

SAIPEM S.p.A.

Extraordinary Shareholders' Meeting

December 2, 2015

**EXPLANATORY REPORT PREPARED BY THE BOARD OF DIRECTORS
RELATING TO ITEM 1 ON THE MEETING AGENDA**

*(pursuant to art. 125-ter of Legislative Decree no. 58 dated February 24, 1998 and
art. 72 of Consob Regulation no. 11971 dated May 14, 1999)*

ITEM 1 ON THE AGENDA OF THE SHAREHOLDERS' MEETING

Elimination of the nominal value of ordinary shares and savings shares. Amendment to articles 5 and 6 of the Company's Articles of Association - related and consequent resolutions.

Dear Shareholders,

the Board of Directors of Saipem S.p.A. (hereinafter "**Saipem**" or the "**Company**") convened on October 27, 2015 and resolved to submit for your approval the proposal to amend certain provisions of the Articles of Association in order to eliminate the nominal value of Saipem ordinary shares and savings shares.

The purpose of this Report ("**Report**"), prepared in compliance with art. 72 and Form 3 (Annex 3A) of Consob Regulation no. 11971 dated May 14, 1999 and subsequent amendments, is to provide the necessary information for the Shareholders' meeting to resolve on item 1 of the agenda.

This Report will be sent to Consob and made available to the public at the Company's registered office, on its website (www.saipem.com) and at Borsa Italiana S.p.A., under the terms of the law.

1. Reasons for the proposed operation

Pursuant to art. 5 of the Company's Articles of Association, Saipem ordinary and savings shares have a nominal value of €1,00 each.

The reform in corporate law introduced by Legislative Decree no. 6 dated January 17, 2003 amended articles 2328 and 2346 of the Italian Civil Code, allows public companies to issue shares without par value and eliminate the nominal value of shares already in circulation. Shares without par value have the accounting value resulting from the division of the share capital by the total number of shares in circulation (so-called implicit accounting value parity).

The elimination of the nominal value attached to the shares would introduce an instrument of administrative simplification allowing for greater flexibility in share capital operations (free increase and reduction) and in operations on shares (stock split and reverse stock split). Specifically, without a par value the issuer may increase the paid up capital by issuing new shares with a lower par value than that of shares in circulation. Therefore, the issuer may determine, with greater flexibility, the number of new shares to be issued, taking into account periods of market uncertainty and volatility.

The proposal to eliminate the nominal value for both ordinary and savings shares requires the amendment of art. 5 of the Articles of Association, as indicated in paragraph 2.

Furthermore, since privileges enjoyed by savings shareholders are related to the shares nominal value, it is necessary for the criteria upon which the determination of these privileges is based to be amended in order for the financial privileges to be maintained.

In particular, Saipem savings shares enjoy the following entitlements:

- (i) preferential rights over ordinary shares in the payment of dividends out of the net profit shown in the duly approved financial statements, less the amount to be allocated to the legal reserve, up to 5% of the par value of the share (art. 6, paragraph 3, letter a) of the Articles of Association) (so-called “*priority privilege*”);
- (ii) allocation of a total dividend that is 3% of the par value higher than the dividend payable to the ordinary shares (art. 6, paragraph 3, letter b) of the Articles of Association) (so-called “*surplus privilege*”)
- (iii) deferred participation in losses, in that they participate in any reduction in the share capital due to losses only for that part that exceeds the overall nominal value of all other types of shares issued by the Company (art. 6, paragraph 3, letter f) of the Articles of Association);
- (iv) should they be excluded from official stock market trading, savings shares will be converted, at time of exclusion, into ordinary shares at par and will enjoy the same dividend entitlement as ordinary shares at time of exclusion (art. 6, paragraph 3, letter g of the Articles of Association).

Also, art. 6, paragraph 5, of the Company’s Articles of Association allows holders of savings shares to request, at any time, that their savings shares be converted at par into ordinary shares of equal nominal value.

Following the elimination of the shares nominal value, the values of the “*priority privilege*” and “*surplus privilege*” shall be expressed in an absolute number. Therefore, instead of 5% and 3% respectively of the nominal value of €1.00, the Articles of Association shall indicate the amounts of €0.05 and €0.03 respectively.

In addition, to maintain the right of savings shares to defer their participation in losses, the reference to the nominal value of shares shall be replaced by the fraction of share capital represented by the other shares.

Finally, all reference to the nominal value of shares shall be removed with regard to the exclusion of ordinary and savings shares from official stock market trading, and the right to convert savings shares.

The aforementioned amendments do not affect, from a financial standpoint, the rights enjoyed by savings shares pursuant to the current Articles of Association.

2. Amendments to the Articles of Association and right of withdrawal

The Board of Directors proposes to amend the Articles of Association eliminating any reference to the determination of the nominal value of shares, whatever their category. In future, therefore, provisions related to the nominal value of shares shall apply in respect to their amount in relation with the total amount of shares issued (art. 2346, paragraph 3, of the Italian Civil Code), with the exception of art. 6 of the Company’s Articles of Association, for which it is proposed that a reference to a fixed parameter be added.

Current Text	Proposed Text
<p>Art. 5</p> <p>The corporate capital amounts to €441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) comprising no. 441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) shares with a nominal value of €1 (one) each; of which no. 441,301,574 (four hundred and forty one million three hundred and one thousand five hundred and seventy four) are ordinary shares, and no. 109,326 (one hundred and nine thousand three hundred and twenty-six) are savings shares.</p>	<p>Art. 5</p> <p>The corporate capital amounts to €441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) comprising no. 441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) shares with a nominal value of €1 (one) each without par value; of which no. 441,301,574 (four hundred and forty one million three hundred and one thousand five hundred and seventy four) are ordinary shares, and no. 109,326 (one hundred and nine thousand three hundred and twenty-six) are savings shares.</p>
<p>Art. 6</p> <p>Ordinary shares are registered.</p> <p>Whenever allowed by current legislation, savings shares are not registered, i.e. they are bearer shares. The Company may issue savings shares with special pecuniary privileges.</p> <p>Savings shares currently in circulation, issued by virtue of the Extraordinary Meeting resolution of 11/12/85, have the following entitlements:</p> <p>a) savings shares are allotted dividends on net income reported in the regularly approved financial statements, after a deduction posted to the legal reserve of up to 5% of the shares nominal value;</p> <p>b) after allotment of the privileged dividend to savings shares as per point a), residual income, as resolved by the shareholders' meeting, is apportioned amongst all shares, so that savings shares receive a higher overall dividend than ordinary shares, of up to 3% of the share nominal value;</p> <p>c) if savings shares are allocated a lower dividend than that indicated under a) or b) during a certain fiscal year, the difference will be added to the privileged dividend over the following two fiscal years;</p> <p>d) when reserves are distributed, savings shares have the same entitlement as other types of shares issued by the Company;</p> <p>e) in case of the dissolution of the Company, savings shares have the right of pre-emption over the capital reimbursement;</p> <p>f) a reduction in share capital due to losses will only reduce the nominal value of savings shares for the portion of loss that exceeds the overall nominal value of all other types of shares issued by the</p>	<p>Art. 6</p> <p>Ordinary shares are registered.</p> <p>Whenever allowed by current legislation, savings shares are not registered, i.e. they are bearer shares. The Company may issue savings shares with special pecuniary privileges.</p> <p>Savings shares currently in circulation, issued by virtue of the Extraordinary Meeting resolution of 11/12/85, have the following entitlements:</p> <p>a) savings shares are allotted dividends on net income reported in the regularly approved financial statements, after a deduction posted to the legal reserve of up to 5% of the shares nominal value €0.05 for each savings share;</p> <p>b) after allotment of the privileged dividend to savings shares as per point a), residual income, as resolved by the shareholders' meeting, is apportioned amongst all shares, so that savings shares receive a higher overall dividend than ordinary shares, of up to 3% of the share nominal value €0.03 for each savings share;</p> <p>c) if savings shares are allocated a lower dividend than that indicated under a) or b) during a certain fiscal year, the difference will be added to the privileged dividend over the following two fiscal years;</p> <p>d) when reserves are distributed, savings shares have the same entitlement as other types of shares issued by the Company;</p> <p>e) in case of the dissolution of the Company, savings shares have the right of pre-emption over the capital reimbursement;</p> <p>f) a reduction in share capital due to losses will only reduce the nominal value of fraction of capital represented by savings shares for the portion of loss that exceeds the overall nominal value of</p>

<p>Company;</p> <p>g) should ordinary or savings shares be excluded from official stock market trading on the markets managed by Borsa Italiana S.p.A., savings shares will be converted, at time of exclusion, into ordinary shares at par and will enjoy the same dividend entitlement as ordinary shares at time of exclusion.</p> <p>The Chairman of the Board of Directors or, if unavailable, the Managing Directors shall send the savings shareholders' representative a copy of those Board resolutions that may influence the performance of savings share quotations.</p> <p>Holders of savings shares have the right to request, at any time, that their savings shares be converted at par into ordinary shares of equal nominal value.</p>	<p>fraction of capital represented by all other types of shares issued by the Company;</p> <p>g) should ordinary or savings shares be excluded from official stock market trading on the markets managed by Borsa Italiana S.p.A., savings shares will be converted, at time of exclusion, into ordinary shares at par and will enjoy the same dividend entitlement as ordinary shares at time of exclusion.</p> <p>The Chairman of the Board of Directors or, if unavailable, the Managing Directors shall send the savings shareholders' representative a copy of those Board resolutions that may influence the performance of savings share quotations.</p> <p>Holders of savings shares have the right to request, at any time, that their savings shares be converted at par into ordinary shares of equal nominal value.</p>
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Only voting Shareholders are entitled to the right of withdrawal in respect of the aforementioned amendments to the Company's Articles of Association.

The proposed elimination of the nominal value for ordinary and savings shares is not subject to the approval of a special Meeting of Savings Shareholders, pursuant to art. 146, paragraph 1, letter *b*), of Legislative Decree no. 58 dated February 24, 1998, and subsequent amendments.

3. Proposed resolutions

In light of the foregoing, the Board of Directors submits for your approval the following proposal:

“The Extraordinary Shareholders’ Meeting of Saipem S.p.A.:

- taking into account the explanatory report by the Board of Directors prepared in compliance with articles 72 and 74 of CONSOB Regulation no. 11971 dated May 14, 1999, and subsequent amendments;

resolves

- 1) to eliminate the indication of the nominal value of the ordinary shares and savings shares of the Company, pursuant to articles 2328 and 2346 of the Italian Civil Code
- 2) to amend article 5 of the Company's Articles of Association as follows:

Art. 5

The corporate capital amounts to €441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) comprising no. 441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) shares without par value; of which no. 441,301,574 (four hundred and forty one million three hundred and one thousand five hundred and seventy four) are ordinary shares, and no. 109,326 (one hundred and nine thousand three hundred and twenty-six) are savings shares.”;

- 3) to amend article 6 of the Company's Articles of Association as follows:

“Art. 6

Ordinary shares are registered.

Whenever allowed by current legislation, savings shares are not registered, i.e. they are bearer shares.

The Company may issue savings shares with special pecuniary privileges.

Savings shares currently in circulation, issued by virtue of the Extraordinary Meeting resolution of 11/12/85, have the following entitlements:

a) savings shares are allotted dividends on net income reported in the regularly approved financial statements, after a deduction posted to the legal reserve of up to €0.05 for each savings share;

b) after allotment of the privileged dividend to savings shares as per point a), residual income, as resolved by the shareholders' meeting, is apportioned amongst all shares, so that savings shares receive a higher overall dividend than ordinary shares, of up to €0.03 for each savings share;

c) if savings shares are allocated a lower dividend than that indicated under a) or b) during a certain fiscal year, the difference will be added to the privileged dividend over the following two fiscal years;

d) when reserves are distributed, savings shares have the same entitlement as other types of shares issued by the Company;

e) in case of the dissolution of the Company, savings shares have the right of pre-emption over the capital reimbursement;

f) a reduction in share capital due to losses will only reduce the fraction of capital represented by savings shares for the portion of loss that exceeds the fraction of capital represented by all other types of shares issued by the Company;

g) should ordinary or savings shares be excluded from official stock market trading on the markets managed by Borsa Italiana S.p.A., savings shares will be converted, at time of exclusion, into ordinary shares at par and will enjoy the same dividend entitlement as ordinary shares at time of exclusion.

The Chairman of the Board of Directors or, if unavailable, the Managing Directors shall send the savings shareholders' representative a copy of those Board resolutions that may influence the performance of savings share quotations.

Holders of savings shares have the right to request, at any time, that their savings shares be converted at par into ordinary shares.”;

- 4) to grant the Board of Directors - and on behalf thereof the Chairman and the CEO of the Company, severally and/or through a proxy, - all the powers necessary to implement the foregoing resolutions and to complete all the necessary formalities for the adopted resolutions to be entered in the Business Register, accepting and introducing into said resolutions the amendments and/or additions of a formal and non-substantial nature, that might be requested by the competent authorities, through advance approval declaration and ratification."

