Notes to the Consolidated Financial Statements

1 Basis of presentation

The Consolidated Financial Statements of Eni Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) pursuant to article 6 of the EC Regulation No. 1606/2002, of the European Parliament and of the Council of July 19, 2002 and in accordance with article 9 of Legislative Decree No. 38/2005[1] 1. Oil and natural gas exploration and production activity is accounted for in conformity with internationally accepted accounting standards. Specifically, this concerns the determination of the amortization expenses using the unit-of-production method and the recognition of the production sharing agreement and buyback contracts. The Consolidated Financial Statements have been prepared on a historical cost basis, taking into account where appropriate of any value adjustments, except for certain items that under IFRS must be recognized at fair value as described in the summary of significant accounting policies paragraph.
The 2013 Consolidated Financial Statements approved by Eni's Board of Directors on March 17, 2014, were audited by the independent auditor Reconta Ernst & Young SpA. The independent auditor of Eni SpA, as the main auditor, is wholly in charge of the auditing activities of the Consolidated Financial Statements; when there are other independent auditors, it takes the responsibility of their work.
Amounts in the financial statements and in the notes are expressed in millions of euros (€ million).

2 Principles of consolidation

Subsidiaries

The Consolidated Financial Statements include the financial statements of Eni SpA and those of its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
For entities acting as sole-operator in the management of oil and gas contracts on behalf of companies participating in a joint project, the activities are financed proportionally based on a budget approved by the participating companies upon presentation of periodical reports of proceeds and expenses. Costs and revenues and other operating data (production, reserves, etc.) of the project, as well as the related obligations arising from the project, are recognized proportionally directly in the financial statements of the companies involved. Some subsidiaries are not consolidated because they are immaterial, either individually or overall; this exclusion has not produced significant[2] effects on the Consolidated Financial Statements. These investments are accounted for as described below under the item "Non-current financial assets".
The income and expense of a subsidiary are included in the consolidated financial statements from the acquisition date until the date when the parent ceases to control the subsidiary. Assets and liabilities, revenues and expenses related to fully consolidated subsidiaries are wholly incorporated in the Consolidated Financial Statements; the book value of these subsidiaries is eliminated against the corresponding share of the shareholders' equity. Equity and net profit of non-controlling interests are included in specific lines of equity and profit and loss account.
The purchase of additional equity interests in subsidiaries from non-controlling interests is recognized in the Group shareholders' equity and represents the excess of the amount paid over the carrying value of the non-controlling interests acquired; similarly, the effects of the sale of non-controlling interests in subsidiaries without loss of control are recognized in equity. Conversely, the sale of equity interests with loss of control determines the recognition in the profit and loss account of: (i) any gain/loss calculated as the difference between the consideration received and the corresponding transferred share of equity; (ii) any gain or loss recognized as a result of remeasuring to fair value any investment retained in the former subsidiary; (iii) any amount related to the former subsidiary previously recognized in other comprehensive income which can be reclassified subsequently to profit and loss account[3]. Any investment retained in the former subsidiary is recognized at its fair value at the date when control is lost and shall be accounted for in accordance with the applicable measurement criteria.
Subsidiaries' financial statements are audited by external auditors who audit also the information required for the preparation of the Consolidated Financial Statements.

Business combinations

Business combination transactions are recognized by applying the acquisition method. The consideration transferred in a business combination is measured at the acquisition date and is the sum of the fair value of the assets transferred, the liabilities incurred, as well as any equity instruments issued by the acquirer. Acquisition-related costs are recognized in profit and loss account when they are incurred.
At the acquisition date, the acquirer shall measure the identifiable assets acquired and liabilities assumed at their acquisition-date fair values[4], unless IFRSs provide exceptions to this measurement principle.
The surplus of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognized as goodwill; a gain from a bargain purchase is recognized in the profit and loss account. Any non-controlling interest is measured as the proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date (partial goodwill method); as an alternative, it is allowed the recognition of the entire amount of goodwill deriving from the acquisition, including also the goodwill attributable to non-controlling interests (full goodwill method). In the last case, non-controlling interests are measured at their fair value which therefore includes the goodwill attributable to them[5]. The choice of measurement

(1) The Consolidated Financial Statements are compliant with IFRSs as issued by the IASB and effective for the year 2013, except for IFRS 10 " Consolidated Financial Statements", IAS 27 "Separate Financial Statements", IFRS 11 "Joint arrangements", IAS 28 "Investments in Associates and Joint Ventures" and IFRS 12 "Disclosure of Interests in Other Entities" (see also "Recent accounting standards"). Therefore, the above mentioned standards are effective for 2013 Annual Report on Form 20-F, because, starting from 2007 Eni has been applying the SEC provisions which allow foreign private issuers that prepare their financial statements according to IFRS as issued by the IASB (even if not yet endorsed) to eliminate of the US GAAP reconciliation of net income and equity.
(2) According to the requirements of the Framework of international accounting standards, information is material if its omission or misstatement could influence the economic decisions that users make on the basis of the financial statements.
(3) Conversely, any component related to the former subsidiary previously recognized in other comprehensive income, which can not be reclassified subsequently to profit and loss account, are reclassified within retained earnings.
(4) Fair value measurement principles are described below under the item "Fair value measurements".
(5) The choice between partial goodwill and full goodwill method is made also for business combinations resulting in the recognition of a gain on bargain purchase in profit and loss account.

basis of goodwill (partial goodwill method vs full goodwill method) is made on a transaction-by-transaction basis.
In a business combination achieved in stages, the purchase price is determined by summing the fair value of previously held equity interest in the acquiree and the consideration transferred for the acquisition of control; the previously held equity interest is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit and loss account. Furthermore, on acquisition of control, any amount of the acquiree previously recognized in other comprehensive income is charged to profit and loss account or in another item of equity, when the amount cannot be reclassified to profit and loss account.
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts recognized at the acquisition date shall be retrospectively adjusted within one year from the acquisition date, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Intercompany transactions

Intercompany transactions and balances, including unrealized profits arising from intragroup transactions have been eliminated.
Unrealized profits on transactions between the Group and its equity-accounted entities are eliminated to the extent of the Group's interest in the equity-accounted entity. In both cases, unrealized losses are not eliminated as evidence of an impairment of the asset transferred.

Foreign currency translation

Financial statements of foreign companies having a functional currency other than the euro, that represents the Group's functional currency, are translated into euro using the rates of exchange ruling at the balance sheet date for assets and liabilities, historical exchange rates for equity and average exchange rates for the profit and loss account (source: Bank of Italy). The cumulative amount of exchange rate differences is presented in the separate component of the Group shareholders' equity "Cumulative currency translation differences". Where the foreign subsidiary is not wholly-owned, the accumulated exchange differences that are attributable to non-controlling interests are allocated to, and recognised as part of, "Non-controlling interest". Cumulative exchange rate differences are charged to the profit and loss account when the entity disposes the entire interest in a foreign operation or at the loss of control of a foreign subsidiary. In these cases, cumulative exchange rate differences are recognized in the profit and loss account's item "Other gain (loss) from investments". On a partial disposal that does not involve loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative exchange rate differences is reattributed to the non-controlling interests in that foreign operation.
Financial statements of foreign subsidiaries which are translated into euro are denominated in the functional currencies of the Countries where the entities operate. The US dollar is the prevalent functional currency for the entities that do not use the euro.
The main foreign exchange rates used to translate the financial statements adopting a different functional currency are indicated below:

(currency amount for €1)	US Dollar	Pound Sterling	Norwegian Krone	Australian Dollar	Hungarian Forint
2011					
Annual average exchange rate	1.39	0.87	7.79	1.35	279.37
Exchange rate at year-end	1.29	0.84	7.75	1.27	314.58
2012					
Annual average exchange rate	1.28	0.81	7.48	1.24	289.25
Exchange rate at year-end	1.32	0.82	7.35	1.27	292.30
2013					
Annual average exchange rate	1.33	0.85	7.81	1.38	296.87
Exchange rate at year-end	1.38	0.83	8.36	1.54	297.04

3 Summary of significant accounting policies

The most significant accounting policies used in the preparation of the Consolidated Financial Statements are described below.

Current assets

Cash and cash equivalents include cash on hand, demand deposits, as well as financial assets originally due within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
Available-for-sale financial assets include financial assets other than derivative financial instruments, loans and receivables, held for trading financial assets and held-to-maturity financial assets.
Held for trading financial assets and available-for-sale financial assets are measured at fair value with gains or losses recognized in the profit and loss account under "Finance income (expense)" and to the equity reserve[6] related to other comprehensive income, respectively.
Changes in fair value of available-for-sale financial assets recognized in equity are charged to the profit and loss account when the assets are

(6) Changes in the carrying amount of available-for-sale financial assets relating to changes in a foreign exchange rates are recognized in the profit and loss account.

derecognized or impaired. The objective evidence that an impairment loss has occurred is verified considering, interalia, significant breaches of contracts, serious financial difficulties or the risk of bankruptcy and other financial reorganization of the counterparty; impairment losses of available-for-sale financial assets are included in the carrying amount. Interest and dividends on financial assets measured at fair value are accounted for on an accrual basis in "Finance income (expense)[7]" and "Other gain (loss) from investments", respectively.
When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned, the transaction is accounted for on the settlement date.
Receivables are measured at amortized cost (see item "Non-current financial assets" below). Transferred financial assets are derecognized when the contractual rights to receive the cash flows of the financial assets are transferred together with the risks and rewards of the ownership. Inventories, including compulsory stocks and excluding construction contracts, are stated at the lower of purchase or production cost and net realizable value. Net realizable value is the net amount expected to be realized from the sale of inventories in the normal course of business, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual sale price. Inventories which are principally acquired with the purpose of selling in the near future and generating a profit from fluctuations in price are measured at fair value less costs to sell. The cost for inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted-average cost method on a three-month basis, or monthly, when it is justified by the use and the turnover of inventories of crude oil and petroleum products; the cost for inventories of the Versalis segment is determined by applying the weighted average cost on an annual basis.
Construction contracts are measured using the cost-to-cost method, whereby contract revenue is recognized by reference to the stage of completion of the contract matching it with the contract costs incurred in reaching that stage of completion. Advances are deducted from inventories within the limits of accrued contractual considerations; any excess of such advances over the value of the inventories is recorded as a liability. Losses related to construction contracts are recognized immediately as an expense when it is probable that total contract costs will exceed total contract revenues.
Construction contract not yet invoiced, whose payment will be made in a foreign currency, is translated into euro using the rates of exchange ruling at the balance sheet date and the effect of rate changes is reflected in the profit and loss account.
When take-or-pay clauses are included in long-term natural gas purchase contracts, uncollected gas volumes which imply the "pay" clause, measured using the price formulas contractually defined, are recognized under "Other assets" as "Deferred costs" as a contra to "Other payables" or, after the settlement, to "Cash and Cash equivalents".
The allocated deferred costs are charged to the profit and loss account: (i) when natural gas is actually delivered, the related cost is included in the determination of the weighted-average cost of inventories; and (ii) for the portion which is not recoverable, when it is not possible to collect gas that was previously uncollected within the contractually defined deadlines. Furthermore, the allocated deferred costs are tested for economic recoverability by comparing the related carrying amount and their net realizable value, determined adopting the same criteria described for inventories. Hedging instruments are described in the item "Derivatives".

Non-current assets

Property, plant and equipment[8]
Tangible assets, including investment properties, are recognized using the cost model and stated at their purchase or construction cost including any costs directly attributable to bringing the asset into operation. In addition, when a substantial period of time is required to make the asset ready for use, the purchase price or construction cost includes the borrowing costs incurred that could have otherwise been avoided if the expenditure had not been made. In the case of a present obligation for the dismantling and removal of assets and the restoration of sites, the carrying value includes, with a corresponding entry to a specific provision, the estimated (discounted) costs to be incurred at the moment the asset is retired. Changes in estimate of the carrying amounts of provisions due to the passage of time and changes in discount rates are recognized under "Provisions for contingencies[9]". Property, plant and equipment are not revalued for financial reporting purposes. Assets carried under financial leasing or concerning arrangements that do not take the legal form of a finance lease but substantially transfer all the risks and rewards of ownership of the leased asset are recognized at fair value, net of grants attributable to the lessee or, if lower, at the present value of the minimum lease payments. Leased assets are included within property, plant and equipment. A corresponding financial debt payable to the lessor is recognized as a financial liability. These assets are depreciated using the criteria described below. When the renewal is not reasonably certain, leased assets are depreciated over the shorter of the lease term or the estimated useful life of the asset. Expenditures on renewals, improvements and transformations which provide additional economic benefits are recognized as items of property, plant and equipment when it is probable that they will increase the expected future economic benefits of the asset. Tangible assets, from the moment they begin or should begin to be used, are depreciated systematically using a straight-line method over their useful life which is an estimate of the period over which the assets will be used by the Company. When tangible assets are composed of more than one significant element with different useful lives, each component is depreciated separately. The amount to be depreciated is the book value less the residual value at the end of the useful life, if it is significant and can be reasonably determined. Land is not depreciated, even when purchased with a building. Tangible assets held for sale are not depreciated (see item "Assets held for sale and discontinued operations" below). A change in the depreciation method, deriving from changes in the asset's useful life, in its residual value or in the pattern of consumption of the economic

(7) Interests accrued on financial assets held for trading impact the total fair value measurement of the instrument and are recognized, within the item "Finance income (expense)", in the sub-item "Net finance income on financial assets held for trading". Conversely, interests accrued on financial assets available-for-sale are recognised, within the item "Finance income (expense)", in the sub-item "Finance income".
(8) Recognition and evaluation criteria of exploration and production activities are described in the section "Exploration and production activities" below.
(9) The Company recognizes material provisions for the retirement of assets in the Exploration & Production segment. No significant asset retirement obligations associated with any legal obligations to retire refining, marketing and transportation (downstream) and chemical long-lived assets are generally recognized, as undetermined settlement dates for asset retirements do not allow a reasonable estimate of the fair value of the associated retirement obligation. The Company performs periodic reviews of its downstream and chemical long-lived assets for any changes in facts and circumstances that might require recognition of a retirement obligation.

benefits embodied in the asset, shall be recognized prospectively. Assets that can be used free of charge by third parties are depreciated over the shorter term of the duration of the concession or the asset's useful life. Replacement costs of identifiable components in complex assets are capitalized and depreciated over their useful life; the residual book value of the component that has been substituted is charged to the profit and loss account. Expenditures for ordinary maintenance and repairs are expensed as incurred. The carrying value of property, plant and equipment is reviewed for impairment whenever events indicate that the carrying amounts for those assets may not be recoverable. The recoverability of an asset is assessed by comparing its carrying value with the recoverable amount, which is the higher of fair value less costs to sell or its value in use. Value in use is the present value of the future cash flows expected to be derived from the use of the asset and, if significant and reasonably determinable, the cash flows deriving from its disposal at the end of its useful life, net of disposal costs. Expected cash flows are determined on the basis of reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset, giving greater weight to external evidence. Oil, natural gas and petroleum products prices (and to prices for products which derive there from) used to quantify the expected future cash flows are estimated based on forward prices prevailing in the marketplace for the first four years and management's long-term planning assumptions thereafter. Discounting is carried out at a rate that reflects a current market valuation of the time value of money and of those specific risks of the asset that are not reflected in the estimate of the future cash flows. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC) adjusted for the specific Country risk of the activity. The evaluation of the specific Country risk to be included in the discount rate is provided by external parties. WACC differs considering the risk associated with each operating segments; in particular for the assets belonging to the Gas & Power and Engineering & Construction segments, taking into account their different risk compared with Eni as a whole, specific WACC rates have been defined (for Gas & Power segment on the basis of a sample of companies operating in the same segment; for Engineering & Construction segment on the basis of the market quotation); WACC used for impairment reviews in the Gas & Power segment is adjusted to take into consideration the risk premium of the specific Country of the activity while WACC used for impairment reviews in the Engineering & Construction segment is not adjusted for Country risk as most of the assets are not located in a specific Country. For the other segments, a single WACC is used considering that the risk is the same to that of Eni as a whole. Value in use is calculated net of the tax effect as this method results in values similar to those resulting from discounting pre-tax cash flows at a pre-tax discount rate deriving, through an iteration process, from a post-tax valuation. Valuation is carried out for each single asset or, if the recoverable amount of a single asset cannot be determined, for the smallest identifiable group of assets that generates independent cash inflows from their continuous use, the so-called "cash generating unit". When an impairment loss no longer exists, a reversal of the impairment loss is recognized in the profit and loss account. The reversal cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the Company and able to produce future economic benefits, and goodwill acquired in business combinations. An asset is classified as intangible when management is able to distinguish it clearly from goodwill. This condition is normally met when: (i) the intangible asset arises from contractual or legal rights; or (ii) the asset is separable, i.e. can be sold, transferred, licensed, rented or exchanged, either individually or together with other assets. An entity controls an asset if it has the power to obtain the future economic benefits flowing from the underlying asset and to restrict the access of others to those benefits. Intangible assets are initially stated at cost as determined by the criteria used for tangible assets and they are not revalued for financial reporting purposes. Intangible assets with a definite useful life are amortized systematically over their useful life estimated as the period over which the assets will be used by the Company; the amount to be amortized and the recoverability of the carrying amount are determined in accordance with the criteria described in the section "Property, plant and equipment". Goodwill and other intangible assets with an indefinite useful life are not amortized. Their carrying values are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. Goodwill is tested for impairment at the lowest level within the entity at which it is monitored for internal management purposes. When the carrying amount of the cash generating unit, including goodwill allocated thereto, calculated considering any impairment loss of the non-current assets belonging to the cash generating unit, exceeds its recoverable amount[10], the excess is recognized as an impairment loss. The impairment loss is first allocated to reduce the carrying amount of goodwill; any remaining excess to be allocated to the assets of the unit is applied pro-rata on the basis of the carrying amount of each asset in the unit. Impairment charges against goodwill are not reversed[11]. Costs of technological development activities are capitalized when: (i) the cost attributable to the development activity can be reliably determined; (ii) there is the intention, availability of financial and technical resources to make the asset available for use or sale; and (iii) it can be demonstrated that the asset is able to generate future economic benefits. Intangible assets also include public to private service concession arrangements concerning the development, financing, operation and maintenance of infrastructures under concession, in which the grantor: (i) controls or regulates what services the operator must provide with the infrastructure, and at what price; and (ii) controls – by the ownership, beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the concession arrangement. According to the agreements, the operator has the right to operate the infrastructure, controlled by the grantor, in order to provide the public service[12].

(10) For the definition of recoverable amount see item "Property, plant and equipment".
(11) Impairment charges recognized in an interim period are not reversed also when, considering conditions existing in a subsequent interim period, they would have been recognized in a smaller amount or would not have been recognized.
(12) When the operator has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor, considerations received or receivable by the operator for construction or upgrade of infrastructure are recognized as a financial asset.

Exploration and production activities[13]

Acquisition of mineral rights

Costs associated with the acquisition of mineral rights are capitalized in connection with the assets acquired (such as exploratory potential, probable and possible reserves and proved reserves). When the acquisition is related to a set of exploratory potential and reserves, the cost is allocated to the different assets acquired on the basis of the value of the expected discounted cash flows. Expenditure for the exploratory potential, represented by the costs for the acquisition of the exploration permits and for the extension of existing permits, is recognized under "Intangible assets" and is amortized on a straight-line basis over the period of the exploration as contractually established. If the exploration is abandoned, the residual expenditure is charged to the profit and loss account. Acquisition costs for proved reserves and for possible and probable reserves are recognized in the balance sheet as assets. Costs associated with proved reserves are amortized on a UOP basis, as detailed in the section "Development", considering both developed and undeveloped reserves. Expenditures associated with possible and probable reserves are not amortized until classified as proved reserves; in case of a negative result, the costs are charged to the profit and loss account.

Exploration

Costs associated with exploratory activities for oil and gas producing properties incurred both before and after the acquisition of mineral rights (such as acquisition of seismic data from third parties, test wells and geophysical surveys) are initially capitalized in order to reflect their nature as an investment and subsequently amortized in full when incurred.

Development

Development expenditures are those costs incurred to obtain access to proved reserves and to provide facilities for extracting, gathering and storing oil and gas. They are then capitalized within property, plant and equipment and amortized generally on a UOP basis, as their useful life is closely related to the availability of economically producible reserves. This method provides for residual costs at the end of each quarter to be amortized at a rate representing the ratio between the volumes extracted during the quarter and the proved developed reserves existing at the end of the quarter, increased by the volumes extracted during the quarter. This method is applied with reference to the smallest aggregate representing a direct correlation between development expenditures and proved developed reserves. Costs related to unsuccessful development wells or damaged wells are expensed immediately as losses on disposal. Development costs are tested for impairment in accordance with the criteria described in the section "Property, plant and equipment".

Production

Production costs are those costs incurred to operate and maintain wells and field equipment and are expensed as incurred.

Production-sharing agreements and buyback contracts

Oil and gas reserves related to production-sharing agreements and buyback contracts are determined on the basis of contractual clauses related to the repayment of costs incurred for the exploration, development and production activities executed through the use of Company's technologies and financing (Cost Oil) and the Company's share of production volumes not destined to cost recovery (Profit Oil). Revenues from the sale of the production entitlements against both Cost Oil and Profit Oil are accounted for on an accrual basis whilst exploration, development and production costs are accounted for according to the policies mentioned above. The Company's share of production volumes and reserves representing the Profit Oil includes the share of hydrocarbons which corresponds to the taxes to be paid, according to the contractual agreement, by the national government on behalf of the Company. As a consequence, the Company has to recognize at the same time an increase in the taxable profit, through the increase of the revenues, and a tax expense.

Retirement

Costs expected to be incurred with respect to the retirement of a well, including costs associated with removal of production facilities, dismantlement and site restoration, are capitalized, consistently with the policy described under "Property, plant and equipment", and then amortized on a UOP basis.

Grants

Grants related to assets are recognized as a reduction of purchase price or production cost of the related assets when there is reasonable assurance that the conditions attaching to them, agreed upon with the grantor government, have been fulfilled. Grants not related to capital expenditure are recognized in the profit and loss account on an accrual basis matching the related costs when incurred.

Non-current financial assets

Investments

Investments in subsidiaries excluded from consolidation, jointly controlled entities and associates are accounted for using the equity method[14]. Jointly controlled entities are those entities over which Eni governs, jointly with other venturers, the financial and operating decisions relating to the activity so as to obtain benefits from it. Associates are entities over which Eni has significant influence, that is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Under the equity method, investments are initially recognized at cost, allocating any difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable net assets analogously to the recognition principles of business combination. Subsequently the carrying amount is adjusted to reflect: (i) the investor's share of the post-acquisition profit or loss of the investee; and (ii) the investor's share of the investee's other comprehensive income. The changes in the equity of investees

(13) IFRS does not have specific criteria for hydrocarbon exploration and production activities. Eni continues to use existing accounting policies for exploration and evaluation of assets previously applied before the introduction of IFRS 6 "Exploration for and evaluation of mineral resources".
(14) In the case of step acquisition of a significant influence (or joint control), the investment is recognized, at the acquisition date of significant influence (joint control), at the amount deriving from the use of the equity method assuming the adoption of this method since initial acquisition; the "step-up" of the carrying amount of interests owned before the acquisition of significant influence (joint control) is taken to equity.

accounted for using the equity method, not arising from the profit or loss or from the other comprehensive income, are recognized in the investor's profit and loss account, as they represent, basically, a gain or loss from a disposal of an interest of the investee's equity. Distributions received from an investee are recorded as a reduction of the carrying amount of the investment. In applying the equity method, consolidations adjustments are considered (see also "Principles of consolidation" paragraph). When there is objective evidence of impairment (see also section "Current assets"), the recoverability is tested by comparing the carrying amount and the related recoverable amount determined by adopting the criteria indicated in the item "Property, plant and equipment". Subsidiaries excluded from consolidation, jointly controlled entities and associates are accounted for at cost, net of impairment losses if this does not result in a misrepresentation of the Company's financial condition. When an impairment loss no longer exists, a reversal of the impairment loss is recognized in profit and loss account within "Other gain (loss) from investments". The reversal cannot exceed the previously recognized impairment losses.
The sale of equity interests with loss of joint control and significant influence over the investee determines the recognition in the profit and loss account of: (i) any gain/loss calculated as the difference between the consideration received and the corresponding transferred share; (ii) any gain or loss recognized as a result of remeasuring to fair value any investment retained in the former joint venture/associate; (iii) any amount related to the former joint venture/associate previously recognized in other comprehensive income which can be reclassified subsequently to profit and loss account[15]. Any investment retained in the former joint venture/associate is recognized at its fair value at the date when joint control or significant influence are lost and shall be accounted for in accordance with the applicable measurement criteria. Other investments, included in non-current assets, are recognized at their fair value and their effects are included in the equity reserve related to other comprehensive income; the changes in fair value recognized in equity are charged to the profit and loss account when it is impaired or realized. Galp and Snam shares related to convertible bonds are measured at fair value through profit and loss account, under the fair value option, in order to significantly reduce the accounting mismatch with the recognition of the option embedded in the convertible bond, measured at fair value through profit and loss account. When investments are not traded in a public market and their fair value cannot be reasonably determined, they are accounted for at cost, net of impairment losses; impairment losses shall not be reversed[16]. The investor's share of losses of an investee, that exceeds its interest in the investee, is recognized in a specific provision only to the extent the investor is required to fulfil legal or constructive obligations of the investee or to cover its losses.

Receivables and financial assets to be held to maturity

Receivables and financial assets to be held to maturity are stated at cost represented by the fair value of the initial exchanged amount adjusted to take into account direct external costs related to the transaction (e.g. fees of agents or consultants, etc.). The initial carrying value is then adjusted to take into account principal repayments, reductions for impairment or uncollectibility and amortization of any difference between the maturity amount and the initial amount. Amortization is carried out on the basis of the effective interest rate represented by the rate that equalizes, at the moment of the initial recognition, the present value of expected cash flows to the initial carrying amount (so called "amortized cost method"). Receivables for finance leases are recognized at an amount equal to the present value of the lease payments and the purchase option price or any residual value; the amount is discounted at the interest rate implicit in the lease. If there is objective evidence that an impairment loss has been incurred (see also point "Current assets"), the impairment loss is measured by comparing the carrying value with the present value of the expected cash flows discounted at the effective interest rate as defined at initial recognition, or at the moment of its updating to reflect re-pricings contractually established. Receivables and financial assets to be held to maturity are presented net of the allowance for impairment losses; when the impairment loss is definite the allowance for impairment losses is reversed for charges, otherwise for excess. Changes to the carrying amount of receivables or financial assets in accordance with the amortized cost method are recognized as "Finance income (expense)".

Assets held for sale and discontinued operations

Non-current assets and current and non-current assets included within disposal groups, are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through their continuing use. For this to be the case, the sale must be highly probable and the asset or the disposal group must be available for immediate sale in its present condition. Non-current assets held for sale, current and non-current assets included within disposal groups that have been classified as held for sale and the liabilities directly associated with them are recognized in the balance sheet separately from the entity's other assets and liabilities. Non-current assets held for sale are not depreciated and they are measured at the lower of the fair value less costs to sell and their carrying amount. The classification as held for sale of equity-accounted investments determines the interruption of equity method accounting; therefore, in this case, the book value of the investment in accordance with the equity method represents the carrying amount for the measurement as non-current assets held-for sale. Any difference between the carrying amount and the fair value less costs to sell is taken to the profit and loss account as an impairment loss; any subsequent reversal is recognized up to the cumulative impairment losses, including those recognized prior to qualification of the asset as held for sale. Non-current assets and current and non-current assets included within disposal groups, classified as held for sale, are considered a discontinued operation if, alternatively: (i) represent a separate major line of business or geographical area of operations; (ii) are part of a disposal program of a separate major line of business or geographical area of operations; or (iii) are a subsidiary acquired exclusively with a view to resale.
The results of discontinued operations, as well as any gain or loss recognized on the disposal, are indicated in a separate profit and loss account item, net of the related tax effects; the economic figures of discontinued operations are indicated also for prior periods presented in the financial statements. When there is a sale plan involving loss of

(15) Conversely, any component related to the former joint venture/associate previously recognized in other comprehensive income, which can not be reclassified subsequently to profit and loss account, are reclassified within retained earnings.
(16) Impairment charges recognized in an interim period are not reversed also when, considering conditions existing in a subsequent interim period, they would have been recognized in a smaller amount or would not have been recognized.

control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether a non-controlling interest in its former subsidiary will be retain after the sale.

Financial liabilities

Debt is measured at amortized cost (see item "Non-current financial assets" above). Financial liabilities are derecognized when they are extinguished, or when the obligation specified in the contract is discharged or cancelled or expires.

Provisions for contingencies

Provisions for contingencies are liabilities for expenses and charges of a definite nature and whose existence is certain or probable but for which at year-end the timing or amount of future expenditure is uncertain. Provisions are recognized when: (i) there is a present obligation, legal or constructive, as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time. The amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any indemnity or penalty arising from failure to fulfill these obligations. If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expenditures expected to be required to settle the obligation at a discount rate that reflects the Company's average borrowing rate taking into account the risks associated with the obligation.
The increase in the provision due to the passage of time is recognized as "Finance income (expense)". When the liability regards a tangible asset (e.g. site dismantling and restoration), the provision is stated with a corresponding entry to the asset to which it refers. Charges to the profit and loss account are made with the amortization process. Costs that the Company expects to bear in order to carry out restructuring plans are recognized when the Company has a detailed formal plan for the restructuring and has raised a valid expectation in the affected parties that it will carry out the restructuring. Provisions are periodically reviewed and adjusted to reflect changes in the estimates of costs, timing and discount rates. Changes in provisions are recognized in the same profit and loss account item that had previously held the provision, or, when the liability regards tangible assets (i.e. site dismantling and restoration), changes in the provision are recognized with a corresponding entry to the assets to which they refer, to the extent of the assets' carrying amounts; any excess amount is recognized to the profit and loss account. In Note 28 - Provisions for contingencies, the following contingent liabilities are described: (i) possible, but not probable obligations arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; and (ii) present obligations arising from past events whose amount cannot be reliably measured or whose settlement will probably not result in an outflow of resources embodying economic benefits.

Provisions for employee benefits

Post-employment benefit plans, including informal arrangements, are classified as either defined contribution plans or defined benefit plans depending on the economic substance of the plan as derived from its principal terms and conditions. In the first case, the Company's obligation, which consists of making payments to the State or a trust or a fund, is determined on the basis of contributions due. The liabilities related to defined benefit plans, net of any plan assets, are determined on the basis of actuarial assumptions and charged on an accrual basis during the employment period required to obtain the benefits. Net interest includes the return on plan assets and the interests cost to be recognized in the profit and loss account. Net interest is measured by applying to the liability, net of any plan assets, the discount rate used to calculate the present value of the liability; net interest of defined benefit plans is recognized in "Finance income (expense)". Remeasurements of the net defined benefit liability, comprising actuarial gains and losses, resulting from changes in the actuarial assumptions used or from changes arising from experience adjustments, and the return on plan assets excluding amounts included in net interest, are recognized within statement of comprehensive income. Furthermore, in presence of net assets, changes in their value different from those included in net interest are recognized within statement of comprehensive income. Obligations for long-term benefits are determined by adopting actuarial assumptions. The effects of remeasurements are taken to profit and loss account in their entirety.

Treasury shares

Treasury shares are recognized as deductions from equity at cost. Gains or losses resulting from subsequent sales are recognized in equity.

Revenues and costs

Revenues associated with sales of products and services are recognized when significant risks and rewards of ownership have passed to the customer or when the transaction can be considered settled and the associated revenue can be reliably measured. In particular, revenues are recognized for the sale of:
- crude oil, generally upon shipment;
- natural gas, upon delivery to the customer;
- petroleum products sold to retail distribution networks, generally upon delivery to the service stations, whereas all other sales of petroleum products are generally recognized upon shipment;
- chemical products and other products, generally upon shipment.

Revenues are recognized upon shipment when, at that date, significant risks are transferred to the buyer. Revenues from crude oil and natural gas production from properties in which Eni has an interest together with other producers are recognized on the basis of Eni's net working interest in those properties (entitlement method). Differences between Eni's net working interest volume and actual production volumes are recognized at current prices at year end. Revenues related to partially rendered services are recognized by reference to the stage of completion, provided that: (i) the amount of revenues can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to the entity; (iii) the stage of completion of

the transaction at the end of the reporting period can be measured reliably; and (iv) the related costs can be measured reliably. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. Revenues accrued during the year related to construction contracts are recognized on the basis of contractual revenues with reference to the stage of completion of a contract measured on the cost-to-cost basis. For service concession arrangements (see item "Intangible assets" above) in which customers fees do not provide a reliable distinction between the compensation for construction/update of the infrastructure and the compensation for operating it and in the absence of external benchmarks, revenues recognized during the construction/update phase are limited to the amount of the costs incurred. Additional revenues, derived from a change in the scope of work, are included in the total amount of revenues when it is probable that the customer will approve the variation and the related amount. Claims deriving from additional costs incurred for reasons attributable to the customer are included in the total amount of revenues when it is probable that the counterparty will accept them. Tangible assets, different from an infrastructure used in service concession arrangements, transferred from customers (or constructed using cash transferred from customers) and used to connect them to a network to supply goods and services, are recognized at their fair value as an offset to revenues. When more than one separately identifiable service is provided (for example, connection to a network and supply of goods) the entity shall assess for which one service it receives the transferred asset from the customer and it shall consistently recognize a revenue when the connection is delivered or over the lesser period between the length of the supply and the useful life of the transferred asset. Revenues are measured at the fair value of the consideration received or receivable net of returns, discounts, rebates, bonuses and related taxation. Award credits, related to customer loyalty programs, are recognized as a separate component of the sales transaction which grants the right to customers. Therefore, the portion of revenues related to the fair value of award credits granted is recognized as an offset to the item "Other liabilities". The liability is charged to the profit and loss account in the period in which the award credits are redeemed by customers or the related right is lost. The exchange of goods and services of a similar nature and value do not give rise to revenues and costs as they do not represent sale transactions. Costs are recognized when the related goods and services are sold or consumed during the year, they are systematically allocated or when their future economic benefits cannot be identified. Costs associated with emission quotas, determined on the basis of the market prices, are recognized in relation to the amount of the carbon dioxide emissions that exceed free allowances. Costs related to the purchase of the emission rights are recognized as intangible assets net of any negative difference between the amount of emissions and the free allowances. Revenues related to emission quotas are recognized when they are sold. In case of sale, if applicable, the acquired emission rights are considered as the first to be sold. Monetary receivables granted as a substitution of emission rights awarded free of charge are recognized as a contra to item "Other income and revenues" of the profit and loss account. Operating lease payments are recognized in the profit and loss account over the length of the contract. Payroll costs include stock options granted to managers, consistent with their actual remunerative nature. The instruments granted are recorded at fair value on the vesting date and are not subject to subsequent adjustments; the current portion is calculated pro-rata over the vesting period[17]. The fair value of stock options is determined using valuation techniques which consider conditions related to the exercise of options, current share prices, expected volatility and the risk-free interest rate. The fair value of stock options is recognized as a contra to the equity item "Other reserves". The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or, in any case, costs incurred for other scientific research activities or technological development, which cannot be capitalized (see item "Intangible assets" above), are included in the profit and loss account when they are incurred.

Exchange rate differences

Revenues and costs associated with transactions in currencies other than the functional currency are translated into the functional currency by applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in currencies other than functional currency are converted by applying the year end exchange rate and the effect is stated in the profit and loss account. Non-monetary assets and liabilities denominated in currencies other than the functional currency valued at cost are translated at the initial exchange rate. Non-monetary items that are measured at fair value, recoverable amount or net realisable value are translated using the exchange rate at the date when the value is determined.

Dividends

Dividends are recognized at the date of the general shareholders' meeting in which they were declared, except when the sale of shares before the ex-dividend date is certain.

Income taxes

Current income taxes are determined on the basis of estimated taxable income. The estimated liability is included in "Income taxes payable". Current income tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the tax Authorities, using tax rates and the tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets or liabilities are recognized for temporary differences arising between the carrying amounts of the assets and liabilities and their tax bases, based on tax rates and tax laws that have been enacted or substantively enacted for future years. Deferred tax assets are recognized when their recoverability is considered probable; in particular, deferred tax assets are recoverable when it is probable that taxable income will be available in the same year as the reversal of the deductible temporary difference. Similarly, deferred tax assets for the carryforward of unused tax credits and unused tax losses are recognized to the extent that the recoverability is probable. Relating to the temporary differences associated with investments in subsidiaries, jointly controlled entities and associates, the related deferred tax liabilities are not recognized

(17) Conversely, any component related to the former joint venture/associate previously recognized in other comprehensive income, which can not be reclassified subsequently to profit and loss account, are reclassified within retained earnings.

if the investor is able to control the timing of reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are included in non-current assets and liabilities and are offset at a single entity level if related to offsettable taxes. The balance of the offset, if positive, is recognized in the item "Deferred tax assets"; if negative, in the item "Deferred tax liabilities". When the results of transactions are recognized directly in shareholders' equity, the related current and deferred taxes are also charged to the shareholders' equity.

Derivatives

Derivatives, including embedded derivatives which are separated from the host contract, are assets and liabilities measured at their fair value. Derivatives are designated as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the hedge is highly effective and regularly reviewed. When hedging instruments hedge the risk of changes of the fair value of the hedged item (fair value hedge, e.g. hedging of the variability on the fair value of fixed interest rate assets/liabilities), the derivatives are measured at fair value through profit and loss account. Hedged items are consistently adjusted to reflect, in the profit and loss account, the changes of fair value associated with the hedged risk; this applies even if the hedged item should be otherwise measured. When derivatives hedge the cash flow variability risk of the hedged item (cash flow hedge, e.g. hedging the variability on the cash flows of assets/liabilities as a result of the fluctuations of exchange rate), the changes in the fair value of the derivatives, considered an effective hedge, are initially recognized in the equity reserve related to other comprehensive income and then reclassifies to profit and loss account in the same period during which the hedged transaction affects the profit and loss account.
The changes in the fair value of derivatives that do not meet the conditions required to qualify for hedge accounting are recognized in the profit and loss account. In particular, the changes in the fair value of non-hedging derivatives on interest rates and exchange rates are recognized in the profit and loss account item "Finance income (expense)"; conversely, the changes in the fair value of non-hedging derivatives on commodities are recognized in the profit and loss account item "Other operating (expense) income". Economic effects of transactions to buy or sell commodities entered into to meet the entity's normal operating requirements and for which the settlement is provided with the delivery of the underlying, are recognized on an accrual basis (the so-called normal sale and normal purchase exemption or own use exemption).

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (not in a forced liquidation or a distress sale) at the measurement date (exit price). Fair value measurement is based on the market conditions existing at the measurement date and on the assumptions of market participants (market-based measurement). A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market to which the entity has access, independently from the entity's intention to sell the asset or transfer the liability to be measured.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Highest and best use is determined from the perspective of market participants, even if the entity intends a different use; an entity's current use of a non-financial asset is presumed to be its highest and best use, unless market or other factors suggest that a different use by market participants would maximize the value of the asset.
The fair value of a liability, both financial and non-financial, or of an equity instrument, in the absence of a quoted price, is measured from the perspective of a market participant that holds the identical item as an asset at the measurement date. The fair value of a liability reflects the effect of a non-performance risk. Non-performance risk includes, but may not be limited to, an entity's own credit risk.
In the absence of available market quotation, fair value is measured by using valuation techniques that are appropriate in the circumstances, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

4 Financial statements and changes in accounting policies

Financial statements[18]

Assets and liabilities on the balance sheet are classified as current and non-current. Items on the profit and loss account are presented by nature[19]. The statement of comprehensive income shows net profit integrated with income and expenses that are recognized directly in equity according to IFRS. The statement of changes in shareholders' equity includes the comprehensive income for the year, transactions with shareholders in their capacity as shareholders and other changes in shareholders' equity. The statement of cash flows is presented using the indirect method, whereby net profit is adjusted for the effects of non-cash transactions.

