

PRESS RELEASE

THIRD QUARTER REPORT AT 30th SEPTEMBER 2002

The Board of Directors of Saipem S.p.A. has today reviewed the Saipem Group (unaudited) consolidated Financial Statements relating to the third quarter ended 30th September 2002, which includes the effects of the consolidation, from 1st July 2002, of Bouygues Offshore (renamed Saipem s.a. on 15th October 2002).

Third Quarter 2002

(Figures do not include Bouygues Offshore results)

Revenues totalled €575 million (546 in third quarter 2001).

Operating Income amounted to €64 million (71 in third quarter 2001).

Net Income amounted to €42 million (47 in third quarter 2001).

Cash flow (net income plus depreciation and amortisation) amounted to €94 million (91 in third quarter 2001).

(Figures include Bouygues Offshore results)

Revenues totalled €854 million.

Operating Income amounted to €70 million.

Net Income amounted to €41 million.

Cash flow amounted to €110 million.

First Nine Months 2002

(Figures do not include Bouygues Offshore results)

Revenues totalled €1,899 million (1,282 in the first nine months of 2001).

Operating Income amounted to €234 million (163 in the first nine months of 2001).

Net Income amounted to €154 million (102 in the first nine months of 2001).

Cash flow amounted to €334 million (226 in the first nine months of 2001).

(Figures include Bouygues Offshore 3rd Quarter results)

Revenues totalled €2,178 million.

Operating Income amounted to €240 million.

Net Income amounted to €153 million.

Cash flow amounted to €350 million.

As previously stated, revenues and associated profit levels, particularly in the Offshore and Onshore Construction sectors, L.N.G., and, to a lesser extent, in the Drilling, Leased FPSO and M.M.O. sectors, are not consistent over time, as they are not only influenced by market performance but also by climatic conditions and single project schedules. Consequently, the results from any one particular fiscal period or fraction thereof can vary significantly, thereby precluding a direct comparison with the same period in other fiscal years and do not allow for extrapolation of figures from a single quarter to the entire year.

As from this 3rd Quarter Report, data will include Bouygues Offshore results consolidated using the full integration method. Information by business sector will reflect the new Group structure, as illustrated in the press release of 30th July 2002. This Report will therefore contain results by business sector as follows: Offshore Construction, Onshore Construction, L.N.G. (Liquefied Natural Gas), M.M.O. (Maintenance, Modification & Operation), Drilling (Offshore and Onshore) and Leased FPSO.

Investments in the first nine months of 2002 amounted to € 1,347 million (259 million in the same period 2001) and involved company acquisition amounting to € 1,206 million (Bouygues Offshore - € 1,037, European Marine Contractors - € 139 million, SaiClo – € 30 million) in addition to upgrading of the Offshore Construction fleet, Onshore & Offshore Drilling rigs and the conversion of a tanker into an FPSO Unit.

Investments in the third quarter (€ 1,079 million) increased by € 945 million compared to the same period in 2001 (€ 134 million), due to the acquisition of Bouygues Offshore.

Net financial debt at 30th September 2002 amounted to € 1,384 million, an increase of € 742 million compared to 31st December 2001 (€ 642 million).

This increase in financial debt occurred, for the most part, in the third quarter and is due to the acquisition of Bouygues Offshore.

New orders and backlog

During the first nine months of 2002, Saipem 'stand alone' was awarded new orders totalling € 2,374 million (€ 1,815 million in the same period 2001), of which € 1,609 million apply to the Offshore Construction sector, € 303 million to Onshore Construction, € 346 million to Offshore Drilling, € 90 million to Onshore Drilling, € 17 million to Leased FPSO and € 9 million to the L.N.G. sector.

Contracts awarded to Bouygues Offshore in the 3rd quarter amounted to € 1,110 million, of which € 980 million apply to Offshore Construction, € 28 million to Onshore Construction, € 65 million to L.N.G. and € 37 million to the M.M.O. sector. Moreover, the backlog benefits from Bouygues Offshore's order backlog at date of acquisition amounting to € 1,119 million (€ 394 million apply to Offshore Construction, € 392 million Onshore Construction, € 258 million L.N.G. and € 75 million M.M.O.).

The order backlog at 30th September 2002 reached a record level of € 5,278 million, as a result of the new contracts awarded and the acquisition of Bouygues Offshore.

