

saipem



2012 Compensation Report

Mission

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

Our skilled and multi-local teams create sustainable growth for our Company and the communities in which we operate.

Our core values

Commitment to safety, integrity, openness, flexibility, integration, innovation, quality, competitiveness, teamwork, humility, internationalization

Countries in which Saipem operates

EUROPE

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

AMERICAS

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

CIS

Azerbaijan, Kazakhstan, Russia, Turkmenistan, Ukraine

AFRICA

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

MIDDLE EAST

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

FAR EAST AND OCEANIA

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

saipem



2012 Compensation Report

approved by the Board of Directors on March 13, 2012

The report is published in the 'Corporate Governance' section of Saipem's website
(www.saipem.com)

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Letter from the Chairman of the Compensation and Nomination Committee

Dear Shareholders,

Article 123-ter of the Consolidated Finance Act made it a requirement for listed companies to publish a 'Compensation report' twenty-one days before the Shareholders' Meeting. Subsequently, Consob Resolution No. 18049 of December 23, 2011, which entered into force on December 31, 2011, introduced Article 84-*quater* of the Consob Issuers Regulation setting down requirements relating to the publication and content of the report.

In compliance with the applicable legislation, this report comprises two separate sections. The first section, 'Compensation Policy', sets out the 2012 Guidelines adopted by Saipem for the compensation of company Directors and Senior Managers with strategic responsibilities, indicating the actors involved in the policy setting process and the procedures employed to implement it.

The second section, Compensation and other information, describes actions carried out in connection with the compensation of Directors and Senior Managers with strategic responsibilities and provides details on compensation actually paid during 2011.

The Compensation and Nomination Committee gave a favourable assessment of the Compensation policy for Directors and Senior Managers with strategic responsibilities adopted by the company in 2011 and of

March 13, 2012

its application, in terms of adequacy and overall consistency. This assessment provided an important point of reference for the definition and assessment of the 2012 Compensation Policy proposal.

The Committee feels that, in light of the current competitive conditions globally in the company's market areas, the proposed Compensation Policy is consistent with the aim of attracting, retaining and motivating highly skilled management professionals and aligning the interests of management with the priority objective of value creation for the shareholders in the medium-long term. It also believes that the proposed Compensation Policy achieves a fair and correct balance between the challenge of strategic objectives, benchmark market practices, applicable statutory requirements and the need to ensure management is adequately rewarded.

This Compensation Report was approved by the Board of Directors on March 13, 2012. The first section of the report, concerning the 2012 Compensation Policy, is subject to a non-binding resolution of the Shareholders' Meeting, in accordance with the applicable legislation.

The Compensation and Nomination Committee is of the opinion that this Compensation Report provides a full and comprehensive review of the compensation policies adopted by Saipem and represents a significant step towards transparent communication with shareholders and investors, in compliance with the recommendations set out in the applicable regulations.

The Chairman
Compensation and Nomination Committee
Gabriele Galateri di Genola



Introduction

Pursuant to the applicable legislation and regulations¹, this Report, which was approved by the Board of Directors on March 13, 2012 at the proposal of the Compensation and Nomination Committee, defines, and illustrates:

- in the first section, the Policy adopted by Saipem SpA ('Saipem' or the 'Company') for 2012 for the compensation of Company Directors and Senior Managers with strategic responsibilities², indicating the general aims pursued, the bodies involved and the procedures applied for the adoption and implementation of the Policy;
- in the second section, the compensation paid in 2011 to the Directors, Statutory Auditors and Senior Managers with strategic responsibilities of Saipem.

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

The Compensation Policy described in the first section of this Report was established in line with the corporate governance code published by Borsa Italiana SpA (the 'Corporate Governance Code'), as modified by the new edition of December 2011, whose recommendations were adopted through a resolution of the Board of Directors on March 13, 2012.

The Report was submitted to Borsa Italiana and was made available to the public at the Company's registered office and posted on Saipem's website³ twenty-one days before the Shareholders' Meeting called to approve the 2011 Financial Statements and to pass a non-binding resolution in favour or against the first section of the Report, in accordance with the applicable legislation⁴.

Information related to share-based compensation plans currently in force is available in the 'Corporate Governance' section of Saipem's website.

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

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

[3] The report is published in the 'Corporate Governance' section of Saipem's website.

[4] Article 123-ter, paragraph 6 of the Consolidated Finance Act.

Section I

2012 Compensation Policy

Governance of the Compensation process

Bodies and persons involved

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

- the Shareholders' Meeting establishes the compensation of the members of the Board of Directors when they are appointed, for the whole of their term of office;
- the Board of Directors establishes the compensation for Directors assigned special functions Chairman and Chief Executive Officers and for service on Board Committees, having consulted the Statutory Auditors.

In accordance with the Saipem governance model⁵, the Board of Directors are also responsible for:

- the definition of performance targets and the approval of results for performance plans used to establish the variable compensation of executive Directors;
- the approval of the general criteria for the compensation of Senior Managers with strategic responsibilities;
- the definition of the remuneration of the Internal Audit Manager in accordance with the company's Compensation policy and having consulted the Audit and Risk Committee and the Board of Statutory Auditors.

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

Saipem Compensation and Nomination Committee

Composition, appointment and powers

The Compensation Committee, which as of February 13, 2012 was renamed the 'Compensation and Nomination Committee', was established by the Board of Directors on May 9, 2011 and is composed, in accordance with the applicable regulations⁶ and the recommendations set out in the new version of the Corporate Governance Code, of three non-executive, independent Directors.

At least one member of the Committee has adequate knowledge and experience on financial matters or compensation policies, as assessed by the Board at the time of appointment.

In 2011, up until the re-election of the Company Bodies during the Shareholders' Meeting of May 4, 2011, the Committee was composed of the following non-executive Directors: Salvatore Sardo, with the function of Chairman, Anna Maria Artoni and Pierantonio Nebuloni.

As a result of the resolutions carried by the Board of Directors on May 9, 2011, the new Committee is composed of the following Directors, who are non-executive independent pursuant to the applicable legal requirements and the Corporate Governance Code, which Saipem has adopted: Gabriele Galateri di Genola, with the function of Chairman, Nicola Greco and Maurizio Montagnese. The Executive Vice President of Human Resources, Organization and Systems, or, in his/her place, the Senior Vice President of Development, Organization, Communication and Compensation, acts as Secretary of the Committee.

Committee membership and appointments, its tasks and its operating procedures are regulated by a specific set of rules and regulations⁷, which were approved by the Board of Directors on June 16, 2011 and subsequently amended:

- on December 13, 2011, following the implementation of the recommendations set out in the amended version of the Corporate Governance Code of March 2010 issued in December 2011;
- on March 13, 2012, following the implementation of the recommendations set out in Article 5 of the Corporate Governance Code regarding the setting up of a Nomination Committee, through the allocation of the relevant powers to the Compensation Committee which, as a result, became the 'Compensation and Nomination Committee'.

The Committee acts in a proposal and advisory role to the Board of Directors. Specifically, it is responsible for:

- submitting the Compensation Report and in particular the policy regarding the compensation paid to the Directors and the other Senior Managers with strategic responsibilities to the Board of Directors for its approval prior to the report's presentation to the Shareholders' Meeting convened to approve the annual financial statements in accordance with the applicable legislation;
- making proposals regarding the forms and amounts of compensation awarded to the Chairman and Executive Directors;

[5] For additional information on the Saipem governance structure, see the 'Corporate Governance Report and Shareholding Structure' published in the 'Corporate Governance' section of Saipem's website.

[6] With reference to Article 37 of Consob Regulation on Markets adopted with Resolution No. 16191 of on October 29, 2007 and subsequent amendments.

