

Remuneration Report 2015



Snam ensures the greatest possible transparency in the quality of its remuneration systems and in the results of their application.

The remuneration system, which is based on the principles of Borsa Italiana's Code of Corporate Governance, recognises responsibilities assigned, results achieved and the quality of the professional contribution, and it adheres to the principles of personal development and equal opportunity affirmed in the Code of Ethics that have always formed a part of Snam's organisational culture.

The remuneration system supports the growth of Snam and its financial results, helping to align management action with the interests of the stakeholders and shareholders, and promoting the creation of value in the medium-to-long term.

Remuneration Report 2015

Approved by the meeting of the Board of Directors of 11 March 2015

The Report is published in the "Governance" section of the Company's website (www.snam.it)
Translation from the Italian. In the event of any differences in interpretation, the Italian text shall prevail.

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE	5
ABSTRACT	7

Section I - 2015 Remuneration Policy

FOREWORD	11
GOVERNANCE OF THE REMUNERATION PROCESS	12
Involved bodies and parties	12
Snam's Remuneration Committee	12
Approval procedure for the 2015 Remuneration Policy	16
PURPOSE AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY	17
Purpose	17
General principles	17
2015 REMUNERATION POLICY GUIDELINES	18
Chairman	19
Non-executive directors	19
Chief Executive Officer	19
Managers with strategic responsibilities	22
Claw-back mechanisms	23
Market references and pay mix	23

Section II – Compensation and other Information

IMPLEMENTATION OF 2014 REMUNERATION POLICIES	27
Fixed remuneration	28
Compensation for participation in Board Committees	28
Variable incentives	28
Severance indemnities for end of office or termination of employment	30
Benefits	30
COMPENSATION PAID IN 2014	37
SHAREHOLDINGS HELD	37
GLOSSARY	39
ANALYTICAL INDEX OF TOPICS	43

Letter from the Chairman of the Remuneration Committee

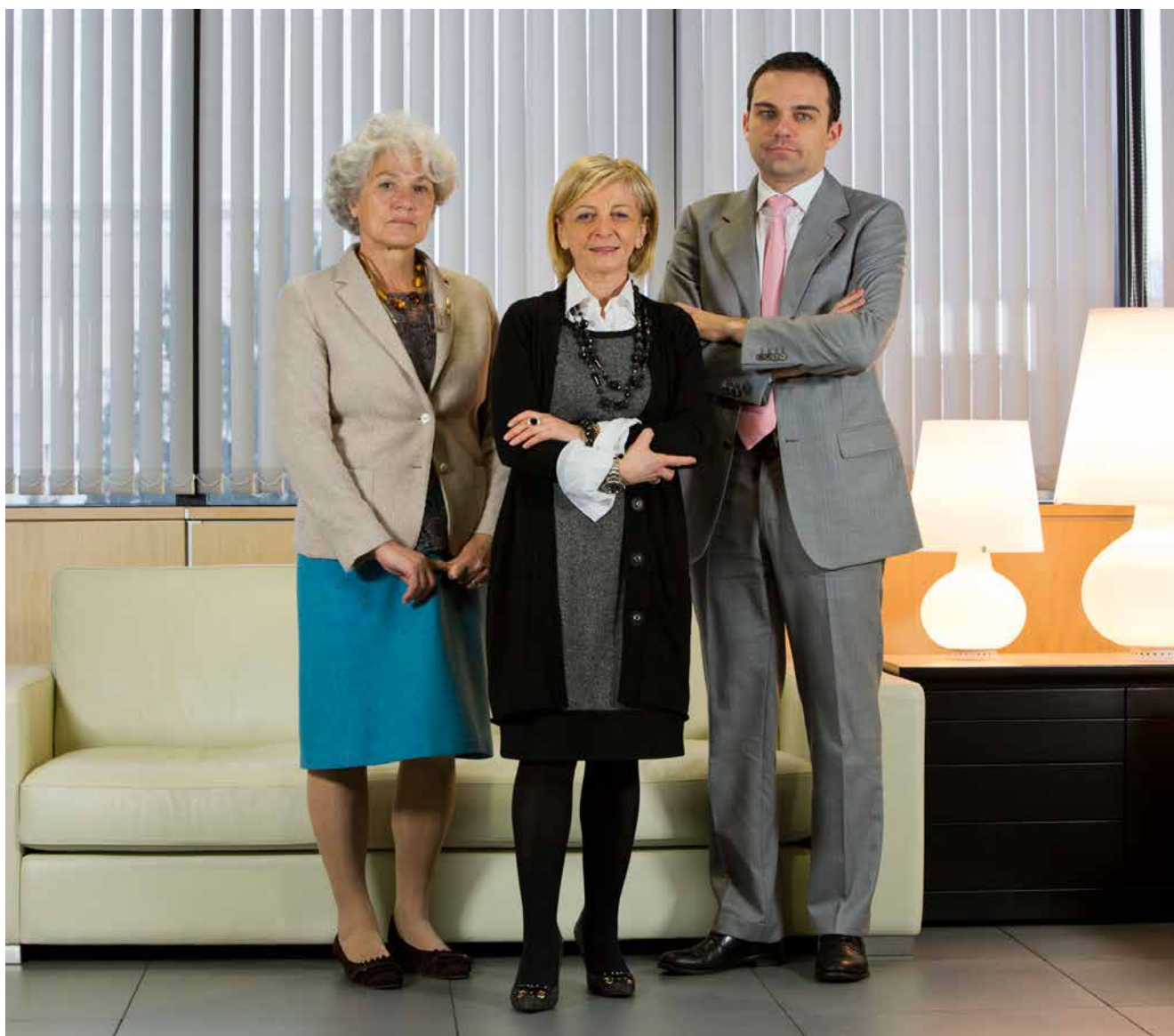


SNAM RETE

Dear Shareholders,

As Chairman of Snam's Remuneration Committee, comprising directors Pia Saraceno, Andrea Novelli and myself, I am happy to present the Remuneration Report, which, since 2012, has been published annually by Snam and submitted to the vote of the Ordinary Shareholders' Meeting with the aim of providing shareholders and investors with maximum transparency in terms of the quality of the Company's remuneration systems. The commitment of the Remuneration Committee is to propose to the Board of Directors the adjustments to be made to Snam's remuneration system in order to ensure, firstly, that is always in line with international best practices and with national and European legislation, and secondly to support and encourage the development of the Company in a manner consistent with its Strategic Plan.

With this aim in mind, in 2014 the Remuneration Committee focused on **performance indicators used in the variable incentive systems** of Snam's management. The overall proposal, which was prepared by the Committee and approved by the Board of Directors, is based on the objective of making the **relationship between Snam's strategic goals and variable incentive systems** even closer by further aligning management's interest in creating value for shareholders over the medium and long term. An example of this is the proposal to **introduce the Total Shareholder Return**, which is widely used in international practice, as the performance indicator of the Long-Term Incentive Plan, which will be submitted to the Shareholders' Meeting for approval. Furthermore, the investment, operational and financial



Chairman Elisabetta Oliveri in the middle, Pia Saraceno and Andrea Novelli on the sides

efficiency and sustainability targets serve as benchmarks for the variable incentive system through appropriate

Key Performance Indicators that can be determined in advance and are measurable.

In recent years we have been constantly **open to ways to make improvements** in the Remuneration Policy and in the Report describing it with the desire to initiate transparent, constructive and regular **discussions with all stakeholders.**

This year, this ongoing discussion has also led to suggestions and ideas to improve the **transparency and readability** of the 2015 Report, which we have decided to incorporate by adding a new beginning section summarising the content of the Report, improving and expanding graphs and charts and inserting additional information on the Company's performance.

Snam's Remuneration Committee is therefore delivering the 2015 Remuneration Report to all stakeholders and the Shareholders' Meeting, which is asked to cast a non-binding vote on the first section, with the hope that this edition will also fully explain and describe Snam's remuneration system and its contribution to the creation of shared value, which is the Company's ongoing goal.

Elisabetta Oliveri

Chairman of the Remuneration Committee

SUMMARY OF 2015 REMUNERATION POLICY

Component	Purposes and characteristics	Criteria and conditions for implementation	Amounts
Fixed remuneration	Adequately compensates the skills, professionalism and contribution required for the position held with the aim of providing motivation including for the purposes of retention	Fixed remuneration is determined based on the position and responsibilities assigned with respect to levels used for equivalent positions in the market, and with possible annual adjustments established for merit (continuation of individual performance) or for promotions or increased responsibilities.	Chairman: € 400.000 (including fixed annual compensation for directors set by the Shareholders' Meeting); Chief Executive Officer: € 860.000 (including fixed annual compensation for directors set by the Shareholders' Meeting); MSR*: commensurate with powers and position held
Short-term variable incentives (IMA - Annual Monetary Incentive)	Paid annually in cash, this is a useful tool to motivate and guide management activities over the short term in keeping with corporate goals established by the Board of Directors. The amount of the short-term annual incentive is based on the position held and the company and individual performance achieved.	Corporate/CEO grid objectives: - Free Cash Flow (30%) - Investments (30%) - Operational efficiency (30%) - Employee and contractor accident frequency index (10%) MSR objectives: 50% of IMA is determined by the results of objectives assigned to the CEO, and the remaining 50% by individual objectives (focused on financial, operational and industrial performance, internal efficiency and sustainability issues) Claw Back clauses	Incentives paid according to results achieved in the prior year and assessed against a performance scale of 70-130 points with a minimum threshold for incentives equal to overall performance of 85 points. CEO: 50% of gross annual compensation (GAC) for results in the corporate grid equal to the target (100 points); 65% of GAC for results equal to the max (130 points) MSR: variable incentive percentages based on the position held, up to a maximum of 40% of GAC for target performance and 52% of GAC for maximum performance
Long-term variable incentives (IMD - Deferred Monetary Incentive)	Reserved for executives who have achieved the individual objectives set in the previous year, and who are a part of the Leadership Development Program. These incentives provide support for management activities over the medium and long term in keeping with the strategic plan's objectives, and they also promote retention.	Plan with annual assignment and three-year vesting period Indicator: Snam Group EBITDA measured in comparison to the budgeted result Award of incentive: based on the position held and the EBITDA performance achieved in the previous year Payment of incentive: according to the three-year average EBITDA performance, and assessed on a linear scale of 70-170 with the target (130) equal to the budget Claw Back clauses	CEO: 45.5% of GAC for target performance; 77.4% of GAC for max performance MSR: variable incentive percentage according to the position held, up to a maximum of 55.3% of GAC
Long-term variable incentives (IMLT - Long-Term Monetary Incentive)	Reserved for those holding positions with the most direct responsibility for the company's results; they ensure the best alignment between the interests of shareholders and management's conduct.	Plan with annual assignment and three-year vesting period Indicators: UAdjusted net profit (60%); TSR (40%) Award of incentive: according to the position held Payment of incentive: for both indicators the average performance in the three-year vesting period - Adjusted net profit calculated in respect of the budget on a linear scale of 100-130 (0 for values lower than the budget; 100 for values equal to the budget); - TSR calculated on a linear scale of 70-130, based on Snam's positioning in relation to the peer group panel**, excluding the lowest value. If the lowest value is Snam's, the corresponding score will be 0 Claw Back clauses	CEO: 50% of GAC for target performance; 65% of GAC for max performance MSR: variable incentive percentage according to the position held, up to a maximum of 45.5% of GAC
Benefits	These are an integral part of the remuneration package, and are focused primarily on welfare and pension components.	Continually determined using the policy implemented in recent years and in accordance with the national contract and supplementary company agreements for executives	'These are assigned to all executive staff: - supplementary pension fund - supplementary healthcare fund - life and disability insurance coverage - automobile for both business and personal use

* MSR - Managers with Strategic Responsibilities

** The panel consists of: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities.

NEWS IN 2015

Claw-back clause (to be used for variable incentive instruments): "Subject to the right to compensation for any further damage, within the legally prescribed deadline, the Company may come back into possession (with the Participant's resulting obligation to return the amount) of amounts already disbursed if it is determined that the achievement of objectives was due to malicious or grossly negligent conduct, or any actions carried out in violation of any applicable rules (whether corporate, legal, regulatory or from any other source) by the Participant, or if the above objectives were achieved on the basis of data that were later found to be patently false".

The procedure to specify the process and responsibilities connected with the implementation of this clause is being determined.

Introduction of the **TSR**, to apply to the Long-Term Monetary Incentive as an objective indicator of the creation of value for shareholders. Its use, together with adjusted net profit, increases the correlation with corporate strategy and improves the convergence of objectives between management and the shareholder base over the long term.

