ENI SPA
Form 6-K
March 03, 2014
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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 February 2014

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: February 28, 2014

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Eni: Report on the purchase of treasury shares

San Donato Milanese (Milan), February 5, 2014 - During the period from January 27 to January 31, 2014, Eni acquired No. 970,000 shares for a total consideration of euro 16,351,545.94, within the authorization to purchase treasury shares approved at Eni s Ordinary General Meeting of shareholders on May 10, 2013, previously subject to disclosure pursuant to Article 144-bis of Consob Regulation 11971/1999.
The following are details of transactions for the purchase of treasury shares on the Electronic Stock Market on a daily basis:

Date	Number of ordinary shares purchased	Average price (euro)	Consideration (euro)
27/01/2014	150,000	16.9541	2,543,119.00
28/01/2014	220,000	16.9274	3,724,020.49
29/01/2014	225,000	16.8318	3,787,165.48
30/01/2014	180,000	16.8558	3,034,051.07
31/01/2014	195,000	16.7343	3,263,189.90
Total	**970,000**	**16.8573**	**16,351,545.94**

Following the purchases announced today, considering the treasury shares already held, on January 31, 2014 Eni holds No. 14,933,287 shares equal to 0.41% of the share capital.

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Eni: Report on the purchase of treasury shares

San Donato Milanese (Milan), February 12, 2014 - During the period from February 3 to February 7, 2014, Eni acquired n. 960,000 shares for a total consideration of euro 15,793,879.10, within the authorization to purchase treasury shares approved at Eni s Ordinary General Meeting of shareholders on May 10, 2013, previously subject to disclosure pursuant to Article 144-bis of Consob Regulation 11971/1999.
The following are details of transactions for the purchase of treasury shares on the Electronic Stock Market on a daily basis:

Date	Number of ordinary shares purchased	Average price (euro)	Consideration (euro)
03/02/2014	260,000	16.7175	4,346,546.92
04/02/2014	200,000	16.4448	3,288,958.83
05/02/2014	185,000	16.3018	3,015,827.15
06/02/2014	160,000	16.3326	2,613,215.70
07/02/2014	155,000	16.3183	2,529,330.50
Totale	**960,000**	**16.4520**	**15,793,879.10**

Following the purchases announced today, considering the treasury shares already held, on February 7, 2014 Eni holds No. 15,893,287 shares equal to 0.44% of the share capital.

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Eni: important new discovery in offshore Congo

San Donato Milanese (Milan), February 13, 2014 - Eni has made an important new exploration discovery in the Marine XII Block located approximately 17 kilometers offshore Congo.
The exploration well, Nene Marine 3, which led to the important result, was drilled in a water depth of 28 meters and has encountered a significant wet gas and light oil accumulation in the pre-salt clastic sequence outlining a significant extension to the west of the reservoir and its hydraulic continuity.
Nene Marine 3 is located 2 kilometers from the discovery well Nene Marine 1 and 4 kilometers from Nene Marine 2. During the production test in the oil interval the well flowed over 5,000 barrels of oil per day at 36° API gravity.
Following the results of the well, Eni estimates that the discovery of Nene Marine field contains 1.2 billion barrels of oil and 30 billion cubic meters of gas in place. The overall potential of the Nene Marine and of the neighboring Litchjendilj Marine fields is estimated in about 2.5 billion barrels of oil equivalent in place.
The block also has a significant additional exploration upside which will be determined by the next exploratory and delineation campaign.
Eni, which holds 65% of the Marine XII Block, quickly activated with the joint venture s partners New Age (25%) and the national company SNPC (Société Nationale des Pétroles du Congo, 10%) the studies to ensure a rapid commercial development of these significant hydrocarbon reserves with the aim of launching a first oil production from 2016.
Eni has been present in Congo since 1968 and today has an equity production of 105,000 barrels of oil per day in the country. Eni has been present in Sub-Saharan Africa since the 1960s and currently participates in exploration and production projects in Angola, Congo, Ghana, Gabon, Mozambique, Nigeria, Democratic Republic of Congo, Kenya and Liberia. Eni s current operated production in the region is approximately 450,000 barrels of oil equivalent per day.

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Eni announces results for the fourth quarter and the full year 2013

Rome, February 13, 2014 - Eni, the international oil and gas company, today announces its Group results for the fourth quarter and the full year 2013 (unaudited).

Financial highlights[1]

Adjusted operating profit: euro 3.52 billion (down 29%) for the quarter; euro 12.62 billion (down 34%[2]) for the full year;
Adjusted net profit: euro 1.30 billion for the quarter (down 14%); euro 4.43 billion for the full year (down 35%[2]);
Reported net loss of euro 0.61 billion for the quarter (up 69%); reported net profit of euro 5.20 billion for the full year (up 24%);
Operating cash flow: euro 3.18 billion for the quarter; euro 10.97 billion for the full year;
Leverage at 0.25, unchanged from 2012;
Dividend proposal for the full year of euro 1.10 per share, including an interim dividend of euro 0.55 per share paid in September 2013 (euro 1.08 in 2012);
Activated the share buyback programme in January 2014.

Operational highlights

Oil and gas production: 1.619 mmboe/d in the year, down 4.8% from 2012 (1.577 mmboe/d in the quarter, down 9.7%) mainly due to geopolitical factors;
Preliminary year-end proved reserves estimate: 6.54 bboe. The organic reserve replacement ratio was 105%;
Eni s interests in the upstream monetized for a total amount of euro 5.6 billion: Eni s interest in the joint venture Artic Russia sold for a total consideration of euro 2.2 billion, cashed-in in January 2014; Eni s 28.57% share in Eni East Africa, which retains interests in Area 4 mineral property in Mozambique, sold;

1.8 billion barrels added to the Company s resource base following exploration success in Mozambique, Ghana, Congo, Angola, Norway, Australia, Pakistan and Egypt;
Renegotiated supply terms of 85% of long-term contracted gas;
euro 2 billion cash flow improvement from the ongoing turnaround in mid-downstream businesses.

Paolo Scaroni, Chief Executive Officer, commented:
"In 2013 Eni achieved solid results in a particularly difficult market. Despite problems in Libya and Nigeria, our E&P Division confirmed its capability to deliver high profits thanks to its cost leadership and extraordinary exploration successes. Our Mid and Downstream businesses, while at a disadvantage from the Italian and European crisis, strengthened their restructuring actions achieving a significant improvement in cash generation. Finally, the portfolio rationalization permitted by the new discoveries has allowed an anticipated monetization of results and cash. The overall effect of what we have done in this challenging year enabled us to deliver an increased net profit versus 2012, to pay a generous dividend and to launch a buyback program, while maintaining a constant debt".

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(1) Throughout this press release, changes in the Group results are calculated with respect to results earned by the Group s continuing operations in 2012 considering that at the time Snam was consolidated in the Group accounts and reported as discontinued operations based on IFRS 5.
(2) These changes are calculated by excluding Snam s contribution to the Group results in the full year 2012. This is the result of Snam s transactions with Eni being included in the continuing operations results of the full year 2012 according to IFRS 5. Adjusted operating profit and adjusted net profit are not provided by IFRS.

