Summary annual review

Eni in 2014

eni

Mission

We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.

Our activities

Our solid portfolio of conventional oil assets with competitive costs and our large resource base (with options for anticipated monetization), ensure high value generation at Eni's upstream activity.

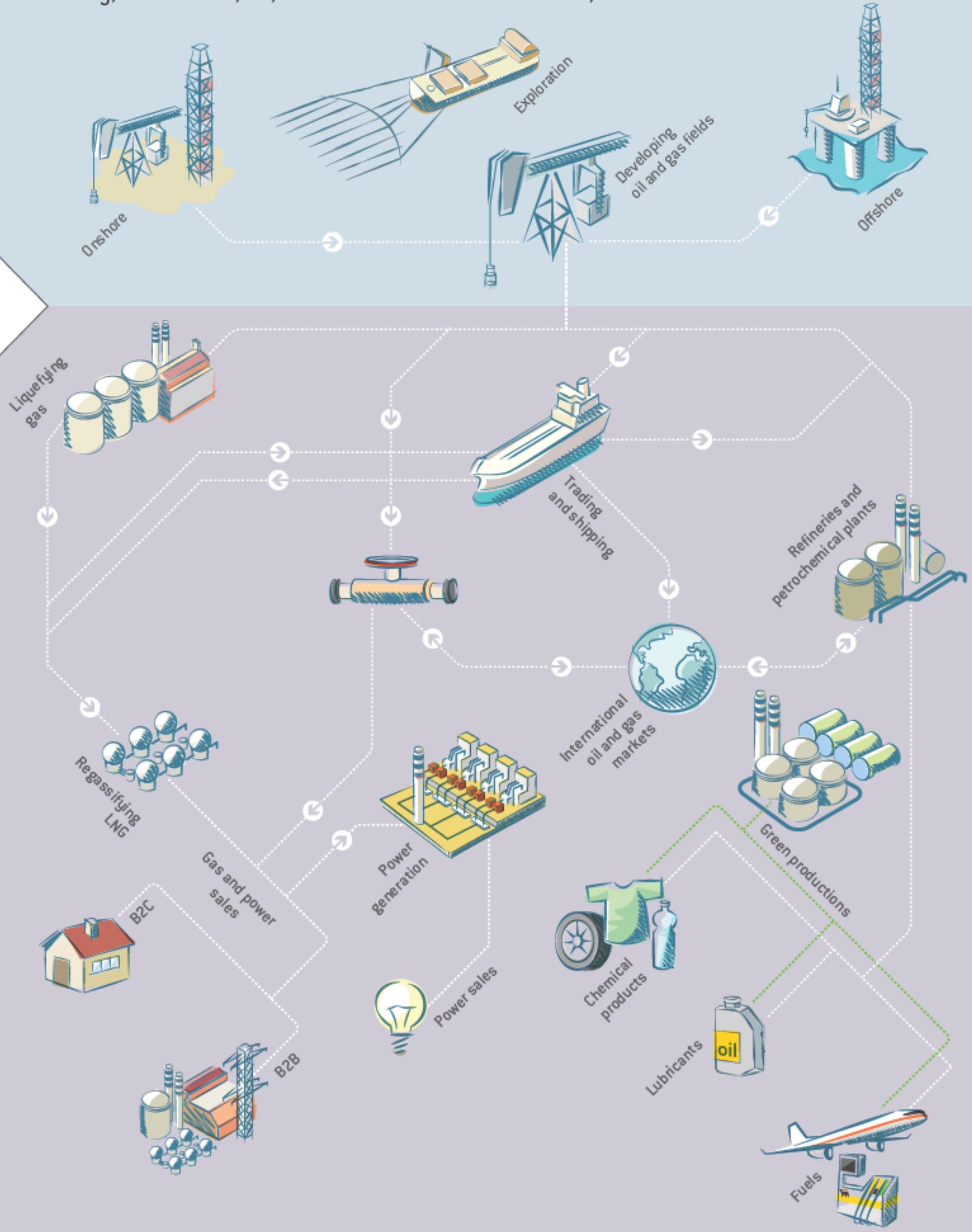
The large presence in the gas and LNG markets, and the commercial know-how enable the Company to capture synergies and pursue joint opportunities and projects in the hydrocarbon value chain.

Our strategies, resource allocation processes and conduct of day-by-day operations underpin the delivery of sustainable value to our shareholders and, more generally, to all of our stakeholders, respecting the countries where the Company operates and people working for and with Eni.

Our way of doing business, based on operating excellence, focus on health, safety and the environment, is committed to preventing and mitigating operational risks.

upstream

Eni engages in oil and natural gas exploration, field development and production, mainly in Italy, Algeria, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, UK, the United States and Venezuela, overall in 40 countries.



mid-downstream

Eni engages in selling natural gas to large clients and to the retail markets across Europe leveraging a diversified portfolio of equity gas and long-term contracts gas supplies. We also sell LNG on a global scale and we produce and market power. Eni processes crude oil and other oil-based feedstock to produce fuels, lubricants and chemical products that are supplied to businesses, wholesalers or through retail networks or distributors. Eni engages in the trading of oil, natural gas, LNG and electricity.

Eni in 2014

Contents

This summary review comprises an extract of the description of the businesses, the management's discussion and analysis of financial condition and results of operations and certain other Company information from Eni's Integrated Annual Report for the year ended December 31, 2014. It does not contain sufficient information to allow as full an understanding of financial results, operating performance and business developments of Eni as "Eni 2014 Integrated Annual Report". It is not deemed to be filed or submitted with any Italian or US market or other regulatory authorities. You may obtain a copy of "Summary Annual Review - Eni in 2014" and "Eni 2014 Integrated Annual Report" on request, free of charge (see the request form on Eni's website – eni.com – under the section "Publications").
The "Summary Annual Review" and "Eni 2014 Integrated Annual Report" may be downloaded from Eni's web site under the section "Publications".
Financial data presented in this report is based on Consolidated Financial Statements prepared in accordance with the IFRS endorsed by the EU.
This report contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, buy-back, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets and the progress and timing of projects.
By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and regulations; development and use of new technologies; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. As Eni shares, in the form of ADRs, are listed on the New York Stock Exchange (NYSE), an Annual Report on Form 20-F has been filed with the US Securities and Exchange Commission in accordance with the US Securities Exchange Act of 1934. Hard copies may be obtained free of charge (see the request form on Eni's website – eni.com – under the section "Publications"). Eni discloses on its Annual Report on Form 20-F significant ways in which its corporate governance practices differ from those mandated for US companies under NYSE listing standards. The term "shareholder" in this report means, unless the context otherwise requires, investors in the equity capital of Eni SpA, both direct and/or indirect. Eni shares are traded on the Italian Stock Exchange (Mercato Telematico Azionario) and on the New York Stock Exchange (NYSE) under the ticker symbol "E".

Eni at a glance

Eni is an integrated energy company, with operations in 83 countries around the world with a staff of 84,405 employees. Eni boasts a strong position in the oil&gas value chain, from the hydrocarbon exploration phase to the product marketing.

Our strong presence in the gas market and in LNG, our skills in power generation and refining, strengthened by world class skills in engineering and project management, allow us to catch integrated opportunities in the market place and to pursue synergies across all our businesses.

€11,574 million
Adjusted operating profit

€4,006 million
Dividends paid to shareholders

€15,110 million
Record cash flow from operations

€13,685 million
Net borrowings

0.22
Leverage

8.3%
Distribution Yield

E&P Exploration & Production

Eni's **Exploration & Production** segment engages in oil and natural gas exploration and field development and production, as well as LNG operations in 40 countries, including Italy, Angola, Congo, Egypt, Ghana, Libya, Mozambique, Nigeria, Norway, Kazakhstan, the United Kingdom, the United States and Venezuela.

6.6 bboe
Net proved hydrocarbon reserves

0.9 bboe
Discovered resources

G&P Gas & Power

Eni's **Gas & Power** segment engages in supply, trading and marketing of gas and electricity, international gas transport activities, and LNG supply and marketing. This segment also includes the activity of electricity generation that is ancillary to the marketing of electricity.

89.17 bcm
Worldwide natural gas sales

70%
Long-term gas supply portfolio hub indexed

R&M Refining & Marketing

Eni's **Refining & Marketing** segment engages in crude oil supply and refining. It markets petroleum products to wholesalers or through retail networks, mainly in Italy and in the rest of Europe.

-30% vs. 2012
Refining capacity due to reconversion in biofuel plants

9.21 mmtonnes
Retail sales of petroleum products in Europe

V Versalis

Through its wholly-owned subsidiary Versalis, Eni engages in the production and marketing of olefins, basic chemicals, plastics and elastomers, as well as advanced and eco-friendly plastics and rubber **Versalis** operations are concentrated in Italy and Western Europe.

5.28 mmtonnes
Petrochemical production

71.3%
Average plant utilization rate due to business restructuring

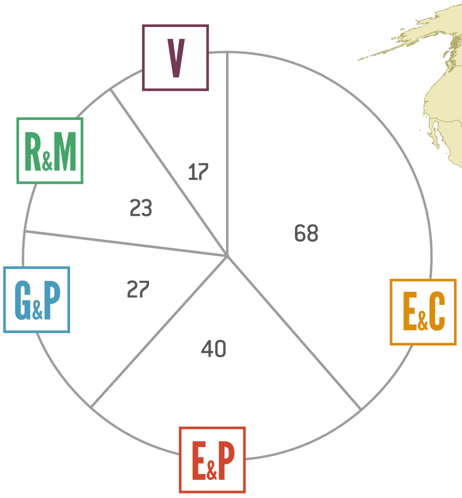
E&C Engineering & Construction

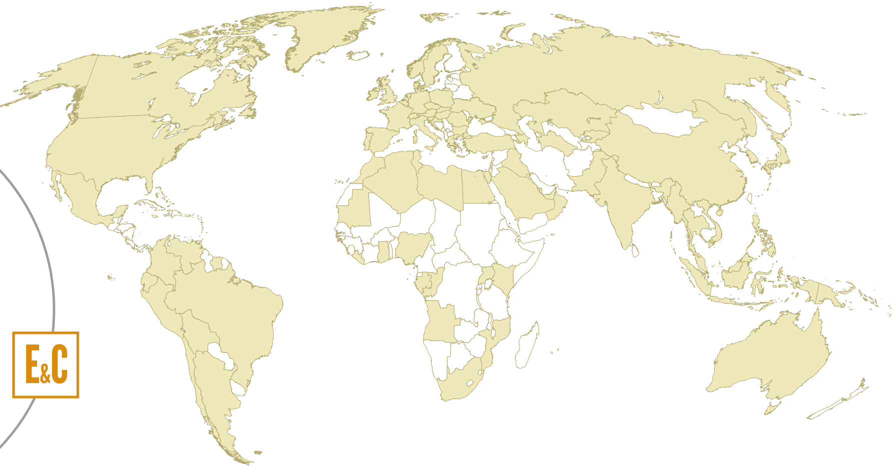
Through its partially-owned subsidiary Saipem, Eni provides a full range of engineering, drilling and construction services to the oil&gas industry and downstream refining and chemical sectors.

€17,971 million
Orders acquired

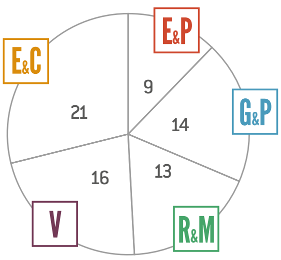
€22,147 million
Order backlog

Countries of activity

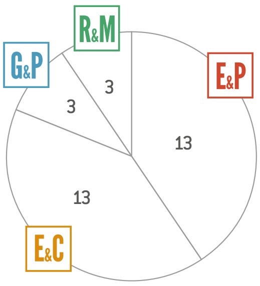




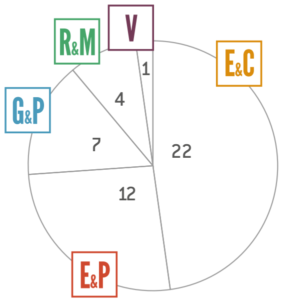
Europe



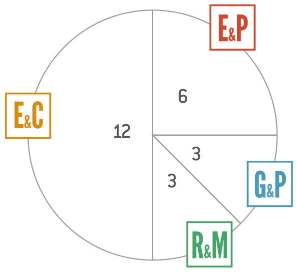
Africa



Asia and Oceania



America



Austria		●	●		●
Belgium		●		●	●
Bulgaria					●
Croatia	●				●
Cyprus	●				●
Czech Republic			●	●	
Denmark				●	●
France		●	●	●	●
Germany		●	●	●	
Greece		●		●	
Greenland	●				
Hungary		●	●	●	
Ireland	●				
Italy	●	●	●	●	●
Luxembourg		●			●
Malta					●
the Netherlands		●	●		●
Norway	●				●
Poland				●	●
Portugal	●				●
Romania			●	●	●
Slovakia			●	●	
Slovenia		●	●		
Spain		●	●	●	●
Sweden				●	●
Switzerland		●	●	●	●
Turkey		●		●	●
Ukraine	●				●
the United Kingdom	●	●	●	●	●

Algeria	●				●
Angola	●				●
Congo	●				●
Egypt	●	●			●
Gabon	●		●		●
Ghana	●		●		●
Kenya	●				
Liberia	●				
Libya	●	●			●
Mauritania					●
Morocco					●
Mozambique	●				●
Nigeria	●				●
South Africa	●				●
Tunisia	●	●	●		
Uganda					●

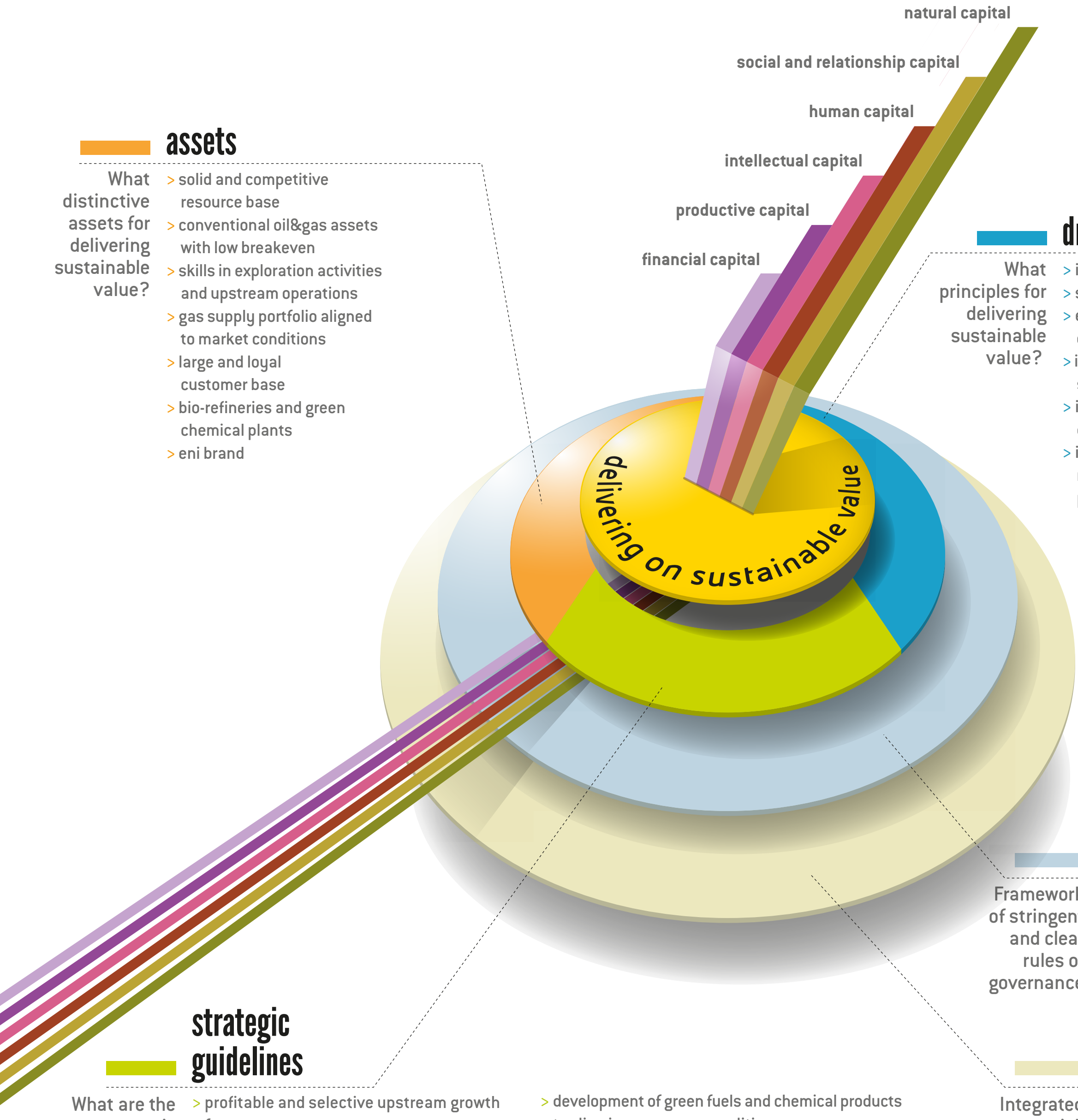
Australia	●				●
Azerbaijan					●
China	●		●	●	●
India	●	●			●
Indonesia	●				●
Iraq	●				●
Japan		●			●
Kazakhstan	●				●
Kuwait					●
Malaysia					●
Myanmar	●				
Oman		●			●
Pakistan	●				●
Papua-New Guinea					●
Philippines		●			
Qatar					●
Russia	●	●	●		●
Saudi Arabia			●		●
Singapore		●	●		●
South Korea		●			●
Thailand					●
Timor Leste	●				
Turkmenistan	●				●
the United Arab Emirates					●
Vietnam	●				●

Argentina	●	●			
Bolivia					●
Brazil		●			●
Canada	●				●
Chile					●
Colombia					●
Ecuador	●		●		●
Mexico					●
Peru					●
Suriname					●
Trinidad & Tobago	●				●
the United States	●	●	●		●
Venezuela	●		●		●

Exploration & Production ● **Gas & Power** ● **Refining & Marketing** ● **Versalis** ● **Engineering & Construction** ●

Our business model

Eni's business model targets the delivery of long-term value to its stakeholders. This will leverage on profitable production growth, restructuring the mid-downstream businesses, efficiency and operational excellence and managing the operational risks. Our business model is underpinned by our relentless focus on capital stewardship, environmental conservation, attention to local communities, preservation of health and safety of people working in Eni and with Eni, respect of human rights and endorsement of ethics and transparency. The main capitals used by Eni (financial capital, productive capital, intellectual capital, natural capital, human capital, social and relationship capital) are classified in accordance with the criteria included in the "International IR Framework" published by the International Integrated Reporting Council (IIRC). 2014 financial results and sustainability performance rely on the responsible and efficient use of our capitals.
Hereunder is articulated the map of the main capitals exploited by Eni and actions positively effecting on their quality and availability. At the same time, the scheme evidences how the efficient use of capitals and related connections create value for the Company and its stakeholders.



assets

What distinctive assets for delivering sustainable value?