Update of the remuneration structure for the **Internal Audit Manager**:

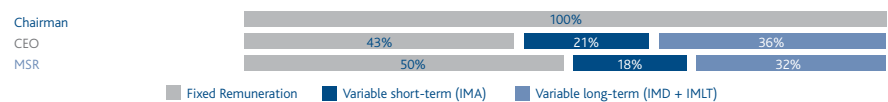
- MBO grid with only functional and measurable quantitative objectives
- calculation of the annual monetary incentive relying only on that grid
- assignment of minimum, target and maximum performance levels, and assessment of results achieved to be carried out by the Control and Risk Committee
- standardisation of other forms of deferred monetary and long-term monetary incentives for the entire management structure.

PAY MIX

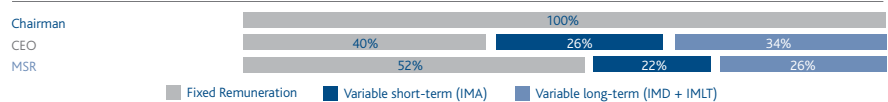
The guidelines of the 2015 Remuneration Policy call for a pay mix consistent with the management position held.

In the case of the CEO, there is greater emphasis on the variable component and it prevails over the fixed component even if results are equal to the target.

TARGET PAY MIX



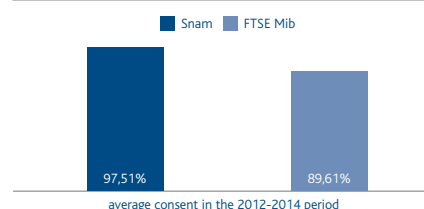
PAY MIX USED IN 2014



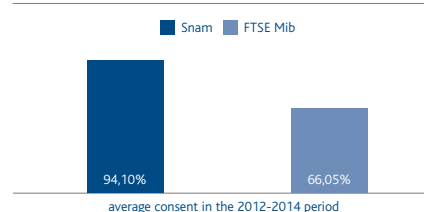
SHAREHOLDERS' MEETING VOTE ON SECTION I OF THE 2014 REMUNERATION REPORT

As provided for by the legislation in force, Snam's Shareholders' Meeting again voted in an advisory capacity on the first section of the Remuneration Report in 2014. The percentage of votes in favour was 96.46% of the meeting participants. Compared with previous years, there was a sharp increase in participation from 50.45% to 61% of the share capital, due in part to the increased presence of institutional investors.

TOTAL VOTES IN FAVOUR



VOTES IN FAVOUR INTERESTS



During the first three years of implementing "say on pay" in Italy, Snam achieved steady performance in terms of the favourable vote, and in any event, over 96% of votes cast. The average consensus achieved by Snam over the three-year reference period was 97.5%. Even if the vote of minority interests is taken into account, Snam confirmed high consensus percentages with 93.03% favourable votes in 2014 and a three-year average of 94.1%, which puts it in second place among FTSE MIB companies (source: Georgeson).



2015 Remuneration Policy



FOREWORD

This Report, approved by the Board of Directors on 11 March 2015 on the recommendation of the Remuneration Committee, in accordance with current legislative and regulatory requirements¹, defines and describes:

- in the first section: the Policy adopted for 2015 by Snam S.p.A. (hereinafter "Snam" or the "Company") for the remuneration of directors and managers with strategic responsibilities², while setting out the general objectives of the Company, the boards involved and the procedures used for adopting and implementing the Policy. The general principles and the guidelines set out in Snam's Policy also apply for the purposes of determining the remuneration policies of the companies directly or indirectly controlled by Snam;
- in the second section: the compensation paid in 2014 to Snam's directors, statutory auditors (individually) and managers with strategic responsibilities (collectively).

The Remuneration Policy illustrated in this Report has also been adopted by the Company, as provided for by Consob Regulation No. 17221/2010 on the subject of related

party transactions, and pursuant to Article 10.6 of the Procedure "Transactions Involving Interests of Directors and Statutory Auditors and Related-Party Transactions" ("Related Party Procedure") approved by the Board of Directors on 30 November 2010, as amended.

The Policy described in the first section of the Report was prepared in line with the remuneration recommendations contained in the Code of Corporate Governance introduced by Borsa Italiana S.p.A. (hereinafter, the "Code of Corporate Governance"), as most recently amended in the new edition of the Code in July 2014, and these recommendations were adopted by the Board of Directors on 30 October 2014. The text of this Report is made available to the public at the Company's registered office and on its website³ and the website of Borsa Italiana no later than 21 days prior to the date of the Shareholders' Meeting called to approve the 2014 financial statements and to give its opinion, through a non-binding decision, on the first section of this Report in accordance with current regulations⁴.

¹ Article 123-ter of Legislative Decree No. 58/98 and Article 84-quater of the Consob Issuer Regulations (Resolution No. 11971/99 as amended and supplemented).

² Included within the definition of "managers with strategic responsibilities", pursuant to Article 65, paragraph 1-quater of the Issuer Regulations, are those persons having direct or indirect authority and responsibility for the planning, management and control of Snam. Snam's managers with strategic responsibilities who are not directors or statutory auditors are the members of the Executive Committee (Head of the Legal and Corporate Affairs and Compliance Department, Head of Business Development and Overseas Activities, Head of Human Resources & Security and Head of Planning,

³ The text is published in the "Governance" section of the Company's website (<http://www.snam.it/it/governance/remunerazione/>).

⁴ Article 123-ter, paragraph 6 of Legislative Decree No. 58/98.



GOVERNANCE OF THE REMUNERATION PROCESS

INVOLVED BODIES AND PARTIES

The Policy regarding remuneration of members of Snam's Board of Directors is defined in accordance with statutory and regulatory provisions, according to which:

- The Shareholders' Meeting: (i) determines the compensation of members of the Board of Directors at the time of their appointment and for their entire term of office, (ii) passes resolutions, on the recommendation of the Board of Directors, on compensation plans based on the award of financial instruments;
- the Board of Directors, on the recommendation of the Remuneration Committee, and having heard the opinion of the Board of Statutory Auditors, determines the remuneration of the directors invested with specific duties and for participation in Board Committees.

In keeping with Snam's rules of corporate governance⁵, the Board also:

- determines remuneration policy for the directors, general managers and managers with strategic responsibilities of the Company and its Subsidiaries and compensation systems after reviewing the proposals of the Remuneration Committee;
- determines the remuneration of the Internal Audit Manager in keeping with the Company's remuneration policies, after approval by the Remuneration Committee;
- implements compensation plans based on shares or financial instruments that have been approved by the Shareholders' Meeting;
- approves the Remuneration Report to be submitted to the Shareholders' Meeting;
- assesses, after a mandatory opinion from the Remuneration Committee, the content of the vote concerning the Remuneration Report cast by the Shareholders' Meeting and the Committee's proposals concerning the adequacy, overall consistency and application of the Remuneration Policy adopted for directors and managers with strategic responsibilities.

In complying with the recommendations contained in the Code of Corporate Governance, the Board of Directors is assisted in matters of remuneration by a Committee of non-executive directors, the majority of whom are independent (Remuneration Committee), having both a consulting and an advisory role in this regard.

SNAM'S REMUNERATION COMMITTEE

Composition, appointments and tasks

The Remuneration Committee, first established by the Board of Directors in 2002, consists of, in line with the most recent recommendations of the Code of Corporate Governance, three non-executive directors, the majority of whom are independent, with the Chairman selected from among the independent directors. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies, as assessed by the Board at the time of appointment. The Board of Directors carried out such an assessment on 23 April 2013.

Since 23 April 2013, the Remuneration Committee has consisted of the following directors: Elisabetta Oliveri (non-executive, independent director), serving as Chairman, Andrea Novelli (non-executive director) and Pia Saraceno (non-executive, independent director). Snam's Director of Human Resources and Security serves as the Secretary of the Committee.

The composition, tasks and operating methods of the Committee are governed by specific rules⁶, approved by the Board of Directors and most recently updated on 30 October 2014.

The Committee has the following consulting and advisory functions with regard to the Board of Directors:

- it submits for the approval of the Board of Directors the Remuneration Report and, in particular, the Policy for the Remuneration of Directors and Managers with Strategic Responsibilities to be presented to the Shareholders' Meeting called to approve the financial statements within the time frame established by law;
- it assesses the vote on the Remuneration Report taken by the Shareholders' Meeting in the previous financial year and expresses an opinion to the Board of Directors;

⁵ For further information on Snam's governance structure, see the "Report on Corporate Governance and Ownership Structures" published in the "Governance" section of the Company's website.

⁶ The rules governing the Remuneration Committee are available in the "Governance" section of the Company's website.

- it periodically evaluates the adequacy, overall consistency and practical application of the Policy adopted, by formulating proposals on this subject to the Board;
- it makes proposals concerning the remuneration of the Chairman and the CEO in terms of the various forms of compensation and pay arrangements;
- it makes proposals relative to remuneration of the members of the Committees of directors established by the Board;
- it examines information reported by the Chief Executive Officer and proposes:
 - general criteria for the remuneration of managers with strategic responsibilities;
 - general guidelines for the remuneration of other executives of Snam and its Subsidiaries;
 - annual and long-term incentive plans, including share-based plans;
- it proposes the definition of performance targets, the final calculations of company results and the definition of claw-back clauses connected with the implementation of incentive plans and the determination of variable remuneration for executive directors;
- it proposes, with respect to executive directors, the determination of: i) indemnities to be paid in the event of the termination of employment; and ii) non-compete agreements;
- it monitors the application of decisions adopted by the Board;
- it reports to the Board on the activities it carries out at least every six months, and within the deadline for approving the financial statements and the half-year report, at the Board meeting indicated by the Chairman of the Board.

In performing these functions, the Committee gives any opinions that may be required by the current company procedure on related-party transactions, within the time frame set out by that procedure.

Resolutions passed by the Board of Directors in 2014 concerning remuneration were among the cases excluded, pursuant to paragraph 10, sub-paragraph 6) of the Related Party Procedure, bearing in mind that, as also specified in Article 13 of the *"Regulation Containing Provisions Concerning Related-Party Transactions"* (adopted by Consob in Resolution No. 17221 of 12 March 2010 and later amended by Resolution No. 17389 of 23 June 2010): (i) the Company has adopted a remuneration policy; (ii) the Remuneration Committee was involved in determining the remuneration policy; (iii) the remuneration policy was submitted to the Shareholders' Meeting for its advisory vote; (iv) in all cases, the remuneration proposed was checked for consistency with this policy.

In accordance with the decisions made by the Board of Directors, the Remuneration Committee annually reviews the remuneration structure for the Internal Audit Manager, while ensuring its compliance with the general criteria approved by the Board for all executives and informing the Chairman of the Control and Risk Committee thereof, according to the opinion which it is required to give to the Board.

In 2014, an in-depth analysis of the remuneration structure for the Internal Audit Manager was performed, including in relation to market practices. Based on these findings, and by agreement with the Control and Risk Committee, the Committee proposed the introduction of new provisions calling for: the configuration of an MBO (Management By Objectives) grid, solely with measurable functional objectives and excluding economic and financial objectives; the determination of the annual monetary incentive relying entirely on the results shown on that grid; the assignment of minimum, target or maximum performance levels and the assessment of results achieved, carried out by the Control and Risk Committee; and the standardisation of other forms of deferred monetary and long-term monetary incentives for all managers.

For the proper execution of its analysis and reporting functions, the Remuneration Committee makes use of the relevant departments of the Company and, through these structures, makes use of the assistance of external consultants who are not in a position that could compromise their independence of judgement.

In 2014 the Chairman of the Board of Statutory Auditors (or another permanent member designated by the latter) regularly attended the Committee's meetings.

Activity cycle for the Remuneration Committee

The activities of the Committee are carried out through implementation of an annual schedule which provides for the following stages:

- verification of the adequacy, overall consistency and practical application of the Policy adopted - in the previous year, in relation to the results achieved and the salary benchmarks provided by highly specialised consultants;

- definition of remuneration policy proposals and proposals relating to performance objectives connected to short- and long-term incentive plans;
- proposals for the implementation of existing short- and long-term variable incentive plans, after checking the results achieved against the performance objectives set out in those plans;
- preparation of the Remuneration Report to be submitted each year, following approval by the Board of Directors, to the Shareholders' Meeting.