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Financial highlights

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013	% Ch. IV Q. 13 vs. IV Q. 12		Full Year 2012	Full Year 2013	% Ch.
				SUMMARY GROUP RESULTS [a] (euro million)			
4,970	**3,439**	**3,521**	**(29.2)**	**Adjusted operating profit - continuing operations** [b]	**19,798**	**12,620**	**(36.3)**
4,970	**3,439**	**3,521**	**(29.2)**	**Adjusted operating profit - continuing operations excluding Snam contribution**	**19,010**	**12,620**	**(33.6)**
1,518	**1,171**	**1,301**	**(14.3)**	**Adjusted net profit - continuing operations**	**7,130**	**4,433**	**(37.8)**
0.42	0.32	0.36	(14.3)	- per share (euro) [c]	1.97	1.22	(38.1)
1.09	0.85	0.98	(10.1)	- per ADR ($) [c] [d]	5.06	3.24	(36.0)
1,518	**1,171**	**1,301**	**(14.3)**	**Adjusted net profit - continuing operations excluding Snam contribution**	**6,824**	**4,433**	**(35.0)**
(1,964)	**3,989**	**(611)**	**68.9**	**Net profit - continuing operations**	**4,200**	**5,196**	**23.7**
(0.54)	1.10	(0.17)	68.5	- per share (euro) [c]	1.16	1.43	23.3
(1.40)	2.91	(0.46)	67.1	- per ADR ($) [c] [d]	2.98	3.80	27.5
3,425			**..**	**Net profit - discontinued operations**	**3,590**		**..**
1,461	**3,989**	**(611)**	**..**	**Net profit**	**7,790**	**5,196**	**(33.3)**

(a) Attributable to Eni s shareholders.
(b) For a detailed explanation of adjusted operating profit and net profit see paragraph "Reconciliation of reported operating and net profit to results on an adjusted basis".
(c) Fully diluted. Dollar amounts are converted on the basis of the average EUR/USD exchange rate quoted by the ECB for the periods presented.
(d) One ADR (American Depositary Receipt) is equal to two Eni ordinary shares.

Adjusted operating profit

In the **fourth quarter of 2013**, the adjusted operating profit was euro 3.52 billion, down 29.2% compared to the fourth quarter of 2012. This decline was mainly due to the Exploration & Production Division (down euro 1.55 billion, or 31.8%) as a result of extraordinary interruptions to production and the appreciation of the euro against the US dollar (up 4.9%).
In spite of an ongoing demand downturn, oversupplies and strong competitive pressures, Eni s mid and downstream businesses have shown good progress in cost discipline and, more broadly, in implementing the Company's turnaround strategy. The Gas & Power Division reported adjusted operating profit of euro 357 million (up by euro 315 million compared to the fourth quarter of 2012), benefiting from the renegotiations of long-term gas supply contracts, some of which were retroactive to previous reporting periods. In the Refining & Marketing and Chemical Divisions efficiency improvements absorbed part of the negative impact of the trading environment (both sectors reported higher losses of euro 88 million and euro 14 million, respectively). The Engineering & Construction segment incurred a decrease of 51.9% in operating profit due to a slowdown in business activity and to the lower profitability of ongoing contracts.

In **2013**, adjusted operating profit was euro 12.62 billion, down by 36.3% from 2012, or 33.6% when excluding the contribution of Snam to continuing operations in 2012. This decline was driven by the same drivers for the quarter and extraordinary contract losses incurred by the Engineering & Construction segment in first half of the year.

Adjusted net profit

In the **fourth quarter of 2013**, adjusted net profit was euro 1.30 billion (down by 14.3%). This decline was due to a lower operating performance, partly offset by a lowered consolidated tax rate (down by approximately 7 percentage points) mainly reflecting a smaller contribution from the Exploration & Production Division to the Group consolidated earnings before tax. For the full year, adjusted net profit was euro 4.43 billion, down by 35% when excluding Snam s contribution to continuing operations in 2012. The Group adjusted tax rate increased by 7 percentage points, due to a greater contribution to the Group profit before income taxes from the Exploration & Production segment which is subject to a larger fiscal take than other Group s businesses.

Capital expenditure

Capital expenditure for the fourth quarter of 2013 amounted to euro 3.77 billion (euro 12.75 billion for the full year 2013), mainly related to the development of oil and gas reserves.

Balance sheet and cash flow

In 2013, net cash generated by operating activities amounted to euro 10,969 million (euro 3,181 million in the fourth quarter), benefiting from a larger amount of receivables due beyond the end of the reporting period transferred to financing institutions (euro 552 million) compared to the amount made at the end of 2012.
Cash from disposals amounted to euro 6,360 million, mainly relating to the divestment of a 28.57% stake in Eni East Africa, retaining interests in the Area 4 mineral property in Mozambique, to China National Petroleum Corporation for euro 3,386 million, and the divestment of the financial interests in Snam and Galp (euro 2,289 million).

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These inflows were used to fund almost completely the financing requirements for capital expenditure incurred in the year (euro 12,750 million) and the dividend payment to Eni s shareholders (euro 3,949 million, related to the dividend balance for the year 2012 and the 2013 interim dividend) and to Saipem s shareholders (euro 170 million).
As of December 31, 2013, net borrowings[3] amounted to euro 15,428 million, substantially in line with 2012, while representing an increase of euro 282 million from September 30, 2013 mainly due to the financing requirements for capital expenditure being higher than the net cash generated by operating activities. The latter benefited of a larger amount of receivables due beyond the end of the reporting period transferred to financing institutions (euro 940 million) compared to the third quarter of 2013.
The ratio of net borrowings to shareholders equity including non-controlling interest leverage[4] was 0.25 at December 31, 2013, in line with December 31, 2012 (0.24 at September 30, 2013).

Dividend 2013

The Board of Directors will propose the distribution of a cash dividend of euro 1.10 per share[5] (euro 1.08 in 2012) at the Annual Shareholders Meeting. Included in this annual payment is euro 0.55 per share which was paid as interim dividend in September 2013.
The balance of euro 0.55 per share will be payable to shareholders as of May 22, 2014, with the ex-dividend date being May 19, 2014.

Operational highlights and trading environment

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013	% Ch. IV Q. 13 vs. IV Q. 12			Full Year 2012	Full Year 2013	% Ch.
				KEY STATISTICS				
1,747	**1,653**	**1,577**	**(9.7)**	**Production of oil and natural gas**	(kboe/d)	**1,701**	**1,619**	**(4.8)**
912	851	816	(10.5)	- Liquids	(kbbl/d)	882	833	(5.6)
4,584	4,402	4,177	(9.2)	- Natural gas	(mmcf/d)	4,501	4,320	(3.9)
25.08	**18.35**	**25.56**	**1.9**	**Worldwide gas sales**	(bcm)	**95.32**	**93.17**	**(2.3)**
10.13	**8.45**	**8.75**	**(13.6)**	**Electricity sales**	(TWh)	**42.58**	**35.05**	**(17.7)**
2.55	**2.54**	**2.33**	**(8.6)**	**Retail sales of refined products in Europe**	(mmtonnes)	**10.87**	**9.69**	**(10.9)**

Exploration & Production

In the fourth quarter of 2013, Eni s liquids and gas production of 1,577 kboe/d declined by 9.7% from the fourth quarter of 2012, reflecting significant force majeure events in Libya and in Nigeria. The contribution of the start-up of new fields and continuing production ramp-ups mainly in Algeria and Egypt partly offset the effects of planned facility downtimes and technical problems, in the North Sea and in the Gulf of Mexico respectively, as well as mature field declines.
In 2013, hydrocarbon production declined by 4.8% from 2012 due to the drivers described in the quarterly disclosure and to the impact of the disposals made in the first half of 2012.

Gas & Power

In the fourth quarter of 2013, Eni s natural gas sales were 25.56 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), representing a slight increase compared to the fourth quarter of 2012 (up by 0.48 bcm, or 1.9%). Italian sales increased by 5.4% to 10.70 bcm driven by higher spot volumes. This positive was partly offset by lower sales to the industrial and residential sectors against the backdrop of an ongoing demand downturn, competitive pressure and oversupply.

Sales in Europe reported a slight decrease compared to the fourth quarter of 2012 (down by 1.4%) driven by lower volumes marketed in the Benelux and France due to competitive pressure, while higher spot sales were registered in the UK.

