

ENI SPA  
Form 6-K  
August 04, 2016

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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 July 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)

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(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  Form 40-F

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(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  No

(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: July 31, 2016

**Eni: statement on the arbitration with GasTerra and following measures taken by the company**

*San Donato Milanese (Milan), 20 July 2016* – The arbitration initiated by Eni against GasTerra for a revision of the contractual price for the gas supplied in the 2012-2015 period has concluded with an Award by the Arbitral Panel not to grant Eni's request regarding the extent of the price revision, without however determining a new price applicable in the relevant period.

GasTerra considers that, by dismissing Eni's claim, the Award restored the original contract price, on the basis of which GasTerra now claims an additional amount to be paid by Eni to GasTerra.

Eni, also relying on the opinion of its external consultants, does not agree with GasTerra's interpretation, that therefore will have no impacts on first half results, and has rejected GasTerra's request for payment, seeking good faith discussions to agree on the extent of the 2012 price revision.

GasTerra, however, on the basis of its own interpretation of the Award, has itself commenced arbitration proceedings and has obtained from the Dutch courts interim measures, including the provisional seizure of Eni's participation in Eni International BV, for the amount of the payment requested (equal to EUR 1.01 billion). This measure, which was granted after a summary review only and without Eni being heard, and was notified today to Eni International BV, does not prejudice the outcome on the merits of the proceedings.

Eni considers that GasTerra's request for payment is unfounded and will take all necessary measures to protect its rights. With respect to the interim measures obtained by GasTerra, Eni is considering its position, pending the outcome of the arbitration proceedings. Eni will further seek compensation for any damages it incurs, due to GasTerra's legal actions.

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**Eni: activities in Algeria, the Company acknowledges the commitment for trial and is confident that the court proceeding will ascertain no illegal conduct**

San Donato Milanese (Milan), 27 July 2016 – In relation to court proceeding for the alleged bribery case relating to Saipem's activities in Algeria, Eni acknowledges that the new GUP (judge for the preliminary hearing) in charge of the case decided the commitment for trial for Eni SpA. Eni continues to deny any illegal conduct and is confident that this will be ascertained in court proceeding.

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July 29, 2016

## **Eni: second quarter and**

## **first half of 2016 results**

Yesterday, Eni's Board of Directors approved group results for the second quarter and the first half of 2016 (unaudited).

## **Highlights and outlook**

**Hydrocarbon production at 1.734 million boe/d in the first half, up by 0.5% (down by 2.2% in the quarter); excluding the impact of the production shutdown at Val d'Agri, production rose by 2.4% (up by 1.5% in the quarter)**

**Eni reaffirms guidance of stable production y-o-y, despite the Val d'Agri shutdown**

**Achieved 5 out of the 6 main start-ups scheduled for 2016, among which was the Goliat oilfield in the Barents Sea. Confirmed contribution from new start-ups and ramp-ups of approximately 290 kboe/d for FY2016, including production of the Nooros project in Egypt, which started-up with record time-to-market**

**Confirmed schedules and costs of ongoing development projects which will fuel future production growth higher than 5% in 2017 and will add 500 kboe/d of new production in the plan period**

**Exploration: 550 mmboe of resources mainly near-field. Upped to 600 million boe of new resources the initial guidance of 400 million boe for the FY**

**Capex optimization: confirmed 20% y-o-y reduction at constant exchange rates**

**In the first half 2016, all mid-downstream segments reported positive adjusted EBIT**

**Cash flow<sup>1</sup>: €3.1 billion (down by 51% from 1H 2015). Organic cash coverage of capex confirmed at a Brent scenario of approximately 50\$/bl in 2016**

**·GHG emissions: the emission index per barrel produced down by 9%, in line with targets**

## Results

### ·Continuing operations:

**adjusted operating profit: €0.77 billion in the first half 2016, down €2.3 billion y-o-y (or 75%) due to a negative trading environment (down €2.8 billion), partly offset by an improved performance; €0.19 billion in the quarter (down by 88% from the second quarter of 2015)**

**-adjusted net earnings: loss of €0.27 billion in the first half 2016; loss of €0.29 billion in the quarter**

**-reported net earnings: loss of €0.83 billion in the first half 2016; loss of €0.45 billion in the quarter**

**·Group net earnings: loss of €1.24 billion in the first half**

**·Net borrowings: €13.81 billion at period-end; leverage at 0.26**

**·Interim dividend proposal of €0.40 per share**

Claudio Descalzi, Eni's Chief Executive Officer, commented:

“Eni has achieved significant results in the first half of 2016, despite the weak but slowly improving market environment. Hydrocarbon production beat expectations, offsetting the suspension of activity in Val d'Agri and the disruptions in Nigeria. Our main developments are proceeding on time and on budget, allowing us to confirm our expected production growth of more than 5% in 2017. Our exploration, which is focused on near field activity, has allowed us to revise upwards our expectations for new discoveries in just six months. In mid and downstream, we have achieved positive results across all of our operations due to restructuring and efficiency measures which will continue as planned. Our strategy, including the optimization initiatives and a reduced cost base, has allowed us to absorb part of the impact of a low oil price scenario with a positive contribution of €1 billion to EBIT. We are maintaining our strong balance sheet, funding capex with our cash flow at a Brent price of 50\$/bl. On this basis I will propose an interim dividend of €0.40 per share to the Board.”