- > solid and competitive resource base
- > conventional oil&gas assets with low breakeven
- > skills in exploration activities and upstream operations
- > gas supply portfolio aligned to market conditions
- > large and loyal customer base
- > bio-refineries and green chemical plants
- > eni brand

drivers

What principles for delivering sustainable value?

- > integrity in business management
- > support countries development
- > excellence in conducting operations
- > innovation in developing competitive solutions to face complexity
- > inclusiveness of Eni's people and development of know-how and skills
- > integration of financial and non-financial issues in the Company's plans and processes

governance

Framework of stringent and clear rules of governance

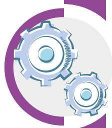
strategic guidelines

What are the strategic guidelines to use and develop our assets?

- > profitable and selective upstream growth
- > focus on core areas
- > partnership with NOCs
- > reduction of time-to-market
- > operatorship
- > gas supply contracts renegotiation
- > development of green fuels and chemical products
- > trading in energy commodities
- > customer retention in gas and fuel markets
- > efficiency and cost control
- > reduction of capacity in downstream businesses

integrated risk management

Integrated risk management model across our businesses

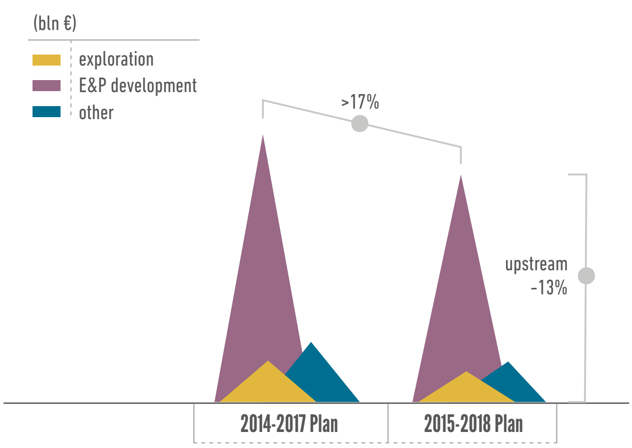
	stock of capital	Eni's main actions	value creation for Eni	value creation for Eni's stakeholders	
financial capital	• Financial structure • Liquidity reserves	• Cash flow from operations • Bank loans • Bonds • Maintaining strategic liquidity • Hedging • Dividends • Working capital optimization	• Going concern • Lower cost of capital • Reduction of working capital • Leverage optimization • M&A opportunities • Mitigation of market volatility • Credit worthiness	• Yields • Share price appreciation • Social and economical growth • Satellite activities	
productive capital	• Onshore and offshore plants • Pipelines and storage plants • Liquefaction plants • Refineries • Distribution networks • Power plants • Chemical plants • Buildings and other equipment	• Technological upgrade • Process upgrade • Investment in new businesses (biorefinery, Green chemistry, car sharing) • Maintenance and development activities • Increase environment Certifications (ISO 14001, ISO 50001, EMAS, etc.)	• Returns • Enlarging asset portfolio • Increase assets value • Reduction of operational risk • Energy and operational efficiency • Reputation	• Availability of energy sources and green products • Employment • Satellite activities • Reduction of direct GHG emissions and responsible use of resources	
intellectual capital	• Technologies and intellectual property • Corporate internal procedures • Corporate governance system • Integrated risk management • Management and control systems • Knowledge management • ICT (Green Data Center)	• Research and development expenditures • Partnership with centres of excellence • Development of proprietary technologies and patents • Application of procedures and systems • Audit	• Competitive advantage • Risk mitigation • Transparency • Performance • License to operate • Stakeholders' acceptability	• Reduction of environmental and social impacts • Transfer of best available technologies and know-how to host countries • Contributing to the fight against corruption • Green products	
human capital	• Health and safety of people • Know-how and skills • Experience • Engagement • Diversity (gender, seniority, geographical) • Eni's thinking	• Safety at work • Recruiting, education and training on the job • Promotion of human rights • Eni's people engagement • Knowledge management • Welfare • Leveraging on diversity • Enhancing individual talents and remuneration in accordance to a merit system	• Performance • Efficiency • Competitiveness • Innovation • Risk mitigation • Reputation • Talent attraction • Job enhancement	• Create employment and preserve jobs • Job enhancement • Wellness of Eni's people and local communities • Increase and transfer know-how	
social and relationship capital	• Relationship with stakeholders (institutions, governments, communities, associations, customers, suppliers, industrial partners, NGO, universities, trade unions) • Eni's brand	• Stakeholders' Engagement • MoU with Governments and local authorities • Projects for local development and Local content • Strategic partnerships • Involvement in international panel discussion • Development of programmes on research and training • Partnerships with trade unions • Quality of services rendered • Brand management	• Operational & social licence • Reduction of Time-to-market • Country risk reduction • Market share • Alignment to international best practices • Reputation • Competitive advantage • Suppliers reliability • Customers retention	• Local socio-economical development • Customers and suppliers satisfaction • Share of expertise with territories and communities • Satisfaction and incentive of people • Promoting respect for workers' rights	
natural capital	• Oil and gas reserves • Water • Biodiversity and ecosystems • Air • Soil	• Exploration, production, transporting, refining and distributing hydrocarbons • Investment in new businesses (biorefinery, Green Chemistry, car sharing) • Investment in technological and process upgrade • Remediation activities	• Hydrocarbon reserves growth • Opex reduction • Mitigation of operational risk (asset integrity) • Reputation • License to operate • Stakeholders' recognition	• Reduction of gas flared • Reduction of oil spill • Reduction of blow out risk • Preservation of biodiversity • Green products • Containment of water consumption (reinjection and water reuse) • Energy efficiency	

Our strategy

In order to manage a radically changed price environment, the Company outlined for the next four-year period an action plan which comprises a number of rigorous initiatives and objectives in order to mitigate the impact of lower oil prices and to preserve a robust financial structure, particularly in the short to medium term. Our oil price assumptions for the Brent benchmark are $55 per barrel in 2015 and we expect a gradual recovery in the subsequent years up to our long-term case of $90 per barrel. Against the backdrop of a low price environment in the short to medium term, our primary target remains cash generation which will be underpinned by well-designed industrial actions, capital discipline, focus on Exploration & Production activities and a large disposal plan. In approving the capital expenditure plan the Company selected high-return projects with short pay-back periods; this optimization will result in a €48 billion capital expenditures in the next four years, down by approximately 17% compared to the previous plan, net of exchange rate effects. The disposal plan, amounting to more than €8 billion in the 2015-2018 period, is based on the anticipated monetization of exploratory discoveries, optimization of the upstream portfolio, rationalization of midstream and downstream portfolio, and the divestment of residual interests in Snam and Galp. The Company forecasts that the planned industrial actions, the selective approach to capital expenditure and the disposal plan will enable Eni to preserve a robust financial structure and we plan to maintain the leverage below the threshold of 0.30 throughout the oil cycle. As part of its effort to preserve liquidity and the balance sheet, the Company decided to rebase the dividend as it is planning to pay a dividend of €0.8 per share for fiscal year 2015.
In the subsequent years, management will reassess its progressive dividend policy against the backdrop of an expected improvement in the oil price scenario and the planned growth in our cash generation as our value-generation strategy in Exploration & Production and our turnaround of Gas & Power, Refining & Marketing and Versalis progress on targets.

E&P	Production **CAGR 3.5%** Exploration: 2 bln boe @ **$2.6 per boe** average 2017-2018 **self financing ratio at ~140%**
G&P	supply 100% aligned to **market by 2016** ~100% recovery of **ToP** **cumulative CFFO: €3 billion**
R&M	**50% capacity cut** vs. 2012 R&M **CFFO and EBIT breakeven in 2015** **refining EBIT breakeven in 2017**
Versalis	**30% capacity cut** vs. 2012 **specialties capacity at 50%** CFFO and **EBIT breakeven in 2016**
Costs	**CAPEX reduced by 17%** **Upstream unitary OPEX -7%** **g&a saving €2 billion**

Four-year plan capex



The planned reduction in capital expenditure, which will foresee a 17% reduction versus the previous plan at constant exchange rate assumptions, will leverage on:

- a reduction in exploration expenditure which will be mainly focused on low-risk activities, particularly on replacing produced reserves in proven areas and nearby producing assets;
- a reduction in development expenditure by rescheduling the activities at certain large projects without jeopardizing the achievement of the Company's targets of production growth;
- a reduction of capital expenditure in refining and chemicals due to the shutdown of certain plants which will require fewer investments than in the past and the disposal of certain assets under development like the divestment of our interest in the South Stream project which was defined at the end of 2014; and
- renegotiations of contracts for oilfields services and other supplies in our Exploration & Production segment.

In conclusion, the strategic transformation we started last May aims at making Eni more focused on exploration and production activities and more profitable by streamling the organization, turning around loss-making segments and diluting our presence in non-core activities.

3.5% CAGR production growth

mid-downstream back to profit

+40% cash flow from operations

a stronger and more resilient company

Business review

Eni in 2014

E&P Exploration & Production

Key performance indicators

		2012	2013	2014
Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	0.34	0.23	0.23
Net sales from operations[a]	(€ million)	35,874	31,264	28,488
Operating profit		18,470	14,868	10,766
Adjusted operating profit		18,537	14,643	11,551
Adjusted net profit		7,426	5,950	4,423
Capital expenditure		10,307	10,475	10,524
Adjusted ROACE	(%)	17.6	13.5	9.5
Profit per boe[b]	($/boe)	16.0	15.5	9.9
Opex per boe[b]		7.1	8.3	8.4
Cash Flow per boe[d]		32.8	31.9	30.1
Finding & Development cost per boe[c][d]		17.4	19.2	21.5
Average hydrocarbons realizations[d]		73.39	71.87	65.49
Production of hydrocarbons[d]	(kboe/d)	1,701	1,619	1,598
Estimated net proved reserves of hydrocarbons[d]	(mmboe)	7,166	6,535	6,602
Reserves life index[d]	(years)	11.5	11.1	11.3
Organic reserves replacement ratio[d]	(%)	147	105	112
Employees at year end	(number)	11,304	12,352	12,777
of which: *outside Italy*		*7,371*	*8,219*	*8,243*
Oil spills due to operations (>1 barrel)	(bbl)	3,015	1,728	936
Produced water re-injected	(%)	49	55	56
Direct GHG emissions	(mmtonnes CO_2eq)	28.68	25.90	22.98
of which: *from flaring*		*9.46*	*8.48*	*5.64*
Community investment	(€ million)	59	53	63

(a) Before elimination of intragroup sales.
(b) Consolidated subsidiaries.
(c) Three-year average.
(d) Includes Eni's share of equity-accounted entities.

2014 Highlights

Performance of the year

- 2014 marked our strong focusing in HSE activities with significant improvements in all KPIs:
  - the injury frequency rate confirmed the positive 2013 performance;
  - greenhouse gas emissions decreased by 11.3% (down by 33.5% from flaring);
  - oil spills due to operations decreased by 46%;
  - zero blow-outs for the eleventh consecutive year; and
  - water re-injection reported a new record at 56% of water reused in operations.
- Adjusted net profit declined by €1,527 million or 25.7%, due to lower crude oil and gas prices in dollar terms (down by 8.9% on average) reflecting a falling Brent crude benchmark and a weak gas market, especially in Europe.
- Oil and natural gas production was 1.598 million boe/d in 2014 (up by 0.6% compared to the previous year), excluding the impact of the divestment of Eni's interest in Siberian assets.
- Estimated net proved reserves at December 31, 2014 amounted to 6.6 bboe based on a reference Brent price of $101 per barrel. The reserves replacement ratio was 112%. The reserves life index was 11.3 years (11.1 years in 2013).
- Development expenditure was €9,021 million (up by 5.1% from 2013) to progress major projects and to maintain production plateau particularly in Norway, Angola, Congo, the United States, Italy, Nigeria, Egypt, Indonesia and Kazakhstan.
- Eni continued its track record of exploratory success. Additions to the Company's resource backlog were approximately 900 million boe, at a competitive cost of $2.1 per barrel.

Exploration and development activities

- Near-field discoveries marked the year's exploration activity; such discoveries are expected to achieve quick time-to-market leveraging on the synergies from the front-end-loading

and the utilization of existing production infrastructures:
- Ochigufu in the Angolan deep waters of Block 15/06 (Eni operator with a 35% interest) with a potential in place estimated at approximately 300 million barrels of oil;
- Minsala in the conventional waters of Block Marine XII (Eni operator with a 65% interest) in Congo, increasing the block's resources in place by 1 billion barrels;
- Oglan in Block 10 (Eni operator with a 100% interest) in Ecuador, with a potential in place estimated at approximately 300 million barrels of oil;
- Merakes in East Sepinggan offshore block (Eni operator with a 85% interest) in Indonesia, with a potential of gas in place estimated at approximately 2 Tcf;
- Nyonie in Block D4 (Eni operator with a 100% interest) in the conventional waters of Gabon, showed an estimated potential of approximately 500 million boe in place of gas and condensates; and
- the appraisal wells at the Agulha and Coral gas discoveries in Mozambique confirmed reach and extension of their respective reservoirs with a potential in place in Area 4 (Eni operator with a 50% interest) estimated at approximately 88 Tcf.

➔ Our acreage was strengthened by adding 100,000 square kilometres net to Eni, which puts us in a position to restart a new exploration cycle. Main licences were located in high potential areas such as Myanmar, Portugal, South Africa and Vietnam, as well as legacy areas such as Algeria, China, Egypt, Norway, the United Kingdom and the United States.

➔ The West Hub Development Project in Block 15/06 achieved the first oil late in 2014. This is the first Eni-operated project in Angola, with production ramp-up expected to reach a plateau of up to 100 kbbl/d in the coming months.

➔ Production start-up achieved at the recent Nené discovery in Block Marine XII in Congo. The full-field development will take place in several stages, with a plateau of over 120 kbbl/d.

➔ Sanctioned the integrated oil&gas project of the Offshore Cape Three Points (Eni operator with a 47.22% interest) in Ghana. First oil is expected in 2017, first gas in 2018 and production is expected to peak at 80 kboe/d.

Strategies

Our upstream growth model will continue to focus on the organic development of conventional assets, with large resource base and competitive cost structure. Those features will safeguard the profitability of our oil&gas projects even in a low price environment. The sizeable exploration successes of the latest years have increased the Company's resource base and have contributed to the Company's value generation through early monetization of the discovered resources in excess of the target replacement ratio. Going forward our top priority in E&P is to enhance cash generation leveraging on profitable production growth and the monetization of the discovered resources.

In the next four years, against the backdrop of weak crude oil prices, we intend to monetize our resources by:

- re-balancing exploration activities in favour of near-field initiatives to ensure fast support to production;
- rejuvenating the portfolio of exploration leases; and
- accelerating the development of discovered resources.

We plan to grow production at an average rate of 3.5% over the next four years, leveraging on a robust pipeline of projects with an average break-even of $45 per boe, which together with the ramp-ups at fields started up in 2014 will add more than 650 kboe/d in 2018. This new production will bring an additional cumulative cash flow of €19 billion in the 2015-2018 plan periods. The main planned start-ups are the Goliat field (Eni operator with a 65% interest) in the Barents Sea in Norway, the oil&gas project of Offshore Cape Three Points (Eni operator with a 47.22% interest) in Ghana, the Jangkrik project (Eni operator with a 55% interest) in Indonesia and production re-start of Kashagan field (Eni's interest 16.81%) by the end of 2016. The profitability of these projects will be ensured by tight control on execution and time-to-market leveraging on our new development approach whereby we insourced critical project phases. To cope with falling oil prices we plan to be selective in our capital allocation decisions. In 2015-2018 plan periods, we expect a decrease of approximately 13% of capital expenditure net of exchange rate effects versus the previous four-year plan due to a reduction in exploration expenditures which will be focused on near-field and appraisal activities, the re-phasing certain projects yet to be sanctioned, as well as we plan to achieve cost savings by renegotiating contracts for the supply of oilfield services, equipment and other upstream goods. Finally, we intend to manage the typical upstream risks. A major part of our activities are currently located in countries that are far from high-risk areas and Eni plans to growth mainly in countries with low-mid political risk (approximately 90% of the capital expenditure of the four-year plan). We plan to control the environmental risk by means of strict selection of contractors, and by retaining operatorship in a large number of projects (84% of production related to start-ups). Execution of drilling activities at high pressure/high temperature wells and deep waters wells (24% of planned wells to be drilled in 2015) will be managed by continually deploying our high operational standards.