..*.*.*

Milan, October 27, 2015

For and on behalf of the Board of Directors

The Chairman

Paolo Andrea Colombo

SAIPEM S.p.A.

Extraordinary Shareholders' Meeting

December 2, 2015

EXPLANATORY REPORT PREPARED BY THE BOARD OF DIRECTORS RELATING TO ITEM 2 ON THE MEETING AGENDA

*(pursuant to art. 125-ter of Legislative Decree no. 58 dated February 24, 1998,
art. 72 of Consob Regulation no. 11971 dated May 14, 1999 and
art. 5 of Consob Regulation no. 17221 dated March 12, 2010)*

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ITEM 2 ON THE AGENDA OF THE SHAREHOLDERS' MEETING

Proposed increase in share capital for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares with the same regular entitlement as ordinary shares of Saipem S.p.A. currently in circulation, to be offered to current holders of Saipem ordinary or savings shares pursuant to art. 2441, paragraph 1, of the Italian Civil Code. Amendment to art. 5 of the Company's Articles of Association - related and consequent resolutions.

Dear Shareholders,

the Board of Directors of Saipem S.p.A. (hereinafter "**Saipem**" or the "**Company**") convened on October 27, 2015 and resolved to submit for your approval the proposal to increase the share capital for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares with the same regular entitlement as ordinary shares of Saipem S.p.A. currently in circulation, to be offered in option to current holders of Saipem ordinary or savings shares pursuant to art. 2441, paragraph 1, of the Italian Civil Code. (hereinafter "**Share Capital Increase**").

The purpose of this Report ("**Report**"), prepared in compliance with art. 72 and Form 3 (Annex 3A) of Consob Regulation no. 11971 dated May 14, 1999 and subsequent amendments, is to provide the Shareholders with the necessary information to resolve on item 2 of the agenda of the Extraordinary Shareholders' meeting.

Furthermore, this Report is prepared in compliance with art. 5 of Consob Regulation 17221/2010 (hereinafter "**Related Parties Regulation**"). It regulates, in the relevant section, the terms and conditions under which the Company can repay the debt it owes to the parent company Eni S.p.A. ("**Eni**") pursuant to the procedure "*Transactions Involving the Interests of Directors and Statutory Auditors and Transactions with Related Parties*", which the Company adopted on November 24, 2010 and modified on March 13, 2012 (hereinafter "**Procedure Interests and TRP**").

This Report will be sent to Consob and made available to the public at the Company's registered office, on its website (www.saipem.com) and at Borsa Italiana S.p.A., under the terms of the law.

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SECTION I – SHARE CAPITAL INCREASE

1. Reasons for the proposed Share Capital Increase

In the early 2000s, the *Major Oil Companies* underwent a process of integration and consolidation in a market favouring large EPC turnkey contracts; in this context the Company undertook a significant course of growth through the acquisition of companies with very strong engineering and project management competencies (Bouygues Offshore and Snamprogetti, among others), aiming to reach a critical mass suited to the larger scale and complexity of projects and greater standing and negotiating power of its clients. At the same time, the Company also reinforced its local presence in strategic countries, building yards and logistics bases (mainly in West Africa and the Caspian Sea area) and gradually dismantled its other international Joint Ventures (EMC and Saiclo), buying out its partners to obtain control of the vessels owned by the Joint Ventures.

Subsequently, with the price of oil growing steadily, the Company seized the opportunity to renew, expand and strengthen its fleet of vessels (mostly for deep and ultra-deep water operations) and fabrication yards, making important investments, which in the period 2007-2013 alone totalled €10,000 million, averaging approximately €1,400 million per annum. Despite the substantial programme of shareholding and non-core business disposals (which netted €700 million in the years 2006-2007 alone), the large amount of capital expended resulted in a gradual but steady rise in net financial debt from 2006.

As indicated extensively in the relevant financial documents, in the years 2009-2010, following the global financial crisis which began with the Lehman Brothers' bankruptcy in September 2008, the market scenario deteriorated and competition amongst contractors became tougher. Consequently, the contracts awarded to the Company during that period were based on conditions that proved to be unfavourable, mainly in terms of pricing and Company risk.

These dynamics resulted, on the one hand, in a significant increase in working capital (approximately +€1,300 million in 2012, with growth mainly in work under execution) and, on the other hand, substantial financial losses on projects (which led EBIT to fall from approximately €1,500 million in 2011 to approximately €150 million in 2013). Hence, with net profits in excess of €900 million in 2011, the Company sustained a net loss of €136 million in 2013.

The significant market deterioration in the second half of 2014 led by a heavy fall in the oil price left oil&gas industry prospects severely worsened; this caused the Company to devalue assets by €110 million and work in progress by €30 million (also in light of negotiations on specific projects).

In 2015 the competitive scenario in which Saipem operates continued to deteriorate, due to the price of oil remaining low throughout the year and growing concerns of it staying low into 2016. This context caused:

- delays to or cancellations of ongoing projects, as well as clients hardening their negotiating positions to obtain variations and/or modifications during the execution phase of projects;
- an increase in credit risk in certain geographical areas; and

- the need to rethink the Company's operational strategy, followed by the launch of an efficiency and turnaround plan "*Fit for the future*" aimed at optimizing structural costs in several geographical areas, streamlining operational processes and rationalizing certain fabrication yards and vessels, no longer viable under the new market scenario.

Therefore, results for the first half of 2015 were particularly negative on account of the subsequent write-downs (on specific contracts, vessels and yards). Furthermore, following the notification of the termination for convenience by the Client, the Company had to cancel the "South Stream" contract from the backlog at June 30, 2015 (-€1,232 million).

Results at June 30, 2015 were as follows:

- *Adjusted EBIT*: €579 million;
- *EBIT*: €790 million, which included €11 million in write-downs of capital assets;
- *Adjusted net profit*: €709 million;
- *Net profit*: €920 million;
- *Capital expenditure*: €268 million (€329 million in the first half of 2014);
- *Net debt at June 30, 2015*: €5,531 million (€4,424 million at December 31, 2014) including a negative cash impact of €502 million relating to the renewal of FX hedging derivatives;
- *New contracts*: €3,500 million (€3,132 million in the first half of 2014);
- *Backlog*: €19,018 million at June 30, 2015 (€22,147 million at December 31, 2014).

The following table shows the evolution of the net financial position and Shareholders' equity from the year 2006, and their ratio.

Year	Net financial position (million euro)	Shareholders' equity (inclusive of <i>minority interest</i>) (million euro)	Ratio between net financial position and Shareholders' equity
2006	1,417	1,585	0.89
2007	1,694	2,299	0.74
2008	2,032	2,778	0.73
2009	2,845	3,495	0.81
2010	3,263	4,154	0.79
2011	3,192	4,823	0.66
2012	4,278	5,553	0.77
2013	4,707	4,744	0.99
2014	4,424	4,178	1.06
2015 (3Q)	5,736	3,416	1.68

Over the period identified in the table, the Company met its financial requirements by borrowing directly from the parent company Eni S.p.A. or its subsidiaries.

As at September 30, 2015, the Company's financial exposure is as follows: approximately 93% intra-group finance contracts with Eni S.p.A. and Eni Finance International S.A. (a subsidiary of Eni) ("**EFI**"), specifically €2,831 million of short/medium term loans due to expire on September 30, 2016 and €3,719 million of medium/long term loans due to expire on June 30, 2020.

As detailed in the "Corporate Governance and Shareholding Structure Report 2014", as of September 30, 2015:

- existing loans between Saipem and Eni include change of control clauses, whereby, should Eni lose control over Saipem, pursuant to art. 93 of Legislative Decree 58/98 (hereinafter "**TUF**"), Eni would have the right to rescind the finance contracts (and request repayment for the loans). Should Eni exercise this right, Saipem would have to repay the loan upon the date of expiry of the interest period (i.e. 10 days from receipt of the notification of cancellation). Furthermore, from the date of loss of control, Saipem would be obliged to provide adequate guarantees to cover the liabilities of the existing loans.
- existing loans between Saipem Group companies and EFI include change of control clauses, whereby, should Eni cease to be the ultimate parent company of the relevant Saipem Group company, EFI would have the right to consider the loan outstanding and request in writing that it be repaid within seven days.

The data in the above table shows the progressive increase in the net financial position despite maintaining a balanced financial structure at least until 2012 (ratio between net financial position and Shareholders' equity).

However, it is evident that from 2013 the financial structure of the Company has been increasingly weighed down by debt due to the progressive reduction in net equity (on account of write-downs) and the further increase in financial debt (despite the decrease in investments) resulting from the completion of projects which were not offset by adequate revenue volumes and proceeds from clients.

The Board of Directors deems the current ratio between debt and equity to be a constraint on the Company in obtaining new financial resources on the market, especially at contractual terms in line with its operational and flexibility requirements and at a sustainable cost.

The Board of Directors of the Company acknowledges that the ratio between debt and equity cannot be redressed without an intervention aimed at strengthening the Company's balance sheet; this intervention could, at the same time, help achieve another of the Company's objectives: independence and financial autonomy from Eni, by diversifying its sources of finance and increasing its operational and financial flexibility.

On October 27, 2015, the Board of Directors approved the Strategic Plan for the period 2016-2019 (hereinafter "**Strategic Plan**"), which provides for the implementation of the following strategies:

1) *Optimization of the cost structure and process efficiency*

Upon their taking office, the new management submitted to the Board the project “*Fit for the Future*”, which comprised a series of actions aimed at optimizing the cost structure of the Company and pursuing efficiency through a leaner organizational and operational structure at global level, the improvement of certain commercial and operational processes and the rationalization of the fleet (scrapping obsolete or inefficient vessels) and certain yards.

2) *Focusing on the business portfolio*

Offshore E&C shall remain the focus of our business, revitalizing its technological leadership and leveraging on its culture and natural predisposition of its personnel towards innovation and business organization.

The target for the Onshore E&C business unit will be the recovery of its economic and financial performance to be achieved by de-risking its business model (see item 3 hereafter) and a strict evaluation of project risks in order to identify the correct contingency level and margin from the commercial phase and through execution.

Maintaining both the offshore and onshore drilling portfolios is considered an important element to achieve stable and solid economic results.

3) *De-risking the business model*

Several initiatives were identified aimed at reducing the risk profile of the sectors in which Saipem operates. Specifically:

- increasing its service quota (engineering studies, *front-end engineering and design*, etc.) or EPCM projects (*Engineering, Procurement and Construction Management*, which do not entail the overall responsibility for construction phase), for Onshore E&C in particular;
- strengthening cooperation with strategic partners in high added value segments (for instance LNG/FLNG, etc.);
- focusing on the individual phases of the project management process (*risk assessment, planning, cost control, interfaces integration*, etc.);
- placing particular attention on managing relations with main clients, thereby preventing and reducing potential conflicts, of great importance in the current market;
- continuous improvement of guidelines and procedures aimed at preventing illicit behaviour, in line with the best anti-corruption practices required of a contractor in the Oil&Gas industry.

4) *Technology and innovation*

Continuous development and application of innovative technologies are a distinguishing feature in the recovery of efficiency and maintaining leadership. The Company intends to focus mainly on the following technological high value-added segments:

- SURF (*Subsea, Umbilicals, Risers and Flowlines*) and Subsea Processing;
- *Floaters* dedicated to liquefied natural gas (FLNG – *Floating Liquefied Natural Gas plants*);
- *Export Lines* and *Trunklines*, constantly challenging the technological constraints of construction (diameters, thickness, water depth, characteristics of fluids to be transported, installation times);
- technologies for project materials and the most complex applications in chemical/physics terms;
- maintaining process-distinctive proprietary technologies (for instance *Urea Process Technology*).

5) *Strict financial policy to curb net debt*

The Company's financial policy is based on the following principles:

- rebalancing the financial structure and refinancing the debt, whose objectives and methods are described in the forthcoming pages of this Report;
- strong commitment to obtaining a *rating investment grade*, a significant factor of financial soundness and competitiveness in the E&C business;
- shareholders remuneration, within the overall financial objectives;
- strict discipline in evaluating and selecting investments;
- rigorous management of working capital of projects from the commercial phase through execution, with direct input from the top management to recoup the part relating to legacy contracts;
- disposal of *non-core assets*, already begun with the sale of the environmental services branch.

With regard to the aforementioned objective of debt reduction, the Board of Directors, on October 27, 2015, put forward the following proposal:

- rebalancing the financial structure of the Company by strengthening the Company's balance sheet for a maximum amount of €3,500 million through a Share Capital Increase;
- Refinancing (as defined hereinafter) the Company's remaining gross financial debt after the Share Capital Increase (estimated to be approximately €2,200 million on the day new lines of financing are drawn down). Please note that the gross financial debt at the end of December 2015 is estimated to be approximately €6,900 million and approximately €6,700 million on the day new lines of financing are drawn down. Furthermore, Eni's counter-guarantees in favour of Saipem Group companies are currently in force, as are current forex hedging contracts with the Eni Group.