[7] The Rules and Regulations of the Compensation and Nomination Committee 'Corporate Governance' and 'Documentation' sections of Saipem's website.

- making proposals regarding the compensation of the Non-Executive Directors appointed to the Committees formed by the Board;
- proposing general criteria for the compensation of Senior Managers with strategic responsibilities, for annual and long-term incentive plans, including share-based incentive plans, and for the definition of performance targets and approval of company results used as part of performance plans to establish the variable compensation of Directors assigned special functions and implement incentive schemes, taking into account the indications provided in this regard by the Deputy Chairman and CEO;
- periodically checking the adequacy, the overall consistency and the implementation of the Policy adopted and formulating proposals in this regard;
- monitoring the implementation of decisions taken by the Board;
- reporting to the Board of Directors every six months on the work it has carried out.

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

To ensure it is able to effectively fulfil its duties, the Committee is assisted by the competent Company departments and may also, through the same departments, request the assistance of external consultants in order to obtain an independent judgement. The Chairman of the Board of Statutory Auditors, or a statutory auditor designated by the Chairman, may attend Committee meetings. Furthermore, other statutory auditors may also participate when the Board is dealing with matters for which the Board of Directors is obliged in its resolution to take account of the opinion of the Board of Statutory Auditors.

The Committee also performs the duties set out in Article 5 of the Corporate Governance Code, in accordance with the procedures described in it's the Committee Rules and Regulations.

Activities of the Compensation and Nomination Committee

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

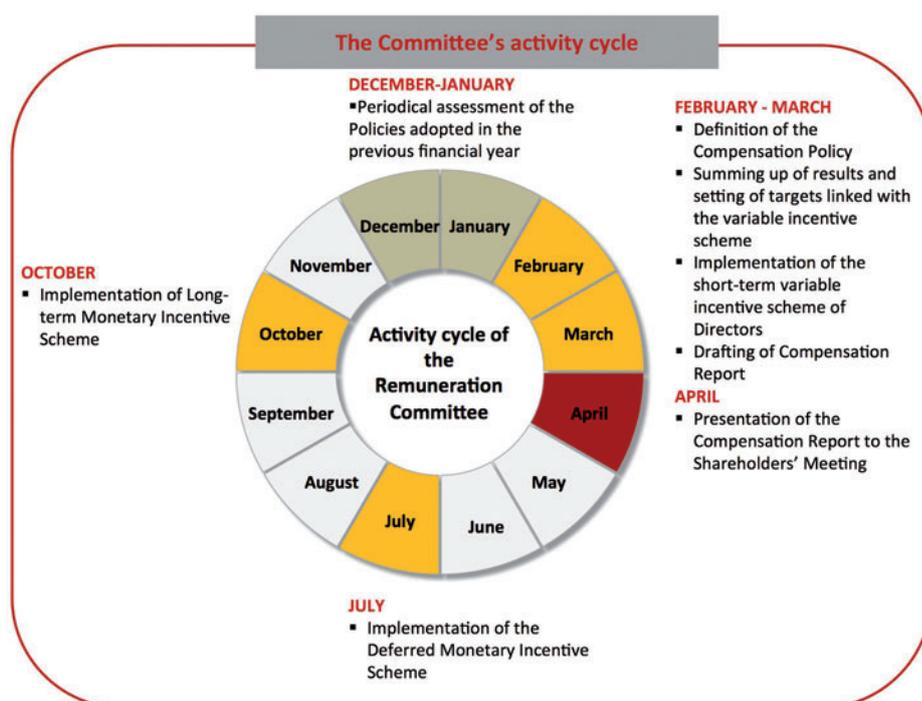
- periodically checking the adequacy, the overall consistency and the implementation of the Policy adopted in the previous year in relation to the results achieved and the compensation/benchmarks supplied by specialized providers;
- definition of Policy proposals for the following year and of proposals regarding the performance targets connected with short and long-term incentive plans;
- proposals regarding the implementation of the short and long-term variable incentive plans in force, based on an analysis of the results achieved and the performance targets set under the plans;
- preparation of the Compensation Report to be submitted to the Shareholders' Meeting subject to the approval of the Board of Directors.

Activities carried out and planned

In 2011, the Compensation Committee (in its previous and current mandates) convened on a total of five occasions, with an average member attendance of 93%.

The Committee focused its activities during the first part of the year on reviewing the company's 2010 results and defining 2011 performance targets in connection with the variable incentive plans and also on matters related to the compensation of members of the newly elected Board committees.

During the second part of the year, the Committee focused its activities on developments in the regulatory and governance framework, including the adoption of the recommendations set out in the Corporate Governance Code in relation to compensation, which led to a proposal to update the Committee Rules and



Principal issues addressed in 2011

March	1. Review of 2010 performance results and definition of 2011 performance targets in relation to variable incentive plans
	2. Implementation of the variable incentive plans for Directors assigned special functions
June	1. Induction regarding managerial compensation system
	2. Proposals regarding the compensation of the Chairman
	3. Proposals regarding the compensation of the Executive Directors
	4. Proposals regarding the compensation of the Non-Executive Directors appointed to the Board Committees and of the external members of the Compliance Committee
	5. Approval of Compensation Committee Rules and Regulations
	6. Review of 2010 long-term incentive plan for critical managerial resources
July	1. Implementation of the Deferred Monetary Incentive plan for Executive Directors and other Managerial resources and approval of Plan Rules
	2. Compensation Committee Report for first half year of 2011
October	1. Implementation of the Long-term Monetary Incentive plan for Executive Directors and critical Managerial resources
December	1. Report regarding Consob consultation document (pursuant to Article 123-ter of the Consolidated Finance Act)
	2. Implementation of the recommendations set out in the Corporate Governance Code and related update of Committee Rules and Regulations

Regulations in relation to Committee composition and duties. The Committee plans to hold at least 4 meetings in 2012. At the date of approval of this report, the first two meetings had already been held. These focused on an assessment of the compensation policies implemented in 2011 with a view to defining a 2012 compensation policy proposal and an analysis of this Report with a view to its subsequent approval by the Board of Directors. The agenda of the forthcoming meetings will include the implementation of the Long-term Incentive Plans, the approval of the Incentive Plan rules and the implementation of compensation policies for 2012. The Committee reports through its Chairman to the Shareholders' Meeting convened to approve the annual financial statements on the performance of its duties, in accordance with its own rules and regulations, the recommendations of the Corporate Governance Code and with the aim of establishing a channel for dialogue with its shareholders and investors.

2012 Compensation Policy approval process

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

In reaching its conclusions, the Committee took account of the following resolutions relating to the newly-elected Company Bodies.

- Shareholders' Meeting resolution of May 4, 2011 regarding the compensation of the Directors;

- resolutions of the Board of Directors of June 16, 2011 regarding the compensation of the Chairman and Directors assigned special functions, compensation for serving on Board Committees and general criteria for the compensation of Senior Managers with strategic responsibilities.

The above activities were carried out following an assessment of the legislative and regulatory framework in relation to compensation.

The Saipem 2012 compensation policy for Directors assigned special functions and other Senior Managers with strategic responsibilities was approved by the Board of Directors on March 13, 2012⁸ at the proposal of the Compensation and Nomination Committee, together with this Report.

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

Aims and general principles of the Compensation Policy

Aims

The Saipem Compensation Policy is defined in accordance with the governance model adopted by the Company and the recommendations included in the Corporate Governance Code, with the aim of attracting and retaining highly skilled professional and managerial resources and aligning the interests of management with the priority objective of value creation for the shareholders in the medium-long term.