Maintaining strong production growth

Eni's Exploration & Production segment engages in oil and natural gas exploration and field development and production, as well as LNG operations, in 40 countries, including Italy, Libya, Egypt, Norway, the United Kingdom, Angola, Congo, Nigeria, the United States, Kazakhstan, Algeria, Australia, Venezuela, Iraq, Ghana and Mozambique.

We are targeting a production rate of 3.5% in the next four-year plan. Management plans to achieve the target production growth by continuing development activities and new project start-ups in the main areas of operations, including North Africa, Sub-Saharan Africa, Barents Sea, Kazakhstan, Venezuela and the Far East, leveraging Eni's vast knowledge of reservoirs and geological basins, as well as technical and producing synergies.
Management plans to maximize the production recovery rate at our current fields by counteracting natural field depletion and reducing facilities downtime. This will require intense development activities of work-over and infilling and careful planning of maintenance activities. We expect that continuing technological innovation and competence build-up will drive increasing rates of reserve recovery.
Management intends to implement a number of initiatives to support profitability in its upstream operations by exercising tight control on project time schedules and costs. We plan to achieve efficient development of our reserves by: (i) in-sourcing critical engineering and project management activities also redeploying to other areas key competences which will be freed with the start-up of certain strategic projects and increase direct control and governance on construction and commissioning activities; and (ii) signing framework agreements with major suppliers, using standardized specifications to speed up pre-award process for critical equipment and plants, increasing focus on supply chain programming to optimize order flows. Based on these initiatives we believe that almost all of our project which we are currently developing over the next four-year plan will be completed on time and on cost schedule.

Production and reserves: 2014 and outlook

In 2014, Eni's liquids and gas production of 1,598 kboe/d increased by 0.6% from 2013, excluding the impact of the divestment of Eni's interest in Siberian assets. The main production increases were reported in the United Kingdom, Algeria, the United States and Angola. These additions more than offset mature fields' declines. New fields' start-ups and continuing production ramp-ups contributed 126 kboe/d of production.
In the year we achieved the following main start-ups: (i) the West Hub Development Project in Angola. This first Eni-operated producing project in the Country is currently producing 45 kboe/d through the N'Goma FPSO, with a production ramp-up expected to reach a plateau up to 100 kboe/d in the coming months. The start-up was achieved in just 44 months from the announcement of the commercial discovery, a result that is at the top of the industry for development in deep waters. The N'Goma FPSO is currently producing from the Sangos discovery, future production will leverage the progressive hooking up of the block's discoveries; (ii) the recent Nené Marine discovery in Congo just 8 months after obtaining the production permit. The early production phase is yielding 7,500 boe/d and the fast-track development of the field has leveraged on the synergies with the front-end loading and the infrastructures of the fields located in the area. The full-field development will take place in several stages and will include the installation of production platforms and the drilling of approximately 30 wells, with a plateau of over 120 kboe/d; and (iii) the DEKA project (Eni operator with a 50% interest) in Egypt with a production of approximately 64 mmcf/d of gas and 800 bbl/d of associated condensates. Peak production is expected at approximately 230 mmcf/d net to Eni.
Actual production volumes will vary from year to year due to the timing of individual project start-ups, operational outages, reservoir performance, regulatory changes, asset sales, severe weather events, price effects under production sharing contracts and other factors.
Estimated net proved reserves at December 31, 2014 amounted to 6.6 bboe based on a reference Brent price of $101 per barrel. Additions to proved reserves booked in 2014 were 654 mmboe and derived from: (i) revisions of previous estimates were 524 mmboe mainly reported in Libya, Italy, Kazakhstan and Congo due to contractual revisions, continuous development activities and field performances; (ii) extensions and discoveries were up by 124 mmboe, with major increases booked in Ghana, Indonesia, the United States and Congo following new project sanctions and proved area extensions; (iii) improved recovery were up by 6 mmboe mainly reported in Algeria and Kazakhstan; (iv) sales of mineral-in-place mainly related to the divestment of assets in Nigeria (down by 7 mmboe) and the United Kingdom (down by 1 mmboe); and (v) purchases of minerals-in-place referred mainly to interests in assets located in the United Kingdom (up by 4 mmboe).
The reserves life index was 11.3 years (11.1 years in 2013).
Eni intends to pay special attention to reserve replacement in order to ensure the medium to long-term sustainability of the business.
In 2014, we achieved an all sources replacement ratio of 112% through fast sanctioning and relentless focus on field development. Going forward, our reserve replacement will be underpinned by our strong focus on exploration and timely conversion of resources into reserves and production, while at the same time fighting depletion and enhancing the recovery factor in existing fields through effective reservoir management.

Exploration

Exploration is the engine of our strategy in the upstream business. Exploration has proved to be a driver of production growth and value generation, as well as Eni's distinctive feature among the oil majors. Since 2008, Eni has discovered over 10 billion boe in place, corresponding to a growth of 35% in our resource base, more than every other player in the oil industry, of which approximately 900 million boe were discovered in 2014, at a competitive cost of $2.1 per boe. Near-field discoveries marked the year's activity, in particular: (i) Ochigufu in the deep waters of Block 15/06 in Angola; (ii) in the conventional waters of Block Marine XII in Congo, Minsala was the third discovery in the last two years increasing the block's resources in place by 1 billion barrels with characteristics similar to the previous discoveries of Litchendjili and Nené, the latter started up early production in record time; (iii) Oglan in Block 10 in Ecuador with a potential in place estimated at approximately 300 million barrels of oil located near the processing facilities of the operated field of Villano; (iv) Merakes in offshore Indonesia. This discovery with a potential in place estimated at approximately 2 Tcf, is located in proximity of the operated field of Jangkrik, which is currently under development and will supply additional gas volumes to the Bontang LNG plant; (v) the appraisal gas wells Agulha 2 and Coral 4 DIR in Mozambique, confirming the extension of their respective fields with a potential in place in Area 4 estimated at approximately 88 Tcf; (vi) Nyonie in the conventional waters of

Block D4 in Gabon, with an estimated potential of approximately 500 million boe in place of gas and condensates; (vii) the oil&gas Drivis discovery made at the offshore license PL 532 (Eni 30%) in Norway, with volumes in place estimated in the range of 125 and 140 million barrels and will be put into production with the development of the Johan Castberg Hub; and (viii) the oil discovery ARM-14 in the Abu Rudeis license (Eni 100%) in the Gulf of Suez in Egypt, doubled production level in 2014. These discoveries are expected to have a rapid time-to-market leveraging on the synergies from the front-end loading of ongoing projects and utilization of existing production infrastructures. Leveraging on these results, our exploration plan has been shaped to face the actual challenging scenario:

- by shifting focus to proven plays and near field exploration where we plan to drill 70% of our scheduled wells; and
- by reducing capital expenditure of 35% net of exchange rate effects in 2015 and 25% over the plan period. Exploration projects will attract some €5 billion. The most important amounts of exploration expenses will be incurred in Norway, Nigeria, the United States and Italy.

We target the discovery of 2 billion boe of new resources in the four-year plan at a very competitive cost of $2.6 per boe. We plan to anticipate cash generation by disposal of interests in our discoveries in order to balance costs/risk exposure and profitability in an optimal way, in the meanwhile ensuring the reserve replacement and balanced presence in the worldwide upstream.
We plan to mitigate the operational risk relating to drilling activities by applying Eni's rigorous procedures throughout the engineering and execution stages by leveraging on proprietary drilling technologies, excellent skills and know-how, increased control of operations and by deploying technologies which we believe to be able to reduce blow-out risks and to enable the Company to respond quickly and effectively in case of emergencies.
We renewed our exploration portfolio through the acquisition of new acreage covering approximately 100,000 square kilometres net to Eni, along the guideline of diversifying the geographical presence. As of December 31, 2014, Eni's mineral right portfolio consisted of 938 exclusive or shared rights of exploration and development activities for a total acreage of 334,739 square kilometres net to Eni of which developed acreage of 40,771 square kilometres and undeveloped acreage of 293,968 square kilometres net to Eni. We confirm our expansion plans in the Pacific Basin, where we signed the contracts of production sharing for the exploration of 2 onshore blocks in Myanmar and 3 offshore blocks in Vietnam, in addition to the acquisition of licences in Indonesia, Australia and China. We also confirm our interest for the unexplored basins, following Eni's entrance in the offshore of Portugal, South Africa and deep offshore of Egypt.

Develop new projects to fuel future growth

Eni has a strong pipeline of development projects that will fuel the medium and long-term growth of its oil and gas production. The pipeline of projects is geographically diversified and will become even more balanced across our hubs. These projects have an average breakeven of $45 per boe and will generate an overall cash flow from operations of €19 billion in the four-year plan.
We are aiming at excellence in time-to-market in order to maximize the value of our reserves. We plan to achieve development efficiency leveraging on the integration of skills along the life cycle of the reserves and by deploying an innovative organizational model which insources engineering and retains tight control of construction and commissioning. Phased project development allowed us to mitigate operating risks and reduce the financial exposure.
This approach led to the top results in the industry such as, above mentioned, the West Hub Development Project in Angola and the Block Marine XII in Congo. The latter is the best example of our integrated approach. With the discoveries of Nené, Minsala and Litchendjili we proved that, with advanced technology and innovative geological concepts, it is feasible to unlock material upside also in mature acreage. The huge potential of this play is now about 5.5 bboe of resources and we expect further upsides from the completion of the appraisal of Minsala and the drilling of two additional prospects. In Nené, we expect FID for the second phase by the end of 2015. In addition, later this year, Litchendjili will start oil&gas production. At the end of this decade, we will achieve an overall production of 150 kboe/d.
In the next four years, we plan to start-up 16 new major fields operated by Eni. In addition to the above mentioned fields, the main projects include: (i) the Goliat field in the Barents Sea in Norway. The FPSO vessel reached Norway in April 2015 and started the final commissioning phase. Start-up is expected in the second half of 2015, with a production plateau at approximately 65 kboe/d net to Eni in 2016; (ii) the giant Perla gas field in the Block Cardon IV (Eni's interest 50%), located in the Gulf of Venezuela. The early production start-up is expected by the second quarter of 2015 with a target production of approximately 460 mmcf/d. Production ramp-up is expected in 2017 with a target of approximately 800 mmcf/d. The development plan targets a long-term production plateau of approximately 1,200 mmcf/d in 2020; (iii) the East Hub in Block 15/06 in Angola, which will leverage on the synergies with West Hub. Production start-up is expected in 2017, contributing to an overall block production of 45 kboe/d at the end of the period; (iv) the Offshore Cape Three Points block in Ghana, with a fast track deep offshore development and time-to-market of just four years. Management plans to sanction FID in December and production start-up is targeted in 2017. The project will reach a production of about 40 kboe/d in 2019; and (v) the Jangkrik field in the Kalimantan offshore, in Indonesia. The project includes drilling of production wells linked to a Floating Production Unit for gas and condensate treatment, as well as construction of a transportation facility. Start-up is expected in 2017.
Finally we plan to achieve further cost efficiencies by:
(i) increasing the scale of our operations as we concentrate our resources on larger fields than in the past where we plan to achieve economies of scale; (ii) expanding projects where we serve as operator. We believe operatorship will enable the Company to exercise better cost control, effectively manage reservoir and production operations, and deploy our safety standards and procedures to minimize risks; (iii) applying our technologies which we believe can reduce drilling and completion costs; and (iv) renegotiating contracts for oilfield services and other items to reap the benefits of the deflationary trend in the industry.

G&P Gas & Power

Key performance indicators

		2012	2013	2014
Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	2.23	1.43	0.49
Net sales from operations[a]	(€ million)	36,198	32,212	28,250
Operating profit		(3,125)	(2,967)	186
Adjusted operating profit		398	(638)	310
Adjusted net profit		479	(253)	190
Capital expenditure		213	229	172
Worldwide gas sales[b]	(bcm)	95.32	93.17	89.17
LNG sales[c]		14.6	12.4	13.3
Customers in Italy	(million)	7.45	8.00	7.93
Electricity sales	(TWh)	42.58	35.05	33.58
Employees at year end	(number)	4,836	4,616	4,228
GHG emissions	(mmtonnes CO_2eq)	12.77	11.22	10.08
Customer satisfaction score (CSC)[d]	(%)	89.7	92.9	93.4
Water consumption/withdrawals per kWh eq produced	(cm/kWh eq)	0.012	0.017	0.017

(a) Before elimination of intragroup sales.
(b) Include volumes marketed by the Exploration & Production segment of 3.06 bcm (2.73 and 2.61 bcm in 2012 and 2013, respectively).
(c) Refers to LNG sales of the Gas & Power segment (included in worldwide gas sales) and the Exploration & Production segment.
(d) Data referred to the first half of 2014, as at the date of publication of this document Authority for Electricity Gas and Water (AEEGSI) hasn't published yet the data for the second part of the year.

2014 Highlights

Performance of the year

- In 2014, employees' and contractors' injury frequency rates declined by 66%, in line with historical trends.
- Greenhouse gas emissions decreased by 10.2% from 2013.
- The water consumption rate of EniPower's plants decreased by 5.9% from 2013, while the same index per KWh produced was substantially stable. The decrease was due to lower use of sea water in cooling operations at Brindisi site and lower production of electricity at Livorno site, due to an unfavourable trading environment, with steam and freshwater consumption almost unchanged from 2013.
- Eni gas sales (89.17 bcm) were down by 4.3% compared to 2013. Eni's sales in the domestic market of 34.04 bcm decreased by 5.1% driven by lower sales in all the business segments partially offset by higher spot sales. Barely unchanged volumes marketed in the main European markets (42.21 bcm; down by 1.1%).
- Electricity sales of 33.58 TWh decreased by 1.47 TWh or 4.2% compared to the previous year.
- Capital expenditure of €172 million mainly concerned the flexibility and upgrading of combined cycle power stations (€98 million), as well as gas marketing initiatives (€66 million).
- In 2014, adjusted net profit amounted to €190 million, up by €443 million from 2013. This reflected the benefits from the renegotiation of a substantial portion of the long-term gas supply portfolio, including larger one-off effects related to the purchase costs of volumes supplied in previous reporting periods. These positive effects were partially offset by declining gas and power prices against the backdrop of continuing weak demand and competitive pressure.
- In 2014, we achieved several renegotiations of our long-term gas supply contracts and we obtained a reduction in take-or-pay volumes. Approximately 70% of our long-term gas supply portfolio is now indexed to hub prices. Cash advances paid to suppliers due to the take-or-pay clause in those long-term supply contracts were reduced by €0.66 billion also leveraging on sales optimization.

Strategies

Eni's management expects a weak outlook for natural gas sales and prices due to structural headwinds in the industry as we forecast demand stagnation, oversupplies and strong competition across all of our main markets in Europe, including Italy.
We believe that going forward reduced sales opportunities and continued pricing competition will be caused by weaker-than-anticipated demand growth which is expected to be dragged down by macroeconomic uncertainties and by the current downturn in the thermoelectric sector which will be penalized by the competition from coal which is cheaper than gas in firing power plants and the development of renewable sources of energy (photovoltaic, solar to name the most important). The absolute level of gas consumption in Europe contracted by approximately 12% in the time span from 2008 to 2013 and in 2014 gas consumption fell dramatically by a further 12%. According to our projections gas consumption will return back to 2013 levels somewhere in 2020.