With regards to the Share Capital Increase, Eni is committed to underwrite its share, while an underwriting consortium (made up of two banks acting as Global Coordinators and 5

Joint Bookrunners) shall guarantee that unexercised rights, if any, would be entirely underwritten. Further information is provided in paragraphs 4 and 7 of this section.

The Share Capital Increase will enable the Company to raise significant resources to curb its net debt, which shall strengthen the solidity of the Company's financial structure, improve its credit rating, increase its flexibility in pursuing its objectives and reduce its financial expenses.

The Share Capital Increase shall also enable the Company to obtain a *provisional public rating Investment Grade* from the two main rating agencies (Moody's and Standard and Poor's). In fact, the rating agencies have committed to issue a definite public rating, once the Share Capital Increase and the Refinancing transactions are finalized.

On October 27, 2015, the Company signed with Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Mediobanca –Banca di Credito Finanziario S.p.A., UniCredit S.p.A. with Goldman Sachs International Inc. and J.P. Morgan Limited, Intesa Sanpaolo S.p.A., Citibank, N.A., Milan Branch, Deutsche Bank AG, Luxemburg Branch, Goldman Sachs Lending Partners LLC and JPMorgan Chase Bank, N.A., Milan Branch (jointly, the “**Banks**”) a letter of mandate relating to the structuring of a financing operation involving the Refinancing of the gross financial debt of the Company and other Saipem Group companies (terms and conditions are detailed in a term sheet enclosed to the letter of mandate), which shall occur subject to the positive conclusion of the Share Capital Increase. Specifically, the financing (hereinafter “**Refinancing**”) shall amount to €4,700 million, broken down as follows:

- a *Bridge to Bond Facility* of €1,600 million (expiring on the later date between (i) after 18 months from the date of the financing contract and (ii) July 1, 2017 and renewable for a further 6 months);
- a *Term Facility* of €1,600 million, *amortizing* over 5 years from the date of the contract;
- a *Revolving Facility* of €1,500 million (duration 5 years from the date of the contract).

The *Bridge to Bond Facility* and the *Term Facility* would be used to cover the remaining debt of the Company after the Share Capital Increase, while the *Revolving Facility* would provide the Company with the funds necessary to deal with its current financial commitments.

The structure, duration and terms of the financing have been devised to provide the Company with:

- adequate cash resources to cover reasonable temporary fluctuations in working capital;
- reasonable timeframes to enable the Company to issue *bonds* (in line with the practice adopted by its competitors in the industrial sectors in which Saipem operates) and gradually extinguish the bridge to bond facility over the years 2016-2017;
- enough time to repay the *Term Facility*;
- the absence of financial *covenants* so as to maintain the *rating Investment Grade* by both rating agencies (should even only one agency downgrade its rating, a covenant would be introduced, which would be calculated as the ratio between the Group

consolidated net financial position and the Group consolidated EBITDA, duly rectified);

- the absence of managerial constraints that could affect the ordinary management of the Company.

The aforementioned strengthening measures shall enable the Company to attain significant benefits of a strategic, economic and financial nature, positively affecting its balance sheet.

Specifically, the proposed recapitalization and repayment of the debt to Eni shall enable the Company to become financially independent and autonomously pursue its growth policies and future projects. The aforementioned measures aimed at strengthening its finances and balance sheet shall also enable Saipem to reduce the average cost of its debt. In fact, the weighted average spread applied to the debt owed to the Eni Group in 2015 is approximately 2.4%, whereas, following the Share Capital Increase and the Refinancing operation, the weighted average spread is expected - should the public rating be in line with the *provisional public rating investment grade* - to be slightly less than 2%. Furthermore, following the Share Capital Increase and the Refinancing operation, should the public rating be in line with the provisional public rating investment grade, the weighted average spread expected for 2016 (calculated based on nominal rates expected to be applied to the Bridge to Bond, the Term, the Revolving Credit facilities and its share of upfront fees), is estimated to be lower than the weighted average spread expected for 2016 calculated based on existing financing contracts with Eni Group companies.

2. Effects of the Share Capital Increase on the Company's Net Debt

The Share Capital Increase shall rebalance the Company's financial structure, improving the balance between net financial debt and net equity. The Share Capital Increase will result in a decrease in net debt, since it will not be used to finance new investments and/or acquisitions.

3. Expected closure and management expectations for 2015

Saipem Sector	September	3 rd Forecast	Q3	Q4
REVENUES	8,445	11,940	3,072	3,495
EBITDA	124	490	321	366
<i>EBITDA/REVENUES</i>	<i>1.5%</i>	<i>4.1%</i>	<i>10.4%</i>	<i>10.5%</i>
EBIT	(640)	(460)	150	180
<i>EBIT/REVENUES</i>	<i>-7.6%</i>	<i>-3.9%</i>	<i>4.9%</i>	<i>5.2%</i>
NET RESULT	(866)	(828)	54	38
<i>NET RESULT/REVENUES</i>	<i>-10.3%</i>	<i>-6.9%</i>	<i>1.8%</i>	<i>1.1%</i>
Net Financial Position	5,736	5,521		

E&C Offshore	September	3 rd Forecast	Q3	Q4
REVENUES	5,109	7,123	1,721	2,014
EBITDA	299	473	103	174

<i>EBITDA/REVENUES</i>	5.9%	6.6%	6.0%	8.6%
EBIT	(70)	30	44	100
<i>EBIT/REVENUES</i>	-1.4%	0.4%	2.6%	5.0%

E&C Onshore	September	3 rd Forecast	Q3	Q4
REVENUES	1,934	2,999	886	1,065
EBITDA	(670)	(654)	17	16
<i>EBITDA/REVENUES</i>	-34.6%	-21.8%	1.9%	1.5%
EBIT	(751)	(745)	7	6
<i>EBIT/REVENUES</i>	-38.8%	-24.8%	0.8%	0.6%

Drilling Offshore	September	3 rd Forecast	Q3	Q4
REVENUES	810	1,048	272	238
EBITDA	400	518	136	118
<i>EBITDA/REVENUES</i>	49.4%	49.4%	50.0%	49.6%
EBIT	221	283	81	62
<i>EBIT/REVENUES</i>	27.3%	27.0%	29.8%	26.1%

Drilling Onshore	September	3 rd Forecast	Q3	Q4
REVENUES	592	770	193	178
EBITDA	95	153	65	58
<i>EBITDA/REVENUES</i>	16.0%	19.9%	33.7%	32.6%
EBIT	(40)	(28)	18	12
<i>EBIT/REVENUES</i>	-6.8%	-3.6%	9.3%	6.7%

4. Guarantee Consortium

On October 27, 2015, the Company on one side and Goldman Sachs International and J.P. Morgan Securities plc in their capacity as *joint global coordinators* and *joint bookrunners*, and Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Mediobanca –Banca di Credito Finanziario S.p.A. and Unicredit Corporate and Investment Banking in their capacity as *joint bookrunners*, signed a pre-guarantee agreement relating to the Share Capital Increase, according to which *Joint Global Coordinators* and *Joint Bookrunners* commit to underwrite any unexercised rights pursuant to art. 2441, paragraph 3, of the Italian Civil Code, at terms in line with market practice, net of commitments as detailed in paragraph 7 of this Section.

5. Other listings

As this is a rights issue, shares issued as a result of the Share Capital Increase will be offered to ordinary and savings Shareholders of the Company. No other listings are available.

6. Criteria for the determination of the issue price

The proposal to be submitted for approval to the Extraordinary Shareholders' meeting on December 2, 2015 provides that the issue price for ordinary shares be set by the Board of Directors, near the time of issue of the offer in option, taking into account, inter alia, the market conditions in general, the ordinary share trading volumes and prices, the trend of the business and financial position of the Company and/or the Saipem Group and their growth prospects, which is considered a market practise for similar operations. Specifically, notwithstanding the foregoing criteria, the issue price shall be determined by applying, in line with the current market practise for similar operations, a discount to the *theoretical ex right price* (TERP) of existing ordinary shares, calculated according to current methodologies.

Once the issue price is set (inclusive of premium, if any), the Board of Directors shall determine the maximum number of shares to be issued and their rights option ratio.

7. Willingness of Shareholders to subscribe to the Capital Increase

On October 27, 2015, the Shareholder Eni irrevocably undertook to underwrite all newly-issued ordinary shares of Saipem pro-rata to its holding, i.e. approximately 42,9% of Saipem's share capital.

Furthermore, on October 27, 2015 Eni also signed a share purchase agreement with Fondo Strategico Italiano S.p.A. ("FSI") concerning the purchase of a participation equal to approximately 12.5% of the share capital of Saipem, as well as a shareholders' agreement to regulate the governance and the ownership structure of Saipem. Therefore FSI has taken an irrevocable commitment to exercise the portion of the rights issue pertaining to the transferred shares, subject to the completion of the sale. Hence, Eni's commitment will be proportionally reduced to the amount corresponding to the participation owned by Eni upon completion of the sale to FSI.

8. Expected timing of the Share Capital Increase

Subject to all the necessary authorisations having been granted by the relevant Authorities, the expected timing of the offer of newly-issued shares in option to ordinary and savings Shareholders should be completed by the end of the first quarter of 2016.

9. Entitlement of the newly-issued shares

Newly-issued shares shall have regular entitlement and shall, therefore, attribute to their holders the same rights as the Company's ordinary shares already in circulation at the time of their issue.

10. Pro-forma effects on capital and financial position

Thanks to the underwriting commitment detailed in paragraphs 4 and 7 of this section, the Share Capital Increase shall provide an increase in net equity equal to the full amount of the increase, minus the direct costs of the operation.

According to the information provided in paragraph 2, the financing resulting from the Share Capital Increase, together with the resources brought by the Refinancing plan, shall be utilized to repay the debt owed to Eni.

As of the date of this Report, the following information has not been defined: terms and conditions of the offer in option, the overall amount of the Share Capital Increase, the price of newly issued shares, including premium if any, and the number of shares to be issued related to the Share Capital Increase. As stated in paragraph 6, these terms will be set by the Board of Directors approaching the time of the beginning of the offer in option.

11. Dilution effects

As this is a Share Capital Increase offered in option, it is not expected to have any dilutive effect in terms of percentage ownership of the share capital for those shareholders in the Company who decide to fully exercise their rights. The Share Capital Increase provides that all ordinary and savings Shareholders of the Company have the right of option.

Where the rights attributable to them are not taken up, shareholders, as a consequence of the Capital Increase, will experience a dilution of their shareholding, on account of the size of the issue, the discount to the theoretical ex right price (TERP) of Saipem ordinary shares, which will be determined by the Board of Directors in the period prior to the start of the issue.

To facilitate the management of the remaining shares, the Company may appoint an authorised intermediary, if required, in compliance with current legislation.

12. Amendments to the Articles of Association and right of withdrawal

Approval of the proposed Share Capital Increase requires that art. 5 of the Company's Articles of Association be amended as follows:

Current Text	Proposed Text
<p>Art. 5</p> <p>The corporate capital amounts to €441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) comprising no. 441,410,900= (four hundred and forty one million four hundred and ten thousand nine hundred) shares with a nominal value of €1 (one) each; of which no. 441,301,574 (four hundred and forty one million three hundred and one thousand five hundred and seventy four) are ordinary shares, and no. 109,326 (one hundred and nine thousand three hundred and twenty-six) are savings shares.</p>	<p>Unchanged.</p>
	<p>On December 2, 2015, the Extraordinary Shareholders' Meeting resolved to increase the share capital for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the</p>

	<p>issue of ordinary shares, with no par value, with normal entitlement and identical in character to the shares already in circulation at the time of issue, to be carried by March 31, 2016, and offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code. The aforementioned Shareholders' Meeting also granted the Board of Directors all the relevant powers to: (i) determine, in the period prior to the start of the rights issue, the issue price, taking into account, amongst other things, when determining the issue price, general market conditions and the share price performance and volumes, as well as the economic, capital and financial trends of the Company and/or the Saipem Group and their growth prospects, and taking into consideration market practices for similar operations; specifically, notwithstanding the aforementioned criteria, the issue price shall be determined by applying, in line with the current market practise for similar operations, a discount to the theoretical ex right price (TERP) of existing ordinary shares, calculated according to current methodologies; (ii) to determine – given the foregoing item sub (i) – the maximum number of shares to be issued, the rights option ratio, rounding the number of shares if necessary, and (iii) to determine the timing of the implementation of resolutions to increase the share capital, in particular for the start of the offer of option rights, as well as any subsequent offer on the stock market of any rights not taken up on expiry of the subscription period, with respect to the closing date on March 31, 2016.</p>
<p>Savings shares may be issued by both capital increase and by converting shares from other categories; the issue of savings shares, which are convertible but have the same characteristics as ordinary shares, does not require formal approval by Savings Shareholders' Meetings.</p>	<p>Unchanged.</p>

Only voting Shareholders are entitled to the right of withdrawal with respect to the aforementioned amendments to the Company's Articles of Association.

