eni worldwide presence

		E&P	G&P	R&M	Versalis	E&C
Europe	Austria	●	●			●
	Belgium	●			●	●
	Bulgaria					●
	Cyprus	●				●
	Croatia	●				●
	Czech Republic			●	●	
	Denmark				●	●
	France		●	●	●	●
	Germany		●	●	●	
	Greece		●		●	
	Greenland	●				
	Hungary		●	●	●	
	Ireland	●				
	Italy	●	●	●	●	●
	Luxembourg		●			●
	Malta					●
	Norway	●				●
	Poland				●	●
	Portugal	●				●
	Romania			●	●	●
	Slovakia			●	●	
	Slovenia		●	●		
	Spain		●	●	●	●
	Sweden				●	●
	Switzerland		●	●	●	●
	the Netherlands		●	●		●
	the United Kingdom	●	●	●	●	●
	Turkey		●		●	●
	Ukraine	●				●
Africa	Algeria	●				●
	Angola	●				●
	Congo	●				●
	Egypt	●	●			●
	Gabon	●		●		●
	Ghana	●		●		●
	Kenya	●				
	Liberia	●				
	Libya	●	●			●
	Mauritania					●
	Morocco					●
	Mozambique	●				●
	Nigeria	●				●
	South Africa	●				●
	Tunisia	●	●	●		
	Uganda					●
Asia and Oceania	Australia	●				●
	Azerbaijan					●
	China	●		●	●	●
	India	●	●			●
	Indonesia	●				●
	Iraq	●				●
	Japan		●			●
	Kazakhstan	●				●
	Kuwait					●
	Malaysia					●
	Myanmar	●				
	Oman		●			●
	Pakistan	●				●
	Papua-New Guinea					●
	Philippines		●			
	Qatar					●
	Russia	●	●	●		●
	Saudi Arabia			●		●
	Singapore		●	●		●
	South Korea		●			●
	Thailand					●
	Timor Leste	●				
	Turkmenistan	●				●
	the United Arab Emirates					●
	Vietnam	●				●
America	Argentina	●	●			
	Bolivia					●
	Brazil		●			●
	Canada	●				●
	Chile					●
	Colombia					●
	Ecuador	●		●		●
	Mexico					●
	Peru					●
	Suriname					●
	Trinidad & Tobago	●				●
	the United States	●	●	●		●
	Venezuela	●		●		●

E&P

G&P

R&M

Versalis

E&C

Eni's activities

Eni's solid portfolio of conventional oil assets with competitive costs as well as the resource base with options for anticipated monetization, ensure high value generation from Eni's upstream activity.

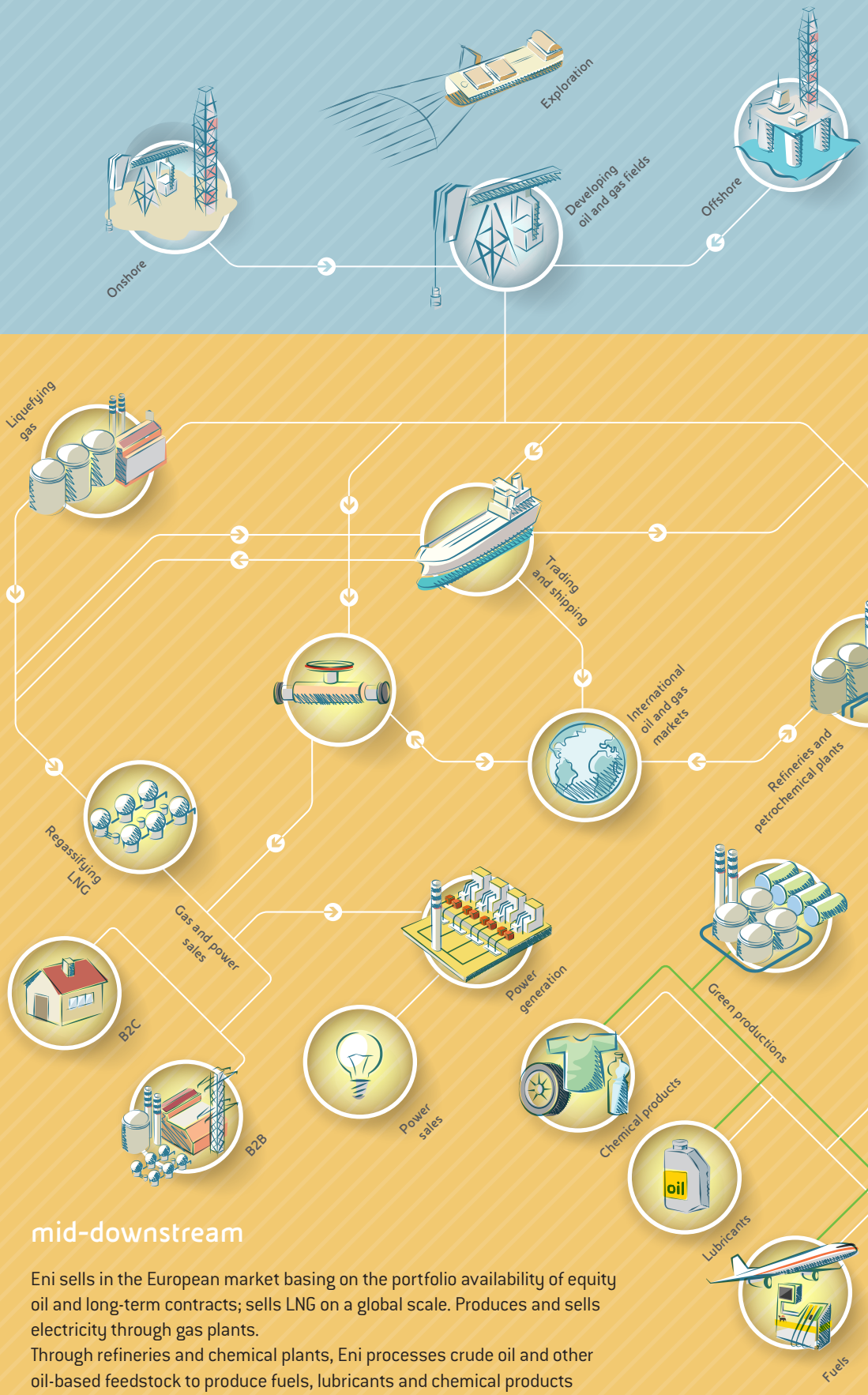
The large presence in the gas and LNG markets, and the commercial know-how enable the company to capture synergies and catch joint opportunities and projects in the hydrocarbon value chain.

Eni's strategies, resource allocation processes and conduct of day-by-day operations underpin the delivery of sustainable value to our shareholders and, more generally, to all of our stakeholders, respecting the Countries where the company operates and the people who work for and with Eni.

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

upstream

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



mid-downstream

Eni sells in the European market basing on the portfolio availability of equity oil and long-term contracts; sells LNG on a global scale. Produces and sells electricity through gas plants.
Through refineries and chemical plants, Eni processes crude oil and other oil-based feedstock to produce fuels, lubricants and chemical products that are supplied to wholesalers or through retail networks or distributors.
Eni engages in the trading of oil, natural gas, LNG and electricity.

Eni's 2014 integrated annual report is prepared in accordance with principles included in the "International Framework", published by International Integrated Reporting Council (IIRC). It is aimed at representing financial and sustainability performance, underlining the existing connections between competitive environment, group strategy, business model, integrated risk management and a stringent corporate governance system. Since 2011, Eni takes part in the IIRC Pilot Program, whose aim is to define an international framework for integrated reporting.

Disclaimer

This annual report contains certain forward-looking statements in particular under the section "Outlook" regarding capital expenditures, development and management of oil and gas resources, dividends, buyback programme, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sale growth, new markets, and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document.
"Eni" means the parent company Eni SpA and its consolidated subsidiaries.

Ordinary Shareholders' Meeting of May 13, 2015. The notice convening the meeting was published on "Il Sole 24 ore" and the "Financial Times WWE" of April 2, 2015.

letter to shareholders

The new oil environment featured by significantly lower prices than in the past over the short-to-medium term warrants higher flexibility and efficiency from the oil industry in order to continue to grow and create value for all stakeholders.

Emma Marcegaglia
CHAIRMAN

Claudio Descalzi
CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

We believe that our company is in an ideal strategic position to face this challenge successfully, underpinned by our competitive portfolio of oil&gas assets, a robust financial structure and the initiatives launched in May 2014 designed to focus our core upstream activities and to accelerate the turnaround in the mid-downstream business.

The organizational structure, division-based in the past years, has been fully integrated, streamlined and refocused on the priority of our core business. This allowed Eni in the past and will allow again in the future to achieve significant cost efficiencies, also thanks to the centralization of technical services.

In 2014, in spite of an increasingly weak scenario, Eni achieved excellent results supported by record cash flow over the last six years. Adjusted operating profit amounted to €11.57 billion (down by 9% compared to 2013), while adjusted net profit was €3.7 billion (down 16%), affected by lower oil prices (down by 9%). These negatives were mitigated by the continuing turnaround in the G&P, R&M and Chemical segments which reported a €1.2 billion improvement in the operating performance, in addition to the return to profitability of Eni's subsidiary Saipem. Cash flow from operating activities was €15.1 billion, up by 37% compared to 2013 thanks to higher value of upstream production, renegotiation of gas contracts, optimization of working capital and efficiency actions across all businesses. Proceeds from the divestment of non-strategic assets generated €3.7 billion of cash. These inflows funded cash outlays relating to capital expenditure amounting to €12.2 billion, mainly focused on the upstream activities, dividend payments of approximately €4.4 billion and share repurchases resulting in a distribution yield of 8.3%, one of the best results in the Oil&Gas industry. A robust cash generation allowed Eni to reduce its net borrowings, while the leverage decreased to 0.22, down by 0.03 points compared to 2013.

In light of these results, the Board of Directors will propose to the Annual Shareholders' Meeting a cash dividend of €1.12 per share, of which €0.56 per share paid as interim dividend in September 2014 (€1.1 in 2013).

In 2014, in line with our plans, upstream production delivered 1.6 million boe/d, generating a cash flow per boe of $30, with 80% of the production coming from low or medium risk countries. Year-end proved reserves were 6.6 billion of barrels, with the organic reserve replacement ratio of 112%, compared to an average of 127% registered in the last five years. Adjusted operating profit was €11.55 billion.