The most significant orders awarded in the third quarter 2002 include:

Offshore Construction:

- the EPIC (Engineering, Procurement, Installation & Construction) type project ERHA, on behalf of Esso Exploration & Production Nigeria Ltd, involving the full implementation of an FPSO system in Nigeria. The contract was awarded to Bouygues Offshore;
- the EPIC project Yoho, on behalf of Mobil Producing Nigeria Unlimited, involving the installation of a platform and laying of subsea pipelines in Nigerian waters. The contract was awarded to SaiBos;
- the EPIC project NC41 on behalf of Agip Gas BV in Libya, involving the installation of a subsea production system. The contract was awarded to Bouygues Offshore;
- the South Pars 4&5 Pipelines project on behalf of Agip Iran BV, involving the laying of two subsea pipelines in Iranian waters. The contract was awarded to Saipem S.p.A.

Offshore Drilling:

- The three-year charter, with the option of a further sixteen months, of the semi-submersible platform Scarabeo 5 on behalf of Statoil in Norway.

Onshore Drilling:

- The one-year charter of a rig in Nigeria on behalf of Naoc.

Maintenance, Modification & Operations (M.M.O.):

- The renewal of the Global Maintenance contract of the Angola plants on behalf of TotalFinaElf.

Management expectations for 2002

The results achieved in the first nine months, together with the high level of backlog, reinforce expectations for 2002 to repeat and improve on the record results of 2001 referred to in earlier press releases.

In summary therefore, for the full fiscal year 2002, we expect a net income for the group, including the effects of the Bouygues Offshore acquisition, to be approximately 10% higher than for the fiscal year 2001.

Capital expenditure for 2002, aimed at maintaining and upgrading the fleet and equipment, is expected to amount to € 180 million (versus the previous estimate of € 180 million, which referred to Saipem stand alone); capital expenditure for the new FPSO vessel to carry out the Okono/Okpoho project in Nigeria will amount to approximately € 20 million (versus the previous estimate of € 50 million; this discrepancy is attributable to the different distribution of investment between the years 2002 and 2003).

The Board of Directors of Saipem S.p.A. has also reviewed the Group's financial position and profitability by business sector.

(In the following tables, data pertaining to Bouygues Offshore can be found under the caption 'Bos')

Financial position

Net financial debt at 30th September 2002 increased by € 742 million versus 31st December 2001. This increase can be attributed to:

outflows

- capital expenditure on fixed tangible and intangible assets amounting to € 141 million;
- company acquisitions amounting to € 1,206 million;
- distribution of dividends amounting to € 56 million;
- capital expenditure in non-consolidated investments of € 3 million;

inflows

- cash flow (net income plus depreciation and amortisation) of € 350 million;
- decrease in net current assets of € 257 million;
- increase in minority interest in net equity of € 48 million;
- sale of tangible fixed assets amounting to € 7 million;
- increase in share capital and reserves, following stock option exercise, of € 2 million.

Analysis by business sector

Offshore Construction:

(million euros)				
Third Quarter	Saipem	Saipem 'stand alone'	Bos	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	328	278	100	378
Operating expenses, net of cost of materials	(221)	(170)	(46)	(216)
Cost of materials	(38)	(47)	(36)	(83)
Depreciation and amortisation	(18)	(20)	(3)	(23)
Contribution from operations (*)	51	41	15	56
Depreciation of purchase cost allocated to Bos equipment				(1)
Bos goodwill amortisation				(4)
Contribution from operations, net				51
New orders awarded	330	317 (**)	980	1,297

(million euros)				
First nine months	Saipem	Saipem 'stand alone'	Bos 3 rd Quarter	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	742	1,119	100	1,219
Operating expenses, net of cost of materials	(472)	(701)	(46)	(747)
Cost of materials	(110)	(166)	(36)	(202)
Depreciation and amortisation	(52)	(85)	(3)	(88)
Contribution from operations (*)	108	167	15	182
Depreciation of purchase cost allocated to Bos equipment				(1)
Bos goodwill amortisation				(4)
Contribution from operations, net				177
New orders awarded	834	1,609 (**)	980	2,589

(*) Operating income before general and administrative expenses

(**) Does not include the award of new orders totalling 685 millions euro announced in the press release dated 8th November 2002

The backlog at 30th September 2002 amounted to € 2,993 million, of which 420 million are to be realised in the fourth quarter 2002.