The proposed Share Capital Increase for cash, through the issue of ordinary shares, with no par value, with normal entitlement and identical in character to the shares already in circulation at the time of issue, to be offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code, is not subject to the approval of a special Meeting of Savings Shareholders, pursuant to art. 146, paragraph 1, letter *b*), of TUF.

SECTION II – REPAYING THE NET DEBT TO ENI GROUP (THE “OPERATION”)

1. Foreword

Saipem is subject to Eni’s direction and coordination, as it holds approximately 42.9% of Saipem’s share capital.

As of the date of this Report, the overall debt exposure of the Saipem Group towards the Eni Group amounts to €6,500 million, in addition to the counter-guarantees provided by Eni to the Saipem Group and all existing hedging derivative contracts with the Eni Group.

The overall operation aimed at strengthening the balance sheet, amply described in Section I, is to be realized by utilizing the proceeds of the Share Capital Increase and the funding coming from the Refinancing.

In view of the size of the debt to be reimbursed and to ensure maximum transparency of the decision-making process with regard to all Shareholders and in agreement with Board of Directors’ guidelines, the Audit and Risk Committee (hereinafter “**Committee**”), in line with the analysis carried out in conjunction with the Board of Statutory Auditors, reviewed the Operation in accordance with the rules and regulations governing operations of “greater importance” with related parties included in the Related Parties Regulation and the Procedure Interests and TRP.

The Committee resolved, pursuant to art. 5 of the Procedure Interests and TRP, to appoint its own financial advisor (Leonardo & Co. S.p.A., hereinafter “**Independent Advisor**”), having first ascertained that it met the independence requirements.

On October 26, 2015, the Independent Advisor issued its opinion to the Committee on the Operation in the context of the Company Refinancing its debt through a combination of (i) Share Capital Increase and (ii) Refinancing (hereinafter “**Opinion**”), stating that: *«based on and subject to the foregoing, the Advisor, on the date of the Opinion, deems (A) the Refinancing of the Company’s debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, to be overall financially expedient for the Company, and that (B) in the context of and subject to the successful completion of the Refinancing of the Company’s debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, which is an integral and unavoidable part of the overall operation, to be in the interests of the Company».*

On October 26, 2015, the Committee – based on the Opinion – expressed *«unanimously in favour on the interests of the Company in completing the Operation reimbursing the financial debt owed to the parent company ENI S.p.A.,) in the context of and subject to the successful completion of the Refinancing of the Company’s debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, which is an integral and unavoidable part of the overall operation. It also found the relevant conditions of the Operation to be advantageous and substantially correct».*

The Opinion issued by the *Independent Advisor* and the opinion issued by the Committee are enclosed in Italian to the Report (Annexes “A” and “B” respectively).

2. Information related to the Operation

2.1 Description of characteristics, methods , terms and conditions of the operation

As illustrated in Section I of this Report, Saipem's balance sheet, both in absolute terms and in comparison to its main competitors, has a high level of debt. Also, the Company is currently financially dependent on its parent company Eni. These factors could limit the future development and growth of the Company. Saipem intends to adopt measures to rebalance the Company's balance sheet and improve its financial efficiency and flexibility.

The Operation involves the repayment in cash of the debt owed by the Saipem Group to Eni and the gradual replacement of the counter-guarantees that Eni provides to banks that have issued independent guarantees in favour of Saipem Group companies, and the closure of derivative hedging contracts currently in force with the Eni Group.

Survey Agreement

On October 27, 2015, Saipem and Eni signed a survey agreement (hereinafter "**Survey Agreement**") aimed at ascertaining (i) existing debt and debt forecast at the closing date based on the principle of invariance, and (ii) repayment of debt owed by Saipem Group companies by centralizing it exclusively with Saipem and Saipem Finance International B.V. ("**SFI**").

In brief, the Survey Agreement provides the following:

- upon signing the Survey Agreement: the parties (i) ascertained the debt owed by Saipem Group companies to Eni, Banque Eni S.A. ("**Besa**"), Eni Finance International S.A. ("**Efi**") and Eni Finance USA Inc. ("**Efusa**") at September 30, 2015 and (ii) ascertained the debt owed by Eni Group companies to Saipem Group companies at September 30, 2015;
- by February 5, 2016: the following shall be carried out; (i) transfers from Eni to Saipem of existing financial contracts (other than forex hedging contracts) between Eni and Saipem Group companies (other than Saipem), and subsequent centralization within Saipem of Eni credits towards Saipem Group companies: the transfer will entail a consideration which Saipem will pay utilizing existing lines with Eni ("**Eni Lines**") and (ii) transfer from Efi and Efusa to SFI of existing financial contracts between Efi and Efusa respectively and Saipem Group companies and subsequent centralization within SFI of Efi and Efusa credits towards Saipem Group companies; the transfer will entail a consideration which SFI will pay utilizing lines made available by Efi ("**New Efi Lines**");
- between February 14, 2016 and March 5, 2016: the following shall be carried out; (i) progressive transfer from Eni to SFI of existing forex hedging contracts between Eni and Saipem Group companies and subsequent centralization within SFI of Eni credits held towards Saipem Group companies; the financial balance (fair value/market to market) of each hedging contract will be paid by SFI (for and on behalf of the relevant Saipem Group companies) by the earlier date between the natural hedging contract expiry and March 5, 2016, utilizing New Efi Lines or, should hedging contracts expire after the first Refinancing drawdown, utilizing proceeds from the Share Capital Increase and Refinancing; and (ii) progressive transfer from Besa to

SFI of existing forex hedging contracts between Besa and Saipem Group companies and subsequent centralization within SFI of Besa credits held towards Saipem Group companies; the financial balance (fair value/market to market) of each hedging contract will be paid by SFI (for and on behalf of the relevant Saipem Group companies) by the earlier date between the natural hedging contract expiry and March 5, 2016, utilizing New Efi Lines or, should hedging contracts expire after the first Refinancing drawdown, utilizing proceeds from the Share Capital Increase and Refinancing;

- within the first day of the first Refinancing drawdown following the completion of the Share Capital Increase: (i) Saipem and SFI shall repay Eni Lines and New Efi Lines utilizing the proceeds of the Share Capital Increase and the Refinancing and (ii) the parties shall ascertain existing Eni counter-guarantees versus bank guarantees in favour of the Saipem Group in force on that day (“**Residual Guarantees**”);
- within three years from the date of the resolution of the Share Capital Increase by the relevant Saipem body: existing Eni counter-guarantees versus Residual Guarantees shall be terminated upon specific waiver by the relevant beneficiaries;
- until July 31, 2016: Saipem and the other Saipem Group companies may continue to use the current accounts connected with Besa contracts, provided all movements are covered by Saipem funds (i.e. Saipem shall first transfer the funds to be used into the relevant account) and that Saipem issue, directly or indirectly, through primary banks, one or more guarantees, usable at Belgium National Bank, autonomous and payable on demand, valid at least until July 31, 2016 and amounting to a total of €200 million.

The Survey Agreement is based on the successful completion of the Share Capital Increase and Refinancing, without which repayment of the entire debt owed by the Saipem Group to the Eni Group would not be possible. Art. 4 (F) governs the unsuccessful implementation of the measures aimed at strengthening the balance sheet as approved by the Board of Directors on October 27, 2015, providing as follows: *«notwithstanding the provisions of article 6.2, should the Operation fail to occur, fully or partly, within the deadline stated in Article 10, i.e. March 31, 2016, this Agreement shall become null and void and the Parties shall evaluate in good faith if and/or how to regulate the reconveyance of Financial Contracts that have been transferred»*. In this event, the Survey Agreement having become null and void, Saipem would not be obliged to repay its debt to Eni, but would negotiate in good faith with Eni the “reconveyance” of Eni credits already transferred.

Art. 6.2 regulates the event in which measures for the overall strengthening of the balance sheet as approved by the Board of Directors should only be partially implemented. In this case, Saipem would be obliged to utilize the relevant proceeds to repay a proportional quota of its debt towards Eni. Therefore art. 6.2 regulates only the allocation of these proceeds, notwithstanding the power of the Board of Directors to decide if the partial execution of the strengthening measures is still in the interest of the Company.

The Survey Agreement is valid until March 31, 2016, is subject to Italian law and falls within the jurisdiction of the Milan courts.

2.2 Related parties involved in this operation and their relationship

As indicated in paragraph 1 of Section II, as of the day of the approval of the Operation, Saipem is subject to Eni's direction and coordination, as the latter holds approximately 42.9% of Saipem's share capital.

2.3 Financial rationale of the operation and its expediency for Saipem

The Operation represents the pivotal element in a larger operation aimed at strengthening the Company's finances and balance sheet in order for Saipem to become strategically and financially independent and able to autonomously devise its future investments and business development plans.

This is provided for in the Refinancing, whereby the new funds are to be used to repay the debt owed to the Eni Group. Additionally, the Survey Agreement stresses that it is in Saipem's interest to adopt measures that strengthen and rebalance its financial and equity situation, and, that it is an essential prerequisite for Saipem achieving independence from the Eni Group, the full repayment in cash by Saipem and Saipem Group Companies and the cancellation of Eni's obligations in terms of existing bank guarantees in favour of Saipem and its subsidiaries.

As stated by the Independent Advisor in its Opinion, from a financial standpoint the Operation is consistent with both cash requirements and financial sustainability, as illustrated in paragraph 2.5 of Section II and with the optimal definition of the capital structure in terms of financial costs.

Furthermore, as indicated in paragraph 1 of Section I, should the Operation and subsequent implementation of the overall strengthening measures be successfully implemented, Saipem should be able to reduce the weighted average interest of its debt.

Finally, it is worth noting that Eni may, at its discretion, demand repayment of the debt on account of the *change of control* clauses detailed in paragraph 1 of Section I.

2.4 Determination of the consideration and evaluation of its adequacy

The financing contracts in force with the Eni Group provide that no extra costs or penalties will be levied as a result of early repayment by Saipem or its subsidiaries.

The Survey Agreement provides for the following terms and conditions applicable to each type of outstanding financing.

a) Net debt

The Survey agreement regulates the transfer of financing contracts between the Eni Group and the Saipem Group stating that: (i) the consideration for the transfer of financing contracts to Saipem Group companies (other than Saipem) by Eni, Efi, Efusa and Besa be repaid (x) with regard to the debt centralized within Saipem, utilizing proceeds from further utilization of existing Eni Lines and (y) with regard to the debt centralized within SFI, utilizing proceeds from new credit lines issued by Efi to SFI or, for the transfer of hedging contracts due to be expire after the first Refinancing drawdown, utilizing proceeds from the Share Capital Increase and Refinancing; and (ii) the debt owed by Saipem on existing Eni

credit lines and by SFI on new Efi lines be repaid utilizing proceeds from the Share Capital Increase and Refinancing, upon the first Refinancing drawdown.

b) Counter-guarantees versus Residual Guarantees

Saipem currently manages its credit lines in order to raise bank guarantees without Eni's backing. With respect to the counter-guarantees issued by Eni versus existing residual guarantees, the Survey Agreement provides that Saipem, after three years from the approval of the Share Capital Increase, obtains from each of the banks that have received Eni counter-guarantees, cancellation of Eni counter-guarantees and indemnifications issued (and their return to Eni); we note that guarantees due to expire after the three-year period are expected to be very small (approximately €400 million); it is therefore reasonable to assume that the replacement of Eni guarantees would occur at market rates in line with those applied by Eni.

c) Derivatives

In accordance with the treasury convention currently in force with Eni, Saipem has open derivative contracts whose nominal value amounts to approximately €10,000 million and whose *fair value (mark to market)*, based on the forex on September 30, 2015, amounts to approximately €20 million. The Survey Agreement provides that payment of balances for derivatives contracts transferred to SFI occur from February 14, 2016 upon their natural expiry, but within March 5, 2016, with both parties recognising the balance based on the *fair value/mark to market* calculated by Eni by applying an objective formula set in the same Survey Agreement.

2.5 Economic and financial impact of the Operation

The Committee's evaluation of the economic and financial impact of the Operation took into consideration the in-depth analysis that the Independent Advisor provided in its Opinion, summarised hereafter.

a) The Company's sources of financing before and after the overall operation

The overall operation shall enable Saipem to rebalance its sources of finance and strengthen its balance sheet, improving its main financial and equity indicators, namely "Net Financial Position / Enterprise Value" ("**NFP/EV**") and "Net Financial Position / EBITDA" ("**NFP/EBITDA**").

Specifically, the NFP/EV ratio post operation is expected to rise to approximately 36% from a pre-operation value of approximately 59% ⁽¹⁾, and would be more in line with that of the Company's main competitors, equal to approximately 6% of E&C focused companies and 53% of drilling focused companies. The same is also valid for the NFP/EBITDA ratio

¹ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP.

(²), which would improve post-operation to approximately 1.7x, from a pre-operation value of approximately 4.6x; this post-operation ratio would also be more in line with that of the Company's main competitors, equal to approximately 0.3x for E&C focused companies and 2.0x for drilling focused companies.