Activities carried out and scheduled

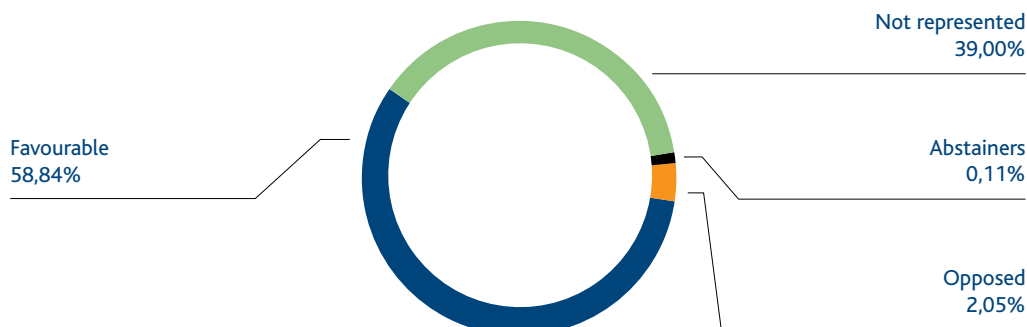
In 2014, the Remuneration Committee met a total of six times. The attendance of its members was 100%.

In the first part of the year, the Committee's actions were focused on: preparing guidelines for the Remuneration Policy and the 2014 Remuneration Report, final calculation of the 2013 corporate results, and defining the 2014 performance objectives for the purposes of the monetary incentive plans. In the second half of the year, the following were analysed: the results of the Shareholders' Meeting vote on the 2014 Remuneration Report with a thorough review of measures to be brought to the attention of shareholders and proxy advisors; performance indicators applicable for variable incentive plans; the Committee's regulations in view of amendments to the Code of Corporate Governance; the remuneration structure for the Internal Audit Manager; and methodologies used by consulting companies to establish the remuneration benchmarks used during the assessment of remuneration policies.

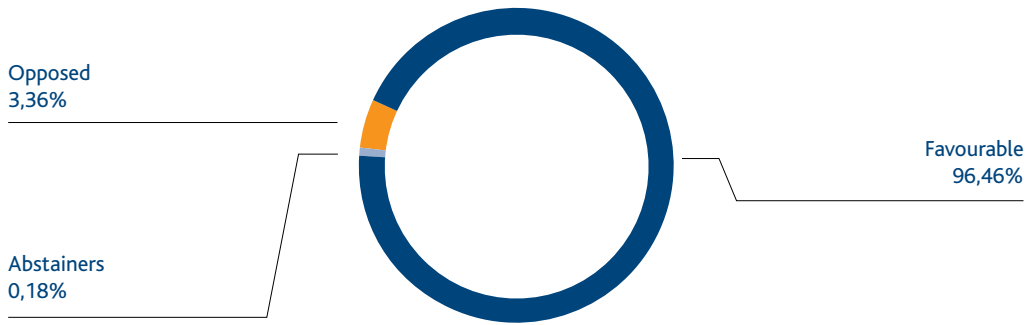
MAIN ISSUES DEALT WITH IN 2014

February (7 February)	<ol style="list-style-type: none"> 1. Evaluation of 2013 Remuneration Policy 2. Evaluation of the remuneration of the Internal Audit Manager 3. 2014 Remuneration Policy guidelines 4. 2014 Remuneration Report (first draft) 5. Determination of corporate objectives for 2014 6. Half-year report to the Board of Directors
February (25 February)	<ol style="list-style-type: none"> 1. Finalisation of corporate objectives for 2013 2. Annual Monetary Incentive proposal for the CEO 3. 2014 Remuneration Report
March	<ol style="list-style-type: none"> 1. Corporate objectives for 2014 2. 2014 Remuneration Report
July	<ol style="list-style-type: none"> 1. Analysis of results of Shareholders' Meeting vote on: 2014 Remuneration Report 2. Finalisation of adjusted net profit for 2013 3. Deferred Monetary Incentive Plan <ol style="list-style-type: none"> a. Regulations b. Proposed 2014 award for the CEO 4. Internal Audit remuneration 5. Half-year report to the Board of Directors

SHAREHOLDERS' MEETING VOTING RESULTS ON REMUNERATION REPORT (TOTAL SHARE CAPITAL)



SHAREHOLDERS' MEETING VOTING RESULTS ON REMUNERATION REPORT (VOTING CAPITAL)



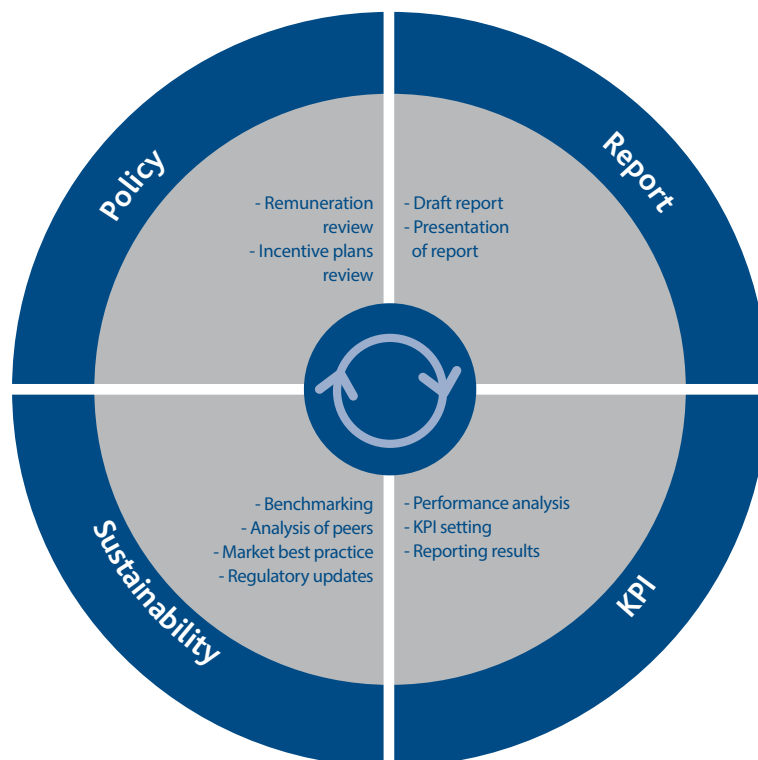
October

1. 2014 Long-Term Monetary Incentive Plan
 - a. Regulations
 - b. Proposed 2014 award for the CEO and critical managers
2. Remuneration Committee rules
3. Corporate performance indicators to be used for the managerial incentive systems
4. Internal Audit remuneration

December

1. Corporate performance indicators to be used for the managerial incentive systems
2. Meeting with providers on the methodology used for remuneration.

REMUNERATION COMMITTEE'S ACTIVITIES BROKEN DOWN BY ISSUE



The Committee has scheduled five meetings in 2015. As at the date of approval of this Report, the first three meetings have already been held, and were dedicated to the periodic assessment of the remuneration policies implemented in 2014, for the purposes of defining policy proposals for 2015, as well as the analysis of this Report for subsequent approval by the Board of Directors.

The Committee reports on the procedures used to carry out its functions to the Shareholders' Meetings called to approve the financial statements, through the Chairman of the Committee, as provided for in its rules, while adhering to the guidelines set out in the Code of Corporate Governance and with a view to establishing a suitable channel for dialogue with shareholders and investors.

Information on the remuneration of directors and managers is further ensured by the updating of pages specifically dedicated to these matters in the "Governance" section of the Company's website.

APPROVAL PROCEDURE FOR THE 2015 REMUNERATION POLICY

The Remuneration Committee, in exercising its powers, has defined the structure and content of the Remuneration Policy in order to prepare this Report, particularly at the meetings of 10 February 2015 and 24 February 2015, in accordance with the recommendations of the Code of Corporate Governance.

As in the past, in making its decisions, the Committee took into consideration the resolutions adopted by the Shareholders' Meeting of 26 March 2013 and by the Board of Directors in 2013 and 2014.

These activities were carried out following an assessment of the legislative framework relating to remuneration and of the practices observed nationally and internationally for the preparation of remuneration reports.

Snam's Remuneration Policy for 2015 for directors and managers with strategic responsibilities was thus approved by the Board of Directors, on the recommendation of the Remuneration Committee, at the meeting of 11 March 2015, at the same time that this Report was approved.

The remuneration policies defined in line with the instructions of the Board of Directors are implemented by the delegated bodies, with the assistance of the relevant company departments.

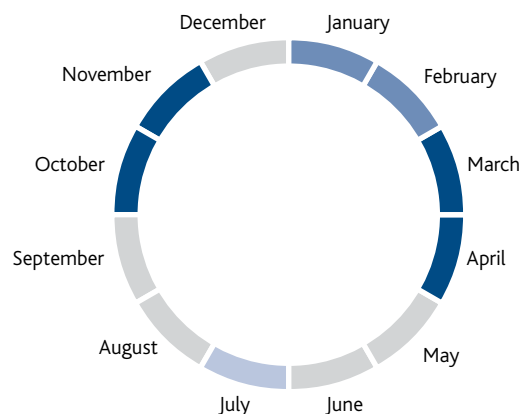
ACTIVITY CYCLE OF THE REMUNERATION COMMITTEE

October - November

Implementation of Long-Term Monetary Incentive Plan (IMLT)
In-depth examination of issues of concern to the shareholders and proxy advisors

July

Implementation of Deferred Monetary Incentive Plan (IMD)
Analysis of results of Shareholders' Meeting vote on the Remuneration Report



January - February

Periodic assessment of Policies adopted in the previous year
Definition of Remuneration Policy
Finalisation of results and definition of objectives relating to Variable Incentive Plans
Implementation of Annual Monetary Incentive Plans (IMA)
Preparation of the Remuneration Report

March - April

Presentation of Remuneration Report to the Shareholders' Meeting

PURPOSE AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

PURPOSE

Snam's Remuneration Policy is defined in accordance with the governance model adopted by the Company and with the recommendations of the Code of Corporate Governance, with a view to attracting and retaining staff with high professional and managerial skills and aligning the interests of management with the primary objective of creating shareholder value over the medium to long term.

Within the adopted Policy, the variable, results-linked component is particularly important. This component is implemented through incentive systems linked to the achievement of economic/financial, business development and operational objectives, defined with a view to the sustainability of results, in line with the Company's Strategic Plan.

In particular, Snam's Remuneration Policy contributes to the achievement of its corporate mission, values and business strategies by: i) encouraging actions and conduct in line with the Company's culture, while complying with the principles of diversity, equal opportunity and the development of knowledge, professionalism, equality and non-discrimination as provided for in Snam's Code of Ethics and in the Corporate System Framework; and ii) recognising the assigned responsibilities, the results achieved and the quality of the professional contribution made, while taking account of the reference context and the remuneration markets.

GENERAL PRINCIPLES

In order to achieve these objectives, the remuneration of directors and managers with strategic responsibilities is defined in accordance with the following principles and criteria:

- remuneration structure able to attract, retain and motivate individuals with high-level professional qualities;
- remuneration of non-executive directors commensurate with the commitment required in relation to participation in Board Committees, with remuneration for the Chairman that is different from that of the members of each Committee, taking account of the role attributed to the former in respect of the coordination of duties and liaison with Company bodies and departments;
- remuneration structure, for the Chairman, that includes fixed compensation consistent with the position held;
- a remuneration structure for the Chief Executive Officer and managers with strategic responsibilities, with a suitable balance between a fixed component in line with the powers and/or responsibilities assigned and a variable component calculated within maximum limits and aimed at linking remuneration to the defined performance targets;
- overall remuneration that is in line with the applicable market for similar positions or for roles and responsibilities of a comparable level of complexity, in the context of a pool of companies comparable with Snam, through specific salary benchmarking carried out with the assistance of leading consulting firms;
- variable remuneration for executive positions that consists of a short-term component and a medium-to-long-term component, characterised by an appropriate deferral of incentives through the provision of a minimum vesting period of three years;
- significant weighting, for executives with a greater impact on the company's results, of the long-term variable components, with a view to sustainability of results and the creation of shareholder value over the medium-to-long term;
- predetermined targets relating to variable remuneration that are measurable and defined to ensure the remuneration of performance over both the short and the medium term by:
 - i. setting targets for short-term incentive plans on the basis of a balanced scorecard that enhances the performance of the business and of the individual, in relation to specific objectives in their area of responsibility and, for those in charge of internal control activities, consistent with the duties assigned to them;
 - ii. setting targets for deferred or long-term incentive plans in a manner that enables an assessment of business performance both in absolute terms, with reference to the ability to generate increasing and sustainable levels of profitability, and in relative terms, compared with a peer group, with reference to the ability to generate higher levels of performance than those of major European listed companies in the utilities sector;
- assessment of the assigned performance objectives, excluding the effects of external variables arising from changes in the benchmark scenario, in order to enhance the actual individual contribution to the achievement of the assigned

- performance objectives;
- adoption of claw-back mechanisms aimed at recovering the variable portion of compensation which is no longer payable since it was received on the basis of inaccurate information;
- benefits in line with pay practices in the reference market and consistent with current regulations, in order to complete and enhance the overall remuneration package, taking into account the roles and/or responsibilities assigned, while focusing on the pension and welfare components;
- potential supplementary indemnities payable upon the termination of employment and/or expiration of term of office for executive roles known to be temporary in nature, or with a greater risk of competitor attraction; such indemnities should be consistent with remuneration;
- possible use of non-compete clauses pursuant to Art. 2125 of the Italian Civil Code in order to protect the Company's interests in the event of termination of employment with the Company, with provision for appropriate penalties in the event of any breach of such clauses.