At the same time as reviewing this press release, the Board has approved the interim consolidated report as of June 30, 2016, which has been prepared in accordance to Italian listing standards as per article 154-ter of the Code for securities and exchanges (Testo Unico della Finanza). The document was immediately submitted to the Company's external auditor. Publication of the interim consolidated report is scheduled within the terms of law alongside completion of the auditor's review.

<sup>1</sup> Net cash provided by operating activities of continuing operations on a standalone basis.

| <b>Second Quarter</b> | <b>First Quarter</b> | <b>Second Quarter</b> | <b>% Ch. II Q.16 vs. II Q.15</b> | <b>SUMMARY GROUP RESULTS (a)</b>                     | <b>First Half</b> |         |        |
|-----------------------|----------------------|-----------------------|----------------------------------|--|-------------------|---------|--------|
| 2015                  | 2016                 | 2016                  |                                  | (€ million)  | 2015              | 2016    | % Ch.  |
| 1,554                 | 583                  | 188                   | (87.9 )                          | <b>Adjusted operating profit (loss) (b)</b>          | 3,086             | 771     | (75.0) |
| 505                   | 23                   | (290 )                | -                                | <b>Adjusted net profit (loss) (b)</b>                | 1,231             | (267 )  | -      |
| 3,565                 | 1,370                | 1,730                 | (51.5 )                          | <b>Net cash provided by operating activities (b)</b> | 6,397             | 3,100   | (51.5) |
| 498                   | (383 )               | (446 )                | -                                | Net profit (loss) from continuing operations         | 1,285             | (829 )  | -      |
| 0.14                  | (0.11 )              | (0.12 )               | -                                | - per share (€) <sup>(c)</sup>                       | 0.35              | (0.23 ) | -      |
| 0.31                  | (0.24 )              | (0.27 )               | -                                | - per ADR (\$) <sup>(c) (d)</sup>                    | 0.78              | (0.51 ) | -      |
| (97 )                 | (796 )               | (446 )                | -                                | Group net profit (loss)                              | 735               | (1,242) | -      |
| (0.03 )               | (0.22 )              | (0.12 )               | -                                | - per share (€) <sup>(c)</sup>                       | 0.20              | (0.34 ) | -      |
| (0.07 )               | (0.48 )              | (0.27 )               | -                                | - per ADR (\$) <sup>(c) (d)</sup>                    | 0.45              | (0.76 ) | -      |

(a) Attributable to Eni's shareholders.

(b) From continuing operations. The comparative reporting period are calculated on a standalone basis. They reinstate the effects relating to the elimination of gains and losses on intercompany transactions with E&C sector, with the closing of the divestment transaction in January 2016, which is represented as discontinued operations under the IFRS 5.

(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.

### Continuing and discontinued operations

Due to termination of negotiations with US-based SK hedge fund, to divest a 70% interest in Versalis SpA, as disclosed in the press release dated June 21, 2016, Eni's chemical business is no longer qualified as a disposal group held for sale. Therefore, Eni's consolidated accounts as of and for the six months ended June 30, 2016, have been prepared accounting this business as part of the continuing operations.

Based on IFRS 5 provisions, in case a disposal group ceases to be classified as held for sale, management is required to amend financial statements retrospectively as if the disposal group has never been qualified as held for sale. Accordingly, the opening balance of the interim consolidated accounts 2016 has been amended to reinstate the criteria of the continuing use to evaluate Versalis. This adjustment to the Versalis evaluation increased the opening balance of Eni's consolidated net assets by €294 million and was neutral on the Group's net financial position. In presenting the Group's consolidated results, Versalis assets and liabilities and revenues and expenses have been recorded line-by-line

in the Group accounts. Results of the comparative periods have been reclassified accordingly. In the Group segment information, Versalis results have been reported as part of the R&M and Chemicals segment because a single manager is accountable for the performance at both operating segments.

