

saipem



2013 Remuneration Report

Mission

Pursuing satisfaction of our clients in the energy industry, we tackle each challenge with safe, reliable and innovative solutions.

We entrust our competent and multi-local teams to provide sustainable development for our Company and for the communities where we operate.

Our core values

Commitment to safety, integrity, openness, flexibility, integration, innovation, quality, competitiveness, teamwork, humility and internationalisation.

Countries in which Saipem operates

EUROPE

Austria, Belgium, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom

AMERICAS

Bolivia, Brazil, Canada, Colombia, Dominican Republic, Ecuador, Mexico, Peru, Suriname, Trinidad and Tobago, United States, Venezuela

CIS

Azerbaijan, Kazakhstan, Russia, Turkmenistan, Ukraine

AFRICA

Algeria, Angola, Cameroon, Congo, Egypt, French Guinea, Gabon, Ghana, Ivory Coast, Libya, Mauritania, Morocco, Mozambique, Nigeria, South Africa, Togo, Tunisia

MIDDLE EAST

Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen

FAR EAST AND OCEANIA

Australia, China, India, Indonesia, Japan, Malaysia, Myanmar, Pakistan, Papua New Guinea, Singapore, South Korea, Taiwan, Thailand, Vietnam

saipem



2013
Remuneration Report

Approved by the Board of Directors on March 13, 2013

This report is published in the 'Corporate Governance' section of Saipem's web site
(www.saipem.com)

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Introduction

Pursuant to applicable legislation and regulations¹, this Report, which was approved by the Board of Directors on March 13, 2013 at the proposal of the Compensation and Nomination Committee, defines and illustrates:

- in the first section, the Policy adopted for 2013 by Saipem SpA ('Saipem' or the 'Company') for the remuneration of Directors and other Senior Managers with strategic responsibilities², indicating the general aims pursued, the bodies involved and the procedures applied for the adoption and implementation of the Policy;
- in the second section, the remuneration paid in 2012 to Saipem's Directors, Statutory Auditors and other Senior Managers with strategic responsibilities of Saipem.

The two sections of the Report are preceded by a short section which aims to provide the market and investors with a framework for understanding the key elements of the 2013 Policy.

The Report also shows shares held in the Company by the Directors, Statutory Auditors and other Senior Managers with strategic responsibilities.

The Remuneration Policy described in the first section of this Report was established in line with the governance code for listed companies ('Corporate Governance Code'), which Saipem has adopted.

This Report was made available to the public at the Company's registered office and posted in the 'Corporate Governance' section of Saipem's web site twenty-one days before the Shareholders' Meeting called to approve the 2012 Financial Statements and to pass a non-binding resolution in favour of or against the first section of this Report, in accordance with applicable legislation³. Information related to share-based remuneration plans currently in force is available in the 'Corporate Governance' section of Saipem's web site.

[1] Article 123-ter of the Consolidated Finance Act and Article 84-quater of the Consob Issuers Regulation (No. 11971 of May 14, 1999, as amended).

[2] The term 'Senior Managers with strategic responsibilities', as defined in Article 65, paragraph 1-quater of the Consob Issuers Regulation, refers to persons with direct or indirect planning, coordination and control responsibilities. Within Saipem, the Senior Managers with strategic responsibilities are the Senior Vice Presidents and Executive Vice Presidents reporting directly to the CEO, the Deputy CEO and the CFO.

[3] Article 123-ter, paragraph 6 of Legislative Decree No. 58/1998.



Overview

Saipem's Remuneration Policy is voted on by the Board of Directors following a proposal by the Compensation and Nomination Committee (consisting of non-executive and independent Directors) and is defined in accordance with the governance model adopted by the Company and with reference to the recommendations of the Corporate Governance Code. In keeping with the guidelines set out in the Company's Strategic Plan, this Policy promotes the alignment of the interests of

management with the priority objective of value creation for Shareholders in the medium to long term.

2013 Remuneration Policy

The following table shows the main elements of the Guidelines voted on for the remuneration of the CEO, the Deputy CEO and other Senior Managers with strategic responsibilities.

2013 Remuneration Policy

Component	Aims and characteristics	Conditions for implementation	Amounts
Fixed remuneration	Rewards skills, experience and the contribution demanded by the role assigned.	Verification of remuneration using benchmarks in line with the characteristics of Saipem and with the roles assigned.	CEO: €600,230 per year. Deputy CEO and Senior Managers with strategic responsibilities: remuneration determined on the basis of the role assigned. Adjustments are possible in relation to competitive positioning targets (median market values).
Annual Variable Incentive Plan	Promotes the achievement of annual budget objectives. All managerial resources are included in the Plan. Incentives based on target levels which vary according to role. Incentives paid out on the basis of results obtained in the previous year.	Objectives of Deputy CEO and Senior Managers with strategic responsibilities: comprise objectives assigned to top management and incentives assigned in relation to area of responsibility. Specific objectives for the Deputy CEO linked to operating performance (weight 40%), Saipem's profitability (weight 20%), improvement of processes (weight 20%) and Sustainability in terms of Health & Safety (weight 20%). Performance scale of each objective 70 ÷ 130 points*; minimum threshold for incentive plans = 85 points.	Deputy CEO and Senior Managers with strategic responsibilities: target based incentives up to a maximum of 40% of fixed remuneration.
Deferred Monetary Incentive Plan	Promotes the long-term growth of the business' profitability. All managerial resources that have achieved annual targets are included in the Plan. Incentives based on target levels which vary according to role.	EBITDA performance measured against budgeted EBITDA. Amount awarded on the basis of EBITDA results in the previous year on a performance scale of 70 ÷ 130*. Incentive paid out in a variable percentage from 0% to 170% of the sum awarded, on the basis of the average of annual results obtained in the vesting period, valued on an annual performance scale of 70 ÷ 170*. Vesting period: three years.	CEO: target based incentive = 40% of fixed remuneration (minimum 28% and maximum 52%). Deputy CEO and Senior Managers with strategic responsibilities: target based incentives up to a maximum of 25% of fixed remuneration.
Long-term Incentive Plan	Promotes long-term profitability above that of competitors. Critical managerial resources are included in the Plan. Incentives based on target levels which vary according to role.	Performance measured in terms of variation of adjusted net profit + D&A, compared to the variation reported by 6 of the main Oil&Gas services competitors of Saipem's peer group (Technip, McDermott, JGC, Subsea 7, Chiyoda, Transocean). Incentive paid out in a variable percentage from 0% to 130% of the sum awarded, on the basis of the average of annual results obtained in the vesting period: 1 st place 130%; 2 nd place 115%; 3 rd place 100%; 4 th place 85%; 5 th place 70%; 6 th place 0%; 7 th place 0%. Vesting period: three years	CEO: target based incentives up to a maximum of 50% of fixed remuneration. Deputy CEO and Senior Managers with strategic responsibilities: target based incentives up to a maximum of 35% of fixed remuneration.
Benefits	Supplement the remuneration package in accordance with a total reward approach through benefits in kind, mainly of a health and social security nature.	Conditions set out in the national collective labour agreement and in supplementary Company agreements applicable to Senior Managers.	- Supplementary pension fund. - Supplementary healthcare fund. - Insurance coverage. - Company car for business and personal use.

(*) Below the minimum threshold (70 points) the performance is considered equal to zero.



Section I - 2013 Remuneration Policy

Governance of the remuneration process

Bodies and parties involved

With regard to members of the Saipem Board of Directors, the Remuneration Policy is defined in accordance with the applicable statutory and legal requirements, by which:

- the Shareholders' Meeting establishes the remuneration of the members of the Board of Directors when they are appointed and for the entire duration of their term of office;
- the Board of Directors establishes the remuneration for Directors assigned special functions (Chairman and CEO) and for service on Board Committees, having consulted the Statutory Auditors.

In accordance with the Saipem governance model⁴, the Board of Directors is also responsible for:

- defining performance objectives and approving results for performance plans used to establish the variable remuneration of executive Directors;
- approving the general criteria for the remuneration of Senior Managers with strategic responsibilities;
- defining the remuneration of the Internal Audit Manager in accordance with the Company's Remuneration Policy, having first consulted the Audit and Risk Committee and the Board of Statutory Auditors.

