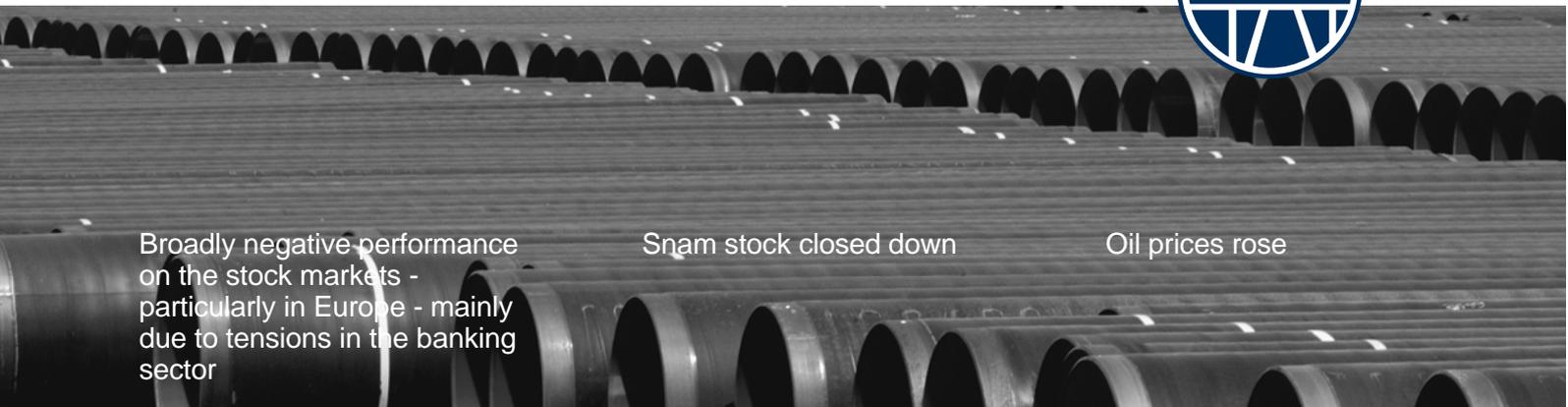


Financial Markets Review

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

Snam shares and its peers pag. 3



Broadly negative performance on the stock markets - particularly in Europe - mainly due to tensions in the banking sector

Snam stock closed down

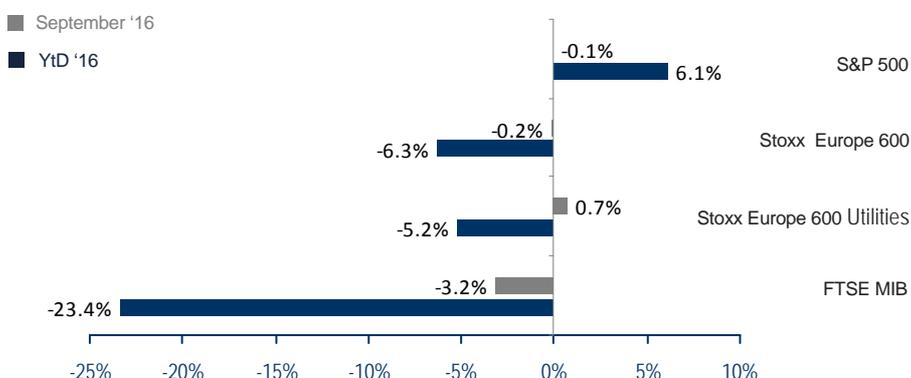
Oil prices rose

Snam S.p.A. Investor Relations

The financial markets

Stock markets registered a mixed performance in September, with falls of -0.1% for the U.S. S&P 500, -0.2% for the European Stoxx 600 and -3.2% for the Italian FTSE MIB; while the Stoxx Europe 600 Utilities registered a rise of +0.7%. The European markets have been negatively impacted by concerns about the banking sector, in particular due to Deutsche Bank (for the dispute with the U.S. Department of Justice over the \$14 billion settlement, probably to be reduced), Commerzbank (following the announcement of the dividend suspension and of higher than expected number of redundancies), and due to troubles faced by several Italian credit institutions. The U.S. market, characterised by high volatility, was partly impacted by the possibility of more conservative monetary policies by the Fed, whilst the utility sector benefitted from the positive performance of two utilities sub-sectors ("Other" and "Regulated"). From a macroeconomic perspective, in the United States

Performance of the main stock indices



Source: Snam on the Bloomberg data

(with reference to August's data on a monthly basis) industrial production was down (-0.4%), as were retail sales (-0.3%), whilst durable orders remained flat. U.S. GDP growth in Q2 2016 was equal to +1.4% on an annualised quarterly basis, slightly above the previous forecast (+1.1%). The Fed confirmed the official reference base rates (0.25% - 0.5%). In the Eurozone, industrial production was down -1.1% (July data on a

monthly basis), while improvements (September data on a monthly basis) were seen on both the PMI manufacturing index (at 52.6 points from 51.7 of the previous month) and the German Ifo index (at 109.5 points from 106.3). GDP in the Eurozone grew +0.3% on an annualised quarterly basis in Q2 2016 (+0.5% in the first quarter). The ECB confirmed the official interest base rate (0.0%).

