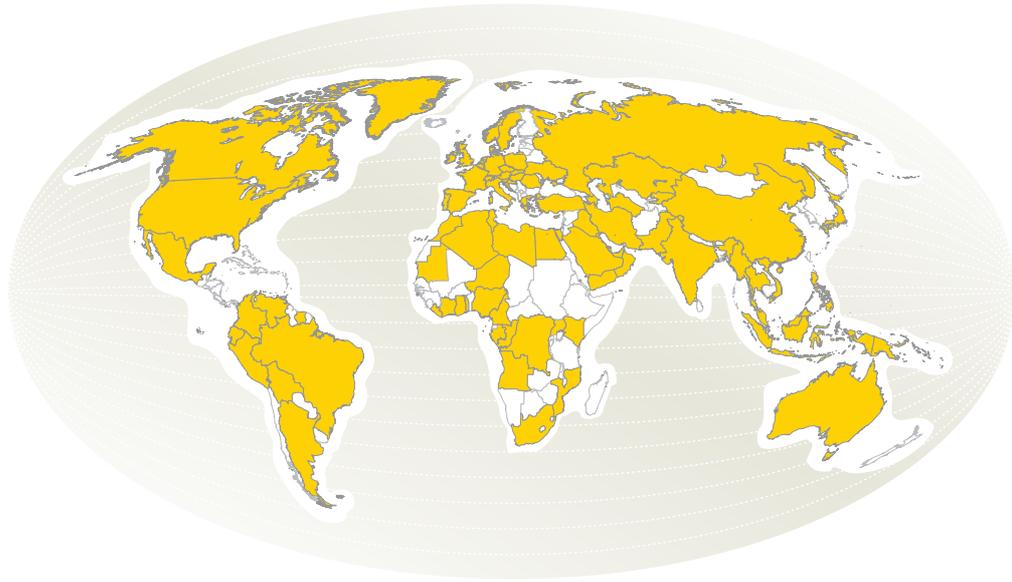


Mission

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.

eni worldwide presence

Eni is an integrated energy company, active in 85 countries in the world with a staff of around 82,300 employees.



-  Exploration & Production
-  Gas & Power
-  Refining & Marketing
-  Versalis
-  Engineering & Construction

Europe



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

Africa



Algeria	● ●	Morocco	●
Angola	● ●	Mozambique	● ●
Cameroon	●	Nigeria	● ●
Congo	● ●	South-Africa	●
Democratic Republic of Congo	●	Togo	● ●
Egypt	● ● ●	Tunisia	● ● ●
Gabon	● ● ●	Uganda	●
Ghana	● ● ●		
Kenya	●		
Liberia	●		
Libya	● ● ●		
Mauritania	●		

Disclaimer

This annual report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, development and management of oil and gas resources, dividends, buyback programme, 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



employees
82,289 (68% outside Italy)
 (number)



hydrocarbon production
1.619 (89% outside Italy)
 (mmbob)



total procurement
€32.8 (67% outside Italy)
 (billion)



capital expenditure
€12.75 (84% outside Italy)
 (billion)



sales
€114.72 (72% outside Italy)
 (billion)



Americas

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



Asia and Oceania

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

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 governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.

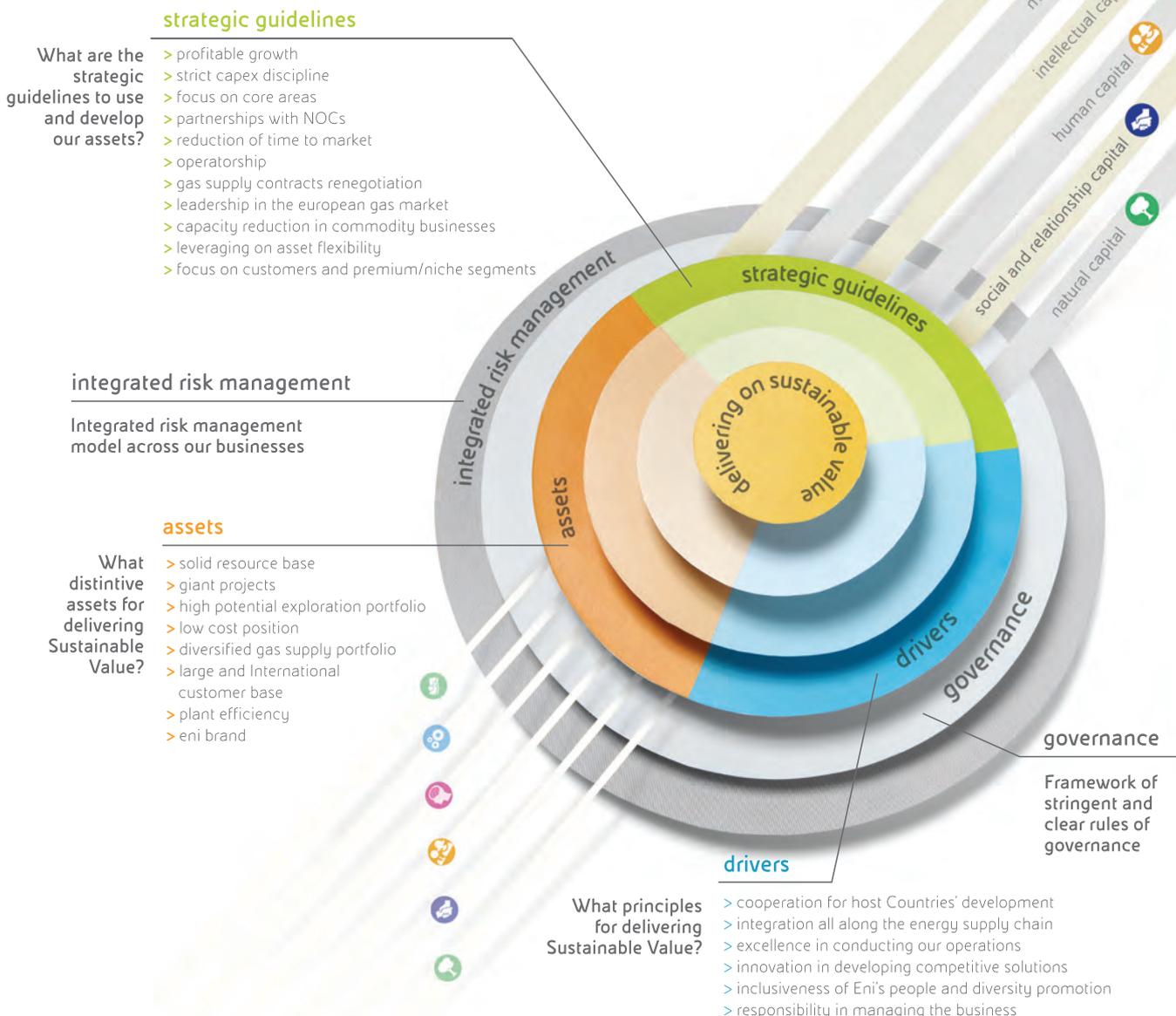
"Eni" means the parent company Eni SpA and its consolidated subsidiaries.

Ordinary and Extraordinary Shareholders' Meeting of May 8, 2014. The notice convening the meeting was published on "Il Sole 24 ore" and the "Financial Times WWF" of March 28, 2014.

our business model

Eni's business model targets long-term value creation for its stakeholders by delivering on profitability and growth in each of its businesses, improving efficiency and mitigating risks. The main capitals used by Eni (financial capital, manufacture 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). Our 2013 robust financial results and sustainability performance rely on the responsible

and efficient use of our capitals which resulted in operational excellence, asset integrity, handling of operational risk, preservation of health, safety and the environment. 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. For detailed information on results associated to each capital see the Consolidated Financial Statements and the Consolidated Sustainability Statements.



stock of capital

- Financial structure
- Liquidity reserves

Eni's main actions

- Cash flow from operations
- Bank loans
- Bonds
- Maintaining strategic liquidity
- Hedging
- Dividends
- Buyback
- Working capital optimization

value creation for Eni

- Going concern
- Lower cost of capital
- Reduction of working capital
- Leverage optimization
- M&A opportunities
- Mitigation of market volatility
- Credit worthiness

value creation for Eni's stakeholders

- Yields
- Share price appreciation
- Social and economical growth
- Satellite activities

financial 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 (bio-refinery, 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

manufacture 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
- Licence 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

intellectual 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

- Create employment and preserve jobs
- Wellness of Eni's people and local communities
- Increase and transfer know-how

human 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

social and relationship capital



- Oil and gas reserves
- Water
- Biodiversity and ecosystems
- Air
- Soil

- Exploration, production, transporting, refining and distributing hydrocarbons
- Investment in new businesses (bio-refinery, Green Chemistry, car sharing)
- Investment in technological and process upgrade
- Remediation activities

- Hydrocarbon reserves growth
- Opex reduction
- Mitigation of operational risk (asset integrity)
- Reputation
- Licence to operate
- Stakeholders' recognition

- Reduction of gas flared
- Reduction of oil spills and blowout
- Preservation of biodiversity
- Green products
- Containment of water consumption (re injection and water reuse)
- Energy efficiency