Exploration has proved to be a driver of production growth and value

generation as well as Eni's distinctive feature among the oil majors. Since 2008 Eni has discovered over 10 billion of barrels of oil equivalent (boe) in place, more than every other player in the oil industry, of which 900 million of boe were discovered in 2014, at a competitive cost of $2.1 per boe. Near-field discoveries marked the year's activity; these discoveries are expected to have a rapid time-to-market leveraging on the synergies from the front-end-loading of ongoing projects and utilization of existing production infrastructures.

We renewed our exploration portfolio through the acquisition of new acreage covering approximately 100,000 square kilometres, along the guideline of diversifying the geographical presence. We confirm our expansion plans in the Pacific basin, where we signed the contracts of production sharing for the exploration of 2 onshore blocks in Myanmar and 3 offshore blocks in Vietnam, in addition to the acquisition of licences in Indonesia, Australia and China. We also confirm our interest for the unexplored basins, following Eni's entrance in the offshore of Portugal, South Africa and deep offshore of Egypt. In the next four years, we will invest giving priority to near-field exploration in order to support production, and we will start the initiatives in Cyprus' offshore, the unexplored areas of our acreage in Mozambique and similar structures in Kenya, in the Pacific basin, pre-salt plays of West Africa, as well as re-launch of activities in core areas of Egypt and Kazakhstan in new geological structures.
We plan to anticipate cash generation by disposal of interests in our discoveries in order to balance costs/risk exposure and profitability in an optimal way, in the meanwhile ensuring the reserve replacement and balanced presence in the worldwide upstream.

With regard to development, we are aiming at excellence in time-to-market in order to maximize the value of our reserves. We plan to achieve development efficiency leveraging on the integration of skills along the life cycle of the reserves and by deploying an innovative organizational model which insources engineering and retains tight control of construction and commissioning. Phased project development allowed us mitigate operating risks and reduce the financial exposure.
This approach led to the top results in the industry such as West Hub project in the Block 15/06 in Angola, the first Eni-operated producing project in the country with first oil just 4 years after the declaration of commerciality, and the Nené Marine in Congo, whose start-up was achieved just 8 months after the final investment decision.
In the next four years, we plan to start-up 16 new major fields operated by Eni. Together with the ramp-up at the field started in 2014, this will add more than 650 kboe/d of production by 2018, to support our growth and replace mature fields decline. These projects have an average breakeven of $45/barrel and will generate an overall cash flow from operations of €19 billion in the four-year plan. In addition to the above-mentioned fields, the main projects include Goliat in the Barents Sea, the heavy oil and gas assets in Venezuela, the Block 15/06 in the East Hub located in Angola which will leverage on the synergies with West Hub, Jangrik in Indonesia, the Offshore Cape Three Points (OCTP) block in Ghana, upgrading of giant fields in Libya as well as the restart of Kashagan, for which the Consortium found an adequate solution for the return to full operativity by the end of 2016. Thanks to the development of new projects in addition to maintenance of the production plateau of existing fields, we foresee average production growth at a rate of 3.5% to 2018.
In Mozambique, where Eni has made the greatest discovery in its exploration history with a mineral potential of about 2,500 billion cubic meters of gas in place, we plan to finalize gas contracts and obtain the necessary production licences, in order to make a final investment decision for the project Coral floating LNG in the second half of 2015.
We engage to make our upstream more and more sustainable.
The continuous improvement in our activities, in line with the best practice in the industry, underpinned our track record of zero well incidents, zero blow-outs, oil spill reduction and injury index improvement for the eleventh consecutive year. In the Norwegian section of the Arctic Sea, where Eni is the first to develop a field in a highly sensitive ecosystem, our monitoring process and oil spill management have become a benchmark for the industry. In the future, we will pursue ambitious targets, especially in reducing greenhouse gas emissions where we are planning for a 50% reduction in gas flaring in the next four years and for optimizing water reuse.

In the G&P, R&M and Chemical segments, we have intensified our turnaround in order to accelerate cash and EBIT breakeven despite a continuing deterioration in fundamentals.
The results of this strategy are evident in the Gas & Power segment, where Eni has anticipated breakeven to 2014, reporting an adjusted operating profit of €310 million and robust cash generation despite structural weakness of demand, strong competition from hubs and replacement of gas with photovoltaic and coal in the power generation. The main driver was the renegotiation of the long-term contracts, which allowed Eni to index approximately 70% of its supply portfolio to the market benchmark, ensuring better competitiveness for our gas. Furthermore, Eni halved the take-or-pay exposure, lifting its pre-paid volumes, with a cash benefit amounting to approximately €660 million. Our strategy for the next four years will continue to leverage on a new round of negotiations with our suppliers, targeting to align our procurement costs to wholesale prices and recovery of the logistic costs. On the commercial side, we are targeting to preserve margins at large clients, while in the LNG segment we plan to supply innovative and structural products such as for example small scale LNG sales. In the retail segment, our objective is to retain our customers in order to reduce the churn rate as well as increase the revenue per customer through the sale of extracommodity products. Operational efficiency and credit risk control will help the performance.

In the Refining & Marketing segment, the progress in turnaround drove a 50% reduction in adjusted operating losses (down by €208 million) due to a 30% cut in throughput based on traditional oil cycles and the re-balancing of portfolio through the start-up of the green diesel production at the Venice plant as well as cost efficiencies. This result was achieved in the trading environment characterized by structural overcapacity and weak demand.
In November 2014, Eni defined with interested stakeholders a plan designed to convert the Gela plant to a bio-refinery. This sustainable plan will combine the Company's objective of profitability with the defence of employment levels and environmental preservation. The Gela site will be turned into a modern hub for the production of high quality bio-fuel by using the Eni's proprietary technology as well as advanced logistic hub. The staff in excess will be deployed in Eni's upstream activities in Sicily, for which a re-launch is foreseen.
In the next four years we plan to complete the overhaul of up to 50% of the capacity, invest selectively and keep specific focus on efficiency pursuing reduction of fixed cost and energy saving initiatives. In the marketing segment, we intend to boost the profitability of retail sales in Italy through rationalization/ optimization of inefficient outlets, simplifying of commercial offer and re-launch of a new promotional initiative "you&eni" to maintain the loyalty of our customers.
Outside Italy we foresee to focus our presence in the Central Western Europe, completing the network disposal in Eastern Europe.
In light of the results of 2014 and planned initiatives, Eni is targeting to anticipate EBIT breakeven in 2015.
Similarly to the refining sector, our chemical business is affected by competitive pressure from more efficient producers from East Asia, the Middle Est and the United States and overcapacity, against the background of stagnant demand. The return to profitability and financial breakeven of Versalis will leverage on our capacity to identify and implement sustainable solutions for the reconversion of the loss-making sites. In 2014, we completed the overhaul of petrochemical activities in Sardinia, with the start-up of bio-plastic production at Porto Torres site in joint venture with Novamont and divestment of Sarroch plant. In November 2014, Eni defined a plan aimed to guarantee an economically sustainable future for the Porto Marghera site. This plan foresees the increase in the production from renewables, in partnership with the US-based company Elevance Renewable Science and the definitive closure of the petrochemical plant.
The other drivers will be refocusing on high value products leveraging on technology in niche segments (elastomers, hydrocarbon resins), enhancement of green chemical platform and expansion projects in the elastomer segment in South-East Asia. The results of Versalis reported an improvement in 2014, with an adjusted operating loss reduced to €346 million (down 10%); we are aiming at EBIT breakeven by 2016.
In the next four years, we anticipate

a gradual increase in oil prices and assume a long-term price of $90 a barrel for the Brent crude benchmark based on our review of demand and supply fundamentals.
In this scenario, our priority is to maximize cash generation, leveraging on well designed industrial actions, conventional oil&gas projects, profitable even in a low price scenario, capital discipline and a robust disposal program. Our investment plan is focused on high value projects with accelerated returns as well as modular approach to the development aimed to limit financial exposure. This optimization will determine the outlay for the next four years estimated at €47.8 billion, that will be directed for 90% to exploration and development of hydrocarbon reserves, down by 17% compared to the previous plan, at constant exchange rates.

We are aware that the motivation of our people is key to the achievement of our targets. Therefore, we intend to keep investing on our personnel, focusing in particular on leadership and change management, maintaining a strong focus on our fundamental values of integrity and transparency.

In conclusion, 2014 was a positive year for Eni, thanks to the achieved results and the timely start-up of the appropriate actions aimed to face a new cycle in the oil&gas industry. In a still uncertain 2015, Eni thanks to its excellent strategic position is well organized to continue to create sustainable value for its shareholders, in the short and long term.

March 12, 2015

In representation of the Board of Directors

Emma Marcegaglia
Chairman

Claudio Descalzi
Chief Executive Officer and General Manager

profile of the year

Record cash flow

+37% vs 2013

Turnaround actions in mid-downstream

+€1.2 bln

adjusted operating profit

Cash from disposals

€3.68 bln

Distribution yield

8.3%

Overview › In 2014, in spite of an unfavourable trading environment, Eni delivered excellent results underpinned by record cash flow generation. The performance was driven by the increased contribution from upstream production and the accelerated restructuring of the mid and downstream businesses.

Adjusted results › Adjusted operating profit of €11.57 billion and adjusted net profit of €3.71 billion declined by 9% and 16% respectively, compared to 2013. The mid and downstream businesses reported a €1.2 billion improvement driven by contract renegotiations, capacity restructuring and downsizing and cost efficiencies. These positives helped offset the decline of the E&P segment due to lower Brent prices. Additionally, 2014 results were reduced by the loss on the mark-to-market interests in Galp and Snam which underlay two convertible bonds (loss of €0.22 billion).

Net profit › Net profit of €1.29 billion was impacted by extraordinary charges, net of tax effect, of €1.41 billion, which related to asset impairments and the write off of certain deferred tax assets of Italian subsidiaries, as well as the alignment of crude oil and product inventories to current market prices for €1 billion. The 75% reduction from 2013 is attributable to the recognition in the past year of sizeable gains on the divestment of a 20% stake in the Mozambique discovery and on the revaluation of Eni's interest in Artic Russia for an overall €4.7 billion.

Cash flow › Cash flow of €15.1 billion was the best result of the last six years, supported by a reduced working capital in E&P, G&P and Saipem. Proceeds from disposals were €3.68 billion and mainly related to the divestment of Eni's share in Artic Russia, an 8% interest in Galp and in the South Stream project. These cash inflows funded capital expenditure of €12.24 billion, focused on upstream activities, dividend payments (€4 billion) and share repurchases (€0.38 billion), also reducing the Group's net debt by €1.28 billion.