In accordance with the recommendations set out in the Corporate Governance Code, the Board of Directors is assisted in connection with remuneration matters by a Compensation and Nomination Committee composed of non-executive, independent Directors with a consultative and advisory function.

Saipem Compensation and Nomination Committee

Composition, appointment and tasks

The Compensation Committee, which as of February 13, 2012 was renamed the 'Compensation and Nomination Committee', was established by the Board of Directors in 1999. Committee membership, appointments, tasks and operating procedures are regulated by a specific set of rules approved by the Board of

Directors⁵ and published on the Company web site⁶. In accordance with applicable legislation and the recommendations set out in the new version of the Corporate Governance Code, the Compensation and Nomination Committee is made up of three non-executive, independent directors. These are Gabriele Galateri di Genola (Chairman), Nicola Greco and Maurizio Montagnese. Regulations also require that at least one member of the Committee have adequate knowledge and experience of financial and remuneration matters evaluated by the Board at the time of appointment.

The Executive Vice President of Human Resources, Organisation and ICT, or, in his/her place, the Senior Vice President of Development, Organisation, Communication and Compensation, acts as Secretary of the Committee.

The Committee makes proposals to and advises the Board of Directors by:

- submitting the Remuneration Report, in particular the policy regarding the remuneration paid to Directors and to other Senior Managers with strategic responsibilities, for approval prior to presenting it to the Shareholders' Meeting convened to approve the annual financial statements in accordance with applicable legislation;
- making proposals regarding the forms of remuneration and amounts awarded to the Chairman and to executive Directors;
- making proposals regarding the remuneration of non-executive Directors appointed to Committees established by the Board;
- proposing general criteria for the remuneration of Senior Managers with strategic responsibilities, annual and long-term incentive plans, including share-based incentive plans, defining performance objectives and approving results of performance plans used to establish the variable remuneration of Directors vested with executive and/or special powers, taking into account the indications provided in this regard by the CEO;
- periodically checking the adequacy, overall consistency and implementation of the Policy adopted, and formulating proposals in this regard to the Board of Directors;
- monitoring implementation of decisions taken by the Board;
- reporting to the Board of Directors every six months on work carried out.

As part of its functions, the Committee may also be asked to provide opinions regarding transactions with related parties in accordance with the relevant Company procedure.

[4] For additional information on the Saipem governance structure, see the 'Corporate Governance Report and Shareholding Structure' published in the 'Corporate Governance' section of the Company web site.

[5] Approval took place on December 13, 2011, following implementation of Article 6 of the Corporate Governance Code, and on March 13, 2012, following implementation of Article 5 of the Corporate Governance Code regarding the formation of a Nomination Committee through the allocation of relevant powers.

[6] Compensation and Nomination Committee rules are published in the 'Corporate Governance' and 'Documentation' sections of Saipem's web site.

Committee working procedures

The Committee meets as often as necessary to perform its duties, normally on the dates scheduled on the yearly calendar of meetings approved by the Committee itself. The Committee is quorate when at least the majority of its members in office are present and decides with the absolute majority of those in attendance. The Committee is provided by the Board of Directors with the resources needed to fulfil its duties of analysis and preliminary investigation, for which it also has the power to access the necessary Company information and departments and, through the Company's organisational structures, to avail of external advisors in order to obtain an independent judgement. The Chairman of the Board of Statutory Auditors, or a Statutory Auditor designated by the Chairman, may attend Committee meetings. Furthermore, other Statutory Auditors may also participate when the Committee is dealing with matters for which the Board of Directors is obliged in its resolution to take account of the opinion of the Board of Statutory Auditors. At the request of the Committee Chairman, other persons can also participate in order to provide information and make assessments within their field of competence in relation to individual agenda items. No Director can take part in Committee meetings where proposals are being made to the Board of Directors concerning his/her remuneration.

Activities of the Compensation and Nomination Committee

The Compensation and Nomination Committee carries out its activities according to an annual programme which consists of the following phases:

- periodical checking of the adequacy, overall consistency and implementation of the Policy adopted in the previous year in relation to the results achieved and the

remuneration/benchmarks supplied by highly specialised providers;

- definition of Policy proposals for the following year and of proposals regarding the performance objectives connected with short- and long-term incentive plans;
- definition of proposals regarding the implementation of the short- and long-term variable incentive plans already in place, based on an analysis of the results achieved and the performance objectives established under the plans;
- preparation of the Remuneration Report to be submitted to the Shareholders' Meeting following its approval by the Board of Directors;
- examination of the results of voting at the Shareholders' Meeting of the Policy as approved by the Board.

Activities carried out and planned

In 2012, the Committee convened on a total of 7 occasions, with an average member attendance of 95%. In connection with remuneration matters, the Committee convened on a total of 5 occasions, with an average member attendance of 93%.

The Committee focused its activities during the first part of the year on periodically evaluating remuneration policy implemented in 2011, reviewing the Company's 2011 results, defining 2012 performance targets in connection with the variable incentive plans and, finally, examining the 2012 Remuneration Report. During the second part of the year, the Committee analysed the results of voting at the Shareholders' Meeting regarding the 2012 Remuneration Policy and the Guidelines set down for the drafting of the 2013 Report. The proposals regarding implementation of the Deferred Monetary Incentive Plan for executive Directors and for other management resources, and the Long-Term Monetary Incentive Plan for executive Directors and for critical managerial resources, were also finalised. In relation to the organisational

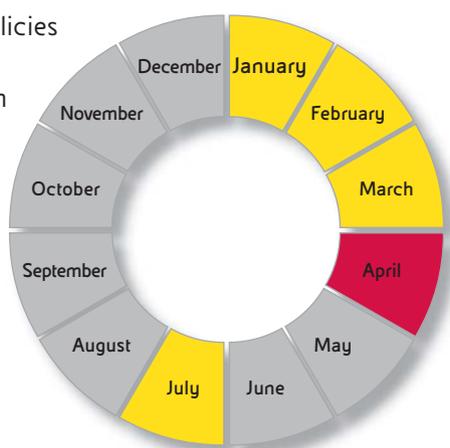
Activities of the Compensation and Nomination Committee

JANUARY - FEBRUARY

- Periodical evaluation of the Policies adopted in the previous year
- Definition of the Remuneration Policy

JULY

- Review of results in relation to the Long-Term Incentive Plan for critical managerial resources
- Analysis of results of voting on the Remuneration Policy at Shareholders' Meetings



MARCH

- Analysis of results and definition of objectives in relation to variable incentive plans
- Implementation of Deferred Monetary Incentive Plans and Long-Term Monetary Incentive Plans
- Drafting of Remuneration Report

APRIL

- Presentation of the Remuneration Report to the Shareholders' Meeting

Main issues addressed in 2012

February	1. Remuneration Policy: definition and assessment of the 2012 proposal 2. Examination of the first draft of the Remuneration Report
March	1. Review of 2011 performance results and definition of 2012 performance targets in relation to incentive plans 2. Variable remuneration of Directors 3. Examination of the final draft of the Remuneration Report 4. Approval of the regulation of the Compensation and Nomination Committee
July	1. Review of 2011 results in relation to the Long-Term Monetary Incentive Plan for critical managerial resources 2. Awarding of 2012 Deferred Monetary Incentive Plan and approval of Plan Regulations 3. Analysis of results of voting on the Remuneration Policy at Shareholders' Meetings
October	1. Awarding of 2012 Long-Term Monetary Incentive Plan for top management and critical managerial resources and approval of Plan Regulations
December	1. Definition of the proposal to the Board of Directors in relation to the fixed remuneration of the CEO

changes and subsequent appointment of the new CEO, the Committee made a proposal for the fixed remuneration of the latter. The Committee plans to hold at least 4 meetings in 2013. At the date of approval of this Report, the first two meetings had already been held. These focused on an assessment of the remuneration policies implemented in 2012 with a view to defining a 2013 Remuneration Policy proposal.

With the aim of establishing a channel for dialogue with Shareholders and investors, the Committee reports, through its Chairman, in accordance with its own rules and with reference to the recommendations of the Corporate Governance Code, on the performance of its duties to the Shareholders' Meeting convened to approve the annual financial statements.