In 2013, Eni s gas sales of 93.17 bcm were 2.3% lower than in 2012. When excluding the effect of the divestment of Galp, gas sales were broadly in line with the previous year. Eni s sales in the domestic market increased by 1.08 bcm driven by higher spot sales and by higher sales to importers in Italy (up by 1.94 bcm). This positive trend was more than offset by lower volumes marketed in the main European markets (down by 5.61 bcm, particularly in the Benelux, the Iberian Peninsula and the United Kingdom) due to declining gas demand and competitive pressure. Higher sales in markets outside Europe (up by 0.56 bcm) were driven by higher LNG sales in the Far East, particularly in Japan and Korea.

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(3) Information on net borrowings composition is furnished on page 34.

(4) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See page 34 for leverage.

(5) Dividends are not entitled to tax credit and, depending on the receiver, are subject to a withholding tax on distribution or are partially cumulated to the receiver s taxable income.

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Refining & Marketing

In the fourth quarter of 2013, refining margins in the Mediterranean area fell to an unprecedented level, down to less than one dollar per barrel (down by 81.1% from the fourth quarter of 2012; down by 45.3% from 2012) due to structural headwinds in the industry driven by overcapacity, lower demand and increasing competition from imported refined product streams. Furthermore, Eni s results in the Refining & Marketing Division were affected by narrowing differentials between the heavy crudes processed by Eni s refineries and the marker Brent which reflected the lower availability of the former in the Mediterranean area.

In the fourth quarter of 2013, retail sales in Italy were 1.57 mmtonnes (6.64 mmtonnes in 2013), decreasing by approximately 12.8% from the fourth quarter of 2012 (down by 0.23 mmtonnes; down by 1.19 mmtonnes, or 15.2% from 2012) driven by reduced consumption and increasing competition.

In 2013, Eni s retail market share decreased by 3.7 percentage points to 27.5%, from 31.2% in 2012 when sales volumes benefited of the effect of a promotional campaign made during the summer weekends.

Currency

Results of operations for the fourth quarter and the full year 2013 were affected by the appreciation of the euro against the dollar (up by 4.9% in the quarter; up by 3.3% over the year).

Business developments

In 2013, Eni continued to invest selectively in the future growth of oil and gas production and to implement the Company s turnaround strategy for the mid and downstream businesses.

In the Exploration & Production Division, exploration activity added 1.8 billion boe of fresh resources to the Company s resource base. This was driven by large exploration successes achieved in Mozambique, with new discoveries and the appraisal of Area 4, and in core areas such as Ghana, Congo, Angola, Norway, Australia, Pakistan and Egypt. In line with the strategy of value creation for our shareholders, Eni monetized the discovered volumes in Mozambique by divesting an interest of 20% to its Chinese partner CNPC for a total net consideration of euro 3.4 billion. It also disposed of its 60% stake in Artic Russia, a joint venture with Gazprom, engaged in the development of gas reserves in Siberia, for a total consideration of euro 2.2 billion which was cashed-in in January 2014. In the full year all of Eni s eight planned start-ups were achieved and seven main projects were sanctioned.

Oil and natural gas production was adversely affected by several interruptions and temporary shutdowns due to geopolitical factors, particularly in Libya.

The Gas & Power, Refining & Marketing and Chemical Divisions were more exposed to the European slowdown and have intensified restructuring efforts and optimization initiatives in order to limit the impacts of the structural decline demand, poor industry fundamentals and strong competition.

In the Gas & Power Division Eni is progressing in the renegotiation of its long-term supply contracts in order to regain in competitiveness and mitigate the take-or pay risk. In December, Eni finalized the renegotiation of a relevant contract with a Dutch gas supplier.

In the Refining & Marketing Division, efficiency measures allowed the Company to save approximately euro 120 million and actions are underway to streamline refining capacity, among which the Venice plant s conversion project, the first phase of which is expected to be completed by the first half of 2014.

In the Chemical sector Eni is progressing with the restructuring of its loss-making plants, deploying green chemistry projects, as well as entering into joint ventures with strategic international partners.

In 2013, Eni finalized the divestment of the available-for-sale interests in Snam and Galp, reinforcing the Group s balance sheet.

Mozambique

On July 26, 2013, Eni concluded the sale of a 28.57% interest in Eni East Africa (EEA) to China National Petroleum Corporation (CNPC). EEA retains a 70% interest in the Area 4 mineral property, located offshore of Mozambique. CNPC indirectly acquires, through its equity investment in Eni East Africa, a 20% interest in Area 4, while Eni retains operatorship and a 50% interest through the remaining stake. The total consideration was equal to euro 3,386 million, with a gain of equivalent amount recorded in profit and loss (euro 3,359 million, euro 2,994 million net of tax charges).

The exploration campaign of the year regarded the appraisal of the Mamba and Coral discoveries and a new prospect in the Southern section of Area 4, where in September 2013 Eni made the Agulha discovery, the tenth discovery in Area 4. Management estimates that Area 4 may contain up to 2,650 billion cubic meters of gas in place. Agulha was drilled in 2,492 meters of water and reached a total depth of 6,203 meters. In 2014, Eni will continue appraisal activities, particularly regarding the new exploration prospect, where the drilling of two to three additional wells is planned.

Russia

Eni divested to Gazprom its 60% interest in Artic Russia, the subsidiary owing a 49% stake of Severenergia, which holds four licenses for the exploration and production of hydrocarbons in the region of Yamal Nenets (Siberia), among which in particular the on-stream field of Samburgskoye, Eni s first development in the Russian upstream.

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On January 15, 2014, the consideration for the disposal equal to euro 2.16 billion ($2,940 million) was cashed in. At the balance sheet date, Eni s interest in Artic Russia was classified as an asset held for sale and measured at fair value due to the loss of joint control over the investee following the occurrence of all conditions precedent of the SpA effectiveness on December 20, 2013 with a revaluation gain of euro 1,682 million recorded through profit.
With this disposal, Eni monetized a mature investment, but maintains a strong commitment in the Russian upstream through the partnership with Novatek, the projects in the Mediterranean offshore and, with Rosneft, the projects for exploration in the Russian section of the Black Sea and in the Barents Sea.
In June 2013, Eni and Rosneft signed a strategic cooperation agreement for exploration activities in the Russian section of the Barents Sea (Fedynsky and Central Barentsevsky licenses) where seismic surveys have been started, and in the Black Sea (Western Chernomorsky license). Furthermore, the two partners signed commercial agreements for oil supplies and joint logistic activities, including the project of the development of the new Eni Logistic Center in the Venice area.

Ukraine
On November 27, 2013, Eni signed a Production Sharing Agreement for the exploration and development of a high potential area located in Ukraine s Black Sea. The area includes the licenses of Abiha, Mayachna and Kavkazka, in the oil and gas Pry Kerch block, as well as the Subbotina oil discovery, for total 1,400 square kilometers. Eni is the operator with 50% interest. The agreement is under the approval of the relevant authorities.

United States
On November 5, 2013, Eni signed an agreement with the American company Quicksilver, for explorating and developing an area with unconventional oil reservoirs (shale oil), onshore the United States. Eni is expected to acquire a 50% interest in the Leon Valley area (West Texas). The work plan provides for the drilling of up to five exploration wells, aiming at determining the hydrocarbon potential of the area and the subsequent development plan. Eni will invest up to $52 million, for the completion of the project s exploration activities. The agreement also establishes that Eni will obtain 50% of another area located in the Leon Valley, without additional costs.
In March 2013, among the Lease Sale 227 international bidding round, Eni was awarded the exploration license for five offshore blocks in the Central Gulf of Mexico, located in the high potential areas of the Mississippi Canyon and the Desoto Canyon. The bid is under the approval of the relevant authorities.