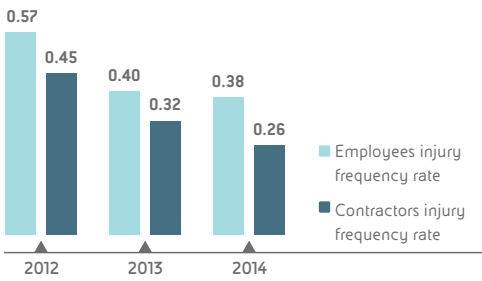
Leverage › As of December 31, 2014, leverage reduced to 0.22, from 0.25 at December 31, 2013.

Dividend › The Company's robust results and strong fundamentals underpin a dividend distribution of €1.12 per share (€1.10 in 2013) of which €0.56 per share paid as interim dividend in September 2014.

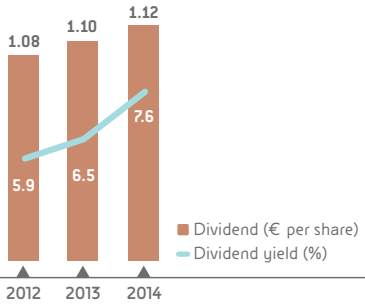
Distribution yield › Share repurchases in 2014 were 21.66 million for a cash outlay of €0.38 billion, together with the dividend this ensured a distribution yield of 8.3%.

Hydrocarbon production › In 2014, Eni's hydrocarbon production was 1.598 million boe/d, up by 0.6% from 2013 on a homogeneous basis i.e. excluding the impact of the divestment of Eni's interest in Artic Russia. Production increases in the United Kingdom, Algeria, the United States and Angola, more than offset mature fields decline. Start-ups and ramp-ups of new fields contributed 126 kboe/d.

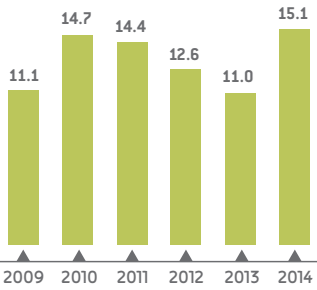
Injury frequency rate
(No. of accidents per million of worked hours)



Dividend and dividend yield



Operating cash flow
(€ billion)



Proved oil and natural gas reserves › Proved oil and gas reserves as of December 31, 2014 were 6.6 bboe. The reserve replacement ratio was 112%. The reserve life index is 11.3 years.

Proved reserves
6.6 bln boe
at year end

Development of new fields › In 2014 the West Hub project, located offshore in Block 15/06 in Angola, and Nené project in Block Marine XII in Congo were started up, setting the industry benchmark in terms of time-to-market.

Exploration successes › In 2014 Eni continued its track record of exploratory success. Additions to the Company's resource base were approximately 900 million boe, at a competitive cost of $2.1 per barrel. Near-field discoveries marked the year's activity. These are expected to achieve a quick time-to market. In Angola, the Ochigufu discovery found 300 million barrels of oil in place. This increased the resources of the West Hub project, which started up at the end of 2014.
In Congo, in the conventional waters of block Marine XII, the Minsala well was the third discovery in the last two years increasing the block's resources in place by 1 billion barrels.
In Ecuador, the Oglan discovery in Block 10 found 300 million barrels of oil in place, located near the processing facilities of the operated field of Villano.
In Indonesia, the Merakes gas discovery identified a potential in place of 1.3 Tcf, located in proximity of the operated field of Jangkrik, which is currently under development, and will supply gas volumes to the Bontang LNG plant.
In Gabon the Nyonie Deep well discovered an estimated potential of approximately 500 million boe in place of gas and condensates.

Exploration successes
0.9 bln boe
at year end

Acquired acreage › In line with the strategic guidelines of rejuvenating its mineral right portfolio and identifying new potential areas of growth, new exploration acreage was acquired for a total acreage of 100,000 square kilometres net to Eni.

Acquired acreage
100,000 square kilometres

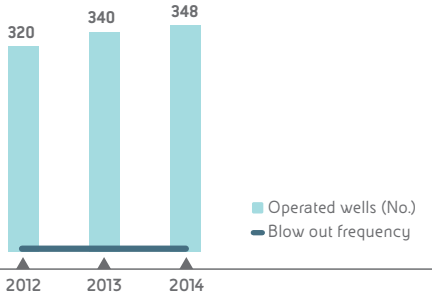
Renegotiation of long-term gas supply contracts and take-or-pay reduction › Following the renegotiation of a number of the main long-term supply contracts, gas prices and related trends were better aligned to market conditions. 70% of long-term gas supply portfolio is now indexed to hub prices. Furthermore, the cash advances paid to suppliers due to the take-or-pay clause in those long-term supply contracts were reduced by €0.66 billion thanks to contract renegotiation and sales optimization.

Take-or-pay
€0.66 bln
of cash benefit

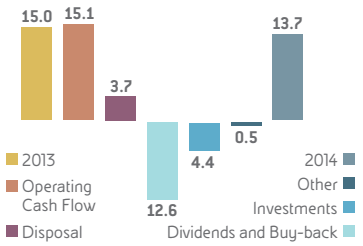
Turnaround in refining › In 2014, the turnaround plan in the R&M achieved a cut of up to 30% of Eni's refining capacity compared to 2012 with the agreement on the conversion of the Gela refinery, the start-up of the green plant in Venice and the disposal of Eni's interest in a refinery in East Europe. Overall the capacity utilization rate increased from the previous year, driving down the breakeven margin of Eni's refineries below $6/bbl.

Refining capacity vs 2012
-30%

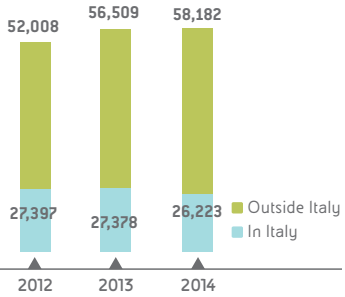
Operative efficiency



2014 net borrowings evolution
(€ billion)



Employees at period end
(number)



Gela project › Eni defined with the Italian Ministry for Economic Development, the Region of Sicily and interested stakeholders (including trade unions and local communities) a plan for the reconversion of the Gela site into a bio-refinery and logistic hub as well as the start-up of industrial initiatives aimed to relaunch the upstream sector in Sicily. The project intends to achieve the long-term sustainability of the Gela site leveraging on a new plan of capital expenditure, proprietary technologies and Eni's people skills.

Green Chemical › An agreement was signed with relevant Italian institutions and stakeholders to restore the profitability of the loss-making Porto Marghera chemical plant. The pillars of the deal are the development of an innovative green chemical project in partnership with the US-based company Elevance Renewable Science Inc and the shutdown of the oil-based petrochemical unit. The green plant will produce specialties destined for high added-value industrial applications.

Restructuring of petrochemical activities in Sardinia › Operations at the green chemical project of Matrìca started up in 2014, marking the full conversion of the Porto Torres site. The 50/50 joint venture between Eni's subsidiary Versalis and Novamont, Matrìca, is currently producing basic chemical products for industrial applications from renewable feedstock. The Sarroch plant was divested.

Injury frequency rate

-12.6% vs 2013

progressing for the tenth consecutive year

Safety › In 2014 Eni continued to implement the communication and training program "Eni in safety", with workshops dedicated to Eni's employees. The benefit of these and other programmes and investments in safety supported a positive trend in the injury frequency rate relating to employees and contractors which improved for the tenth consecutive year (down by 12.6% from 2013). Notwithstanding the 27% decrease in the fatality index, four fatal accidents occurred in 2014.

› Corporate reporting

Eni is the **first worldwide company** in Transparency

Transparency in Corporate Reporting › In 2014 Eni ranked first in a worldwide survey made by Transparency International about transparency in corporate reporting. The survey analyzed three areas: anti-bribery programs, the organization (e.g. information on subsidiaries, joint arrangements and associates) and the publication of key economic and financial data related to the activities in each country where the company operates.

LEAD Board Programme › Eni is one of the six companies in the world to adhere to the pilot phase of the UN Global Compact LEAD Board Programme, committed to the Board of Directors of certain companies, in order to strengthen their awareness on sustainability issues. During the first module on "the materiality of sustainability Eni's Board of Directors discussed on material sustainability issues leading the company to create sustainable value. The initiative will continue in 2015.

Financial highlights

		2012	2013	2014
Net sales from operations	(€ million)	127,109	114,697	**109,847**
Operating profit		15,208	8,888	***7,917***
Adjusted operating profit		19,883	12,650	**11,574**
Net profit[a]		4,200	5,160	**1,291**
Exclusion of special items		2,953	(1,168)	**1,408**
Exclusion of inventory holding (gains) losses		(23)	438	**1,008**
Adjusted net profit[a]		*7,130*	4,430	**3,707**
Comprehensive income[a]		*7,096*	3,164	**5,995**
Net cash provided by operating activities		12,552	11,026	**15,110**
Capital expenditure - continuing operations		12,805	12,800	**12,240**
of which: exploration expenditure		*1,850*	*1,669*	***1,398***
development expenditure		*8,304*	*8,580*	***9,021***
Purchase of Eni's treasury share				**380**
Dividends to Eni shareholders pertaining to the period[b]		3,912	3,979	**4,042**
Cash dividends to Eni shareholders		3,840	3,949	**4,006**
Total assets at period end		140,192	138,341	**146,207**
Shareholders' equity including non-controlling interest at period end		62,417	61,049	**62,209**
Net borrowings at period end		15,069	14,963	**13,685**
Net capital employed at period end		*77,486*	*76,012*	***75,894***
of which: Exploration & Production		*42,369*	*45,699*	***47,629***
Gas & Power		*10,597*	*9,201*	***7,776***
Refining & Marketing		*8,871*	*7,998*	***7,993***
Versalis		*2,557*	*2,656*	***2,973***
Engineering & Construction		*9,937*	*9,554*	***8,644***
Share price at period end	(€)	18.34	17.49	**14.51**
Weighted average number of shares outstanding	(million)	3,622.8	3,622.8	**3,610.4**
Market capitalization[c]	(€ billion)	66.4	63.4	**52.4**

(a) Attributable to Eni's shareholders.

(b) The amount of dividends for the year 2014 is based on the Board's proposal.