2015 REMUNERATION POLICY GUIDELINES

In line with previous years, the guidelines for 2015 reflect the decisions made by the Board of Directors with regard to the remuneration of executive directors in recent years and presented to the Ordinary Shareholders' Meeting of 15 April 2014, which approved the 2014 Remuneration Report. For managers with strategic responsibilities, the 2015 Remuneration Policy identifies, in particular, short- and long-term incentive plans strictly in line with those of the top management, in order to better direct and align managerial actions over the short and long term with the objectives defined in the Company's annual performance plans and Strategic Plan. The 2015 Remuneration Policy guidelines were defined in line with the declared objectives and general principles, and were evaluated by the Remuneration Committee to be in line with applicable market benchmarks. The monetary remuneration instruments specified are summarised and explained in the following chart:

REWARD POLICY



CHAIRMAN

Remuneration for the position and powers and other indemnities

On the basis of the decisions of the Board of Directors at its meeting of 26 October 2012 and based on the duties and functions assigned with regard to international relations, the remuneration of the Chairman of the Board of Directors provides for a fixed gross annual salary of € 400,000, which includes the fixed annual compensation for directors as determined by the Shareholders' Meeting plus the reimbursement of expenses incurred in connection with the position. In view of the nature of this position, there are no: i) short- or long-term variable incentive components; ii) agreements on severance indemnities; or iii) benefits.

NON-EXECUTIVE DIRECTORS

Remuneration determined by the Shareholders' Meeting

The Shareholders' Meeting of 26 March 2013 determined the remuneration of directors, providing for a fixed gross annual compensation of € 40,000 plus reimbursement of expenses incurred in relation to the position.

In light of the recommendations of Article 6.C.4 of the Corporate Governance Code, the remuneration of non-executive directors is not linked to the economic results achieved by the Company, nor do these directors benefit from share-based incentive plans. No distinction is made in terms of remuneration for independent directors.

Compensation for participation in Board Committees

For the non-executive directors, on the basis of the resolutions adopted by the Board of Directors on 30 July 2013 in line with the previous resolutions of 27 July and 19 December 2011, an additional annual compensation is provided for participation in Board Committees:

- for the Control and Risk Committee, in relation to the increasingly important role that it plays in managing business risks, compensation of € 30,000 is envisaged for the Chairman and of € 20,000 for the other members;
- for the Remuneration Committee, compensation of € 15,000 for the Chairman and € 10,000 for the other members is respectively envisaged;
- for the Appointments Committee, compensation of € 10,000 for the Chairman and € 7,000 for the other members is respectively envisaged.

At its meeting on 11 March 2015, the Board of Directors decided to confirm the above compensation for the time being, acknowledging that it is in the low market bracket as indicated by the Remuneration Committee on the basis of the relevant benchmark figures.

Severance indemnities

No agreements are provided on severance indemnities for non-executive directors, or any agreements that provide for indemnity in the event of their resignation or dismissal without just cause, or if their working relationship is terminated due to a takeover bid.

CHIEF EXECUTIVE OFFICER

Fixed remuneration

The Chief Executive Officer receives the fixed annual compensation established for directors by the Shareholders' Meeting plus the fixed compensation decided by the Board in relation to the delegated responsibilities assigned, considering the average levels of remuneration observed in the market among major European and Italian listed companies for positions with a comparable level of responsibility and complexity.

At its meeting on 10 February 2015, after analysing the remuneration of the Chief Executive Officer using specific benchmarks with a peer group of companies comparable to Snam in terms of size and complexity, the Remuneration

Committee indicated to the Board of Directors on 11 March 2015, that the remuneration was not appropriate since it was substantially lower than the median market level.

The Board of Directors noted this, and, in keeping with a remuneration policy based on moderation and prudence, it confirmed the fixed annual remuneration, including the annual compensation approved for directors by the Shareholders' Meeting, of € 860,000 gross, as established by the resolution of the Board of Directors of 27 February 2013.

In his capacity as an executive of Snam, the Chief Executive Officer receives indemnities for work-related travel, both in Italy and abroad, in line with the provisions of the CCNL [National Collective Labour Agreement] and supplementary company agreements.

Short-term variable incentives

The annual variable component (Annual Monetary Incentive Plan – IMA) is determined with reference to a target incentive level (performance = 100) and a maximum incentive level (performance = 130) of 50% and 65% respectively of total fixed remuneration, linked to the results achieved by Snam in the previous year with respect to the defined objectives. A threshold level (performance = 85) has been set, below which no short-term incentive is paid.

The 2015 targets approved by the Board of Directors on 25 February 2015 focus on the Company's economic, financial and operating performance, on investments and on issues of sustainability.

ANNUAL MONETARY INCENTIVE TARGETS, 2014 VS 2015

2014		2015	
Free Cash Flow	30%	Free Cash Flow	30%
Investments	30%	Investments	30%
Operational efficiency	30%	Operational efficiency	30%
Employee and contractor accident frequency index	10%	Employee and contractor accident frequency index	10%

Free Cash Flow represents the (monetary) cash flow produced by operating and non-operating activities. The investment target is composed of two items: spending on investments at the budgeted level (20% weighting), and the percentage completion of milestones for key investment projects (10% weighting). The operational efficiency target is measured through a decrease in controllable fixed costs as compared to the budget. Finally, the target for the employee and contractor accident frequency index is a sustainability indicator measured in terms of the number of accidents occurring per million hours worked during the year.

Long-term variable incentives

The variable long-term component is characterised by deferral of the incentive with a view to ensuring sustainability in the creation of value for shareholders in the medium-to-long term. The variable long-term component is divided into two distinct plans:

- The 2015 Deferred Monetary Incentive Plan (IMD), linked to the Company's performance as measured in terms of EBITDA⁷, a parameter widely used in large industrial companies as a summary indicator of the results achieved and consistent with the strategy of growing/strengthening Snam's current positioning in its areas of business. The basic incentive to be awarded is determined, in relation to the results achieved by the Company in the year preceding the award, for a target value and a maximum value of 35% and 45.5% respectively of the fixed remuneration⁸.
The incentive to be paid at the end of the reference three-year period (vesting period) is determined in relation to the results achieved in each of the three years subsequent to that of the award, as a percentage of between 0 and 170% of the awarded amount⁹.
The 2014 EBITDA results for the 2015 award and the 2015 EBITDA targets were approved by the Board of Directors' meetings on 25 February 2015 and 11 March 2015, on the recommendation of the Remuneration Committee, in line with the Strategic Plan.
- 2015 Long-Term Monetary Incentive Plan (IMLT) provided for managers that have a greater impact on the corporate results. This plan will be revised, also subject to its approval by the Shareholders' Meeting¹⁰, with the introduction of the Total Shareholder Return as an indicator that ensures better alignment between management's activities and shareholders' interests. The IMLT plan provides for the annual award of an amount equal to 50% of fixed remuneration, and the payment of the incentive after three years (vesting period) as a percentage ranging from 0 to 130% based on the weighted change in adjusted net profit (60%) and total shareholder return (40%). Performance in terms of adjusted net profit is calculated in relation to budget amounts¹¹, and in terms of total shareholder return, on the basis of Snam's position in the panel comprising a peer group made up of the following leading listed European companies in the utilities sector: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities¹².

Indemnities for termination of office or employment

For the Chief Executive Officer, in line with practices in reference markets, an indemnity is provided for the termination of his post as director and his executive position.

If the term of office is not renewed when it expires, or if it is terminated in advance, two years of fixed annual compensation are payable upon termination of employment plus the average of the Annual Monetary Incentive paid over the last three years, subject to the application of the provisions of the national contract for executives of companies that produce goods and services.

The indemnity is not payable if the employment relationship is terminated for just cause or due to dismissal with notice on subjective grounds involving the notion of justifiability as defined by the collective agreement or in the event of a resignation.

The impact of the possible termination of the CEO's employment contract on the benefits allocated under existing long-term incentive plans is described in the relevant allocation rules.

Non-compete agreements

Non-compete agreements are entered into to protect the Company's interests. Based on standards used by companies

⁷ Earnings before interest, tax, depreciation and amortisation.

⁸ The target corresponds to a result achieved between the budgeted amount and budget +5%, and the maximum corresponds to a result achieved that is greater than the budget +5%.

⁹ The percentage is determined from the average of the results achieved in three successive years from the year of the award, measured on a linear scale and with a result of: 170% if the result achieved is equal to or greater than the budget +5%; 130% if it is equal to the budget; 70% if it is equal to the budget -5%; and 0% if it is less than the budget -5%.

¹⁰ The plan will be subject to the approval of the Shareholders' Meeting called for 29 April 2015. The plan's conditions are described in detail in the information memorandum made available to the public on the Company's website in compliance with current regulations (Art. 114-bis of Legislative Decree No. 58/1998 and Consob implementation regulations).

¹¹ If adjusted net profit is less than the budget, the score is zero; for results between the budget and the budget +5%, the score is determined on a linear scale from 100-130; and for results over the budget +5%, the score remains at 130.

¹² Performance is measured on a linear scale from 70-130, and after removing the lowest value recorded among the seven companies on the panel (if this is Snam, the performance score is 0), the highest TSR is 130, the average TSR is 100, and the lowest TSR of the six remaining companies is 70.

with an equivalent standing, and pursuant to the provisions of Article 2125 of the Italian Civil Code, if the CEO undertakes not to carry out any type of activity competing with the business performed by Snam for a period of a year after the termination of employment in all countries of the European Union and in Switzerland, Russia or Norway, he will be paid one year's compensation consisting only of total fixed compensation. For the Company's protection, penalties are provided for cases of infringement, without prejudice to the right to claim further damages.

Benefits

In compliance with the provisions of national bargaining and supplementary agreements for Snam's executives, the CEO will be registered in the supplementary pension fund (FOPDIRE)¹³, and the supplementary healthcare fund (FISDE)¹⁴, and will be provided with life and disability insurance cover, as well as a car for both business and private use.

MANAGERS WITH STRATEGIC RESPONSIBILITIES

Fixed remuneration

Fixed remuneration is determined on the basis of assigned positions and responsibilities, by considering the average market salary levels of large Italian companies for positions of a similar level of responsibility and managerial complexity. This remuneration may be adjusted periodically as part of the annual salary review process that applies to all managerial staff. Given the reference context and current market trends, and in line with 2014, the guidelines for 2015 set out selective criteria while still maintaining high levels of competitiveness and motivation. In particular, the proposed actions will concern adjustments aimed at those who hold positions for which the scope of responsibility has increased or which are positioned beneath the median market benchmarks.

Furthermore, in their capacity as Snam executives, managers with strategic responsibilities receive travel allowances for work-related travel undertaken both in Italy and abroad, in line with the provisions of the National Collective Labour Agreement and supplementary company agreements.

Short-term variable incentives

The Annual Variable Incentive Plan (IMA) provides for compensation determined with reference to Snam's performance and individual performance, with a target incentive level (performance = 100) and a maximum incentive level (performance = 130), which vary according to the level of the post held, up to a maximum of 40% and 52% respectively of fixed remuneration. A threshold level (performance = 85) has been set, below which no short-term incentive is paid.

For managers with strategic responsibilities, the annual variable incentive is determined partly (50%) by the corporate results with respect to the targets assigned to the Chief Executive Officer by the Board of Directors on 25 February 2015, and partly (50%) by a series of individual targets (focused on economic/financial, operational and industrial performance, internal efficiency and sustainability issues) assigned according to the scope of responsibility of the position held, in line with the provisions of the Company's Performance Plan.

Long-term variable incentives

Managers with strategic responsibilities, in line with the provisions for the Chief Executive Officer, take part in the Long-Term Incentive Plans with the following characteristics:

- 2015 Deferred Monetary Incentive Plan (IMD), linked to the Company's performance measured in terms of EBITDA, which maintains the same performance conditions and characteristics described in the paragraph devoted to the remuneration of the Chief Executive Officer. For managers with strategic responsibilities, the base incentive to be attributed to a target depends on the level of the position held, and can be up to a maximum of 32.5% of fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined

¹³ A contractual pension fund with defined contributions and individual capitalisation, www.fopdire.it.