The overall operation shall enable Saipem to achieve a balanced stand-alone capital structure in terms of sources, in line with that of its main competitors; the latter make significant use of the debt capital market and their sources of financing are largely made up of medium-term bond issues.

b) Financial sustainability

The gross debt reduction should result in significant savings in terms of financial expenses: on a *pro-forma* basis, in 2015 the reduction in financial expenses are estimated at approximately €100 million, gross of transfer costs. With respect to the years covered by the *Business Plan*, *i.e.* 2016 – 2019, cumulative savings should exceed €200 million, net of transfer costs.

Likewise, assuming the Company implements the *Business Plan* and factoring in the *stress tests* carried out by *rating agencies*, main financial ratios are expected to improve year on year. Specifically with respect to the NFP/EBITDA and “EBITDA/Financial Expenses” ratios (hereinafter, “EBITDA/FE”):

- the NFP/EBITDA ratio would go from 4.6x in 2015 (³) to neutral in 2018 (⁴), based on the net cash balance expected on that date;
- the EBITDA/FE ratio would go from 5.2x in 2015 (⁵) to 14.0x in 2019 (⁶).

c) Liquidity profile

Based on the Company implementing the Business plan over the years 2016-2017, positive cash flow should exceed financial requirements in terms of capital expenditure, dividends, utilization of net working capital and cost of debt. The Company should therefore have sufficient financial resources to address its requirements with cashflow increasing progressively. The new financial lines also provide for a revolving facility which the Company can use as a *liquidity buffer*. This *buffer* is estimated to be approximately €2,500 million in 2016 and approximately €2,800 million in 2017, notwithstanding the availability of a *revolving line*.

d) Overall purpose of the operation

² Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

³ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

⁴ Pro-forma ratio from expectations for 2018, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

⁵ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on EBITDA and/or financial expenses.

⁶ Pro-forma ratio from expectations for 2019, based on accounting data with no adjustments made by *rating agencies* on EBITDA and/or financial expenses.

The aim of the operation is for Saipem to become financially independent, by fully repaying its debt to Eni.

Furthermore, as previously stated, obtaining the *rating investment grade* shall enable Saipem to achieve this purpose at no extra financial cost. In fact, the terms are expected to be more favourable than Eni Lines.

2.6. *Impact of the Operation on the remuneration of managing bodies of Saipem and/or its subsidiaries*

The Operation should have no impact on the remuneration of Saipem's Board of Directors or the managing bodies of its subsidiaries.

2.7. *Members of Saipem's administrative and control bodies, general managers and senior managers involved in the Operation.*

No members of Saipem's Board of Directors, the Board of Statutory Auditors, general managers and/or senior managers are involved as a related party in the Operation.

2.8. *Corporate bodies or Directors who have managed, or participated in, and/or set up, and/or approved main terms of the Operation.*

On October 27, 2015, the Board of Directors approved the Operation, the Committee having found that the Operation was in the interest of and expedient for the Company and its conditions were found to be substantially correct.

The Board of Directors was supported by Lazard S.r.l. (as Financial Advisor) and by the Chiomenti Legal Practice in legal/corporate matters.

The Committee decided, in accordance with the provisions of the "Procedure Interests and TRP", to have recourse to an independent financial advisor and, as indicated in paragraph 1, appointed the practice Leonardo & Co. S.p.A. to carry out the relevant studies. Furthermore, the Committee utilised the Chiomenti Legal Practice for assistance with legal/corporate matters.

Saipem's Board of Directors involved the Committee at the preparatory stage of the Operation's approval and was regularly updated in a timely manner by the Company's management on the terms and conditions of the Operation.

Therefore, the Committee, with the assistance of an Independent advisor reviewed the Operation, requested information and made observations to Saipem's management. The Committee expressed a unanimous opinion in favour of the Operation being in the interest of and expedient for the Company, and its terms and conditions were found to be substantially correct.

As previously stated, the Opinion by the Independent Advisor and the Opinion by the Committee are enclosed to this Report.

On October 27, 2015, the Board of Directors unanimously approved the Operation.

2.9. Pursuant to article 5, paragraph 2 of Consob Related Parties Regulation, different transactions with the same related party or with entities related to both the latter and Saipem, when considered cumulatively, may exceed the thresholds of significance, and therefore the information provided in the previous points must be provided in respect of all the aforementioned transactions.

This is not applicable to the Operation.

SECTION III – PROPOSED RESOLUTIONS FOR THE SHARE CAPITAL INCREASE

In light of the foregoing, the Board of Directors submits for your approval the following proposal:

“The Extraordinary Shareholders’ Meeting of Saipem S.p.A.:

- taking into account the explanatory report by the Board of Directors prepared in compliance with articles 72 and 74 of CONSOB Regulation no. 11971 dated May 14, 1999, and subsequent amendments;

resolves

- 1) to approve the proposed Share Capital Increase for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares with the same characteristics and entitlement as ordinary shares of Saipem S.p.A. currently in circulation, with no par value, to be offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code;
- 2) to set a deadline of March 31, 2016, by which to execute the Share Capital Increase and stipulate, pursuant to art. 2439, paragraph 2, of the Italian Civil Code, that should the Share Capital Increase not be fully subscribed, it shall be deemed to be increased by an amount equal to the subscriptions received within that date, in accordance with the relevant legal provisions and applicable regulations;
- 3) to grant the Board of Directors all the necessary powers to:
 - (i) establish, near the offer start time, the issue price of ordinary shares, taking into account, inter alia, the market conditions in general, the ordinary share trading volumes and prices, the trend of the business and financial position of the Company and/or the Saipem Group and their growth prospects, which is considered market practice for similar operations. Specifically, notwithstanding the foregoing criteria, the issue price shall be determined by applying, in line with the current market practise for similar operations, a discount to the *theoretical ex right price* (TERP) of existing ordinary shares, calculated in accordance with current methodologies;
 - (ii) to establish – as a consequence of item (i) – the maximum number of ordinary shares to be issued and their rights option ratio, rounding the number of shares if necessary;
 - (iii) to set the timeframe for the Share Capital Increase: the start of the offer in option and the subsequent offer on the stock market for those shares that had not been optioned by the end of the subscription period, by the final deadline of March 31, 2016;

- (iv) to indicate, if necessary, an authorised intermediary to deal with any fractional remaining shares in compliance with current legislation;
- 4) to amend art. 5 of the Company's Articles of Association by adding the following new paragraph:
- “On December 2, 2015, the Extraordinary Shareholders' Meeting resolved to increase the share capital for cash, in one or more tranches, for a maximum overall amount (including share premium, if any) of €3,500 million, through the issue of ordinary shares, with no par value, with normal entitlement and identical in character to the shares already in circulation at the time of issue, to be carried by March 31, 2016, and offered in option to current holders of Saipem ordinary or savings shares pro-rata to the number of shares they own, pursuant to art. 2441, paragraph 1, of the Italian Civil Code. The aforementioned Shareholders' Meeting also granted the Board of Directors all the relevant powers to: (i) determine, in the period prior to the start of the rights issue, the issue price, taking into account, amongst other things, when determining the issue price, general market conditions and the share price performance and volumes, as well as the economic, capital and financial trends of the Company and/or the Saipem Group and their growth prospects, and taking into consideration market practices for similar operations; specifically, notwithstanding the aforementioned criteria, the issue price shall be determined by applying, in line with the current market practise for similar operations, a discount to the theoretical ex right price (TERP) of existing ordinary shares, calculated according to current methodologies; (ii) to determine – given the foregoing item sub (i) – the maximum number of shares to be issued, the rights option ratio, rounding the number of shares if necessary, and (iii) to determine the timing of the implementation of resolutions to increase the share capital, in particular for the start of the offer of option rights, as well as any subsequent offer on the stock market of any rights not taken up on expiry of the subscription period, with respect to the closing date on March 31, 2016.”;
- 5) to grant the Board of Directors - and on behalf thereof the Chairman and the CEO of the Company, severally and/or through a proxy, all the powers necessary to implement the foregoing resolutions, including the powers to:
- (i) prepare and present any documentation required to implement the Share Capital Increase and carry out all the necessary formalities to proceed with the offer to issue new shares and their admission to trade on “Mercato Telematico Azionario”, the market regulated and managed by Borsa Italiana S.p.A., including the power to file with the competent authorities any application, request, document or report required to this end;
 - (ii) introduce into said resolutions the amendments and/or additions that might be requested by the competent authorities during registration and, carry out all that is required to implement these resolutions, with any power necessary or appropriate without exclusions, including the power to file in the relevant Business Register the Company's Articles of Association as amended;
 - (iii) appoint an authorised intermediary to deal with any fractional remaining shares, if any.

..*.*.*

Milan, October 27, 2015

For and on behalf of the Board of Directors

The Chairman

Paolo Andrea Colombo

Important Regulatory Notice

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor will there be any sale of securities referred to in this announcement, in any jurisdiction, including the United States, in which such offer, solicitation or sale is not permitted. The securities have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act. The Company does not intend to register any portion of the offering of securities in the United States or to conduct a public offering in the United States.

This announcement has been prepared on the basis that any offer of securities in any Member State of the European Economic Area ("EEA") which has implemented the Prospectus Directive 2003/711/EC (each, a "Relevant Member State"), other than Italy, will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of securities. Accordingly any person making or intending to make any offer in that Relevant Member State of securities which are the subject of the offering mentioned in this announcement may only do so in circumstances in which no obligation arises for the Company or any of the managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company nor the managers have authorized, nor do they authorize, the making of any offer of securities in circumstances in which an obligation arises for the Company or any manager to publish or supplement a prospectus for such offer.

This communication is being distributed only to and is directed only at (a) persons outside the United Kingdom, (b) persons who have professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and (c) high net worth companies, unincorporated associations and other bodies to whom it may otherwise lawfully be communicated in accordance with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities are available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be available only to or will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this communication or any of its contents.

The offering into Italy of the securities mentioned in this document will be made exclusively on the basis of the prospectus to be approved by the National Commission for Companies and the Stock Exchange (CONSOB) and to be published in accordance with the law.

Each of Goldman Sachs International, J.P. Morgan Securities plc, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG, Milan Branch are acting on behalf of Saipem S.p.A. and no one else in connection with the rights issue and will not be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the rights issue or any other matter or arrangement

referred to in this announcement. None of Goldman Sachs International, J.P. Morgan Securities plc, Banca IMI S.p.A., Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG, Milan Branch nor any of their respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to Saipem S.p.A., its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.



OPINION OF THE INDEPENDENT ADVISOR
(Annex A)

Saipem S.p.A.

Via Martiri di Cefalonia, 67
20097 - San Donato Milanese
(MI) Italy

*FAO: Board Directors members of
Saipem Audit and Risk Committee*

Milan, October 26, 2015

Subject: Opinion issued to the Audit and Risk Committee (hereinafter, "ARC") of Saipem S.p.A. supporting its own review of the debt repayment to the parent company ENI S.p.A. (hereinafter the "Operation") as part of the overall refinancing operation of the Company's gross debt through the combined i) share capital increase and ii) signing new financing contracts with a pool of banks.

We make reference to the mandate signed by Saipem S.p.A. (hereinafter, "Saipem" or the "Company", also hereinafter used to refer to the Saipem Group) on October 15, 2015, with Leonardo & Co. S.p.A. (hereinafter, the "Advisor") to act as an independent expert in supporting the ARC for the purposes of Saipem's procedure regarding Transactions with Related Parties – and in particular article 5 of the same procedure – which was applied to the Operation for the Repayment of credits held by ENI S.p.A. (hereinafter, "ENI", also hereinafter used to refer to the ENI Group) towards the Company as part of the overall operation.

In this document the Advisor expresses its opinion – of a financial nature and relating exclusively to financial aspects (hereinafter, the "Opinion") – supporting ARC, which in turn is called upon to express its opinion to the Board of Directors.

I. Documentation reviewed

This Opinion and evaluations are based exclusively on the documentation and information (listed hereafter) provided by Saipem, either directly or through its financial advisor Lazard S.r.l. (hereinafter, "Lazard"), or that are in the public domain. Many documents provided by the Advisor are still in draft form or have not been finalised (as indicated below). Therefore, our Opinion is based on the assumption that documents and final agreements formalized by the Company shall not diverge significantly from the Advisor's analyses.