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

Summary financial data

		2012	2013	2014
Net profit				
- per share[a]	(€)	*1.16*	*1.42*	***0.36***
- per ADR[a] [b]	($)	*2.98*	*3.77*	***0.96***
Adjusted net profit				
- per share[a]	(€)	*1.97*	*1.22*	***1.03***
- per ADR[a] [b]	($)	*5.06*	*3.24*	***2.74***
Cash flow				
- per share[a]	(€)	*3.41*	*3.52*	***4.18***
- per ADR[a] [b]	($)	*8.77*	*9.04*	***11.12***
Adjusted return on average capital employed (Roace)	(%)	10.1	5.9	**5.6**
Leverage		0.24	0.25	**0.22**
Coverage		11.3	8.8	***7.4***
Current ratio		1.4	1.5	**1.5**
Debt coverage		83.4	*73.7*	**110.4**
Dividends pertaining to the year	(€ per share)	1.08	1.10	**1.12**
Pay-out	(%)	50	*77*	**311**
Dividend yield[c]	(%)	5.9	6.5	***7.6***

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

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

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

Operating and sustainability data

		2012	2013	2014
Employees at period end	(number)	79,405	83,887	**84,405**
of which - women[*]		*12,847*	*13,588*	***13,650***
- outside Italy		*52,008*	*56,509*	***58,182***
Female managers	(%)	18.9	19.4	**19.7**
Training hours	(thousand hours)	3,132	4,349	**3,207**
Employee injury frequency rate	(No. of accidents per million of worked hours)	0.57	0.40	**0.38**
Contractor injury frequency rate		0.45	0.32	**0.26**
Fatality index	(fatal injuries per one hundred millions of worked hours)	1.10	0.98	**0.72**
Oil spills due to operations	(barrels)	3,759	1,901	**1,179**
Direct GHG emissions	(mmtonnes CO_2 eq)	52.84	47.60	**42.93**
R&D expenditure[a]	(€ million)	211	197	**186**
Expenditure for the territory[b]		91	101	**96**
Exploration & Production				
Estimated net proved reserves of hydrocarbons (at year end)	(mmboe)	7,166	6,535	**6,602**
Average reserve life index	(years)	11.5	11.1	**11.3**
Production of hydrocarbons	(kboe/d)	1,701	1,619	**1,598**
Profit per boe[c]	($/boe)	16.0	15.5	**9.9**
Opex per boe[c]		7.1	8.3	**8.4**
Cash flow per boe		32.8	31.9	**30.1**
Finding & Development cost per boe[d]		17.4	19.2	**21.5**
Direct GHG emissions	(mmtonnes CO_2 eq)	28.7	25.9	**23.0**
Produced water re-injected	(%)	49	55	**56**
Community investment	(€ million)	59	53	**63**
Gas & Power				
Worldwide gas sales	(bcm)	95.32	93.17	**89.17**
- in Italy		*34.78*	*35.86*	***34.04***
- outside Italy		*60.54*	*57.31*	***55.13***
Customers in Italy	(million)	7.45	8.00	**7.93**
Electricity sold	(TWh)	42.58	35.05	**33.58**
Water withdrawals per/kWheq produced	(cm/kWheq)	0.012	0.017	**0.017**
Customer satisfaction index	(%)	89.7	92.9	**93.4**
Refining & Marketing				
Refinery throughputs on own account	(mmtonnes)	30.01	27.38	**25.03**
Retail market share	(%)	31.2	27.5	**25.5**
Retail sales of petroleum products in Europe	(mmtonnes)	10.87	9.69	**9.21**
Service stations in Europe at year end	(units)	6,384	6,386	**6,220**
Average throughput of service stations in Europe	(kliters)	2,064	1,828	**1,725**
SOx emissions (sulphur oxide)	(ktonnes SO_2eq)	16.99	10.80	**6.09**
Customer satisfaction index	(likert scale)	7.9	8.1	**8.2**
Versalis				
Production	(ktonnes)	6,090	5,817	**5,283**
Sales of petrochemical products		3,953	3,785	**3,463**
Average plant utilization rate	(%)	66.7	65.3	**71.3**
SOx emissions (sulphur oxide)	(ktonnes SO_2eq)	2.19	1.53	**1.14**
Recycled/reused water	(%)	81.6	86.2	**87.7**
Engineering & Construction				
Orders acquired	(€ million)	13,391	10,062	**17,971**
Order backlog at period end		19,739	17,065	**22,147**
Local procurement	(%)	57.4	54.3	**55.6**
Employees outside Italy		88.1	89.1	**89.9**

(*) Do not include employees of equity accounted entities.

(a) Net of general and administrative costs.

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

(c) Related to consolidated subsidiaries.

(d) Three year average.

materiality and stakeholder engagement

Eni's materiality definition process

Materiality is the result of the identification and prioritization of the major sustainability issues which significantly affect the company's ability to create value.

Eni's materiality definition process aims to ensure that the material issues are both shared with the highest decision levels and their integration is also taken into account in all the processes starting from the risk management process, strategy planning, stakeholder engagement, reporting and internal/external communication, to the implementation of operational decisions.

The first step of the materiality definition process is the identification of relevant issues through specific methods of analysis that considered: the top management's strategic vision, results of the risk assessment and the stakeholders' perspective.

In order to embrace the top management's 2014 view, a cycle of interviews with 12 top managers was carried out on the role and meaning of sustainability for Eni. Furthermore, 140 key-position managers were involved in a survey with the aim of finding the issues affecting the value creation.

Through the risk assessment led in 2014, the sustainability issues on which could emerge environmental, social and governance potential risks (ESG) were highlighted.

The stakeholders perspective has been defined through the collection of their annual expectations by a special system for the recognition of stakeholders instances and the analysis of their ability to affect the company's activities.

Following the identification of material issues, the evaluation of their importance has been achieved on the basis of quantifying metrics specific to each field included.

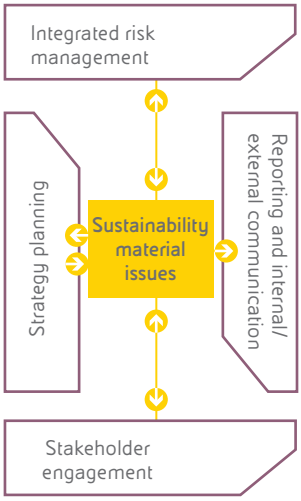
The interviews and the internal survey evaluated the importance of each issue in the process of value creation for the company. The risk assessment has determined the impact and likelihood of occurrence of potential risks arising from each single theme. The stakeholders perspective has highlighted the importance of each issue as perceived by the different types of corporate stakeholders.

The combination of the results of the three previous assessments has allowed the prioritization of the relevant issues.

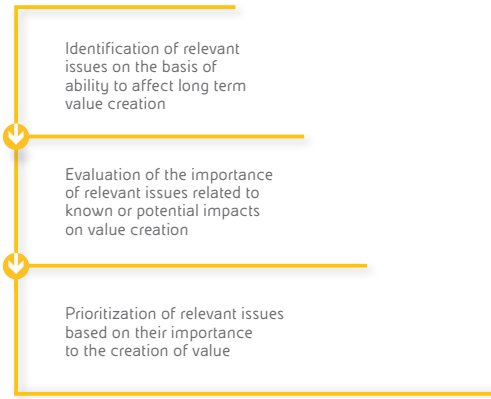
At the end of this process, the sustainability issues identified as material are :

- Integrity in business management (anti-corruption, transparency, human rights, local communities engagement);
- Safety and asset integrity;
- Development of skills and competences;
- Reduction of environmental impacts (water protection, biodiversity, oil spills reduction) and combating climate change (GHG reduction, energy efficiency);
- Local development / Local content and promoting access to energy;
- Technological Innovation.

Materiality integration in company's processes



Productive diversification



Stakeholder engagement

Eni believes that the participation and involvement of stakeholders in the business choices are the key elements which contribute to the development of the territories