Changes in accounting policies

By Commission Regulation (EU) No. 475/2012 of June 5, 2012, the revised IAS 19 "Employee Benefits" (hereinafter "IAS 19") has been endorsed.
The new provisions of IAS 19 are applied retrospectively by adjusting the opening balance sheet as of January 1, 2012 and the 2012 profit and loss account. In the consolidated financial statements, the application of the new provisions of IAS 19 leads a pre-tax and post-tax effect amounting to, respectively: (i) a decrease of equity as of January 1, 2012 of €123 and €61 million; (ii) a decrease of equity as of December 31, 2012 of €269 and €155 million, whose €149 and €96 million related to the 2012 actuarial

(18) The financial statements are the same reported in the Annual Report 2012, except for: (i) the statement of comprehensive income where, based on the amendments of IAS 1 "Presentation of Financial Statements", other comprehensive income are grouped on the basis of their possibility to be reclassified subsequently to profit and loss account in accordance with the applicable IFRSs (reclassification adjustments); and (ii) the adoption of the new provisions of IAS 19, whose effects are described in the item "Changes in accounting policies".
(19) Further information on financial instruments as classified in accordance with IFRS is provided in Note 35 - Guarantees, commitments and risks - Other information about financial instruments.

gains and losses recognized within other comprehensive income. The effect on the 2012 profit and loss account is not material. The presentation of net interest on defined benefit plans within the item "Finance income (expense)", previously presented within the payroll costs, determined an increase of 2012 operating profit of €45 million.
Furthermore, starting from January 1, 2013, IFRS 13 "Fair value measurement" is effective (endorsed by Commission Regulation (EU) No. 1255/2012 of December 11, 2012) which provides a framework for fair value measurements, required or permitted by other IFRSs, and for the disclosures about fair value measurements. The effect of adoption of IFRS 13 is not material.

5 Use of accounting estimates

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments and past experience of other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of the Consolidated Financial Statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of fixed assets, intangible assets and goodwill, asset retirement obligations, business combinations, pensions and other post-retirement benefits, recognition of environmental liabilities and recognition of revenues in the oilfield services construction and engineering businesses. Although the Company uses its best estimates and judgments, actual results could differ from the estimates and assumptions used. A summary of significant estimates follows.

Oil and gas activities
Engineering estimates of the Company's oil and gas reserves are inherently uncertain. Proved reserves are the estimated volumes of crude oil, natural gas and gas condensates, liquids and associated substances which geological and engineering data demonstrate that can be economically producible with reasonable certainty from known reservoirs under existing economic conditions and operating methods. Although there are authoritative guidelines regarding the engineering and geological criteria that must be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Field reserves will only be categorized as proved when all the criteria for attribution of proved status have been met. At this stage, all booked reserves are classified as proved undeveloped. Volumes are subsequently reclassified from proved undeveloped to proved developed as a consequence of development activity. The first proved developed bookings occur at the point of first oil or gas production. Major development projects typically take one to four years from the time of initial booking to the start of production. Eni reassesses its estimate of proved reserves periodically. The estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revision may be made to the initial booking of reserves due to production, reservoir performance, commercial factors, acquisition and divestment activity and additional reservoir development activity. In particular, changes in oil and natural gas prices could impact the amount of Eni's proved reserves in regards to the initial estimate and, in the case of production-sharing agreements and buyback contracts, the share of production and reserves to which Eni is entitled. Accordingly, the estimated reserves could be materially different from the quantities of oil and natural as that ultimately will be recovered. Oil and natural gas reserves have a direct impact on certain amounts reported in the Consolidated Financial Statements. Estimated proved reserves are used in determining depreciation and depletion expenses and impairment expense. Depreciation and depletion rates on oil and gas assets using the UOP basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter. Assuming all other variables are held constant, an increase in estimated proved developed reserves for each field decreases depreciation and depletion expense. Conversely, a decrease in estimated proved developed reserves increases depreciation and depletion expense. In addition, estimated proved reserves are used to calculate future cash flows from oil and gas properties, which are used to assess any impairment loss. The larger is the volume of estimated reserves, the lower is the likelihood of asset impairment.

Impairment of assets
Assets are impaired when there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such impairment indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performance, a reduced utilization of the plants and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities or significant increase of the estimated development costs. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain and complex matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products. Similar remarks are valid for the physical recoverability of assets recognized in the balance sheet (deferred costs - see also item "Current assets") related to natural gas volumes not collected under long-term purchase contracts with take-or-pay clauses as well as for the recoverability of deferred tax assets. The amount of an impairment loss is determined by comparing the book value of an asset with its recoverable amount. The recoverable amount is the greater of fair value net of disposal cost or the value in use.
The estimated value in use is based on the present values of expected future cash flows net of disposal costs. The expected future cash flows used for impairment analyses are based on judgmental assessments of future production volumes, prices and costs, considering available information at the date of review and are discounted by using a rate which considers the risks specific to the asset. For oil and natural gas properties, the expected future cash flows are estimated principally based on developed and non-developed proved reserves including, among other elements, production taxes and the costs to be incurred for the reserves yet to be developed. Oil, natural gas and petroleum product prices (and prices from products which are derived there from) used to quantify the expected future cash flows are estimated based on forward prices prevailing in the marketplace for the first four years and management's long-term planning assumptions thereafter. The estimate of the future

amount of production is based on assumptions related to the commodity future prices, lifting and development costs, field decline rates, market demand and other factors. The discount rate reflects the current market valuation of the time value of money and of the specific risks of the asset not reflected in the estimate of the future cash flows. Goodwill and other intangible assets with an indefinite useful life are not subject to amortization. The Company tests for impairment such assets at the cash-generating unit level on an annual basis and whenever there is an indication that they may be impaired In particular, goodwill impairment is based on the lowest level (cash generating unit) to which goodwill can be allocated on a reasonable and consistent basis. A cash generating unit is the smallest aggregate on which the Company, directly or indirectly, evaluates the return on the capital expenditure. If the recoverable amount of a cash generating unit is lower than the carrying amount, goodwill attributed to that cash generating unit is impaired up to that difference; if the carrying amount of goodwill is lower than the amount of the impairment loss, the assets of the cash generating unit are impaired pro-rata on the basis of their carrying amount for the residual difference.

Asset retirement obligations
Obligations to remove tangible equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded presently in the Consolidated Financial Statements. Estimating future asset retirement obligations is complex. It requires management to make estimates and judgments with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal. In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve in the Countries where Eni operates, as do political, environmental, safety and public expectations. The subjectivity of these estimates is also increased by the accounting method used that requires entities to record the fair value of a liability for an asset retirement obligation in the period when it is incurred (typically, at the time the asset is installed at the production location). When provisions are initially recognized, the related fixed assets are increased by an equal corresponding amount. Then the carrying amount of provisions is adjusted to reflect the passage of time and any change in the estimates following the modification of future cash flows and discount rates adopted. The discount rate used to determine the provision is based on managerial judgments.

Business combinations
Accounting for business combinations requires the allocation of the purchase price to the identifiable assets and liabilities of the acquired business at their fair values. Any positive residual difference is recognized as "Goodwill". Any negative residual difference is recognized in the profit and loss account. Management uses all available information to make these fair value measurements and, for major business combinations, engages independent external advisors.

Environmental liabilities
As other oil and gas companies, Eni is subject to numerous EU, national, regional and local environmental laws and regulations concerning its oil and gas operations, production and other activities. They include legislations that implement international conventions or protocols. Environmental costs are recognized when it becomes probable that a liability will be incurred and a reliable estimate can be made of the amount of the obligation. Management, considering the actions already taken, insurance policies obtained to cover environmental risks and provision for risks accrued, does not expect any material adverse effect on Eni's consolidated results of operations and financial position as a result of such laws and regulations. However, there can be no assurance that there will not be a material adverse impact on Eni's consolidated results of operations and financial position due to: (i) the possibility of an unknown contamination; (ii) the results of the ongoing surveys and other possible effects of statements required by applicable laws; (iii) the possible effects of future environmental legislations and rules; (iv) the effects of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining Eni's liability, if any, against other potentially responsible parties with respect to such litigations and the possible reimbursements.

Provisions for employee benefits
Defined benefit plans are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of salary increases, medical cost trends, estimated retirement dates and mortality rates. The significant assumptions used to account for defined benefit plans are determined as follows: (i) discount and inflation rates reflect the rates at which benefits could be effectively settled, taking into account the duration of the obligation. Indicators used in selecting the discount rate include market yields on high quality corporate bonds (or, in the absence of a deep market of these bonds, on the market yields on government bonds). The inflation rates reflect market conditions observed Country by Country; (ii) the future salary levels of the individual employees are determined including an estimate of future changes attributed to general price levels (consistent with inflation rate assumptions), productivity, seniority and promotion; (iii) healthcare cost trend assumptions reflect an estimate of the actual future changes in the cost of the healthcare related benefits provided to the plan participants and are based on past and current healthcare cost trends including healthcare inflation, changes in healthcare utilization and changes in health status of the participants; (iv) demographic assumptions such as mortality, disability and turnover reflect the best estimate of these future events for individual employees involved. Differences in the amount of the net defined benefit liability (asset), deriving from the remeasurements comprising, among others, changes in the current actuarial assumptions, differences in the previous actuarial assumptions and what has actually occurred and differences in the return on plan assets excluding amounts included in net interest, usually occur. Remeasurements are recognized within statement of comprehensive income for defined benefit plans and within profit and loss account for long-term plans.

Provisions for contingencies
In addition to environmental liabilities, asset retirement obligation and employee benefits, Eni recognizes provisions primarily related to litigations and tax issues. The estimate of these provisions is based on managerial judgments.

Revenue recognition
Revenue recognition in the Engineering & Construction segment is based on the stage of completion of a contract as measured on the cost-to-cost basis applied to contractual revenues. Use of the stage of completion method requires estimates of future gross profit on a contract by contract

basis. The future gross profit represents the profit remaining after deducting costs attributable to the contract from revenues provided for in the contract. The estimate of future gross profit is based on a complex estimation process that includes identification of risks related to the geographical region where the activity is carried out, market conditions in that region and any assessment that is necessary to estimate with sufficient precision the total future costs as well as the expected timetable to the end of the contract. Additional revenues, derived from a change in the scope of work, are included in the total amount of revenues when it is probable that the customer will approve the variation and the related amount. Claims deriving from additional costs incurred for reasons attributable to the customer are included in the total amount of revenues when it is probable that the counterparty will accept them.
Revenues from the sale of electricity and gas to retail customers include allocations for the supplies, occurred between the date of the last meters reading and the year end, not yet billed. These estimates are based on the difference between the volumes allocated by the grid managers and the billed volumes, as well as on other factors, considered by the management, which can impact on them.

6 Recent accounting standards

Accounting standards and interpretations issued by the IASB/IFRIC and endorsed by the EU

By Commission Regulation (EU) No. 1254/2012 of December 11, 2012, IFRS 10 "Consolidated Financial Statements" (hereinafter "IFRS 10") and the revised IAS 27 "Separate Financial Statements" (hereinafter "revised IAS 27") have been endorsed. The documents state, respectively, the provisions for the presentation and the preparation of consolidated and separate financial statements. IFRS 10 provides, interalia, a new definition of control to be consistently applied to all entities (included vehicles). According to this definition, an entity controls an investee when it is exposed, or has rights, to its (positive and negative) returns from its involvement and has the ability to affect those returns through its power over the investee. The standard provides some indicators to be considered in assessing control which include, interalia, potential voting rights, protective rights, the presence of agency relationships and franchise agreements. Furthermore, the new provisions acknowledge the existence of control of an investee even if the investor holds less than majority of voting rights due to shareholding dispersion or passive attitude of other shareholders. IFRS 10 and the revised IAS 27 shall be applied for annual periods beginning on or after January 1, 2014.
By Commission Regulation (EU) No. 1254/2012 of December 11, 2012, IFRS 11 "Joint Arrangements" (hereinafter "IFRS 11") and the revised IAS 28 "Investments in Associates and Joint Ventures" (hereinafter "revised IAS 28") have been endorsed. Depending on the rights and obligations of the parties arising from arrangements, IFRS 11 classifies joint arrangements into two types – joint operations and joint ventures – and states the required accounting treatment. With reference to joint ventures, the new provisions require to account for them using the equity method, eliminating proportionate consolidation. A joint operator accounts for assets/liabilities and expenses/revenues relating to the joint operation on the basis of its rights and obligations determined and specified in the contractual arrangements, rather than basing on its ownership interest in the joint operation. The revised IAS 28 defines, interalia, the accounting treatment to be adopted on disposal of an equity interest, or a portion of an equity interest, in a joint venture or an associate. IFRS 11 and the revised IAS 28 shall be applied for annual periods beginning on or after January 1, 2014.
By Commission Regulation (EU) No. 1254/2012 of December 11, 2012, IFRS 12 "Disclosure of Interests in Other Entities" (hereinafter "IFRS 12") has been endorsed. The standard combines all the disclosures to be provided in financial statements regarding subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 shall be applied for annual periods beginning on or after January 1, 2014.
By Commission Regulation (EU) No. 313/2013 of April 4, 2013, the document "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to International Financial Reporting Standards 10, 11, and 12)" has been endorsed. It provides some clarifications and relieves on the transition requirements of IFRS 10, IFRS 11 and IFRS 12.
The provisions shall be applied for annual periods beginning on or after January 1, 2014[20].
By Commission Regulation (EU) No. 1256/2012 of December 13, 2012, the amendments to IAS 32 "Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities" (hereinafter "amendments to IAS 32") have been endorsed, which state that: (i) in order to set off financial assets and liabilities, the right of set-off must be legally enforceable in all circumstances, such as in the normal course of business, in the event of default or in the event of insolvency or bankruptcy, of one or all of the counterparties; and (ii) in presence of specific characteristics, the gross simultaneous settlement of financial assets and liabilities, that eliminate or result in insignificant credit and liquidity risk, may be considered equivalent to net settlement.
The amendments to IAS 32 shall be applied for annual periods beginning on or after January 1, 2014.
By Commission Regulation (EU) No. 1374/2013 of December 19, 2013, the amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" have been endorsed (hereinafter "amendments to IAS 36"), which supplements the disclosure of information requiring: (i) the recoverable amount of individual assets or cash-generating units for which an impairment loss has been recognized or reversed during the period; and (ii) additional disclosures if recoverable amount is based on fair value less costs of disposal. The amendments to IAS 36 shall be applied for annual periods beginning on or after January 1, 2014.
By Commission Regulation (EU) No. 1375/2013 of December 19, 2013, the amendments to IAS 39 "Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting" have been endorsed (hereinafter "amendments to IAS 39"). According to these amendments, an entity shall not discontinue hedge accounting in case of novation of the derivative, as a consequence of laws or regulations, which implies that an original counterparty is replaced by a central counterparty. The amendments to IAS 39 shall be applied for annual periods beginning on or after January 1, 2014.

(20) Under the transition requirements of IFRS 10 and IFRS 11, the new provisions shall be applied in the consolidated financial statements retrospectively starting from January 1, 2014, by adjusting the opening balance sheet as of January 1, 2013 and the 2013 profit and loss account. The application of the new provisions in the consolidated financial statements leads: (i) as of January 1, 2013, an increase in total assets of €313 million, an increase in total liabilities of €454 million and a decrease in non-controlling interests of €141 million; (ii) in the 2013 profit and loss account, an increase in total revenues of €23 million, an increase in operating profit of €32 million and a decrease in net profit attributable to non-controlling interests of €13 million; (iii) as of December 31, 2013, an increase in total assets of €253 million, an increase in total liabilities of € 378 million and a decrease in non-controlling interests of €125 million.

Accounting standards and interpretations issued by the IASB/IFRIC and not yet endorsed by the EU

On November 12, 2009, the IASB issued IFRS 9 "Financial Instruments" (hereinafter "IFRS 9") which changes recognition and measurement criteria of financial assets and their classification in the financial statements. In particular, the new provisions require, interalia, a classification and measurement model of financial assets based exclusively on the following categories: (i) financial assets measured at amortized cost; and (ii) financial assets measured at fair value.
The new provisions also require that investments in equity instruments, other than subsidiaries, joint ventures or associates, shall be measured at fair value with effects taken to the profit and loss account. If these investments are not held for trading purposes, subsequent changes in the fair value can be recognized in other comprehensive income, even if dividends are taken to the profit and loss account. Amounts taken to other comprehensive income shall not be subsequently transferred to the profit and loss account even at disposal. In addition, on October 28, 2010, the IASB updated IFRS 9 by incorporating the recognition and measurement criteria of financial liabilities. In particular, the new provisions require, interalia, that if a financial liability is measured at fair value through profit or loss, subsequent changes in the fair value attributable to changes in the own credit risk shall be presented in other comprehensive income; the component related to own credit risk is recognized in profit and loss account if the treatment of the changes in own credit risk would create or enlarge an accounting mismatch. On November 19, 2013, the IASB integrated IFRS 9 with the revised guidance for hedge accounting. The new provisions aim to align hedge accounting more closely with risk management activities and to establish a more principles-based approach to hedge accounting.
In particular, the main changes concern: (i) the forward-looking hedge effectiveness assessment rather than bright lines; (ii) the possibility to rebalance the hedging relationship if the risk management objective for that designating hedging relationship remains the same; (iii) the possibility to designate as an hedged item a risk component of a non-financial item, net positions or layer components of items, if specific conditions are met; (iv) the possibility to hedge aggregated exposures, i.e. a combination of a non-derivative exposure and a derivative; and (v) the accounting of time value of purchased options or the forward elements of forward contracts, excluded from the hedge effectiveness assessment, which shall be consistent with the features of the hedged item. Furthermore, in November 2013, the IASB also removed the effective date from IFRS 9 and will decide on the effective date when the entire IFRS 9 project is closer to completion (the previous effective date was January 1, 2015).

On May 20, 2013, the IFRIC issued the interpretation IFRIC 21 "Levies" (hereinafter "IFRIC 21"), which defines the accounting for outflows imposed by governments (e.g. contributions required to operate in a specific market), other than income taxes, fines or penalties. IFRIC 21 sets out criteria for the recognition of the liability, stating that the obligating event that gives rise to the liability, and therefore to its recognition, is the activity that triggers the payment, as identified by the legislation. The provisions of IFRIC 21 shall be applied for annual periods beginning on or after January 1, 2014.
On November 21, 2013, the IASB issued the amendments to IAS 19 "Defined Benefit Plans: Employee Contributions", which allow the recognition of contributions to defined benefit plans from employees or third parties as a reduction of service cost in the period in which the related service is received, provided that the contributions: (i) are set out in the formal conditions of the plan; (ii) are linked to service; and (iii) are independent of number of years of service (e.g. the contributions are a fixed percentage of the employee's salary or a fixed amount throughout the service period or dependent on the employee's age). The amendments shall be applied for annual periods beginning on or after July 1, 2014 (for Eni: 2015 financial statements).
On December 12, 2013 the IASB issued the documents "Annual Improvements to IFRSs 2010-2012 Cycle" and "Annual Improvements to IFRSs 2011-2013 Cycle", which include, basically, technical and editorial changes to existing standards. The amendments to the standards shall be applied for annual periods beginning on or after July 1, 2014 (for Eni: 2015 financial statements).

Eni is currently reviewing these new IFRS to determine the likely impact on the Group's results.

Current assets

7 Cash and cash equivalents

Cash and cash equivalents of €5,288 million (€7,765 million at December 31, 2012) included financing receivables originally due within 90 days amounting to €3,086 million (€5,861 million at December 31, 2012) relating to time deposit with financial institutions having notice greater than a 48-hour period.
Cash amounting to €90 million (€84 million at December 31, 2012) was restricted due to judicial investigations and commercial proceedings in the E&C segment. More information about the judicial investigations is disclosed in Note 35 - Guarantees, commitments and risks - Corruption investigations. The average maturity of financing receivables due within 90 days was 9 days and the average interest rate amounted to 0.3% (0.5% at December 31, 2012).

8 Financial assets held for trading

The breakdown by currency of financial assets held for trading or available for sale is presented below:

	Nominal value (€ million)	Fair value (€ million)	Rating - Moody's	Rating - S&P
Quoted bonds issued by sovereign states				
Fixed rate bonds				
Netherlands	150	153	Aaa	AA+
France	140	144	Aa1	AA
Italy	115	116	Baa2	BBB
Belgium	95	99	Aa3	AA
Spain	55	57	Baa3	BBB-
Austria	25	26	Aaa	AA+
Germany	17	17	Aaa	AAA
Denmark	13	13	Aaa	AAA
Poland	10	8	A2	A-
Slovakia	6	7	A2	A
Sweden	5	5	Aaa	AAA
Europe (Supranational Institutions)	99	100	from Aaa to Aa1	from AAA to AA
	730	**745**		
Floating rate bonds				
Italy	667	667	Baa2	BBB
France	100	100	Aa1	AA
Spain	100	100	Baa3	BBB-
Netherlands	56	56	Aaa	AA+
Germany	50	50	Aaa	AAA
Slovakia	1	1	A2	A
Europe (Supranational Institutions)	242	242	from Aaa to Aa1	from AAA to AA
	1,216	**1,216**		
Total quoted bonds issued by sovereign states	**1,946**	**1,961**		
Other Bonds				
Fixed rate bonds				
Quoted Bonds issued by industrial companies	1,494	1,574	from Aaa to Baa3	from AAA to BBB-
Non-quoted Bonds issued by industrial companies	325	325	from P-1 to P-2	from A-1 to A-2
Quoted Bonds issued by financial and insurance companies	377	396	from Aaa to Baa3	from AAA to BBB-
Non-quoted Bonds issued by financial and insurance companies	218	218	from P-1 to P-2	from A-1 to A-2
	2,414	**2,513**		
Floating rate bonds				
Bonds issued by industrial companies	133	133	from Aaa to Baa3	from AAA to BBB-
Bonds issued by financial companies	397	397	from Aaa to Baa3	from AAA to BBB-
	530	**530**		
Total other bonds	**2,944**	**3,043**		
Total other financial assets held for trading	**4,890**	**5,004**		

The breakdown by currency is provided below:

(€ million)	December 31, 2013
Euro	4,954
British pound	37
Swiss franc	13
	5,004

The fair value was estimated on the basis of market quotations for quoted securities and on the basis of appropriate financial valuation methods commonly used for non-quoted securities. More information is disclosed in Note 35 - Guarantees, commitments and risks.

9 Financial assets available for sale

(€ million)	December 31, 2012	December 31, 2013
Securities held for operating purposes		
Quoted bonds issued by sovereign states	174	165
Quoted securities issued by financial institutions	22	37
Non-quoted securities	5	
	201	**202**
Securities held for non-operating purposes		
Quoted bonds issued by sovereign states	13	
Quoted securities issued by financial institutions	21	7
Quoted securities		26
	34	**33**
Total	**235**	**235**

The breakdown by currency is provided below:

(€ million)	December 31, 2012	December 31, 2013
Euro	179	173
US Dollar	38	58
Indian Rupee	18	4
	235	**235**

At December 31, 2013, bonds issued by sovereign states amounted to €165 million (€187 million at December 31, 2012). A breakdown by Country is presented below:

	Nominal value (€ million)	Fair value (€ million)	Nominal rate of return (%)	Maturity date	Rating - Moody's	Rating - S&P
Sovereign states						
Fixed rate bonds						
Belgium	27	30	from 2.88 to 4.25	from 2014 to 2021	Aa3	AA
Portugal	22	22	from 3.35 to 4.75	from 2015 to 2019	Ba3	BB
Italy	15	15	from 2.50 to 4.25	2015	Baa2	BBB
Slovakia	14	15	from 3.50 to 4.90	from 2014 to 2017	A2	A
Spain	14	14	from 3.15 to 4.10	from 2014 to 2018	Baa3	BBB-
Ireland	13	14	from 4.40 to 4.50	from 2019 to 2020	Baa3	BBB+
Austria	12	13	from 3.40 to 3.50	from 2014 to 2015	Aaa	AA+
United States of America	11	11	from 1.75 to 3.13	from 2014 to 2019	Aaa	AA+
Germany	10	10	from 3.25 to 4.25	from 2014 to 2015	Aaa	AAA
Netherlands	6	7	4.00	from 2016 to 2018	Aaa	AA+
France	5	5	4.00	2014	Aa1	AA
Slovenija	5	5	4.38	2014	Ba1	A-
Finland	4	4	from 1.13 to 1.25	from 2015 to 2017	Aaa	AAA
Total	**158**	**165**				

Securities amounting to €44 million were issued by financial institutions with a rating ranging from Aaa to B2 (Moody's) and from AAA to BB- (S&P); other quoted securities amounted to €26 million with a rating of B1 (Moody's) and B- (S&P).
Securities held for operating purposes of €202 million (€201 million at December 31, 2012) were designated to hedge the loss provisions of the Group's insurance company Eni Insurance Ltd (€196 million at December 31, 2012).
The effects of fair value evaluation of securities are set out below:

(€ million)	Carrying amount at December 31, 2012	Changes recognized in equity	Carrying amount at December 31, 2013
Fair value	7	(1)	6
Deferred tax liabilities	(1)		(1)
Other reserves of shareholders' equity	**6**	**(1)**	**5**

The fair value was estimated on the basis of market quotations for quoted securities and on the basis of appropriate financial valuation methods commonly used for non-quoted securities.

10 Trade and other receivables

(€ million)	December 31, 2012	December 31, 2013
Trade receivables	**19,966**	**21,213**
Financing receivables:		
- for operating purposes - short-term	440	488
- for operating purposes - current portion of long-term receivables	228	510
- for non-operating purposes	1,153	126
	1,821	**1,124**
Other receivables:		
- from disposals	209	88
- other	6,751	6,648
	6,960	**6,736**
	28,747	**29,073**

The increase in trade and other receivables of €1,247 million primarily related to the Refining & Marketing segment (€657 million) and to the Gas & Power segment (€424 million).
Receivables are stated net of the valuation allowance for doubtful accounts of €1,877 million (€1,636 million at December 31, 2012):

(€ million)	Carrying amount at December 31, 2012	Additions	Deductions	Altre variazioni	Carrying amount at December 31, 2013
Trade receivables	1,056	384	(158)	9	1,291
Financing receivables	6	54		(8)	52
Other receivables	574	36	(54)	(22)	534
	1,636	**474**	**(212)**	**(21)**	**1,877**

Additions to the allowance reserve for doubtful trade receivable accounts amounted to €384 million (€164 million in 2012) and primarily related to the Gas & Power segment (€289 million).
Deductions amounted to €158 and related to the Gas & Power segment for €98 million.
At the balance sheet date, Eni had in place transactions to transfer to factoring institutions certain trade receivables without recourse for €2,533 million, due in 2014 (€2,054 million at December 31, 2012, due in 2013). Transferred receivables related to the Refining & Marketing segment (€1,389 million), the Gas & Power segment (€1,057 million), Versalis (€75 million) and Engineering & Construction (€12 million). Furthermore, Engineering & Construction transferred certain trade receivables without recourse due in 2014 for €222 million through Eni's subsidiary Serfactoring SpA (€149 million at December 31, 2012, due in 2013).
Trade receivables amounting to €659 million were due in the Exploration & Production segment and related to hydrocarbons supplies to Egyptian State-owned companies. In order to reduce the outstanding amounts, negotiations and contacts are ongoing with the State companies' top management and the Ministerial Authorities, in a context of stable relationships with the counterparties.

The ageing of trade and other receivables is presented below:

	December 31, 2012			December 31, 2013		
(€ million)	Trade receivables	Other receivables	Total	Trade receivables	Other receivables	Total
Neither impaired nor past due	**16,859**	**5,840**	**22,699**	**16,630**	**5,505**	**22,135**
Impaired (net of the valuation allowance)	**1,257**	**204**	**1,461**	**1,056**	**170**	**1,226**
Not impaired and past due in the following periods:						
- within 90 days	1,295	84	1,379	1,699	325	2,024
- 3 to 6 months	216	22	238	709	50	759
- 6 to 12 months	159	239	398	604	185	789
- over 12 months	180	571	751	515	501	1,016
	1,850	**916**	**2,766**	**3,527**	**1,061**	**4,588**
	19,966	**6,960**	**26,926**	**21,213**	**6,736**	**27,949**

Trade receivables not impaired and past due primarily pertained to high-credit-rating public administrations, state-owned companies and other highly-reliable counterparties for oil, natural gas and chemical products supplies and to retail customers of the Gas & Power segment. The Gas & Power segment recorded a noticeable increase in the amounts past due by retail customers, as a consequence of the financial difficulties and the economic slowdown.

Trade receivables included amounts withheld to guarantee certain contract work in progress for €209 million (€178 million at December 31, 2012).

Trade receivables in currencies other than euro amounted to €7,600 million (€7,236 million at December 31, 2012).

Financing receivables associated with operating purposes of €998 million (€668 million at December 31, 2012) included loans granted to unconsolidated subsidiaries, joint ventures and associates to cover capital expenditure requirements for €595 million for executing industrial projects (€351 million at December 31, 2012) and cash deposits to hedge the loss provision made by Eni Insurance Ltd for €321 million (€280 million at December 31, 2012). Receivables for financial leasing amounting to €26 million at December 31, 2012 were set to zero as a result of the divestment of Finpipe GIE.

Financing receivables not associated with operating activities amounted to €126 million (€1,153 million at December 31, 2012) and related to: (i) restricted deposits in escrow for €92 million of Eni Trading & Shipping SpA (€93 million at December 31, 2012) of which €82 million with Citigroup Global Markets Ltd and €8 million with BNP Paribas and €2 million with ABN AMRO relating to derivatives; (ii) restricted deposits in escrow of receivables of the Engineering & Construction segment for €25 million (same amount as of December 31, 2012). The decrease in financing receivables not associated with operating activities of €1,027 million related to: (i) the collection from Cassa Depositi e Prestiti for €883 million as final instalment of the total consideration of €3,517 million relating to the divestment of 1,013,619,522 ordinary shares of Snam SpA; (ii) the collection from Snam SpA of residual receivables for intercompany transactions for €141 million as of December 31, 2013.

Financing receivables in currencies other than euro amounted to €598 million as of December 31, 2013 (€331 million as of December 31, 2012).

Receivables related to divesting activities of €88 million (€209 million at December 31, 2012) related to the divestment of a 3.25% interest in the Karachaganak project (equal to Eni's 10% interest) to the Kazakh partner KazMunaiGas for €79 million. A description of the transaction is reported in Note 21 - Other non-current receivables.

Other receivables of €6,648 million (€6,751 million at December 31, 2012) included receivables of €575 million relating to the recovery of costs incurred by the Exploration & Production segment undergoing arbitration procedure (€481 million at December 31, 2012). Receivables for €333 million as of December 31, 2012 were fully collected during 2013 and they related to amounts of gas to be delivered to gas customers who pre-paid the underlying gas volumes in previous years upon activation of the take-or-pay clause.

Other receivables were as follows:

(€ million)	December 31, 2012	December 31, 2013
Receivables originated from divestments	**209**	**88**
Accounts receivable from:		
- joint venture partners in exploration and production	4,343	4,771
- non-financial government entities	33	34
- insurance companies	176	170
- prepayments for services	616	611
- from factoring arrangements	130	121
- other receivables	1,453	941
	6,751	**6,648**
	6,960	**6,736**

Receivables from joint venture partners in exploration and production activities included the share of the liability for defined-benefit plans of €264 million (€308 million at December 31, 2012), whereby Eni recognized the 100% – liability of all employees of the operated – joint ventures (see Note 29 - Provisions for employee benefits).
Receivables from factoring arrangements of €121 million (€130 million at December 31, 2012) related to Serfactoring SpA and consisted of advances for factoring arrangements with recourse and receivables for factoring arrangements without recourse.
Other receivables in currencies other than euro amounted to €5,672 million (€5,737 million at December 31, 2012).
Because of the short-term maturity and conditions of remuneration of trade receivables, the fair value approximated the carrying amount.
Receivables with related parties are described in Note 43 - Transactions with related parties.

11 Inventories

	December 31, 2012					December 31, 2013				
(€ million)	Crude oil, gas and petroleum products	Chemical products	Work in progress	Other	Total	Crude oil, gas and petroleum products	Chemical products	Work in progress	Other	Total
Raw and auxiliary materials and consumables	948	190		1,748	2,886	714	192		1,843	2,749
Products being processed and semi-finished products	133	15		1	149	114	14		1	129
Work in progress			1,595		1,595			1,627		1,627
Finished products and goods	2,912	891		44	3,847	2,495	801		60	3,356
Certificates and emission rights				19	19				22	22
	3,993	**1,096**	**1,595**	**1,812**	**8,496**	**3,323**	**1,007**	**1,627**	**1,926**	**7,883**

Contract works in progress for €1,627 million (€1,595 million at December 31, 2012) are stated net of prepayments for €6 million (€7 million at December 31, 2012) which corresponded to the amount of the works executed and accepted by customers.
Inventories of €105 million were pledged as a guarantee for the payment of storage services.
Changes in inventories and in the loss provision were as follows:

(€ million)	Carrying amount at the beginning of the year	Changes	New or increased provisions	Deductions	Changes in the scope of consolidation	Currency translation differences	Other changes	Carrying amount at the end of the year
December 31, 2012								
Gross carrying amount	7,761	1,158			(226)	(18)	(9)	8,666
Loss provision	(186)		(58)	64	10	1	(1)	(170)
Net carrying amount	**7,575**	**1,158**	**(58)**	**64**	**(216)**	**(17)**	**(10)**	**8,496**
December 31, 2013								
Gross carrying amount	8,666	(343)			(3)	(180)	(71)	8,069
Loss provision	(170)		(168)	149		3		(186)
Net carrying amount	**8,496**	**(343)**	**(168)**	**149**	**(3)**	**(177)**	**(71)**	**7,883**

Changes of the year amounting to €343 million included the decrease of €679 million of the Refining & Marketing segment, partially offset by the increase of €190 million of the Exploration & Production segment. Additions of €168 million and deductions of €149 million of the loss provision related to the Refining & Marketing segment for €112 million and €118 million, respectively.

12 Current tax assets

(€ million)	December 31, 2012	December 31, 2013
Italian subsidiaries	487	556
Foreign subsidiaries	284	246
	771	**802**

Income taxes are described in Note 40 - Income tax expense.

13 Other current tax assets

(€ million)	December 31, 2012	December 31, 2013
VAT	862	595
Excise and customs duties	197	87
Other taxes and duties	171	143
	1,230	**825**

14 Other current assets

(€ million)	December 31, 2012	December 31, 2013
Fair value of cash flow hedge derivatives	31	14
Fair value of other derivatives	916	718
Other current assets	677	593
	1,624	**1,325**

Derivative fair values were estimated on the basis of market quotations provided by primary info-provider, or alternatively, appropriate valuation methods commonly used in the marketplace.
Fair value of cash flow hedge derivatives of €14 million (€31 million at December 31, 2012) of the hedges entered by the Gas & Power segment. These derivatives were entered into to hedge variability in future cash flows associated to highly probable future sale transactions of gas or electricity or on already contracted sales due to different indexation mechanism of supply costs versus selling prices. A similar scheme applies to exchange rate hedging derivatives. Negative fair value of contracts expiring by 2014 is disclosed in Note 26 - Other current liabilities; positive and negative fair value of contracts expiring beyond 2014 is disclosed in Note 21 - Other non-current receivables and in Note 31 - Other non-current liabilities. The effects of the evaluation at fair value of cash flow hedge derivatives are given in Note 33 - Shareholders' equity and in Note 37 - Operating expenses. Sale commitments of cash flow hedge derivatives amounted to €505 million (purchase and sale commitments of €31 million and €510 million, respectively, at December 31, 2012).
Information on hedged risks and hedging policies is disclosed in Note 35 - Guarantees, commitments and risks - Risk factors.
The fair value of other derivative contracts is presented below:

	December 31, 2012			December 31, 2013		
(€ million)	Fair value	Purchase commitments	Sale commitments	Fair value	Purchase commitments	Sale commitments
Derivatives on exchange rate						
Interest Currency Swap	8	44		6	35	
Currency swap	158	3,349	4,597	250	2,320	6,426
Other	3	215	8	1	68	73
	169	**3,608**	**4,605**	**257**	**2,423**	**6,499**
Derivatives on interest rate						
Interest rate swap	1	23		2	36	
	1	**23**		**2**	**36**	
Derivatives on commodities						
Over the counter	713	3,648	9,505	395	6,558	9,231
Future	26	825	9	64	7,666	6,340
Other	7	30	1			
	746	**4,503**	**9,515**	**459**	**14,224**	**15,571**
	916	**8,134**	**14,120**	**718**	**16,683**	**22,070**

Fair value of other derivatives of €718 million (€916 million at December 31, 2012) consisted of: (i) €369 million (€564 million at December 31, 2012) of derivatives that failed to meet the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net exposures to movements in foreign currencies, interest rates or commodity prices. Therefore, such derivatives were not related to specific trade or financing transactions; (ii) €344 million (€352 million at December 31, 2012) related to commodity derivatives entered by the Gas & Power segment for trading purposes and proprietary trading; (iii) €5 million of derivatives related to net settlement agreements, of which €7 million of negative fair value hedge derivatives.
Other assets amounted to €593 million (€677 million at December 31, 2012) and included: (i) prepayments and accrued income for €108 million (€146 million at December 31, 2012); (ii) prepaid rentals for €63 million (€51 million at December 31, 2012); and (iii) prepaid insurance premiums for €53 million (€49 million at December 31, 2012). Prepayments that were made to gas suppliers upon triggering the take-or-pay clause provided by the relevant long-term supply arrangements and amounting to €129 million as of December 31, 2012 were fully recovered during 2013 through collection of gas.
Transactions with related parties are described in Note 43 - Transactions with related parties.