Saipem 'stand alone'

- Operating revenues for the first nine months of 2002 amounted to € 1,119 million, an increase of € 377 million (+51%) versus the same period 2001, on account of the Blue Stream project as well as increased activities in West Africa and the Far East.
Operating revenues decreased in the third quarter due to the substantial completion, in June, of the Blue Stream project and the fact that several new projects are at the engineering stage, which generates lower volumes of revenues.
- Contribution from operations for the first nine months of 2002 amounted to € 167 million, equal to 14.9% of revenues, versus € 108 million, 14.6% of revenues for the same period 2001. Increased profitability is attributable to high utilisation of vessels and high returns on completed projects as well as projects currently under execution.

Saipem/ Bouygues Offshore

- Operating revenues generated by Bouygues Offshore during the third quarter are mainly attributable to ongoing projects in West Africa with profitability levels comparable to those achieved by Saipem. Consequently, profitability at consolidated level for the first nine months and before goodwill amortisation amounted to approximately 14.9% of revenues.

Onshore Construction:

Third quarter	(million euros)			
	Saipem	Saipem 'stand alone'	Bos	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	94	147	93	240
Operating expenses, net of cost of materials	(60)	(90)	(55)	(145)
Cost of materials	(20)	(36)	(32)	(68)
Depreciation and amortisation	(5)	(6)	(3)	(9)
Contribution from operations (*)	9	15	3	18
Bos goodwill amortisation				(2)
Contribution from operations, net				16
New orders awarded	30	3	28	31

First nine months	(million euros)			
	Saipem	Saipem 'stand alone'	Bos (**) 3 rd Quarter	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	189	335	93	428
Operating expenses, net of cost of materials	(117)	(210)	(55)	(265)
Cost of materials	(43)	(73)	(32)	(105)
Depreciation and amortisation	(13)	(19)	(3)	(22)
Contribution from operations (*)	16	33	3	36
Bos goodwill amortisation				(2)
Contribution from operations, net				34
New orders awarded	233	303	28	331

(*) Operating income before general and administrative expenses

(**) Includes data previously classified by Bos as Chemical & Refining

The backlog at 30th September 2002 amounted to € 872 million, of which 255 million are to be realised in the fourth quarter 2002.

Saipem 'stand alone'

- In the first nine months of 2002, full scale operations on ongoing projects in Kazakhstan and Saudi Arabia contributed to achieve revenues exceeding by € 146 million (+77%) those for the same period 2001.
- Contribution from operations for the first nine months of 2002 amounted to € 33 million, 9.9% of revenues, versus € 16 million, equal to 8.5% of revenues for the same period 2001. The improvement in profitability can be attributed to the execution of complex projects in challenging areas where the Group has a competitive advantage over local operators.

Saipem/ Bouygues Offshore

- Operating revenues generated by Bouygues Offshore during the third quarter are mainly attributable to ongoing projects in Russia and Africa. Low margins are due to significant commercial costs incurred during the quarter.

Liquefied Natural Gas (L.N.G.):

Third quarter	(million euros)			
	Saipem (**)	Saipem (**) 'stand alone'	Bos (***)	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	3	3	47	50
Operating expenses	(1)	(1)	(40)	(41)
Depreciation and amortisation	(2)	(2)	(1)	(3)
Contribution from operations (*)	–	–	6	6
Bos goodwill amortisation				(2)
Contribution from operations, net				4
New orders awarded	3	3	65	68

First nine months	(million euros)			
	Saipem	Saipem 'stand alone'	Bos 3 rd Quarter	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	3	9	47	56
Operating expenses	(1)	(3)	(40)	(43)
Depreciation and amortisation	(2)	(5)	(1)	(6)
Contribution from operations (*)	–	1	6	7
Bos goodwill amortisation				(2)
Contribution from operations, net				5
New orders awarded	3	9	65	74

(*) Operating income before general and administrative expenses

(**) Data previously included under Offshore Construction

(***) Includes data previously classified by Bos as 'River & Maritime'

The backlog at 30th September 2002 amounted to € 276 million, of which 60 million are to be realised in the fourth quarter 2002.

- Operating revenues and contribution from operations for the quarter are good and reflect the positive trend of this business sector, thanks to the commencement of new contracts in North Africa, Spain and India as well as full scale operations of a contract in Santo Domingo.

Maintenance, Modification & Operations (M.M.O.):

Third quarter	(million euros)	
	Bos	Saipem Consolidated
	2002	2002
Operating revenues	39	39
Operating expenses	(35)	(35)
Depreciation and amortisation	(1)	(1)
Contribution from operations (*)	3	3
Bos goodwill amortisation		(1)
Contribution from operations, net		2
New orders awarded	37	37

(*) *Operating income before general and administrative expenses*

The backlog at 30th September 2002 amounted to € 73 million, of which 30 million are to be realised in the fourth quarter 2002.