2013 Remuneration Policy approval process

In accordance with its remit, at meetings of February 13, 2012 and March 6, 2012 the Compensation and Nomination Committee defined the structure and content of the Remuneration Policy for the purpose of preparing this Report in accordance with the recent recommendations contained in the Corporate Governance Code, including the conservation of rights acquired from contracts or regulations adopted before March 31, 2010.

In reaching its conclusions, the Committee took account of the results of periodical assessment of adequacy, overall consistency and concrete application of the 2012 Remuneration Policy Guidelines, as well as the following resolutions passed in relation to the renewal of Company bodies:

- the Shareholders' Meeting resolution of May 4, 2011 regarding the remuneration of Directors;
- Board resolutions of June 16, 2011 regarding the remuneration of the Chairman and Directors assigned special functions, remuneration for serving on Board Committees and general criteria for the remuneration of Senior Managers with strategic responsibilities;
- resolutions of the Board meeting of January 8, 2013 regarding the fixed remuneration of the new CEO.

The Saipem 2013 Remuneration Policy for Directors assigned special functions and other Senior Managers with strategic

responsibilities was approved, along with this Report, by the Board of Directors on March 13, 2013 at the proposal of the Compensation and Nomination Committee.

Implementation of the remuneration policies defined in accordance with the guidelines provided by the Board of Directors is done by the competent Company bodies with the support of the relevant Company functions.

Aims and general principles of the Remuneration Policy

Aims

The Saipem Remuneration Policy is defined in accordance with the governance model adopted by the Company and with the recommendations included in the Corporate Governance Code. The aim of this Policy is to attract and retain highly skilled professional and managerial resources and to align the interests of management with the priority objective of value creation for Shareholders in the medium to long term by:

- promoting actions and conduct consistent with the Company's culture and with the principles of diversity, equal opportunities, maximisation and leveraging of knowledge and skills of personnel, fairness, and non-discrimination as outlined in the Code of Ethics and in the 'Our People' policy;
- recognising and rewarding responsibilities assigned, the results achieved and the quality of the professional contribution made, taking into account the specific context and remuneration benchmarks;
- defining performance-based incentive systems linked to the attainment of a series of financial, profit based, business development and operating targets set with a view to achieving sustainable growth in line with the Company's Strategic Plan and with responsibilities assigned.

General principles

In keeping with the above aims, remuneration paid to Directors and to other Senior Managers with strategic responsibilities is defined in accordance with the following principles and criteria:

- remuneration paid to non-executive Directors must be commensurate with the scope of their duties as members of Board Committees, with higher remuneration for Committee Chairmen with respect to that of Committee members in recognition of their duties of coordinating works and liaising with Company bodies and functions. Executive Directors are not awarded variable incentive plans;
- the remuneration structure for Directors assigned special functions and for other Senior Managers with strategic responsibilities should be a balanced mix of a fixed component commensurate with powers and/or responsibilities assigned and a variable component with a maximum limit designed to link remuneration to targets effectively achieved;
- overall consistency of remuneration compared with applicable market benchmarks for similar positions or roles of a similar level of responsibility and complexity within a panel of companies comparable with Saipem, using specific remuneration benchmarks established with the support of international remuneration data providers;
- variable remuneration of executive roles that strongly influence Company results, characterised by a significant incidence of long-term incentive components through an adequate deferral of incentives over a time frame of at least three years, in accordance with the long-term nature of the business pursued;
- objectives linked to the variable component of remuneration that are predetermined, measurable and specific in such a way as to ensure:
 - i. assessment of annual, business and individual performance, based on a balanced score card defined in relation to the specific targets of the area of responsibility and in line with the tasks assigned;
 - ii. definition of long-term incentive plan targets designed to enable assessment of the Company's performance both in absolute terms (i.e. its capacity to generate growing and sustainable profits), and in relative terms with respect to a peer group (i.e. its capacity to achieve levels of performance that are superior to those of its main international competitors);
- incentives linked with variable remuneration paid following a scrupulous process of confirming results effectively achieved, assessing performance targets assigned net of the effects of exogenous variables⁷, with a view to maximising the actual individual contribution made towards their achievement;
- adoption of clawback mechanisms to recover incentives which, within three years from the date of payment, have been shown by the competent Company functions to have been paid out to individuals who wilfully altered the data used for the achievement of objectives or who reached targets by adopting behaviour which was not compliant with Company or legal regulations, without prejudice to any other action allowed for by the law in defence of the Company's interests;
- benefits (with a preference given to social security and insurance benefits) in line with market remuneration benchmarks and compliant with local regulations to supplement and enhance the remuneration package, reflecting roles and responsibilities assigned;
- additional severance payment for termination of employment and/or expiry of term of office and non-competition agreements for executive positions which are subject to a high risk of competition, in line with the level of remuneration received and the performance.

2013 Remuneration Policy Guidelines

Compared to the previous year, and in view of recent events and the new market challenges to be faced, the 2013 Remuneration Policy Guidelines focus on defining Company objectives for 2013 in terms of targets and the assessment parameters therefor.

Extreme selectiveness and precision are adopted in determining the Annual Variable Incentive Plan in terms of reducing spending and the number of beneficiaries, in line with the Company's results.

Furthermore, long-term incentive plans will be subject to analysis and reviewed with the purpose of reinforcing mechanisms that link them with value created for Shareholders.

In more general terms, the Guidelines for 2013 reaffirm the policies and systems adopted in 2012, specifically:

- as in 2012, for non-executive Directors the 2013 Policy Guidelines reflect the resolutions taken by the Board of Directors on June 16, 2011 following the re-election of the Company bodies in accordance with a principle of continuity with the remuneration structure applied in relation to the previous mandate;
- the 2013 Policy Guidelines for the remuneration of executive Directors (CEO and Deputy CEO) and other Senior Managers with strategic responsibilities applies the same remuneration structure used in 2012; in particular, short- and long-term incentive plans are designed to increase alignment of management actions with the targets defined in the annual performance plans and in the Company's Strategic Plan.

2013 remuneration thus remains consistent with the objectives and general principles put forward in 2012 and are in line with market benchmarks updated in 2012.

Specifically, the market benchmarks used are: (i) for the Chairman and non-executive Directors, similar roles in the largest Italian listed companies in terms of market capitalisation; (ii) for CEOs and other Senior Managers with strategic responsibilities, roles with a similar level of managerial responsibility and complexity in major Italian and international industrial companies.

[7] Exogenous variables are those phenomena which, due either to their nature or to a specific choice made by the Company, are not under the control of the Company's managers (e.g. the euro/dollar exchange rate).

Chairman of the Board of Directors and non-executive Directors

2013 remuneration for the Chairman of the Board of Directors and for non-executive Directors reflects the resolutions taken by the Board of Directors on June 16, 2011.

Remuneration of the Chairman

As a result of the resolution carried by the Board of Directors on June 16, 2011, the Chairman receives fixed gross annual remuneration of €200,000, which includes €40,000 for his duties as Director as approved by the Shareholders' Meeting. Due to the nature of the office and the absence of executive functions, the Chairman's remuneration does not include a variable component.

Remuneration of non-executive Directors

The Shareholders' Meeting of May 4, 2011 set gross annual remuneration for non-executive Directors at €40,000, which was unchanged from the previous mandate.

Additional remuneration for serving on Board Committees

Additional annual remuneration will continue to be paid out to non-executive Directors for participation in Board Committees. The fees, which remain unvaried compared to 2012, are determined as follows:

- €15,000 for the Chairman of the Audit and Risk Committee and €12,500 for other Committee members, reflecting the increasingly important role played by the Committee in monitoring the Company's risks;
- €12,500 for the Chairman of the Compensation and Nomination Committee and €10,000 for other Committee members.

Payment in the event of expiry or termination of office

For the Chairman and non-executive Directors, no payments are provided for in the event of expiry or early termination of term of office.

Benefits

There are no benefits for the Chairman and for non-executive Directors.