natural capital

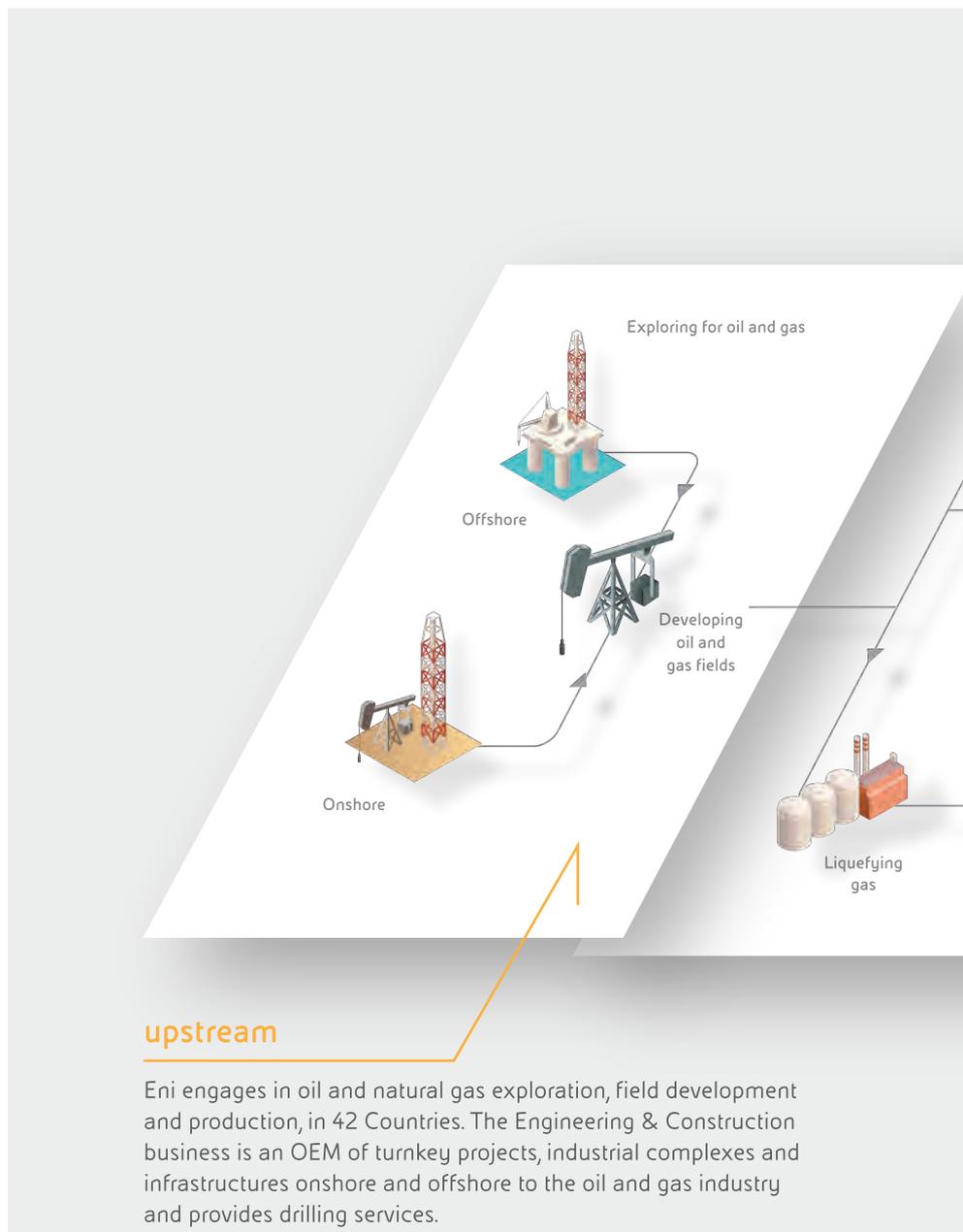


eni's activities

Eni's excellent portfolio of conventional oil assets with competitive costs and the strong resource base with options for anticipated monetization ensure a robust value generation at Eni's upstream activity. The vertical integration provided by the large presence in the gas and lng markets, and the know-how in refining and chemical sectors enable the company to capture synergies and catch joint opportunities and projects in the marketplace.

Eni's 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 the people who work for and with Eni.

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



Financial capital

Net profit
+23% vs. 2012

Dividends paid
€3.95 bln

Net cash provided by operating activities
€10.97 bln

Leverage
0.25

Activated the share
buyback programme

Manufacture capital

Hydrocarbon reserves
6.54 bln boe

2013 capital expenditure
€12.75 bln

2014-17 capital expenditure plan
€54 bln

Start-up of **26 reserve development projects** within 2017

Venice **Biorefinery** start-up and Porto Torres **Green Chemical** project launch

Intellectual capital

R&D expenditure
€197 mln
(net of general and administrative costs)

Value generated by R&D
€937 mln

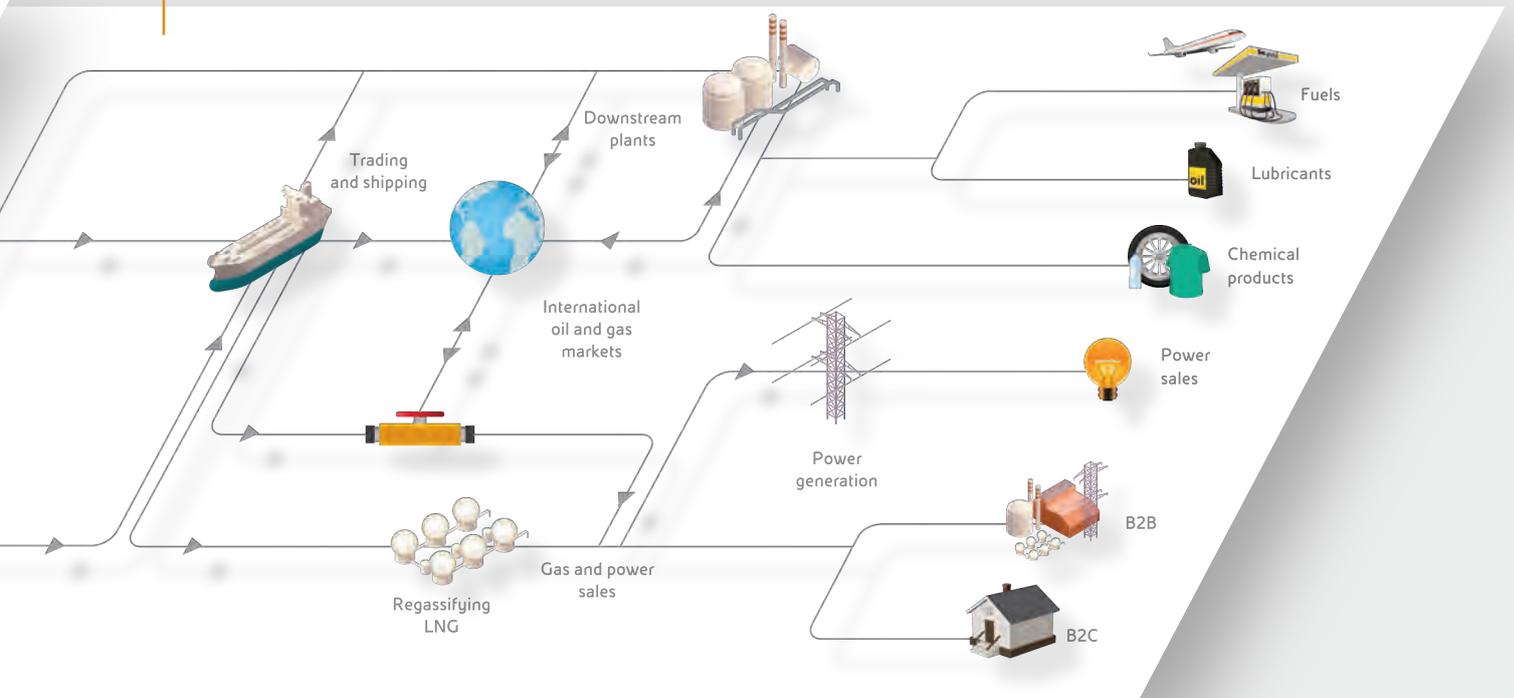
Existing patents (no.)
9,427

Green Data Center start-up
MIT partnership

mid - downstream

Through refineries and chemical plants, Eni processes crude oil and other oil-based feedstock to produce fuels, lubricants and chemical products that are supplied to wholesalers or through retail

networks or distributors. Eni engages in the supply, trading and shipping of oil, natural gas, LNG, electricity, fuels and chemical products.



Human capital

Employees
+5.7% vs. 2012

Women employees
16.5%

Local employees
52.4%

Injuries (no.)
-32% vs. 2012

Training expenditure
€75.9 mln



Social and relationship capital

Expenditure for the territory
€101 mln

Suppliers used (no.)
34,848

Total procurement
€33 bln

Retail market share in Italy
27.5%

Established strategic **partnerships**
in **Italy** and **abroad**



Natural capital

Oil spills due to operations
-49.4% vs. 2012

Direct GHG emissions
-9.9% vs. 2012

Produced water re-injected
55%

CO₂eq emissions from flaring
-10.4% vs. 2012

% of reused fresh water
79.9%

letter to shareholders

In 2013 Eni faced challenging market conditions.

Hydrocarbon production in our upstream segment was severely hit by disruptions in Libya and, to a lesser extent, in Nigeria and Algeria due to social unrest, internal conflicts and other geopolitical risks.

In our mid-downstream businesses, the economic downturn and strong competition from alternative sources of energy drove a further decline in the consumption of gas and fuels, mainly in Italy. Finally, Saipem reported sharply lower results due to the lower profitability of ongoing contracts.

In spite of these extraordinary headwinds, Eni achieved solid operating and financial results leveraging on the strength of its portfolio and the turnaround underway in the mid-downstream businesses.

Cash flow generation was robust thanks to the E&P contribution which continued to deliver an average cash flow per barrel of around 30 US dollars, absorbing the lower proceeds in the Countries which were by exceptional events. The ongoing turnaround in the G&P, R&M and Chemical segments delivered a €2 billion improvement in operating cash flows.

Finally, leveraging on the breadth of our portfolio boosted by the latest exploration successes, we were able to monetize a 20% interest in the Mozambique discovery for €3.4 billion

and our interest in the Siberian assets of Artigas, with a consideration of €2.2 billion cashed in January 2014, without affecting our longer term growth prospects.

Capital expenditure was kept essentially flat in line with our policy in place from 2009 of strict project selection.

In a very challenging year, Eni recorded a 23% increase in net profit from 2012 and maintained the net debt flat.

Eni's strong financial position and underlying growth perspectives underpin our progressive distribution policy, with a 2% increase in the dividend per share and the launch of the share buyback programme.

In conclusion, at the end of this three-year period, we deliver to our shareholders a Company even more focused on the upstream, with excellent prospects of profitability and cash generation thanks to our portfolio of projects and reserves which is so flexible to enable options for anticipated monetization, and with a clear strategy of turnaround in the mid-downstream businesses.

Our balance sheet is stronger with net debt halved compared to three years ago.

Exploration is the engine of our strategy in the upstream business. Eni has continued to deliver industry leading results. Since 2008 we have discovered 9.5 bln boe of resources, equal to 2.5 times the production of the period. 2013 has been a brilliant year too, with 1.8 bln boe of resources discovered at a competitive cost of \$1.2 per barrel. The main discoveries made in the year were

the Agulha prospect and the appraisal of Mamba and Coral in Area 4 in Mozambique, where we estimate an overall mineral potential up to 2,650 billion cubic meters of gas in place, Nené Marine in Congo, which has founded a new oil play with huge potential,

the appraisal of Sankofa offshore Ghana, and other successes in Norway, Australia, Pakistan and Egypt.

Exploration success, which owes to our know-how and organization, is the feature that mostly distinguishes Eni among the oil majors.

In the next four-year we will pursue even more ambitious exploration targets, by focusing on the emerging plays in Sub-Saharan Africa, the Barent Sea and Asia.

In Africa our objectives are pre-saline deposits in Congo, Angola and Gabon, the completion of the appraisal campaign in Mozambique and the launch of exploration activity in the Lamu basin in Kenya.

In the Russian section of the Barents Sea we jointly operate with Rosneft a high potential basin where seismic surveys have been started. The Norwegian section of the Barents Sea confirms to be an extraordinary promising area, where, once the operated Goliat has been started marking the first oil project of the region as expected at the end of 2014, we will see a rapid development of the recent discoveries of the area.

In the Pacific basin we intend to go ahead with exploration in Vietnam and Myanmar and to confirm our commitment in Indonesia and Australia. Furthermore we intend to explore the Russian and Ukrainian frontier areas of the Black Sea, where the Subbotina oil discovery is in place.