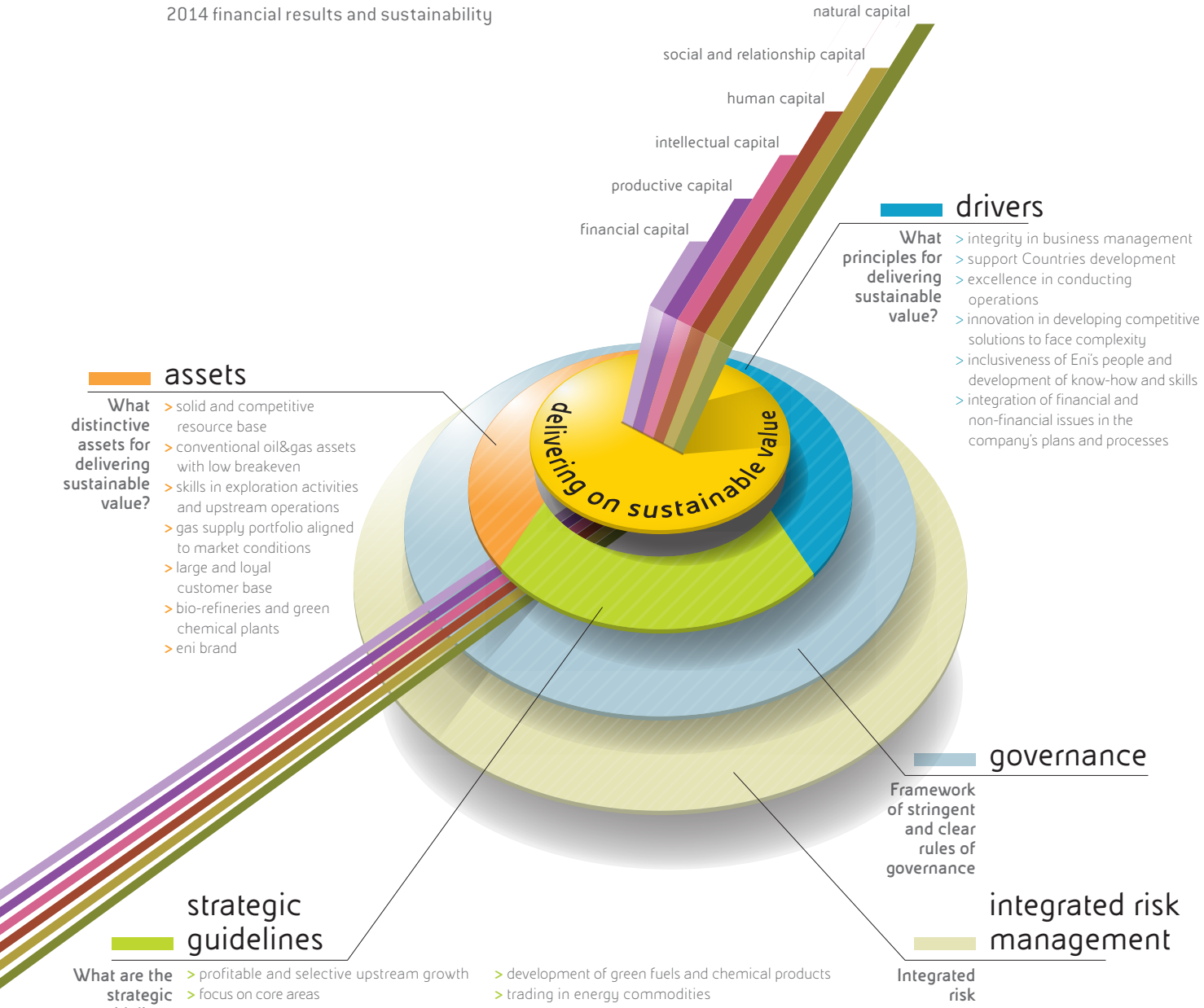
Stakeholder	Engagement procedures and actions
Eni's people	Workshop (i.e."idea generation" projects focalized on business and efficiency); Strategy and annual performance sharing through the HR Ambassador Project and the Cascade Programme; Communication plan through MyEni and MyEni International Portal; Brand activation initiatives; "cascade" e-mailing for topic business projects; Training programmes and on-the-job training; Welfare initiatives; Renewal of the agreement with European Works Council (EWC); - Dialogue with the European Works Council (EWC) on Eni's policies within the European framework and with the representatives of the European Observatory for Safety and Health at Work.
Financial community	Conference call on quarterly results and strategy presentation; Meetings with SRI focused on Eni's integrated risk management model; Road show dedicated to Corporate Governance; Meetings with institutional investors and main proxy advisors.
Local communities	Update of websites dedicated to a specific geographic area (NAOC, Eni Norge, KPO, Eni in Basilicata); Public consultation forums on activities in Nigeria, Kenya, Mozambique, Norway, Italy, Russia; Update of the mechanisms for collecting and managing live reports in 6 pilot Countries (Mozambique, Congo, Angola, Pakistan, Kazakhstan, Nigeria); Promotion of multi-stakeholder committees for planning, management and implementation of social projects (i.e. sectorial committees in Pakistan, technical and management committees for the Hinda project in Congo, local committees in Ecuador and Gabon); MOU with local institutions and other local partners to set up long-term social projects.
Government, National Parliament, Public Ministries, Institutions	Inspections and institutional visits at the production sites; Information, awareness-raising and technical in-depth initiatives; Regular meetings with officials of the European Commission, Parliament and European Council; Active participation in national and international roundtables on energy and climate policies; Participation in the Policy Dialogue on Natural Resource-based Development organized by the OECD.
The United Nations system	Participation in the main meetings between the United Nations and companies (Private Sector Focal Points Meeting; Private Sector Forum, Annual Forum on Business and Human Rights); Participation in the UN Climate Summit and in the first Sustainable Energy for All Forum; Participation in UN Sustainable Development Solutions Network and in particular in "Energy for All in Sub-Saharan Africa" initiative; Participation in Global Compact LEAD Board pilot programme for the Board training programme on sustainability issues; Participation in working groups on anti-corruption under the auspices of the Global Compact, on national and international level; Membership of the UN Global Compact Call to Action: Anti-corruption and the Global Development Agenda and participation in the tenth anniversary of the 10th UN Global Compact anti-corruption principle.

where Eni operates; these factors, in fact, create mutual trust between the actors of the territory, promote consensus and strengthen Eni's reputation as a reliable partner.

Stakeholder	Engagement procedures and actions
National and international NGOs	Dialogue with main Italian NGOs (WWF, Greenpeace, Legambiente) on oil&gas issues; Dialogue with Amnesty International on the activities in Nigeria and the protection of Human Rights of populations living near the extraction sites; Consultation of NGOs for a preliminary assessment of Eni's impact on human rights in Mozambique.
Suppliers	Development of suppliers' organizational, technical, quality, HSE and Human Rights skills; Support on improvement following negative ratings resulting from audits; Verifying observance of Human Rights in the supply chain; Call on significant suppliers to take part in the Carbon Disclosure Supply Chain; Issue of procedure on the management of Local Content within the procurement process; Energy efficiency project: qualifications of suppliers for technical assessment services in Italy and abroad.
Customers and consumers	Calibration of trade, advertising and pricing initiatives; Definition of new offer models; Consolidation of the new model for relations with Consumer Associations in order to enforce the attention on energy saving and the comprehension of sustainable value in our products and services (green chemistry, bio-fuels, smart mobility, products and culture for energy efficiency); Planning of remediation actions to meet customer's expectations and their most critical instances represented by the Consumer Associations. Implementation of a dedicated tool, on telephone channel, for detection, enumeration and faster solution of criticality about gas and electricity offer, to promote the gradual digital access by aged customers represented by Consumer Associations.
Universities and research centers	Creation of "virtual labs" in collaboration with universities, research centers and companies; Renewal of framework agreements with the "Politecnico di Milano" and the "Politecnico di Torino", and with the Italian National Research Council (CNR); Continuation of the collaboration agreement with the Massachusetts Institute of Technology in Boston (USA); Continuation of the alliance with Stanford University on core technologies of the oil&gas business and environmental remediation; Agreement with Earth Institute of Columbia University to strengthen the systems for planning, monitoring and evaluation of Eni investments for local development.
Other sustainability organizations	Active role within the anti-corruption working group of the B20; Participation in the working groups of the WBCSD and IPIECA, the O&G constituency of EITI, the working group within the PACI, the Pilot Program IIRC, the working groups of the O&G Climate Initiative.

business model

Eni's business model targets long-term value creation for its stakeholders by delivering on profitability and growth, efficiency and operational excellence and handling operational risks of its businesses, as well as environmental conservation, and local communities relationships, preserving health and safety of people working in Eni and with Eni, in respect of human rights, ethics and transparency.
The main capitals used by Eni (financial capital, productive capital, intellectual capital, natural capital, human capital, social and relationship capital) are classified in accordance with the criteria included in the "International IR Framework" published by the International Integrated Reporting Council (IIRC).
2014 financial results and sustainability performance rely on the responsible and efficient use of our capitals.
Hereunder is articulated the map of the main capitals exploited by Eni and actions positively effecting on their quality and availability.
At the same time, the scheme evidences how the efficient use of capitals and related connections create value for the company and its stakeholders.
For detailed information on results associated to each capital and to the way by which each strategic target is achieved see the Integrated Performance tables.



drivers

What principles for delivering sustainable value?

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

assets

What distinctive assets for delivering sustainable value?

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

governance

Framework of stringent and clear rules of governance

integrated risk management

Integrated risk management model across our businesses

strategic guidelines

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

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

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

targets and performance drivers

cash flow and value

2015-2018 targets	Increase the value of explorative resources Growth in Upstream cash generation	Return to structural profitability in the Gas & Power business
financial capital	• Investment selectivity • Reduction of opex per barrel • Reduction of exposure to partners / National Companies • Reduction of time-to-market	• Gas contracts portfolio restructuring • Working capital optimization • Simplifying the operations and optimization of logistic costs
productive capital	• Exploration portfolio renewal • HPC computing Center • Proprietary instruments for seismic activity • Operatorship • Project execution optimization • Asset integrity	• Continental hub monitoring • Enhanced of Asset Back Trading • Upstream integration • Power plants optimization
intellectual capital	• R&S investments • Proprietary technologies development and patents management • Development of technologies to increase the recovery rate	• Take-or-pay risk integrated management • Development of innovative products and services • Evolution in processes and systems
human capital	• Safety in the workplace • Recruitment, education and training on the job • Internal know-how enhancement • Promotion of human rights • Knowledge management	• Safety in the workplace • Reorganization/streamlining operations • Internal know-how enhancement • Change management
social and relationship capital	• Partnerships with governments and local authority • Territorial development and Local content projects • Increase in access to energy • Respect of human rights • Promotion of transparency	• Gas advocacy • Relationship with customers and suppliers • Know-how in negotiations
natural capital	• Increase in oil&gas reserves • Oil spill reduction • Blowout reduction through optimization of upstream operations • Gas enhancement for zero gas flaring • Biodiversity protection and sensible areas	• Energy efficiency initiatives • Promotion to customers of energy efficiency

The table below shows how actions taken in managing each main capital, contribute to achieve business targets. The different actions are classified on the basis of four strategic targets which lead Eni's business segments. The actions reported below represent the management system of each capital which allow to achieve business goals, on the one hand reducing risks, on the other, increasing profitability. For further details on financial and non-financial KPI's see the Annex of Integrated performances.

generation

Turnaround in Refining & Marketing and Chemical businesses R&M: EBIT adjusted and cash flow from operation breakeven in 2015 Chemical: EBIT adjusted and cash flow from operation breakeven in 2016	Focus on efficiency
• Investment selectivity • Opex reduction • Working capital optimization	• Capex reduction • G&A costs reduction • Working capital optimization
• Critical sites reconversion/rationalization • Promotion of energy efficiency	• Process optimization • Lean Organization
• R&S investments • Business innovation • Research applied in green business	• Proprietary technologies development and patents management • Continuous improvement • Change management
• Safety in the workplace • Internal know-how enhancement • Internal mobility • Development of new skills	• Safety in the workplace • Involvement of employees • Internal know-how enhancement
• Trade union dialogue • Local stakeholders management • Strategic partnerships	• Trade union dialogue • Stakeholders management
• Investments in biorefining and green chemistry • Promotion of energy efficiency	• Promotion of energy efficiency • Efficient use of resources

the competitive environment

A challenging market

In an extremely complex and dynamic international environment, geopolitical, technological and market factors have interacted rapidly, determining the change of the consolidated business models and making emerge new players and new growth areas (particularly in Asia and in the United States as well as, in the initial phase, in the Sub-Saharan Africa).
In the second half of the year, an unbalanced oil market, with an excess of supply in the context of weak demand, witnessed a fall in oil prices. The gas market, characterized in Europe by continued demand reduction, saw the growth of volumes exchanged in the spot market and continuing renegotiations of the take-or-pay contracts. In this scenario Eni's strategic plan is focused on maximizing the value of its portfolio through the timely development of new fields and anticipated monetization of the discoveries. In the mid-downstream businesses, Eni confirms the strategy aiming at quick economic and financial rebalancing through cost discipline, continuing renegotiation of long-term gas supply contracts, restructuring of inefficient plants and product and marketing innovation.

Industrial challenges

Context of oversupply and reduction of capital expenditure
The huge development of unconventional resources in the USA and the slowdown in the world demand have conditioned the world oil market, creating an increasing oversupply, calming the prices and changing crude oil flows. In this scenario, the majors have strengthen the focus on cost discipline, postponing the development of more expensive projects and increasing assets' disposals.

