

Financial Markets Review

The financial markets pag. 1
The sectors performance pag. 2

Snam shares and its peers pag. 3



Mixed performance on the stock markets, with the European indices largely positive while the main American index closed slightly down

The Snam stock closed down

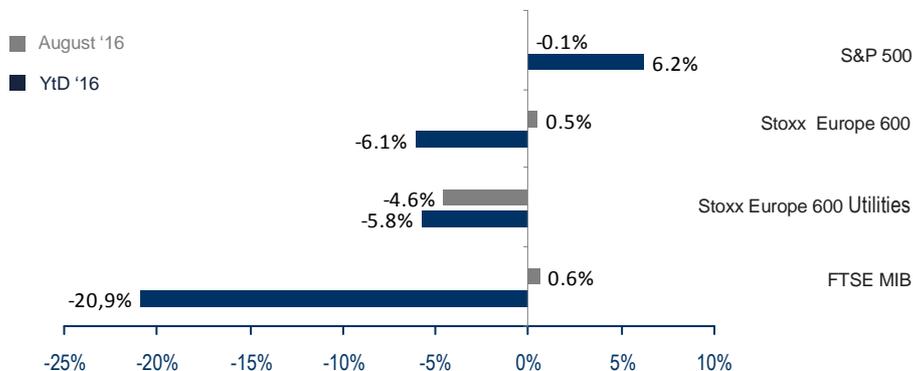
Oil prices rose

Snam S.p.A. Investor Relations

The financial markets

The stock markets registered mixed performances in August, with rises of +0.5% for the European Stoxx 600 and +0.6% for the Italian FTSE MIB, while a slight decline of -0.1% for the U.S. S&P 500 and -4.6% for the Stoxx Europe 600 Utilities sector index. The European markets benefitted from the easing of tensions in the banking sector, while the utility sector was particularly affected by the significant fall registered by several integrated utilities (including E-ON and RWE), which were weighed down by worse-than-expected corporate results. Despite a boost from the positive macroeconomic indicators in the latter half of the month, the U.S. market was adversely affected by the reinforcement of expectations for an imminent rise in interest rates. From a macroeconomic perspective, in the United States (with reference to July's data on a monthly basis) industrial production was up (+0.7%) as were durable goods or-

Performance of the main stock indices



Source: Snam on the Bloomberg data

ders (+4.4%), while mixed signs came from the real estate sector (sales of new houses +12.4%, sales of existing houses -3.2%). U.S. GDP growth of 1.1% on an annualised quarterly basis in Q2 2016 was slightly below the previous estimate (+1.2%). In the Euro zone, retail sales remained unchanged (June data on a monthly basis), while improvements were seen on both the

PMI composite index (at 53.3 points from 53.2 the previous month) and the German Zew index on business confidence (+0.5 points, from the previous -6.8). The Bank of England's official interest base rate was down 25 points (0.25% from 0.5% last month).

The oil markets

Oil prices rose in August both for the U.S. crude benchmark WTI (+7.5%, closing the month at \$44.7/barrel) and for Brent (+12.6% at \$46.2/barrel). Crude oil prices were su-

stained by the possibility of an agreement between Russia and the OPEC countries to freeze oil production at current levels.