A significant element of the compensation policy adopted is the variable performance-based component of remuneration, which is

⁽⁸⁾ On December 13, 2011, when implementing the recommendations regarding compensation included in the amended Corporate Governance Code, the Board of Directors resolved to defer the approval of the Saipem 2012 compensation policy to March 2012 and the approval of this Report. The reason for the decision to defer was that the first section of the report concerns the compensation policy adopted and, at the date of the Board meeting, the Consob provisions detailing the required contents of the Report in implementation of Article 123-ter of the Consolidated Finance Act had not been definitively issued.

linked through a system of incentives to the attainment of a series of financial/profit, business development and operating targets set with a view to achieving sustainable growth in line with the company's Strategic Plan.

The Saipem Compensation Policy contributes to the achievement of the company mission, values and strategies by: i) promoting actions and conduct consistent with the company culture and with the principles of diversity, equal opportunities, the maximization and leveraging of knowledge and skills of personnel, fairness, and non-discrimination outlined in the 'Our people' policy approved by the Board on December 13, 2010; ii) recognizing and rewarding responsibilities assigned, the results achieved and the quality of the professional contribution made, taking into account the specific context and compensation benchmarks.

General principles

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

- application of a compensation structure designed to attract, retain and motivate highly skilled professionals;
- compensation paid to non-executive Directors to be commensurate with their scope of duties as a member of Board Committees, differentiation of the Committee Chairman's compensation with respect to that of Committee members in recognition of their duties of coordinating works and liaising with company bodies and functions; executive Directors are not awarded share-based incentive plans;
- compensation structure for Directors assigned special functions and other Senior Managers with strategic responsibilities should be a balanced mix of a fixed component commensurate with powers and/or responsibilities assigned and a variable component with a maximum limit designed to link compensation to performance;
- overall consistency of compensation compared with applicable market benchmarks for similar positions or roles of a similar level of responsibility and complexity within a panel of companies comparable with Saipem, using specific benchmarks created with the support of international compensation data providers;
- variable compensation for executive roles consisting of a short-term component and a medium-long term component and with adequate deferral of incentives through the implementation of a vesting period of at least three years;
- for executive roles strongly influencing the company's results, the variable long-term component of compensation should carry significant weight, with a view to achieving sustainable growth and value creation for the shareholders in the medium/long-term;
- targets linked to the variable component of compensation that are predetermined, measurable and specific and which can be

used to reward performance in the short and medium-long term through:

- i. definition of short-term incentive plan objectives based on a balanced score card which measures company and individual performance in relation to the specific targets of the area of responsibility and, for the Internal Audit Manager, assigned duties;
 - ii. definition of long-term incentive plan targets designed to enable an assessment of company performance both in absolute terms, i.e. in terms of the company's capacity to generate growing and sustainable profits, and in relative terms with respect to a peer group, i.e. in terms of its capacity to generate levels of performance that are superior to those of its main international competitors.
- evaluation of assigned performance targets excluding exogenous variables⁹ in order to measure the individual contribution made towards their achievement;
 - benefits (with a preference given to pension and insurance benefits) in line with market compensation benchmarks and compliant with local regulations to supplement and enhance the compensation package, reflecting roles and responsibilities assigned;
 - additional severance pay for termination of employment and/or expiry of term of office and non-competition agreements for executive positions which are fixed term appointments or which are subject to a high risk of competition, in line with level of compensation received and performance achieved.

2012 Compensation Policy Guidelines

The 2012 Policy Guidelines for the Compensation of the Directors reflect the resolutions taken by the Board of Directors on June 2011 following the re-election of the Company Bodies in accordance with a principle of continuity with the compensation structure applied in relation to the previous mandate.

For non-executive independent Board members, the Board of Directors determined on June 16, 2011 that additional compensation would only be paid for service on Board Committees. The 2012 Policy Guidelines for the compensation of other Senior Managers with strategic responsibilities applies the same compensation structure used in 2011 with, in particular, short and long-term incentive plans closely aligned with those awarded to top management in order to encourage their alignment with the targets defined in the annual performance plans and in the Company's Strategic Plan.

The 2012 Compensation Policy guidelines were defined in accordance with the aims and general principles set out previously and were found by the Compensation and Nomination Committee to be in line with relevant market compensation benchmarks, taking into account the findings of the Committee's assessment of the 2011 compensation policy.

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

Chairman of the Board of Directors

Remuneration for office

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

Payment in the event of expiry of office or termination

No specific payments are provided for in the event of expiry of term of office or early termination.

Benefits

The Chairman receives no benefits.

Non-executive Directors

Compensation for attendance of Shareholders' Meeting

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

Additional compensation for serving on Board Committees

The Board of Directors of June 16, 2011 set additional annual compensation for non-executive Directors serving on Board Committees as follows:

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

Payment in the event of expiry of office or termination

No specific payments are provided for in the event of expiry of the term of office or early termination of non-executive Directors.

Deputy Chairman and Chief Executive Officer

The Compensation structure of the Deputy Chairman and Chief Executive Officer for the current term was approved by the Board of Directors on June 16, 2011. It reflects the powers and duties assigned and includes both basic compensation for the office of Director as approved by the Shareholders' Meeting as well as compensation due for attendance of meetings of Boards of Directors of subsidiaries and associate companies.

Fixed compensation

The fixed compensation of the Deputy Chairman and Chief Executive Officer has been set at a total annual gross amount of €901,808. This amount was set taking into account average levels of compensation at other major Italian companies for roles of a similar level of responsibility and complexity and may be adjusted at the proposal of the Compensation and Nomination Committee on the basis of market position reviews. Furthermore, as a Saipem Senior Manager, the Deputy Chairman and Chief Executive Officer receives indemnities for business trips in Italy and overseas that are in line with the relevant national collective labour agreement for Senior Managers and supplementary agreements reached at company level.

Short-term variable incentives

Variable annual compensation is determined in relation to a target level performance (performance = 100) and a maximum level performance (performance = 130), which correspond to 60% and 78% of total fixed compensation, respectively. Performance levels achieved are measured on the basis of the profit/financial and operating performance achieved by Saipem in the year prior to the year of payment as well as on sustainability indicators related to safety. The Compensation and Nomination Committee may also submit proposals to the Board of Directors concerning the payment to the Deputy Chairman and Chief Executive Officer of other forms of extraordinary compensation connected with the achievement of results or projects having a special strategic importance.

Long-term variable incentives

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

- the deferred monetary incentive scheme, which is applied to all managerial resources on an annual basis, consisting of an annual award starting from 2012 based on company performance measured in terms of EBITDA¹⁰, a parameter widely employed in the Oil & Gas Services sector as a general indicator of results that is consistent with Saipem's strategy of growth and consolidation of its current position in its business areas.

The base incentive is determined on the basis of results achieved by the Group in the year prior to the year of award, with a target level performance giving a base incentive of 40% of fixed compensation and a maximum level performance giving a base incentive of 52% of fixed compensation.

The incentive paid out at the end of the three-year vesting period is determined in relation to the results achieved by Saipem in each of the three years following the year of award as a percentage ranging from 0 to 170% of the base incentive. The 2011 EBITDA results for the 2012 award and the 2012 EBITDA targets were determined by the Board of Directors on March 13, 2012 at the proposal of the Compensation and Nomination Committee, in line with the Strategic Plan.