Intensification of geopolitical risk and focus on the capital expenditure
The intensification of geopolitical risk concerned key countries of our segment. The instability in the North Africa and the Middle East as well as international sanctions towards important oil producing countries such as Iran and Russia caused the reduction of world oil production by almost 3 kboe/d, entirely offset by the production growth in the United States.

Transformation of the businesses of gas marketing and refining in Europe
The gas market was characterized by the downturn in demand in Europe, growth in demand in the emerging countries and affirmation of prices on the spot markets. In addition, there was an increase of renewables in the energy mix, driven by European energy policies with the conditions of privileged access and important subsidies as well as the expansion of coal due to the flows from the United States, in large quantities and at low costs. All these dynamics have deeply changed the mid and downstream businesses in Europe.

Raising awareness of the risks related to the climate change
As part of the energy policy which combines development, environmental protection and energy safety, the natural gas will play a critical role in the transition towards low carbon future. In fact, natural gas constitutes a fossil fuel with minor environmental impact, ideal for offsetting the bounces in the supply typical of solar and wind energy.

Eni's actions and plans	Performance of the year	2015-2018 Targets
- Robust and sustainable cash flow generation; - New explorative initiatives, development of conventional discoveries, with competitive production costs and fast track start-up; - Reduction of capital expenditure; - Application of fast tracking strategy in the development of exploration success and reduction of time to market; - Enhancement of resources; - Increase of disposal programme.	**Cash flow from operations** €15.1 bln	2015-2016 100% capex coverage 2017-2018 +40% vs 2015-2016
	Discovered resources 0.9 bboe	0.5 bboe/y
	Capital expenditure €12.6 bln	€47.8 bln, -17% vs previous plan at constant fixed rate
	Disposal of assets €3.7 bln	€8 bln
- Maximizing hydrocarbon production; - New discoveries in emerging basins and consolidation of Africa presence; - Development of geographic presence in Asia by replaying the successful model carried on in Africa; - Increasing efficiency through cost reduction; - Program of cost reduction, with a strong focus on G&A costs.	**Hydrocarbon production growth** +0.6% hydrocarbon production	+3.5% on yearly average
	OPEX per boe $8.4	-7% vs previous plan
	G&A costs reduction €250 mln	€2 bln by 2018 vs. previous plan
- Focus on contracts renegotiation with major suppliers; - Reduction of refining capacity: rationalizations, reconversions, increased processing flexibility; - Conversion of less profitable business through development of green economy initiatives.	**Renegotiation of gas supply portfolio** 70% of supply contracts aligned to market conditions	100% of supply contracts aligned to market conditions by 2016
	Reduction of Eni's refining capacity down 30% vs 2012	down 50% vs. 2012
	Green economy Memorandum for the conversion of Gela and Porto Marghera plants	Start-up of green production in the four-year plan
- Development of important technological solutions to operate in a safe and sustainable way; - Operational excellence and commitment to ensure the safety of operations; - Management of the business guided by the highest values and ethical principles.	**R&D costs** €186 million	€700 million in the four-year plan
	Gas flared in upstream down 75% vs 2007	down 22% vs 2014
	Produced water re-injected 56%	70%

defining strategies to seize the opportunities in the energy sector

strategy

Industrial Plan

In order to cope with a radically changed price environment, the Company outlined for the next four-year period an action plan which comprises a number of rigorous initiatives and objectives in order to mitigate the impact of lower oil prices and to preserve a robust financial structure, particularly in the short-to-medium term. Against the backdrop of a low price environment, our primary target remains cash generation which will be underpinned by well-designed industrial actions, capital discipline, focus on upstream activities and a large disposal plan. In approving the capital expenditure plan the Company selected high-return projects with short pay-back periods; this optimization will result in a €47.8 billion capital expenditure in the next four years, down by approximately 17% compared to previous plan, at the same exchange rate. The disposal plan, amounting to more than €8 billion in the 2015-18 period, is based on the anticipated monetization of exploratory discoveries, optimization of the upstream portfolio – which will be refocused based on strategic consideration and on the evaluation of the geopolitical risk – rationalization of midstream and downstream portfolio, and the divestment of residual interests in Snam and Galp.

In the years 2015-2016 cash flow from operations will be able to fund projected capital expenditure on our Brent price scenario of 63 $/bbl on average.

In the subsequent years, under our planning assumption of a recovery in crude oil prices at $85/bbl on average in the years 2017-2018 up to the long-term Brent price of 90 $/bbl, and considering our industrial actions, we will able to increase our cash flow from operations by 40% thus generating a significant surplus over the projected level of capital expenditure.

In brief, the Company forecasts that the planned industrial actions, the selective approach to capital expenditure and the disposal plan will enable Eni to preserve a robust financial structure, targeting a leverage below the ceiling of 0.3 throughout the oil cycle.

Dividend policy

In the framework of the Group's transformation process and given the targets set out in the plan, the Company intends to propose a 2015 dividend of €0.8/share.

The distribution policy will be progressive with underlying earnings growth.

Exploration & Production

Maintaining organic growth, valorisation of exploration resources and growth of cash generation

- focus on near-field exploration reducing expenditures;
- renewal of the exploration portfolio targeting high-materiality plays in East and West Africa, North Atlantic, Norway as well as in the Mediterranean;
- fast track development of discovered resources, through the optimization of the time-to-market and strict control of project execution;
- monetization of interests in discoveries made;
- production growth at an annual rate of 3.5%, maintaining a solid base of long plateau-/long-term cash flow projects;
- modular approach and phased project development in order to reduce the financial exposure and fasten production start-ups;
- efficiency increase through a wide range of actions aimed to reduce operating costs, pursued also through the renegotiation of supply contracts.

Refining & Marketing

Economic and cash flow breakeven in 2015

- selective reduction of refining capacity up to 50% (vs. 2012) through process reconversion in Italy and outside Italy;
- efficiency improvement and implementation of energy saving projects;
- reorganization/optimization of the retail business through efficiency and marketing actions.

Gas & Power

Profitability and sustainable cash generation

- complete alignment of supply portfolio to market conditions and recovery of take-or-pay volumes;
- streamlining of operations and optimization of logistic costs;
- development and growth in value added segments.

Versalis

Economic and cash flow breakeven in 2016

- pursuing a more adequate and efficient cost position, through the rationalization of loss-making sites, higher integration, optimization and flexibility of productions;
- portfolio refocusing on value-added productions and green chemistry;
- internationalization of the business to target global clients and high-growth markets, also through strategic alliances signed with industrial players.

Engineering & Construction

Performance improvement and reinforcement of financial structure

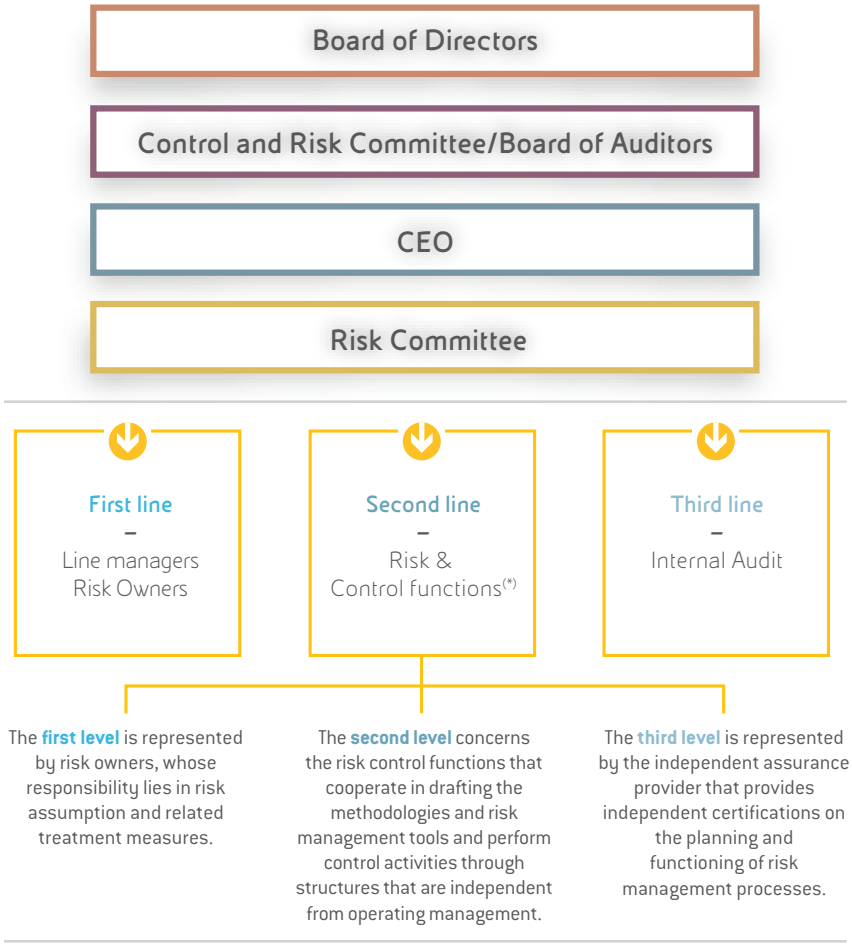
- optimization of working capital and capital expenditure;
- capital discipline;
- completion of legacy projects with low profitability;
- focus on projects in which the Company can leverage on its competitive edge;
- strengthening of the EPC model.

risk management

Eni has developed and adopted a model for Integrated Risk Management (IRM) that targets to achieve an organic and comprehensive view of the Company main risks[1] , greater consistency among internally-developed methodologies and tools to manage risks and a strengthening of the organization awareness, at any level, that suitable risk evaluation and mitigation may influence the delivery of Corporate targets and value.

Integrated Risk Management Model

The IRM has been defined and updated consistently with international principles and best practices. It is an integral part of the Internal Control and Risk Management System (see page 31) and is structured on three control levels.



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

(*) Including Integrated Risk Management function.

