

## **Saipem: decision of the Provincial Tax Commission in Milan regarding the appeal against the IRES and IRAP assessments for the years 2008 and 2009**

*San Donato Milanese (Milan), January 11, 2017* - Saipem has received notification of the handing down by the Provincial Tax Commission in Milan of its judgement in relation to four appeals lodged by the Company in October 2015 against notices of assessment issued by the Agenzia delle Entrate (Italian tax authorities) on July 09, 2015, regarding IRES and IRAP for the years 2008 and 2009.

As discussed most recently in Saipem's Half-Yearly Consolidated Report as of June 30, 2016, pursuant to Article 14, Paragraph 4-bis of Law No. 437/1993 the Agenzia delle Entrate deemed as non-deductible a number of costs incurred by Saipem for the above-mentioned years, since they had allegedly derived from criminal activities which are the subject matter of the "Algeria" proceedings at first instance currently ongoing at the Court of Milan. The overall value of the Agenzia delle Entrate's claim is €155 million, inclusive of interest and sanctions.

The Provincial Tax Commission in Milan has partially upheld the Company's appeals, mainly for the part concerning the cancellation of the IRAP assessments due to a time bar, but has rejected all of its other grievances, despite the fact that the criminal court has not yet passed judgement on the issue. Consequently, the overall value of the claim has been reduced to approximately €125 million, plus interest.

Saipem will appeal against the Commission's ruling of first instance, confident that this will be upheld. In the meantime, the Company is obliged to pay the sum of approximately €70 million, equal to two thirds of the taxes, sanctions and interest resulting from the ruling, net of the €14 million, plus interest, already paid as a provisional measure.

*Saipem is one of the world leaders in drilling services, as well as in the engineering, procurement, construction and installation of pipelines and complex projects, onshore and offshore, in the oil & gas market. The company has distinctive competences in operations in harsh environments, remote areas and deepwater. Saipem provides a full range of services with "EPC" and "EPCI" contracts (on a "turn-key" basis) and has distinctive capabilities and unique assets with a high technological content.*

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