We acquired the operatorship of three licences in the Cypriot deep offshore portion of the Levantine basin, in proximity of large gas discoveries.

Our second priority comes through a major review of our legacy assets where we are applying new geological play concepts with exciting results. A remarkable example of the value this approach can bring is by the extraordinary Nené discovery in Marine XII. This is a mature block which has been largely explored in the past, where the application of new geological targets led us to discover more than 2.5 bboe of resources in place.



Paolo Scaroni

Chief Executive Officer
and General Manager

Giuseppe Recchi

Chairman

We maintain a strong commitment to time-to-market of discovered resources and continue to be selective in the phased development of our projects.

We plan to start-up 26 new major fields in the next four years, mainly Goliat in the Barents Sea, the Block 15/06 West Hub in Angola, the heavy oil and gas Venezuelan assets and Jangkrik in Indonesia, which will add more than 500 kboe/d by 2017, supporting production growth and the replacement of mature production.

Approximately 70% of the planned start-ups will relate to already sanctioned projects, whose costs and schedules are in line with budgets.

These progresses have been underpinned by our organizational model which is based on the in-source of critical engineering phases and a strong grip on construction and commissioning activities in order to minimize the risk of cost overruns.

Operational efficiency is the other driver of our organisation, mainly in the drilling and completion of our wells. 2013 was a record in terms of control of the operational risk as well as health and safety risks with a total recordable injury rate 60% lower than the average recorded in the previous six years, and zero blow-outs for the tenth consecutive year.

For the future we intend to target even more challenging targets. In the next four year plan we will invest in training initiatives and sharing of know-how in the prevention of accidents and injuries, in new techniques for the rationale use of resources by optimizing water reinjection and in reducing GHG emissions by means of flaring down projects.

Overall in 2013 the E&P Division reported excellent results, in spite of geopolitical factors, and laid the foundations of a new production growth phase which will fuel value and cash generation.

The G&P, R&M and Chemical segments intensified turnaround actions in a difficult market scenario.

The G&P Division devoted great efforts in the renegotiation of long-term gas supply contracts in order to both align supply costs to market conditions and to reduce the annual minimum take obligations (take-or-pay) ensuring higher flexibility to

our commercial policies.

Our renegotiation strategy is based on a fair distribution of economic benefits between the producer and the acquirer in line with the contractual principles. In 2013 we renegotiated supply terms of 85% of our long-term contracted gas. In 2014-2016, we plan to finalize a new round of renegotiations with expected benefits of €2 billion per year on our cost position. Our marketing strategy will deliver increasingly innovative products in order to best suit large customers' needs and maximize value generation from our physical and contractual assets, overcoming the traditional role of the wholesaler.

In the retail segment our mission is to achieve customer satisfaction and fidelity with a multi-Country approach. In doing so, we will evolve into a supplier of value-added energy services and leave behind us the role of a commodity reseller. We serve approximately 10 million of customers across Europe and we intend to increase and retain our customer base leveraging on the Eni's brand awareness, the quality of service and the innovation.

We intend to streamline our fixed-cost structure by reorganizing post-sale activities, restructuring of logistics and simplifying the organizational structure. In the R&M Division we have reduced our refining capacity by 13% since the beginning of the downturn and we are planning for a further cut of 22% in the next four years. In addition we will continue to adopt capital discipline, to increase plants' flexibility, pursuing at the same time fixed cost reductions and energy saving initiatives. We foresee to consolidate our presence in the retail of fuels in Italy leveraging on the continuous innovation of products and services and the non-oil development. Outside Italy we intend to focus our presence on growing markets and to divest from non-strategic areas. Our Chemical business will progressively reduce its exposure to commodity chemicals, which have been increasingly exposed to international competition. We intend to grow our presence in the green chemicals business and to expand internationally targeting those segments where Eni's know-how represents a

competitive advantage. In the four-year plan, bio-chemicals productions at Porto Torres and Porto Marghera are expected to start-up. Also the joint ventures with major operators in the South Korea and Malaysia in the elastomers will start production. The technology lever is the driver to upgrade the business. It is worth mentioning our collaborations with Genomatica and Yulex for the production of elastomers from renewable, non-food plantations, targeting to substitute the traditional oil-based feedstock.

2013 has been a tough year at Saipem due to a slowdown in the business and issues affecting the profitability of certain large contracts. The Company reacted with a renewed focus on execution activities, an organizational turnaround and the adoption of a more selective commercial strategy. 2014 will be a transitional year with a recovery in profitability, the dimension of which relies upon the effective execution of operational and commercial activities at low-margin contracts still present in the current portfolio, in addition to the speed at which bids underway will be awarded.

Results of the year

Results reported in 2013 reflect the complexity of the scenario. Adjusted operating and net profit amounted to €12.62 billion and €4.43 billion respectively, declining by approximately one third compared to 2012. These results were driven by geopolitical factors in the E&P Division causing production losses of about 110 kboe/d to an annual production of 1,619 kboe/d (down 5% from 2012), plunging margins on sales of gas, electricity, fuels and chemical products, the effects of which were partly offset by turnaround savings, and sharply lower profitability at Saipem.

In spite of these headwinds, we reported a solid 23% increase in net profit to €5.2 billion, which was boosted by the gains recorded on portfolio transactions at the E&P segment. We generated a robust cash flow from operations at €11 billion, reflecting the high value per barrel in the E&P, turnaround improvements in the mid-downstream businesses and capital discipline. The disposal of assets

contributed €6.4 billion to cash generation and mainly related to the Mozambique deal and the divestment of the financial interests in Snam and Galp. These inflows financed capital expenditure of €12.75 billion, in line with the last three years trend, and the dividend payment to Eni's shareholders of €3.95 billion, maintaining net borrowings and leverage flat compared to 2012 at €15.4 billion and 0.25, respectively.

On the basis of the Company's results, the Board of Directors intends to submit to the Annual Shareholders' Meeting a dividend proposal of €1.10 per share (€1.08 in 2012).

Corporate Governance

Our business commitment cannot leave a sound and structured governance system out of consideration.

In these three years, we have promoted several initiatives to improve our internal and national system.

In July 2011, we published 35 proposals for the national governance and most of them were adopted in the self-discipline recommendations enacted in December 2011.

In 2013, Eni's Chairman held a number of meetings in Europe and in the United States with proxy advisors and major investors, examining the main governance issues.

We received positive feedback from our counterparts who recognized Eni's corporate governance as a well structured and one of the most efficient in Italy.

Transparency was valued as a strong point of our Company, which, together with the quality and completeness of information, allowed Eni to be awarded for the best corporate website in the world.

One of the pillars of Eni's governance is the internal control and risk management model, further strengthened during 2013 by the definition of regulatory instruments

aimed at ensuring effectiveness and efficiency of the whole system.

In this contest, Eni has developed an integrated risk management system, finalized to the individuation, management and monitoring of all risks, not only industrial. In particular, the risk management system is intended to submit periodically to the Board of Directors the main risks of Eni. Also the internal control model and the integrated risk management system were appreciated by the above-mentioned proxy advisors and institutional investors.

Strategies and mid-term objectives

The 2014 outlook features a moderate strengthening in the global economic recovery. Still a number of uncertainties are surrounding this outlook due to weak growth prospects in the Euro-zone and risks concerning the emerging economies. Crude oil prices are forecast on a solid trend in the short-term, driven by geopolitical factors against the backdrop of well supplied global markets. For investment evaluation purposes we assume a long-term price of \$90 a barrel for the Brent crude benchmark. Management expects that the trading environment will remain challenging in the Company's businesses due to higher Country risks in the upstream segment and to continuing weak fundamentals in our businesses exposed to the European market. Particularly in our businesses of gas reselling, refining and marketing of fuels and chemical products we do not anticipate any meaningful improvement in demand, while competition, oversupply and overcapacity will continue to weigh on selling margins of energy commodities.

Against this challenging environment, management reaffirms its strategy of profitable growth in the upstream and of further strengthening and turning around

the mid-downstream businesses.

In Exploration & Production we target an average growth rate of 3% per year, in line with our long-term targets, and the discovery of 3.2 bboe of fresh resources, to be accomplished while at the same time reducing capital expenditure by 5% from the previous four-year plan. Our capital expenditure plan for the 2014-2017 period considers an outlay of €54 billion that will be directed for 83% to exploration and development of hydrocarbons reserves. Our operational efforts will on the start-up of our major projects in portfolio, the reduction of time-to-market and to achieve a well balanced risk profile in our countries of presence. The entry into production of high-margin projects will enable us to expand cash generation from operations at a 5% rate per year.

We expect that once the turnaround plans have been completed, our mid-downstream business will be able to generate returns also in a trading environment as unfavourable as the one experienced in 2013. The medium-term target is to breakeven in the four year plan. All in all, also supported by a valuable Corporate Governance system, which ensure an effective decisional process, we are confident that the planned strategies and initiatives will allow Eni to perform strongly leveraging on the valuable growth in the E&P and a recover to profitability in the mid-downstream businesses thanks to contract renegotiation, capacity reductions and focus on premium segments. Those drivers and the continuing refocusing of our portfolio will deliver robust cash generation where we are targeting an average 13% increase per year in our free cash flow till 2017 under our price scenario.

Such prospects will underpin our progressive dividend policy and the prosecution of the buyback programme.

March 17, 2014

In representation of the Board of Directors

Giuseppe Recchi

Chairman



Paolo Scaroni

Chief Executive Officer and General Manager



profile of the year

Results > In 2013 Eni achieved solid results in a particularly difficult market. In spite of geopolitical factors in Libya, Nigeria and Algeria, the Exploration & Production Division delivered robust earnings and cash flow leveraging its cost leadership and extraordinary exploration successes. The mid-downstream businesses, which were impacted by the downturn and plunging demand in Europe and Italy, boosted their restructuring efforts achieving an impressive €2 billion improvement in cash generation. Finally, the portfolio management enhanced by the new discoveries of the latest years enabled Eni to anticipate the monetization of results and cash. The overall effect of management's actions in such a challenging year was to deliver a 23% increase in net profit versus to €5.16 billion, to pay a generous dividend and to launch a buyback program, while maintaining a constant debt at €15.43 billion. Net cash generated by operating activities of €10.97 billion and cash from disposals of €6.36 billion, mainly related to the Mozambique deal, were used to fund capital expenditure of €12.75 billion and dividend payments of €3.95 billion to Eni's shareholders. Ratio of net borrowings to shareholders' equity including minority interest – leverage – was 0.25 at December 31, 2013, unchanged compared to December 31, 2012.

Dividend > The Company's robust results and strong fundamentals underpin a dividend distribution of €1.10 per share (€1.08 in 2012). Management reaffirms its commitment to deliver a progressive dividend policy taking into account Eni's underlying growth in earnings and cash flow.

Hydrocarbon production > In 2013, hydrocarbon production declined to 1.619 million boe/d by 4.8% from 2012, reflecting significant force majeure events in Libya, Nigeria and Algeria, partly offset by the contribution of the start-up of new fields and continuing production ramp-ups.