Our Opinion is based exclusively on:

- presentation (dated September 29, 2015) to the financial institutions involved in the overall operation - "*Management Presentation to MLAs and GCs*" – received on October 12, 2015;
- presentation (dated August 10, 2015) to *Moody's Rating Agency* - "*Moody's Rating Presentation*" – received on October 11, 2015;
- presentation (dated August 10, 2015) to *Standard & Poor's Rating Agency* - "*Standard & Poor's Rating Presentation*" - received on October 11, 2015;
- draft pre-underwriting agreement (dated October 10, 2015) relating to the share capital increase proposed as part of the overall operation, received on October 11, 2015, and subsequent draft of the same agreement (dated October 22, 2015), received on October 22, 2015;
- draft term sheet (dated October 10, 2015) with financing banks relating to the debt refinancing proposed as part of the overall operation, received on October 11, 2015 (hereinafter "Financing TS") and subsequent Financing TS draft, inclusive of the *fee and syndication letter*, (dated October 21, 2015), received on October 22, 2015;
- the Company's industrial and financial plan 2014-2019 (hereinafter "Business Plan") electronic copy ("*Project Techno_BP_v77.xlsx*"), received on October 12, 2015;
- letters from *Standard & Poor's* relating to Saipem's preliminary *rating assessment*, received on October 13, 2015 (dated September 7, 2015), October 20, 2015 (dated October 19, 2015) and October 22, 2015 (dated October 22, 2015);
- letter from *Moody's* (dated September 7, 2015) relating to Saipem's preliminary *rating assessment*, received on October 13, 2015 and subsequent notification of the *provisional public rating* (received in an email from Lazard on October 16, 2015);
- presentation relating to Saipem's debt exposure (cash and bonds) at June 30, 2015, received on October 15, 2015;
- draft copies of the Survey Agreement between ENI and Saipem (hereinafter "Survey Agreement") detailing times and methods to be used by the Company to repay its debt in cash to ENI, received on October 16, 22 and 23, 2015;
- draft "Explanatory Report prepared by the Board of Directors relating to Item 2 on the Meeting Agenda (pursuant to art. 125-ter of Legislative Decree no. 58 dated February 24, 1998, art. 72 of Consob Regulation no. 11971 dated May 14, 1999) ("Proposed increase in share capital for cash to be offered to current holders of Saipem shares"), received on October 22, 2015;
- letter of reply to Consob dated October 16, 2015, received on October 21, 2015;
- public information regarding Saipem;
- information regarding companies comparable to Saipem, gathered through Bloomberg and other public sources;

- o sector-specific analysis and corporate studies prepared by independent analysts;
- o *conference calls* held with the Company's *Management* and with Lazard; and
- o any other public information deemed useful for the purposes of this Opinion.

Furthermore, there are circumstances and public information, also highlighted by the Advisor in its meetings with Saipem's management, relating to the possible deconsolidation of Saipem and loss of control by Eni. We therefore quote the *change of control clause* contained in the Financing TS: "Change of Control" means at any time any Related Party or, as the case may be, the Related Parties between them ceasing to control the Company [i.e. Saipem S.p.A.] according to Article 93 of the Italian legislative decree no. 58 of 24 February 1998 (Testo Unico della Finanza). "Related Party" means any of (or any subsidiary of) (i) the Italian Ministry of Finance, (ii) ENI S.p.A. (iii) Cassa Depositi e Prestiti S.p.A. or (iv) Fondo Strategico Italiano S.p.A.". The Advisor analysis is based on the assumption, shared by Saipem's Management, that the change of control clause is not applicable to the overall operation; this clause is not applicable should Eni sell its controlling stake in Saipem S.p.A. to other companies controlled by the Italian Ministry of Finance, by Cassa Depositi e Prestiti S.p.A. or by Fondo Strategico Italiano S.p.A. A sale to entities other than those mentioned would make the Change of Control clause applicable, and thereby prevent the implementation of the terms and conditions of the overall refinancing operation.

II. Work assumptions

The Advisor based this Opinion on the assumption that all documentation and information listed above are true, accurate, correct and complete, without carrying out any independent verification. The Advisor did not carry out any verification and/or independent evaluation on the documentation and information it used and did not provide, obtain or review on behalf of Saipem or ARC any expert opinion, such as, for instance but not limited to, legal, accounting, IT or fiscal opinions. This Opinion does not take into account the possible implications deriving from these aspects. The analysis did not concern the identification or quantification of potential liabilities (or expected lower assets), so the Advisor did not carry out any independent review of the value of Saipem's individual assets and liabilities (including those not included in the Financial Statements). Furthermore, the Advisor has in some cases relied on declarations and indications provided by the Company's Management, as it did not have, or could not have, reviewed all original documentation supporting those indications and declarations. The Advisor assumed that no relevant information was omitted or not provided. It also assumed that financial and equity projections were reasonable based on the best estimates and opinions available as of today to Saipem's Management.

The Advisor is not responsible with regard to all documentation and information it utilized being true, accurate and complete, and does not provide any guarantee thereof.

Furthermore, this Opinion is not intended as a recommendation for any party with regard to the purchase or sale of financial instruments of Saipem and/or ENI and does not analyse or compare solutions other than the Operation and/or the impact of any other Operation that Saipem and/or ENI may pursue or could have pursued.

III. Context considerations, limitations and exclusions

This Opinion is necessarily based on the economic, financial, market, rating, regulatory and legislative conditions on the date of the Opinion, and on the information provided to the Advisor up until that date. Events that were to occur thereafter could affect the premises and content of the Opinion. However, the Advisor has no obligation to update, modify or confirm the Opinion.

This Opinion is issued in the context of a volatile financial market, in continuous evolution from a regulator, fiscal and competitive standpoint. Potential negative evolutions to one or more of the aforementioned variants or structural modifications following the date of the Opinion to the global reference sector, capital or bank credit markets, laws and regulation – both in Italy and abroad – may affect the premises of this Opinion, amending or invalidating the conclusions of this Opinion.

This Opinion is addressed exclusively to the ARC in relation to the Operation. It was not issued on behalf of, and shall not grant rights or remedies to any other subject, and shall not be used for any purpose other than that stated in the Opinion.

The Advisor does not express any opinion on the decisions taken by the independent Board Directors who are members of the ARC, and those taken by the ARC itself. Those decisions are taken in full autonomy of judgement by the independent Board Directors, the ARC and other relevant bodies of the Company.

Hence, this Opinion must not be considered as the sole decisive factor in the opinion formulated by the independent Board Directors, the ARC and other relevant bodies of the Company. The Advisor has only authorised the independent Board Directors and the ARC to rely on the analysis and conclusions presented in this Opinion and declines any responsibility for any direct or indirect consequence should this Opinion be used for purposes other than those indicated. When accepting this Opinion, the independent Board Directors and the ARC accept that it is confidential and must not be sent to third parties or reproduced, in full or in part, without the prior written consent of the Advisor, except for the fulfilment of legal requirements, including publication as part of the disclosures the Company will make to the market regarding the Operation.

Finally, this Opinion is based upon considerations, limitations, qualifications and assumptions specific to the Company, the Operation and the overall operation, which are indicated in the paragraph following the description of the Operation.

As the independent expert appointed by the ARC, the Advisor receives a consideration for its work, which is not dependent on the outcome of the Operation.

IV. Description and premise for the Operation

Saipem's balance sheet, both in absolute terms and in comparison to its main competitors, has a high level of debt. The Company is currently financially dependent on its parent company Eni, and is subject to its direction and control. The Company's management believe that both these factors could limit the future development and growth of the Company. Saipem intends to adopt measures to rebalance the Company's balance sheet and improve its financial

efficiency and flexibility.

In brief, the overall operation is envisaged as follows:

- o a share capital increase of up to €3.5 billion, in divisible form, to be offered with pre-emptive rights to current shareholders pursuant to article 2441, paragraph 1, of the Italian Civil code, and an agreement with first rate financing banks to obtain new financing amounting to a total of €4.7 billion (see Annex A, Annex B and Annex C for more detailed information on the overall structure of the operation and the terms and conditions of the debt refinancing and the share capital increase); and
- o the simultaneous repayment in cash, with no extra costs or penalties, of Saipem's debt owed to Eni, gradual replacement of counter-guarantees issued by Eni in favour of Saipem and closure of derivatives contracts currently in place with Eni.

With reference to paragraph I, change of control clauses in existing financing contracts may result in Saipem having to repay early its debt owed to the ENI and third parties. In fact, these provide that:

- o ENI Finance International S.A. may demand that Saipem repays its debt in full within 7 days (approximately €4.1 billion at June 30, 2015);
- o Both ENI and Saipem have the right of withdrawal, with a 20-day notice period, from the ENI treasury convention, which regulates short-term loans (approximately €0.4 billion at June 30, 2015);
- o ENI has the right of withdrawal, within 10 days from expiry of the current interest period (i.e. a 10-day notice for loans), from long-term loans with Saipem (approximately €2,0 billion at June 30, 2015);
- o In case the parties do not reach an agreement within 20 days, Unicredit can demand that Saipem repays its debt in full (approximately €0.3 billion at June 30, 2015), within 30 days from the change of control.

Saipem's Management believes that the overall operation shall achieve the following main objectives:

- o Strengthening of Saipem's financial and equity position; and
- o Strategic and financial independence, autonomy in directing its investment decisions and future development plans of the Company.

This Opinion is based upon considerations, limitations, qualifications and assumptions specific to the Company, the Operation and the overall operation. Specifically we assume that Saipem:

- o shall achieve revenues of approximately € 11.5 – 12.6 billion over the period 2016 - 2019, with EBITDA equal to approximately € 1.4 – 1.7 billion over the same period;
- o shall limit its capital expenditure to around € 0.6 billion per annum;
- o shall achieve the savings expected from the "*Fit for the Future*" initiative of

approximately € 1 billion in 2017, on a cumulative basis;

- shall manage the working capital in line with the projections of the Business Plan, generating limited cashflow (approximately € 0.1 billion per annum) and eliminating fluctuation during the year;
- does not experience a deterioration in working capital due to write-downs or *pending revenues*;
- does not carry out extraordinary transactions over the period of the Business Plan (such as, for instance, acquisitions or dismissals);
- has the necessary managerial competencies to manage independently and autonomously its debt position following the overall operation;
- carry out the overall operation in early 2016, with closure envisaged by the end of February 2016;
- repay its bridge to bond facility utilizing the proceeds of several corporate bond issues on the capital markets, both in euros and in dollars, in line with the following characteristics (as detailed in the Business Plan):
 - February 2017: two *corporate bond issues* with a 5-year duration for a total of approximately € 810 million, whose coupon for the euro issue will be 3.750% and the US dollar issue 5.250%;
 - February 2018: two *corporate bond issues* with a 7-year duration for a total of approximately € 810 million, whose coupon for the euro issue will be 4.000% and the US dollar issue 5.500%;
- during the period of the Business Plan, have at its disposal the necessary guarantees and hedging instruments to carry out its business. In particular:
 - guarantees required to be awarded and carry out its industrial projects (for instance *bid bonds* and *performance bonds*) amounting to approximately € 7 – 8 billion (the Business Plan provides that bank guarantees raised against bank counter-guarantees provided by Eni will be progressively replaced by new third-party guarantees). As stated by the Company's Management, since September 2013, Saipem has been managing its credit lines to raise bank guarantees without requiring ENI's backing;
 - credit facilities for forex hedging derivatives and, to a lesser extent, interest hedging instruments amounting to approximately €0.6 billion (notional amount);
- adopt a dividend policy whereby the dividend pay-out ratio shall not exceed 33%;
- not be negatively affected by ongoing legal proceedings.

Furthermore, in line with indications provided by the Saipem *Management* and rating agencies, we expect that:

- in the context of the overall operation, Saipem obtains an *investment grade rating*, specifically *BBB-/Stable outlook*, from *Standard & Poor's* and *Baa3/Stable outlook* from *Moody's*;

- o that constraints on the Company's cashflow are put in place for approximately € 900 million per annum, to cover Saipem's operational requirements and consider project-related contractual and/or regulatory constraints; and
- o should ENI lose control of Saipem, this would not have a negative impact, either financial or industrial, on the Company.

V. **Analysis of the Operation**

The Advisor reviewed the financial impact of the overall operation, specifically:

- o the Company's sources of financing before and after the overall operation;
- o financial sustainability; and
- o liquidity profile.

With regard to the Company's financing, the overall operation shall enable Saipem to rebalance its sources of finance and strengthen its balance sheet, improving its main financial and equity indicators, namely "Net Financial Position / Enterprise Value" ("NFP/EV") and "Net Financial Position / EBITDA" ("NFP/EBITDA").

Specifically, the NFP/EV ratio, post operation, is expected to rise to approximately 36% from a pre-operation value of approximately 59%¹, and would be more in line with that of the Company's main competitors, equal to approximately 6% of E&C-focused companies and 53% of drilling-focused companies. The same is also valid for the NFP/EBITDA ratio², which would improve post-operation to approximately 1.7x, from a pre-operation value of approximately 4.6x; this post-operation ratio would also be more in line with that of the Company's main competitors, equal to approximately 0.3x for E&C-focused companies and 2.0x for drilling-focused companies.

The new financing facilities to be put in place by the Company shall comprise of:

- o € 1.6 billion – medium-term bank financing facility of a 5 year duration, in addition to
- o € 1.6 billion - short-term bridge-to-bond facility to be repaid within 2 years, in addition to
- o € 1.5 billion – bank *revolving credit facility* to be used by Saipem to gain financial flexibility to address its operational liquidity requirements.