¹⁴ A fund that provides for the reimbursement of medical expenses to in-service or retired executives and their families, www.fisde-eni.it.

as a percentage between 0% and 170% of the assigned value, according to the results achieved.

- 2015 Long-Term Monetary Incentive Plan (IMLT) provided for managers that have a greater impact on the corporate results. This plan maintains the same performance conditions and characteristics as the Plan provided for the CEO (see pages 25-26). For managers with strategic responsibilities, the base incentive to be awarded depends on the level of the position held, and can be up to a maximum of 35% of fixed remuneration. The incentive to be paid at the end of the three-year reference period (vesting period) is determined as a percentage between 0% and 130% of the assigned value, according to the results achieved.

Indemnities provided in the event of termination of office or employment

Managers with strategic responsibilities are provided with the employment termination indemnities established by the relevant National Collective Labour Agreement and any supplementary indemnities are individually agreed at the time of termination in accordance with the criteria established by Snam for cases of assisted redundancy.

The impact of any termination of employment of managers with strategic responsibilities on the benefits allocated under the existing long-term incentive plans is described in the relevant allocation rules. In particular, the Deferred Monetary Incentive Plans (IMD) and the Long-Term Monetary Incentive Plan (IMLT), which contain provisions to encourage the retention of personnel, provide, in cases of consensual termination of employment during the course of the vesting period, for the beneficiary to retain the right to the incentive at a reduced level for the period between the awarding of the base incentive and the occurrence of the termination. No payment is due in cases of unilateral termination by the Company, or of voluntary resignation or termination for just cause, or for the achievement of results that are objectively inadequate.

Benefits

In accordance with the policy applied in 2014 and in compliance with the provisions of national bargaining and supplementary agreements for Snam's executives, managers with strategic responsibilities will be registered with the supplementary pension fund (FOPDIRE) and the supplementary healthcare fund (FISDE), and will be given forms of life and disability insurance cover, as well as a car for both business and private use.

CLAW-BACK MECHANISMS

In 2014, in keeping with the 2014 Remuneration Report, a specific claw-back clause was introduced that applies to variable incentive systems. This clause reads as follows: "Subject to the right to compensation for any further damage, within the legally prescribed deadline, the Company may come back into possession (with the Participant's resulting obligation to return the amount) of amounts already disbursed if it is determined that the achievement of objectives was due to malicious or grossly negligent conduct, or any actions carried out in violation of any applicable rules (whether corporate, legal, regulatory or from any other source) by the Participant, or if the above objectives were achieved on the basis of data that were later found to be patently false". At this time, a procedure is being established (to be approved by the Board of Directors in 2015) that will specify the process and responsibilities connected with implementing this clause.

MARKET BENCHMARKS AND PAY MIX

The policies implemented have been evaluated, in terms of positioning and pay mix, using salary benchmarks provided by highly specialised providers (Hay, Mercer and Towers Watson).

The remuneration benchmarks used for different types of positions are indicated in the table below:

PANELS USED FOR SALARY BENCHMARKING

	Hay	Mercer	Tower Watson
Chief Executive Officer	Executive, large Italian companies (37)	Panel of listed Italian companies comparable to Snam in terms of capitalisation and/or turnover (26)	Panel of companies comparable to Snam in terms of turnover, capitalisation, employees, complexity of business and/or stock exchange segment (14)
Chairman		Panel of listed Italian companies comparable to Snam in terms of capitalisation and/or turnover (17)	
Managers with strategic responsibilities	Executives, large Italian companies (37)		

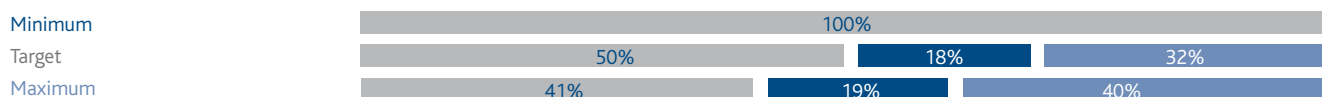
The 2015 Remuneration Policy guidelines call for a pay mix in line with the managerial position held, with greater weighting for the variable component for posts typically having a greater impact on corporate results, as shown in the pay-mix chart set out below and calculated considering the enhancement of short - and long-term incentives in the event of on-target results, in terms of a minimum level (non-achievement of the threshold value specified in all short - and long-term variable incentive plans) and a maximum level.

MINIMUM, TARGET AND MAXIMUM PAY MIX

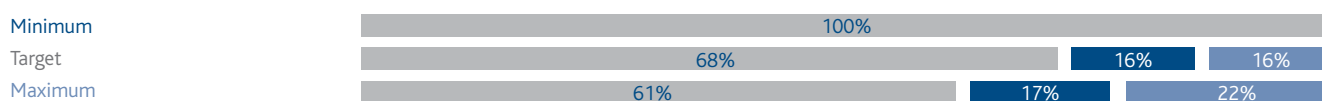
Chief Executive Officer



Managers with strategic responsibilities



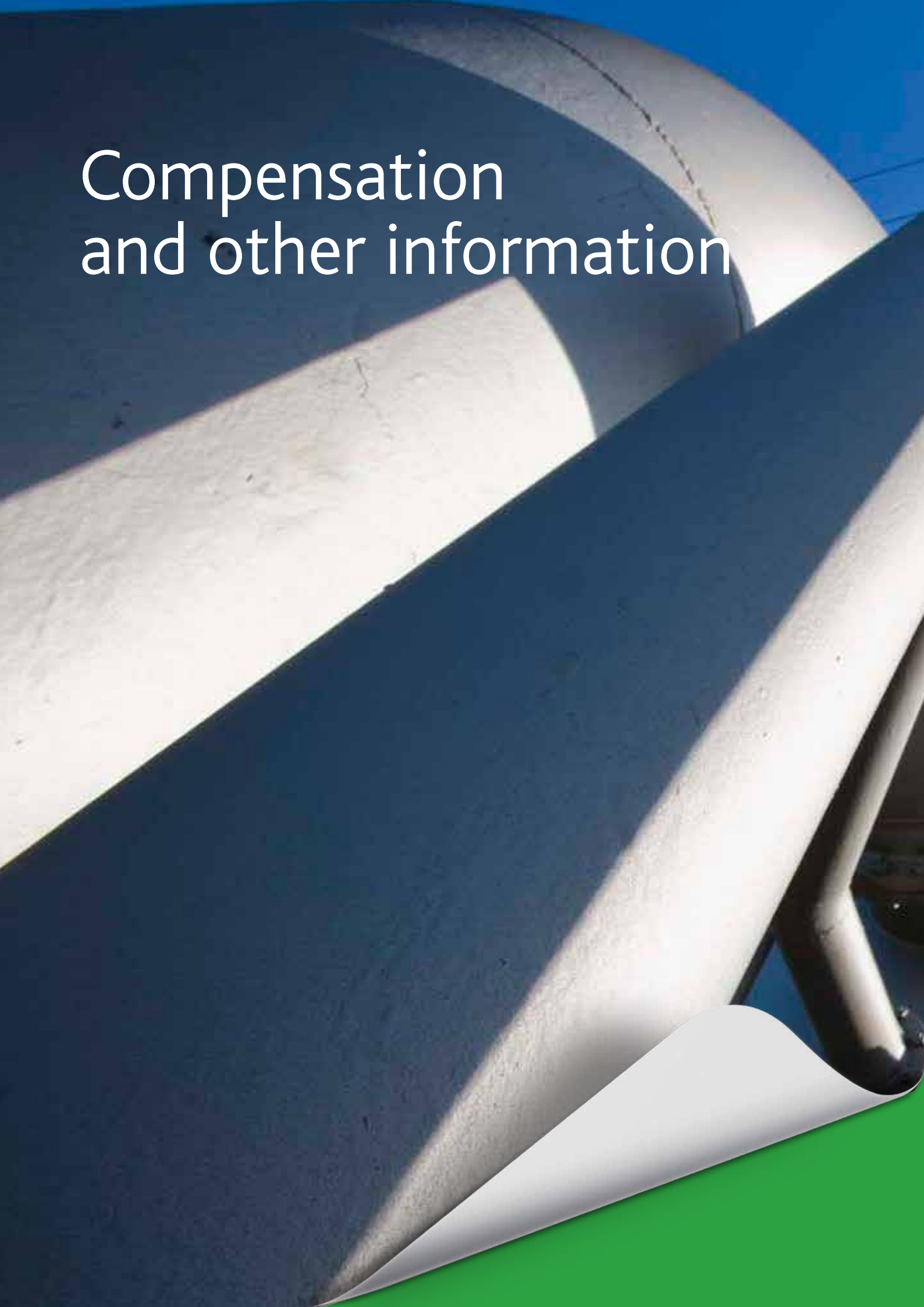
Other Managerial Staff



Fixed remuneration
 Variable short-term (IMA)
 Variable long-term (IMD + IMLT)



Compensation and other information



IMPLEMENTATION OF 2014 REMUNERATION POLICIES

A description of the remuneration measures implemented in 2014 for the Chairman of the Board of Directors, non-executive directors, the Chief Executive Officer and managers with strategic responsibilities is set out below. Implementation of the 2014 Remuneration Policy, as approved by the Remuneration Committee during the periodic assessment required by the Code of Corporate Governance, remained in line with the general principles referred to in the resolutions passed by the Board of Directors. On the basis of the Committee's assessment, the 2014 Policy was essentially in line with the market benchmarks identified, in terms of both overall positioning and pay mix. The graph in Figure 9 below compares (for the Chairman, Chief Executive Officer and managers with strategic responsibilities) the pay mix of any amount paid in 2014 (Actual) with the pay mix projected for targeted results (Target) as indicated in the first section of the 2014 Remuneration Report.

Although the actual and projected levels were essentially the same, the graph also shows the impact of the incomplete achievement of the target of objectives defined for the Long-Term Monetary Incentive Plan (IMLT).

TARGET VS ACTUAL

COMPARISON TARGET 2014 - ACTUAL 2014

Chairman



Chief Executive Officer



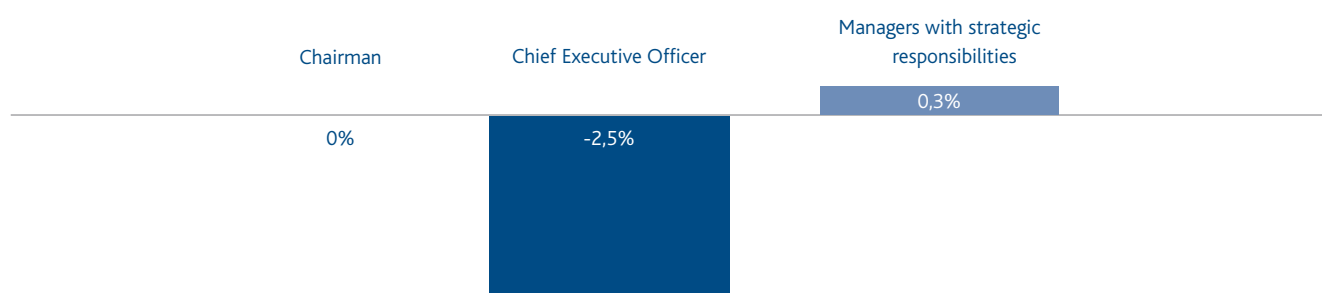
Managers with strategic responsibilities



■ Fixed remuneration ■ Variable short-term (IMA) ■ Variable long-term (IMD + IMLT)

The analysis includes a comparison between any amounts paid in 2014 and any amounts paid in 2013. There was a 2.5% decrease in the amount paid to the Chief Executive Officer, but the amount paid to the Chairman and managers with strategic responsibilities remained nearly unchanged. Based on the assessment of the Remuneration Committee, the Chief Executive Officer's remuneration fell short of average market practices.

REMUNERATION PAID - COMPARISON 2013-2014



FIXED REMUNERATION

In 2014, non-executive Directors were paid fixed remuneration that was approved by the Shareholders' Meeting of 26 March 2013. With regard to the Chairman, remuneration was paid as approved by the Board of Directors on 26 October 2012 according to the delegated responsibilities assigned in the field of international relations.

Fixed remuneration approved by the Board of Directors on 27 February 2013 for the powers and offices assigned was paid to the CEO, including compensation as a director approved by the Shareholders' Meeting. As part of the annual salary review process provided for all executives, in 2014 selective adjustments were made for managers with strategic responsibilities to fixed remuneration in cases of promotion to higher levels or where it was necessary to adjust remuneration levels in line with the market benchmarks identified.

The amounts for fixed remuneration are indicated under the respective item in *Table 1 on page 32*.

Any indemnities with regard to salaries provided for by the relevant National Collective Labour Agreement and supplementary company agreements are set out in the notes to this table.

