

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

**SNAM S.p.A.**

**EXTRAORDINARY SHAREHOLDERS' MEETING OF 25, 26 AND  
27 MARCH 2013, ON FIRST, SECOND AND THIRD CALL,  
RESPECTIVELY, AND ORDINARY SHAREHOLDERS' MEETING  
OF 25 AND 26 MARCH 2013, ON FIRST AND SECOND CALL,  
RESPECTIVELY**

**Report of the Board of Directors on the proposals relating to items  
placed on the agenda for the Shareholders' Meeting**

**Extraordinary part**

**Item 3**

**Amendment of Articles 13, 16 and 20 of the Bylaws.**

Shareholders,

We hereby submit for your approval the proposal to amend Articles 13, 16 and 20 of the Bylaws.

In addition to amendments to their form, it is proposed that these articles prohibit directors (Article 13), auditors (Article 20), senior management and the officer in charge of preparing financial reports (Article 16) from sitting on the administrative board or supervisory board and from holding office in eni S.p.A. or its subsidiaries, or from dealing directly or indirectly, on a professional or financial basis, with such companies, in accordance with the provisions of Article 2(2)(c) of the Prime Minister's Decree of 25 May 2012, implementing Decree-Law 1 of 24 January 2012, converted with amendments into Law 27 of 24 March 2012.

Note that the proposed changes do not give rise to the statutory right of withdrawal.

Dear Shareholders,

In consideration of the foregoing, you are invited to:

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

- approve the amendments to Articles 13, 16, and 20 of the Bylaws of Snam S.p.A. based on the text indicated below alongside the version currently in force.

<b>CURRENT VERSION</b>	<b>PROPOSED VERSION</b>
<p style="text-align: center;"><b>SNAM S.p.A. BYLAWS</b></p> <p style="text-align: center;"><b><u>Chapter IV – BOARD OF DIRECTORS</u></b></p> <p style="text-align: center;">ARTICLE 13</p> <p>13.1 The Company is managed by a Board of Directors made up of no less than five members and no more than nine; their number and their term of office are established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 Directors may be appointed for a period not exceeding three financial years, which term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office; they may be re-elected.</p> <p>13.3 Pursuant to the pro tempore provisions in force on gender representation, the Board of Directors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number. Lists are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors and made available to the public by the methods provided for by law and by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting. Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions. Each candidate may run as a candidate on only one list, subject to ineligibility. Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists. The ownership of the minimum percentage necessary for the submission of lists is determined considering</p>	<p style="text-align: center;"><b>SNAM S.p.A. BYLAWS</b></p> <p style="text-align: center;"><b><u>Chapter IV – BOARD OF DIRECTORS</u></b></p> <p style="text-align: center;">ARTICLE 13</p> <p>13.1 The Company is managed by a Board of Directors made up of no less than five members and no more than nine; their number and their term of office are established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 Directors may be appointed for a period not exceeding three financial years, which term expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their term of office; they may be re-elected.</p> <p>13.3 Pursuant to the pro tempore provisions in force on gender representation, the Board of Directors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number. Lists are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors and made available to the public by the methods provided for by law and by Consob regulations at least twenty-one days prior to the date of the Shareholders' Meeting. Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions. Each candidate may run as a candidate on only one list, subject to ineligibility. Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations <b>are</b> <del>shall be</del> entitled to submit lists. The ownership of the minimum percentage necessary for the submission of lists is determined considering</p>

