**“CDP RETI – Società per Azioni”**

* * * * *

BY-LAWS

* * * * *

**Section 1**

**Name**

1.1 “CDP Reti Società per Azioni” (the “**Company**”) is governed by these By-Laws (the “By-Laws”).

1.2 The Company may be briefly referred to as “CDP Reti S.p.A.”.

1.3 The Company name can be written with any graphical form and with uppercase and/or lowercase.

**Section 2**

**Legal Seat**

2.1 The legal seat of the Company is located in Rome.

2.2 Representative offices, branch offices, branches, and agencies of the Company, both in Italy and abroad, may be established by means of a resolution of the management body.

**Section 3**

**Domicile**

3.1 The domicile of the shareholders, as far as their relationship with the Company is concerned, is that resulting from the shareholders’ register.

**Section 4**

**Corporate Purpose**

4.1 The Company’s corporate purpose is the holding and management, both ordinary and extraordinary, directly and/or indirectly, of the participations in Snam S.p.A. (“**Snam**”), Italgas S.p.A. (“**Italgas**”) and Terna S.p.A. (“**Terna**”).

4.2 The Company may also carry out, as long as being instrumental to the achievement of the corporate purpose, any securities, real estate, commercial, industrial and financial transaction which is useful and/or appropriate.

**Section 5**

**Term**

The term of the Company shall expire on December 31, 2100. Such term may be extended, one or more times, by a resolution of the general shareholders’ meeting.

**Section 6**

**Capital - Equity - Financing - Withdrawal – Bonds**

6.1 The share capital is equal to Euro 165,970.80 (onehundredsixtyfivethousandninehundredseventy/80) represented by no. 6,638,832 (sixmillionsixhundredthirtyeightthousandeighthundredthirtytwo) special shares with no par value divided as follows:

- No. 3,923,682 (threemillionninehundredtwentythreethousandsixhundredeightytwo) special shares, representing 59,1% (fifty-nine point one per cent) of the corporate capital of the Company (hereinafter, the "**Class A Shares**");

- No. 2,323,595 (twomillionthreehundredtwentythreethousandfivehundredninetyfive) special shares, representing 35.0% (thirty-five per cent) of the corporate capital of the Company (hereinafter, the "**Class B Shares**");

- No. 391,555 (threehundredninetyonethousandfivehundredfiftyfive) special shares, representing 5.9% (five point nine per cent) of the corporate capital of the Company (hereinafter, the "**Class C Shares**");

it being understood that, in the cases provided in these By-Laws, the above shares may be voluntarily or automatically converted into common shares.

6.2 Unless otherwise provided by specific provisions of these By-Laws, the same bundles of managerial and financial rights are attached to Class A Shares, Class B Shares and Class C Shares.

6.3 The management body (*i.e.*, the board of directors) may be authorized to increase the share capital, also with the power to limit or rule out the option right, in compliance with the provisions of law and the By-Laws.

6.4 The share capital may be increased or reduced in accordance with the formalities set forth by law and these By-Laws. The capital may be increased by in kind contributions to the extent permitted by law.

6.5 Any capital increase that does not limit or rule out the option rights of the shareholders is carried out through the issuance of Class A Shares, Class B Shares and Class C Shares, in proportion to the number of Class A Shares, Class B Shares and Class C Shares existing (*i.e.*, issued) at the time the resolution concerning the capital increase is passed.

6.6 In the event of a capital increase pursuant to Section 6.5:

- the owners of Class A Shares, Class B Shares and Class C Shares are entitled with the option right to subscribe newly-issued Class A Shares, Class B Shares and Class C Shares, respectively, in proportion to the number of Class A Shares, Class B Shares and Class C Shares owned by them at the time the resolution concerning the capital increase is passed;

- the subscription price of newly-issued Class B Shares and Class C Shares is equal to that of Class A Shares,

unless otherwise resolved upon by the shareholders' meeting, with the presence and favorable vote of the majority of the Class A shares and the Class B shares.

6.7 Any capital increase limiting or ruling out the option rights of the shareholders is carried out through the issuance of:

- Class A Shares, if reserved to Persons who, prior to the time when the resolution approving the capital increase is passed: (x) already own Class A Shares; or (y) do not hold any Share;

- Class B Shares, if reserved to Subjects who, at the time when the resolution approving the capital increase is passed, already own Class B Shares; and

- Class C Shares, if reserved to Subjects who, at the time when the resolution approving the capital increase is passed, already own Class C Shares.

6.8 In the event there are unopted shares, the same shall be subject to the option right only of the shareholders holding shares of the same class of shares.

6.9 The holder of the Class A Shares is entitled - by way of notice to be sent to board of directors - to convert, into Class C Shares, a number of Class A Shares such that, following the conversion, Class C Shares will represent a total percentage of the share capital of the Company up to a maximum of 14%. It being understood that, notwithstanding anything to the contrary in these By-Laws, (i) the holder of the Class A Shares shall be entitled to convert and hold Class C Shares for the sole purpose of their subsequent disposal in favor of Persons who meet the subjective requisites set forth under Section 6.11 below, and (ii) as long as the converted Class C Shares are owned by the holder of the Class A Shares, for the sole purposes of transferring the same shares to a Person that meets the requirements set out in this Section 6.11, such Class C Shares shall not benefit of the special exit rights provided under Section 8 below nor shall be subject to the restrictions to Transfer provided in such Section 8.
6.10 The voluntary or automatic (mandatory) conversion of the shares of one class into shares of another class, in the cases provided by these By-Laws, will be carried out in compliance with the requirements provided by law and these By-Laws on the basis of an exchange ratio of one (1) to one (1) and, therefore, by way of example, each common share shall be converted into 1 (one) Class A Share or in one (1) Class B Share or one (1) Class C Share; each Class A Share shall be converted into one (1) Class C Share; each Class C Share shall be converted into one (1) Class A Share or in one (1) Class B Share or even in one (1) common share; each Class B Share shall be converted into one (1) ordinary share. In the event of conversion of shares as per the above or in compliance with other provisions of the By-Laws, the board of directors or, in case of its inactivity, the board of statutory auditors, provided that the conversion conforms to the provisions of the By-Laws, shall proceed to cancel all the certificates representing the shares to be converted, to issue new certificates bearing the new class of shares and to amend the allocation of shares between the different categories provided in these By-Laws, providing for the relevant advertising formalities. The voluntary or automatic (mandatory) conversion of shares from one class into another, pursuant to the provisions of these By-Laws, does not give rise to the right to withdraw from the Company.

6.11 The Class C Shares may be subscribed and held only by Persons with the following requisites: bank foundations, social security institutions, insurance companies, pension funds, insurance funds with registered office in the territory of the Republic of Italy, without prejudice to the possibility, for the holder of the conversion right, as per Section 6.9, to hold Class C Shares in view of, and for the sole purposes of, the transfer of the same shares to a Person that meets the requirements set out in this Section 6.11.

6.12 Shareholders are entitled to grant, at the request of the management body and also not in proportion to their respective interest in the share capital, both interest-bearing and non-interest-bearing loans, which are not collection of savings from the public in compliance with banking and credit regulations. Unless otherwise provided, the loans granted by the shareholders have to be deemed as non-interest-bearing; it being understood, however, that the granting of such loans by the shareholders is carried out on a voluntary basis.

6.13 Without prejudice to the provisions of Section 9 and Par. 6.14 below, each shareholder has the right to withdraw from the Company in cases provided by law. The withdrawal right is exercised on the day when the communication is received at the legal seat of the Company and it affects the relationship with the Company on the same day, with all the relevant consequences.

6.14 Shareholders are not entitled with the withdrawal right in case: (a) the term of the Company is extended; (b) limitations to the transfer of shares are provided, amended or removed.

6.15 The issuance of bonds is approved by the management body (*i.e.*, the board of directors) in accordance with rules and procedures provided by law.

## Section 7

## Shares

7.1 Shares are represented by registered share certificates; each share is entitled to one vote.

7.2 Shares are indivisible. In the case of co-ownership, co-owners' rights must be exercised by a common representative appointed as set forth by law.

7.3 The Company may issue shares of a class other than the existing shares.

7.4 Without prejudice to any other provision of these By-Laws, Class B Shares are also attached with the right to withdraw from the Company in the cases referred to in Section 9 of these By-Laws and the right to participate in the appointment of the board of directors in accordance with the provisions of Section 15 and the board of statutory auditors in accordance with the provisions of Section 22.

7.5 The capacity as shareholder implies the unconditional acceptance of all the provisions of these By-Laws.

## Section 8

## Transfer of shares

8.1 For the purpose of these By-Laws, the following terms have the meaning correspondingly ascribed to them:

8.1.1 "**Affiliate**" – save as otherwise provided in these By-laws – means, with respect to any Person, a natural person, corporation, trust, firm, foundation, joint venture, fiduciary company, funds, asset management company or any other entity or organization with or without juridical personality, directly or indirectly controlling, controlled by, or under common control with, such Person (excluding any state and/or governmental entity and/or authority).

8.1.2 "**Arbitrator**" in any case where these By-Laws entrusts an "arbitrator" to assess a price, value or consideration, the following provisions shall apply: (a) the arbitrator will be designated by the Chairman of the Court of Rome, among national or international auditing firms belonging to an international network enrolled in the special register kept by CONSOB or investment banks (including institutions that carry out advisory activities only) of primary standing having their offices in Italy and being independent from the Company and its shareholders, upon request of the Chairman of the board of directors to be made within 5 (five) Business Days from the date of the board of directors approving the appointment of the Arbitrator or, should the latter fail to do so, the Chairman of the board of statutory auditors within the above term; (b) for the purposes of the designation and appointment of the Arbitrator, a meeting of the board of directors of the Company shall be held by and no later than 5 Business Days from the occurrence of a Withdrawal Event, in order to resolve upon the appointment of the Arbitrator, the filing of the relevant request for designation with the President of the Court of Rome pursuant to the above, as well as the terms and conditions of the engagement; (c) the Arbitrator will determine the Fair Market Value of the relevant Securities in accordance with the provisions set forth herein and will provide its determination within 50 (fifty) Business Days from the acceptance of the engagement; (d) the decisions issued by the Arbitrator shall be communicated to the Chairman of the board of directors, who, on his/her turn, by and no later than 5 (five) Business Days from the receipt, will prepare and deliver the Price Notice (as defined below), the other directors, each shareholder and the auditors; (e) the decisions of the Arbitrator shall be made under and for the purposes of Articles 1349 and 1473 of the Civil Code and they shall be final and binding on all the shareholders and they cannot be challenged, save for the case of undisputable unfairness or incorrectness; (f) the fees and expenses of the arbitrator shall be borne by the Company.

8.1.3 "**Change of Control**" means the event that the owner of the majority of the Class A Shares loses he sole Control of the Company. For such purpose, the meaning of Control has to be construed pursuant to Article 2359, paragraph 1, no. 1, of the Civil Code.

8.1.4 "**Control**" has the meaning set forth under Article 2359 of the Civil Code and Article 93 of the Legislative Decree no. 58/1998 (the **"Consolidated Financial Act"**) or foreign regulatory provisions having similar legal content; terms as "**Controlling**", "**Controlled**" and **"Parent"** shall be interpreted in accordance with the definition of control herein.

8.1.5 "**Business Day**" means any day other than a Saturday, a Sunday and the days when banks are authorized to remain closed in Rome (Italy), Beijing (Peoples' Republic of China), Hong Kong (Hong Kong S.A.R.), London (United Kingdom) for the conduct of their normal business.

8.1.6 "**Accounting Principles**" mean the international accounting standards issued by the International Accounting Standard Board (IASB) and namely the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), and the relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and by the Standing Interpretations Committee (SIC) in compliance with the procedure of Article 6 of the EU Regulation 19 July 2002, n. 1606/2002 of the European Parliament and of the European Council as well as with the procedure of Article 4 of the Legislative Decree 28 February 2005, n. 38.

8.1.7 "**Person**" means any natural person, corporation, *trust,* association, foundation, *joint venture,* trust companies, funds, management companies and any other entity or organization, with or without legal personality.

8.1.8 "**Securities**" means the shares without distinction of any category, including any right attached hereto, the option rights relating to capital increases, convertible bonds and any other rights or financial instrument giving the present or future right to subscribe and/or purchase (through subscription, conversion, exchange, redemption or in any other way, including the exercise of a *warrant* or option) other financial instruments that represent a portion of the capital and/or voting rights of the Company (including, but not limited to, common shares, special shares, including Class B Shares and Class C Shares, preferred shares, shares with special voting rights, convertible bonds, bonds with *warrants* to subscribe shares, equity financial instruments as well as any right to subscribe for or otherwise obtain shares that can be attributed directly or indirectly to shareholders).

8.1.9 "**Transfer**" means any transaction that directly or indirectly leads to the transfer (in the broadest sense of the term) of the Securities, in return for payment or free of charge, including but not limited to, sale, exchange, contribution into the capital, wholesale, securities lending, *swapping,* settlement, pledge or other guarantee rights in rem, transfer of the business or a going concern, assignment by merger or demerger, the transfer in lieu of payment, donation, as well as any transfer of the bare ownership or constitution or transfer of usufruct or other beneficial right in rem relating to or including Securities, or the transfer of the ownership (even only beneficial ownership of, and/or any agreement or act as a result of which the direct or indirect transfer of the ownership of (or any other rights over) Securities occurs); "**Transferor**" and "**Transferee**" means the Persons who carry out a Transfer; "**Transfer**" and "**Transferred**" means the execution of a Transfer.