Kazakhstan
On September 11, 2013, following the completion, test and delivery of all infrastructures, the first oil from the giant Kashagan field was produced.
From October 2013 production has been halted due to a technical issue that occurred to the pipeline transporting acid gas from offshore to onshore facilities, without any impact on the environment and local communities.
Recovery activities are ongoing. Management believes that from 2015 field production will recover to the originally expected level, nonetheless the field contribution to Eni s production profile for the year 2014 has been prudently assumed to be marginal.

Congo
In September 2013, Eni acquired the Ngolo exploration block, which is part of the Cuvette Basin. Eni will be operator of the joint venture with the Congolese state company Société Nationale des Pétroles du Congo (SNPC). Exploration activities will take place over a period of 10 years. The Cuvette Basin is one of the new themes of frontier exploration in Africa.

Norway
In 2013, Eni was awarded the operatorship in the PL 717, PL 712 and PL 716 licenses, with an interest of 40%, as well as the interest of 65% in the PL 697 license and the interest of 30% in the PL 714 license.

Timor Sea

In April 2013, Eni was awarded an exploration license (Production Sharing Contract) covering an area of 662 square kilometers in the Timor Sea, within the Joint Petroleum Development Area (JPDA), which is administered by both Australia and Timor Leste. The PSC foresees the commitment to drill two exploration wells during the first two years and options for other two wells.

Cyprus

In January 2013, Eni signed Exploration and Production Sharing Contracts with the relevant authorities of the Republic of Cyprus, for Blocks 2, 3 and 9 located in the Cypriot deep offshore portion of the Levantine basin over an area of around 12,530 square kilometers, thus marking Eni s entry into the Country.

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Egypt
Eni was awarded a deepwater exploration block (Block 9) in the EGAS 2012 international bidding round, located in the Eastern Mediterranean offshore Egypt.

Vietnam
In February 2013, Eni signed an agreement with Vietnamese National oil company Vietnam Oil and Gas Group (Petrovietnam), for the joint evaluation of non conventional resources in the Country.

Versalis
In 2013, Eni s chemical subsidiary Versalis progressed in the process of expansion in the growing Southeast Asian markets, by establishing a 50:50 joint venture with a South Korean company Lotte Chemical and by signing a shareholder agreement with Malaysian company Petronas. The agreements concern the development of joint production activities in the polymers and elastomers business.

Start-ups

In 2013, in line with production plans, the following main projects were started up:
(i) in Algeria, the MLE-CAFC field (Eni s interest 75%) with an overall plateau of approximately 33 kboe/d net to Eni by 2016 and the El Merk field (Eni s interest 12.25%) with an expected peak at approximately 18 kbbl/d net to Eni expected in 2015;
(ii) in Angola, the liquefaction plant managed by the Angola LNG consortium (Eni s interest 13.6%) with the first cargo in June 2013. The plant will treat approximately 10,594 bcf of gas in 30 years;
(iii) in Nigeria, the offshore Abo - Phase 3 project in Block OML 125 (Eni operator with an 85% interest);
(iv) in Venezuela, the accelerated early production of the giant Junin 5 oil field (Eni s interest 40%) in the Orinoco Faja. Early production is expected to reach a plateau of 75 kbbl/d in 2015;
(v) in Norway, the offshore Skuld field (Eni s interest 11.5%) with production of approximately 30 kboe/d (approximately 4 kboe/d net to Eni);
(vi) in the United Kingdom, the offshore Jasmine field (Eni s interest 33%), with an expected peak of 117 kboe/d (approximately 39 kboe/d net to Eni) in 2014.

Exploration successes

In 2013, main exploration successes occurred in:
(i) Egypt, in the Meleiha development lease (Eni s interest 56%) with three near field oil and gas discoveries and the Rosa North-1X oil discovery. The drilling activities of the Rosa North-1X field are underway. The activities on the field will leverage on the existing production facilities in the area; as well as with two near field oil discoveries in the Belayim concession (Eni 100%);
(ii) Angola, in offshore Block 15/06 (Eni operator with a 35% interest), with the Vandumbu 1 oil discovery;
(iii) Congo, in offshore Block Marine XII (Eni operator with a 65% interest) with the oil and gas discovery and the appraisal of the Nene Marine field and with the appraisal of gas and condensates discovery of Litchendjili Marine field. The overall discoveries potential is estimated in about 2.5 billion boe in place;
(iv) Mozambique, in addition to the recent discovery of Agulha, with the delineation of Coral 3, Mamba South 3 and Mamba North East 3 gas wells. The new discoveries allow to bring the estimated mineral potential up to 90 Tcf of gas in place;
(v) Ghana, with the Sankofa East-2A appraisal well, in the Offshore Cape Three Points license (Eni operator with a 47.22% interest), confirming its high oil potential. The total potential of the Sankofa East oil discovery is estimated at approximately 450 million barrels of oil in place with recoverable reserves up to 150 million barrels;
(vi) Pakistan, with the onshore gas discovery of Lundali 1 in the Sukhpur Concession (Eni operator with a 45% interest) with a production capacity in excess of 3 kboe/d and with the gas discovery of Bhadra North-2 (Eni s

interest 40%);

(vii) Norway, with the oil and gas Skavl discovery located in the PL532 license (Eni s interest 30%), and the gas and condensates Smørbuklk in the PL 479 license (Eni's interest 19.6%);

(viii) Nigeria, with the appraisal of the oil field of Zabazaba in OPL 245 Block (Eni operator with a 50% interest);

(ix) Australia, with the Evans Shoal North-1 discovery, in the NT/P48 permit (Eni s interest 32.5%) located in the Timor Sea. Eni estimated the full mineral potential of the reservoir at approximately 8 Tcf of gas in place.

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Outlook

Eni is hosting a strategy presentation today to outline the Company s targets and strategies for the 2014-2017 four-year plan.
The 2014 outlook features a moderate strengthening in the global economic recovery. Still a number of uncertainties are surrounding this outlook due to weak growth prospects in the Euro-zone and risks concerning the emerging economies. Crude oil prices are forecast on a solid trend driven by geopolitical factors and the resulting technical issues in a few important producing countries against the backdrop of well supplied global markets. Management expects that the trading environment will remain challenging in the Company s businesses. We expect continuing weak conditions in the European industries of gas distribution, refining and marketing of fuels and chemical products, where we do not anticipate any meaningful improvement in demand, while competition, excess supplies and overcapacity will continue to weigh on selling margins of energy commodities. In this scenario, management reaffirms its commitment in restoring profitability and preserving cash generation at the Company s mid and downstream businesses leveraging on cost cuts and continuing renegotiation of long-term gas supply contracts, capacity restructuring and reconversion and product and marketing innovation.

Management expects the key production and sales trends of Eni businesses to be as follows:
- **Production of liquids and natural gas**: production is expected to remain substantially in line to 2013, excluding the impact of the divestment of Eni s interest in the Russian gas assets of Artic Russia;
- **Gas sales**: natural gas sales are expected to be slightly lower than 2013. Management plans to strengthen marketing efforts and innovation to fend off competitive pressures both in the large customers segment and in the retail segment considering an ongoing demand downturn and oversupplies, particularly in Italy;
- **Refining throughputs on Eni s account**: volumes are expected to be slightly lower than those processed in 2013, due to capacity reductions only partially offset by higher output at the new EST technology conversion plant at the Sannazzaro Refinery;
- **Retail sales of refined products in Italy and the Rest of Europe**: retail sales are expected to be slightly lower than in 2013 due to an ongoing demand downturn in Italy and the expected impact of network reorganization in Italy and in Europe;
- **Engineering & Construction**: 2014 will be a transitional year with a recovery in profitability, the dimension of which relies upon the effective execution of operational and commercial activities at low-margin contracts still present in the current portfolio, in addition to the speed at which bids underway will be awarded.