Chief Executive Officer (CEO)

On December 5, 2012, Umberto Vergine, previously a member of Saipem's Board of Directors and Managing Director of the Eni Gas & Power Division, was appointed CEO. The structure of the CEO's remuneration for the current mandate, including for his role as a Senior Manager of Saipem, takes into account the resolutions carried by the Board of Directors on January 8, 2013 as regards fixed remuneration. As for other Senior Managers of Saipem, the new CEO comes under the Saipem Group incentive system as

represented in the following Guidelines submitted to the Board of Directors for approval.

Fixed remuneration

The fixed remuneration of the CEO is set at €600,230 gross per year, determined following a proposal by the Compensation and Nomination Committee in relation to powers vested and taking into account the average remuneration levels found on the market for similar positions in companies of comparable complexity and size to Saipem. Fixed remuneration includes basic pay for a Director as determined by the Shareholders' Meeting and any remuneration due for participation on the Boards of subsidiaries or associated companies.

Furthermore, as a Saipem Senior Manager, the Chief Executive Officer receives allowances for assignments in Italy and overseas that are in line with the relevant national collective labour agreements for Senior Managers and supplementary agreements reached at Company level.

Short-term variable incentives

As for other Senior Managers of the Saipem Group, the Annual Variable Incentive Plan for the new CEO will be linked to the achievement of objectives set, each measured on a performance scale of 70 ÷ 130 in relation to the weight assigned to them (below the minimum threshold of 70 points the performance is considered equal to zero).

Variable annual remuneration is determined in relation to a minimum level performance (= 85), a target level performance (= 100) and a maximum level performance (= 130), which correspond respectively to 51%, 60% and 78% of total fixed remuneration, linked to results for economic performance (weight 40%), operating performance (weight 25%), financial performance (weight 25%) and Sustainability (Health & Safety) (weight 10%) achieved in the year prior to award and payment.

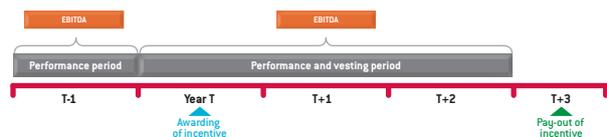
Long-term variable incentives

The long-term variable component consists of two separate incentive plans:

- The 2012-2014 Deferred Monetary Incentive Plan, which is applied to all managerial resources, by means of three annual assignments, based on Company performance measured in terms of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). This parameter is widely employed in the Oil&Gas services sector (to which Saipem belongs) as a general indicator of results that is consistent with Saipem's strategy of growth and consolidation in its business areas. Awarding of the incentive and actual payment thereof at the end of the vesting period are dependent on the following conditions: (i) the yearly incentive is determined on the basis of the EBITDA results achieved by the Group in the year prior to that of award, measured on a performance scale of 70 ÷ 130, giving a minimum, target and maximum value of 28%, 40% and 52% of fixed remuneration, respectively. If the results achieved are below the minimum threshold performance, no award is paid out; (ii) the incentive paid out at the end of the three year-

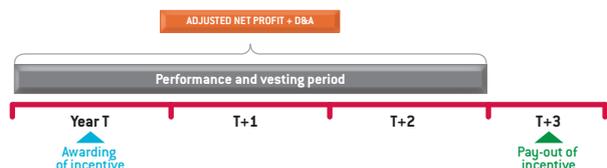
vesting period is determined in relation to average EBITDA results achieved in each of the three vesting years, as a percentage of between zero and 170% of the assigned value. The annual performance is assessed according to a scale of between 70% and 170% (below the minimum threshold of 70% the performance is considered equal to zero).

Deferred Monetary Incentive Plan - Timeline



- The Long-Term Monetary Incentive Plan linked to Company profitability in relation to the results of the main international competitors and including all critical managerial resources. This plan has three annual incentive awards with a target value of 50% of fixed remuneration. The incentive to be paid out after a vesting period of three years is calculated on the basis of results achieved in terms of the performance parameter adjusted net profit + D&A (selected as an indicator of the Company's cash generating capacity and its ability to generate a return for its Shareholders), measured over the three-year period in question, as benchmarked against the performance of Saipem's six largest international competitors in terms of market capitalisation in the Oil&Gas services sector. The peer group in question is made up of the following companies: Technip, McDermott, JGC, Subsea 7, Chiyoda and Transocean. This incentive is defined as a percentage of the base incentive using the average of annual results obtained in the vesting period versus peer group companies in accordance with the following scale:
 - 1st place = 130%;
 - 2nd place = 115%;
 - 3rd place = 100%;
 - 4th place = 85%;
 - 5th place = 70%;
 - 6th and 7th place = 0%.
 A placing below 5th within the three-year vesting period means that no incentive is awarded.

Long-Term Monetary Incentive Plan - Timeline



Both plans include clauses designed to encourage retention whereby, in the event of termination of employment by mutual consent or loss of control by Saipem of the Company where the beneficiary of the plan is employed during the vesting period, the beneficiary conserves the right to the incentive, which is reduced

on a pro-rata basis in relation to the time elapsed between the award of the incentive and the occurrence of the event. In the case of unilateral termination of employment, no payment is made.

Severance indemnities for end of office or termination of employment

The CEO, like other Senior Managers, receives the employment termination indemnity established in the relevant national collective labour agreement as well as any supplementary indemnities that may be agreed on an individual basis upon termination in accordance with the criteria set by Saipem for voluntary redundancy. These criteria take account of the actual and pensionable age of the Senior Manager at the time the contract is terminated as well as his/her annual remuneration. Specific remuneration can be paid in cases where the Company deems it necessary to enter into a non-competition agreement.

Benefits

In continuity with the remuneration policies implemented in 2012, and in accordance with the national collective labour agreement and with supplementary agreements reached at Company level for Saipem Senior Managers, the CEO is granted membership of the supplementary pension fund FOPDIRE⁸ and the Supplementary Healthcare Fund FISDE⁹, death and disability insurance coverage and a Company car for business and personal use.

Deputy CEO and other Senior Managers with strategic responsibilities

Fixed remuneration

Fixed remuneration for the Deputy CEO¹⁰ and for other Senior Managers with strategic responsibilities is based on roles and responsibilities assigned, taking into account average levels of remuneration at other major Italian companies for roles of a similar level of managerial responsibility and complexity. It may be adjusted periodically at the proposal of the Compensation and Nomination Committee during the annual salary review process which is carried out for all managers. The fixed remuneration of the Deputy CEO is set at €447,500 per year. This amount includes annual remuneration established for Directors by the Shareholders' Meeting, and an expatriation allowance of €97,500. The Deputy CEO also receives annual remuneration of €190,000 as Chairman of Saipem Ltd.

Taking into account the relevant context and current market trends, the 2013 Guidelines will employ selective criteria designed to ensure adequate levels of competitiveness and motivation. Specifically, the proposed actions will involve: (i) salary adjustments for positions whose responsibilities have increased or whose remuneration is significantly below the relevant market median; (ii) one-time bonus payments connected with the

(8) Closed pension fund operating on a defined contribution, individual account basis: www.fopdire.it.

(9) Healthcare fund providing reimbursement of medical expenses for working and retired Senior Managers and their family members: www.fisde-eni.it.

(10) The Drilling Business Unit and the Support and Transversal Activities Unit (Integrated Projects, OHSE, Procurement, Risk Management and Asset Planning) report to the Deputy CEO.

achievement during the year of results or projects of special strategic importance (redefinition of commercial agreements in strategic and complex areas and/or markets, efficient recovery of delays, profits and receivables in relation to high-value projects, unplanned contract awards, etc.), for a maximum of 25% of fixed remuneration.

Furthermore, as Senior Managers of Saipem, Senior Managers with strategic responsibilities receive allowances for assignments in Italy and overseas that are in line with the relevant national collective labour agreement for Senior Managers and supplementary agreements reached at Company level.

Short-term variable incentives

The Annual Variable Incentive Plan contains a sum, to be paid out in 2013, calculated with reference to Company and individual performances in relation to the previous year, measured on a performance scale of 70 ÷ 130 with a minimum individual threshold of 85 points, below which no incentive is due. The target level performance (= 100) and the maximum level performance (= 130) give pay-outs that vary in accordance with the role of the beneficiary, up to a maximum of 40% and 52% of fixed remuneration, respectively.