In this press release adjusted results from continuing operations of the comparative periods of 2015 are reported on a standalone basis, thus excluding Saipem's results. A corresponding alternative performance measure has been presented for the net cash flow from operating activities. The net result of discontinued operations for the first quarter of 2016 and the first half of 2016 only comprised a loss recognized to align the book value of the Eni's residual interest in Saipem to its share price at January 22, 2016. This date marked the loss of control of Eni over Saipem, following the sale of a 12.503% interest to CDP Equity and the concurrent entering into force of the shareholder agreement between the parties. For further information, see the reconciliations and the explanatory notes furnished from page 22 onward.

### **Adjusted results**

In the **second quarter of 2016** Eni reported an adjusted operating profit of €0.19 billion, down 88% y-o-y. This decline reflected a lower contribution from the E&P segment (down by €1.23 billion, or 78%) driven by a prolonged downturn in commodity prices (the Brent benchmark was down by 26% and gas prices in Italy were down) and the production shutdown at the Val d'Agri profit centre for the whole second quarter. These negatives were partly offset by production growth in other areas, cost efficiencies and lower amortization charges. The G&P segment reported a negative performance (worsening by €260 million) due to lower one-offs associated with gas contract renegotiations, lower LNG margins and

other non-recurring items. These negatives were partly offset by efficiency and optimization gains. In spite of a less favourable refining trading environment y-o-y, the Refining & Marketing and Chemicals segment recorded an increase in operating performance of 49% y-o-y due to cost efficiencies and optimization. The main headwinds faced by the Group operating results were lower commodity prices and margins with a negative effect of €1.4 billion, the Val d'Agri shutdown and non-recurring items in G&P down by €0.4 billion, partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €0.4 billion, mainly in the E&P segment.

In the second quarter of 2016, Eni reported an adjusted net loss of €0.29 billion, compared to adjusted net profit from continuing operations on a standalone basis of €0.51 billion reported in the second quarter of 2015. This result was due to lower operating performance and a lower than proportional reduction in the tax expense, mainly in the E&P segment, driven by the concentration of taxable profit in PSA contracts, which, although more resilient in a low-price environment, bear higher-than average rates of tax.

In the **first half of 2016** adjusted operating profit of €0.77 billion was a €2.32 billion reduction y-o-y (down by 75%) due to the same headwinds described in the quarterly disclosure. Adjusted net loss for the period was €0.27 billion. The main y-o-y headwinds faced by the Group operating results were lower commodity prices and margins with a negative effect of €2.8 billion, the Val d'Agri shutdown and non-recurring items in the G&P segment (down by €0.5 billion), partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €1 billion, mainly in the E&P segment.

### **Net borrowings and cash flow**

As of June 30, 2016, net borrowings<sup>2</sup> were €13.81 billion, €3.06 billion lower than December 31, 2015, due to the closing of the Saipem transaction. This comprised the reimbursement of intercompany financing receivables owed by Saipem to Eni (€5.8 billion), the proceeds from the divestment of the 12.503% of Eni's interest in Saipem to the Italy-based CDP Equity SpA (€0.46 billion), net of the amount cashed out to subscribe pro-quota the Saipem share capital increase (€1.07 billion). In the first half of 2016, **cash flow from operating activities** was at €3.1 billion. Proceeds from disposals were €0.95 billion and comprised the available-for-sale shareholding in Snam due to the exercise of the conversion right from bondholders (€0.33 billion), in addition to the sale of the 12.503% of Eni's interest in Saipem. These inflows funded a share of the payment of the final dividend 2015 (€1.44 billion), capital expenditure of the period for €4.88 billion and the amount cashed out to subscribe the share capital increase of Saipem.

Compared to March 31, 2016, net borrowings increased by €1.59 billion. Cash flow from operating activities in the quarter was €1.73 billion and funded a share of the final dividend 2015 and capital expenditure of €2.42 billion.

As of June 30, 2016, the ratio of net borrowings to shareholders' equity including non-controlling interest – leverage – decreased to 0.26, compared to 0.29 as of December 31, 2015. This decrease was due to lower net borrowings, due to

the deconsolidation of Saipem finance debt partly offset by a reduction in total equity impacted by the negative result of the period, the de-recognition of the Saipem non-controlling interest and the balance dividend payment (€1.44 billion).

### **Interim dividend 2016**

In light of the financial results achieved for the first half of 2016 and management's expectations for the four-year plan, the interim dividend proposal to the Board of Directors on September 15, 2016, will amount to €0.40 per share (€0.40 per share in 2015). The interim dividend is payable on September 21, 2016, with September 19, 2016 being the ex-dividend date.

<sup>2</sup> Details on net borrowings are furnished on page 30.

<sup>3</sup> Non-GAAP financial measures and other alternative performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information see the section "non-GAAP measures" of this press release. See pages 22 and subsequent.

<sup>4</sup> 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 receivers' taxable income.