The oil markets

Oil prices rose in September both for the U.S. crude benchmark WTI (+7.9%, closing the month at \$48.2/barrel) and for Brent (+3.3% at \$47.7/barrel). Particularly towards

the end of the month, crude oil prices were sustained by the agreement within the OPEC countries to reduce oil production by 0.7 million barrels/day. However the quantifi-

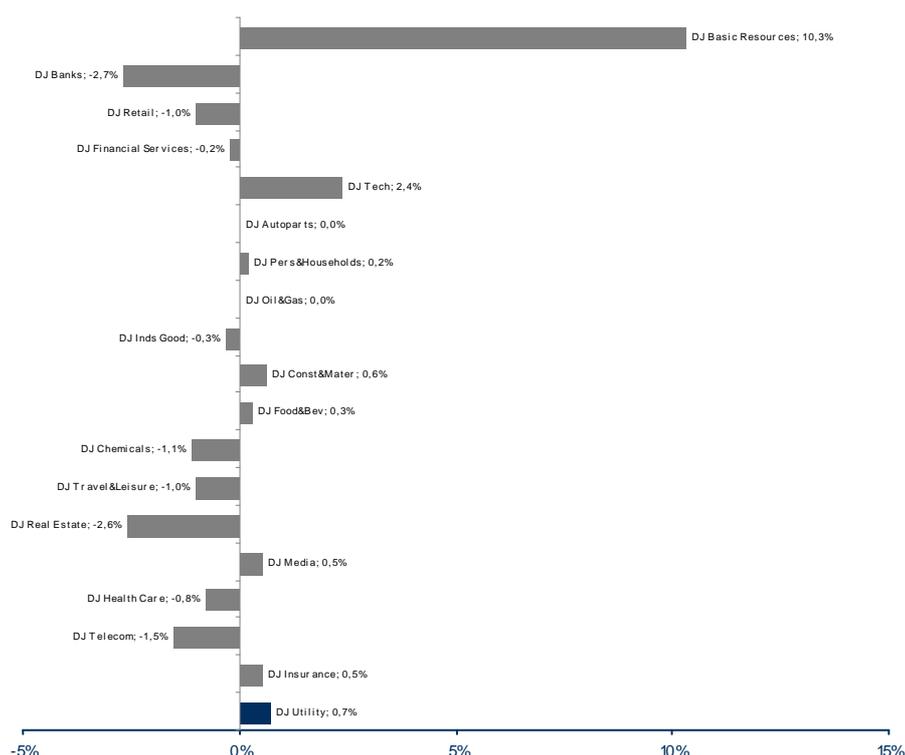
cation of the new production quotas has to be confirmed at the next OPEC summit on November 30. The WTI was also sustained by a series of shortfalls in the U.S oil stocks.

Sectors in the Stock markets

The sectors registered mixed performances. Positive trends were seen by the Basic Resources sector in particular (+10.3%), which benefitted from higher prices of crude oil and other commodities, and by the Technology sector (+2.4%), boosted by the positive performances of a several companies in the sector.

The Banks sector registered a negative performance (-2.7%) due to concerns regarding a number of credit institutions in Germany and Italy, as did the Real Estate sector (-2.6%), where some British companies have been impacted by the Brexit vote.

Main sector performance, September 2016

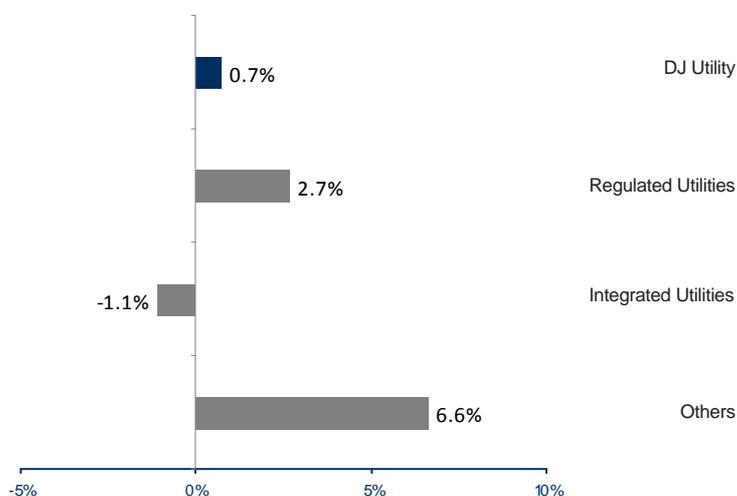


Source: Snam on the Bloomberg data

The Utility sector performance

The utility sector registered a positive performance in September (+0.7%), mainly thanks to the performance of the Others (+6.6%) and Regulated (+2.7%) subsectors, whilst the Integrated registered a negative performance (-1.1%). Amongst the "Others", the best performances were registered by Suez (+8.3%) and Veolia (+7.5%), for the latter thanks to the award of a major contract in the U.K. (management of a plant generating electricity from waste). Amongst the Regulated utilities, both Seven Trent (+5.2%) and National Grid (+4.3%) outperformed, with National Grid benefitting from the potential increase in electricity prices and the announcement of an expansion project for electricity distribution in the United States. The Integrated utilities sub-sector was in contrast affected by E.ON's negative performance (-13.2%), due to the potential request of a significant capital increase, whilst RWE registered the strongest performance (+4.6%), thanks to the imminent spin-off and listing of Innogy (operating in the renewables sector) and to the prospect of a dividend increase.