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>the shares registered in the shareholder's favour on the date on which the lists are filed at the Company.</p> <p>For purposes of corroborating ownership of the number of shares necessary for the submission of lists, shareholders must produce the respective certification issued in accordance with the law by authorised intermediaries by the deadline provided for publication of the lists by the Company.</p> <p>If there are no more than seven directors on the board, at least one must satisfy the independence criteria established for auditors of listed companies; however, with more than seven directors on the board, at least three must satisfy the independence criteria.</p> <p>Candidates meeting the aforesaid independence requirements must be specifically identified on the lists.</p> <p>All candidates must also meet the honesty requirements provided for by current provisions. In order to comply with applicable regulations on gender representation, in the lists containing three or more candidates, candidates of each gender shall be present, in accordance with the notice of call of the Shareholders' Meeting. Where the number of the least represented gender must, by law, be at least three, the presented lists for the appointment of the majority of the Board of Directors' members must include at least two candidates of the least represented gender.</p> <p>Together with each list, subject to its admissibility, a curriculum vitae must be filed for each candidate as well as the candidates' statements accepting their candidacy and certifying, under their own cognisance, the lack of grounds for ineligibility or incompatibility, as well as the fact that they satisfy the honesty and possible independence requirements.</p> <p>The directors appointed must inform the Company of any loss of the independence and honesty requirements, as well as the occurrence of causes of ineligibility or incompatibility.</p> <p>13.4 The Board shall periodically evaluate the independence and honesty of the directors, as well as the lack of grounds for ineligibility or incompatibility. In the event a director does not meet or ceases to meet the independence or honesty requirements declared or legally required, or if grounds for ineligibility or incompatibility should exist, the Board shall dismiss the director and replace him/her or ask</p>	<p>the shares registered in the shareholder's favour on the date on which the lists are filed at the Company.</p> <p>For purposes of corroborating ownership of the number of shares necessary for the submission of lists, shareholders must produce the respective certification issued in accordance with the law by authorised intermediaries by the deadline provided for publication of the lists by the Company.</p> <p>If there are no more than seven directors on the board, at least one must satisfy the independence criteria established for auditors of listed companies; however, with more than seven directors on the board, at least three must satisfy the independence criteria.</p> <p>Candidates meeting the aforesaid independence requirements must be specifically identified on the lists.</p> <p><b>Pursuant to the Prime Minister's Decree of 25 May 2012 laying down the "Criteria, conditions and arrangements for the adoption of the Snam S.p.A. unbundling model pursuant to Article 15 of Law 27 of 24 March 2012", directors may not sit on the administrative board or supervisory board nor hold office in eni S.p.A. or its subsidiaries, nor deal directly or indirectly, on a professional or financial basis, with such companies.</b></p> <p>All candidates must also meet the honesty requirements provided for by current provisions. In order to comply with applicable regulations on gender representation, in the lists containing three or more candidates, candidates of each gender shall be present, in accordance with the notice of call of the Shareholders' Meeting. Where the number of the least represented gender must, by law, be at least three, the presented lists for the appointment of the majority of the Board of Directors' members must include at least two candidates of the least represented gender.</p> <p>Together with each list, subject to its admissibility, a curriculum vitae must be filed for each candidate as well as the candidates' statements accepting their candidacy and certifying, under their own cognisance, the lack of grounds for ineligibility or incompatibility, as well as the fact that they satisfy the honesty and possible independence requirements.</p> <p>The directors appointed must inform the Company of any loss of the independence and honesty requirements, as well as the occurrence of causes of ineligibility or</p>
---	---