The targets set for the Deputy CEO's incentives concern the following in particular: (i) operating performance (weight 40%); (ii) Saipem's profitability (weight 20%); (iii) improvement of processes (weight 20%); (iv) Sustainability (Health & Safety) (weight 20%).

The individual objectives of other Senior Managers with strategic responsibilities are assigned on the basis of those allocated to top management and focus on economic-financial performance, operations, internal efficiency, Sustainability (especially Health & Safety), as well as on the basis of the Manager's area of responsibility for the role covered, in accordance with the Company Performance Plan.

Long-term variable incentives

In line with the incentive plans granted to the CEO, the Deputy CEO and other Senior Managers with strategic responsibilities participate in long-term incentive plans approved by the Board of Directors on March 13, 2012, with the following characteristics:

- The Deferred Monetary Incentive Plan, for managerial resources who have achieved the targets set in the Annual Variable Incentive Plan. The 2012-2014 Plan consists of three annual awards starting from 2012 with the same conditions and characteristics contained in the Plan for the CEO. For the Deputy CEO and other Senior Managers with strategic responsibilities, the incentive is determined based on the EBITDA results achieved by the Group in the year prior to the year of award, measured on a performance scale of 70 ÷ 130 and differentiated in relation to the role covered giving a base incentive of 25% of fixed remuneration and a maximum performance level of 32.5% of fixed remuneration. The incentive to be paid out at the end of the three-year vesting period is calculated on the basis of the average annual EBITDA

results obtained in the three-year period as a percentage ranging from 0 to 170% of the assigned value;

- Long-Term Monetary Incentive Plan for critical managerial resources. The Plan consists of three annual awards starting with the same performance conditions and characteristics already described for the CEO. For the Deputy CEO and other Senior Managers with strategic responsibilities, the incentive to be awarded varies according to role, up to a maximum of 35% of fixed remuneration. The incentive paid out at the end of the three year-vesting period is determined on the basis of the average of annual results obtained in the vesting period compared to peer group companies as a percentage ranging from 0% to 130% of the assigned value.

Both plans include clauses designed to encourage retention whereby, in the event of termination of the employment contract by mutual consent or loss of control by Saipem of the Company where the beneficiary of the plan is employed during the vesting period, the beneficiary conserves the right to the incentive, which is reduced on a pro-rata basis in relation to the time elapsed between award of the base incentive and the occurrence of the event. In the case of unilateral termination of employment, no payment is made.

Severance indemnities for end of office or termination of employment

The Deputy CEO and other Senior Managers with strategic responsibilities receive the termination indemnity established in the national collective labour agreement for Senior Managers as well as any supplementary indemnities that may be agreed on an individual basis upon termination in accordance with the criteria set by Saipem for voluntary redundancy. These criteria take account of the actual and pensionable age of the Senior Manager at the time the contract is terminated and his/her annual remuneration. Both the Deputy CEO and other Senior Managers with strategic responsibilities can receive further remuneration for cases where the Company deems it necessary to enter into non-competition agreements.

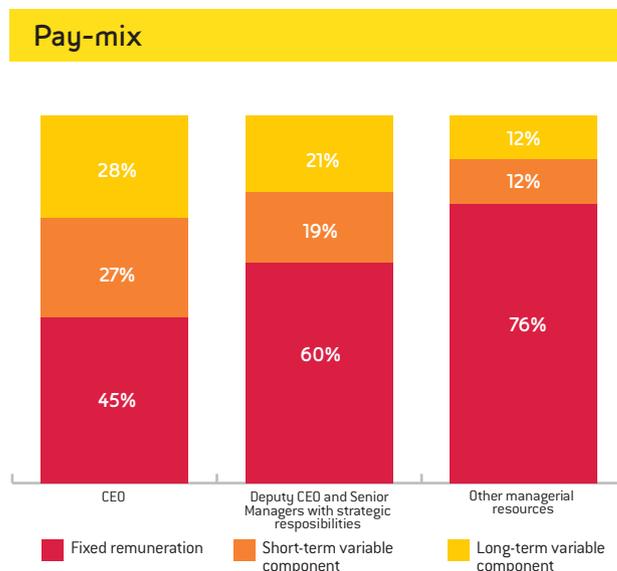
Benefits

In continuity with the remuneration policies implemented in 2012, the Deputy CEO, as an employee of Saipem Ltd, is granted membership of a supplementary pension fund (1824 Clerical Medical Pension Fund and AEGON UK plc) and insurance policies providing supplementary healthcare cover (BUPA - British Union Provident Association and CIGNA - International Employee Healthcare Plan).

In keeping with the remuneration policies implemented in 2012 and in accordance with the relevant national collective labour agreement and supplementary agreements reached at Company level for Saipem Senior Managers, Senior Managers with strategic responsibilities are granted membership of the supplementary pension fund (FOPDIRE) and the Supplementary Healthcare Fund (FISDE), death and disability insurance coverage and a Company car for business and personal use.

Pay-mix

The 2013 Remuneration Policy Guidelines set pay-mixes consonant with managerial roles, with more weight given to the variable component (in particular the long-term component) for positions that have a greater influence on Company results, as shown in the pay-mix chart (see right), calculated considering a target performance level pay-out for short- and long-term incentives.





Section II - Remuneration and other information

Implementation of 2012 remuneration policies

This section of the Remuneration Report provides a description of the remuneration policies implemented in 2012 for the Chairman of the Board of Directors, non-executive Directors, the outgoing Deputy Chairman and CEO, the new CEO, the Deputy CEO and other Senior Managers with strategic responsibilities.

As verified by the Compensation and Nomination Committee during the periodical assessment required under the Corporate Governance Code, implementation of the 2012 Remuneration Policy was in line with the resolutions taken by the Board of Directors. The Committee's assessment was that the 2012 Policy was consistent with the relevant market benchmarks in terms of overall positioning and pay-mix.

Fixed remuneration

The Chairman received remuneration for his office as determined by the Board of Directors meeting of June 16, 2011, applying a principle of continuity with the remuneration structure and amounts set in relation to the previous term. This remuneration includes the fixed remuneration for the office of Director approved by the Shareholders' Meeting of May 4, 2011.

Non-executive Directors were paid the fixed remuneration agreed by the Shareholders' Meeting of May 4, 2011, unvaried with respect to the previous mandate.

With reference to the outgoing Deputy Chairman and CEO, fixed remuneration voted on by the Board of Directors on June 16, 2011 was paid on a pro-rata basis according to the portion of the year worked up to the termination of employment on December 5, 2012.

As regards the new CEO, appointed on December 5, 2012, the remuneration voted on by the Board of Directors on January 8, 2012 was paid on a pro-rata basis according to the portion of the year worked. This includes remuneration for the office of Director approved by the Shareholders' Meeting.

The Deputy CEO received the remuneration voted on by the Board of Directors on June 16, 2011 and includes that for the office of Director voted on by the Shareholders' Meeting.

For other Senior Managers with strategic responsibilities, the annual salary review carried out for all Senior Managers brought selective fixed remuneration adjustments in 2012 in relation to promotions to higher positions and in order to align salaries with market benchmarks.

The sums for fixed remuneration and, as regards employment salaries, for allowances covered under the national collective labour agreement for Senior Managers and under supplementary Company agreements, are specified in the relevant item of Table 1 of the section 'Remuneration paid in 2012'.

Remuneration for participation on Board Committees

Non-executive Directors were paid in the amount defined by the Shareholders' Meeting of June 16, 2011 for participation on Board Committees.

Remuneration for participation on Board Committees is shown in Table 1 of the section 'Remuneration paid in 2012'.

Variable incentives

Short-term variable incentives

As regards the outgoing Deputy Chairman and CEO, the 2012 Annual Incentive was paid out against actual results based on targets set in 2011 pursuant to the Strategic Plan regarding: (i) adjusted EBIT; (ii) orders acquired; (iii) free cash flow; (iv) Sustainability.

Saipem results for 2011, evaluated on a constant currency basis and approved by the Board of Directors at the proposal of the Compensation and Nomination Committee in the meeting held on March 13, 2012, generated a performance score of 126 points on the measurement scale employed, where 100 points corresponds to a target level performance and 130 to a maximum level performance.