COMPENSATION FOR PARTICIPATION IN BOARD COMMITTEES

For participation in Board Committees, in 2014 non-executive directors received the additional compensation approved by the Board of Directors at its meetings of 27 July 2011 and 19 December 2011, subsequently confirmed by a resolution of the Board of Directors on 30 July 2013. The amounts relating to this compensation are set out under the relevant item of *Table 1 on page 32*.





VARIABLE INCENTIVES

Short-term variable incentives

For the Chief Executive Officer, the incentive for the 2014 Annual Plan was paid following the assessment of the Company's performance in relation to the achievement, in 2013, of the targets defined in line with the Strategic Plan and annual budget, in terms of:

ACHIEVEMENT OF ANNUAL MONETARY INCENTIVE TARGETS

Final targets for 2013

Targets	Weight	Final target	Level of target achievement
Free Cash Flow	40%	- € 87 million	
Adjusted Ebit	30%	€ 2,069 million	
Operational efficiency	20%	€ 460 million	
Employee and contractor accident frequency index	10%	2.02	

 Below target  On target  Above target

For managers with strategic responsibilities, the variable incentive paid in 2014 was calculated as a sum weighted at 50% for the score for Snam's performance and 50% for the score resulting from a comparison with their individual targets based on the positions they held, fixed in advance in Snam's Performance Plan for 2013.

Snam's results for 2013, measured on a constant basis and approved by the Board on the recommendation of the Remuneration Committee at its meeting of 27 February 2014, resulted in the calculation of a performance score of 127.7 points (130 in 2012) on the measurement scale used, which provides minimum, target and maximum levels of 70, 100 and 130 points respectively, with a threshold level of 85. For the purposes of the variable remuneration to be paid, the final performance score produced:

- for the CEO, the payment of an incentive of € 549,000 equivalent to 63.9% of fixed remuneration, taking into account the target incentive level (50%) and maximum level (65%) assigned;
- for managers with strategic responsibilities, the payment of bonuses calculated in relation to the specific performance achieved and dependent on the different incentive levels, varying according to their job.

The incentives paid to managers with strategic responsibilities are specified under the item "Variable non-equity/bonus compensation and other incentives" in *Table 1, on page 32*, with related detailed information in *Table 3, on page 36*.

Deferred Monetary Incentive Plan

At its meeting on 27 February 2014, the Board of Directors, after the approval and recommendation of the Remuneration Committee, resolved upon the achievement of EBITDA for 2013 between the target and maximum amounts.

The Board set the basis of the 2014 incentive award for the Chief Executive Officer in the amount of € 301,000 (35% of fixed remuneration).

Managers with strategic responsibilities were paid incentive amounts that differed according to the levels of their positions, up to a maximum of 25% of fixed remuneration.

The base incentives awarded to managers with strategic responsibilities are specified under the item "Bonus for the year - deferred" in *Table 3, on page 36*.

The Deferred Monetary Incentive awarded in 2011 to the CEO and managers with strategic responsibilities also vested in 2014. On the basis of Snam's EBITDA from 2011-2013 and on the recommendation of the Remuneration Committee, the Board of Directors, at its meeting of 27 February 2014, approved a multiplier of 156% (on an incentive scale from 0% to 170%) to be applied to the base incentive awarded for the purposes of calculating the amount to be paid (from 2010-2012 the multiplier was 170%).

In particular, the Chief Executive Officer was paid an incentive of € 503,880 (equal to 156% of the base incentive of € 323,000 awarded in 2011).

Amounts paid to managers with strategic responsibilities are specified under the item "Bonuses for previous years - payable/paid" in *Table 3, on page 36*.

Long-Term Monetary Incentive Plan

For the Chief Executive Officer, on the recommendation of the Remuneration Committee and in implementation of the provisions of the 2014 Remuneration Report, the Board of Directors approved the award of a base incentive for 2014 of € 430,000 (50% of fixed remuneration).

Managers with strategic responsibilities were awarded amounts determined according to their target incentive level, which differed according to the level of their positions, up to a maximum of 35% of fixed remuneration.

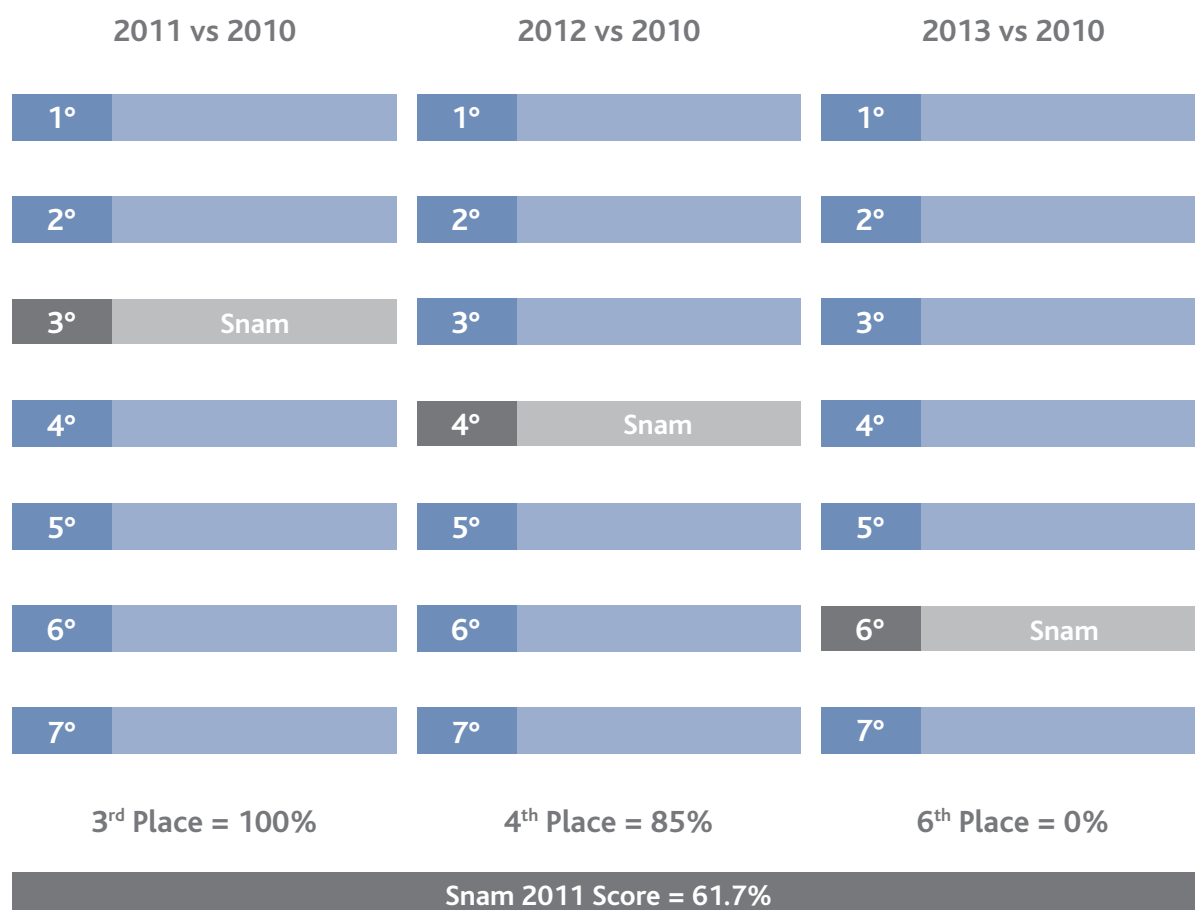
The base incentives awarded to managers with strategic responsibilities are specified under the item "Bonus for the year - deferred" in *Table 3, on page 36*.

The Long-Term Monetary Incentive Plan for 2011 for the CEO and managers with strategic responsibilities also vested in 2014. At its meeting of 29 July 2014 and on the recommendation of the Remuneration Committee, the Board of Directors, on the basis of the results of Snam's adjusted net profit achieved in the three-year period 2011-2013 and measured relative to the peer group (Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities), approved the multiplier to be applied to the base incentive awarded at 61.7% on the incentive scale of 0% to 130% (the multiplier was 125% for the three-year period 2010-2012).

In particular, the Chief Executive Officer was paid an incentive of € 210,706 (equal to 61.7% of the base incentive of € 341,500 awarded in 2011).

Amounts paid to managers with strategic responsibilities are specified under the item "Bonuses for previous years - payable/paid" in *Table 3, on page 36*.

SNAM RANKING VS BENCHMARK PEER GROUP - ADJUSTED NET PROFIT



Stock Option Plans

Snam has not approved any stock option plans since 2009, so no plan was vested in 2014. In 2014 the deadline lapsed for exercising options from the last stock option plan assigned in 2008.

SEVERANCE INDEMNITIES FOR END OF OFFICE OR TERMINATION OF EMPLOYMENT

No amounts were paid in the form of indemnities for severance or for termination of employment in 2014, as shown under the "Severance indemnities for end of office or termination of employment" item in *Table 1 on page 32*.

BENEFITS

Table 1, on page 32 shows the amount of benefits recognised in 2014 according to a tax liability criterion; in particular, these amounts relate to the following benefits: i) annual contributions to the FOPDIRE supplementary pension fund, ii) annual contributions to the FISDE supplementary healthcare fund, and iii) allocation of a car for both business and personal use for a three-year period (net of contribution paid by the beneficiary).

COMPENSATION PAID IN 2014

TABLE 1 - COMPENSATION PAID TO DIRECTORS, STATUTORY AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below indicates the remuneration paid individually to directors and statutory auditors, and collectively to managers with strategic responsibilities¹⁵.

Information about compensation transferred by Snam to other companies is provided; no information is provided about other compensation received by subsidiaries and/or associates, since all such compensation was transferred to the Company. All individuals who filled the above positions for all or part of the year are included.

In particular:

- the “**Fixed remuneration**” column shows, according to the positions concerned, the fixed salaries payable in 2014, before social security contributions and taxes. Reimbursements of lump-sum expenses and attendance fees are excluded, since these are not provided for. Details of the compensation, with a separate disclosure of any indemnities or payments relating to the employment relationship, are provided in the note;
- the “**Compensation for participation in Committees**” column shows, according to the positions concerned, the compensation owed to directors for participating in Committees established by the Board. Information about compensation for each Committee in which the director participates is provided in a separate note;
- in the “**Variable non-equity remuneration**” column, the “**Bonuses and other incentives**” entry shows the incentives for the year according to the vesting of the relative rights following assessment and approval of the performance results by the competent corporate bodies, as specified in greater detail in the table “Monetary Incentive Plans for directors and managers with strategic responsibilities”;
- the “**Non-monetary benefits**” column shows, according to the positions concerned and tax liability, the amount of fringe benefits awarded;
- the columns “**Non-equity variable compensation/Profit-sharing**”, “**Other compensation**”, “Fair value of equity compensation” and “**Indemnities for severance or for termination of employment**” show no data since no payments of this sort were made in 2014;
- the “**Total**” column indicates the sum of the amounts of the previous items.

¹⁵ The prerequisites specified in current regulations have not been met for disclosure on an individual basis.



TABLE 1
REMUNERATION PAID TO DIRECTORS, STATUTORY AUDITORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

First Name and surname	Notes	Post	Term of office	Expiry of office	Fixed compensation	Non-equity variable compensation				Total	Fair Value of equity compensation	Severance indemnities for end of office or termination of employment
						Compensation for Committee membership	Bonuses and other incentives	Profit-sharing	Non-monetary benefits			
Board of Directors:												
Lorenzo Bini Smaghi	(1)	Chairman	01.01-31.12	04.16	400 (a)	0 (b)				400		
Carlo Malacarne	(2)	Chief Executive Officer	01.01-31.12	04.16	866 (a)		1.264 (b)	14		2.144		
Alberto Clò	(3)	Director	01.01-31.12	04.16	40 (a)	10 (b)						
Andrea Novelli	(4)	Director	01.01-31.12	04.16	40 (a)	30 (b)						
Elisabetta Oliveri	(5)	Director	01.01-31.12	04.16	40 (a)	22 (b)						
Francesco Gori	(6)	Director	01.01-31.12	04.16	40 (a)	30 (b)						
Pia Saraceno	(7)	Director	01.01-31.12	04.16	40 (a)	30 (b)						
Roberta Melfa (*)	(8)	Director	01.01-18.11	11.14	35 (a)	6 (b)						
Sabrina Bruno	(9)	Director	01.01-31.12	04.16	40 (a)	20 (b)						
Board of Statutory Auditors:												
Massimo Gatto	(10)	Presidente	01.01-31.12	04.16	60 (a)							
Leo Amato	(11)	Sindaco effettivo	01.01-31.12	04.16	40 (a)							
Stefania Chiaruttini	(12)	Sindaco effettivo	01.01-31.12	04.16	40 (a)							
Managers with strategic responsibilities**					1.041 (a)	973 (b)	50		2.064			
(13)	Grand total				2.722	148	2.237	64	4.608			

* Effective 18 November 2014, Roberto Melfa resigned from his position as director and member of the Appointments Committee.