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>him/her to desist from the reason of incompatibility within a pre-determined time period, else face dismissal from office.</p> <p>13.5 Directors shall be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be taken from the list receiving the majority of the shareholders' votes in the consecutive order in which they appear on the list, rounding down to the nearest whole number if the number-is a decimal;</p> <p>b) the remaining directors shall be taken from the other lists, which may not be associated in any way, even indirectly, to shareholders who have submitted or voted for the list which came in first in number of votes; for that purpose, the votes won by said lists shall be divided successively by one, two or three, depending on the consecutive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown in them. The quotients thus assigned to candidates from the different lists shall be arranged in a single decreasing gradation. Those obtaining the highest quotients shall be elected. If several candidates obtain the same quotient, the candidate from the list which has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;</p> <p>c) if, after following the procedure described above, the minimum number of independent directors required by the Bylaws is not elected, the quotient of votes to be attributed to each candidate is –taken from the lists, dividing the number of votes for each list by the order number of each of these candidates; non-independent candidates with the lowest quotients among the candidates taken from all the lists shall be replaced, starting from the very lowest, by the independent candidates taken from the same list as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by people</p>	<p>incompatibility.</p> <p>13.4 The Board shall periodically evaluate the independence and honesty of the directors, as well as the lack of grounds for ineligibility or incompatibility. In the event a director does not meet or ceases to meet the independence or honesty requirements declared or legally required, or if grounds for ineligibility or incompatibility should exist, the Board shall dismiss the director and replace him/her or ask him/her to desist from the reason of incompatibility within a pre-determined time period, else face dismissal from office.</p> <p>13.5 Directors shall be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be taken from the list receiving the majority of the shareholders' votes in the consecutive order in which they appear on the list, rounding down to the nearest whole number if the number-is a decimal;</p> <p>b) the remaining directors shall be taken from the other lists, which may not be associated in any way, even indirectly, to shareholders who have submitted or voted for the list which came in first in number of votes; for that purpose, the votes won by said lists shall be divided successively by one, two or three, depending on the consecutive number of directors to be elected. The quotients thus obtained shall be assigned progressively to candidates from each of these lists, according to the order shown in them. The quotients thus assigned to candidates from the different lists shall be arranged in a single decreasing gradation. Those obtaining the highest quotients shall be elected. If several candidates obtain the same quotient, the candidate from the list which has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of these lists has yet elected a director or if all have elected the same number of directors, the candidate from the list obtaining the greatest number of votes shall be elected. If the voting on lists is tied and the quotient is also tied, a new vote by the entire Shareholders' Meeting shall be held, and the candidate winning a simple majority of votes shall be elected;</p> <p>c) if, after following the procedure described above, the minimum number of independent directors required by the Bylaws is not elected, the quotient of votes to be attributed to each candidate is –taken from the lists,</p>
--	---

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>who meet the independence criteria and appointed in accordance with the procedure mentioned in letter d). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which the highest number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;</p> <p>c-bis) notwithstanding the procedure described in letters a) and b) above it is not possible to comply with the law on gender representation, the quotient of votes to be attributed to each candidate taken from the lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced, notwithstanding the compliance with the minimum number of independent directors, by the candidate of the least represented gender (with the highest consecutive number) taken from the same list as the replaced candidate; otherwise, the candidate shall be replaced by the person appointed in accordance with the procedure mentioned in letter d). If candidates from different lists have obtained the same lowest quotient, the candidate from the list from which the greater number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;</p> <p>d) for the appointment of directors not appointed for any reason by the above procedure, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Directors is consistent both with the law and with the Bylaws.</p> <p>Additional binding legal provisions, including regulatory rules, remain unchanged.</p>	<p>dividing the number of votes for each list by the order number of each of these candidates; non-independent candidates with the lowest quotients among the candidates taken from all the lists shall be replaced, starting from the very lowest, by the independent candidates taken from the same list as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by people who meet the independence criteria and appointed in accordance with the procedure mentioned in letter d). If candidates taken from different lists have obtained the same quotient, the candidate from the list from which the highest number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;</p> <p>c-bis) notwithstanding the procedure described in letters a) and b) above it is not possible to comply with the law on gender representation, the quotient of votes to be attributed to each candidate taken from the lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced, notwithstanding the compliance with the minimum number of independent directors, by the candidate of the least represented gender (with the highest consecutive number) taken from the same list as the replaced candidate; otherwise, the candidate shall be replaced by the person appointed in accordance with the procedure mentioned in letter d). If candidates from different lists have obtained the same lowest quotient, the candidate from the list from which the greater number of directors has been taken shall be replaced, or, if these numbers of directors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall</p>
--	---