Non-current assets

15 Property, plant and equipment

(€ million)	Net book value at the beginning of the year	Additions	Depreciation	Impairment losses	Changes in the scope of consolidation	Currency translation differences	Reclassification to assets held for sale	Other changes	Net book value at the end of the year	Gross book value at the end of the year	Provisions for depreciation and impairments
December 31, 2012											
Land	771	5			(109)	(8)	(8)	4	655	678	23
Buildings	1,427	61	(108)	(45)	(316)	(2)	(7)	148	1,158	3,150	1,992
Plant and machinery	47,494	1,546	(7,012)	(1,079)	(9,719)	(313)	(304)	8,283	38,896	112,170	73,274
Industrial and commercial equipment	459	74	(112)	(3)	(62)	3		3	362	1,660	1,298
Other assets	829	89	(103)	(75)	(12)	(7)		5	726	2,239	1,513
Tangible assets in progress and advances	22,598	9,447		(407)	(2,207)	(187)	(130)	(7,445)	21,669	23,400	1,731
	73,578	**11,222**	**(7,335)**	**(1,609)**	**(12,425)**	**(514)**	**(449)**	**998**	**63,466**	**143,297**	**79,831**
December 31, 2013											
Land	655	10		(8)		(19)	(3)	9	644	670	26
Buildings	1,158	72	(115)	(37)	18	(29)	(7)	194	1,254	3,369	2,115
Plant and machinery	38,896	3,820	(6,995)	(1,847)		(1,523)	(145)	8,263	40,469	119,335	78,866
Industrial and commercial equipment	362	141	(116)	(4)		(17)		31	397	1,758	1,361
Other assets	726	80	(110)	(1)	1	(10)		(315)	371	1,908	1,537
Tangible assets in progress and advances	21,669	6,741		(219)		(996)		(7,824)	19,371	21,355	1,984
	63,466	**10,864**	**(7,336)**	**(2,116)**	**19**	**(2,594)**	**(155)**	**358**	**62,506**	**148,395**	**85,889**

Capital expenditures by segment were the following:

(€ million)	2012	2013
Capital expenditures		
Exploration & Production	8,407	8,754
Gas & Power	156	152
Refining & Marketing	836	612
Versalis	163	311
Engineering & Construction	998	887
Corporate and financial companies	71	130
Other activities - Snam	539	
Other activities	14	21
Elimination of intra-group profits	38	(3)
	11,222	**10,864**

Capital expenditures included capitalized finance expenses of €167 million (€173 million in 2012, of which €26 million relating to discontinued operations) and related to the Exploration & Production segment (€124 million), the Refining & Marketing segment (€39 million) and the Versalis segment (€4 million). The interest rates used for capitalizing finance expense ranged from 2.6% to 5.3% (2.1% and 5.1% at December 31, 2012).
The main depreciation rates used were substantially unchanged from the previous year and ranged as follows:

(%)	
Buildings	2 - 10
Plant and machinery	2 - 10
Industrial and commercial equipment	4 - 33
Other assets	6 - 33

A breakdown of impairments losses recorded in 2013 and the associated tax effect is provided below:

(€ million)	2012	2013
Impairment losses		
Exploration & Production	547	209
Gas & Power	80	1,200
Refining & Marketing	843	633
Versalis	112	55
Other segments	27	19
	1,609	**2,116**
Tax effects		
Exploration & Production	154	71
Gas & Power	21	355
Refining & Marketing	96	223
Versalis	33	15
Other segments	2	5
	306	**669**
Impairments net of the relevant tax effects		
Exploration & Production	393	138
Gas & Power	59	845
Refining & Marketing	747	410
Versalis	79	40
Other segments	25	14
	1,303	**1,447**

In assessing whether impairment is required, the carrying amounts of property, plant and equipment are compared with their recoverable amounts. The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Given the nature of Eni's activities, information on asset fair value is usually difficult to obtain unless negotiations with a potential buyer are ongoing. Therefore, the recoverability is verified by using the value-in-use which is calculated by discounting the estimated cash flows arising from the continuing use of an asset. The valuation is carried out for individual asset or for the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating unit - CGU). The Group has identified its CGUs: (i) in the Exploration & Production segment, individual oilfields or pools of oilfields whereby technical, economic or contractual features make underlying cash flows interdependent; (ii) in the Gas & Power segment, in addition to the CGUs to which the goodwill arisen from acquisitions was allocated (see Note 17 - Intangible Assets), any of the plants for electricity production have been identified as being individual cash generating units; (iii) in the Refining & Marketing segment, refining plants, Country-specific facilities, retail networks and other distribution channels by Country (ordinary network, high-ways network, and wholesale activities); (iv) in the Versalis segment, production plants by business/plant and related facilities; and (v) in the Engineering & Construction segment, the business units Offshore E&C, Onshore E&C and related facilities and individual rigs for offshore operations.
Recoverable amounts are calculated by discounting the estimated cash flows deriving from the continuing use of the CGUs and, if significant and reasonably determinable, the cash flows deriving from disposal at the end of their useful lives. Cash flows are determined on the basis of the best information available at the moment of the assessment deriving: (i) for the first four years of each projection, from the Company's four year plan adopted by the top management which provides information on expected oil and gas production volumes, sales volumes, capital expenditures, operating costs and margins and industrial and marketing set-up, as well as trends on the main macroeconomic variables, including inflation, nominal interest rates and exchange rates; (ii) beyond the four-year plan horizon, cash flow projections are estimated based on management's long-term assumptions regarding the main macroeconomic variables (inflation rates, commodity prices, etc.) and along a time horizon which considers the following factors: (a) for the oil&gas CGUs, the residual life of the reserves and the associated projections of operating costs and development expenditures; (b) for the CGUs of the Refining & Marketing segment, Versalis and the power plants, the economical and technical life of the plants and the associated projections of operating costs, expenditures to support plant efficiency, refining and selling margins and, in the case of chemical plants, operating results before depreciation, interest and taxes, with the adoption of normalization assumptions when judged to be necessary; and (c) for the CGUs of the gas market and the Engineering & Construction segment, the perpetuity method of the last-year-plan by using a nominal growth rate ranging from 0% to 2% considering a normalization driver of the perpetuity to reflect any cyclicality observed in the business; (iii) commodity prices are estimated on the basis of the forward prices prevailing in the marketplace as of the balance sheet date for the first four years of the cash flow projections and the long-term price assumptions adopted by the Company's management for strategic planning purposes and capital budget allocation, considering the supply and demand fundamentals of the main commodities (see Note 3 - Summary of significant accounting policies). In particular, the long-term price of oil adopted for assessing the future cash flows of the oil&gas CGUs was $90 per barrel which is adjusted to take into account the expected inflationary rate from 2017 onwards.
Values-in-use are estimated by discounting post-tax cash flows at a rate which corresponds for the Exploration & Production, Refining & Marketing and Versalis to the Company's weighted average cost of capital net of the risk factors attributable to Saipem and the G&P segment which are assessed on a stand alone basis. Then the discount rates are adjusted to factor in risks specific to each Country of activity (adjusted post-tax WACC). In 2013, the adjusted post-tax WACC of Eni, which is the driver for calculating each business segment WACC to assess the value in use of their respective CGUs, decreased by 40 basis points compared to 2012, primarily as a consequence of the reduced sovereign risk premium

incorporated into the yields of ten-year Italian bonds. The other drivers used in determining the cost of capital – cost of borrowings to Eni, equity risk, average premium for Country risk, debt-to-equity ratio – were assessed to record only marginal variations. In 2013, the adjusted WACC rates used for impairment test purposes ranged from 6.4% to 12.2%.

Post-tax cash flows and discount rates were adopted as they resulted in an assessment that substantially approximated a pre-tax assessment.

Impairment losses recognized in the Gas & Power segment of €1,200 million were mainly recorded at the electric power plants due to the substantial deterioration in the competitive scenario reflecting structural weakness in demand and as gas-fired cycles were at disadvantage compared to coal-fired production and electricity from renewable sources as a consequence of cyclical reasons (plunging supply costs of coal and abundance of emission certificates) or structural reasons (growth of renewable sources favoured by government subsidies). On the basis of these drivers and the relevant projections of unprofitable margins for the production and sale of electricity from combined-cycle power plants, management has impaired the book value of the electric power plants to their lower values-in-use. Other impairments related to gas networks in Hungary due to revisions in the tariff framework and uncertainties concerning the possible future evolution.

Impairment losses recognized in the Refining & Marketing segment of €633 million related to refining plants as a consequence of projections of unprofitable margins due to the structural headwinds in the business due to weak demand, excess capacity, increased competitive pressure from product streams coming from Russia, Asia and North America resulting in continuing pressure on selling prices and, in addition, to narrowing differential between the prices of heavy crude qualities vs. the market benchmark Brent causing a substantial reduction in the conversion premium. Other minor impairments were recorded to write-off expenditures incurred for safety and plant upgrades at assets which were fully impaired in previous reporting periods. The largest impairment loss was recorded to write-off the book value of a refinery which was tested for impairment using a post-tax discount rate of 7.1%, corresponding to a pre-tax discount rate of 8.8%.

Small impairments were recorded at oil&gas properties in the Exploration & Production segment as a consequence of downward reserve revisions for €209 million, substantially offset by reversal of previous years write-off amounting to €208 million. The largest impairment losses were recorded at two assets located in Italy which were tested for impairment using a post-tax discount rate of 6.7%, corresponding to a pre-tax discount rate of 4.0% and 6.6%, respectively.

In the Versalis segment impairment losses amounted to €55 million and mainly related to the write-off of the book value of marginal production lines which were shut down and to write-off expenditures incurred for safety and plant upgrades at assets which were fully impaired in previous reporting periods.

Foreign currency translation differences of €2,594 million primarily related to translations of entities accounts denominated in US dollar (€1,676 million), partially offset by translations of entities accounts denominated in Norwegian krone (€620 million).

The reclassification to assets held for sale of €155 million comprised certain non-strategic assets of the Exploration & Production segment (€143 million).

Other changes of €358 million related to: (i) the recognition of mineral property in the Exploration & Production segment for €276 million in relation to the renegotiation of the contractual terms and the duration extension of some development licenses as a compensation of the renounce to the deferred tax assets recoverability related to cost incurred and not yet recovered for tax purposes; (ii) asset reversal of impairment for €223 million, of which €208 million were recorded by the Exploration & Production segment in relation to a gas and condensate field located in Australia due to positive reserve revisions (€145 million) and an oil assets in the United States due to improved future production costs (€45 million); (iii) as decrease, the initial recognition of assets and change in estimates of costs for dismantling and site restoration amounting to €190 million.

Unproved mineral interests included in tangible assets in progress and advances are presented below:

(€ million)	Book value at the beginning of the year	Acquisitions	Impairment losses	Reclassification to Proved Mineral Interest	Other changes and currency translation differences	Book value at the end of the year
December 31, 2012						
Congo	1,280			(2)	(24)	1,254
Nigeria	758				(15)	743
Turkmenistan	635		(109)	(1)	(9)	516
Algeria	485			(124)	(6)	355
USA	217		(62)	(51)	42	146
India	48		(26)			22
Other Countries	73			(44)		29
	3,496		**(197)**	**(222)**	**(12)**	**3,065**
December 31, 2013						
Congo	1,254			(84)	(51)	1,119
Nigeria	743				(32)	711
Turkmenistan	516			(4)	(22)	490
Algeria	355			(9)	(15)	331
USA	146			(3)	(6)	137
Egypt		45			(1)	44
India	22				(2)	20
Other Countries	29		(7)	(6)	(1)	15
	3,065	**45**	**(7)**	**(106)**	**(130)**	**2,867**

Accumulated provisions for impairments amounted to €9,882 million (€8,058 million at December 31, 2012).
At December 31, 2013, Eni pledged property, plant and equipment for €21 million primarily as collateral against certain borrowings (the same amount as of December 31, 2012).
Government grants recorded as a decrease of property, plant and equipment amounted to €114 million (€132 million at December 31, 2012).
Assets acquired under financial lease agreements amounted to €30 million (€39 million at December 31, 2012) for service stations of the Refining & Marketing segment.
Contractual commitments related to the purchase of property, plant and equipment are disclosed in Note 35 - Guarantees, commitments and risks - Liquidity risk.
Property, plant and equipment under concession arrangements are described in Note 35 - Guarantees, commitments and risks - Asset under concession arrangements.

Property, plant and equipment by segment

(€ million)	December 31, 2012	December 31, 2013
Property, plant and equipment, gross		
Exploration & Production	103,369	107,380
Gas & Power	4,373	4,438
Refining & Marketing	15,744	16,284
Versalis	5,589	5,898
Engineering & Construction	12,621	12,774
Corporate and financial companies	470	589
Other activities	1,617	1,522
Elimination of intra-group profits	(486)	(490)
	143,297	**148,395**
Accumulated depreciation, amortization and impairment losses		
Exploration & Production	55,836	59,223
Gas & Power	1,961	3,301
Refining & Marketing	11,305	12,157
Versalis	4,661	4,793
Engineering & Construction	4,408	4,846
Corporate and financial companies	243	267
Other activities	1,541	1,450
Elimination of intra-group profits	(124)	(148)
	79,831	**85,889**
Property, plant and equipment, net		
Exploration & Production	47,533	48,157
Gas & Power	2,412	1,137
Refining & Marketing	4,439	4,127
Versalis	928	1,105
Engineering & Construction	8,213	7,928
Corporate and financial companies	227	322
Other activities	76	72
Elimination of intra-group profits	(362)	(342)
	63,466	**62,506**

16 Inventory - compulsory stock

Compulsory inventories of €2,571 million (€2,538 million at December 31, 2012) were primarily held by Italian subsidiaries for €2,550 million (€2,525 million at December 31, 2012) in accordance with minimum stock requirements of oil and petroleum products set forth by applicable laws.

17 Intangible assets

(€ million)	Net book value at the beginning of the year	Additions	Amortization	Impairment losses	Changes in the scope of consolidation	Currency translation differences	Other changes	Net book value at the end of the year	Gross book value at the end of the year	Provisions for depreciation and impairments
December 31, 2012										
Intangible assets with finite useful lives										
Exploration expenditures	564	1,871	(1,886)			(10)	9	548	2,653	2,105
Industrial patents and intellectual property rights	156	59	(58)	(1)	(74)	1	55	138	1,197	1,059
Concessions, licenses, trademarks and similar items	847	18	(134)	(1)	(46)		(1)	683	2,516	1,833
Service concession arrangements	3,690	170	(3)	(37)	(3,716)	(2)	(70)	32	101	69
Intangible assets in progress and advances	248	159		(1)	(57)		(86)	263	269	6
Other intangible assets	1,422	18	(127)	(1,030)	40	7	32	362	2,144	1,782
	6,927	**2,295**	**(2,208)**	**(1,070)**	**(3,853)**	**(4)**	**(61)**	**2,026**	**8,880**	**6,854**
Intangible assets with indefinite useful lives										
Goodwill	4,023			(1,347)	(216)	2	(1)	2,461		
	10,950	**2,295**	**(2,208)**	**(2,417)**	**(4,069)**	**(2)**	**(62)**	**4,487**		
December 31, 2013										
Intangible assets with finite useful lives										
Exploration expenditures	548	1,697	(1,764)			(19)		462	2,712	2,250
Industrial patents and intellectual property rights	138	30	(55)	(2)		(1)	20	130	1,239	1,109
Concessions, licenses, trademarks and similar items	683	17	(115)	(15)			6	576	2,491	1,915
Service concession arrangements	32		(2)				2	32	48	16
Intangible assets in progress and advances	263	124					(25)	362	367	5
Other intangible assets	362	18	(40)	(157)		(1)	(13)	169	2,111	1,942
	2,026	**1,886**	**(1,976)**	**(174)**		**(21)**	**(10)**	**1,731**	**8,968**	**7,237**
Intangible assets with indefinite useful lives										
Goodwill	2,461			(333)	34	(17)	1	2,146		
	4,487	**1,886**	**(1,976)**	**(507)**	**34**	**(38)**	**(9)**	**3,877**		

Capitalized exploration expenditures of €462 million (€548 million at December 31, 2012) mainly related to the residual book value of license acquisition costs that are amortized on a straight-line basis over the contractual term of the exploration lease or fully written off against profit and loss upon expiration of terms or management's decision to cease any exploration activities. Additions for the year of €1,697 million (€1,871 million in 2012) included exploration drilling expenditures which are fully capitalized to reflect their investment nature and then entirely amortized for €1,509 million (€1,650 million in 2012) and license acquisition costs of €188 million (€221 million in 2012) primarily related to the acquisition of new exploration acreage in Cyprus and Vietnam. Amortizations of €1,764 million (€1,886 million in 2012) included amortizations of license acquisition costs for €255 million (€206 million in 2012).

Industrial patents and intellectual property rights of €130 million (€138 million at December 31, 2012) related to Eni Spa for €86 million (€89 million at December 31, 2012) and essentially concerned costs for the acquisition and internal development of software and rights for the use of production processes and software.

Concessions, licenses, trademarks and similar items for €576 million (€683 million at December 31, 2012) primarily comprised transmission rights for natural gas imported from Algeria of €523 million (€614 million at December 31, 2012) and concessions for mineral exploration of €20 million (€47 million at December 31, 2012).

Service concession arrangements of €32 million primarily pertained to gas distribution activities outside Italy (same amount as of December 31, 2012).

Intangible assets in progress and advances of €362 million (€263 million at December 31, 2012) related to Eni Spa for €267 million (€189 million at December 31, 2012) and primarily concerned cost for software development.

Other intangible assets with finite useful lives of €169 million (€362 million at December 31, 2012) comprised: (i) royalties for the use of licenses by Versalis SpA amounting to €52 million (€56 million at December 31, 2012); and (ii) the estimated costs of Eni's social responsibility projects in relation to oil development programs in Val d'Agri and in the North Adriatic area connected to mineral rights under concession for €35 million (€44 million at December 31, 2012) following commitments made with the Basilicata Region, the Emilia Romagna Region and the Province and Municipality of Ravenna. Impairments regarded a loss of €157 million recorded on the customer relationship (€774 million in 2012) which was recognized upon the business combination of Distrigas NV (now Eni Gas & Power NV) and allocated to the European Market CGU. The driver of the

impairments was the continuing competitive pressure in Benelux considering the reduced profitability outlook of the European Market CGU in the light of the structural headwinds of the European gas sector, as described below in the disclosure about goodwill impairments.
Furthermore, in 2012, an impairment loss of €256 million was recorded to write off the book value of an option to develop an offshore storage facility for commercial modulation of gas in the British North Sea, which was recognized upon the acquisition of Eni Hewett Ltd, driven by continuing weakness in the European gas scenario.

The main depreciation rates used were substantially unchanged from the previous year and ranged as follows:

(%)	
Exploration expenditures	14 - 33
Industrial patents and intellectual property rights	20 - 33
Concessions, licenses, trademarks and similar items	3 - 33
Service concession arrangements	2 - 4
Other intangible assets	4 - 25

Impairment losses of intangible assets with indefinite useful lives (goodwill) amounted to €333 million (€1,347 million in 2012) and primarily pertained to the Gas & Power segment for €329 million (€1,347 million in 2012).
Changes in the scope of consolidation of intangible assets with indefinite useful lives (goodwill) of €34 million comprised the goodwill recognition made on the purchase price allocation in the business combination of ASA Trade SpA, a company marketing gas in Tuscany, following the 100% acquisition (€24 million) and of Est Più SpA, a company marketing gas and electricity in Friuli Venezia Giulia, following the acquisition of a 30% control stake (€10 million). In 2012, changes in the scope of consolidation of intangible assets with indefinite useful lives (goodwill) of €216 million comprised the deconsolidation of Gruppo Snam following the loss of control (€314 million) and the inclusion of Nuon Belgium NV (now merged in Eni Gas & Power NV) and Nuon Power Generation Walloon NV (now Eni Power Generation NV) following the 100% acquisition (€98 million).
The carrying amount of goodwill at the end of the year was €2,146 million (€2,461 million at December 31, 2012) net of cumulative impairments amounting to €2,396 million (€2,075 million at December 31, 2012). The breakdown of goodwill by operating segment is as follows:

(€ million)	December 31, 2012	December 31, 2013
Gas & Power	1,286	991
Engineering & Construction	750	748
Exploration & Production	265	250
Refining & Marketing	160	157
	2,461	**2,146**

Goodwill acquired through business combinations has been allocated to the cash generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. The CGUs of the Gas & Power segment are represented by such commercial business units which cash flows are largely interdependent and therefore benefit from acquisition synergies. The recoverable amounts of the CGUs are determined by discounting the future cash flows derived from the continuing use of the CGUs by applying the perpetuity method to assess the terminal value. For the determination of the cash flows see Note 15 - Property, plant and equipment. In the Gas & Power segment the adjusted WACC discount rates ranged from 6.4% to 10.2% as the WACC of the segment was adjusted to take into account the specific risks of the countries in which the activity takes place. For the Engineering & Construction segment, the rate used was 7.6% and was not adjusted to a specific country risk as the invested capital of the company mainly refers to movable properties. Both the segments registered a reduction of 50-20 basis points due to the lower risk premium for Italy.
Post-tax cash flows and discount rates were adopted as they resulted in an assessment that substantially approximated a pre-tax assessment.
In the Gas & Power segment goodwill has been allocated to the following CGUs.

Gas & Power segment

(€ million)	December 31, 2012	December 31, 2013
Domestic gas market	767	801
Foreign gas market	519	190
- of which European market	*511*	*188*
	1,286	**991**

Goodwill allocated to the CGU Domestic Gas market was recognized upon the buy-out of Italgas SpA minorities in 2003 through a public offering (€706 million). This CGU engages in supplying gas to residential customers and small businesses. The increase from 2012 of €34 million

comprised the acquisition of local companies engaged in retail sale activities. The impairment review performed at the balance sheet date confirmed the recoverability of the carrying amount of the goodwill.
At December 31, 2013, the residual amounts of goodwill allocated to the European Gas Market CGUs related to the business combinations Altergaz SA (now Eni Gas & Power France SA) in France, Nuon Belgium NV (now merged in Eni Gas & Power NV) in Belgium which is operating in retail sale activities. At December 31, 2012, these CGUs also comprised the goodwill related to gas wholesale and LNG activities acquired through Distrigas NV (now Eni Gas & Power NV) in Belgium and gas wholesale and LNG activities managed directly by the Gas & Power Division of Eni SpA involving large customers (North-West Europe area - France, Germany, Benelux, United Kingdom, Switzerland and Austria). Those wholesale activities benefited of the synergies from the business combination of Distrigas.
In performing the impairment review of the recoverability of the carrying amount of these activities, management recognized an impairment loss of goodwill amounting to €323 million, thus completely writing off the goodwill allocated to these CGUs, considering a reduced profitability outlook due to the structural changes in the economics of the gas business.
The key assumptions adopted in assessing future cash flow projections of the CGUs included marketing margins, forecast sales volumes, the discount rate and the growth rates adopted to determine the terminal value. Information on these drivers was derived from the four-year plan approved by the Company's management which reduced with respect to past reviews the projected returns and cash flows particularly for the assets subject to impairment, driven by expectations of a weak recovery in gas demand due to slow dynamics of European economies and competition from other resources, persistent oversupply and high competitive pressure. These drivers will continue to weigh on spot prices of gas, to which selling prices in the European markets are benchmarked. Management expects that spot prices of gas in the next four-year period will show negative spreads towards the oil-linked costs of gas supplies. In the light of the expected trends in the gas market, management plans to renegotiate the economic terms and flexibility conditions at the Company's main long-term supply contracts. The expected results of these renegotiations are factored in the economic and financial projections of the four-year plan adopted by the management for the gas business. For the assets subject to impairment, management is now assuming in the updated plan with respect to the previous plan: (i) a significant reduction in the long-term average unit marketing margins; (ii) a reduction in sales volumes; (iii) a slightly lower discount rate; and (iv) to assess the terminal value, the long-term growth rate of the perpetuity was set to zero, unchanged from the previous reporting period.
The value in use of the CGU European Gas Market which led to an impairment of the goodwill was assessed by discounting the associated post-tax cash flows at a post-tax rate of 6.6% corresponding to a pre-tax rate of 11.4% (7.3% and 12%, respectively in 2012).
The excess of the recoverable amount of the CGU Domestic Gas Market over its carrying amount including the allocated portion of goodwill (headroom) amounting to €650 million would be reduced to zero under each of the following alternative hypothesis: (i) a decrease of 35% on average in the projected commercial margins; (ii) a decrease of 35% on average in the projected sales volumes; (iii) an increase of 7 percentage points in the discount rate; and (iv) a negative nominal growth rate of 12%. The recoverable amount of the CGU domestic gas market and the relevant sensitivity analysis were calculated solely on the basis of retail margins.

Engineering & Construction segment

(€ million)	December 31, 2012	December 31, 2013
Offshore E&C	415	415
Onshore E&C	316	314
Other	19	19
	750	**748**

The segment goodwill of €748 million was mainly recognized following the acquisition of Bouygues Offshore SA, now Saipem SA (€710 million) and allocated to the CGUs Offshore E&C and Onshore E&C. The impairment review performed at the balance sheet date confirmed the recoverability of the carrying amounts of both those CGUs, including the allocated portions of goodwill.
The key assumptions adopted for assessing the recoverable amounts of those two CGUs which exceeded their respective carrying amounts related to operating results, the discount rate and the growth rates of the perpetuity adopted to determine the terminal value. Information on those drivers were collected from the four-year-plan approved by the Company's management, while the terminal value was estimated by using a perpetual nominal growth rate of 2% applied to the normalized cash flow of the last year in the four-year plan. Value in use of both CGUs was assessed by discounting the associated post-tax cash flows at a post-tax rate of 7.6% (7.8% in 2012) which corresponds to pre-tax rates of 10.0% and 11.0% for the Offshore E&C business unit and the Onshore E&C business unit, respectively (9.9% and 10.7%, respectively in 2012). The headroom of the Offshore E&C business unit of €3,471 million would be reduced to zero under each of the following alternative changes in the above mentioned assumptions: (i) a linear decrease of 49% in the operating result over all the years of the plan and the terminal value; (ii) an increase of 5 percentage points in the discount rate; and (iii) negative real growth rate. Changes in each of the assumptions that would cause the headroom of the Onshore E&C business unit to be reduced to zero are greater than those applicable to the Offshore E&C construction CGU described above.
The Exploration & Production and the Refining & Marketing segments tested their goodwill, yielding the following results: (i) in the Exploration & Production segment with goodwill amounting to €250 million, management believes that there are no reasonably possible changes in the pricing environment and production/cost profiles that would cause the headroom of the relevant CGUs to be reduced to zero. Goodwill mainly refers to the portion of the purchase price that was not allocated to proved or unproved properties in the business combinations Lasmo, Burren Energy (Congo) and First Calgary. During 2013, goodwill attributed to minor activities in Italy was impaired for an amount of €4 million; and (ii) in the

Refining & Marketing segment goodwill amounted to €157 million at the balance sheet date. Goodwill amounting to €137 million pertained to retail networks acquired in previous years in Austria, Czech Republic, Hungary and Slovakia for which profitability expectations have remained unchanged from the previous-year impairment review.

18 Investments

Investments accounted for using the equity method

(€ million)	Book value at the beginning of the year	Additions	Divestments and reimbursements	Share of profit of equity-accounted investments	Share of loss of equity-accounted investments	Deduction for dividends	Changes in the scope of consolidation	Currency translation differences	Other changes	Book value at the end of the year
December 31, 2012										
Investments in unconsolidated entities controlled by Eni	222	6	(11)	37	(4)	(36)	29	(2)	(26)	215
Joint ventures	2,598	185	(1)	319	(78)	(265)	(473)	(23)	(26)	2,246
Associates	3,019	139	(321)	170	(151)	(129)	(48)	(32)	(846)	1,801
	5,839	**330**	**(333)**	**526**	**(233)**	**(430)**	**(492)**	**(57)**	**(888)**	**4,262**
December 31, 2013										
Investments in unconsolidated entities controlled by Eni	215	9		37	(9)	(24)	(19)	(6)	(2)	201
Joint ventures	2,246	50	(11)	198	(43)	(116)	7	(119)	(397)	1,815
Associates	1,801	230	(1)	134	(65)	(195)		(73)	87	1,918
	4,262	**289**	**(12)**	**369**	**(117)**	**(335)**	**(12)**	**(198)**	**(312)**	**3,934**

In 2013, additions of €289 million mainly related to capital contributions to joint ventures and associates engaged in the realization of projects in the interest of Eni: Angola LNG Ltd (€98 million) which is currently building a liquefaction plant in order to monetize Eni's gas reserves in that Country (Eni's interest in the project being 13.6%); South Stream Transport BV (€44 million) which is engaged in the study of feasibility of the South Stream pipeline; PetroJunin SA (€43 million) which is developing gas and crude oil fields in Venezuela, and; Novamont SpA (€41 million) which is engaged in the "green chemistry" project at the Porto Torres plant.
Divestments and reimbursements of €12 million related to the sale of Est Reti Elettriche SpA.
Eni's share of profit of equity-accounted investments and dividend decrease pertained to the following entities:

	December 31, 2012			December 31, 2013		
(€ million)	Share of profit of equity-accounted investments	Deduction for dividends	Eni's interest %	Share of profit of equity-accounted investments	Deduction for dividends	Eni's interest %
United Gas Derivatives Co	68	60	33.33	56	60	33.33
PetroSucre SA	3		26.00	44	105	26.00
Unión Fenosa Gas SA	149	108	50.00	38		50.00
Blue Stream Pipeline Co BV	39	44	50.00	35	54	50.00
Unimar Llc	38	78	50.00	30	19	50.00
Eni BTC Ltd	30	31	100.00	25	22	100.00
CARDÓN IV SA	1		50.00	21		50.00
Supermetanol CA	18	15	34.51	10	15	34.51
Galp Energia SGPS SA [a]	80	55	24.34			
Other investments	100	39		110	60	
	526	**430**		**369**	**335**	

(a) The investment was accounted for under the equity method until the date of loss of significant influence.

Eni's share of losses of equity-accounted investments related to the following entities:

	December 31, 2012		December 31, 2013	
(€ million)	Share of loss of equity-accounted investments	Eni's interest %	Share of loss of equity-accounted investments	Eni's interest %
Angola LNG Ltd	35	13.60	42	13.60
Petromar Lda			18	70.00
Société Centrale Eletrique du Congo SA			14	20.00
Zagoryanska Petroleum BV	50	60.00	5	60.00
Distribuidora de Gas del Centro SA	12	31.35		
EnBW Eni Verwaltungsgesellschaft mbH	82	50.00		
Other investments	54		38	
	233		**117**	

Losses at the equity-accounted investments in Angola LNG Ltd (€42 million) related to pre-production expenses and operating costs for commissioning a re-gasification plant.
Other changes of €312 million comprised the reclassification to assets held for sale of Artic Russia BV for €449 million and, as increase, the reclassification from other investments of Novamont SpA for €35 million and the revaluation of Caska Refinerska AS for €21 million. At the balance sheet date, Eni's interest in Artic Russia was classified as an asset held for sale and measured at fair value due to the loss of joint control over the investee following the satisfaction, before year end, of all conditions precedent to the Sale Purchase Agreement signed with Gazprom in November 2013. The re-measurement at fair value recorded to profit amounted to €1,682 million. The consideration for the disposal was cashed in on January 15, 2014.

List of equity-accounted investments:

	December 31, 2012			December 31, 2013		
(€ million)	Net carrying value	Number of shares held	Eni's interest %	Net carrying value	Number of shares held	Eni's interest %
Investments in unconsolidated entities controlled by Eni						
Eni BTC Ltd	97	34,000,000	100.00	96	34,000,000	100.00
Other investments (*)	118			105		
	215			**201**		
Joint ventures						
Unión Fenosa Gas SA	507	273,100	50.00	547	273,100	50.00
Blue Stream Pipeline Co BV	461	1,000	50.00	424	1,000	50.00
Eteria Parohis Aeriou Thessalonikis AE	131	116,546,500	49.00	130	116,546,500	49.00
Raffineria di Milazzo ScpA	131	175,000	50.00	130	175,000	50.00
GreenStream BV	125	100,000,000	50.00	107	100,000,000	50.00
CARDÓN IV SA	73	6,455	50.00	102	8,605	50.00
Unimar Llc	70	50	50.00	76	50	50.00
Supermetanol CA	62	49,000,000	34.51	55	49,000,000	34.51
Eteria Parohis Aeriou Thessalias AE	46	38,445,008	49.00	45	38,445,008	49.00
Transmediterranean Pipeline Co Ltd	24	515,500	50.00	30	515,500	50.00
Petromar Lda	44	1	70.00	22	1	70.00
Artic Russia BV	436	12,000	60.00			
Other investments (*)	136			147		
	2,246			**1,815**		
Associates						
Angola LNG Ltd	1,060	1,279,887,652	13.60	1,067	1,410,127,664	13.60
EnBW Eni Verwaltungsgesellschaft mbH	162	1	50.00	179	1	50.00
PetroSucre SA	242	5,727,800	26.00	173	5,727,800	26.00
United Gas Derivatives Co	106	950,000	33.33	96	950,000	33.33
Novamont SpA				77	6,667	25.00
Fertilizantes Nitrogenados de Oriente CEC	68	1,933,662,121	20.00	68	1,933,565,443	20.00
PetroJunin SA	10	8,640,000	40.00	51	44,424,000	40.00
South Stream Transport BV	14	82,396	20.00	51	82,396	20.00
Bayernoil Raffineriegesellschaft mbH	8	1	20.00	35	1	20.00
Rosetti Marino SpA	29	800,000	20.00	32	800,000	20.00
Other investments (*)	102			89		
	1,801			**1,918**		
	4,262			**3,934**		

(*) Each individual amount included herein was lower than €25 million.

Carrying amounts of equity-accounted investments included differences between the purchase price of the interest acquired and the book value of the corresponding fraction of net equity amounting to €334 million, of which €195 million pertained to Unión Fenosa Gas SA (goodwill), €78 million to EnBW Eni Verwaltungsgesellschaft mbH (of which goodwill €16 million) and €43 million to Novamont SpA (goodwill).
The table below sets out the provisions for losses included in the provisions for contingencies of €165 million (€176 million at December 31, 2012), primarily related to the following equity-accounted investments:

(€ million)	December 31, 2012	December 31, 2013
Industria Siciliana Acido Fosforico - ISAF - SpA (under liquidation)	102	92
VIC CBM Ltd	13	18
Saipon Snc		14
Société Centrale Eletrique du Congo SA	19	9
Other investments	42	32
	176	**165**

Other investments

(€ million)	Net book value at the beginning of the year	Additions	Divestments	Valuation at fair value	Currency translation differences	Other changes	Net book value at the end of the year	Gross book value at the end of the year	Accumulated impairment charges
December 31, 2012									
Investments in unconsolidated entities controlled by Eni	3	12					15	16	1
Associates	13		(13)			12	12	12	
Other investments:									
- valued at fair value			(358)	2,528		2,612	4,782	4,782	
- valued at cost	383	49	(145)		(3)	(8)	276	277	1
	399	**61**	**(516)**	**2,528**	**(3)**	**2,616**	**5,085**	**5,087**	**2**
December 31, 2013									
Investments in unconsolidated entities controlled by Eni	15					(1)	14	15	1
Associates	12					1	13	13	
Other investments									
- valued at fair value	4,782		(2,191)	179			2,770	2,770	
- valued at cost	276	3	(5)		(8)	(36)	230	233	3
	5,085	**3**	**(2,196)**	**179**	**(8)**	**(36)**	**3,027**	**3,031**	**4**

Investments in unconsolidated entities controlled by Eni and associates are stated at cost net of impairment losses. Other investments, for which fair value cannot be reliably determined, were recognized at cost and adjusted for impairment losses.
In 2013, divestments and reimbursements of other investments valued at fair value for €2,191 million are stated net of gains on disposals (€98 million) and related to the sale of an 11.69% in the share capital of Snam SpA for €1,392 million and an 8.19% in the share capital of Galp Energia SGPS SA for €799 million.
On May 9, 2013, Eni completed the sale of 395,253,345 shares equal to 11.69% of the share capital of Snam SpA. The offering, carried out through an accelerated bookbuilding aimed at qualified institutional investors, was priced at €3.69 per share for a total consideration amounting to €1,459 million. The gain amounted to €67 million. Following the placement, Eni holds 288,683,602 shares equal to 8.54% of the share capital of Snam which are underlying the €1,250 million convertible bond, issued on January 18, 2013, due on January 18, 2016. At December 31, 2013, the retained interest in Snam was stated at fair value for €1,174 million, which was determined at a market price of €4.07 per share.
On May 31, 2013, Eni completed the placement of 55,452,341 ordinary shares, corresponding to approximately 6.69% of the share capital of Galp Energia SGPS SA. The Offering, carried out through an accelerated bookbuilding procedure aimed at qualified institutional investors, was priced at €12.22 per share for a total consideration amounting to €678 million. The gain amounted to €26 million. Furthermore, during 2013, Eni executed private placements and spot sales of Galp's shares equal to 1.50% of the share capital, for a total consideration of €152 million, at an average price of €12.21 per share, and a gain amounting to €5 million. At December 31, 2013, Eni holds 133,945,630 shares equal to 16.15% of Galp's outstanding share capital, of which 8% underlies the exchangeable (approximately €1,028 million) bond issued on November 30, 2012 to be due on November 30, 2015 and 8.15% are subject to pre-emptive rights or options exercisable by Amorim Energia.
At December 31, 2013, the retained interest in Galp was stated at fair value for €1,596 million determined at a market price of €11.92 per share. Fair value adjustment of €179 million related to Snam SpA and Galp Energia SGPS SA, of which €168 million were reported through profit as income from

investments in application of the fair value option provided by IAS 39 in order to eliminate an accounting mismatch derived from the measurement at fair value through profit as a result of the options embedded in the convertible bonds.
In 2012, divestments of €516 million related for €358 million to the sale through an accelerated book-building procedure with institutional investors of 4% of the share capital of Galp Energia SGPS SA for a total consideration of €381 million and a gain on divestment of €23 million and to the sale of Interconnector (UK) Ltd for €136 million.
In 2012, adjustment at fair value of €2,528 million related to the initial recognition and subsequent measurement at market prices of the interests in Snam SpA (€1,465 million, of which €1,457 million recognized in the profit and loss account and €8 million in other comprehensive income) and Galp Energia SGPS SA (€1,063 million of which €930 million recognized in the profit and loss account and €133 million in other comprehensive income) that, as a consequence of the loss of control on Snam following the transaction with Cassa Depositi e Prestiti and the loss of significant influence on Galp following Eni's exit from the shareholders' pact, were stated as financial investment in the item "Other investments".
The fair values were estimated on the basis of market quotations.
The net carrying amount of other investments of €3,027 million (€5,085 million at December 31, 2012) was related to the following entities:

	December 31, 2012			December 31, 2013		
(€ million)	Net carrying amount	Number of shares held	Eni's interest (%)	Net carrying amount	Number of shares held	Eni's interest (%)
Investments in unconsolidated entities controlled by Eni	**15**			**14**		
Associates	**12**			**13**		
Other investments:						
- Galp Energia SGPS SA	2,374	201,839,604	24.34	1,596	133,945,630	16.15
- Snam SpA	2,408	683,936,947	20.23	1,174	288,683,602	8.54
- Nigeria LNG Ltd	90	118,373	10.40	86	118,373	10.40
- Darwin LNG Pty Ltd	65	213,995,164	10.99	58	213,995,164	10.99
- Novamont SpA	35	3,530	15.00			
- other (*)	86			86		
	5,058			**3,000**		
	5,085			**3,027**		

(*) Each individual amount included herein was lower than €25 million.

Provisions for losses related to other investments, included within the provisions for contingencies, amounted to €12 million (€18 million at December 31, 2012).

Other information about investments

The following table summarizes key financial data, net to Eni, as disclosed in the latest available financial statements of unconsolidated entities controlled by Eni, joint ventures and associates:

	December 31, 2012			December 31, 2013		
(€ million)	Unconsolidated entities controlled by Eni	Joint ventures	Associates	Unconsolidated entities controlled by Eni	Joint ventures	Associates
Total assets	1,604	5,032	3,223	1,633	5,068	3,080
Total liabilities	1,497	2,827	1,429	1,533	3,285	1,146
Net sales from operations	97	2,971	1,889	101	2,476	1,752
Operating profit	5	475	259	(4)	87	114
Net profit	39	237	170	21	130	81

Total assets and liabilities of unconsolidated controlled entities of €1,633 million and €1,533 million, respectively (€1,604 million and €1,497 million at December 31, 2012) pertained to entities acting as sole-operator in the management of oil and gas contracts for €1,283 million and €1,283 million (€1,249 million and €1,249 million at December 31, 2012). The residual amount pertained to not significant entities that were excluded from the scope of consolidation for the reasons described in Note 2 - Principles of consolidation.

19 Other financial assets

(€ million)	December 31, 2012	December 31, 2013
Financing receivables for operating purposes	1,160	1,017
Securities held for operating purposes	69	80
	1,229	**1,097**

Financing receivables for operating purposes are stated net of the valuation allowance for doubtful accounts of €66 million (€30 million at December 31, 2012).
Financing receivables for operating purposes of €1,017 million (€1,160 million at December 31, 2012) primarily pertained to loans granted by the Exploration & Production segment (€569 million), the Gas & Power segment (€312 million) and the Refining & Marketing segment (€88 million).
Receivables for financial leasing of €21 million at December 31, 2012 were nil at December 31, 2013, as a result of the sale of Finpipe GIE. Financing receivables granted to unconsolidated subsidiaries, joint ventures and associates amounted to €559 million.
Financing receivables for operating purposes in currencies other than euro amounted to €884 million (€999 million at December 31, 2012).
Financing receivables for operating purposes due beyond five years amounted to €551 million (€624 million at December 31, 2012).
The valuation at fair value of financing receivables of €1,067 million has been estimated based on the present value of expected future cash flows discounted at rates ranging from 0.5% to 4.2% (0.4% and 3.3% at December 31, 2012). The fair value hierarchy is level 2.
Securities of €80 million (€69 million at December 31, 2012) were designated as held-to-maturity. The following table analyses securities per issuing entity:

	Amortized cost (€ million)	Nominal value (€ million)	Fair Value (€ million)	Nominal rate of return (%)	Maturity date	Rating - Moody's	Rating - S&P
Sovereign states							
Fixed rate bonds							
Italy	20	21	22	from 3.50 to 4.75	from 2014 to 2021	Baa2	BBB
Slovenija	8	8	8	from 4.38 to 4.88	2014	Ba1	A-
Spain	3	3	3	3.00	2015	Baa3	BBB-
Belgium	2	2	2	1.25	2018	Aa3	AA
Floating rate bonds							
Italy	15	15	15		from 2014 to 2016	Baa2	BBB
Belgium	7	7	7		2016	Aa3	AA
Spain	7	7	7		2015	Baa3	BBB-
France	5	5	5		2014	Aa1	AA
Slovakia	2	2	2		2015	A2	A
Total sovereign states	**69**	**70**	**71**				
Floating rate bonds							
European Investment Bank	8	8	8		from 2016 to 2018	Aaa	AAA
Other securities issued by Financial Institutions	**3**	**3**	**3**		2014	Baa3	BBB-
	80	**81**	**82**				

Securities with a maturity beyond five years amounted to €5 million.
The fair value of securities was derived from market prices.
Receivables with related parties are described in Note 43 - Transactions with related parties.