In 2014, management expects a capital budget in line with 2013 (euro 12.75 billion in capital expenditure and euro 0.32 billion in financial investments in 2013). Assuming a Brent price of $104 a barrel on average for the full year 2014, the ratio of net borrowings to total equity leverage is projected to be almost in line with the level achieved at the end of 2013, due to cash flows from operations and portfolio transactions.

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This press release has been prepared on a voluntary basis in accordance with the best practices on the marketplace. It provides data and information on the Company s business and financial performance for the fourth quarter and the full year 2013 (unaudited). In this press release results and cash flows are presented for the third and fourth quarter of 2013, the fourth quarter of 2012 and the full year 2013 and 2012. Information on liquidity and capital resources relates to the end of the periods as of December 31 and September 30, 2013, and December 31, 2012. Tables contained in this press release are comparable with those presented in the management s disclosure section of the Company s annual report and interim report.
Accounts set forth herein have been prepared in accordance with the evaluation and recognition criteria set by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure set forth in Article 6 of the European Regulation (CE) No. 1606/2002 of the European Parliament and European Council of July 19, 2002 and do not differ from the accounting standards adopted in the preparation of our statutory consolidated annual report for the year ended December 31, 2012 and the semi-annual consolidated statutory report at and for the six months ended June 30, 2013. Investors are urged to read the accounting standards and policies of such regulatory filings.

Non-GAAP financial measures and other performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables to help investors to gain a full understanding of said measures in line with guidance provided by recommendation CESR/05-178b.

Eni s Chief Financial Officer, Massimo Mondazzi, in his position as manager responsible for the preparation of the Company s financial reports, certifies, that data and information disclosed in this press release correspond to the Company s evidence and accounting books and records, pursuant to rule 154-bis paragraph 2 of Legislative Decree No. 58/1998.

Disclaimer
This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, buy-back program, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management s ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni s operations, such as prices and margins of hydrocarbons and refined products, Eni s results from operations and changes in net borrowings for the fourth quarter of the year cannot be extrapolated on an annual basis.
The all sources reserve replacement ratio disclosed elsewhere in this press release is calculated as ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions, discoveries and sales or purchases of minerals in place, to production for the year. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserve Replacement Ratio is a measure used by management to indicate the extent to which production is replaced by proved oil and gas reserves. The Reserve 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 other environmental risks.

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This press release for the fourth quarter and the full year 2013 (unaudited) is also available on the Eni web site **eni.com**

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Quarterly consolidated report

Summary results for the fourth quarter and the full year 2013

(euro million)

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013	% Ch. IV Q. 13 vs. IV Q. 12		Full Year 2012	Full Year 2013	% Ch.
32,523	**29,423**	**26,323**	**(19.1)**	**Net sales from operations - continuing operations**	**127,220**	**115,022**	**(9.6)**
1,650	**3,303**	**306**	**(81.5)**	**Operating profit - continuing operations**	**15,071**	**8,902**	**(40.9)**
560	(5)	385		Exclusion of inventory holding (gains) losses	(17)	716	
2,760	141	2,830		Exclusion of special items	4,744	3,002	
4,970	**3,439**	**3,521**	**(29.2)**	**Adjusted operating profit - continuing operations**	**19,798**	**12,620**	**(36.3)**
				Breakdown by Division:			
4,867	*3,917*	*3,321*	*(31.8)*	*Exploration & Production*	*18,537*	*14,646*	*(21.0)*
42	*(356)*	*357*	*..*	*Gas & Power*	*356*	*(662)*	*..*
(7)	*(61)*	*(95)*	*..*	*Refining & Marketing*	*(321)*	*(482)*	*(50.2)*
(116)	*(111)*	*(130)*	*(12.1)*	*Versalis*	*(483)*	*(386)*	*20.1*
320	*238*	*154*	*(51.9)*	*Engineering & Construction*	*1,474*	*(84)*	*..*
(80)	*(52)*	*(51)*	*36.3*	*Other activities*	*(222)*	*(210)*	*5.4*
(82)	*(92)*	*(81)*	*1.2*	*Corporate and financial companies*	*(325)*	*(331)*	*(1.8)*
26	*(44)*	*46*		*Impact of unrealized intragroup profit elimination and other consolidation adjustments* [a]	*782*	*129*	
4,970	**3,439**	**3,521**	**(29.2)**	**Adjusted operating profit - continuing operations excluding Snam contribution**	**19,010**	**12,620**	**(33.6)**
(202)	(104)	(215)		Net finance (expense) income [b]	(1,145)	(801)	
82	217	127		Net income from investments [b]	915	816	
(3,267)	(2,251)	(2,078)		Income taxes [b]	(11,694)	(8,398)	
67.4	*63.4*	*60.5*		*Tax rate* (%)	*59.8*	*66.5*	
1,583	**1,301**	**1,355**	**(14.4)**	**Adjusted net profit - continuing operations**	**7,874**	**4,237**	**(46.2)**
(1,964)	**3,989**	**(611)**	**68.9**	**Net profit attributable to Eni s shareholders - continuing operations**	**4,200**	**5,196**	**23.7**
340	(1)	235		Exclusion of inventory holding (gains) losses	(23)	444	
3,142	(2,817)	1,677		Exclusion of special items	2,953	(1,207)	
1,518	**1,171**	**1,301**	**(14.3)**	**Adjusted net profit attributable to Eni s shareholders - continuing operations**	**7,130**	**4,433**	**(37.8)**
				Adjusted net profit attributable to Eni s shareholders - discontinued operations	195		..
1,518	**1,171**	**1,301**	**(14.3)**	**Adjusted net profit attributable to Eni s shareholders**	**7,325**	**4,433**	**(39.5)**
1,518	**1,171**	**1,301**	**(14.3)**	**Adjusted net profit attributable to Eni s shareholders - continuing operations excluding Snam contribution**	**6,824**	**4,433**	**(35.0)**
				Net profit attributable to Eni s shareholders - continuing operations			
(0.54)	1.10	(0.17)	68.5	per share (euro)	1.16	1.43	23.3

(1.40)	2.91	(0.46)	67.1	per ADR ($)	2.98	3.80	27.5
				Adjusted net profit attributable to Eni s shareholders - continuing operations			
0.42	0.32	0.36	(14.3)	per share (euro)	1.97	1.22	(38.1)
1.09	0.85	0.98	(10.1)	per ADR ($)	5.06	3.24	(36.0)
3,622.8	**3,622.8**	**3,622.8**		**Weighted average number of outstanding shares** (c)	**3,622.8**	**3,622.8**	
2,107	**3,036**	**3,181**	**51.0**	**Net cash provided by operating activities - continuing operations**	**12,356**	**10,969**	**(11.2)**
				Net cash provided by operating activities - discontinued operations	15		..
2,107	**3,036**	**3,181**	**51.0**	**Net cash provided by operating activities**	**12,371**	**10,969**	**(11.3)**
3,890	**3,053**	**3,766**	**(3.2)**	**Capital expenditure - continuing operations**	**12,761**	**12,750**	**(0.1)**

(a) Unrealized intragroup profit elimination mainly pertained to intra-group sales of commodities, services and capital goods recorded in the assets of the purchasing business segment as of the end of the period.
(b) Excluding special items.
(c) Fully diluted (million shares).