**Sustainability performances and climate change**

| Sustainability performances                            |   | First half |       | % Ch.  |
|--|---|------------|-------|--------|
|  |   | 2015       | 2016  |        |
| Total recordable injury rate (TRIR)                    | (total recordable injury rate/worked hours) x 1.000.000 | 0.45       | 0.40  | (11.1) |
| Direct GHG emissions                                   | (mmtonnes CO <sub>2</sub> eq.)                          | 20.78      | 19.58 | (5.8 ) |
| - of which CO <sub>2</sub> from combustion and process |   | 15.69      | 14.68 | (6.4 ) |
| - of which CO <sub>2</sub> eq from methane             |   | 1.38       | 1.18  | (14.5) |
| - of which CO <sub>2</sub> eq from flaring             |   | 2.84       | 2.85  | 0.4    |
| - of which CO <sub>2</sub> eq from venting             |   | 0.87       | 0.87  |        |
| Direct GHG emissions upstream/production               | (tonnes CO <sub>2</sub> eq./kboe)                       | 25.14      | 22.91 | (8.9 ) |
| Oil spills due to operations                           | (barrels)   | 601        | 584   | (2.8 ) |
| Water reinjection                                      | (%)   | 55.5       | 56.7  | -      |

**Performance**

Eni reported positive performances when comparing to the corresponding period of 2015:

GHG emissions recorded in the first half of 2016 declined by 5.8% compared to the first half of 2015. This trend reflected lower emissions from combustion (down 1 mmtonne), reduced methane emissions (down 0.2 mmtonnes) leveraging on initiatives concluded in the second half of 2015 to contain fugitive emissions as well as energy efficiency projects.

The trend of GHG emission index compared to operated gross hydrocarbon production of the upstream segment remain positive with a reduction of 8.9%. This is in line with the 2016 full year target.

In the first half of 2016 the trend in safety improvement continued, reporting a recordable injury frequency rate lower by 11.1% from the same period of 2015. There was a 27.5% improvement for employees while for contractors it was 4.2%. This positive performance leveraged on inspections on sites, roadshow on safety issues, activities carried out at the Safety Competence Center in Gela as well as specific training projects and programs to raise awareness of HSEQ issues.

Oil spills due to operations (97% related to E&P segment) declined by 2.8% from the first half of 2015 and the Refining & Marketing and Chemicals segment reported a significant improvement with the overall volume spilled reducing to 19 barrels in the first half of 2016 from 100 barrels in the first half of 2015. In Nigeria activities are underway to replace certain cases covering holes caused by sabotages which are a potential weakness.

**Climate change**

In May 2016, Eni launched a unique model of integration between its traditional business and power from renewable sources. The model envisages fulfilment of power generation projects with zero emissions, located near Eni's plants and areas of operation, in order to leverage on logistic, contractual and commercial synergies with the company's traditional activities. They will also enable to revive and enhance abandoned industrial areas. The identified industrial

areas are located in Italy, Egypt and Pakistan. In Italy in particular the model envisages the development of five projects (Assemini, Porto Torres, Manfredonia, Priolo and Augusta) with a total installed capacity of 70 megawatts; the second phase is based on the development of other projects to obtain a further installed power of about 150 megawatts. Most of the initiatives will be photovoltaic, but there will also be room for other technologies such as biomass and concentrated solar power. Overall, Project Italy will involve the installation, by 2022, of over 220 megawatts of new capacity for an investment in the range of €200-250 million. From an environmental point of view, Project Italy will reduce CO<sub>2</sub> emissions by about 180,000 tonnes per year.

These projects represent the third pillar of Eni's strategy aiming at energy transition towards a low-carbon future, based not only on the promotion of renewable energy, but also on the reduction of CO<sub>2</sub> emissions occurring from the production of hydrocarbons and on maximizing the utilization of gas, the cleanest fossil fuel which produces the least emissions.



## Business developments

### E&P initiatives:

June 2016: new significant gas discovery in the Baltim South West exploration prospect, in the conventional waters of the Nile Delta, off Egypt. The discovery enhanced the potential of the so-called “Great Nooros Area” by up to 70-80 billion cubic meters of gas in place, which is currently producing from the Nooros field. Baltim South West is a new success of Eni’s near field exploration strategy, focused on high-value opportunities, enabling the company to achieve a fast development of the new discoveries leveraging the synergies granted by existing infrastructures. Production start-up at the Nidoco North 1-X exploratory well, which together with the development well Nidoco North West 4 increased the Nooros field plateau up to 65 kboe/d (33 kboe/d net to Eni) in just ten months from the declaration of commercial discovery of July 2015;

March 2016: production start-up at the Goliat oilfield, off the Norwegian Barents Sea in the license PL229. Goliat is the first producing oilfield in the Barents Sea and is operated through the largest and most sophisticated floating cylindrical production and storage vessel (FPSO) in the world. Production has achieved the full-field plateau at 100 kbb/d (65 kbb/d net to Eni). The field is estimated to contain reserves amounting to about 180 million barrels of oil;