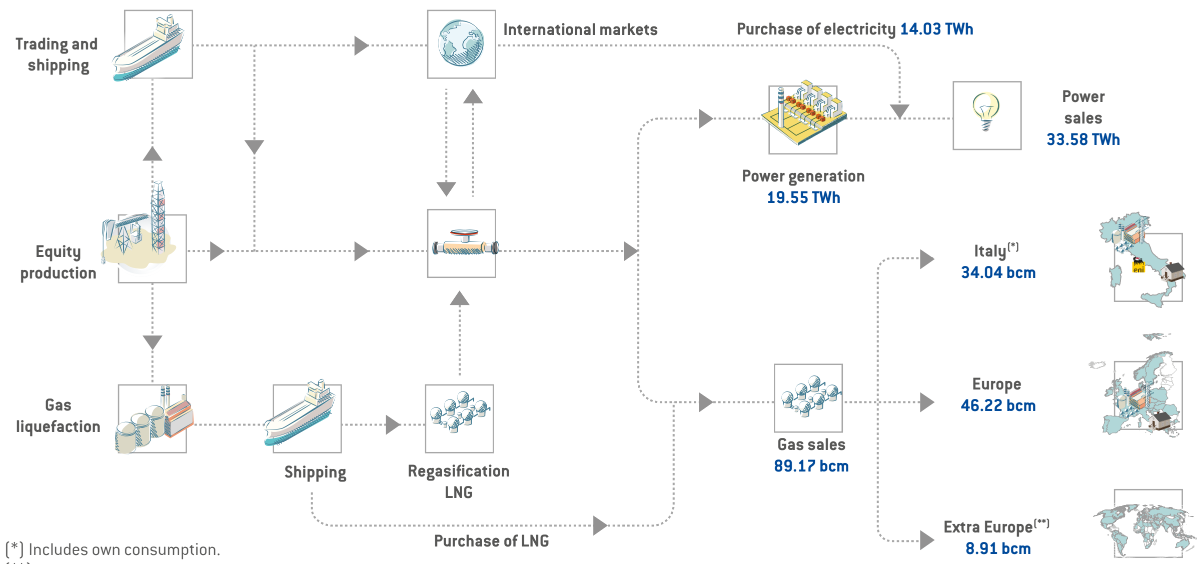
Against this backdrop, European markets remains well supplied thanks to the fast development of liquid hubs where operators can trade spot gas. In 2013, approximately 62% of gas volumes supplied were traded at continental hubs. These trends will drive continuing competition and pricing pressure, which are expected to be exacerbated by the constraints of the long-term supply contracts with take-or-pay clauses whereby wholesaler operators are forced to compete aggressively on pricing in order to limit the financial exposure dictated by the contracts.
In Italy we expect that gas prices in the wholesale market will remain under pressure due to a number of negative factors including competitive pressure and the current level of minimum take volumes of Italian operators which are well above the absolute dimension of the Italian market. In the retail market, the regulated tariffs to residential and commercial users are currently indexed to spot prices of gas quoted at continental hubs.

Based on the above outlined trends and industrial actions, management will try to retain profitable, cash-positive operations in the Company's gas marketing business over the plan period.

To achieve this object we intend to put in place the following strategic guidelines:
- alignment of the supply portfolio to market conditions starting from 2016, leveraging on further renegotiations;
- streamlining of operations and optimization of logistic costs; and
- development and growth in the value added segments, in particular in the retail segment, developing the client base also through the sale of extra-commodity products, as well as in the LNG segment, leveraging on the marketing opportunities in premium markets and upstream integration.

Gas & Power value chain

Eni's Gas & Power segment engages in all phases of the natural gas value chain: supply, trading and marketing of natural gas and LNG. This segment also includes power generation and marketing of electricity. Eni's leading position in the European gas market is ensured by a set of competitive advantages, including our multi-country approach, long-term gas availability, access to infrastructures, market knowledge and a strong customer base, in addition to long-term relations with producing countries. Furthermore, integration with our upstream operations provides valuables growth options whereby the Company targets to monetize its large gas reserves.



(*) Includes own consumption.
(**) Includes E&P sales.

R&M Refining & Marketing

Key performance indicators

		2012	2013	2014
Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	1.74	1.01	0.86
Net sales from operations[a]	(€ million)	62,531	57,238	56,153
Operating profit		(1,264)	(1,492)	(2,229)
Adjusted operating profit		(289)	(457)	(208)
Adjusted net profit		(181)	(232)	(147)
Capital expenditure		898	672	537
Refinery throughputs on own account	(mmtonnes)	30.01	27.38	25.03
Conversion index	(%)	61	62	51
Balanced capacity of refineries	(kbbl/d)	767	787	617
Retail sales of petroleum products in Europe	(mmtonnes)	10.87	9.69	9.21
Service stations in Europe at year end	(number)	6,384	6,386	6,220
Average throughput per service station in Europe	(kliters)	2,064	1,828	1,725
Retail efficiency index	(%)	1.48	1.28	1.19
Employees at year end	(number)	8,608	8,438	6,774
GHG emissions	(mmtonnes CO_2eq)	6.06	5.20	5.34
SO_x (sulphur oxide) emissions	(ktonnes SO_2eq)	16.99	10.80	6.09
Water consumption rate (refineries)/refinery throughputs	(cm/tonnes)	25.43	19.98	22.42
Biofuels marketed	(mmtonnes)	14.83	10.84	12.93
Customer satisfaction index	(Likert scale)	7.90	8.10	8.20

(a) Before elimination of intragroup sales.

2014 Highlights

Performance of the year

- In 2014, the injury frequency rate for employees and contractors was down 14.9% demonstrating our continuing commitment for a more secure workplace.
- In 2014, the Refining & Marketing segment reduced the adjusted net loss to €147 million (€232 million in 2013) driven by improved margins and restructuring initiatives, including the start-up of the green refinery project in Venice, and cost efficiencies.
- In 2014, refining throughputs were 25.03 mmtonnes, down by 8.6% from 2013. In Italy, processed volumes decreased by 11.7% mainly due to the unfavourable refinery scenario registered in the first part of the year and the shutdown of the Gela and Venice refineries.
- In 2014, the production of biofuels amounted to 12.93 mmtonnes, up by 19.3% compared to a year ago following the start-up of the bio-refinery in Venice.
- Retail sales in Italy amounted to 6.14 mmtonnes, down by 7.5% from 2013 due to strong competitive pressure. In 2014, Eni's average retail market share was 25.5%, down by 2 percentage points from 2013.
- Retail sales in the rest of Europe of 3.07 mmtonnes were substantially stable compared to 2013 (up by 0.7%). Higher volumes marketed in Germany and Austria were offset by lower sales of other subsidiaries.
- Capital expenditure amounted to €537 million mainly related to the reconversion of the Venice refinery and improvement of flexibility and yields of the other plants, in particular at Sannazzaro refinery and the rebranding of the retail distribution network.
- In 2014, expenditure in R&D amounted to approximately €18 million. During the year, 15 patent applications were filed.

Portfolio rationalization

- In line with the Eni's strategy focused on selectively growing in high profitable markets, Eni signed a preliminary agreement for the divestment of its marketing activities of fuels located in Czech Republic, Slovakia and Romania to the Hungarian Company MOL. The agreement also comprises the refinery capacity to supply the marketing network through a 32.445% interest in the joint refining asset Ceská Rafinérská as (CRC). All these agreements are subject to the approval of the relevant European Antitrust Authorities.

Development plan of the Gela site

- In November 2014, Eni defined with the Ministry for Economic Development, the Region of Sicily and interested stakeholders a plan to restore the profitability of the Gela refinery. The key point of the agreement is the reconversion of the Gela site to a bio-refinery.
- The reconversion will follow the model adopted for the Venice green refinery, by leveraging on raw vegetable materials and use of the proprietary technologies.

The agreement also defines terms for building a modern logistic hub and new initiatives in the upstream sector in Sicily, including offshore. Eni will also perform environmental remediation and clean-up activities and institute the Safety Competence Center (SCC), a center of excellence in the security field. The investment plan for such initiatives amounts to €2.2 billion, mainly relating to upstream projects in the Sicily region.

Start-up of Venice bio-refinery

- In June 2014, the start-up of the bio-refinery of Porto Marghera was achieved, with a green diesel capacity of 300 ktonnes/y. The green diesel is produced from refined vegetable oil utilizing the proprietary Ecofining™ technology. The production will fulfil half of the Eni's annual requirement of green diesel, thus ensuring new perspectives for the industrial site of Venice and allowing economic and environmental benefits.

Strategies

For the next four years, the priority of Eni's Refining & Marketing segment is to return to profitability in the context of weak fundamentals of the European refining market, affected by weak demand, structural overcapacity and competitive pressure from streams of cheaper products from Asia, Russia and the United States.

Against this scenario, the Company priority is to recover the economic and financial sustainability in a short timeframe, targeting to break even at both adjusted operating profit and cash generation before investment in 2015, then to stabilize profitability and cash generation in the long run. In order to achieve this goal, our strategy in the Refining & Marketing sector will leverage on reducing and rationalizing refining capacity in order to limit the Company's exposure to volatile refining margins, and on efficiency initiatives. We are planning for a 50% capacity cut (2012 base) which, once implemented, will bring our installed capacity in line with our targeted exposure to the refining business considering our view of industry trends and fundamentals.
Till 2014, we have delivered a 30% capacity downsizing, including the shutdown of the Venice refinery, which underwent a restructuring process to be converted into a plant for the production of bio-fuels based on a proprietary technology, and of the Gela refinery, which will be converted into a unit for the manufacturing of bio-fuels like the Venice site and into a logistic hub. Finally we signed a preliminary agreement to divest our interest in a refining asset located in the Czech Republic and we expect to close the transaction by mid 2015.

We believe that the restructuring initiatives implemented so far have reduced the refining break-even margin. Going forward, we plan to divest our interests in certain refining assets abroad and to downsize our less competitive Italian refineries. We intend to make selective capital expenditures expecting to invest approximately €1 billion to improve efficiency and optimize existing plant, to complete the bio-refinery at the Venice site and to implement the Gela project.

We have defined other initiatives designed to provide for:

- optimize plant set-up and logistics operations by means of higher flexibility and process integration; and
- deliver cost efficiencies, particularly in refinery fixed expenses and energy savings.

In Marketing activities, where we expect continuing competitive pressure due to weak demand trends and oversupplies in our core domestic market, we are planning to achieve a gradual improvement in results of operations mainly by focusing on margin preservation and cost efficiencies. We will try to do this by means of effective marketing initiatives to retain customers, product and service innovation and a continuing focus on the quality of service, as well as the expansion of non-oil activities. Management plans to improve the efficiency of the Italian retail network by closing low-throughput outlets and other rationalizations. Retail operations abroad will be focused on those areas and markets where we expect attractive profitability due to an improving scenario for consumption, while we plan to divest our presence in marginal areas, mainly in Eastern Europe.

V Versalis

Key performance indicators		2012	2013	2014
Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	1.09	0.57	0.28
Net sales from operations[a]	(€ million)	6,418	5,859	5,284
Intermediates		*3,050*	*2,709*	*2,310*
Polymers		*3,188*	*2,933*	*2,800*
Other sales		*180*	*217*	*174*
Operating profit		(681)	(725)	(704)
Adjusted operating profit		(483)	(386)	(346)
Adjusted net profit		(395)	(338)	(277)
Capital expenditure		172	314	282
Production	(mmtonnes)	6,090	5,817	5,283
Sales of petrochemical products		3,953	3,785	3,463
Average plant utilization rate	(%)	66.7	65.3	71.3
Employees at year end	(number)	5,668	5,708	5,443
GHG emissions	(mmtonnes CO_2eq)	3.72	3.69	3.09
NMVOC (Non-Methane Volatile Organic Compound) emissions	(ktonnes)	4.40	3.93	3.51
NO_x (nitrogen oxide) emissions	(ktonnes NO_2eq)	3.43	3.29	2.45
Recycled/reused water	(%)	81.6	86.2	87.7

(a) Before elimination of intragroup sales.

2014 Highlights

Performance of the year

- In 2014, the injury frequency rate (employees and contractors) was more than halved (down by 50.9%) compared to 2013, in continuation of historical positive trend.
- In 2014, greenhouse gas emissions and other emissions in the atmosphere were lower than in 2013 (down by 16.3%), following the restructuring of the production assets. Recycled/reused water rate improved, up to 87.7%.
- In 2014, adjusted net loss was €277 million, €61 million lower than in 2013, benefitting from improved margins of intermediates and polyethylene. Results reflected efficiency initiatives and restructuring programs, mainly relating to the start-up of the Porto Torres Green Chemical project and the shutdown of certain unprofitable production units.
- Sales of petrochemical products amounted to 3,463 ktonnes, down by 322 ktonnes or 8.5% from 2013, driven by weak commodity demand and strong competition.
- In 2014, expenditure in R&D amounted to approximately €40 million, 14 patent applications were filed.

Restructuring of petrochemical activities in Sardinia

- In June 2014, the Green Chemical project of Matrìca, a 50/50 joint venture between Versalis and Novamont, started operations marking the full conversion of the Porto Torres site. Matrìca's plant is currently leveraging on an innovative technology to transform vegetable oils into monomers and intermediates that are feedstock for the production of complex production of bio-products destined among other to the tyre industry, production of bio-lubricants and plastic. The overall production capacity of approximately 70 ktonnes per year will come gradually online during 2015. The cracking production line was definitively shut down.
- At the end of December 2014, Versalis signed an agreement to divest the Sarroch plant to the refining company Saras, which owns a refinery close to Eni's petrochemical site. The agreement includes the disposal of the Versalis plants connected with the production cycle of the refinery, in particular the reforming unit, the propylene splitter unit and other related services, including the logistics system.

The Green Chemical project of Porto Marghera

- In November 2014, Eni defined with the Ministry for Economic Development and the interested stakeholders a plan to restore the profitability of the petrochemical plant at Porto Marghera. The project, in partnership with the US-based company Elevance Renewable Science Inc, envisages building of world-scale plants which are the first of their kind and the new technology for the production of bio-chemical intermediates from vegetable oils destined for high added-value industrial applications such as detergents, bio-lubricants and chemicals for the oil industry.

Development and sustainability initiatives

- In November 2014, Versalis signed a partnership with Solazyme, an US-based renewable oil and bio-products company, aimed to expand market access and commercial use of Encapso™ – the world's first commercially – available, biodegradable encapsulated lubricants for drilling fluids. Encapso will also be used in oil and gas fields operated by Eni.
- Following the strategic partnership signed in 2013 with Yulex, an US-based leader in bio-materials, to produce guayule-based bio-rubber by using non-food feedstock, is under development the agronomic protocol and the innovative technology engineering, through the development of the entire supply chain, from the cultivation to the extraction of natural rubber, until the construction of a bio-mass power station.

Strategies

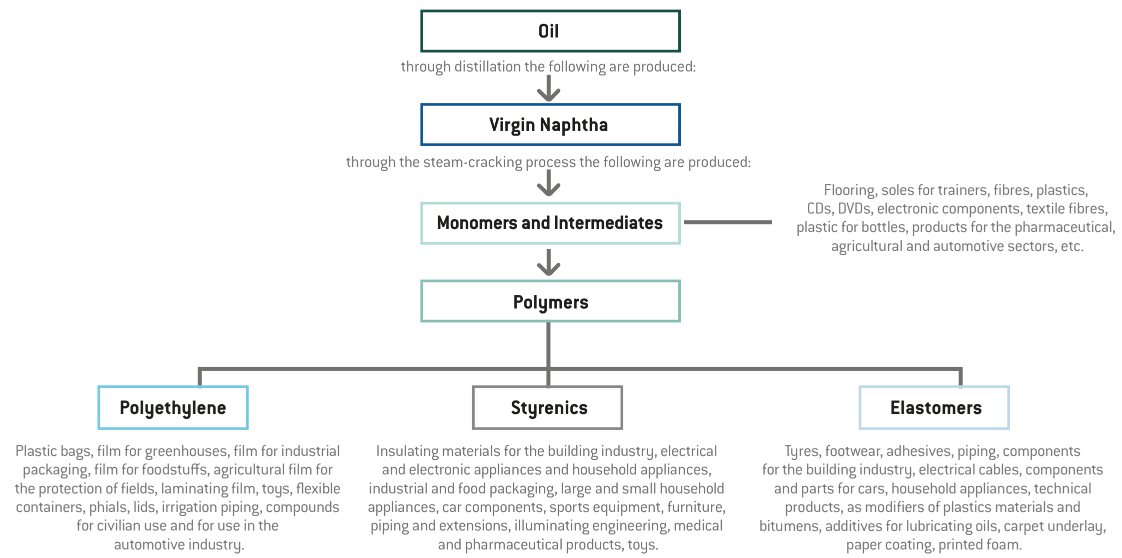
Versalis' operations are exposed to volatile costs of oil-based feedstock and the cyclicality of demand due to the commoditized nature of product portfolio and underlying weaknesses in the industry. Our commodity chemical businesses have been unprofitable in recent years and we expect only limited improvements in the scenario in the foreseeable future due to structural cost disadvantages with respect to Asian and Middle East players and also US players, as well as a weak macroeconomic outlook which will hamper a sustainable recovery in demand.
We believe that the current improvement in the cost of oil-based feedstock will provide only limited upside to the weak underlying fundamentals of the petrochemical sector in Europe.

Against this backdrop, our priority is the economic and financial sustainability in the medium and long term. The breakeven at adjusted operating profit and operating cash flow is expected to be achieved from 2016.

This target will be driven by implementing the following strategic guidelines:

- downsizing the installed capacity in commoditized and loss-making businesses through the reconversions of inefficient units and plant shutdown and/or divestment and rationalization of the other businesses;
- refocusing our chemical portfolio on high value-added productions (i.e. specialties) also through the development of green chemistry; and
- upgrading of our production platform by means of the internationalization of the business to serve global clients and markets featured by high demand growth, also through strategic alliances with industrial partners.

The manufacturing cycle



E&C Engineering & Construction

Key performance indicators

		2012	2013	2014
Injury frequency rate of total Eni workforce	(No. of accidents per million of worked hours)	0.32	0.26	0.28
Net sales from operations[a]	(€ million)	12,799	11,598	12,873
Operating profit		1,453	(98)	18
Adjusted operating profit		1,485	(99)	479
Adjusted net profit		1,111	(253)	309
Capital expenditure		1,011	902	694
Orders acquired	(€ million)	13,391	10,062	17,971
Order backlog		19,739	17,065	22,147
Employees at year end	(number)	43,387	47,209	49,559
Employees outside Italy rate	(%)	88.1	89.1	89.9
Local managers rate		41.3	41.3	42.0
Local procurement rate		57.4	54.3	55.6
GHG emissions	(mmtonnes CO_2eq)	1.54	1.54	1.42
Water withdrawals	(million of cubic meters)	8.25	8.74	6.32

(a) Before elimination of intragroup sales.