8.1.10 "**Fair Market Value**" means the price at which Securities of the same class or category would be Transferred between a buyer and a seller, provided that neither of whom has an obligation to buy or sell and both with a reasonable knowledge of the relevant factual circumstances, determined without considering whether the Securities to be Transferred permit or not to acquire the control of the Company, nor applying any minority discount, on the basis of the provisions of article 2437-ter Civil Code and the valuation methods used in the domestic and international best practice, provided however that all the shares of Snam (the "**Snam Stake**") the shares of Italgas (the "**Italgas**

**Stake**") and the shares of Terna (the "**Terna Stake**") shall be evaluated at fair market value pursuant to the provisions of article 2437-ter, par. 3, Civil Code.

8.2 Securities are transferable in accordance with the provisions of these By-Laws and the Decree of the President of the Council of Ministers of May 25, 2012, concerning "*Criteria, conditions and procedures to adopt the model of separation of ownership of the company SNAM S.p.A. pursuant to Article 15 of Law no. 27 of March 24, 2012*" (the "**DPCM**") and other provisions of applicable law.

8.3 Without prejudice to any other provisions of these By-Laws and by Section 8.9 below in relation to the Transfer of Class C Shares, the Transfer, directly or indirectly, in whole or in part, of the Securities is prohibited (i) until November 27, 2016 (the "**Lock-up Period**"), and (ii) until November 27, 2018 (the "**Direct Competitor Lock-up Period**") in case of Transfer of Securities in favor of a Person who is a direct competitor of Snam, Italgas and/or Terna, that is, an industrial entity the main business of which is the operation, within the territory of the European Union, of natural gas and/or power transmission systems as well as to any Person Controlling, directly or indirectly, also jointly, such an industrial entity (the "**Direct Competitor**").

8.4 Should, subsequent to the expiration of the Lock-up Period set forth under Section 8.3 above – without prejudice, with respect to a Transfer in favor of a Direct Competitor, to the provisions of Section 8.7 below as well as the provisions of Section 8.5, 8.6 and 8.9 below - a shareholder ("**Transferor**") be willing to Transfer all or part of the Securities (the "**Offered Participation**") to a third party purchaser, the following provisions will apply: the Transferor has to deliver a registered letter to the holders of Class A Shares and Class B Shares (the "**Transfer Notice**")**,** duly signed, and sent via registered letter, with copy for its information to the management body of the Company (*i.e.*, the board of directors) at its legal seat, expressing its intention to Transfer the Offered Participation;

(i) each shareholder to whom the Transfer Notice is addressed will have the right to offer to the Transferor to purchase the Offered Participation (the "**Right of First Offer**");

(ii) the Right of First Offer may be exercised by each shareholder entitled to do so (the "**Offeree Shareholder**") by delivering - within 60 (sixty) Business Days after the receipt of the Transfer Notice (the "**First Offer Period**") - a registered letter to the Transferor (the " **Offer Notice**"), also addressed for its information to the management body of the Company (*i.e.*, the board of directors) at its legal seat, including:

   (a) the firm and irrevocable commitment of the Offeree Shareholder, for a period not shorter than 40 (forty) Business Days, to buy the Offered Participation (it being understood that the Right of First Offer may be exercised only with reference to the whole - and not a part - of the Offered Participation); and

   (b) the proposed purchase price for the purchase of the Offered Participation has to be in cash only (the "**Proposed Purchase Price**") and the terms and method of payment as well as any other main terms and conditions under which the Offeree Shareholder is available to buy the Offered Participation;

(iii) should the Transferor not accept any of the Offer Notices possibly submitted by the Offeree Shareholders, the former has to officially confirm such non-acceptance by delivering - within the 20 (twenty) days following the receipt of the Offer Notice submitted by the last Offeree Shareholder – to all the Offeree Shareholders, a registered letter, also addressed for its information to the management body of the Company (*i.e.*, the board of directors) at its legal seat, containing its expressed refusal of each of the Offer Notice/s; it being understood that even in the absence of the official communication referred to in this item (iv), the Offer Notice/s shall be

deemed not accepted and the provisions of paragraph (vi) below shall apply;

(iv) if the Right of First Offer has not been exercised by any shareholder entitled to do so, the Transferor will then be free to Transfer the Offered Participation, as indicated in the Transfer Notice, to any third party purchaser, at any price, provided that the Transfer is completed within 180 (one hundred and eighty) days following the expiry of the Period of First Offer and the third party purchaser has adhered in writing to the Shareholders' Agreement (as defined below). It is understood that if the Transfer is not completed within the aforementioned 180-day (one hundred and eighty) period, the provisions of this Par. 8.4 shall again be applied to the sale of the Offered Participation by the Transferor;

(v) if the Right of First Offer has been exercised by one or more Offeree Shareholders but the Transferor has not accepted any of the Offer Notice/s submitted by the Offeree Shareholders pursuant to the provisions of item (iv) above, the provision of item (v) above shall apply *mutatis mutandis*. It being understood that, in addition to the above, the Transferor may validly Transfer of the Offered Participation to a third-party purchaser only subject to the following conditions: (a) the purchase price paid by the third party purchaser exceed the highest among the Proposed Purchase Prices submitted by the Offeree Shareholders through their respective Offer Notice/s; (b) terms and conditions governing the Transfer to the third party purchaser are not more favorable to the third party purchaser than those set out in the Offer Notice containing the highest Proposed Purchase Price, and (c) the third party purchaser has adhered in writing to the Shareholders' Agreement. It is understood that in the event that the conditions referred to in letter (a), (b), and (c) as well as those referred to in item (v) above, have not been complied with, the provisions of Par. 8.4 above shall again be applied to the sale of the Offered Participation by the Transferor;

(vi) if the Transferor has accepted one of the Offer Notice/s submitted by the Offeree Shareholders, the former must inform in writing the Offeree Shareholder by delivering - within 20 (twenty) days following the receipt of the Offer Notice submitted by the last of the Offeree Shareholders – a registered letter also addressed for its information to the management body of the Company (*i.e.*, the board of directors) at its legal seat (the "**Acceptance Notice**"). In such a case, the Transfer of the Offered Participation from the Transferor to the Offeree Shareholder shall be carried out in accordance with the provisions of the Acceptance Notice, at a date reasonably acceptable by both parties, no later than the farthest date from the following: (x) 10 (ten) Business Days from the date of receipt of the Acceptance Notice by the Offeree Shareholder; and, (y) 5 (five) Business Days from the date of issuance from the competent governmental authorities of any prescribed antitrust, governmental or regulatory approval, provided that (i) the Transferor Transfers the Offered Participation to the Offeree Shareholder free of any lien or encumbrance whatsoever; (ii) the Transferor discharges all the formalities required by the laws in force in order to Transfer the ownership of the Offered Participation to the Offeree Shareholder free from any encumbrance; and, (iii) simultaneously with the Transfer of the Offered Participation, the Offeree Shareholder pays to the Transferor the Proposed Purchase Price. It being understood that, if the Right of First Offer has been exercised by one or more Offeree Shareholders for the same price and substantially at the same terms and conditions, then the Transfer shall be made to them on a *pro-rata* basis;

(vii) in the event that the consideration offered by the third party prospective purchaser is not a monetary consideration, if the Transferor deems in good faith that the non-monetary consideration offered by the third party prospective purchaser is higher than the Proposed Purchase Price/s offered by the Offeree Shareholder/s and indicated in the Offer Notice/s, in order to verify the fulfilment of the condition under paragraph (vi)(a) above, the following procedure shall apply:

(aa) without prejudice to the provisions regarding the Right of First Offer of the Offeree Shareholder/s, as soon as the Transferor receives a *bona fide* written offer from a third party prospective purchaser, and in any event prior to complete the Transfer in favor of such third party prospective purchaser, the Transferor shall inform in writing the Offeree Shareholder/s of all the terms and conditions of such offer, including the "non-monetary" consideration offered and to the extent reasonably possible the reasons why the Transferor believes in good faith that the value of such "non-monetary" consideration is higher than the Proposed Purchase Price/s;

(bb) if the Offeree Shareholder/s believe/s in good faith that the value of the "non-monetary" consideration is not higher than the Proposed Purchase Price/s, it/they shall have a term of 15 (fifteen) Business Days to send a written notice to the Transferor indicating the reasons of its/their disagreement (the "**Notice of Disagreement**");

(cc) following delivery of the Notice of Disagreement, the Transferor and the Offeree Shareholder/s that sent the Notice of Disagreement shall negotiate in good faith for a period of 20 (twenty) calendar days (the "**Conciliation Time Limit**") in order to agree in writing on a solution to their disputes on the matters described above;

(dd) if, at the end of the Conciliation Time Limit, the disputing shareholders have not resolved in writing all of the differences with respect to any dispute, then each unresolved matter (each a "**Disputed Matter**") may be submitted by each party to an independent expert to be designated and appointed jointly by the parties by and no later than 20 (twenty) Business Days from the expiry of the Conciliation Time Limit (it being understood that, following expiry of such 20 (twenty) Business Days term, the independent expert shall be designated by the President of the Court of Rome upon request of the most diligent party and shall then be appointed jointly by the same parties or, if such appointment cannot be made within 10 (ten) Business Days from the designation of the President of the Court of Rome as a result of the refusal of a party, by the most diligent party also on behalf of the other parties) among the auditing firms belonging to an international network registered with the special role kept by CONSOB or national or international investment banks of primary standing having their offices in Italy and independent with respect to the Company and its shareholders (the "**Independent Expert**");

(ee) the Independent Expert shall determine the fair market value of the third party prospective purchaser "non-monetary" offer applying, to the extent possible, the provisions of article 2437-ter Civil Code and the evaluation methods used according to domestic and international best practices, and shall specify if such value is higher, equal, or lower than the Proposed Purchase Price/s;

(ff) the Independent Expert shall render its decision within 30 (thirty) Business Days from the acceptance of its appointment, pursuant to Sections 1349 and 1473 of the Civil Code and such decision shall be final and binding for all the parties involved and cannot be challenged, except in case of manifest iniquity or wrongness (*manifesta iniquità o erroneità*). The decision of the Independent Expert shall be notified by the Independent Expert to the Shareholders, with copy to the Company, within the above 30 (thirty) Business Days term;

(gg) the costs and expenses of the Independent Expert shall be entirely borne and paid by the Party to the detriment of which the Independent Expert has rendered its decision;

(hh) it is understood that in case the Independent Expert ascertains that the fair market value of the non-monetary consideration is not higher than the higher of the Proposed Purchase Price/s offered by the Offeree Shareholder/s, the condition set out under paragraph (vi)(a) above shall not be met and, therefore, for the transfer by the Transferor of the Relevant Participation the procedure of this Section 8.4 shall have to be complied with again;

(ii) for the entire term of the procedure provided under this paragraph (viii), the 180 days term for the closing of the transaction with the third party prospective purchaser provided above shall be suspended, provided however that *(i)* the closing of the transfer is completed in any event within 1 year from the delivery of the Offer Notice, on the same terms and conditions, including the "non-monetary" consideration, provided in the written notice delivered by the Transferor to the Offeree Shareholder/s pursuant to paragraph (c)(aa) above, and *(ii)* if (i) above is not complied with, the procedure regarding the Right of First Offer of the Offeree Shareholder shall be repeated, without prejudice in any event to the final and binding calculation of the value of the "non-monetary consideration" as agreed by the relevant shareholders or determined by the Independent Expert in accordance with the provisions hereof and it being agreed and understood that in such case the term of the First Offer Period provided by Section 8.4(iii) above shall be reduced from 60 Business Days to 40 (forty) Business Days.

8.5 The provisions under Parr. 8.3, 8.4 and 8.9 are not applicable in case of Transfers (the "**Permitted Transfers**") by either shareholder (the "**Transferring Shareholder**") of all (or part of) its Securities in the Company in favor of an Affiliate (the "**Permitted Transferee**"), on condition that:

(a) without prejudice to all the other applicable provisions of the By-laws, as a condition to the Transfer, the Transferring Shareholder shall have procured that the Permitted Transferee has adhered to the Shareholders' Agreement through execution of the relevant deed of adherence thereto;

(b) (i) as a condition to the Transfer, the relevant Transfer agreement shall expressly provide that the Transferred Securities shall be automatically Transferred back to the Transferring Shareholder, should the Permitted Transferee cease to be, for any reason whatsoever, an Affiliate of the Transferring Shareholder, and (ii) the Transferring Shareholder shall remain jointly liable with the Permitted Transferee for the performance of all obligations assumed by the Permitted Transferee pursuant to these By-laws and the Shareholders' Agreement.

For the purposes of this Section 8.5, Affiliate means: (i) with respect to Class A Shareholders, a Person Controlled, directly or indirectly, pursuant to Article 2359, par. 1, no. 1, Civil Code by the holder of Class A Shares at the effective date of these By-Laws as set forth in Section 28 below; (ii) with respect to Class B Shareholders, a Person whose corporate capital is entirely owned and controlled, directly or indirectly, by the ultimate Controlling Person of the holder of Class B Shares at the effective date of these By-Laws as set forth in Section 28 below; and (iii) with respect to a Class C Shareholder, an Affiliate of the same as defined in Section 8.1.1. It being understood that the provisions of Section 8.6 below apply also to the Permitted Transfers.