Sector and subsector performance, September 2016



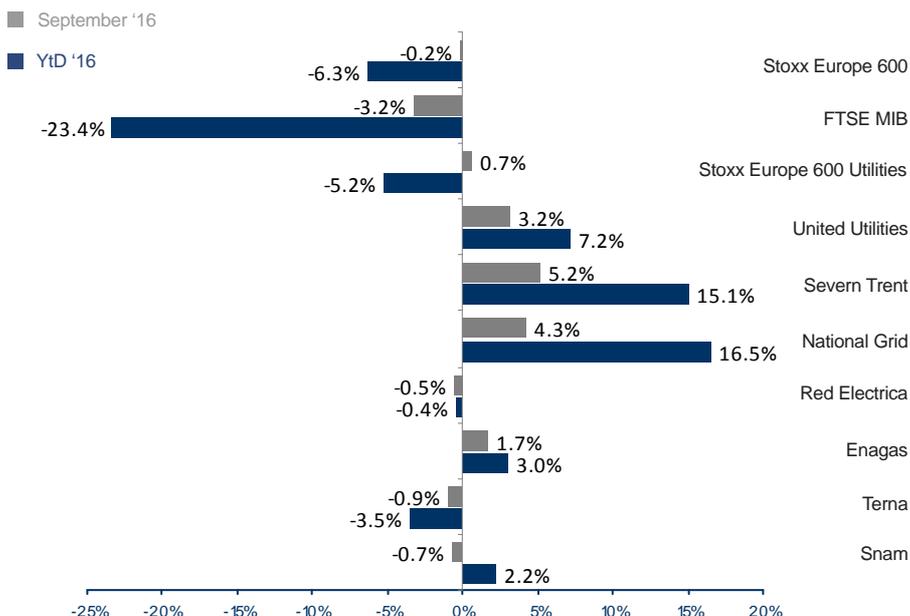
Source: JP Morgan

The Snam shares and its peers in the Stock markets

The Snam stock closed the last session of September down -0.7% at 4.94 euros per share, a slightly better performance than the Italian stock market, but partly in contrast with the utility sector.

The stock's average daily trading volume totalled 10.4 million units, up from 8.1 million the previous month.

Snam and its peers



Source: Snam on the Bloomberg data

Agenda

November

14/15 Third quarter 2016 report
Board of Director, press release and conference call

Corporate News

Snam: renewal of the EMTN Programme

Snam's Board of Directors on 27 September resolved to renew the annual EMTN Programme, launched in 2012, reducing the maximum total amount from 12 to 10 billion euros, in light of the debt evolution resulting from the demerger of Italgas from Snam (currently being completed), and of the goal to provide the company with a suitable financial structure where the bond component is prevalent and which has the necessary flexibility to approach the capital market. The Board of Directors consequently approved the issue, by 30 September 2017, of one or more additional bonds for a maximum amount of 1.15 billion euros, increased by the amount corresponding to the bonds redeemed during the same period and to be placed with institutional investors operating mainly in Europe.

49% of Gas Connect Austria to Snam and Allianz

On 22 September OMV, the international integrated oil and gas company based in Vienna, OMV Gas & Power GmbH (OGP) and the Consortium composed of Allianz and Snam signed an agreement for the sale and purchase of a 49% minority stake in Gas Connect Austria GmbH (GCA). The transaction is a unique opportunity for Allianz and Snam to further strengthen their long-term relationship to OMV, with the aim of fostering the strategic goals of GCA. This will also support the development of the Austrian gas infrastructure system. The acquisition will be completed through a jointly controlled vehicle owned 60%/40% by Allianz and Snam. The closing of the transaction is expected by year-end and is conditional upon merger control clearance by German and Austrian authorities.

Confirmed in the Dow Jones Sustainability World Index

Snam on 8 September has been confirmed for the eighth consecutive year in the Dow Jones Sustainability World Index by RobecoSAM, the most important global stock exchange index for Corporate Social Responsibility. This year's results saw a significant improvement comparing to last year in terms of overall positioning (from 85 to 89 points) and in all areas, especially the environmental section (from 92 to 95 points, in line with the sector's best score), thus confirming Snam's ability to ensure excellence in environmental protection and commitment to constant dialogue with stakeholders.

Snam SpA

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