- Operating revenues and contribution from operations as reported by Bouygues Offshore for the quarter are largely stable with respect to previous quarters.

Offshore Drilling:

(million euros)

	Saipem Third quarter		Saipem First nine months	
	2001	2002	2001	2002
Operating revenues	75	85	219	254
Operating expenses	(42)	(54)	(114)	(154)
Depreciation and amortisation	(10)	(11)	(31)	(33)
Contribution from operations (*)	23	20	74	67
New orders awarded	22	172	276	346

(*) *Operating income before general and administrative expenses*

The backlog at 30th September 2002 amounted to € 638 million, of which 79 million are to be realised in the fourth quarter 2002.

- Operating revenues for the first nine months of the year showed a 16% increase versus the same period of 2001, mainly due to the operations of the semi-submersible platform Scarabeo 7, which underwent upgrading works during the first quarter of the previous year.
- Contribution from operations decreased by € 7 million versus the first nine months of 2001, with a margin on revenue declining from 34% to 26%. The reduction in profitability is attributable to the down-time and reduced rate for the drillship Saipem 10000.
- Vessel utilisation was as follows:

<i>Vessel</i>	<i>days under contract</i>	
Semi-submersible platform Scarabeo 3	273	
Semi-submersible platform Scarabeo 4	258	a
Semi-submersible platform Scarabeo 5	273	
Semi-submersible platform Scarabeo 6	273	
Semi-submersible platform Scarabeo 7	262	a
Drillship Saipem 10000	228	b
Jack-up Perro Negro 2	172	c
Jack-up Perro Negro 3	273	
Jack-up Perro Negro 4	267	a
Jack-up Perro Negro 5	228	a

a = for the remaining days (to 273) the vessel underwent structural repairs.

b = the residual 45 days comprise: 28 days not covered by the "loss of hire" insurance policy and 17 days for completion of repair works.

c = for the remaining days (to 273), the vessel was upgraded in readiness for a new contract in Saudi Arabia.

Onshore Drilling:

(million euros)

	Saipem Third quarter		Saipem First nine months	
	2001	2002	2001	2002
Operating revenues	41	54	115	157
Operating expenses	(31)	(41)	(86)	(120)
Depreciation and amortisation	(5)	(7)	(14)	(20)
Contribution from operations (*)	5	6	15	17
New orders awarded	75	14	295	90

(*) *Operating income before general and administrative expenses*

The backlog at 30th September 2002 amounted to € 250 million, of which 42 million are to be realised in the fourth quarter 2002.

- Operating revenues for the first nine months of 2002 were 37% higher than those for the same period in 2001, mainly due to the full utilisation of the eight rigs in Saudi Arabia.
- Contribution from operations increased by € 2 million versus the same period in 2001, with a decrease from 13% to 10.8% as a percentage of revenues. This was mainly attributable to costs associated with the commissioning of the latest two rigs in Saudi Arabia and to higher amortisation linked to capital expended for the execution of new contracts.
- Average utilisation of onshore rigs in the first nine months of 2002 reached 89% (70% in the same period 2001); rigs were located as follows: 13 in Peru, 3 in Italy, 3 in Nigeria, 2 in Algeria, 1 in Egypt, 2 in Kazakhstan, 1 in Russia and 8 in Saudi Arabia. In addition, 8 third-party rigs were deployed in Peru and 1 in Kazakhstan by the joint-company SaiPar.
Finally, 4 rigs owned jointly with third parties operated as follows: 1 in Italy, 1 in Venezuela and 2 in Kazakhstan.

Leased FPSO:

(million euros)

	Saipem Third quarter		Saipem First nine months	
	2001	2002	2001	2002
Operating revenues	5	8	14	25
Operating expenses	(1)	(2)	(3)	(5)
Depreciation and amortisation	(3)	(4)	(8)	(13)
Contribution from operations (*)	1	2	3	7
New orders awarded	174	-	174	17

(*) *Operating income before general and administrative expenses*

The backlog at 30th September 2002 amounted to € 176 million, of which 8 million are to be realised in the fourth quarter 2002.

