ENI SPA
Form 6-K
May 03, 2016

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of April 2016

Eni S.p.A.
(Exact name of Registrant as specified in its charter)

Piazzale Enrico Mattei 1 - 00144 Rome, Italy
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F x Form 40-F o

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2b under the Securities Exchange Act of 1934.)

Yes o No x

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): ______)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorised.

Eni S.p.A.

Name: Antonio Cristodoro
Title: Head of Corporate Secretary's Staff Office

Date: April 30, 2016

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Published on April 7, 2016

ENI S.P.A.

ORDINARY SHAREHOLDERS' MEETING ON MAY 12, 2016
ON SINGLE CALL

REPORT OF THE BOARD OF DIRECTORS
ON THE ITEMS OF THE AGENDA

The Italian text prevails over the English translation.

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ENI S.P.A.

ORDINARY SHAREHOLDERS MEETING ON MAY 12, 2016
ON SINGLE CALL

REPORT OF THE BOARD OF DIRECTORS
ON THE ITEMS OF THE AGENDA

ITEM 1
ENI S.P.A. FINANCIAL STATEMENTS AT DECEMBER 31, 2015
RELATED RESOLUTIONS.

ENI CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2015

REPORTS OF THE DIRECTORS, OF THE BOARD OF STATUTORY AUDITORS AND OF THE AUDIT FIRM

Dear Shareholders,
The document "Annual Report at December 31, 2015" of Eni SpA, which will be available at the Company s registered office as required by law, on the Company s website, at Borsa Italiana SpA (the Italian Stock Exchange) and at the centralized storage device authorised by Consob called "1Info" which can be consulted on the website www.1info.it, includes the draft of the financial statements of Eni SpA and the consolidated financial statements, along with the Directors report on operations and the declaration pursuant to Article 154-*bis*, paragraph 5 of Legislative Decree No. 58 of February 24, 1998 (Consolidated Law on Finance, hereinafter "T.U.F."). The Reports of the Audit Firm and of the Board of Statutory Auditors will be available to the public together with the Annual Report.
Reference is therefore made to these documents.

Dear Shareholders,
You are invited to resolve as follows:
"*The Ordinary Shareholders Meeting*

resolves

to approve the financial statements at December 31, 2015 of Eni SpA which report a net profit amounting to 1,918,250,170.12 euro."

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ITEM 2
ALLOCATION OF NET PROFIT

Dear Shareholders,
in regard to the results achieved, you are invited to resolve as follows:

"The Ordinary Shareholders Meeting

resolves

to allocate the net profit for the period of 1,918,250,170.12 euro, of which 477,794,116.92 euro remains following the distribution of the 2015 interim dividend of 0.4 euro per share, resolved by the Board of Directors on September 17, 2015, as follows:

- *the amount of 66,263,004.18 euro to the reserve required by Article 6, paragraph 1, letter a) of Legislative Decree No. 38 of February 28, 2005;*
- *to Shareholders in the form of a dividend of 0.4 euro per share owned and outstanding at the ex-dividend date, excluding treasury shares on that date, and completing payment of the interim dividend for the financial year 2015 of 0.4 euro per share to the extent of remaining net profit and drawing on the available reserve where necessary. The total dividend per share for financial year 2015 therefore amounts to 0.8 euro per share;*
- *the payment of the balance of the 2015 dividend in the amount of 0.4 euro, payable on May 25, 2016, with an ex-dividend date of May 23, 2016 and a record date of May 24, 2016."*

ITEM 3
APPOINTMENT OF A DIRECTOR PURSUANT TO ARTICLE 2386 OF THE ITALIAN CIVIL CODE

Dear Shareholders,
On July 2, 2015, Luigi Zingales, elected from the list of the Ministry of the Economy and Finance and voted by a majority of the shareholders that participated in the Shareholders Meeting of May 8, 2014, submitted his resignation as Director.
Pursuant to Article 2386, first paragraph, of the Italian Civil Code and Article 17.5 of the By-laws of Eni SpA, on July 29, 2015, the Board of Directors, following prior assessment by the Nomination Committee and with a resolution approved by the Board of Statutory Auditors, co-opted Alessandro Profumo as Director replacing Luigi Zingales. In accordance with Article 2386, first paragraph, of the Italian Civil Code, the term of Alessandro Profumo as a non-executive and independent Director terminates as of the date of this Shareholders Meeting.
It is therefore necessary to appoint a Director, who will remain in office for the duration of the term of the current Board of Directors, namely until the date of the Shareholders Meeting that will approve the financial statements at December 31, 2016. In these circumstances, the slate voting procedure does not apply, as it is only used to elect the entire Board of Directors in accordance with Article 17.3 of the By-laws of Eni SpA.
Accordingly the resolution appointing the Director shall be approved with the majority required by law.

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Without prejudice to the right to present nominations for the position of Director directly at the Shareholders Meeting, shareholders are asked to notify the Company and the public with appropriate advance notice of any proposed nominations that they intend to submit to the Shareholders Meeting. Shareholders may only submit nominations if they are accompanied by complete information on the personal and professional characteristics of the candidates, the statements of the candidates accepting the nomination and affirming, under their personal responsibility, the absence of any grounds making them ineligible or incompatible for such position and that they satisfy the requirements for the position established by applicable law and the By-laws (including the satisfaction of any independence requirements established by the By-laws and their qualification as "independent" under Article 3 of the Corporate Governance Code for listed companies, which Eni has adopted) as well as the list of any administration and control positions they may hold in other companies. In this regard, you are invited to take due account of the policy on the maximum number of offices Directors may hold in other companies approved by the Company s Board of Directors in accordance with Article 1.C.3 of the Corporate Governance Code and published on the Company s website.

In view of the work of Mr. Profumo in these past few months, his former experience on the Board of Directors of the Company and his professional standing and international experience, the Board recommends re-electing Alessandro Profumo as a Director of this Company. Complete information on the personal and professional characteristics of the Director and on other positions he has held is available on the Company s website. In addition, the Board of Directors, most recently at its meeting of February 25, 2016, has ascertained that Alessandro Profumo meets the integrity requirements, that there are no grounds making him ineligible or incompatible for the office and that he meets the independence requirements established by law, as referred to the By-laws of the Company, as well as those recommended by the Corporate Governance Code.

Dear Shareholders,
We invite you to nominate and elect a new Director in accordance with Article 17 of the By-laws, who will remain in office for the duration of the term of the current Board of Directors and, therefore, until the date of the Shareholders Meeting that will approve the financial statements at December 31, 2016.

ITEM 4
REMUNERATION REPORT (SECTION I): POLICY ON REMUNERATION

Dear Shareholders,
The Remuneration Report has been prepared on the basis of Article 123-*ter* of the T.U.F. and of Article 84-*quater* of the Issuers Regulation.
Pursuant to Article 123-*ter*, paragraph 6, of the T.U.F., the Shareholders Meeting shall resolve in favor or against the first section of the Remuneration Report regarding the Company's policy on the remuneration of Board Directors and others managers with strategic responsibilities and the procedures used to adopt and implement this policy. The resolution is not binding.

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Please refer to the Remuneration Report approved by the Board of Directors, which will be published accordance with the time limits and procedures required by law, as well on the Company s website (www.eni.com).

Dear Shareholders,
You are invited to resolve as follows:

"*The Ordinary Shareholders Meeting*

resolves

in favor of the first section of the Remuneration Report regarding the Company's policy on the remuneration of Board Directors and other managers with strategic responsibilities and the procedures used to adopt and implement this policy".

The Chairman of the Board of Directors
EMMA MARCEGAGLIA

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Eni s 2015 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, 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;

Integrated Annual Report

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 12, 2016. The extract of the notice convening the meeting was published on "Il Sole 24 Ore" and the "Financial Times" of April 7, 2016.

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In 2015, the transformation of Eni which management started in 2014 anticipating a prolonged downturn in crude oil prices, has achieved outstanding results by growing the core oil&gas business, restructuring the industrial setup in other businesses and by improving organizational efficiency.

Among the achieved results, the Saipem transaction was finalized on February 26, 2016. In addition to the deconsolidation of Eni s interest, the reimbursement of intercompany loans has freed important financial sources to be reinvested in the development of the considerable mineral resources recently discovered, while maintaining a strong capital structure.

Exploration has been once again a driver of value creation. Significant discoveries have been made in Indonesia, Congo, Gabon and, above all, in the deep Egyptian offshore with the super giant Zohr gas field. The asset with a potential of up to 30 trillion cubic feet of gas in place represents the largest ever discovery of the Mediterranean Sea. All the discoveries will be developed with competitive time-to-market; in particular Zohr is expected to come on stream by the end of 2017. In 2015, the total additions to the Company s reserve backlog amounted to 1.4 billion of boe, at a unit cost of less than one dollar per barrel.

2015 production averaged 1.76 million of barrel per day, representing an increase of 10% that was the highest rate of growth since 2001. Production was started-up at 10 major fields, among which West Hub in Block 15/06 in Angola and the super giant gas field Perla in Venezuela. These results leveraged on our growth model which envisages, when applicable: i) a phased approach so as to mitigate geological risks and reduce financial exposure; ii) modular and standard solutions which ensure cheaper and quicker availability; and iii) direct supervision of Eni personnel on crucial activities of construction and commissioning. Consistently with this model, our resources will be even more concentrated on operated projects, preserving our leadership position in project management.

The production replacement rate was 148% thanks to additions from ongoing development projects. New reserves additions were particularly significant in Venezuela, Congo, Ghana and Egypt. At the end of 2015, the Company s proved hydrocarbon reserves amounted to about 7 billion barrels, all conventional, with a life index of 11 years.

In the Refining & Marketing business (R&M), we started a number of initiatives to restructure the industrial setup: the green refinery project at the Venice plant is currently in an advanced phase, while it has started at the Gela site. Widespread actions progressed to upgrade plants and improve energy efficiency and yields at plants with traditional feedstock. These initiatives, along with an improved scenario and steady marketing performance, allowed the segment to achieve positive adjusted operating profit and free cash flow earlier than forecasted.

The Gas & Power (G&P) reported an adjusted operating profit almost at break-even while cash generation was excellent due to almost full recovery of take-or-pay volumes.

These goals were achieved taking into consideration the importance of environmental risk management as well as health and safety of our employees and all those who work at the Company s industrial sites.

4

In terms of safety and carbon footprint we achieved outstanding results in the year, leveraging on our operating model of excellence standard, strict control of industrial processes and sustainability of our value chain.

In safety we have been the best performer in the industry for the last three years. In 2014, total recordable injury rate was 0.7, 43% lower than the peer average of 1.24. In 2015, we further reduced this rate by 37% to 0.45, confirming our commitment to improving our safety performance, targeting a zero level of injuries every year.

In the 2010-2014 period, we reduced greenhouse gas emissions by 27%, from 59 to 43 million tons, thus reaching a level of unitary emission of 0.2 CO_2 per ton of oil equivalent produced. For the future, we plan to further improve these levels, targeting a 43% reduction of emissions by 2025.

These results were made and will be possible thanks to our action plan, able to reconcile short and long-term targets.

This plan is mainly based on: i) focus of our portfolio on conventional projects, featured by lower emission level; ii) increasing exposure to natural gas; iii) flaring down and energy efficiency projects; iv) the green reconversion of part of the downstream business capacity to produce renewable fuels. Furthermore, this year we set up the Energy Solutions business unit with growth opportunities in the business of renewable energies. In addition, we started to consider in our investment decisions a figurative additional cost of emissions equal to $40 per ton, so as to enhance energy efficiency among the requisites of projects profitability.

Finally, neither blow-outs nor well accidents have occurred in the last twelve years.

Leveraging on this strategy Eni achieved robust financial results in 2015[1].

First of all, cash flow from operations. Cash generation of euro 12.2 billion, only 15% down from last year, while Brent price has fallen by approximately 50%. This result placed Eni among the

the purpose of identifying and implementing

(1) The results described below exclude Saipem and Versalis contributions which are in the disposal phase.

best players in the oil&gas industry. This result was mainly achieved due to the performance of the E&P segment which, with about euro 9 billion, was confirmed to be the main driver of cash generation. Working capital optimization initiatives in all businesses have also underpinned this result. Capital expenditures decreased by 17% compared to last year, at homogeneous exchange rates, and were funded at 100% with operating cash flow, reducing our target Brent price for organic capex coverage to 50 $/bl from 63 $/bl initially foreseen. Dividend cash-out was euro 3.46 billion. The pro-forma effects of Saipem transaction at December 31, 2015 reduced net debt by euro 4.8 billion and yielded reduction in leverage to 0.22, compared to 0.31 as of the reporting date.

Adjusted operating profit of euro 4.1 billion was negatively affected by the commodity scenario, down by about euro 9 billion, partially offset by euro 2 billion gains from production growth as well as efficiency and optimization initiatives. Adjusted net profit was positive at euro 0.3 billion.

Looking ahead, we expect that market imbalances due to the prolonged oversupply and uncertainty on world energy demand will generate a slower recovery in Brent prices. Therefore, we revised downward the Brent scenario in the long-term to 65 $/bl, compared to 90 $/bl of the previous plan.

Thus, the strategy was defined taking into account three different time horizons: i) in the short term, financial solidity will be pursued by means of cash flow maximization, leveraging on further efficiency gains and the acceleration of renegotiations of contracts for oilfield services and assets; ii) in the medium term, the focus will be on capex to develop material resources in the Company s portfolio, characterized by a low break even, so as to guarantee reserves replacement and production growth; iii) in the long-term, we plan to lay foundations for the company in order to get ready for the low-carbon energy era.

development projects and the renegotiation of supply contracts in the upstream segment.

While lowering capital expenditure in the E&P business, we confirm an average annual growth rate of hydrocarbon production higher than 3% for the next four years, thanks to the contribution of several start-ups in addition to the ramp-up of fields started-up in 2015. Start-ups and ramp-ups will add more than 800 kboe/d by 2019. Among the main projects, it is worth mentioning Zohr in Egypt, whose final investment decision was taken at the beginning of 2016, Jangkrik in Indonesia, with the related gas contracts signed in 2015, the East Hub project in the Block 15/06 in Angola, while the West Hub project is in the ramp-up phase. Furthermore, final investment decision for the OCTP project in Ghana was taken in 2015. Among the start-ups of 2016, it is worth mentioning Goliat in Norway started up in March, as well as the re-start of Kashagan, expected in the fourth quarter. Production profitability will be underpinned by lower operating costs and, in some cases, by the revision of petroleum contracts.

The exploration activity will continue to be focused on near-field high-value projects with accelerated returns, in addition to better delineation of recent discoveries. We target to discover 1.6 billion boe of new resources at a unit cost of $2.3 per barrel in the 2016-2019 period.

In Mozambique, the final investment decision for the Coral development is expected to be taken by the end of 2016, having already obtained government authorization for the development plan and finalized the main terms of the sale of entire gas production.

In the Gas & Power segment, the priority is to consolidate the profitability on the back of an unfavorable scenario featured by weak demand recovery, competitive pressure and institutional uncertainties which hold back the re-launch of the role of gas in the European energy mix. The main drivers

In the 2016-2019 period, we estimated an investment plan of euro 37 billion (net of capex associated with the disposal program), that will be directed for 90% to the upstream, down by 21% compared to the previous plan at constant exchange rates. In spite of the expenditures to develop the new giant project of Zohr, the reduction of total capex will be achieved through the rescheduling/reconfiguration of a number of

will be the renegotiation of long-term contracts to align supply costs to the market conditions, rationalization of logistics, the focus on segments with high added value (such as LNG and retail markets) and, in the long-term, the synergies which will be achieved by the better valorization of gas reserves in the upstream segment thanks to competences in trading activities. Such actions make us foresee an operating profit structurally positive starting from 2017.

In the Refining & Marketing segment, we expect a gradual worsening of the refining margins, in light of structural weakness of the European refining system due to overcapacity and competitive pressure. The defined actions are aimed to face these expectations, further reducing the break-even margin by upgrading refinery conversion plant, optimization and logistics rationalization as well as by refocusing our portfolio on green fuels. In Marketing activity, profitability will be underpinned by supply differentiation, service quality and innovation, in addition to reduced cost per liter of fuel. Taking into accounts all these drivers, Eni management envisages positive results and cash generation in the next four-year period.

The industrial actions defined in the plan will allow us to preserve cash generation and to grow selectively, creating value for our shareholders. The implementation of a euro 7 billion disposal program to be carried out in the early years of the plan will provide additional financial resources to support healthy financial ratios across the lows of the cycle. Such disposals will mainly relate to the dilution of our substantial interests in exploration assets, where sizable exploration success was recently achieved (Eni s strategy of "dual exploration model").

Efficiency improvements, contract renegotiations and further flexibility provided by our oil&gas assets portfolio will allow us to lower our threshold for Brent break-even price.

For the year 2016, cash neutrality is expected to be reached at around 50 $/bl, including disposals, vs. the previous guidance of approximately 60 $/bl, while for the year 2017 the price of cash neutrality, excluding disposals, has been reduced to 60 $/bl compared to the previous guidance of <75 $/bl.

We are aware of reach and complexity of the future challenges which will require full engagement, Group identity and commitment of Eni s women and men so as to enable the Company to continue progressing in value creation.

At the same time, we are confident that thanks to the transformation process implemented by our management, nowadays Eni can leverage on an excellent competitive positioning, further strengthened by our recent exploration successes, a robust pipeline of projects and a solid financial structure to withstand the downturn from a strong base.

We believe that the actions defined in the 2016-2019 strategic plan are able to combine the necessity for efficiency, spending selection and financial discipline with those of the profitable and sustainable growth in core oil&gas business, creating the fundamentals for a robust recovery of profitability even in a very difficult environment like the current one.

In light of the achieved results and Company s outlook, we intend to propose to the Annual Shareholders Meeting a dividend of euro 0.8 per share, of which euro 0.4 per share paid as interim dividend in September 2015.

March 17, 2016

In representation of the Board of Directors

Emma Marcegaglia	**Claudio Descalzi**
Chairman	*Chief Executive Officer and General Manager*

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Robust cash flow

–

12.19 bln euro

in a Brent price scenario of 53 $/bl

Cost optimization

–

Capex **-17%**

Upstream opex **-13%**

G&A **-0.6 bln euro**

Overview > In 2015, on the back of a weak Brent price scenario, Eni achieved remarkable results leveraging on its refocused portfolio, profitable growth in the upstream segment and cost efficiency programs.

Adjusted results from continuing operations on a standalone basis[1] **>** Adjusted operating profit was euro 4.1 billion, down by 64% (or by euro 7.34 billion) primarily reflecting the lower contribution from the upstream segment (down by euro 7.44 billion, or by 64%), due to falling commodity prices, with an impact of euro 8.8 billion net of currency differences, partially offset by production growth and efficiency gains of euro 2.2 billion while lower one-time effects associated with gas contract renegotiations negatively affected operating profit by euro 0.7 billion. Adjusted net profit was euro 0.33 billion, worsening by euro 3.52 billion from 2014 (down by 91%) due to a decline in operating profit and a higher tax rate driven by the impact of the scenario.

Cost optimization > Efficiency programs, rationalization and rephasing of costs exceeded our expectations with capex reduced by 17% (vs. an initial guidance of 14%), opex per boe reduced by 13% (vs. an initial guidance of 7%) and G&A down by euro 0.6 billion (vs. an initial guidance of euro 0.5 billion).

Mid-downstream business consolidation > The R&M business achieved positive adjusted operating profit and free cash flow earlier than forecasted in our strategic plan. The G&P segment reported an adjusted operating profit almost at break-even, in line with our guidance.

Net result from continuing operations > Net loss of euro 7.68 billion due to the recognition of impairment losses driven by Eni s outlook for Brent crude oil price.

Cash flow > Robust cash flow generation (euro 12.19 billion), reduced by 15%, even in a lower Brent price scenario of 53 $/bl, down by 47%. This cash flow, together with cash from disposals of euro 2.26 billion, funded a fair amount of capital expenditure for the year and the financial requirements for the dividend payments to Eni shareholders (euro 3.46 billion).

Self-financing > Better performance in self-financed capex achieved in 2015 at a Brent price scenario of 50 $/bl vs. an initial guidance of 63 $/bl for the 2015-2016 period.

Leverage > As of December 31, 2015, leverage was 0.31. Net borrowings was euro 16.86 billion. The effects of Saipem transaction reduced net debt by euro 4.8 billion and yielded reduction in leverage calculated on a pro-forma basis to 0.22.

Dividend > The Company s robust results and strong fundamentals underpin a dividend distribution of euro 0.8 per share of which euro 0.4 per share paid as interim dividend in September 2015.

Eni's transformation process

–

12.5%

Saipem disposal

Saipem disposal > On January 22, 2016, there was the closing of the agreements signed on October 27, 2015 with Fondo Strategico Italiano (FSI). Those include the sale of the 12.503% stake

(1) Exclude as usual the items "profit/loss on stock" and extraordinary gains and losses (special items), while they reinstate the effects relating to the elimination of gains and losses on intercompany transactions with sectors which are in the disposal phase, E&C and Chemical.

of the share capital of Saipem to FSI and the concurrent entrance into force of the shareholder agreement with Eni, which was intended to establish joint control over the former Eni s subsidiary. Saipem transaction is in line with Eni s strategy: (i) to become even more focused on upstream core business by making available additional financial sources to be reinvested in the development of oil and gas reserves; (ii) to strengthen Eni s balance sheet.

Versalis disposal > Negotiations are underway to define an agreement with an industrial partner who, by acquiring a controlling stake of Versalis SpA, would support Eni in implementing the industrial plan designed to upgrade this business.

Hydrocarbon production > 1.76 million boe/d, up by 10.1% from 2014 driven by new fields start-ups and the continuing ramp-up of production at fields started in 2014 (adding 139 kboe/d) mainly in Angola, Venezuela, the United States and the United Kingdom, higher production in Libya and Iraq as well as the recovery of trade receivables for past investments in Iran.

Zohr discovery > Made a world-class gas discovery at the Zohr exploration prospect in the deep waters of the Egyptian section of the Mediterranean Sea. This field is estimated to retain up to 30 trillion cubic feet of gas in place. In February 2016, the development plan was approved and first gas is expected in 2017.

Exploration successes > In 2015, Eni continued its track record of exploration successes with 1.4 billion boe of additions to the Company s reserve backlog (vs. an initial guidance of 0.5 billion boe) at a cost of $0.7 per barrel. In addition to the supergiant Zohr discovery, other important successes (Nkala Marine in Congo, Nooros in Egypt, Area D in Libya, Merakes in Indonesia) were near-field discoveries with quick time-to-market and immediate benefits on cash flow, in line with Eni s new exploration strategy.

Proved reserves > Hydrocarbon proved reserves were 6.89 billion boe, with an organic reserve replacement ratio of 148% (135% on average since 2010). Life index was 10.7 years.

Hydrocarbon production

1.76 mln
boe/d

Exploration successes

1.4 bln boe
of resources discovered in the year

Proved reserves

6.9 bln boe
at year end

Development of new fields > As planned, Eni achieved the start-up of 10 relevant fields among which the giant gas field Perla located offshore Venezuela, retaining a potential of 17 trillion cubic feet of gas in place (or 3.1 billion boe) and has been developed in just 5 years, an industry-leading time-to-market. The development plan targets a long-term production plateau of approximately 1,200 mmcf/d through a third phase of development.
Furthermore the other relevant ones related to: (i) the Cinguvu field, part of the West Hub Development project in Block 15/06 (Eni operator with a 35% interest) offshore Angola. In addition, early in 2016 the third M Pungi satellite field came on stream achieving an overall production of 25 kbbl/d net to Eni; (ii) Nené Marine in Congo in early production, just 8 months after obtaining authorization and sixteen months following the discovery; (iii) the Kizomba project off Angola, Lucius and Hadrian off the United States in the Gulf of Mexico, Nooros in Egypt and West Franklin phase 2 in the United Kingdom.

Fields development

-

10 relevant start-ups

Profile of the year

Start-up of Goliat > In March 2016, production was started-up at the Goliat field, located within the Production License 229, off Norway. Goliat, the first oil field to start production in the Barents Sea, was developed through the largest and most sophisticated floating cylindrical production and storage vessel (FPSO) in the world. The Unit has a capacity of 1 million barrels of oil. The daily output will reach 100 kboe/d (65 kboe/d net to Eni). The field is estimated to contain reserves amounting to about 180 million barrels of oil.