- The Long-term Monetary Incentive scheme provides for the award of a target level incentive of up to a maximum of 50% of

⁽¹⁰⁾ Earnings before interest, tax, depreciation and amortization.

fixed compensation. The incentive is paid out after a vesting period of three years as a percentage ranging from 0 to 130% of the base incentive in relation to the performance parameter Adjusted Net Profit + Depreciation & Amortization (selected as an indicator of the company's cash generating capacity and its ability to generate a return for its shareholders), measured over a three-year period, as benchmarked against the performance achieved by a panel of six of Saipem's largest competitors in terms of market capitalization in the Oil & Gas Services sector.

The peer group used for this purpose consists of Technip, McDermott, JGC, Subsea7, Chiyoda, Transocean.

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

Indemnities for termination of office or termination of employment

The Deputy Chairman and Chief Executive Officer receives no indemnities in the event of termination of office. However, in the event of termination of employment, the Deputy Chairman and Chief Executive Officer receives the termination indemnities provided for in the national collective labour agreement applicable to Senior Managers. Supplementary indemnities may be agreed on an individual basis upon termination in cases where the company deems it necessary to enter into non-competition agreements.

Benefits

In continuity with the compensation policies implemented in 2011 and in accordance with the relevant collective labour agreement established at national level and supplementary agreements reached at company level for Saipem Senior Managers, the Deputy Chairman and Chief Executive Officer is granted membership of the supplementary pension fund FOPDIRE¹¹ and the Supplementary Healthcare Fund FISDE¹², death and disability insurance coverage and a company car for business and personal use.

Deputy CEO

Fixed compensation

In relation to the duties assigned him by the Board of Directors of June 16, 2011, the Deputy CEO receives total annual compensation of €447,500. This amount includes both basic compensation for the office of Director of €40,000 and an expatriation allowance of €97,500. The Deputy CEO also receives

an annual compensation equivalent to approximately €190,000 as Chairman of Saipem Ltd.

The fixed compensation of the Deputy CEO was set taking into account average levels of compensation at other major Italian companies for roles of a similar level of responsibility and complexity and may be adjusted at the proposal of the Compensation and Nomination Committee on the basis of market position reviews.

Short-term variable incentives

Variable annual compensation is determined based on a target level performance (performance = 100) and a maximum level performance (performance = 130), which correspond to 40% and 52% of total fixed compensation¹³, respectively. Results are assessed on the basis of Saipem and individual performance achieved in the year prior to the year of payment in relation to profit/financial and operating performance, and sustainability indicators related to safety.

The Compensation and Nomination Committee may also submit proposals to the Board of Directors concerning the payment to the Deputy Chairman and Chief Executive Officer of other forms of extraordinary compensation connected with the achievement of results or projects having a special strategic importance.

Long-term variable incentives

In line with the incentive plans granted to the Deputy Chairman and Chief Executive Officer, the Deputy CEO participates in long-term variable incentive plans with the following characteristics:

- the deferred monetary incentive scheme (IMD), which is applied to all managerial resources on an annual basis, consisting of an annual awarded starting from 2012 based on company performance measured in terms of EBITDA, a parameter widely employed in the Oil & Gas Services sector as a general indicator of results that is consistent with Saipem's strategy of growth and consolidation of its current position in its business areas.

The base incentive is determined based on the results achieved by the Group in the year prior to the year of award, with a target level performance giving a base incentive of 25% of fixed compensation and a maximum level performance giving a base incentive of 32.5% of fixed compensation. The incentive paid out at the end of the three year-vesting period is determined in relation to results achieved by Saipem in each of the three years following the year of award as a percentage ranging from 0 to 170% of the basic incentive. The 2011 EBITDA results for the 2012 award and the 2012 EBITDA targets were determined by the Board of Directors on March 13, 2012 at the proposal of the Compensation and Nomination Committee, in line with the Strategic Plan.

- The Long-term Monetary Incentive scheme provides for the award of a target level incentive of up to a maximum of 35% of

[11] Closed pension fund operating on a defined contribution, individual account basis, www.fopdire.it.

[12] Healthcare fund providing reimbursement of medical expenses for working and retired senior managers and their family members, www.fisde-eni.it.

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

fixed compensation. The incentive is paid out after a vesting period of three years as a percentage ranging from 0 to 130% of the base incentive in relation to the performance parameter Adjusted Net Profit + Depreciation & Amortization (D&A) (selected as an indicator of a company's cash generating capacity and its ability to generate a return for its shareholders) measured over a three-year period, as benchmarked against the performance achieved by the same peer group used for the Deputy Chairman and Chief Executive Officer.

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

Indemnities for termination of office or termination of employment

No specific indemnities are provided to the Deputy Chairman and Chief Executive Officer in the event of expiry or early termination of his term of office. Supplementary indemnities may be agreed on an individual basis upon termination in cases where the company deems it necessary to enter into non-competition agreements.

Benefits

In continuity with the compensation policies implemented in 2011, the Deputy CEO is granted membership of a supplementary pension fund (1824 Clerical Medical Pension Fund), insurance policies providing supplementary healthcare cover (BUPA - British Union Provident Association and CIGNA - International Employee Healthcare Plan) and death and disability insurance coverage (Generali).

Senior Managers with strategic responsibilities

Fixed compensation

Fixed compensation of Senior Managers with strategic responsibilities is set based on roles and responsibilities assigned, taking into account average levels of compensation at other major Italian companies for roles of a similar level of managerial responsibility and complexity and may be adjusted during the annual salary review process which is carried out for all Senior Managers. The 2012 Guidelines taking into account the relevant context and current market trends will employ selective criteria designed to ensure adequate levels of competitiveness and motivation. The proposed actions will involve: (i) salary adjustments for positions whose responsibilities have increased or whose compensation is significantly below the relevant market median; (ii) extraordinary bonus payments connected with the achievement during the year of results or projects having a special strategic importance.

Furthermore, as Saipem Senior Managers, Senior Managers with strategic responsibilities receive indemnities for business trips in Italy and overseas that are in line with the relevant national collective labour agreement for Senior Managers and supplementary agreements reached at company level.

Short-term variable incentives

The annual variable incentive plan provides a payout linked to Saipem and individual performance. The target level performance (performance = 100) and maximum level performance (performance = 130) give payouts that vary in accordance with the role of the beneficiary, up to a maximum of 35% and 52% of fixed compensation, respectively. The objectives of each Senior Manager with strategic responsibilities are assigned on the basis of the objectives assigned to Top Management and in relation to the manager's specific responsibilities, in accordance with the Company performance plan.

Long-term variable incentives

In line with the incentive plans granted to the Deputy Chairman and Chief Executive Officer and the Deputy CEO, the Senior Managers with strategic responsibilities participate in long-term variable incentive plans with the following characteristics:

- the deferred monetary incentive scheme (IMD), which is applied to all managerial resources, consisting of three annual awards starting from 2012, based on company performance measured in terms of EBITDA, a parameter widely employed in the Oil & Gas Services sector as a general indicator of results that is consistent with Saipem's strategy of growth and consolidation of its current position in areas business. The base incentive is determined based on the results achieved by the Group in the year prior to the year of award, with a target performance level giving a base incentive of 25% of fixed compensation and a maximum performance level giving 32.5% of fixed compensation. The incentive paid out at the end of the three year vesting period is determined in relation to results achieved by Saipem in each of the three years following the year of award as a percentage ranging from 0 to 170% of the base incentive. The 2011 EBITDA results for the 2012 award and the 2012 EBITDA targets were determined by the Board of Directors on March 13, 2012 at the proposal of the Compensation and Nomination Committee, in line with the Strategic Plan.
- The Long-term Monetary Incentive scheme provides for the award of a target level incentive of up to a maximum of 35% of fixed compensation. The incentive is paid out after a vesting period of three years as a percentage ranging from 0 to 130% of the base incentive in relation to the performance parameter Adjusted Net Profit + Depreciation & Amortization (selected as an indicator of the company's cash generating capacity and its ability to generate a return for its shareholders), measured over a three-year period as benchmarked against the performance achieved by the same peer group used for the Deputy Chairman and Chief Executive Officer.

