



Information Memorandum
2015 - 2017 Long-Term Monetary
Incentive Plan

Information Memorandum

2015 - 2017 Long-term monetary incentive plan

PREPARED PURSUANT TO ART. 114-BIS OF LEG. DECREE NO. 58 OF 24
FEBRUARY 1998 ("TUF") AND ART. 84-BIS OF THE REGULATIONS ADOPTED BY
CONSOB IN RESOLUTION NO. 11971 OF 14 MAY 1999
AS SUPPLEMENTED AND AMENDED ("ISSUER REGULATIONS")

INTRODUCTION

This information memorandum has been prepared by Snam S.p.A. pursuant to Art. 84-bis of the Issuer Regulations in line with the instructions contained in the related Annex 3A - Chart 7, with the aim of notifying its shareholders and the market of the proposal to adopt the 2015-2017 Long-Term Monetary Incentive Plan ("IMLT Plan") approved by Snam's Board of Directors on 11 March 2015, which will be submitted for the approval of the Ordinary Shareholders' Meeting on 29 April 2015 (held in a single session) pursuant to Art. 114-bis of the TUF.

Since 2010, Snam has used a similar plan, approved annually by the Board of Directors on the recommendation of the Remuneration Committee, for the Chief Executive Officer and executives with more direct responsibility for corporate results, in order to more closely align their performance with the Company's goals over the medium-to-long term.

The plan has been confirmed annually, and since 2012 this has been shown in the Remuneration Report approved by the Shareholders' Meeting with an advisory vote. In 2014, during a review to make further improvements in the parameters used to measure performance in the variable incentive systems used by Snam, the Remuneration Committee proposed that the Board of Directors employ, in addition to the "adjusted net profit" parameter (used since 2010) in the Long-Term Monetary Incentive Plan ("IMLT Plan"), the "Total Shareholder Return (TSR)" parameter, which establishes a link with the performance of Snam stock, and thus, under the existing regulatory framework, requires the approval of the Shareholders' Meeting.

The document presents the IMLT Plan, which enables closer alignment between management actions and shareholders' interests while maintaining the nature of the monetary incentive.

The IMLT Plan applies to Snam and its Subsidiaries, and is to be considered "particularly significant" pursuant to Art. 84-bis, paragraph 2 of the Issuer Regulations, since it also covers the parties identified by Art. 144-bis of the TUF, i.e., Snam's Chief Executive Officer and "managers with strategic responsibilities".

This information memorandum is made available to the public at Snam's registered office and in the "Governance" section of the Company's website (www.snam.it), and through the methods indicated in Art. 84-bis of the Issuer Regulations.

DEFINITIONS

- **Beneficiaries:** Individuals covered by the IMLT Plan.
- **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.
- **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 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, Administration, Finance and Control).

- **Incentive awarded:** monetary amount awarded to beneficiaries, which may be paid at the end of a pre-set period (vesting period) in accordance with pre-established performance and retention conditions.
- **Incentive paid:** monetary amount paid to beneficiaries at the end of the pre-set period (vesting period) in an amount related to performance achieved within the deadlines and under the conditions specified in the IMLT Plan.
- **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.
- **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.
- **Regulations:** the document, approved annually by the Board of Directors, which governs the conditions for all annual awards under the IMLT Plan.
- **Issuer Regulations:** Consob Regulation No. 11971 of 14 May 1999, containing the rules applicable to entities issuing financial instruments.
- **Subsidiaries:** companies controlled by Snam S.p.A. pursuant to Art. 2359 of the Italian Civil Code.
- **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. In the analyses performed in this document, the version with no reinvestment of dividends was used.
- **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 period:** period between the awarding of a bonus and the acquisition of entitlement to its payment.

1. RECIPIENTS

1.1 The names of recipients who are members of the board of directors or management board of the issuer of financial instruments, its parent companies and companies controlled directly or indirectly by the latter.

The IMLT Plan applies to Snam's Chief Executive Officer, who is currently Carlo Malacarne.

If the beneficiaries indicated in paragraph 1.2 below include individuals who must be named pursuant to current regulatory provisions, including in relation to any position as director held in Subsidiaries, the Company will provide the related information to the market at the time of the notices required by Art. 84-bis, paragraph five, of the Issuer Regulations.

1.2 Categories of employees or contractors of the issuer of financial instruments and the parent companies or subsidiaries of such issuer.

Executives of Snam and its Subsidiaries, representing a total of about 50 people, who are: chief executive officers of direct or indirect Subsidiaries; managers of Snam or its Subsidiaries; and executives identified among those who hold positions with the greatest impact on the corporate results.