Mozambique > Approved the development plan of the Coral discovery targeting to put into production 5 trillion cubic feet of gas. The unitization was set out for the development of the natural gas reservoirs straddling Areas 4 (operated by Eni) and 1 (operated by Anadarko).

Injury frequency rate

–

-42.4% vs. 2014

progressing for
the eleventh consecutive year

Safety > In 2015, Eni continued to implement the communication and training program "Eni in safety" for all its employees. The initiative and other investments in safety supported a positive trend (down by 42.4% from 2014) in the injury frequency rate (down by 27.6% employees injury frequency rate; down by 48.6% contractors injury frequency rate) which improved for the eleventh consecutive year.

Climate change > In 2015, Eni and the other companies joining the oil&gas Climate Initiative, in a joint declaration of collaboration confirmed their commitment in limiting the average increase of the global temperature below the two degrees threshold. Furthermore, Eni together with other five oil&gas European companies asked the United Nations Framework Convention on Climate Change (UNFCCC) and the COP21, to introduce the systems to define a cost for GHG emissions leveraging on clear, stable and more ambitious regulatory framework. These will also be useful to harmonize different national systems.

Sustainability indexes > Eni s place on the Dow Jones Sustainability World Index was confirmed for the ninth consecutive year. The index features companies that distinguished by their excellent performance in all the fields of sustainability. Eni s inclusion was also confirmed for the ninth consecutive year on the FTSE4Good, one of the world s most prestigious corporate social responsibility stock-market indexes. This reflects Eni s excellent performance in environmental sustainability, respect for human rights, corporate governance and transparency, relationships with stakeholders.

Financial highlights [*]

		2013	2014	2015
Continuing operations				
Net sales from operations	(euro million)	98,547	93,187	**67,740**
Operating profit (loss)		7,867	7,585	**(2,781)**
Adjusted operating profit (loss)on a standalone basis [b]		13,136	11,442	**4,104**
Net profit (loss) [a]		3,472	101	**(7,680)**
Adjusted net profit (loss) on a standalone basis [a] [b]		3,854	3,854	**334**
Net profit (loss) - discontinued operations [a]		1,688	1,190	**(1,103)**
Group net profit (loss) [a] - (continuing + discontinued operations)		5,160	1,291	**(8,783)**
Comprehensive income [a]		3,164	5,996	**(4,503)**
Net cash flow from operating activities on a standalone basis [b]		10,818	14,387	**12,189**
Capital expenditure		11,584	11,264	**10,775**
of which: exploration		*1,669*	*1,398*	***820***
development of hydrocarbon reserves		*8,580*	*9,021*	***9,341***
Dividends to Eni s shareholders pertaining to the year [c]		3,979	4,037	**2,857**
Cash dividends to Eni s shareholders		3,949	4,006	**3,457**
Total assets at year end		138,341	146,207	**134,792**
Shareholders equity including non-controlling interests at year end		61,049	62,209	**53,669**
Net borrowings at year end		14,963	13,685	**16,863**
Net capital employed at year end		76,012	75,894	**70,532**
of which: Exploration & Production		*45,699*	*47,629*	***50,522***
Gas & Power		*8,462*	*9,031*	***5,803***
Refining & Marketing		*8,737*	*6,738*	***5,492***
Share price at year end	(euro)	17.5	14.5	**13.8**
Weighted average number of shares outstanding	(million)	3,622.8	3,610.4	**3,601.1**
Market capitalization [d]	(euro billion)	63	52	**50**

(*) Pertaining to continuing operations. Following the divestment plan of Saipem and Versalis, the two operating segments E&C and Chemical have been classified as discontinued operations based on the guidelines of IFRS 5. The comparative reporting periods have been restated consistently.

(a) Attributable to Eni s shareholders.

(b) Non-GAAP measures. This performance is measured by excluding gains and losses of the discontinued operations earned from both third parties and the Group s continuing operations, determining the deconsolidation of Saipem and Versalis.

(c) The amount of dividends for the year 2015 is based on the Board s proposal.

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

Summary financial data

	2013	2014	2015
Net profit (loss) - continuing operations			

- per share [a]	(euro)	*0.96*	*0.03*	***(2.13)***
- per ADR [a] [b]	($)	*2.55*	*0.08*	***(4.73)***
Adjusted net profit (loss) - continuing operations				
- per share [a]	(euro)	*0.69*	*0.61*	***(0.19)***
- per ADR [a] [b]	($)	*1.83*	*1.62*	***(0.42)***
Cash flow - continuing operations				
- per share [a]	(euro)	*3.20*	*3.65*	***3.10***
- per ADR [a] [b]	($)	*8.49*	*9.69*	***6.89***
Adjusted return on average capital employed (ROACE)	(%)	8.2	6.6	**1.2**
Leverage		0.25	0.22	**0.31**
Current ratio		1.5	1.5	**1.4**
Debt coverage		77.4	96.2	**66.3**
Dividends pertaining to the year	(euro per share)	1.10	1.12	**0.80**
Pay-out	(%)	80	313	**(33)**
Dividend yield [c]	(%)	6.5	7.6	**5.7**

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(a) Fully diluted. Ratio of net profit (loss)/cash flow 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.

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Profile of the year

Operating and sustainability data [a]		2013	2014	2015
Employees at year end	(number)	30,970	29,403	**29,053**
of which: - women [*]		*7,504*	*7,370*	***7,254***
- outside Italy		*13,343*	*12,672*	***12,333***
Female managers [*]	(%)	23.5	23.8	**24.2**
Training hours	(thousand hours)	1,493	1,032	**915**
Employees injury frequency rate	(No. of accidents per million of worked hours)	0.28	0.29	**0.21**
Contractors injury frequency rate		0.49	0.35	**0.18**
Fatality index	(Fatal injuries per one hundred millions of worked hours)	0.00	1.08	**0.39**
Total recordable injury rate of workforce	(Total recordable injuries/ worked hours) x 1,000,000	0.75	0.62	**0.40**
Oil spills due to operations	(barrels)	1,762	1,161	**1,603**
Direct GHG emissions	(mmtonnes CO_2 eq)	43.9	38.9	**38.5**
R&D expenditure [b]	(euro million)	142	134	**139**
Expenditure for the territory [c]		100	96	**97**
Exploration & Production				
Net proved reserves of hydrocarbon	(mmboe)	6,535	6,602	**6,890**
Average reserve life index	(years)	11.1	11.3	**10.7**
Hydrocarbon production	(kboe/d)	1,619	1,598	**1,760**
Profit per boe [d] [e]	($/boe)	16.1	13.8	**7.4**
Opex per boe [d]		8.3	8.4	**7.2**
Cash flow per boe		31.9	30.1	**20.1**
Finding & Development cost per boe [e]		19.2	21.5	**19.3**
Direct GHG emissions	(mmtonnes CO_2 eq)	27.4	23.4	**22.8**
Produced water re-injected	(%)	55	56	**56**
Community investment	(euro million)	53	63	**71**
Gas & Power				
Worldwide gas sales	(bcm)	93.17	89.17	**90.88**
- Italy		*35.86*	*34.04*	***38.44***
- outside Italy		*57.31*	*55.13*	***52.44***
Customers in Italy	(million)	8.00	7.93	**7.88**
Electricity sold	(TWh)	35.05	33.58	**34.88**
	(cm/kWheq)	0.017	0.017	**0.015**

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

(a) Pertaining to continuing operations.

(b) Net of general and administrative costs.

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

(d) Related to consolidated subsidiaries.

(e) Three-year average.

(f) The average evaluation reflects results of customers interviews based on clarity, courtesy and waiting time.

Water withdrawals per KWheq produced				
Customer satisfaction rate [f]	(scale from 0 to 100)	80.0	81.4	**85.6**

Refining & Marketing

Refinery throughputs on own account	(mmtonnes)	27.38	25.03	**26.41**
Retail market share in Italy	(%)	27.5	25.5	**24.5**
Retail sales of refined products in Europe	(mmtonnes)	9.69	9.21	**8.89**
Service stations in Europe at year end	(number)	6,386	6,220	**5,846**
Average throughput of service stations in Europe	(kliters)	1,828	1,725	**1,754**
SO_x emissions (sulphur oxide)	(ktonnes SO_2 eq)	10.80	5.70	**5.97**
Customer satisfaction index	(likert scale)	8.1	8.2	**8.3**

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Eni s materiality definition process

Materiality is the result of the identification and prioritization of the relevant sustainability issues that impact significantly the company s ability to create value.
Eni s materiality definition process aims to ensure that the relevant issues are both shared with the highest decision levels and also taken into account in all the company processes starting from the integrated 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 implemented on the base of the top management s strategic vision, the results of the risk assessment and the stakeholders perspective.
In 2015, the vision of top management has arisen in the phase of the definition of four-year strategic plan: in the guidelines defined by the Chief Executive Officer, preceding the definition of the four-year plan, were highlighted the most important sustainability issues for the business.
Through the risk assessment carried out in 2015 the sustainability issues on which could emerge environmental, social and governance potential risks (ESG) were highlighted.
Finally, the stakeholders perspective has been defined through the collection of their expectations, gathered and managed by using a specific web-based platform, designed to monitor the relevant issues for stakeholders but also to define their attitude towards the corporate activity, to facilitate their management and to monitor relationships. Following the identification of the most relevant issues, the assessment of their relative importance has been performed on the basis of specific criteria for each field considered.
The strategic vision of the top management took into account 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 to prioritize the relevant issues.
At the end of this review, sustainability issues identified as material are:
- Integrity in business management (transparency, anti-corruption, human rights);
- Safety and asset integrity;
- Equal opportunities for all people;
- Combating climate change (GHG reduction, energy efficiency) and reduction of environmental impact (protection of water resources and biodiversity, oil spill prevention and response);

- Local development / Local content and promoting access to energy;
- Technological Innovation.

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 where Eni

Stakeholder	Engagement procedures and actions
Eni s people	Workshop (i.e. compliance and integrity projects to support the accordance of Eni s activities to company s values and culture); Strategy and annual performance sharing through the HR Ambassador Project and the Engagement Program; Communication plan through MyEni and MyEni International Portal; Brand activation initiatives; cascade e-mailing for topic business projects; Training programs and on-the-job training also through distance-learning methods; Welfare initiatives; Information campaign and health screening; 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; Road Shows with institutional investors in Europe, North America and Asia; Participation in brokers Conferences; Field-trip in Norway addressed to sell-side analysts; Engagement of main investors skilled on Environmental, Social and Governance (ESG) issues and engagement of investors as well as proxy advisors relating to Shareholders Meeting.
Local communities	Issuing of the Operational Procedures for local stakeholders management and collection and handling of warnings, relating to Eni s upstream structures in the world. Transposition of the Operational Procedures in 9 countries: Egypt, Ecuador, Italy (Northern-Center District, Enimed), Libya, Gabon, Ghana, Indonesia, Myanmar, Nigeria, for a total of 14 countries that have upgraded system for stakeholders management. Activity of consultation of the local communities within the activities of livelihood restoration in Kazakhstan and Ghana. Public consultations on business projects in Mozambique, Italy, Myanmar. 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 committee for the development of the Green River Project in Nigeria). Workshop for the sharing of Local Report "Eni in Basilicata" with local stakeholders.
Domestic institutions, European and international	Information, awareness-raising and technical in-depth initiatives; Regular meetings with political and local, National, European institutional representatives and with the foreign diplomatic representations in Italy; Inspections and institutional visits at the

institutions, international organizations	production sites; Support in authorization procedures at national and local level; national, European and International meetings with representatives of public and private organisms and bodies and main think tanks; Active participation in service conferences, technical tables, political-institutional focus at local, national, European and international level, for energy and climatic issues; Meetings with the institutional delegations of the main countries during the Universal Exposition (Expo Milan 2015).

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
The United Nations system	Participation in the main meetings between the United Nations and companies (Private Sector Forum, Annual Forum on Business and Human Rights, Lead Symposium); Participation in Global Compact LEAD Board pilot program for the Board training program on sustainability issues; Participation in working groups on anti-corruption under the auspices of the Global Compact, on national and international level; Development of collaboration with World Bank/IFC; Participation in the Italy/UN "Ministerial Meeting of the African LDCs on Structural Transformation, Graduation and the Post-2015 Development Agenda" in Expo Milano 2015.
National and international NGOs	Continuing dialogue with main Italian NGOs (WWF, Greenpeace, Legambiente) on oil&gas environmental issues; Dialogue with Amnesty International on the activities in Nigeria and the protection of Human Rights of populations living near the extraction sites.
Suppliers	Development of suppliers organizational, technical, quality, HSE and Human Rights skills during the rating process and assessments/audits carried out among the providers; Support on improvement following negative ratings resulting from audits; Verifying observance of Human Rights in the supply chain; Participation in Road Show in order to reinforce the dialogue with local suppliers about prevention issues and the sharing of Vendor Management processes; Participation in the Safety Day on HSE issues in Vendor Management processes; Memorandum of understanding to relaunch certain geographical areas; Focus on supply profiles in the field of Market Intelligence activities.
Customers and consumers	Consolidation of the model for relations with Consumer Associations in order to enforce the attention on core issues: energy saving and sustainable value in our products and services (bio-fuels, smart mobility); Local meetings and workshops with members of Consumer Associations in order to plan remediation actions and synergy addressed the retail customers expectations, in the increasingly competitive gas and electricity market; Alignment of "Conciliazione paritetica" Model to European legislation; Development and reinforcement of telephone channel dedicated to Consumer Associations for a ready solution of criticalities about gas and electricity offer; Targeted activities addressed to the Consumer Associations to let them gradually use digital and social platforms.
Universities and research centers	Extension of the Framework Agreement with "Politecnico di Milano" signing a Memorandum of understanding between Eni and PoliMi; Definition of a new Agreement with "Politecnico di Torino";

	Continuation of the collaboration agreement with the Massachusetts Institute of Technology on upstream, solar and HSE issues and with Stanford University on core oil&gas technologies and on environmental restoration.
Other sustainability organizations	Participation, as founding member, in oil&gas Climate Initiative; Active role within the anti-corruption working group of the G20 ; Participation in the working groups of the WBCSD and IPIECA, the O&G constituency of EITI, the working group within the PACI.

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).

Robust 2015 financial results and sustainability performance, notwithstanding a weak scenario for commodities prices, 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 this Integrated Annual Report and the Integrated Performance tables.

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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.
See the next page "connectivity of performances" for a deep focus on connections between upstream actions (first column of matrix), employed capitals and financial/non financial results reported in 2015.

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The following cause-effect map graphically shows the connections/effects of specific actions taken in the upstream business, in line with the main strategic guidelines defined by management in response to deteriorated oil scenario.

The connections between each action which affects the conduct of business and produces financial results, generating value for stakeholders, are graphically illustrated below. In particular are highlighted one or more correlations between non-financial and financial results, as well as the main risks managed. The efficient use of capital, financial and non-financial, contributes to the value generation and the achievement of the market declared targets.

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Industrial plan
Starting from the second part of 2015, the oil price reported a significant contraction, falling below 30 $/bl in January 2016. In the 2016-2019 plan period, the oil price is expected to rise gradually to 65 $/bl by 2019 following progressive rebalancing of the market.
In such context, the strategy was defined taking into account three different time horizons:
- The short-term, by pursuing cash flow maximization to safeguard financial robustness while raising efficiency and accelerating initiatives aimed at cost reduction;
- The medium-term, by means of the focus on investments aimed to develop the significant resources in the portfolio, characterized by low break even, as to guarantee the reserves replacement and production growth;
- The long-term, by creating the basis for the society to get ready for the low-carbon energy environment.
In the short and medium term, the main goal of cash generation will be pursued by means of specific industrial initiatives in Eni s businesses, selective investments mainly in the Exploration & Production segment and further initiatives of costs reduction.

Fuelling value and increase of explorative resources

- Production growth in the four-year plan 2016-19, at an annual average rate higher than 3%, maintaining a great portion of projects in core areas, also leveraging on negotiations with NOCs and strict control of non-operated activities;
- Efficiency increase through a wide range of actions aimed to reduce G&A, drilling and operating costs, pursued also through the renegotiation of supply contracts following the deteriorated scenario;
- Focusing on working capital through the optimization of third-party and JV receivables and minimization of stock;
- Selective investments to optimize/reduce expenditures in a low Brent price scenario;
- In exploration, focus on appraisal of recent discoveries, near-field activities in legacy areas and in proximity to on-stream fields as well as, on research of new gas resources in Countries with favorable contractual conditions and more mature sales markets;
- Carbon footprint reduction leveraging on gas issues and development of renewable sources;
- Valorization of resources through monetization of discoveries with relevant equity;
- Fast track development of discovered resources, through the optimization of the time-to-market and modular approach on project development.

Profitability and sustainable cash generation

- Full alignment of supply portfolio to market conditions and recovery of take-or-pay volumes;
- Recovery of profitability/optimization of B2B contracts;
- Simplification of operations and logistic cost optimization;
- Development of trading activities and support of monetization of recent upstream discoveries;
- Enhancement of customer base.

EBIT adjusted and free cash flow steadily positive

- Progressive reduction of break-even refining margin through:

In particular, the definition of the capex plan leveraged on the high-value projects with accelerated rates of return: in the 2016-2019 plan, capital expenditure plan of euro 37 billion is 21% lower compared to the previous plan, at constant foreign exchange rate. The reduction is mainly due to the Exploration & Production segment, in spite of the additional spending for the Shorouk discovery (Egypt) while benefiting from projects rephasing/reconfiguration and contracts renegotiations.
The 2016-2019 divestment plan amounts to approximately euro 7 billion, before taxation and excluding Saipem transaction, stemming from anticipated monetization of exploratory discoveries as well as further refocusing of activities on the core business.
The combined effect of the industrial actions for the development of the Exploration & Production segment, restructuring of the mid and downstream businesses and widespread initiatives of spending review will allow to reduce significantly the Brent break-even level with a cash neutrality (including dividend floor) at 60 $/bl by 2017.

Dividend policy
Despite the worsening scenario, considering Group s transformation process and Eni strategic goals, the Company will propose a dividend of euro 0.8 per share in 2016.

- Increasing of conversion capacity (EST technology);
- Reconversion of Venice and Gela plants to green refineries in order to produce premium biofuels;
- Productive asset optimization and efficiency;
- Raw materials diversification and higher utilization of extra-heavy crude oil;

n Increasing of marketing profitability through diversification of supply, product and service innovation, efficiency in commercial and distribution processes.

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Competitive environment

Eni has developed and adopted a model for Integrated Risk Management (IRM) that targets to achieve an organic and comprehensive view of the Company s 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 Model 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.

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(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 the Parent company and its subsidiaries to be involved in the IRM process, which might significantly impact the achievement of corporate objectives.
In 2015, two-assessment session were performed: the yearly risk assessment performed in the first half of the year involving 60 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. The second assessment also revaluated certain main risks to the business level. The two-assessment results were submitted to the management and control bodies in July and December 2015.
In addition, three monitoring processes were performed on the Eni s top risks. The monitoring of such risks and the relevant treatment plans through update of appropriate indicators (Key Risk Indicator, Key Control Indicator, Key Performance Indicator) allow to analyze the risks evolution, the progress in implementation of specific treatment measures decided by the

management and identify possible improvement areas in the risks management. The monitoring results were submitted to the management and control bodies in April, July and October 2015.
It was also provided a contribution to the 2016-2019 strategic plan process through the identification of specific de-risking objectives of the main corporate and business risks, issued as part of the 2016-19 Guidelines by CEO. Based on the corporate objectives, specific treatments have been identified, as an integrated part of the strategic plan.
The following table represents Eni s main risks in relation to corporate targets. For further details on these risks, as well as minors uncertainty factors, see the section "Risk factors and uncertainties".

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Risk management

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(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) Under law and the Corporate Governance Code, the number of independent directors was unchanged even after the appointment by the Board of a director on July 29, 2015, in replacement of a resigning director appointed by the Shareholders Meeting (see the chart at the end of the section).

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 better understanding their needs. It is part of our efforts to ensure the effective exercise of shareholder rights.

With this in mind, in continuity with previous initiatives in 2013-2014, Eni has responded to the need for a deeper dialogue with the market and, with the participation of the Chairman of the Board of Directors, held a new cycle of meetings with institutional investors to foster a comprehensive understanding of the Company s governance system and main initiatives in the fields of sustainability and corporate social responsibility. The initiative was welcomed by the investors, who confirmed that Eni s corporate governance is very well structured and among the most effective. In particular, the investors expressed their appreciation of the composition of the Board of Directors, including its diversity, the governance measures adopted (e.g. the establishment of the Sustainability and Scenarios Committee and the induction process and on-going training) and the completeness and transparency of the information provided to shareholders and the market as a whole. In addition, during the meetings the investors displayed considerable interest in the risk governance approach adopted by Eni and the extent of the associated monitoring performed by the Board.

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 to the market, 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[3].

The Board of Directors appointed a Chief Executive Officer and established four internal committees

with advisory and recommendation functions: the Control and Risk Committee[4], the Compensation Committee[5], the Nomination Committee and the Sustainability and Scenarios Committee. The committees report, through their Chairmen, 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). The Chairman is also involved in the appointment of the primary Eni officers responsible for internal controls and risk management, including the Head of Integrated Risk Management, as described in the next section.
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 also meet appropriate independence requirements and reports to the Board of Directors itself and, on its behalf, to the Chairman.

The following chart summarizes the Company s corporate governance structure at December 31, 2015:

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(4) 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.

(5) 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.

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(6) 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.

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

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[6], 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 in charge of preparing financial reports, 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 and an examination of Board dynamics are essential elements. Following the Board Review, the Board of Directors develops an action plan, if necessary, to improve the operation of the Board and its committees.

In addition, in 2015 the Eni Board conducted a peer review of the directors, in which each director expressed his or her view of the contribution made by the other directors to the work of the Board. The peer review, the third performed in recent years, is an important innovation among Italian listed companies.

For a number of years now, Eni has supported the Board of Directors and the Board of Statutory Auditors with an induction program, which involves the presentation of the activities and organization of Eni by top management. More specifically, during the year, in continuity with previous initiatives, additional training sessions were held on corporate topics (such as corporate governance, compliance, internal control and

risk management) and business issues (in particular, exploration and drilling), with visits to operating sites in Italy and abroad. The Board also completed the "UN Global Compact LEAD Board Program"[7], which is dedicated to training directors in sustainability issues.
With the support of an international facilitator who is an expert in sustainability, integrated reporting and management, in September 2015 the Board of Directors conducted a second session of the program dedicated to "The role of the Board", which examines issues concerning the role of the Board in integrating sustainability into corporate strategy and management, with a special focus on climate change. The first session of the program in October 2014 was devoted to "The Materiality of Sustainability", in order to enhance awareness of the importance of sustainability for an enterprises strategy and business. The program was held under the supervision of the Sustainability and Scenarios Committee.

Remuneration Policy

Eni s Remuneration Policy for its Directors and top management is established in accordance with the Governance model adopted by the Company and the recommendations of the Corporate Governance Code. 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 and the related risk profiles.
With regard to sustainability issues, the CEO objectives set for the year 2016, are focused on environmental matters as well as on human capital aspects.
The objectives of the Chief Officers of Eni business segments and other Managers with strategic responsibilities are assigned on the base of those assigned to top management focused for each business area on financial, operating and industrial performance, internal efficiency and sustainability aspects (in terms of health and safety, environmental protection, relations with stakeholders) as well as on individual objectives assigned in relation to the responsibilities inherent the single managerial position, under the provisions of Company s Strategic Plan.
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[8].

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 top management of the Company and its subsidiaries. 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 an essential part of the Company s Model 231), which sets out the rules of

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(8) In particular, in 2015, 93.4% of voting shareholders, expressed a favorable vote on Eni s remuneration policies, this confirming the large consent registered in 2014.

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 (Financial Reporting Officer - FRO).

Contents

Performance of the year

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> In 2015, safety performance continued on a positive trend, reporting a further improvement in injury frequency rate of total workforce (down by 44%). Eni is engaged in maintaining a high safety standard in each of its operations leveraging also on continuous HSE awareness programs.

> Greenhouse gas emissions decreased by 2.8% compared to the previous year (with a -3.9% reduction in emissions from flaring). Continuous improvements in energy efficiency, streamline logistics and emissions reduction more than offset the hydrocarbon production growth (performance indicator CO_2 eq emissions/hydrocarbons production down by 9.1% from 2014). In the year, the flaring down project of the M Boundi field (Eni operator with an 83% interest), started up in 2014, received the Excellence award of World Bank Global Gas Flaring Reduction within Zero Routine Gas Flaring 2030 program due to significant emissions reduction.