March 2016: awarded the exploration license of Cape Three Points Block 4, off Ghana. The new block covers an area of approximately 1,000 square kilometers in water depths ranging from 100 to 1,200 meters and is located near the OCTP block operated by Eni. In case of exploration success, the block will benefit from the OCTP project infrastructures, under development;

March 2016: signed a Farm-Out Agreement with Chariot Oil & Gas to enter the Rabat Deep Offshore exploration permits I-VI, deep offshore Morocco. Eni will retain operatorship and a working interest of 40%, as well as exploration rights over an area of approximately 11,000 square kilometers. The completion of this FOA is subject to the approval of the relevant authorities and other conditions precedent;

February 2016: sanctioned by the Egyptian authorities the development plan of the Zohr discovery, where production start-up is expected by the end of 2017. In March 2016, Eni completed the drilling of the Zohr 2X well and successfully performed the production test, which confirmed the mineral potential of discovery. Drilled also the delineation well Zohr 3X and the development well Zohr 4X, which confirmed the potential of the Northern area;

February 2016: Mozambique authorities approved the development of the first development phase of Coral, targeting production of 5 Tcf of gas;

In the first half of 2016 Eni increased its exploration rights portfolio by 6,100 square kilometers mainly in Ghana, Ireland, Norway and the United Kingdom.

### Val d’Agri

As part of a penal proceeding about alleged environmental crimes<sup>5</sup> in running operations at the Viggiano oil center in the Val d’Agri complex, on March 31, 2016, an Italian public prosecutor resolved to put under seizure certain plants and facilities functional to the production activity which, as a consequence, has been shut down. The shutdown has been affecting around 60 kboe/d net to Eni.

On June 1, 2016, the Italian jurisdictional authorities granted Eni a temporary repeal of the seizure in order to allow the Company perform certain plant upgrading. Those corrective measures, which do not alter the plant set up, are

intended to address the claims made by the public prosecutor. The in-charge department of the Italian Ministry of Economic Development has duly authorized Eni to perform the works. Eni has executed the plant upgrade and completed it on July 8, 2016. Once the public prosecutor verifies the correct execution of the plant upgrading, it is expected to definitively repeal the plant seizure.

<sup>5</sup> See the section “Legal proceedings” of the Annual report on form 20-F 2015 (see page F-86).

## Outlook

Management's forecasts for the Group's 2016 production and sale metrics are explained below:

- **Hydrocarbon production:** management expects production stable y-o-y due to planned ramp-ups and start-ups of new fields particularly in Norway, Egypt, Angola, Venezuela and Congo. These increases will absorb a four-month production shutdown in the Val d'Agri profit centre, mature fields decline and a lower expected contribution from production one-offs;

- **Natural gas sales:** against a backdrop of continuing oversupply and strong competition, management expects gas sales to be in line with an expected reduction of the contractual minimum take of supply contracts. Management plans to retain its market share in the large customers and retail segments, also increasing the value of the existing customer base by developing innovative commercial initiatives, by integrating services to the supply of the commodity and by optimizing operations and commercial activities;

- **Refinery intake on own account:** refinery intakes are expected to slightly decrease y-o-y, excluding the effect of the disposal of Eni's refining capacity in CRC refinery in the Czech Republic finalized in April 2015. This will reflect the disoptimization of the processing schedule following lower availability of feedstock from the Val d'Agri oilfield and planned maintenance shutdowns;

- **Refined products sales in Italy and in the rest of Europe:** against a backdrop of slight recovery in demand and strong competition, management expects to consolidate volume and market share in the Italian retail market while also increasing the value of the existing customer base. This will be achieved by leveraging on the competitive differentiation, the innovation of products and services as well as efficiency in logistics and commercial activities. In the rest of Europe, sales are expected to remain stable, excluding the effects of asset disposals in Eastern Europe;

- **Chemical products scenario:** scenario is expected mildly positive with the recover in polyethylene margins when compared to 2015, although declining since June 2016. Cracker and styrenics margins are foreseen slightly lower while the elastomer business is expected to be weak, but improving from 2015. Sales volumes expected to be barely unchanged.

In 2016 management expects to carry out a number of initiatives intended to reduce capital spending by 20% y-o-y on a constant exchange rate basis by re-phasing and rescheduling capital projects, being increasingly selective with

exploration plays and renegotiating contracts for the supply of capital goods in order to cope with the slump in crude oil prices. This capex optimization is not expected to negatively affect production growth, which is confirmed at an average growth rate of above 3% across the plan period. The Group's leverage is projected to remain within the 0.30 threshold thanks to the closing of the Saipem transaction, optimization of the underlying performance and assuming to finalize by year-end the planned portfolio management deals.