Both plans include clauses designed to encourage retention whereby, in the event of termination of the employment contract by mutual consent or loss of control by Saipem of the company

where the beneficiary of the plan is employed during the vesting periods, the beneficiary conserves the right to the incentive, which is reduced on a pro rata basis in relation to the time elapsed between award of the base incentive and the occurrence of the event. In the event of unilateral termination of employment, no payment is made.

Indemnities for termination of office or termination of employment

Other Senior Managers with strategic responsibilities receive the termination indemnity established in the applicable national collective labour agreement as well as any supplementary indemnities that may be agreed on an individual basis upon termination in accordance with the criteria set by Saipem for voluntary redundancy, early retirement and/or cases where the company deems it necessary to enter into non-competition agreements.

Benefits

In continuity with the compensation policies implemented in 2011 and in accordance with the relevant collective labour agreement established at national level and supplementary agreements reached at company level for Saipem Senior Managers, Senior

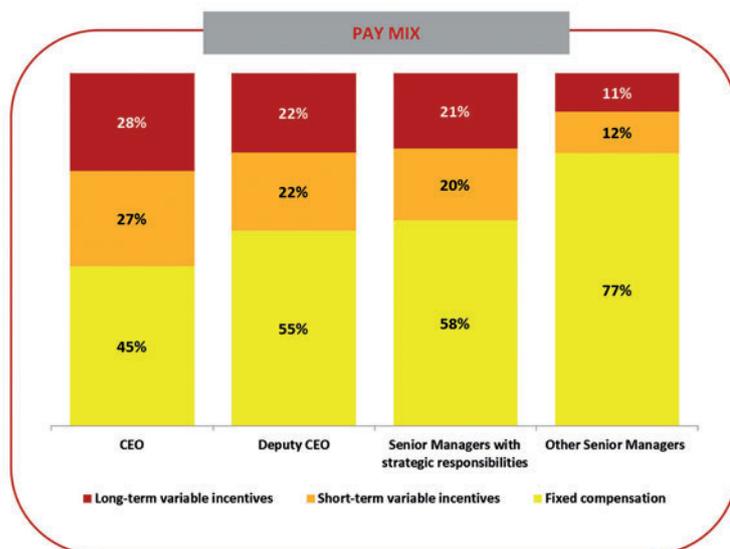
Managers with strategic responsibilities are granted membership of the supplementary pension fund FOPDIRE and the Supplementary Healthcare Fund FISDE, death and disability insurance coverage and a company car for business and personal use.

Market benchmarks and pay-mix

The market benchmarks employed are as follows:

- Chairman and Non-executive Directors: average benchmarks for similar roles in the largest Italian listed companies by market capitalization;
- Chief Executive Officers and Senior Managers with strategic responsibilities: average benchmarks for roles with a similar level of managerial responsibility and complexity in major Italian industrial companies.

The 2012 Compensation Policy guidelines set pay-mixes consonant with managerial roles, with a greater weight given to the variable component (in particular the long-term component) for positions that have a greater influence on company results, as shown in the pay-mix chart below, which was calculated considering a target performance level payout for short and long-term incentives.



Section II

Compensation and other information

Part one Implementation of 2011 compensation policies

This section of the report provides a description of the compensation policies implemented in 2011 for the Chairman of the Board of Directors, Non-executive Directors, Deputy Chairman and Chief Executive Officer, the Deputy CEO and other Senior Managers with strategic responsibilities.

The implementation of the 2011 compensation policy, as checked by the Compensation and Nomination Committee during the periodic assessment required under the Corporate Governance Code, was in line with the general principles referred to in the resolutions of the Board of Directors passed during the previous and current terms. The Committee's assessment was that the 2011 Policy was consistent with the relevant market benchmarks in terms of both overall positioning and pay-mix.

Fixed compensation

Non-executive Directors departing in 2011 were paid the fixed compensation set by the Shareholders' Meeting of April 28, 2008 calculated on a proportionate basis until the end of their term of office.

The current Chairman, Alberto Meomartini, was paid, on an annual pro rata basis, the compensation determined by the Board of Directors of June 16, 2011, applying a principle of continuity with the compensation structure and amounts set in relation to the previous term. In relation to both the previous and current terms, this compensation includes the compensation for the office of Director approved by the Shareholders' Meeting.

Non-executive Directors were paid the compensation agreed for the new term by the Shareholders' Meeting of May 4, 2011 pro-rated according to the portion of the year worked.

The fixed compensation paid to the Deputy Chairman and Chief Executive Officer (CEO) was adjusted in order to align it with market benchmarks through a resolution passed by the Board of Directors on June 16, 2011. In relation to both the previous and current terms, this compensation includes the compensation for the office of Director approved by the Shareholders' Meeting. With regard to the fixed compensation paid to the Deputy CEO, since no misalignment was found with regard to market benchmarks, the current compensation was confirmed. In relation to both the previous and current terms, this compensation includes the compensation for the office of Director approved by the Shareholders' Meeting.

For other Senior Managers with strategic responsibilities, the annual salary review carried out for all senior managers brought in 2011 selective fixed compensation adjustments in relation to promotions to higher positions and in order to align salaries with market benchmarks.

Amounts for fixed compensation are specified in Table No. 1 on page 17.

Compensation for service on Board Committees

Non-executive Directors were paid the compensation agreed by the Shareholders' Meeting of June 16, 2011 for service on Board committees, pro-rated according to the portion of the year worked.

Compensation for service on Board Committees is shown in Table No. 1 on page 17.

Variable incentives

Short-term variable incentives

The 2011 Annual Incentive was paid out to executives on the basis of the assessment of company performance in relation to the targets set for 2010 pursuant to the Strategic Plan regarding: (i) Adjusted EBITDA, (ii) Orders acquired, (iii) Net financial position, (iv) Sustainability.

The 2011 Annual Incentive was paid out to Senior Managers with strategic responsibilities on the basis of company results and a series of individual targets pertaining to the manager's specific area of responsibility, in accordance with the Saipem 2010 performance plan.

Saipem results for 2010 evaluated on a constant currency basis and approved by the Board of Directors at the proposal of the Compensation and Nomination Committee in the meeting held on March 8, 2011 generated a performance score of 127 points on the measurement scale employed, where 100 points corresponds to a target level performance and 130 to a maximum level performance. In terms of the variable compensation paid out, this performance score translated to:

- award of a bonus to the Deputy Chairman and Chief Executive Officer of 76.2% of fixed compensation, taking into consideration a target level of 60% and a maximum level of 78%;
- award of a bonus to the Deputy CEO of 45.2% of fixed compensation, taking into consideration a target level of 40% and a maximum level of 52%;
- the award of bonuses to the other Senior Managers with

strategic responsibilities determined in relation to performance achieved and the levels of incentive set in accordance with their roles.

The bonuses awarded to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the other Senior Managers with strategic responsibilities are indicated under the item 'Non-equity variable compensation/bonuses and other incentives' in Table No. 1 on page 17 and analysed in further detail in Table No. 3 on page 19.

Deferred monetary incentive

On March 13, 2012, 2010 EBITDA was determined by the Board of Directors to have attained the target level, as checked and proposed by the Compensation and Nomination Committee.

Accordingly, the Board of Directors determined the award of a 2011 base incentive of €360,500 (40% of fixed compensation) to the Deputy Chairman and Chief Executive Officer.