As regards the Deputy CEO and other Senior Managers with strategic responsibilities, the 2012 Annual Incentive was paid out on the basis of Company results and a series of individual targets pertaining to the Manager's specific area of responsibility, in accordance with the Saipem 2011 performance plan.

In terms of the variable remuneration paid out, the performance score translated to:

- award of a bonus to the outgoing Deputy Chairman and CEO of 75.6% of fixed remuneration, based on a target level of 60% and a maximum level of 78%;
- award of a bonus to the Deputy CEO of 48.8% of fixed remuneration¹¹, based on a target level of 40% and a maximum level of 52%;
- the award of bonuses to other Senior Managers with strategic responsibilities determined in relation to results achieved and the levels of incentive set in accordance with their roles.

[11] The fixed remuneration used to calculate the incentive is composed of the total annual remuneration (€447,500) and remuneration for the office of Chairman of Saipem Ltd (€190,000), less the expatriation allowance (€97,500).

The bonuses awarded to the outgoing Deputy Chairman and CEO, the Deputy CEO and the other Senior Managers with strategic responsibilities are indicated under the item 'Non-equity variable remuneration/bonuses and other incentives' in Table 3 of the section 'Remuneration paid in 2012'.

Deferred Monetary Incentive Plan

On March 13, 2012, EBITDA for 2011 was determined by the Board of Directors to have reached the target level, as checked and proposed by the Compensation and Nomination Committee. Accordingly, the Board of Directors determined the award of a 2012 base incentive of €360,500 (40% of fixed remuneration) to the outgoing Deputy Chairman and CEO. As per Plan Regulations, this incentive was paid out at a reduced rate of 30% following termination of the employment contract.

The Board determined the award of a 2012 base incentive of €135,000 (25% of fixed remuneration) to the Deputy CEO.

The base incentives awarded to the other Senior Managers with strategic responsibilities were based on their respective target levels which vary according to role, up to a maximum of 25% of fixed remuneration.

The base incentives awarded to the outgoing Deputy Chairman and CEO, to the Deputy CEO and to other Senior Managers with strategic responsibilities are shown under the item 'Annual bonus - deferred' in Table 3 of the section 'Remuneration paid in 2012'.

In addition, the 2009 Deferred Monetary Incentive Plan involving the Deputy Chairman and CEO, the Deputy CEO and other managerial resources became due in 2012. On March 13, 2012, the Board of Directors, at the proposal of the Compensation and Nomination Committee, set the factor to be applied to the base incentive to calculate the award at 143% based on Saipem's EBITDA for the period 2009-2011. Accordingly, the outgoing Deputy Chairman and CEO received an incentive of €541,255 (143% of the incentive of €378,500 awarded in 2009) and the Deputy CEO received an incentive of €228,085 (143% of the incentive of €159,500 awarded in 2009).

The following table shows performances during the vesting period:

DMIP	2009 award (€ thousand)	Performance during the vesting period			% incentive	Payment 2012
		2009	2010	2011		
CEO	378.5	>target	on target	on target	143	541
Deputy CEO	159.5					228

The bonuses awarded to the outgoing Deputy Chairman and CEO, to the Deputy CEO and to other Senior Managers with strategic responsibilities are indicated under the item 'Bonuses from prior years payable/paid out' in Table 3 of the section 'Remuneration paid in 2012'.

Long-Term Monetary Incentive Plan

On October 24, 2012, the Board of Directors determined the award to the outgoing Deputy Chairman and CEO of a base incentive for

the Long-Term Monetary Incentive Plan, as checked and proposed by the Compensation and Nomination Committee. The incentive was set at €451,000, applying the criteria and methods determined by the Board on March 13, 2012. As per Plan Regulations, this incentive was paid out at a reduced rate of 30% following termination of the employment contract.

The Deputy CEO was awarded a base incentive of €189,000, determined using the same criteria and methods applied for the Deputy Chairman and CEO.

The base incentives awarded to the other Senior Managers with strategic responsibilities were based on their respective levels which vary according to role, up to a maximum of 35% of fixed remuneration.

The base incentives awarded to the outgoing Deputy Chairman and CEO, the Deputy CEO and the other Senior Managers with strategic responsibilities are shown under the item 'Annual bonus - deferred' in Table 3 of the section 'Remuneration paid in 2012'.

Stock options

As of 2009, Saipem no longer implements stock option plans. For additional information with regard to stock option plans currently in force, whose last awards vested in 2011 (see page 14 of the 2012 Remuneration Report), please consult the documents published in the 'Corporate Governance' section of the Company web site, as well as the information contained in the 2012 'Notes to the Consolidated Financial Statements'.

Severance indemnities for end of office or termination of employment

The outgoing Deputy Chairman and CEO, whose office ceased on December 5, 2012, received amounts due by law and contract for termination of employment, as well as sums calculated in line with Company redundancy policies. Pursuant to regulations, the effects on monetary incentive plans in force of the termination by mutual consent of the employment of the outgoing Deputy Chairman and CEO are reported in the notes to Tables 2 and 3 in the section 'Remuneration paid in 2012'.

Amounts paid in relation to the termination of office or employment are shown under the item 'Severance indemnities for end of office or termination of employment' in Table 1 of the section 'Remuneration paid in 2012'.

Benefits

Table 1 of the section 'Remuneration paid in 2012' shows the taxable value of benefits paid in 2012, in particular with reference to the following benefits: (i) annual contribution to the supplementary pension fund FOPDIRE; (ii) annual contribution to the supplementary healthcare fund FISDE; (iii) assignment of a Company car for business and personal use for a three-year period (the value stated is exclusive of the contribution paid by

the assignee]. The value of benefits paid in 2012 to the CEO relate to the following: (i) annual contribution to the supplementary pension fund (1824 Clerical Medical Pension Fund and AEGON UK plc); (ii) annual contribution to supplementary healthcare cover funds (BUPA - British Union Provident Association and CIGNA - International Employee Healthcare Plan).

with International Financial Reporting Standards which require costs to be distributed over the vesting period;

- the column 'Severance indemnities for end of office or termination of employment' shows indemnities accrued, including those not yet paid, in relation to termination of office or employment.

Remuneration paid in 2012

Table 1 - Remuneration paid to Directors, Statutory Auditors and other Senior Managers with strategic responsibilities

The following table shows remuneration paid to Directors and Statutory Auditors (who are listed by name), and remuneration paid to other Senior Managers with strategic responsibilities (shown on an aggregated basis)¹². Separate indications are supplied for remuneration received from subsidiaries and/or associated companies, not including payments renounced or paid into the Company. All persons who held the above-mentioned positions during 2012 are included in the table, even if they only held office for part of the year.

Specifically:

- the column 'Fixed remuneration' shows fixed remuneration for employed work due for the year. The amounts shown are gross, hence before deductions for social security and taxes payable by the employee. They do not include lump sum expense reimbursements and attendance fees, as these are not provided for. The footnote provides details of remuneration, as well as a separate indication of any allowances and other entitlements related to employment;
- the column 'Remuneration for participation on committees' shows remuneration pertaining to the year paid to Directors for participation in Committees created by the Board. The footnote provides a separate indication of remuneration for each Committee on which the Director sits;
- the item 'Bonuses and other incentives' in the column 'Variable non-equity remuneration' shows incentives paid during the year as a result of rights maturing following checking and approval of performance results by the relevant Company bodies as detailed in the Table 'Monetary incentives paid to Directors and other Senior Managers with strategic responsibilities';
- the column 'Profit sharing' is empty because there are no profit sharing plans in place;
- the column 'Non-monetary benefits' shows the taxable value of fringe benefits paid in 2012;
- the column 'Other remuneration' shows any other remuneration paid pertaining to the year and relating to other services performed;
- the column 'Total' shows the total of the preceding items;
- the column 'Fair value of equity remuneration' shows the fair value of stock option plans in place as estimated in accordance

[12] There is no current legal requirement for disclosure on an individual basis for Senior Managers with strategic responsibilities.