20 Deferred tax assets

Deferred tax assets are stated net of amounts of deferred tax liabilities that can be offset for €3,558 million (€3,630 million at December 31, 2012).

(€ million)	Amount at December 31, 2012	Additions	Deductions	Currency translation differences	Other changes	Amount at December 31, 2013
	5,027	2,070	(2,292)	(237)	94	**4,662**

Net decrease of €365 million included: (i) a write-down of €954 million that was recognized on deferred tax assets recorded by the parent company Eni SpA and other Italian subsidiaries which were part of the consolidated accounts for Italian tax purposes. Management recorded a write-down on those deferred tax assets to reflect a lower likelihood that those deferred tax assets can be recovered in future periods due to an expected reduction in taxable income generated in Italy; (ii) a decrease of €766 million of deferred tax assets in relation to the renegotiation of the contractual terms and the duration extension of some exploration and development licenses as a compensation of the renounce to the deferred tax assets recoverability related to cost incurred and not yet recovered for tax purposes.
Deferred tax assets are further described in Note 30 - Deferred tax liabilities.
Income taxes are described in Note 40 - Income tax expense.

21 Other non-current receivables

(€ million)	December 31, 2012	December 31, 2013
Tax receivables from:		
- Italian tax Authorities		
- income tax	*113*	*133*
- interest on tax credits	*62*	*65*
	175	198
- foreign tax Authorities	118	267
	293	**465**
Other receivables:		
- related to divestments	752	702
- other non-current	361	148
	1,113	**850**
Fair value of non-hedging derivatives	**429**	**256**
Fair value of cash flow hedge derivative instruments	**2**	**6**
Other asset	**2,563**	**2,106**
	4,400	**3,683**

Receivables originated from divestments amounted to €702 million (€752 million at December 31, 2012) and included: (i) the residual outstanding amount of €166 million recognized following the compensation agreed with the Republic of Venezuela for the expropriated Dación oilfield in 2006. The receivable accrues interests at market conditions as the collection has been fractionated in instalments. In 2013, reimbursements amounted to €68 million (US $90 million). Negotiations for further compensations are ongoing; (ii) the long-term portion of a receivable of €341 million related to the divestment of the 1.71% interest in the Kashagan project to the local partner KazMunaiGas on the basis of the agreements defined with the international partners of the North Caspian Sea PSA and the Kazakh government, which became effective from January 1, 2008. The reimbursement of the receivable is provided for in three annual instalments starting from the date when the production will reach a commercial level. The receivable accrues interest income at market rates; (iii) the long-term portion of a receivable of €46 million related to the divestment of the 3.25% interest in the Karachaganak project (equal to the Eni's 10% interest) to the Kazakh partner KazMunaiGas as part of an agreement reached in December 2011 between the Contracting Companies of the Final Production Sharing Agreement (FPSA) and Kazakh Authorities which settled disputes on the recovery of the costs incurred by the International Consortium to develop the field, as well as a certain tax claims. The agreement, effective from June 28, 2012, entailed a net cash consideration to Eni, to be paid in cash in three years through monthly instalments starting in July 2012. The receivable accrues interest income at market rates. In 2013, reimbursements amounted to €82 million. The short-term portion is disclosed in Note 10 - Trade and other receivables.
Receivables with related parties are described in Note 43 - Transactions with related parties.

The fair value of non-hedging derivative contracts was as follows:

	December 31, 2012			December 31, 2013		
(€ million)	Fair value	Purchase commitments	Sale commitments	Fair value	Purchase commitments	Sale commitments
Derivatives on exchange rate						
Interest Currency Swap	235	868	284	138	754	271
Currency swap	29	714	645	47	194	509
	264	**1,582**	**929**	**185**	**948**	**780**
Derivatives on interest rate						
Interest rate swap	80	736	2	58	642	6
	80	**736**	**2**	**58**	**642**	**6**
Derivatives on commodities						
Over the counter	80	581	547	13	94	46
Future	5	147	4			
	85	**728**	**551**	**13**	**94**	**46**
	429	**3,046**	**1,482**	**256**	**1,684**	**832**

Derivative fair values are calculated basing on market quotations provided by primary info-provider, or in the absence of market information, appropriate valuation techniques generally adopted in the marketplace.
Fair values of non-hedging derivatives of €256 million (€429 million at December 31, 2012) consisted of derivatives that did not meet the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net exposures to foreign currency exchange rates, interest rates and commodity prices. Therefore, such derivatives did not relate to specific trade or financing transactions.
Fair value of cash flow hedge derivatives of €6 million (€2 million at December 31, 2012) related to hedges entered by the Gas & Power segment. Further information is disclosed in Note 14 - Other current assets. Fair value related to the contracts expiring beyond 2014 is disclosed in Note 31 - Other non-current liabilities; fair value related to the contracts expiring in 2014 is disclosed in Note 14 - Other current assets and in Note 26 - Other current liabilities. The effects of fair value evaluation of cash flow hedges are disclosed in Note 33 - Shareholders' equity and Note 37 - Operating expenses.
Nominal values of cash flow hedge derivatives for sale commitments were €132 million (purchase and sale commitments of €21 million and €60 million at December 31, 2012, respectively).
Information on the hedged risks and the hedging policies is disclosed in Note 35 - Guarantees, commitments and risks - Risk factors.
Other non-current asset amounted to €2,106 million (€2,563 million at December 31, 2012), of which €1,892 million (€2,367 million at December 31, 2012) were deferred costs relating to the obligation to pay in advance the contractual price of the volumes which the Company failed to collect up to the minimum contractual take in order to fulfil the take-or-pay clause provided by the relevant long-term supply contracts (see Other payables of Note 23 - Trade and other payables). The reduction from the previous year is due to the collection of a part of the prepaid volumes as a consequence of the benefits deriving from the renegotiations that ensured improved flexibility. Those prepayments were classified as non-current assets, as the Company plans to collect the prepaid quantities beyond the term of 12 months. In accordance with those arrangements, the Company is contractually required to collect minimum annual quantities of gas, or in case of failure, is contractually obliged to pay the whole price or a fraction of it for the uncollected volumes up to the minimum annual quantity. The Company is entitled to collect the prepaid volumes in future years alongside contract execution, up to contract expiration or in a shorter term as the case may be. Those deferred costs, which are equivalent to a receivable in-kind, are stated at the purchase cost or the net realizable value, whichever is lower. Prior-years impairment losses are reversed up to the purchase cost, whenever market conditions indicate that impairment no longer exits or may have decreased.
The amount of pre-paid volumes reflects ongoing weak market conditions in the European gas sector due to declining demand and strong competitive pressures fuelled by oversupplies. Those trends prevented Eni from fulfilling its minimum take obligations associated with its gas supply contracts. Management plans to recover those pre-paid volumes over the long-term by leveraging on a projected sales expansion in target European Markets and in Italy supported by the Company's strengthening market leadership and improved competitiveness of the Company's cost position considering the expected benefits of ongoing and planned contract renegotiations and the expected benefits associated with the reduction of minimum take quantities in future years and other operating flexibilities (i.e. changes in delivery points and LNG supplies in place of those by pipeline) which the Company plans to achieve as a result of ongoing and planned contract renegotiations, including the non renewing of expiring contracts.

Current liabilities

22 Short-term debt

(€ million)	December 31, 2012	December 31, 2013
Banks	253	258
Commercial papers	1,481	1,767
Other financial institutions	489	717
	2,223	**2,742**

The increase in short-term debt of €519 million included net assumptions for €1,029 million, partially offset by foreign currency translation differences of €570 million. Commercial papers of €1,767 million (€1,481 million at December 31, 2012) were issued by the Group's financial subsidiaries Eni Finance USA Inc (€1,587 million) and Eni Finance International SA (€180 million).
The breakdown by currency of short-term debt is provided below:

(€ million)	December 31, 2012	December 31, 2013
Euro	219	465
US dollar	1,815	2,056
Other currencies	189	221
	2,223	**2,742**

At December 31, 2013, the weighted average interest rate on short-term debt was 1.1% (1.5% at December 31, 2012).
At December 31, 2013, Eni had undrawn committed and uncommitted borrowing facilities amounting to €2,141 million and €12,187 million, respectively (€1,241 million and €10,932 million at December 31, 2012). Those facilities bore interest rates reflecting prevailing conditions in the marketplace. Charges for unutilized facilities were immaterial.
At December 31, 2013, Eni was in compliance with covenants and other contractual provisions in relation to borrowing facilities.
The fair value of short-term debt and loans matched their respective carrying amounts considering the short-term maturity.
Payables due to related parties are described in Note 43 - Transactions with related parties.

23 Trade and other payables

(€ million)	December 31, 2012	December 31, 2013
Trade payables	14,993	15,529
Down payments and advances	2,247	2,450
Other payables:		
- related to capital expenditures	2,103	2,046
- others	4,238	3,573
	6,341	**5,619**
	23,581	**23,598**

The increase in trade receivables amounting to €536 million primarily related to the increase in the Gas & Power segment (€613 million) and in the Exploration & Production segment (€279 million), partially offset by the decrease in the Refining & Marketing segment (€253 million).
Down payments and advances[21] for €2,450 million (€2,247 million at December 31, 2012) related to contract work in progress in the Engineering & Construction segment for €1,223 million and €822 million (€814 million and €865 million at December 31, 2012, respectively).

(21) Down payments received for long-term contracts in progress correspond to the amounts invoiced to customers in excess of the work accrued at the end of the reporting period based on the percentage of completion. Advances on long-term contracts in progress include advanced payments made by customers and contractually agreed; these advanced payments are used during the contract execution in connection with the invoicing of the works performed.

Other payables were as follows:

(€ million)	December 31, 2012	December 31, 2013
Payables related to capital expenditures due to		
- suppliers in relation to investing activities	1,626	1,480
- joint venture operators in exploration and production activities	440	479
- other	37	87
	2,103	**2,046**
Other payables		
- joint venture operators in exploration and production activities	2,375	2,160
- employees	372	391
- social security entities	223	179
- non-financial government entities	243	229
- other	1,025	614
	4,238	**3,573**
	6,341	**5,619**

The decrease in other payables of €665 million included the amounts paid to the Company's gas suppliers relating to the triggering of the take-or-pay clause of the relevant long-term supply contracts (€542 million). For further information see Note 21 - Other non-current receivables.
The fair value of trade and other payables matched their respective carrying amounts considering the short-term maturity of trade payables.
Payables to related parties are described in Note 43 - Transactions with related parties.

24 Income taxes payable

(€ million)	December 31, 2012	December 31, 2013
Italian subsidiaries	156	71
Foreign subsidiaries	1,466	671
	1,622	**742**

The decrease in income taxes payable by foreign subsidiaries for €795 million primarily related to the foreign companies of the Exploration & Production segment (€677 million).
Income tax expenses are described in Note 40 - Income taxes.

25 Other taxes payable

(€ million)	December 31, 2012	December 31, 2013
Excise and customs duties	1,286	1,244
Other taxes and duties	876	1,024
	2,162	**2,268**

26 Other current liabilities

(€ million)	December 31, 2012	December 31, 2013
Fair value of cash flow hedge derivatives	32	213
Fair value of other derivatives	893	783
Other liabilities	512	452
	1,437	**1,448**

Derivative fair values were estimated on the basis of market quotations provided by primary info-provider, or alternatively, appropriate valuation techniques commonly used on the marketplace.
The fair value of cash flow hedge derivatives amounted to €213 million (€32 million at December 31, 2012) and essentially pertained to hedges entered by the Gas & Power segment. Those derivatives were designated to hedge exchange rate and commodity risk exposures as described in Note 14 - Other current assets. Fair value of contracts expiring by end of 2014 is disclosed in Note 14 - Other current assets; fair value of contracts expiring beyond 2014 is disclosed in Note 31 - Other non-current liabilities and in Note 21 - Other non-current receivables. The effects of the evaluation at fair value of cash flow hedge derivatives are disclosed in Note 33 - Shareholders' equity and in Note 37 - Operating expenses.
The nominal value of cash flow hedge derivatives referred to purchase and sale commitments for €3,689 million and €1,393 million, respectively (€341 million and €271 million at December 31, 2012, respectively).
The fair value of other derivative contracts is presented below:

	December 31, 2012			December 31, 2013		
(€ million)	Fair value	Purchase commitments	Sale commitments	Fair value	Purchase commitments	Sale commitments
Derivatives on exchange rate						
Currency Swap	180	7,531	1,291	177	6,963	893
Outright	1	102		102	1,983	
	181	**7,633**	**1,291**	**279**	**8,946**	**893**
Derivatives on interest rate						
Interest rate swap	1		88	1		121
	1		**88**	**1**		**121**
Derivatives on commodities						
Over the counter	688	8,311	2,969	489	6,187	995
Future	12	382	67	12	181	37
Other	11		2	2		2
	711	**8,693**	**3,038**	**503**	**6,368**	**1,034**
	893	**16,326**	**4,417**	**783**	**15,314**	**2,048**

Fair values of other derivatives of €783 million (€893 million at December 31, 2012) consisted of: (i) €377 million (€538 million at December 31, 2012) of derivatives that lacked the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net exposures to movements in foreign currencies, interest rates or commodity prices; (ii) €405 million (€349 million at December 31, 2012), of commodity derivatives entered for trading purposes and proprietary trading; (iii) €1 million (€5 million at December 31, 2012) related to fair value hedge derivatives; and (iv) €1 million as of 31 December 2012 of derivatives embedded in the pricing formulas of certain long-term supply contracts of gas in the Exploration & Production segment.
Information on hedged risks and hedging policies is disclosed in Note 35 - Guarantees, commitments and risks - Risk factors.
The decrease in other current liabilities of €60 million included advances recovered from gas customers who off-took lower volumes than the contractual minimum take provided by the relevant long-term supply contract (€142 million).
Transactions with related parties are described in Note 43 - Transactions with related parties.

Non-current liabilities

27 Long-term debt and current maturities of long-term debt

(€ million)

		At December 31		Current maturity 2014	Long-term maturity					
	Maturity range	2012	2013		2015	2016	2017	2018	After	Total
Banks	**2014-2027**	4,016	2,390	397	418	420	223	174	758	1,993
Ordinary bonds	**2014-2043**	16,824	18,151	1,698	2,203	1,496	2,655	1,176	8,923	16,453
Convertible bonds	**2015-2016**	990	2,240	8	1,003	1,229				2,232
Other financial institutions	**2014-2027**	410	356	46	46	47	49	50	118	310
		22,240	**23,137**	**2,149**	**3,670**	**3,192**	**2,927**	**1,400**	**9,799**	**20,988**

Long-term debt and current maturities of long-term debt of €23,137 million (€22,240 million at December 31, 2012) increased by €897 million. The increase comprised new issuance of €5,418 million net of repayments made for €4,669 million and currency translation differences relating foreign subsidiaries and debt denominated in foreign currency recorded by euro-reporting subsidiaries for €36 million.
Debt due to banks of €2,390 million (€4,016 million at December 31, 2012) included amounts against committed borrowing facilities for €3 million.
Debt due to other financial institutions of €356 million (€410 million at December 31, 2012) included €31 million of finance lease transactions (same amount as of December 31, 2012).
Eni entered into long-term borrowing facilities with the European Investment Bank. These borrowing facilities are subject to the maintenance of certain financial ratios based on Eni's Consolidated Financial Statements or a minimum level of credit rating. According to the agreements, should the Company lose the minimum credit rating, new guarantees would be required to be agreed upon with the European Investment Bank. In addition, Eni entered into long and medium-term facilities with Citibank Europe Plc providing for conditions similar to those applied by the European Investment Bank. At December 31, 2013 and 2012, debts subjected to restrictive covenants amounted to €1,782 million and €1,994 million, respectively. A possible non-compliance with those covenants would be immaterial to the Company's ability to finance its operations. As of the balance sheet date, Eni was in compliance with those covenants.
Ordinary bonds of €18,151 million (€16,824 million at December 31, 2012) consisted of bonds issued within the Euro Medium Term Notes Program for a total of €13,945 million and other bonds for a total of €4,206 million.

The following table provides a breakdown of bonds by issuing entity, maturity date, interest rate and currency as of December 31, 2013:

(€ million)	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity from	Maturity to	Rate % from	Rate % to
Issuing entity								
Euro Medium Term Notes								
Eni SpA	1,500	65	1,565	EUR		2016		5.000
Eni SpA	1,500	11	1,511	EUR		2019		4.125
Eni SpA	1,250	69	1,319	EUR		2014		5.875
Eni SpA	1,250	1	1,251	EUR		2017		4.750
Eni SpA	1,200	18	1,218	EUR		2025		3.750
Eni SpA	1,000	34	1,034	EUR		2020		4.250
Eni SpA	1,000	29	1,029	EUR		2018		3.500
Eni SpA	1,000	18	1,018	EUR		2020		4.000
Eni SpA	1,000	3	1,003	EUR		2023		3.250
Eni SpA	800	1	801	EUR		2021		2.625
Eni SpA	750	10	760	EUR		2019		3.750
Eni Finance International SA	540	12	552	GBP	2018	2021	4.750	6.125
Eni Finance International SA	445	7	452	EUR	2017	2043	3.750	5.600
Eni Finance International SA	248	2	250	YEN	2014	2037	1.530	2.810
Eni Finance International SA	163	3	166	USD	2014	2015	4.450	4.800
Eni Finance International SA	16		16	EUR		2015		variable
	13,662	**283**	**13,945**					
Other bonds								
Eni SpA	1,109		1,109	EUR		2017		4.875
Eni SpA	1,000	16	1,016	EUR		2015		4.000
Eni SpA	1,000	(4)	996	EUR		2015		variable
Eni SpA	326	2	328	USD		2020		4.150
Eni SpA	254		254	USD		2040		5.700
Eni SpA	215		215	EUR		2017		variable
Eni USA Inc	290	(2)	288	USD		2027		7.300
	4,194	**12**	**4,206**					
	17,856	**295**	**18,151**					

As of December 31, 2013, ordinary bonds maturing within 18 months (€3,493 million) were issued by Eni SpA (€3,331) and Eni Finance International SA (€162 million). During 2013, new bonds for €3,096 million were issued by Eni SpA and Eni Finance International (€3,022 million and €74 million, respectively).

The following table provides a breakdown of convertible bonds by issuing entity, maturity date, interest rate and currency as of December 31, 2013:

(€ million)	Amount	Discount on bond issue and accrued expense	Total	Currency	Maturity	Rate %
Issuing entity						
Eni SpA	1,250	(13)	1,237	EUR	2016	0.625
Eni SpA	1,028	(25)	1,003	EUR	2015	0.250
	2,278	**(38)**	**2,240**			

A bond amounting to €1,237 million (nominal value of €1,250 million) is convertible into ordinary shares of Snam SpA. The underlying shares are €288.7 million ordinary shares, corresponding to approximately 8.54% of the current outstanding share capital of Snam at a strike price of approximately €4.33 a share, representing a 20% premium to market prices current at the date of the issuance.

A bond amounting to €1,003 million (nominal value of €1,028 million) is convertible into ordinary shares of Galp Energia SGPS SA. The underlying share are approximately 66.3 million ordinary shares of Galp, corresponding to approximately 8% of the current outstanding share capital of Galp at a strike price of approximately €15.50 a share, representing a 35% premium to market prices current at the date of the issuance.

Those convertible bonds are stated at amortized cost, while the call option embedded in the bonds is measured at fair value through profit. Changes in fair value of the shares underlying the bonds were reported through profit as opposed to equity based on the fair value option provided by IAS 39 from inception.
The following table provides a breakdown by currency of long-term debt and its current portion and the related weighted average interest rates.

	December 31, 2012	Average rate %	December 31, 2013	Average rate %
Euro	19,413	3.6	20,667	3.4
US dollar	1,899	5.3	1,668	5.4
British pound	564	5.3	552	5.3
Japanese yen	363	2.1	250	2.2
Other currencies	1	6.7		
	22,240		**23,137**	

As of December 31, 2013, Eni had undrawn long-term committed borrowing facilities of €4,719 million (€6,928 at December 31, 2012). Those facilities bore interest rates and charges for unutilized facilities reflecting prevailing conditions on the marketplace.
Eni has in place a program for the issuance of Euro Medium Term Notes up to €15 billion, of which €13.7 billion were drawn as of December 31, 2013. The Group has credit ratings of A and A-1 respectively for long and short-term debt assigned by Standard & Poor's and A3 and P-2 for long and short-term debt assigned by Moody's. The outlook is negative in both ratings. Eni's credit rating is linked in addition to the Company's industrial fundamentals and trends in the trading environment to the sovereign credit rating of Italy. On the basis of the methodologies used by Standard & Poor's and Moody's, a potential downgrade of Italy's credit rating may trigger a potential knock-on effect on the credit rating of Italian issuers such as Eni and make it more likely that the credit rating of the notes or other debt instruments issued by the Company could be downgraded.
Fair value of long-term debt, including the current portion of long-term debt amounted to €23,022 million (€24,937 million at December 31, 2012):

(€ million)	December 31, 2012	December 31, 2013
Ordinary bonds	19,239	18,071
Convertible bonds	1,059	2,188
Banks	4,171	2,382
Other financial institutions	468	381
	24,937	**23,022**

Fair value was estimated by discounting the expected future cash flows at discount rates ranging from 0.5% to 4.2% (0.4% and 3.3% at December 31, 2012). The fair value of convertible bonds was determined based on market prices. The fair value hierarchy is level 2.
At December 31, 2013, Eni did not pledge restricted deposits as collateral against its borrowings.

Analysis of net borrowings
The analysis of net borrowings, as defined in the "Financial review", was as follows:

	December 31, 2012			December 31, 2013		
(€ million)	Current	Non-current	Total	Current	Non-current	Total
A. Cash and cash equivalents	7,765		7,765	5,288		5,288
B. Held-for-trading financial assets				5,004		5,004
C. Available-for-sale financial assets	34		34	33		33
D. Liquidity (A+B)	**7,799**		**7,799**	**10,325**		**10,325**
E. Financing receivables	**1,153**		**1,153**	**126**		**126**
F. Short-term debt towards banks	253		253	258		258
G. Long-term debt towards banks	913	3,103	4,016	397	1,993	2,390
H. Bonds	2,006	15,808	17,814	1,706	18,685	20,391
I. Short-term debt towards related parties	403		403	502		502
L. Other short-term liabilities	1,567		1,567	1,982		1,982
M. Other long-term liabilities	42	368	410	46	310	356
N. Total borrowings (F+G+H+I+L+M)	**5,184**	**19,279**	**24,463**	**4,891**	**20,988**	**25,879**
O. Net borrowings (N-D-E)	**(3,768)**	**19,279**	**15,511**	**(5,560)**	**20,988**	**15,428**

Financial assets held for trading of €5,004 million were maintained by Eni SpA. For further information see Note 8 - Financial assets held for trading.
Available-for-sale securities of €33 million (€34 million at December 31, 2012) were held for non-operating purposes. The Company held at the reporting date certain held-to-maturity and available-for-sale securities which were destined to operating purposes amounting to €282 million (€270 million at December 31, 2012), of which €202 million (€196 million at December 31, 2012) were held to hedge the loss reserve of Eni Insurance Ltd. Those securities are excluded from the calculation above.
Financing receivables of €126 million (€1,153 million at December 31, 2012) were held for non-operating purposes. The Company held at the reporting date certain financing receivables which were destined to operating purposes amounting to €998 million (€668 million at December 31, 2012), of which €595 million (€351 million at December 31, 2012) were in respect of financing granted to unconsolidated subsidiaries, joint ventures and affiliates which executed capital projects and investments on behalf of Eni's Group companies and a €321 million cash deposit (€280 million at December 31, 2012) to hedge the loss reserve of Eni Insurance Ltd. Those financing receivables are excluded from the calculation above.

28 Provisions for contingencies

(€ million)	Carrying amount at December 31, 2012	New or increased provisions	Initial recognition and changes in estimates	Accretion discount	Reversal of utilized provisions	Reversal of unutilized provisions	Currency translation differences	Other changes	Carrying amount at Decembe 31, 2013
Provision for site restoration, abandonment and social projects	7,407		(191)	241	(300)	(2)	(298)	45	6,902
Provision for environmental risks	2,928	158		(3)	(182)	(31)	(2)	(6)	2,862
Provision for legal and other proceedings	1,419	431			(781)	(209)	(13)	13	860
Provision for taxes	395	130			(18)		(16)	(14)	477
Provision for redundancy incentives	202	251		2	(51)	(2)		5	407
Provision for onerous contracts	54	381			(39)	(13)	(11)		372
Loss adjustments and actuarial provisions for Eni's insurance companies	343	156			(130)			(11)	358
Provision for green certificates	241	108			(63)	(11)			275
Provision for losses on investments	194	28				(32)	(3)	(10)	177
Provision for disposal and restructuring	39	62			(3)	(3)	1		96
Provision for OIL insurance cover	106	1				(5)	(1)	(8)	93
Provision for long-term construction contracts	52	69			(36)		(2)		83
Provision for the supply of goods	24				(24)				
Other (*)	199	85			(19)	(4)	(2)	(54)	205
	13,603	**1,860**	**(191)**	**240**	**(1,646)**	**(312)**	**(347)**	**(40)**	**13,167**

(*) Each individual amount included herein was lower than €50 million.

Provisions for site restoration, abandonment and social projects amounted to €6,902 million. Those provisions comprised the discounted estimated costs that the Company expects to incur for decommissioning oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration (€6,534 million). Initial recognition and changes in estimates amounted to €191 million and were primarily due to estimates' revisions of decommissioning costs, changes in discount rates and new liabilities of the year in the Exploration & Production segment. The accreation discount recognized in the profit and loss account for €241 milllion was determined by adopting discount rates ranging from 0.7% to 9.4% (from 1.4% to 9.3% at December 31, 2012). Main expenditures associated with site restoration and decommissioning operations are expected to be incurred over a 30-year period starting from 2017.
Provisions for environmental risks amounted to €2,862 million. Those provisions comprised the estimated costs for environmental clean-up and restoration of certain industrial sites which were owned or held in concession by the Company, and subsequently divested, shut-down or liquidated. Those environmental provisions are recognized when an environmental project is approved by or filed with the relevant administrative authorities or a constructive obligation has arisen whereby the Company commits itself to perform certain cleaning-up and restoration projects and a reliable cost estimation is available. At December 31, 2013, provisions for environmental risks primarily related to Syndial SpA (€2,353 million) and the Refining & Marketing segment (€381 million). Additions of €158 million primarily related to the Refining & Marketing segment (€75 million) and Syndial SpA (€62 million). Utilizations of €182 million primarily related to Syndial SpA (€96 million) and the Refining & Marketing segment (€66 million).
Provisions for legal and other proceedings of €860 million comprised the expected liabilities due to failure to perform certain contractual obligations and estimated future losses on pending litigation including legal risks of liability, antitrust proceedings, administrative matters and commercial arbitration proceedings. These provisions represented the Company's best estimate of the expected probable liabilities

associated with pending litigation and commercial proceedings and primarily related to the Gas & Power segment (€440 million) and Syndial SpA (€157 million). Additions and utilizations of €431 million and €781 million, respectively, mainly related to the Gas & Power segment and were recognized to take account of gas price revisions at both long-term supply and sale contracts, including the settlement of certain arbitrations. Reversals of unutilized provision of €209 million were primarily made by the Gas & Power segment.
Provisions for taxes of €477 million included the estimated charges that the Company expects to incur for unsettled tax claims in connection with uncertainties in the application of tax rules at certain Italian and foreign subsidiaries in the Exploration & Production segment (€396 million) and the Engineering & Construction segment (€55 million).
Provisions for redundancy incentives of €407 million were recognized due to a restructuring program involving the Italian personnel for the period 2010-2011 and 2013-2014 in compliance with Law No. 223/1991. Additions of €251 million related to the restructuring program for the period 2013-2014.
Provisions for onerous contracts of €372 million related to the execution of contracts where the expected costs exceed the relevant benefits. In particular, the provision comprised the estimated expected losses on a re-gasification project in the United States and on an unutilized infrastructure for gas transportation.
Loss adjustments and actuarial provisions of Eni's insurance company Eni Insurance Ltd of €358 million represented the estimated liabilities accrued on the basis for third parties claims. Against such liability was recorded a receivable of €152 million recognized towards insurance companies for reinsurance contracts.
Provisions for green certificates of €275 million included additional charges that electric power producers must sustain for using non-renewable sources of energy.
Provisions for losses on investments of €177 million were made with respect to certain investees for which expected or incurred losses exceeded carrying amounts.
Provisions for disposal and restructuring of €96 million essentially related to the Versalis segment (€56 million) and Syndial SpA (€28 million).
Provisions for the Oil mutual insurance scheme of €93 million included the estimated future increase of insurance premiums which will be charged to Eni in the next five years and that accrued at the reporting date because of the effective accident rate occurred in past reporting periods.
Provisions for long-term construction contracts of €83 million related to the Engineering & Construction segment.

29 Provisions for employee benefits

(€ million)	December 31, 2012	December 31, 2013
TFR	354	347
Foreign defined benefit plans	671	585
Supplementary medical reserve for Eni managers (FISDE) and other foreign medical plans	143	136
Other foreign long-term benefit plans	206	177
	1,374	**1,245**

Provisions for benefits upon termination of employment primarily related to a provisions accrued by Italian companies for employee retirement, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid upon retirement as a lump sum, the amount of which corresponds to the total of the provisions accrued during the employees' service period based on payroll costs as revalued until retirement. Following the changes in the law regime, from January 1, 2007 accruing benefits have been contributing to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). For companies with less than 50 employees, it will be possible to continue the scheme as in previous years. Therefore, contributions of future TFR provisions to pension funds or the INPS treasury fund determines that these amounts will be treated in accordance to a defined contribution scheme. Amounts already accrued before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.
Pension funds are defined benefit plans provided by foreign subsidiaries located mainly in Nigeria, Germany and United Kingdom. Benefits under these plans consist of payments based on seniority and the salary paid in the last year of service, or alternatively, the average annual salary over a defined period prior to the retirement.
Group companies provide healthcare benefits. Liability to these plans (FISDE and other foreign healthcare plans) and the current cost are limited to the contributions made by the Company for retired managers.
Other benefits primarily consisted of monetary and long-term incentive schemes to Group managers and Jubilee awards. Provisions for the monetary incentive scheme are assessed based on the estimated bonuses which will be granted to those managers who will achieve certain individual performance goals weighted with the likelihood that the Company delivers the planned profitability targets. Provisions for the long-term incentive scheme are assessed on the basis of the estimated trends of a performance indicator as benchmarked against a Group of international oil companies. Both of these incentive schemes normally vest over a three-year period. Jubilee awards are benefits due following the attainment of a minimum period of service and, for the Italian companies, consist of an in-kind remuneration.

Present value of employee benefits, estimated by applying actuarial techniques, consisted of the following:

(€ million)	December 31, 2012 TFR	Foreign defined benefit plans	Fisde and other foreign medical plans	Other foreign long-term benefit plans	Total	December 31, 2013 TFR	Foreign defined benefit plans	Fisde and other foreign medical plans	Other foreign long-term benefit plans	Total
Present value of benefit liabilities at beginning of year	**391**	**1,105**	**124**	**211**	**1,831**	**354**	**1,290**	**143**	**206**	**1,993**
Current cost		42	1	54	97		58	3	48	109
Interest cost	15	41	6	5	67	11	45	4	3	63
Remeasurements:	63	66	24	4	157	(5)	(51)	(7)	(25)	(88)
- actuarial (gains) losses due to changes in demographic assumptions						*(3)*	*6*	*(4)*	*1*	
- actuarial (gains) losses due to changes in financial assumptions	*60*	*38*	*27*		*125*		*(45)*	*(2)*	*(21)*	*(68)*
- experience (gains) losses	*3*	*28*	*(3)*	*4*	*32*	*(2)*	*(12)*	*(1)*	*(5)*	*(20)*
Past service cost and settlements		(3)			(3)		5		(2)	3
Plan contributions:							*1*			*1*
- employee contributions							1			1
Benefits paid	(34)	(33)	(7)	(49)	(123)	(14)	(33)	(7)	(48)	(102)
Changes in the scope of consolidation	(84)		(6)	(23)	(113)	1				1
Currency translation differences and other changes	3	72	1	4	80		(88)		(5)	(93)
Present value of benefit liabilities at end of year (a)	**354**	**1,290**	**143**	**206**	**1,993**	**347**	**1,227**	**136**	**177**	**1,887**
Plan assets at beginning of year		**570**			**570**		**619**			**619**
Interest income		22			22		22			22
Return on plan assets		3			3		2			2
Past service cost and settlements							(1)			(1)
Administration expenses paid							(1)			(1)
Plan contributions:		*27*			*27*		39			39
- employee contributions							*1*			*1*
- employer contributions		*27*			*27*		*38*			*38*
Benefits paid		(20)			(20)		(16)			(16)
Currency translation differences and other changes		*17*			*17*		(22)			(22)
Plan assets at end of year (b)		**619**			**619**		**642**			**642**
Net liability recognized at end of year (a-b)	**354**	**671**	**143**	**206**	**1,374**	**347**	**585**	**136**	**177**	**1,245**

Foreign defined-benefit plans amounting to €585 million (€671 million at December 31, 2012) primarily related to pension plans for €395 million (€487 million at December 31, 2012).

Net liability relating to foreign defined-benefit plans included the liability attributable to joint venture partners operating in exploration and production activities of €264 million (€308 million at December 31, 2012). Eni recorded a receivable for an amount equivalent to such liability.

Other long-term employee benefit plans of €177 million (€206 million at December 31, 2012) primarily related to deferred monetary incentive plans for €86 million (€107 million at December 31, 2012), Jubilee awards for €48 million (€56 million at December 31, 2012), the long-term incentive plan for €8 million (€11 million at December 31, 2012) and other foreign long-term plans for €35 million (€32 million at December 31, 2012).

Costs charged to the profit and loss account consisted of the following:

(€ million)	TFR	Foreign defined benefit plans	Fisde and other foreign medical plans	Other foreign long-term benefit plans	Total
2012					
Current cost		42	1	54	97
Past service cost and settlements		(3)			(3)
Interest cost (income), net:					
- interest cost on liabilities	*15*	*41*	*6*	*5*	*67*
- interest income on plan assets		*(22)*			*(22)*
Total interest cost (income), net	15	19	6	5	45
- of which recognized in payroll and related cost				*5*	*5*
- of which recognized in financial income (expense)	*15*	*19*	*6*		*40*
Remeasurements for long-term plans				4	4
Other costs/Administration expenses paid					
Total	**15**	**58**	**7**	**63**	**143**
- of which recognized in payroll and related cost		*39*	*1*	*63*	*103*
- of which recognized in financial income (expense)	*15*	*19*	*6*		*40*
2013					
Current cost		58	3	48	109
Past service cost and settlements		6		(2)	4
Interest cost (income), net:					
- interest cost on liabilities	*11*	*45*	*4*	*3*	*63*
- interest income on plan assets		*(22)*			*(22)*
Total interest cost (income), net	11	23	4	3	41
- of which recognized in payroll and related cost				*3*	*3*
- of which recognized in financial income (expense)	*11*	*23*	*4*		*38*
Remeasurements for long-term plans				(25)	(25)
Other costs/Administration expenses paid		1			1
Total	**11**	**88**	**7**	**24**	**130**
- of which recognized in payroll and related cost		*65*	*3*	*24*	*92*
- of which recognized in financial income (expense)	*11*	*23*	*4*		*38*

Costs recognized in other comprehensive income consisted of the following:

	2012				2013			
(€ million)	TFR	Foreign defined benefit plans	Fisde and other foreign medical plans	Total	TFR	Foreign defined benefit plans	Fisde and other foreign medical plans	Total
Remeasurements								
Actuarial (gains)/losses due to changes in demographic assumptions					(3)	6	(4)	(1)
Actuarial (gains)/losses due to changes in financial assumptions	60	38	27	125		(45)	(2)	(47)
Experience (gains) losses	3	28	(3)	28	(2)	(12)	(1)	(15)
Return on plan assets		(3)		(3)		(2)		(2)
	63	**63**	**24**	**150**	**(5)**	**(53)**	**(7)**	**(65)**

Plan assets consisted of the following:

(€ million)	Cash and cash equivalents	Equity securities	Debt securities	Real estate	Derivatives	Investment funds	Assets held by insurance company	Other	Total
Plan assets with a quoted market price	20	88	412	9	5	2	1	85	**622**
Plan assets without a quoted market price	2		7	2		1	5	3	**20**
	22	**88**	**419**	**11**	**5**	**3**	**6**	**88**	**642**

Plan assets are generally managed by external asset managers pursuing investment strategies, defined by Eni's companies, with the aim of ensuring that assets are sufficient to pay the benefits. For this purpose, the investments are aimed at maximizing the expected return and limit the risk level through proper diversification.
The main actuarial assumptions used in the evaluation of the liabilities at year end and in the estimate of costs expected for 2014 consisted of the following:

		TFR	Foreign defined benefit plans	FISDE and other foreign medical plans	Other foreign long-term benefit plans
2012					
Discount rate	(%)	3.0	1.9-15.5	3.0	1.2-3.0
Rate of compensation increase	(%)	3.0	2.0-14.0		
Rate of price inflation	(%)	2.0	0.5-13.8	2.0	2.0
Life expectations on retirement at age 65	(years)		15-24	24	
2013					
Discount rate	(%)	3.0	2.1-13.5	3.0	1.1-3.0
Rate of compensation increase	(%)	3.0	2.0-14.0		
Rate of price inflation	(%)	2.0	0.6-11.0	2.0	2.0
Life expectations on retirement at age 65	(years)		15-24	24	

The following is an analysis by geographic area of the main actuarial assumptions used in the evaluation of the principal foreign defined-benefit plans:

		European Union	Rest of Europe	Africa	Other areas	Foreign defined benefit plans
2013						
Discount rate	(%)	2.9-3.3	2.1-4.4	3.5-13.5	2.5-7.8	**2.1-13.5**
Rate of compensation increase	(%)	2.0-3.1	2.5-4.9	5.0-14.0	5.0-10.0	**2.0-14.0**
Rate of price inflation	(%)	2.0	0.6-3.4	3.5-11.0	3.0-5.5	**0.6-11.0**
Life expectations on retirement at age 65	(years)	21	22-24	15		**15-24**

The discount rate used was determined on the base of corporate bond yields (rating AA) in Countries with a significant market, or in the absence, of government bond yields. The demographic tables adopted are those used by each Country for the assessments of IAS19. The inflation rate was determined by considering the long-term forecasts issued by national or international banks.
The effects of a possible change in the main actuarial assumptions at the end of the year are listed below:

	Discount rate		Rate of price inflation	Rate of increases in pensionable salaries	Healthcare cost trend rate	Rate of increases to pensions in payement
(€ million)	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Increase	0.5% Increase	0.5% Increase
Effect on DBO						
TFR	(20)	23	15	..		
Foreign defined benefit plans	(77)	77	36	26		28
FISDE and other foreign medical plans	(8)	9			9	
Other foreign long-term benefit plans	(3)	3	1			

The sensitivity analysis was performed on the basis of the results for each plan through assessments calculated considering modified parameters. The amount of contributions expected to be paid for employee benefit plans in the next year amounted to €109 million, of which €65 million related to defined-benefit plans.