The overall operation shall enable Saipem to achieve a balanced stand-alone capital structure in terms of sources, in line with that of its main competitors; the latter make significant use of the debt capital market and their sources of financing are largely made up of medium-term bond issues.

¹ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP.

² Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

With regard to financial sustainability, the gross debt reduction should result in significant savings in terms of financial expenses: on a pro-forma basis, in 2015 the reduction in financial expenses are estimated at approximately €100 million, gross of transfer costs. With respect to the years covered by the Business Plan, i.e. 2016 – 2019, cumulative savings should exceed € 200 million, net of transfer costs.

Likewise, assuming that the Company implements the Business Plan and factoring in the stress tests carried out by rating agencies, main financial ratios are expected to improve year on year. Specifically with respect to the NFP/EBITDA and “EBITDA/Financial Expenses” ratios (hereinafter, “EBITDA/FE”):

- o the NFP/EBITDA ratio would go from 4.6x in 2015³ to neutral in 2018⁴, based on the net cash balance expected on that date; and
- o the EBITDA/FE ratio would go from 5.2x in 2015⁵ to 14.0x in 2019⁶.

With regard to liquidity, based on the Company implementing the Business plan over the years 2016-2017, positive cash flow should exceed financial requirements in terms of capital expenditure, dividends, utilization of net working capital and cost of debt. The Company should therefore have sufficient financial resources to address its requirements, with cashflow increasing progressively. The new financial lines also provide for a revolving facility which the Company can use as a liquidity buffer. This buffer is estimated to be approximately €2,500 million in 2016 and approximately €2,800 million in 2017, notwithstanding the availability of a revolving line.

The aim of the overall operation is for Saipem to become financially independent, by fully repaying its debt to Eni. Conversely, ENI shall maintain existing guarantees issued in Saipem's interest to third parties, equal to approximately half the amount as at June 30, 2015 (€ 7.5 billion). Specifically with regard to existing residual guarantees, the Survey Agreement provides that, after three years from the date of the resolution of the Share Capital Increase, Saipem shall replace ENI counter-guarantees with its own guarantees; as previously stated, since September 2013, Saipem has been managing its credit lines to raise bank guarantees without requiring ENI's backing.

Furthermore, ENI plays a pivotal role both in the share capital increase, which ENI must underwrite pro-quota, and in Saipem obtaining the rating investment grade, which is dependent on the share capital increase and ENI's indirect support of Saipem.

With regard to the repayment to ENI we found that (i) this repayment is an essential part of the larger refinancing operation of Saipem's debt, as indicated by the financing banks in the documentation they have provided so far; (ii) from a purely financial standpoint, it is consistent with both cash requirements and financial sustainability discussed above, and with

³ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

⁴ Pro-forma ratio from expectations for 2018, based on accounting data with no adjustments made by *rating agencies* on NFP and/or EBITDA.

⁵ Pro-forma ratio from expectations for 2015, based on accounting data with no adjustments made by *rating agencies* on EBITDA and/or financial expenses.

⁶ Pro-forma ratio from expectations for 2019, based on accounting data with no adjustments made by *rating agencies* on EBITDA and/or financial expenses.

the optimal definition of the capital structure in terms of financial costs; (iii) as a result of the above, following the repayment, Saipem would achieve savings on the spread between interest paid on debt owed to the parent company and interest gained on liquidity (as indicated by the Management in the Business Plan) and (iv) Eni could, or may, demand repayment at its discretion on account of the change of control clauses described above.

□□□□□

VI. **Conclusions**

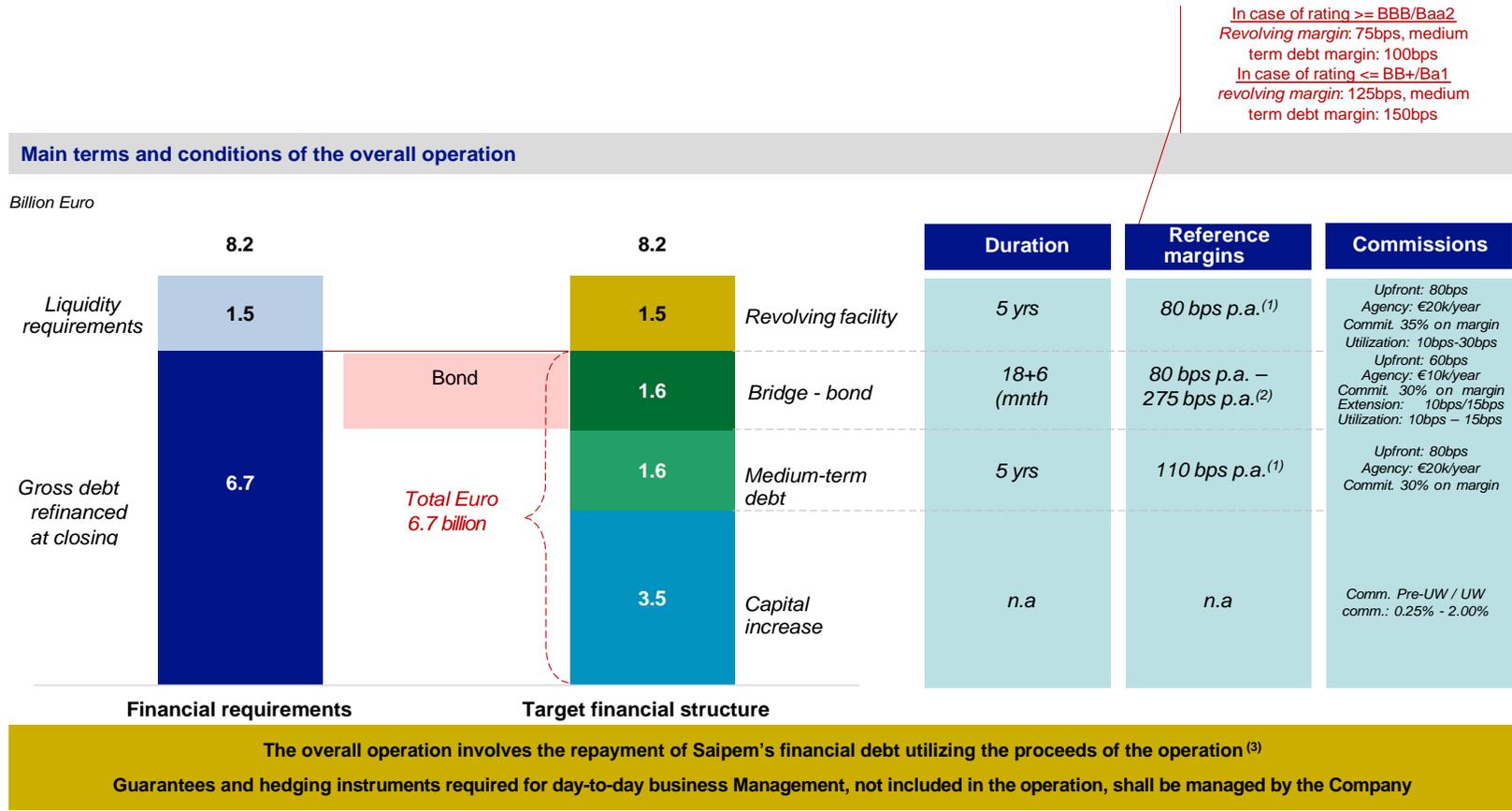
Based on and subject to the foregoing, the Advisor, on the date of the Opinion, deems (A) the Refinancing of the Company's debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, to be overall financially expedient for the Company; and that (B) in the context of and subject to the successful completion of the Refinancing of the Company's debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, which is an integral and unavoidable part of the overall operation, to be in the interests of the Company.

Yours faithfully.

Pietro Briacovich
Managing Director

Andrea Mainetti
Managing Director

Annex A. Overview of the whole operation



Note: (1) Margin based on S&P and Moody's rating (BBB-/Baa3). (2) step-up margin by quarter Q1, 80 bps p.a.; Q2, 100 bps p.a.; Q3, 125 bps p.a.; Q4, 150 bps p.a.; Q5, 175 bps p.a.; Q6, 200 bps p.a.; Q7, 225 bps p.a.; Q8, 275 bps p.a. (3) No extra costs or penalties will be levied upon early repayment of debt. (4) Closing date: end of February 2016

Source: Corporate data

Annex B. Main terms and conditions of the proposed debt refinancing operation

Debtor	Saipem S.p.A.			
Total amount	€ 4.7 billion			
Facility	Bridge to bond		Bank debt	Revolving credit facility
Amount	€ 1.6 billion		€ 1.6 billion	€ 1.5 billion
Duration	Up to 24 months (18+6)		5 years	5 years
Amortization	Bullet		Amortization	Bullet
Use of proceeds	Refinancing of Saipem debt at closing		Refinancing of Saipem debt at closing	Corporate purposes
Ranking			Senior unsecured	
Mandatory early repay.	Proceeds from several issues of corporate bonds on the capital market		n.a.	n.a.
Financial Covenants	No financial covenants. An financial covenant would be required should Saipem be downgraded to a BB+/Ba1 rating. Covenant: Saipem consolidated NFP/EBITDA equal to [3.0x-3.5x]			
Commitments	Negative pledge (excluding business activities) Pari passu ranking (excluding business activities) Limitation on disposals, except for those allowed (only operational activities are allowed)			
Other	<p><u>Change of control</u>: at any time should one of the related parties (i.e. (i) the Italian Ministry of Economy and Finance, (ii) ENI (iii) Cassa Depositi e Prestiti S.p.A. or (iv) Fondo Strategico Italiano S.p.A.) or, should one related party of one of the latter lose control of Saipem, pursuant to article 93 of Legislative Decree no. 58 dated February 24, 1998</p> <p><u>Material adverse effect</u>: an event with material adverse effect over (a) Saipem Group business or its financial position (b) Saipem's ability to address its payment obligations in accordance to the financial documents or (c) the validity or applicability of financial documents</p> <p><u>Guarantor coverage</u>: issued by Group companies representing in total 75%-80% of revenues, EBITDA and assets of the Group</p>			

Source: Corporate data

Annex C. Main terms and conditions of the proposed share capital increase

Total amount	EUR 3.5 billion
% underwritten by consortium	approx. 57% (irrevocable commitment by ENI, or third parties should ENI sell its holding, to underwrite 42.9%)
Consortium	2 Global Coordinators, 5 Bookrunners
Pre-UW comm. / UW comm.	0.25% - 2.00%
Lock-up clause	6 months

Source: Corporate data



OPINION OF THE AUDIT & RISK COMMITTEE

(Annex B)

Audit & Risk Committee of Saipem S.p.A.

Opinion on the repayment of the financial debt owed to the parent company Eni S.p.A.

Prepared pursuant to article 5 of the Procedure for Transactions with Related Parties adopted by Saipem S.p.A. on November 24, 2010 and amended on March 13, 2012 (hereinafter "**Saipem's Procedure**") and article 8 of Consob Regulation 17221 dated March 12, 2010, as subsequently amended by resolution no. 17389 of June 23, 2010 ("**Related Parties' Regulation**").

Foreword

This Opinion is issued by the Audit & Risk Committee ("**the Committee**") of Saipem S.p.A. ("**Saipem**" or "**the Company**") and relates to the proposed repayment operation of the financial debt owed to the parent company Eni S.p.A. ("**the Operation**"), as part of the overall measures to strengthen the balance sheet of the Company, to be implemented through: i) a share capital increase; ii) signing new financing contracts with a pool of banks. Terms for the Operation are detailed in an ad-hoc agreement between Saipem and Eni S.p.A. ("**Eni**") aimed at surveying and transferring the Saipem Group debt owed to the Eni Group, replacing counter-guarantees currently provided by Eni in favour of Saipem and its subsidiaries, and the cancellation of derivative contracts currently in place between Eni and Saipem ("**the Agreement**").

These measures aim at strengthening the balance sheet, obtaining *investment grade* status and becoming financially independent. Today this autonomy is compromised by the significant debt exposure towards the Eni Group.

It is debatable that the Operation falls within the "operations with related parties" pursuant to current legislation, since it relates to the closing of pre-existing financial operations with the Eni Group; however, the Committee, following in-depth analyses carried out with the Board of Statutory Auditors and the Legal Practise Chiomenti, which assists the Company, deemed it expedient to subject this Operation to Saipem's Procedure on Transactions "of greater importance", so as to ensure maximum transparency in the decision-making process towards all Shareholders and in line with the guidelines of the Board.

Pursuant to article 5 of Saipem's Procedure, the Committee identified its own financial advisor (Leonardo & CO., hereinafter "**Advisor**"), having ascertained that

it fulfilled the necessary independence requirements.

This was done in order to present an Opinion to the Board of Directors, as part of the overall operation aimed at strengthening Saipem's balance sheet, regarding the repayment of the financial debt owed to the parent company Eni S.p.A. and specifically on it being in the interests of and expedient for the Company and its terms and conditions being substantially correct.

The Committee was kept constantly updated on the development of the Operation, receiving documents from the Company at Board of Directors' and Committee Meetings held during September and October 2015 and those held with the Advisor.