> Water reinjection continues to achieve an excellent industry performance (56% in 2015) and we recorded zero blow-outs for the twelfth consecutive year.

> In 2015, the E&P segment reported a decline of euro 3,671 million, or 83% in adjusted net profit compared to a year ago, due to lower realization on commodities in dollar terms (down by 44.3% on average) reflecting the fall of Brent crude benchmark and the weakness of gas markets in Europe and in the United States.

>Oil and natural gas production was 1.760 million boe/d in 2015, up by 10.1% compared to the previous year and to a 5% target, the highest increase rate since 2001. Production ramp-up at fields started in the year will add approximately 200 kboe/d in 2016.

> Estimated net proved reserves at December 31, 2015 amounted to 6.9 bboe based on a reference Brent price of $54 per barrel. The organic reserves replacement ratio was 148% (135% on average since 2010). The reserves life index was 10.7 years (11.3 years in 2014).

Exploration activity

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> Additions to the Company s reserve backlog were approximately 1.4 billion boe of resources, at a competitive cost of $0.7 per barrel (compared to a target of 500 million boe at a cost not higher than $2 per boe), particularly near-field discoveries with quick time-to-market and immediate cash flow and appraisal campaign of recent discoveries to support production level. The main discoveries were made:

- Egypt, with a world-class gas discovery at the Zohr exploration prospect (Eni s interest 100%) in the deep waters of the Mediterranean Sea. This field is estimated to retain 30 trillion cubic feet of gas in place and an accelerated fast track development leveraging on the existing offshore and onshore facilities is planned. In February 2016, Egyptian authorities approved the development plan of the Zohr discovery. First gas is expected in 2017;
- Congo, where the exploration activities of the pre-salt sequences in the Marine XII block (Eni operator with a 65% interest) continue to deliver new discoveries and confirm Eni s exploration technologies effectiveness, given the technical complexity of these plays. Eni estimates the oil and gas resources in place of the Marine XII block at approximately 5.8 billion boe. The production of the block currently flows at approximately 15 kboe/d;
- Libya, with gas and condensates discoveries in the contractual area D (Eni s interest 50%);
- Other exploration successes were made in Egypt, Pakistan, Indonesia and the United States.

> In Angola, signed a three-year extension of the exploration period of the operated Block 15/06 (Eni s interest 36.84%), where the first oil from the West Hub development project was achieved at the end of 2014.

> In March 2016, Eni signed a Farm-Out Agreement (FOA) with Chariot oil&gas that includes the operatorship to Eni and a 40% stake enter into Rabat Deep Offshore exploration permits I-VI offshore Morocco. The completion of this FOA is subject to the authorization of the Moroccan authorities, to current partners approval and other conditions precedent.

> Entrance into the upstream sector of Mexico by signing the Production Sharing Contract as operator of the Block 1 (Eni s interest 100%) to develop the Amoca, Miztón and Tecoalli fields. These fields located in the Gulf of Mexico shallow waters are estimated to retain 800 million barrels of oil and 480 billion cubic feet of gas in place. The delineation campaign of the fields was submitted to the Mexican authorities in the first quarter of 2016 and plans the drilling of four wells in order to define a fast track and synergic development plan.

> Signed a preliminary agreement with KazMunayGas to acquire 50% of the mineral rights in the Isatay block in the Caspian Sea.

> The exploration portfolio was renewed by means of new exploration acreage covering approximately 21,500 square kilometers net to Eni in particular in Egypt, Myanmar, the United Kingdom and Ivory Coast as well as Mexico, as mentioned above.

> In 2015, exploration expenditure amounted to euro 820 million, mainly related to the completion of the 29 new exploratory wells (19.1 net to Eni). An overall commercial success rate was 16.7% (25.1% net to Eni). In addition, 80 exploratory drilled wells are in progress at year end (41.6 net to Eni).

Sustainability and portfolio developments

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> As planned, in 2015, Eni achieved the start-up of 10 major new fields with 139 kboe/d of new production, of which the most significant were:
- the giant Perla gas field (Eni s interest 50%) offshore Venezuela, retaining a potential of up to 17 Tcf of gas in place (or 3.1 billion boe). A production plateau of approximately 1,200 mmcf/d is expected by 2020. Gas is sold to the national oil and gas company PDVSA under a Gas Sales Agreement running until 2036;
- the Cinguvu field, part of the West Hub Development phased project in Block 15/06 offshore Angola. In addition,

early in 2016 the third M Pungi satellite field came on stream achieving an overall plateau of 25 kbbl/d net to Eni;
- the Nené Marine and Litchendjili fields in the block Marine XII (Eni operator with a 65% interest) in Congo. The overall production plateau is estimated in 40 kboe/d for the next four-years;
- the Kizomba satellites Phase 2 project (Eni s interest 20%) off Angola, with a peak production estimated in approximately 70 kboe/d;
- the Hadrian South (Eni s interest 30%) and Lucius (Eni s interest 8.5%) fields in the Gulf of Mexico, with an overall production of 23 kboe/d;
- other main projects started up in Egypt, the United Kingdom, Norway, the United States and Italy.

> In Mozambique, following the signing of the Unitization and Unit Operating Agreement (UUOA) and in full agreement with all the concessionaries of the projects, a unitization was set out for the development of the natural gas reservoirs straddling Areas 4 (operated by Eni) and 1 (operated by Anadarko) in the Rovuma Basin, offshore Mozambique. In accordance with the UUOA, the development of the straddling reservoirs will be carried out at an early stage in a separated but coordinated way by the two operators, until 24 Tcf of natural gas reserves are developed (12 Tcf of natural gas from each Area). Future developments will be jointly pursued by Area 4 and Area 1 concessionaires. The Final Investment Decision relating the Mamba field in Eni s operating Area is expected in 2017.

> Finalized a strategic oil agreement in Egypt, which provides investment of up to $5 billion (at 100%) to develop the Country s oil and gas reserves in future years. Eni has also agreed on new terms for ongoing oil contracts, with the economic effects retroactive to January 1, 2015. Set new measures to reduce overdue amounts of trade receivables relating to hydrocarbon supplies to Egyptian state-owned companies.

> In February 2016, Mozambique authorities approved the development of the first development phase of Coral (Eni operator with a 50% interest), targeting to put into production 5 trillion cubic feet of gas.

> Signed an agreement to supply 1.4 mmtonnes/y of LNG from the Eni-operated Jangkrik field (Eni s interest 55%) to the Indonesian state-run company PT Pertamina, effective in 2017. The agreement will support the development of the Jangkrik field.

> In Ghana, Eni sanctioned the final investment decision for the integrated OCTP oil and gas project (Eni operator with a 47.22% interest). The first oil is expected in 2017.

> In March 2016, production started up at the Goliat oilfield (Eni operator with a 65% interest) in the Barents Sea, in Norway. Production is expected to achieve 65 kbbl/d net to Eni.

> The Project Integrée Hinda (PIH) in the M Boundi area in Congo involved approximately 25,000 people in the five-year 2011-2015 period with specific programs and in collaboration with local Authorities, to improve education, health, agriculture and access to water.

> The business sustainability in the medium to long-term remains a key factor in the growth strategy of upstream sector with initiatives to support the local development always more integrated into business activities. In particular, during the year projects in Ghana and Mozambique started with initiatives to improve health, access to clean water, education and training; the initiatives in Nigeria, Iraq and Indonesia continue.

> Development expenditure was euro 9,341 million (down by 12% net of exchange rate effects) to fuel the growth of major projects and to maintain production plateau particularly in Angola, Norway, Egypt, Kazakhstan, Congo, Indonesia, Italy and the United Sates.

> In 2015, overall R&D expenditure of the Exploration & Production segment amounted to euro 78 million (euro 83 million in 2014).

Strategy

Upstream growth model will continue to focus on conventional assets, which will be organically developed, with a large resource base and a competitive cost structure, which make them profitable even in a low price environment. The sizeable exploration successes of the last years have increased the Company s resource base, contributing to the Company s value generation through the early monetization of the discovered resources in excess of the target replacement ratio.
Eni s top priorities are the increase and valorization of discovered resources and a growing cash generation.
The drivers to target the increase and valorization of discovered resources are: (i) re-balancing of exploration activities with a focus on appraisal programs on the recent discoveries (Egypt, Congo, Indonesia and Angola), near-field initiatives and incremental activities in legacy areas and nearby to fields already under development, with the objective of delivering 1.6 billion boe of discovered resources at a competitive cost of $2.3 per boe; (ii) renewal of the portfolio of exploration leases by focusing on high materiality play; and (iii) fast-track development of discovered resources by optimizing the time-to-market and exercising tight control on project execution.
Cash generation will be driven by: (i) production growth at an annual average rate higher than 3% leveraging on a robust pipeline of projects in core areas, including also contractual revisions with oil-producing countries and strictly monitoring of non-operated activities. This new production together with the ramp-ups at fields started up in 2015 will add more than 800 kboe/d in 2019. Main start-ups are the Goliat field (Eni operator with a 65%

interest) in the Barents Sea in Norway, the Jangkrik project (Eni operator with a 55% interest) in Indonesia, the oil and gas development of the Offshore Cape Three Points project (Eni operator with a 47.22% interest) in Ghana, the re-start of the Kashagan field (Eni s interest 16.81%) by the end of 2016 as well as accelerated start-up of the giant Zohr discovery (Eni s interest 100%) in the offshore Egypt and phased start-up of the discoveries in the Block 15/06 (Eni s operator with a 35% interest) in Angola; (ii) project modularization and phasing which will enable the Company to reduce financial exposure and to accelerate production start-ups; (iii) strengthened efficiency by means of several initiatives to reduce operating costs, to be achieved also by renegotiating the supply of field services and goods; (iv) focusing on working capital driven by an optimized exposure to third parties and joint venture partners and decreasing products inventories; and (v) early monetization of part of discovered volumes. Eni acknowledges that the upstream performance could be adversely impacted in the short-to-medium term by a number of risks: (i) the commodity risk related to current trends in crude oil prices. Eni is planning to mitigate this risk by implementing initiatives of rationalization and optimization, the renegotiation of contractual terms with contractors to align costs of field services and goods to the changed market conditions. In 2016-19 plan period, Eni estimates a decrease of approximately 18% of capital expenditure net of exchange rate effects versus the previous four-year plan due to a reduction in exploration expenditure which will be focused on near-field and appraisal activities, the re-phasing of projects yet to be sanctioned and service contract renegotiations. In addition, Eni intends to reduce operating costs by 12% net of exchange rate effects versus the old plan; (ii) the political risk due to social and political instability in certain countries of operations. A major part of Eni s activities are currently located in countries that are far from high-risk areas and Eni plans to grow mainly in countries with low-mid political risk (approximately 90% of the capital expenditure of the four-year plan); (iii) risk related to the growing complexity of certain projects due to technological and logistic issues. Eni plans to counteract those risks by strict selection of adequate contractors, tight control of the time-to market and the retaining of the operatorship in a large number of projects (75% of production related to projects portfolio in 2019 with an average growth rate of 4.3% in the plan period); and (iv) the technical risk related to the execution of drilling activities at high pressure/high temperature wells and deep waters wells (down 24% in the plan period). Eni plans to increase operatorship of critical projects ensuring better direct control and deploying its high operational standards. The business sustainability in the short-to-long term remains a key factor to achieve the strategic goals also through the increasing stakeholders engagement and continuous relations with local authorities and including: (i) a decrease of 30% of process flaring in 2019 versus 2014, in line with target of zero routine flaring in 2025; (ii) the carbon footprint reduction focusing on gas initiatives, energy savings and the development of renewable energy projects.

Reserves

Overview

The Company adopts comprehensive classification criteria for the estimate of proved, proved developed and proved undeveloped oil and gas reserves in accordance with applicable US Securities and Exchange Commission (SEC) regulations, as provided for in Regulation S-X, Rule 4-10. Proved oil and gas reserves are those quantities of liquids (including condensates and natural gas liquids) and natural gas which, by analysis of geo-science and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain.
Oil and natural gas prices used in the estimate of proved reserves are obtained from the official survey published by Platt s Marketwire, except when their calculation derives from existing contractual conditions. Prices are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period. Prices include consideration of changes in existing prices provided only by contractual arrangements.
Engineering estimates of the Company s oil and gas reserves are inherently uncertain. Although authoritative guidelines exist regarding engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and evaluation. Consequently, the estimated proved reserves of oil and natural gas may be subject to future revision and upward and downward revisions may be made to the initial booking of reserves due to analysis of new information. Proved reserves to which Eni is entitled under concession contracts are determined by applying Eni s share of production to total proved reserves of the contractual area, in respect of the duration of the relevant mineral right. Proved reserves to which Eni is

The process for estimating reserves, as described in the internal procedure, involves the following roles and responsibilities: (i) the business unit managers (geographic units) and Local Reserves Evaluators (LRE) are in charge with estimating and classifying gross reserves including assessing production profiles, capital expenditure, operating expenses and costs related to asset retirement obligations; (ii) the petroleum engineering department at the head office verifies the production profiles of such properties where significant changes have occurred; (iii) geographic area managers verify the commercial conditions and the progress of the projects; (iv) the Planning and Control Department provides the economic evaluation of reserves; (v) the Reserves Department, through the Headquarter Reserves Evaluators (HRE), provides independent reviews of fairness and correctness of classifications carried out by the above mentioned units and aggregates worldwide reserves data.
The head of the Reserves Department attended the "Università degli Studi di Milano" and received a Master of Science degree in Physics in 1988. He has more than 25 years of experience in the oil and gas industry and more than 15 years of experience in evaluating reserves. Staff involved in the reserves evaluation process fulfils the professional qualifications requested and maintains the highest level of independence, objectivity and confidentiality in accordance with professional ethics. Reserves Evaluators qualifications comply with international standards defined by the Society of Petroleum Engineers.

Reserves independent evaluation

Since 1991, Eni has requested qualified independent oil engineering companies[2] to carry out an independent evaluation of part of its proved reserves on a rotational basis. The description of qualifications of the persons primarily responsible for the reserves audit is included in the third party audit report[3]. In the preparation of their reports, independent evaluators rely, without independent verification, upon information furnished by Eni with respect to property interests, production, current costs of operations and development, sale agreements, prices and other factual information and entitled under PSAs are calculated so that the sale of production entitlements should cover expenses incurred by the Group to develop a field (Cost Oil) and on the Profit Oil set contractually (Profit Oil). A similar scheme applies to service contracts.

Reserves Governance

Eni retains rigorous control over the process of booking proved reserves, through a centralized model of reserves governance. The Reserves Department of the Exploration & Production segment is entrusted with the task of: (i) ensuring the periodic certification process of proved reserves; (ii) continuously updating the Company s guidelines on reserves evaluation and classification and the internal procedures; and (iii) providing training of staff involved in the process of reserves estimation. Company guidelines have been reviewed by DeGolyer and MacNaughton (D&M), an independent petroleum engineering company, which has stated that those guidelines comply with the SEC rules[1]. D&M has also stated that the Company guidelines provide reasonable interpretation of facts and circumstances in line with generally accepted practices in the industry whenever SEC rules may be less precise. When participating in exploration and production activities operated by others entities, Eni estimates its share of proved reserves on the basis of the above guidelines.

data that were accepted as represented by the independent evaluators. These data, equally used by Eni in its internal process, include logs, directional surveys, core and PVT (Pressure Volume Temperature) analysis, maps, oil/gas/water production/injection data of wells, reservoir studies, technical analysis relevant to field performance, long-term development plans, future capital and operating costs.

In order to calculate the economic value of Eni s equity reserves, actual prices applicable to hydrocarbon sales, price adjustments required by applicable contractual arrangements and other pertinent information are provided by Eni to third party evaluators. In 2015 an independent evaluation of Ryder Scott Company, DeGolyer and MacNaughton and Gaffney, Cline & Associates[3] confirmed, as in previous years, the fairness of Eni internal evaluation.

In particular, in 2015[4] approximately 31% of Eni s total proved reserves were subject to independent evaluation at December 31, 2015 . In the 2013-2015 three-year period, 86% of Eni total proved reserves were subject to independent evaluation. As of December 31, 2015, the principal Eni properties which did not undergo an independent evaluation in the last three years were Kashagan (Kazakhstan) and CAFC-MLE (Algeria).

(1) The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2009.
(2) From 1991 to 2002, DeGolyer and MacNaughton; from 2003, also Ryder Scott and in 2015, also Gaffney, Cline & Associates.
(3) The reports of independent engineers are available on Eni website eni.com section Publications/Annual Report 2015.
(4) Includes Eni s share of proved reserves of equity accounted entities.

Movements in estimated net proved reserves

Eni s estimated proved reserves were determined taking into account Eni s share of proved reserves of equity-accounted entities.

Movements in Eni s 2015 estimated proved reserves were as follows:

(mmboe)		Consolidated subsidiaries	Equity-accounted entities	Total
Estimated net proved reserves at December 31, 2014		**5,772**	**830**	**6,602**
Extensions, discoveries, revisions of previous estimates and improved recovery excluding price effect		571	98	669
Price effect		278		278
Reserve additions, total		849	98	947
Sales of minerals-in-place		(17)		(17)
Production of the year		(629)	(13)	(642)
Estimated net proved reserves at December 31, 2015		**5,975**	**915**	**6,890**
Reserves replacement ratio, organic	(%)			148

Additions to proved reserves booked in 2015 were 947 mmboe and derived from: (i) revisions of previous estimates were up by 879 mmboe mainly reported in Kazakhstan, Iraq, Egypt, Congo and Venezuela; (ii) extensions and discoveries were up by 66 mmboe, with major increases booked in Egypt and Indonesia; (iii) improved recovery were 2 mmboe mainly reported in Egypt. These increases compared to production of the year yielded an organic reserves replacement ratio[5] of 148%.

All sources additions were impacted by favorable price effect, leading to an upward revision of 278 mmboe, due to a lowered Brent price used in the reserves estimation process down to $54 per barrel in 2015 compared to $101 per barrel in 2014.

Sales of mineral-in-place mainly related to the divestment of assets in Nigeria (down by 16 mmboe) and the United States (down by 1 mmboe).

In 2015, Eni achieved an all sources reserves replacement ratio of 145%. Reserves life index was 10.7 years (11.3 years in 2014).

Most proved undeveloped reserves are converted to proved developed reserves within five years. Reserves that remain proved undeveloped for five or more years are a result of several factors that affect the timing of the projects development and execution, such as the complex nature of the development project in adverse and remote locations, physical limitations of infrastructures or plant capacity and contractual limitations that establish production levels. The Company estimates that approximately 0.8 bboe of proved undeveloped reserves have remained undeveloped for five years or more with respect to the balance sheet date, mainly related to: (i) the Kashagan project in Kazakhstan (approximately 0.5 bboe), which will be progressively reclassified to proved developed reserves as a result of hooking-up new producing wells which are currently being completed and plant capacity expansion as a part of the sanctioned Phase 1 of the global development plan of the Kashagan field; (ii) certain Libyan gas fields (0.2 bboe) where development completion and production start-ups are planned

Proved undeveloped reserves

Proved undeveloped reserves as of December 31, 2015 totaled 2,867 mmboe, of which 1,411 mmboe of liquids mainly concentrated in Africa and Kazakhstan and 7,994 bcf of natural gas mainly located in Africa and Americas. Proved undeveloped reserves of consolidated subsidiaries amounted to 1,272 mmbbl of liquids and 5,403 bcf of natural gas.

In 2015, total proved undeveloped reserves decreased by 302 mmboe mainly due to: (i) reclassification to proved developed reserves (down by 550 mmboe); (ii) divestments (down by 5 mmboe) in Nigeria; (iii) revisions of previous estimates (up by 204 mmboe) mainly reported in Venezuela, Iraq and Egypt; (iv) extensions and discoveries (up by 48 mmboe), in particular in Indonesia, Egypt and Ghana; and (v) improved recovery (up by 1 mmboe) in particular in Egypt.

During 2015, Eni converted 550 mmboe of proved undeveloped reserves to proved developed reserves due to the progress of the development activities, production start-ups and project revisions. The main reclassifications to proved developed reserves are related to the following fields/projects: Perla (Venezuela), Goliat and Midgard (Norway), Litchendjili (Congo) and M Pungi (Angola).

In 2015, capital expenditure amounted to approximately euro 9 billion. according to the delivery obligations set forth in a long-term gas supply agreement currently in force; and (iii) other minor projects where development activities are progressing.

Delivery commitments

Eni, through consolidated subsidiaries and equity-accounted entities, sells crude oil and natural gas from its producing operations under a variety of contractual obligations. Some of these contracts, mostly relating to natural gas, specify the delivery of fixed and determinable quantities.

Eni is contractually committed under existing contracts or agreements to deliver in the next three years mainly natural gas to third parties for a total of approximately 479 mmboe from producing assets located mainly in Algeria, Australia, Egypt, Libya, Nigeria, Norway and Venezuela.

The sales contracts contain a mix of fixed and variable pricing formulas that are generally referenced to the market price for crude oil, natural gas or other petroleum products. Management believes it can satisfy these contracts from quantities available from production of the Company s proved developed reserves and supplies from third parties based on existing contracts. Production will account for approximately 86% of delivery commitments. Eni has met all contractual delivery commitments as of December 31, 2015.

(5) Organic ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions and discoveries, to production for the year. All sources ratio includes sales or purchases of minerals in place. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserves Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and environmental risks.

