and for the purposes, respectively, of Articles 2357 and 2357-ter of the Civil Code and of Article 132 of the Consolidated Financial Act (the “**Authorisation**”).

The purpose of the Authorisation is to provide the Company with an instrument of strategic and financial flexibility intended to increase value for shareholders, also by improving the financial structure of the Company.

The purpose that the Board of Directors intends to pursue is to provide the Company with treasury shares to be used:

- to carry out activities aimed at improving the liquidity of the Company's shares and managing the volatility of their market price and, in particular, to intervene in share price movements in unusual market situations in order to facilitate share trading at times of scarce market liquidity and to promote the normal trading of shares and, in any event, within the limits set by current laws and regulations and, as appropriate, in accordance with the accepted market practice pursuant to Article 180, paragraph 1(c) of the Consolidated Financial Act concerning activities to support market liquidity;
- as part of transactions related to future industrial and financial projects in line with the strategic guidelines that the Company plans to pursue including trading, exchange, transfer, sale or other form of disposal of treasury shares for the acquisition of equity interests or share packages, or for business projects or other extraordinary financing operations involving the allocation or disposal of treasury shares (e.g. mergers, demergers, issuance of convertible bonds, etc.); and
- to implement any future stock option plans that the Company may decide to adopt.

2) **Maximum number, class and par value of the shares to which the authorisation refers**

As at the date of this Report, the Company's share capital amounts to Euro 3,696,851,994.00 and is represented by 3,500,638,294 ordinary shares, with no par value, registered and fully paid up.

In this regard, it is proposed to the Shareholders' Meeting to authorise the purchase of treasury shares, on one or more transactions, up to the maximum limit of 3.5% of the subscribed and paid-up share capital, having regard to the treasury shares already held by the Company, with effect from the effective date of the partial and proportional demerger of the Company subject to the approval of the Extraordinary Shareholders' Meeting convened on 1 August 2016.

It should be noted that the number of treasury shares already held as at the date of this Report is 1,127,250, representing 0.03% of the share capital and that, therefore, if the authorisation to purchase were granted today it would concern up to a maximum of 121,395,090 ordinary shares

of the Company, representing 3.47% of the share capital subscribed and paid up should the partial and proportional demerger of the Company be approved by the Company's Shareholders' Meeting.

3) Relevant information for assessing compliance with Article 2357, paragraph 3 of the Civil Code

The purchase forming the subject of your authorisation complies with the limit established by Article 2357, paragraph 3 of the Italian Civil Code (as amended by Article 7, paragraph 3-*sexies* of the Law Decree No. 5/2009, converted into Law No. 33/2009), since it concerns a number of shares that, when added to the shares already held by the Company, does not exceed one fifth of the share capital.

It is noted in this regard that the subsidiaries do not hold any shares of the Company.

4) Duration of the authorisation

The authorisation to purchase, which may be implemented in multiple stages and transactions, is requested for a duration of 18 (eighteen) months from the effective date of the partial and proportional demerger of the Company submitted for the approval of the extraordinary Shareholders' Meeting convened for 1 August 2016.

5) Minimum and maximum prices

The share purchases forming the subject of this Report must be carried out at neither at a price higher than 5% nor lower than 5% of the reference price recorded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. (the "MTA") during the trading session preceding each individual transaction.

When the Company proposes to support the liquidity of its own shares in accordance with the criteria established by the market practice provided for in Article 180, paragraph 1(c) of the Consolidated Financial Act concerning activities to support market liquidity, accepted by Consob by means of Resolution 16839 on 19 March 2009, as amended, the purchase price will be established in compliance with the aforementioned accepted market practice. Currently, this accepted market practice provides that the purchase price should not exceed the highest price of

the last independent transaction and the current highest independent bid price present on the MTA.

These parameters are considered to be adequate for identifying the range of values within which the acquisition of own shares are in the Company's interest, on the understanding that any value and volume limits provided for by legislation in force must not be exceeded.

6) Procedures through which purchases will be carried out

Purchases will be carried out in accordance with the provisions of Article 132 of the Consolidated Financial Act, Article 144-*bis* of the Issuers' Regulation and any other applicable legislation, including, where appropriate, the accepted market practices recognised by Consob.