1.3 The names of individuals who benefit from the plan and belong to the following groups:

a) *general managers of the issuer of financial statements;*

Not applicable.

b) *other managers with strategic responsibilities of the issuer of financial instruments, which is not "small in size", pursuant to Article 3, paragraph 1, sub-paragraph f) of Regulation No. 17221 of 12 March 2010, if, during the year, they received total compensation (arrived at by adding monetary compensation and compensation based on financial instruments) greater than the higher of the total compensation awarded to members of the board of directors or management board, and the total compensation awarded to general manager of the issuer of financial instruments;*

Not applicable.

During the year, none of Snam's managers with strategic responsibilities received total compensation greater than the highest total compensation awarded to members of Snam's Board of Directors

c) *natural persons that control the issuer of shares who are employees, or who collaborate with the issuer of shares;*

Not applicable.

1.4 Description and number, broken down by category:

a) *of managers with strategic responsibilities other than those indicated in sub-paragraph b) of paragraph 1.3;*

Snam currently has four managers with strategic responsibilities.

b) *for companies that are "small in size", pursuant to Article 3, paragraph 1, sub-paragraph f), of Regulation 17221 of 12 March 2010, an aggregate indication of all managers with strategic responsibilities of the issuer of financial instruments;*

Not applicable.

c) *any other categories of employees or contractors for whom different plan characteristics have been specified (e.g., executives, managers and office workers);*

Not applicable.

2. REASONS WHY THE PLAN WAS ADOPTED

2.1 Goals to be achieved by awarding the plans.

The Plan was introduced as a means to motivate and create loyalty among those managers who are the most critical for the Company, and, in line with international best practices, is aimed at achieving the following goals:

- greater alignment with the interests of shareholders over the medium-to-long term through the use of Total Shareholder Return;
- to support the Company's profitability through the use of adjusted net profit.

For each annual award, the IMLT Plan stipulates a three-year vesting period in line with international best practices.

2.2 Key variables, including in the form of the performance indicators used for awarding plans based on financial instruments.

In keeping with Snam's remuneration policy principles below, incentive amounts are determined as a percentage of fixed salary:

- management salary structure with an appropriate 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 connecting remuneration to performance actually achieved;
- consistency of overall remuneration with market benchmarks applicable for similar positions or for roles with a similar level of responsibility and complexity based on company panels comparable to Snam;
- variable remuneration for management roles with the greatest impact on corporate results; such remuneration is characterised by a high percentage of long-term incentive components with an appropriate vesting period of at least three years, in keeping with the long-term nature of Snam's business.

See paragraph 2.3.1 below for the performance indicators.

2.3 Elements used to determine the amount of compensation based on financial instruments, or the criteria for its determination.

2.3.1 More detailed information

The amount of monetary incentives awarded at target level to each beneficiary differs according to the degree of responsibility/importance of the role from a minimum of 20% to a maximum of 50% of fixed remuneration.

The performance conditions of the IMLT Plan are linked to the following parameters:

- Adjusted net profit, with a weighting of 60%, calculated annually during the vesting period through a comparison between actual and budgeted figures;
- TSR, with a weighting of 40%, calculated annually during the vesting period in relation to the relative position of the annual percentage change compared with a defined panel of peers.

Overall performance is calculated as the average annual performance of parameters identified during the three-year vesting period.

2.4 Reasons for any decision to award compensation plans based on financial instruments not issued by the issuer of financial instruments, such as financial instruments issued by subsidiaries, parent

companies or companies outside the relevant group; if such instruments are not traded on regulated markets, information on the criteria used to determine the value assigned to them;

Not applicable.

2.5 Assessments concerning significant tax and accounting implications affecting the determination of the plans;

The structure of the IMLT Plan was not affected by applicable tax laws or accounting implications.

2.6 Any support for the plan by the Special Fund for Creating Incentives for Worker Participation in Businesses, as indicated in Article 4, paragraph 112 of Law No. 350 of 24 December 2003.

Not applicable.

3. APPROVAL PROCEDURE AND TIME FRAME FOR THE ASSIGNMENT OF INSTRUMENTS

3.1 Powers and functions delegated by the Shareholders' Meeting to the Board of Directors to implement the plan;

On the recommendation of the Remuneration Committee, and with the abstention of the Chief Executive Officer, on 11 March 2015 Snam's Board of Directors voted to submit the IMLT Plan for the approval of the Shareholders' Meeting pursuant to Art. 144-bis of the TUF.