The following is an analysis by maturity date of the liabilities for employee benefits:

(€ million)	TFR	Foreign defined benefit plans	FISDE and other foreign medical plans	Other long-term benefits
2014	6	35	7	44
2015	6	39	7	46
2016	7	43	7	48
2017	9	40	7	5
2018	12	58	7	3
2019 and thereafter	307	370	101	54

The weighted-average duration of the liabilities for employee benefits was the following:

		TFR	Foreign pension plans	FISDE and other foreign medical plans	Other long-term benefits
2012					
Weighted average duration	(years)	11.6	16.1	13.4	5.1
2013					
Weighted average duration	(years)	12.7	18.6	13.1	4.4

Transactions with related parties are described in Note 43 - Transactions with related parties.

30 Deferred tax liabilities

Deferred tax liabilities were recognized net of the amounts of deferred tax assets which can be offset for €3,558 million (€3,630 million at December 31, 2012).

(€ million)	Amount at December 31, 2012	Additions	Deductions	Currency translation differences	Other changes	Amount at December 31, 2013
	6,740	1,120	(1,047)	(504)	414	**6,723**

Deferred tax assets and liabilities consisted of the following:

(€ million)	December 31, 2012	December 31, 2013
Deferred tax liabilities	10,370	10,281
Deferred tax assets available for offset	(3,630)	(3,558)
	6,740	**6,723**
Deferred tax assets not available for offset	(5,027)	(4,662)
Net deferred tax liabilities	**1,713**	**2,061**

Net deferred tax liabilities of €2,061 million (€1,713 million at December 31, 2012) included the recognition of the deferred tax effect against equity of: (i) the fair value evaluation of derivatives designated as cash flow hedge (deferred tax assets for €70 million); (ii) the revaluation of defined-benefit plans (deferred tax assets for €13 million); and (iii) the fair value evaluation of available-for-sale securities (deferred tax liabilities for €2 million).

The most significant temporary differences giving rise to net deferred tax liabilities are disclosed below:

(€ million)	Carrying amount at December 31, 2012	Additions	Deductions	Currency translation differences	Other changes	Carrying amount at December 31, 2013
Deferred tax liabilities						
Accelerated tax depreciation	7,406	736	(354)	(371)	194	7,611
Difference between the fair value and the carrying amount of assets acquired following business combinations	1,161	157	(48)	(63)	93	1,300
Site restoration and abandonment (tangible assets)	537	4	(166)	(47)	59	387
Application of the weighted average cost method in evaluation of inventories	89	27	(5)			111
Capitalized interest expense	24	(3)	(7)			14
Other	1,153	199	(467)	(23)	(4)	858
	10,370	**1,120**	**(1,047)**	**(504)**	**342**	**10,281**
Deferred tax assets, gross						
Carry-forward tax losses	(1,107)	(1,154)	23	80	(188)	(2,346)
Site restoration and abandonment (provisions for contingencies)	(2,153)	(75)	409	73	(150)	(1,896)
Accruals for impairment losses and provisions for contingencies	(1,884)	(572)	730	3	23	(1,700)
Non-deductible depreciation and amortization	(2,018)	(134)	578	63	(110)	(1,621)
Non-deductible impairment losses	(752)	(642)	161		43	(1,190)
Unrealized intercompany profits	(693)	(5)	93	2	135	(468)
Other	(1,677)	(457)	298	43	224	(1,569)
	(10,284)	**(3,039)**	**2,292**	**264**	**(23)**	**(10,790)**
Impairments of deferred tax assets	**1,627**	**969**		**(27)**	**1**	**2,570**
Deferred tax assets, net	**(8,657)**	**(2,070)**	**2,292**	**237**	**(22)**	**(8,220)**
Net deferred tax liabilities	**1,713**	**(950)**	**1,245**	**(267)**	**320**	**2,061**

Italian taxation law allows the carry-forward of tax losses indefinitely. Foreign taxation laws generally allow the carry-forward of tax losses over a period longer than five years, and in many cases, indefinitely. An average tax rate of 32.2% was applied to tax losses of Italian subsidiaries to determine the portion of the carry-forwards tax losses which will be used in future years to offset the expected taxable profit. This rate was determined considering the different statutory rates of taxes applicable to all Italian subsidiaries which are included in the consolidation statement for Italian fiscal purposes. The corresponding rate for foreign subsidiaries was 33.5%.
Carry-forward tax losses amounted to €7,379 million and can be used indefinitely for €6,124 million. Carry-forward tax losses regarded Italian companies for €3,652 million and foreign companies €3,727 million. Carry-forward tax losses amounted to €6,050 million which are likely to be utilized against future taxable profit and were in respect of Italian companies for €3,505 million and foreign subsidiaries for €2,545 million. Deferred tax assets recognized on these losses amounted to €1,128 million and €852 million, respectively.

31 Other non-current liabilities

(€ million)	December 31, 2012	December 31, 2013
Fair value of non-hedging derivatives	271	282
Fair value of cash flow hedge derivatives	13	1
Current income tax liabilities	1	1
Other payables	57	75
Other liabilities	1,635	1,345
	1,977	**1,704**

Derivative fair values were estimated on the basis of market prices provided by primary info-provider, or alternatively, appropriate valuation techniques commonly used in the marketplace.

The fair value of non-hedging derivative contracts and is presented below:

	December 31, 2012			December 31, 2013		
(€ million)	Fair value	Purchase commitments	Sale commitments	Fair value	Purchase commitments	Sale commitments
Derivatives on exchange rate						
Currency swap	42	2,055	420	53	1,075	130
Outright	1	3		36	878	
Interest Currency Swap				3		74
	43	**2,058**	**420**	**92**	**1,953**	**204**
Derivatives on interest rate						
Interest rate swap	65		530	40	50	390
	65		**530**	**40**	**50**	**390**
Derivatives on commodities						
Over the counter	89	405	952	23	31	159
Future	1	66	9			
Other	13		33			
	103	**471**	**994**	**23**	**31**	**159**
Options embedded in convertible bonds	**60**			**127**		
	271	**2,529**	**1,944**	**282**	**2,034**	**753**

Fair value of non-hedging derivatives of €282 million (€271 million at December 31, 2012) consisted of: (i) €155 million (€198 million at December 31, 2012) of derivatives that lacked the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net business exposures to foreign currency exchange rates, interest rates or commodity prices. Therefore, such derivatives were not related to specific trade or financing transactions; (ii) €127 million (€60 million at December 31, 2012) related to the call option embedded in the bonds convertible into Snam SpA and Galp Energia SGPS SA ordinary shares for €81 million and €46 million (further information is disclosed in Note 27 - Long-term debt and current portion of long-term debt); and (iii) €13 million as of 31 December 2012 of derivatives embedded in the pricing formulas of certain long-term supply contracts of gas in the Exploration & Production segment.
Fair value of cash flow hedge derivatives amounted to €1 million (€13 million at December 31, 2012) and pertained to hedges entered by the Gas & Power segment. Those derivatives were designated to hedge exchange rate and commodity risk exposures as described in Note 14 - Other current assets. Fair value of contracts expiring beyond 2014 is disclosed in Note 21 - Other non-current receivables; fair value of contracts expiring by 2014 is disclosed in Note 26 - Other current liabilities and in Note 14 - Other current assets. The effects of fair value evaluation of cash flow hedge derivatives are disclosed in Note 33 - Shareholders' equity and in Note 37 - Operating expenses.
The nominal value of these derivatives referred to purchase and sale commitments for €1 million and €24 million, respectively (€24 million and €223 million at December 31, 2012, respectively).
Information on the hedged risks and the hedging policies is shown in Note 35 - Guarantees, commitments and risks - Risk factors.
Other liabilities of €1,345 million (€1,635 million at December 31, 2012) included advances received from Suez following a long-term agreement for supplying natural gas and electricity of €876 million (€968 million at December 31, 2012) and advances relating to amounts of gas of €149 million (€380 million at December 31, 2012) which were collected for amounts lower than the minimum take for the year by certain of Eni's clients, reflecting take-or-pay clauses contained in the long-term sale contracts. Management believes that the underlying gas volumes will be collected beyond the twelve-month time horizon.
Transactions with related parties are described in Note 43 - Transactions with related parties.

32 Assets held for sale and liabilities directly associated with assets held for sale

Assets held for sale and liabilities directly associated with assets held for sale of €2,296 million and €140 million, respectively, related to: (i) a 60% stake in Artic Russia BV (entire stake owned). At the balance sheet date, Eni's interest in Artic Russia was classified as an asset held for sale and measured at fair value due to the loss of joint control over the investee following the satisfaction, before year end, of all conditions precedent to the Sale Purchase Agreement signed with Gazprom in November 2013. The net book value of the interest of €2,131 million comprised the re-measurement at fair value of €1,682 million recorded through profit. The consideration for the disposal was cashed in on January 15, 2014. The fair value was determined on the basis of the sale price. Artic Russia owns a 49% stake in Severenergia, a subsidiary which holds four licenses for the exploration and production of hydrocarbons in the Region of Yamal Nenets (Siberia); (ii) non-strategic assets and liabilities directly associated in the Exploration & Production segment (€143 million and €140 million, respectively).
During the course of 2013, Eni concluded the disposal of non-strategic assets of the Exploration & Production segment for a book value of €329 million and liabilities directly associated of €195 million and the investment in Super Octanos CA pertaining to the Refining & Marketing segment (€52 million).

33 Shareholders' equity

Non-controlling interest

	Net profit		Shareholders' equity	
(€ million)	2012	2013	December 31, 2012	December 31, 2013
Saipem SpA	628	(190)	3,216	2,748
Società EniPower Ferrara Srl	9	9	87	95
Hindustan Oil Exploration Co Ltd	(55)	(10)	65	53
Tigáz Zrt	(47)	(2)	33	
Snam SpA	356			
Others	(5)	5	97	68
	886	**(188)**	**3,498**	**2,964**

Eni shareholders' equity

(€ million)	December 31, 2012	December 31, 2013
Share capital	4,005	4,005
Legal reserve	959	959
Reserve for treasury shares	6,201	6,201
Reserve related to the fair value of cash flow hedging derivatives net of the tax effect	(16)	(154)
Reserve related to the fair value of available-for-sale securities net of the tax effect	144	81
Reserve related to the defined benefit plans net of tax effect	(88)	(72)
Other reserves	292	296
Cumulative currency translation differences	942	(698)
Treasury shares	(201)	(201)
Retained earnings	40,988	44,626
Interim dividend	(1,956)	(1,993)
Net profit for the year	7,790	5,160
	59,060	**58,210**

Share capital

At December 31, 2013, the parent company's issued share capital consisted of €4,005,358,876 represented by 3,634,185,330 ordinary shares without nominal value (same amounts as of December 31, 2012).

On May 10, 2013, Eni's Shareholders' Meeting declared: (i) to distribute a dividend of €0.54 a share, with the exclusion of treasury shares held at the ex-dividend date, in full settlement of the 2012 dividend of €1.08 a share, of which €0.54 a share paid as interim dividend. The balance was paid on May 23, 2013, to shareholders on the register on May 20, 2013, record date May 22; (ii) to cancel, for the portion not yet implemented as of the date of the Shareholders' Meeting, the authorisation granted to the Board of Directors to acquire treasury shares as resolved at the Shareholders' Meeting of July 16, 2012; (iii) to authorise the Board of Directors to purchase on the Mercato Telematico Azionario – in one or more transactions and in any case within 18 months from the date of the resolution – up to a maximum number of 363,000,000 ordinary Eni shares, for a price comprised from a minimum consideration of €1.102 and up the a maximum per-share-price as high as the official price of the Eni share reported by the Borsa Italiana the trading day prior to each individual transaction, plus 5%, and in any case up to a total amount of €6 billion, in accordance with the procedures established in the Rules of the Markets organised and managed by Borsa Italiana SpA. In order to respect the limit envisaged in the third paragraph of Article 2357 of the Italian Civil Code, the number of shares to be acquired and the relative amount shall take into account the number and amount of Eni shares already held in the portfolio.

Legal reserve

This reserve represents earnings restricted from the payment of dividends pursuant to Article 2430 of the Italian Civil Code. The legal reserve has reached the maximum amount required by the Italian Law.

Reserve for treasury shares

The reserve for treasury shares represents the reserve which was established in previous reporting period to repurchase the Company shares in accordance with resolutions at Eni's Shareholders' Meetings. The amount of €6,201 million (same amount as of December 31, 2012) included the net book value of treasury shares purchased of €201 million.

Reserves related to the fair value evaluation of cash flow hedging derivatives, available-for-sale financial assets and defined benefit plans
The evaluation at fair value of cash flow hedging derivatives, available-for-sale financial instruments and defined-benefit plans, net of the related tax effect, consisted of the following:

	Cash flow hedge derivatives			Available-for-sale financial instruments			Defined benefit plans			Total		
(€ million)	Gross reserve	Deferred tax liabilities	**Net reserve**	Gross reserve	Deferred tax liabilities	**Net reserve**	Gross reserve	Deferred tax liabilities	**Net reserve**	Gross reserve	Deferred tax liabilities	**Net reserve**
Reserve as of December 31, 2011	**77**	**(28)**	**49**	**(9)**	**1**	**(8)**				**68**	**(27)**	**41**
Changes of the year 2012	(24)	9	**(15)**	157	(5)	**152**	(138)	50	**(88)**	(5)	54	**49**
Foreign currency translation differences												
Amount recognized in the profit and loss account	(78)	28	**(50)**							(78)	28	**(50)**
Reserve as of December 31, 2012	**(25)**	**9**	**(16)**	**148**	**(4)**	**144**	**(138)**	**50**	**(88)**	**(15)**	**55**	**40**
Changes of the year 2013	(301)	93	**(208)**	9		**9**	55	(38)	**17**	(237)	55	**(182)**
Foreign currency translation differences							(2)	1	**(1)**	(2)	1	**(1)**
Amount recognized in the profit and loss account	102	(32)	**70**	(74)	2	**(72)**				28	(30)	**(2)**
Reserve as of December 31, 2013	**(224)**	**70**	**(154)**	**83**	**(2)**	**81**	**(85)**	**13**	**(72)**	**(226)**	**81**	**(145)**

Reserve for available-for-sale financial instruments of €81 million (€144 million at December 31, 2012), net of the related tax effect, comprised the fair value valuation of the residual interests in Galp Energia SGPS SA for €76 million (Galp Energia SGPS SA for€130 milioni and Snam SpA for €8 milioni at December 31, 2012) and other securities for €5 million (€6 million at December 31, 2012). Negative reserve for defined-benefit plans of €72 million (negative for €88 million at December 31, 2012), net of the related tax effect, related to investments accounted for under the equity method for €2 million (negative for €1 million at December 31, 2012).

Other reserves
Other reserves amounted to €296 million (€292 million at December 31, 2012) and related to:
- a reserve of €247 million represented the increase in Eni's shareholders' equity associated with a business combination under common control, whereby the parent company Eni SpA divested its subsidiary Snamprogetti SpA to Saipem Projects SpA (both merged into Saipem SpA) at a price higher than the book value of the interest transferred (same amount as of December 31, 2012);
- a reserve of €157 million deriving from Eni SpA's equity (same amount as of December 31, 2012);
- a reserve of €18 million related to the sale of treasury shares to Saipem managers upon exercise of stock options (same amount as of December 31, 2012);
- a reserve of €5 million represented the impact on Eni's shareholders' equity associated with the acquisition of a non-controlling interest of 47.60% in the subsidiary Tigáz Zrt (€1 million at December 31, 2012);
- a negative reserve of €124 million represented the impact on Eni's shareholders' equity associated with the acquisition of a non-controlling interest of 45.93% in the subsidiary Altergaz SA, now Eni Gas & Power France SA (same amount as of December 31, 2012);
- a negative reserve of €7 million related to the share of "Other comprehensive income" on equity-accounted entities (same amount as of December 31, 2012).

Cumulative foreign currency translation differences
The cumulative foreign currency translation differences arose from the translation of financial statements denominated in currencies other than euro.

Treasury shares
A total of 11,388,287 Eni's ordinary shares (same amount as of December 31, 2012) were held in treasury for a total cost of €201 million (same amount as of December 31, 2012). Outstanding treasury shares represented by 2,980,725 ordinary shares (8,259,520 ordinary shares at December 31, 2012) were underlying certain residual stock-based compensation plans and amounted to €53 million (€161 million at December 31, 2012). The decrease of 5,278,795 shares in the number of shares underlying those plans related to expired awards.
More information about stock option plans is disclosed in Note 37 - Operating expenses.

Interim dividend
The interim dividend for the year 2013 amounted to €1,993 million corresponding to €0.55 per share, as resolved by the Board of Directors on September 19, 2013, in accordance with Article 2433-bis, paragraph 5 of the Italian Civil Code; the dividend was paid on September 26, 2013.

Distributable reserves

At December 31, 2013, Eni shareholders' equity included distributable reserves of approximately €47,300 million.

Reconciliation of net profit and shareholders' equity of the parent company Eni SpA to consolidated net profit and shareholders' equity

	Net profit		Shareholders' equity	
(€ million)	2012	2013	December 31, 2012	December 31, 2013
As recorded in Eni SpA's Financial Statements	**9,078**	**4,410**	**40,537**	**40,733**
Excess of net equity stated in the separate accounts of consolidated subsidiaries over the corresponding carrying amounts of the parent company	261	1,457	21,576	21,546
Consolidation adjustments:				
- difference between purchase cost and underlying carrying amounts of net equity	(2,683)	(499)	1,503	324
- adjustments to comply with group account policies	1,222	(174)	711	605
- elimination of unrealized intercompany profits	638	219	(2,652)	(2,369)
- deferred taxation	160	(444)	873	323
- other adjustments		3	10	12
	8,676	**4,972**	**62,558**	**61,174**
Non-controlling interest	(886)	188	(3,498)	(2,964)
As recorded in Consolidated Financial Statements	**7,790**	**5,160**	**59,060**	**58,210**

34 Other information

Main acquisitions

ASA Trade SpA

In March 2013, Eni finalized the purchase of a 100% interest in Asa Trade SpA, a company marketing gas in Tuscany. The allocation of the purchase cost of €29 million to assets and liabilities was made on a definitive basis.

The final allocation of the purchase costs is disclosed below:

	ASA Trade SpA	
(€ million)	Carrying value	Fair value
Current assets	27	27
Goodwill		24
Other non-current assets	3	3
Assets acquired	**30**	**54**
Current liabilities	25	25
Liabilities acquired	**25**	**25**
Eni's shareholders equity	**5**	**29**

Supplemental cash flow information

(€ million)	2011	2012	2013
Effect of investment of companies included in consolidation and businesses			
Current assets		108	51
Non-current assets	122	171	39
Net borrowings		46	(12)
Current and non-current liabilities	(4)	(99)	(36)
Net effect of investments	**118**	**226**	**42**
Non-controlling interests	(3)		
Fair value of investments held before the acquisition of control			(8)
Purchase price	**115**	**226**	**34**
less:			
Cash and cash equivalents		*(48)*	*(9)*
Cash flow on investments	**115**	**178**	**25**
Effect of disposal of consolidated subsidiaries and businesses			
Current assets	618	2,112	61
Non-current assets	136	18,740	50
Net borrowings	257	(12,443)	16
Current and non-current liabilities	(662)	(4,123)	(77)
Net effect of disposals	**349**	**4,286**	**50**
Fair value of share capital held after the sale of control		(943)	
Gain on disposal	727	2,021	3,359
Non-controlling interest	(5)	(1,840)	(8)
Selling price	**1,071**	**3,524**	**3,401**
less:			
Cash and cash equivalents	*(65)*	*(3)*	
Cash flow on disposals	**1,006**	**3,521**	**3,401**

The divestments made in 2013 were: (i) the sale of a 28.57% interest in the share capital of Eni East Africa SpA to China National Petroleum Corporation (CNPC) for a total consideration of €3,386 million. Eni East Africa is the operator of the discovery Area 4 in Mozambique. Through its 28.57% equity investment in Eni East Africa, CNPC indirectly acquired a 20% interest in Area 4; (ii) the divestment of the entire stake retained in Finpipe GIE (63.33%) which currently owns the gas transport network which has been leased to the Belgian company Fluxys. The cash consideration amounted to €15 million.

35 Guarantees, commitments and risks

Guarantees

(€ million)	December 31, 2012 Unsecured guarantees	Other guarantees	Total	December 31, 2013 Unsecured guarantees	Other guarantees	Total
Consolidated subsidiaries		11,350	11,350		11,961	11,961
Unconsolidated subsidiaries		161	161		160	160
Joint ventures and associates	6,208	892	7,100	6,274	223	6,497
Others	2	289	291	2	174	176
	6,210	**12,692**	**18,902**	**6,276**	**12,518**	**18,794**

Other guarantees issued on behalf of consolidated subsidiaries of €11,961 million (€11,350 million at December 31, 2012) primarily consisted of: (i) guarantees given to third parties relating to bid bonds and performance bonds for €7,858 million (€7,511 million at December 31, 2012), of which €4,920 million related to the Engineering & Construction segment (€5,491 million at December 31, 2012); (ii) VAT recoverable from tax Authorities for €1,408 million (€1,370 million at December 31, 2012); and (iii) insurance risk for €293 million reinsured by Eni (€298 million at December 31, 2012). At December 31, 2013, the underlying commitment covered by such guarantees was €11,781 million (€11,266 million at December 31, 2012).
Other guarantees issued on behalf of unconsolidated subsidiaries of €160 million (€161 million at December 31, 2012) consisted of letters of patronage and other guarantees issued to commissioning entities relating to bid bonds and performance bonds for €147 million (€154 million at December 31, 2012). At December 31, 2013, the underlying commitment covered by such guarantees was €29 million (€34 million at December 31, 2012).
Unsecured guarantees and other guarantees issued on behalf of joint ventures and associates of €6,497 million (€7,100 million at December 31, 2012) primarily consisted of: (i) an unsecured guarantee of €6,122 million (same amount as of December 31, 2012) given by Eni SpA to Treno Alta Velocità – TAV SpA (now RFI - Rete Ferroviaria Italiana SpA) for the proper and timely completion of a project relating to the Milan-Bologna fast-track railway by CEPAV Uno (Consorzio Eni per l'Alta Velocità); consortium members, excluding entities controlled by Eni, gave Eni liability of surety letters and bank guarantees amounting to 10% of their respective portion of the work; (ii) unsecured guarantees and other guarantees given to banks in relation to loans and lines of credit received for €253 million (€828 million at December 31, 2012); the contract released by Eni SpA on behalf of Blue Stream Pipeline Co BV (Eni 50%) to a consortium of international financial institutions (€657 million at December 31, 2012) extinguished in 2013; and (iii) unsecured guarantees and other guarantees given to commissioning entities relating to bid bonds and performance bonds for €62 million (€91 million at December 31, 2012). At December 31, 2013, the underlying commitment covered by such guarantees was €382 million (€456 million at December 31, 2012).
Unsecured and other guarantees given on behalf of third parties of €176 million (€291 million at December 31, 2012) primarily consisted of: (i) guarantees issued on behalf of Gulf LNG Energy and Gulf LNG Pipeline and on behalf of Angola LNG Supply Service Llc (Eni 13.6%) as security against payment commitments of fees in connection with the re-gasification activity (€147 million). The expected commitment has been valued at €147 million (€159 million at December 31, 2012); and (ii) guarantees issued by Eni SpA to banks and other financial institutions in relation to loans and lines of credit for €10 million on behalf of minor investments or companies sold (same amount as of December 31, 2012). At December 31, 2013 the underlying commitment covered by such guarantees was €162 million (€278 million at December 31, 2012).

Commitments and risks

(€ million)	December 31, 2012	December 31, 2013
Commitments	16,247	14,200
Risks	431	377
	16,678	**14,577**

Other commitments of €14,200 million (€16,247 million at December 31, 2012) related to: (i) parent company guarantees that were issued in connection with certain contractual commitments for hydrocarbon exploration and production activities and quantified, on the basis of the capital expenditures to be incurred, to €9,804 million (€11,260million at December 31, 2012); (ii) a commitment entered into by Eni USA Gas Marketing Llc on behalf of Angola LNG Supply Service Llc for the acquisition of re-gasified gas at the Pascagoula plant (USA). The expected commitment has been estimated at €2,228 million (€2,613 million at December 31, 2012) and it has included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk"; (iii) a commitment entered into by Eni USA Gas Marketing Llc on behalf of Gulf LNG Energy for the acquisition of re-gasification capacity at the Pascagoula terminal (6 bcm/y) over a twenty-year period (until 2031). The expected commitment has been estimated at €1,059 million (€1,167 million at December 31, 2012) and it has been included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk"; (iv) a commitment entered into by Eni USA Gas Marketing Llc on behalf of Cameron LNG Llc, a company belonging to Sempra Group, for the acquisition of re-gasification capacity at the Cameron plant (USA) (6 bcm/y) over a twenty-year period (until 2029). The expected commitment has been estimated at €852 million (€946 million at December 31, 2012) and it has been included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk". In February 2014, Sempra obtained the authorization the competent US Authorities to export LNG, while the authorization to convert the terminal

into a LNG plant is still pending. In this case Eni would be enabled to exercise an early termination of the contract, significantly reducing future purchase commitments provided for by the original contract; (v) a memorandum of intent signed with the Basilicata Region, whereby Eni has agreed to invest €138 million in the future, also on account of Shell Italia E&P SpA, in connection with Eni's development plan of oil fields in Val d'Agri (€139 million at December 31, 2012). The commitment has been included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk"; and (vi) a commitment entered into by Eni USA Gas Marketing Llc for the contract of gas transportation from the Cameron plant (USA) to the American network over a twenty-year period (until 2029). The expected commitment has been estimated at €90 million (€100 million at December 31, 2012) and it has been included in the off-balance sheet contractual commitments in the following paragraph "Liquidity risk".
Risks of €377 million (€431 million at December 31, 2012) primarily concerned potential risks associated with: (i) the value of assets of third parties under the custody of Eni for €90 million (€123 million at December 31, 2012) (ii) contractual assurances given to acquirers of certain investments and businesses of Eni for €287 million (€308 million at December 31, 2012).

Non-quantifiable commitments
A parent company guarantee was issued on behalf of CARDÓN IV (Eni's interest 50%), a joint venture operating in the Perla oilfield located in Venezuela, for the supplying to PDVSA GAS of gas quantities until 2036 (end of the concession agreement). At December 31, 2012, the commitment amounted to a maximum of $800 million corresponding for Eni to the maximum amount of the penalty clause provided for in case of an unilateral and anticipated resolution of the supply contract. Eni replaced such guarantee in March 2013, as a consequence of ongoing contract renegotiations. In particular, the penalty clause for unilateral anticipated resolution and, consequently, the maximum value of the guarantee will be determined by applying the local legislation in case of non-fulfilment. The valorisation of the gas to be provided for by Eni amounted to a total of $11 billion. As well as not corresponding to an effective evaluation of the guarantee issued, such amount represents the maximum exposure risk for Eni. A similar guarantee was issued to Eni by PDVSA relating to the fulfilment of the commitments relating to the gas quantities to be collected by PDVSA GAS.
Following the integration signed on April 19, 2011, Eni confirmed to RFI - Rete Ferroviaria Italiana SpA its commitment, previously assumed under the convention signed with Treno Alta Velocità - TAV SpA (now RFI - Rete Ferroviaria Italiana SpA) on October 15, 1991, to guarantee a correct and timely execution of the section Milano-Brescia of the high-speed railway from Milan to Verona. Such integration provides for CEPAV (Consorzio Eni per l'Alta Velocità) Due to act as General Contractor. In order to pledge the guarantee given, the regulation of CEPAV Due binds the associates to give proper sureties and guarantees on behalf of Eni.
Eni is liable for certain non-quantifiable risks related to contractual assurances given to acquirers of certain of Eni's assets, including businesses and investments, against certain contingent liabilities deriving from tax, social security contributions, environmental issues and other matters applicable to periods during which such assets were operated by Eni. Eni believes such matters will not have a material adverse effect on Eni's results of operations and liquidity.

Risk factors

Financial risks
Financial risks are those connected with market, credit and liquidity.
Management of financial risks is based on guidelines issued centrally aiming at adapting and coordinating Eni policies on financial risks matters ("Guidelines on financial risks management and control"). The basis of this policy is the pooled and integrated management of commodity risks and the development of asset backed trading activities for optimizing Eni's exposure to such risks.

Market risk
Market risk is the possibility that changes in currency exchange rates, interest rates or commodity prices will adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The Company actively manages market risk in accordance with a set of policies and guidelines that provide a centralized model of handling finance, treasury and risk management operations based on the Company's departments of operational finance: the parent company's (Eni SpA) finance department, Eni Finance International, Eni Finance USA and Banque Eni, which is subject to certain bank regulatory restrictions preventing the Group's exposure to concentrations of credit risk, and Eni Trading & Shipping, that is in charge to execute certain activities relating to commodity derivatives. In particular Eni SpA and Eni Finance International manage subsidiaries' financing requirements in and outside Italy, respectively, covering funding requirements and using available surpluses. All transactions concerning currencies and derivative contracts on interest rates and currencies are managed by the parent company, including the negotiation of emission trading certificates. The commodity risk of each business unit (Eni's Divisions or subsidiaries) is pooled and managed by the Midstream Department, while Eni Trading & Shipping executes the negotiation of commodity derivatives. Eni Trading & Shipping SpA and Eni SpA perform trading activities in financial derivatives on external trading venues, such as European and non-European regulated markets, Multilateral Trading Facility (MTF) or similar and brokerage platforms (i.e. SEF), and over the counter on a bilateral basis with external counterparties. Other legal entities belonging to Eni that require financial derivatives enter into these operations through Eni Trading & Shipping SpA and Eni SpA on the basis of the relevant asset class expertises. Eni uses derivative financial instruments (derivatives) in order to minimize exposure to market risks related to fluctuations in exchange rates relating to those transactions denominated in a currency other than the functional currency (the Euro) and interest rates, as well as to optimize exposure to commodity prices fluctuations taking into account the currency in which commodities are quoted. Eni monitors every activity in derivatives classified as risk-reducing (in particular, Back to Back activities, Flow Hedging activities, Asset Backed Hedging activities and Portfolio Management activities) directly or indirectly related to covered industrial assets, so as to effectively optimize the risk profile to which Eni is exposed or could be exposed. If the result of the monitoring shows that derivatives should not be considered as risk-reducing, these derivatives are reclassified in proprietary trading. As the proprietary trading is considered separately from the other

activities, its exposure is subject to specific controls, both in terms of VaR and Stop Loss, and in terms of nominal gross value. For Eni, the gross nominal value of proprietary trading activities is compared with the limits set by the relevant international standards.
The framework defined by Eni's policies and guidelines prescribes that measurement and control of market risk be performed on the basis of maximum tolerable levels of risk exposure defined in terms of limits of stop loss, which expresses the maximum tolerable amount of losses associated with a certain portfolio of assets over a pre-defined time horizon, or in accordance with value at risk techniques. These techniques make a statistical assessment of the market risk on the Group's activity, i.e. potential gain or loss in fair values, due to changes in market conditions taking account of the correlation existing among changes in fair value of existing instruments. Eni's finance department defines the maximum tolerable levels of risk exposure to changes in interest rates and foreign currency exchange rates in terms of value at risk, pooling Group companies' risk positions.
Eni's calculation and measurement techniques for interest rate and foreign currency exchange rate risks are in accordance with banking standards, as established by the Basel Committee for bank activities surveillance. Tolerable levels of risk are based on a conservative approach, considering the industrial nature of the company. Eni's guidelines prescribe that Eni Group companies minimize such kinds of market risks by transferring risk exposure to the parent company finance department.
Eni's guidelines define rules to manage the commodity risk aiming at optimizing core activities and pursuing preset targets of stabilizing industrial and commercial margins. The maximum tolerable level of risk exposure is defined in terms of value at risk and stop loss in connection with exposure deriving from commercial activities and from Asset Backed Trading activities as well as exposure deriving from proprietary trading executed by the subsidiary Eni Trading & Shipping. Internal mandates to manage the commodity risk provide for a mechanism of allocation of the Group maximum tolerable risk level to each business unit. In this framework, Eni Trading & Shipping, in addition to managing risk exposure associated with its own commercial activity and proprietary trading, pools the Midstream Department requests for negotiating commodity derivatives and execute them on the marketplace.
Following the cash inflow from the disposal of the Snam group, Eni decided to retain a cash reserve according to the provisions of the financial plan on the safeguard of assets, cash availability and optimization of return from strategic cash. The management of strategic cash represents for Eni a new type of market risk, i.e. the price risk of strategic cash. This type of risk is part of the management of strategic cash pursued through transactions on own risk in view of optimizing financial returns, while respecting authorized risk levels, safeguarding the Company's assets and retaining quick access to liquidity.
The four different market risks, whose management and control have been summarized above, are described below.

Exchange rate risk
Exchange rate risk derives from the fact that Eni's operations are conducted in currencies other than the euro (mainly the US dollar). Revenues and expenses denominated in foreign currencies may be significantly affected by exchange rates fluctuations due to conversion differences on single transactions arising from the time lag existing between execution and definition of relevant contractual terms (economic risk) and conversion of foreign currency-denominated trade and financing payables and receivables (transactional risk). Exchange rate fluctuations affect the Group's reported results and net equity as financial statements of subsidiaries denominated in currencies other than the euro are translated from their functional currency into euro. Generally, an appreciation of the US dollar versus the euro has a positive impact on Eni's results of operations, and vice versa. Eni's foreign exchange risk management policy is to minimize transactional exposures arising from foreign currency movements and to optimize exposures arising from commodity risk. Eni does not undertake any hedging activity for risks deriving from the translation of foreign currency denominated profits or assets and liabilities of subsidiaries which prepare financial statements in a currency other than the euro, except for single transactions to be evaluated on a case-by-case basis. Effective management of exchange rate risk is performed within Eni's central finance department which pools Group companies' positions, hedging the Group net exposure through the use of certain derivatives, such as currency swaps, forwards and options. Such derivatives are evaluated at fair value on the basis of market prices provided by specialized info-providers. Changes in fair value of those derivatives are normally recognized through profit and loss as they do not meet the formal criteria to be recognized as hedges in accordance with IAS 39. The VaR techniques are based on variance/covariance simulation models and are used to monitor the risk exposure arising from possible future changes in market values over a 24-hour period within a 99% confidence level and a 20-day holding period.

Interest rate risk
Changes in interest rates affect the market value of financial assets and liabilities of the company and the level of finance charges. Eni's interest rate risk management policy is to minimize risk with the aim to achieve financial structure objectives defined and approved in the management's finance plans. Borrowing requirements of Group companies are pooled by the Group's central finance department in order to manage net positions and the funding of portfolio developments consistently with management's plans while maintaining a level of risk exposure within prescribed limits. Eni enters into interest rate derivative transactions, in particular interest rate swaps, to effectively manage the balance between fixed and floating rate debt. Such derivatives are evaluated at fair value on the basis of market prices provided from specialized sources. Changes in fair value of those derivatives are normally recognized through the profit and loss account as they do not meet the formal criteria to be accounted for under the hedge accounting method in accordance with IAS 39. Value at risk deriving from interest rate exposure is measured daily on the basis of a variance/covariance model, with a 99% confidence level and a 20-day holding period.

Commodity risk
Eni's results of operations are affected by changes in the prices of commodities. A decrease in oil and gas prices generally has a negative impact on Eni's results of operations and vice versa, and may jeopardize the achievement of the financial targets preset in the Company's plans and budget.
The commodity price risk arises in connection with the following exposures:
a) Strategic exposure: exposures directly identified by the Board of Directors as a result of strategic investment decisions or outside the planning horizon

of risk. These exposures include those associated with the program for the production of proved and unproved oil and gas reserves, long-term gas supply contracts for the portion not balanced by ongoing or highly probable sale contracts, refining margins identified by the Board of Directors as of strategic nature (the remaining volumes can be allocated to the active management of the margin or to asset-backed hedging activities) and minimum compulsory stocks.

b) Commercial exposure: includes the exposures related to the components underlying the contractual arrangements of industrial and commercial activities and, if related to take-or-pay commitments, to the components related to the time horizon of the four-year plan and budget and the relevant activities of risk management. Commercial exposures are characterized by a systematic risk management activity conducted on the basis of risk/return assumptions by implementing one or more strategies and subjected to specific risk limits (VaR, Stop Loss). In particular, the commercial exposures include exposures subjected to asset-backed hedging activities, arising from the flexibility/optionality of assets.

c) Proprietary trading exposure: includes operations independently conducted for profit purposes in the short-term, and normally not finalized to the delivery, both within the commodity and financial markets, with the aim to obtain a profit upon the occurrence of a favorable result in the market, in accordance with specific limits of authorized risk (VaR, Stop Loss). In the proprietary trading exposures are included the origination activities, if not connected to contractual or physical assets.

Strategic risk is not subject to systematic activity of management/coverage that is eventually carried out only in case of specific market or business conditions. Because of the extraordinary nature, hedging activities related to strategic risks are delegated to the top management. Strategic risk is subject to measuring and monitoring but is not subject to specific risk limits. If previously authorized by the Board of Directors, exposures related to strategic risk can be used in combination with other commercial exposures in order to exploit opportunities for natural compensation between the risks (natural hedge) and consequently reduce the use of derivatives (by activating logics of internal market).

Eni manages exposure to commodity price risk arising in normal trading and commercial activities in view of achieving stable economic results.

The commodity risk and the exposure to commodity prices fluctuations embedded in commodities quoted in currencies other than the euro at each business unit (Eni's Divisions or subsidiaries) is pooled and managed by the Portfolio Management unit of the Midstream department for commodities, and by Eni's finance department for exchange rate requirements. The Midstream department manages business units' risk exposures to commodities, pooling and optimizing Group companies' exposures and hedging net exposures on the trading venues through the Trading unit of Eni Trading & Shipping.

In order to manage commodity price risk, Eni uses derivatives traded on the organized markets of ICE and NYMEX (futures) and derivatives traded over the counter (swaps, forward, contracts for differences and options) with the underlying commodities being crude oil, refined products or electricity. Such derivatives are evaluated at fair value on the basis of market prices provided from specialized sources or, absent market prices, on the basis of estimates provided by brokers or suitable evaluation techniques. Value at risk deriving from commodity exposure is measured daily on the basis of a historical simulation technique, with a 95% confidence level and a one-day holding period.

Price risk of the strategic liquidity

Market risk deriving from liquidity management is identified as the possibility that changes in prices of financial instruments (bonds, money market instruments and mutual funds) would impact the value of these instruments when evaluated at fair value. In order to manage the investment activity of the strategic liquidity, Eni defined a specific investment policy with aims and constraints in terms of financial activities and operational boundaries, as well as governance guidelines regulating management and control systems. The setting up and maintenance of a reserve of liquidity is mainly aimed to: (i) guarantee of financial flexibility. Liquidity should allow Eni Group to fund any extraordinary need (such as difficulty in access to credit, exogenous shock, macroeconomic environment, as well as merger and acquisitions); (ii) maintain/improve the current credit rating by strengthening balance sheet structure, as well as the concurrent availability of a liquidity reserve which will meet the requirements of rating agencies.

Strategic liquidity management is regulated in terms of Value at Risk (measured on the basis of a historical simulation technique, with a one-day holding period and a 99% confidence level), Stop Loss and other operating limits in terms of concentration, duration, ratings, liquidity and instruments to invest on. Financial leverage or short selling are not allowed. Activities in terms of strategic liquidity management started in the second half of the year.

The following table shows amounts in terms of value at risk, recorded in 2013 (compared with 2012) relating to interest rate and exchange rate risks in the first section, and commodity risk in the second section.

(Value at risk - parametric method variance/covariance; holding period: 20 days; confidence level: 99%)

	2012				2013			
(€ million)	High	Low	Average	At year end	High	Low	Average	At year end
Interest rate [1]	8.69	1.41	3.13	1.88	3.67	1.49	2.07	2.15
Exchange rate [1]	1.31	0.12	0.44	0.19	0.37	0.07	0.14	0.24

(1) Value at risk deriving from interest and exchange rates exposures include the following finance department: Eni Corporate Treasury Department, Eni Finance International, Banque Eni and Eni Finance USA.