This press release has been prepared on a voluntary basis in line with Eni's policy to provide the market and investors with regular information about the Company's financial and operating performances and business prospects considering the disclosure policy followed by oil&gas peers who reports results on quarterly basis. Results and cash flow are presented for the second and the first quarter of 2016 and the first half of 2016, for the second quarter and the first half of 2015. Information on liquidity and capital resources relates to end of the periods as of June 30, March 31, 2016, and December 31, 2015. Results of the first half of the year and the main business trends are a summary of the Interim Consolidated Report which has been prepared in accordance to Italian listing standards as per article 154-ter of the Code for securities and exchanges (Testo Unico della Finanza). The document approved yesterday by Eni's Board of Directors was immediately submitted to the Company's external auditor. Publication of the interim consolidated report is scheduled within the terms of law alongside completion of the auditor's review.

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. These criteria are unchanged from the 2015 Annual report on form 20-F filed with the US SEC on April 12, 2016, which investors are urged to read.

### **Discontinued operations**

Due to termination of the negotiations with US-based SK hedge fund, who had shown an interest in acquiring a majority stake in Versalis SpA, Eni's chemical business no longer qualifies as a disposal group held for sale. Therefore, Eni's consolidated accounts as of and for the six months ended June 30, 2016 have been prepared accounting this business as part of the continuing operations.

Based on IFRS 5 provisions in case a disposal group ceases to be classified as held for sale, management is required to amend financial statements retrospectively as though the disposal group never qualified as held for sale. Accordingly, the opening balance of the interim consolidated accounts 2016 has been amended to reinstate the criteria of the continuing use to evaluate Versalis by aligning its book value to the recoverable amount, given by the higher of fair value less cost to sell and value-in-use. Under IFRS 5, Versalis was measured at the lower of its carrying amount and fair value less cost to sell. Management estimated the value-in-use of Versalis by identifying a single Cash Generating Unit, which comprised all of Versalis' business units. This assumption is consistent with Eni's industrial plan for the four-year period 2016-2019 that considered the whole Versalis and its subsidiaries to be a single disposal group with a view to disposing or monetizing it. The value-in-use was estimated by discounting the future expected cash flows of the industrial plan of a standalone Versalis at a rate of 10%, which factored in the earnings volatility of a pool of chemical peers of Versalis, thus determining a beta parameter independent from Eni. This amendment in Versalis evaluation marginally affected the opening balance of Eni's consolidated net assets (an increase of €294 million) and was neutral on the Group's net financial position. In presenting the Group's consolidated results, Versalis profit and loss accounts and balances have been recognized as part of the Group's assets and liabilities and revenues and expenses. Results of the comparative periods have been reclassified accordingly. In the Group segment information, Versalis results have been reported as part of the R&M and Chemical segment because a single manager is accountable of the

performance at both operating segments.

In relation to the Engineering & Construction disposal group, on January 22, 2016 Eni closed the sale of a 12.503% stake in the entity to CDP Equity SpA for a consideration of €463 million. Concurrently, a shareholder agreement between Eni and CDP Equity SpA entered into force, which established the joint control of the two parties over the target entity. Those transactions triggered loss of control of Eni over Saipem. Therefore, from the transaction date, Eni has derecognized the assets and liabilities, revenues and expenses of the former subsidiary from the consolidated accounts. The retained interest of 30.55% in the former subsidiary has been recognized as an investment in an equity-accounted joint venture with an initial carrying amount aligned to the share price at the closing date of the transaction (€4.2 per share, equal to €564 million) recognizing a loss through profit of €441 million. This loss has been recognized in the Group consolidated accounts for the first half 2016 as part of gains and losses of the discontinued operations. Considering the share capital increase of Saipem, which was subscribed pro-quota (€1,050) by Eni at the same time as the aforementioned transactions, the initial carrying amount of the interest retained amounts to €1,614 million, which becomes the cost on initial recognition of the investment in Saipem for the subsequent application of equity accounting. At the end of February 2016, Saipem reimbursed intercompany loans owed to Eni (€5,818 million as of December 31, 2015) by using the proceeds from the share capital increase and new credit facilities from third-party financing institutions.

#### **Successful effort method (SEM)**

Effective January 1, 2016, management modified on voluntary basis, the criterion to recognize exploration expenses adopting the accounting of the successful-effort-method (SEM). The successful-effort method is largely adopted by oil&gas companies, to which Eni is increasingly comparable given the recent re-focalization of the Group activities on its core upstream business.