- In the first nine months of 2002, operating revenues and associated profitability increased as a result of operations carried out by the new floating production unit FPSO-Jamestown. Contribution from operations amounted to €7 million, equal to 28% of revenues, versus €3 million, equal to 21% of revenues for the same period in 2001.
- The production vessels FPSO-Firenze and FPSO-Jamestown have been in continuous operation since the beginning of the year.

Attachments:

- Reclassified Consolidated Balance Sheet and Reclassified Consolidated Income Statements by nature and destination of costs.

San Donato Milanese, 12th November 2002

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(milioni di euro)

	31 st December 2001 Saipem	30 th September 2002 (*)			
		Saipem "stand alone"	Bos	Effect of Acquisition	Saipem Consolidated
Net tangible fixed assets	1.440	1.560	184	19	1.763
Net intangible fixed assets	<u>94</u>	<u>89</u>	<u>—</u>	<u>803</u>	<u>892</u>
	1.534	1.649	184	822	2.655
- Offshore Construction	613	729	139	412	1.280
- Onshore Construction	79	66	35	164	265
- LNG	—	—	2	164	166
- MMO	—	—	7	82	89
- Offshore Drilling	617	613	—	—	613
- Onshore Drilling	138	151	—	—	151
- Leased FPSO	45	46	—	—	46
- Other	42	44	1	—	45
Financial investments	6	7	24	—	31
Non-current assets	1.540	1.656	208	822	2.686
Working capital	350	285	(98)	(28)	159
Provision for contingencies	<u>(66)</u>	<u>(77)</u>	<u>(55)</u>	<u>—</u>	<u>(132)</u>
Net current assets	284	208	(153)	(28) (**)	27
Employee termination benefits	(24)	(24)	—	—	(24)
CAPITAL EMPLOYED	<u>1.800</u>	<u>1.840</u>	<u>55</u>	<u>794</u>	<u>2.689</u>
Net equity	1.156	1.255	191	(191)	1.255
Minority interest in net equity	2	49	1	—	50
Net debt	642	536	(137)	985	1.384
COVER	<u>1.800</u>	<u>1.840</u>	<u>55</u>	<u>794</u>	<u>2.689</u>
Shares issued and outstanding	440,270,300				440,697,000

(*) Data does not include the effects of translation adjustments, in the first nine months of 2002, resulting from the conversion into euros of Group companies financial statements in foreign currency.

(**) Includes € 30 million not yet paid at 30th September 2002; this sum is part of Bouygues Offshore acquisition price and associated direct expenses

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
NATURE OF COSTS**

(million euros)

Third quarter 2002	Saipem 2001	Saipem “stand alone” 2002	Bos 2002	Saipem Consolidated 2002
Operating revenues	546	575	279	854
Other revenues and income	3	2	1	3
Purchases, services and other costs	(329)	(334)	(179)	(513)
Payroll and related costs	(105)	(127)	(78)	(205)
GROSS OPERATING INCOME	115	116	23	139
Amortisation, depreciation and write-downs	(44)	(52)	(7)	(59)
Depreciation of purchase cost allocated to Bos equipment	—	—	—	(1)
Bos Goodwill amortisation	—	—	—	(9)
OPERATING INCOME	71	64	16	70
Financial income (expenses), net	(8)	(9)	1	(15) (a)
INCOME BEFORE INCOME TAXES	63	55	17	55
Income taxes	(16)	(13)	(3)	(14) (b)
NET INCOME BEFORE MINORITY INTEREST	47	42	14	41
Minority interest	—	—	—	—
NET INCOME	<u>47</u>	<u>42</u>	<u>14</u>	<u>41</u>
CASH FLOW (Net income + Depreciation and amortisation)	<u>91</u>	<u>94</u>	<u>14</u>	<u>110</u>

- (a) Includes interest expenses of € 7 million due to interests on debt resulting from Bouygues Offshore's acquisition.
 (b) Includes a positive amount of € 2 million due to tax relief on financial expenses, as per a) above.