2014 Highlights

Performance of the year

- In 2014, the injury frequency rate registered a 7.7% increase due to a poor performance for contractors (up by 12.7%), partially offset by a lower injury frequency rate for employees (down by 4.9%).
- In 2014, adjusted net profit of the Engineering & Construction segment amounted to €309 million, up by €562 million from the adjusted net loss of €253 million reported in 2013, which was driven by extraordinary contract losses.
- Orders acquired amounted to €17,971 million (€10,062 million in 2013), 97% of which relating to the works outside Italy, while orders from Eni companies amounted to 8% of the total.
- Order backlog amounted to €22,147 million at December 31, 2014 (€17,065 million at December 31, 2013), of which €9,035 million to be executed in 2015.
- Expenditure in R&D amounted to €12 million. 20 patent applications were filed.
- Capital expenditure amounted to €694 million (€902 million in 2013) which mainly regarded the upgrading of the drilling and construction fleet.

Strategies

We expect a challenging trading environment in the oilfield services sector due to lower crude oil prices. In spite of this, we forecast that the execution of recently-acquired projects will support operating results.

Over the four-year plan, the Engineering & Construction segment intends to improve profitability by growing in those market segments where it owns competitive advantages, like ultra-deep projects, pipeline laying, onshore projects in harsh environments and with other complexities. The Engineering & Construction segment will leverage on the enhancement of the EPC(I)-oriented business model, its world-class technology, engineering and delivering skills, its strong local presence and established relationships with other major oil companies and national oil companies. The profitability and cash generation over the plan period will be sustained by selective capital expenditure, efficiency actions and working capital optimization.

Financial review

Eni in 2014

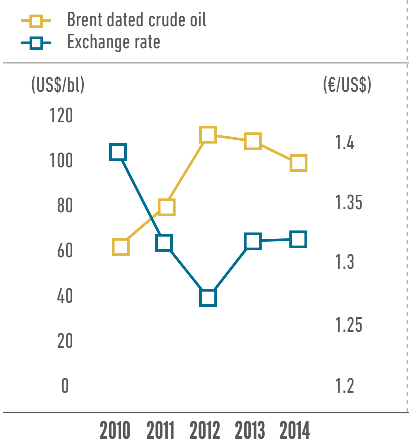
Group results for the year

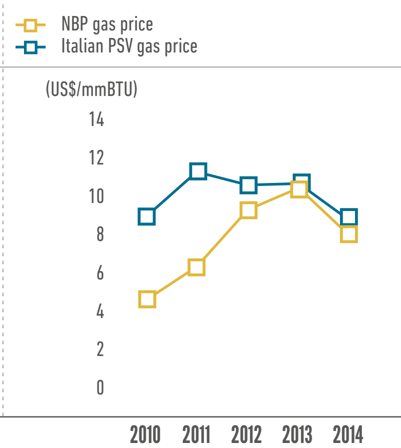
In 2014, the Group faced strong headwinds in any of its reference markets. Oil and gas realizations in dollar terms declined due to lower a Brent price, down by 9% from 2013, and lower gas benchmarks. Eni's refining margins (Standard Eni Refining Margin-SERM) that gauge the profitability of Eni's refineries were up by 32.1% from the particularly depressed level of 2013, due to a fall in the cost of crude oil feedstock. However, the European refining business continued to be affected by structural headwinds from lower demand, overcapacity and increasing competitive pressure from streams of cheaper refined products imported from Russia, Asia and the United States. The European gas market was adversely affected by weak demand, competitive pressures and oversupply. Price competition was tough taking into account minimum off-take obligations provided by gas purchase take-or-pay contracts and reduced sales opportunities. Spot prices in Europe reported a decrease of 22.7% from 2013. Electricity sales reported negative margins due to oversupply and increasing competition from more competitive sources (photovoltaic and coal-fired plants).

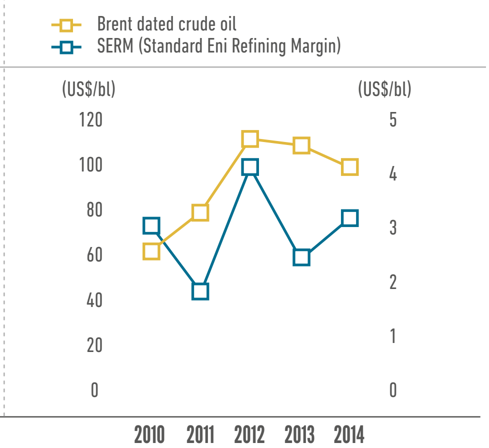
2014 results

In 2014, **net profit attributable to Eni's shareholders** was €1,291 million, a decline of €3,869 million from 2013, or 75%; operating profit of €7,917 million was down by 10.9%.
Business performance was adversely impacted by lower oil prices which decreased revenues in the Exploration & Production segment. The mid-downstream business segments reported cumulatively an improved performance of €1.2 billion reflecting gas contract renegotiations, cost efficiencies, as well as optimization and restructuring initiatives, in spite of an unfavourable trading environment. Furthermore, results were affected by a €221 million loss on the fair-valued interests in Galp and Snam which underlay two convertible bonds.
In addition to these business trends, 2014 net profit was impacted by net charges of €2,416 million due to the alignment of crude oil and product inventories to current market prices, asset impairments driven by a lower price environment in the near to medium term impacting the recoverable amounts of oil&gas properties and of rigs and construction vessels in Saipem, as well as the write-off of deferred tax assets of Italian subsidiaries (€976 million) due to the projections of lower future taxable profit (€500 million) and the write-off for €476 million of deferred tax assets accrued in connection with an Italian windfall tax of 6.5 percentage points which adds to the Italian statutory tax rate of 27.5%. This windfall tax, the so-called Robin Tax, was ruled to be illegitimate by an Italian Court on February 11, 2015. It was the first time that a sentence stated the illegitimacy of a tax rule prospectively, denying any reimbursement right. As a result of the abrogation, deferred tax assets of Italian subsidiaries were recalculated with the lower statutory tax rate of 27.5% instead of 33%, with the difference being written off. These effects were partly offset by the recognition of a tax gain of €824 million due to the settlement of a tax dispute with the Italian fiscal Authorities regarding how to determine a tax surcharge of 4% due by the parent company Eni SpA (the so-called Libyan tax) since 2009.
In 2013, significant disposal gains were recognized due to the divestment of a 20% stake in the Mozambique discovery (€2,994 million) and the fair-value evaluation of Eni's interest in Artic Russia (€1,682 million), partly offset by extraordinary charges and inventory holding losses for €4 billion (post-tax). These transactions affected the year-on-year comparison of reported net profit.

In 2014, **adjusted net profit attributable to Eni's shareholders** of €3,707 million decreased by 16.3% and excludes an inventory holding loss of €1,008 million and special charges of €1,408 million, net of tax, with a positive adjustment of €2,416 million.







Adjusted net profit

2012	(€ million)	2013	2014	Change	% Ch.
4,200	**Net profit attributable to Eni's shareholders - continuing operations**	**5,160**	**1,291**	**(3,869)**	**(75.0)**
(23)	Exclusion of inventory holding (gains) losses	438	1,008		
2,953	Exclusion of special items	(1,168)	1,408		
7,130	**Adjusted net profit attributable to Eni's shareholders - continuing operations**[a]	**4,430**	**3,707**	**(723)**	**(16.3)**

(a) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis".

The breakdown of **adjusted net profit by segment** is shown in the table below:

Adjusted net profit by segment

2012	(€ million)	2013	2014	Change	% Ch.
7,426	Exploration & Production	5,950	4,423	(1,527)	(25.7)
479	Gas & Power	(253)	190	443	..
(181)	Refining & Marketing	(232)	(147)	85	36.6
(395)	Versalis	(338)	(277)	61	18.0
1,111	Engineering & Construction	(253)	309	562	..
(247)	Other activities	(205)	(200)	5	2.4
(977)	Corporate and financial companies	(484)	(651)	(167)	(34.5)
661	Impact of unrealized intragroup profit elimination[a]	39	152	113	
7,877	**Adjusted net profit - continuing operations**	**4,224**	**3,799**	**(425)**	**(10.1)**
	of which attributable to:				
747	- non-controlling interest	(206)	92	298	..
7,130	**- Eni's shareholders**	**4,430**	**3,707**	**(723)**	**(16.3)**

(a) This item concerned mainly intragroup sales of commodities, services and capital goods recorded in the assets of the purchasing business segment at the reporting date.

Results by business segment

Exploration & Production

The Exploration & Production segment reported a 21.1% decrease in adjusted operating profit to €11,551 million. This result reflected reduced oil and gas realizations in dollar terms (down by 8.9% on average) higher depreciation charges taken in connection with the start-up of new fields mainly in the second half of 2013, achieving full ramp-up in the course of 2014. Adjusted net profit of €4,423 million decreased by 25.7% due to a reduced operating performance. The adjusted tax rate increased by approximately 2 percentage points in the year due to a larger share of taxable profit reported in countries with higher taxations.

Gas & Power

The Gas & Power segment reported an adjusted operating profit of €310 million reversing an adjusted operating loss of €638 million in 2013. The 2014 results were driven by better competitiveness due to the renegotiation of a substantial portion of the long-term gas supply portfolio, including one-off effects related to the purchase costs of volumes supplied in previous reporting periods, which was larger than in the full year 2013. The result also reflected a positive contribution of international LNG sales. These positives were partially offset by a continued decline in sale prices of gas and electricity, driven by weak demand and continuing competitive pressure, exacerbated by oversupply and market liquidity, as well as a different tariff regime for supplying gas to the residential regulated market. Adjusted net profit of 2014 amounted to €190 million, up by €443 million reported in 2013. This reflected better operating performance, partially offset by lower results from equity-accounted entities.

Refining & Marketing

The Refining & Marketing segment reported half-sized operating losses at €208 million compared to 2013, in spite of continuing industry headwinds on the back of weak demand and overcapacity. The improvement was driven by improved refining margins compared with the particularly depressed scenario of 2013 following a fall in oil prices, and restructuring initiatives, including the start of the green refinery project in Venice, and cost efficiencies, particularly with respect to energy and overhead costs. Marketing results were sustained by a decline of oil prices despite weak demand and rising competitive pressure. The adjusted net loss for the full year was €147 million, down by €85 million from the previous reporting period.

Versalis

Versalis reported an adjusted operating loss of €346 million, a decrease of €40 million or 10.4% from 2013. The loss matured against the backdrop of an unfavourable trading environment which reflected continued weakness in commodity demand and increasing competition from non-EU producers. These trends were partly offset by efficiency initiatives and restructuring programs, mainly relating to the start-up of the Porto Torres Green Chemical project and the shutdown of certain unprofitable production units, as well as lower oil-based feedstock prices in the last part of 2014. Adjusted net loss of €277 million decreased by €61 million from 2013.

Engineering & Construction

The Engineering & Construction segment reported an adjusted operating profit of €479 million, up by €578 million from 2013 reflecting extraordinary losses incurred in 2013 driven by changed estimates at long-term contracts. Adjusted net profit increased by €562 million to €309 million.

Capital expenditure

2012	(€ million)	2013	2014	Change	% Ch.
10,307	Exploration & Production	10,475	10,524	49	0.5
43	*- acquisition of proved and unproved properties*	*109*			
1,850	*- exploration*	*1,669*	*1,398*		
8,304	*- development*	*8,580*	*9,021*		
110	*- other expenditure*	*117*	*105*		
213	Gas & Power	229	172	(57)	(24.9)
200	*- marketing*	*206*	*164*		
13	*- international transport*	*23*	*8*		
898	Refining & Marketing	672	537	(135)	(20.1)
675	*- refining, supply and logistics*	*497*	*362*		
223	*- marketing*	*175*	*175*		
172	Versalis	314	282	(32)	(10.2)
1,011	Engineering & Construction	902	694	(208)	(23.1)
14	Other activities	21	30	9	42.9
152	Corporate and financial companies	190	83	(107)	(56.3)
38	Impact of unrealized intragroup profit elimination	(3)	(82)	(79)	
12,805	**Capital expenditure - continuing operations**	**12,800**	**12,240**	**(560)**	**(4.4)**
756	Capital expenditure - discontinued operations				
13,561	**Capital expenditure**	**12,800**	**12,240**	**(560)**	**(4.4)**

In 2014, capital expenditure amounted to €12,240 million (€12,800 million in 2013) relating mainly to:
- development activities deployed mainly in Norway, Angola, Congo, the United States, Italy, Nigeria, Egypt, Kazakhstan, Indonesia and exploratory activities of which 98% was spent outside Italy, primarily in Libya, Mozambique, the United States, Angola, Nigeria, Indonesia, Cyprus, Norway and Gabon;
- upgrading of the fleet used in the Engineering & Construction segment (€694 million);
- refining, supply and logistics in Italy and outside Italy (€362 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the upgrade and rebranding of the refined product retail network in Italy and in the rest of Europe (€175 million); and
- initiatives to improve flexibility of the combined cycle power plants (€98 million).

Sources and uses of cash

The Company's cash requirements for capital expenditures, buy-back program, dividends to shareholders, and working capital were financed by a combination of funds generated from operations, borrowings and divestments.

In 2014, net cash provided by operating activities amounted to €15,110 million, as it was supported by a reduction of working capital in E&P, G&P mainly due to a reduction in cash advances related to the take-or-pay clause in gas long-term supply contracts, as well as in Saipem. Proceeds from disposals were €3,684 million and mainly related to the divestment of Eni's share in Artic Russia (€2,160 million), an 8% interest in Galp Energia (€824 million), Eni's interest in the EnBW joint venture in Germany, as well as the divestment of Eni's stake in the South Stream project. These cash inflows funded cash outlays relating to capital expenditure totalling €12,240 million and dividend payments, share repurchases and other changes amounting to €4,434 million (including €2,020 million related to the 2014 interim dividend paid to Eni's shareholders and €380 million of share repurchases), reducing the Group's net debt from December 31, 2013 by €1,278 million. Net cash provided by operating activities was negatively affected by lower receivables due beyond the end of the reporting period, being transferred to financing institutions compared to the amount transferred at the end of the previous reporting period (down by €961 million from December 31, 2013).

Profit and loss account

2012	(€ million)	2013	2014	Change	% Ch.
127,109	Net sales from operations	114,697	109,847	(4,850)	(4.2)
1,548	Other income and revenues	1,387	1,101	(286)	(20.6)
(99,674)	Operating expenses	(95,304)	(91,677)	3,627	3.8
(158)	Other operating income (expense)	(71)	145	216	..
(13,617)	Depreciation, depletion, amortization and impairments	(11,821)	(11,499)	322	2.7
15,208	**Operating profit**	**8,888**	**7,917**	**(971)**	**(10.9)**
(1,371)	Finance income (expense)	(1,009)	(1,065)	(56)	(5.6)
2,789	Net income from investments	6,085	490	(5,595)	(91.9)
16,626	**Profit before income taxes**	**13,964**	**7,342**	**(6,622)**	**(47.4)**
(11,679)	Income taxes	(9,005)	(6,492)	2,513	27.9
70.2	*Tax rate (%)*	*64.5*	*88.4*	*23.9*	
4,947	**Net profit - continuing operations**	**4,959**	**850**	**(4,109)**	**(82.9)**
3,732	**Net profit - discontinued operations**				
8,679	**Net profit**	**4,959**	**850**	**(4,109)**	**(82.9)**
	Attributable to:				
7,790	**Eni's shareholders:**	**5,160**	**1,291**	**(3,869)**	**(75.0)**
4,200	**- continuing operations**	**5,160**	**1,291**	**(3,869)**	**(75.0)**
3,590	- discontinued operations				
889	**Non-controlling interest:**	**(201)**	**(441)**	**(240)**	**..**
747	- continuing operations	(201)	(441)	(240)	..
142	- discontinued operations				

Non-GAAP measures

Reconciliation of reported operating profit and reported net profit to results on an adjusted basis

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses, special items and, in determining the business segments' adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates which impact industrial margins and translation of commercial payables and receivables. Accordingly also currency translation effects recorded through profit and loss are reported within business segments' adjusted operating profit.

The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income. Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or US GAAP. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni's trading performance on the basis of their forecasting models. The following is a description of items that are excluded from the calculation of adjusted results.

Inventory holding gain or loss is the difference between the cost of sales of the volumes sold in the period based on the cost of supplies of the same period and the cost of sales of the volumes sold calculated using the weighted average cost method of inventory accounting.

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones; or (iii) exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency. Those items are reclassified in operating profit with a corresponding adjustment to net finance charges, notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the exchange rate market.
As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non-recurring material income or charges are to be clearly reported in the management's discussion and financial tables. Also, special items allow to allocate to future reporting periods gains and losses on re-measurement at fair value of certain non hedging commodity derivatives and exchange rate

derivatives relating to commercial exposures, lacking the criteria to be designed as hedges, including the ineffective portion of cash flow hedges and certain derivative financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production segment.

Finance charges or income related to net borrowings excluded from the adjusted net profit of business segments are comprised of interest charges on finance debt and interest income earned on cash and cash equivalents not related to operations. Therefore, the adjusted net profit of business segments includes finance charges or income deriving from certain segment-operated assets, i.e., interest income on certain receivable financing and securities related to operations and finance charge pertaining to the accretion of certain provisions recorded on a discounted basis (as in the case of the asset retirement obligations in the Exploration & Production segment). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit, adjusted net profit to reported operating profit and reported net profit see tables below.