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

Integrated risk management process

The IRM model is implemented through a process of integrated management which is both continuous and dynamic and leverages on the risk management systems already adopted by each business unit and corporate processes, promoting harmonization with methodologies and specific tools of the IRM model.
The commencement of the risk assessment process includes the definition of its scope, basing on the guidelines defined by the Board of Directors, i.e. the identification of the processes and the organizational functions/units/management of Eni and its subsidiaries to be involved in the IRM process, which might significantly impact the achievement of corporate objectives.
In 2014, two assessment session were performed: the yearly risk assessment performed in the first half of the year involving 35 subsidiaries and the interim top risk assessment performed in the second half of the year, relating to the update and in-depth identification, evaluation and treatment of top risks. Based on the major risks identified through the above mentioned assessments, the strategic guidelines and treatment measures for their mitigation/management were identified and submitted to the management, consistently with the evolution of internal/external context and Eni's strategy.
In addition, the monitoring assessment of Eni's top risks was made operative. The monitoring of such risks and the relevant treatment plans through appropriate indicators (Key Risk Indicator, Key Control Indicator, Key Performance Indicator) allow to analyze the evolution of major risks, the progress in implementation of further treatment measures decided by the management, identify possible improvement areas in the management of major risks and to timely identify potential new risks. The monitoring results were submitted to the management and control bodies in July and October 2014.
The following table represents Eni's main risks in relation to corporate targets. In addition, it is worth noting that the significant fall of oil prices occurred in the last months and the consequent new Brent scenario constitute a considerable impact on the economic and financial profile of oil&gas sector. For further details on these risks, as well as minors uncertainty factors, see the section "Risk factors and uncertainties."

Targets, risks and treatment measures

Company targets	Risk category	Main risk events	Rif. Risk factors and uncertainties section	Treatment measures
Company profitability	Country risk	Political and social instability in the Countries of operations may lead to acts of violence, sabotage and attacks, with consequent production interruptions and losses as well as interruptions in gas supplies via pipe.	Pages 86-89	Implementation of the security management system with the analysis of the preventive measures specific for site, keeping efficient and long-lasting relationships with producing Countries and local stakeholders even through sustainable development projects; plans of security emergencies management and prevention.
Company profitability	Strategic risk	Poor contractors (and subcontractors) performance, in particular in large EPC projects, may impact projects profitability.	Pages 83-84	A phase-based approach to projects, specific contractual strategies (long-term commitment, incentives/penalties clauses), direct management of contractor works, subjected to continuing and active monitoring as well as direct control of interfaces between contractors; technical, specialized and managerial support to HQ already in the initial phase of technical and contractual problems insurgency. Introduction of probabilistic approach in the definition of the project plan and the implementation of the appropriate mitigation plan.
Company profitability	Strategic risk	Complex finalization of oil and commercial negotiations as well as negotiations related to assets trade, due to institutional and regulatory changes in the Countries of operations and in the market scenarios.	Page 86	Monitoring of external trends and uncertainties that might affect the outcome of commercial negotiations (elections, economic crisis, developments in the political framework, etc.) Maintaining stable relationship with state-owned and local partners, benchmarking with contractual clauses obtained in other projects and contexts.
Company profitability	Strategic risk	Failure in renegotiation of long-term gas supply contracts and failure in recovery of logistic costs due to oversupply and pressure on selling prices.	Page 90	Evaluation of the option to recur to international arbitration proceedings in case of unsuccessful renegotiations; evaluation and implementation of the initiatives to obtain adjustment and optimization of the costs of gas logistics.
Company profitability	Strategic risk	Failure in reduction of downstream capacity (refining/petrochemical) due to oversupply and competitive pressure of the cheaper products.	Pages 79-81	Multi-stakeholder approach to the reconversion of critical sites or feasible industrial answers (green refinery, green chemicals, disposals, etc.)
Company profitability	Financial risk	Commercial credit risk and default of the partner countries.	Page 86	Internal structures and rules dedicated to credit risks, specific initiatives/projects for the management of most critical situations. Monitoring of partner countries exposed to the falling oil prices. Contractual clauses in joint ventures to hedge from non-defaulting party. Revisiting of all process phases dedicated to credit management, from preventive evaluation of clients' ability to the management of solicits till the recovery of masses inherited in litigation. Reduction of "time to bill" and recourse to the factoring operations.

Company targets	Risk category	Main risk events	Rif. Risk factors and uncertainties section	Treatment measures
Company profitability	Operating risks and related HSE risks	Blow-out risks and other relevant accidents at extractive infrastructures, refineries and petrochemical plants, in the transportation of hydrocarbons by sea and land (i.e. fires/explosions, etc.) may affect results, cash flow, reputation and strategies.	Pages 81-82	"Real time monitoring" of wells drilling phases, increase of operatorship, specific technological development and emergency management plans. Security management system, certifications achievement, implementation of an internal regulation on HSEQ issues; periodic plants audits. Continuing management and monitoring of shipping and third parties operations.
Company profitability	Operating risks and related HSE risks	Environmental and health proceedings as well as evolution in the HSE legislation may trigger contingent liabilities, higher operating costs and extra costs relating to remediation activities.	Pages 91-93	Control on the authorization process of remediation projects by continuing dialog with Public Administration involved in remediation activities. Monitoring of activity effectiveness and development of technologies for environmental remediation. Existence of an Integrated System of HSE Management, alignment of the company regulation to new legislation, training and technical audit performed by HSE units.
Company profitability	Evolution in the legislation	Regulatory risk of the Oil&Gas sector.	Pages 90-91	Continuous monitoring of the evolution of the legislation and commitment with relevant authorities, evaluation of the option to recur to legal proceedings against new legislation/regulation introduced by relevant authorities.
Safety of employees and asset integrity	Strategic risk	The impact of climate change and associated economic and financial implications such as restrictions or hindrances to operations in specific geographic areas, increase of operating costs, higher Capex costs and costs of insurance, higher cost of compliance, reduction of demand for gas and refined products.	Pages 81-82	Units and methodologies dedicated to emerging risks evaluation, participation in the international context dedicated to the implementation of best practice of the oil&gas sector and participation in international initiatives (Oil&Gas Climate Initiative, Climate and Clean Air Coalition, O&G Methane Partnership, World Bank Global Gas Flaring Reduction).
Local development and stakeholder relationship	Strategic risk	Negative perception by a number of local and international stakeholders of the Oil&Gas industry activities.	Pages 81-85	Involvement and transparency towards stakeholders, both on national and international level in implementing business activity and local development projects. Development of sustainability initiatives and the model of stakeholder management.
Corporate Reputation	Strategic risk	An erosion of Company's reputation due to the failure – real or perceived – to comply with laws and regulations. In particular, the violation of anti-corruption law by our management, employees or contractors may have an adverse effect on profitability, strategies and stakeholder returns.	Page 93	Continuing training for compliance/anti-corruption, the control on the adequacy of the design and correct application of the model 231 (ODV), continues update of the internal procedures (Ethical Code, MSG, etc.), process of analysis and notices treatment, audit activity, continuing control on the management of legal proceedings performed by dedicated organizational structures.

governance

Integrity and transparency are the principles that have inspired Eni in designing its corporate governance system[1], a key pillar of the Company's business model. The governance system, flanking our business strategy, is intended to support the relationship of trust between Eni and its stakeholders and to help achieve our business goals, creating sustainable value for the long term. Eni is committed to building a corporate governance system founded on excellence in our open dialogue with the market and all our stakeholders.

Ongoing, transparent communication with stakeholders is an essential tool for understanding their needs. It is part of our efforts to ensure the effective exercise of shareholder rights. With this in mind, between 2013 and 2014, Eni's Chairman held a cycle of meetings with institutional investors and leading proxy advisors in Europe and the United States to foster a comprehensive understanding of the Company's governance system, including in relation to the various regulatory systems.

In its corporate and governance decisions, such as the adoption of the recommendations of the Corporate Governance Code of Italian listed companies, the Eni Board of Directors ensures the transparency of its actions, which must be explained and documented in a timely manner to enable easy comprehension and evaluation.

The Eni corporate governance structure

Eni's Corporate Governance structure is based on the traditional Italian model, which – without prejudice to the role of the Shareholders' Meeting – assigns the management of the Company to the Board of Directors, supervisory functions to the Board of Statutory Auditors and statutory auditing to the Audit Firm.

Eni's Board of Directors and Board of Statutory Auditors, and their respective Chairmen, are elected by the Shareholders' Meeting using a slate voting mechanism. Three directors and two statutory auditors, including the Chairman of the Board of Statutory Auditors, are elected by non-controlling shareholders, thereby giving minority shareholders a larger number of representatives than that provided for under law. The number of independent directors provided for in the Eni By-laws is also greater than the number required by law.

In May 2014, the end of the terms of the corporate boards led to a major renewal of the Board of Directors and the Board of Statutory Auditors. In deciding the composition of the Board of Directors, the Shareholders' Meeting was able to take account of the guidance provided to investors by the previous Board with regard to diversity, professionalism, management experience and international representation. The outcome was a balanced and diversified Board of Directors, one that also exceeds statutory mandates on gender diversity.

Following the election, the number of independent directors on the Board of Directors (7[2] of the 9 serving directors, of whom 8 are non-executive directors) was still greater than the number provided for in the By-laws and in the Corporate Governance Code, and exceeded the average for Italian listed companies.

The Board of Directors appointed a Chief Executive Officer and established four internal committees with advisory and recommendation functions: the Control and Risk Committee[3], the Compensation Committee[4], the Nomination Committee and, from May 9, 2014, the

(1) For more detailed information on the Eni corporate governance system, please see the Report on corporate governance and ownership structure, which is published on the Company's website in the Governance section.

(2) Independence as defined by applicable law, to which the Eni By-laws refer. Under the Corporate Governance Code, 6 of the 9 serving directors are independent.

(3) As regards the composition of the Control and Risk Committee, Eni requires that at least two members shall have appropriate experience with accounting, financial or risk management issues, exceeding the requirements of the Corporate Governance Code, which recommends only one such member.

(4) The rules of the Compensation Committee require that at least one member shall have adequate expertise and experience in finance or compensation policies. These qualifications are assessed by the Board of Directors at the time of appointment.