Proved oil and natural gas reserves > Proved oil and gas reserves as of December 31, 2013 were 6.54 bboe. The organic reserve replacement ratio was 105%. The reserve life index is 11.1 years.

Natural gas supply contracts > Renegotiated purchase terms of 85% of the Company's long-term gas supply contracts, resulting in a €1.4 billion cost saving.

Natural gas sales > Natural gas sales declined by 2.3% to 93.17 bcm against the backdrop of an ongoing demand downturn, competitive pressure and oversupply.

Divestment of Eni's interest in Eni East Africa > In July 2013, Eni closed the sale of a 28.57% interest in Eni East Africa (EEA) to China National Petroleum Corporation (CNPC). CNPC indirectly acquires, through its equity investment in Eni East Africa, a 20% interest in the Area 4 mineral property, located offshore of Mozambique. Eni retains operatorship and a 50% interest through the remaining stake in the investee. The total consideration cashed-in by Eni was €3,386 million, with a gain of equivalent amount recorded in profit and loss (€3,359 million, €2,994 million net of tax charges).

Solid results and cash flow

+23% vs. 2012
net profit

€10.97 bln
cash flow

Turnaround in mid-downstream

+€2 bln
cash flow improvement

Proved reserves

6.54 bboe
at year end

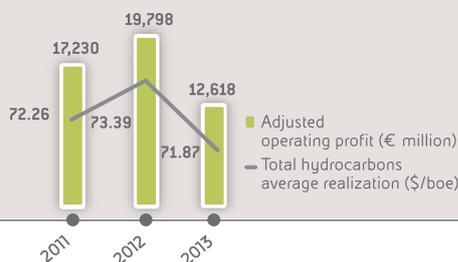
> Rationalization of E&P asset's portfolio

Anticipated monetization of results and cash

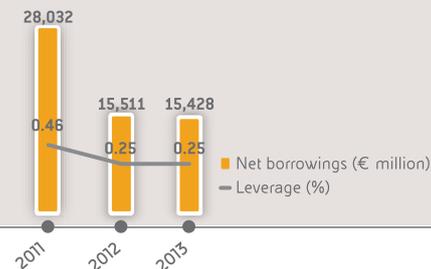
Dividend and dividend yield



Operating performance



Net borrowings and leverage



Divestment of Eni's interest in Artic Russia > In January 2014 Eni closed the sale of its 60% stake in Artic Russia to certain Gazprom affiliates for a total sale price of €2.2 billion. At the balance sheet date, Eni's interest in Artic Russia was stated at fair value due to the loss of joint control over the investee with a revaluation gain of €1,682 million recorded through profit.

While with the disposal Eni monetized a mature investment, the Company still maintains a strong commitment in the Russian upstream.

Injury frequency rate

-28.7%

progressing for the ninth consecutive year

Safety > In 2013 Eni continued to implement the communication and training program "Eni in safety", with 185 workshops dedicated to Eni's employees. The benefit of these and other programmes in safety is confirmed by the positive trend of the injury frequency rate relating to employees and contractors which improved for the ninth consecutive year (down by 28.7% from 2012). Notwithstanding the 10.5% decrease in the fatality index, six fatal accidents occurred in 2013.

Partnership for Sustainable Energy > Among the "UN Sustainable Development Solutions Network (SDSN)", in 2013 Eni led the Energy For All in Sub-Saharan Africa initiative through international collaborations aimed at devising solutions to fight against energy poverty, in particular in Sub-Saharan Africa. For this purpose, Eni will leverage on the strategic partnership signed with the Earth Institute of the Columbia University.

> Access to energy

New agreements in Mozambique

Relationships with the territory and local development > In 2013 Eni's commitment continued in ensuring access of local communities to energy, particularly in Sub-Saharan Africa. In Mozambique Eni announced the construction of a gas fired plant with a capacity of 75 MW, in the Cabo Delgado area. In Italy, the Company signed a MoU with the city of L'Aquila for the restoration of the Basilica of Santa Maria Collemaggio and the redevelopment of the Parco del Sole.

Exploration successes

1.8 bln boe

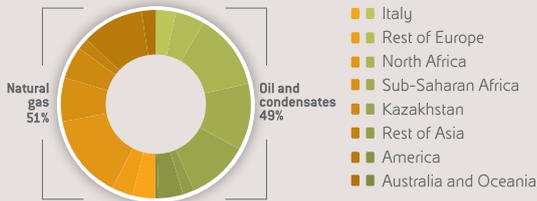
at year end

Exploration successes > The exploration activity for the year delivered strong results adding 1.8 billion boe of resources to the company's resource base, with a unit exploration cost of 1.2 \$/boe.

In Mozambique, the exploration campaign assessed the potential of the Mamba and Coral discoveries, while the Agulha discovery revealed a new gas accumulation in the Southern section of Area 4. Agulha was the tenth discovery made in Area 4. Management estimates that Area 4 may contain up to 2,650 billion cubic meters of gas in place.

In Congo, an exciting discovery was made in the mature Block Marine XII offshore. The Nené Marine oil and gas discovery and the adjacent Litchendjili Marine field found an overall potential of about 2.5 billion boe in place.

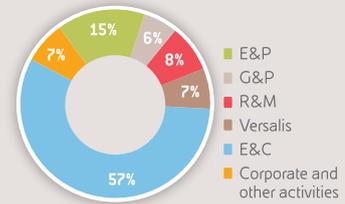
Oil and gas reserves



2013 net borrowings evolution (€ billion)



2013 employees by segment



In Australia, the Evans Shoal North-1 discovery, in the Timor Sea, was estimated to contain a mineral potential of 8 tcf of gas in place.

Acquired acreage > In the year Eni rejuvenated its mineral right portfolio entering new high potential areas for a total acreage of approximately 120,000 square kilometers.

Start-ups > In line with production plans, in 2013 eight major projects have been started up, contributing for 140,000 boe/d to the year production. The main start-ups related to: MLE-CAFC (Eni's interest 75%) and El Merk (Eni's interest 12.25%) fields in Algeria, the liquefaction plant Angola LNG (Eni's interest 13.6%), the offshore Abo-Phase 3 project in Nigeria, the giant heavy oil field Junin 5 (Eni's interest 40%) in Venezuela, the Skuld field (Eni's interest 11.5%) in Norway, the Kashagan field (Eni's interest 16.81%) in Kazakhstan and the Jasmine project (Eni's interest 33%) in the United Kingdom.

Versalis > In 2013, Eni's chemical subsidiary Versalis progressed with the expansion in the bio-plastic segment and the diversification of the commodity chemical, by entering into joint ventures with strategic international partners active in bio-technologies and rubber, among which Pirelli, Genomatica, Yulex Corporation and Lotte Chemical. In the green chemistry business Versalis carried on the ongoing project of converting the Porto Torres site and a relevant agreement has been reached to start the project for the conversion and relaunching of the Porto Marghera site.

Green Data Center > In October 2013 Eni launched the Green Data Center, the best in the world for energy efficiency. It hosts Eni's central computer processing systems, both for information management and seismic simulation processing, allowing a reduction of CO₂ emissions by 300,000 tons per year.

Transparency in Corporate Reporting > In 2013 Eni has been ranked first in a survey conducted by Transparency International Italy into the corporate reporting on transparency. The survey, which used a sample of the largest Italian companies by market capitalization, has analyzed three areas of transparency in corporate reporting: anti-bribery programs, the organization and the publication of key economic and financial data related to the activities in each Country where the companies operate.

Eni's commitment with the Massachusetts Institute of Technology > In February 2013, Eni renewed its commitment to the MIT Energy Initiative (MITEI) to develop innovative, powerful tools, technologies and solutions to address global energy needs and challenges.

> Organic growth

+ 140 kboe/d contribution of 2013 start-ups/rump-ups

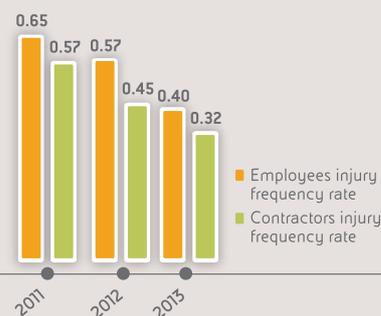
> Versalis

Strategic and international partnerships

Employees at period end
(number)



Injury frequency rate
(No. of accidents per million of worked hours)



Financial highlights ^(*)

	2011	2012	2013
Net sales from operations	(€ million) 107,690	127,220	114,722
Operating profit	16,803	15,071	8,856
Adjusted operating profit	17,230	19,798	12,618
Net profit ^(a)	6,902	4,200	5,160
Net profit - discontinued operations ^(a)	(42)	3,590	
Group net profit ^(a)	6,860	7,790	5,160
Adjusted net profit ^(a)	6,938	7,130	4,433
Net cash provided by operating activities	13,763	12,356	10,969
Capital expenditure	11,909	12,761	12,750
Dividends to Eni shareholders pertaining to the period ^(b)	3,768	3,912	3,986
Cash dividends to Eni shareholders	3,695	3,840	3,949
Total assets at period end	142,945	139,878	138,088
Shareholders' equity including non-controlling interest at period end	60,393	62,558	61,174
Net borrowings at period end	28,032	15,511	15,428
Net capital employed at period end	88,425	78,069	76,602
Share price at period end	(€) 16.01	18.34	17.49
Number of shares outstanding at period end	(million) 3,622.7	3,622.8	3,622.8
Market capitalization ^(c)	(€ billion) 58.0	66.4	63.4

(*) Pertaining to continuing operations. Following the divestment of the Regulated Businesses in Italy 2012, results of Snam are represented as discontinued operations throughout this Annual Report.

(a) Attributable to Eni's shareholders.

(b) The amount of dividends for the year 2013 is based on the Board's proposal.

(c) Number of outstanding shares by reference price at year end.

Summary financial data

	2011	2012	2013
Net profit ^(*)			
- per share ^(a)	(€) 1.90	1.16	1.42
- per ADR ^{(a) (b)}	(\$ 5.29	2.98	3.77
Adjusted net profit ^(*)			
- per share ^(a)	(€) 1.92	1.97	1.22
- per ADR ^{(a) (b)}	(\$ 5.35	5.06	3.24
Adjusted return on average capital employed (ROACE) ^(c)	(%) 10.2	10.1	5.9
Leverage	0.46	0.25	0.25
Coverage	15.4	11.9	8.9
Current ratio	1.1	1.4	1.5
Debt coverage	51.3	79.8	71.1
Dividends pertaining to the year	(€ per share) 1.04	1.08	1.10
Pay-out	(%) 55	50	77
Dividend yield ^(d)	(%) 6.6	5.9	6.5

(a) Fully diluted. Ratio of net profit from continuing operations and average number of shares outstanding in the period. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by ECB for the period presented.

(b) One American Depositary Receipt (ADR) is equal to two Eni ordinary shares.

(c) Calculated assuming the deconsolidation of the Snam group from priors periods.

(d) Ratio of dividend for the period and the average price of Eni shares as recorded in December.