(Value at risk - Historic simulation weighted method; holding period: 1 day; confidence level: 95%)

	2012				2013			
(€ million)	High	Low	Average	At year end	High	Low	Average	At year end
Commercial exposures - Management Portfolio [1]	84.20	35.65	59.61	40.99	108.13	36.59	59.92	66.44
Trading [2]	5.88	1.11	2.80	1.24	7.50	1.36	4.11	2.93

(1) Refers to the Midstream Department (risk exposure from Refining & Marketing Division and Gas & Power Division), Versalis, Eni Trading & Shipping BV (Amsterdam) and the subsidiaries outside Italy pertaining to the Division.
(2) Cross-commodity propietary trading, both for commodity contracts and financial derivatives, refers to Eni Trading & Shipping SpA (London-Bruxelles-Singapore) and Eni Trading & Shipping Inc (Houston).

(Value at risk - Historic simulation method; holding period: 1 day; confidence level: 99%)

	2012				2013			
(€ million)	High	Low	Average	At year end	High	Low	Average	At year end
Strategic liquidity [1]					1.07	0.32	0.89	0.92

(1) The management of the strategic liquidity portfolio started from July 2013.

Credit risk

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay amounts due. The Group manages differently credit risk depending on whether credit risk arises from exposure to financial counterparties or to customers relating to outstanding receivables. Individual business units and Eni's corporate financial and accounting units are responsible for managing credit risk arising in the normal course of the business. The Group has established formal credit systems and processes to ensure that before trading with a new counterpart can start, its creditworthiness is assessed. Also credit litigation and receivable collection activities are assessed. Eni's corporate units define directions and methods for quantifying and controlling customer's reliability. With regard to risk arising from financial counterparties deriving from current and strategic use of liquidity, Eni has established guidelines prior to entering into cash management and derivative contracts to assess the counterparty's financial soundness and rating in view of optimizing the risk profile of financial activities while pursuing operational targets. Maximum limits of risk exposure are set in terms of maximum amounts of credit exposures for categories of counterparties as defined by the Company's Board of Directors taking into account the credit ratings provided by primary credit rating agencies on the marketplace. Credit risk arising from financial counterparties is managed by the Group operating finance department, including Eni's subsidiary Eni Trading & Shipping which specifically engages in commodity derivatives transactions and by Group companies and Divisions, only in the case of physical transactions with financial counterparties consistently with the Group centralized finance model. Eligible financial counterparties are closely monitored to check exposures against limits assigned to each counterparties on a daily basis.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the marketplace in order to meet short-term finance requirements and to settle obligations. Such a situation would negatively impact Group results as it would result in the Company incurring higher borrowing expenses to meet its obligations or under the worst of conditions the inability of the Company to continue as a going concern. As part of its financial planning process, Eni manages the liquidity risk by targeting such a capital structure as to allow the Company to maintain a level of liquidity adequate to the Group's needs, optimizing the opportunity cost of maintaining liquidity reserves also achieving an efficient balance in terms of maturity and composition of finance debt. For this purpose, Eni holds a significant amount of liquidity reserve (financial assets plus committed credit lines), which aims to (a) deal with identified risk factors that could significantly affect the cash flow expected in the Financial Plan (i.e. changes in the scenario and/or production volumes, delays in disposals, limitations in profitable acquisitions), (b) ensure a full coverage of short-term debt and the coverage of medium and long-term debts with a maturity of 24 months, even in case of restrictions to the credit access, (c) ensuring the availability of an adequate level of financial flexibility to support the Group's development plans.
The financial asset reserve will be employed with a short-term profile and fast liquidability, favouring investments with very low risk profile.
At present, the Group believes to have access to sufficient funding to meet the current foreseeable borrowing requirements as a consequence of the availability of financial assets and lines of credit and the access to a wide range of funding at competitive costs through the credit system and capital markets.
Eni has in place a program for the issuance of Euro Medium Term Notes up to €15 billion, of which about €13.7 billion were drawn as of December 31, 2013.
The Group has credit ratings of A and A-1 respectively for long and short-term debt assigned by Standard & Poor's and A3 and P-2 assigned by Moody's; the outlook is negative in both ratings. Eni's credit rating is linked in addition to the Company's industrial fundamentals and trends in the trading environment to the sovereign credit rating of Italy. On the basis of the methodologies used by Standard & Poor's and Moody's, a potential downgrade of Italy's credit rating may trigger a potential knock-on effect on the credit rating of Italian issuers such as Eni and make it more likely that the credit rating of the notes or other debt instruments issued by the Company could be downgraded. Eni, through the constant monitoring of the international economic environment and continuing dialogue with financial investors and rating agencies, believes to be ready to perceive emerging critical issues screened by the financial community and to be able to react quickly to any changes in the financial and the global macroeconomic environment and

implement the necessary actions to mitigate such risks, coherently with Company strategies.
In the course of 2013, Eni issued bonds for a total amount of €4.3 billion, of which €3.1 billion related to the Euro Medium Term Notes Program and €1.2 billion related to bonds exchangeable into Snam ordinary shares.
At December 31, 2013, Eni maintained short-term committed and uncommitted unused borrowing facilities of €14.3 billion, of which €2.1 billion were committed, and long-term committed borrowing facilities of €4.7 billion which were completely undrawn at the balance sheet date. These facilities bore interest rates and fees for unused facilities that reflected prevailing market conditions.
The tables below summarize the Group main contractual obligations (undiscounted) for finance debt repayments, including expected payments for interest charges, and trade and other payables maturities outstanding at period end.

Finance debt repayments including expected payments for interest charges and derivatives
The tables below summarize the Group main contractual obligations for finance debt repayments, including expected payments for interest charges and derivatives.

	Maturity year						
(€ million)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018 and thereafter**	**Total**
December 31, 2012							
Non-current liabilities	2,555	2,090	3,941	2,180	2,956	8,275	**21,997**
Current financial liabilities	2,223						**2,223**
Fair value of derivative instruments	925	132	89	2	11	50	**1,209**
	5,703	**2,222**	**4,030**	**2,182**	**2,967**	**8,325**	**25,429**
Interest on finance debt	840	725	622	550	465	1,491	**4,693**
Guarantees to banks	212						**212**

	Maturity year						
(€ million)	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 and thereafter**	**Total**
December 31, 2013							
Non-current liabilities	1,757	3,713	3,224	2,951	1,406	9,841	**22,892**
Current financial liabilities	2,742						**2,742**
Fair value of derivative instruments	996	243	1	5		34	**1,279**
	5,495	**3,956**	**3,225**	**2,956**	**1,406**	**9,875**	**26,913**
Interest on finance debt	821	712	651	558	430	1,698	**4,870**
Guarantees to banks	254						**254**

Trade and other payables
The tables below summarize the Group trade and other payables by maturity.

	Maturity year			
(€ million)	**2013**	**2014-2017**	**2019 and thereafter**	**Total**
December 31, 2012				
Trade payables	14,993			**14,993**
Other payables and advances	8,588	19	38	**8,645**
	23,581	**19**	**38**	**23,638**

	Maturity year			
(€ million)	**2014**	**2015-2018**	**2019 and thereafter**	**Total**
December 31, 2013				
Trade payables	15,529			**15,529**
Other payables and advances	8,069	18	57	**8,144**
	23,598	**18**	**57**	**23,673**

Expected payments by period under contractual obligations and commercial commitments
The Group has in place a number of contractual obligations arising in the normal course of the business. To meet these commitments, the Group will have to make payments to third parties. The Company's main obligations pertain to take-or-pay clauses contained in the Company's gas supply contracts or shipping arrangements, whereby the Company obligations consist of off-taking minimum quantities of product or service or, in case

of failure, paying the corresponding cash amount that entitles the Company the right to off-take the product or the service in future years. Future obligations in connection with these contracts were calculated by applying the forecasted prices of energy or services included in the four-year business plan approved by the Company's Board of Directors. The table below summarizes the Group principal contractual obligations as of the balance sheet date, shown on an undiscounted basis.

	Maturity year						
(€ million)	2014	2015	2016	2017	2018	2019 and thereafter	Total
Operating lease obligations [a]	**706**	**423**	**335**	**263**	**191**	**349**	**2,267**
Decommissioning liabilities [b]	**214**	**162**	**206**	**304**	**331**	**13,125**	**14,342**
Environmental liabilities [c]	**279**	**329**	**246**	**126**	**114**	**622**	**1,716**
Purchase obligations [d]	**21,304**	**20,307**	**17,947**	**16,437**	**15,508**	**150,867**	**242,370**
- Gas							
- take-or-pay contracts	18,228	18,724	16,427	14,967	14,277	143,912	**226,535**
- ship-or-pay contracts	1,903	1,322	1,272	1,232	998	5,037	**11,764**
- Other take-or-pay or ship-or-pay obligations	130	125	118	109	104	480	**1,066**
- Other purchase obligations [e]	1,043	136	130	129	129	1,438	**3,005**
Other obligations	**3**	**3**	**3**	**3**	**3**	**123**	**138**
- Memorandum of intent relating Val d'Agri	3	3	3	3	3	123	138
	22,506	**21,224**	**18,737**	**17,133**	**16,147**	**165,086**	**260,833**

(a) Operating leases primarily regarded assets for drilling activities, time charter and long-term rentals of vessels, lands, service stations and office buildings. Such leases did not include renewal options. There are no significant restrictions provided by these operating leases which limit the ability of the Company to pay dividend, use assets or to take on new borrowings.
(b) Represents the estimated future costs for the decommissioning of oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration.
(c) Environmental liabilities do not include the environmental charge of 2010 amounting to €1,109 million for the proposal to the Italian Ministry for the Environment to enter into a global transaction related to nine sites of national interest because the dates of payment are not reasonably estimable.
(d) Represents any agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms.
(e) Mainly refers to arrangements to purchase capacity entitlements at certain re-gasification facilities in the US (€1,911 million).

Capital expenditure commitments

In the next four years Eni plans to make capital expenditures of €53.8 billion. The table below summarizes Eni's capital expenditure commitments for property, plant and equipment and capital projects. Capital expenditures are considered to be committed when the project has received the appropriate level of internal management approval. At this stage, procurement contracts to execute those projects have already been awarded or are being awarded to third parties.

The amounts shown in the table below include committed expenditures to execute certain environmental projects.

	Maturity year					
(€ million)	2014	2015	2016	2017	2018 and thereafter	Total
Committed on major projects	5,697	5,246	4,908	3,224	17,709	**36,784**
Other committed projects	7,555	4,902	2,865	1,705	865	**17,892**
	13,252	**10,148**	**7,773**	**4,929**	**18,574**	**54,676**

Other information about financial instruments

The carrying amount of financial instruments and relevant economic effect as of and for the years ended December 31, 2012 and 2013 consisted of the following:

	2012			2013		
		Finance income (expense) recognized in:			Finance income (expense) recognized in:	
(€ million)	Carrying amount	Profit and loss account	Equity	Carrying amount	Profit and loss account	Equity
Held-for-trading financial instruments						
Securities [a]				5,004	4	
Non-hedging derivatives [b]	183	(395)		(22)	(180)	
Trading derivatives [b]	3	(13)		(61)	(8)	
Held-to-maturity financial instruments						
Securities [a]	69	1		80	1	
Available-for-sale financial instruments						
Securities [a]	235	8	16	235	7	(1)
Investments valued at fair value						
Other non-current investments [c]	4,782	4,717	141	2,770	456	(64)
Other non-current investments - Held for sale investments [c]				2,131	1,702	
Receivables and payables and other assets/liabilities valued at amortized cost						
Trade receivables and other [d]	28,039	(54)		28,799	(277)	
Financing receivables [a]	2,981	70		2,141	11	
Trade payables and other [e]	23,638	104		23,673	28	
Financing payables [a]	24,463	(831)		25,879	(845)	
Net assets (liabilities) for hedging derivatives [f]	(17)	(290)		(202)	(501)	

(a) Income or expense were recognized in the profit and loss account within Finance income (expense).
(b) In the profit and loss account, economic effects were recognized as loss within "Other operating income (loss)" for €96 million (loss for €157 million in 2012) and as expense within Finance income (expense) for €92 million (expense for €251 million in 2012).
(c) Income was recognized in the profit and loss account within "Income (expense) from investments" for €2,158 million (income for €1,247 million in 2012) and within "Net profit (loss) for the period - Discontinued operations" for €3,470 million.
(d) In the profit and loss account, economic effects were essentially recognized as expense within "Purchase, services and other" for €311 million (expense for €25 million in 2012) (impairments net of reversal) and as income for €34 million within "Finance income (expense)" (expense for €29 million in 2012) (exchange rate differences at year-end and amortized cost).
(e) In the profit and loss account, exchange differences arising from accounts denominated in foreign currency and translated into euro at year-end were primarily recognized within "Finance income (expense)".
(f) In the profit and loss account, income or expense were recognized within "Net sales from operations" and "Purchase, services and other" as expense for €526 million (expense for €289 million at December 31, 2012) and as income within "Finance income (expense)" for €25 million (expense for €1 million in 2012) (time value component).

Disclosures about the offsetting of financial instruments

The table below summarizes the disclosures about the offsetting of financial instruments.

	Gross amount of financial assets and liabilities	Gross amount of financial assets and liabilities subject to offsetting	Net amount of financial assets and liabilities
(€ million)			
December 31, 2012			
Financial assets	29,853	1,106	28,747
Trade and other receivables			
Financial liabilities	24,687	1,106	23,581
Trade and other liabilities			
December 31, 2013			
Financial assets			
Trade and other receivables	30,468	1,395	29,073
Other current assets	1,620	295	1,325
Other non-current assets	3,718	35	3,683
Financial liabilities			
Trade and other liabilities	24,993	1,395	23,598
Other current liabilities	1,752	304	1,448
Other non-current liabilities	1,730	26	1,704

The offsetting of financial assets and liabilities of €1,725 million (€1,106 million at December 31, 2012) related for €1,084 million (€1,047 million at December 31, 2012) the offsetting of receivables and debts pertaining to the Exploration & Production segment towards state entities.

Disclosures on fair value of financial instruments

Following the classification of financial assets and liabilities, measured at fair value in the balance sheet, is provided according to the fair value hierarchy defined on the basis of the relevance of the inputs used in the measurement process. In particular, on the basis of the features of the inputs used in making the measurements, the fair value hierarchy shall have the following levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical financial assets or liabilities;

b) Level 2: measurements based on the basis of inputs, other than quoted prices above, which, for assets and liabilities that have to be measured, can be observable directly (e.g. prices) or indirectly (e.g. deriving from prices);

c) Level 3: inputs not based on observable market data.

Financial instruments measured at fair value in the balance sheet as of at December 31, 2013, were classified as follows: (i) Level 1 "Quoted financial assets held for trading", "Financial assets available for sale", "Inventories - Certificates and emission rights", "Derivatives - Futures" and "Other investments" valued at fair value; and (ii) Level 2, derivative instruments different from "Non-quoted financial assets held for trading", "Derivative financial instruments other than futures" included in "Other current assets", "Other non-current assets", "Other current liabilities" and "Other non-current liabilities". During 2013, there were no transfers between the different hierarchy levels of fair value.

The table below summarizes the amount of financial instruments valued at fair value:

(€ million)	Note	December 31, 2012		December 31, 2013	
		Level 1	Level 2	Level 1	Level 2
Current assets					
Quoted financial assets held for trading	(8)			4,461	
Non-quoted financial assets held for trading	(8)				543
Financial assets available for sale	(9)	235		235	
Inventories - Certificates and emission rights	(11)	19		22	
Derivatives - Futures	(14)	26		64	
Cash flow hedge derivatives	(14)		31		14
Non-hedging and trading derivatives	(14)		890		654
Non-current assets					
Other investments valued at fair value	(18)	4,782		2,770	
Other investments held for sale valued at fair value	(32)				2,131
Derivatives - Futures	(21)	5			
Cash flow hedge derivatives	(21)		2		6
Non-hedging derivatives	(21)		424		256
Current liabilities					
Derivatives - Futuress	(26)	12		12	
Cash flow hedge derivatives	(26)		32		213
Non-hedging and trading derivatives	(26)		881		771
Non-current liabilities					
Non-hedging derivatives - Futures	(31)	1			
Cash flow hedge derivatives	(31)		13		1
Non-hedging derivatives	(31)		270		282

Legal proceedings

Eni is a Party to a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. Based on information available to date, and taking into account the existing risk provisions, Eni believes that the foregoing will not have an adverse effect on Eni's Consolidated Financial Statements. The following is a description of the most significant proceedings currently pending. Unless otherwise indicated below, no provisions have been made for these legal proceedings as Eni believes that negative outcomes are not probable or because the amount of the provision cannot be estimated reliably.

1. Environment

1.1 Criminal proceedings in the matters of environment, health and safety

(i) **Fatal accident Truck Center Molfetta - Prosecuting body: Public Prosecutor of Trani.** On May 11, 2010, Eni SpA, eight employees of the Company and a former employee were notified of closing of the investigation into alleged manslaughter, grievous bodily harm and illegal disposal of waste materials in relation to a fatal accident occurred in March 2008 that caused the death of four workers deputed to the cleaning of a tank car owned by a company part of the Italian Railways Group. The tank was used for the transportation of liquid sulphur produced by Eni in the Refinery of Taranto. The Public Prosecutor has removed three defendants and transmitted evidence to the Judge for the Preliminary Investigations requesting to dismiss the proceeding. The Judge for the Preliminary Investigations accepted the above mentioned request. In the hearing of April 19, 2011, the Judge admitted as plaintiffs against the above mentioned individuals all the parts, excluding the relatives of one of the victims, whose position has been declared inadmissible lacking of cause of action. The Judge declared inadmissible all the requests brought by other parties to act as plaintiffs against Eni. On December 5, 2011, the Judge pronounced an acquittal sentence for the individuals involved and for Eni SpA, as the indictment is groundless. The first hearing of the appeal filed by the Public Prosecutor has not been scheduled yet.

(ii) **Syndial SpA (company incorporating EniChem Agricoltura SpA - Agricoltura SpA in liquidation - EniChem Augusta Industriale Srl - Fosfotec Srl) - Proceeding about the industrial site of Crotone.** A criminal proceeding is pending before the Public Prosecutor of Crotone relating to allegations of environmental disaster, poisoning of substances used in the food chain and omitted clean-up due to the activity at a landfill site which was taken over by Eni's subsidiary in 1991 following the divestment of an industrial complex by Montedison (now Edison SpA). The landfill site had been filled with industrial waste from Montedison activities till 1989 and then no additional waste was discharged there. Eni's subsidiary carried out the clean-up of the landfill in 1999 through 2000. The defendants are certain managers at Eni's subsidiaries which have owned and managed the landfill since 1991. At the conclusion of the analysis conducted by the experts, the documents were returned to the Public Prosecutor of Crotone for further investigations and possible requests of trial.

(iii) **Eni SpA - Gas & Power Division - Industrial site of Praia a Mare.** Based on complaints filed by certain offended persons, the Public Prosecutor of Paola started an enquiry about alleged diseases related to tumours which those persons contracted on the workplace. Those persons were employees at an industrial complex owned by a Group subsidiary many years ago. On the basis of the findings of independent appraisal reports, in the course of 2009 the Public Prosecutor resolved that a number of ex-manager of that industrial complex would stand trial. In the preliminary hearing held in November 2010, 189 persons entered the trial as plaintiff; while 107 persons were declared as having been offended by the alleged crime. The plaintiffs have requested that both Eni and Marzotto SpA would bear civil liability. However, compensation for damages suffered by the offended persons has yet to be determined. Upon conclusion of the preliminary hearing, the Public Prosecutor resolved that all defendants would stand trial for culpable manslaughter, culpable injuries, environmental disaster and negligent conduct about safety measures on the workplace. Following a settlement agreement with Eni, Marzotto SpA has entered settlement agreements with all plaintiffs, except for the local administrations. The proceeding is pending.

(iv) **Syndial SpA and Versalis SpA - Porto Torres dock - Prosecuting body: Public Prosecutor of Sassari.** On July 2012, the Judge for the Preliminary Hearing, following a request of the Public Prosecutor of Sassari, requested the performance of a probationary evidence relating to the functioning of the hydraulic barrier of Porto Torres site (ran by Syndial SpA) and its capacity to avoid the dispersion of contamination released by the site in the near portion of sea. Syndial SpA and Versalis SpA have been notified that its chief executive officers and other managers are being investigated.

(v) **Syndial SpA - Public Prosecutor of Gela.** An investigation before the Public Prosecutor of Gela is pending regarding a number of former Eni employees. In particular the proceeding involves 17 former managers of the companies ANIC SpA, EniChem SpA, EniChem Anic SpA, Anic Agricoltura SpA, Agip Petroli SpA and Praoil Aromatici e Raffinazione Srl who were previously in charge of conducting operations and granting security at Clorosoda plant in Gela. The proceeding regards the crimes of culpable manslaughter and grievous bodily harm related to the death of 12 former employees and alleged diseases which those persons may have contracted at the above mentioned plant. Alleged crimes relate to the period from 1969, when operations on Clorosoda plant have commenced, to 1998, when the clean-up activities have terminated. The Public Prosecutor requested the performance of a medico-legal appraisal on over 100 people employed on the abovementioned plant to verify the relation of causality between the deaths occurred and the eventual pathologies affecting these individuals, and the exposures related to the work performed and missing implementation by the relevant company functions of the measures necessary for ensuring the employee health and security in relation to the risks connected with the mentioned working activities. The proceeding is at a preliminary phase.

(vi) **Seizure of areas located in the Municipalities of Cassano allo Jonio and Cerchiara di Calabria - Prosecuting body: Public Prosecutor of Castrovillari.** Certain areas owned by Eni in the Municipalities of Cassano allo Jonio and Cerchiara di Calabria have been seized by the Judicial Authority pending an investigation about an alleged improper handling of industrial waste from the processing of zinc ferrites at the industrial site of Pertusola Sud, which was subsequently shut down, and illegal storing in the seized areas. The circumstances under investigation are the same considered in a criminal action for alleged omitted clean-up which was concluded in 2008 without any negative outcome on part of Eni's employees. Eni's subsidiary Syndial SpA has removed any waste materials from the landfills Syndial entered a transaction agreement with the municipality of Cerchiara to settle all damages caused by the unauthorized landfills to the territory of the Municipality. The municipality of Cerchiara renounced to all claims in relation to the circumstances investigated in the criminal proceeding. Eni's subsidiary has also arranged a similar transaction with the Municipality of Cassano. The criminal proceeding is still pending.

(vii) **Syndial SpA - Proceeding on the asbestos at the Ravenna site**. A criminal proceeding is pending before the Tribunal of Ravenna about the crimes of culpable manslaughter, injuries and environmental disaster which would have been allegedly committed by former Syndial employees at the site of Ravenna. The site was taken over by Syndial following a number of corporate mergers and acquisitions. The alleged crimes would date back to 1991. In the proceeding there are 75 offended people. The plaintiffs include relatives of the alleged victims and various local administrations and other institutional bodies, including local trade unions. The advocacy of Syndial claimed the statute of limitation about the crime of environmental disaster which would exclude the alleged crimes of manslaughter and injury. On February 6, 2014 the Judge for the Preliminary Hearing at Ravenna decided that all defendants would stand trial and ascertained the statute of limitation only with reference to the alleged crime of culpable injury. The proceeding is entering the hearing phase.

1.2 Civil and administrative proceedings in the matters of environment, health and safety

(i) **Syndial SpA (former EniChem SpA) - Summon for alleged environmental damage caused by DDT pollution in the Lake Maggiore - Prosecuting body: Ministry for the Environment.** In May 2003, the Ministry for the Environment summoned Syndial (former EniChem) to obtain a sentence condemning the Eni subsidiary to compensate an alleged environmental damage caused by the activity of the Pieve Vergonte plant in the years 1990 through 1996. With a temporarily executive sentence dated July 3, 2008, the District Court of Turin sentenced the subsidiary Syndial SpA to compensate environmental damages amounting to €1,833.5 million, plus legal interests that accrue from the filing of the decision. Syndial and Eni technical-legal consultants have considered the decision and the amount of the compensation to be without factual and legal basis and have concluded that a negative outcome of this proceeding is unlikely. Particularly, Eni and its subsidiary deem the amount of the environmental damage to be absolutely wholly groundless as the sentence has been considered to lack sufficient elements to support such a material amount of the

liability charged to Eni and its subsidiary with respect to the volume of pollutants ascertained by the Italian Environmental Minister. Based on these technical-legal advices also supported by external accounting consultants, no provisions have been made against the proceeding. In July 2009, Syndial filed an appeal against the abovementioned sentence, and consequently the proceeding would continue before a second degree court. In the hearing of June 15, 2012, before the Second Degree Court of Turin, the Minister of the Environment, formalized trough the Board of State Lawyers its decision to not execute the sentence until a final verdict on the whole matter is reached.
The second degree court requested Syndial to stand as defendant and then requested a technical appraisal of the matter. This technical appraisal reached a favourable outcome for Syndial; however such outcome has been questioned by the Board of State Lawyers. The hearing for the discussion of the conclusions has not been scheduled yet.

(ii) **Action commenced by the Municipality of Carrara for the remediation and reestablishment of previous environmental conditions at the Avenza site and payment of environmental damage.** The Municipality of Carrara commenced an action before the Court of Genova requesting Syndial SpA to remediate and restore previous environmental conditions at the Avenza site and the payment of environmental damage (amounting to €139 million), further damages of various types (e.g. damage to the natural beauty of this site) amounting to €80 million as well as damages relating to loss of profit and property amounting to approximately €16 million. This request is related to an accident that occurred in 1984, as a consequence of which EniChem Agricoltura SpA (later merged into Syndial SpA), at the time owner of the site, carried out safety and remediation works. The Ministry for the Environment joined the action and requested environmental damage payment – from a minimum of €53.5 million to a maximum of €93.3 million – to be broken down among the various companies that ran the plant in the past. With a sentence of March 2008, the Court of Genova rejected all claims made by the Municipality of Carrara and the Ministry for the Environment. The Second Instance Court too confirmed the decision issued in the first judgment and rejected all the claims made by the plaintiffs. The Ministry for the Environment filed an appeal before a third instance court on the belief that Syndial is to be held responsible for the environmental damage as the Eni subsidiary took over the site from the previous owners assuming all existing liabilities; it was responsible for managing the plant and inadequately remediating the site after the occurrence of an incident in 1984 and for omitted clean-up. Syndial established itself as defendant. The proceeding is pending.

(iii) **Ministry for the Environment - Augusta harbor.** The Italian Ministry for the Environment with various administrative acts prescribed companies running plants in the petrochemical site of Priolo to perform safety and environmental remediation works in the Augusta harbour. Companies involved include Eni subsidiaries Versalis, Syndial and Eni Refining & Marketing Division. Pollution has been detected in this area primarily due to a high mercury concentration which is allegedly attributed to the industrial activity of the Priolo petrochemical site. The abovementioned companies opposed said administrative actions, objecting in particular to the way in which remediation works have been designed and modes whereby information on pollutants concentration has been gathered. A number of administrative proceedings were started on this matter, which were reunified before the Regional Administrative Court of Catania. In October 2012, said Court ruled in favour of Eni's subsidiaries against the Ministry prescriptions about the removal of pollutants and the construction of a physical barrier. The Court ruling was based on a sentence filed by the Court of Justice of the European Community. Specifically, the European Court confirmed the EU principle of the liability associated with the environmental damage, while at the same time reaffirming the necessity to ascertain the relation between cause and effect and identify the entity that is actually liable for polluting. It must be noted that the Public Prosecutor of Siracusa commenced a criminal action against unknown persons in order to verify the effective contamination of the Augusta harbour and the risks relating to the execution of the clean-up project proposed by the Ministry. The technical assessment disposed by the Public Prosecutor generated the following outcomes: a) no public health risk in the Augusta harbor; b) absence of any involvement on part of Eni companies in the contamination; and c) drainages dangerousness. Based on those findings, the Public Prosecutor decided to dismiss the proceeding.

(iv) **Claim for preventive technical inquiry - Court of Gela.** In February 2012, Eni's subsidiaries Raffineria di Gela SpA and Syndial SpA and the parent company Eni SpA (involved in this matter through the operations of the Refining & Marketing Division) were notified a claim issued by 18 parents of children born malformed in the municipality of Gela between 1992 and 2007. The claim for preventive technical inquiry aims at verifying the relation of causality between the malformation pathologies suffered by the children of the plaintiffs and the environmental pollution caused by the Gela site (pollution deriving from the existence and activities at the industrial plants of the Gela Refinery and Syndial SpA), quantifying the alleged damages suffered and eventually identifying the terms and conditions to settle the claim. The examination of the claims filed by the plaintiffs confirmed the lack of evidence in the relation of causality. In any case, the same issue was the subject of previous inquiries in a number of proceedings, all resolved without the ascertainment of any illicit behaviour on part of Eni or its subsidiaries. A technical appraisal of the matter is pending. Furthermore, 15 more claims were notified to Eni's subsidiaries on the same matter. Those proceedings are ongoing.

(v) **Environmental claim relating to the Municipality of Cengio - Plaintiffs: The Ministry for the Environment and the Delegated Commissioner for Environmental Emergency in the territory of the Municipality of Cengio.** The Ministry for the Environment and the Delegated Commissioner for Environmental Emergency in the territory of the Municipality of Cengio summoned Eni's subsidiary Syndial before a Civil Court and sentenced the Eni's subsidiary to compensate the environmental damage relating to the site of Cengio. The plaintiffs accused Syndial of negligence in performing the clean-up and remediation of the site. On the contrary, Syndial believes to have executed properly and efficiently the clean-up work in accordance with the framework agreement signed with the involved administrations including the Ministry of the Environment in 2000. On February 6, 2013, a Court in Genoa ruled the resumption of the proceeding and established a technical appraisal to verify the existence of the environmental damage. The proceeding is pending.

(vi) **Syndial SpA and Versalis SpA - Porto Torres - Prosecuting body: Public Prosecutor of Sassari.** The Public Prosecutor of Sassari (Sardinia) resolved that a number of officers and senior managers of companies engaging in petrochemicals operations at the site of Porto Torres, including the manager responsible for plant operations of the Company's fully-owned subsidiary Syndial, would stand trial due to allegations of environmental damage and poisoning of water and crops. The Province of Sassari, the Municipality of Porto Torres and other entities have been acting as plaintiffs. The Judge for the Preliminary Hearing admitted as plaintiffs the above mentioned parts, but based on the exceptions issued by Syndial on the lack of connection between the action as plaintiff and the charge, denied that the claimants would act as plaintiff with regard to the serious pathologies related to the existence of poisoning agents in the marine fauna of the industrial port of Porto Torres. The trial before a jurisdictional body of the Italian criminal law which is charged with judging the most serious crimes, was annulled as that jurisdictional body

did not recognize the gravity elements justifying its judgment due to a different crime allegation in the notice of conclusion of the preliminary investigation with respect to the crime allegation presented in the request of trial filed by the Public Prosecutor. In February 2013, the Prosecutor of Sassari has notified the conclusion of preliminary investigations and requested a new imputation for negligent behavior instead of illicit conduct. In the conclusions of the preliminary hearing, the GUP of Sassari dismissed the accusation as a result of the statute of limitations. The Public Prosecutor filed an appeal before a Third Instance Court.

(vii) **Kashagan.** On 7 March 2014, the Atyrau Region Environmental Department ("ARED") launched a series of civil claims against the consortium developing the Kashagan field. These proceedings allege certain emissions associated with gas flaring occurring during commissioning have resulted in infringements of environmental laws and environmental damages. The aggregate value of the civil claims is approximately US$737 million (KZT 134 billion), of which eni 's share would be approximately US$124 million (KZT 22.5 billion). The Kashagan project's consortium disputes these allegations.

2. Court inquiries and of other Regulatory Authorities

(i) **Fos Cavaou**. An arbitration proceeding before the International Chamber of Commerce of Paris between the client company Société du Terminal Methanier Fos Cavaou (now FOSMAX LNG) and the contractor STS – a French consortium participated by Saipem SA (50%), Technimont SpA (49%) and Sofregaz SA (1%) – is pending. The memorandum filed by FOSMAX LNG supporting the arbitration proceeding claimed the payment of €264 million for damage payment, delay penalties and costs incurred for the termination of the works. Approximately €142 million of the total amount requested related to loss of profit, which is an item that cannot be compensated based on the existing contractual provisions with the exception of fraudulent and serious culpable behaviour. STS filed counterclaim for a total amount of approximately €338 million as damage repayment due to the alleged excessive interference of FOSMAX LNG in the execution of the works and payment of extra works not recognized by the client. Both parties filed their memoranda. Management expects the arbitration experts to issue a final ruling by the end of 2014.

(ii) **Eni SpA - Reorganization procedure of the airlines companies Volare Group, Volare Airlines and Air Europe - Prosecuting body: Delegated Commissioner.** In March 2009, Eni and its subsidiary Sofid (now Eni Adfin) were notified of a bankruptcy claw back as part of a reorganization procedure filed by the airlines companies Volare Group, Volare Airlines and Air Europe which commenced under the provisions of Ministry of Production Activities, on November 30, 2004. The request regarded the override of all the payments made by those entities to Eni and Eni Adfin, as Eni agent for the receivables collection, in the year previous to the insolvency declaration from November 30, 2003 to November 29, 2004, for a total estimated amount of €46 million plus interest. Eni and Eni Adfin were admitted as defendants. After the conclusion of the investigation, a court ruled against the claims made by the commissioners of the reorganization procedures. The relevant ruling was filed on March 1, 2012. The commissioners filed a counterclaim against the first degree sentence.

(iii) **Reorganization procedure of Alitalia Linee Aeree Italiane SpA under extraordinary administration.** On January 23, 2013, the Italian airline company Alitalia undergoing a reorganization procedure summoned before the Court of Rome Eni, Exxon Italia and Kuwait Petroleum Italia SpA to obtain a compensation for alleged damages caused by a presumed anticompetitive behaviour on part of the three petroleum companies in the supply of jet fuel in the years 1998 through 2009. The claim was based on a deliberation filed by the Italian Antitrust Authority on June 14, 2006. The antitrust deliberation accused Eni and other five petroleum companies of anticompetitive agreements designed to split the market for jet fuel supplies and blocking the entrance of new players in the years 1998 through 2006. The antitrust findings were substantially endorsed by an administrative court. Alitalia has made a claim against the three petroleum companies jointly and severally presenting two alternative ways to assess the alleged damages. A first assessment of the overall damages amounted to €908 million. This was based on the presumption that the anti competitive agreements among the defendants would have prevented Alitalia from autonomously purchasing supplies of jet fuel in the years when the existence of the anti competitive agreements were ascertained by the Italian Antitrust Authority and in subsequent years until Alitalia ceased to operate airline activity. Alitalia asserts the incurrence of higher supply costs of jet fuel of €777 million excluding interest accrued and other items which add to the lower profitability caused by a reduced competitive position in the marketplace estimated at €131 million. An alternative assessment of the overall damage made by Alitalia stands at €395 million of which €334 million of higher purchase costs for jet fuel and €61 million of lower profitability due to the reduced competitive position on the marketplace. The proceeding of first instance is at a preliminary stage, as a number of pre-trial issues determined a substantial stalemate situation.

3. Antitrust, EU Proceedings, Actions of the Authority for Electricity and Gas and of other Regulatory Authorities

(i) **Inquiries in relation to alleged anticompetitive agreements in the area of elastomers - Prosecuting Body: European Commission.** On November 29, 2006, the European Commission ascertaining anticompetitive agreements in the field of BR and ESBR elastomers fined Eni and its subsidiary Versalis SpA (former Polimeri Europa SpA) for an amount of €272.25 million. Eni and its subsidiary filed claims against this decision before the European Court of First Instance in February 2007. On July 13, 2011, the First Instance Court filed the decision to reduce the above mentioned fine to the amount of €181.5 million. In particular the Court annulled the increase of the fine related to the aggravating circumstance of recidivism. The companies involved in the decision and the European Commission filed a claim before the European Court of Justice. In addition the European Commission communicated to the decision to start an inquiry for the determination of a new sanction. The Company filed an appeal against this decision. On March 1, 2013, the Commission communicated to Eni and Versalis the commencement of a new proceeding for a new evaluation of the existence of the requirement for the application of an increased fine based on the aggravating circumstance of recidivism. In August 2007, with respect to the above mentioned decision of the European Commission, Eni submitted a request for a negative ascertainment with the Court of Milan aimed at proving the non-existence of alleged damages suffered by tire BR/SBR manufacturers. This judgement is pending. Then, subsidiaries of Dow Chemical summoned Eni and Versalis in order to be indemnified and held harmless as part of a proceeding commenced before the Commercial Court of London where tyre producers have been claiming compensation for the damages which were allegedly caused by the companies which have been part of the alleged trust on BR elastomers, among which the same Dow Chemical. Eni, Versalis and Dow Chemical have agreed to suspend the judgement also because Eni and Versalis have appealed the

jurisdiction of the British Court. In December 2012, the First Instance Court of the European Union reduced to €106 million the fine imposed to Eni and its subsidiary Polimeri Europa from the original amount of €132.16 million sanctioned on December 5, 2007, relating to alleged anti competitive practices in the in CR elastomers sector, with other chemical companies, in violation of article 81 of EC Treaty and of article 53 of SEE agreement. In March 2013, Eni and Versalis have appealed against this decision before the EU Court of Justice in order to obtain the complete annulment of the economic sanction. Also the European Commission has appealed against the decision. Pending the decision, Eni accrued a provision with respect to this proceeding.

(ii) **Preliminary investigation of the Italian Authority for Electricity and Gas about the invoicing to retail clients of gas and electricity.** With a resolution on October 31, 2013, the Italian AEEG resolved to commence a preliminary investigation to ascertain whether Eni violated certain administrative provisions that regulate the periodical invoicing in the retail selling of gas and electricity. The investigation also includes alleged delays in the invoice of certain documentation which is required in case of change of supplier. Upon the finalization of the investigation, the AEEG may impose an administrative sanction including a possible fine in accordance to Law 481/95 currently not estimable.

4. Court inquiries

(i) **EniPower SpA. In June 2004, the Milan Public Prosecutor commenced inquiries into contracts awarded by Eni's subsidiary EniPower and on supplies from other companies to EniPower.** These inquiries were widely covered by the media. It emerged that illicit payments were made by EniPower suppliers to a manager of EniPower who was immediately dismissed. The Court presented EniPower (commissioning entity) and Snamprogetti (now Saipem SpA) (contractor of engineering and procurement services) with notices of process in accordance with existing laws regulating the administrative responsibility of companies (Legislative Decree No. 231/2001). In accordance with its transparency and integrity guidelines, Eni took the necessary steps in acting as plaintiff in the expected legal action in order to recover any damage that could have been caused to Eni by the illicit behavior of its suppliers and of their and Eni employees. In the meantime, preliminary investigations have found that both EniPower and Snamprogetti are not to be considered defendants in accordance with existing laws regulating the administrative responsibility of companies (Legislative Decree No. 231/2001). In August 2007, Eni was notified that the Public Prosecutor requested the dismissal of EniPower SpA and Snamprogetti SpA, while the proceeding continues against former employees of these companies and employees and managers of the suppliers under the provisions of Legislative Decree No. 231/2001. Eni SpA, EniPower and Snamprogetti presented themselves as plaintiffs in the preliminary hearing. In the preliminary hearing related to the main proceeding on April 27, 2009, the Judge for the Preliminary Hearings requested all the parties that have not requested the plea-bargain to stand in trial, excluding certain defendants as a result of the statute of limitations. During the hearing on March 2, 2010, the Court confirmed the admission as plaintiffs of Eni SpA, EniPower SpA and Saipem SpA against the inquired parts under the provisions of Legislative Decree No. 231/2001. Further employees of the companies involved were identified as defendants to account for their civil responsibility. After the filing of the pleadings occurred in the hearing of July 12, 2011, the proceeding was postponed to September 20, 2011. In that date the Court of Milan concluded that nine persons were guilty for the above mentioned crimes. In addition they were sentenced jointly and severally to the payment of all damages to be assessed through a dedicated proceeding and to the reimbursement of the proceeding expenses incurred by the plaintiffs. The Court also resolved to dismiss all the criminal indictments for 7 employees, representing some companies involved as a result of the statute of limitations while the trial ended with an acquittal of 15 individuals. In relation to the companies involved in the proceeding, the Court found that 7 companies are liable based on the provisions of Legislative Decree No. 231/2001, imposing a fine and the disgorgement of profit. Eni SpA and its subsidiaries, EniPower and Saipem which took over Snamprogetti, acted as plaintiffs in the proceeding also against the mentioned companies. The Court rejected the position as plaintiffs of the Eni Group companies, reversing a prior decision made by the Court. This decision may have been made probably on the basis of a pronouncement made by a Supreme Court which stated the illegitimacy of the constitution as plaintiffs made against any legal entity which is indicted under the provisions of Legislative Decree No. 231/2001. The Court filed the ground of the judgement in December 19, 2011.
The condemned parties filed an appeal against the above mentioned decision. The appeal court issued a ruling which substantially confirmed the first-degree judgement except for the fact that it ascertained the statute of limitation with regard to certain defendants.