2014

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
Operating profit	**10,766**	**186**	**(2,229)**	**(704)**	**18**	**(246)**	**(272)**	**398**	**7,917**
Exclusion of inventory holding (gains) losses		(119)	1,576	170				(167)	1,460
Exclusion of special items:									
- asset impairments	692	25	284	96	420		14		1,531
- gains on disposal of assets	(76)		(2)	45	2		3		(28)
- risk provisions	(5)	(42)			25	5	7		(10)
- environmental charges			111	27			41		179
- provision for redundancy incentives	24	11	(6)		5	(22)	(3)		9
- commodity derivatives	(28)	(43)	42	4	9				(16)
- exchange rate differences and derivatives	6	228	(9)	4					229
- other	172	64	25	12		(2)	32		303
Special items of operating profit	**785**	**243**	**445**	**188**	**461**	**(19)**	**94**		**2,197**
Adjusted operating profit	**11,551**	**310**	**(208)**	**(346)**	**479**	**(265)**	**(178)**	**231**	**11,574**
Net finance (expense) income[a]	(287)	7	(9)	(3)	(6)	(542)	(22)		(862)
Net income from investments[a]	323	49	67	(3)	21	(156)			301
Income taxes[a]	(7,164)	(176)	3	75	(185)	312		(79)	(7,214)
Tax rate (%)	*61.8*	*48.1*	*..*		*37.4*				*65.5*
Adjusted net profit	**4,423**	**190**	**(147)**	**(277)**	**309**	**(651)**	**(200)**	**152**	**3,799**
of which attributable to:									
- non-controlling interest									92
- Eni's shareholders									**3,707**
Net profit attributable to Eni's shareholders									**1,291**
Exclusion of inventory holding (gains) losses									1,008
Exclusion of special items:									1,408
Adjusted net profit attributable to Eni's shareholders									**3,707**

(a) Excluding special items.

2013 (€ million)	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
Operating profit	**14,868**	**(2,967)**	**(1,492)**	**(725)**	**(98)**	**(399)**	**(337)**	**38**	**8,888**
Exclusion of inventory holding (gains) losses		191	221	213				91	716
Exclusion of special items:									
- asset impairments	19	1,685	633	44			19		2,400
- gains on disposal of assets	(283)	1	(9)		107		(3)		(187)
- risk provisions	7	292		4			31		334
- environmental charges		(1)	93	61			52		205
- provision for redundancy incentives	52	10	91	23	2	72	20		270
- commodity derivatives	(2)	314	5	(1)	(1)				315
- exchange rate differences and derivatives	(2)	(186)	(2)	(5)					(195)
- other	(16)	23	3		(109)	(5)	8		(96)
Special items of operating profit	**(225)**	**2,138**	**814**	**126**	**(1)**	**67**	**127**		**3,046**
Adjusted operating profit	**14,643**	**(638)**	**(457)**	**(386)**	**(99)**	**(332)**	**(210)**	**129**	**12,650**
Net finance (expense) income[a]	(264)	14	(6)	(2)	(5)	(571)	4		(830)
Net income from investments[a]	367	70	56		2	290	1		786
Income taxes[a]	(8,796)	301	175	50	(151)	129		(90)	(8,382)
Tax rate (%)	*59.7*	..	..		..				*66.5*
Adjusted net profit	**5,950**	**(253)**	**(232)**	**(338)**	**(253)**	**(484)**	**(205)**	**39**	**4,224**
of which attributable to:									
- non-controlling interest									(206)
- Eni's shareholders									**4,430**
Net profit attributable to Eni's shareholders									**5,160**
Exclusion of inventory holding (gains) losses									438
Exclusion of special items:									(1,168)
Adjusted net profit attributable to Eni's shareholders									**4,430**

(a) Excluding special items.

2012

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	OTHER ACTIVITIES Snam	OTHER ACTIVITIES Other activities	Impact of unrealized intragroup profit elimination	GROUP	DISCONTINUED OPERATIONS Snam	DISCONTINUED OPERATIONS Consolidation adjustments	DISCONTINUED OPERATIONS Total	CONTINUING OPERATIONS
Operating profit	**18,470**	**(3,125)**	**(1,264)**	**(681)**	**1,453**	**(341)**	**1,679**	**(300)**	**208**	**16,099**	**(1,679)**	**788**	**(891)**	**15,208**
Exclusion of inventory holding (gains) losses		163	(29)	63					(214)	(17)				(17)
Exclusion of special items:														
- asset impairments	550	2,443	846	112	25			2		3,978				3,978
- gains on disposal of assets	(542)	(3)	5	1	3		(22)	(12)		(570)	22		22	(548)
- risk provisions	7	831	49	18		5		35		945				945
- environmental charges		(2)	40				71	25		134	(71)		(71)	63
- provision for redundancy incentives	6	5	19	14	7	11	2	2		66	(2)		(2)	64
- commodity derivatives	1			1	(3)					(1)				(1)
- exchange rate differences and derivatives	(9)	(52)	(8)	(11)						(80)				(80)
- other	54	138	53					26		271				271
Special items of operating profit	**67**	**3,360**	**1,004**	**135**	**32**	**16**	**51**	**78**		**4,743**	**(51)**		**(51)**	**4,692**
Adjusted operating profit	**18,537**	**398**	**(289)**	**(483)**	**1,485**	**(325)**	**1,730**	**(222)**	**(6)**	**20,825**	**(1,730)**	**788**	**(942)**	**19,883**
Net finance (expense) income[a]	(264)	11	(14)	(3)	(7)	(867)	(54)	(24)		(1,222)	54		54	(1,168)
Net income (expense) from investments[a]	436	233	43	2	46	99	38	(1)		896	(38)		(38)	858
Income taxes[a]	(11,283)	(163)	79	89	(413)	116	(712)		2	(12,285)	712	(123)	589	(11,696)
Tax rate (%)	*60.3*	*25.4*	*..*		*27.1*		*41.5*			*59.9*				*59.8*
Adjusted net profit	**7,426**	**479**	**(181)**	**(395)**	**1,111**	**(977)**	**1,002**	**(247)**	**(4)**	**8,214**	**(1,002)**	**665**	**(337)**	**7,877**
of which attributable to:														
- non-controlling interest										889			(142)	747
- Eni's shareholders										**7,325**			**(195)**	**7,130**
Net profit attributable to Eni's shareholders										**7,790**			**(3,590)**	**(4,200)**
Exclusion of inventory holding (gains) losses										(23)				(23)
Exclusion of special items										(442)			3,395	2,953
Adjusted net profit attributable to Eni's shareholders										**7,325**			**(195)**	**7,130**

(a) Excluding special items.

Breakdown of special items

2012	(€ million)	2013	2014
4,743	**Special items of operating profit**	**3,046**	**2,197**
3,978	- *asset impairments*	*2,400*	*1,531*
(570)	- *gains on disposal of assets*	*(187)*	*(28)*
945	- *risk provisions*	*334*	*(10)*
134	- *environmental charges*	*205*	*179*
66	- *provision for redundancy incentives*	*270*	*9*
(1)	- *commodity derivatives*	*315*	*(16)*
(80)	- *exchange rate differences and derivatives*	*(195)*	*229*
271	- *other*	*(96)*	*303*
203	**Net finance (income) expense**	**179**	**203**
	of which:		
80	- *exchange rate differences and derivatives*	*195*	*(229)*
(5,373)	**Net income from investments**	**(5,299)**	**(189)**
	of which:		
(2,354)	gains on disposal of assets	(3,599)	(159)
	of which:		
	divestment of the 28.57% of Eni's interest in Eni East Africa	*(3,359)*	
(311)	*Galp*	*(98)*	*(96)*
(2,019)	*Snam*	*(75)*	
	South Stream		*(54)*
(3,151)	gains on investment revaluation	(1,682)	
	of which:		
(1,700)	*Galp*		
(1,451)	*Snam*		
	Artic Russia	*(1,682)*	
191	impairments of equity investments	11	(38)
(15)	**Income taxes**	**901**	**(270)**
	of which:		
803	- *impairment of deferred tax assets of Italian subsidiaries*	*954*	*976*
	- *other tax profit*		*(824)*
	- *deferred tax adjustment on PSAs*	*490*	*69*
147	- *re-allocation of tax impact on intercompany dividends and other special items*	*64*	*(12)*
(965)	- *taxes on special items of operating profit*	*(607)*	*(479)*
(442)	**Total special items of net profit**	**(1,173)**	**1,941**
	pertaining to:		
	- non-controlling interest	(5)	533
(442)	**- Eni's shareholders**	**(1,168)**	**1,408**

Summarized Group balance sheet

The Summarized Group Balance Sheet aggregates the amount of assets and liabilities derived from the statutory balance sheet in accordance with functional criteria which consider the enterprise conventionally divided into the three fundamental areas focusing on resource investments, operations and financing. Management believes that this summarized group balance sheet is useful information in assisting investors to assess Eni's capital structure and to analyze its sources of funds and investments in fixed assets and working capital. Management uses the summarized group balance sheet to calculate key ratios such as the proportion of net borrowings to shareholders' equity (leverage) intended to evaluate whether Eni's financing structure is sound and well-balanced.

(€ million)	December 31, 2013	December 31, 2014	Change
Fixed assets			
Property, plant and equipment	63,763	71,962	8,199
Inventories - Compulsory stock	2,573	1,581	(992)
Intangible assets	3,876	3,645	(231)
Equity-accounted investments and other investments	6,180	5,130	(1,050)
Receivables and securities held for operating purposes	1,339	1,861	522
Net payables related to capital expenditure	(1,255)	(1,971)	(716)
	76,476	**82,208**	**5,732**
Net working capital			
Inventories	7,939	7,555	(384)
Trade receivables	21,212	19,709	(1,503)
Trade payables	(15,584)	(15,015)	569
Tax payables and provisions for net deferred tax liabilities	(3,062)	(1,865)	1,197
Provisions	(13,120)	(15,898)	(2,778)
Other current assets and liabilities	1,274	222	(1,052)
	(1,341)	**(5,292)**	**(3,951)**
Provisions for employee post-retirement benefits	**(1,279)**	**(1,313)**	**(34)**
Assets held for sale including related liabilities	**2,156**	**291**	**(1,865)**
CAPITAL EMPLOYED, NET	**76,012**	**75,894**	**(118)**
Eni shareholders' equity	58,210	59,754	1,544
Non-controlling interest	2,839	2,455	(384)
Shareholders' equity	**61,049**	**62,209**	**1,160**
Net borrowings	**14,963**	**13,685**	**(1,278)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**76,012**	**75,894**	**(118)**

The Summarized Group Balance Sheet was affected by a sharp movement in the EUR/USD exchange rate which determined an increase in net capital employed, net borrowings and total equity of €5,145 million, €137 million and €5,008 million respectively following translation of the financial statements of US-denominated subsidiaries reflecting a 12% appreciation of the US dollar (1 EUR = 1.214 USD at December 31, 2014 compared to 1.379 at December 31, 2013).

Fixed assets amounted to €82,208 million, representing an increase of €5,732 million from December 31, 2013. The increase was attributable to favourable currency movements, capital expenditure (€12,240 million), upward revisions of the previous decommissioning provisions in the Exploration & Production segment mainly combine with a benign interest rate environment allowing an increase of €2,112 million. These increases were partly offset by the depreciation, depletion, amortization and impairment charges (€11,499 million), the reduction in the line item "Equity-accounted investments and other investments" (down by €1,051 million) due to the divestment of Eni's interest in Galp and the fair value evaluation of the residual interest, the sale of other interests (South Stream and EnBw), as well as the decrease in the compulsory inventories reflecting lower commodity prices (€992 million).

Net working capital (negative €5,292 million) reported a decrease of €3,951 million. This reflected lower "Other current assets and liabilities" (down by €1,052 million) following the reduction of net receivables vs. joint venture partners in the Exploration & Production segment, and decreased deferred costs related to pre-paid gas volumes provided by take-or-pay obligations due to volume makeup in the year as a result of contract renegotiations. Also lower inventories of crude oil and products (down by €384 million) were recorded due to the alignment to current prices. The balance of trade receivables and trade payables declined by €934 million mainly in the Exploration & Production segment. Finally, lower tax payables and provisions for deferred taxes were recorded due to the recognition of the above mentioned tax gain on Libyan tax by the parent company Eni SpA, net of the amount already collected in the fourth quarter, and as taxes paid were larger than those accrued in the full year due to a lowered taxable profit. These were partly offset by the write-off of deferred tax assets of Italian subsidiaries for €976 million.

Shareholders' equity including non-controlling interest was €62,209 million, representing an increase of €1,160 million from December 31, 2013. This was due to comprehensive income for the year (€5,598 million) as a result of net profit (€850 million), positive foreign currency effects (€5,008 million), net of negative changes in the cash flow hedge reserve (€167 million), and of the reversal of the fair-value reserve recorded in equity on Galp interest due to the divestment. This addition to equity was partly offset by dividend payments to Eni's shareholders and other changes of €4,438 million (dividend to Eni's shareholders of €4,006 million, of which €2,020 million related to the interim dividend for fiscal year 2014, share repurchases amounting to €380 million and dividends paid to non-controlling interest).

Net borrowings and leverage

Eni evaluates its financial condition by reference to **net borrowings**, which is calculated as total finance debt less: cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations. Non-operating financing receivables consist of amounts due to Eni's financing subsidiaries from banks and other financing institutions and amounts due to other subsidiaries from banks for investing purposes and deposits in escrow. Securities not related to operations consist primarily of government and corporate securities.

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

(€ million)	December 31, 2013	December 31, 2014	Change
Total debt:	25,560	25,891	331
- Short-term debt	*4,685*	*6,575*	*1,890*
- Long-term debt	*20,875*	*19,316*	*(1,559)*
Cash and cash equivalents	(5,431)	(6,614)	(1,183)
Securities held for trading and other securities held for non-operating purposes	(5,037)	(5,037)	
Financing receivables for non-operating purposes	(129)	(555)	(426)
Net borrowings	**14,963**	**13,685**	**(1,278)**
Shareholders' equity including non-controlling interest	**61,049**	**62,209**	**1,160**
Leverage	**0.25**	**0.22**	**(0.03)**

Summarized Group Cash Flow Statement and Change in net borrowings

Eni's Summarized Group Cash Flow Statement derives from the statutory statement of cash flows. It enables investors to understand the link existing between changes in cash and cash equivalents (deriving from the statutory cash flows statement) and in net borrowings (deriving from the summarized cash flow statement) that occurred from the beginning of the period to the end of period. The measure enabling such a link is represented by the free cash flow which is the cash in excess of capital expenditure needs. Starting from free cash flow it is possible to determine either: (i) changes in cash and cash equivalents for the period by adding/deducting cash flows relating to financing debts/receivables (issuance/repayment of debt and receivables related to financing activities), shareholders' equity (dividends paid, net repurchase of own shares, capital issuance) and the effect of changes in consolidation and of exchange rate differences; and (ii) change in net borrowings for the period by adding/deducting cash flows relating to shareholders' equity and the effect of changes in consolidation and of exchange rate differences. The free cash flow is a non-GAAP measure of financial performance.