Estimated net proved hydrocarbons reserves

	2013			2014			2015		
	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)
Consolidated subsidiaries									
Italy	**220**	**1,532**	**499**	**243**	**1,432**	**503**	**228**	**1,304**	**465**
Developed	*177*	*1,266*	*408*	*184*	*1,192*	*401*	*171*	*1,051*	*362*
Undeveloped	*43*	*266*	*91*	*59*	*240*	*102*	*57*	*253*	*103*
Rest of Europe	**330**	**1,247**	**557**	**331**	**1,171**	**544**	**305**	**1,044**	**495**
Developed	*179*	*904*	*343*	*174*	*887*	*335*	*237*	*919*	*404*
Undeveloped	*151*	*343*	*214*	*157*	*284*	*209*	*68*	*125*	*91*
North Africa	**830**	**5,231**	**1,783**	**776**	**5,291**	**1,740**	**821**	**4,798**	**1,694**
Developed	*561*	*2,432*	*1,003*	*521*	*2,110*	*904*	*542*	*2,566*	*1,010*
Undeveloped	*269*	*2,799*	*780*	*255*	*3,181*	*836*	*279*	*2,232*	*684*
Sub-Saharan Africa	**723**	**2,374**	**1,155**	**739**	**2,744**	**1,239**	**787**	**2,714**	**1,282**
Developed	*465*	*1,295*	*701*	*470*	*1,271*	*702*	*511*	*1,390*	*764*
Undeveloped	*258*	*1,079*	*454*	*269*	*1,473*	*537*	*276*	*1,324*	*518*
Kazakhstan	**679**	**1,957**	**1,035**	**697**	**2,049**	**1,069**	**771**	**2,354**	**1,198**
Developed	*295*	*1,488*	*566*	*306*	*1,553*	*589*	*355*	*1,830*	*689*
Undeveloped	*384*	*469*	*469*	*391*	*496*	*480*	*416*	*524*	*509*
Rest of Asia	**128**	**744**	**263**	**131**	**846**	**285**	**262**	**878**	**422**
Developed	*38*	*286*	*90*	*64*	*261*	*112*	*126*	*185*	*159*
Undeveloped	*90*	*458*	*173*	*67*	*585*	*173*	*136*	*693*	*263*
Americas	**147**	**509**	**240**	**147**	**468**	**232**	**189**	**439**	**269**
Developed	*96*	*310*	*153*	*116*	*393*	*188*	*149*	*373*	*217*
Undeveloped	*51*	*199*	*87*	*31*	*75*	*44*	*40*	*66*	*52*
Australia and Oceania	**22**	**848**	**176**	**13**	**807**	**160**	**9**	**771**	**150**
Developed	*20*	*561*	*123*	*12*	*675*	*135*	*9*	*585*	*115*
Undeveloped	*2*	*287*	*53*	*1*	*132*	*25*		*186*	*35*
Total consolidated subsidiaries	**3,079**	**14,442**	**5,708**	**3,077**	**14,808**	**5,772**	**3,372**	**14,302**	**5,975**
Developed	***1,831***	***8,542***	***3,387***	***1,847***	***8,342***	***3,366***	***2,100***	***8,899***	***3,720***
Undeveloped	***1,248***	***5,900***	***2,321***	***1,230***	***6,466***	***2,406***	***1,272***	***5,403***	***2,255***
Equity-accounted entities									
North Africa	**16**	**15**	**19**	**14**	**15**	**16**	**13**	**13**	**14**
Developed	*16*	*15*	*19*	*13*	*15*	*15*	*13*	*13*	*14*
Undeveloped				*1*		*1*			
Sub-Saharan Africa	**15**	**330**	**75**	**17**	**351**	**81**	**16**	**387**	**87**
Developed				*7*	*89*	*23*	*6*	*85*	*22*
Undeveloped	*15*	*330*	*75*	*10*	*262*	*58*	*10*	*302*	*65*
Rest of Asia	**1**	**28**	**7**	**1**	**18**	**5**		**12**	**4**
Developed		*14*	*3*		*10*	*3*		*9*	*2*
Undeveloped	*1*	*14*	*4*	*1*	*8*	*2*		*3*	*2*

Americas	**116**	**3,353**	**726**	**117**	**3,353**	**728**	**158**	**3,581**	**810**
Developed	*19*	*5*	*18*	*26*	*6*	*26*	*29*	*1,295*	*265*
Undeveloped	*97*	*3,348*	*708*	*91*	*3,347*	*702*	*129*	*2,286*	*545*
Total equity-accounted entities	**148**	**3,726**	**827**	**149**	**3,737**	**830**	**187**	**3,993**	**915**
Developed	***35***	***34***	***40***	***46***	***120***	***67***	***48***	***1,402***	***303***
Undeveloped	***113***	***3,692***	***787***	***103***	***3,617***	***763***	***139***	***2,591***	***612***
Total including equity-accounted entities	**3,227**	**18,168**	**6,535**	**3,226**	**18,545**	**6,602**	**3,559**	**18,295**	**6,890**
Developed	***1,866***	***8,576***	***3,427***	***1,893***	***8,462***	***3,433***	***2,148***	***10,301***	***4,023***
Undeveloped	***1,361***	***9,592***	***3,108***	***1,333***	***10,083***	***3,169***	***1,411***	***7,994***	***2,867***

Oil and natural gas production

In 2015, Eni s hydrocarbon production was 1.760 million boe/d, up by 10.1% from 2014. Excluding the price effects reported in Production Sharing Agreements, production increased by 6.3%. The increase was driven by new field start-ups and the continuing ramp-up of production at fields started in 2014, mainly in Angola, Venezuela, the United States and the United Kingdom, higher production in Libya and Iraq as well as the recovery of trade receivables for past investments in Iran. These positive effects were partly offset by the decline of mature fields. New field start-ups and ramp-ups of production added an estimated 139 kboe/d of new production. The share of oil and natural gas produced outside Italy was 90% (compared to 89% in the corresponding period a year ago).
Liquids production (908 kbbl/d) increased by 80 kbbl/d, or 9.7%, due to higher production in Libya, Iran and Iraq as well as new fields start-ups and ramp-ups in particular in Angola, the United States and Norway.
Natural gas production (4,681 mmcf/d) increased by 457 mmcf/d, or 10.8% from 2014. The start-ups in Venezuela, the United Kingdom, Egypt and the United States, as well as higher production in Libya more than offset the decline of mature fields.
Oil and gas production sold amounted to 614.1 mmboe. The 28.3 mmboe difference over production (642.4 mmboe) mainly reflected volumes of natural gas consumed in operations (26.4 mmboe), changes in inventory levels and other variations. Approximately 61% of liquids production sold (330.1 mmbbl) was destined to Eni s mid-downstream sectors. About 25% of natural gas production sold (1,560 bcf) was destined to Eni s Gas & Power segment.In 2015 oil spills from operations reported an increase compared to the previous year, amounting to 22%; oil spills from sabotage increased by 57%. Oil spills were concentrated in Nigeria, due to disruptions and force majeure events reported during the year. Eni continues to promote operations aimed to guarantee safety standards and at ensuring efficient operations management.

Oil and natural gas production (a)

	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)	Liquids (mmbbl)	Natural gas (bcf)	Hydrocarbons (mmboe)
Consolidated subsidiaries	**2013**			**2014**			**2015**		
Italy	26	230	68	27	213	65	25	200	62
Rest of Europe	28	157	57	34	195	69	31	201	68
North Africa	91	609	201	91	627	206	98	780	240
Sub-Saharan Africa	88	176	120	84	185	118	93	171	124
Kazakhstan	22	78	36	19	73	32	20	80	35
Rest of Asia	16	130	40	13	114	34	28	106	47
Americas	22	89	38	27	80	41	28	94	45
Australia and Oceania	4	40	11	2	40	10	2	41	9
	297	**1,509**	**571**	**297**	**1,527**	**575**	**325**	**1,673**	**630**
Equity-accounted entities									
North Africa	1	2	2	1	2	1	1	2	1

Sub-Saharan Africa		5	1		4	1			
Rest of Asia	2	61	13		8	2	1	9	2
Americas	4		4	4		4	4	25	9
	7	**68**	**20**	**5**	**14**	**8**	**6**	**36**	**12**
Total	**304**	**1,577**	**591**	**302**	**1,541**	**583**	**331**	**1,709**	**642**

(a) Includes volumes of gas consumed in operations (26.4, 29.4 and 30 mmboe in 2015, 2014 and 2013, respectively).

Oil and natural gas production [a]

	2013 Liquids (kbbl/d)	2013 Natural gas (mmcf/d)	2013 Hydrocarbons (kbbl/d)	2014 Liquids (kbbl/d))	2014 Natural gas (mmcf/d)	2014 Hydrocarbons (kbbl/d)	2015 Liquids (kbbl/d)	2015 Natural gas (mmcf/d)	2015 Hydrocarbons (kbbl/d)
Consolidated subsidiaries									
Italy	**71**	**630.2**	**186**	**73**	**583.8**	**179**	**69**	**546.6**	**169**
Rest of Europe	**77**	**429.6**	**155**	**93**	**535.2**	**190**	**85**	**551.8**	**185**
Croatia		43.0	8		38.2	7		21.2	4
Norway	60	250.5	106	62	274.2	112	57	264.6	105
United Kingdom	17	136.1	41	31	222.8	71	28	266.0	76
North Africa	**248**	**1,668.7**	**551**	**248**	**1,718.9**	**562**	**268**	**2,138.0**	**658**
Algeria	73	81.6	88	83	141.3	109	79	94.1	96
Egypt	93	734.6	227	88	649.8	206	96	510.1	189
Libya	76	836.7	228	73	911.2	239	89	1,517.3	365
Tunisia	6	15.8	8	4	16.6	8	4	16.5	8
Sub-Saharan Africa	**242**	**481.7**	**329**	**231**	**507.5**	**323**	**256**	**468.3**	**341**
Angola	79	32.7	84	75	38.3	82	96	31.6	101
Congo	90	161.8	120	80	145.1	106	78	136.8	103
Nigeria	73	287.2	125	76	324.1	135	82	299.9	137
Kazakhstan	**61**	**213.5**	**100**	**52**	**200.7**	**88**	**56**	**218.3**	**95**
Rest of Asia	**43**	**354.7**	**108**	**36**	**310.4**	**93**	**77**	**289.8**	**130**
China	7	3.4	8	4		4	3		3
India		7.2	1		3.7	1		2.6	1
Indonesia	1	55.0	11	1	52.6	11	2	54.8	12
Iran	4		4	1		1	22		22
Iraq	22		22	21		21	40		40
Pakistan		283.1	52		248.2	45		226.4	41
Turkmenistan	9	6.0	10	9	5.9	10	10	6.0	11
Americas	**61**	**244.5**	**106**	**74**	**217.8**	**115**	**75**	**257.1**	**122**
Ecuador	13		13	12		12	11		11
Trinidad & Tobago		58.6	11		60.3	11		70.4	13
United States	48	185.9	82	62	157.5	92	64	186.7	98
Australia and Oceania	**10**	**110.4**	**30**	**6**	**110.5**	**26**	**5**	**111.8**	**26**
Australia	10	110.4	30	6	110.5	26	5	111.8	26
	813	**4,133.3**	**1,565**	**813**	**4,184.8**	**1,576**	**891**	**4,581.7**	**1,726**
Equity-accounted entities									
Angola		14.2	3		10.3	2		0.9	
Indonesia	1	24.2	5	1	23.2	5	1	24.1	5
Russia	5	141.6	31						
Tunisia	4	5.5	5	4	5.3	5	4	5.2	4
Venezuela	10	0.8	10	10	0.8	10	12	68.9	25

	20	**186.3**	**54**	**15**	**39.6**	**22**	**17**	**99.1**	**34**
Total	**833**	**4,319.6**	**1,619**	**828**	**4,224.4**	**1,598**	**908**	**4,680.8**	**1,760**

(a) Includes volumes of gas consumed in operations (397, 442 and 451 mmcf/d in 2015, 2014 and 2013, respectively).

Productive wells

In 2015, oil and gas productive wells were 9,241 (3,667.5 of which represented Eni s share). In particular, oil productive wells were 6,558 (2,439.1 of which represented Eni s share); natural gas productive wells amounted to 2,683 (1,228.4 of which represented Eni s share).

The following table shows the number of productive wells in the year indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities- oil&gas (Topic 932).

Productive oil and gas wells [(a)]

	2015			
	Oil wells		Natural gas wells	
(units)	Gross	Net	Gross	Net
Italy	238.0	192.1	605.0	523.6
Rest of Europe	363.0	59.7	179.0	100.6
North Africa	1,782.0	941.1	211.0	90.7
Sub-Saharan Africa	3,065.0	613.4	344.0	27.2
Kazakhstan	185.0	50.7		
Rest of Asia	688.0	457.2	998.0	380.9
Americas	230.0	121.1	328.0	101.6
Australia and Oceania	7.0	3.8	18.0	3.8
	6,558.0	2,439.1	2,683.0	1,228.4

(a) Includes 2,135 gross (744.6 net) multiple completion wells (more than one producing into the same well bore). Productive wells are producing wells and wells capable of production. One or more completions in the same bore hole are counted as one well.

Drilling

Exploration

In 2015, a total of 29 new exploratory wells were drilled (19.1 of which represented Eni s share), as compared to 44 exploratory wells drilled in 2014 (25.8 of which represent Eni s share) and 53 exploratory wells drilled in 2013 (27.8 of which represented Eni s share).

The following tables show the number of net productive, dry and in progress exploratory wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities-oil&gas (Topic 932).

The overall commercial success rate was 16.7% (25.1% net to Eni) as compared to 31.3% (38.0% net to Eni) in 2014 and 36.9% (38.5% net to Eni) in 2013.

Exploratory Well Activity

	Wells completed (a)						Wells in progress at Dec. 31 (b)	
	2013		2014		2015		2015	
(units)	Productive	Dry (c)	Productive	Dry (c)	Productive	Dry (c)	Gross	Net
Italy				0.6			4.0	2.8
Rest of Europe		3.4		4.3		2.2	9.0	2.3
North Africa	4.9	5.4	3.5	4.3	3.3	5.8	15.0	12.5
Sub-Saharan Africa	3.2	6.6	7.3	7.3	0.6	2.9	34.0	17.8
Kazakhstan		0.4					6.0	1.1
Rest of Asia	4.3	2.7	1.3	4.3		3.4	7.0	2.3
Americas	0.2	1.2	2.0	1.4	1.0	0.3	4.0	2.5
Australia and Oceania		0.5		0.9			1.0	0.3
	12.6	**20.2**	**14.1**	**23.1**	**4.9**	**14.6**	**80.0**	**41.6**

(a) Net to Eni.
(b) Includes temporary suspended wells pending further evaluation.
(c) A dry well is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas sufficient quantities to justify completion as an oil or gas well.

Development

In 2015, a total of 335 development wells were drilled (132.4 of which represented Eni s share) as compared to 440 development wells drilled in 2014 (191 of which represented Eni s share) and 463 development wells drilled in 2013 (187.2 of which represented Eni s share). The drilling of 103 development wells (35 of which represented Eni s share) is currently underway.

The following tables show the number of net productive, dry and in progress development wells in the years indicated by the Group and its equity-accounted entities in accordance with the requirements of FASB Extractive Activities - oil&gas (Topic 932).

Development Well Activity

	Wells completed (a)						Wells in progress at Dec. 31	
	2013		2014		2015		2015	
(units)	Productive	Dry (b)	Productive	Dry (b)	Productive	Dry (b)	Gross	Net
Italy	7.4	1.0	12.5		6.0		6.0	3.6
Rest of Europe	6.3		9.8	1.0	10.2	0.1	14.0	3.0
North Africa	61.6	3.3	54.5	1.0	30.5	2.8	17.0	9.2
Sub-Saharan Africa	26.3	1.2	31.6		22.0	2.5	28.0	4.8
Kazakhstan	0.3		1.5		4.7		16.0	3.1
Rest of Asia	61.7	4.3	54.2	1.6	29.7	5.9	6.0	2.3
Americas	13.8		22.1	0.7	17.4	0.1	16.0	9.0
Australia and Oceania			0.1	0.4	0.5			
	177.4	**9.8**	**186.3**	**4.7**	**121.0**	**11.4**	**103.0**	**35.0**

(a) Net to Eni.
(b) A dry well is an exploratory, development, or extension well that proves to be incapable of producing either oil or gas sufficient quantities to justify completion as an oil or gas well.

Acreage

In 2015, Eni performed its operations in 42 countries located in five continents. As of December 31, 2015, Eni s mineral right portfolio consisted of 852 exclusive or shared rights of exploration and development activities for a total acreage of 342,708 square kilometers net to Eni of which developed acreage of 40,640 square kilometers and undeveloped acreage of 302,068 square kilometers net to Eni.

In 2015, changes in total net acreage mainly derived leases mainly in Egypt, Mexico, Myanmar, the United Kingdom and Ivory Coast for a total acreage of approximately 21,500 square kilometers; (ii) the total relinquishment of licenses mainly in Congo, Ghana, Italy, Nigeria, Norway, Pakistan, Tunisia and the United States, covering an acreage of approximately 15,600 square kilometers; (iii) interest increase in Australia and partial relinquishment in Indonesia for a total net acreage of 2,000 square kilometers.

from: (i) new

Oil and natural gas interests

	December 31, 2014	December 31, 2015						
	Total net acreage [a]	Number of interest	Gross developed acreage [a] [b]	Gross undeveloped acreage [a]	Total gross acreage [a]	Net developed acreage [a] [b]	Net undeveloped acreage [a]	Total net acreage [a]
EUROPE	**44,842**	**274**	**15,873**	**52,732**	**68,605**	**10,989**	**34,134**	**45,123**
Italy	**17,297**	**147**	**10,647**	**10,436**	**21,083**	**8,924**	**8,051**	**16,975**
Rest of Europe	**27,545**	**127**	**5,226**	**42,296**	**47,522**	**2,065**	**26,083**	**28,148**
Cyprus	10,018	3		12,523	12,523		10,018	10,018
Croatia	987	2	1,975		1,975	987		987
Greenland	1,909	2		4,890	4,890		1,909	1,909
Norway	3,672	56	2,310	7,594	9,904	452	2,662	3,114
Portugal	6,370	3		9,099	9,099		6,370	6,370
United Kingdom	744	48	941	1,501	2,442	626	1,279	1,905
Other Countries	3,845	13		6,689	6,689		3,845	3,845
AFRICA	**159,341**	**283**	**63,142**	**260,577**	**323,719**	**19,788**	**137,653**	**157,441**
North Africa	**21,693**	**119**	**30,392**	**26,704**	**57,096**	**13,778**	**11,921**	**25,699**
Algeria	1,179	42	3,222	187	3,409	1,148	31	1,179
Egypt	4,946	57	5,623	17,829	23,452	2,121	7,547	9,668
Libya	13,294	10	17,947	8,688	26,635	8,951	4,343	13,294
Tunisia	2,274	10	3,600		3,600	1,558		1,558
Sub-Saharan Africa	**137,648**	**164**	**32,750**	**233,873**	**266,623**	**6,010**	**125,732**	**131,742**
Angola	4,327	72	7,688	13,608	21,296	987	3,417	4,404
Congo	2,883	26	1,794	943	2,737	971	383	1,354
Gabon	7,615	6		7,615	7,615		7,615	7,615
Ghana	1,664	2		226	226		100	100
Ivory Coast		1		1,431	1,431		429	429
Kenya	40,426	7		61,363	61,363		40,426	40,426
Liberia	1,841	3		7,364	7,364		1,841	1,841
Mozambique	5,103	6		3,911	3,911		1,956	1,956
Nigeria	7,638	36	23,268	8,747	32,015	4,052	3,380	7,432
South Africa	32,847	1		82,202	82,202		32,881	32,881
Other Countries	33,304	4		46,463	46,463		33,304	33,304
ASIA	**109,237**	**70**	**17,556**	**202,632**	**220,188**	**5,803**	**111,380**	**117,183**
Kazakhstan	**869**	**6**	**2,391**	**2,542**	**4,933**	**442**	**427**	**869**
Rest of Asia	**108,368**	**64**	**15,165**	**200,090**	**215,255**	**5,361**	**110,953**	**116,314**
China	7,075	8	77	7,056	7,133	13	7,056	7,069
India	6,167	11	206	16,546	16,752	109	6,058	6,167
Indonesia	26,248	14	3,218	31,415	34,633	1,217	23,907	25,124
Iraq	446	1	1,074		1,074	446		446
Myanmar	7,065	4		24,080	24,080		20,050	20,050

Pakistan	9,467	15	10,390	11,486	21,876	3,396	5,414	8,810
Russia	20,862	3		62,592	62,592		20,862	20,862
Timor Leste	1,230	1		1,538	1,538		1,230	1,230
Turkmenistan	180	1	200		200	180		180
Vietnam	26,384	5		30,777	30,777		23,132	23,132
Other Countries	3,244	1		14,600	14,600		3,244	3,244
AMERICAS	**7,943**	**211**	**5,245**	**9,458**	**14,703**	**3,351**	**3,277**	**6,628**
Ecuador	1,985	1	1,985		1,985	1,985		1,985
Mexico		3		67	67		67	67
Trinidad & Tobago	66	1	382		382	66		66
United States	3,500	192	1,617	2,301	3,918	803	1,315	2,118
Venezuela	1,066	6	1,261	1,543	2,804	497	569	1,066
Other Countries	1,326	8		5,547	5,547		1,326	1,326
AUSTRALIA AND OCEANIA	**13,376**	**14**	**1,140**	**21,679**	**22,819**	**709**	**15,624**	**16,333**
Australia	13,376	14	1,140	21,679	22,819	709	15,624	16,333
Total	**334,739**	**852**	**102,956**	**547,078**	**650,034**	**40,640**	**302,068**	**342,708**

(a) Square kilometers.
(b) Developed acreage refers to those leases in which at least a portion of the area is in production or encompasses proved developed reserves.

Main exploration and development projects

Italy

In the Val d Agri concession (Eni s interest 60.77%) the development plan is progressing in line with the commitments agreed with the Basilicata Region, particularly in 2015: (i) a new gas treatment unit realized, in order to improve production capacity of the treatment oil centre and the environmental performance; (ii) the Environmental Monitoring Plan is being implemented. This project represents a benchmark in terms of environmental protection. In addition, Eni implements best practices in environmental protection by means of the Action Plan for Biodiversity in Val d Agri; and (iii) programs to support a cultural and social development, tourism as well as development of agricultural and food farming businesses.
On March 31 2016, as part of an investigation commenced by the Italian Public Prosecutor of Potenza for alleged environmental crimes that is disclosed in the legal proceeding section in the Annual Report on Form 20-F 2015 (see page F-86), it was ordered the seizure of certain plants that are functional to the activity of hydrocarbons production, which has been shut down. The interruption is currently affecting a production of approximately 60 kboe/d net to Eni. The value-in-use of the Val D Agri CGU determined as part of the impairment review of 2015 significantly exceeds the CGU carrying amount, so to exclude that even under the worst-case production shutdown among the currently foreseeable scenarios a reduction of the CGU book value at the reporting date might occur.
Other main development activities in the Adriatic and Ionic Seas concerned: (i) maintenance and optimization of production, mainly at the Barbara, Anemone, Annalisa, Armida and Guendalina fields; (ii) start-up of the Bonaccia NW project and ongoing development activities at the Clara field; and (iii) launch of CLEAN SEA program (Continuous Long-term Environment Monitoring and Asset Integrity at Sea), a robotic system of environmental monitoring and inspection of offshore

In March 2016, production start-up was achieved at the Goliat oilfield (Eni operator with a 65% interest) in the Barents Sea. Production plateau is expected at 65 kbbl/d net to Eni. The project includes a subsea system consisting of 22 wells, of which 12 are oil producers, 7 water injectors and 3 gas injectors, linked to the largest cylindrical FPSO in the world by subsea production and injection flowlines. The use of well-advanced technologies, electricity supply provided to the platform from the mainland and the re-injection of produced water and natural gas into reservoir as well as zero gas flaring during production activities will allow to minimize environmental impact.
The Goliat project is also equipped with a well-advanced emergency system for the management of oil spills, in terms of organization, equipment and technology advancement. The testing performed in 2015 confirmed that oil spill contingency response plan is in line with all the requirements of Norwegian Authorities. This result was achieved also thanks to the Costal Oil Spill Preparedness Improvement Program (COSPIP), launched by Eni jointly with other major oil companies and local and international research institutes.
Other activities concerned the maintenance and optimization of the production at the Ekofisk field (Eni s interest 12.39%) and start-up of the FSU at Heidrun field (Eni s interest 5.2%) in the Norwegian Sea.

United Kingdom In 2015, Eni was awarded four exploration licenses in the Central North Sea, with interests ranging from 9.13% to 100%. In addition, Eni finalized the acquisition of three licenses in the Southern North Sea, with a 100% interest.
Eni started production of the Phase 2 at the West Franklin field (Eni s interest 21.87%), following the completion of two productive wells.
Development activities concerned drilling activities for the completion of the development of Jasmine field (Eni s interest 33%).

North Africa

Algeria Development and optimization activities progressed at the MLE-CAFC production fields (Eni

facilities.
Following the Memorandum of Understanding for the Gela area, signed with the Ministry of Economic Development in November 2014, Eni started preparatory study on the Argo Cluster offshore development project.

Rest of Europe

Norway In 2015, Eni was awarded two exploration licenses: (i) the operatorship and a 40% interest in the PL 806 license in the Barents Sea; and (ii) a 13.12% interest in the PL 044C license in the North Sea.
Focus of the exploration activity in 2015 were the preparatory activities for an exploration drilling campaign planned for 2016.
At the beginning of 2015, production start-up was achieved at the Eldfisk 2 field (Eni s interest 12.39%) in the North Sea and in September 2015, Asgard Subsea Compression project started up in order to optimize production from Mitgard (Eni s interest 14.8%) and Mikkel fields (Eni s interest 14.9%) in the Norwegian Sea. The project is the first program of deep-sea gas compression in the world.

operator with a 75% interest), by means of construction and infilling activities as well as production optimization. The project includes an additional oil phase with a start-up expected in 2017, targeting a production plateau more than 30 kboe/d net to Eni.
In 2015, Eni signed with relevant Authorities a five-year extension for the operated field Rom East (Eni s interest 100%).
Other activities concerned infilling activities and production optimization at the operated Blocks 403a/d (Eni s interest from 65% to 100%), Rom North (Eni s interest 35%), 401a/402a (Eni s interest 55%) and 403 (Eni s interest 50%), as well as in the non-operated Blocks 208 and 404 (Eni s interest 12.25%).