Following the approval of the Shareholders' Meeting, and to exercise the powers to be granted by the latter, the Board of Directors will implement the plan, including through the parties delegated to do so, by resolving upon the following:

- i)* the annual award of the incentive to the Chief Executive Officer;
- ii)* approval of the Regulations for each annual award;
- iii)* the identification of Beneficiaries on the basis of defined criteria; and
- iv)* any other terms and conditions for implementation, provided that these do not conflict with what was approved by the Shareholders' Meeting.

3.2 Indication of the parties charged with administering the plan and their function and authority;

The IMLT Plan is to be administered by the relevant Snam functions of the Human Resources & Security Department.

3.3 Any existing procedures to review plans, including as a result of any changes in base targets;

No procedure has been specified for amendments to the IMLT Plan.

3.4 Description of procedures used to determine the availability and assignment of financial instruments on which the plans are based;

The IMLT Plan stipulates the payment of monetary incentives and not the assignment of financial instruments.

3.5 Role played by each director in determining the characteristics of the aforementioned plans; any involvement of the directors concerned in conflict of interest situations;

In keeping with the recommendations of the Corporate Governance Code for Listed Companies, to which Snam adheres, the Plan conditions were determined on the recommendation of the Remuneration Committee, which is entirely made up of non-executive directors, the majority of whom are independent, with the Chairman selected from among the independent directors. The proposal to submit the Plan to the Shareholders' Meeting, pursuant to Art. 114-bis of the TUF, was therefore approved by the Board of Directors, with the abstention of the Chief Executive Officer, after the favourable opinion of the Board of Statutory Auditors, pursuant to Art. 2389, paragraph 3 of the Italian Civil Code.

With respect to its Beneficiaries, the IMLT Plan is a related-party transaction subject to the approval of the Shareholders' Meeting pursuant to Art. 114-bis of the TUF, and, therefore, the specific procedures specified in Consob Resolution No. 17221 of 12 March 2010, as later amended by Resolution No. 17389 of 23 June 2010 ("Regulation on Related-Party Transactions"), do not apply.

3.6 For the purposes of the requirements of Art. 84-bis, paragraph 1, the date the decision was made by the body authorised to propose approval of the plans to the shareholders' meeting and any proposal made by any remuneration committee;

On 11 March 2015, on the recommendation of the Remuneration Committee made on 24 February 2015, the Board of Directors voted to submit the IMLT Plan to the Shareholders' Meeting.

3.7 For the purposes of the requirements of Art. 84-bis, paragraph 5, sub-paragraph a), the date of the decision made by the body authorised to assign the instruments and any proposal to such body made by any remuneration committee;

Not applicable.

3.8 Market price recorded on the above dates, for financial instruments on which the plans are based if traded in regulated markets;

The official price of Snam stock on 11 March 2015 (date at which the Board of Directors approved submission of the proposed IMLT Plan to the Shareholders' Meeting): € 4,532.

3.9 For plans based on financial instruments traded in regulated markets, by what deadlines and under which procedures the issuer takes into account the possible concurrence of the following events in the context of determining the time frame for assigning instruments to implement the plans:

- i) *this assignment or any decisions made in this regard by the Remuneration Committee, and*
- ii) *the distribution of any relevant information pursuant to Art. 114, paragraph 1; for example, if such information:*
 - a. has not been made public and is capable of having a positive impact on market prices, or
 - b. has been published and is capable of having a negative impact on market prices.

Not applicable.

4. CHARACTERISTICS OF INSTRUMENTS AWARDED

4.1 Description of the way compensation plans based on financial instruments are structured;

The IMLT Plan provides for three annual awards of monetary incentives that may be paid after three years in an amount connected with the performance conditions fulfilled according to pre-established criteria and parameters and other conditions.

4.2 Indication of the period of the actual implementation of the plan, including with respect to any other cycles specified;

The IMLT Plan provides for three annual awards for the period 2015-2017. Each award is subject to a three-year vesting period, and thus, any payment of incentives will be made between 2018 and 2020, as shown in the chart below.

Performance and vesting period						
Incentive awarded 2015	2015	2016	2017	2018 (payment)		
Incentive awarded 2016		2016	2017	2018	2019 (payment)	
Incentive awarded 2017			2017	2018	2019	2020 (payment)

4.3 Expiration date of plan;

The IMLT Plan will expire in 2020 upon the expiration of the vesting period for the last award made in 2017.

4.4 Maximum number of financial instruments, including in the form of options, assigned in each fiscal year in relation to the named parties or categories indicated;

Not applicable.