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
NATURE OF COSTS**

(million euros)

First nine months 2002	Saipem	Saipem “stand alone”	Bos 3rd Quarter 2002	Saipem Consolidated
	2001	2002	2002	2002
Operating revenues	1.282	1.899	279	2.178
Other revenues and income	13	12	1	13
Purchases, services and other costs	(745)	(1.127)	(179)	(1.306)
Payroll and related costs	(263)	(370)	(78)	(448)
GROSS OPERATING INCOME	287	414	23	437
Amortisation, depreciation and write-downs	(124)	(180)	(7)	(187)
Depreciation of purchase cost allocated to Bos equipment	–	–	–	(1)
Bos Goodwill amortisation	–	–	–	(9)
OPERATING INCOME	163	234	16	240
Financial income (expenses), net	(27)	(29)	1	(35) (a)
INCOME BEFORE EXTRAORDINARY EXPENSES AND INCOME TAXES	136	205	17	205
Extraordinary expenses	(1)	(2)	–	(2)
INCOME BEFORE INCOME TAXES	135	203	17	203
Income taxes	(33)	(48)	(3)	(49) (b)
NET INCOME BEFORE MINORITY INTEREST	102	155	14	154
Minority interest	–	(1)	–	(1)
NET INCOME	<u>102</u>	<u>154</u>	<u>14</u>	<u>153</u>
CASH FLOW (Net income + Depreciation and amortisation)	<u>226</u>	<u>334</u>	<u>350</u>	<u>350</u>

(a) Includes interest expenses of € 7 million due to interests on debt resulting from Bouygues Offshore’s acquisition.

(b) Includes a positive amount of € 2 million due to tax relief on financial expenses, as per a) above.

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
DESTINATION OF COSTS**

(million euros)

Third quarter 2002	Saipem 2001	Saipem "stand alone" 2002	Bos 2002	Saipem Consolidated 2002
Operating revenues	546	575	279	854
Production costs	(440)	(468)	(241)	(719) (a)
Idle costs	(6)	(13)	(1)	(14)
Selling expenses	(8)	(8)	(9)	(17)
Research and development costs	–	–	(1)	(1)
Other operating income, net	(3)	(2)	–	(2)
CONTRIBUTION FROM OPERATIONS	89	84	27	101
General and administrative expenses	(18)	(20)	(11)	(31)
OPERATING INCOME	71	64	16	70
Financial income (expenses), net	(8)	(9)	1	(15) (b)
INCOME BEFORE INCOME TAXES	63	55	17	55
Income taxes	(16)	(13)	(3)	(14) (c)
NET INCOME BEFORE MINORITY INTEREST	47	42	14	41
Minority interest	–	–	–	–
NET INCOME	<u>47</u>	<u>42</u>	<u>14</u>	<u>41</u>
CASH FLOW (Net income + Depreciation and amortisation)	<u>91</u>	<u>94</u>		<u>110</u>

- (a) Includes amortisation of € 10 million resulting from the Goodwill as well as the purchase cost allocated to Bouygues Offshore equipment.
- (b) Includes interest expenses of € 7 million due to interests on debt resulting from Bouygues Offshore's acquisition.
- (c) Includes a positive amount of € 2 million due to tax relief on financial expenses, as per a) above.

**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS
BY
DESTINATION OF COSTS**

(million euros)

First nine months 2002	Saipem 2001	Saipem "stand alone" 2002	Bos 3 rd Quarter 2002	Saipem Consolidated 2002	
Operating revenues	1.282	1.899	279	2.178	
Production costs	(1.020)	(1.557)	(241)	(1.808)	(a)
Idle costs	(27)	(31)	(1)	(32)	
Selling expenses	(19)	(22)	(9)	(31)	
Research and development costs	(1)	(1)	(1)	(2)	
Other operating income, net	1	4	–	4	
CONTRIBUTION FROM OPERATIONS	216	292	27	309	
General and administrative expenses	(53)	(58)	(11)	(69)	
OPERATING INCOME	163	234	16	240	
Financial income (expenses), net	(27)	(29)	1	(35)	(b)
INCOME BEFORE EXTRAORDINARY EXPENSES AND INCOME TAXES	136	205	17	205	
Extraordinary expenses	(1)	(2)	–	(2)	
INCOME BEFORE INCOME TAXES	135	203	17	203	
Income taxes	(33)	(48)	(3)	(49)	(c)
NET INCOME BEFORE MINORITY INTEREST	102	155	14	154	
Minority interest	–	(1)	–	(1)	
NET INCOME	<u>102</u>	<u>154</u>	<u>14</u>	<u>153</u>	
CASH FLOW (Net income + Depreciation and amortisation)	<u>226</u>	<u>334</u>		<u>350</u>	

(a) Includes amortisation of € 10 million resulting from the Goodwill as well as the purchase cost allocated to Bouygues Offshore equipment.

(c) Includes interest expenses of € 7 million due to interests on debt resulting from Bouygues Offshore's acquisition.

(d) Includes a positive amount of € 2 million due to tax relief on financial expenses, as per a) above.