Egypt Exploration activities yielded positive results with the following discoveries: (i) the giant Zohr gas discovery, in the operated Shorouk license (Eni s interest 100%) located in the deep offshore of Mediterranean Sea. This field is estimated to retain 30 trillion cubic feet of gas in place. The discovery could grant energy independence to the Country for many years to come. In February 2016, the Egyptian Ministry of Petroleum and Mineral Resources has approved to award to Eni the Zohr

Development Lease that allows the start-up of the development program at the Zohr gas field. The first gas is expected at the end of 2017. In addition, appraisal activity yielded positive results with the Zohr 2X well, the first delineation well. The delineation campaign provides the drilling of three additional wells; (ii) oil and gas discovery with the Melehia West Deep well in the Melehia concession (Eni s interest 76%) located in the western desert; (iii) the Sidri-18 oil discovery in the Abu Rudeis concession (Eni s interest 100%) in the Gulf of Suez; (iv) a gas discovery in the Nooros exploration prospect, located in the Abu Madi West license (Eni s interest 75%) in the Nile Delta. This field is estimated to retain approximately 530 billion cubic feet of gas in place with upside, and associated condensates. The discovery was put into production in two months time through a tie-in to the existing Abu Madi gas treatment plant. In February 2016, a new success exploration was achieved with the drilling of the Nidoco North 1X well. Production start-up is expected in the second quarter 2016 and will allow to achieve an overall production of 45 kboe/d in the area.

During the year, Concession Agreements were ratified for the following blocks: (i) the Southwest Melehia (Eni s interest 100%) in the western desert; (ii) Karawan (Eni operator with a 50% interest) and North Leil (Eni s interest 100%) in the deep offshore of Mediterranean Sea; (iii) North El Hammad (Eni operator with 37.5% interest) and North Ras El Esh (Eni s interest 50%) in the offshore Nile Delta, which is still expected to be ratified by the Country s Authorities.

In March 2015, Eni and the Egyptian Ministry of Petroleum and Mineral Resources signed a framework agreement, which comprises a plan to invest up to $5 billion (at 100%) in the development of the Country s oil and gas reserves over the next few years. The agreement also includes a revision of certain Eni s ongoing oil contracts, with the economic effects retroactive to January 1, 2015. The agreement also comprises the identification of new measures to reduce overdue amounts of trade receivables relating to hydrocarbons supplies to Egyptian state-owned companies. In November 2015, as foreseen in the agreement, Eni signed three amendments for the concessions of Sinai 12 condensates discoveries: (i) in the offshore Bahr Essalam South exploration prospect, nearby to the Bahr Essalam production field; (ii) in the offshore Bouri North exploration prospect, nearby to the Bouri production field. These discoveries confirm the high mineral potential of the natural gas resources still present in the Country.

In January 2015, Eni and the State company NOC signed an agreement that ensures during the 2015-2018 four-year period the sale of the associated gas to the production of the Bu Attifel oilfield in the contractual area B (Eni s interest 100%).

Development activities in the contractual area D concerned: (i) the linkage and the start-up of three infilling wells, in addition to the activity of production optimization at the Wafa field; (ii) the start-up of the second development phase of the Bahr Essalam field by means of the start-up of drilling campaign and the award of EPC contract for the construction of linkage subsea facility to the onshore treatment plans.

Sub-Saharan Africa

Angola In 2015, Eni and the State company Sonangol signed certain agreements aimed at strengthening strategic and operational partnership, which include: (i) the commitment to upgrade the current development plans for the Lobito refinery, owned by the Angolan national company, with Eni s expertise and know-how in the downstream sector including the potential synergies deriving from existing refineries; and (ii) the commitment to progress the ongoing evaluation of the gas resources in the Lower Congo Basin, in the framework of a strategy aimed at guaranteeing accessible energy in the Country. Once these are developed, they will allow energy supply to the internal market, sustaining local economy and the agricultural projects, which ease the diversification of the Country s economy. In addition, Eni and Sonangol agreed a revision of certain contractual terms to support investments in the Block 15/06 (Eni operator with a 36.84% interest), where in January 2015, Eni obtained a three-year extension of the exploration period.

Eni started production in the Block 15/06 at the end of

(Eni s interest 100%) and Abu Madi, North Port Said (Eni s interest 100%) and Baltim (Eni operator with a 50% interest), for the realization of projects to be implemented in the next years and to support the increasing energy needs of Egyptian local demand. In addition, Eni signed a new Concession Agreement for the Ashrafi area (Eni s interest 25%). Certain planned activities are currently in the execution phase and one additional well in Baltim concession has already been put into production.

Production activities during the year concerned mainly infilling wells in the Gulf of Suez and Western Desert areas and for gas in El Temsah and Baltim and other production optimization activities aimed to optimized reserves recovery.

During the year, the Chemical Enhanced Oil Recovery pilot project was launched in order to optimize the recovery of the mineral potential of the Belayim field (Eni s interest 100%).

Libya Exploration activities near-field yielded positive results in the contractual area D (Eni s interest 50%), with gas and

2014 with the West Hub Development Project that represents the first Eni-operated producing project in the Country. The development program plans to hook up the Block s discoveries to the N Goma FPSO in order to support production plateau. In April 2015, production start-up was achieved at the Cinguvu field, following the first oil of the Sangos field, and in January 2016, Eni started production from the M Pungi field, with an overall production of approximately 25 kbbl/d net to Eni.

In addition, Eni started production at: (i) the Kizomba satellites Phase 2 project (Eni s interest 20%), in the deep offshore of the Country, by means of the start-up of further three fields connected to the existing FPSO. The peak production is estimated at approximately 80 kbbl/d; (ii) the Lianzi project (Eni s interest 10%), with the start-up of the first two wells which yielded approximately 25 kbbl/d by the end of the year. The start-up of an additional well in 2016 will allow to reach a production peak of approximately 35 kbbl/d; and (iii) the Gazela field (Eni s interest 12%), with a production of approximately 3 kbbl/d.

Other development activities concerned: (i) the completion of flaring down activities at the Nemba field (Eni s interest 9.8%), with a reduction of gas flared of approximately 85%; and (ii) the Mafumeira project (Eni s interest 9.8%) with production start-up expected at the end of 2016.

Congo Exploration activities yielded positive results in the Marine XII block (Eni operator with a 65% interest) with: (i) the Minsala N1 appraisal well, confirming the mineral potential of the Minsala discovery; and (ii) the Nkala Marine discovery with a mineral potential estimated in approximately 250-300 million boe. The exploration successes in the pre-salt sequences of the Marine XII block confirms Eni s exploration technologies effectiveness. Eni estimates the resources in place of oil and gas to be approximately 5.8 billion boe.
In 2015, Eni and the local Authorities defined a frame cooperation agreement for the expansion of the CEC power station (Eni s interest 20%), in order to promote the energy development in Congo and contribute to the Country s growth.
The Project Integreé Hinda (PIH) was completed in the year. The social project provides to support the living conditions in the M Boundi area. In the five-year 2011-2015 period, this program provided to improve education, health, agriculture and access to water, with specific initiatives and in collaboration with local Authorities. The program involved approximately 25,000 people. Eni, with the support of the Earth Institute of the Columbia University launched a program to design a monitoring system to assess the effectiveness of the PIH project and to check its support to the development of the area.
Eni achieved production start-up of the Litchendjili field in the Marine XII block by means of the installation of a production platform, the construction of transport facilities and onshore treatment plant. Peak production is estimated at 14 kboe/d net to Eni and is expected in 2016. Natural gas production will feed the CEC power station while oil production start-up is expected with the next development wells.
Development activities progressed at the Nené Marine facilities; and (ii) the start-up of the development activities with the drilling of 5 development wells.
In addition, during 2015, a Livelihood Restoration plan was defined to support local community.
Leveraging on Eni s cooperation model, a project together with local stakeholders was defined to support local communities in the medium to long-term. Main undergoing activities are focused in the Western Region of the Country, where the ongoing Health Project will involve more than 300,000 people. In particular, the project includes: (i) the building of 8 clinics, 6 of which have already been completed; (ii) the renovation of 9 already existing clinics, 2 of which completed; (iii) the building and renovation of a maternity ward, in addition to the one already inaugurated in 2015; and (iv) five ambulances were delivered, while training programs for both medical and paramedical staff are being carried out, as well as further supply of medical equipment.

Mozambique In October 2015, Eni was awarded the operatorship of the exploration offshore Block A-5A (Eni s interest 34%). The block is located in the deep offshore of Zambesi covering an area of approximately 5,000 square kilometers.
In November 2015, according to a Decree Law approved in December 2014, which defines the Rovuma Basin fiscal regime and the terms for the onshore liquefaction projects, all the concessionaries of Area 4 (operated by Eni) and Area 1 (operated by Anadarko) signed the Utilization and Unit Operating Agreement (UUOA). The agreement concerns the development of the Mamba and Prosperidade natural gas straddling reservoirs. In addition, the two operators jointly submitted to the Authorities the request for the allocation of the areas designated to the construction of the onshore liquefaction facilities.
The development plan of the first phase of the Mamba project includes construction of two onshore LNG trains with a combined capacity of 10 mmtonnes/y and the drilling of 16 subsea wells, with start-up in 2022. Eni expects to produce up to 12 Tcf of gas according to its independent industrial plan, coordinated with the operator of Area 1. The FID is expected in 2017.
Other development activities concerned the production

production field, started up in 2014, located in the Marine XII block, with the completion and start-up of two additional productive wells. In 2015, the final investment decision for the Phase 2 of Nené Marine was sanctioned and start-up is expected in the second half of 2016.

Ghana In March 2016, Eni was awarded the operatorship of the exploration license Cape Three Points Block 4 (Eni s interest 42.47%), located in the offshore of the country.
In 2015, Eni defined and signed a Gas Sale Agreement with the Ghana Authorities, as well as other agreements related to the guarantees for the sale of natural gas from the operated OCTP project (Eni s interest 47.22%), sanctioned and approved by the Ministry of Petroleum in December 2014. The integrated oil and gas development plan provides to put into production the Sankofa, Sankofa East and Gye Nyame discoveries. The first oil is expected in 2017 and the first gas in 2018. Peak production is estimated at 40 kboe/d net to Eni in 2019.
In the year development activities concerned: (i) main contracts awarded for the realization of the FPSO and offshore

start-up of the Coral discovery. In February 2016, the local Authorities approved the first stage of the development plan. The project plans to put into production 5 Tcf of gas and includes the construction of a floating unit for the treatment, liquefaction and storage of natural gas (Floating LNG-FLNG) with a capacity of 3.4 mmtonnes/y fed by 6 subsea wells. Start-up is expected in 2021.
In September 2015, the project also received the Environmental License by means of a process of environmental and social assessment that involved local communities and national authorities. The EPCIC contracts award recommendation for the construction, installation and commissioning of the FLNG and supply of subsea equipment and drilling rig have been issued. Furthermore, the long-term LNG sale contract have been finalized. The FID is expected in 2016, after approval of

all contracts and commercial agreements by Mozambique authorities and JV partners.
Leveraging on Eni s cooperation model, a medium-long term program was defined to support local communities also involving all local stakeholders as integrated part of the development activity. The guidelines of the program include projects to develop the socio-economic conditions of local communities and respect for biodiversity. In particular, during 2015, certain projects were completed, such as: (i) Water Wells Project, aimed to improve access to water in the Palma area, by means of the water management system which includes the constitution of committees for local management in order to guarantee the sustainability of the initiatives in the long-term; (ii) educational programs including primary and secondary school as well as professional training; (iii) power supply to the primary school in the Pemba area to support literacy; and (iv) the renovation of certain hospital departments in Pemba area and specific training initiatives dedicated to doctors, nurses and hospital technicians.

Nigeria Eni completed activities and achieved production start-ups at: (i) the Bonga NW project, by means of the linkage of additional productive and infilling wells to the existing FPSO; and (ii) the Abo project Phase 3, by means of the linkage of two additional production wells to the existing production facilities in the area.
Development activities concerned: (i) the OML 28 block (Eni s interest 5%), where the drilling campaign progressed within the integrated project in the Gbara-Ubie area, aimed to supply natural gas to the Bonny liquefaction plant (Eni s interest 10.4%) with start-up expected in 2016; and (ii) the OML 43 block (Eni s interest 5%), where the development plan of the Forkados-Yokri field provides the drilling of 24 producing wells, the upgrading of existing flowstations and the construction of transport facilities. Start-up is expected in 2016.
Development activities progressed at the OMLs 60, 61, 62 and 63 blocks (Eni s interest 20%) with: (i) the programs to reduce gas flared and to monetize associated gas at the flow stations of Kwale/Oshi and 30 mmtonnes/y of LNG, corresponding to a feedstock of approximately 1,624 bcf/y. Natural gas supplies to the plant are currently provided under gas supply agreements with an expiring date in eighteen years from the SPDC JV and the NAOC JV, the latter operating the OMLs 60, 61, 62 and 63 blocks with an average amount of approximately 2,825 mmcf/d for the next four years (approximately 268 mmcf/d net to Eni corresponding to approximately 48 kboe/d). LNG production is sold under long-term contracts and exported to US, Asian and European markets by the Bonny Gas Transport fleet, wholly owned by Nigeria LNG Co. During 2015, six new vessels were launched.

Kazakhstan

New initiatives In June 2015, Eni and KazMunayGas (KMG) signed an agreement on the transfer to Eni of the 50% stake for exploration and production activities in the Isatay block located in the Kazakh sector of the Caspian Sea. The transfer is expected to be finalized after all necessary approvals required by law. The Isatay block is estimated to have significant potential oil resources and will be operated by a joint operating company established by KMG and Eni on a 50/50 basis.
In addition, after the finalization of the FEED, the activities related to the contracts award for the construction of a shipyard in Kuryk started, as provided by the agreements signed in 2014.

Kashagan On June 13, 2015, the Consortium completed a new setup of the operating model to execute the development of the project, targeting to streamline decision-making process, to increase efficiency in operations and to reduce costs. This new operating model provides that the company NCOC NV, participated by the seven partners of the Consortium, acts as the sole operator of all exploration, development and production activities at the Kashagan field (Eni s interest 16.81%).
In December 2015, the Authority of the Republic of Kazakhstan approved the Amendment 5 to the development plan and budget for the Phase 1 of the Kashagan project (the so-called "Experimental

Ebocha oil centre. In 2015, the volumes of flared gas decreased by approximately 85%; and (ii) the water management project by means of the construction of collection, treatment and re-injection facilities. In 2015, the first treatment hub was completed, through the construction of facilities with the overall capacity of 60 kbbl/day.

In addition, during the year, programs progressed to support the local community, with main activities in the construction of public infrastructure, education services, enhancing of health services, expanding the access to energy for local area, as well as training programs to promote the economic development, in particular in the agricultural sector.

Eni holds a 10.4% interest in the Nigeria LNG Ltd joint venture, which runs the Bonny liquefaction plant located in the Eastern Niger Delta. The plant is operational, with a treatment capacity of approximately 1,236 bcf/y of feed gas corresponding to a production of 22 mmtonnes/y of LNG on six trains. The seventh unit is being engineered as it is in the planning phase. When fully operational, total capacity will amount to approximately

Program") which defines the update to the project schedule and budget and the activities for the replacement of the damaged pipelines which forced the Consortium to shut down the production at the Kashagan field soon after the start-up in September 2013.

During the year the activities progressed to replace the damaged pipelines and the Consortium expects to complete the installation works in the second half of 2016 with production re-start by the end of 2016. The production capacity of 370 kbbl/d planned for the Phase 1 is expected to be achieved during 2017.

Within the agreements with local Authorities, Eni has been conducting training program for Kazakh resources in the oil&gas sector, in addition to the realization of infrastructures with social purpose.

As of December 31, 2015, the aggregate costs incurred by Eni for the Kashagan project capitalized in the financial statements amounted to $9.2 billion (euro 8.4 billion at the EUR/USD exchange rate of December 31, 2015). This capitalized amount included: (i) $6.8 billion relating to expenditure incurred by Eni for the development of the oil field; and (ii) $2.4 billion relating primarily to accrue finance charges and expenditures for the acquisition of interests in the Consortium from exiting partners upon exercise of pre-emption rights in previous years.

As of December 31, 2015, Eni s proved reserves booked for the Kashagan field amounted to 611 mmbbl, recording an increase of 31 mmbbl compared to 2014 mainly due to lower marker Brent price. The major part of Kashagan reserves are classified proved undeveloped.

Karachaganak In June 2015, the Gas Sales Agreement for the Karachaganak field (Eni 29.25%) was extended until 2038. The agreement provides the supply of currently produced gas volumes to the Orenburg treatment plant, including additional new development projects to support the current liquids and gas production.
The Karachaganak Expansion Project is currently under study. The project targets to install, in stages, the gas treatment plants and re-injection facilities to support liquids production profile. The development plan is currently in the phase of technical and marketing definition of its first development phase, aimed to increase the capacity of gas re-injection.
Eni continues its commitment to support local communities in the nearby area of Karachaganak field. In particular, activities focused on: (i) the professional training; and (ii) the construction of kindergartens, maintenance of hospitals and roads, building of heating plants and sport centers.
Moreover, following the re-definition of the Sanitary Protection Zone (SPZ) associated to the ongoing development projects, in 2015, according to the international standards and best practices, a project of relocation of the inhabitants from Berezovka and Bestau villages started.
Eni continues to conduct monitoring activities on biodiversity and ecosystems in the nearby of the production areas.
As of December 31, 2015, Eni s proved reserves booked for the Karachaganak field amounted to 587 mmboe, reporting an increase of 98 mmboe from 2014 mainly due to lower marker Brent price.

Rest of Asia

Indonesia Evaluation activities following the Merakes gas discovery in the deep offshore of the East Sepinngan

Iran Eni s activities in the Country regarded the recovery of its past costs incurred for the development of oil projects and currently handed over to local partners. Eni does not believe that its activities violate any applicable law also including the latest agreement between Iran and Western countries that led to the partial removal of sanctions.

Iraq The first stage of the development activities (Rehabilitation Plan) of Zubair field (Eni s interest 41.6%) was substantially completed. At the beginning of March 2016, three new generation plants for the oil, gas and water treatment (Initial Production Facilities - IPF) started. Those plants together with existing restructured and modernized facilities increased oil and natural gas treatment capacity of Zubair field to approximately 650 kbbl/d and will ensure the maximization of the associated gas utilization. In addition, these new facilities have also a water re-injection capacity of approximately 300 kbbl/d that will boost the Zubair s hydrocarbons production.
The Zubair project includes an additional development phase (Enhanced Redevelopment Plan), started in 2014, to achieve a production plateau of 850 kbbl/d.
In September 2015, Occidental of Iraq LLC, a partner of Eni Iraq BV in Zubair project, announced to exit the Zubair project, and in December 2015 SOC, the Iraqi state oil company, expressed its decision to take the place of the Occidental of Iraq LLC as a part of the project. Negotiations are underway between the parties involved.
Supporting programs for the local community progressed with main activities in the education field, by means of renovation of school buildings and projects aimed to support teaching initiatives.

Americas

United States Exploration activities yielded positive results with the Puckett Trust 1H well, within the agreement signed with Quicksilver Resources for joint evaluation, exploration and development of unconventional oil reservoirs (shale oil) in the southern part of the Delaware Basin, in West Texas. The

block (Eni operator with an 85% interest), allowed to increase significantly the estimates of gas reserves in place.
The ongoing development activities that will ensure gas supplies to the Bontang liquefaction plant include: (i) the Jangkrik project (Eni operator with a 55% interest) in the Kalimantan offshore. This project provides for the drilling of production wells linked to a Floating Production Unit for gas and condensate treatment, as well as the construction of transportation facilities. Start-up is expected in 2017; and (ii) the Bangka project (Eni s interest 20%) in the eastern Kalimantan, with start-up expected in 2016.
In June 2015, Eni and its partners of the Jangkrik project signed two agreements with PT Pertamina for the purchase and sale of 1.4 million tons/year of LNG starting from 2017.
Other initiatives have been carried out in the field of environmental protection, health care and educational system to support local communities located in the operated areas of the eastern Kalimantan, Papua and North Sumatra.

discovery has already been connected to the existing production facilities.
As part of Eni s portfolio rationalization process, the sale of certain minor assets in the Gulf of Mexico was finalized.
During the year, production start-ups were achieved in the Gulf of Mexico at: (i) the Hadrian South field (Eni s interest 30%), with an estimated daily production of approximately 300 million cubic feet of gas and 2,250 barrels of liquids (about 16 kboe/d net to Eni); and (ii) the Lucius field (Eni s interest 8.5%), with an estimated production of approximately 7 kboe/d net to Eni.
At the beginning of 2016 production start-up was achieved at the Heidelberg project (Eni s interest 12.5%) in the deepwater Gulf of Mexico. Production plateau is expected to reach approximately 9 kboe/d net to Eni.
Planned development activities progressed.
Other development activities concerned the drilling activities at: (i) the operated Devil s Tower field (Eni s interest 75%) as well as at non-operated fields Medusa (Eni s interest 25%), K2 (Eni s interest 13.39%) and St. Malo (Eni s interest 1.25%), in the Gulf of Mexico; and (ii) the Nikaitchuq (Eni operator with a 100% interest) and Oooguruk (Eni s interest 30%) fields in Alaska.

Leveraging on Eni s model for sustainable development, during the year an updating of the Action Plan for Biodiversity and Ecosystem Services in the Nikaitchuq field area continued.

Venezuela In July 2015, production started at the gas giant Perla field, located in the Cardon IV block (Eni s interest 50%) in the Gulf of Venezuela. The gas will be mainly used by the State company PDVSA for the domestic market, under the Gas Sales Agreement running until 2036. The development of Perla has been planned in three phases with 21 wells and the installation of four offshore platforms linked via sealine to an onshore treatment plant. The production level at year-end was approximately 500 mmcf/d at 100%. The second phase will ensure production ramp-up at approximately 800 mmcf/d. The development plan targets a long-term production plateau of approximately 1,200 mmcf/d through a third phase of development. Drilling activities progressed at the giant Junin 5 oilfield (Eni s interest 40%), located in the Orinoco Oil Belt. Possible optimization of development program is currently under evaluation.

Capital expenditure

Capital expenditure of the Exploration & Production segment (euro 10,234 million) concerned development of oil and gas reserves (euro 9,341 million) directed mainly outside Italy, in particular in Angola, Norway, Egypt, Kazakhstan, Congo, Indonesia and the United States. Development expenditures in Italy concerned in particular the drilling program of development wells and facility upgrading in Val d Agri as well as sidetrack and workover activities in mature fields.
About 97% of exploration expenditures (euro 820 million) were directed outside Italy in particular to Egypt, Libya, Cyprus, Gabon, Congo, the United States, the United Kingdom and Indonesia. In Italy, exploration activities were directed mainly to the Adriatic offshore, Val d Agri and Po Valley.
In 2015, overall expenditure in R&D amounted to euro 78 million (euro 83 million in 2014). A total of 8 new patents applications were filed.

Capital expenditure (euro million)	**2013**	**2014**	**2015**	**Change**	**% Ch.**
Acquisition of proved and unproved properties	**109**				
North Africa	109				
Sub-Saharan Africa					
Americas					
Exploration	**1,669**	**1,398**	**820**	**(578)**	**(41.3)**
Italy	32	29	28	(1)	(3.4)
Rest of Europe	357	188	176	(12)	(6.4)
North Africa	95	227	289	62	27.3
Sub-Saharan Africa	757	635	196	(439)	(69.1)
Kazakhstan	1				
Rest of Asia	233	160	71	(89)	(55.6)
Americas	110	139	54	(85)	(61.2)
Australia and Oceania	84	20	6	(14)	(70.0)
Development	**8,580**	**9,021**	**9,341**	**320**	**3.5**
Italy	743	880	679	(201)	(22.8)
Rest of Europe	1,768	1,574	1,264	(310)	(19.7)
North Africa	808	832	1,570	738	88.7

Sub-Saharan Africa	2,675	3,085	2,998	(87)	(2.8)
Kazakhstan	658	521	835	314	60.3
Rest of Asia	749	1,105	1,333	228	20.6
Americas	1,127	921	637	(284)	(30.8)
Australia and Oceania	52	103	25	(78)	(75.7)
Other expenditure	**117**	**105**	**73**	**(32)**	**(30.5)**
	10,475	**10,524**	**10,234**	**(290)**	**(2.8)**

Contents

Performance of the year

n

> In 2015, the injury frequency rate of total workforce increased by 6.5% compared to 2014, even if in both years the same number of accidents was recorded (5 accidents).

> In 2015, greenhouse gas emissions reported an increase of 4.4%, lower than the power generation increase (up by 5.8%). Furthermore, the energy efficiency initiatives and the start-up of the Bolgiano power plant, allowed to improve all the emission indicators.

> The water consumption rate of EniPower s plants decreased by 11.8% due to more efficient water use in the production process at certain sites.