2012	(€ million)	2013	2014	Change
4,947	**Net profit - continuing operations**	**4,959**	**850**	**(4,109)**
	Adjustments to reconcile net profit to net cash provided by operating activities:			
11,501	- depreciation, depletion and amortization and other non-monetary items	9,723	12,131	2,408
(875)	- net gains on disposal of assets	(3,770)	(95)	3,675
11,962	- dividends, interests, taxes and other changes	9,174	6,655	(2,519)
(3,281)	Changes in working capital related to operations	456	2,668	2,212
(11,702)	Dividends received, taxes paid, interest (paid) received during the period	(9,516)	(7,099)	2,417
12,552	**Net cash provided by operating activities - continuing operations**	**11,026**	**15,110**	**4,084**
15	Net cash provided by operating activities - discontinued operations			
12,567	**Net cash provided by operating activities**	**11,026**	**15,110**	**4,084**
(12,805)	**Capital expenditure - continuing operations**	**(12,800)**	**(12,240)**	**560**
(756)	Capital expenditure - discontinued operations			
(13,561)	**Capital expenditure**	**(12,800)**	**(12,240)**	**560**
(569)	Investments and purchase of consolidated subsidiaries and businesses	(317)	(408)	(91)
6,025	Disposals	6,360	3,684	(2,676)
(193)	Other cash flow related to capital expenditure, investments and disposals	(243)	435	678
4,269	**Free cash flow**	**4,026**	**6,581**	**2,555**
(79)	Borrowings (repayment) of debt related to financing activities	(3,981)	(414)	3,567
5,814	Changes in short and long-term financial debt	1,715	(628)	(2,343)
(3,743)	Dividends paid and changes in non-controlling interests and reserves	(4,225)	(4,434)	(209)
(16)	Effect of changes in consolidation and exchange differences	(40)	78	118
6,245	**NET CASH FLOW**	**(2,505)**	**1,183**	**3,688**

Change in net borrowings

2012	(€ million)	2013	2014	Change
4,269	**Free cash flow**	**4,026**	**6,581**	**2,555**
(2)	Net borrowings of acquired companies	(21)	(19)	2
12,446	Net borrowings of divested companies	(23)		23
(345)	Exchange differences on net borrowings and other changes	349	(850)	(1,199)
(3,743)	Dividends paid and changes in non-controlling interest and reserves	(4,225)	(4,434)	(209)
12,625	**CHANGE IN NET BORROWINGS**	**106**	**1,278**	**1,172**

Consolidated profit and loss account

(€ million)

2012		2013	2014
	REVENUES		
127,109	Net sales from operations	114,697	109,847
1,548	Other income and revenues	1,387	1,101
128,657		**116,084**	**110,948**
	OPERATING EXPENSES		
95,034	Purchases, service and other	90,003	86,340
4,640	Payroll and related costs	5,301	5,337
(158)	**OTHER OPERATING (EXPENSE) INCOME**	**(71)**	145
13,617	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**11,821**	**11,499**
15,208	**OPERATING PROFIT**	**8,888**	**7,917**
	FINANCE INCOME (EXPENSE)		
7,208	Finance income	5,732	6,459
(8,327)	Finance expense	(6,653)	(7,710)
	Finance income (expense) from financial instruments held for trading, net	4	24
(252)	Derivative financial instruments	(92)	162
(1,371)		**(1,009)**	**(1,065)**
	INCOME (EXPENSE) FROM INVESTMENTS		
186	Share of profit (loss) of equity-accounted investments	222	121
2,603	Other gain (loss) from investments	5,863	369
	- of which gain on the divestment of the 28.57% stake in Eni East Africa	*3,359*	
2,789		**6,085**	**490**
16,626	**PROFIT BEFORE INCOME TAXES**	**13,964**	**7,342**
(11,679)	Income taxes	(9,005)	(6,492)
4,947	**Net profit - continuing operations**	**4,959**	**850**
3,732	**Net profit (loss) - discontinued operations**		
8,679	**Net profit**	**4,959**	**850**
	Attributable to:		
	Eni's shareholders		
4,200	- continuing operations	5,160	1,291
3,590	- discontinued operations		
7,790		**5,160**	**1,291**
	Non-controlling interest		
747	- continuing operations	(201)	(441)
142	- discontinued operations		
889		**(201)**	**(441)**

Consolidated balance sheet

(€ million)	December 31, 2013	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	5,431	6,614
Other financial activities held for trading	5,004	5,024
Other financial assets held for trading or available for sale	235	257
Trade and other receivables	28,890	28,601
Inventories	7,939	7,555
Current tax assets	802	762
Other current tax assets	835	1,209
Other current assets	1,325	4,385
	50,461	**54,407**
Non-current assets		
Property, plant and equipment	63,763	71,962
Inventory - compulsory stock	2,573	1,581
Intangible assets	3,876	3,645
Equity-accounted investments	3,153	3,115
Other investments	3,027	2,015
Other financial assets	858	1,022
Deferred tax assets	4,658	5,231
Other non-current receivables	3,676	2,773
	85,584	**91,344**
Assets held for sale	**2,296**	**456**
TOTAL ASSETS	**138,341**	**146,207**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt	2,553	2,716
Current portion of long-term debt	2,132	3,859
Trade and other payables	23,701	23,703
Income taxes payables	755	534
Other taxes payables	2,291	1,873
Other current liabilities	1,437	4,489
	32,869	**37,174**
Non-current liabilities		
Long-term debt	20,875	19,316
Provisions for contingencies	13,120	15,898
Provisions for employee benefits	1,279	1,313
Deferred tax liabilities	6,750	7,847
Other non-current liabilities	2,259	2,285
	44,283	**46,659**
Liabilities directly associated with assets held for sale	**140**	**165**
TOTAL LIABILITIES	**77,292**	**83,998**
SHAREHOLDERS' EQUITY		
Non-controlling interest	**2,839**	**2,455**
Eni shareholders' equity		
Share capital	4,005	4,005
Reserves related to the fair value of cash flow hedging derivatives net of tax effect	(154)	(284)
Other reserves	51,393	57,343
Treasury shares	(201)	(581)
Interim dividend	(1,993)	(2,020)
Net profit	5,160	1,291
Total Eni shareholders' equity	**58,210**	**59,754**
TOTAL SHAREHOLDERS' EQUITY	**61,049**	**62,209**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**138,341**	**146,207**

Consolidated statement of cash flow	(€ million)		
2012		2013	2014
4,947	Net profit of the year - continuing operations	4,959	850
	Adjustments to reconcile net profit to net cash provided by operating activities:		
9,645	Depreciation and amortization	9,421	9,970
3,972	Impairments of tangible and intangible assets, net	2,400	1,529
(186)	Share of (profit) loss of equity-accounted investments	(222)	(121)
(875)	Gain on disposal of assets, net	(3,770)	(95)
(431)	Dividend income	(400)	(385)
(94)	Interest income	(142)	(171)
808	Interest expense	711	719
11,679	Income taxes	9,005	6,492
(1,947)	Other changes	(1,882)	744
	Changes in working capital:		
(1,402)	*- inventories*	*350*	*1,524*
(3,161)	*- trade receivables*	*(1,379)*	*2,344*
2,014	*- trade payables*	*703*	*(1,253)*
329	*- provisions for contingencies*	*59*	*(187)*
(1,061)	*- other assets and liabilities*	*723*	*240*
(3,281)	Cash flow from changes in working capital	456	2,668
17	Net change in the provisions for employee benefits	6	9
930	Dividends received	630	612
79	Interest received	97	112
(829)	Interest paid	(942)	(882)
(11,882)	Income taxes paid, net of tax receivables received	(9,301)	(6,941)
12,552	**Net cash provided by operating activities - continuing operations**	**11,026**	**15,110**
15	**Net cash provided by operating activities - discontinued operations**		
12,567	**Net cash provided by operating activities**	**11,026**	**15,110**
	Investing activities:		
(11,267)	*- tangible assets*	*(10,913)*	*(10,685)*
(2,294)	*- intangible assets*	*(1,887)*	*(1,555)*
(178)	*- consolidated subsidiaries and businesses*	*(25)*	*(36)*
(391)	*- investments*	*(292)*	*(372)*
(17)	*- securities*	*(5,048)*	*(77)*
(1,542)	*- financing receivables*	*(978)*	*(1,289)*
54	*- change in payables and receivables in relation to investing activities and capitalized depreciation*	*50*	*669*
(15,635)	Cash flow from investing activities	(19,093)	(13,345)
	Disposals:		
1,240	*- tangible assets*	*514*	*97*
61	*- intangible assets*	*16*	*8*
3,521	*- consolidated subsidiaries and businesses*	*3,401*	
1,203	*- investments*	*2,429*	*3,579*
54	*- securities*	*36*	*57*
1,431	*- financing receivables*	*1,561*	*506*
(252)	*- change in payables and receivables in relation to disposals*	*155*	*155*
7,258	Cash flow from disposals	8,112	4,402
(8,377)	**Net cash used in investing activities**	**(10,981)**	**(8,943)**
10,506	Proceeds from long-term debt	5,418	1,916
(3,961)	Repayments of long-term debt	(4,720)	(2,751)
(731)	Increase (decrease) in short-term debt	1,017	207
5,814		**1,715**	**(628)**
	Net capital contributions by non-controlling interest	1	1
	Sale of treasury shares		
29	*Net acquisition of treasury shares different from Eni SpA*	*1*	
604	*Acquisition of additional interests in consolidated subsidiaries*	*(28)*	
(3,840)	Dividends paid to Eni's shareholders	(3,949)	(4,006)
(536)	Dividends paid to non-controlling interest	(250)	(49)
	Acquisition of treasury shares		(380)
2,071	**Net cash used in financing activities**	**(2,510)**	**(5,062)**
(93)	**- of which with related parties**	**119**	**(99)**
(4)	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)	2	2
(12)	Effect of exchange rate changes on cash and cash equivalents and other changes	(42)	76
6,245	**Net cash flow of the year**	**(2,505)**	**1,183**
1,691	**Cash and cash equivalents - beginning of the year**	**7,936**	**5,431**
7,936	**Cash and cash equivalents - end of the year**	**5,431**	**6,614**

Directors and officers

Eni's Board of Directors

Emma Marcegaglia

Chairman

Claudio Descalzi

Chief Executive Officer

Pietro A. Guindani

Compensation Committee **Chairman**
Sustainability and Scenarios Committee

Karina A. Litvack

Compensation Committee
Control and Risk Committee
Sustainability and Scenarios Committee

Alessandro Lorenzi

Control and Risk Committee **Chairman**
Compensation Committee

Diva Moriani

Nomination Committee
Compensation Committee

Fabrizio Pagani

Sustainability and Scenarios Committee **Chairman**
Nomination Committee

Luigi Zingales

Control and Risk Committee
Nomination Committee

Andrea Gemma

Nomination Committee **Chairman**
Control and Risk Committee
Sustainability and Scenarios Committee

From the slate submitted by the Ministry of the Economy and Finance.
From the minority slate.

Three-year term of office, 9 members, 7 independents, 1 executive Director; Chairman non-executive and independent pursuant to law.

Board of Statutory Auditors (Audit Committee under SOA)

Chairman
Matteo Caratozzolo

Statutory Auditors
Paola Camagni
Alberto Falini
Marco Lacchini
Marco Seracini

Alternate Auditors
Stefania Bettoni
Mauro Lonardo

Group officers

Claudio Descalzi
Chief Executive Officer

M. Mondazzi
Chief Financial and Risk Management Officer

L. Bertelli
Chief Exploration Officer

R. Casula
Chief Development, Operations & Technology Officer

A. Vella
Chief Upstream Officer

M. Alverà
Chief Midstream Gas & Power Officer

S. Sardo
Chief Refining & Marketing and Chemicals Officer

A. Zaccari
Retail Market G&P Department Senior Executive Vice President

C. Granata
Chief Services & Stakeholder Relations Officer

M. Mantovani
Chief Legal and Regulatory Affairs

R. Ulissi
Corporate Affairs & Governance Department Senior Executive Vice President

R. Marino
Procurement Department Executive Vice President

P. Salzano
Government Affairs Department Executive Vice President

M. Bardazzi
External Communication Department Executive Vice President

Emma Marcegaglia
Chairman

M. Petracchini
Internal Audit Department Senior Executive Vice President

Remuneration(*)

The Eni Remuneration Policy is defined consistently with the recommendations of the Borsa Italiana Code as transposed in the Eni Code. It is approved by the Board of Directors following a proposal by the Compensation Committee, entirely made up of non-executive, independent Directors, and it is defined in accordance with the governance model adopted by the Company and with the recommendations of the Corporate Governance Code.

This Policy aims to align the interests of management with the prime objective of creating sustainable value for shareholders over the medium-long term, in accordance with the guidelines defined in the Strategic Plan of the Company. The table describes the main elements of the approved 2015 Guidelines for the remuneration of the Chief Executive Officer, of the Chief Operating Officers of Eni's Divisions and other Managers with strategic responsibilities (MSR).

Remuneration Policy 2015

Component	Purpose and characteristics	Conditions for the implementation	Values
Fixed remuneration	- Values the expertise, experience and contribution required by the assigned role	- Setting of the remuneration levels through benchmarks consistent with the characteristics of Eni and the assigned roles	- CEO/GM: €1,350,000 per year - MSR: remuneration set based on the assigned role with possible adjustments in relation to annual competitive positioning (median market values) settings
AVI - Annual Variable Incentive	- Promotes the achievement of the annual budget targets, also defined in terms of sustainability in the medium to long term - Beneficiaries: all managerial resources	2015 CEO/GM targets: 1. Economic and financial results (25%) - EBT - Free cash flow 2. Operating results and sustainability of economic results (25%) - Hydrocarbon production - Reserve replacement rate 3. Environmental sustainability and human capital (25%) - CO_2 emissions - accident frequency rate 4. Efficiency and financial strength (25%) - ROACE - Debt/EBITDA - MSR targets: business and individual targets base on those of the CEO/GM and the assigned responsibilities - Incentives paid on the basis of the results achieved in the previous year and evaluated according to a performance scale 70÷130 points(1), with a minimum threshold for the incentive equal to an overall performance of 85 points - Clawback in cases of manifestly wrong or fraudulently altered data and violation of laws and regulations, of the Code of Ethics or of Company rules	- CEO/GM: level of target incentive equal to 100% of the fixed remuneration (min 85% and max 130%) - MSR: levels of incentive targets differentiated according to the assigned role, up to a maximum of 60% of the fixed remuneration
DMI - Deferred Monetary Incentive	- Promotes the achievement of annual targets and profitability growth of the business in the long term - Beneficiaries: managerial resources who have achieved their annual targets	- Target gate: achieving the performance level required for the payment of the annual bonus - EBT performance measured relative to the value of the Planned EBT - Incentives assigned, in the event of achievement of individual targets, based on the EBT results achieved in the previous year, rated on a performance scale of 70÷130(1) - Incentives paid as a variable percentage between zero and 170% of the assigned amounts, according to the average of the EBT annual results achieved during the vesting period, rated on an annual performance scale of 70÷170(1) - Three-year vesting - Clawback in cases of manifestly wrong or fraudulently altered data and violation of laws and regulations, of the Code of Ethics or of Company rules	- CEO/GM: incentive to be assigned for targets equal to 49.2% of the fixed remuneration (min 34.4% and max 64%) - MSR: incentives awarded based on targets differentiated according to the assigned role, up to a maximum of 40% of the fixed remuneration
LTMI - Long Term Monetary Incentive	- Promotes the alignment with shareholder interests and the sustainability of value creation in the long term - Beneficiaries: Managerial Resources Critical for the Business(4)	- Performance measured in terms of variation of the TSR parameters(2) (60%) and Net Present Value of proved reserves(40%), compared to the variation achieved by the companies of a peer group of reference (Exxon, Chevron, Shell, BP, Total, Repsol) - Incentives paid as a percentage varying between zero and 130% of the amounts assigned, according to the average of the annual positioning achieved during the vesting period(3) - Three-year vesting - Clawback in cases of manifestly wrong or fraudulently altered data and violation of laws and regulations, of the Code of Ethics or of Company rules	- CEO/GM: incentive to be assigned for targets equal to 100% of the fixed remuneration - MSR: incentives awarded based on targets differentiated according to the assigned role, up to a maximum of 75% of the fixed remuneration
Benefits	- Supplementing the salary package following a total reward logic by means of predominantly social security and welfare benefits - Beneficiaries: all managerial resources	- Conditions defined by the national collective labour agreements and the complementary company agreements applicable to senior managers	- Supplementary pension - Supplementary health care - Insurance coverage - Car for business and personal use
Severance Payments	- Severance payments to protect the Company also from potential competitive risks	- CEO/GM: additional severance indemnity: non-renewal of the mandate or early termination of the same, except for termination with just cause and resignations not caused by a reduction of powers; non-competition agreement: activated at the discretion of the BoD at the time of termination of the employment relationship(5)	- CEO/GM: supplementary severance indemnities: equal to two years' annual fixed remuneration (€2,700,000); consideration of the non-competition agreement (in case of exercise of the option): ranging from a minimum of €1,500,000 to a maximum of €2,250,000, depending on the average annual performance achieved in the previous three years

(1) Performance rated below the minimum threshold (70 points) is considered equal to zero.

(2) The Total Shareholder Return measures the overall return of a stock investment, taking into consideration both the price change and the dividends paid and reinvested in the same stock, in a specific period. The Net Present Value of proved reserves represents the present value of the future cash flows of proved reserves, net of future production and development costs and related taxes. It is calculated on the basis of standard references defined by the Securities Exchange Commission on the basis of the data published by oil companies in the official documentation (Form 10-K and Form 20-F).

(3) The minimum incentive threshold involves reaching 5th place for both indicators in at least one year of the three-year vesting period.

(4) The executives of Eni and its subsidiaries identified during the annual implementation of the Plan among those who occupy the positions that are most directly responsible for the business performance or that are of strategic interest and who, at the date of assignment, are employees and/or in service at Eni SpA and its subsidiaries, including Eni Managers with strategic responsibilities.

(5) A consideration of €500,000 is provided for the BoD's stock option.

(*) For detailed information on Eni's remuneration policy and compensation see the "Remuneration Report 2015" available on Eni's website under the sections "Governance" and "Investor relations".

The following table lists the individual remunerations to the Directors, Statutory Auditors, General Managers and, in aggregate, to the other Managers with strategic responsibilities.
The remunerations received from subsidiaries and/or affiliates, except those waived or paid to the company, are shown separately. All parties who filled these roles during the period are included, even if they only held office for a fraction of the year.