8.6 In any case, and even after the expiry of the non-transferability period of the Securities, as a general rule, applicable to any case of Transfer of Securities referred to in these By-Laws, including the Permitted Transfers:

(i) the effectiveness *vis-à-vis* the Company of any Transfer of the Securities is subject to the prior approval of the board of directors, which has the right (which cannot be exercised on a mere discretional basis) to prevent

the effectiveness *vis-à-vis* the Company of any Transfer of the Securities (*gradimento*) only and exclusively where the potential buyer: (a) does not provide adequate documentation and evidence (through, for example, the submission, to the extent legally possible, of documentation disclosing its direct or indirect investments or interests in the sector of generation, production and/or supply of electricity and/or natural gas) of compliance with the provisions concerning *ownership unbundling,* set forth by Directives 2009/73/EC and 2009/72/EC, Legislative Decree no. 93/2011 as well as all their implementing provisions and regulations as well as any resolution of the Italian Regulatory Authority for Electricity and Gas ("**AEEG**") (including its resolution n. 296/2015/R/com), and in order not to jeopardize and therefore maintain the certifications attesting the *unbundling* pattern of Snam and Terna issued by the competent authorities (hereafter, respectively, the "**Snam Unbundling Certification**" and the "**Terna Unbundling Certification**"); and/or (b) does not meet the requirements set forth under Article 3, Par. 1 of the Law Decree no. 21 of March 15, 2012, enacted into law no. 56 of May 11, 2012, and its implementing provisions, where applicable, and/or (c) belongs to a country in respect of which international organizations have established restrictions on free trade, and/or (d) has not the characteristics of proven financial strength and regularity of management;

(ii) the above is without prejudice to any further limitation and restriction on Transfers set forth by special provisions of law applicable to the Company and its Controlled Persons, including the DPCM;

(iii) Securities are Transferable for the benefit of Persons other than individuals;

(iv) the board of directors resolves upon the granting of the approval within 30 Business Days from the receipt of the written request made by the transferor, which must contain all information and data relating to the transferee necessary for the board of directors in order to make its own assessments. The board of directors has to promptly inform the party concerned about its decision. The board of directors, in the case of refusal of the Transfer, provides a detailed reasoning, outlining the objective reasons of its determination.

8.7 (A) In the event that, following expiry of the Direct Competitor Lock-up Period provided under Section 8.3 above, any Class B Shareholder (the "**Transferring B Shareholder**") wishes to Transfer, in whole or in part, its Securities to a Direct Competitor, without prejudice to the Right of First Offer of the Class A Shareholders in accordance with the provisions of Section 8.4 above, the following procedure shall apply.

(B) In case the Transferring B Shareholder receives from a Direct Competitor (which, for the sake of clarity, shall not be a related party to the Transferring B Shareholder or one of its Affiliates) (the "**Bona Fide Third Party**") a written, firm, irrevocable and binding offer (the "**Direct Competitor Offer**") for the acquisition of all or part of its Securities in the Company, the Class A Shareholders shall have a pre-emption right (the "**Pre-emption Right**") in connection with the acquisition of the Securities of the Transferring B Shareholder object of the Direct Competitor Offer pursuant to the following provisions:

(i) the Transferring B Shareholder shall send to the Class A Shareholders, via registered letter with return receipt (*raccomandata A/R*), with a copy to the Chairman of the board of directors, a notice (the "**Pre-emption Notice**") indicating the relevant terms and conditions of the Offer and of the proposed Transfer, including the identity of the Direct Competitor and of its ultimate controlling Person (if any), the purchase price proposed in the Director Competitor Offer provided that such purchase price shall be in cash only (the "**Transfer Price**"), along with a copy of the Direct Competitor Offer;

(ii) the Pre-emption Notice shall be received by the Class A Shareholders at least 60 (sixty) Business Days prior to the envisaged Transfer of the Securities to the Direct Competitor;

(iii) each Class A Shareholder addressee of the Pre-emption Notice shall be entitled to purchase the Securities indicated therein on the terms and conditions there provided. The Pre-emption Right cannot be exercised but for all the Securities object of the Pre-emption Notice, it being understood that, in the event that more than one Class A Shareholder addressee of the Pre-emption Notice exercises its Pre-emption Right, the Securities shall be allocated among the same in proportion to their respective participation in the share capital of the Company;

(iv) each Class A Shareholder shall be entitled to exercise the Pre-emption Right within 30 (thirty) Business Days from the receipt of the Pre-emption Notice (hereafter the "**Declaration Term**"), through delivery to the Transferring B Shareholder of a letter to be sent via registered letter with return receipt (*raccomandata A/R*), with copy to each of the shareholders at their domiciles as resulting from the stock ledger and to the board of directors at the registered office of the Company, containing its irrevocable undertaking to purchase the Securities object of the Pre-emption Notice on the same terms and conditions set forth in the Pre-emption Notice, mutatis mutandis (and save for governmental approvals and antitrust clearance) (hereafter the "**Declaration**");

(v) in case of exercise of the Pre-emption Right through the delivery of the Declaration, the provisions of Section 8.4(vii) above shall apply, *mutatis mutandis*;

(vi) in the event that none of the Class A Shareholders exercises the Pre-emption Right, the Transferring B Shareholder shall be entitled, subject to Section 8.6 above, to Transfer the Securities object of the Direct Competitor Offer to the Bona Fide Third Party (*i.e.*, the Direct Competitor) on condition that (i) the price is not less than the Transfer Price and the terms and conditions of the Transfer are the same provided in the Direct Competitor Offer (which shall be the same set forth in the Pre-emption Notice), (ii) the Direct Competitor has adhered in writing to the Shareholders' Agreement, and (iii) the Transfer of the Securities to the Direct Competitor is completed within 180 days from the expiry of the Declaration Term, or within the maximum term of 1 (one) year from the expiry of the Declaration Term in the event that, following the expiry of the initial 180 days term, all the conditions precedent other than the obtainment of the necessary governmental approvals and antitrust clearances have been satisfied. In the event that one of the conditions under previous points (i), (ii) and (iii) is not fulfilled, then the Transferring B Shareholders shall have to comply again with the procedure set out under this Section 8.7 in order to Transfer their Securities to a Direct Competitor and the Class A Shareholders shall have again the Pre-emption Right.

8.8 Without prejudice to the possibility to Transfer the Securities in accordance with the provisions of these By-laws or where there is the written consent of the holder of the majority of the Class A Shares, the corporate capital of the Class B Shareholders shall be entirely owned and controlled, directly or indirectly, by the ultimate Controlling Person of the holder of the Class B Shares at the effective date of these By-Laws as set forth in Section 28 below. Without prejudice to any provisions of these By-laws regulating the Transfer of the Securities, in case of breach of the provisions of this Section 8.8, the holder of the Class B Shares shall no longer be entitled to exercise, directly or indirectly, the voting rights and the other administrative rights (other than the economic rights) unless it provides the board of directors, within 30 (thirty) days from the occurrence of the breach, with adequate documentation attesting that the *status quo* existing prior to the breach has been restored. Failing this, the Class B Shares owned by the shareholder shall convert into ordinary shares on the basis of the provisions of Section 6.10 which shall apply *mutatis mutandis*, and all the members of the board of directors of the Company designated, if any, by the holder of Class B Shares shall immediately cease from their office and the holder of the Class B Shares shall procure the resignations of the directors it

has designated, if any, in the boards of directors of Snam, Italgas and Terna and shall use its best efforts to procure the resignation of the members it has designated in the board of statutory auditors of the Company.

8.9 The transfer of the Class C Shares is not subject to the Transfer restrictions provided by Section 8.3 concerning the Lock-up Period and the Direct Competitor Lock-up Period. The Class C Shares may be Transferred by the relevant owners also during such periods, in accordance with the provisions set forth below.

8.9.1 The Transfer, in whole or in part, of the Class C Shares by the relevant owners is subject to the Right of First Offer of the holders of Class A Shares and of the holders of Class B Shares in accordance with the provisions of Section 8.4, save for – in addition to the Permitted Transfers under Section 8.5 – the cases where the Class C Shareholder Transfers its Shares (i) to a Person who is a Class C Shareholder at the time of the Transfer or (ii) to a Person who, at the time of the Transfer, has the requisites set forth in Section 6.11 of these By-Laws, it being understood that, in such latter case, it must be delivered to the board of directors of the Company documentation attesting the possess by the Transferee of the said requisites. All the above is without prejudice to the provisions of Section 8.6 of these By-Laws.

8.9.2 After a period of three (3) years from the acquisition or subscription of the Class C Shares, the relevant Class C shareholder (the "**Transferring Class C Shareholder**") who wishes to Transfer, in whole or in part, its Securities (the "**Offered C Shares**") shall be entitled to start the procedure below:

(i) the Transferring Class C Shareholder shall be entitled to send, within 60 (sixty) Business Days from the expiry of the above indicated three year period, a registered letter with return receipt requested (the "**Class C Shareholder Transfer Notice**"), duly executed, to the board of directors of the Company at its registered office, representing its intention to Transfer the Offered C Shares, with copy to the holders of Class A Shares and to the holders of Class B Shares;

(ii) the Company shall be entitled to offer to the Transferring Class C Shareholder to acquire the Offered C Shares (the "**CDP RETI Right of First Offer**");

(iii) the CDP RETI Right of First Offer may be exercised by the Company following resolution of the shareholders' meeting to be adopted with the favorable vote of the majority of the Class A Shares and of the Class B Shares and without prejudice to the limits and restrictions to the purchase of treasury shares provided by the applicable law, through submission – within 60 (sixty) Business Days from the receipt of the Class C Shareholder Transfer Notice (the "**CDP RETI First Offer Period**") – to the Transferring Class C Shareholder of a registered letter with return receipt requested (the "**CDP RETI Offer Notice**") with copy also to the holders of Class A Shares and Class B Shares, including:

(a) the firm and irrevocable commitment of the Company, for a period not shorter than 40 (forty) Business Days, to buy the Offered C Shares (it being understood that the CDP RETI Right of First Offer may be exercised only with reference to all (and not only part of) the Offered C Shares); and

(b) the proposed purchase price for the purchase of the Offered C Shares which has to be in cash only, and the terms and method of payment as well as any other main terms and conditions under which the Company is available to buy the Offered C Shares;

(iv) if the Transferring Class C Shareholder intends to accept the CDP RETI Offer Notice, it shall inform in writing the Company by delivering - within 20 (twenty) days following the receipt of the CDP RETI Offer Notice – a registered letter with return receipt requested addressed to the management body of the Company at its legal

seat (the "**CDP RETI Acceptance Notice**") with copy to the holders of Class A Shares and Class B Shares. In such a case, the Transfer of the Offered C Shares from the Transferring Class C Shareholder to the Company shall be carried out in accordance with the provisions of the CDP RETI Acceptance Notice, at a date reasonably acceptable by both parties, no later than the farthest date from the following: (x) 10 (ten) Business Days from the date of receipt of the CDP RETI Acceptance Notice by the Company; and, (y) 5 (five) Business Days from the date of issuance from the competent governmental authorities of any prescribed antitrust, governmental or regulatory approval, provided that (i) the Transferring Class C Shareholder Transfers the Offered C Shares to the Company free of any lien or encumbrance whatsoever; (ii) the Transferring Class C Shareholder discharges all the formalities required by the laws in force in order to Transfer the ownership of the Offered C Shares to the Company free from any encumbrance; and, (iii) simultaneously with the Transfer of the Offered C Shares, the Company pays to the Transferring Class C Shareholder the purchase price;

(v) if the Company does not exercise the CDP RETI Right of First Offer or, in case of exercise by the Company of the CDP RETI Right of First Offer, the Transferring Class C Shareholder fails to notify the Company with the CDP RETI Acceptance Notice, the holders of Class A Shares shall have the right to offer to the Transferring Class C Shareholder to purchase the Offered C Shares (the "**Class A Shareholders Right of First Offer**");

(vi) the Class A Shareholders Right of First Offer may be exercised through submission – within 30 (thirty) days from the expiry of the CDP RETI First Offer Period in the event that the CDP RETI Offer Notice is not delivered or, if delivered, from the expiry of the term to submit the CDP RETI Acceptance Notice (the "**Class A Shareholders First Offer Period**") – to the Transferring Class C Shareholder of a registered letter with return receipt requested (the "**Class A Shareholders Offer Notice**") with copy to the management body of the Company and the Class B Shareholders, including:

(a) the firm and irrevocable commitment of the Class A Shareholder, for a period not shorter than 40 (forty) Business Days, to buy the Offered C Shares (it being understood that the Class A Shareholder Right of First Offer may be exercised only with reference to all (and not only part of) the Offered C Shares); and

(b) the proposed purchase price for the purchase of the Offered C Shares which has to be in cash only, and the terms and method of payment as well as any other main terms and conditions under which the Class A Shareholder is available to buy the Offered C Shares;