Description of the main elements of the Operation

The Board of Directors first studied scenarios and assumptions envisaged in the Strategic Plan 2016-2019 at their meeting of September 7, 2015. The Strategic Plan was then further analysed on September 19 and September 28, 2015 and then again on October 12, 2015. Approval of the Plan was scheduled for October 27, 2015.

In parallel with the Strategic Plan review, the Board of Directors learned the outcome of talks held with two rating agencies in August 2015 aimed at Saipem obtaining a shadow rating. In September 2015, following contacts with the banks, they learned that, based on the rating agencies' preliminary assessments, they agreed to structure the potential operation.

In brief, the overall Saipem strengthening operation is envisaged as follows:

- a share capital increase of up to €3,500 million, in divisible form, to be offered with pre-emptive rights to current shareholders pursuant to article 2441, paragraph 1, of the Italian Civil code, and an agreement with first rate financing banks to obtain new financing amounting to a total of €4.7 billion; and
- the simultaneous repayment in cash, with no extra costs or penalties, of Saipem's debt owed to Eni, gradual replacement of counter-guarantees

issued by Eni in favour of Saipem and closure of derivatives contracts currently in place with Eni.

DOCUMENTS REVIEWED

To issue its opinion with the support of the Advisor, the Committee, reviewed circumstances and public information relating to the possible deconsolidation of Saipem and loss of control by Eni.

Specifically it reviewed:

1) *change of control clauses* in existing financing contracts, which may result in Saipem having to repay early its debt owed to the Eni Group and third parties. In fact, these provide that:

- Eni Finance International S.A. may demand that Saipem repays its debt in full within 7 days (approximately €4.1 billion at June 30, 2015);
- Both Eni and Saipem have the right of withdrawal, with a 20-day notice period, from the Eni treasury convention, which regulates short-term loans (approximately €0.4 billion at June 30, 2015);
- Eni has the right of withdrawal, within 10 days from expiry of the current interest period (i.e. a 10-day notice for loans), from long-term loans with Saipem (approximately €2,0 billion at June 30, 2015);
- In case the parties do not reach an agreement within 20 days, Unicredit can demand that Saipem repays its debt in full (approximately €0.3 billion at June 30, 2015), within 30 days from the change of control.

2) the *change of control* clause (contained in the *Term Sheet* of the refinancing, part of the documentation of the overall financing operation dated October 21, 2015) states: "*Change of Control*" means at any time any Related Party or, as the case may be, the Related Parties between them ceasing to control the Company

[i.e. Saipem S.p.A.] according to Article 93 of the Italian legislative decree no. 58 of 24 February 1998 (*Testo Unico della Finanza*). "Related Party" means any of (or any subsidiary of) (i) the Italian Ministry of Finance, (ii) ENI S.p.A. (iii) Cassa Depositi e Prestiti S.p.A. or (iv) Fondo Strategico Italiano S.p.A. The Advisor and the Committee concluded that the change of control clause is not applicable to the overall operation; this clause is not applicable should Eni sell its controlling stake in Saipem S.p.A. to other companies controlled by the Italian Ministry of Finance, by Cassa Depositi e Prestiti S.p.A. or by Fondo Strategico Italiano S.p.A. A sale to entities other than those mentioned would make the *Change of Control clause* applicable, and thereby prevent the implementation of the terms and conditions of the overall refinancing operation.

The Committee has also reviewed the draft Agreement, which the Legal Practice Chiomenti, assisting the Company, summarised as follows:

- upon signing the Survey Agreement: (i) ascertaining the debt owed by Saipem Group companies to Eni, Banque Eni S.A. ("Besa") and Eni Finance International S.A. ("Efi") at September 30, 2015 and (ii) ascertaining the debt owed by Eni Group companies to Saipem Group companies at September 30, 2015;
- by February 5, 2016: (i) transfers from Eni/Besa to Saipem of existing financial contracts between Eni/Saipem and Saipem Group companies (other than Saipem), and subsequent centralization within Saipem of Eni/Besa credits towards Saipem Group companies; the transfer will entail a consideration which Saipem will pay utilizing existing lines with Eni ("Eni Lines") and (ii) transfer from Efi to SFI of existing financial contracts between Efi and Saipem Group companies and subsequent centralization within SFI of Efi credits towards Saipem Group companies; the transfer will entail a consideration which SFI will pay utilizing lines made available by Efi ("New Efi Lines");
- within the first day of the first Refinancing drawdown following the completion of the Share Capital Increase: (i) Saipem and SFI shall repay Eni Lines and New Efi Lines utilizing the proceeds of the Share Capital Increase and the new financing and (ii) the parties shall ascertain existing Eni

counter-guarantees versus bank guarantees in favour of the Saipem Group in force on that day ("Residual Guarantees"):

- within three years from the date of the resolution of the Share Capital Increase by the relevant Saipem body: existing Eni counter-guarantees versus Residual Guarantees shall be terminated upon specific waiver by the relevant beneficiaries;
- until July 31, 2016: Saipem and the other Saipem Group companies may continue to use the current accounts connected with Besa contracts, provided all movements are covered by Saipem funds (i.e. Saipem shall first transfer the funds to be used into the relevant account)

The Parties involved in the Agreement also concurred that:

- should the Share Capital Increase fail to be fully underwritten and/or should the new financing facilities not be fully available on the day of their first drawdown: Saipem and Efi would have to repay the debt owed by the Saipem Group as provided in the Survey Agreement, utilizing the proceeds of the Operation⁷ to pay back the debt owed by Saipem / Sfi to Eni / Efi;
- should the Operation⁸ (i.e. Share Capital Increase and release of new financing facilities) fail to be implemented even in part by July 31, 2016: the Survey Agreement would become null and void and the Parties shall evaluate in good faith if and/or how to regulate the reconveyance of Financial Contracts that will have been meanwhile transferred to Saipem and SFI.

The Survey Agreement is subject to Italian law and falls within the jurisdiction of the Milan Courts.

⁷ The "Operation" as defined in the Survey Agreement is different as it comprises the whole Saipem operation strengthening both the financing and balance sheet (new financing and share capital increase).

⁸ See previous note.

SAIPEM'S INTERESTS IN THE OPERATION.

As highlighted also in the Advisor's analysis, Saipem's balance sheet, both in absolute terms and in comparison to its main competitors, has a high level of debt. The Company is currently financially dependent on its parent company Eni, and is subject to its direction and control. These factors, as represented by the management and reviewed by the Board of Directors, could limit the future development and growth of the Company.

The Committee appointed a financial Advisor (Leonardo & CO.) and met with them on October 9, 16 and 22, 2015, ensuring that they received adequate and updated information on the Operation from the relevant Company departments.

The *Advisor* reviewed – from a financial standpoint – the impact of the overall operation and specifically:

- source of financing before and after the overall operation;
- financial sustainability; and
- liquidity profile.

Based on their studies and analysis by the Advisor, the Committee came to the conclusion that the Operation would enable Saipem to have a more balanced capital structure in line with that of its main competitors.

The Operation is in the Company's interests as it will enable Saipem to curb its gross financial debt and, as confirmed by information acquired by the Company's departments, achieve significant savings in terms of financial expenses.

The Share Capital Increase will be instrumental in obtaining the resources necessary to pay off part of the debt owed to the Eni Group, as confirmed by information acquired by the Company's departments. This shall enable Saipem to obtain an *investment rating grade* and in future seek funding on the financial markets at more favourable rates compared to those currently applied by Eni.

The Operation is therefore deemed to be in Saipem's interest and that of its Shareholders: this interest should result in a more solid and balanced equity

structure and a progressive reduction in the future weighted average cost of debt.

Also consistent with this reconstruction is the Agreement, which, as stated by the Legal Practice Chiomenti assisting the Company, governs the cancellation of financial contracts between Eni (and its subsidiaries) and Saipem (and its subsidiaries) in accordance with objective market criteria.

As stated by the Legal Practice Chiomenti assisting the Company, the Agreement is based on the full implementation of both the share capital increase and the refinancing operation.

Art. 4F) governs the unsuccessful implementation of the measures aimed at strengthening the balance sheet as approved by the Board of Directors, providing as follows: «Notwithstanding the provisions of article 6.2, should the Operation fail to occur, fully or partly, within the deadline stated in Article 10, this Agreement shall become null and void and the Parties shall evaluate in good faith if and/or how to regulate the reconveyance of Financial Contracts that have been transferred »

In this event, the Survey Agreement having become null and void, Saipem would not be obliged to repay its debt to Eni, but would negotiate in good faith with Eni the “reconveyance” of Eni credits already transferred

Art. 6.2 regulates the event under which measures for the overall strengthening of the balance sheet as approved by the Board of Directors should only be partially implemented. In this case, Saipem would be obliged to utilize the relevant proceeds to repay a proportional quota of its debt towards Eni. Therefore art. 6.2 regulates only the allocation of these proceeds, but does not affect (as stated by the Legal Practice Chiomenti assisting the Company) the power/duty of the Board of Directors to decide if the partial execution of the strengthening measures is still in the interests of the Company.

PROCEDURAL AND SUBSTANTIAL CORRECTNESS OF THE OPERATION, AND ITS EXPEDIENCY FOR THE COMPANY

With regard to the procedural and substantial correctness of the Operation and its expediency for the Company, we found that:

a) Saipem enabled the relevant corporate bodies (this Committee first of all) to work in an informed manner, transparently, having been provided with a complete and timely flow of information, and communicating all elements under final negotiation: the provisions of article 5 of Saipem's Procedure, which provides that *"Saipem's Audit and Risk Committee, or one or more members that it delegates, is involved in the negotiation phase and the initial inquiry through receipt of complete and timely information and enjoys the right to request information and to make observations to the managing bodies and entities responsible for the conduct of the negotiations or investigation"* have therefore been fulfilled.

b) the Committee had recourse to a primary independent financial Advisor of proven professional competence to identify the financial and equity impact of the Operation;

c) the Committee reviewed the Opinion issued by the independent Advisor, evaluating their assumptions, context consideration, limitation and exclusions, and obtaining the necessary information;

d) the Operation is expedient for Saipem and all its Shareholders, for equity, financial and strategic reasons, within the overall measures aimed at strengthening the balance sheet and generating value for Saipem Shareholders;

e) these conclusions are echoed in the Opinion the *Advisor* issued to the Committee on October 26, 2015 which states: *"based on and subject to the foregoing, the Advisor, on the date of the Opinion, deems (A) the Refinancing of the Company's debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, to be overall financially expedient for the Company, ... (omissis)";*

f) according to the aforementioned opinion: *"With regard to the repayment to ENI we found that (i) this repayment is an essential part of the larger refinancing operation of Saipem's debt, as indicated by the financing banks in the documentation they provided so far; (ii) from a purely financial standpoint, it is consistent with both cash requirements and financial sustainability discussed above, and with the optimal definition of the capital structure in terms of financial costs; (iii) as a result of the above, following the repayment, Saipem would achieve savings on the spread between interest paid on debt owed to the parent company*

and interest gained on liquidity (as indicated by the Management in the Business Plan) and (iv) Eni could or may demand repayment at its discretion on account of the change of control clauses described above.”;

g) pursuant to the Agreement: Saipem shall not incur any extra costs or penalties for early repayment of debt owed to the Eni Group; closure of forex derivatives contracts shall be based on the *fair value / mark to market*, i.e. using a consolidated market practice; transfer of Eni counter-guarantees shall occur gradually and in compliance with market conditions in force at the time of transfer;

h) and, in light of the foregoing, the Operation is expedient for Saipem on account of confirmed equity and financial reasons, which attest to the suitability of repaying the debt owed to the Eni Group, and as the unavoidable premise for Saipem gaining financial independence and thereby generating value for its Shareholders.

Conclusions

For the purposes of and pursuant to article 5, letter c) of the Procedure, the Audit & Risk Committee:

- (i) in light of the information and documentation we reviewed and updates made available by Saipem;

- (ii) taking into account the considerations expressed by the Advisor, Leonardo & CO. who found the following: *“based on and subject to the foregoing, the Advisor, on the date of the Opinion, deems (A) the Refinancing of the Company’s debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, to be overall financially expedient for the Company, and that (B) in the context of and subject to the successful completion of the Refinancing of the Company’s debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, and the contextual repayment of its debt to Eni, which is an integral and unavoidable part of the overall operation, to be in the interests of the Company.”*

deems the Operation to be expedient and correct for Saipem and all its Shareholders.

The Committee

therefore expresses a unanimous opinion in favour

- on the interests of the Company in completing the Operation reimbursing the financial debt owed to the parent company Eni, in the context of and subject to the successful completion of the Refinancing of the Company's debt through a combination of i) a Share Capital Increase and ii) entering into financing contracts with a pool of banks, which is an integral and unavoidable part of the overall operation,
- and the relevant conditions of the Operation to be advantageous and substantially correct.

THE CHAIRMAN

Nicla Picchi

San Donato Milanese, October 26, 2015