

Other information

Treasury shares

In compliance with the provisions of Article 2428 of the Italian Civil Code, the treasury shares held by the Company at 31 December 2017 are analysed in the table below:

| Period | Number of shares | Average cost (€)(*) | Total cost (€ millions) | Share capital (%) (**) |
|--|--------------------|---------------------|-------------------------|------------------------|
| Purchases | | | | |
| Year 2005 | 800,000 | 4.399 | 3 | 0.04 |
| Year 2006 | 121,731,297 | 3.738 | 455 | 6.22 |
| Year 2007 | 73,006,653 | 4.607 | 336 | 3.73 |
| Year 2016 | 28,777,930 | 3.583 | 103 | 0.82 |
| Year 2017 | 56,010,436 | 3.748 | 210 | 1.60 |
| | 280,326,316 | 3.949 | 1,107 | |
| Less treasury shares allocated/sold/cancelled: | | | | |
| . granted under the 2005 stock grant plans | (39,100) | | | |
| . sold under the 2005 stock option plans | (69,000) | | | |
| . sold under the 2006 stock option plans | (1,872,050) | | | |
| . sold under the 2007 stock option plans | (1,366,850) | | | |
| . sold under the 2008 stock option plans | (1,514,000) | | | |
| . cancelled in 2012 following resolution by the Extraordinary Shareholders' Meeting of Snam S.p.A. | (189,549,700) | | | |
| Treasury shares held by the Company at 31 December 2017 | 85,915,616 | | | |

(*) Calculated on the basis of historic prices.

(**) Refers to the share capital in existence at the date of the last repurchase of the year.

As at 31 December 2017, Snam held 85,915,616 treasury shares (29,905,180 as at 31 December 2016), equal to 2.45% of its share capital⁴⁷, with a book value of about €318 million⁴⁸ (€108 million at 31 December 2016). The acquisition of 56,010,436 Snam shares (equal to 1.60% of the share capital), for a cost of €210 million, was carried out as part of the share buyback programme based on the resolution of the Shareholders' Meeting of 11 April 2017⁴⁹.

In addition, it is confirmed that the subsidiaries of Snam S.p.A. do not hold, and have not been authorised by their Shareholders' Meetings to acquire, shares in Snam S.p.A.

47 At the date of this Report, the outstanding treasury shares equal to 117.908.323 (3,37% of the share capital), with a book value of about €443 million.

48 The market value at 31 December 2017, calculated by multiplying the number of treasury shares at that date by the period-end official price of €4.086 per share, was approximately €351 million.

49 Subject to revocation of the previous resolution of the Ordinary Shareholders' Meeting of 1 August 2016, which authorised the purchase of treasury shares for an amount of up to € 500,000,000, the Shareholders' Meeting authorised the purchase of treasury shares, in one or more times, for a maximum duration of 18 months. For more information, refer to the chapter "Snam in 2017 - Summary data and information - Main events" of the present Report.

Incentive plans for executives with Snam shares

2017-2019 long-term stock incentive plan

On 11 April 2017, the Shareholders' Meeting approved the 2017-2019 long-term stock incentive plan. The plan, envisaged for the Chief Executive Officer and for a maximum of 20 executives, identified among those who hold positions with greater impact on the creation of value or with strategic relevance for the achievement of the multiannual objectives of Snam, is aimed at ensuring, in line with international best

practices, the following objectives:

- a greater alignment with the interests of the shareholders in the medium-long term through the assignment of a premium denominated in Shares;
- improve the operational efficiency of the business through the use of EBITDA;
- support company profitability through the use of adjusted net profit;
- combine the economic and financial performance of the company with sustainability objectives.