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Trading environment indicators

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013	% Ch. IV Q. 13 vs. IV Q. 12		Full Year 2012	Full Year 2013	% Ch.
110.02	110.37	109.27	(0.7)	Average price of Brent dated crude oil [(a)]	111.58	108.66	(2.6)
1.297	1.324	1.361	4.9	Average EUR/USD exchange rate [(b)]	1.285	1.328	3.3
84.83	83.36	80.29	(5.4)	Average price in euro of Brent dated crude oil	86.83	81.82	(5.8)
2.54	2.14	0.48	(81.1)	Average European refining margin [(c)]	4.83	2.64	(45.3)
2.83	1.69	0.64	(77.4)	Average European refining margin Brent/Ural [(c)]	4.94	2.60	(47.4)
1.96	1.62	0.35	(82.1)	Average European refining margin in euro	3.76	1.99	(47.1)
10.49	10.11	10.95	4.4	Price of NBP gas [(d)]	9.48	10.64	12.2
0.2	0.2	0.2		Euribor - three-month euro rate (%)	0.6	0.2	(66.7)
0.3	0.3	0.2	(33.3)	Libor - three-month dollar rate (%)	0.4	0.3	(25.0)

(a) In USD dollars per barrel. Source: Platt s Oilgram.
(b) Source: ECB.
(c) In USD per barrel FOB Mediterranean Brent dated crude oil. Source: Eni calculations based on Platt s Oilgram data.
(d) In USD per million BTU (British Thermal Unit). Source: Platt s Oilgram.

Group results

In the **fourth quarter of 2013** Eni reported a **net loss from continuing operations attributable to its shareholders** amounting to euro 611 million. The result was negatively impacted by the recognition of approximately euro 2.3 billion of write-downs of tangible and intangible assets, mostly in the gas marketing and refining businesses driven by a reduced profitability outlook on the back of structural headwinds in demand and in the competitive environment. The Company also decided to write off euro 1.4 billion from its deferred tax assets which were assessed to be no longer recoverable due to the projections of lower earnings before income taxes in Italian activities and the renewal of certain petroleum contracts. These extraordinary charges were partly offset by a gain on fair-value revaluation of Eni s interest in Artic Russia (euro 1,682 million) based on the sales and purchase agreement signed with Gazprom in November 2013 and closed in January 2014. Underlying results for the quarter were negatively impacted by the appreciation of the euro and extraordinary disruptions in the E&P Division, and lower sales prices and margins in the mid and downstream businesses, the effects of which were partly offset by the benefit of long-term gas supply contract renegotiations and self-help measures. Saipem profitability was lower than in 2012.
The net loss of the fourth quarter of 2013 still represented an improvement of two-thirds compared to the fourth quarter of 2012 (euro 1,964 million).

Net profit attributable to Eni s shareholders from continuing operations for the **full year 2013** was euro 5,196 million, an increase of 23.7% compared to the result of the full year 2012 (up by euro 996 million). Operating profit for 2013 declined by 40.9% reflecting the business trends highlighted in the quarterly review and extraordinary contract losses recorded by Saipem in the first half of the year, the effects of which were partly offset by lower impairment and restructuring charges. The fall in operating results was more than offset by the recognition of extraordinary gains on the divestment of an interest in the Mozambique project (euro 2,994 million net of the related tax effect) and on the fair-value revaluation of Eni s stake in the Artic Russia joint venture (euro 1,682 million).

In the fourth quarter of 2013 adjusted operating profit was euro 3,521 million, representing a decrease of 29.2% from the fourth quarter of 2012. **Adjusted net profit attributable to Eni s shareholders** amounted to euro 1,301 million, a decrease of euro 217 million, or 14.3%, from the corresponding period of the previous year. Adjusted net profit was calculated by excluding an inventory holding loss which amounted to euro 235 million and special charges of euro

1,677 million, resulting in a net positive adjustment of euro 1,912 million.

For the full year 2013 adjusted operating profit was euro 12,620 million, representing a decrease of 36.3% or 33.6% from the 2012, adjusted result which excluded Snam contribution to the continuing operations. **Adjusted net profit attributable to Eni s shareholders** amounted to euro 4,433 million, a decrease of euro 2,697 million from the previous year, down by 37.8% or 35% excluding Snam contribution to 2012 results to the continuing operations. Adjusted net profit was calculated by excluding an inventory holding loss which amounted to euro 444 million and special gains of euro 1,207 million, resulting in a net negative adjustment of euro 763 million.

Special charges of euro 2,830 million and euro 3,002 million were excluded from the adjusted operating profit respectively in the fourth quarter and the full year 2013. Both amounts are stated net of exchange rate differences and exchange rate derivative instruments reclassified in operating profit (a gain of euro 40 million in the fourth quarter and of euro 195 million in the full year) as they mainly related to derivative transactions entered into to manage exposure to the exchange rate risk implicit in commodity pricing formulas. The break-down of those amounts is as follows: (i) impairment losses of euro 2,285 million in the quarter (euro 2,400 million

in the year) were recorded to write down the book values of property, plant and equipment, goodwill and other intangible assets to their lower values-in-use in the gas marketing, electricity generation and refining businesses. In performing the impairment review, management assumed a reduced profitability outlook in those businesses driven by structural headwinds in demand, excess capacity and oversupplies, rising competitive pressures and other cost disadvantages. Minor impairment losses were incurred at a number of oil & gas properties in the Exploration & Production Division reflecting downward reserve revisions, almost completely offset by the reversal of assets impaired in previous years following positive revisions of reserves, as well as marginal lines of business in the Chemical segment due to lack of profitability perspectives; (ii) the effects of fair-value evaluation of certain commodity derivatives contracts lacking the formal requisites to be accounted as hedges under IFRS (charges of euro 88 million and euro 315 million respectively in the quarter and the full year); (iii) provisions for redundancy incentives (euro 241 million in the quarter; euro 270 million in the year); (iv) environmental provisions (charges of euro 145 million and euro 205 million, respectively in the quarter and the full year) and other risk provisions (charges of euro 334 million in the full year). Those losses were partly offset by gain on the divestment of marginal properties in the E&P Division (euro 241 million and euro 327 million, respectively in the quarter and the full year).
Special items excluded from the net adjusted profit related to the gains on the divestment of an interest in the Mozambique project (euro 2,994 million net of the related tax effect) and on the fair-value revaluation of Eni s stake in the joint venture Artic Russia (euro 1,682 million). Other gains were related to the divestment of an interest of 8.19% in the share capital of Galp amounting to euro 98 million, of which euro 66 million related to the reversal of the evaluation reserve, and on the divestment of an interest of 11.69% of the share capital of Snam amounting to euro 75 million, of which euro 8 million related to the reversal of the evaluation reserve.
These positives were partly offset by a write-off of deferred tax assets which were assessed to be no more recoverable due to the projections of lower earnings before income taxes at Italian activities (euro 954 million) and the renewal of certain petroleum contracts (euro 490 million).

Results by Division

The decrease in the Group s adjusted net profit reported in 2013 reflected the lower performance incurred by all the Divisions.

Exploration & Production
In the fourth quarter of 2013, the Exploration & Production Division reported a 31.8% decrease in adjusted operating profit to euro 3,321 million driven by lower production sold impacted by geopolitical issues, lower oil and gas realizations in dollar terms (down 0.4% and down 2.9%, respectively) and the appreciation of the euro vs. the dollar (down euro 230 million). Adjusted net profit of euro 1,189 million in the fourth quarter of 2013 decreased by 33.7% reflecting lower operating performance.
In 2013, the Division reported an adjusted operating profit of euro 14,646 million, down by 21% from 2012, reflecting the same drivers described in the quarterly review. Adjusted net profit decreased by 19.8% to euro 5,954 million.

Gas & Power
In the fourth quarter of 2013, the Gas & Power Division reported an adjusted operating profit of euro 357 million, an improvement of euro 315 million from the fourth quarter of 2012. This was due to the positive renegotiation of certain long-term supply contracts, some of which were retroactive to the previous reporting period. These positives were partly offset by continued deterioration in selling prices to large customers in Italy against the backdrop of weak gas demand and increasing competitive pressure and oversupply, as well as plunging margins on the production and sale of electricity. Adjusted net profit reported in the fourth quarter of 2013 amounted to euro 241 million, increasing by euro 327 million from the fourth quarter of 2012.
In 2013, the Gas & Power Division reported sharply lower results down to a loss of euro 662 million, compared to

operating profit of euro 356 million in 2012 (down euro 1,018 million) reflecting the drivers described above. On yearly basis the Gas & Power Division reported an adjusted net loss of euro 246 million, a decrease of euro 719 million from 2012, also reflecting lower results from equity accounted entities.