(vii) if the Transferring Class C Shareholder intends to accept one of the Class A Shareholder Offer Notices, which may have been submitted, it shall inform in writing the Class A Shareholder by delivering - within 20 (twenty) days following the receipt of the Class A Shareholder Offer Notice – a registered letter with return receipt requested addressed to the management body of the Company at its legal seat and to the Class B Shareholders (the "**Class A Shareholder Acceptance Notice**"). In such a case, the Transfer of the Offered C Shares from the Transferring Class C Shareholder to the Class A Shareholder shall be carried out in accordance with the provisions of the Class A Shareholder Acceptance Notice, at a date reasonably acceptable by both parties, no later than the farthest date from the following: (x) 10 (ten) Business Days from the date of receipt of the Class A Shareholder Acceptance Notice by the Class A Shareholder; and, (y) 5 (five) Business Days from the date of issuance from the competent governmental authorities of any prescribed antitrust, governmental or regulatory approval, provided that (i) the Transferring Class C Shareholder Transfers the Offered C Shares to the Class A Shareholder free of any lien or encumbrance

whatsoever; (ii) the Transferring Class C Shareholder discharges all the formalities required by the laws in force in order to Transfer the ownership of the Offered C Shares to the Class A Shareholder free from any encumbrance; and, (iii) simultaneously with the Transfer of the Offered C Shares, the Class A Shareholder pays to the Transferring Class C Shareholder the purchase price;

(viii) if no Class A Shareholder Offer Notice is submitted or, in case the Transferring Class C Shareholder does not accept any of the Class A Shareholder Offer Notices which may have been presented by the Class A Shareholders, the holders of Class B Shares shall have the right to offer to the Transferring Class C Shareholder to purchase the Offered C Shares (the "**Class B Shareholders Right of First Offer**");

(ix) the Class B Shareholders Right of First Offer may be exercised through submission – within 30 (thirty) days from the expiry of the Class A Shareholders First Offer Period in the event that the Class A Shareholders Offer Notice is not delivered or, if delivered, from the expiry of the term to submit the Class A Shareholders Acceptance Notice (the "**Class B Shareholders First Offer Period**") – to the Transferring Class C Shareholder of a registered letter with return receipt requested (the "**Class B Shareholders Offer Notice**") with copy to the management body of the Company and the Class A Shareholders, including:

(a) the firm and irrevocable commitment of the Class B Shareholder, for a period not shorter than 40 (forty) Business Days, to buy the Offered C Shares (it being understood that the Class B Shareholder Right of First Offer may be exercised only with reference to all (and not only part of) the Offered C Shares); and

(b) the proposed purchase price for the purchase of the Offered C Shares which has to be in cash only, and the terms and method of payment as well as any other main terms and conditions under which the Class B Shareholder is available to buy the Offered C Shares.

(x) if the Transferring Class C Shareholder intends to accept one of the Class B Shareholder Offer Notices, which may have been submitted, it shall inform in writing the Class B Shareholder by delivering - within 20 (twenty) days following the receipt of the Class B Shareholder Offer Notice – a registered letter with return receipt requested addressed to the management body of the Company at its legal seat (the "**Class B Shareholder Acceptance Notice**"). In such a case, the Transfer of the Offered C Shares from the Transferring Class C Shareholder to the Class B Shareholder shall be carried out in accordance with the provisions of the Class B Shareholder Acceptance Notice, at a date reasonably acceptable by both parties, no later than the farthest date from the following: (x) 10 (ten) Business Days from the date of receipt of the Class B Shareholder Acceptance Notice by the Class B Shareholder; and, (y) 5 (five) Business Days from the date of issuance from the competent governmental authorities of any prescribed antitrust, governmental or regulatory approval, provided that (i) the Transferring Class C Shareholder Transfers the Offered C Shares to the Class B Shareholder free of any lien or encumbrance whatsoever; (ii) the Transferring Class C Shareholder discharges all the formalities required by the laws in force in order to Transfer the ownership of the Offered C Shares to the Class B Shareholder free from any encumbrance; and, (iii) simultaneously with the Transfer of the Offered C Shares, the Class B Shareholder pays to the Transferring Class C Shareholder the purchase price;

(xi) if no Class B Shareholder Offer Notice is submitted or, in case the Transferring Class C Shareholder does not accept any of the Class B Shareholder Offer Notices which may have been presented by the Class B Shareholders, the Transferring Class C Shareholder shall have the right to Transfer the Offered C Shares to any third party purchaser for a consideration which has to be in cash only and must be higher than the highest

monetary consideration offered in any of the CDP RETI Offer Notice, Class A Shareholder Offer Notice and Class B Shareholder Offer Notice, without the application of the provisions of Section 8.4 but without prejudice to the application of the provisions of Section 8.6, for a period of 365 days from the expiry of the Class B Shareholders First Offer Period, in case the Class B Shareholders Offer Notice is not submitted, or from the expiry of the term to submit the Class B Shareholders Acceptance Notice in the event that the Class B Shareholders First Offer is submitted to, but not accepted by, the Transferring Class C Shareholder.

8.9.3 If, following expiry of the period of 365 days under Section 8.9.2(xi) above, the Transfer of the Offered C Shares has not occurred, the Transfer of the same by the Transferring Class C Shareholder to third party purchasers – without prejudice to the provisions of Section 8.9.1 – shall again be subject to the provisions of Section 8.4 and, therefore, to the Right of First Offer of the holders of Class A Shares and of the holders of Class B Shares.

8.9.4 It is understood that, following expiry of a further period of three (3) years from the expiry of the three year term provided under Section 8.9.2 above, each owner of Class C Shares who wishes to Transfer its Securities shall again be entitled to start the procedure described under Section 8.9.2 above.

8.9.5 It is further understood that: (A) in case of Transfer of the Class C Shares in favor of a Class A Shareholder, the Class C Shares shall automatically convert, in accordance with the provisions of Section 6.10 above, into Class A Shares; (B) in case of Transfer of the Class C Shares in favor of a Class B Shareholder, the Class C Shares shall automatically convert, in accordance with the provisions of Section 6.10 above, into Class B Shares; (C) in case of Transfer of the Class C Shares in favor of other Class C shareholders or in favor of Persons having the Requisites provided by Section 6.10, the Class C Shares shall not be converted and shall maintain the rights and characteristics provided under these By-Laws; and (D) in case of Transfer of the Class C Shares in favor of Persons other than those indicated in the previous letters (A), (B) and (C), as well as in the case of a Permitted Transfer in favor of a Person without the subjective requirements set forth in Section 6.11, the Class C Shares shall automatically convert, in accordance with the provisions of Section 6.10 above below, into common shares and these By-Laws shall be amended accordingly by the board of directors or, in case of its inactivity, by the board of statutory auditors.

8.10 In the event of a Transfer of Securities carried out breaching the provisions of this Section 8 (whose restrictions and limitations apply, for the sake of clarity, also to indirect Transfers of the Securities), the assignee shall not be entitled to: (i) be registered in the shareholders' register; (ii) exercise the voting and other managerial rights; and (ii) transfer Securities with effect *vis-à-vis* the Company.

8.11 The provisions applicable to the Transfer of the Securities provided for in this Section 8 shall be without prejudice to the right of the holder of the Class A Shares to convert its shares into Class C Shares for their subsequent disposal in compliance with the provisions of Section 6.9, 6.10 and 6.11.

## Section 9

## Right of withdrawal of Class B Shares

9.1 Notwithstanding any other provision of these By-Laws, the owners of Class B Shares have the right to withdraw from the Company in the event that an Event of Withdrawal for Class B Shares (as defined below) has occurred, in accordance with the terms and conditions described below.

9.2 In the event that:

(x) the extraordinary shareholders' meeting of Snam is convened in order to resolve upon the adoption of the following resolutions ("**Snam Relevant Decisions**"):

(i) capital increase with the exclusion of the option right for the shareholders, for a total amount (to be allocated between share capital and share premium) of more than 10% of Snam's net asset value (*patrimonio netto*), as resulting from the last financial statements approved by the shareholders' meeting;

(ii) excluding, in any case, mergers under Articles 2505 and 2505-bis of the Civil Code, mergers for incorporation of Snam into any other companies and of other companies into Snam, where the net asset value (*patrimonio netto*) of the company/companies to be incorporated, as resulting from the merger plan approved by the Boards of Directors of the merging companies, is higher than 10% of the Snam's net asset value (*patrimonio netto*), as resulting from the merger plan;

(iii) non-proportional demerger;

(iv) demerger, where the net asset value (*patrimonio netto*) to be transferred to the beneficiary company/companies is higher than 10% of Snam's net asset value (*patrimonio netto*) as resulting from the demerger plan approved by the board of directors of Snam;

(v) amendment of the corporate purpose of Snam to allow the board of directors of Snam to purchase assets including equity interests, going concern or lines of business as a going concern, (the "**Snam Acquisition**") for a total amount exceeding 10% of the net asset value of Snam, as resulting from the last financial statements approved by the shareholders' meeting; and/or

(y) the extraordinary shareholders' meeting of Terna is convened in order to resolve upon the adoption of the following resolutions ("**Terna Relevant Decisions**"):

(i) capital increase with the exclusion of the option right for the shareholders, for a total amount (to be allocated between share capital and share premium) of more than 10% of Terna's net asset value (*patrimonio netto*), as resulting from the last financial statements approved by the shareholders' meeting;

(ii) excluding, in any case, mergers under Articles 2505 and 2505-bis of the Civil Code, mergers for incorporation of Terna into any other companies and of other companies into Terna, where the net asset value (*patrimonio netto*) of the company/companies to be incorporated, as resulting from the merger plan approved by the Boards of Directors of the merging companies, is higher than 10% of the Terna's net asset value (*patrimonio netto*), as resulting from the merger plan;

(iii) non-proportional demerger;

(iv) demerger, where the net asset value (*patrimonio netto*) to be transferred to the beneficiary company/companies is higher than 10% of Terna's net asset value (*patrimonio netto*) as resulting from the demerger plan approved by the board of directors of Terna;

(v) amendment of the corporate purpose of Terna to allow the board of directors of Terna to purchase assets including equity interests, going concern or lines of business as a going concern, (the "**Terna Acquisition**") for a total amount exceeding 10% of the net asset value of Terna, as resulting from the last financial statements approved by the shareholders' meeting; and/or

(z) the extraordinary shareholders' meeting of Italgas is convened in order to resolve upon the adoption of the following resolutions ("**Italgas Relevant Decisions**"):

(i) capital increase with the exclusion of the option right for the shareholders, for a total amount (to be allocated between share capital and share premium) of more than 10% of Italgas' net asset value (*patrimonio netto*), as resulting from the last financial statements approved by the shareholders' meeting;

(ii) excluding, in any case, mergers under Articles 2505 and 2505-bis of the Civil Code, mergers for incorporation of Italgas into any other companies and of other companies into Italgas, where the net asset value (*patrimonio netto*) of the company/companies to be incorporated, as resulting from the merger plan approved by the Boards of Directors of the merging companies, is higher than 10% of the Italgas' net asset value (*patrimonio netto*), as resulting from the merger plan;

(iii) non-proportional demerger;

(iv) demerger, where the net asset value (*patrimonio netto*) to be transferred to the beneficiary company/companies is higher than 10% of Italgas' net asset value (*patrimonio netto*) as resulting from the demerger plan approved by the board of directors of Italgas;

(v) amendment of the corporate purpose of Italgas to allow the board of directors of Italgas to purchase assets including equity interests, going concern or lines of business as a going concern, (the "**Italgas Acquisition**") for a total amount exceeding 10% of the net asset value of Italgas, as resulting from the last financial statements approved by the shareholders' meeting,

the chairman of the board of directors of the Company will convene a meeting of the board of directors in order to resolve upon the vote that the Company will cast during Snam or Italgas or Terna extraordinary shareholders' meeting in relation to Snam Relevant Decisions or Italgas Relevant Decisions or Terna Relevant Decisions.

9.3 If: (i) the board of directors of the Company resolve to vote in favor of the approval of the Snam Relevant Decisions, the Italgas Relevant Decision and/or the Terna Relevant Decisions notwithstanding the negative vote casted by the directors appointed from a list submitted by the owners of Class B Shares; (ii) the Snam Relevant Decision, the Italgas Relevant Decision or the Terna Relevant Decision has been adopted, respectively, by the extraordinary shareholders' meeting of Snam, Italgas or Terna, with the favorable and determinant vote of the Company, it must be assumed as occurred an event entitling the exercise of the right of withdrawal from the Company by the owners of Class B Shares ("**Event of Withdrawal for B Shares**") at the time of: (A) the registration with the competent Companies' register of the Snam Relevant Decision under Paragraph 9.2.(x) items (i), (ii), (iii) and (iv) or the completion of the Snam Acquisition under Paragraph 9.2.(x) item (v); or (B) the registration with the competent Companies' register of the Terna Relevant Decision under Paragraph 9.2.(y) items (i), (ii), (iii) and (iv) or the completion of the Terna Acquisition under Paragraph 9.2.(y) item (v), as well as (C) the registration with the competent Companies' register of the Italgas Relevant Decision under Paragraph 9.2.(z) items (i), (ii), (iii) and (iv) or the completion of the Italgas Acquisition under Paragraph 9.2.(z) item (v).

9.4 The occurrence of a Change of Control is also an Event of Withdrawal for B Shares for the benefit of the owners of Class B Shares.