The Board determined the award of a 2011 base incentive of €135,000 (25% of fixed compensation) to the Deputy CEO.

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

The base incentives awarded to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the other Senior Managers with strategic responsibilities are shown under the item 'Annual Bonus - deferred' in Table No. 3 on page 19.

In addition, the Deferred Monetary Incentive awarded in 2008 to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and other managerial resources matured in 2011. On March 13, 2012, the Board of Directors, at the proposal of the Compensation and Nomination Committee, set the factor to be applied to the base incentive to calculate the payable amount at 143% on a scale of 0 to 170%, based on Saipem EBITDA for the period 2008-2010. Accordingly, the Deputy Chairman and Chief Executive Officer received an incentive of €559,130 (143% of the base incentive of €391,000 awarded in 2008) while the Deputy CEO received an incentive of €251,680 (143% of the base incentive of €176,000 awarded in 2008).

The amounts paid to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the other Senior Managers with strategic responsibilities are shown under the item 'Bonuses from prior years payable/paid out' in Table No. 3 on page 19.

Long-term Monetary Incentive

On October 26, 2011, the Board of Directors determined the award to the Deputy Chairman and Chief Executive Officer of a base incentive for the Long-term Monetary Incentive (which replaces the Saipem stock option plan which from 2009 onwards has not been implemented), as checked and proposed by the Compensation and Nomination Committee. The incentive was set at €451,000, applying the criteria and methods determined by the Board with the support of external specialist providers. The Deputy CEO was awarded a base incentive of €189,000 as

determined by the Board with the support of external specialist providers.

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

The base incentives awarded to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the other Senior Managers with strategic responsibilities are shown under the item 'Annual Bonus - deferred' in Table No. 3 on page 19.

Stock options

As of 2009, Saipem has no longer implemented stock option plans.

With regard to stock option plans currently in force, the 2008 award of the 2006-2008 stock option plan for the Deputy Chairman and Chief Executive Officer, the Deputy CEO and critical managerial resources vested during 2011. The plan is linked to Saipem's performance in terms of Total Shareholders' Return (TSR) during the three year vesting period as benchmarked against a panel of Saipem's six largest international competitors in terms of market capitalization in the Oil & Gas Services sector. On the basis of results achieved during the vesting period as checked and proposed by the Compensation and Nomination Committee, the Board of Directors in the meeting held on March 8, 2011, set the factor to be applied to determine the percentage of stock options exercisable as from July 30, 2011 at 95% on a scale from 0 to 100%. The options exercisable by the Deputy Chairman and Chief Executive Officer amounted to 124,450 with a strike price of €25.872 options, those exercisable by the Deputy CEO amounted to 59,850 with a strike price of €25.872, while those exercisable by critical managerial resources amounted to 51,850 with a strike price of €26.521.

For additional information with regard to stock option plans currently in force see the 'Corporate Governance' section of Saipem's website.

Indemnities for termination of office or termination of employment

A Senior Manager with strategic responsibilities whose position changed as of February 8, 2011 was awarded a payment in addition to the relevant statutory and contractual entitlements which was determined in accordance with the company's voluntary redundancy policies. The effects on the relevant monetary incentive schemes in force of the termination by mutual consent of the Senior Manager with strategic responsibilities' employment in accordance with the relevant regulations are described in the notes in Table No. 2 on page 18 and Table No. 3 on page 19.

Amounts paid in relation to the termination of office or employment are shown under the item 'Indemnities for termination of office or employment' in Table No. 1 on page 17.

Benefits

Table No. 1 on page 17 shows the taxable value of benefits paid in 2011 to the Deputy Chairman and Chief Executive Officer and the other Senior Managers with strategic responsibilities. The values shown relate to the following benefits: (i) annual contribution to the supplementary pension fund FOPDIRE; (ii) annual contribution to the supplementary healthcare fund FISDE; (iii) assignment of a

company car for business and personal use for a three-year period (the value stated is exclusive of the contribution paid by the assignee). The value of the benefits paid in 2011 to the Deputy CEO relates to: (i) annual contribution to the supplementary pension fund 1824 Clerical Medical Pension Fund; (ii) annual contribution to the supplementary healthcare funds BUPA - British Union Provident Association and CIGNA - International Employee Healthcare Plan.

Part two Compensation paid in 2011

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

The following table shows compensation paid to Directors and Statutory Auditors, who are listed by name, and compensation paid to other Senior Managers with strategic responsibilities, which is shown on an aggregated basis¹⁴. The table includes all persons that held office for whole or a part of the year.

Specially:

- the column 'Fixed compensation' shows fixed compensation for employed work due for the year. The amounts shown are gross before deductions for social security and tax payable by the employee. They do not include lump sum expense reimbursements and attendance fees as these are not provided. The notes provide further details of compensation paid and indicate separately any allowance and entitlements connected with employed work;
- the column 'Compensation for service on committees' shows compensation due to Directors for serving on Board committees during the year. The notes indicate separately the

compensation due for each of the Committees the director served on;

- the item 'Bonuses and other incentives' in the column 'variable non-equity compensation' shows incentives paid during the year as a result of rights maturing following checking and approval of performance results by the relevant company bodies as detailed in the Table 'Monetary incentives paid to Directors, General Managers and Senior Managers with strategic responsibilities'; the column 'Profit sharing' is empty because there are no profit sharing schemes in place;
- the column 'Non-monetary benefits' shows the taxable value of benefits paid in 2011;
- the column 'Other compensation' shows any other compensation paid pertaining to the year and relating to other services performed;
- the column 'Total' shows the total of the preceding items;
- the column 'Fair Value of equity compensation' shows the fair value of stock option plans in place as estimated in accordance with International Financial Reporting Standards which require costs to be distributed over the vesting period;
- the column 'Indemnities for termination of office or employment' show indemnities accrued, including indemnities not yet paid, in relation to termination of office or employment during 2011.

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

Table 1:
Compensation paid to members of management and control bodies and other Senior Managers with strategic responsibilities

(amounts in € thousand)

Name and Surname	Office	Term of office	Expiration of term of office (*)	Variable non-equity compensation						Total	Fair value of equity compensation (**)	Indemnities for termination of office or termination of employment
				Fixed compensation	Compensation for service on Committees	Bonuses and other incentives	Profit share	Non-monetary benefits	Other compensation			
Board of Directors												
Marco Mangiagalli	Chairman ^[1]	01.01 - 04.05	05.11	69 ^[a]							69	
Alberto Meomartini	Chairman ^[2]	04.05 - 31.12	04.14	129 ^[a]							129	
Pietro Franco Tali	Deputy Chairman and CEO ^[3]	01.01 - 31.12		884 ^[a]		1,208 ^[b]			13		2,105	180
Hugh James O'Donnell	Deputy CEO ^[4]	01.01 - 31.12										
	<i>Compensation from Company preparing financial statements</i>			448 ^[a]		496 ^[b]			15		958	86
	<i>Compensation from subsidiaries and associates</i>								190 ^[c]	190		
	Total			448		496			15	190	1,148	86

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

[**] 2011 pro rata amount (from January 1 to July 30) of award of 2008 stock option plans in accordance with the distribution criteria set out in the relevant accounting standards.

[1] **Marco Mangiagalli - Chairman of the Board of Directors**

[a] Includes the fixed compensation set by the Board of Directors' on October 29, 2008, calculated on a pro rata basis until May 4, 2011 (€200,000). This amount includes the compensation for the office of Director (€40,000) set by the Shareholders' Meeting.

[2] **Alberto Meomartini - Chairman of the Board of Directors**

[a] Includes the fixed compensation set by the Board of Directors' on June 16, 2011, calculated on a pro rata basis from May 4, 2011 (€200,000). This amount includes the compensation for the office of Director (€40,000) set by the Shareholders' Meeting.