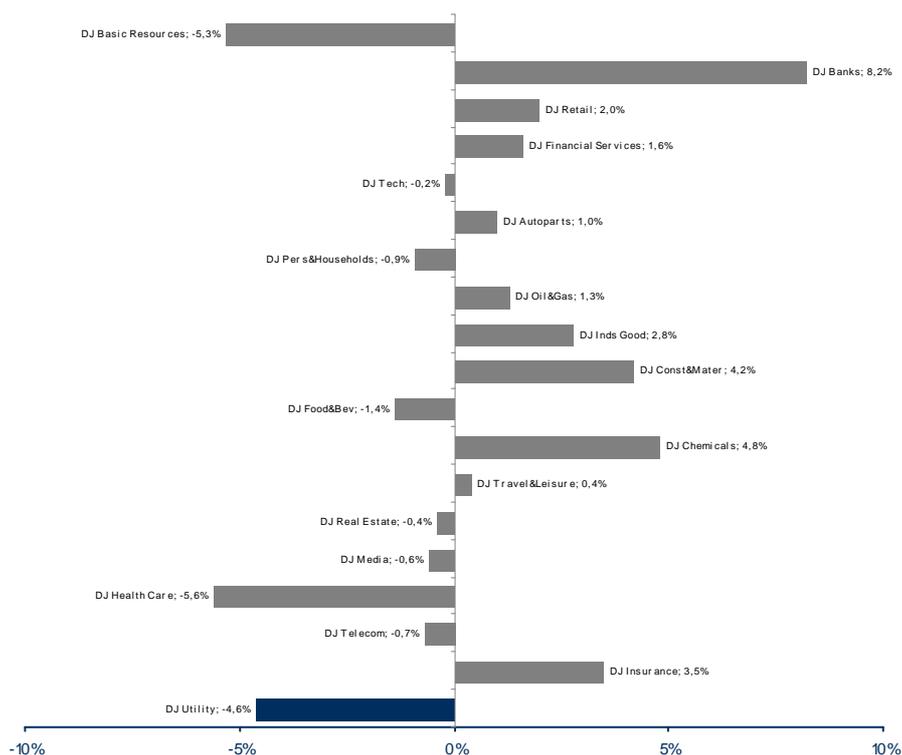


Sectors on the Stock markets

The sectors registered largely positive performances, in particular the Banking sector (+8.2%), which was boosted by rumours of potential mergers between financial institutions; the Chemicals sector (+4.8%), which benefitted from some M&A transactions (acquisition of Swiss Syngenta by ChemChina); and the Construction sector (+4.2%), sustained by prospects of a recovery in the sector.

The Health&Care sector (-5.6%) is among those sectors that registered negative performances, due to profit taking by various companies in the sector, as well as the Basic Resources sector (-5.3%), which was negatively affected by the decline in some commodity prices and worse-than-expected corporate results (Glencore).

Main sector performance, August 2016

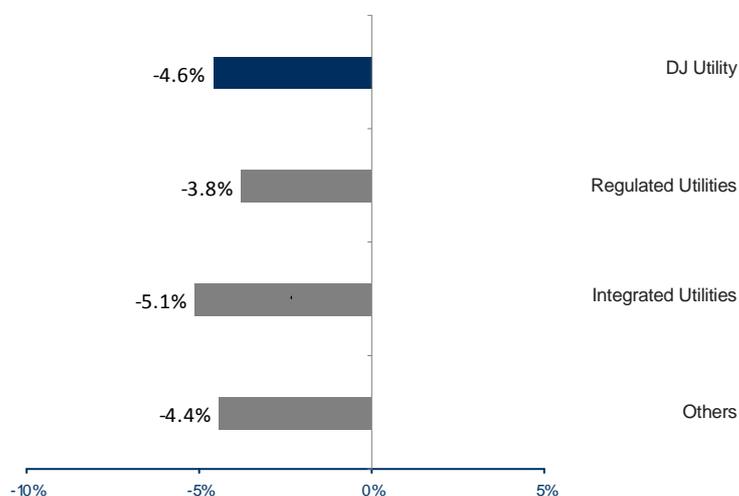


Source: Snam on the Bloomberg data

The utility sector performance

In August, the utility sector closed down (-4.6%), with declines recorded by all sub-sectors: Integrated utilities (-5.1%), the "Others" (-4.4%), and Regulated utilities (-3.8%). The Integrated utilities were hit above all by the fall recorded by E.ON (-13.9%), RWE (-7.8%) and Fortum (-6.8%), which were weighed down by worse-than-expected corporate results. The latter also penalised Drax (-11.1%) in the "Others" sector, while among the Regulated utilities Red Electrica (-5.8%) experienced uncertainty in the regulatory environment due to political instability in Spain where the company carries out all its operations.