9.5 In case of an Event of Withdrawal for B Shares, the right of withdrawal may be exercised by each owner of Class B Shares with respect to its own Class B Shares (the "**Withdrawal Shares**") by written communication (the "**Withdrawal Notice**") to be sent via registered letter with return receipt (*raccomandata A/R*) to the chairman of the

board of directors, under penalty of forfeiture, within 30 (thirty) days from the date when the owner of Class B Shares has received from the chairman of the board of directors the communication containing the final determination of the withdrawal price in accordance with these By-Laws and the law (the "**Withdrawal Price Notice**"). It being understood that in case of failure to send the Withdrawal Notice within the above term of 30 (thirty) days, the Class B Shareholder shall no longer be entitled to exercise the right of withdrawal with respect to the Event of Withdrawal for B Shares.

9.6 The exercise price for the right of withdrawal (the "**Withdrawal Price**") will be equal to the Fair Market Value of Class B Shares, as determined by the Arbitrator in accordance with the provisions set forth under Par. 8.1.2 applicable to the Arbitrator within 50 (fifty) Business Days from its acceptance of the engagement. The Fair Market Value of withdrawing Class B Shares shall be determined without taking into account the consequences/effects of the financial and managerial decisions arising from Snam Relevant Decisions, Italgas Relevant Decisions and Terna Relevant Decisions.

9.7 Following the receipt of the Withdrawal Notice, the provisions of article 2437-quater Civil Code shall apply, provided however that – notwithstanding and in derogation, to the extent necessary, to the provisions on the non-transferability of the Securities, on the Right of First Offer and the Pre-emption Right - (a) the board of directors of the Company, subject in any event to the option right of the other Shareholders of the Company pursuant to article 2437-quater Civil Code, shall have the right to offer the Withdrawal Shares to a third party purchaser for a period of 120 days from the receipt of the Withdrawal Notice; and, (b) in addition, during the same period, the owners of Class B Shares who have exercised the right of withdrawal through submission of the Withdrawal Notice, shall have the right to offer these Withdrawal Shares to a third party purchaser in good faith. If a third party purchaser offers a price equal to, or higher than, the Withdrawal Price (to be entirely paid simultaneously with the closing of the relevant transfer), the withdrawing Class B shareholder shall accept the offer submitted by the third party purchaser and sell and transfer the relevant Withdrawal Shares to the third party purchaser free and clear from any encumbrances, provided that the third party purchaser meets all the requirements set forth under these By-Laws and the applicable laws, and adheres in writing to the Shareholders' Agreement, and provided further that the transfer to the third party purchaser of the Withdrawal Shares shall be subject to the prior approval of the board of directors provided for under Section 8.6 above.

9.8 Should not be possible to proceed to the disposal of the Withdrawal Shares pursuant to the preceding paragraph (and should none of the other shareholders be available to purchase the relevant Securities), the Withdrawal Shares will be purchased by the Company at the Withdrawal Price. For such purpose, the payment of the purchase price of the Withdrawal Shares and their Transfer to the Company free of any lien or encumbrance will be carried out within 60 days from the expiration of the period specified under Par. 9.7, in compliance with all the formalities and obligations provided by applicable law.

9.9 Once completed the Transfer of the Withdrawal Shares and paid the relevant purchase price to the withdrawing shareholders, the board of directors - and, on its behalf, the Chairman – will discharge all formalities and records in the shareholders' book or in other corporate books or records of the Company with a similar purpose necessary to complete, perform and make effective the transfer or the cancellation of the Withdrawal Shares.

**Section 9 *bis***

**Limitations of the rights of shareholders in relation to unbundling**

9-bis.1 Each shareholder, during the term of the Company, shall, directly or indirectly, also through its Affiliates:

(i) fully comply with:

(a) the ownership unbundling requirements set forth by the Directive 2009/73/CE, Directive 2009/72/CE,

Legislative Decree n. 93/2011 and related Italian implementing regulations ("**Ownership Unbundling Regime**"), as well as

(b) the conditions attached to the Snam Unbundling Certification and the Terna Unbundling Certification; and

(ii) refrain from any act or activity that may cause the opening of a new certification procedure concerning the Snam Unbundling Certification and/or the Terna Unbundling Certification by AEEG according to Ownership Unbundling Regime ("**New Certification Procedure**").

9-bis.2 (A) The holders of Class A Shares and Class B Shares as well as any other industrial shareholder of the Company, prior, and as a condition, to the entering into any binding agreement relating to an investment or any corporate transaction in the sectors of generation, production and/or supply of electricity and/or natural gas in the territory of European Union (the "**Envisaged Transaction**") that such shareholder, and/or its Affiliates is about to undertake and – according to the Ownership Unbundling Regime and the related interpretation guidelines of the European Commission provided under the "Commission Opinions" and the "Commission Staff Working Documents" - may cause the opening of a New Certification Procedure, shall promptly inform in writing, as the case may be, the holders of Class A Shares and/or the holders of Class B Shares and/or the other industrial shareholders of the Company and provide them with all material documentation that might be needed by the latter in order to duly assess the impact of the Envisaged Transaction in respect of the Snam Unbundling Certification and/or Terna Unbundling Certification. (B) Within 20 Business Days, the holders of Class A Shares and the holders of Class B Shares and the other industrial shareholders of the Company shall discuss in good faith any issues relating to the Ownership Unbundling Regime raised by the Envisaged Transaction, it being understood that, if an agreement is reached, any possible measure that the shareholders may have agreed (also after consultation with the AEEG and/or the European Commission) (the "**Measures**") shall be promptly implemented to avoid the opening of the New Certification Procedure.

9-bis.3 If,

(i) notwithstanding the adoption of, or the failure of the abovementioned shareholders to agree upon, the Measures, and/or

(ii) as a consequence of any corporate transaction or investment other than an Envisaged Transaction

the AEEG opens a New Certification Procedure, the relevant shareholder to which the transaction is referable shall promptly comply, or cause - to the extent legally permitted also in light of the Ownership Unbundling Regime and the content of Snam Unbundling Certification and/or Terna Unbundling Certification - that the relevant Affiliates promptly comply, with any remedy, measures, prescriptions, requirements possibly identified by the final decision issued by the AEEG at the end of the New Certification Procedure.

9-bis.4 (A) The Class B Shareholders shall be allowed not to comply with the obligation to adopt the Measures set forth in Paragraph 9-bis2(A) and/or with the obligations set forth in Paragraph 9-bis3, if, until and to the extent that the relevant Class B Shareholder (a) refrains from exercising its voting and other administrative rights in CDP RETI (other than the economic rights) and (b) procures that the members designated, if any, by the same in the corporate bodies of the Company, Snam, Italgas and Terna are suspended or, in case the appointment of such members has been made in breach of the Ownership Unbundling Regime and in such event it has caused the opening of the New Certification Procedure, resign or are removed from the offices respectively held in the Company, Snam, Italgas and Terna. (B) It is understood that if the Class B Shareholder does not comply with the obligations under letter (A) above within 30 (thirty) days or notifies the other shareholders that it does not intend to comply with the obligation to adopt

the Measures set forth in Paragraph 9-bis2(A) and/or with the obligations set forth in Paragraph 9-bis3, such Class B Shareholder - to the extent that the suspension of voting rights and the suspension/removal/resignations of the directors and statutory auditors from the respective office are still at that time regarded, in the light of the Ownership Unbundling Regime, as actions which are capable to restore compliance with the unbundling rules and the Snam and Terna Unbundling Certifications - shall no longer be entitled to (a) exercise its voting rights which will be suspended and (b) designate and appoint the members of the corporate bodies of the Company, Snam, Italgas and Terna, and for the effect it shall have (on the condition that, as indicated above, such measures are still regarded, in the light of the Ownership Unbundling Regime, as actions which are capable to restore compliance with the above regime) (i) to procure the immediate resignations or removal or suspension from their respective offices of the directors of the Company, Snam, Italgas and Terna designated by the same Class B Shareholder, it being understood that, failing the occurrence of the resignations/removal/suspension within 30 days, the same directors shall in any event automatically cease/forfeit (*decadenza*) from their respective office, and (ii) to use best efforts to procure the resignation of the members designated by it in the board of statutory auditors of the Company. All the above without prejudice to the provisions of Paragraph 9-bis.5 below.

9-bis.5 Without prejudice to the above, in case the Class B Shareholder does not intend to comply with the obligations set forth in Paragraphs 9-bis3 and 9-bis4 above, such shareholder will be entitled to transfer its Securities in the Company at any time notwithstanding and by way of derogation to the Lock-up Period (but not to the Direct Competitor Lock-up Period), in accordance with the other applicable provisions of these By-laws.

9-bis.6 The holders of Class A Shares and Class B Shares and the other industrial shareholders of the Company shall cooperate to share with the AEEG all the information to be submitted to the latter according to Snam Unbundling Certification and Terna Unbundling Certification and any other information that could be required by the AEEG and/or the European Commission in the context of a New Certification Procedure or which the shareholders reasonably believe may be useful, and agree to utilize and disclose (acting reasonably) in order to avoid the opening of a New Certification Procedure.

## Section 10

## Shareholders' meeting

10.1 The shareholders' meeting of the Company represents all the shareholders and its resolutions, where passed in accordance with the law and these By-Laws, are binding *vis-à-vis* all the shareholders, including dissenting or non-attending shareholders.

10.2 The shareholders' meeting shall be an ordinary or an extraordinary one, in accordance with law.

10.3 The ordinary shareholders' meeting, in addition to resolve upon the matters within its competence pursuant to the law, approves the resolutions relating to the designation and appointment of members of the corporate bodies of companies or entities directly and/or indirectly owned (also in part) by the Company and, the resolutions relating to the sale, contribution, lease, usufruct and any other disposal transaction - also in the context of a joint venture - or transaction resulting in restrictions on equity interests, going concern or lines of business as a going concern, without prejudice, pursuant to Article 2364, Par. 1, no. 5, of the Civil Code, for the liability of directors.

10.4 The ordinary shareholders' meeting for the approval of the financial statements must be convened within 120 (one hundred and twenty) days from the end of the fiscal year, or within 180 days from the same term if the conditions

set forth by article 2364, last paragraph, of the Civil Code apply; in such case the board of directors shall illustrate the reasons of the delay in the report provided for by article 2428 of the Civil Code.

**Section 11**

**Convening of the shareholders' meeting**

11.1 The shareholders' meeting is called by the management body (*i.e.*, the board of directors) also in a place other than the legal seat of the Company, provided that such place is in Italy; alternatively, the shareholders' meeting is convened to be held exclusively via means of telecommunication.

11.2 The convening of both the ordinary and the extraordinary shareholders' meeting shall be carried out by notice stating the date, time, and place of the meeting (except in the event of the meeting to be held exclusively via means of telecommunication) and the procedure for participating – also via means of telecommunication – as well as the agenda to be discussed. Such notice has to be communicated to the shareholders by means ensuring the proof of receipt to the address indicated in the shareholders' book (including email address), at least 8 (eight) days before the date of the shareholders' meeting.

11.3 In the absence of the above formalities, the rules referred to under Article 2366, Par. 4, of the Civil Code shall apply.

11.4 Each shareholder holding Class A Shares, Class B Shares or Class C Shares shall be entitled to attend and vote at ordinary and extraordinary shareholders' meetings of the Company. The Class A Shares, Class B Shares and Class C Shares shall be counted for the purposes of calculating a quorum and decision required for the ordinary and the extraordinary shareholders' meeting of the Company.

**Section 12**

**Proxy and participation in the meeting**

12.1 Any shareholder who has the right to join the shareholders' meeting is entitled to delegate the exercise of its rights, in accordance with law, by written proxy.

12.2 Even if the notice of call states the place of the meeting, the shareholders' meeting may also be held with participants connected via means of telecommunication, provided that the collegial method is ensured and the principles of good faith and equal treatment among shareholders are adhered. In such a case, the following conditions have to be met:

(a) The chairman of the shareholders' meeting and the person taking the minutes are in the same place. The latter shall be responsible to prepare and sign the minutes of the meeting that shall be deemed to have taken place in such place;

(b) The chairman of the shareholders' meeting is in the position to: (i) ascertain the identity and legitimacy of the attendees; (ii) governing the shareholders' meeting; and, (iii) ascertain and declare the results of the voting;

(c) The person taking the minutes is in the position to adequately perceive the events to be reported in the minutes; and,

(d) The attendees are in the position to take part in real time at the discussion and simultaneously in the voting on the items of the agenda;

(e) All those entitled to take part are provided with the necessary electronic connections, where requested, so that they can participate in the discussion and exercise their right to vote.

12.3 For the purposes of joining the shareholders' meeting, the shares or the relevant certification have to be deposited at the legal seat, or the banks listed in the notice of call of the shareholders' meeting, at least two days before the date of the meeting and such documents cannot be withdrawn before the shareholders' meeting takes place.

12.4 Unless otherwise governed by these By-Laws, the right to participation and representation in the shareholders' meeting are governed by applicable laws.

**Section 13**

**Chairman of the shareholders' meeting**

13.1 The shareholders' meeting is chaired by the Chairman of the board of directors or, in case of absence or impediment of the latter, by another person appointed by the shareholders' meeting.

13.2 The chairman of the shareholders' meeting shall be assisted by a secretary, including a non-shareholder secretary, appointed by the same shareholders' meeting, or by a notary public, in the cases prescribed by the law or where the chairman deems it appropriate.