** Executives who, during the course of the year and together with the Chief Executive Officer, were permanent members of the Company's Executive Committee.

1 Lorenzo Bini Smaghi - Chairman of the Board of Directors

- (a) The amount includes fixed annual compensation set by the Shareholders' Meeting of 26 March 2013 (€ 40,000) and fixed annual compensation for awards approved by the Board on 26 October 2012 (€ 360,000)
- (b) The amount includes the pro rata portion of annual compensation (€ 7,000) for participating as a member of the Appointments Committee (from 17.12.2014 to 31.12.2014 a total of € 288).

2 Carlo Malacarne - Chief Executive Officer

- (a) The amount of € 860,000 corresponds to the actual gross annual compensation (set by the Board of Directors at its meeting of 27 February 2013) and includes compensation of € 40,000 set by the Shareholders' Meeting of 26 March 2013 for the office of director. Added to this amount are the allowances payable in respect of travel expenses, both in Italy and abroad, in line with the relative National Collective Labour Agreement for Executives and the company's supplementary agreements, totalling € 5,500.
- (b) The amount includes the payment of € 503,900 relating to the deferred monetary incentive awarded in 2011 and the payment of € 210,705 relating to the long-term monetary incentive awarded in 2011.

3 Alberto Clò - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation (€ 10,000) for participating in the Appointments Committee as Chairman.

4 Andrea Novelli - Director

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000). This amount of compensation is paid to his company of origin (Cassa Depositi e Prestiti S.p.A.).
- (b) The amount includes fixed annual compensation for participating as a member of the Remuneration Committee (€ 10,000) and for participating as a member of the Control and Risk Committee (€ 20,000). This compensation is paid to the company to which he belongs (Cassa Depositi e Prestiti S.p.A.)

5 Elisabetta Oliveri - Director

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation for participating as Chairman of the Remuneration Committee (€ 15,000) and for participating as a member of the Appointments Committee (€ 7,000).

6 Francesco Gori - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes the fixed annual compensation for participating as Chairman of the Control and Risk Committee (€ 30,000).

7 Pia Saraceno - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes fixed annual compensation for participating as a member of the Control and Risk Committee (€ 20,000) and for participating as a member of the Remuneration Committee (€ 10,000).

8 Roberta Melfa - Director¹⁶

- (a) The amount includes the pro rata portion of fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000). This amount of compensation is paid to his company of origin (Cassa Depositi e Prestiti S.p.A.).
- (b) The amount includes the pro rata portion of fixed annual compensation for participating as member of the Appointments and Control Committee (€ 7,000). This amount of compensation is paid to his company of origin (Cassa Depositi e Prestiti S.p.A.).

9 Sabrina Bruno - Director

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).
- (b) The amount includes the fixed annual compensation for participating as a member of the Control and Risk Committee (€ 20,000).

10 Massimo Gatto - Chairman of the Board of Statutory Auditors

- (a) The amount includes the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 60,000).

11 Leo Amato - Statutory Auditor

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).

12 Stefania Chiaruttini - Statutory Auditor

- (a) The amount corresponds to the fixed annual compensation determined by the Shareholders' Meeting of 26 March 2013 (€ 40,000).

13 Managers with strategic responsibilities

- (a) The amount of € 1,041,000 corresponds to gross annual compensation. Added to this amount are the allowances payable in respect of travel expenses, both in Italy and abroad, in line with the relative National Collective Labour Agreement for Executives and the company's supplementary agreements, totalling € 9,600.
- (b) The amount includes the payment of € 375,960 relating to the deferred monetary incentive awarded in 2011 and the payment of € 142,527 relating to the long-term monetary incentive awarded in 2011.

¹⁶ Effective 18 November 2014, Roberto Melfa resigned from his office as director and member of the Appointments Committee.

TABLE 2 - STOCK OPTIONS ASSIGNED TO DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below lists, for the Chief Executive Officer and, on an aggregate basis, for managers with strategic responsibilities, the stock options on Snam shares and those exercised in relation to existing share plans in 2014, the last of which was awarded in 2008; the data is reported on an aggregated basis, since these are residual incentive plans.

No call options on Snam shares were granted during the year, and consequently the "Options relevant to the year/Fair Value" column contains no data, in line with the "Fair Value of equity remuneration" column in *Table 1 on page 32*.

TABELLA 2: STOCK OPTION GRANTED TO DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

First name and surname Post	Plan	Options held at the beginning of year			Options granted in the year				Options exercised in the year			Options expired in the year - Number of option	Options held at the end of the year - Number of option	Options relevant to the year - Fair value (€ thousands)	
		Number of options	Average exercise price (€)	Average maturity (months)	Number of options	Exercise price (€)	Possible exercise period (from - to)	Fair Value on grant date (€)	Grant date	Market price of the underlying shares upon granting of options (€)	Number of options				Exercise price (€)
Carlo Malacarne Chief Executive Officer	Snam stock option plans	0	0,000	0	0					0	0	0	0	0	
Other managers with strategic responsibilities ⁽¹⁾	Snam stock option plans	165.600	3,463	7	0					165.600	3,463	4,001	0	0	

1 Executives who, during the course of the year and together with the Chief Executive Officer, were permanent members of the Company's Executive Committee (four executives).

TABLE 3 - MONETARY INCENTIVE PLANS FOR DIRECTORS AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below indicates the short- and long-term variable monetary incentives provided for the Chief Executive Officer and, on an aggregate basis, for managers with strategic responsibilities.

In particular:

- the column "Bonus for the year - payable/paid" shows the Annual Monetary Incentives paid in the year on the basis of the finalised report on performance carried out by the relevant company bodies compared with the targets set for 2013;
- the column "Bonus for the year - deferred" shows the amount of the base incentive awarded in the year in implementation of the Deferred Monetary Incentive Plan (IMD) and the Long-Term Monetary Incentive Plan (IMLT);
- the column "Deferral period" shows the length of the vesting period for deferred and long-term incentives awarded during the year;
- the column "Bonuses for previous years - no longer payable" contains no data, since the conditions were not satisfied for non-payment or partial payment of the bonus in accordance with the provisions of the Plan Regulations;
- the column "Bonuses for previous years - payable/paid" shows the long-term variable incentives paid during the year, which have vested on the basis of the final reporting of performance conditions defined for the vesting period;
- the column "Bonuses for previous years - still deferred" shows incentives awarded in relation to the existing deferred and long-term plans that have not yet vested;
- the column "Other bonuses" contains no amounts, since no other bonuses were paid.

The Total of the "Bonus for the year – payable/paid" and "Bonuses for previous years – payable/paid" columns is the same as the amount indicated in the "Bonuses and other incentives" column in *Table 1 on page 32*.



TABELLA 3: MONETARY INCENTIVE PLANS FOR CHIEF EXECUTIVE OFFICER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

(amounts in € thousands)

First name and surname Post	Plan	Yearly bonus			Bonuses for previous years			Other bonuses
		payable/ paid	deferred	deferral period	no longer payable	payable/paid ¹	Still deferred	
Carlo Malacarne Chief Executive Officer	2014 Annual Monetary Incentive Plan BoD Meeting of 27 February 2014	549						
	2014 Deferred Monetary Incentive Plan BoD Meeting of 29 July 2014		301	three-yearly				
	2014 Long-Term Monetary Incentive Plan BoD Meeting of 30 October 2014		430	three-yearly				
	2013 Deferred Monetary Incentive Plan BoD Meeting of 30 July 2013							392
	2013 Long-Term Monetary Incentive Plan BoD Meeting of 29 October 2013							430
	2012 Deferred Monetary Incentive Plan BoD Meeting of 30 July 2012							323
	2012 Long-Term Monetary Incentive Plan BoD Meeting of 26 October 2012							355
	2011 Deferred Monetary Incentive Plan Award: BoD Meeting of 02 March 2011 Disbursement: BoD Meeting of 27 February 2014							504
2011 Long-Term Monetary Incentive Plan Award: BoD Meeting of 26 October 2011 Disbursement: BoD Meeting of 29 July 2014							211	
Total		549	731	0	0	715	1.500	0
Other managers with strategic responsibilities ⁽²⁾	2014 Annual Monetary Incentive Plan BoD Meeting of 27 February 2014	456						
	2014 Deferred Monetary Incentive Plan BoD Meeting of 29 July 2014		260	three-yearly				
	2014 Long-Term Monetary Incentive Plan BoD Meeting of 30 October 2014		323	three-yearly				
	2013 Deferred Monetary Incentive Plan BoD Meeting of 30 July 2013							295
	2013 Long-Term Monetary Incentive Plan BoD Meeting of 29 October 2013							303
	2012 Deferred Monetary Incentive Plan BoD Meeting of 30 July 2012							261
	2012 Long-Term Monetary Incentive Plan BoD Meeting of 26 October 2012							281
	2011 Deferred Monetary Incentive Plan Award: BoD Meeting of 02 March 2011 Disbursement: BoD Meeting of 27 February 2014							376
2011 Long-Term Monetary Incentive Plan Award: BoD Meeting of 26 October 2011 Disbursement: BoD Meeting of 29 July 2014							142	
Total		456	583	0	0	518	1.140	0
TOTAL		1.005	1.314	0	0	1.233	2.640	0

(1) Disbursement relating to:

- the deferred monetary incentive awarded in 2011 in relation to EBITDA performance in the three-year period 2011-2013.
- the long-term monetary incentive awarded in 2011 in relation to the adjusted net profit result, in relative terms with respect to a peer group, achieved in the three-year period 2011-2013

(2) Executives who, during the course of the year and together with the Chief Executive Officer, were permanent members of the Company's Executive Committee.

SHAREHOLDINGS HELD

The table below sets out, pursuant to Article 84-quater, paragraph 4 of the Consob Issuer Regulations, the shareholdings in Snam S.p.A. held, directly or through subsidiaries, trust companies or intermediaries, by directors, statutory auditors and managers with strategic responsibilities as well as their spouses (not legally separated) and minor children. This information is taken from the register of shareholders, notifications received and other information obtained from these same persons. All persons holding these positions for all or a part of the year are included in the list. The number of shares (all "ordinary") is set out individually for directors and statutory auditors, and collectively for managers with strategic responsibilities. The indicated persons have ownership of the shares concerned.

TABLE 4A: SHAREHOLDINGS HELD BY DIRECTORS AND STATUTORY AUDITORS

First name and surname	Post	Entity	Number of shares held at 31 December 2013	Number of shares acquired in 2014	Number of shares sold in 2014	Number of shares held at 31 December 2014
Board of Directors:						
Carlo Malacarne	Chief Executive Officer	Snam	187.738	0	7.738	180.000
Sabrina Bruno (*)	Director	Snam	0	2.500	0	2.500
						182.500