4.5 Procedures and clauses for implementing the plan, specifying whether the actual award of instruments is subject to the satisfaction of conditions or achievement of specific performance-related and other results; description of such conditions and results;

The Plan's performance conditions are checked annually, and at the end of each three-year implementation period, following a precise review by the Remuneration Committee of the results actually achieved to support resolutions passed in this regard by the Board of Directors.

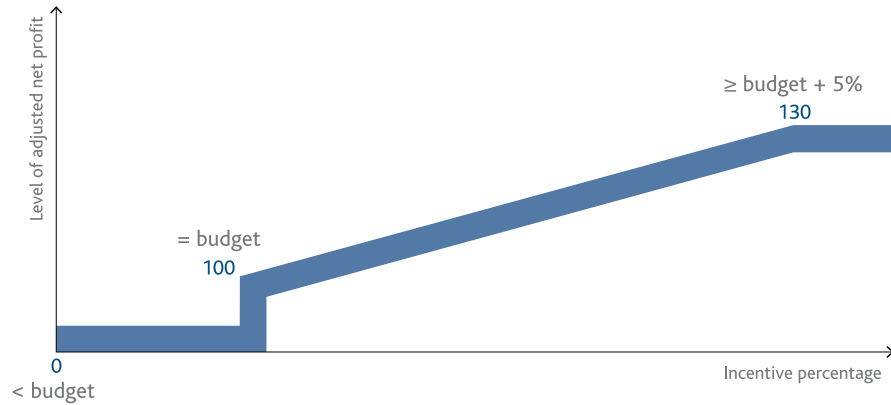
The performance conditions of the IMLT Plan are linked to the following parameters:

- Adjusted net profit with a weighting of 60%, calculated by comparing the final figure with the budgeted amount using a linear scale¹ of 100-130 (0 for amounts less than the budget; 100 for amounts equal to the budget; 130 for amounts equal to or greater than the budget +5%);

¹ For example, if the result is equal to the budget +1%, the score is 106

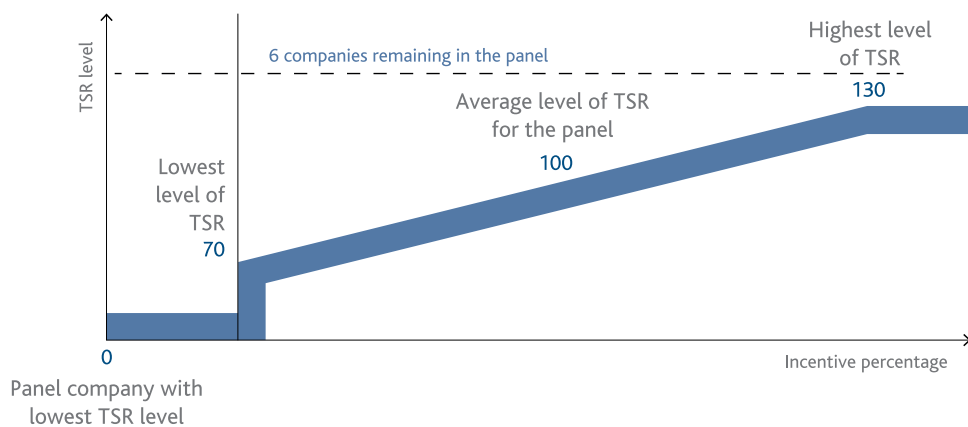
$$x = \frac{(\text{budget} + 1\% - \text{budget}) \times (130 - 100)}{\text{budget} + 5\% - \text{budget}} + 100$$

ADJUSTED NET PROFIT 60%



- TSR, with a 40% weighting, calculated on a linear scale of 70-130 with regard to Snam's position compared with a Panel comprising Snam itself and another six peer companies. The annual score is calculated as follows: the lowest TSR registered among the seven companies is excluded; for the six remaining companies, 70 is taken as the lowest TSR value, 100 as the average value and 130 as the highest value; the score is calculated corresponding to the TSR registered by Snam on this scale. If Snam's TSR value for the year under review is the lowest of all seven of the Panel companies, the score will be zero.