13.3 The chairman of the shareholders' meeting: (i) ascertains the identity and legitimacy of those in attendance; (ii) assesses the occurrence of all the requirements to hold a valid meeting; (iii) governs the shareholders' meeting; (iv) establishes, in accordance with the law, voting procedures and assesses the results of the votes. The outcomes of these assessments have to be recorded in the minutes.

13.4 The resolutions passed by the shareholders' meeting have to be recorded in the minutes signed by the Chairman and secretary, prepared in accordance with the law.

13.5 Where the Chairman deems it appropriate, the minutes of both the ordinary and the extraordinary shareholders' meetings are taken by a notary public.

**Section 14**

**Attendance Quorum and Voting Requirements**

14.1 The ordinary and extraordinary shareholders' meetings, both in first and second calls, are validly held and resolve with the quorum required by law.

14.2 As long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the affirmative vote of shareholders representing more than 80% of the share capital entitled to vote in the ordinary shareholders' meeting is required to pass resolutions concerning the following matters (hereinafter, the "**Shareholders' Reserved Matters**"):

(i) capital increases ruling out the option right of the shareholders;

(ii) non-proportional demergers;

(iii) proportional demerger (*scissioni proporzionali*) in case similar governance mechanisms to those set forth by this By-Laws are not provided in favor of the companies resulting from the proportional demerger;

(iv) mergers other than those contemplated under Articles 2505 and 2505-bis of the Civil Code;

(v) amendments (other than purely formal amendments) to the provisions of these By-Laws relating to the right of withdrawal of the owners of Class B Shares, the right of first offer, the appointment of directors and statutory auditors through the voting mechanism based on slates, the provisions setting forth qualified

majorities for the Shareholders' Reserved Matters and the Board's Reserved Matters and the other protective rights in favor of the owners of Class B shares, also through the issuance of new classes of shares;

14.3 Resolutions of the shareholders' meeting are validly taken by a show of hands unless the Chairman of the shareholders' meeting establishes a different voting procedure. The secret ballot is not permitted.

14.4 Resolutions of the shareholders' meeting, passed in accordance with the law and these By-Laws, are binding *vis-à-vis* all the shareholders, including dissenting or non-attending shareholders.

**Section 15**

**Management body – Composition**

15.1 The Company is managed by a board of directors consisting of 5 (five) members. The principles of equal access to the corporate bodies of the less represented gender have to be adhered according to applicable law. The term "management body" means the board of directors.

15.2 Directors shall be appointed by the shareholders' meeting in accordance with the law.

15.3 Unless otherwise resolved upon by the shareholders' meeting, directors shall remain in office for 3 (three) financial years and their office shall cease on the same date when the shareholders' meeting for the approval of the financial statements for the last year of their office is convened. Directors may be re-appointed.

15.4 As long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the members of the board of directors are appointed on the basis of the slates submitted by shareholders at the Company's legal seat at least 7 (seven) days before the date when the shareholders' meeting is convened for the first call, in accordance with the following provisions:

(i) shall be entitled to present a slate only the shareholders who, individually, own shares representing at least 20% (twenty percent) of the share capital having voting rights in the ordinary shareholders' meeting, being understood that owners of Class B Shares are entitled to submit one sole joint slate;

(ii) the slates have to include candidates of different genders, as specified in the notice of call of the shareholders' meeting, for the purpose of compliance with the regulations in force concerning the balance between genders. Where the number of representatives of the less represented gender have to be, pursuant to the law, at least three, slates running for the appointment of the majority of members of the board of directors have to include at least two candidates of the less represented gender;

(iii) the slates have to be accompanied by: (a) the progressive list of candidates, whose total number has to be equal at least to the number of members of the board of directors to be appointed; (b) detailed information on the personal and professional characteristics of each candidate included in the slates, as well as their respective curriculum vitae; (c) declarations whereby each candidate accepts the candidacy and attests, under his/her own liability, that he/she: (x) is not in one of the positions triggering ineligibility or incompatibility; and, (y) meets the requirements prescribed by law and the By-Laws for the respective office. The filing, to be carried out in accordance with the above, is also valid for the second call, if any;

(iv) shareholders are not entitled to submit, either by proxy or trust company, more than one slate or vote for different slates;

(v) each candidate may be candidate in only one slate, subject to ineligibility;

(vi) slates that do not comply with the provisions above shall be deemed as uncommitted slates.

15.5 The appointment of the Directors shall occur as follows:

(i) from the slate submitted by the holders of Class A that obtained the majority of votes cast by shareholders will be appointed, in the sequential order of the candidates listed therein, 3 (three) directors;

(ii) the remaining 2 (two) directors shall be appointed (in the sequential order of the candidates listed therein) from the slate submitted by holders of Class B Shares;

(iii) if no shareholder holding Class A Shares shall submit a slate, all the directors are appointed by the shareholders' meeting with the majorities required by law provided that - as long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting – the provisions under items (i) and (ii) above shall apply, *mutatis mutandis*;

(iv) should the appointment of directors carried out according to the rules described above not comply with the regulations in force concerning the balance between genders, the candidate of the most represented gender with the lowest ratio among candidates drawn from all lists is replaced by the person appointed by the shareholders' meeting with the voting requirements prescribed by the law, thus ensuring that the composition of the board of directors complies with the law and the By-Laws, subject to, in any case, the compliance with the provisions under items (i) and (ii) above.

15.6 Directors who, for any reason, are not appointed in accordance with the procedures provided above, are appointed by the shareholders' meeting with the majority prescribed by the law, so as to ensure that the composition of the board of directors complies with the law and the By-Laws.

15.7 The voting procedure based on slates applies only in the case of renewal of the entire board of directors.

15.8 If, during the year, one or more directors cease to be in office, the latter is replaced, in accordance with Article 2386 of the Civil Code, as indicated below:

(i) as long as the majority is composed by directors appointed by the shareholders' meeting, the board of directors - by means of a resolution approved by the board of statutory auditors - shall replace the ceased director with a candidate of the same slate of the ceased director or in accordance with the joint indication given in writing – within 15 (fifteen) Business Days from the date in which one or more directors have ceased from their office – by the holders of the entirety of the Class A Shares and the Class B Shares, in accordance with the regulation in force concerning equal access to the corporate bodies of the less represented gender;

(ii) should the shareholders' meeting be entitled to replace the ceased director, the shareholders' meeting shall resolve, with the majority prescribed by the law, in compliance with the criteria outlined under item (i) above;

(iii) where it is not possible, for whatever reason, to comply with items (i) and (ii) above, the entire board of directors shall be deemed to have resigned and the shareholders' meeting for the appointment of the new board of directors shall be immediately called by the board of statutory auditors, which in the meantime shall be responsible for the ordinary management of the Company;

(iv) without prejudice to the above, no vacancy on the Boards of Directors shall be permitted to continue (x) for a period of more than 20 (twenty) Business Days, if the successor of the director ceased from office may be appointed by the other members of the board of directors, or (y) for a period of more than 40 (forty) Business Days, if the successor of the director ceased from office must be appointed by the shareholders' meeting.

15.9 The eligibility of a candidate for the office of director is subject to his/her compliance with the requirements specified below. In particular:

1. A director - who has been granted, on an ongoing basis, with managerial powers by the board of directors pursuant to these By-Laws - is entitled to hold the office of director in no more than two additional boards of directors of joint-stock companies. Directors that have not been granted with the powers above are entitled to hold the office of director in no more than five additional boards of directors of joint-stock companies. The positions of director held in Cassa Depositi e Prestiti in which the latter holds an interest, even indirectly, are not considered in the calculation of the above limits.

2. Directors shall meet the requirements set forth by legislative decree n. 385 of 1 September 1993, and the related implementing legislation, for directors of financial intermediaries. Directors are also subject to ineligibility, incompatibility, suspension and dismissal provisions provided for by such legislation and by any other legislation which is applicable to the company.

3. Furthermore, it is also a reason for ineligibility to, or dismissal from, the office of director the notification of a final conviction judgment that ascertains the fraudulent commission of acts causing damages for public treasury.

4. In any of the cases of suspension or dismissal mentioned above, the relevant director has no right to compensation for damages.

5. Without prejudice for the previous items, the automatic revocation for cause, without right to compensation for damages, from the office of managing director applies also to the director in respect of which was placed a precautionary interim measure that makes impossible the exercise of the powers granted to him/her, as a result of: (i) the proceeding under articles 309 or 311, par. 2, of the Code of Criminal Procedure, or (ii) the expiration of the deadline for the implementation of such measure.

15.10 In addition to the above, and without prejudice to the provisions on suspension and automatic forfeiture (*decadenza*) of the directors from office provided by other provisions of these By-laws, including pursuant to Section 9.bis above, the appointment of the directors shall be in compliance with all the applicable laws and, in particular, the provisions concerning *ownership unbundling,* set forth by Directives 2009/73/EC and 2009/72/EC, Legislative Decree no. 93/2011 as well as all their implementing provisions and regulations, in order not to jeopardize and therefore preserve the Snam Unbundling Certification and the Terna Unbundling Certification.

15.11 Pursuant to DPCM, directors are not entitled to hold any office in the management or control bodies, or management positions, in Eni S.p.A. and its subsidiaries, nor to have any direct or indirect relationship of a professional or economic nature with these companies.

**Section 16**

**Board of Directors – Chairman**

16.1. The chairman of the board of directors is appointed by the shareholders' meeting among the directors designated by the holders of Class A Shares. Similarly, the managing director, if appointed, is appointed by the board of directors among the directors elected from the list presented by the holders of Class A Shares.

16.2 The chairman convenes the board of directors, sets the agenda, determines the procedure for participating, coordinates the work and ensures that adequate information on the matters on the agenda are provided to all the directors. The board of directors may delegate specific functions and special assignments to the chairman of the

board of directors. In any case, the chairman, in addition to the power to represent the Company and signature power referred to in Section 21 of these By-Laws, is responsible for taking care of institutional and external relations of the Company, coordinates the functions of internal control of the Company and, in general, carries out the specific functions that may be assigned to him/her by the board of directors.

**Section 17**

**Board of Directors – Calling**

17.1 Without prejudice to the calling powers attributed to the statutory auditors by the law, the board of directors shall be convened by the chairman when deemed appropriate by the latter, or when requested in writing by at least two directors or one statutory auditor and such written request indicates the matters to be discussed.

17.2 The board of directors shall meet in the place specified in the notice of call, provided that it is in Italy or, upon proposal of the chairman, in China; alternatively, the Board of Directors may be convened exclusively by means of telecommunication. The notice of call, stating the place (unless convened exclusively by means of telecommunication), day and time of the meeting and the items on the agenda, along with documents concerning the matters to be discussed, shall be sent to each director and statutory auditor at least five days before the date of the meeting, by e-mail. In case of urgency, the term may be reduced to two days before the meeting. The board of directors may establish additional terms and conditions for the calling of its meetings.

17.3 Even in the absence of an official call, the board of directors shall be deemed to be duly convened where all the directors and regular statutory auditors are in attendance, even exclusively by audio and/or video conference.

**Section 18**

**Board of Directors**

18.1 Meetings of the board of directors shall be chaired by the chairman or, in case of his/her absence or impediment, by the eldest director. The board of directors shall appoint a secretary, who may also be a non-director.

18.2 Should a director, on his/her own account or on behalf of third parties, have an interest in a transaction involving the Company that has to be resolved upon by the board of directors, the provisions of Article 2391 of the Civil Code shall apply.

18.3 Directors are subject to non-competition undertakings laid down under Article 2390 of the Civil Code.

18.4 Board of directors' meetings must be held at least bi-monthly and, even when the notice of call states the place of the meeting, may also be held with participants connected via means of telecommunication, provided that:

(a) the chairman of the meeting is in the position to ascertain the identity and legitimacy of the attendees, govern the meeting, and ascertain and declare the results of the voting;

(b) the person taking the minutes is in the position to adequately perceive the events to be reported in the minutes; and

(c) the attendees are in the position to take part in real time in the discussion and simultaneously in the voting on the items of the agenda, as well as transmit, receive and review documents.

18.5 Directors are not entitled to vote by proxy. The resolutions of the board of directors shall be recorded in the book of Directors' decisions and documentation concerned is kept by the Company.

18.6 Meetings of the board of directors are held in Italian and preparatory work and documents of the meetings are written in Italian, with English translation. During the meetings, each director may speak in his/her mother tongue and be assisted by a translator.

**Section 19**

**Meetings of the Board of Directors - Powers - Corporate Officers - Compensation**

19.1 Unless otherwise provided in these By-Laws, a meeting of the board of directors shall be validly held where the majority of the directors in office are in attendance provided that at least two of the directors designated by the holders of Class A Shares and at least one of the directors designated by the holders of Class B Shares are in attendance, subject in any event to the provisions of Paragraphs 19.2 and 19.5 below.

19.2 In case a board of directors meeting is called and cannot be validly held because, although a majority of directors is in attendance, such majority does not include at least one of the directors designated by the holders of Class B Shares, the chairman of the board shall reconvene, as soon as practicable subject to the present By-Laws, the board of directors to resolve upon the same agenda and such new board meeting shall be validly held if a majority of directors is in attendance, even if such majority does not include any of the directors designated by the holders of Class B Shares.

19.3 Without prejudice to the above, it being understood that under no circumstances a meeting of the board of directors shall be validly held unless at least two of the directors designated by the holders of Class A Shares are in attendance, and without prejudice to the provisions of Par. 19.5, the resolutions are passed with the favorable vote of the absolute majority of the directors in attendance.