Under the SEM, geological and geophysical exploration costs are recognized as an expense as incurred. Costs directly associated with an exploration well are initially capitalized as an unproved tangible asset until the drilling of the well is complete and the results have been evaluated. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an unproved asset. If it is determined that development will not occur then the costs are expensed. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons are initially capitalized as an unproved tangible asset. When proved reserves of oil and natural gas are determined and development is approved by management, the relevant expenditure is transferred to proved property.

In accordance to IAS 8 “Accounting policies, Changes in accounting estimates and Errors”, the SEM application is a voluntary change in accounting policy explained by the alignment with an accounting standard largely adopted by oil&gas companies and as such it has been applied retrospectively.

The retrospective application of the SEM has required adjustment of the opening balance of the retained earnings and other comparative amounts as of January 1, 2014. Specifically, the opening balance of the carrying amount of property, plant and equipment was increased by €3,524 million, intangible assets by €860 million and the retained earnings by €3,001 million. Other adjustments related to deferred tax liabilities and other minor line items.

The table below sets forth the amounts of the comparative periods 2015 which have been restated following the adoption of the SEM and the accounting of Versalis as part of the continuing operations.

| (€ milioni)   | REPORTED              |                    |                   | RESTATED              |                    |                   |
|---|-----------------------|--------------------|-------------------|-----------------------|--------------------|-------------------|
|   | II<br>quarter<br>2015 | First half<br>2015 | Full year<br>2015 | II<br>quarter<br>2015 | First half<br>2015 | Full year<br>2015 |
| Operating profit (loss) - continuing operations   | 1,164                 | 2,648              | (2,781 )          | 1,605                 | 3,375              | (3,076 )          |
| Operating profit (loss) E&P   | 1,471                 | 2,769              | (144 )            | 1,461                 | 2,874              | (959 )            |
| Adjusted operating profit (loss) - continuing operations on a standalone basis                              | 1,436                 | 2,814              | 4,104             | 1,554                 | 3,086              | 4,486             |
| Adjusted operating profit (loss) - E&P  | 1,533                 | 2,488              | 4,108             | 1,585                 | 2,665              | 4,182             |
| Net profit (loss) attributable to Eni's shareholders - continuing operations                                | 34                    | 523                | (7,680 )          | 498                   | 1,285              | (7,952 )          |
| Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations on a standalone basis | 390                   | 965                | 334               | 505                   | 1,231              | 803               |
| Total assets  |                       |                    | 134,792           |                       |                    | 139,001           |
| Eni's shareholders equity   |                       |                    | 51,753            |                       |                    | 55,493            |
| Cash flow from operations from continuing operations on a standalone basis                                  | 3,511                 | 5,798              | 11,181            | 3,918                 | 6,554              | 12,875            |
| Net cash flow   | (1,804)               | (1,148 )           | (1,414 )          | (1,804)               | (1,148 )           | (1,405 )          |

Non-GAAP financial measures and other alternative performance indicators disclosed throughout this press release are accompanied by explanatory notes and tables in line with guidance provided by ESMA guidelines on alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For further information see the section “Alternative performance measures (Non-GAAP measures)” of this press release.

*Eni's Chief Financial and Risk Management 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, allocation of future cash flow from operations, gearing, future operating performance, 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 issues; 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 second quarter of the year cannot be extrapolated on an annual basis.*

\* \* \*

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\* \* \*

#### **Eni**

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This press release for the second quarter and the first half of 2016 (unaudited) is also available on Eni's website **eni.com**.

## Quarterly consolidated report

Summary results<sup>6</sup> for the second quarter and the first half of 2016

(€ million)