Direct GHG emissions
(mmt tonnes CO₂e)



Profit and F&D cost per boe
(\$/boe)



Operating and sustainability data

		2011	2012	2013
Employees at period end	(number)	72,574	77,838	82,289
of which - women		12,542	12,860	13,601
- outside Italy		45,516	51,034	55,507
Female managers	(%)	18.5	18.9	19.4
Training hours	(thousand hours)	3,127	3,132	4,350
Employees injury frequency rate	(No. of accidents per million of worked hours)	0.65	0.57	0.40
Contractors injury frequency rate		0.57	0.45	0.32
Fatality index	(fatal injuries per one hundred millions of worked hours)	1.94	1.10	0.98
Oil spills due to operations	(barrels)	7,295	3,759	1,901
Direct GHG emissions	(mmt tonnes CO ₂ e)	49.13	52.50	47.30
R&D expenditure ^(a)	(€ million)	190	211	197
Expenditure for the territory ^(b)		101	91	101
Exploration & Production				
Estimated net proved reserves of hydrocarbons (at year end)	(m mboe)	7,086	7,166	6,535
Average reserve life index	(year)	12.3	11.5	11.1
Production of hydrocarbons	(kboe/d)	1,581	1,701	1,619
Profit per boe ^(c)	(\$/boe)	17.0	16.0	15.5
Opex per boe ^(c)		7.3	7.1	8.3
Cash flow per boe		31.7	32.8	31.9
Finding & Development cost per boe ^(d)		18.8	17.4	19.2
Gas & Power				
Worldwide gas sales ^(e)	(bcm)	96.76	95.32	93.17
- in Italy		34.68	34.78	35.86
- outside Italy		62.08	60.54	57.31
Customers in Italy	(million)	7.10	7.45	8.00
Electricity sold	(TWh)	40.28	42.58	35.05
Customer satisfaction index	(%)	88.6	89.7	90.4
Refining & Marketing				
Refinery throughputs on own account	(mmt tonnes)	31.96	30.01	27.38
Retail market share	(%)	30.5	31.2	27.5
Retail sales of petroleum products in Europe	(mmt tonnes)	11.37	10.87	9.69
Service stations in Europe at year end	(units)	6,287	6,384	6,386
Average throughput of service stations in Europe	(kliters)	2,206	2,064	1,828
Chemicals				
Production	(ktonnes)	6,245	6,090	5,817
Sales of petrochemical products		4,040	3,953	3,785
Average plant utilization rate	(%)	65.3	66.7	65.3
Engineering & Construction				
Orders acquired	(€ million)	12,505	13,391	10,653
Order backlog at period end		20,417	19,739	17,514

(a) Net of general and administrative costs.

(b) Includes investments for local communities, charities, association fees, sponsorships, payments to Eni Enrico Mattei Foundation and Eni Foundation.

(c) Related to consolidated subsidiaries.

(d) Three year average.

(e) Includes Exploration & Production natural gas sales amounting to 2.61 bcm [2.73 bcm and 2.86 bcm in 2012 and 2011, respectively].

the competitive environment

Industrial challenges

A changing market

The growth prospects in the global energy demand have been increasingly depending on the development of the emerging economies. OECD Countries against the backdrop of macroeconomic uncertainties especially in Europe have been boosting renewable energy sources and higher energy and environmental efficiency. On the supply side we look at the strengthening of unconventional resources of hydrocarbons, the growing role of renewable sources and higher awareness of alternative mobility solutions. In this scenario Eni's strategic plan is focused on upstream growth and turnaround actions in the mid-downstream businesses, at the same time adopting a strict capital discipline evaluating selective and sustainable growth opportunities in Extra European markets.

Access to new exploration plays, reserve replacement and risk diversification

The Energy revolution following the development of unconventional resources in the USA has fuelled a resurgence of the industry commitment towards mature areas. This is particularly interesting at a time in which the big oil companies are seeking ways to reduce their exposure to politically instable areas of the world. In the meanwhile exploration activities have spotted new material plays offshore Ghana, East Africa and the Eastern Mediterranean Sea.

Dynamism of emerging economies and their NOCs and partnerships with National Oil Companies of producing Countries

Growth prospects of emerging economies are expected to remain positive, driving any increase in the global demand for energy. This is reflected in the leading role played by national oil companies of big consuming Countries, which have reshaped the energy landscape through M&A and strategic partnerships with producing companies and Countries. This development is pressuring the big oil companies to search for new forms of relationships and cooperation with producing countries. The increasing contractual power of producing Countries is forcing oil players at all levels to rethink the business model and to redesign the relationships with local authorities with a long-term view.

The European downturn

Weak macroeconomic prospects in the Euro-zone, efficiency programmes and new consumption patterns will translate into nil growth in energy demand against the backdrop of overcapacity and increasing competition, also considering gas wholesalers exposure to long-term supply contracts.

Complexity and sustainable stewardship of operations

Oil & Gas players are required to maintain strong commitment in ensuring safety to the Company's employees, to minimize the use of natural resources and reduce the environmental footprint. At the same time, the industry is facing hurdles in the production of resources, particularly as it operates in harsh and environmentally-sensitive locations, such as the Arctic Sea, or in contexts that require complex and sophisticated technologies (unconventional and deepwater production).

Eni's actions

- New exploration initiatives also in order to boost geographical diversification, to balance the risk profile of the portfolio and to attain a right mix between giant fields and near field incremental success;
- Robust pipeline of long-plateau/long-term cash flow projects;
- Monetization of recent discoveries;
- New initiatives in unconventional basins;
- Better risk control on complex project execution leveraging on continuous improvement in technologies and better control on construction and commissioning activities.

- Strengthening upstream activities leveraging on partnerships with NOCs in high potential areas (e.g. China);
- Solid governance structure and commitment to integrity;
- Eni's model of contribution to local development of producing Countries;
- Focus on social projects and local content;
- In the downstream segment, selective growth in emerging markets and enhanced partnerships with Asian NOCs.

- Turning around Eni's midstream business model and focusing on premium segments;
- Restructuring the gas supply contracts portfolio and logistic costs;
- Streamlining Eni's presence in non core areas/activities;
- Reducing refining capacity: rationalizations, conversions to bio-refinery, increased flexibility in throughputs;
- Overseeing of opportunities in emerging businesses in alternative sources for the automotive sector (CNG/LNG/bio-fuels) and development of smart mobility initiatives;
- Progression on turnaround actions and internalization plan in the Chemical sector, focusing on Green Chemistry.

- Developing technologies to minimize the environmental footprint and to grant a responsible use of resources;
- Commitment on increasing safety for people and operation integrity;
- Attention to the social impact and economic development of the Countries in which Eni operates;
- Integrated risk management also through the deployment of a more effective control system.

Performance of the year	2017 target
Discovered resources	
1.8 bboe of discovered resources	0.8 bboe/y
Monetization of discoveries	
over €4 billion (28.57% Area 4 in Mozambique and other assets)	€9 billion (including Artic Russia)
Production start-ups	
8 production start-ups adding 140 kboe/d to 2013 production	26 major projects contributing 500 kboe/d additional production at 2017
Cash flow from operating activities	
€11 billion	+55% vs. 2013
Congo: Hinda Integrated Project	
55% completion	100% completion and eventual collateral activities
Sustainability management system of E&P subsidiaries	
MSG Issuance "Sustainability Stakeholder engagement & Community Relations"	Minimum 4 certified subsidiaries compliant to International standards
Renegotiation of gas supply portfolio	
Renegotiated supply terms of 85% of long-term gas contracts	100% supply costs aligned to market conditions
Supply cost reduction	
€1.4 billion	≈ €2 billion per year expected in 2014-2016
Reduction of Eni's refining capacity	
-13%	-22%
Re-injected water	
55%	70%
Energy savings in refining and chemical segments	
-229 ktoe/year vs. 2010	-400 ktoe/year vs. 2010
Gas flared	
-65% vs. 2007	-83% vs. 2007

defining strategies to seize the opportunities in the energy sector

our strategy

2014-2017 main targets

- Hydrocarbon production:
+3% on average per year

- **Breakeven** in mid-downstream businesses in 2015

- Cash flow:
+40% in 2014-2015;
+55% in 2016-2017

- Capital expenditure plan:
-5% vs 2013-2016

- Cash from disposals:
€9 billion

Production growth (kboe/d)



In 2013 our upstream activity was negatively impacted by the increased political instability in certain countries of operations. Our mid-downstream businesses recorded operating losses as they were hit by structural headwinds in the competitive context and continuing weak demand, against the backdrop of the European downturn, particularly in Italy.

In order to tackle with a deteriorated trading environment, management has planned a number of actions that are intended to help the Company to achieve strong performances in each of its business segment against prudent, cautious and conservative assumptions about the external context whereby we do not anticipate any meaningful improvement in market conditions and have projected flat production profiles in the Company's main countries at risk of political instability (i.e. Libya, Nigeria and Algeria).

Eni's strategy confirms the priorities of profitable growth in the upstream, turning around the mid-downstream businesses, recovering profitability at Saipem and monetizing non-core exploration assets. Assuming a Brent price of \$90 a barrel for the full year 2017, our projected operating cash flows (up 40% in the two years period 2014-2015 and 55% in 2016-2017) will provide enough resources to maintain the leverage below the ceiling of 0.30, to finance the planned capital expenditure (€54 billion) and to ensure a progressive increase in the cash returned to shareholders also through the flexible tool of the buyback program.

Our growth strategy in the **Exploration & Production Division** has been reinvigorated by the extraordinary exploration successes made in the latest years which have build upon an already solid platform of large, conventional producing assets with an efficient cost position. The exploration successes has proven to be an efficient and effective way to increase the resource base, a driver of organic production growth and portfolio diversification also providing a boost to cash generation by early monetization of part of the discovered volumes.

In the next four-years Eni targets a robust cash generation coupled with production growth and a rebalanced risk profile of our portfolio. We also plan to increase our resource base leveraging on our leading exploration activity where we boast an impressive track-record in discovering new resources. All these industrial targets are planned to be achieved through a capital expenditure plan 5% lower than the previous one.

Under Eni's price scenario, management expects to increase operating cash flow by 5% on average in the next four years plan. This coupled with a continuing focus on capital discipline will drive the achievement of a self-financing ratio¹ of 140% on average. The strong cash generation will be the result of organic production growth, the quality of our portfolio which is largely made-up of conventional asset, our phased approach in giant projects, reduced time-to-market and production optimizations.

Average production growth is expected at a rate of 3% in the 2014-2017 period. Growth will be fuelled by new production additions in Eni's core areas (Sub-Saharan Africa, Venezuela, the Barents Sea and Kazakhstan) leveraging on Eni's vast knowledge of reservoirs and geological basins, technical and producing synergies, as well as established partnerships with producing Countries.

New fields start-ups of 26 major projects, most operated and coming from our exploration activities (including the Goliat in the Barents Sea, the Block 15/06 in the West Hub located in

(1) Ratio of cash flow (net profit + amortization) and cost incurred (exploration and development investments + proved and unproved reserves purchases).