TSR 40%

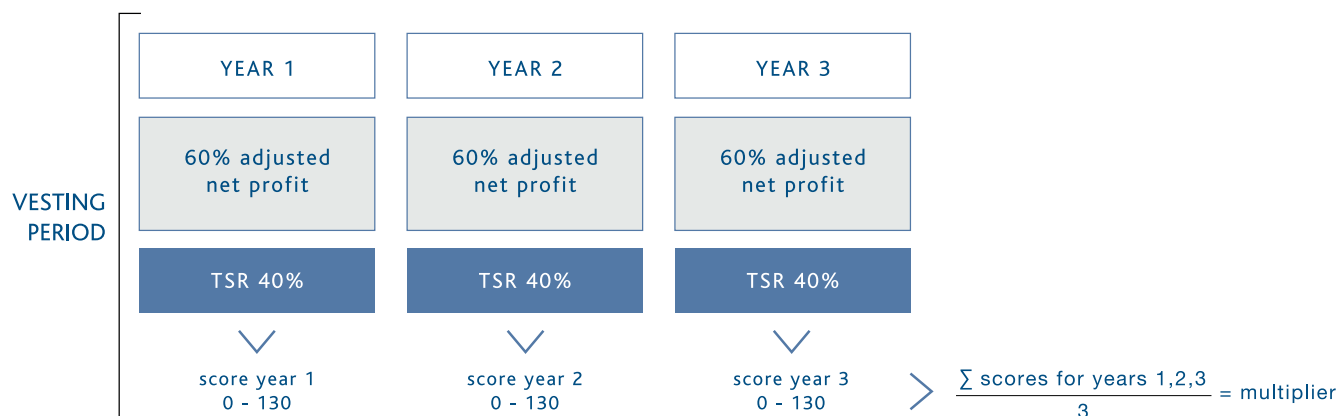


Panel: Snam, Enagas, National Grid, Red Electrica, Severn Trent, Terna and United Utilities

TSR measures the total return of a stock as the sum of the following two components:

1. price change: equal to the ratio of the change in the price of the stock (difference between the price reported at the end and at the beginning of the reporting period) to the price reported at the beginning of the period. Initial price means the closing price of the stock for the year preceding the reporting year, while final price means the closing price for the reporting year;
2. distribution of dividends: for the version used in this document (with no reinvestment of dividends), this component is equal to the ratio of the sum of dividends distributed per share during the period concerned to the initial price of the stock.

At the end of each vesting period, the final multiplier for payment is determined as the average of annual multipliers to be applied to the incentive awarded to determine the incentive to be paid. This incentive may be paid as a percentage of 0% to 130%.



Lastly, the Plan provides for the use of “claw-back” mechanisms with the following clause: “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”.

4.6 Indication of any availability restrictions encumbering the instruments awarded or the instruments resulting from the exercise of options, especially with respect to the deadline by which their subsequent transfer to the same company or to third parties is allowed or prohibited;

Not applicable.

4.7 Description of any termination conditions in relation to the award of plans in the event that recipients carry out hedging transactions making it possible to neutralise any prohibitions on the sale of the financial instruments assigned, including in the form of options, or of the financial instruments resulting from the exercise of such options;

Not applicable.

4.8 Description of the impact resulting from termination of employment;

In the event of the consensual termination of the beneficiary's employment, or if Snam S.p.A. loses control of the Company at which the Participant is an employee, or if the company (or business division) in which the Participant is an employee is sold to a non-subsiary company, and if such events occur by the date at which the Board establishes the Percentage, the incentive will be paid to those entitled in proportion to the period between the assignment and the occurrence of these events, as well as in relation to any results finalised during that period.

If the Participant dies by the date at which the Board establishes the Percentage, the incentive will be paid to those entitled in the fixed amount of 100% of the incentive awarded.

In the event of the unilateral termination of employment by the company or the Participant during the vesting period, no incentive will be paid.

If the term in office of the Chief Executive Officer is not renewed, the incentive for each award will still be paid on the natural due date indicated by the Plan in accordance with the performance conditions specified in the Plan.

4.9 Indication of any other reasons to cancel the plans;

No reasons are specified for cancelling the IMLT Plan.

4.10 Reasons for any provision for the company's "redemption" of the financial instruments covered by the plans, as required by Article 2357 et seq. of the Italian Civil Code; the beneficiaries of the redemption, indicating whether such redemption is only intended for specific categories of employees; the impact of the termination of employment on such redemption;

Not applicable.

4.11 Any loans or other preferential terms to be granted to purchase shares pursuant to Art. 2358 of the Italian Civil Code;

Not applicable.

4.12 Indication of assessments of the projected cost for the company as of the related assignment date, as determined on the basis of the terms and conditions already set, as a total amount and in relation to each instrument of the plan;

Total projected spending for implementing the Plan is about € 8 million if the target (100%) level of performance is achieved in each vesting year.

4.13 Indication of any dilution of capital resulting from the compensation plans.

Not applicable.

4.14 - 4.23 The section concerning awards of shares and stock options is not applicable.

4.24 Issuers of shares are to include the attached Table 1 with the information memorandum:

Not applicable.



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The network respecting the future