[3] **Pietro Franco Tali - Deputy Chairman and CEO**

[a] Includes the fixed compensation set by the Board of Directors' meeting of June 16, 2011 (€902,000) (which includes the basic compensation for the office of Director as approved by the Shareholders' Meeting (€40,000)), allowances for assignments in Italy and overseas that are in line with relevant national collective labour agreement for Senior Managers and supplementary agreements reached at company level and other entitlements connected with employed work, for a total amount of €116,000.

[b] Includes the award of €559,000 relating to the deferred monetary incentive awarded in 2008.

[4] **Hugh James O'Donnell - Deputy CEO**

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

[b] Includes the award of €252,000 relating to the deferred monetary incentive awarded in 2008.

[c] Compensation for the office of Chairman of Saipem Ltd.

continued **Table 1:****Compensation paid to members of management and control bodies and other Senior Managers with strategic responsibilities**

(amounts in € thousand)

Name and Surname	Office	Term of office	Expiration of term of office ^(*)	Variable non-equity compensation						Total	Fair value of equity compensation ^(†)	Indemnities for termination of office or termination of employment	
				Fixed compensation	Compensation for service on Committees	Bonuses and other incentives	Profit share	Non-monetary benefits	Other compensation				
Board of Directors													
Ian Wybrew-Bond	Director ⁽⁵⁾	01.01 - 04.05	05.11	13 ^(a)							13		
Pierantonio Nebuloni	Director ⁽⁶⁾	01.01 - 04.05	05.11	13 ^(a)							13		
Luca Anderlini	Director ⁽⁷⁾	01.01 - 04.05	05.11	13 ^(a)							13		
Anna Maria Artoni	Director ⁽⁸⁾	01.01 - 04.05	05.11	13 ^(a)							13		
Salvatore Sardo	Director ⁽⁹⁾	01.01 - 04.05	05.11	13 ^(a)							13		
Umberto Vergine	Director ⁽¹⁰⁾	01.01 - 31.12	04.14	40 ^(a)							40		
Gabriele Galateri di Genola	Director ⁽¹¹⁾	04.05 - 31.12	04.14	27 ^(a)	8 ^(b)						35		
Nicola Greco	Director ⁽¹²⁾	04.05 - 31.12	04.14	27 ^(a)	7 ^(b)						33		
Maurizio Montagnese	Director ⁽¹³⁾	04.05 - 31.12	04.14	27 ^(a)	15 ^(b)						42		
Mauro Sacchetto	Director ⁽¹⁴⁾	04.05 - 31.12	04.14	27 ^(a)	10 ^(b)						37		
Michele Volpi	Director ⁽¹⁵⁾	04.05 - 31.12	04.14	27 ^(a)	8 ^(b)						35		
Board of Statutory Auditors													
Fabio Venegoni	Chairman ⁽¹⁶⁾	01.01 - 04.05	05.11										
<i>Compensation from Company preparing financial statements</i>				20 ^(a)							20		
<i>Compensation from subsidiaries and associates</i>									59 ^(b)		59		
<i>Total</i>				20					59		79		
Giulio Gamba	Statutory Auditors ⁽¹⁷⁾	06.12 - 31.12	04.12	3 ^(a)							3		
Mario Busso	Chairman ⁽¹⁸⁾	04.05 - 31.12	04.14	40 ^(a)							40		
Fabrizio Gardi	Statutory Auditors ⁽¹⁹⁾	01.01 - 06.12	04.14	37 ^(a)							37		
Adriano Propersi	Statutory Auditors ⁽²⁰⁾	01.01 - 31.12	04.14	40 ^(a)							40		
Other Senior Managers with Strategic Responsibilities ^(***)													
		⁽²¹⁾		2,737 ^(a)		2,655 ^(b)		115		5,517	362	1,468 ^(c)	
				4,647	48	4,358		143		190	9,397	628	1,468

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

(**) 2011 pro rata amount (from January 1 to July 30) of award of 2008 stock option plans in accordance with the distribution criteria set out in the relevant accounting standards.

(****) Directors (Senior Vice Presidents and Executive Vice Presidents) reporting directly to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the CFO (twelve directors).

(5) **Ian Wybrew-Bond - Director**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(6) **Pierantonio Nebuloni - Director**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(7) **Luca Anderlini - Director**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(8) **Anna Maria Artoni - Director**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(9) **Salvatore Sardo - Director**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(10) **Umberto Vergine - Director**

(a) Annual fixed compensation not changed by Shareholders' Meeting of May 4, 2011.

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

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(b) Compensation of €13,000 as Chairman of the Compensation Committee calculated on a pro rata basis as from May 4, 2011.

(12) **Nicola Greco - Director**

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(b) Compensation of €10,000 for service on the Compensation and Nomination Committee calculated on a pro rata basis as from May 4, 2011.

(13) **Maurizio Montagnese - Director**

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(b) Compensation of €7,000 for service on the Compensation and Nomination Committee and €8,000 for service on the Audit Committee calculated on a pro rata basis as from May 4, 2011.

(14) **Mauro Sacchetto - Director**

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(b) Compensation of €15,000 as Chairman of the Audit Committee calculated on a pro rata basis as from May 4, 2011.

(15) **Michele Volpi - Director**

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(b) Compensation of €13,000 for service on the Audit Committee calculated on a pro rata basis as from May 4, 2011.

(16) **Fabio Venegoni - Chairman of Board of Statutory Auditors**

(a) Compensation calculated on a pro rata basis until May 4, 2011 for attendance of Shareholders' Meeting.

(b) Includes compensation of €45,000 as Chairman of the Board of Statutory Auditors of Saipem Energy Services SpA and €14,000 as Chairman of the Board of Statutory Auditors of Servizi Energia Italia SpA, calculated on a pro rata basis as from April 8, 2011.

(17) **Giulio Gamba - Statutory Auditors**

(a) Compensation calculated on a pro rata basis from December 6 to December 31, 2011 for attendance of Shareholders' Meeting.

(18) **Mario Busso - Chairman of Board of Statutory Auditors**

(a) Compensation calculated on a pro rata basis from May 4, 2011 for attendance of Shareholders' Meeting.

(19) **Fabrizio Gardi - Statutory Auditors**

(a) Compensation calculated on a pro rata basis until December 6, 2011 for attendance of Shareholders' Meeting.

(20) **Adriano Propersi - Statutory Auditors**

(a) Annual fixed compensation not changed by Shareholders' Meeting of May 4, 2011.

(21) **Other Senior Managers with Strategic Responsibilities**

(a) €486 thousand relating to allowances for assignments in Italy and overseas that are in line with relevant national collective labour agreement for Senior Managers and supplementary agreements reached at company level and other entitlements connected with employed work should be added to the €2,737 thousand relating to Gross Annual Remuneration.

(b) Includes €1,070 thousand relating to the deferred monetary incentive awarded in 2008 and awards relating to the 2009 and 2010 deferred monetary incentive and the 2010 Long-term Monetary Incentive paid out following the termination of employment of a Senior Manager with Strategic Responsibilities, calculated pro rata based on the portion of the vesting period elapsed, as per the relevant regulations.

(c) Includes voluntary redundancy and non-competition payments made upon termination of employment of a Senior Manager with Strategic Responsibilities.

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

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

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

The column 'Options pertaining to the year' shows the figure recorded in the column 'Fair Value of equity compensation' in Table No. 1.