19.4 In addition to that decisions that cannot be delegated to one or more directors pursuant to the law, the board of directors is exclusively responsible to resolve upon the following matters, that that cannot be delegated to a single director or to an executive committee (*comitato esecutivo*) and have to be approved with the majority required by law, save for that provided under Par. 19.5:

(i) approval or amendment of the business plan of the Company or the budget;

(ii) any proposal or recommendation concerning the amendment of the By-Laws of the Company to be submitted to the approval of the shareholders' meeting;

(iii) any decision concerning the list of candidates to be submitted in connection with the renewal of the board of directors of Snam by the shareholders' meetings of Snam, without prejudice to the provisions set forth under Section 10.3 of the By-Laws;

(iv) any decision concerning the list of candidates to be submitted in connection with the renewal of the board of directors of Terna by the shareholders' meetings of Terna, without prejudice to the provisions set forth under Section 10.3 of the By-Laws;

(v) decisions concerning the exercise of voting rights in the context of the extraordinary shareholders' meetings of Terna and Snam;

(vi) the appointment, where appropriate, of a general manager and the determination of his/her powers;

(vii) preparation of merger and demerger plans;

(viii) the recruitment of executives and managers;

(ix) Transfer, in whole or in part, of the shares held by the Company at the effective date of these By-Laws as set forth in Section 28 below, in the share capital of Snam, Italgas and Terna, and/or acquisition of any additional shares of Snam, Italgas and/or Terna, if and to the extent such acquisition triggers the obligation of the Company to launch a mandatory tender offer over Snam, Italgas and/or Terna (without prejudice, in any event, for the Company, to the possibility to subscribe any Snam, Italgas and/or Terna shares in the context of any capital increases resolved upon by Snam, Italgas and/or Terna as long as the subscription does not trigger the obligation of the Company to launch a mandatory tender offer over Snam, Italgas and/or Terna, subject to, in any case, the authorization of the shareholders' meeting referred to under Section 10.3 of the By-Laws;

(x) any proposal to the shareholders' meeting concerning any sort of dividend and/or reserve distribution and/or any other form of distribution of the Company;

(xi) the Assumption of Indebtedness, which means: (i) the assumption by the Company of new financing and indebtedness (in addition to the financing and indebtedness already existing at the effective date of these By-laws as set forth in Section 28 below pursuant to the Credit Agreements (as such term is defined below)) and/or the incurrence in any other form of indebtedness from any Person and *(ii)* the granting of any guarantees in favor of third Persons, in both cases under points (i) and (ii): *(a)* for amount in excess of Euro 100,000,000.00 for each single transaction or series of connected transactions, and/or *(b)* if such transaction or series of connected transaction cause the breach by the Company of the financial covenants and ratios provided for by the Credit Agreements, and/or provides for financial covenants and/or ratios which are less favorable for the Company than those provided for, and agreed in, the Credit Agreements, and/or (iii) any subsequent refinancing of the facilities granted to the Company under the Credit Agreements, even if implemented, without limitation, through the issuance of a bond; and/or (*iv*) changes to the material terms of the Credit Agreements, including but without limitation to the financial covenants and the ratios and/or the following financial terms of the Credit Agreements: Margin, First-Extension Option-fee, Term-out Option fee, Commitment Fee, Arrangement Fee and Drop-dead Fee; and/or *(v)* any financial derivatives transaction to be entered into by the Company;

(xii) any transaction with related parties of CDP RETI which is not at arm's length;

(xiii) any other transaction with related parties of CDP RETI and/or any transaction which is outside of the annual budget and/or business plan of CDP RETI having a value higher than Euro 5 million;

(xiv) decisions concerning the approval (*gradimento*) of a prospective Transferee pursuant to Section 8.6(i) above;

(xv) the appointment of the Arbitrator designated by the President of the Court of Rome for the purposes of Section 9 hereof.

19.5 As long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the matters under items (ix), (xi) and (xii) of Paragraph 19.4 above, as well as the matters under item (x) – the latter if and to the extent that they are the subject matter of a proposed deliberation which, if passed, would result in a decision that is not in compliance with the distribution policy set forth under Section 25 of these By-Laws (all such matters, hereinafter, the "**Major Decisions**") – have to be approved with the affirmative vote of at least one of the two directors elected from the slate submitted by holders of Class B Shares under Paragraph 15.5(ii) of these By-Laws.

19.6 The management body (*i.e.*, the board of directors) is vested with any power for the ordinary and extraordinary management of the Company, with the express power to carry out any transaction deemed appropriate for achieving the corporate purpose, (i) save for those mandatorily reserved to the shareholders' meeting by the law or the By-Laws, and (ii) provided that the authorization of the shareholders' meeting pursuant to Section 10.3 of the By-Laws is obtained in connection with the resolutions relating to the designation and appointment of members of the corporate bodies of companies or entities directly and/or indirectly owned (also in part) by the Company and, the resolutions relating to the sale, contribution, lease, usufruct and any other disposal transaction - also in the context of a joint venture - or transaction resulting in restrictions on equity interests, going concern or lines of business as a going concern, and the other resolutions indicated in these By-Laws.

19.7 The board of directors is also entitled to resolve upon the following matters:

(a) mergers and demergers under Articles 2505 and 2505-*bis* of the Civil Code;

(b) decrease of the share capital in the event of withdrawal of a shareholder; and

(c) amendments to the By-Laws to comply with provisions of laws.

19.8 Paragraph 19.7 above does not prevent the board of directors to submit the above-mentioned matters to the approval of the extraordinary shareholders' meeting.

19.9 The board of directors – save for the cases indicated in Paragraph 19.4 above - is entitled to delegate a part of its powers under Article 2381 of the Civil Code, to one of its members. It is understood that any delegation of power may be carried out only in favor of directors drawn from the list that obtained the highest number of votes casted by the shareholders.

19.10 The board of directors may also grant powers to other directors in relation to a specific transaction, without any payment of additional compensation.

19.11 Directors granted with powers by the board of directors shall provide information, even orally, to the board of directors and the statutory auditors, pursuant to Article 2381, Par. 5, of the Civil Code, at least every three (3) months.

19.12 (a) Notwithstanding anything to the contrary in this By-Laws, as long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the list of candidates to the office as directors of Snam and Terna (respectively, the "**CDP RETI Snam List**" and the "**CDP RETI Terna List**") which will be presented by CDP RETI at the shareholders' meetings, respectively, of Snam and Terna called for the appointment of the members of the respective board of directors, shall be composed as follows:

(i) the directors designated by the Class B shareholder shall have the right to designate the name of 1 (one) candidate to be inserted in the CDP RETI Snam List (the "**Class B Snam Candidate**") and of 1 (one) candidate to be inserted in the CDP RETI Terna List (the "**Class B Terna Candidate**"); and

(ii) the directors designated by the Class A shareholder shall have the right to designate all the remaining candidates to be inserted in the CDP RETI Snam List and in the CDP RETI Terna List.

(b) It being understood that the board of directors of the Company shall approve the CDP RETI Snam List and CDP RETI Terna List which include the Class B Snam Candidate and the Class B Terna Candidate in a position such as to ensure the appointment of the same, respectively, to the office as director of Snam and Terna in the event that the

CDP RETI Snam List and the CDP RETI Terna List obtain the majority of the votes in the shareholders' meetings, respectively, of Snam and Terna.

19.13 The board of directors appoints, subject to the prior favorable opinion of the board of statutory auditors, for a term not lower than the term of office of the same board and not higher than six fiscal years, the manager responsible for the preparation of the corporate accounting documents (*dirigente preposto alla redazione dei documenti contabili societari*) who shall carry out the tasks and activities provided by art. 154-*bis* of legislative decree 24 February 1998, n. 58. The manager responsible for the preparation of the corporate accounting documents must possess the requisites of honorability prescribed for directors and cannot hold the offices listed in Paragraph 15.11 of the By-Laws. The manager responsible for the preparation of the corporate accounting documents must be chosen based on criteria of professionalism and competence among persons who have at least three-year experience in the administrative area of companies, consulting firms or professional firms. The manager responsible for the preparation of the corporate accounting documents may be revoked by the board of directors, subject to prior consultation with the board of statutory auditors, only for just cause. The manager responsible for the preparation of the corporate accounting documents automatically ceases from office in the absence of the requisites prescribed for the office. The forfeiture (*decadenza*) is declared by the board of directors within thirty days from the knowledge of the lack of requisites.

**Section 20**

**Remuneration of directors**

20.1 Directors are entitled to the remuneration established by the shareholders' meeting at the time of the appointment and reimbursement of expenses incurred for the purpose of their offices. Attendance fees cannot be paid.

20.2 The remuneration of the directors who acts as Chief Executive Officer or Chairman is determined by the board of directors, after consultation with the board of statutory auditors, in compliance with the limitations provided by the shareholders' meeting.

20.3 In derogation to the provisions of Paragraph 20.2, the shareholders' meeting may determine a total amount for the remuneration of all directors, including those with special powers.

**Section 21**

**Legal Representation**

21.1 The chairman of the board of directors is entitled with the legal representation of the Company before third parties and in legal proceedings, as well as with corporate signature power.

21.2 The legal representation of the Company may be also granted by the board of directors to the chief executive officer upon appointment, or to the directors for specific transactions or categories of transactions, provide that the applicable powers, limits and procedures for the exercise of such powers are also set forth by the board of directors.

21.3 The chairman of the board of directors and, within the powers granted to him/her, the chief executive officer may appoint proxies and attorneys-in-fact for certain transactions or categories of transactions, setting forth their duties, powers and functions within the limits provided by the law. The board of directors is also entitled, where necessary, to appoint agents and attorneys-in-fact also among third parties for the performance of certain transactions.

**Section 22**

**Board of Statutory Auditors**

22.1 The board of statutory auditors of the Company is composed by 3 (three) permanent statutory auditors. Also 2 (two) alternate statutory auditors shall be appointed. The shareholders' meeting appoints the auditors in accordance with the law, the regulations concerning equal access to the corporate bodies of the less represented gender and the following provisions. The statutory auditors shall remain in office for 3 (three) fiscal years and their office shall cease on the same date when the shareholders' meeting for the approval of the financial statements for the last year of their office is convened. Statutory auditors may be re-appointed.

22.2 Statutory auditors have to meet the requirements prescribed by law and they are not entitled to hold the offices indicated under Paragraph 15.11 of the By-Laws.

22.3 The shareholders' meeting provides for, at the time of appointment and throughout the term of the office, the remuneration to be paid to the statutory auditors in accordance with current legislation. Statutory auditors are entitled to reimbursement of expenses incurred for the purpose of their offices. Attendance fees cannot be paid.

22.4 As long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, statutory auditors are appointed, unless otherwise agreed among all the shareholders of the Company, on the basis of the slates submitted by shareholders at the Company's legal seat at least seven (7) days before the date when the shareholders' meeting is convened for the first call, in accordance with the following provisions:

(i) shareholders are not entitled to submit, either by proxy or trust company, more than one slate or vote for different slates;

(ii) any slate may be submitted by one or more shareholders, provided that they own shares representing at least 20% (twenty percent) of the share capital, being understood that owners of Class B Shares are entitled to submit one sole joint slate;

(iii) the slates are composed of two sections: the first one lists the candidates to the office of permanent auditor, the second one lists the candidates to the office of alternate auditor;

(iv) each slate must have a number of candidates (not greater than the aggregate number of auditors to be appointed) listed by consecutive order and must include candidates of different genders, as specified in the notice of call of the shareholders' meeting, for the purpose of compliance with the regulations in force concerning the balance between genders;

(v) the slates have to be accompanied by: (a) the progressive list of candidates, whose total number must not be higher than the number of members of the board of statutory auditors to be appointed; (b) detailed information on the personal and professional characteristics of each candidate included in the slates, as well as their respective curriculum vitae; (c) declarations whereby each candidate accepts the candidacy and attests, under his/her own liability, that he/she is not in one of the positions triggering ineligibility or incompatibility; and, meets the requirements prescribed by law and By-Laws for the respective office. The filing, to be carried out in accordance with the above, is also valid for the second call, if any;

(vi) each candidate may be candidate in only one slate, subject to ineligibility;

(vii) slates that do not comply with the provisions above shall be deemed as uncommitted slates.

22.5 The appointment of the board of statutory auditors shall occur as follows:

(i) from the slate submitted by the holders of Class A Shares that obtained the majority of votes casted by

shareholders will be appointed, in the sequential order of the candidates listed therein: two (2) permanent statutory auditors and one alternate statutory auditor;

(ii) the remaining permanent and alternate statutory auditors shall be appointed (in the sequential order of the candidates listed therein) from the slate submitted by the holders of Class B Shares;

(iii) if no shareholder holding Class A Shares shall submit a slate, all the statutory auditors are appointed by the shareholders' meeting with the majorities required by law provided that - as long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting – the provisions under items (i) and (ii) above shall apply, *mutatis mutandis*;

(iv) should the appointment of statutory auditors carried out according to the rules described above not comply with the regulations in force concerning the balance between genders, the candidate of the most represented gender with the lowest ratio among candidates drawn from all lists is replaced by the person appointed by the shareholders' meeting with the voting requirements prescribed by the law, thus ensuring that the composition of the board of statutory auditors complies with the law and the By-Laws, subject to, in any case, the compliance with the provisions under items (i) and (ii) above.