On 20 June 2017, the Board of Directors, in implementation of the

proxy granted by the Shareholders' Meeting of 11 April 2017, resolved: (i) the annual allocation of the incentive in favour of the Chief Executive Officer; (ii) approval of the Regulations for each annual award; (iii) identification of the Beneficiaries on the basis of the defined criteria; (iv) the conditions for implementation. The Plan includes three cycles of annual assignment of three-year objectives (the so-called rolling Plan) for the years 2017, 2018 and 2019 and, at the end of the three-year performance period, if the conditions underlying the Plan are met, the beneficiary will be entitled to receive

| | | | | |
|-----------------|--------------------------------|------|------|--------------------------------------|
| 2017 ALLOCATION | Vesting and performance period | | | 2020 Granted shares allocation |
| | 2017 | 2018 | 2019 | |
| 2018 ALLOCATION | Vesting and performance period | | | 2021 Granted shares allocation |
| | 2018 | 2019 | 2020 | |
| 2019 ALLOCATION | Vesting and performance period | | | 2022 Granted shares allocation |
| | 2019 | 2020 | 2021 | |

Company shares free of charge: The Plan also provides that beneficiaries receive, at the end of the Vesting Period, a Dividend Equivalent, or an additional number of shares equal to the ordinary and extraordinary dividends distributed by Snam during the Vesting Period which would be due to the number of shares effectively assigned to beneficiaries based on the levels of performance achieved under the terms and conditions set out in the Plan. The vesting of the shares is subject to the achievement of performance conditions, calculated as the average

of the annual performance of the parameters identified in the three-year vesting period, which affect EBITDA, adjusted net profit and sustainability. The maximum number of shares serving the plan is 3,500,000 shares for each fiscal year of the Plan. The Plan will end in 2022, at the end of the Vesting Period relating to the last assignment of 2019. In addition, a two-year lock-up period for 20% of the beneficiaries' shares, as recommended by the Corporate Governance Code, is envisaged for the Chief Executive Officer and for the other assignee managers.

With reference to the year 2017, the number of shares promised is equal to 1,368,397, while the unit fair value of the share, determined on 1 July 2017 (grant date), was valued at €3.8548 per share. The charges, referred to the period from 1 July to 31 December 2017, equal to the product between the number of shares expected to mature on maturity and their fair value to the grant date, have been recorded under the item labour cost against a corresponding reserve of shareholders' equity, and amounted to €1 million.

Compensation paid to directors and statutory auditors, general managers and managers with strategic responsibilities, and investments held by each of these

Information on the compensation paid to directors and statutory auditors, general managers and managers with strategic responsibilities, and the equity investments held by each of these, can be found in the Remuneration Report, which is prepared in accordance with Article 123-ter of Legislative Decree 58/1998 (TUF). The Remuneration Report is available on the Snam website (www.snam.it) in the Governance section.

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.

Operations with these parties involve the exchange of goods and the provision of regulated services in the gas sector.

These transactions are part of ordinary business operations and are generally settled at market conditions, i.e. the conditions which would be applied for two independent parties. All the transactions carried out were in the interest of the companies of the Snam Group.

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 CEO (or the Chairman, in the case of the CEO), who in turns 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.

No management or coordination activity of CDP S.p.A. has been formalised or exercised.

As at 31 December 2017, Snam manages and coordinates its subsidiaries, pursuant to Article 2497 et seq. of the Italian Civil Code.

The amounts involved in commercial, miscellaneous and financial relations with related parties, descriptions of the key transactions and the impact of these on the balance sheet, income statement and cash flows, are provided in Note 28 "Relationships with related parties" of the Notes to the consolidated financial statements. Relations with managers with strategic responsibilities ("Key Managers") are shown in Note 22 "Operating costs" of the Notes to the consolidated financial statements.

Performance of subsidiaries

For performance information concerning the segments in which the Company operates wholly or in part through subsidiaries, please refer to the sections "Business segment operating performance" and "Financial review" within this Report.

Branch offices

As required by Article 2428, paragraph 4 of the Italian Civil Code, it is noted that Snam does not have branch offices.

Research and Development

Research and development activities performed by Snam are described in the section "Other operating information and results - Innovation for business development" of this Report.