> In 2015, adjusted net loss of the Gas & Power segment amounted to euro 168 million, worsening by euro 254 million compared to euro 86 million adjusted operating profit reported in 2014. This reflected the one-off economic benefits associated to certain contract renegotiations recorded in 2014 as well as the negative outcome of a commercial arbitration in the fourth quarter of 2015.

> Eni worldwide gas sales amounted to 90.88 bcm, up by 1.71 bcm or 1.9% compared to 2014. Eni s sales in Italy increased by 12.9% to 38.44 bcm, due to higher spot sales and more typical winter conditions compared to the last year. Sales in the European markets were 38.28 bcm, down by 9.3% from the previous year.

> Electricity sales were 34.88 TWh, up by 1.30 TWh, or 3.9% compared to 2014.

> Capital expenditure amounting to euro 154 million mainly concerned the flexibility and upgrading of combined cycle power stations (euro 69 million) as well as gas marketing initiatives in Italy and abroad (euro 69 million).

Strategy

In the Gas & Power segment we forecast sluggish demand growth even if far below the pre-crisis levels. We expect structural headwinds in the industry due to the increasing pressure of cheaper electricity from coal and renewables and increasing oversupply exacerbated by continued slowdown in China s industrial activity. European hubs will continue to play even more important role where approximately 60% of gas is exchanged. Against this scenario our priority is to preserve the economic and financial sustainability in the long-term. In order to achieve this goal, our strategy in the Gas & Power sector will leverage on:
(i) complete supply portfolio alignment to market conditions;
(ii) operational streamlining and optimization of logistic costs for total savings of euro 300 million in 2019;
(iii) focus on both B2B and retail segments and the development of our portfolio of highly profitable businesses also launching innovative products;
(iv) strengthen LNG and trading activities also leveraging integration with our upstream operations by marketing equity gas of recent discoveries.
Management expect that these actions will allow to generate a cumulative cash flow from operations in the 2016-2019 period of euro 2.8 billion.

Eni operates in a liberalized market where energy customers are allowed to choose the gas supplier and, according to their specific needs, to evaluate the quality of services and offers. Overall Eni supplies approximately 1,300 customers including large companies, power generation companies, wholesalers and distributors of natural gas for automotive use. Residential users are approximately 7.88 million amid households, professionals, small and medium-sized enterprises and public bodies located all over Italy, and approximately 2.3 million customers in European countries.
In a trading environment characterized by a slight recover in demand (up by 9% in the Italian market compared to the previous year and up by 6.5% in the European Union), and a market still depressed specially compared to the volumes marketed before the crisis and a raised competitive pressure, Eni carried out a number of initiatives, such as renegotiation of supply contracts, efficiency and optimization actions - in order to preserve the business profitability in a weak demand scenario (for further information on the European scenario, see chapter on "Risk factors" below).

Natural Gas

Supply of natural gas

In 2015, Eni consolidated subsidiaries supplied 85.39 bcm of natural gas, up by 2.48 bcm, or 3% from 2014.

Supply of natural gas (bcm)	**2013**	**2014**	**2015**	**Change**	**% Ch.**
Italy	**7.15**	**6.92**	**6.73**	**(0.19)**	**(2.7)**
Russia	29.59	26.68	30.33	3.65	13.7
Algeria (including LNG)	9.31	7.51	6.05	(1.46)	(19.4)
Libya	5.78	6.66	7.25	0.59	8.9
Netherlands	13.06	13.46	11.73	(1.73)	(12.9)
Norway	9.16	8.43	8.40	(0.03)	(0.4)
United Kingdom	3.04	2.64	2.35	(0.29)	(11.0)
Hungary	0.48	0.38	0.21	(0.17)	(44.7)
Qatar (LNG)	2.89	2.98	3.11	0.13	4.4
Other supplies of natural gas	3.63	5.56	7.21	1.65	29.7
Other supplies of LNG	1.58	1.69	2.02	0.33	19.5
Outside Italy	**78.52**	**75.99**	**78.66**	**2.67**	**3.5**
TOTAL SUPPLIES OF ENI S CONSOLIDATED SUBSIDIARIES	**85.67**	**82.91**	**85.39**	**2.48**	**3.0**
Offtake from (input to) storage	(0.58)	(0.20)		0.20	100.0
Network losses, measurement differences and other changes	(0.31)	(0.25)	(0.34)	(0.09)	(36.0)
AVAILABLE FOR SALE BY ENI S CONSOLIDATED SUBSIDIARIES	**84.78**	**82.46**	**85.05**	**2.59**	**3.1**
Available for sale by Eni s affiliates	**5.78**	**3.65**	**2.67**	**(0.98)**	**(26.8)**
E&P volumes	**2.61**	**3.06**	**3.16**	**0.10**	**3.3**
TOTAL AVAILABLE FOR SALE	**93.17**	**89.17**	**90.88**	**1.71**	**1.9**

Gas volumes supplied outside Italy (78.66 bcm from consolidated companies), imported in Italy or sold outside Italy, represented approximately 92% of total supplies, up by 2.67 bcm, or 3.5% compared to the previous year, due to higher volumes purchased in Russia (up by 3.65 bcm) and Libya (up by 0.59 bcm), partly offset by lower volumes purchased in the Netherlands (down by 1.73 bcm), Algeria (down by 1.46 bcm) and in the United Kingdom (down by 0.29 bcm). Supplies in Italy (6.73 bcm) registered a slight decrease (down by 0.19 bcm) from 2014 due to mature fields decline.

In 2015, main gas volumes from equity production derived from: (i) Italian gas fields (5.2 bcm); (ii) certain Eni fields located in the British and Norwegian sections of the North Sea (2.2 bcm); (iii) Libyan fields (2.2 bcm); (iv) the United States (1.4 bcm); (v) other European areas (Croatia with 0.2 bcm).

Considering also direct sales of the Exploration & Production segment and LNG supplied from the Bonny liquefaction plant in Nigeria, supplied gas volumes from equity production were approximately 17 bcm representing 19% of total volumes available for sale.

Sales of natural gas

In 2015, natural gas sales amounted to 90.88 bcm (including Eni s own consumption, Eni s share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico), up by 1.71 bcm, or 1.9% from the previous year.

Gas sales by entity (bcm)	2013	2014	2015	Change	% Ch.
Total sales of subsidiaries	**83.60**	**81.73**	**84.94**	**3.21**	**3.9**
Italy (including own consumption)	35.76	34.04	38.44	4.40	12.9
Rest of Europe	42.30	43.07	41.14	(1.93)	(4.5)
Outside Europe	5.54	4.62	5.36	0.74	16.0
Total sales of Eni s affiliates (net to Eni)	**6.96**	**4.38**	**2.78**	**(1.60)**	**(36.5)**
Italy	0.10				
Rest of Europe	5.05	3.15	1.75	(1.40)	(44.4)
Outside Europe	1.81	1.23	1.03	(0.20)	(16.3)
E&P in Europe and in the Gulf of Mexico	**2.61**	**3.06**	**3.16**	**0.10**	**3.3**
WORLDWIDE GAS SALES	**93.17**	**89.17**	**90.88**	**1.71**	**1.9**

Gas sales by market (bcm)	2013	2014	2015	Change	% Ch.
ITALY	**35.86**	**34.04**	**38.44**	**4.40**	**12.9**
Wholesalers	4.58	4.05	4.19	0.14	3.5

Italian gas exchange and spot markets	10.68	11.96	16.35	4.39	36.7
Industries	6.07	4.93	4.66	(0.27)	(5.5)
Small and medium-sized enterprises and services	1.12	1.60	1.58	(0.02)	(1.3)
Power generation	2.11	1.42	0.88	(0.54)	(38.0)
Residential	5.37	4.46	4.90	0.44	9.9
Own consumption	5.93	5.62	5.88	0.26	4.6
INTERNATIONAL SALES	**57.31**	**55.13**	**52.44**	**(2.69)**	**(4.9)**
Rest of Europe	**47.35**	**46.22**	**42.89**	**(3.33)**	**(7.2)**
Importers in Italy	4.67	4.01	4.61	0.60	15.0
European markets	42.68	42.21	38.28	(3.93)	(9.3)
Iberian Peninsula	*4.90*	*5.31*	*5.40*	*0.09*	*1.7*
Germany/Austria	*8.31*	*7.44*	*5.82*	*(1.62)*	*(21.8)*
Benelux	*8.68*	*10.36*	*7.94*	*(2.42)*	*(23.4)*
Hungary	*1.84*	*1.55*	*1.58*	*0.03*	*1.9*
UK	*3.51*	*2.94*	*1.96*	*(0.98)*	*(33.3)*
Turkey	*6.73*	*7.12*	*7.76*	*0.64*	*9.0*
France	*7.73*	*7.05*	*7.11*	*0.06*	*0.9*
Other	*0.98*	*0.44*	*0.71*	*0.27*	*61.4*
Extra European markets	**7.35**	**5.85**	**6.39**	**0.54**	**9.2**
E&P in Europe and in the Gulf of Mexico	**2.61**	**3.06**	**3.16**	**0.10**	**3.3**
WORLDWIDE GAS SALES	**93.17**	**89.17**	**90.88**	**1.71**	**1.9**

Sales in Italy increased to 38.44 bcm, up by 12.9% due to higher spot volumes and more severe weather conditions compared to 2014. These effects were partially offset by lower volumes marketed to the thermoelectric segment due to the competition from other energy sources (in particular, from renewables), the reduction in electricity demand registered in particular in the first part of the year as well as lower sales to the industrial segment due to increasing competitive pressure. Sales in European markets were 38.28 bcm, down by 9.3% from last year. This can be attributable to lower spot sales in Benelux and in Germany/Austria due to competitive pressure and the divestment of the GVS joint venture occurred in 2014 as well as in the United Kingdom, partially offset by higher sales in Turkey reflecting higher sales to Botas.

Direct sales of Exploration & Production segment in Northern Europe and the United State (3.16 bcm) increased by 0.10 bcm due to higher volumes marketed in the North Sea.
Sales to long-term buyers were up by 15% compared to the previous year, due to larger availability of Libyan output and higher sales to Extra European markets (up by 9.2%) driven by higher spot sales in the United States.

LNG

In 2015, LNG sales (13.5 bcm) were substantially unchanged from last year (up by 0.2 bcm). In particular, LNG sales in the Gas & Power segment (9 bcm, included in worldwide gas sales) mainly concerned LNG from Qatar, Algeria and Nigeria marketed in Europe and the Far East.

LNG sales (bcm)	2013	2014	2015	Change	% Ch.
G&P sales	**8.4**	**8.9**	**9.0**	**0.1**	**1.1**
Rest of Europe	4.6	5.0	4.8	(0.2)	(4.0)
Outside Europe	3.8	3.9	4.2	0.3	7.7
E&P sales	**4.0**	**4.4**	**4.5**	**0.1**	**2.3**
Terminals:					
Soyo (Angola)	0.1	0.1		(0.1)	..
Bontang (Indonesia)	0.5	0.5	0.5		
Point Fortin (Trinidad & Tobago)	0.6	0.6	0.7	0.1	16.7
Bonny (Nigeria)	2.4	2.8	2.8		
Darwin (Australia)	0.4	0.4	0.5	0.1	25.0
	12.4	**13.3**	**13.5**	**0.2**	**1.5**

Power

Availability of electricity

Eni s power generation sites are located in Ferrera Erbognone, Ravenna, Livorno, Mantova, Brindisi, Ferrara and Bolgiano. In 2015, power generation was 20.69 TWh, up by 1.14 TWh, or 5.8% from 2014, mainly due to higher production at Ferrara Erbognone, Ravenna and Brindisi plants following increasing demand. As of December 31, 2015, installed operational capacity was 4.9 GW (4.9 GW as of December 31, 2014). Electricity trading reported a slight increase to 14.19 TWh, due to higher purchases on the spot market (up by 1.1%) reflecting mainly higher spot sales, almost completely offset by lower electricity sales.

Power sales

In 2015 power sales (34.88 TWh) were directed to the free market (74%), the Italian power exchange (15%), industrial sites (9%) and others (2%).
Compared to 2014, a 3.9% increase was attributable to higher sales to wholesalers and residential segment, partially offset by lower volumes traded to small and medium-sized enterprises and to large clients.

		2013	2014	2015	Change	% Ch.
Purchases of natural gas	(mmcm)	4,295	4,074	4,270	196	4.8
Purchases of other fuels	(ktoe)	449	338	313	(25)	(7.4)
Power generation	(TWh)	21.38	19.55	20.69	1.14	5.8
Steam	(ktonnes)	9,907	9,010	9,318	308	3.4

Availability of electricity (TWh)	2013	2014	2015	Change	% Ch.
Power generation	21.38	19.55	20.69	1.14	5.8
Trading of electricity [a]	13.67	14.03	14.19	0.16	1.1
	35.05	**33.58**	**34.88**	**1.30**	**3.9**
Free market	28.73	24.86	25.90	1.04	4.2
Italian Exchange for electricity	1.96	4.71	5.09	0.38	8.1
Industrial plants	3.31	3.17	3.23	0.06	1.9
Other [a]	1.05	0.84	0.66	(0.18)	(21.4)
Power sales	**35.05**	**33.58**	**34.88**	**1.30**	**3.9**

(a) Includes positive and negative network imbalances (difference between electricity placed on the market vs. planned quantities).

Capital expenditure

In 2015, capital expenditure amounted to euro 154 million, mainly related to initiatives aimed to improve flexibility and upgrade the combined cycle power plants (euro 69 million) and gas marketing initiatives (euro 69 million).

Capital expenditure (euro million)	2013	2014	2015	Change	% Ch.
Marketing	**206**	**164**	**138**	**(26)**	**(15.9)**
Marketing	87	66	69	3	4.5
Italy	*42*	*30*	*31*	*1*	*3.3*
Outside Italy	*45*	*36*	*38*	*2*	*5.6*
Power generation	119	98	69	(29)	(29.6)
International transport	**23**	**8**	**16**	**8**	**100.0**
	229	**172**	**154**	**(18)**	**(10.5)**
of which:					
Italy	161	128	100	(28)	(21.9)
Outside Italy	68	44	54	10	22.7

Contents

Performance of the year

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> In 2015 continued the positive trend in injury frequency rates of total workforce (down by 10.1%).

> Greenhouse gas emissions reported a decrease of 3.7% in absolute terms. The increase of emissions related to higher volumes processed in the period were offset by the initiatives focused on energy efficiency and reduction of fugitive methane. These actions allowed to reduce the ratio between emissions and throughputs to 17.3%.

> In 2015, the Refining & Marketing reported an adjusted net profit of euro 282 million, up by euro 323 million compared to the adjusted operating loss of euro 41 million reported in previous year. This result reflected improved refining margins scenario and restructuring and optimization initiatives, which, together with an improved selection of raw materials, reduced refining break-even margin to 5 $/bl anticipating EBIT break-even to 2015, vs. an original guidance for the year 2017 indicated in the 2015-2018 strategic plan.

> In 2015, refining throughputs were 26.41 mmtonnes, up by 1.38 mmtonnes 5.5% from 2014. In Italy, processed volumes increased by 14.1% mainly due to seized opportunities of the favorable refinery scenario. On a homogeneous basis, when excluding the impact of the disposal of the refining capacity in Czech Republic and the reconversion shutdown at Gela refinery, Eni s refining throughputs increased by 15%. Volumes processed in Italy increased by 16.4% reflecting a favorable trading environment.

> In 2015, the production of biofuels amounted to 0.20 mmtonnes, up by 53.8% compared to a year ago reflecting the performance of Porto Marghera bio-refinery started-up in 2014.

> Retail sales in Italy amounted to 5.96 mmtonnes, down by 0.18 mmtonnes, or 2.9% from 2014, due to lower volumes marketed in motorway and lease concession networks.

> Retail sales in the Rest of Europe of 2.93 mmtonnes reported a decrease of 4.6% compared to 2014. This result reflected the disposal of assets in Czech Republic, Slovakia and Romania, only partially offset by higher volumes marketed in Germany, Switzerland and Austria.

> Capital expenditure amounting to euro 408 million mainly related to: (i) refining activities in Italy and outside of Italy (euro 282 million), aiming mainly at plants maintenance, as well as initiatives in the field of health, security and environment; (ii) enhancement and rebranding of the retail distribution network in Italy (euro 75 million) and in the Rest of Europe (euro 51 million).

> In 2015, total expenditure in R&D amounted to approximately euro 27 million. During the year 4 patent applications were filed.

Licensing of EST technology

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In September 2015, Eni licensed to Total the use of the Eni s Slurry Technology (EST), as part of the deal, the companies agreed to cooperate in a joint development project for EST, under which Eni will work together with Total to evaluate and tailor the technology to help meet Total s specific requirements. This agreement represents for Eni the first contract of non-exclusive sale of the EST technology user license and opens the opportunity for a future growth of the new market of own-technology sale, which is possible after the industrial consolidation of the first-world unit operating at Sannazzaro Refinery.

Marketing of Eni Diesel+

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Starting from January 2016, the new Eni Diesel+ is available in over 3,500 fuel stations all over Italy. The new fuel has a 15% renewable component, produced from plant oils in Eni s Venice refinery using the Ecofining™ technology. Eni Diesel+ combines the performance features of the latest-generation premium fuels (extends the life of car motors, ensures better performance and reduces consumption by up to 4%) with more care for the environment (reduces CO_2 emissions by 5% on average, unburned hydrocarbons by up to 40% and particulate matter by up to 20%).

Strategy

The priority of the Refining & Marketing segment is the consolidation of business profitability registered in the last reporting period, in a context of weak fundamentals of the European refining market, affected by structural overcapacity, as well as the increasing competitive pressure from streams of oil products imported from Middle East, Russia and Asia.
For the next four years the management priority is the achievement of a stable positive operating profit and free cash flow, leveraging on: (i) the ongoing reconversion of industrial plants in bio-refinery; (ii) the optimization of the production assets and the utilization of more profitable raw materials also leveraging on the reconversion capacity of the heavy fractions of crude oil into light products, ensured by the EST technology at Sannazzaro Refinery; (iii) continuous efficiency improvement in both refining and commercial activities; (iv) marketing activities development mainly through product and service differentiation and innovation; (v) strengthening of competitive position in the main Central-European markets (Germany, Austria, Switzerland and France). Overall, these planned actions will allow to reduce the refinery breakeven margin to 3 $/bl from 2018.

Supply and Trading

In 2015, were purchased 24.80 mmtonnes of crude oil (compared with 23.02 mmtonnes in 2014), of which 5 mmtonnes by equity crude oil. The subdivision by geographic area was as follows: approximately 47% of purchased crude came from former USSR, 20% from the Middle East, 16% from Italy, 12% from North Africa, 2% from West Africa, 1% from North Sea and 2% from other areas.

Purchases (mmtonnes)	**2013**	**2014**	**2015**	**Change**	**% Ch.**
Equity crude oil	5.93	5.81	5.04	(0.77)	(13.3)
Other crude oil	19.71	17.21	19.76	2.55	14.8
Total crude oil purchases	**25.64**	**23.02**	**24.80**	**1.78**	**7.7**
Purchases of intermediate products	2.46	2.02	1.66	(0.36)	(17.8)
Purchases of products	9.62	11.07	10.68	(0.39)	(3.5)
TOTAL PURCHASES	**37.72**	**36.11**	**37.14**	**1.03**	**2.9**
Consumption for power generation	(0.55)	(0.57)	(0.41)	0.16	28.1
Other changes [(a)]	(1.59)	(0.62)	(1.22)	(0.60)	(96.8)
	35.58	**34.92**	**35.51**	**0.59**	**1.7**

(a) Include change in inventories, decrease due to transportation, consumption and losses.

Refining

In 2015, refining throughputs were 26.41 mmtonnes, up by 1.38 mmtonnes, or 5.5% from 2014.

In Italy, refinery throughputs increased by 14.1% from 2014, reflecting the favorable refinery scenario. Particularly, the selection of crude oil purchased has been addressed to high-sulphur and profitable quality, thanks to a purchase strategy which privileged spot market vs. long-term market. On an homogeneous structure, excluding the effect of the shutdown for conversion of the Refinery of Gela, volumes processed increased by 16.4% compared to 2014. The volumes of palm oil processed at Venice plant reported an increase compared with 2014 (start-up year). On a homogeneous basis when excluding the effects of the shutdown of the Gela, process volumes increased by 16.4% from 2014. In 2015, the production of biofuels increased from 2014 period (start-up year of Porto Marghera bio-refinery).

Outside Italy, Eni s refining throughputs were 3.69 mmtonnes, down by 1.42 mmtonnes, or 27.8% from previous reporting period, mainly due to the above mentioned divestment in Czech Republic occurred in the second quarter of 2015. Excluding such effects, on a homogeneous basis, refining throughput were up by 5%.

Total throughputs in wholly-owned refineries were 18.37 mmtonnes, down by 2.13 mmtonnes, or 13.1% compared with 2014, determining a refinery utilization rate (ratio between throughputs and balanced capacity) of 94.7%. Approximately 20.4% of processed crude was supplied by Eni s Exploration & Production segment, down by 4.8 percentage point from 2014 (25.2%).

In the field of local development, as provided by stakeholder agreements, Eni continued the commitment to environmental protection and improvement, as well as, social and urban development projects, as defined by the conventions signed with the Municipality of Ferrera Erbognone and Sannazzaro de Burgondi.

Availability of refined products (mmtonnes)	**2013**	**2014**	**2015**	**Change**	**% Ch.**
ITALY					
At wholly-owned refineries	18.99	16.24	18.37	2.13	13.1
Less input on account of third parties	(0.57)	(0.58)	(0.38)	0.20	34.5
At affiliated refineries	4.14	4.26	4.73	0.47	11.0
Refinery throughputs on own account	**22.56**	**19.92**	**22.72**	**2.80**	**14.1**
Consumption and losses	(1.23)	(1.33)	(1.52)	(0.19)	(14.3)
Products available for sale	**21.33**	**18.59**	**21.20**	**2.61**	**14.0**
Purchases of refined products and change in inventories	5.73	7.19	6.22	(0.97)	(13.5)
Products transferred to operations outside Italy	(0.83)	(0.73)	(0.48)	0.25	34.2
Consumption for power generation	(0.55)	(0.57)	(0.41)	0.16	28.1
Sales of products	**25.68**	**24.48**	**26.53**	**2.05**	**8.4**
OUTSIDE ITALY					
Refinery throughputs on own account	**4.82**	**5.11**	**3.69**	**(1.42)**	**(27.8)**
Consumption and losses	(0.22)	(0.21)	(0.23)	(0.02)	(9.5)
Products available for sale	**4.60**	**4.90**	**3.46**	**(1.44)**	**(29.4)**
Purchases of refined products and change in inventories	4.30	4.48	4.77	0.29	6.5

Products transferred from Italian operations	0.83	0.73	0.48	(0.25)	(34.2)
Sales of products	**9.73**	**10.11**	**8.71**	**(1.40)**	**(13.8)**
Refinery throughputs on own account	**27.38**	**25.03**	**26.41**	**1.38**	**5.5**
of which: refinery throughputs of equity crude on own account	*5.93*	*5.81*	*5.04*	*(0.77)*	*(13.3)*
Total sales of refined products	**35.41**	**34.59**	**35.24**	**0.65**	**1.9**
Crude oil sales	**0.18**	**0.33**	**0.27**	**(0.06)**	**(18.2)**
TOTAL SALES	**35.59**	**34.92**	**35.51**	**0.59**	**1.7**

Marketing of refined products

In 2015, retail sales of refined products (35.24 mmtonnes) increased by 0.65 mmtonnes from 2014, up by 1.9%, mainly due to higher volumes sold to oil companies.