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>13.6 The list voting mechanism applies only for the replacement of the entire Board of Directors.</p> <p>13.7 Even during its term of office, the Shareholders' Meeting may change the number of members on the Board of Directors, provided it is within the limit set forth in paragraph one of this Article, with regard to respective appointments. The term of office of directors thus elected shall expire with those in office.</p> <p>13.8 If, during the financial year, the office of one or more directors should be vacated, Article 2386 of the Italian Civil Code shall be applied. Compliance with the minimum number of independent directors and with the applicable law on gender representation must in any case be ensured.</p> <p>If the majority of directors should vacate their offices, the entire Board shall be understood to resign, and the Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.</p> <p>13.9 The Board of Directors may form internal committees charged with consultative and advisory duties on specific matters.</p>	<p>be replaced;</p> <p>d) for the appointment of directors not appointed for any reason by the above procedure, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Directors is consistent both with the law and with the Bylaws.</p> <p>Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>13.6 The list voting mechanism applies only for the replacement of the entire Board of Directors.</p> <p>13.7 Even during its term of office, the Shareholders' Meeting may change the number of <del>directors</del> <del>members on the Board of Directors</del>, provided it is within the limit set forth in paragraph one of this Article, <b>and may make the with regard to respective appointments in accordance with the procedures set forth in Article 13.5 lett. d), above.</b> The term of office of directors thus elected shall expire with those in office.</p> <p>13.8 If, during the financial year, the office of one or more directors should be vacated, Article 2386 of the Italian Civil Code shall be applied. Compliance with the minimum number of independent directors and with the applicable law on gender representation must in any case be ensured.</p> <p>If the majority of directors should vacate their offices, the entire Board <b>of Directors</b> shall be understood to resign, and the Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.</p> <p>13.9 The Board of Directors may form internal committees charged with consultative and advisory duties on specific matters.</p>
<p style="text-align: center;">ARTICLE 16</p> <p>16.1 The Board of Directors is invested with full powers for ordinary and extraordinary management of the Company and, in particular, may take all actions it deems necessary for the implementation and achievement of the corporate purpose, excluding only acts that the law or these Bylaws reserve to the Shareholders' Meeting. The Board of Directors may delegate its powers to one or more of its members, determining the limits of delegation pursuant to Article 2381 of the Civil Code and</p>	<p style="text-align: center;">ARTICLE 16</p> <p>16.1 The Board of Directors is invested with full powers for ordinary and extraordinary management of the Company and, in particular, may take all actions it deems necessary for the implementation and achievement of the corporate purpose, excluding only acts that the law or these Bylaws reserve to the Shareholders' Meeting. The Board of Directors may delegate its powers to one or more of its members, determining the limits of delegation pursuant to Article 2381 of the Civil Code and</p>

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>appointing the Chief Executive Officer. The Board of Directors may, in any case, issue directives to the Chief Executive Officer and re-assume responsibility for activities delegated. The Board of Directors may also revoke the powers granted at any time, proceeding, in the event of revocation of the powers delegated to the Chief Executive Officer, to appoint a new Chief Executive Officer. The Board of Directors may also establish committees, deciding on their powers and their number of members. The Board, upon proposal of the Chairman, in consultation with the Chief Executive Officer, may confer powers for single acts or categories of acts to other members of the Board of Directors. The Chairman and the Chief Executive Officer, within the powers to them conferred, may give proxies and powers of attorney of the Company, for single acts or categories of acts, to employees of the Company and also third parties.</p> <p>16.2 The Board of Directors may appoint, as proposed by the Chief Executive Officer, upon agreement with the Chairman, one or more General Managers, defining their powers, subject to verification that they satisfy the legally prescribed integrity requirements. The Board of Directors shall periodically evaluate the integrity of the General Managers. Failure to satisfy the requirements shall result in removal from the position.</p> <p>16.3 On the occasion of meetings and at least quarterly, the Chairman or any directors granted powers pursuant to this Article shall report to the Board of Directors and the Board of Statutory Auditors on the subsidiaries, overall progress, foreseeable trends, significant economic, financial or asset-related transactions, paying special attention to transactions in which they have an interest either on their own behalf or on behalf of third parties or transactions which are influenced by any party involved in management and oversight.</p> <p>16.4 The Board of Directors, as proposed by the Chief Executive Officer and upon agreement with the Chairman, subject to prior approval by the Board of Statutory Auditors, shall appoint the Officer in charge of preparing financial reports from among those who satisfy the requirements of professionalism specified below.</p> <p>The Officer in charge of preparing financial</p>	<p>appointing the Chief Executive Officer. The Board of Directors may, in any case, issue directives to the Chief Executive Officer and re-assume responsibility for activities delegated. The Board of Directors may also revoke the powers granted at any time, proceeding, in the event of revocation of the powers delegated to the Chief Executive Officer, to appoint a new Chief Executive Officer. The Board of Directors may also establish committees, deciding on their powers and their number of members. The Board, upon proposal of the Chairman, in consultation with the Chief Executive Officer, may confer powers for single acts or categories of acts to other members of the Board of Directors. The Chairman and the Chief Executive Officer, within the powers to them conferred, may give proxies and powers of attorney of the Company, for single acts or categories of acts, to employees of the Company and also third parties.</p> <p>16.2 The Board of Directors may appoint, as proposed by the Chief Executive Officer, upon agreement with the Chairman, one or more General Managers, defining their powers, subject to verification that they satisfy the legally prescribed integrity requirements. <b>These persons may not hold the posts indicated in Article 13.3 of these Bylaws.</b> The Board of Directors shall periodically evaluate the integrity of its senior management and decide whether there are <b>grounds disqualifying them from office.</b> Failure to satisfy the requirements shall result in removal from the position.</p> <p>16.3 On the occasion of meetings and at least quarterly, the Chairman or any directors granted powers pursuant to this Article shall report to the Board of Directors and the Board of Statutory Auditors on the subsidiaries, overall progress, foreseeable trends, significant economic, financial or asset-related transactions, paying special attention to transactions in which they have an interest either on their own behalf or on behalf of third parties or transactions which are influenced by any party involved in management and oversight.</p> <p>16.4 The Board of Directors, as proposed by the Chief Executive Officer and upon agreement with the Chairman, subject to prior approval by the Board of Statutory Auditors, shall appoint the Officer in charge of preparing financial reports from among those who satisfy</p>
---	---