Angola, gas and heavy oil assets in Venezuela, OCTP oil development in Ghana and Jangkrik in Indonesia), will add more than 500 kboe/d of production in 2017 to support our growth and replace mature field decline.

Since 2008 we discovered approximately 9.5 bboe of resources, largely conventional and at competitive costs, which accounted more than double of our production in the period. Eni confirms its commitment to the exploration strategy as the pillar of the long-term sustainable growth.

We plan to execute finding projects in high risk-high reward area and near field activities to target the discovery of 3.2 bboe of new resources at a unit cost of approximately \$2.2 per barrel. These discoveries will be developed to ensure high-margin organic growth. Another option is their monetization in advance of development activities by diluting Eni's interest at an early stage thus reducing the execution and financial risk as it was the case with the Mozambique deal.

The achievement of the planned growth targets will be underpinned by a continuing focus on risk mitigation. The main drivers are the diversification of the country presence, the reduction of the time-to-market, the in-source of critical engineering and project management activities, the retention of a large number of operated projects and the contribution to local development (promoting access to energy, education and training and the improvement of health and safety conditions). In particular, Eni reaffirms its commitment to promote access to energy in Sub-Saharan Africa (including Mozambique, Nigeria, Ghana and Congo) involving the construction of power plants, natural gas transportation and distribution facilities as well as isolated systems (off-grid) to provide electricity to remote communities.

Notwithstanding Eni's commitment to maintain long-term relations with host countries, disruptions following socio-political unrest represent an unpredictable factor and a source of possible risks to an upstream company. Following disruptions in Libya, Nigeria and Algeria with a production loss of approximately 110 kboe/d for the full year 2013, the contribution of these important countries to Eni's production growth profile up to 2015 has been prudently assumed to be marginal.

The execution capabilities of contractors in the EPC contractual scheme are a major source of risk to the profitability of development projects. Eni has adopted strong organizational options to ensure effective control on the most important project activities. The Company has elected to execute most of the engineering phase in-house through a reinforced organizational structure. We directly coordinate all the construction phases and deploy our own people to manage hook-up and commissioning. Following this approach management believes that all projects currently being executed which will be started-up in the next four years are as a whole on time and on budget.

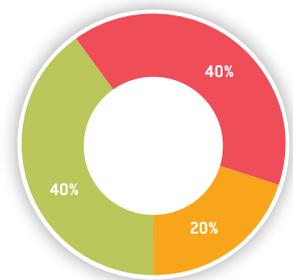
Operational risk relating to drilling activities will be managed by applying Eni's rigorous procedures throughout the engineering and execution stages. The main drivers of this will be the adoption of our field-tested proprietary drilling technologies, our excellent skills and know-how and increased control of operations. The excellence in our drilling activities allowed us to achieve zero blow-outs for the tenth consecutive year. The planning of emergency responses and quick remediation in case of accidents, oil spills or gas leaks is as rigorous as our operations.

Targets on environmental impact include the reduction in GHG emission rates and the depletion of natural resources by means of flaring down policies and rehabilitation projects of production water.

In particular projects of water re-injection in Egypt, Nigeria, Tunisia, Iraq, Angola, Ghana, Norway and Congo are estimated to allow a recovery factor up to 70% of the total water produced in 2017 from a rate of water re-injected of 55% in 2013.

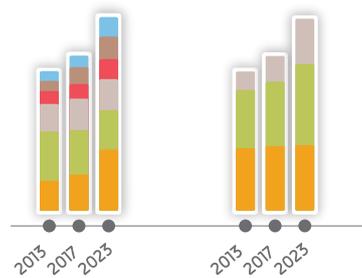
Management expects that continuing development proprietary technologies to be applied in complex environment and competence build-up will drive production growth and value creation as well as increase the safety in our operations. Eni estimates to spend €500 million in R&D (on an overall Eni's expenditure of €1.2 billion) over the 2014-2017 plan period.

Exploration



- Near field
- Proven basins
- Frontier

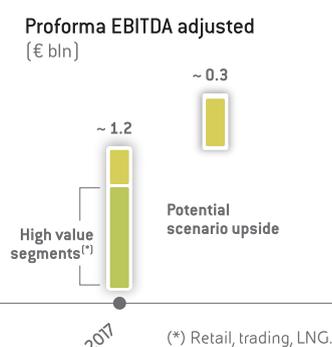
Production diversification (kboe/d)



- Sub-Saharan Africa
- North Africa and Middle East
- Europe
- Russia/Caspian Area
- America
- Asia Pacific
- Onshore
- Shallow water
- Deep water

➤ G&P turnaround

- **Renegotiation** of supply contracts
- **Focus** on premium segments



In the **Gas & Power Division**, we expect continuing weak conditions in the trading environment due to strong competition, oversupply in Europe and the strengthening of the role of the continental hubs to trade spot gas. In this scenario, management believes that the key factors are the ability to oversee trade hubs, to enhance the flexibility of our portfolio and to adapt our contracts and assets to the current tough market environment. Management reaffirms its commitment in restoring profitability and preserving cash generation leveraging on a robust turnaround plan which provides for: (i) restructuring our supply contracts in order to reach price alignment with the new market conditions and to minimize the impact of take-or-pay risks on future cash flows through a new round of negotiations or arbitrations; (ii) focus on high-value added businesses, such as LNG, through integration with upstream segment and increasing sales in premium markets, on trading activities, through the enhancement of the physical and contractual assets in portfolio, as well as the development of our retail customer base; (iii) the re-engineering of B2B business with innovative products for our customers and efficiency actions and integration with the skills of the trading unit; (iv) process reengineering and cost cutting in our operations.

Management believes that these turnaround drivers will help the Company to restore profitability by 2015 and generate approximately €1,2 billion of EBITDA pro-forma adjusted in 2017.

In R&D, Eni aims to assess the impact of advanced LNG technologies on the increase of natural gas consumption in the industrial and business segment and to enhance technological developments related to the energy efficiencies in the mid-market and retail (cogeneration, energy storage, smart metering and integration with renewable energy sources).

➤ Optimization of refinery capacity

- **Sannazzaro**: start-up of EST Plant
- **Venezia**: start-up of Green Diesel Plant
- **Gela**: shut down of gasoline production line
- Further initiatives

In the **Refining & Marketing Division** a number of additional actions compared to the previous strategic plan have been launched in order to face the further worsening of the trading environment with a refinery margin which fell to unprecedented levels, down to less than one dollar per barrel in the last quarter of the year.

In the refining activity, Eni will deploy the following initiatives: (i) the reorganization and optimization of refinery plants through rationalizations and reconversion of processes (biorefinery in Venice and restructuring of Gela) resulting in a 22% cut of existing refining capacity in the four-year plan; (ii) higher flexibility, process integration and efficiency to better face market scenario; (iii) the improvement in operating efficiency and energy saving projects. Building on these initiatives, in the 2014-2017 four-year period Eni intends to increase plants' efficiency and to reach energy savings for a total of 114 ktoe/y.

Water reuse projects at Gela and Sannazzaro plants are expected to lead to savings of water use of 5 mmcm/y.

In marketing operations management intends to enhance the presence in the fuels market by: (i) gaining higher efficiency results (closing stations with low throughput), developing non-oil operations and LPG and methane distribution; (ii) retaining Eni's position in the wholesale market also leveraging on opportunities deriving by the closing of third parties' refinery; (iii) launching innovative activities, by means of new products (LNG in the automotive segment) and innovative services (smart mobility).

Building on these initiatives, in the 2014-2017 four-years period Eni expects to increase its adjusted EBIT under constant scenario assumptions (base 2013) by €0.7 billion by 2017.

Eni's initiatives in the Research and Development field intend to prove the T-Sand and Zero-Waste technologies in the two-years period 2014-2015 and to define technological solutions to process second generation biomasses for the production of Biofuels at the Venice's refinery.

Eni's **Chemical** segment has been hindered by falling commodity demand and increasing competition mainly in its more commoditized lines of business and in those with low technologic content.

Against the backdrop of this scenario, the 2014-2017 strategic plan sets the stage for: (i) a more adequate and efficient cost position leveraging on the optimization/rationalization of Italian critical industrial sites, and higher integration, optimization and flexibility of production; (ii) the refocusing on premium productions, reducing the exposure to commodity chemicals, the selective development of a technological platform in the elastomers and styrenes, and the expansion of the specialties segment. Eni intends to grow the green chemistry business for the manufacture of eco-compatible chemical products and with high-growth demand rate; (iii) a greater internationalization of the business to serve customers even more global and markets characterized by high-growth demand rates, also through strategic alliances.

Energy efficiency programs planned in Porto Marghera and Porto Torres sites will allow energy savings of 44.5 ktoe/year.

In the four year plan, Eni expects to invest approximately €3.3 billion to carry on activities agreed with the relevant Authorities and local people, in order to reconvert critical sites, safeguarding and developing employment and local economy.

In light of these initiatives, in the 2014-2017 plan, adjusted EBIT under constant scenario assumptions (base 2013) is expected to increase by €0.5 billion in 2017.

The **Engineering & Construction** segment faced a complex 2013 due to operating difficulties in certain projects in the Onshore and Offshore activities of the Engineering & Construction business unit. Saipem expects a recovery in profitability in 2014 and to gradually improve margins in the following years leveraging on the completion of low-margins contracts still present in the current portfolio, effective commercial discipline and investment activities recently completed. These actions will strengthen Saipem's business model in strategic areas and markets.

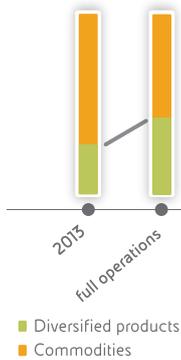
As far as R&D is concerned, Saipem intends to focus on the development of technologies in the Engineering & Construction Offshore business unit for working in deep and ultra deep waters, subsea processing and for the installation of underwater pipes in extreme conditions. In the onshore business, it will increase the competitiveness of proprietary technologies and know-how to better preserve environment and reduce GHG emissions. In the Offshore and Onshore drilling business units Saipem plans to develop methodologies and innovative technologies.