(*) Purchase of shares on 27 January 2014

TABLE 4B: SHAREHOLDINGS HELD BY MANAGERS WITH STRATEGIC RESPONSIBILITIES

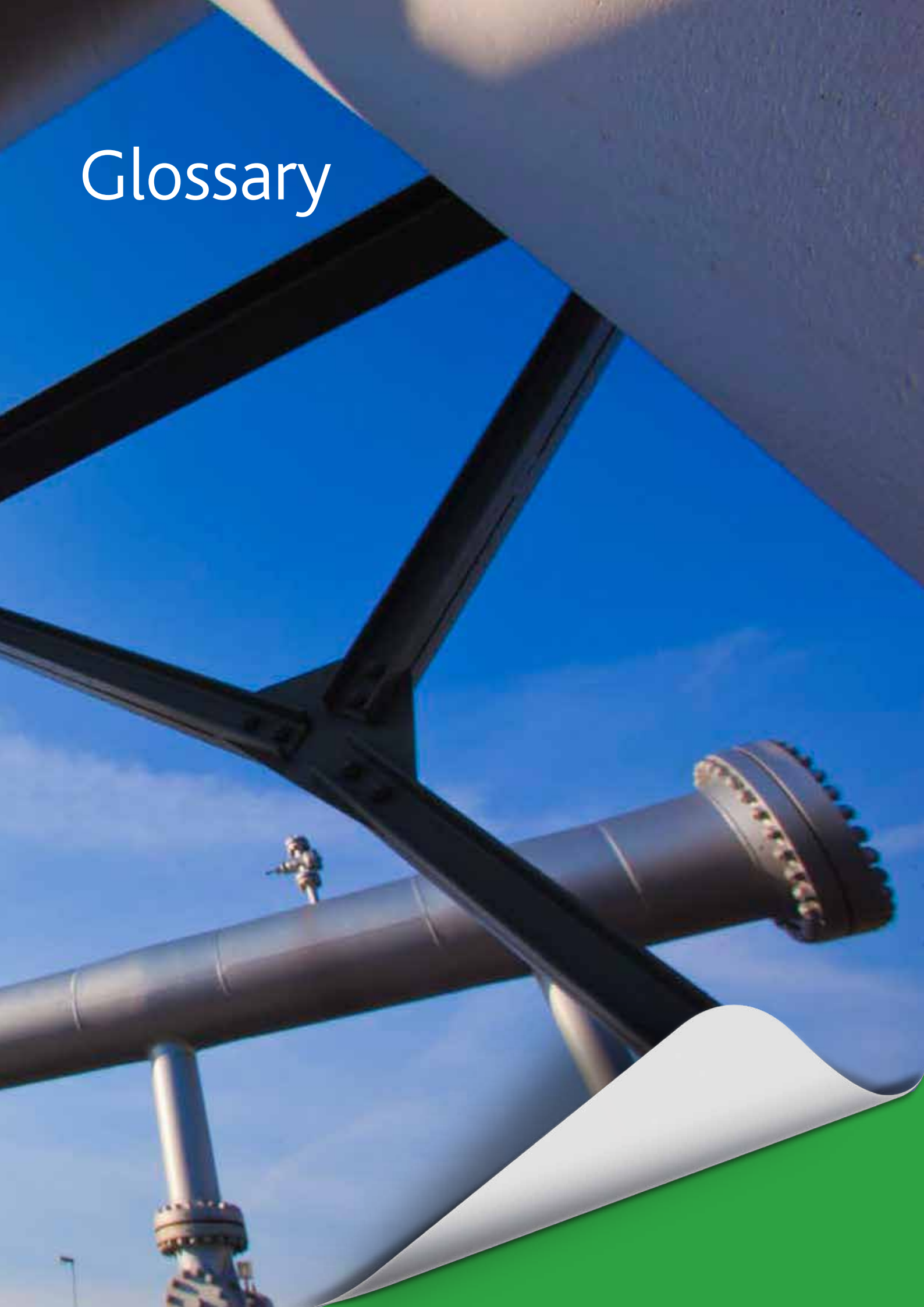
	Entity	Number of shares held at 31 December 2013	Number of shares acquired in 2014	Number of shares sold in 2014	Number of shares held at 31 December 2014
Snam managers with strategic responsibilities⁽¹⁾					
Bruno Burigana (*)	Snam	0	63.600	63.600	0
Antonio Paccioretti (**)	Snam	37.550	102.000	102.000	37.550

(1) Snam executives who were members of the Executive Committee in 2014 (4 executives)

(*) Exercise of stock options - sale - on 13 January 2014

(**) Exercise of stock options - sale - on 21 January 2014

Glossary



Executive directors

directors invested with specific duties by the Board of Directors.

Non-executive directors

directors not invested with specific duties by the Board of Directors and not delegated individual management powers.

Independent directors

Snam directors meeting the independence requirements set out in the Code of Corporate Governance, to which Snam subscribes.

Balanced scorecard

the instrument used as the basis for the short-term variable incentive system to support the achievement of the corporate objectives by translating the business strategy into a set of measurable performance metrics for each eligible person.

Benefits

elements included in the non-monetary component of remuneration, aimed at increasing the well-being of employees and their families in economic and social terms. This category covers all provisions aimed at satisfying pension and welfare needs (supplementary pension, healthcare and insurance cover), but also "perquisites", which consist of goods and services made available by SNAM S.p.A. to its employees.

Code of Corporate Governance

as defined by Borsa Italiana, this is the "Code of Corporate Governance for Listed Companies" approved by the Corporate Governance Committee. The document, in line with the experience of the main international markets, indicates the best practices for corporate governance recommended by the Committee to listed companies, to be applied in accordance with the "comply or explain" principle, which requires an explanation of the reasons for any non-compliance with one or more recommendations contained in the application principles or criteria.

Control and Risk Committee

consists of three independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors, assisting it by carrying out suitable investigations to support its decisions concerning the internal control and risk management system, as well as those relating to the approval of financial relationships.

Appointments Committee

consists of two independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors. Its main tasks include: proposing candidates for directors when one or more director positions are vacated during the year, and ensuring compliance with requirements on the minimum number of independent directors and on quotas reserved for the least represented category; submitting candidates to the Board of Directors for the corporate bodies of Subsidiaries included in the scope of consolidation and of strategic foreign companies owned by the company. Among other things, it prepares and proposes procedures for the self-assessment of the Board and its Committees.

Remuneration Committee

consists of two independent non-executive directors (one of whom is chosen as Chairman) and one non-executive director, and provides recommendations and advice to the Board of Directors in relation to the remuneration of directors and managers with strategic responsibilities. In particular, the Committee submits the annual Remuneration Report to the Board of Directors for its approval and makes proposals concerning the remuneration of executive directors and members of Board Committees.

Corporate System Framework

is an internal Snam Group document, approved by the Board of Directors, and aimed at describing and explaining the following with respect to Snam S.p.A. and its subsidiaries: (i) the Snam Group; (ii) the organisational and governance model; (iii) the corporate management system; and (iv) the Group's operating model.

Managers with strategic responsibilities

according to IAS 24, this means "key management personnel", namely "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly". Snam S.p.A. has identified four such persons, who are listed in this document.

EBITDA (Earnings before interest, tax, depreciation and amortisation)

also referred to as "gross operating profit" or "GOP", this is an indicator of profitability that shows the company's profit deriving solely from its operations, i.e. before interest (financial management), taxes (fiscal management), depreciation of assets and amortisation.

EBIT (Earnings Before Interest and Taxes)

also referred to as Operating Profit. this is an indicator of profitability obtained by subtracting amortisation, depreciation and provisions from gross operating profit (see EBITDA).

Fair Value of equity remuneration

also defined as fair value. International Financial Reporting Standard 2 (IFRS 2) defines fair value as "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties".

Free Cash Flow

the (monetary) cash flow produced by operating and non-operating activities.

Short-term variable incentives

refers to the Annual Monetary Incentive Plan – IMA, which entitles participants to an annual cash bonus according to the results achieved, in the previous year, with respect to the defined targets.

Variable medium-to-long-term incentives

broken down into two separate plans ("2013 Deferred Monetary Incentive Plan – IMD" and "2013 Long-Term Monetary Incentive Plan – IMLT"), which entitle participants to a monetary bonus payable according to the results achieved at the end of the vesting period (see vesting).

Directors' termination indemnity

sum of money payable to a director when he/she leaves office.

Employee severance indemnity

sum of money payable to an employee at the time his/her labour contract is terminated as an executive.

Accident frequency index

based on the UNI 7249 standard, this is one of the indicators used to measure safety in the workplace. According to the above standard, this index is calculated as the number of accidents occurring per million hours worked over a given period and/or within a given scope at company level.

Threshold level

the minimum level to be achieved, below which the plan does not provide for the payment of any incentive.

Target level

the standard level of target achievement that gives entitlement to 100% of the incentive.

Related-party transactions

the procedure "Transactions with Interests of Directors and Statutory Auditors and Transactions with Related Parties", adopted pursuant to Article 2391-bis of the Italian Civil Code and the "Regulation on Transactions with Related Parties" (adopted by Consob under Resolution No. 17221 of 12 March 2010, and later amended by Resolution No. 17389 of 23 June 2010), which sets out the principles and rules that must be followed by Snam and the companies that it directly or indirectly controls in order to ensure the material and procedural transparency and correctness of transactions carried out by Snam and its Subsidiaries with Related Parties and with Interests of Snam's directors and statutory auditors, also taking account of the objective of avoiding any risk of depleting the company's assets.

Non-compete agreements

according to Art. 2125 of the Italian Civil Code, these are "agreements that place limits on an employee's activities for a period following the termination of the contract".

Pay mix

the percentage of fixed remuneration, variable short-term incentives and medium-to-long-term incentives paid at the target level.

Peer group

group of companies used to compare company results with those of Snam according to defined performance parameters; it is made up of the following major listed European companies in the utilities sector: Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities.

Performance Plan

the instrument that defines the targets used as the basis for the variable short-term incentives system.

Remuneration policy

the body of remuneration programmes for fixed and variable remuneration implemented at the company level in order to support the achievement of the strategic objectives.

Proxy advisors

companies used by institutional investors that issue specific recommendations based on Shareholders' Meeting documents and their own voting policies, which can have a significant influence on voting on the Remuneration Report.

Issuer Regulations

Consob Regulation No. 11971 of 14 May 1999, containing the rules applicable to entities issuing financial instruments.

Fixed remuneration

includes all fixed annual compensation, before taxes and social security contributions payable by the employee, and therefore not including annual bonuses, other bonuses, indemnities, fringe benefits, reimbursement of expenses or any other form of variable or occasional remuneration.

Variable remuneration

consists of the variable short-term incentive and the medium-to-long-term incentive (see the related descriptions in this glossary).

Salary review

the process of reviewing the fixed annual remuneration for all eligible management personnel.

Stock option

financial instrument whereby a company grants the beneficiaries the right to purchase shares in that company or another company belonging to the same group at a predetermined price (strike price).

Consolidated Finance Act (TUF)

the "Consolidated Act on Financial Intermediation", Legislative Decree No. 58 of 24 February 1998 (as amended). The TUF introduced "principle-based" legislation on financial matters, which at the primary legislative level establishes only general guidelines, leaving the definition of detailed rules to the supervisory authorities (e.g. Consob).

Total Shareholder Return (TSR)

indicates the overall return of an equity instrument taking into account price changes and the distribution of dividends.

Adjusted net profit

the net profit obtained excluding special items and the effects of those events that are non-recurring or not representative of the standard business process.

Vesting (vesting period)

period between the assignment and exercise of the entitlement to a right to receive a bonus.



ANALYTICAL INDEX OF TOPICS (CONSOB RESOLUTION NO. 18049, SECTION I)

CONSOB Resolution	Information required	Reference
A	Bodies or persons involved in the preparation and approval of the remuneration policy, specifying the respective roles, as well as the bodies or persons responsible for the correct implementation of that policy;	Sect. I page 12 page 16
B	Any intervention by a remuneration committee or other committee competent in this regard, describing its composition (distinguishing between non-executive and independent directors), powers and working procedures;	Sect. I page 12
C	The names of any independent experts involved in the preparation of the remuneration policy;	Sect. I page 23
D	The aims pursued with the remuneration policy, the principles that underlie it, and any changes in the remuneration policy compared with the previous financial year;	Sect. I page 17
E	Description of policies on the fixed and variable components of remuneration, with particular regard to an indication of the relative weight in the overall pay mix and distinguishing between variable short-term and medium-/long-term components;	Sect. I page 18
F	The policy applied with regard to non-monetary benefits;	Sect. I pages 22-23
G	With reference to the variable components, a description of the performance targets used as the basis for awarding them, distinguishing between variable short-term and medium-/long-term components, and information on the link between changes in results and changes in remuneration;	Sect. I pages 20-22
H	The criteria used for evaluating the performance targets used for the awarding of shares, options, other financial instruments or other variable components of remuneration;	Sect. I page 17 pages 21-23
I	Information used to show that the remuneration policy is consistent with the pursuit of the company's long-term interests and with the risk management policy, if one has been formally adopted;	Sect. I pages 22-23
J	The vesting periods of any deferred payment systems, indicating the deferral periods and the criteria used for determining those periods, and, if provided, the ex-post correction mechanisms;	Sect. I page 17 pages 21-23
K	Information on any provisions for the retention of financial instruments in the portfolio after their acquisition, indicating the retention periods and the criteria used for determining those periods;	
L	The policy in relation to indemnities for termination of office or termination of the employment relationship, specifying the circumstances that give entitlement to their payment and any link between these indemnities and the company's performance;	Sect. I page 19 page 21 page 23
M	Information on the presence of any insurance, pension or welfare cover other than statutory cover;	Sect. I pages 22-23
N (i)	Any remuneration policy applied in relation to independent directors;	Sect. I page 19
N (ii)	Any remuneration policy applied in relation to committee membership;	Sect. I page 19
N (iii)	Any remuneration policy applied in relation to the performance of particular offices (chairman, vice-chairman, etc.);	Sect. I page 19
O	Information on the use of the remuneration policies of other companies as benchmarks, and, where such use is made, the criteria used for selecting these companies.	Sect. I page 23



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The network respecting the future