Sector and subsector performance, August 2016

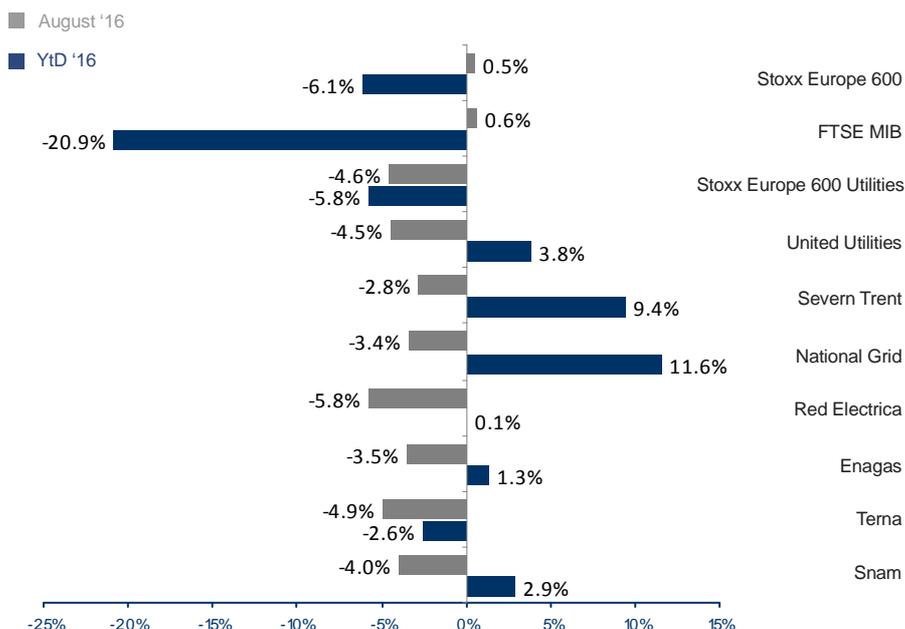


The Snam shares and its peers in the Stock markets

The Snam stock closed August down -4.0% at 4.97 euros per share, a smaller fall than the utility sector as a whole.

The stock's average daily trading volume totalled 8.1 million units, down from 10.9 million units the previous month.

Snam and its peers



Source: Snam on the Bloomberg data

Agenda

October

25/26 Third quarter 2016 report
Board of Director, press release and conference call

Corporate News

Convened the Noteholders' Meeting to approve the separation of Italgas

Snam has convened a Noteholders' Meeting to be held on 30 September 2016 at 10 am at the Company's registered office (Piazza Santa Barbara 7) in San Donato Milanese, to approve the separation of Italgas from Snam. The meeting will be held in a single call with no adjournments in the event that the meeting is not quorate. The holders of notes listed will be requested to approve the separation of Italgas from Snam by means of a unitary and substantially simultaneous transaction, which will likely occur by 31 December 2016 and includes, inter alia, the partial and proportional demerger and, subsequently, the listing of shares of the beneficiary company of the demerger, directly holding the entire share capital of Italgas, on the Mercato Telematico Azionario (MTA) of Milan.

Shareholder Meeting approves the separation of the gas distribution business

On 1st August Snam's Extraordinary Shareholder Meeting, held in San Donato Milanese, approved the partial and proportional demerger of Snam in favour of the beneficiary company ITG Holding S.p.A.

The Meeting also approved the reduction of Snam's share capital in connection with the demerger for an amount of 961,181,518.44 euro, with no cancellation of shares, thereby amending Article 5 of the Company's bylaws starting from the effective date of the demerger. Snam's share capital will therefore amount to 2,735,670,475.56 euro.

Finally, the Meeting called in ordinary session approved the authorization for a buy-back plan concerning Snam's treasury shares for a maximum amount of 500 million euro and up to a maximum limit of 3.5% of

Snam's post-demerger share capital, to be carried out in one or more tranches within 18 months from the effective date of the partial and proportional demerger of the Company and according to the procedures proposed in the Board of Directors' Report to the Shareholder Meeting.

Snam SpA

Piazza Santa Barbara 7 - 20097 S. Donato Milanese (Mi) Italy
www.snam.it — investor.relations@snam.it
tel: +39 02 37037272- fax: +39 02 37037803