5% reduction in production capacity

Refocusing on high value productions

Internationalization

Versalis production mix



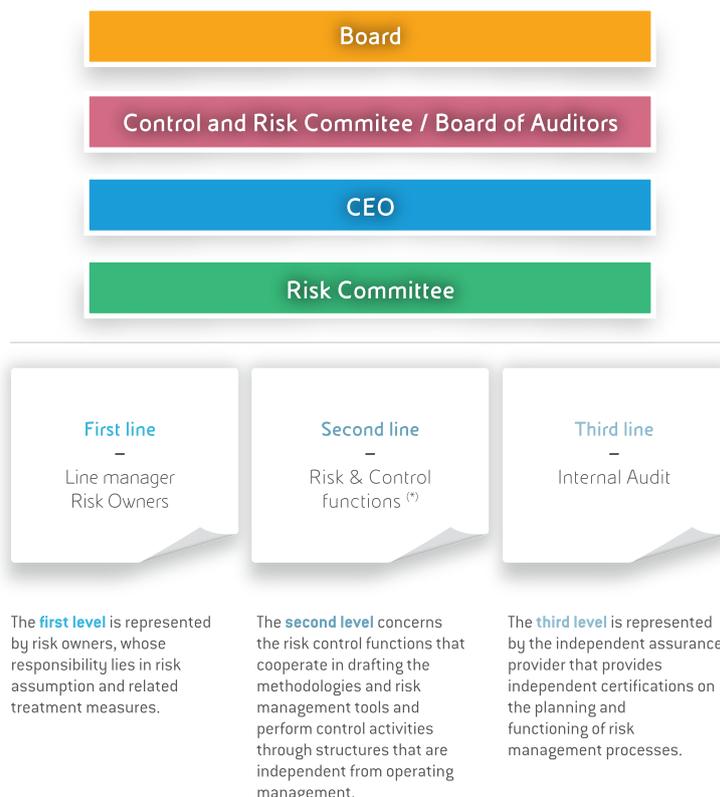
Recovery in profitability in 2014

risk management

Eni has developed and adopted a model for Integrated Risk Management (IRM) that targets to achieve an organic and comprehensive view of the Company main risks¹, greater consistency among internally-developed methodologies and tools to manage risks and a strengthening of the organization awareness, at any level, that suitable risk evaluation and mitigation may influence the delivery of Corporate targets and value.

Integrated Risk Management Model

The IRM has been defined and updated consistently with international principles and best practices. It is an integral part of the Internal Control and Risk Management System (see page 29) and is structured on three control levels.



(*) Including Integrated Risk Management department.

[1] Potential events that can affect Eni's activities and whose occurrence could hamper the achievement of the main corporate objectives.

Risk governance attributes a central role to the Board of Directors. The Board, with the support of the Control and Risk Committee outlines the guidelines for risk management, so as to ensure that the main corporate risks are properly identified and adequately assessed, managed and monitored.

In addition, the Eni Board of Directors, in fulfilling its responsibilities and its role of direction and with the support of the Control and Risk Committee, defines the degree of compatibility of these risks with the company management consistent with its strategic targets. For this purpose, Eni's CEO, through the process of integrated risk management, presents at least every six months Eni's a review of the main risks to the Board of Directors. The analysis is based on the scope of the work and risks specific of each business area and processes aiming at defining an integrated risk management policy; the CEO also ensures the evolution of the IRM process consistently with business dynamics and the regulatory environment. Furthermore, the Risk Committee, chaired by the CEO, holds the role of consulting body for the latter with regards to major risks. For this purpose, the Risk Committee evaluates and expresses opinions, at the instance of CEO, related to the main results of the integrated risk management process.

Our process of integrated risk management

The IRM model is implemented through a process of integrated management which is both continuous and dynamic, leveraging on the risk management systems already adopted by each business unit and corporate processes, promoting harmonization with methodologies and specific tools of the IRM.

The commencement of the risk assessment process includes the definition of its scope, basing on the guidelines defined by the Board of Directors, i.e. the identification of the organizational functions/units and, when necessary, the processes of Eni and its subsidiaries, which might significantly impact the achievement of corporate objectives, and the relevant management to be involved in the IRM process.

In 2013, two assessment sessions were performed: the interim top risk assessment performed in the first half of the year, relating to the update and in-depth identification, evaluation and treatment of top risks resulted by the 2012 risk assessment and the yearly risk assessment performed in the second half of the year involving 13 subsidiaries.

Based on the major risks identified through the above mentioned assessments, the strategic guidelines and treatment measures for their mitigation/management were identified and submitted to Eni's management, consistently with the evolution of internal/external context and of the Company's strategy.

The first monitoring assessment of Eni's top risks identified in 2012 was also performed. The monitoring of main risks and the relevant treatment plans through appropriate indicators (Key Risk Indicator, Key Control Indicator, Key Performance Indicator) allow to identify improvement areas in the management of major risks, analyze their evolution as well as the progress in implementation of further treatment measures decided by the management (also related to the update and development and risk management models) and to timely identify potential new risks.

The assessment and monitoring results were submitted to the Risk Committee and to the management and control bodies according to the procedure provided by the Management System Guidelines MSG IRM (interim IRM reporting and annual IRM reporting).

The following table summarizes Eni's main risks in relation to corporate targets, except for scenario risk, linked to operating performance variability related to fluctuations in crude oil prices, natural gas and oil products prices. For further details on these risks, as well as minors uncertainty factors, see the section "Risk factors and uncertainties".

Targets, risks and treatment measures

Company targets	Risk category	Main risk events	Rif. Risk factors and uncertainties section	Treatment measures
Company profitability	Country risk	Political and social instability in Countries of operations that might lead to unrest, strikes, act of violence, sabotage, attacks with production losses and interruptions as well as interruptions in gas supplies via pipe.	Pages 96-97	Balancing geographic presence through progressive expansion into areas with lower socio-political risks, keeping efficient and long-lasting relationships with producing Countries and local stakeholders even through sustainable development projects; plans of security emergencies management and prevention.
Company profitability	Country risk	Difficulties in finding adequate resources in Countries where the use of local suppliers is mandatory (Local Content) with negative effects on the oil&gas time-to-market of projects.	Pages 93-94	Definition, in the project planning phase, of contractual and procurement strategies, Early Local Content Plan and adequate contingency plan, continuing commitment with relevant authorities aimed at agreeing upon the Local Content requirements, local suppliers selection and technical evaluation, training of local human resources.
Company profitability	Strategic risk	Poor contractors (and subcontractors) performance, in particular in large EPC projects, with impact on projects profitability.	Pages 93-94	Specific contractual strategies (long-term commitment, incentives/penalties clauses), direct management of Work Packages and interfaces between contractors, in-sourcing and direct control of the critical phases of the project, continuing and active monitoring of contractors, performance of technical audits and quality plan implementation.
Company profitability	Strategic risk	Complex finalization of oil and commercial negotiations due to institutional and regulatory changes in the Countries of operations.	Page 93-94	Monitoring of external trends and uncertainties that might affect the outcome of commercial negotiations (elections, economic crisis, developments in the political framework, etc.). Maintaining stable relationship with State-owned Companies and local Partner, benchmarking with contractual clauses obtained in other projects and contexts.
Company profitability	Strategic risk	Weak fundamentals European gas sector and lack of alignment of the supply cost of the long term contracts to selling benchmarks, volumes risk impacting on sales profitability.	Pages 98-99	Renegotiation of gas supply contracts in terms of pricing and volumes. Evaluate the option to recur to international arbitration proceedings in case of unsuccessful renegotiations.
Company profitability	Financial risks	Commercial credit risk.	Page 94	Preventive evaluation of clients ability to meet financial commitments. Internal structures and rules dedicated to credit risks, specific initiatives/projects for the management of most critical situations as well as resort to factoring.

Company targets	Risk category	Main risk events	Rif. Risk factors and uncertainties section	Treatment measures
Company profitability	Operating risks and related HSE risks	Blow-out risks and other relevant accidents at extractive infrastructures, refineries and petrochemical plants in the transportation of hydrocarbons by sea and land (i.e fires/ explosions, etc.) affecting results, cash flow, reputation and strategies.	Pages 100-102	"Real time monitoring" of wells drilling phases, increase of operatorship, specific technological development and emergency management plans. Security management system, certifications achievement, implementation of an internal regulation on HSEQ issues; periodic plants audits. Continuing management and monitoring of shipping and third parties operations.
Company profitability	Operating risks and related HSE risks	Environmental proceedings and evolution in the HSE legislation triggering contingent liabilities, operating costs and extra-costs relating to remediation activities.	Pages 100-102	Control on sites remediation activities and monitoring of activity effectiveness, development of technologies for environmental remediation, management of issues related to authorization process of remediation activities and territory development with Public Administration. Existence of an Integrated System of HSE Management, alignment of the company regulation to new legislation, training and technical audit performed by HSE units.
Leverage reduction	Strategic risk	Downgrading of Eni rating in connection with a potential downgrade of the sovereign rating of Italy.	Pages 90-92	Targeting a well balanced financial structure maintaining a gross cash reserve, commensured to business risks, debt repayment as well as adequate leverage level, definition by the Board of Directors of specific thresholds for the main financial risks, continuing dialogue with investors and rating companies.
Employees safety and asset integrity	Country risk	Security risk in geographic areas of strategic interest for the company, with production losses and interruptions.	Pages 90-92	Continuing control performed by dedicated organizational structures, security management system and security assessment completion on all the sites, training activities on security issues.
Local development and stakeholder relationship	Strategic risk	Negative perception by a number of local and international stakeholders as to the activities of the oil & gas industry.	Pages 100-102	Development of a communication model endorsing Eni's commitment on the sustainable development, achievement of ISO 14001 and OHSAS 18001 certifications by all the E&P subsidiaries with relevant HSE risks, continuing commitment for the reduction of environmental footprint of industrial operations and granting access to energy in underdeveloped Countries.

governance

Integrity and transparency are the principles that have inspired Eni in the formulation of its Corporate Governance system¹ and are the pillars of the Company's business model. The Governance system, supplementing Eni's business strategy, is designed to sustain the relationship of trust between Eni and its stakeholders and to help achieve business results, creating sustainable long-term value.

Eni, as Italy's top company by capitalisation, is committed to building a Corporate Governance system inspired by excellence in a transparent relationship with the market. For this reason, Eni places great emphasis on communication with its stakeholders, taking account of their needs and maintaining an ongoing commitment to helping shareholders effectively exercise their rights, developing an open dialogue that fosters mutual understanding. In this context, in 2013 the Chairman of the Board of Directors of Eni held a series of meetings with institutional investors and the major proxy advisors in Europe and the United States in order to provide them with a complete understanding of Eni's Corporate Governance system and how it relates to the various regulatory models.

[1] For further information on Eni's Corporate Governance system, refer to Eni's Corporate Governance Report, which is published on the Company's website in the Governance section.

[2] Reference is made to the independence requirement under both the law, to which Eni's By-laws refers, and the recommendations of the Italian Corporate Governance Code.

[3] More specifically, the less-represented gender must receive at least one-fifth of the positions on each board in the first election and one-third of the positions in the next two elections. The law establishes that this composition shall apply to the corporate boards of unlisted Italian subsidiaries, but the Board of Directors of Eni has, since the 2012 elections, required that at least one-third of the members be women with regard to the appointments that Eni may make as shareholder.

[4] As to the composition of the Control and Risk Committee, Eni requires that at least two of its members possess adequate experience in accounting, financial or risk management matters, strengthening the Corporate Governance Code provisions, which recommends that one member have such experience.

[5] The Compensation Committee rules require that at least one member have an adequate knowledge of and experience in financial matters or compensation policies, to be evaluated by the Board of Directors at the time of appointment.