<p>reports must be chosen from among people who have performed the following activities for at least three years:</p> <ul style="list-style-type: none"> <li>a) director, control or management activity at a company listed on regulated markets in Italy, other states of the European Union or other countries belonging to the OECD which have a share capital of no less than €2 million, or</li> <li>b) audit activity at the companies mentioned under letter a), or</li> <li>c) professional or university teaching activity in finance or accounting, or</li> <li>d) managerial functions at public or private entities with financial, accounting or control responsibilities.</li> </ul> <p>The Board of Directors shall ensure that the Officer in charge of preparing financial reports is endowed with adequate powers and means to perform his duties and shall ascertain that the company's administrative and accounting procedures are effectively applied.</p>	<p>the requirements of professionalism specified below.</p> <p>The Officer in charge of preparing the financial statements <b>may not hold any of the posts referred to in Article 13.3 of these Bylaws and</b> must have performed the following activities for at least three years:</p> <ul style="list-style-type: none"> <li>a) director, control or management activity at a company listed on regulated markets in Italy, other states of the European Union or other countries belonging to the OECD which have a share capital of no less than €2 million, or</li> <li>b) audit activity at the companies mentioned under letter a), or</li> <li>c) professional or university teaching activity in finance or accounting, or</li> <li>d) managerial functions at public or private entities with financial, accounting or control responsibilities.</li> </ul> <p>The Board of Directors shall ensure that the Officer in charge of preparing financial reports is endowed with adequate powers and means to perform his duties and shall ascertain that the company's administrative and accounting procedures are effectively applied.</p>
<p style="text-align: center;"><b><u>Chapter V – BOARD OF STATUTORY AUDITORS</u></b></p> <p style="text-align: center;">ARTICLE 20</p> <p>20.1 The Board of Statutory Auditors consists of three effective auditors; two alternate auditors are also appointed. The Shareholders' Meeting appoints the auditors and determines their compensation. Statutory auditors are chosen from among those who meet the professionalism and honesty requirements indicated in Decree no. 162 of 30 March 2000 of the Ministry of Justice.</p> <p>Issues set forth in this decree which relate strictly to the Company's activity include: commercial law, business economics and business finance.</p> <p>Likewise, the sector pertaining strictly to the Company's business is the engineering and geology sector.</p> <p>20.2 Statutory auditors may assume offices as members of management and control bodies of other companies within the limits set by Consob</p>	<p style="text-align: center;"><b><u>Chapter V – BOARD OF STATUTORY AUDITORS</u></b></p> <p style="text-align: center;">ARTICLE 20</p> <p>20.1 The Board of Statutory Auditors consists of three effective auditors; two alternate auditors are also appointed. The Shareholders' Meeting appoints the auditors and determines their compensation. Statutory auditors are chosen from among those who meet the professionalism and honesty requirements indicated in Decree no. 162 of 30 March 2000 of the Ministry of Justice.</p> <p>Issues set forth in this decree which relate strictly to the Company's activity include: commercial law, business economics and business finance.</p> <p>Likewise, the sector pertaining strictly to the Company's business is the engineering and geology sector.</p> <p>20.2 Statutory auditors may assume offices as members of management and control bodies of other companies within the limits set by Consob</p>