Refining & Marketing

In the fourth quarter of 2013, the Refining & Marketing Division reported an adjusted operating loss of euro 95 million (up euro 88 million), higher than the fourth quarter of 2012 when a loss of euro 7 million was recorded. This decrease reflected plunging refining margins driven by weak demand for refined products and overcapacity, the effects of which were exacerbated by shrinking price differentials between light and heavy crudes due to lower heavy crudes supplies in the Mediterranean area. The negative trading environment was partly counteracted by efficiency and optimization gains. Marketing results declined due to lower sales related to the declining demand for fuels and mounting competitive pressures. Adjusted net loss of euro 3 million decreased by euro 26 million from the fourth quarter of 2012 (euro 23 million).

In 2013, the Refining & Marketing Division reported an adjusted operating loss of euro 482 million increasing by euro 161 million, or 50.2% from 2012 (euro 321 million) due to the drivers described for the quarterly disclosure. Adjusted net loss amounted to euro 232 million, reflecting lower operating performance (down 29.6% from 2012).

Versalis

In the fourth quarter of 2013, Versalis reported an adjusted operating loss of euro 130 million, with a slight decrease of euro 14 million from the fourth quarter of 2012, due to continuing weakness in commodity demand and increasing competition from Asian producers which left product margins and sales volumes at depressed levels. Adjusted net loss decreased by euro 12 million, up 9.4% (from a net loss of euro 128 million in the fourth quarter of 2012 to a loss of euro 116 million in the fourth quarter of 2013).

For the full year, the adjusted operating loss of euro 386 million improved by euro 97 million, or 20.1%, as the benchmark margin on cracking recovered from the particularly depressed level of 2012. Adjusted net loss of euro 338 million improved by 14.4% from previous year.

Engineering & Construction

In the fourth quarter of 2013 the Engineering & Construction segment reported an adjusted operating profit of euro 154 million, down 51.9% from the fourth quarter of 2012 due to a slowdown in activities and to the lower profitability of ongoing contracts. Adjusted net profit (euro 85 million) decreased by euro 169 million compared to the same quarter of 2012.

For the full year, the segment registered a steep contraction in profitability with an adjusted operating loss of euro 84 million, compared to the operating profit of euro 1,474 million recorded in 2012. This negative trend was due to marketing and operating difficulties incurred in the first half of 2013 which led management to make a sharply lower revision of margin estimates at certain large contracts for the construction of onshore industrial complexes. The adjusted net loss of 2013 amounting to euro 269 million (down euro 1,380 million from the euro 1,111 million profit reported in 2012) is driven by the above mentioned estimate revisions.

Further information is furnished on page 16.

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Summarized Group Balance Sheet[6]

(euro million)

	Dec. 31, 2012	Sep. 30, 2013	Dec. 31, 2013	Change vs. Dec. 31, 2012	Change vs. Sep. 30, 2013
Fixed assets					
Property, plant and equipment	63,466	63,785	62,508	(958)	(1,277)
Inventories - Compulsory stock	2,538	2,557	2,571	33	14
Intangible assets	4,487	4,425	3,877	(610)	(548)
Equity-accounted investments and other investments	9,347	7,476	6,961	(2,386)	(515)
Receivables and securities held for operating purposes	1,457	1,574	1,607	150	33
Net payables related to capital expenditure	(1,142)	(1,152)	(1,212)	(70)	(60)
	80,153	**78,665**	**76,312**	**(3,841)**	**(2,353)**
Net working capital					
Inventories	8,496	8,690	7,883	(613)	(807)
Trade receivables	19,966	18,615	21,221	1,255	2,606
Trade payables	(14,993)	(13,720)	(15,533)	(540)	(1,813)
Tax payables and provisions for net deferred tax liabilities	(3,204)	(2,923)	(3,008)	196	(85)
Provisions	(13,603)	(12,858)	(13,167)	436	(309)
Other current assets and liabilities	2,473	2,659	2,026	(447)	(633)
	(865)	**463**	**(578)**	**287**	**(1,041)**
Provisions for employee post-retirement benefits	**(1,374)**	**(1,398)**	**(1,245)**	**129**	**153**
Assets held for sale including related liabilities	**155**	**25**	**2,154**	**1,999**	**2,129**
CAPITAL EMPLOYED, NET	**78,069**	**77,755**	**76,643**	**(1,426)**	**(1,112)**
Eni shareholders equity	59,060	59,683	58,251	(809)	(1,432)
Non-controlling interest	3,498	2,926	2,964	(534)	38
Shareholders equity	**62,558**	**62,609**	**61,215**	**(1,343)**	**(1,394)**
Net borrowings	**15,511**	**15,146**	**15,428**	**(83)**	**282**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**78,069**	**77,755**	**76,643**	**(1,426)**	**(1,112)**
Leverage	**0.25**	**0.24**	**0.25**		**0.01**

The appreciation of the euro vs. the US dollar as of December 31, 2013 from December 31, 2012 (the EUR/USD exchange rate was 1.379 as of December 31, 2013, as compared to 1.319 as of December 31, 2012, up by 4.5%) reduced net capital employed, net equity and net borrowings by euro 2,515 million, euro 1,871 million, and euro 644 million, respectively, due to exchange rate translation differences.

Fixed assets amounted to euro 76,312 million, representing a decrease of euro 3,841 million from December 31, 2012. This reflected a reduction of the line-item "Equity accounted investments and other investments" following the disposal of part of the available-for sale interests in Snam and Galp (euro 2,289 million), while depreciation, depletion, amortization and impairment charges amounted to euro 11,702 million. These declines were partly offset by capital expenditure incurred in the year (euro 12,750 million).

Assets held for sale including related liabilities (euro 2,154 million) mainly refer to Eni s interest in Artic Russia, which was stated at the fair value based on the sales and purchase agreement with Gazprom, for euro 2,131 million. The transaction closed in the first half of January 2014.

Net working capital amounted to a negative euro 578 million, representing an increase of euro 287 million mainly due to (i) the net use of risk provisions (up euro 436 million); (ii) the increase in the balance between trade receivables and payables (up euro 715 million); (iii) reduced tax payables and provisions for net deferred tax liabilities (down euro 196 million) due to the recognition of lower net taxes accrued in the year than payments and the write-off of deferred tax assets. These effects were partly offset by lowering gas and petroleum products inventories (down euro 613 million).

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

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Shareholders equity including non-controlling interest was euro 61,215 million, representing a decrease of euro 1,343 million from December 31, 2012. This was due to comprehensive income for the year (euro 2,952 million) as a result of net profit (euro 5,000 million), which was partly offset by foreign currency translation differences (euro 1,871 million). This addition to equity was almost completely offset by dividend payments to Eni s shareholders and other changes for euro 4,295 million (dividend payments to Eni s shareholders of euro 3,949 million, including the 2013 interim dividend, and dividends paid to non-controlling interest of Saipem and other subsidiaries).