**Table 1:
Remuneration paid to Directors, Statutory Auditors and other Senior Managers with strategic responsibilities**

[€ thousand]

Name and surname	Office	Term of office	Exp. of term ^(*)	Variable non-equity remuneration					Total	Fair value of equity remuneration	Severance indemnities for end of office or termination of employment
				Fixed remuneration	Committee membership remuneration	Bonuses and other incentives	Profit sharing	Non-monetary benefits			
Board of Directors											
Alberto Meomartini	Chairman ⁽¹⁾	01.01 - 12.31	04.14	200 ^(a)						200	
Pietro Franco Tali	Deputy Chairman and CEO ⁽²⁾	01.01 - 12.05		837 ^(a)		2,285 ^(b)		12		3,134	3,815 ^(c)
Umberto Vergine	CEO ⁽³⁾	12.05 - 12.31		44 ^(a)				0.865		45	
Hugh James O'Donnell	Deputy CEO ⁽⁴⁾	01.01 - 12.31									
	<i>Remuneration from Company preparing financial statements</i>			448 ^(a)		492 ^(b)		24		964	
	<i>Remuneration from subsidiaries and associated companies</i>								190 ^(c)	190	
	<i>Total</i>			448		492		24	190	1,154	
Gabriele Galateri di Genola	Director ⁽⁵⁾	01.01 - 12.31	04.14	40 ^(a)	13 ^(b)					53	
Nicola Greco	Director ⁽⁶⁾	01.01 - 12.31	04.14	40 ^(a)	10 ^(b)					50	
Maurizio Montagnese	Director ⁽⁷⁾	01.01 - 12.31	04.14	40 ^(a)	23 ^(b)					63	
Mauro Sacchetto	Director ⁽⁸⁾	01.01 - 12.31	04.14	40 ^(a)	15 ^(b)					55	
Michele Volpi	Director ⁽⁹⁾	01.01 - 12.31	04.14	40 ^(a)	13 ^(b)					53	
Board of Statutory Auditors											
Mario Busso	Chairman ⁽¹⁰⁾	01.01 - 12.31	04.14	60 ^(a)						60	
Adriano Propersi	Statutory Auditor ⁽¹¹⁾	01.01 - 12.31	04.14	40 ^(a)						40	
Anna Gervasoni	Statutory Auditor ⁽¹²⁾	04.27 - 12.31	04.14	27 ^(a)						27	
Giulio Gamba	Statutory Auditor ⁽¹³⁾	01.01 - 04.27	04.14	13 ^(a)						13	
Other Senior Managers with strategic responsibilities^(**)											
				2,730 ^(a)		2,224 ^(b)		121		4,945	93 ^(c)
				4,599	73	5,001		158	190	9,890	3,908

(*) Term of office of Directors appointed by the Shareholders' Meeting on May 4, 2011 expires at Shareholders' Meeting convened to approve the financial statements at December 31, 2013.

(**) Senior Vice President and Executive Vice President, first level reporting directly to the CEO, to the Deputy CEO and to the CFO (13 Senior Managers).

(1) **Alberto Meomartini - Chairman of the Board of Directors**

(a) The amount relates to the fixed remuneration set by the Board of Directors' meeting of June 16, 2011 [€200,000] which includes remuneration for the office of Director [€40,000].

(2) **Pietro Franco Tali - Deputy Chairman and CEO**

(a) The amount includes the prorated portion of the fixed remuneration set by the Board of Directors' meeting of June 16, 2011 [€902,000] which includes the basic remuneration for the office of Director as approved by the Shareholders' Meeting [€40,000], allowances for assignments in Italy and overseas that are in line with the national collective labour agreement for Senior Managers and with supplementary Company agreements, and entitlements connected with employed work, for a total amount of €274,500.

(b) The amount includes €541,000 relating to the deferred monetary incentive awarded in 2009 and prorated awards relating to the 2010 and 2011 Deferred Monetary Incentive Plan and the 2010 Long-Term Monetary Incentive Plan paid out following termination of employment during the vesting period, in accordance with the relevant regulations.

(c) The amount includes severance pay and redundancy incentives paid on termination of employment.

(3) **Umberto Vergine - CEO**

(a) The amount includes the prorated portion of the fixed remuneration of €600,000 approved by the Board of Directors' meeting of January 8, 2013, which includes remuneration for the office of Director [€40,000].

(4) **Hugh James O'Donnell - Deputy CEO**

(a) The total fixed annual remuneration approved by the Board of Directors' meeting of June 16, 2011 [€448,000] includes remuneration for the office of Director [€40,000] and an expatriation allowance of €98,000.

(b) The amount includes the award of €228,000 relating to the Deferred Monetary Incentive Plan awarded in 2009.

(c) Remuneration for the office of Chairman of Saipem Ltd.

(5) **Gabriele Galateri di Genola - Director**

(a) The sum corresponds to the fixed Board meeting fees.

(b) The sum corresponds to remuneration for the role of Chairman of the Compensation and Nomination Committee.

(6) **Nicola Greco - Director**

(a) The sum corresponds to the fixed Board meeting fees.

(b) The sum corresponds to remuneration for participation in the Compensation and Nomination Committee.

(7) **Maurizio Montagnese - Director**

(a) The sum corresponds to the fixed Board meeting fees.

(b) The sum corresponds to remuneration of €10,000 for participation in the Compensation and Nomination Committee and €12,500 for the Audit and Risk Committee.

(8) **Mauro Sacchetto - Director**

(a) The sum corresponds to the fixed Board meeting fees.

(b) The sum corresponds to remuneration for the role of Chairman of the Audit and Risk Committee.

(9) **Michele Volpi - Director**

(a) The sum corresponds to the fixed Board meeting fees.

(b) The sum corresponds to remuneration for participation in the Audit and Risk Committee.

(10) **Mario Busso - Chairman of the Board of Statutory Auditors**

(a) The sum corresponds to the fixed Board meeting fees.

(11) **Adriano Propersi - Statutory Auditor**

(a) The sum corresponds to the fixed Board meeting fees.

(12) **Anna Gervasoni - Statutory Auditor**

(a) Pro-quota amount from April 27, 2012 of fixed Board meeting fees.

(13) **Giulio Gamba - Statutory Auditor**

(a) Pro-quota amount up to April 27, 2012 of fixed Board meeting fees.

(14) **Other Senior Managers with strategic responsibilities**

(a) A total amount of €300,000 relating to allowances for assignments in Italy and overseas that are in line with the national executive employment agreement for Senior Managers and with supplementary Company agreements and other entitlements connected with employed work can be added to the sum of €2,730,000 related to gross annual remuneration.

(b) The sum includes the payment of €811,000 relating to the Deferred Monetary Incentive Plan awarded in 2009.

(c) The sum includes severance pay following termination of employment of a Senior Manager with strategic responsibilities.

Table 2 - Stock options granted to Directors and other Senior Managers with strategic responsibilities

The following table shows stock options granted to the outgoing Deputy Chairman and CEO, to the Deputy CEO and (as an aggregated figure) to Senior Managers with strategic responsibilities.

Specifically, the table shows Saipem stock options, which may be exercised three years after the grant date, under the stock option plans currently in force, the last of which was implemented in 2008. Since the stock option plans are approaching conclusion, the table shows aggregate data for all plans in force.

The column 'Options pertaining to the year' shows the figure recorded in the column 'Fair value of equity remuneration' in Table 1.

Table 2:
Stock options granted to Directors and to other Senior Managers with strategic responsibilities

Name and surname	Office	Plan	Options held at beginning of year			Options granted during the year					Options exercised during the year						
			Number of options	Average exercise price (€)	Average maturity (months)	Number of options	Exercise price (€)	Period exercisable (from-to)	Fair value on grant date (€)	Grant date	Market price of underlying shares upon granting of options (€)	Number of options	Exercise price (€)	Market price of underlying shares on exercise date (€)	Number of options expired in the year	Number of options held at year end	Options pertaining to the year: (1) Fair value (€ thousand)
Pietro Franco Tali	Vice Chairman and CEO	Saipem Stock Option Plan July 29, 2008	124,450	25.872	19	-	-	-	-	-	-	124,450	25.872	37,261	-	-	-
Hugh James O'Donnell	Deputy CEO	Saipem Stock Option Plan July 24, 2007 July 29, 2008	111,700	26.173	13	-	-	-	-	-	-	96,700	26.220	36.825	-	15,000	-
Other Senior Managers with strategic responsibilities (1)		Saipem Stock Option Plan July 24, 2007 July 29, 2008	227,575	25.967	16	-	-	-	-	-	-	185,300	25.984	37,845	33,250	9,025	-

(1) Senior Vice President and Executive Vice President, first level reporting directly to the CEO, the Deputy CEO and the CFO (13 Senior Managers). The number of options includes Senior Managers who became strategic in 2012.