Table 2:
Stock options awarded to members of management bodies, general managers and senior managers with strategic responsibilities

Name and Surname	Office	Plan	Options held at beginning of year			Options awarded during the year						Options exercised during the year					
			Number of options	Strike price (€)	Average maturity (months)	Number of options	Strike price (€)	Period exercisable (from-to)	Fair value at date of award (€)	Date of award	Market value of shares underlying options (€)	Number of options	Strike price (€)	Market value of shares underlying options (€)	Options expiring during the year	Options held at year end	Options pertaining to the year ⁽¹⁾
Pietro Franco Tali	Deputy Chairman and CEO	Saipem Stock Option Plan July 29, 2008	131,000	25.872	31	-	-	-	-	-	-	-	-	6,550	124,450	180	
Hugh James O'Donnell	Deputy CEO	Saipem Stock Option Plan July 24, 2007 July 29, 2008	114,850	26.165	26	-	-	-	-	-	-	-	3,150	111,700	86		
Other Senior Managers with strategic responsibilities ⁽²⁾		Saipem Stock Option Plan July 24, 2007 July 29, 2008	357,300	26.070	27	-	-	-	-	-	-	119,200	26.291	37,110	12,425	225,675	362

[1] 2011 pro-rata amount (from January 1 to July 30) of 2008 stock option award in accordance with the distribution criteria set out in the relevant accounting standards.

[2] Directors (Senior Vice Presidents and Executive Vice Presidents) reporting directly to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the CFO (twelve directors). The number of options takes into account directors no longer in office at December 31, 2011.

Table 3 – Monetary Incentive Scheme for Directors and Senior Managers with strategic responsibilities

The following table shows the short and long-term variable monetary incentives payable to the Deputy Chairman and CEO, the Deputy CEO and (as an aggregated figure) Senior Managers with strategic responsibilities.

Specifically:

- the column 'Bonus for the year payable/paid out' shows the short-term variable incentive paid out on the basis of performance, as evaluated by the competent company bodies in relation to the targets set for the previous year;
- the column 'Bonus for the year - deferred' shows the base incentive awarded for the year under Long-term Monetary Incentive plans;
- the column 'Deferral period' shows the vesting period for long-term monetary incentives awarded during the year;

- the column 'Bonuses pertaining to prior years - no longer payable' shows long-term incentives which can no longer be paid out on due to the performance recorded during the vesting period or to portions of incentives which have been cancelled in connection with events relating to the employment contract pursuant to Plan Regulations;
- the column 'Bonuses from prior years payable/paid out' shows long-term variable incentives paid out on during the year that were earned due to the performance recorded during the vesting period or to portions of incentives which were paid out on in connection with events relating to the employment contract pursuant to Plan Regulations;
- the column 'Bonuses from prior years - still deferred' shows incentives awarded in previous years as part of long-term incentives that have not yet vested.

The total of the columns 'Bonus for the year - payable/paid out', and 'Other bonuses' corresponds to the figure shown in column 'Bonuses and other incentives' of Table No. 1.

Table 3:
Monetary incentives paid to directors and Senior Managers with strategic responsibilities

(amounts in € thousand)

Name and Surname	Office	Plan	Annual Bonus			Bonuses from previous years			Other Bonuses
			Payable/Paid	Deferred	Vesting period	No longer payable	Payable/Paid	Still deferred	
Pietro Franco Tali	Deputy Chairman and CEO	2011 Annual Monetary Incentive Scheme Board of Directors March 8, 2011	649						
		2011 Deferred Monetary Incentive Scheme Board of Directors July 27, 2011		361	three-year				
		2011 Long-term Monetary Incentive Board of Directors October 26, 2011		451	three-year				
		2010 Deferred Monetary Incentive Scheme Board of Directors July 27, 2010						443	
		2010 Long-term Monetary Incentive Board of Directors October 27, 2010						426	
		2009 Deferred Monetary Incentive Scheme Board of Directors July 29, 2009						379	
		2008 Deferred Monetary Incentive Scheme Award: Board of Directors July 29, 2008 Pay out: Board of Directors March 8, 2011						559 ⁽¹⁾	
Total			649	812			559	1,248	
Hugh James O'Donnell	Deputy CEO	2011 Annual Monetary Incentive Scheme Board of Directors March 8, 2011	244						
		2011 Deferred Monetary Incentive Scheme Board of Directors July 27, 2011		135	three-year				
		2011 Long-term Monetary Incentive Board of Directors October 26, 2011		189	three-year				
		2010 Deferred Monetary Incentive Scheme Board of Directors July 27, 2010						176	
		2010 Long-term Monetary Incentive Board of Directors October 27, 2010						189	
		2009 Deferred Monetary Incentive Scheme Board of Directors July 29, 2009						160	
		2008 Deferred Monetary Incentive Scheme Award: Board of Directors July 29, 2008 Pay out: Board of Directors March 8, 2011						252 ⁽¹⁾	
Total			244	324			252	525	
Other Senior Managers with Strategic Responsibilities ⁽⁴⁾		2011 Annual Monetary Incentive Scheme Board of Directors March 8, 2011	1,464						
		2011 Deferred Monetary Incentive Scheme Board of Directors July 27, 2011		622	three-year				
		2011 Long-term Monetary Incentive Board of Directors October 26, 2011		895	three-year				
		2010 Long-term Monetary Incentive Board of Directors October 27, 2010				80 ⁽²⁾	34 ⁽³⁾	715	
		2010 Long-term Monetary Incentive Board of Directors October 27, 2010				91 ⁽²⁾	39 ⁽³⁾	834	
		2009 Deferred Monetary Incentive Scheme Board of Directors July 29, 2009				47 ⁽²⁾	47 ⁽³⁾	613	
		2008 Deferred Monetary Incentive Scheme Award: Board of Directors July 29, 2008 Pay out: Board of Directors March 8, 2011						1,070 ⁽¹⁾	
Total			1,464	1,517		218	1,191	2,162	
			2,357	2,652		218	2,001	3,934	

(1) Pay out of deferred monetary incentive awarded in 2008, based on EBITDA performance during the three-year reference period 2008-2010.

(2) Amount no longer payable, following termination of employment contract by mutual consent, calculated pro rata based on the portion of the vesting period elapsed, as per the Plan Rules.

(3) Amount paid out, following termination of employment contract by mutual consent, calculated pro rata based on the portion of the vesting period elapsed, as per the Plan Rules.

(4) Directors (Senior Vice Presidents and Executive Vice Presidents) reporting directly to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the CFO (twelve directors).

Shares held

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

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

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

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

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

Name and Surname	Office	Investee company	Number of shares held at the end of the previous year	Number of shares purchased	Number of shares sold	Number of shares held at the end of current year
Board of Directors						
Pietro Franco Tali	Deputy Chairman and CEO	Saipem SpA	210,000		5,000 ⁽¹⁾	205,000
Alberto Meomartini	Chairman	Saipem SpA	1,500			1,500
Umberto Vergine	Director	Saipem SpA	920	1,420	920	1,420
Other Senior Managers with strategic responsibilities⁽³⁾		Saipem SpA	42,372	119,200 ⁽²⁾	119,200	42,372

(1) Sale of stock grants.

(2) Exercise of stock options.

(3) Directors (Senior Vice Presidents and Executive Vice Presidents) reporting directly to the Deputy Chairman and Chief Executive Officer, the Deputy CEO and the CFO (twelve directors).

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



saipem

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

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

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

Sustainability Report (in English)

Also available on Saipem's website:
www.saipem.com

Website: www.saipem.com
Operator: +39-025201

Design: Opera
Cover: Inarea
Layout and supervision: Studio Joly Srl - Rome - Italy
Printing: Impronta Grafica - Cantù (Como) - Italy

www.saipem.com