It should also be noted that the purchase we are asking you to authorise will be carried out by the Board of Directors or by parties appointed by it in compliance with the provisions of Article 2357, paragraph 1 of the Italian Civil Code and, therefore, within the limits of the duly ascertained distributable profits and available reserves resulting from the last duly approved financial statements.

Pursuant to and for the purposes of Article 132 of the Consolidated Financial Act, the purchases forming the subject of your authorisation will in all cases be carried out (including on multiple transactions) on the MTA, in accordance with operating procedures established in the market organisation and management regulations managed by Borsa Italiana S.p.A. (and in the related instructions), which do not permit the direct matching of buy orders with predetermined sell orders, pursuant to Article 144-*bis*, paragraph 1(b) of the Issuers' Regulation. Purchases may be carried out using procedures other than those indicated above where permitted by Article 132, paragraph 3 of the Consolidated Financial Act or by any other provisions applicable at the time of the transaction.

In accordance with the provisions of Article 2357-*ter*, paragraph 2 of the Italian Civil Code, it should be noted that for as long as the shares forming the subject of your authorisation remain the property of the Company, the profit and option rights will be attributed proportionally to the other shares. The voting rights for the treasury shares will also remain suspended, but the aforementioned treasury shares will nevertheless be counted as capital for the purpose of

calculating the quorums required for the constitution of the Shareholders' Meeting and for its resolutions.

7) **Reduction of the share capital**

The Board of Directors states that the purchase of treasury shares forming the subject of this request for authorisation is not instrumental to a reduction of the share capital and, therefore, the acquired shares will not be cancelled.

Shareholders, you are therefore invited to:

1. *authorise, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as to Article 132 of Legislative Decree No 58/1998, purchases of treasury shares up to the maximum limit of 3.5% of the share capital subscribed and paid up, having regard to the treasury shares already held by the Company, as a result of the partial and proportional demerger of the Company, should the demerger itself be approved by the Company's Shareholders' Meeting, to be carried out, even in several stages, within 18 (eighteen) months from the effective date of the partial and proportional demerger of the Company submitted for the approval of the Extraordinary Shareholders' Meeting convened on 1 August 2016; it should be noted that (i) purchases must be carried out at a price neither higher than 5% nor lower than 5% of the reference price recorded on the Mercato Telemati co Azionario organised and managed by Borsa Italiana S.p.A. (the "MTA") during the trading session preceding each individual transaction; (ii) if the Company proposes to support the liquidity of its own shares in accordance with the criteria established by the market practice provided for in Article 180, paragraph 1(c) of the Consolidated Financial Act concerning activities to support market liquidity, accepted by Consob by means of Resolution 16839 on 19 March 2009, as amended, the purchase price will be established in compliance with the aforementioned accepted market practice. Currently, this accepted market practice provides that the purchase price should not exceed the highest price of the last independent transaction and the current highest independent bid price present on the MTA and (iii) the purchase operations will in all cases be carried out (including on multiple occasions) on the MTA in accordance with operating procedures established in the market organisation and management regulations managed by*

Borsa Italiana S.p.A. (and in the related instructions), which do not permit the direct matching of buy orders with predetermined sell orders (please see Article 144-bis, paragraph 1(b) of the Issuers' Regulation); all to be carried out in accordance with the report annexed to this resolution and for the purposes described therein; and

2. grant to the Board of Directors, and/or for this purpose to the Chairman and Chief Executive Officer, severally between them, the broadest powers, including the power to sub-delegate or to entrust the task to external specialists, to be exercised jointly or severally and with the broadest discretionary power, to carry out and the purchases provided for herein, in all cases in full compliance with the legislation in force and within the limits of your authorisation as resolved above, on the understanding that for as long as the shares remain the property of the Company, the profit and option rights will be attributed proportionally to the other shares. The voting rights for the treasury shares will also remain suspended, but the aforementioned treasury shares will nevertheless be counted as capital for the purpose of calculating the quorums required for the constitution of the Shareholders' Meeting and for its resolutions.

For the Board of Directors

The Chairman

(Carlo Malacarne)