Table 3 - Monetary incentives paid to Directors and other Senior Managers with strategic responsibilities

The following table shows the short- and long-term variable monetary incentives payable to the outgoing Deputy Chairman and CEO, to the Deputy CEO and (as an aggregated figure) to the Senior Managers with strategic responsibilities. All persons who held the above-mentioned positions during 2012 are included in the table, even if they only held such office for a part of the year. Specifically:

- the column 'Bonuses for the year - Payable/Paid out' shows the short-term variable incentive paid out on the basis of performance, as evaluated by the competent Company bodies in relation to the targets set for the previous year;
- the column 'Bonuses for the year - Deferred' shows the base incentive awarded for the year under Long-Term Monetary Incentive Plan;
- the column 'Bonuses for the year - Deferral period' shows the vesting period for Long-Term Monetary Incentive Plan awarded during the year;

- the column 'Bonuses from previous years - No longer payable' shows long-term incentives which can no longer be paid out due to the performance recorded during the vesting period or to portions of incentives which have been cancelled in connection with events relating to the employment contract pursuant to Plan Regulations;
 - the column 'Bonuses from previous years - Payable/Paid out' shows long-term variable incentives paid out during the year that were earned due to the performance recorded during the vesting period or to portions of incentives which were paid out in connection with events relating to the employment contract pursuant to Plan Regulations;
 - the column 'Bonuses from previous years - Still deferred' shows incentives awarded in previous years as part of long-term incentives that have not yet vested;
 - the column 'Other bonuses' shows incentives paid out on an extraordinary one-off basis in relation to the achievement of particularly important results or projects during the year.
- The total of the columns 'Annual bonus - Payable/Paid out', and 'Other bonuses' corresponds to the figure shown in the column 'Bonuses and other incentives' of Table 1.

**Table 3:
Monetary incentives paid to Directors and other Senior Managers with strategic responsibilities**

(€ thousand)

Name and surname	Office	Plan	Bonuses for the year			Bonuses from previous years		
			Payable/Paid out	Deferred	Deferral period	No longer payable	Payable/Paid out	Still deferred
Pietro Franco Tali	Vice Chairman and CEO	2012 Annual Monetary Incentive Plan BoD March 13, 2012	682					
		2012 Deferred Monetary Incentive Plan BoD July 30, 2012				252 ⁽¹⁾	108 ⁽²⁾	
		2012 Long-Term Monetary Incentive Plan BoD October 24, 2012				316 ⁽¹⁾	135 ⁽²⁾	
		2009 Deferred Monetary Incentive Plan BoD July 29, 2009, BoD March 13, 2012					541 ⁽³⁾	
		2011 Deferred Monetary Incentive Plan BoD July 27, 2011				180 ⁽¹⁾	180 ⁽²⁾	
		2011 Long-Term Monetary Incentive Plan BoD October 26, 2011				293 ⁽¹⁾	158 ⁽²⁾	
		2010 Deferred Monetary Incentive Plan BoD July 27, 2010				133 ⁽¹⁾	310 ⁽²⁾	
		2010 Long-Term Monetary Incentive Plan BoD October 27, 2010				256 ⁽¹⁾	170 ⁽²⁾	
Total			682			1,430	1,603	
Hugh James O'Donnell	Deputy CEO	2012 Annual Monetary Incentive Plan BoD March 13, 2012	264					
		2012 Deferred Monetary Incentive Plan BoD July 30, 2012		135	three-year			
		2012 Long-Term Monetary Incentive Plan BoD October 24, 2012		189	three-year			
		2009 Deferred Monetary Incentive Plan BoD July 29, 2009, BoD March 13, 2012					228 ⁽³⁾	
		2011 Deferred Monetary Incentive Plan BoD July 27, 2011						135
		2011 Long-Term Monetary Incentive Plan BoD October 26, 2011						189
		2010 Deferred Monetary Incentive Plan BoD July 27, 2010						176
		2010 Long-Term Monetary Incentive Plan BoD October 27, 2010						189
Total			264	324		228	689	
Other Senior Managers with strategic responsibilities ⁽⁴⁾		2012 Annual Monetary Incentive Plan BoD March 13, 2012	1,283					
		2012 Deferred Monetary Incentive Plan BoD July 30, 2012		557	three-year	106		
		2012 Long-Term Monetary Incentive Plan BoD October 24, 2012		800	three-year	149		
		2009 Deferred Monetary Incentive Plan BoD July 29, 2009, BoD March 13, 2012					811 ⁽³⁾	
		2011 Deferred Monetary Incentive Plan BoD July 27, 2011				106 ⁽¹⁾		639
		2011 Long-Term Monetary Incentive Plan BoD October 26, 2011				149 ⁽¹⁾		900
		2010 Deferred Monetary Incentive Plan BoD July 27, 2010				115 ⁽¹⁾		724
		2010 Long-Term Monetary Incentive Plan BoD October 27, 2010				130 ⁽¹⁾		847
Total			1,283	1,356		754	811	3,110
			2,229	1,680		2,184	2,642	3,799
							3,799	130

(1) Amount no longer payable, following termination of employment contract, calculated pro-rata based on the portion of the vesting period elapsed, in accordance with Plan Regulations.

(2) Amount paid out, following termination of employment contract, calculated pro-rata based on the portion of the vesting period elapsed, in accordance with Plan Regulations.

(3) Pay-out of deferred monetary incentive awarded in 2009, based on EBITDA performance during the 2009-2011 three-year period.

(4) Senior Vice President and Executive Vice President, reporting directly to the CEO, to the Deputy CEO and to the CFO (13 Senior Managers).

Shares held

Table 4 - Shares held by Directors and other Senior Managers with strategic responsibilities

Pursuant to Article 84-*quater*, paragraph 4 of the Consob Issuers Regulation, the following table shows the number of shares held in Saipem SpA by Directors, Statutory Auditors and other Senior Managers with strategic responsibilities, as well as by their

spouses, where not legally separated, and by their minor children, either directly or through subsidiary companies, fiduciaries or third parties, as per the Shareholders Register, communications received or other information forthcoming from the persons concerned.

The table includes all persons that held office for the whole or part of the year.

The number of shares (all of which are 'ordinary') are indicated on an individual basis for Directors and Statutory Auditors and on an aggregated basis for Senior Managers with strategic responsibilities. All shares are held as personal property.

Name and surname	Office	Entity	Number of shares held at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares held at the end of the current year
Board of Directors						
Alberto Meomartini	Chairman	Saipem SpA	1,500			1,500
Pietro Franco Tali	Deputy Chairman and CEO in office until December 5, 2012	Saipem SpA	205,000	124,450 ⁽¹⁾	179,450	150,000
Umberto Vergine	CEO in office from December 5, 2012	Saipem SpA	1,420		1,000	420
Hugh O'Donnell	Deputy CEO	Saipem SpA		96,700 ⁽¹⁾	96,700	
Other Senior Managers with strategic responsibilities⁽²⁾		Saipem SpA	55,299	185,300 ⁽¹⁾	215,672	24,927

(1) Exercise of Stock Options.

(2) Senior Vice President and Executive Vice President, reporting directly to the CEO, to the Deputy CEO and to the CFO (13 Senior Managers). The number of shares held at the end of the previous financial year takes into account those also held by Senior Managers who became strategic during 2012.

Headquarters: San Donato Milanese (Milan) - Italy
Via Martiri di Cefalonia, 67
Branches:
Cortemaggiore (Piacenza) - Italy
Via Enrico Mattei, 20



saipem

saipem Società per Azioni
Share Capital €441,410,900 fully paid up
Tax identification number and Milan Companies'
Register No. 00825790157

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Publications
Bilancio al 31 dicembre (in Italian)
Annual Report (in English)

Interim Consolidated Report as of June 30
(in Italian and English)

Sustainability Report (in English)

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