Remuneration paid to Directors, Statutory Auditors, Chief Operating Officers, and other Managers with strategic responsibilities

(€ thousands)

Name and Surname	Position	Period for which the position was held	Expiration of the office(*)	Fixed remuneration	Remuneration for participation in the Committees	Variable non-equity remuneration: Bonuses and other incentives	Variable non-equity remuneration: Profit sharing	Benefits in kind	Other remuneration	Total	Fair value of equity compensation	Severance indemnity for end of office or termination of employment
Board of Directors												
Giuseppe Recchi	Chairman	01.01 - 05.08	05.2014	272		342		4		618		
Emma Marcegaglia	Chairman	05.08 - 12.31	05.2017	154						154		
Paolo Scaroni	CEO and General Manager	01.01 - 05.08	05.2014	505		2,696		8		3,209		8,361
Claudio Descalzi	CEO and General Manager	05.09 - 12.31	05.2017	874				9	500	1,383		
	COO Division E&P(**)	01.01 - 05.08		273		1,218		4	479	1,974		
			Total	1,147		1,218		13	979	3,357		
Former Directors		01.01 - 05.08	05.2014	246	98					344		
Directors in charge		05.08 - 12.31	05.2017	404	265					669		
Board of Statutory Auditors				**384**						**384**		
Chief Operating Officers												
Angelo Fanelli	Division R&M	01.01 - 06.30		300		396		7		703		
Other executives with strategic responsibilities(***)	*Remuneration in the company that prepares the Financial Statements*			5,945		5,777		161	120	12,003		4,990
	Remuneration from subsidiaries and associates			737		115		261	47	1,160		
			Total	6,682		5,892		422	167	13,163		4,990
				10,094	**363**	**10,544**		**454**	**1,146**	**22,601**		**13,351**

(*) The term of office expires with the Shareholders' Meeting approving the Financial Statements for the year ending December 31, 2016.
(**) The position of COO E&P Division has been covered ad interim from May 9 to June 30, 2014 without any remuneration.
(***) Managers who were permanent members of the Company's Management Committee, during the course of the year together with the Chief Executive Officer and Division Chief Operating Officers, or who reported directly to the Chief Executive Officer (twenty managers).

In particular:
- the column "**Fixed Remuneration**" reports the fixed remuneration and fixed salary from employment due for the year, gross of the social security contribution and tax expenses to be paid by the employee; it excludes attendance fees, as these are not provided for. Any indemnities or payments with reference to the employment relationship are indicated separately;
- the "**Committee membership remuneration**" column reports the compensation due to the Directors for participation in the Committees established by the Board;
- the column "**Variable non-equity remuneration**" under the item "Bonuses and other incentives" shows the incentives paid during the year due to rights vested following the assessment and approval of the related performance results by the relevant corporate bodies, in accordance with that specified, in greater detail, in the Table "Monetary incentive plans for Directors, General Managers, and other Managers with strategic responsibilities"; the column "Profit sharing" does not show any figures since there are no provisions for profit sharing;
- the "**Non-monetary benefits**" column reports the value of the fringe benefits awarded;
- the "**Other remuneration**" column reports any other remuneration deriving from other services provided;
- the "**Fair value of equity remunerations**" column reports the relevant fair value for the year related to the existing stock option plans, estimated in accordance with international accounting standards, which assign the related cost in the vesting period; and
- the "**Severance indemnities for end of office or termination of employment**" column reports the indemnities accrued, even if not yet paid, for the terminations which occurred during the course of the financial year in question, or in relation to the end of the mandate and/or employment.

Monetary incentive plans for Directors, General Managers, and other Managers with strategic responsibilities

(€ thousands)

Name and Surname	Position	Bonus for the year			Bonus for previous years			
		payable/paid	deferred	deferral period	no longer payable	payable/paid[1]	still deferred	Other bonuses
Giuseppe Recchi	Chairman until 05.08.2014	342						
Paolo Scaroni	Chief Executive Officer and General Manager until 05.08.2014	1,831	551	three-year	2,447	865	6,189	
Claudio Descalzi	Chief Executive Officer and General Manager since 05.09.2014		1,350	three-year				
	COO E&P Division until 05.08.2014	879	378		363	339	1,868	
Angelo Fanelli	COO R&M Division until 06.30.2014	396					985	
Other Managers with strategic responsibilities[2]		3,168	4,587		3,074	2,464	8,000	260
		6,616	**6,866**		**5,884**	**3,668**	**17,042**	**260**

(1) Payment relating to the Deferred Monetary Incentive awarded in 2011.
(2) Managers who were permanent members of the Company's Management Committee, during the course of the year together with the Chief Executive Officer and Division Chief Operating Officers, or who reported directly to the Chief Executive Officer (twenty managers).

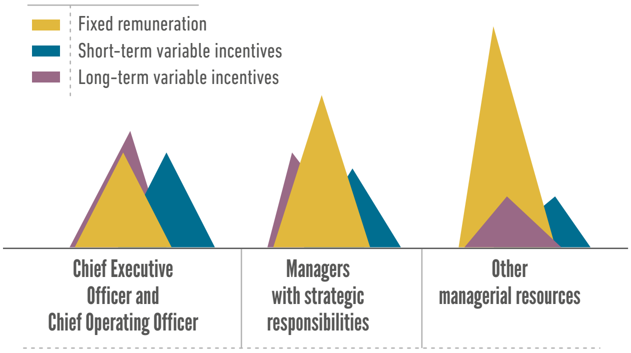
Overall remuneration of key management personnel

Remuneration of persons responsible of key positions in planning, direction and control functions of Eni Group companies, including executive and non-executive Directors, Chief Operating Officers and other Managers with strategic responsibilities in charge at December 31, 2014, amounted to €43 million, as described in the following table.

(€ thousands)	2014
Fees and salaries	25
Post employment benefits	2
Other long-term benefits	10
Indemnities upon termination of employment	6
TOTAL	**43**

Pay-mix

The 2015 Remuneration Policy Guidelines lead to a remuneration mix in line with the managerial role held, with greater weight placed upon the variable component, in particular in the long term, for roles characterised by a greater impact on Company results, as highlighted in the Pay-mix diagram below, calculated by considering the value of short and long-term incentives offered for results within the target values.



Investor information

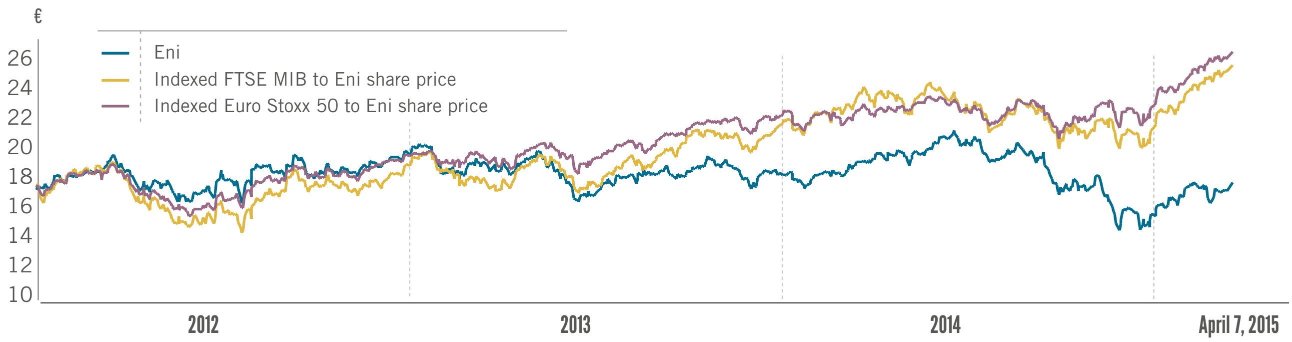
Eni share performance in 2014

In accordance with Article 5 of the By-laws, the Company's share capital amounts to €4,005,358,876.00, fully-paid, and is represented by 3,634,185,330 ordinary registered shares without indication of par value.
In the last session of 2014, the Eni share price, quoted on the Italian Stock Exchange, was €14.51, down 17 percentage points from the price quoted at the end of 2013 (€17.49). The Italian Stock Exchange is the primary market where the Eni share is traded. During the year the FTSE/MIB index, the basket including the 40 most important shares listed on the Italian Stock Exchange, was barely unchanged (up by 0.2 percentage points). At the end of 2014, the Eni ADR listed on the NYSE was $34.91, down 28.1% compared to the price registered in the last session of 2013 ($48.49). One ADR is equal to two Eni ordinary shares. In the same period the S&P 500 index increased by 11.4 percentage points. Eni market capitalization at the end of 2014 was €52.4 billion (€63.4 billion at the end of 2013), confirming Eni as the first company for market capitalization listed on the Italian Stock Exchange.
Shares traded during the year totalled almost 4.4 billion, with a daily average of shares traded of 17.2 million (15.4 million in 2013). The total trade value of Eni shares amounted to approximately €77 billion (€68 billion in 2013), equal to a daily average of €304 million.

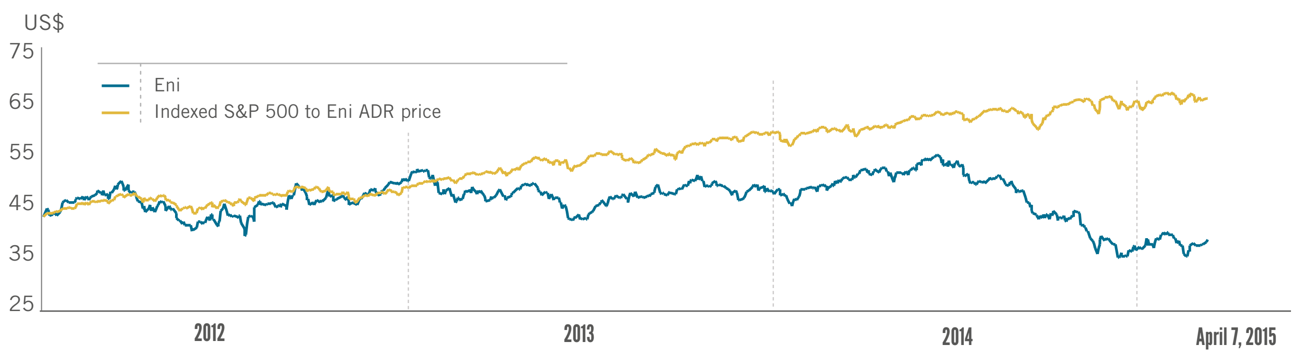
Share information

		2012	2013	2014
Market quotations for common stock on the Mercato Telematico Azionario (MTA)				
High	(€)	18.70	19.48	20.41
Low		15.25	15.29	23.29
Average daily close		17.18	17.57	17.83
Year-end close		18.34	17.49	14.51
Market quotations for ADR on the New York Stock Exchange				
High	(US$)	49.44	52.12	55.30
Low		36.85	40.39	32.81
Average daily close		44.24	46.68	47.37
Year-end close		49.14	48.49	34.91
Average daily traded volumes	(million of shares)	15.63	15.44	17.21
Value of traded volumes	(€ million)	267.0	271.4	304.0

Eni Share Price in Milan – (December 31, 2011 – April 7, 2015)



Eni ADR price in New York – (December 31, 2011 – April 7, 2015)



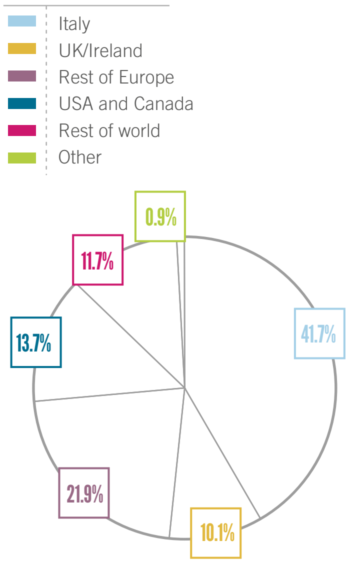
Source: Eni calculations based on REUTERS data.

Summary financial data

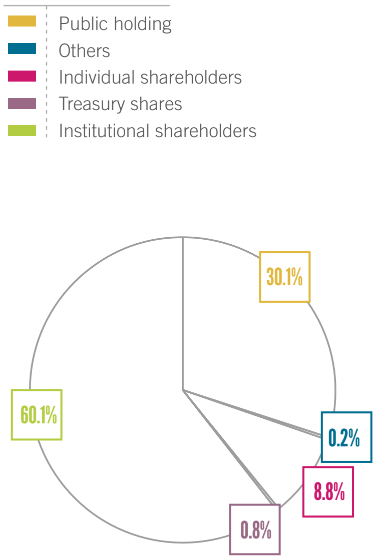
		2012	2013	2014
Net profit				
- *per share*[a]	(€)	*1.16*	*1.42*	*0.36*
- *per ADR*[a][b]	(US$)	*2.98*	*3.77*	*0.96*
Adjusted net profit				
- *per share*[a]	(€)	*1.97*	*1.22*	*1.03*
- *per ADR*[a][b]	(US$)	*5.06*	*3.24*	*2.74*
Leverage		0.47	0.25	0.22
Coverage		11.3	8.8	7.4
Current ratio		1.4	1.5	1.5
Debt coverage		83.4	73.7	110.4
Dividend pertaining to the year	(€ per share)	1.08	1.10	1.12
Pay-out	(%)	50	77	311
Dividend yield[c]	(%)	5.9	6.5	7.6
TSR		22.0	1.3	(11.9)

(a) Fully diluted. Ratio of net profit and average number of shares outstanding in the year. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the year presented.
(b) One American Depositary Receipt (ADR) is equal two Eni ordinary shares.
(c) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

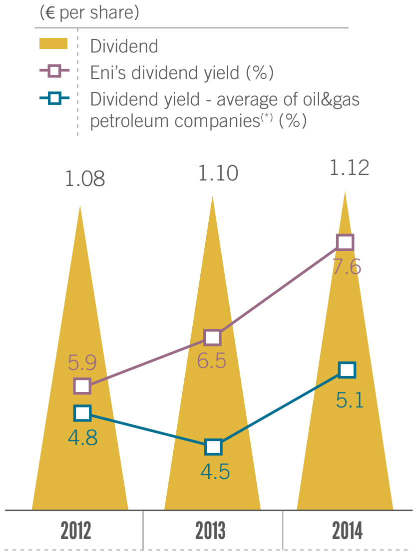
Shareholders distribution by geographic area



Class of shareholders



Dividend per share



(*) Refers to: BP, Chevron, Repsol, ExxonMobil, Royal Dutch Shell and Total.

Dividends

Management intends to propose to the Annual Shareholders' Meeting scheduled on May 13, 2015, the distribution of a dividend of €1.12 per share for fiscal year 2014, of which €0.56 was already paid as interim dividend in September 2014.
Total cash outlay for the 2014 dividend is expected at approximately €4.01 billion (including €1.99 billion already paid in September 2014) if the Annual Shareholders' Meeting approves the annual dividend. In future years, management expects to continue paying interim dividends for each fiscal year, with the balance to the full-year dividend to be paid in each following year. Eni intends to continue paying interim dividends in the future. Holders of ADRs receive their dividends in US dollars. The rate of exchange used to determine the amount in dollars is equal to the official rate recorded on the date of dividend payment in Italy (May 22, 2014). On ADR payment date, Bank of New York Mellon pays the dividend less the amount of any withholding tax under Italian law (currently 27%) to all Depository Trust Company Participants, representing payment of Eni SpA's gross dividend. By submitting to Bank of New York Mellon certain required documents with respect to each dividend payment, US holders of ADRs will enable the Italian Depositary bank and Bank of New York Mellon as ADR Depositary to pay the dividend at the reduced withholding tax rate of 15%. US shareholders can obtain relevant documents, as well as a complete instruction packet to benefit from this tax relief by contacting Bank of New York Mellon at 201-680-6825.

Publications

Annual Report on Form 20-F 2014
a comprehensive report on Eni's activities and results to comply with the reporting requirements of the US Securities Exchange Act of 1934 and filed with the US Securities and Exchange Commission.

Remuneration Report 2015
a report on Eni's compensation and remuneration policies pursuant to rule 123-ter of Legislative Decree No. 58/1998.

Integrated Annual Report 2014
a comprehensive report on Eni's activities and financial and sustainability results for the year.

Corporate Governance Report 2014
a report on the Corporate Governance system adopted by Eni pursuant to rule 123-bis of Legislative Decree No. 58/1998.

Fact Book 2014
a report on Eni's businesses, strategies, objectives and development projects, including a full set of operating and financial statistics.

These and other Eni publications are available on Eni's internet site eni.com, in the section Publications - http://www.eni.com/en_IT/documentation/documentation.page?type=bil-rap

Shareholders may receive a hard copy of Eni's publications, free of charge, by filling in the request form found in the section Publications or through an e-mail request addressed to segreteriasocietaria.azionisti@eni.com or to investor.relations@eni.com. Any other information relevant to shareholders and investors can be found at Eni's website under the "Investor Relations" section.

Financial calendar

The dates of the Board of Directors' meetings to be held during 2015 in order to approve/review the Company's quarterly and semi-annual, and annual preliminary results are the following:	Results for the first quarter of 2015	April 28, 2015
	Results for the second quarter and the first half of 2015 and proposal of interim dividend for the financial year 2015	July 29, 2015
	Results for the third quarter of 2015	October 28, 2015
	Preliminary full-year results for the year ending December 31, 2015 and dividend proposal for the financial year 2015	February 2016
A press release on quarterly results is disseminated to the market the following day, when management also hosts a conference call with financial analysts to review the Group performance.		

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€4,005,358,876 fully paid
Tax identification number: 00484960588
Branches:
San Donato Milanese (Milan) - Via Emilia, 1
San Donato Milanese (Milan) - Piazza Ezio Vanoni, 1

Publications
Financial Statement pursuant to rule 154-ter paragraph 1
of Legislative Decree No. 58/1998
Integrated Annual Report
Annual Report on Form 20-F
for the Securities and Exchange Commission
Fact Book (in Italian and English)
Eni in 2014 (in English)
Interim Consolidated Report as of June 30 pursuant
to rule 154-ter paragraph 2 of Legislative Decree No. 58/1998
Corporate Governance Report pursuant to rule 123-bis
of Legislative Decree No. 58/1998
(in Italian and English)
Remuneration Report pursuant to rule 123-ter
of Legislative Decree No. 58/1998 (in Italian and English)

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