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>in its regulations.</p> <p>20.3 Pursuant to the pro tempore provisions in force on gender representation, the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number and their number must not be higher than that of the members of the body to be elected.</p> <p>The procedures governed by Article 13.3 of the Bylaws shall apply for the filing, submission and publication of lists.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit lists.</p> <p>Each candidate may run as a candidate on only one list, subject to ineligibility.</p> <p>Lists are broken into two sections: the first for candidates to the office of effective auditor, and the second for candidates to the office of alternate auditor. At least the first candidate in each section must be included in the register of auditors and must have a minimum of three years' experience as an auditor.</p> <p>In order to comply with the applicable law on gender representation, lists with candidates for both sections which contain three or more candidates presented for appointment of the majority of the Board of Statutory Auditors' members must contain candidates of each gender in the section for the appointment of effective auditors, in accordance with the notice of call of the Shareholders' Meeting. If the alternate auditor section of these lists contains two candidates, there must be one of each gender.</p> <p>Two effective auditors and one alternate auditor are taken from the list that wins the majority of the votes. The other effective auditor and the other alternate auditor are appointed pursuant to Article 13.5 letter b), which shall be applied separately to each of the sections into which the other lists are broken down.</p> <p>The Shareholders' Meeting appoints as Chairman of the Board of Statutory Auditors the effective auditor appointed pursuant to Article</p>	<p>in its regulations, <b>except for the posts referred to in Article 13.3 of these Bylaws.</b></p> <p>20.3 Pursuant to the pro tempore provisions in force on gender representation, the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists submitted by the shareholders. In these lists, the candidates must be listed by consecutive number and their number must not be higher than that of the members of the body to be elected.</p> <p>The procedures governed by Article 13.3 of the Bylaws shall apply for the filing, submission and publication of lists.</p> <p>Each shareholder may submit or be involved in submitting only one list and may vote on only one list, according to the terms provided for by the abovementioned legal and regulatory provisions.</p> <p>Only shareholders who alone or together with other shareholders represent at least 2% or are the owners overall of another percentage of shares stipulated by Consob regulations <del>shall</del> <b>be</b>are entitled to submit lists.</p> <p>Each candidate may run as a candidate on only one list, subject to ineligibility.</p> <p>Lists are broken into two sections: the first for candidates to the office of effective auditor, and the second for candidates to the office of alternate auditor. At least the first candidate in each section must be included in the register of <b>statutory</b> auditors and must have a minimum of three years' experience as auditor.</p> <p>In order to comply with the applicable law on gender representation, lists with candidates for both sections which contain three or more candidates presented for appointment of the majority of the Board of Statutory Auditors' members must contain candidates of each gender in the section for the appointment of effective auditors, in accordance with the notice of call of the Shareholders' Meeting. If the alternate auditor section of these lists contains two candidates, there must be one of each gender.</p> <p>Two effective auditors and one alternate auditor are taken from the list that wins the majority of the votes. The other effective auditor and the other alternate auditor are appointed pursuant to Article 13.5 letter b), which shall be applied separately to each of the sections into which the other lists are broken down.</p> <p>The Shareholders' Meeting appoints as Chairman of the Board of Statutory Auditors the</p>
---	---

