



Snam's Board of Directors approves the transaction to acquire the stake in the TAG pipeline from Cassa Depositi Prestiti

San Donato Milanese, 12 September 2014 – Snam's Board of Directors, which met today under the chairmanship of Lorenzo Bini Smaghi, has approved the transaction consisting in the acquisition of the stake held by CDP GAS S.r.l. (CDP GAS), a fully owned subsidiary of Cassa Depositi e Prestiti S.p.A. (CDP) in Trans Austria Gasleitung GmbH (TAG), for a total amount of EUR 505 million.

The transaction is in line with Snam's international development strategy and further strengthens the Company's leading role amongst infrastructure operators in Europe. The TAG pipeline, also in light of its potential use in reverse flow towards Central Europe markets, is a strategic asset for the development of the European East-West energy corridor in the broader context of the increasing integration of continental energy networks.

TAG holds the transmission rights of the Austrian section of the pipeline that connects Russia to Italy. The company recorded total revenues of approximately EUR 320 million and EBITDA of approximately EUR 154 million in 2013, and net financial debt of approximately EUR 393 million as of 31 December 2013¹. The pipeline connects Baumgarten, on the Austrian border with Slovakia, with Arnoldstein, on the border with Italy (Tarvisio). It consists of three parallel lines extending approximately 380 km each, 5 compressor stations, and auxiliary plants with an overall length of about 1,140 km. TAG operations are entirely subject to Austrian regulation.

Before the implementation of the transaction (closing), TAG will also become the owner of the pipeline following the transfer of a going concern by Gas Connect Austria GmbH, an Austrian gas transmission company of the OMV Group and shareholder of TAG together with CDP GAS. By virtue of this transfer, the stake to be acquired by Snam will equal 84.47% of the share capital of TAG, with economic rights equal to 89.22%. Gas Connect Austria will

¹ Local GAAP



hold the remaining 15.53% of the share capital and 10.78% of the economic rights.

Terms and conditions of the transaction are defined in a framework agreement that Snam will enter into by the minimum time required, with CDP GAS and CDP.

The amount of EUR 505 million will be paid through the execution of a share capital increase, with exclusion of the preemption right, reserved in favor of CDP GAS. The share capital increase will be submitted to the approval of the Extraordinary Snam Shareholders' Meeting, which is expected to be convened by 31 December 2014 and, in any event, by a date which allows the closing to be completed no later than 31 March 2015.

At the closing date, Snam will provide TAG, through the conclusion of a shareholder loan, with the funds necessary to enable TAG to reimburse CDP GAS the outstanding amount of the shareholder loan granted by the latter, which, as of 31 August 2014, amounted to approximately EUR 270 million.

Following the closing, the overall amount will be subject to an eventual adjustment in cash, as per market practice, taking into account changes in the actual amount of net financial debt position and the net working capital of TAG as of 30 November 2014. TAG 2014 economic results will pertain to Snam.

Terms of the share capital increase, subject to the Shareholders' Meeting approval, will provide for the issuance of a maximum of 119 million of Snam shares, for a maximum overall amount of EUR 505 million inclusive of share premium. The issue price per share that will be set no earlier than five business days prior to the closing and will be equal to the weighted average of prices of the Snam stock in the preceding 180 days. If the issue price per share, which in any case cannot be lower than EUR 3.60, multiplied by the above mentioned maximum number of shares, is lower than EUR 505 million, the difference will be paid in cash. If the average is lower than the minimum threshold of EUR



3.60, the share capital increase will not be executed and the overall amount will be paid in cash.

In the period between the signing of the framework agreement and the closing, Snam, CDP and CDP GAS will not put in place, directly or indirectly, transactions with Snam shares or financial instruments relating to Snam shares, except for (i) potential transactions on Snam treasury shares in connection with Snam stock option schemes and (ii) transactions that could be performed by CDP on the shares of CDP RETI S.p.A. (CDP RETI). Such commitment will be communicated to Consob and to the market pursuant to art. 122 of Legislative Decree no. 58/98.

The closing of the transaction is subject to certain conditions precedent, including, inter alia: (i) the effectiveness of the transfer to TAG of the going concern which includes the ownership of the pipeline; (ii) obtainment of the regulatory and antitrust clearances (or confirmation of their non-applicability); (iii) the approval by Snam Shareholders' Meeting of the reserved share capital increase (also following the opinion pursuant to art. 158 of Legislative Decree 58/98, as well as the submission by CDP GAS of the report pursuant to art. 2343, paragraph 1, of the Civil Code), and (iv) TAG's lending banks consent to the transaction in relation to Snam's takeover in the shareholder loan.

The deadline for the closing is 31 March 2015.

The transaction is between related parties as CDP holds (i) through CDP RETI (100% CDP) approximately 30% of the share capital of Snam, which represents a stake allowing it to have considerable influence on Snam, and (ii) 100% of CDP GAS. The transaction is considered as "material" pursuant to Consob Regulation no. 17221 of 12 March 2010 as well as to the Snam Procedure *"Transactions involving directors' or statutory auditors' interests and related-parties transactions"* (Snam Procedure). In this regard, the disclosure document pursuant to art. 5 of Consob Regulation and Snam Procedure will be made



available in compliance with applicable law, within seven days after the signing of the framework agreement.

Snam's Board of Directors has unanimously² approved the transaction, which was also subject to the favorable reasoned opinion issued on the same date by the Company's Control and Risk Committee in its composition as Committee for related-parties transactions. This Committee expressed unanimous opinion on the interest of Snam in completing the transaction and on the convenience and substantial fairness of its conditions. The Committee was supported by three independent advisors for regulatory, legal and financial matters. The financial advisor, Banca IMI S.p.A. provided a fairness opinion to the Committee on the transaction.

Rothschild and UniCredit acted as financial advisors for Snam on financial and evaluation activities, while Cleary, Gottlieb, Steen & Hamilton LL.P supported Snam in the legal and contractual aspects of the transaction.

²During the meeting the Board was informed, pursuant to the Snam Procedure, on the extent of the related interests of the Directors of Snam in relation to the Transaction. In particular, Board members Roberta Melfa and Andrea Novelli, both executives of CDP, were not present during the discussion and the resolution.