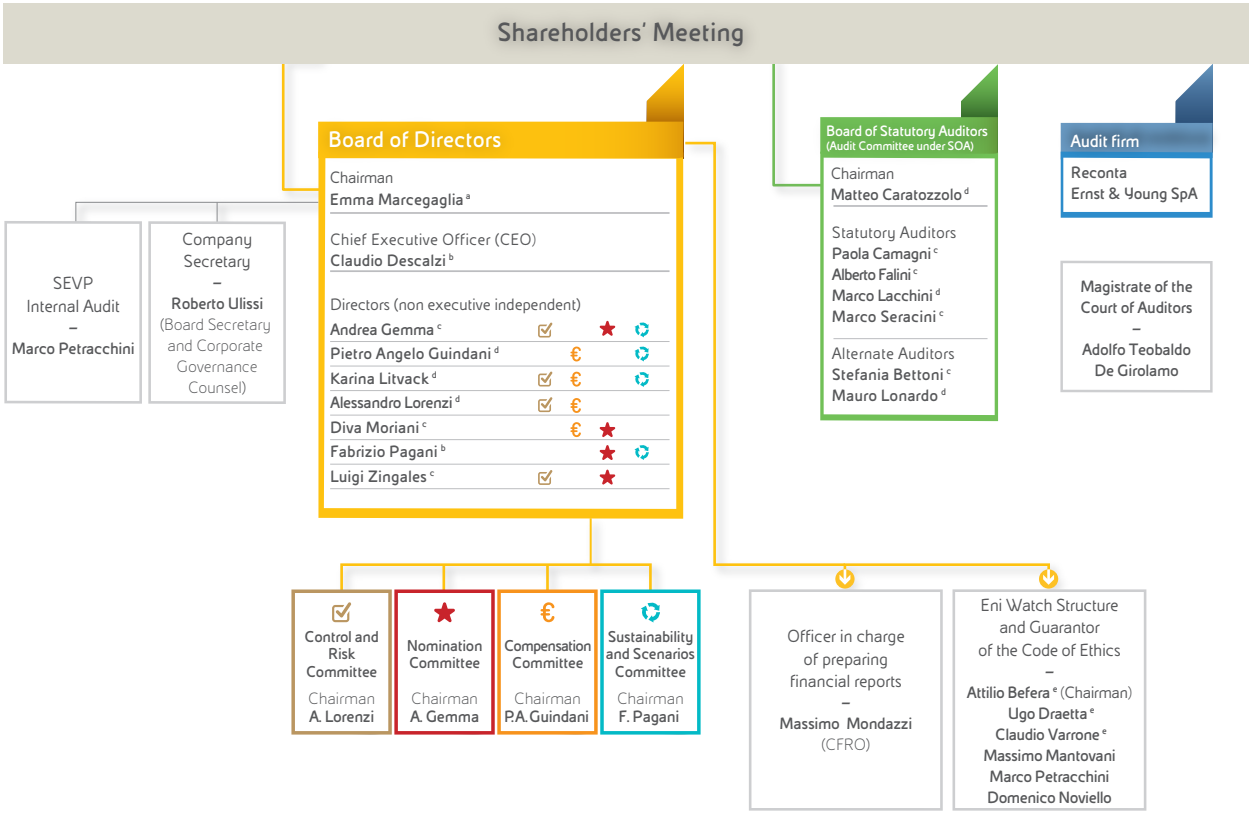
Sustainability and Scenarios Committee, which replaced the Oil-Gas Energy Committee. All the committees report on the main issues they address at each meeting of the Board of Directors. More specifically, the Board of Directors created the Sustainability and Scenarios Committee to strengthen the attention devoted to sustainability issues.

The Board of Directors has also given the Chairman a major role in internal controls, with specific regard to the Internal Audit unit. The Chairman proposes the appointment and remuneration of its head and the resources available to it, and also directly manages relations with the unit on behalf of the Board of Directors (without prejudice to the unit's functional reporting to the Control and Risk Committee and the Chief Executive Officer, as the director responsible for the internal control and risk management system).

Finally, the Board of Directors, acting on a recommendation of the Chairman, appointed a Secretary, who was also designated the Corporate Governance Counsel, charged with providing assistance and advice to the Board of Directors and the directors, reporting annually to the Board of Directors on the functioning of Eni's corporate governance system. In view of this role, the Secretary must meet appropriate independence requirements and reports to the Board of Directors itself and, on its behalf, to the Chairman.

Until May 8, 2014 the members of the (i) Board of Directors were: Giuseppe Recchi (Chairman), Paolo Scaroni (Chief Executive Officer), Carlo Cesare Gatto, Alessandro Lorenzi, Paolo Marchioni, Roberto Petri, Alessandro Profumo, Mario Resca and Francesco Taranto; the members of the (ii) Board of Statutory Auditors were: Ugo Marinelli (Chairman), Francesco Bilotti (who replaced Roberto Ferranti on September 5, 2013), Paolo Fumagalli, Renato Righetti and Giorgio Silva.

The following chart summarises the Company's corporate governance arrangements at December 31, 2014:



a - Member appointed by the majority list, non executive and independent pursuant to law.
b - Member appointed by the majority list.
c - Member appointed by the majority list, and independent pursuant to law and Corporate Governance Code.
d - Member appointed by the minority list, and independent pursuant to law and Corporate Governance Code.
e - External members.

Decision making

The Board of Directors entrusts the management of the Company to the Chief Executive Officer, while retaining key strategic, operational and organizational powers for itself, especially as regards governance, sustainability[5], internal control and risk management. Among the Board of Directors' most important duties is the appointment of people to key management and control positions in the Company, such as the officer responsible for preparing financial reporting documents, the head of Internal Audit, the members of the Watch Structure and the Guarantor of the Eni Code of Ethics. In performing these duties, the Board of Directors may draw on the support of the Nomination Committee.
In order for the Board of Directors to perform its duties as effectively as possible, the directors must be in a position to assess the decisions they are called upon to make, possessing appropriate expertise and information. The current members of the Board of Directors, who have a diversified range of skills and experience, including on the international stage, are well qualified to conduct comprehensive assessments of the variety of issues they face from multiple perspectives. The directors also receive timely, complete briefings on the issues on the agenda of the meetings of the Board of Directors. To ensure this operates smoothly, Board meetings are governed by specific procedures that establish deadlines for providing members with documentation, and the Chairman ensures that each director can contribute effectively to Board discussions.
On an annual basis, the Board of Directors, with the support of an external advisor and the oversight of the Nomination Committee, conducts a self-assessment (the Board Review), for which benchmarking against national and international best practices is an essential element. Following the Board Review, the Board of Directors develops an action plan, if necessary, to improve the operation of the Board and its committees.
For a number of years now, Eni has supported the Board of Directors and the Board of Statutory Auditors with an induction programme[6], which involves the presentation of the activities and organization of Eni by top management. The Board of Directors has chosen to focus greater attention on a number of strategic risk and crisis management issues in view of the international environment in which the Company operates. The Board of Directors has also decided to participate in the pilot phase of the "UN Global Compact LEAD Board Programme"[7], which is dedicated to training directors in sustainability issues, having played an active role in developing the programme itself. With the support of an international facilitator who is an expert in sustainability, integrated reporting and management, the Board of Directors devoted an initial session to "The Materiality of Sustainability", in order to enhance awareness of the importance of sustainability for an enterprises' strategy and business[8].

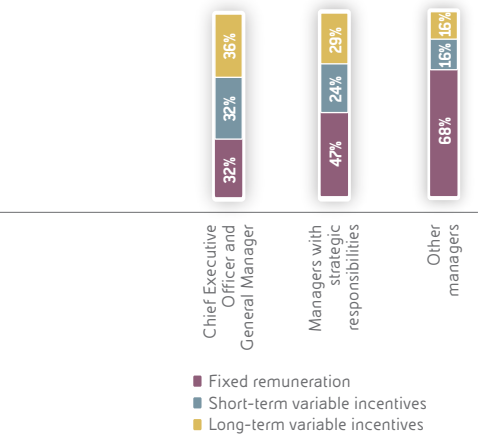
(5) More specifically, the Board of Directors has reserved for itself decisions concerning the establishment of sustainability policies, the results of which are reported together with financial results in an integrated manner in the Annual Report, as well as the examination and approval of reports covering areas not included in the integrated reporting framework.

(6) In continuity with previous initiatives, in 2014 induction efforts continued with the boards of the subsidiaries, focusing on companies headquartered in the United Kingdom, France and the Netherlands.

(7) Eni is a member of the Lead Group Global Compact UN.

(8) The key themes of the session were: What sustainability is; The business imperatives for sustainability; Strategic focus on sustainability initiatives; Sustainability in strategy and business model.

Pay-mix



Remuneration policy

Eni's remuneration policy for its Directors and top management is established in accordance with the recommendations of the Corporate Governance Code and best practices in the field. The Policy seeks to retain with high-level professionals and skilled managers and to align the interests of management with the priority objective of creating value for shareholders over the medium/long-term.
For this purpose, the remuneration of Eni's top management is established on the basis of the position and the responsibilities assigned, with due consideration given to market benchmarks for similar positions in companies similar to Eni in dimension and complexity. Remuneration is composed of a balanced mix of fixed and variable elements.

Under Eni remuneration policy, considerable importance is given to the variable component, which is linked to the achievement of preset performance and financial targets, business development and operational objectives, also considering the long-term sustainability of the results, in line with the Company's Strategic Plan.
The variable remuneration of Eni's executive officers having a greater influence on the business performance is characterized by a significant percentage of long-term incentive components, to be paid at the end of a three-year vesting period to reflect the long-term nature of the business.
With regard to sustainability issues, the CEO objectives set for the year 2015, are focused on environmental matters (such as GHG emissions) as well as on human capital aspects, such as injury frequency rates.
The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the base of the role and the responsibilities assigned also in terms of health and safety, environmental protection, relations with stakeholders. The remuneration policy is described in the first section of the "Remuneration Report", available on the Company's website (www.eni.com) and is presented, on an annual basis, for an advisory vote at the Shareholders Meeting[9].

The internal control and risk management system

Eni has adopted an integrated and comprehensive internal control and risk management system based on reporting tools and flows that, involving all Eni personnel, reach all the way up to the Company's top management. The members of the Board, as well as the members of the other corporate bodies and all Eni personnel, are required to comply with Eni's Code of Ethics (as part of the Company's Model 231), which sets out the rules of conduct for the fair and proper management of the Company's business. Eni adopted a regulatory instrument for the integrated governance of the internal control and risk management system, the guidelines of which, approved by the Board, set out the duties, responsibilities and procedures for coordinating between the primary system actors.
An integral part of the Eni internal control system is the internal control system for financial reporting, the objective of which is to provide reasonable certainty of the reliability of financial reporting and the ability of the financial report preparation process to generate such reporting in compliance with generally accepted international accounting standards.
Eni's CEO and Chief Financial and Risk Management Officer (CFRO) are responsible for planning, establishing and maintaining the internal control system for financial reporting.
The CFRO also serves as the officer in charge of preparing financial reports, who must satisfy specific professional requirements set out in the Eni By-laws.

(9) More specifically, Eni confirmed the high level of votes in favour registered in 2014, as well as in 2013, in the field of its remuneration policy. In fact, 96.2% of the share capital represented at the meeting voted in favour (broadly unchanged from 2013).