Product sales in Italy and outside Italy by market (mmtonnes)	2013	2014	2015	Change	% Ch.
Retail	6.64	6.14	5.96	(0.18)	(2.9)
Wholesale	8.37	7.57	7.84	0.27	3.6
Petrochemical	1.24	0.89	1.17	0.28	31.5
Other sales	9.43	9.89	11.56	1.67	16.9
Sales in Italy	**25.68**	**24.49**	**26.53**	**2.04**	**8.3**
Retail Rest of Europe	3.05	3.07	2.93	(0.14)	(4.6)
Wholesale Rest of Europe	4.56	4.60	3.83	(0.78)	(16.7)
Wholesale outside Italy	0.10	0.43	0.43		
Other sales	2.02	2.00	1.52	(0.48)	(24.2)
Sales outside Italy	**9.73**	**10.10**	**8.71**	**(1.39)**	**(13.8)**
TOTAL SALES OF REFINED PRODUCTS	**35.41**	**34.59**	**35.24**	**0.65**	**1.9**

Retail sales in Italy

In 2015, retail sales in Italy of 5.96 mmtonnes decreased by approximately 0.18 mmtonnes, or 2.9% compared to 2014, driven by increasing competitive pressure.
Average gasoline and gasoil throughput (1,569 kliters) decreased by approximately 35 kliters from 2014. Eni s retail market share for 2015 was 24.5%, down by one percentage point from 2014.
As of December 31, 2015, Eni s retail network in Italy consisted of 4,420 service stations, 172 stations less compared to December 31, 2014 (4,592 service stations). This reduction is due to the negative contribution of acquisition/releases concessions (115 units), the closing of service stations with low throughput (56 units) and the lack of renewal of 1 motorway concession.
The "you & eni" loyalty program, launched in 2010, finished on January 2015. On April 2016, a new "you & eni" program has been launched, with a 2 years duration, addressed to customers that utilize served modality.

Retail and wholesales sales of refined products (mmtonnes)	2013	2014	2015	Change	% Ch.
Italy	**15.01**	**13.71**	**13.80**	**0.09**	**0.7**
Retail sales	**6.64**	**6.14**	**5.96**	**(0.18)**	**(2.9)**
Gasoline	1.96	1.71	1.60	(0.11)	(6.4)
Gasoil	4.33	4.07	3.96	(0.11)	(2.7)
LPG	0.32	0.32	0.36	0.04	12.5
Others	0.03	0.04	0.04		

Wholesale sales	**8.37**	**7.57**	**7.84**	**0.27**	**3.6**
Gasoil	4.09	3.54	3.69	0.15	4.2
Fuel Oil	0.24	0.12	0.12		
LPG	0.30	0.28	0.22	(0.06)	(21.4)
Gasoline	0.25	0.30	0.38	0.08	26.7
Lubricants	0.09	0.09	0.07	(0.02)	(22.2)
Bunker	1.00	0.91	1.07	0.16	17.6
Jet fuel	1.58	1.59	1.60	0.01	0.6
Other	0.82	0.74	0.69	(0.05)	(6.8)
Outside Italy (retail+wholesale)	**7.71**	**8.10**	**7.19**	**(0.91)**	**(11.2)**
Gasoline	1.73	1.80	1.51	(0.29)	(16.1)
Gasoil	4.23	4.48	3.98	(0.50)	(11.2)
Jet fuel	0.51	0.56	0.65	0.09	16.1
Fuel Oil	0.22	0.18	0.17	(0.01)	(5.6)
Lubricants	0.10	0.10	0.10		
LPG	0.51	0.55	0.51	(0.04)	(7.3)
Other	0.41	0.43	0.27	(0.16)	(37.2)
	22.72	**21.81**	**20.99**	**(0.82)**	**(3.8)**

Retail sales in the Rest of Europe

Retail sales in the Rest of Europe of 2.93 mmtonnes were lower compared to 2014 (down by 4.6%). This result reflected mainly the disposal of assets in Czech Republic, Slovakia and Romania, only partially offset by higher volumes marketed in Germany, Switzerland and Austria.
On a homogeneous basis when excluding the above mentioned disposal, sales increased by 2.7%.
At December 31, 2015, Eni s retail network in the Rest of Europe consisted of 1,426 service stations, 202 units less compared with December 31, 2014 mainly due to the assets sale in East European subsidiaries. Average throughput (2,272 kliters) were substantially stable compared to the previous reporting period.

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Wholesale and other sales

Wholesale sales in Italy were 7.84 mmtonnes, up by approximately 0.27 mmtonnes, or 3.6% compared to the previous year, due to higher sales of bunkering fuel oil, gasoil and minor products, partially offset by lower sales of LPG and lubricants.
Supplies of feedstock to the petrochemical industry were 1.17 mmtonnes, up by 31.5% compared to the previous reporting period. This reflected higher naphtha supply following partial recovery of demand in the industrial segment.
Wholesale sales in the Rest of Europe were approximately 3.83 mmtonnes, down by 16.7% from 2014, due to lower sales in the Eastern Europe market following the above-mentioned divestments.
Other sales in Italy and outside Italy were 13.08 mmtonnes, up by 1.19 mmtonnes, or 10%, mainly due to higher volumes sold to oil companies.

In the field of lubricants, Eni launched a new line of products for motorcycles (**i-Ride**) able to guarantee high performance and reliability of engines for which is designed.

Capital expenditure

In 2015, capital expenditure amounted to euro 408 million and mainly regarded: (i) refining activities in Italy and outside Italy (euro 282 million) aiming fundamentally at plants improving, as well as initiatives in the field of health, security and environment; (ii) upgrading and rebranding of the refined product retail network in Italy (euro 75 million) and in the Rest of Europe (euro 51 million).

Capital expenditure	(euro million)	**2013**	**2014**	**2015**	**Change**	**% Ch.**
Refining		497	362	282	(80)	(22.1)
Marketing		175	175	126	(49)	(28.0)
		672	**537**	**408**	**(129)**	**(24.0)**

Contents

Saipem transaction

In the last months of 2015, Eni defined a complex transaction to restructure the share ownership of the listed subsidiary Saipem through the entry of a new shareowner, obtaining the reimbursement of intercompany loans, in line with the Group strategy aimed to:

- focus on its upstream core business, by making available additional financial sources to be reinvested in the development of the considerable mineral resources recently discovered;
- strengthening of its capital structure on the back of the weaker oil scenario.

On January 22, 2016, following the fulfillment of all the conditions precedent, among which the consensus of Consob to the subscription of the share capital increase in Saipem, was closed the sale of 12.503% of Eni s interest in the share capital of Saipem to Fondo Strategico Italiano (FSI). The transaction refers to No. 55,176,364 Saipem shares at an average price of euro 8.4 per share.
The reference price for the transaction was the arithmetic average of the Official prices for the shares registered in the trading days immediately before and after the announcement to the markets of the transaction, on October 28, 2015. The total consideration of euro 463 million has been paid by FSI through a single payment, at the time of the transaction execution.

Contextually, Eni and FSI entered into the Shareholders Agreement signed on October 27, 2015, by virtue of which they intended to establish the terms and conditions that shall govern, from the closing date onwards, their relations as shareholders of Saipem.

Each of Eni and FSI will contribute to the Shareholders Agreement, for its entire duration, an equal number of Saipem shares, which will not exceed 12.503% of the Company s ordinary share capital (therefore up to a total amount slightly above 25% of Saipem ordinary share capital). The Shareholders Agreement will enter into force on the closing date of the Sale and Purchase shares not contributed to the Shareholders Agreement; c) obligations to engage in consultation before exercising voting rights and, to the extent permitted by law, voting commitments (also regarding Saipem shares not contributed to the Shareholders Agreement) in relation to all resolutions submitted to the Shareholders Meetings of Saipem and certain resolutions of Saipem s Board of Directors that are conventionally considered relevant, among which the approval of the industrial plan.
As defined by the Shareholders Agreement and following the transaction, Eni and FSI jointly control Saipem.

Eni and FSI have undertaken towards Saipem an irrevocable obligation to subscribe pro-rata the capital increase for euro 3.5 billion.
The agreements foresee the reimbursement of intercompany net debt by Saipem to Eni through funds from share capital increase and the refinancing at certain third parties.

Considering, that the transactions disclosed above were defined after the end of 2015, in the financial statements of 2015 Saipem is still fully consolidated and represented as "discontinued operation" based on the guidelines of IFRS 5 on certain disposal assets.

Therefore, economic and financial impacts of Saipem transaction will be recorded in the 2016 Eni statutory reporting, as described below:

- considering that the governance structure defined in the Shareholders Agreement established joint control over Saipem, Eni will derecognize the former subsidiary from its consolidated accounts assets and liabilities, revenues and expenses, effective January 1, 2016. The residual stake in Saipem of 30.42% will be evaluated on the base of the equity accounting method, considering the book value to be equal to the share price at the closing date of the transaction (euro 4.2 per share) equal to an overall value of euro 564 million and a loss to recognize through profit and loss of euro 441 million (resulting from the difference between the fair value and the book value at December 31, 2015);

Agreement, for a period of three years, with automatic renewal for a further period of three years, unless terminated by notice.

The key elements of the Shareholders Agreement provides, inter alia:
a) for the future renewal of corporate bodies, the submission by Eni and FSI of a single list for the appointment of the Board of Directors (where the President and the CEO will be designated jointly by the parties) and the panel of statutory auditors of Saipem and the relevant vote commitments;
b) mutual commitments to stand-still and lock-up commitment on all the shares contributed to the Shareholders Agreement, and certain other restrictions regarding the transfer of

- reduction of euro 4.8 billion of net debt resulting from the reimbursement by Saipem to Eni of intercompany debt (euro 5.4 billion as of December 31, 2015) and cash from the disposal of Eni s stake (euro 0.4 billion), net of the amount cashed out to subscribe capital increase (euro 1.07 billion);
- assuming the effects of the transaction at December 31, 2015, pro-forma leverage declined to 0.22.

At the end of February 2016, following the subscription of capital increase and third-party refinancing, Saipem reimbursed integrally intercompany loans.

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As of the date of the transaction agreement, Eni is subjected to the de facto control of the MEF (Italian Ministry of Economy and Finance). FSI is also indirectly controlled by MEF. Therefore the transaction is a transaction between Eni and one of its related parties, deemed "more relevant" for the purpose of the Consob Regulation No. 17721/2010, as amended ("Related Parties Regulation") and of the related parties procedure adopted by Eni ("Related Parties Procedure"). The transfer of the Transferred Stake to FSI also represents a significant transfer[1] transaction within the meaning of Article 71 of the Consob Regulation No. 11791/1999 ("Issuers Regulation").

For further information see the information document filled on November 3, 2015 published in accordance to Article 5 of Consob regulation and Article 71 of the Consob regulation No. 11971/1999 available on the website eni.com.

Description of the company involved in the Transaction

Saipem supplies turnkey and infrastructure plants for the oil, refining and petrochemical industry, and provides engineering, procurement, construction, installation and commissioning services under EPC (Engineering, Procurement, Construction) and EPCI (Engineering, Procurement, Construction, Installation) contracts. In addition, Saipem is one of the leading worldwide providers of offshore drilling services, due to its technologically advanced fleet of vessels and rigs. The Company also operates in the onshore drilling business. The Company is well positioned in the market for services to the oil industry, in both the construction of offshore and onshore projects, focusing on the toughest and most technologically challenging projects, which are conducted in remote areas, in deep water and which involve complex hydrocarbon extraction, in which it leverages its distinctive competences and execution skills.

The company has a large and diversified orders portfolio, consisting in many ultra-deep water projects, extreme condition pipeline laying, as well as relevant and complex onshore projects, in which it leverages the competitive advantage it has acquired from its technologically advanced fleet and its distinctive know-how.

Saipem is a global contractor, with a strong local presence in strategic and emerging markets such as West Africa, North Africa, the Middle East, and South East Asia.

In 2015, new contracts awarded to Saipem amounted to euro 6,515 million. The relevant ones related to:

- an Engineering & Construction contract on behalf of North Caspian Operating Company for the Kashagan field project, which includes the construction of two 95-kilometer pipelines, which will connect the island D located in the Caspian Sea to the Karabatan in Kazakhstan;
- a contract on behalf of Fermaca Pipeline El Encino, for the EPC project that encompasses engineering, procurement, construction and support with commissioning of a new compression station in El Encino, located in Mexico.

Orders acquired	(euro million)	2013	2014	2015	Change	% Ch.
		10,062	**17,971**	**6,515**	**(11,456)**	**(63.7)**
Engineering & Construction Offshore		5,581	10,043	4,479	(5,564)	(55.4)
Engineering & Construction Onshore		2,193	6,354	1,386	(4,968)	(78.2)
Offshore drilling		1,401	722	234	(488)	(67.6)
Onshore drilling		887	852	416	(436)	(51.2)

As of December 31, 2015, order backlog was euro 15,846 million (euro 22,147 million at December 31, 2014). The order backlog was negatively impacted by the cancellation of outstanding orders for the South Stream project (euro 1,232 million), which was terminated by the client under a termination for convenience provision received on July 8, 2015.

Order backlog	(euro million)	**Dec. 31, 2013**	**Dec. 31, 2014**	**Dec. 31, 2015**	**Change**	**% Ch.**
		17,065	**22,147**	**15,846**	**(6,301)**	**(28.5)**
Engineering & Construction Offshore		8,320	11,161	7,518	(3,643)	(32.6)
Engineering & Construction Onshore		4,114	6,703	5,301	(1,402)	(20.9)
Offshore drilling		3,390	2,920	2,010	(910)	(31.2)
Onshore drilling		1,241	1,363	1,017	(346)	(25.4)

(1) The Management System Guideline "Transactions involving the interests of the directors and statutory auditors and Transactions with Related Parties" was approved by Eni s Board on November 18, 2010 and amended on January 19, 2012. The Document is available on the website www.eni.com, section: "Governance - Related Parties".

Versalis

As far as the chemical business managed by Eni s wholly-owned subsidiary Versalis SpA is concerned, at December 31, 2015, negotiations were underway to define an agreement with an industrial partner who, by acquiring a controlling stake of Versalis, would support Eni in implementing the industrial plan designed to upgrade this business.
Therefore, effective for the full year, likewise Saipem, Versalis assets and liabilities, revenues and expenses and cash flow have been classified as discontinued operations. In addition, Eni s net assets in Versalis have been aligned to the lower of their carrying amount and their fair value based on the transaction that is underway.

Description of the business under disposal
Eni, through Versalis, performs activities of production and marketing of petrochemical products (basic petrochemicals and polymers), leveraging on a wide range of proprietary technologies, advanced production facilities, as well as a large and efficient retail network present in 17 European countries.
Versalis portfolio of patents and proprietary technologies covers the whole field of basic petrochemicals and polymers: phenol and its derivatives, polyethylene, styrenes and elastomers as well as catalysts and special chemical products.
As a producer of intermediates, all types of polyethylene and a wide range of elastomers/lattices and of the complete line of styrenic products, Versalis continues in the development of its proprietary technologies supported by the experience it gained in production and R&D. This approach favored the optimization of the design of equipment and plants, of their performance, of proprietary catalysts and other products that allowed it to achieve excellence in all technologies in the specific business areas in order to compete in markets worldwide. A key role is played by the most innovative proprietary catalysts, particularly those based on zeolites developed by Versalis as building blocks of some of its most advanced technologies and available worldwide.
The principal objective of basic petrochemicals is granting the adequate availability of monomers (ethylene, butadiene and benzene) covering the needs of further production processes: in particular olefins production is strictly linked with the polyethylene and elastomers business, aromatics grant the benzene availability necessary to produce intermediate products used in the production of resins, artificial fibers and polystyrene. In the polymers business Versalis is one of the most relevant European producers of elastomers, where it is present in almost all the relevant sectors (in particular, in the automotive industry), polystyrene and polyethylene, whose most relevant use is in flexible packaging.

In 2015, production of petrochemical products amounted to 5,700 ktonnes, increasing by 417 ktonnes compared to the previous year, thanks to the recovery in products demand.

(ktonnes)	2013	2014	2015	Change	% Ch.
Intermediates	3,462	2,972	3,334	362	12.2
Polymers	2,355	2,311	2,366	55	2.4
Production	**5,817**	**5,283**	**5,700**	**417**	**7.9**

Eni s results of operations and cash flow as at and for the twelve months ended December 31, 2015 have been prepared: (i) on a consolidated basis; and (ii) presenting separately continuing operations from discontinued operations, in accordance to IFRS 5.
Discontinued operations comprise:

- The E&C operating segment which is managed by Eni s former subsidiary Saipem SpA. On January 22, 2016, there was the closing of the agreements signed on October 27, 2015 with the Fondo Strategico Italiano (FSI). Those include the sale of a 12.503% stake of the share capital of Saipem to FSI and the concurrent entrance into force of the shareholder agreement with Eni, which was intended to establish joint control over the former Eni subsidiary. Therefore effective for the full year, Saipem revenues and expenses and cash flow have been classified as discontinued operations and its assets and liabilities have been classified as held for sale. In addition as provided by IFRS 5, Eni s net assets in Saipem have been aligned to the lower of their carrying amount and fair value given by the share price at the reporting date.

- The chemical segment managed by Eni s wholly-owned subsidiary Versalis SpA. As of the reporting date, negotiations are underway to define an agreement with an industrial partner who, by acquiring a controlling stake of Versalis, would support Eni in implementing the industrial plan designed to upgrade this business. Therefore, effective for the full year, likewise Saipem, Versalis revenues and expenses and cash flow have been classified as discontinued operations and its assets and liabilities have been classified as held for sale. In addition, as provided by IFRS 5, Eni s net assets in Versalis have been aligned to the lower of their carrying amount and their fair value based on the transaction that is underway.

Consequently, the review of the financial performance of the FY2015 mainly focuses on the results of the continuing operations. In this regard, taking into consideration that gains and losses pertaining to the discontinued operations include according to the accounting provided by IFRS 5 only those resulting from transactions with third parties, the results of the continuing operations do not fully illustrate the underlying performance given the elimination of gains and losses on intercompany transactions with the discontinued operations. The same is true for the performance of the discontinued operations. The bigger are the intercompany transactions, the larger is that sort of misrepresentation.

In particular, the accounting of the E&C segment as discontinued operations according to IFRS 5 criteria yields a benefit to the continuing operations due to the elimination of the costs incurred towards Saipem for the execution of contract works commissioned by Eni s Group companies for maintenance and construction of assets (plants and other infrastructures). On the contrary, the accounting of the chemical segment as discontinued operations affects the results of the continuing operations due to the elimination of revenues relating to the supply of oil-based petrochemical feedstock and other plant utilities to Versalis, mainly from the Group s R&M segment.

Because of this, in order to obtain a better comparison of base Group performance across reporting periods and to understand in a better way underlying industrial trends, throughout this financial review management has presented measures of the underlying performance of the continuing operations on a standalone basis by reinstating the effects of the elimination of intercompany transactions. These performance measures by excluding gains and losses of the discontinued operations earned from both third parties and the Group s continuing operations, actually determine the derecognition of the two disposal group. These measures are: standalone adjusted operating profit, standalone adjusted net profit and standalone cash flow from operations[1].

(1) Management assesses the underlying performance of the Group s business segments looking at certain Non-GAAP measures of results from operations. Those Non-GAAP measures are the adjusted operating profit and the adjusted net profit, which exclude from reported operating profit and reported net profit the impact of extraordinary gains and losses ("special items") pre-tax and post-tax respectively, as well as of the profit/loss on stock. Special items mainly comprise asset impairment losses, gains on disposal, restructuring charges, environmental and other provisions, the fair value of certain derivative contracts lacking the formal criteria to be accounted as hedges and write-downs of deferred tax assets. The profit/loss on stock is the difference between the current costs of supplies and the cost determined in accordance to the weighted-average cost accounting method for the evaluation of inventories as provided by IFRSs.
Furthermore, considering the process to dispose of the two business segments "E&C" and "Chemical", which is underway at the reporting date and the related accounting of the two disposal groups as discontinued operations in accordance to IFRS 5, management has presented in this press release additional Non-GAAP measures to assess the performance of the continuing operations. Those measures are the standalone adjusted operating profit and the standalone adjusted net profit, which reinstate in the results of the continuing operations the effect related to the elimination of profit on intercompany transactions with the discontinued operations. Those Non-GAAP measures obtain a representation of the performance of the continuing operations anticipating the effect of the derecognition of the discontinued operations. A corresponding alternative performance measure has been presented for the cash flow from operating activities (operating cash flow on a standalone basis).

2015 results

In 2015, Eni reported a **net loss pertaining to continuing operations** of euro 7,680 million, considerably down compared to the previous year (closed in substantial break-even). A prolonged slide in crude oil prices has negatively affected the Group s performance, impacting results from operations and the value of assets.
Operating performance resulted in a loss of euro 2,781 million. These negatives were driven by lower E&P revenues reflecting reduced oil and gas realizations negatively impacted by sharply lower Brent prices (down by 47%), the alignment of the carrying amounts of oil and product inventories to current market prices and the recognition of material impairment losses mainly taken at the Group oil&gas CGUs (euro 4,502 million). In performing the impairment review, Eni s management assumed a reduced long-term price outlook for the Brent crude oil price down to $65 per barrel compared to the previous $90 per barrel scenario adopted for valuating asset recoverability in the 2014 financial statements. Furthermore, the operating loss was impacted by an estimate revision of euro 484 million taken at revenues accrued on the sale of natural gas and electricity to retail customers in Italy dating back to past reporting periods and the establishment of a provision of euro 226 million for those accruals.

Eni s management has implemented certain initiatives to mitigate the negative effect of low oil prices on profitability and cash flow. These initiatives include the reduction of E&P operating expenses and the curtailment of capital expenditure by carefully selecting exploration plays, rescheduling and re-phasing large development activities and renegotiating supply contracts for plants and other E&P infrastructures, as well as leveraging oilfield services rates on the deflationary pressure induced by the decline in crude oil prices. This reduction in capital expenditure only had a modest impact on hydrocarbon production, which grew by 10% to 1.760 kboe/d. The production plateau has been the highest since 2010, on yearly basis. The Refining & Marketing segment returned to underlying due to a reduced profitability outlook (euro 1,058 million). The Group tax rate was also impacted by the write-off of Italian deferred tax assets of euro 885 million in the full year due to projections of lower future taxable profit at Italian subsidiaries and the reduction of the statutory tax rate from 27.5% to 24%, which was considered as substantially enacted at the reporting date.

Net loss attributable to Eni s shareholders including both continuing operations and discontinued operations amounted to euro 8,783 million for the FY2015. The loss of the discontinued operations pertaining to Eni s shareholders was affected by the recognition of impairment losses on the disposal groups Saipem and Versalis, which net assets were aligned to the lower of their carrying amounts and fair value. Eni s net assets in Saipem and Versalis were aligned respectively to the share price at the reporting date and the likely outcome of the industrial agreement, which is being evaluated in the negotiations currently underway, resulting in an overall impairment charge of euro 1,969 million. Partly offsetting, a fair-valued derivative gain of euro 49 million was recorded for Saipem due to the difference between the transaction price (euro 8.39 per share) and the market price at the reporting date (euro 7.49 per share) for the stake disposed of to FSI.
On January 22, 2016, following the closing of the Saipem transaction, the residual interest in the former subsidiary was initially recognized as investment in a joint venture and was aligned at the market price at closing of euro 4.2 per share with a charge through profit and loss of euro 441 million. Subsequently, in February 2016 Saipem s market capitalization has fallen sharply. Under the provisions of IAS 10 these negative developments do not constitute adjusting events of the Saipem valuation made in the 2015 accounts which aligned the Saipem carrying amount to the market price at December 31, 2015.

In 2015, **adjusted operating profit of continuing operations on a standalone basis** was euro 4,104 million, down by euro 7,338 million, or by 64.1%. The decrease was driven mainly by the upstream segment (down by euro 7,443 million, or 64.6%) due to the profitability supported by plant optimizations and an ongoing margin recovery. The G&P segment almost achieved operating profit break-even, net of extraordinary charges related to the unfavorable outcome of commercial arbitration, and in spite of the postponement of the recognition of gains on the renegotiations of certain long-term supply contracts. Finally, G&A expenses were reduced by euro 0.6 billion.

Net loss for 2015 was significantly affected by an increased tax rate driven by a deteriorating price scenario in the E&P segment, which resulted in the segment s taxable profit earned in PSA contracts, which, although more resilient in a low-price environment, nonetheless bear higher-than-average rates of tax and a higher incidence of non-deductible expenses on the pre-tax profit that has been lowered by the scenario. In addition, the tax rate was impacted by lower recognition of deferred tax assets relating operating losses effects of scenario/exchange rate, which impacted by euro 8.8 billion, partially offset by production growth and efficiency gains of euro 2.2 billion, while lower one-time effects associated with gas contract renegotiations negatively affected operating profit by euro 0.7 billion.