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>13.5 letter b). If according to the above mentioned procedure it is not possible to ensure the compliance with the law on gender representation for the effective auditors, the quotient of votes to be attributed to each candidate taken from the effective auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same effective auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor he/she has just been replaced by). If this procedure fails to ensure the compliance with the law on gender representation, the candidate is replaced by the person appointed by the Shareholders' Meeting with the majority of votes set by the law, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and with the Bylaws. Where candidates from different lists have obtained the same quotient, the candidate from the list from which the greater number of Statutory Auditors has been taken shall be replaced, or, if these numbers of Statutory Auditors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced. For the appointment of Statutory Auditors not appointed for any reason according to the above mentioned procedures, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Statutory Auditors complies both with the law and the Bylaws. In the event of the replacement of a statutory auditor from the list that wins the majority of the votes, he/she is replaced by the alternate auditor from the same list; in the event of replacement of a statutory auditor from other lists, he/she is succeeded by the alternate auditor from the those lists. If the replacement fails to ensure the compliance with the law on gender representation, a Shareholders' Meeting</p>	<p>effective auditor appointed pursuant to Article 13.5 letter b). If according to the above mentioned procedure it is not possible to ensure the compliance with the law on gender representation for the effective auditors, the quotient of votes to be attributed to each candidate taken from the effective auditor sections of the different lists shall be calculated by dividing the number of votes for each list by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same effective auditor section of the list of the replaced candidate, or, failing this, from the alternate auditor section of the same list as the replaced candidate (who, in this case, takes the place of the alternate auditor he/she has just been replaced by). If this procedure fails to ensure the compliance with the law on gender representation, the candidate is replaced by the person appointed by the Shareholders' Meeting with the majority of votes set by the law, in such a way as to ensure that the composition of the Board of Statutory Auditors complies with the law and with the Bylaws. Where candidates from different lists have obtained the same quotient, the candidate from the list from which the greater number of Statutory Auditors has been taken shall be replaced, or, if these numbers of Statutory Auditors are the same, the candidate taken from the list with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced. For the appointment of Statutory Auditors not appointed for any reason according to the above mentioned procedures, the Shareholders' Meeting shall resolve by statutory majority so as to ensure that the composition of the Board of Statutory Auditors complies both with the law and the Bylaws. In the event of the replacement of a statutory auditor from the list that wins the majority of the votes, he/she is replaced by the alternate auditor from the same list; in the event of replacement of a statutory auditor from other lists, he/she is succeeded by the alternate auditor from the those lists. If the replacement fails to ensure the compliance with the law on</p>
--	---

Report of the Board of Directors on the proposals relating to the item on the agenda for the Shareholders' Meeting

<p>must be called as soon as possible to this end. The list voting procedure applies only for the replacement of the entire Board of Statutory Auditors. Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>20.4 Outgoing statutory auditors may be re-elected.</p> <p>20.5 Upon notice to the Chairman of the Board of Directors, the Board of Statutory Auditors may call Shareholders' Meetings and Board of Directors' meetings. The power to call Board of Directors' meetings may be exercised individually by each member of the Board of Statutory Auditors; power to call Shareholders' Meetings must be exercised by at least two members of the Board.</p> <p>20.6 The Board of Statutory Auditors may meet via conference call or videoconferencing, providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. A session is considered held if it takes place where the Chairman of the Board of Statutory Auditors and the Secretary, if appointed, are located.</p>	<p>gender representation, a Shareholders' Meeting must be called as soon as possible to this end. The list voting procedure applies only for the replacement of the entire Board of Statutory Auditors. Additional binding legal provisions, including regulatory rules, remain unchanged.</p> <p>20.4 Outgoing statutory auditors may be re-elected.</p> <p>20.5 Upon notice to the Chairman of the Board of Directors, the Board of Statutory Auditors may call Shareholders' Meetings and Board of Directors' meetings. The power to call Board of Directors' meetings may be exercised individually by each member of the Board of Statutory Auditors; power to call Shareholders' Meetings must be exercised by at least two members of the Board.</p> <p>20.6 The Board of Statutory Auditors may meet via conference call or videoconferencing, providing that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. A session is considered held if it takes place where the Chairman of the Board of Statutory Auditors and the Secretary, if appointed, are located.</p>
---	--

- grant the broadest powers to the Chief Executive Officer so that, even by means of proxy, he may give effect to this resolution and, where appropriate or necessary, he may make formal additions, changes and deletions which may be requested by the competent Authority for registration in the Register of Companies.

The Chairman of the Board of Directors

Mr. Lorenzo Bini Smaghi