(ii) **TSKJ Consortium Investigations by US, Italian, and other Authorities.** Snamprogetti Netherlands BV has a 25% participation in the TSKJ Consortium companies. The remaining participations are held in equal shares of 25% by KBR, Technip, and JGC. Beginning in 1994 the TSKJ Consortium was involved in the construction of natural gas liquefaction facilities at Bonny Island in Nigeria. Snamprogetti SpA, the holding company of Snamprogetti Netherlands BV, was a wholly owned subsidiary of Eni until February 2006, when an agreement was entered into for the sale of Snamprogetti to Saipem SpA and Snamprogetti was merged into Saipem as of October 1, 2008. Eni holds a 43% participation in Saipem. In connection with the sale of Snamprogetti to Saipem, Eni agreed to indemnify Saipem for a variety of matters, including potential losses and charges resulting from the investigations into the TSKJ matter referred to below, even in relation to Snamprogetti subsidiaries. In recent years the proceeding was settled with the US Authorities and certain Nigerian Authorities, which had been investing into the matter.
The proceedings in the US: following an investigation that lasted several years, in 2010 the Department of Justice and the SEC entered into settlements with each of the TSKJ consortium members. In particular, in July 2010, Snamprogetti Netherlands BV entered into a deferred prosecution agreement with the DoJ, consented to the filing of criminal information, and agreed to pay a fine of $240 million. In addition Snamprogetti Netherlands BV and Eni reached an agreement with the SEC to resolve the investigation and jointly agreed to pay disgorgement to the SEC of $125 million. All amounts due to the US Authorities were paid by Eni in accordance with the indemnity granted by Eni in connection with its sale of Snamprogetti to Saipem. Following the two-year period set out in the deferred prosecution agreement, in September 2012 the DoJ dismissed the criminal information filed against Snamprogetti Netherlands BV, thereby dismissing the criminal proceeding against Snamprogetti Netherlands BV.
The proceedings in Italy: the events under investigation covered the period since 1994 and also concerned the period of time subsequent to the June 8, 2001, enactment of Italian Legislative Decree No. 231 concerning the liability of legal entities. The proceeding set by the Public Prosecutor of Milan investigated Eni SpA and Saipem SpA for liability of legal entities arising from offences involving alleged international corruption charged to former

managers of Snamprogetti SpA. The Public Prosecutor of Milan requested Eni SpA and Saipem SpA to be debarred from activities involving – directly or indirectly – any agreement with the Nigerian National Petroleum Corporation and its subsidiaries. In particular, the Public Prosecutor claimed the inadequacy and violation of the organizational, management and control model adopted to prevent those offences charged to people subject to direction and supervision. Subsequently, the Public Prosecutor of Milan, with respect to the guarantee payment amounting to €24,530,580 even in the interest of Saipem SpA, renounced to contest the decision of rejection of precautionary measures of disqualification for Eni SpA and Saipem SpA. The charged crimes involved alleged corruptive events that have occurred in Nigeria after July 31, 2004. It is also stated the aggravating circumstance that Snamprogetti SpA reported a relevant profit (estimated at approximately $65 million). The Public Prosecutor requested five former employees of Snamprogetti SpA (now Saipem) and Saipem SpA (as legal entity incorporating Snamprogetti) to stand trial. In the course of the proceeding, the Court dismissed the case with respect to the position of the individuals who were acting as plaintiffs for the expiration of the statute of limitations while the proceeding continued for Saipem SpA. Afterwards, the Court condemned Saipem SpA to pay a fine amounting to €600,000 and the disgorgement of the guarantee payment of €24,530,580, made by Snamprogetti Netherlands BV. Saipem filed an appeal against the sentence issued by the First Instance Court. At the moment, the date of the hearing has not been scheduled.

(iii) **Gas metering.** With the proceeding No. 11183/06 the Public Prosecutor at the Court of Milan accused Eni, certain top managers of Eni and of the Group companies of alleged breaches of the Italian Criminal Law, starting from 2003, regarding the use of instruments for measuring gas, in relation to the payments of excise duties and the billing of clients as well as relations with the Supervisory Authorities. The allegation regards, inter alia, the offense contemplated by Legislative Decree of June 8, 2001, No. 231, which establishes the liability of the legal entity for crimes committed by its employee in the interests of such legal entity, or to its advantage. Accordingly, notice of the commencement of investigations was served upon Eni Group companies (Eni, Snam Rete Gas and Italgas) as well as third party companies. During the years, the investigations of the Public Prosecutor led to two distinctive proceedings known as "the Croatian Gas" and "Excise Duties". The first proceeding was dismissed against all defendants by the Judge of the Preliminary Hearing on January 24, 2012. The Supreme Degree Court confirmed the Judge decision against the recourse presented by the public prosecutors, who nonetheless challenged the Judge decision only in relation with a few defendants. Also the proceeding about excise duties resulted in a favourable outcome to all defendants – who were employees and former employees of Eni's Gas & Power Division – because the Judge ascertained that the investigated facts did not enter into the specifics of the alleged crimes. Again in 2013, the Supreme Degree Court confirmed the Judge decision against the recourse presented by the public prosecutors.

(iv) **Algeria - Corruption investigation.** Authorities in Italy and in other Countries are investigating allegations of corrupt payments in connection with the award of certain contracts to Saipem. On February 4, 2011, Eni received from the Public Prosecutor of Milan an information request pursuant to Article 248 of the Italian Code of Criminal Procedure. The request related to allegations of international corruption and pertained to certain activities performed by Saipem Group companies in Algeria (in particular the contract between Saipem and Sonatrach relating to the construction of the GK3 gas pipeline and the contract between Galsi, Saipem and Technip relating to the engineering of the ground section of a gas pipeline). For that reason, the notification was forwarded by Eni to to Saipem. The crime of international corruption is among the offenses contemplated by Legislative Decree of June 8, 2001, No. 231, relating to corporate responsibility for crimes committed by employees which provides fines and interdictions to the company and the disgorgement of profit. Saipem promptly began to collect documentation in response to the requests of the Public Prosecutor. The documents were produced on February 16, 2011. Eni also filed documentation relating to the MLE project (in which the Eni's Exploration & Production Division participates) even if not required, with respect to which investigations in Algeria are ongoing. On November 22, 2012, the Public Prosecutor of Milan served Saipem a notice stating that it had commenced an investigation for alleged liability of the Company for international corruption in accordance to Article 25, second and third paragraph of Legislative Decree No. 231/2001. Furthermore the prosecutor requested the production of certain documents relating to certain activities in Algeria. Subsequently, on November 30, 2012, Saipem was served a notice of seizure, then, on December 18, 2012, a request for documentation and finally, on January 16, 2013, a search warrant was issued, in order to acquire further documentation in particular relating to certain intermediary contracts and sub-contracts entered into by Saipem in connection with its Algerian business. The investigation relates to alleged corruption which, according to the Public Prosecutor, had occurred with regard to certain contracts awarded to Saipem in Algeria up until March 2010. The former CEO of Saipem, who was resigned from the office at the end of 2012, and the former COO of the business unit Engineering & Construction of Saipem, who was fired at the beginning of 2013, as well as other Saipem employees and former employees are under investigation. On February 7, 2013, on mandate from the Public Prosecutor of Milan, the Italian financial police visited Eni's headquarters in Rome and San Donato Milanese and executed searches and seized documents relating to Saipem's activity in Algeria. On the same occasion, Eni was served a notice that an investigation had commenced in accordance with Article 25, third and fourth paragraph of Legislative Decree No. 231/2001 with respect to Eni, Eni's CEO, Eni's former CFO, and another senior manager. Eni's former CFO had previously served as Saipem's CFO including during the period in which alleged corruption took place and before being appointed as CFO of Eni in 2008. He departed from Eni in connection with the bribery investigation. The proceeding was unified with the Iraq - Kazakhstan proceeding, concerning a different line of investigation, as it related to the activities carried out by Eni in Iraq and Kazakhstan. More information is provided in the specific section of this report. Saipem, which is fully cooperating with the judicial Authority since the beginning of the investigation, has also promptly undertaken management and administrative changes. Saipem has commenced an internal investigation in relation to the contracts in question with the support of external advisors; such internal investigation is conducted in agreement with the statutory bodies deputed to the Company's control and the Italian Public Prosecutor has been informed of this internal investigation. In addition, in the course of 2013, Saipem has completed a review aimed at verifying the correct application of internal procedures and controls relating to anti-corruption and prevention of illicit activities, with the assistance of external consultants. Saipem provided Eni the findings of its internal review; Eni is still evaluating those findings. Moreover, Saipem's Board resolved to initiate legal action to protect the interests of the Company against certain former employees and suppliers, reserving any further action if additional factors emerge. In August 2013, in relation to the criminal proceeding the press reported that the former Chief Operating Officer of the Business Unit Engineering & Construction of Saipem, who had been fired by the company, was subject to a precautionary detention measure in prison. This measure, as reported by the press, was subsequently canceled in December 2013 by granting house arrest. Finally, as requested by

the US Department of Justice (DoJ), in the course of 2013, Saipem entered into a tolling agreement with the DoJ to extend the statute of limitations applicable to possible violations of the federal laws of the USA in relation to certain past activities conducted by Saipem and its subsidiaries. The tolling agreement does not constitute an admission on part of Saipem of any wrongdoing or a concession of the jurisdiction of the USA to bring a proceeding. Saipem intends to fully cooperate also as part of any possible investigation made by US Authorities. Furthermore, Eni, albeit denying any involvement in the matter, has commenced an internal investigation with the assistance of external consultants, in addition to the review activities performed by its audit and internal control departments and a dedicated team to the Algerian matters. To date, excepting further investigation if necessary, the following preliminary results have been reached: (i) the review of the documents seized by the Milan prosecutors and the examination of internal records held by Eni's global procurement department have not found any evidence that Eni entered into intermediary or any other contractual arrangements with the third parties involved in the prosecutors' investigation; the brokerage contracts, that have identified, were signed by Saipem or its subsidiaries or predecessor companies; (ii) the internal review made on a voluntary basis of the MLE project, the only project that Eni understands to be under the prosecutors' investigation where the client is an Eni group company. That review has not found evidence that any Eni employee engaged in wrongdoing in connection with the award to Saipem of two main contracts to execute the project (EPC and Drilling). The findings of Eni's internal review have been provided to the judicial Authority in order to reaffirm Eni's willingness to fully cooperate. Furthermore, with the assistance of external consultants, Eni has been reviewing the extent of its operating control over Saipem with regard to both legal and accounting and administrative issues. The findings of the review performed have confirmed the autonomy of Saipem from the parent company. Finally, Eni has contacted the US Authorities – the DoJ and the US SEC – in order to voluntary inform them about this matter, considering the developments in the Italian prosecutors' investigations since the end of 2012. Following this informal contact between Eni and the US Authorities, both the US SEC and the DoJ have started their own investigations about this matter. Eni has furnished various information and documents, including the findings of its internal reviews, in response to formal and informal requests. Investigations are also ongoing in Algeria where the bank accounts of a Saipem's subsidiary, Saipem Contracting Algérie SpA, have been blocked by the Algerian Authorities with a balance equivalent to about €80 million at current exchange rates. Those bank accounts related to two ongoing projects in Algeria. In 2012, a notice of investigation was served to Saipem Contracting Algérie SpA. The company is alleged to have taken advantage of the Authority or influence of representatives of a government owned industrial and trading company in order to inflate prices in relation to contracts awarded by said company. In January 2013, the Judicial Authority in Algeria ordered Saipem's Algerian subsidiary to stand trial and reaffirmed the blockage of the above mentioned bank accounts. Saipem Contracting Algérie SpA has lodged an appeal against this decision before the Supreme Court. Furthermore, also the parent company Saipem is being investigated by the Judicial Authority in Algeria for alleged corrupt payments. The various authorities are ongoing and it is not possible to predict their outcome. They could result in legal liability on the part of individuals or entities found in violation of the FCPA, Italian and other anti-corruption laws.

(v) **Iraq - Kazakhstan.** A criminal proceeding is pending before the Public Prosecutor of Milan in relation to alleged crimes of international corruption involving Eni's activities in Kazakhstan regarding the management of the Karachaganak plant and the Kashagan project, as well as handling of assignment procedures of work contracts by Agip KCO. The crime of "international corruption" is sanctioned, in accordance to the Italian criminal code, by Legislative Decree June 8, 2001 No. 231 which holds legal entities liable for the crimes committed by their employees on their behalf. The Company has filed the documents collected and is fully collaborating with the Public Prosecutor. A number of managers and a former manager are involved in the investigation. The above mentioned proceeding has been reunified with another (the so-called "Iraq proceeding") regarding a parallel proceeding related to Eni's activities in Iraq, disclosed in the following paragraphs. On June 21, 2011, Eni Zubair SpA and Saipem SpA in Fano (Italy) were notified that a search warrant had been issued to search the offices and homes of certain employees of the Group and of certain third parties. In particular the homes and offices of an employee of Eni Zubair and a manager of Saipem were searched by the Authorities. The accusation is of criminal conspiracy and corruption in relation with the activity of Eni Zubair in Iraq and of Saipem in the "Jurassic" project in Kuwait. The Public Prosecutor of Milan has charged Eni Zubair, Eni and Saipem with the accusations as a result of the alleged illicit actions of their employees. If the charges are valid, Eni considers those employees to have breached the Company's Code of Ethics. The Eni Zubair employee resigned and the Company, accepting the resignation, reserved the right to take action against the individual to defend its interests and subsequently commenced a legal action against the other persons mentioned in the seizure act. Notwithstanding that the Eni Group companies appear to be offended parties in respect of the illicit conduct under investigation associated with these accusations, Eni SpA and Saipem SpA also received, at the same time the search warrant was issued, a notification pursuant to the Legislative Decree No. 231/2001. Eni SpA was notified by the Public Prosecutor of a request of extension of the preliminary investigations that has led up to the involvement of another employee as well as other suppliers in the proceeding. Eni performed a review of the whole matter also with the support of an external consulting firm which issued its final appraisal report on July 25, 2012. According to the opinion of its legal team, the Company's watch structure and Internal control committee, Saipem too commenced through its Internal Audit department an internal review about the project with the support of an external consultant. The Public Prosecutor of Milan requested Eni SpA to be debarred for one year and six months from performing any industrial activities involving the production sharing contract of 1997 with the Republic of Kazakhstan and in the subsequent administrative or commercial arrangements, or the prosecution of the mentioned activities under the supervision of a commissioner pursuant to article 15 of the Legislative Decree No. 231 of 2001. In the subsequent hearings, Eni filed defensive memorandum; also the Public Prosecutor filed further documentation supporting the request of precautionary measures. On July 16, 2013, the Judge for Preliminary Investigation rejected the request for precautionary measures requested by the Public Prosecutor of Milan, because considered groundless. The Public Prosecutor promptly appealed the decision before a higher-degree court. After the appeal hearing, on October 21, 2013 such court rejected the appeal filed by the Public Prosecutor. The Re-examination Court rejected the appeal with judgment upon the merits due to the lack of serious evidence against Eni, accepting the defence arguments for which Eni suffered severe damages as a consequence of poor performances of some suppliers involved in the Kashagan project. In addition, the Court declared the lack of precautionary requirements considering the reorganization of the activities in Kazakhstan and taking into account of the initiatives of internal audit and control promptly adopted by Eni. The Public Prosecutor's office did not appeal against the sentence of the Re-examination Court. Also based on this decision, on March 13, 2014, the Eni legal team requested to the Public Prosecutor to dismiss the proceeding.

5. Tax Proceedings

Italy

(i) **Eni SpA - Dispute for the omitted payment of a municipal tax related to oil platforms located in territorial waters in the Adriatic Sea.** With a formal assessment presented in December 1999, the Municipality of Pineto (Teramo) claimed Eni SpA omitted payment of a municipal tax on real estate for the period from 1993 to 1998 on four oil platforms located in the Adriatic Sea which constitute municipal waters. Eni was requested to pay a total of approximately €17 million including interest and a fine. Eni filed a counterclaim stating that the sea where the platforms are located is not part of the municipal territory and the tax application as requested by the Municipality lacked objective fundamentals. The claim has been accepted in the first two degrees of judgment at the Provincial and Regional Tax Commissions. However, the supreme degree Court overturned both judgments, declaring that a Municipality can consider requesting a tax on real estate in the sea facing its territory and with the decision of February 2005 sent the proceeding to another section of the Regional Tax Commission in order to rule on the matters of the proceeding. This commission requested an independent consultant to assess the tax and technical aspects of the matter. The independent consultant confirmed that Eni's offshore installations lack any ground to be subject to the municipal tax that was claimed by the local Municipality. Those findings were accepted by the Regional Tax Commission with a ruling made on January 19, 2009. On January 25, 2011, the Municipality notified Eni of an appeal to the Supreme Degree Court for the cancellation of the above mentioned ruling. Also on December 28, 2005, the Municipality of Pineto presented similar claims relating to the same Eni platforms for the years 1999 to 2004. The total amount requested was €25 million including interest and penalties. Eni filed a counterclaim which was accepted by the First Degree Judge with a decision of December 4, 2007. Also a second degree court ruled in favour of Eni's recourses with a sentence filed on June 2012. Terms are pending to file a counterclaim before a third degree court. Similar formal assessments related to Eni oil and gas offshore platforms were presented by the Municipalities of Falconara Marittima, Tortoreto, Pedaso, and also from 2009 the Gela Municipality. The total amounts of those claims were approximately €7.5 million. The Company filed appeal against all those claims. A tax commission in Sicily ruled in favour of Eni accepting the recourse against the tax claims presented by the municipality of Gela.

Outside Italy

(i) **Eni Angola Production BV.** In 2009 the Ministry of the Finance of Angola, following a fiscal audit, filed a notice of tax assessment for fiscal years 2002 to 2007 in which it claimed the improper deductibility of amortization charges recognized on assets in progress related to the payment of the Petroleum Income Tax that was made by Eni Angola Production BV as co-operator of the Cabinda concession. The Company filed an appeal against this decision. The judgment is still pending before the Supreme Court. Eni accrued a provision with respect to this proceeding.

(ii) **Eni's subsidiary in Indonesia.** A tax proceeding is pending against Eni's subsidiary Lasmo Sanga Sanga Ltd as the Tax Administration of Indonesia has questioned the application of a tax rate of 10% on the profit earned by the local branch of Eni's subsidiary for fiscal years 2002 through 2009. Eni's subsidiary, which is resident in the UK for tax purposes, believes that the 10% tax rate is warranted by the current treaty for the avoidance of double taxation. On the contrary, the Tax Administration of Indonesia has claimed the application of the local tax rate of 20%. The greater taxes due in accordance to the latter rate have been disbursed amounting to $134 million including interest expense. Eni's subsidiary has filed an appeal claiming the opening of an amicable procedure to settle the matter and avoid bearing a tax regime not in compliance with the UK/Indonesia treaty. Eni accrued a provision with respect to this proceeding.

6. Settled legal proceedings

(i) **Investigation of the quality of groundwater in the area of the Refinery of Gela.** This criminal proceeding held by the Public Prosecutor of Gela relating to alleged pollution of ground at the Eni Gela Refinery was dismissed because the statute of limitations expired.

(ii) **Alleged negligent fire (Priolo).** Due to the immateriality of the proceeding, no more information will be reported about a pending investigation of the Public Prosecutor of Siracusa relating to certain Eni managers who were in charge of conducting operations at the Refinery of Priolo aimed at ascertaining whether Eni they acted with negligence in connection with a fire that occurred at the Priolo plants on April 30 and May 1-2, 2006.

(iii) **Groundwater at the Priolo site - Prosecuting body: Public Prosecutor of Siracusa.** The Public Prosecutor of Siracusa who has started an investigation in order to ascertain the level of contamination of the groundwater at the Priolo site requested to dismiss the case.

(iv) **Syndial SpA (former EniChem SpA) - Claim of environmental damages, allegedly caused by industrial activities in the area of Crotone - Prosecuting Bodies: the Council of Ministers, the Ministry for the Environment, the Delegated Commissioner for Environmental Emergency in the Calabria Region and the Calabria Region.** The Council of Ministers, the Ministry for the Environment, the Delegated Commissioner for Environmental Emergency in the Calabria Region and the Calabria Region summoned Syndial before the Civil Court of Milan to obtain a sentence condemning the Eni subsidiary to compensate the environmental damage and clean-up and remediation costs caused by the operations of Pertusola Sud SpA (merged in EniChem, now Syndial) at the Crotone site. The original compensation claimed for environmental remediation and clean-up amounted to €2,720 million which comprised both the Calabria Region claims and the Ministry for the Environment claims. In order to settle the whole matter, in 2008 Syndial decided to take over the remediation activities in the area and on December 5, 2008 filed a comprehensive clean-up project. This project, which was approved in almost its entirety by the Ministry for the Environment and the Calabria Region, has been considered substantially adequate also by the Court. On February 24, 2012, the Court sentenced Syndial to correctly execute the environmental clean-up of the site in accordance with the approved remediation plan and to pay to the Presidency of the Council of Ministers and the Ministry for Environment the sum of €56.2 million plus interest charges accrued from the plaintiffs' claims. The sentence of the Court has now become final.

(v) **Saipem SpA - CEPAV Uno.** Saipem holds an interest in the CEPAV Uno consortium (50.36%) which in 1991 signed a contract with TAV SpA (now RFI - Rete Ferroviaria Italiana SpA) for the construction of a fast-track railway infrastructure for high speed/high capacity trains from Milan to

Bologna. An arbitration proceeding has arisen to define certain amounts claimed by the Consortium against the buyer for alleged changes in the scope of work, as the counterparties failed to reach an amicable settlement of the issues. The Arbitration Committee resolved a partial award to the consortium amounting to €54.253 million that was disbursed by RFI on February 7, 2013. Then, the consortium filed three further claims amounting to €2,108 million to take into account alleged damages, higher costs incurred for changes in the scope of work and other factors in addition to interest accrued and revaluation. In December 2013, the Consortium and RFI entered into a global transaction whereby RFI paid €200 million to compensate the Consortium for all pending claims, including the partial award of the arbitration experts. RFI will give the Consortium the agreed 80% of the performance bids and the relevant advances.

(vi) **Inquiry in relation to gas transportation.** The inquiry held by the Italian Antitrust Authority about alleged anti competitive behaviour charged to Eni in connection with the refusal to dispose of secondary transport capacity on the Transitgas and TAG pipelines to third parties was dismissed following acceptance by the Authority of the commitments presented by Eni.

(vii) **Trading.** In the investigation regarding two former Eni managers who were allegedly bribed by third parties to facilitate the conclusion of transactions with oil trading companies, Eni was acting as plaintiff in this proceeding and summoned the two people to be compensated for the economic damages suffered through the abuse of working relations and activities. The proceeding closed due to the statute of limitations with respect to the above mentioned managers.

(viii) **Libya.** On June 10, 2011, Eni received by the US SEC a formal judicial request of collection and presentation of documents (subpoena) related to Eni's activity in Libya from 2008 until now in relation to an ongoing investigation without further clarifications or specific alleged violations in connection to "certain illicit payments to Libyan officials" possibly violating the US Foreign Corruption Practice Act. Following a number of discussions with the US SEC and the provision of information and documentations, on April 29, 2013, the US SEC communicated to Eni the closing of the investigations without further claims or other observations.

Assets under concession arrangements

Eni operates under concession arrangements mainly in the Exploration & Production segment and the Refining & Marketing segment. In the Exploration & Production segment contractual clauses governing mineral concessions, licenses and exploration permits regulate the access of Eni to hydrocarbon reserves. Such clauses can differ in each Country. In particular, mineral concessions, licenses and permits are granted by the legal owners and, generally, entered into with government entities, State oil companies and, in some legal contexts, private owners. As a compensation for mineral concessions, Eni pays royalties and taxes in accordance with local tax legislation. Eni sustains all the operational risks and costs related to the exploration and development activities and it is entitled to the productions realized. In Production Sharing Agreement and in buyback contracts, realized productions are defined on the basis of contractual agreements drawn up with State oil companies which hold the concessions. Such contractual agreements regulate the recovery of costs incurred for the exploration, development and operating activities (cost oil) and give entitlement to the own portion of the realized productions (profit oil). In the Refining & Marketing segment several service stations and other auxiliary assets of the distribution service are located in the motorway areas and they are granted by the motorway concession operators following a public tender for the sub-concession of the supplying of oil products distribution service and other auxiliary services. Such assets are amortized over the length of the concession (generally, 5 years for Italy). In exchange of the granting of the services described above, Eni provides to the motorway companies fixed and variable royalties on the basis of quantities sold. At the end of the concession period, all non-removable assets are transferred to the grantor of the concession. Assets under concessions relating to natural gas storage in Italy and to the gas distribution of the Gas & Power segment pertained to Snam Group that was deconsolidated following the sale of control.

Environmental regulations

Risks associated with the footprint of Eni's activities on the environment, health and safety are described in "Financial Review", paragraph "Risk factors and uncertainties". In the future, Eni will sustain significant expenses in relation to compliance with environmental, health and safety laws and regulations and for reclaiming, safety and remediation works of areas previously used for industrial production and dismantled sites. In particular, regarding the environmental risk, management does not currently expect any material adverse effect upon Eni's consolidated financial statements, taking account of ongoing remedial actions, existing insurance policies and the environmental risk provision accrued in the consolidated financial statements. However, management believes that it is possible that Eni may incur material losses and liabilities in future years in connection with environmental matters due to: (i) the possibility of as yet unknown contamination; (ii) the results of the ongoing surveys and the other possible effects of statements required by Legislative Decree No. 152/2006 of the Ministry for the Environment; (iii) new developments in environmental regulation; (iv) the effect of possible technological changes relating to future remediation; and (v) the possibility of litigation and the difficulty of determining Eni's liability, if any, as against other potentially responsible parties with respect to such litigation and the possible insurance recoveries.

Emission trading

The third phase of the European Union Emissions Trading Scheme (EU-ETS) came in force since January 1, 2013. Phase three sees a turn in the main method of assignment of the permits that change from allocating for free on the base of historical emissions to allocating through auctioning. In particular, for the period 2013-2020, the free allocation of permits is done using European benchmarks specific to each industrial segment, except for the thermoelectric sector which is not eligible for free allocations. For this reason, starting from 2013, Eni benefits from a lower allocation of emission permits compared to the emissions provided for plants subject to emissions trading. This situation implies for Eni a progressive use of the permits accumulated in the period 2008-2012 and, subsequently, the supplying of the amounts required by the compliance through the marketplace. As of December 31, 2013, the final quotas freely assigned to Eni's plants for the period 2013-2020 are still under approval by each state of the European Union. In 2013, the emissions of carbon dioxide from Eni's plants were higher than the permits assigned. Against emissions of carbon dioxide amounting to approximately 20.42 millions tonnes were assigned to Eni emission permits for a total amount of 9.24 million tonnes, determining a deficit of 11.8 million tonnes. This deficit was partially offset by using permits accumulated in the period 2008-2012 (7.14 million tons), while the remaining emissions permits were acquired through the marketplace (4.04 million tonnes).

36 Revenues

Following is a summary of the main components of "Revenues".

Net sales from operations

(€ million)	2011	2012	2013
Revenues from sales and services	107,248	126,482	114,547
Change in contract work in progress	442	738	175
	107,690	**127,220**	**114,722**

Revenues from sales and services were stated net of the following items:

(€ million)	2011	2012	2013
Excise taxes	11,863	13,308	12,204
Exchanges of oil sales (excluding excise taxes)	2,470	2,177	2,018
Services billed to joint venture partners	3,375	4,422	5,459
Sales to service station managers for sales billed to holders of credit cards	1,810	2,010	1,909
Exchanges of other products	9		
	19,527	**21,917**	**21,590**

Revenues from sales and services of €114,547 million (€107,248 million and €126,482 million in 2011 and 2012, respectively) included revenues recognized in connection with contract works in the Engineering & Construction segment for €10,413 million (€10,510 million and €10,914 million in 2011 and 2012, respectively), of which €926 million related to additional considerations under negotiation (additional consideration measured on the base of the stage of completion for a total amount of €1,018 million as of December 31, 2012).
Net sales from operations by industry segment and geographic area of destination are disclosed in Note 42 - Information by industry segment and geographic financial information.
Net sales from operations with related parties are disclosed in Note 43 - Transactions with related parties.

Other income and revenues

(€ million)	2011	2012	2013
Gains from sale of assets	97	701	369
Lease and rental income	96	94	87
Compensation for damages	66	56	65
Gains on price adjustments under overlifting/underlifting transactions	99	67	44
Contract penalties and other trade revenues	21	69	35
Other proceeds (*)	547	559	785
	926	**1,546**	**1,385**

(*) Each individual amount included herein was lower than €50 million.

Gains from sale of assets of €369 million related for €350 million to the Exploration & Production segment.
Other income and revenues with related parties are disclosed in Note 43 - Transactions with related parties.

37 Operating expenses

Following is a summary of the main components of "Operating expenses".

Purchase, services and other

(€ million)	2011	2012	2013
Production costs - raw, ancillary and consumable materials and goods	60,826	74,767	66,912
Production costs - services	13,551	15,354	18,023
Operating leases and other	3,045	3,434	3,673
Net provisions for contingencies	527	871	857
Other expenses	1,140	1,342	1,134
	79,089	**95,768**	**90,599**
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(226)	(326)	(310)
- capitalized direct costs associated with self-constructed assets - intangible assets	(68)	(79)	(76)
	78,795	**95,363**	**90,213**

Services included brokerage fees related to the Engineering & Construction segment for €5 million (€12 million and €6 million in 2011 and 2012, respectively).
Costs incurred in connection with research and development activity recognized in profit and loss, as they did not meet the requirements to be recognized as long-lived assets, amounted to €197 million (€190 million and €211 million in 2011 and 2012, respectively).
Operating leases and other comprised operating leases for €1,592 million (€1,295 million and €1,432 million in 2011 and 2012, respectively) and royalties on the extraction of hydrocarbons for €1,413 million (€1,295 million and €1,555 million in 2011 and 2012, respectively).
Other expenses of €1,134 million included losses on disposal of tangible and intangible assets for €182 million, of which €108 million related to the Engineering & Construction segment and €66 million to the Exploration & Production segment.

Future minimum lease payments expected to be paid under non-cancellable operating leases are provided below:

(€ million)	2011	2012	2013
To be paid within 1 year	838	722	706
Between 2 and 5 years	1,380	1,289	1,212
Beyond 5 years	254	560	349
	2,472	**2,571**	**2,267**

Operating leases primarily regarded drilling rigs, time charter and long-term rentals of vessels, land, service stations and office buildings. Such leases generally did not include renewal options. There are no significant restrictions provided by these operating leases which may limit the ability of Eni to pay dividends, use assets or take on new borrowings.
Risk provisions net of reversal of unused provisions amounted to €857 million (€527 million and €871 million in 2011 and 2012, respectively) and mainly related to provisions for legal and other proceedings amounting to €222 million (net provisions of €166 million and €688 million in 2011 and in 2012) and to environmental liabilities amounting to €127 million (net provisions of €174 million and €67 million in 2011 and 2012, respectively).
More information is provided in Note 28 - Provisions for contingencies.

Payroll and related costs

(€ million)	2011	2012	2013
Wages and salaries	3,435	3,886	4,366
Social security contributions	675	674	651
Cost related to defined benefits plans	148	103	92
Other costs	334	187	409
	4,592	**4,850**	**5,518**
less:			
- capitalized direct costs associated with self-constructed assets - tangible assets	(144)	(182)	(194)
- capitalized direct costs associated with self-constructed assets - intangible assets	(44)	(55)	(60)
	4,404	**4,613**	**5,264**

Other costs of €409 million (€334 million and €187 million in 2011 and 2012, respectively) comprised provisions for redundancy incentives of €279 million (€203 million and €64 million in 2011 and 2012, respectively) and costs for defined contribution plans of €109 million (€94 million and €100 million in 2011 and 2012, respectively).
Cost related to employee benefit plans are described in Note 29 - Provisions for employee benefits.

Average number of employees
The Group average number and breakdown of employees by category is reported below:

(number)	2011	2012	2013
Senior managers	1,461	1,471	1,475
Junior managers	12,796	12,976	13,418
Employees	35,309	37,258	39,220
Workers	23,605	23,501	25,951
	73,171	**75,206**	**80,064**

The average number of employees was calculated as the average between the number of employees at the beginning and end of the period. The average number of senior managers included managers employed and operating in foreign Countries, whose position is comparable to a senior manager status.

Stock-based compensation
As of December 31, 2013, the stock option plan incentive scheme outstanding is represented by the 2006-2008 assignment, approved by the Eni Shareholders' Meeting on May 25, 2006. Afterwards, Eni terminated any stock-based incentive schemes.
The stock options plan outstanding, entitled for no consideration to Eni's Group companies top managers and managers with strategic responsibilities (excluding Group listed subsidiaries), grants to purchase treasury shares with a 1 to 1 ratio. The strike price was determined as arithmetic average of official prices registered on the Mercato Telematico Azionario in the month preceding the grant date or the average carrying amount of treasury shares as of the day preceding the grant, if greater.
At December 31, 2013, 2,980,725 options, related to the 2008 plan, were outstanding for the purchase of 2,980,725 Eni ordinary shares (no par value) with a weighted-average strike price of €22.54.
At December 31, 2013, the residual life of the 2008 plan was 7 months.
The scheme evolution is provided below:

	2011			2012			2013		
	Number of shares	Average strike price (€)	Market price [a] (€)	Number of shares	Average strike price (€)	Market price [a] (€)	Number of shares	Average strike price (€)	Market price [a] (€)
Rights outstanding as of January 1	**15,737,120**	**23.005**	**16.398**	**11,873,205**	**23.101**	**15.941**	**8,259,520**	**23.545**	**18.457**
Rights excercised in the period	(208,900)	14.333	16.623	(93,000)	16.576	16.873			
Rights cancelled in the period	(3,655,015)	23.187	17.474	(3,520,685)	22.233	16.637	(5,278,795)	24.112	16.278
Rights outstanding as of December 31	**11,873,205**	**23.101**	**15.941**	**8,259,520**	**23.545**	**18.457**	**2,980,725**	**22.540**	**17.533**
of which exercisable as of December 31	**11,863,335**	**23.101**	**15.941**	**8,243,205**	**23.544**	**18.457**	**2,969,450**	**22.540**	**17.533**

(a) Market price relating to new rights granted, rights exercised in the period and rights cancelled in the period corresponds to the average market value (arithmetic average of official prices recorded on Mercato Telematico Azionario in the month preceding: (i) the date of the Board of Directors resolution regarding the stock option assignment; (ii) the date on which the emission/transfer of the shares granted were recorded in the grantee's securities account; and (iii) the date of the unilateral termination of employment for rights cancelled), weighted with the number of shares. Market price of stock at the beginning and end of the year is the price recorded at December 31.

The average fair value weighted with the number of options granted during the year 2008 was €2.60 per share. The fair value was determined by applying the following assumptions:

		2008
Risk-free interest rate	(%)	4.9
Expected life	(years)	6
Expected volatility	(%)	19.2
Expected dividends	(%)	6.1

Costs of the year related to stock option plans amounted to €3 million in 2011, no costs in 2012 and 2013.

Compensation of key management personnel

Compensation of personnel holding key positions in planning, directing and controlling the Eni Group subsidiaries, including executive and nonexecutive officers, general managers and managers with strategic responsibilities in office at end of each year amounted (including contributions and ancillary costs) to €34 million, €33 million and €38 million for 2011, 2012 and 2013, respectively, and consisted of the following:

(€ million)	2011	2012	2013
Wages and salaries	21	21	25
Post-employment benefits	1	1	2
Other long-term benefits	10	11	11
Indemnities upon termination of employment	2		
	34	**33**	**38**

The increase from the previous periods primarily related to a different composition of the key management personnel.

Compensation of Directors and Statutory Auditors

Compensation of Directors amounted to €8.4 million, €13.2 million and €11.4 million for 2011, 2012 and 2013, respectively. Compensation of Statutory Auditors amounted to €0.513 million, €0.467 million and €0.474 million in 2011, 2012 and 2013, respectively.

Compensations included emoluments and social security benefits due for the office as director or statutory auditor held at the parent company Eni SpA or other Group subsidiaries, which was recognized as cost to the Group, even if not subjected to personal income tax.

Other operating income (loss)

The analysis of net income (loss) of financial derivatives was as follows:

(€ million)	2011	2012	2013
Net income (loss) on cash flow hedging derivatives	(17)	(1)	25
Net income (loss) on other derivatives	188	(157)	(96)
	171	**(158)**	**(71)**

Net income (loss) on other derivatives related to the ineffective portion of the hedging relationship of commodity derivatives which was recognized through profit and loss in the Gas & Power segment.

Net losses on trading and non-hedging derivatives related to: (i) gains and losses on fair value measurement and settlement of commodity derivatives entered into by the Gas & Power segment to optimize commercial margins and for proprietary trading (net loss of €8 million); (ii) gains and losses on fair value measurement and settlement of commodity derivatives which could not be elected for hedge accounting under IFRS because they related to net exposure to commodity risk (net loss of €91 million); (iii) fair value evaluation at certain derivatives embedded in the pricing formulas of long-term gas supply contracts in the Exploration & Production segment (net gain of €3 million).

Operating costs are disclosed in Note 43 - Transactions with related parties.

Depreciation, depletion, amortization and impairments

(€ million)	2011	2012	2013
Depreciation, depletion and amortization:			
- tangible assets	6,178	7,335	7,336
- intangible assets	1,582	2,208	1,976
	7,760	**9,543**	**9,312**
Impairments:			
- tangible assets	891	1,609	2,116
- intangible assets	154	2,417	507
	1,045	**4,026**	**2,623**
less:			
- reversal of impairments - tangible assets	(15)	(3)	(223)
- capitalized direct costs associated with self-constructed assets - tangible assets	(3)	(1)	(3)
- capitalized direct costs associated with self-constructed assets - intangible assets	(2)	(4)	(6)
	8,785	**13,561**	**11,703**

Depreciation, depletion, amortization and impairments by industry segment are disclosed in Note 42 - Information by industry segment and geographic information.

38 Finance income (expense)

(€ million)	2011	2012	2013
Finance income (expense)			
Finance income	6,376	7,218	5,746
Finance expense	(7,410)	(8,314)	(6,649)
Net finance income on financial assets held for trading			4
	(1,034)	**(1,096)**	**(899)**
Gain (loss) on derivative financial instruments	(112)	(251)	(92)
	(1,146)	**(1,347)**	**(991)**

The breakdown by lenders or type of net finance gains or losses is provided below:

(€ million)	2011	2012	2013
Finance income (expense) related to net borrowings			
Interest and other finance expense on ordinary bonds	(610)	(729)	(742)
Interest due to banks and other financial institutions	(312)	(251)	(181)
Interest and other income on financing receivables and securities held for non-operating purposes	19	24	48
Interest from banks	22	27	43
Net finance income on financial assets held for trading			4
	(881)	**(929)**	**(828)**
Exchange differences			
Positive exchange differences	6,191	7,010	5,481
Negative exchange differences	(6,302)	(6,879)	(5,445)
	(111)	**131**	**36**
Other finance income (expense)			
Capitalized finance expense	112	150	170
Interest and other income on financing receivables and securities held for operating purposes	75	69	74
Finance expense due to passage of time (accretion discount) [a]	(235)	(308)	(240)
Other finance income (expense)	6	(209)	(111)
	(42)	**(298)**	**(107)**
	(1,034)	**(1,096)**	**(899)**

(a) The item related to the increase in provisions for contingencies that are shown at present value in non-current liabilities.