22.6 The voting procedure based on slates applies only in the case of renewal of the entire board of statutory auditors.

22.7 The shareholders' meeting shall appoint as chairman of the board of statutory auditors a regular statutory auditor taken from the slate submitted by the holders of Class A Shares that obtained the majority of votes casted by the shareholders.

22.8 The board of statutory auditors shall carry out the tasks and activities prescribed by the law.

22.9 The statutory auditors are entitled, even on an individual basis, to request the directors to provide clarifications about the information provided to them, and more generally on the business operations or specific transactions, as well as to proceed, at any time, to carry out inspection and control activities or request for information, as provided by law.

22.10 The board of statutory auditors shall meet at least every ninety (90) days.

22.11 For the validity of the resolutions is required the presence of a majority of auditors and the affirmative vote of a majority of those present. The minutes are signed by all the auditors in attendance, even if connected by audio and/or video conference.

22.12 The board of statutory auditors' meetings may also be held with auditors connected via means of telecommunication, provided that:

(a) the chairman of the meeting is in the position to ascertain the identity and legitimacy of the attendees, govern the meeting, and ascertain and declare the results of the voting;

(b) the person taking the minutes is in the position to adequately perceive the events to be reported in the minutes; and

(c) the attendees are in the position to take part in real time in the discussion and simultaneously in the voting on the items of the agenda, as well as transmit, receive and review documents.

22.13 Without prejudice to the provisions on suspension and automatic forfeiture (*decadenza*) from office of the statutory auditors provided by other provisions of these By-laws, including the provisions under Section 9.bis above,

the appointment of the statutory auditors shall be in compliance with all the applicable laws and, in particular, the provisions concerning *ownership unbundling,* set forth by Directives 2009/73/EC and 2009/72/EC, Legislative Decree no. 93/2011 as well as all their implementing provisions and regulations, in order not to jeopardize and therefore preserve the Snam Unbundling Certification and the Terna Unbundling Certification.

**Section 23**

**Financial Statements – books and records – accounting principles**

23.1 The fiscal year ends on December 31 (thirty-one) of each year.

23.2 Notwithstanding anything to the contrary in these By-Laws, unless otherwise resolved by the shareholders' meeting of the Company with the presence and favorable vote of the holder of the majority of the Class A Shares and the holder of the majority of the Class B Shares, the Company shall:

(i) keep full and proper accounting records in accordance with the accounting standards, principles and practices applicable in its jurisdiction and in compliance with the laws applicable to its business and affairs, which records shall be made available at all reasonable times for inspection by the Directors and, within the limits provided by the applicable laws and subject to execution of adequate confidentiality undertakings, by the shareholders upon request;

(ii) (a) prepare consolidated financial statements in both English and Italian in accordance with the Accounting Principles, having the content required by the Accounting Principles. For the avoidance of doubt, in the consolidated financial statements the Snam Stake, the Italgas Stake and the Terna Stake shall be accounted for using the same methods used by the indirect shareholder of relative majority of the same companies. In particular, provided that the Company shall adopt the accounting standards and principles required by the law, each of the Snam Stake, the Italgas Stake and the Terna Stake shall be accounted for using the fully consolidated method (or equity method if required by the set of accounting standards adopted in preparing the consolidated financial statements); and (b) cause the board of directors to approve, within 120 (one hundred and twenty) days from the end of the fiscal year, the consolidated financial statements which shall be subject to audit by the Auditing Firm designated pursuant to Section 24 below;

(iii) supply to the holders of Class A Shares and to the holders of Class B Shares copies of the unaudited accounts, within the limits provided by the applicable laws and subject to execution of adequate confidentiality undertakings, not later than 30 days after the end of the relevant accounting period;

(iv) (x) prepare the semi-annual consolidated financial statements, in both English and Italian, in accordance with the Accounting Principles, in accordance with the principles set forth under point (ii)(a) above for the annual consolidated financial statements, and (y) procure that the semi-annual consolidated financial statements is approved by the board of directors within 90 (ninety) days from June 30 of the relevant fiscal year, and is subject to limited audit by the auditing firm designated pursuant to Section 24 below.

**Section 24**

**Auditing**

24.1 The auditing exercise is carried out by an auditing firm that meets the requirements prescribed by the law. The ordinary shareholders' meeting resolves on the appointment and revocation, as well as the remuneration, of the external auditing firm with the majorities provided by law, and upon proposal of the board of statutory auditors. Without prejudice to the above and subject to compliance to the applicable laws, the Auditing Firm shall be one among Deloitte Touche Tohmatsu, EY (formerly Ernst & Young), PwC (formerly PricewaterhouseCoopers) and KPMG, or any other

Auditing Firm of equivalent standing, competency and reputation. The term of the entrustment, the rights, duties and powers of the auditing firm are regulated by law.

**Section 25**

**Profits and Reserves**

25.1 The net profits (*utili netti*) resulting from the duly approved financial statements shall be allocated: (a) up to 5% (five percent) to the legal reserve until such reserve reaches the level required by law, and (b) the outstanding amount to the Shares, provided that (i) all the requirements set forth by the applicable laws, including Article 2430 of the Italian Civil Code, for the distribution of net profits are met, and (ii) the distribution of the net profits is compatible with, and does not breach, the financial covenants applicable to the Company on the basis of any financing agreements entered into by the Company, including the credit agreements (the "**Credit Agreements**") to which the Company is a party at the effective date of these By-Laws as set forth in Section 28 below. The dividends calculated and distributed as per the above shall be paid to the shareholders by and no later than 25 (twenty-five) Business Days from the approval of the above distribution by the shareholders' meeting of the Company.

**Section 26**

**Statute of limitation for dividends**

26.1 Dividends not collected within five years from the date when they became payable, shall be forfeited in favor of the Company. According to the present By-Laws the Company may be entitled to distribute accounts on dividends (*acconti sui dividendi*).

**Section 27**

**Dissolution and Winding-up**

27.1 The Company is dissolved for the reasons set forth by law or the By-Laws.

27.2 In the event of dissolution of the Company for any reason, the shareholders' meeting will: (i) provide for, within the limitation prescribed by law, the manners, and procedures for the winding-up; and, (ii) appoint one or more liquidators determining their powers and compensation.

27.3 The assets resulting from the winding-up activities will be distributed to shareholders in proportion to the share capital held by them on that date.

**Section 28**

**Effectiveness of the By-Laws**

28.1 These By-Laws is updated with the amendments resolved upon by the shareholders meeting of 15 November 2016.

**Section 29**

**Final Rules**

29.1 Shareholders' Agreement. Cassa depositi e presititi società per azioni ("**CDP**"), in its capacity as holder of all the issued and outstanding Class A Shares of the Company, on one side, and State Grid Europe Limited ("**SGEL**"), in its capacity as holder of all the issued and outstanding Class B Shares of the Company, and State Grid International Development Limited ("**SGID**"), in its capacity as sole shareholder of SGEL, on the other side, entered into a shareholders' agreement dated on 27 November 2014, as subsequently amended and restated, registered in the Companies' Registers of Rome and Milan, which sets forth among the others certain provisions regarding their

reciprocal rights as shareholders of the Company also with respect to the governance of the Company (the "**Shareholders' Agreement**"). The Shareholders' Agreement shall remain in full force and effect for a period (the "**Term**") of 3 (three) years from its initial execution date, and therefore until November 26, 2017. The Shareholders' Agreement provides that, upon expiry of the Term, the Shareholders' Agreement shall be automatically renewed for further periods of 3 (three) years, unless either party informs the other in advance of its intention not to renew the Shareholders' Agreement. In case CDP notifies in writing to SGEL of its intention not to renew the Shareholders' Agreement at its expiry, SGEL shall be entitled to withdraw from the Company. In such case, the provisions of Section 9 above, including the term by which the Class B Shareholders (and therefore SGEL) must, under penalty of forfeiture (*decadenza*), send the Withdrawal Notice, shall apply, *mutatis mutandis*.

29.2 Italgas Shareholders' Agreement. The Company, Snam and CDP Gas S.r.l. have entered into a shareholders' agreement dated October 20, 2016, entered into force on November 7, 2016 and registered in the Companies' Registers of Milan, which sets forth among the others certain provisions on the governance of Italgas and Italgas Reti S.p.A. as well as certain provisions on the transfer by the Company, Snam and CDP Gas S.r.l. of their participations in Italgas (the "**Italgas Shareholders Agreement**"). As long as the Italgas Shareholders Agreement is in force, the following provisions shall apply:

29.2.1 A meeting of the board of directors of the Company shall be called and held prior to each meeting of the "**Consultation Committee**" provided under the Italgas Shareholders Agreement, in order to resolve upon the instructions to be given by the board of directors of the Company to the members of the Consultation Committee appointed by the same Company as to the exercise of their rights in the meeting of the Consultation Committee called to resolve upon the exercise of the voting rights of the Company, Snam and CDP Gas S.r.l. in the shareholders' meeting of Italgas.

29.2.2 The following points (xvi), (xvii) and (xviii) shall be added at the end of Paragraph 19.4 which shall therefore be read as amended and integrated as per the below:

"(xvi) any decision concerning the members to be appointed by the Company in the Consultation Committee provided under the Italgas Shareholders Agreement;

(xvii) any decision concerning (i) the candidates to be submitted to the Consultation Committee in connection with the appointment or renewal of the board of directors of Italgas by the ordinary shareholders' meeting of Italgas, without prejudice to the provisions set forth under Section 10.3 of the By-Laws of the Company, and (ii) the granting of the relevant instructions to the members of the Consultation Committee appointed by the Company;

(xviii) any decision concerning (i) the exercise of the voting rights by the Company in the extraordinary shareholders' meetings of Italgas and (ii) the granting of the relevant instructions to the members of the Consultation Committee appointed by the Company."

29.2.3 Notwithstanding anything to the contrary in these By-Laws, as long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the members of the Consultation Committee to be appointed by the Company under the Italgas Shareholders Agreement shall be designated as follows:

(i) the directors designated by the Class B Shareholder shall have the right to designate 1 (one) member of the Consultation Committee; and

(ii) the directors designated by the Class A Shareholder shall have the right to designate the remaining 3 (three) members of the Consultation Committee.

29.2.4 (a) Notwithstanding anything to the contrary in these By-Laws, as long as at least one shareholder owning Class B Shares owns at least 20% (twenty percent) of the share capital entitled to vote in the ordinary shareholders' meeting, the list of candidates to the office as directors of Italgas (the "**CDP RETI Italgas List**") which will be submitted by the Company to the Consultation Committee pursuant to the Italgas Shareholders Agreement, shall be composed as follows:

(i) the directors designated by the Class B Shareholder shall have the right to designate 1 (one) candidate to be inserted in the CDP RETI Italgas List (the "**Class B Italgas Candidate**"); and

(ii) the directors designated by the Class A Shareholder shall have the right to designate the remaining candidates to be inserted in the CDP RETI Italgas List.

(b) It being understood that the board of directors of the Company shall approve the CDP RETI Italgas List which shall include the Class B Italgas Candidate and, without prejudice to the provisions set forth under Section 10.3 of these By-Laws, shall give instructions to the members of the Consultation Committee appointed by the Company to ensure that the candidates indicated in the CDP RETI Italgas List are included in the "Joint Slate" (as such term is defined in the Italgas Shareholders Agreement) which shall be submitted by the Company, CDP Gas S.r.l. and Snam to the shareholders' meeting of Italgas called to resolve upon the appointment of the board of directors of Italgas, in accordance with the provisions of the Italgas Shareholders Agreement.

29.2.5 In the event of conversion of the Class B Shares into ordinary shares on the basis of the provisions of Paragraph 8.8 of these By-Laws, the member appointed by the Class B Shareholder in the Consultation Committee shall immediately cease from office.

29.2.6 In the event that the Class B Shareholder does not comply with the obligations under letter (A) of Paragraph 9-bis.4 of these By-Laws within 30 (thirty) days or notifies the other shareholders that it does not intend to comply with the obligation to adopt the Measures set forth in Paragraph 9-bis2(A) and/or with the obligations set forth in Paragraph 9-bis3, such Class B Shareholder - to the extent that the suspension of voting rights and the suspension/removal/resignations of the directors and statutory auditors from the respective office are still at that time regarded, in the light of the Ownership Unbundling Regime, as actions which are capable to restore compliance with the unbundling rules and the Snam and Terna Unbundling Certifications - shall no longer be entitled to designate a member of the Consultation Committee, and for the effect the member of the Consultation Committee designated by the Class B Shareholder shall automatically cease/forfeit (*decadenza*) from office.

29.3 Use of English Language. To the maximum extent permitted by the law, English shall be the preferential language used by Company for agreements, corporate documents (including, without limitations, minutes of corporate bodies and financial statements, as well as the documents (if any) to be submitted to the members of the board of directors prior to the meeting) and internal communications, as well as for the communications among the Company and its shareholders. Where the use of Italian language is required by the law or deemed more appropriate, Company's agreements, corporate documents (including, without limitations, minutes of corporate bodies and financial statements) and internal communications, as well as for the communications among the Company and its shareholders shall be made in Italian and an English translation shall be made available by the Company to those entitled to access.

29.4 Cross-reference. All matters not specifically contemplated in these By-Laws shall be governed by the applicable laws.

* * * * *