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Summarized Group Cash Flow Statement[7]

(euro million)

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013		Full Year 2012	Full Year 2013	Change
(1,899)	**4,119**	**(557)**	**Net profit - continuing operations**	**4,944**	**5,000**	**56**
			Adjustments to reconcile net profit to cash provided by operating activities:			
5,274	2,053	2,911	- depreciation, depletion and amortization and other non-monetary items	11,349	9,578	(1,771)
(136)	(3,336)	(235)	- net gains on disposal of assets	(875)	(3,739)	(2,864)
3,350	2,748	2,506	- dividends, interest, taxes and other changes	11,925	9,180	(2,745)
(1,372)	(363)	795	Changes in working capital related to operations	(3,373)	409	3,782
(3,110)	(2,185)	(2,239)	Dividends received, taxes paid, interest (paid) received	(11,614)	(9,459)	2,155
2,107	**3,036**	**3,181**	**Net cash provided by operating activities - continuing operations**	**12,356**	**10,969**	**(1,387)**
			Net cash provided by operating activities - discontinued operations	15		(15)
2,107	**3,036**	**3,181**	**Net cash provided by operating activities**	**12,371**	**10,969**	**(1,402)**
(3,890)	**(3,053)**	**(3,766)**	**Capital expenditure - continuing operations**	**(12,761)**	**(12,750)**	**11**
			Capital expenditure - discontinued operations	(756)		756
(3,890)	**(3,053)**	**(3,766)**	**Capital expenditure**	**(13,517)**	**(12,750)**	**767**
(56)	(40)	(101)	Investments and purchase of consolidated subsidiaries and businesses	(569)	(317)	252
4,338	3,545	350	Disposals	6,014	6,360	346
458	(199)	(90)	Other cash flow related to capital expenditure, investments and disposals	(136)	(253)	(117)
2,957	**3,289**	**(426)**	**Free cash flow**	**4,163**	**4,009**	**(154)**
(46)	(4,556)	(381)	Borrowings (repayment) of debt related to financing activities	(83)	(3,983)	(3,900)
(903)	1,481	86	Changes in short and long-term financial debt	5,947	1,778	(4,169)
(102)	(2,039)		Dividends paid and changes in non-controlling interest and reserves	(3,746)	(4,231)	(485)
(8)	(9)	(7)	Effect of changes in consolidation and exchange differences	(16)	(50)	(34)
1,898	**(1,834)**	**(728)**	**NET CASH FLOW**	**6,265**	**(2,477)**	**(8,742)**

Change in net borrowings

(euro million)

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013		Full Year 2012	Full Year 2013	Change
2,957	**3,289**	**(426)**	**Free cash flow**	**4,163**	**4,009**	**(154)**
		(15)	Net borrowings of acquired companies	(2)	(21)	(19)
12,449	(16)		Net borrowings of divested companies	12,446	(16)	(12,462)

(11,198)	112	159	Exchange differences on net borrowings and other changes	(340)	342	682
(102)	(2,039)		Dividends paid and changes in non-controlling interest and reserves	(3,746)	(4,231)	(485)
4,106	**1,346**	**(282)**	**CHANGE IN NET BORROWINGS**	**12,521**	**83**	**(12,438)**

Net cash provided by operating activities (euro 10,969 million) and proceeds from disposals of euro 6,360 million funded cash outflows relating to capital expenditure totaling euro 12,750 million and investments (euro 317 million) and dividend payments and other changes amounting to euro 4,231 million (of which euro 1,993 million relating to 2013 interim dividend) also repaying down the Group net debt by euro 83 million from December 31, 2012. Net cash provided by operating activities was positively influenced by higher receivables due beyond the end of the reporting period, being transferred to financing institutions compared to the amount transferred at the end of the previous reporting period (up by euro 552 million; from euro 2,203 million as of December 31, 2012 to euro 2,755 million as of December 31, 2013). Cash from disposals largely related to the sale of the 28.57% stake in Eni East Africa, currently retaining an interest of 70% in the Area 4 mineral property in Mozambique to China National Petroleum Corporation (euro 3,386 million), the divestment of the 11.69% interest in the share capital of Snam (euro 1,459 million), the 8.19% interest in the share capital of Galp (euro 830 million) and marginal assets in the Exploration & Production Division.

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

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Other information

Eni SpA parent company preliminary accounts for 2013
Eni s Board of Directors also reviewed Eni SpA s preliminary results for 2013 prepared in accordance with IFRSs. Net profit for the full year was euro 4,410 million (euro 9,078 million in 2012). The decrease of euro 4,668 million was mainly due to the fact that the 2012 results reflected higher gains on the disposal of assets as well as to a lowered operating performance reported in 2013 by the Gas & Power and Refining & Marketing Divisions.

Continuing listing standards provided by Article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries.
Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of December 31, 2013, ten of Eni s subsidiaries: Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc and Eni Canada Holding Ltd fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

Proceedings with the Italian Authority for securities and exchange (Consob)
Eni s subsidiary Saipem has restated its 2012 financial statement in accordance with International Accounting Standard No. 8 paragraph 42 "Errors" following Consob s issues relating to certain accounting matters. The effects of this restatement have not been reflected in Eni s consolidated financial statements due to the immateriality of the restated amounts compared to Eni s consolidated results. The restatement made by Saipem relates to the recognition of certain charges amounting to euro 245 million, which lacked any tax benefit, in the financial statements of 2012 instead of being recognized in 2013 as it was originally made by Saipem. Full disclosure of this issue will be provided in Eni s regulatory filings with Italian and US market authorities due by mid of April 2014.

Financial and operating information by Division for the fourth quarter and the full year 2013 is provided in the following pages.

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Exploration & Production

Fourth Quarter 2012	Third Quarter 2013	Fourth Quarter 2013	% Ch. IV Q. 13 vs. IV Q. 12		Full Year 2012	Full Year 2013	% Ch.
				RESULTS (euro million)			
9,249	**8,066**	**7,590**	**(17.9)**	**Net sales from operations**	**35,881**	**31,274**	**(12.8)**
4,552	**3,935**	**3,544**	**(22.1)**	**Operating profit**	**18,470**	**14,915**	**(19.2)**
315	(18)	(223)		Exclusion of special items:	67	(269)	
458	*2*	*(22)*		*- asset impairments*	*550*	*19*	
(129)	*(21)*	*(241)*		*- gains on disposal of assets*	*(542)*	*(327)*	
7		*7*		*- risk provisions*	*7*	*7*	
(2)		*42*		*- provision for redundancy incentives*	*6*	*52*	
(1)	*(1)*	*(1)*		*- commodity derivatives*	*1*	*(2)*	
4	*9*	*(2)*		*- exchange rate differences and derivatives*	*(9)*	*(2)*	
(22)	*(7)*	*(6)*		*- other*	*54*	*(16)*	
4,867	**3,917**	**3,321**	**(31.8)**	**Adjusted operating profit**	**18,537**	**14,646**	**(21.0)**
(63)	(68)	(71)		Net financial income (expense) [a]	(264)	(264)	
(40)	32	52		Net income (expense) from investments [a]	436	367	
(2,971)	(2,227)	(2,113)		Income taxes [a]	(11,283)	(8,795)	
62.4	*57.4*	*64.0*		*Tax rate (%)*	*60.3*	*59.6*	
1,793	**1,654**	**1,189**	**(33.7)**	**Adjusted net profit**	**7,426**	**5,954**	**(19.8)**
				Results also include:			
2,495	1,933	2,046	(18.0)	- amortization and depreciation	8,535	7,830	(8.3)
				of which:			
459	425	420	(8.5)	exploration expenditure	1,835	1,736	(5.4)
336	*332*	*300*	*(10.7)*	*- amortization of exploratory drilling expenditures and other*	*1,457*	*1,362*	*(6.5)*
123	*93*	*120*	*(2.4)*	*- amortization of geological and geophysical exploration expenses*	*378*	*374*	*(1.1)*
3,142	**2,537**	**3,045**	**(3.1)**	**Capital expenditure**	**10,307**	**10,475**	**1.6**
				of which:			
403	*358*	*367*	*(8.9)*	*- exploratory expenditure [b]*	*1,850*	*1,669*	*(9.8)*