Derivative financial instruments consisted of the following:

(€ million)	2011	2012	2013
Derivatives on interest rate	(141)	(88)	40
Options		(26)	(41)
Derivatives on exchange rate	29	(137)	(91)
	(112)	**(251)**	**(92)**

Net loss from derivatives of €92 million (a net loss of €112 million and €251 million in 2011 and 2012, respectively) were recognized in connection with fair value valuation of certain derivatives which lacked the formal criteria to be treated in accordance with hedge accounting under IFRS as they were entered into for amounts equal to the net exposure to exchange rate risk and interest rate risk, and as such, they cannot be referred to specific trade or financing transactions. Exchange rate derivatives were entered into in order to manage exposures to foreign currency exchange rates arising from the pricing formulas of commodities in the Gas & Power segment. The lack of formal requirements to qualify these derivatives as hedges under IFRS also entailed the recognition in profit or loss of currency translation differences on assets and liabilities denominated in currencies other than functional currency, as this effect cannot be offset by changes in the fair value of the related instruments. Loss on options of €41 million related to the measurement at fair value of the options embedded in the bonds convertible into ordinary shares of Galp Energia SGPS SA (income for €14 million) and Snam SpA (loss for €55 million). More information is provided in Note 27 - Long-term debt and current maturities of long-term debt.
More information is provided in Note 43 - Transactions with related parties.

39 Income (expense) from investments

Share of profit (loss) of equity-accounted investments

(€ million)	2011	2012	2013
Share of profit of equity-accounted investments	634	526	369
Share of loss of equity-accounted investments	(106)	(233)	(117)
Decreases (increases) in the provision for losses on investments	(28)	(15)	
	500	**278**	**252**

More information is provided in Note 18 - Equity-accounted investments.
Share of profit (loss) of equity accounted investments by industry segment is disclosed in Note 42 - Information by industry segment and geographic information.

Other gain (loss) from investments

(€ million)	2011	2012	2013
Net gains on disposals	1,121	349	3,598
Dividends	659	431	400
Other net income (expense)	(157)	1,823	1,865
	1,623	**2,603**	**5,863**

Net gains on disposals for 2013 amounted to €3,598 million and related: (i) for €3,359 million to the sale of a 28.57% interest in the share capital of Eni East Africa SpA to China National Petroleum Corporation (CNPC). Eni East Africa is the operator of the discovery Area 4 in Mozambique. Through its equity investment in Eni East Africa, CNPC indirectly acquired a 20% interest in Area 4, while Eni retained the 50% interest through the remaining controlling stake in Eni East Africa SpA; (ii) for €98 million to the sale of a 8.19% of the share capital of Galp Energia SGPS SA, of whic €67 million related to the reversal of the reserve for fair value evaluation. (iii) for €75 million to the sale of a 11.69% of the share capital of Snam SpA, of which €8 million related to the reversal of the reserve for fair value evaluation; (iv) for €63 million to the sale of a 49% (entire stake own) of the share capital of Super Octanos CA. Net gains on disposals for 2012 amounted to €349 million and related for €311 million to Galp Energia SGPS SA as Eni divested 5% of the share capital of the investee to Amorim Energia BV and a further 4% through an accelerated book-building procedure to institutional investors. Net gains on disposals for 2011 amounted to €1,121 million and pertained to the divestment of the 100% interest in Eni Gas Transport International SA (€647 million), the 89% interest (entire stake own) in Trans Austria Gasleitung GmbH (€338 million), the 100% interest in Gas Brasiliano Distribuidora SA (€50 million) and the 46% interest (entire stake own) in Transitgas AG (€34 million).
In 2013, dividend income for €400 million primarily related to the Nigeria LNG Ltd (€224 million), Snam SpA (€72 million) and Galp Energia SGPS SA (€43 million). In 2012, dividend income for €431 million primarily related to the Nigeria LNG Ltd (€331 million). In 2011, dividend income for €659 million related to the Nigeria LNG Ltd (€483 million), Trans Austria Gasleitung GmbH (€82 million) and Saudi European Petrochemical Company "IBN ZAHR" (€67 million).

In 2013, other net income of €1,865 million included: (i) the revaluation of the 60% stake in Artic Russia BV (entire stake owned). At the balance sheet date, Eni's interest in Artic Russia was classified as an asset held for sale and measured at fair value due to the loss of joint control over the investee following the satisfaction, before year end, of all conditions precedent to the Sale Purchase Agreement signed with Gazprom in November 2013. The re-measurement at fair value recorded to profit amounted to €1,682 million. The consideration for the disposal was cashed in on January 15, 2014; (ii) the remeasurement at market fair value at the balance sheet date of 288.7 million shares of Snam SpA and of €66.3 million of Galp Energia SGPS SA underlying two convertible bonds issued on January 18, 2013 and on November 30, 2012, respectively, for which was applied the fair value option (income for €158 million and €10 million, respectively); (iii) the revaluation of Ceska Refinerska AS (€21 million). In 2012, other net income of €1,823 million included: (i) an extraordinary income of €835 million recognized in connection with a capital increase made by Galp's subsidiary Petrogal whereby a new shareholder subscribed its share by contributing a cash amount fairly in excess of the net book value of the interest acquired; (ii) a revaluation gain of €865 million of the interest in Galp Energia SGPS SA (28.34%) measured at fair value at the price current at the date when Eni ceased to retain a significant influence over the investee and a gain on the re-measurement at market fair value at the balance sheet date of €65 million of part of residual interest in Galp Energia SGPS SA (8%) which was underlying a convertible bond based on the fair value option provided by IAS 39; (iii) the remeasurement at market fair value at the balance sheet date of 288.7 million shares of Snam SpA underlying a convertible bond issued on January 18, 2013 for which was applied the fair value option (income for €6 million). In 2011, other net expense of €157 million included the full write-down of the book value of the Ceska Rafinerska AS due to management's expectations of incurring future losses driven by a negative outlook in the refining segment (€157 million).

40 Income taxes

(€ million)	2011	2012	2013
Current taxes:			
- Italian subsidiaries	620	755	812
- foreign subsidiaries of the Exploration & Production segment	8,286	10,214	7,602
- foreign subsidiaries	635	455	299
	9,541	**11,424**	**8,713**
Net deferred taxes:			
- Italian subsidiaries	(418)	376	(196)
- foreign subsidiaries of the Exploration & Production segment	936	129	756
- foreign subsidiaries	(156)	(268)	(265)
	362	**237**	**295**
	9,903	**11,661**	**9,008**

Income taxes currently payable by Italian subsidiaries amounted to €812 million and were in respect of the Italian corporate taxation (IRES for €262 million and IRAP for €74 million) and foreign taxes on the share of profit earned outside Italy for €476 million.
The effective tax rate was 64.4% (55.7% and 70.2% in 2011 and 2012, respectively) compared with a statutory tax rate of 43.1% (43.1% and 43.9% in 2011 and 2012, respectively). This was calculated by applying the Italian statutory tax rate on corporate profit of 38.0%[22] and a 3.9% corporate tax rate applicable to the net value of production as provided for by Italian laws.
The difference between the statutory and effective tax rate was due to the following factors:

(%)	2011	2012	2013
Statutory tax rate	**43.1**	**43.9**	**43.1**
Items increasing (decreasing) statutory tax rate:			
- higher foreign subsidiaries tax rate	12.7	16.9	16.1
- impact pursuant to the writedown of deferred tax assets and recalculation of tax rates		7.7	8.9
- impact pursuant to the Italian Windfall Corporate tax as per Law 7/2009	1.0	1.5	1.3
- permanent differences and other adjustments	(1.1)	0.2	(5.0)
	12.6	**26.3**	**21.3**
	55.7	**70.2**	**64.4**

(22) Includes a 5.5% supplemental tax rate on taxable profit of energy companies in Italy (whose primary activity is the production and marketing of hydrocarbons and electricity and with annual revenues in excess of €25 million) effective from January 1, 2008 and further increases of 1% effective from January 1, 2009, pursuant to the Law Decree No. 112/2008 (converted into Law No. 133/2008) and 4% effective from January 1, 2011, pursuant the Law Decree No. 138/2011 (converted into Law No. 148/2011) which enlarged the scope of application to include renewable energy companies and gas transport and distribution companies.

In 2013, the increased tax rate at foreign subsidiaries primarily related to 14.9 percentage points in the Exploration & Production segment (17.2 and 17.8 percentage points in 2011 and 2012, respectively).
A write down of deferred tax assets impacted the Group tax rate by 8.9 percentage points and was recorded by the parent company Eni SpA and other Italian subsidiaries which were part of the consolidated accounts for Italian tax purposes. Such write-down reflected a lower likelihood that those deferred tax assets can be recovered in future periods due to an expected reduction in taxable income generated in Italy.
In 2013, the decrease due to permanent differences and other adjustments of 5.0 percentage points comprised an effect of 6.6 percentage points due to non-taxable gains on sale relating to the transactions of the 28.57% at Eni East Africa SpA and an effect of 0.9 percentage points due to non-taxable gains on sale and revaluation relating to the transactions at Galp Energia SGPS SA and Snam SpA. Such decrease was partially offset by an effect of 1.0 percentage points due to a non-deductible impairment of the goodwill allocated to the European gas market CGU and an effect of 0.8 percentage points due to the tax regime provided for intercompany dividends. In 2012, the increase due to permanent differences and other adjustments of 0.2 percentage points comprised an effect of 3.3 percentage points due to a non-deductible impairment of the goodwill allocated to the European gas market CGU and a negative effect of 4.5 percentage points due to non-taxable gains on the sale and revaluation relating to the transactions at Galp Energia SGPS SA. In 2011, the decrease for permanent differences and other adjustments of 1.1 percentage points were due to a non-deductible provision accrued to reflect the expected loss deriving from an antitrust proceeding in the European sector of rubbers (0.2 percentage points).

41 Earnings per share

Basic earnings per ordinary share are calculated by dividing net profit for the period attributable to Eni's shareholders by the weighted average number of ordinary shares issued and outstanding during the period, excluding treasury shares.
The average number of ordinary shares used for the calculation of the basic earnings per share outstanding at December 31, 2011, 2012 and 2013, was 3,622,616,182, 3,622,764,007 and 3.622.797.043, respectively.
Diluted earnings per share are calculated by dividing net profit for the period attributable to Eni's shareholders by the weighted average number of shares fully-diluted including shares outstanding in the year including the number of potential shares outstanding in connection with stock-based compensation plans.
As of December 31, 2011, 2012 and 2013, there were no shares that could be potentially issued and, therefore, the weighted-average number of shares used in the calculation of the basic earnings coincides to the weighted-average number of shares used in the calculation of diluted earnings.

		2011	2012	2013
Average number of shares used for the calculation of the basic and diluted earnings per share		**3,622,616,182**	**3,622,764,007**	**3,622,797,043**
Eni's net profit	(€ million)	**6,860**	**7,790**	**5.160**
Basic and diluted earning per share	(euro per share)	1.89	2.15	1.42
Eni's net profit - Continuing operations	(€ million)	**6,902**	**4,200**	**5,160**
Basic and diluted earning per share	(euro per share)	1.90	1.16	1.42
Eni's net profit - Discontinued operations	(€ million)	**(42)**	**3,590**	
Basic and diluted earning per share	(euro per share)	(0.01)	0.99	

42 Information by industry segment and geographic financial information

Information by industry segment

(€ million)	Exploration & Production	Gas & Power [d]	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities [d] Snam	Other activities [d] Others	Intragroup profits	Total	Discontinued operations [d] Snam	Intragroup eliminations	Continuing operations
2011													
Net sales from operations [a]	29,121	33,093	51,219	6,491	11,834	1,365	3,591	85	(54)				
Less: intersegment sales	(18,444)	(1,344)	(2,791)	(289)	(1,324)	(1,249)	(1,692)	(23)					
Net sales to customers	10,677	31,749	48,428	6,202	10,510	116	1,899	62	(54)	109,589	(1,899)		107,690
Operating profit	15,887	(326)	(273)	(424)	1,422	(319)	2,084	(427)	(189)	17,435	(2,084)	1,452	16,803
Provisions for contingencies	53	113	57	11	79	13	24	201		551	(24)		527
Depreciation, amortization and impairments	6,440	567	839	250	631	75	533	6	(23)	9,318	(533)		8,785
Share of profit (loss) of equity-accounted investments	119	232	100		95	(1)	44	(45)		544	(44)		500
Identifiable assets [b]	56,139	18,708	15,031	3,066	13,521	810	17,649	378	(1,060)	124,242			
Unallocated assets										18,703			
Equity-accounted investments	2,317	1,990	890	38	179	7	385	37		5,843			
Identifiable liabilities [c]	13,844	8,428	5,972	761	5,437	1,095	2,465	3,020	(54)	40,968			
Unallocated liabilities										41,584			
Capital expenditures	9,435	192	866	216	1,090	128	1,529	10	(28)	13,438			
2012													
Net sales from operations [a]	35,881	36,200	62,656	6,418	12,771	1,369	2,646	119	(75)				
Less: intersegment sales	(20,322)	(2,031)	(2,966)	(411)	(1,107)	(1,242)	(1,274)	(40)					
Net sales to customers	15,559	34,169	59,690	6,007	11,664	127	1,372	79	(75)	128,592	(1,372)		127,220
Operating profit	18,470	(3,219)	(1,296)	(681)	1,442	(341)	1,679	(300)	208	15,962	(1,679)	788	15,071
Provisions for contingencies	41	471	93	22	36	140	72	68		943	(72)		871
Depreciation, amortization and impairments	8,535	2,899	1,174	202	708	65	284	3	(25)	13,845	(284)		13,561
Share of profit (loss) of equity-accounted investments	39	144	40	2	55	(1)	38	(1)		316	(38)		278
Identifiable assets [b]	59,254	19,736	14,818	3,151	14,430	966		474	(776)	112,053			
Unallocated assets										27,825			
Equity-accounted investments	2,159	1,549	273	50	189	6		36		4,262			
Identifiable liabilities [c]	16,170	10,208	6,243	750	5,210	1,185		2,954	21	42,741			
Unallocated liabilities										34,579			
Capital expenditures	10,307	225	842	172	1,011	152	756	14	38	13,517			

(a) Before elimination of intersegment sales.
(b) Includes assets directly associated with the generation of operating profit.
(c) Includes liabilities directly associated with the generation of operating profit.
(d) The results of Snam has been reclassified from the "Gas & Power" segment to "Other activities" segment and in the discontinued operations.

The new provisions of IAS 19 were applied retrospectively starting from January 1, 2013, by adjusting the opening balance sheet as of January 1, 2012 and the 2012 profit and loss account.

(€ million)	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Intragroup profits	Total
2013									
Net sales from operations [a]	31,268	32,124	57,329	5,859	11,611	1,453	80	18	
Less: intersegment sales	(18,218)	(1,215)	(2,902)	(289)	(1,018)	(1,339)	(39)		
Net sales to customers	13,050	30,909	54,427	5,570	10,593	114	41	18	114,722
Operating profit	14,871	(2,992)	(1,517)	(725)	(83)	(399)	(337)	38	8,856
Provisions for contingencies	61	321	100	65	76	178	77	(21)	857
Depreciation, amortization and impairments	7,831	2,014	942	139	721	61	20	(25)	11,703
Share of profit (loss) of equity-accounted investments	129	101	19		(12)	7	8		252
Identifiable assets [b]	59,811	17,349	14,531	3,169	14,271	968	255	(793)	109,561
Unallocated assets									28,527
Equity-accounted investments	1,730	1,561	293	148	166		36		3,934
Identifiable liabilities [c]	15,645	9,591	5,974	844	5,505	1,606	2,740	(86)	41,819
Unallocated liabilities									35,095
Capital expenditures	10,475	232	619	314	902	190	21	(3)	12,750

(a) Before elimination of intersegment sales.
(b) Includes assets directly associated with the generation of operating profit.
(c) Includes liabilities directly associated with the generation of operating profit.

Environmental provisions incurred by Eni SpA due to intercompany guarantees on behalf of Syndial have been reported within the segment reporting unit "Other Activities".
Intersegment revenues are conducted on an arm's length basis.

Geographic financial information
Identifiable assets and investments by geographic area origin.

(€ million)	Italy	Other European Union	Rest of Europe	Americas	Asia	Africa	Other areas	Total
2011								
Identifiable assets [a]	47,908	16,450	6,509	7,465	14,077	29,942	1,891	124,242
Capital expenditures	3,587	1,343	1,168	978	1,608	4,369	385	13,438
2012								
Identifiable assets [a]	31,406	15,203	10,289	7,167	14,828	31,350	1,810	112,053
Capital expenditures	2,886	1,259	1,626	1,184	1,663	4,725	174	13,517
2013								
Identifiable assets [a]	28,577	14,409	7,882	8,637	17,278	30,997	1,781	109,561
Capital expenditures	2,003	1,084	1,552	1,503	1,799	4,556	253	12,750

(a) Includes assets directly associated with the generation of operating profit.

Sales from operations by geographic area destination.

(€ million)	2011	2012	2013
Italy	31,906	33,998	32,044
Other European Union	35,920	35,908	31,629
Rest of Europe	7,153	9,610	11,458
Americas	9,612	15,282	7,741
Asia	10,258	16,394	18,547
Africa	11,333	14,681	12,079
Other areas	1,508	1,347	1,224
	107,690	**127,220**	**114,722**

Following the accession of the Croatia to the European Union, the relevant geographic information related to prior periods has been restated accordingly.

43 Transactions with related parties

In the ordinary course of its business Eni enters into transactions regarding:
(a) exchanges of goods, provision of services and financing with joint ventures, associates and non-consolidated subsidiaries;
(b) exchanges of goods and provision of services with entities controlled by the Italian Government;
(c) contributions to entities with a non-company form with the aim to develop solidarity, culture and research initiatives. In particular these related to: (i) Eni Foundation established by Eni as a non-profit entity with the aim of pursuing exclusively solidarity initiatives in the fields of social assistance, health, education, culture and environment as well as research and development; (ii) Eni Enrico Mattei Foundation established by Eni with the aim of enhancing, through studies, research and training initiatives, knowledge in the fields of economics, energy and environment, both at the national and international level.

Transactions with related parties were conducted in the interest of Eni companies and, with exception of those with entities with the aim to develop solidarity, culture and research initiatives, on arm's length basis.

Trade and other transactions with related parties

(€ million)

	December 31, 2011			2011						
	Receivables and other assets	Payables and other liabilities	Guarantees	Costs			Revenues			Other operating (expense) income
Name				Goods	Services	Other	Goods	Services	Other	
Continuing operations										
Joint ventures and associates										
ACAM Clienti SpA	14		2		6		60			
Agiba Petroleum Co	3	5			86					
Azienda Energia e Servizi Torino SpA	1	63			43					
Bayernoil Raffineriegesellschaft mbH		33	1	25	59		2			
Blue Stream Pipeline Co BV	8	12			146			2		
Bronberger & Kessler und Gilg & Schweiger GmbH & Co KG	16						147			
CEPAV (Consorzio Eni per l'Alta Velocità) Due	24	91			84			38		
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	42	10	6,074		4			21		
Gasversorgung Süddeutschland Gmbh	29						201			
Gaz de Bordeaux SAS	11						69			
Karachaganak Petroleum Operating BV	38	205		1,108	256	23	8	5		
KWANDA - Suporte Logistico Lda	54	2			2			13		
Mellitah Oil & Gas BV	28	141			71			3		
Petrobel Belayim Petroleum Co	25	46			576			69		
Petromar Lda	74	6	57		7			68		
Raffineria di Milazzo ScpA	29	31			322		232	16	1	
Saipon Snc	21		48					5		
Super Octanos CA	6	35		58				7	1	
Supermetanol CA		10		72					1	
Trans Austria Gasleitung GmbH				33	160		3	54		
Unión Fenosa Gas SA			58				130		1	
Other (*)	181	100	3	37	310	70	131	89	7	
	604	**790**	**6,243**	**1,333**	**2,132**	**93**	**983**	**390**	**11**	
Unconsolidated subsidiaries										
Agip Kazakhstan North Caspian Operating Co NV	149	238			781	7		1,182	7	
Eni BTC Ltd			157							
Other (*)	53	68	6	11	51	3	11	11	8	
	202	**306**	**163**	**11**	**832**	**10**	**11**	**1,193**	**15**	
	806	**1,096**	**6,406**	**1,344**	**2,964**	**103**	**994**	**1,583**	**26**	
Entities controlled by the Government										
Enel Group	83	48		5	429	1	33	85		
Finmeccanica Group	48	51		14	53		22	12		
GSE - Gestore Servizi Energetici	149	158		615		54	607	10		
Terna Group	19	52		119	110	23	56	26	11	32
Other (*)	61	41		1	77	1	49		4	
	360	**350**		**754**	**669**	**79**	**767**	**133**	**15**	**32**
	1,166	**1,446**	**6,406**	**2,098**	**3,633**	**182**	**1,761**	**1,716**	**41**	**32**
Discontinued operations										
Joint ventures and associates										
Azienda Energia e Servizi Torino SpA								1		
Other (*)					1			4	1	
					1			**5**	**1**	
Entities controlled by the Government										
Enel Group						1		397	1	
Finmeccanica Group					1					
Other (*)						4		3		
					1	**5**		**400**	**1**	
					2	**5**		**405**	**2**	
	1,166	**1,446**	**6,406**	**2,098**	**3,635**	**187**	**1,761**	**2,121**	**43**	**32**

(*) Each individual amount included herein was lower than €50 million.

(€ million)

	December 31, 2012			2012						
	Receivables and other assets	Payables and other liabilities	Guarantees	Costs			Revenues			Other operating (expense) income
Name				Goods	Services	Other	Goods	Services	Other	
Continuing operations										
Joint ventures and associates										
ACAM Clienti SpA	19	1	2				65	1		
Agiba Petroleum Co	3	67			96					
Azienda Energia e Servizi Torino SpA					86					
Bayernoil Raffineriegesellschaft mbH		38	2	30	56		1			
Blue Stream Pipeline Co BV	3	11			155			1		
Bronberger & Kessler und Gilg & Schweiger GmbH & Co KG	9						84			
CEPAV (Consorzio Eni per l'Alta Velocità) Due	51	51			51			85		
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	66	19	6.122		5			16		
EnBW Eni Verwaltungsgesellschaft mbH	60						287			
Gaz de Bordeaux SAS							56			
GreenStream BV	9	21			121	1		1		
InAgip doo	54	10			24		53	1		
Karachaganak Petroleum Operating BV	28	56		1.331	244	14	5	8		
KWANDA - Suporte Logistico Lda	54	1			2			7		
Mellitah Oil & Gas BV	7	47			166		5	12		
Petrobel Belayim Petroleum Co	31	328			585			79		
Raffineria di Milazzo ScpA	20	9			365	4	218	7	1	
Saipon Snc	112		42					25		
Supermetanol CA		16		74					1	
Toscana Energia SpA					86				1	
Unión Fenosa Gas SA	2	3	57			6	120		1	
Other (*)	155	30	47	15	145	8	149	100	5	
	683	**708**	**6.272**	**1.450**	**2.187**	**33**	**1.043**	**343**	**9**	
Unconsolidated subsidiaries										
Agip Kazakhstan North Caspian Operating Co NV	236	172			605	2		1,064	5	
Eni BTC Ltd			154							
Industria Siciliana Acido Fosforico ISAF SpA (in liquidation)	54	3	4					7	7	
Other (*)	14	59	2	7	50	4	17	3	7	
	304	**234**	**160**	**7**	**655**	**6**	**17**	**1,074**	**19**	
	987	**942**	**6,432**	**1,457**	**2,842**	**39**	**1,060**	**1,417**	**28**	
Entities controlled by the Government										
Enel Group	16	8		4	554		55	90	1	(7)
Finmeccanica Group	30	50		14	70		17	1		
Snam Group	182	482	46	13	558	2	102	26	1	
Terna Group	47	61		166	126	12	95	67	14	17
GSE - Gestore Servizi Energetici	86	66		627		58	777	18	12	
Other (*)	42	28			59	3	57	1		
	403	**695**	**46**	**824**	**1,367**	**75**	**1,103**	**203**	**28**	**10**
Pension funds and foundations		**1**				**21**				
	1,390	**1,638**	**6,478**	**2,281**	**4,209**	**135**	**2,163**	**1,620**	**56**	**10**
Discontinued operations										
Joint ventures and associates										
Azienda Energia e Servizi Torino SpA								1	1	
Toscana Energia SpA								1		
Other (*)								1		
								3	**1**	
Entities controlled by the Government										
Enel Group					87			295		
Other (*)						1		3	1	
					87	**1**		**298**	**1**	
					87	**1**		**301**	**2**	
Total	**1.390**	**1.638**	**6.478**	**2.281**	**4.296**	**136**	**2.163**	**1.921**	**58**	**10**

(*) Each individual amount included herein was lower than €50 million.

(€ million)

Name	December 31, 2013			2013						
	Receivables and other assets	Payables and other liabilities	Guarantees	Costs			Revenues			Other operating (expense) income
				Goods	Services	Other	Goods	Services	Other	
Joint ventures and associates										
Agiba Petroleum Co	1	69			132					
Bayernoil Raffineriegesellschaft mbH		33	2	53	122					
Blue Stream Pipeline Co BV		10			101					
CEPAV (Consorzio Eni per l'Alta Velocità) Due	78	165			127			168		
CEPAV (Consorzio Eni per l'Alta Velocità) Uno	42	16	6,122		2			44		
EnBW Eni Verwaltungsgesellschaft mbH	33						165	1		
GreenStream BV	3	14			116		1	4		
InAgip doo	57	22			63			34		
Karachaganak Petroleum Operating BV	26	220		1,218	275	4		19		
KWANDA - Suporte Logistico Lda	55	5			2	1		6		
Mellitah Oil & Gas BV	7	61		16	215			3		
Petrobel Belayim Petroleum Co	32	360			570			47		
Petromar Lda	71	7	29		6	1		69		
PetroSucre SA	57							1		
Raffineria di Milazzo ScpA	22	7			310		199	4		
Saipon Snc	64		31					1		
Supermetanol CA		25		78					1	
Unión Fenosa Gas Comercializadora SA	23	1			1		254			
Unión Fenosa Gas SA	2	1	57			32	17	2	1	
Other (*)	112	92	4	10	199	6	147	68	5	
	685	**1,108**	**6,245**	**1,375**	**2,241**	**44**	**783**	**471**	**7**	
Unconsolidated subsidiaries										
Agip Kazakhstan North Caspian Operating Co NV	115	153			506	16		541	4	
Eni BTC Ltd			147							
Industria Siciliana Acido Fosforico ISAF SpA (in liquidation)	62	1	10					2		
Other (*)	16	56	2	6	45	3	13	8	5	
	193	**210**	**159**	**6**	**551**	**19**	**13**	**551**	**9**	
	878	**1,318**	**6,404**	**1,381**	**2,792**	**63**	**796**	**1,022**	**16**	
Entities controlled by the Government										
Enel Group	134	29		2	848		78	109	2	49
Finmeccanica Group	20	51		7	54		17	2		
Snam Group	337	564	13	38	2,038	4	792	87	1	
Terna Group	46	61		134	149	13	126	38	2	19
GSE - Gestore Servizi Energetici	86	135		811		96	265	21	9	
Other (*)	34	21			58	4	31	2		
	657	**861**	**13**	**992**	**3,147**	**117**	**1,309**	**259**	**14**	**68**
Pension funds and foundations		**2**			**4**	**51**				
	1,535	**2,181**	**6,417**	**2,373**	**5,943**	**231**	**2,105**	**1,281**	**30**	**68**

(*) Each individual amount included herein was lower than €50 million.

Most significant transactions with joint ventures, associates and unconsolidated subsidiaries concerned:
- sale of gas outside Italy to EnBW Eni Verwaltungsgesellschaft mbH and Unión Fenosa Gas Comercializadora SA;
- provisions of specialized services in upstream activities and Eni's share of expenses incurred to develop oil fields from Agiba Petroleum Co, Agip Kazakhstan North Caspian Operating Co NV, Karachaganak Petroleum Operating BV, Mellitah Oil & Gas BV, Petrobel Belayim Petroleum Co and, only with Karachaganak Petroleum Operating BV, purchase of oil products and with Agip Kazakhstan North Caspian Operating Co NV, provisions of services by the Engineering & Construction segment; services charged to Eni's associates are invoiced on the basis of incurred costs;
- payments for refining services to Bayernoil Raffineriegesellschaft mbH and Raffineria di Milazzo ScpA on the basis of incurred costs;
- acquisition of natural gas transport services outside Italy from Blue Stream Pipeline Co BV and GreenStream BV;
- supply of oil products from Raffineria di Milazzo ScpA on the basis of prices referred to the quotations on international oil markets, as they would be conducted on an arm's length basis;
- transactions related to the planning and the construction of the tracks for high speed/high capacity trains from Milan to Bologna with CEPAV (Consorzio Eni per l'Alta Velocità) Uno and related guarantees;
- transactions related to the planning and the construction of the tracks for high speed/high capacity trains from Milan to Verona with CEPAV (Consorzio Eni per l'Alta Velocità) Due;
- transactions with InAgip doo related to the redetermination of the interest in an offshore field located in the Adriatic Sea;
- planning, construction and technical assistance to support by KWANDA - Suporte Logistico Lda and Petromar Lda;
- guarantees issued on behalf of Petromar Lda and Saipon Snc in relation to contractual commitments related to the execution of project planning and realization;
- mainly dividends receivables to be cashed in from PetroSucre SA;
- supply of petrochemical products from Supermetanol CA on the basis of prices referred to the quotations on international markets;
- performance guarantees given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the results of operations and sales of LNG;
- guarantees issued in relation to the construction of an oil pipeline on behalf of Eni BTC Ltd;
- services for the environmental restoration to Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation).

The most significant transactions with entities controlled by the Italian Government concerned:
- sale of fuel oil, sale and purchase of electricity, acquisition of electricity transmission services and fair value of derivative financial instruments with Enel Group;
- a long-term contract for the maintenance at the Group's combined-cycle power plants with Finmeccanica Group;
- acquisition of natural gas transportation, distribution and storage services from Snam Group on the basis of tariffs set by the Authority for Electricity and Gas;
- supply of natural gas to Snam Group on the basis of prices referred to the quotations of the main energy commodities, as they would be conducted on an arm's length basis;
- sale and purchase of electricity and green certificates with GSE - Gestore Servizi Energetici;
- sale and purchase of electricity, the acquisition of domestic electricity transmission service and the fair value of derivative financial instruments included in the prices of electricity related to sale/purchase transactions with Terna Group.

Transactions with pension funds and foundation concerned:
- provisions to pension funds for €41 million;
- contributions to Eni Foundation for €10 million and to Eni Enrico Mattei Foundation for €4 million.

Financing transactions with related parties

(€ million)

	December 31, 2011			2011		
Name	Receivables	Payables	Guarantees	Charges	Gains	Income from equity instruments
Joint ventures and associates						
Artic Russia BV		3	204			
Bayernoil Raffineriegesellschaft mbH	107					
Blue Stream Pipeline Co BV		291	669		6	
CEPAV (Consorzio Eni per l'Alta Velocità) Due			84			
GreenStream BV	503	1			26	
Raffineria di Milazzo ScpA	60		88		1	
Société Centrale Electrique du Congo SA	93		6			
Transmediterranean Pipeline Co Ltd	115				4	
Unión Fenosa Gas SA		85				
Other (*)	104	64		1	9	
	982	**444**	**1,051**	**1**	**46**	
Unconsolidated subsidiaries						
Other (*)	57	59	1		3	
	57	**59**	**1**		**3**	
Entities controlled by the Government						
Cassa Depositi e Prestiti Group						338
						338
	1,039	**503**	**1,052**	**1**	**49**	**338**

(*) Each individual amount included herein was lower than €50 million.

(€ million)

	December 31, 2012			2012		
Name	Receivables	Payables	Guarantees	Charges	Gains	Income from equity instruments
Continuing operations						
Joint ventures and associates						
Bayernoil Raffineriegesellschaft mbH	94				1	
Blue Stream Pipeline Co BV		291	657	2	3	
CARDÓN IV SA	80				3	
CEPAV (Consorzio Eni per l'Alta Velocità) Due			84			
GreenStream BV	453				29	
Raffineria di Milazzo ScpA	40		75		2	
Société Centrale Electrique du Congo SA	92		5			
Transmediterranean Pipeline Co Ltd	82				6	
Other (*)	94	63	7	1	2	
	935	**354**	**828**	**3**	**46**	
Unconsolidated subsidiaries						
Other (*)	58	49	1	1		
	58	**49**	**1**	**1**		
Entities controlled by the Government						
Cassa Depositi e Prestiti Group	883				6	
Snam Group	141				1	
	1,024				**7**	
	2,017	**403**	**829**	**4**	**53**	
Discontinued operations						
Entities controlled by the Government						
Cassa Depositi e Prestiti Group						2,019
						2,019
	2,017	**403**	**829**	**4**	**53**	**2,019**

(*) Each individual amount included herein was lower than €50 million.

(€ million)

	December 31, 2013			2013		
	Receivables	Payables	Guarantees	Charges	Gains	Income from equity instruments
Joint ventures and associates						
Bayernoil Raffineriegesellschaft mbH	84					
Blue Stream Pipeline Co BV		281		2		
CARDÓN IV SA	236				10	
CEPAV (Consorzio Eni per l'Alta Velocità) Due			150			
GreenStream BV	405	1			25	
Matrica SpA	100				4	
Raffineria di Milazzo ScpA	60		83		2	
Shatskmorneftegaz Sarl	51			13		
Société Centrale Electrique du Congo SA	74		5			
Unión Fenosa Gas SA		120				
Other (*)	85	42	14	72	11	
	1,095	**444**	**252**	**87**	**52**	
Unconsolidated subsidiaries						
Other (*)	59	57	1		1	
	59	**57**	**1**		**1**	
Entities controlled by the Government		**1**			**3**	
	1,154	**502**	**253**	**87**	**56**	

(*) Each individual amount included herein was lower than €50 million.

Most significant transactions with joint ventures, associates and unconsolidated subsidiaries concerned:
- a cash deposit at Eni's financial companies on behalf of Blue Stream Pipeline Co BV and Unión Fenosa Gas SA;
- bank debt guarantees issued on behalf of CEPAV (Consorzio Eni per l'Alta Velocità) Due and Raffineria di Milazzo ScpA;
- financing loans granted to Bayernoil Raffineriegesellschaft mbH for capital expenditures in refining plants, to CARDÓN IV SA for the exploration and development activities of a gas field and to Société Centrale Electrique du Congo SA for the construction of an electric plant in Congo;
- financing loans granted to GreenStream BV for the construction of natural gas transmission facilities and transport services;
- financing loans granted to Matrica SpA in relation to the "Green Chemistry" project at the Porto Torres plant;
- financing loans granted to Shatskmorneftegaz Sarl in relation to exploration activities in the Black Sea.

Impact of transactions and positions with related parties on the balance sheet, profit and loss account and statement of cash flows

The impact of transactions and positions with related parties on the balance sheet consisted of the following:

(€ million)	December 31, 2011			December 31, 2012			December 31, 2013		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Trade and other receivables	24,595	1,496	6.08	28,747	2,714	9.44	29,073	2,072	7.13
Other current assets	2,326	2	0.09	1,624	8	0.49	1,325	15	1.13
Other non-current financial assets	1,578	704	44.61	1,229	642	52.24	1,097	560	51.05
Other non-current assets	4,225	3	0.07	4,400	43	0.98	3,683	42	1.14
Current financial liabilities	4,459	503	11.28	2,223	403	18.13	2,742	502	18.31
Trade and other payables	22,912	1,446	6.31	23,581	1,616	6.85	23,598	2,164	9.17
Other liabilities	2,237			1,437	6	0.42	1,448	17	1.17
Other non-current liabilities	2,900			1,977	16	0.81	1,704		

The impact of transactions with related parties on the profit and loss accounts consisted of the following:

(€ million)	2011			2012			2013		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Continuing operations									
Net sales from operations	107,690	3,477	3.23	127,220	3,783	2.97	114,722	3,386	2.95
Other income and revenues	926	41	4.43	1,546	56	3.62	1,385	30	2.17
Purchases, services and other	78,795	5,880	7.46	95,363	6,604	6.93	90,213	8,506	9.43
Payroll and related costs	4,404	33	0.75	4,613	21	0.46	5,264	41	0.78
Other operating income (expense)	171	32	18.71	(158)	10	..	(71)	68	..
Financial income	6,376	49	0.77	7,218	53	0.73	5,746	56	0.97
Financial expense	7,410	1	0.01	8,314	4	0.05	6,649	87	1.31
Other gain (loss) from investments	1,623	338	20.83	2,603			5,863		
Discontinued operations									
Net sales from operations	1,906	407	21.35	1,886	303	16.07			
Operating expenses	1,274	7	0.55	995	88	8.84			
Income (expense) from investments	48			3,508	2,019	57.55			

Transactions with related parties were part of the ordinary course of Eni's business and were mainly conducted on an arm's length basis.
Main cash flows with related parties are provided below:

(€ million)	2011	2012	2013
Revenues and other income	3,518	3,839	3,416
Costs and other expenses	(4,497)	(5,375)	(7,337)
Other operating income (loss)	32	10	68
Net change in trade and other receivables and liabilities	(140)	(280)	446
Net interests	48	49	53
Net cash provided from operating activities - Continuing operations	**(1,039)**	**(1,757)**	**(3,354)**
Net cash provided from operating activities - Discontinued operations	**400**	**215**	
Net cash provided from operating activities	**(639)**	**(1,542)**	**(3,354)**
Capital expenditures in tangible and intangible assets	(1,416)	(1,250)	(1,210)
Disposal of investments	533	3,517	
Net change in accounts payable and receivable in relation to investments	(21)	261	(13)
Change in financial receivables	104	(993)	825
Net cash used in investing activities	**(800)**	**1,535**	**(398)**
Change in financial liabilities	348	(94)	118
Net cash used in financing activities	**348**	**(94)**	**118**
Total financial flows to related parties	**(1,091)**	**(101)**	**(3,634)**

The impact of cash flows with related parties consisted of the following:

(€ million)	2011			2012			2013		
	Total	Related parties	Impact %	Total	Related parties	Impact %	Total	Related parties	Impact %
Cash provided from operating activities	14,382	(639)	..	12,371	(1,542)	..	10,969	(3,354)	..
Cash used in investing activities	(11,218)	(800)	7.13	(8,291)	1,535	..	(10,943)	(398)	3.64
Cash used in financing activities	(3,223)	348	..	2,201	(94)	..	(2,453)	118	..

44 Significant non-recurring events and operations

In 2012 and in 2013, Eni did not report any non-recurring events and operations.
In 2011, a non-recurring provision amounting to €69 million was made to reflect the expected liabilities on an antitrust proceeding in the European sector of rubbers taking into account an unfavourable sentence issued by the Court of Justice of the European Community on the matter.

45 Positions or transactions deriving from atypical and/or unusual operations

In 2011, 2012 and 2013 no transactions deriving from atypical and/or unusual operations were reported.

46 Subsequent events

On March 31, 2014, Eni and Statoil have signed final agreement on the revision of the long-term gas supply contract currently in force between the two parties. The revision is reflecting changed fundamentals in the gas sector and will determine a positive effect in 2014 profit. The final agreement, which follows the Heads of Agreement signed on 27 February 2014, implies the end of the arbitration proceedings previously initiated by Eni.