Adjusted net profit from continuing operations on a standalone basis of euro 334 million was down by euro 3,520 million. Net result excluded a post-tax inventory loss (euro 561 million), post-tax special charges (euro 6,421 million) and an adjustment amounting to euro 1,032 million, which was made to reinstate the elimination of gains and losses on intercompany transactions with the discontinued operations. These adjustments resulted in an overall positive adjustment of euro 8,014 million.

Special items of the operating profit of continuing operations (net charges of euro 5,762 million) comprised: (i) impairment losses

Financial review

Adjusted results (*)

2013	(euro million)	2014	2015	Change	% Ch.
11,280	**Adjusted operating profit (loss) - continuing operations**	**10,447**	**3,795**	**(6,652)**	**(63.7)**
1,856	Reinstatement of intercompany transactions vs. disc. Op.	995	309		
13,136	**Adjusted operating profit (loss) - continuing operations on a standalone basis**	**11,442**	**4,104**	**(7,338)**	**(64.1)**
3,472	**Net profit (loss) attributable to Eni s shareholders - continuing operations**	**101**	**(7,680)**	**(7,781)**	**..**
291	Exclusion of inventory holding (gains) losses	890	561		
(1,264)	Exclusion of special items	1,209	6,421		
2,499	**Adjusted net profit (loss) attributable to Eni s shareholders - continuing operations**	**2,200**	**(698)**	**(2,898)**	**..**
1,355	Reinstatement of intercompany transactions vs. disc. Op.	1,654	1,032		
3,854	**Adjusted net profit (loss) attributable to Eni s shareholders on a standalone basis**	**3,854**	**334**	**(3,520)**	**(91.3)**
63.2	*Tax Rate* (%)	*65.3*	*93.0*		

(*) Adjusted results from continuing operations exclude as usual the items "profit/loss on stock" and extraordinary gains and losses (special items), while they reinstate the effects relating to the elimination of gains and losses on intercompany transactions with sectors which are in the disposal phase, E&C and Chemical, represented as discontinued operations under the IFRS 5.

(euro 4,826 million) mainly in the E&P segment, relating to oil&gas properties driven by the impact of a lower price environment on the expected future cash flows in the medium and long-term. The most notable impairments refer to certain assets, which were acquired by the Group following business combinations in previous reporting periods (Algeria, Congo and Turkmenistan) and to CGUs which are currently operating in high-cost areas (USA, UK, Norway and Angola). Furthermore, investments made for compliance and stay-in-business purposes were written off at cash generating units previously devaluated in the Refining & Marketing business. Finally, impairment losses were recorded at the Group power plants in the G&P segment due to a weak margins scenario; (ii) net charges in the Gas & Power segment due to an estimate revision of revenues accrued on the sale of natural gas (euro 346 million) and electricity (euro 138 million) to retail customers and the establishment of a provision for these revenues (euro 130 million for gas sale and euro 96 million for electricity); (iii) the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (charge of euro 164 million); (iv) environmental provisions (euro 204 million) and provisions for redundancy incentives (euro 27 million).

Non-operating special items mainly related to income taxes related to the tax effects of special gains/charges in operating profit, the write-off of certain deferred tax assets (euro 851 million) due to projections of lower future taxable profit at Italian subsidiaries and the reduction of the statutory tax rate. In addition, similar adjustments to deferred tax assets were recognized outside Italy at E&P subsidiaries (euro 860 million). These charges were partly offset by the reversal of deferred taxation due to changes in the United Kingdom tax law.

The breakdown of the **adjusted net profit from continuing operations** is shown in the table below:

2013	(euro million)	2014	2015	Change	% Ch.

5,950	Exploration & Production	4,423	752	(3,671)	(83.0)
(239)	Gas & Power	86	(168)	(254)	..
(246)	Refining & Marketing	(41)	282	323	..
(689)	Corporate and other activities	(852)	(663)	189	22.2
(1,854)	Impact of unrealized intragroup profit elimination [(a)]	(873)	(296)	577	
2,922	**Adjusted net profit (loss) - continuing operations**	**2,743**	**(93)**	**(2,836)**	**..**
	attributable to:				
423	- non-controlling interest	543	605	62	11.4
2,499	**- Eni s shareholders**	**2,200**	**(698)**	**(2,898)**	**..**

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

The **Exploration & Production** segment reported an adjusted operating profit of euro 4,108 million, down by euro 7,443 million, or 64.4% y-o-y. This change was driven by lower oil and gas realizations in dollar terms (down by 47.8% and 33.8%, respectively), reflecting the lower price for the marker Brent (down by 47%) and lower gas prices in Europe and in the United States. The price effect was only partially offset by a favorable exchange rate environment, higher production volumes, opex efficiencies and lower exploration expenses.

Adjusted net profit amounted to euro 752 million, decreasing by euro 3,671 million, or 83% from 2014, due to lower operating performance and an increased adjusted tax rate (81.5%) due to: (i) the recognition of a major part of the positive pre-tax results in PSAs contracts which, although more resilient in a low-price environment nonetheless, bear higher-than- average rates of tax; (ii) a higher incidence of non-deductible expenses on the pre-tax profit that has been lowered by the scenario.
Excluding the impact of the higher incidence on pre-tax profit of certain non-deductible expenses, because this incidence is expected to prospectively come down due to the effect of lower amortization charges going forward as a result of the impairment losses recorded in 2015 driven by the price outlook, and also restating the Group operating profit in accordance with the successful-effort-method accounting of exploration expenses, net of impaired exploration projects, the E&P tax rate has been re-determined in 70% and 60% for 2015 and 2014, respectively. In 2015, taxes paid represent approximately 34% of cash flow by operating activities of the E&P segment before changes in working capital and income taxes paid, slightly lower than in 2014.

The **Gas & Power** segment reported an adjusted operating loss of euro 126 million, down by euro 294 million from an adjusted operating profit of euro 168 million in 2014. The change reflected the one off economic benefits associated to certain contracts renegotiation recorded in the fourth quarter of 2014 as well as the negative outcome of a commercial arbitration in the fourth quarter of 2015. The Gas & Power segment reported an adjusted net loss of euro 168 million in the full year 2015, down by euro 254 million compared to the euro 86 million profit reported in the same period of a year ago due to the weaker operating performance and lower results of equity-accounted entities.

The **Refining & Marketing** segment reported an adjusted operating profit of euro 387 million, up by euro 452 million from the adjusted net loss of euro 65 million reported in 2014. This strong performance was driven by an improved refining margin scenario and efficiency and optimization gains, which helped lower margin to around $5 per barrel, anticipating the EBIT break-even of the refining business to 2015 versus an original guidance for the year 2017 indicated in the 2015-2018 strategic plan.

Capital expenditure

2013	(euro million)	2014	2015	Change	% Ch.
10,475	Exploration & Production	10,524	10,234	(290)	(2.8)
109	*- acquisition of proved and unproved properties*				
1,669	*- exploration*	*1,398*	*820*		
8,580	*- development*	*9,021*	*9,341*		
117	*- other expenditure*	*105*	*73*		
229	Gas & Power	172	154	(18)	(10.5)
672	Refining & Marketing	537	408	(129)	(24.0)
211	Corporate and other activities	113	64	(49)	..
(3)	Impact of unrealized intragroup profit elimination	(82)	(85)	(3)	
11,584	**Capital expenditure - continuing operations**	**11,264**	**10,775**	**(489)**	**(4.3)**
1,216	Capital expenditure - discontinued operations	976	781	(195)	(20.0)
12,800	**Capital expenditure**	**12,240**	**11,556**	**(684)**	**(5.6)**

In 2015, **capital expenditure of continuing operations** amounted to euro 10,775 million (euro 11,264 million in 2014) and mainly related to:

- development activities deployed mainly in Angola, Norway, Egypt, Kazakhstan, Congo, Indonesia, Italy and the United States and exploratory activities of which 97% was spent outside Italy, primarily in Egypt, Libya, Cyprus, Gabon, Congo, the United States, the United Kingdom and Indonesia;
- refining activity (euro 282 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the upgrade of the refined product retail network (euro 126 million);
- initiatives to improve flexibility of the combined cycle power plants (euro 69 million).

Financial review

Sources and uses of cash

The Company s cash requirements for capital expenditures, buy-back program, dividends to shareholders, and working capital were financed by a combination of funds generated from operations, borrowings and divestments.
In 2015, **net cash provided by operating activities from continuing operations** amounted to euro 12,189 million and was impacted by the eliminations of intercompany flows with discontinued operations. Proceeds from disposals were euro 2,258 million and mainly related to an interest in Snam due to exercise of the conversion right by bondholders (euro 911 million), an interest in Galp (euro 658 million) and the divestment of non-strategic assets mainly in the Exploration & Production business. These inflows funded part of capital expenditure (euro 10,775 million), other changes relating to capital expenditure and the payment of Eni s dividend (balance dividend for fiscal 2014 and the 2015 interim dividend totaling euro 3,457 million).

When considering the cash flow of discontinued operations, the Group s net debt increased by euro 3,178 million to euro 16,863 million, net of negative exchange rate differences and the reclassification of Saipem net cash in the discontinued operations.

Net cash provided by operating activities from continuing operations on a standalone basis was euro 12,189 million for 2015 and it fully funded capital expenditure. The Group cash flow performance was excellent (down by 15% from 2014) in spite of sharply lower oil prices. This result was driven by optimization initiatives in working capital performed mainly in the G&P segment, with the substantial recovery of prepaid gas volumes and other renegotiation benefits, and in the R&M segment as well as in corporate activities. Non-recurring effects of the working capital positively influenced cash flow by approximately euro 2.2 billion.

Profit and loss account

2013	(euro million)	2014	2015	Change	% Ch.
98,547	Net sales from operations	93,187	67,740	(25,447)	(27.3)
1,117	Other income and revenues	1,039	1,205	166	16.0
(80,765)	Operating expenses	(76,639)	(56,761)	19,878	25.9
(71)	Other operating income (expense)	145	(485)	(630)	..
(10,961)	Depreciation, depletion, amortization and impairments	(10,147)	(14,480)	(4,333)	(42.7)
7,867	**Operating profit (loss)**	**7,585**	**(2,781)**	**(10,366)**	**..**
(999)	Finance income (expense)	(1,181)	(1,323)	(142)	(12.0)
6,083	Net income from investments	469	124	(345)	(73.6)
12,951	**Profit (loss) before income taxes**	**6,873**	**(3,980)**	**(10,853)**	**..**
(9,055)	Income taxes	(6,681)	(3,147)	3,534	52.9
69.9	*Tax rate (%)*	*97.2*	..	..	
3,896	**Net profit (loss) - continuing operations**	**192**	**(7,127)**	**(7,319)**	**..**
1,063	**Net profit (loss) - discontinued operations**	**658**	**(2,251)**	**(2,909)**	**..**
4,959	**Net profit (loss)**	**850**	**(9,378)**	**(10,228)**	**..**
	attributable to:				
5,160	**Eni s shareholders**	**1,291**	**(8,783)**	**(10,074)**	**..**
3,472	**- continuing operations**	**101**	**(7,680)**	**(7,781)**	**..**
1,688	- discontinued operations	1,190	(1,103)	(2,293)	..
(201)	**Non-controlling interest**	**(441)**	**(595)**	**(154)**	**34.9**
424	- continuing operations	91	553	462	..

(625)	- discontinued operations	(532)	(1,148)	(616)	..

Non-GAAP measures

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

Management evaluates Group and business performance on the basis of adjusted operating profit and adjusted net profit, which are arrived at by excluding inventory holding gains or losses, special items and, in determining the business segments adjusted results, finance charges on finance debt and interest income. The adjusted operating profit of each business segment reports gains and losses on derivative financial instruments entered into to manage exposure to movements in foreign currency exchange rates which impact industrial margins and translation of commercial payables and receivables. Accordingly also currency translation effects recorded through profit and loss are reported within business segments adjusted operating profit. The taxation effect of the items excluded from adjusted operating or net profit is determined based on the specific rate of taxes applicable to each of them. The Italian statutory tax rate is applied to finance charges and income. Adjusted operating profit and adjusted net profit are non-GAAP financial measures under either IFRS, or US GAAP. Management includes them in order to facilitate a comparison of base business performance across periods, and to allow financial analysts to evaluate Eni s trading performance on the basis of their forecasting models. The following is a description of items that are excluded from the calculation of adjusted results.

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

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered notwithstanding the handling of foreign currency exchange risks is made centrally by netting off naturally-occurring opposite positions and then dealing with any residual risk exposure in the exchange rate market.

As provided for in Decision No. 15519 of July 27, 2006 of the Italian market regulator (CONSOB), non recurring material income or charges are to be clearly reported in the management s discussion and financial tables. Also, special items allow to allocate to future reporting periods gains and losses on re-measurement at fair value of certain non hedging commodity derivatives and exchange rate derivatives relating to commercial exposures, lacking the criteria to be designed as hedges, including the ineffective portion of cash flow hedges and certain derivative financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production segment.

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

In consideration of the relevance of the discontinued operations on 2015 financial accounting, in order to remove the misrepresentation of IFRS 5 the adjusted performances exclude the above mentioned inventory holding gain or loss and the special items as well as gains and losses of the discontinued operations earned to be representative of the ordinary course of business, as in the case of environmental provisions, restructuring charges, asset impairments or write ups and gains or losses on divestments even though they occurred in past periods or are likely to occur in future ones; or (iii) exchange rate differences and derivatives relating to industrial activities and commercial payables and receivables, particularly exchange rate derivatives to manage commodity pricing formulas which are quoted in a currency other than the functional currency. Those items are reclassified in operating profit with a corresponding adjustment to net finance charges, from both third parties and the Group s continuing operations, actually determining the derecognition of the two disposal group. These measures are: standalone adjusted operating profit, standalone adjusted net profit and standalone cash flow from operations.

In the following tables are represented: operating profit and adjusted net profit on a standalone basis and on single segment basis as well as the reconciliation of net profit attributable to Eni s shareholders of continuing operations. It is also provided the reconciliation of operating cash flow.

Financial review

(euro million)

2015

								DISCONTINUED OPERATIONS						
	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Engineering & Construction	Chemicals (a)	Impact of unrealized intragroup profit elimination	GROUP	Engineering & Construction and Chemicals	Consolidation adjustments	Tot			
Reported operating profit (loss)	**(144)**	**(1,258)**	**(552)**	**(497)**	**(694)**	**(1,393)**	**(23)**	**(4,561)**	**2,087**	**(307)**	**1,780**	**(2,781)**		**(2,474)**
Exclusion of inventory holding (gains) losses		132	555			322	127	1,136	(322)		(322)	814		814
Exclusion of special items:														
- environmental charges			116	88		21		225	(21)		(21)	204		204
- asset impairments	4,502	152	152	20	590	1,376		6,792	(1,966)		(1,966)	4,826		4,826
- net gains on disposal of assets	(414)		(5)	4	1	(3)		(417)	2		2	(415)		(415)
- risk provisions		226	7	(10)		(12)		211	12		12	223		223
- provision for redundancy incentives	15	6	5	1	12	3		42	(15)		(15)	27		27
- commodity derivatives	12	90	72		(6)	(4)		164	10	(10)		164		174
- exchange rate differences and derivatives	(59)	(9)				5		(63)	(5)	8	3	(60)		(68)
- other	196	535	37	25		(7)		786	7		7	793		793
Special items of operating profit (loss)	**4,252**	**1,000**	**384**	**128**	**597**	**1,379**		**7,740**	**(1,976)**	**(2)**	**(1,978)**	**5,762**		**5,764**
Adjusted operating profit (loss)	**4,108**	**(126)**	**387**	**(369)**	**(97)**	**308**	**104**	**4,315**	**(211)**	**(309)**	**(520)**	**3,795**	**309**	**4,104**
Net finance (expense) income (b)	(286)	11	(12)	(686)	(5)	10		(968)	(5)	18	13	(955)		(973)
Net income(expense) from investments (b)	253	(2)	72	285	17	(3)		622	(14)		(14)	608		608
Income taxes (b)	(3,323)	(51)	(165)	107	(212)	(85)	(47)	(3,776)	297	(62)	235	(3,541)		(3,479)
Tax rate (%)	*81.5*	*(43.6)*	*36.9*		*..*			*95.1*				*102.7*		*93.0*
Adjusted net profit (loss)	**752**	**(168)**	**282**	**(663)**	**(297)**	**230**	**57**	**193**	**67**	**(353)**	**(286)**	**(93)**	**353**	**260**
of which attributable to:														
- non-controlling interest								(243)			848	605	(679)	(74)(*)
- Eni s shareholders								**436**			**(1,134)**	**(698)**	**1,032**	**334**
Reported net profit (loss) attributable to Eni s shareholders								**(8,783)**			**1,103**	**(7,680)**		**(7,680)**
Exclusion of inventory holding (gains) losses								782			(221)	561		561
Exclusion of special items								8,437			(2,016)	6,421		6,421

Reinstatement of intercompany transactions vs. Discontinued operations				1,032
Adjusted net profit (loss) attributable to Eni s shareholders	**436**	**(1,134)**	**(698)**	**334**

(a) Following the announced divestment plan, Chemicals results previously consolidated in the "R&M and Chemicals" sector, are presented separately and accounted as discontinued operations.
(b) Excluding special items.
(*) Represents the reinstatement of fiscal impacts and does not refer to non-controlling interest.

Contents

(euro million)

2014

									DISCONTINUED OPERATIONS					
	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Engineering & Construction	Chemicals (a)	Impact of unrealized intragroup profit elimination	GROUP	Engineering & Construction and Chemicals	Consolidation adjustments	Tot			
Reported operating profit (loss)	**10,766**	**64**	**(2,107)**	**(518)**	**18**	**(704)**	**398**	**7,917**	**686**	**(1,018)**	**(332)**	**7,585**		**8,603**
Exclusion of inventory holding (gains) losses		(119)	1,576			170	(167)	1,460	(170)		(170)	1,290		1,290
Exclusion of special items:														
- environmental charges			111	41		27		179	(27)		(27)	152		152
- asset impairments	692	25	284	14	420	96		1,531	(516)		(516)	1,015		1,015
- net gains on disposal of assets	(76)		(2)	3	2	45		(28)	(47)		(47)	(75)		(75)
- risk provisions	(5)	(42)		12	25			(10)	(25)		(25)	(35)		(35)
- provision for redundancy incentives	24	9	(4)	(25)	5			9	(5)		(5)	4		4
- commodity derivatives	(28)	(38)	38		9	3		(16)	(12)	12		(16)		(28)
- exchange rate differences and derivatives	6	205	14			4		229	(4)	11	7	236		225
- other	172	64	25	30		12		303	(12)		(12)	291		291
Special items of operating profit (loss)	**785**	**223**	**466**	**75**	**461**	**187**		**2,197**	**(648)**	**23**	**(625)**	**1,572**		**1,549**
Adjusted operating profit (loss)	**11,551**	**168**	**(65)**	**(443)**	**479**	**(347)**	**231**	**11,574**	**(132)**	**(995)**	**(1,127)**	**10,447**	**995**	**11,442**
Net finance (expense) income (b)	(287)	7	(9)	(564)	(6)	(3)		(862)	9	30	39	(823)		(853)
Net income(expense) from investments (b)	323	49	67	(156)	21	(3)		301	(18)		(18)	283		283
Income taxes (b)	(7,164)	(138)	(34)	311	(185)	75	(79)	(7,214)	110	(60)	50	(7,164)		(7,104)
Tax rate (%)	*61.8*	*61.6*	*..*		*37.4*			*65.5*				*72.3*		*65,3*
Adjusted net profit (loss)	**4,423**	**86**	**(41)**	**(852)**	**309**	**(278)**	**152**	**3,799**	**(31)**	**(1,025)**	**(1,056)**	**2,743**	**1,025**	**3,768**
of which attributable to:														
- non-controlling interest								92			451	543	(629)	(86)
- Eni s shareholders								**3,707**			**(1,507)**	**2,200**	**1,654**	**3,854**
Reported net profit (loss) attributable to Eni s shareholders								**1,291**			**(1,190)**	**101**		**101**
Exclusion of inventory holding (gains) losses								1,008			(118)	890		890
Exclusion of special items								1,408			(199)	1,209		1,209

Reinstatement of intercompany transactions vs. Discontinued operations				1,654
Adjusted net profit (loss) attributable to Eni s shareholders	**3,707**	**(1,507)**	**2,200**	**3,854**

(a) Following the announced divestment plan, Chemicals results previously consolidated in the "R&M and Chemicals" sector, are presented separately and accounted as discontinued operations.
(b) Excluding special items.

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Financial review

(euro million)

2013	Exploration & Production	Gas & Power	Refining & Marketing	Corporate and other activities	Engineering & Construction	Chemicals (a)	Impact of unrealized intragroup profit elimination	GROUP	DISCONTINUED OPERATIONS			Engineering & Construction and Chemicals	Consolidation adjustments	Tot
Reported operating profit (loss)	**14,868**	**(2,923)**	**(1,534)**	**(736)**	**(98)**	**(727)**	**38**	**8,888**	**825**	**(1,846)**	**(1,021)**	**7,867**		**9,713**
Exclusion of inventory holding (gains) losses		192	220			213	91	716	(213)		(213)	503		503
Exclusion of special items:														
- environmental charges		(1)	93	52		61		205	(61)		(61)	144		144
- asset impairments	19	1,685	633	19		44		2,400	(44)		(44)	2,356		2,356
- net gains on disposal of assets	(283)	1	(9)	(3)	107			(187)	(107)		(107)	(294)		(294)
- risk provisions	7	292		31		4		334	(4)		(4)	330		330
- provision for redundancy incentives	52	10	91	92	2	23		270	(25)		(25)	245		245
- commodity derivatives	(2)	317	1		(1)			315	1	(1)		315		316
- exchange rate differences and derivatives	(2)	(218)	30			(5)		(195)	5	(9)	(4)	(199)		(190)
- other	(16)	23	3	3	(109)			(96)	109		109	13		13
Special items of operating profit (loss)	**(225)**	**2,109**	**842**	**194**	**(1)**	**127**		**3,046**	**(126)**	**(10)**	**(136)**	**2,910**		**2,920**
Adjusted operating profit (loss)	**14,643**	**(622)**	**(472)**	**(542)**	**(99)**	**(387)**	**129**	**12,650**	**486**	**(1,856)**	**(1,370)**	**11,280**	**1,856**	**13,136**
Net finance (expense) income [b]	(264)	14	(6)	(567)	(5)	(2)		(830)	7	16	23	(807)		(823)
Net income(expense) from investments [b]	367	70	56	291	2			786	(2)		(2)	784		784
Income taxes [b]	(8,796)	299	176	129	(151)	51	(90)	(8,382)	100	(53)	47	(8,335)		(8,282)
Tax rate (%)	*59.7*	*55.6*	*41.7*					*66.5*				*74.0*		*63.2*
Adjusted net profit (loss)	**5,950**	**(239)**	**(246)**	**(689)**	**(253)**	**(338)**	**39**	**4,224**	**591**	**(1,893)**	**(1,302)**	**2,922**	**1,893**	**4,815**
of which attributable to:														
- non-controlling interest								(206)			629	423	538	961
- Eni s shareholders								**4,430**			**(1,931)**	**2,499**	**1,355**	**3,854**
Reported net profit (loss) attributable to Eni s shareholders								**5,160**			**(1,688)**	**3,472**		**3,472**
								438			(147)	291		291

Exclusion of inventory holding (gains) losses					
Exclusion of special items	(1,168)	(96)	(1,264)		(1,264)
Reinstatement of intercompany transactions vs. Discontinued operations					1,355
Adjusted net profit (loss) attributable to Eni s shareholders	**4,430**	**(1,931)**	**2,499**		**3,854**

(a) Following the announced divestment plan, Chemicals results previously consolidated in the "R&M and Chemicals" sector, are presented separately and accounted as discontinued operations.
(b) Excluding special items.

2013	(euro million)	2014	2015	Change
11,026	**Net cash provided by operating activities**	**15,110**	**11,903**	**(3,207)**
1,894	Net cash provided by operating activities - discontinued operations	1,948	722	(1,226)
9,132	**Net cash provided by operating activities - continuing operations**	**13,162**	**11,181**	**(1,981)**
1,686	Reinstatement of intercompany transactions vs. discontinued operations	1,225	1,008	
10,818	**Net cash provided by operating activities on a standalone basis**	**14,387**	**12,189**	**(2,198)**

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Breakdown of special items including discontinued operations

2013	(euro million)	2014	2015
3,046	**Special items of operating profit (loss)**	**2,197**	**7,740**