Eni's Corporate Governance structure

The Corporate Governance arrangements of Eni are structured along the lines of the traditional model, which, without prejudice to the responsibilities of the Shareholders' Meeting, assigns corporate management duties to the Board of Directors, monitoring functions to the Board of Statutory Auditors and the auditing of the financial statements to the audit firm.

The Board of Directors and the Board of Statutory Auditors of Eni, as well as their respective Chairmen, are appointed by the Shareholders' Meeting using a slate voting mechanism.

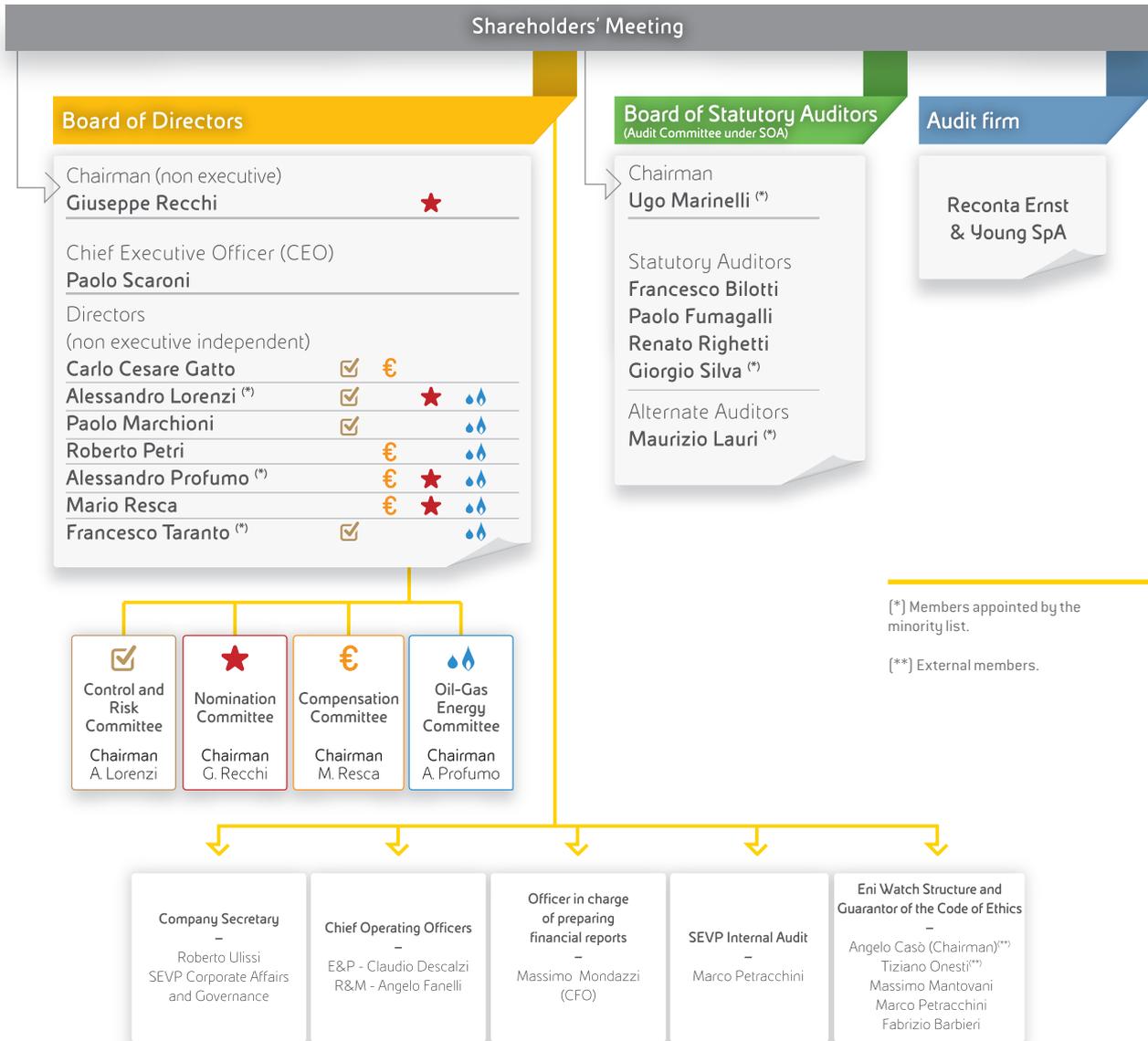
Three directors and two statutory auditors, including the Chairman of the Board of Statutory Auditors, are appointed by non-controlling shareholders, thereby ensuring that the number of representatives of non-controlling shareholders exceeds the minimum established by law. In addition, the number of independent Directors indicated in Eni's By-laws exceeds that required by law. In fact, the number of independent Directors currently serving (seven² out of nine Directors, of whom eight are non-executive Directors) is above the minimum set out in the By-laws and in the Corporate Governance rules, as well as the average number of such directors for Italian listed companies in general. The Board's structure is also balanced in relation to the professional qualifications and experience of the Directors, gained in companies operating primarily in the industrial, banking or financial sectors. Starting from the next election in 2014, the Board of Directors and Board of Statutory Auditors will be assured a balanced gender representation, as provided for By-Law and the Company's By-laws³.

The Board of Directors has appointed a Chief Executive Officer ("CEO") and granted the Chairman powers, provided for in the Eni By-laws, to identify and promote integrated projects and international agreements of strategic importance.

The Board of Directors has established four internal committees with consulting and advisory functions: the Control and Risk Committee⁴, the Compensation Committee⁵, the Nomination

Committee and the Oil-Gas Energy Committee, which report to the Board at each meeting on the most significant issues addressed.

The following chart provides a graphical representation of the Company's Corporate Governance structure:



Decision-making processes

The Board of Directors has appointed a Chief Executive Officer to manage the Company, while retaining responsibility over strategic, operational and organizational matters, particularly in the fields of governance, sustainability⁶, internal control and risk management.

The Directors are made knowledgeable and informed about the company's matters in order to make effective decision-making processes. The Board, thanks to its diversified range of expertise and competences, has the capabilities to perform the in-depth review that is required by the complexity and reach of the Company's business. The newly-appointed

[6] More specifically, the Board has retained the exclusive power to set sustainability policies, the results of which are comprehensively reported together with financial and performance information in the Annual Report, as well as to examine and approve the sustainability reporting not covered in the integrated reporting system.

Boards underwent an induction⁷ program and other training initiatives, including visits to a number of key operating sites, such as in Venezuela in 2013. The Directors are also promptly and fully informed about matters on the Board's agenda.

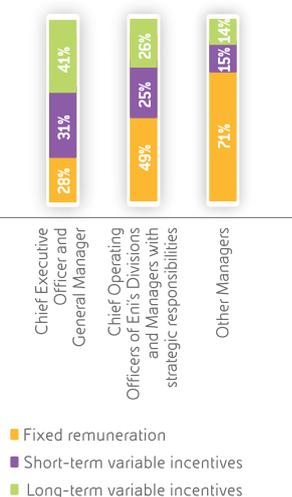
To achieve this, specific procedures have been established for setting the deadline by which documentation must be made available prior to Board meetings, and the Chairman ensures that each Director is able to contribute effectively to Board discussions.

Before the Board's approval of the Company's strategic guidelines, an annual Strategy Day is organised to evaluate and discuss major issues. The Oil-Gas Energy Committee assists the Board in preparing for the event.

The Board's training and informational activities over the past year have focused on the Board's duties and responsibilities in the areas of control and risk. The Company also decided to take part in the Global Compact LEAD Board Programme Pilot Phase⁸, which is devoted to training Directors on sustainability issues, as Eni actively contributed to the development of the program.

The Board's most important duties include appointing key management and control personnel, including the Chief Operating Officers, the Officer in charge of preparing financial reports (Financial Reporting Officer) and the Internal Audit Senior Executive Vice President. The Board is supported by the Nomination Committee in performing these duties.

Pay-mix



Remuneration policy

Eni's remuneration policy for its Directors and top management is established in accordance with the recommendations of the Corporate Governance Code and best practices in the field. The Policy seeks to retain with high-level professionals and skilled managers and to align the interests of management with the priority objective of creating value for shareholders over the medium/long-term.

For this purpose, the remuneration of Eni's top management is established on the basis of the position and the responsibilities assigned, with due consideration given to market benchmarks for similar positions in companies similar to Eni in dimension and complexity. Remuneration is composed of a balanced mix of fixed and variable elements.

Under Eni remuneration policy, considerable importance is given to the variable component, which is linked to the achievement of preset performance and financial targets, business development and operational objectives, also considering the long-term sustainability of the results, in line with the Company's Strategic Plan.

The variable remuneration of Eni's executive officers having a greater influence on the business performance is characterised by a significant percentage of long-term incentive components, to be paid at the end of a three-year vesting period to reflect the long-term nature of the business.

With regard to sustainability issues, the CEO objectives set for the incentives which will be paid in 2014, focused also on maintaining Eni's presence in the main sustainability indexes, as well as the development of the "Integrity Culture" program.

The objectives of the Chief Operating Officers of Eni Divisions and other Managers with strategic responsibilities are assigned on the base of the role and the responsibilities assigned also in terms of health and safety, environmental protection, relations with stakeholders. The remuneration policy is described in the first section of the "Remuneration Report", available on the Company's website (www.eni.com) and is presented, on an annual basis, for an advisory vote at the Shareholders Meeting⁹.

[7] Following the program commenced in 2012, Eni conducted a training program in 2013 for new members of the boards of directors of its Italian subsidiaries, gradually extending it to its foreign subsidiaries and investees, with a special emphasis on business integrity.

[8] Eni is a member of the UN Global Compact LEAD Group.

[9] More specifically, Eni confirmed the high level of votes in favour registered in 2013, as well as in 2012, in the field of its remuneration policy. In fact, out of 61.08% of the share capital represented at the meeting (with a significant increase in the Assembly's participation as compared to 56.4% registered in 2012), 96.2% of the shares present voted in favour, registering an increase of approximately 3.6% compared to 2012.

The internal control and risk management system

Eni has adopted an integrated and comprehensive internal control and risk management system based on reporting tools and flows that, involving all Eni personnel, reach all the way up to the Company's top management. The members of the Board, as well as the members of the other corporate bodies and all Eni personnel, are required to comply with Eni's Code of Ethics (as part of the Company's Model 231), which sets out the rules of conduct for the fair and proper management of the Company's business. In March 2013, Eni adopted a regulatory instrument for the integrated governance of the internal control and risk management system, the guidelines of which, approved by the Board, set out the duties, responsibilities and procedures for coordinating between the primary system actors. For detailed information on Eni's risk management system, see the section "Risk management".

An integral part of the Eni internal control system is the internal control system for financial reporting, the objective of which is to provide reasonable certainty of the reliability of financial reporting and the ability of the financial report preparation process to generate such reporting in compliance with generally accepted international accounting standards. Eni's CEO and Chief Financial Officer (CFO) are responsible for planning, establishing and maintaining the internal control system for financial reporting. The CFO also serves as the officer in charge of preparing financial reports (FRO), who must satisfy specific professional requirements set out in the Eni By-laws.