| <b>Second</b>  | <b>First</b>   | <b>Second</b>  |  | <b>First Half</b> |             |
|----------------|----------------|----------------|--|-------------------|-------------|
| <b>Quarter</b> | <b>Quarter</b> | <b>Quarter</b> |  | <b>2015</b>       | <b>2016</b> |
| 2015           | 2016           | 2016           |  |                   |             |
| 20,279         | 13,344         | 13,416         | Net sales from operations - continuing operations  | 41,317            | 26,760      |
| 1,605          | 105            | 220            | Operating profit (loss) - continuing operations  | 3,375             | 325         |
| (66 )          | 329            | (180 )         | Exclusion of inventory holding (gains) losses  | 59                | 149         |
| 284            | 149            | 148            | Exclusion of special items <sup>(a)</sup>  | 184               | 297         |
| 1,823          | 583            | 188            | Adjusted operating profit (loss) - continuing operations   | 3,618             | 771         |
|                |                |                | Breakdown by segment:  |                   |             |
| 1,585          | 95             | 355            | Exploration & Production   | 2,665             | 450         |
| 31             | 285            | (229 )         | Gas & Power  | 325               | 56          |
| 105            | 177            | 156            | Refining & Marketing and Chemicals   | 226               | 333         |
| (123 )         | (90 )          | (126 )         | Corporate and other activities   | (212 )            | (216 )      |
| 225            | 116            | 32             | <i>Impact of unrealized intragroup profit elimination and other consolidation adjustments <sup>(b)</sup></i> | 614               | 148         |
| 1,823          | 583            | 188            | Adjusted operating profit (loss) - continuing operations   | 3,618             | 771         |
| (269 )         |                |                | Reinstatement of intercompany transactions vs. discontinued operations                                       | (532 )            |             |
| 1,554          | 583            | 188            | Adjusted operating profit (loss) - continuing operations on standalone basis                                 | 3,086             | 771         |
| 498            | (383 )         | (446 )         | Net profit (loss) attributable to Eni's shareholders - continuing operations                                 | 1,285             | (829 )      |
| (46 )          | 224            | (123 )         | Exclusion of inventory holding (gains) losses  | 41                | 101         |
| 174            | 182            | 279            | Exclusion of special items <sup>(a)</sup>  | 129               | 461         |
| 626            | 23             | (290 )         | Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations                        | 1,455             | (267 )      |
| (121 )         |                |                | Reinstatement of intercompany transactions vs. discontinued operations                                       | (224 )            |             |
| 505            | 23             | (290 )         | Adjusted net profit (loss) attributable to Eni's shareholders on standalone basis                            | 1,231             | (267 )      |
| (97 )          | (796 )         | (446 )         | Net profit (loss) attributable to Eni's shareholders   | 735               | (1,242 )    |
| 498            | (383 )         | (446 )         | Net profit (loss) attributable to Eni's shareholders - continuing operations                                 | 1,285             | (829 )      |
| (595 )         | (413 )         |                | Net profit (loss) attributable to Eni's shareholders - discontinued operations                               | (550 )            | (413 )      |
| 3,918          | 1,370          | 1,730          | Net cash provided by operating activities - continuing operations  | 6,554             | 3,100       |
| (614 )         |                |                | Net cash provided by operating activities - discontinued operations  | (1,011 )          |             |

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|       |       |       |   |       |       |
|-------|-------|-------|---|-------|-------|
| 3,304 | 1,370 | 1,730 | Net cash provided by operating activities                     | 5,543 | 3,100 |
| 3,565 | 1,370 | 1,730 | Net cash provided by operating activities on standalone basis | 6,397 | 3,100 |
| 3,150 | 2,455 | 2,424 | Capital expenditure - continuing operations                   | 5,834 | 4,879 |

(a) For further information see "Breakdown of special items".

(b) Unrealized intragroup profit elimination mainly pertained to intra-group sales of commodities and services recorded in the assets of the purchasing business segment as of the end of the period.

Trading environment indicators

| Second<br>Quarter | First<br>Quarter | Second<br>Quarter | % Ch.<br>II Q.16<br>vs. II<br>Q.15 |   | First Half |         |        |
|-------------------|------------------|-------------------|------------------------------------|---|------------|---------|--------|
|                   |                  |                   |                                    |   | 2015       | 2016    | % Ch.  |
| 61.92             | 33.89            | 45.57             | (26.4 )                            | Average price of Brent dated crude oil <sup>(a)</sup> | 57.95      | 39.73   | (31.4) |
| 1.105             | 1.102            | 1.129             | 2.2                                | Average EUR/USD exchange rate <sup>(b)</sup>          | 1.116      | 1.116   |        |
| 56.04             | 30.75            | 40.36             | (28.0 )                            | Average price in euro of Brent dated crude oil        | 51.93      | 35.60   | (31.4) |
| 9.1               | 4.2              | 4.6               | (49.4 )                            | Standard Eni Refining Margin (SERM) <sup>(c)</sup>    | 8.3        | 4.4     | (47.2) |
| 6.84              | 4.35             | 4.50              | (34.2 )                            | Price of NBP gas <sup>(d)</sup>                       | 7.05       | 4.43    | (37.2) |
| (0.01 )           | (0.19 )          | (0.25 )           | -                                  | Euribor - three-month euro rate (%)                   | 0.02       | (0.22 ) | -      |
| 0.28              | 0.62             | 0.63              | -                                  | Libor - three-month dollar rate (%)                   | 0.27       | 0.63    | -      |

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.

(d) In USD per million BTU (British Thermal Unit). Source: Platt's Oilgram.

<sup>6</sup> As provided by IFRS, in case of "discontinued operations" gains and losses pertaining to activities in disposal phase and consequently to "continuing operations" are those deriving from transaction with third parties. Because of this, the above mentioned representation of Saipem (insofar as 2015 comparative periods are concerned) and continuing operations as standalone entities do not fully illustrate their results, mainly when relevant intercompany transactions occur in the reporting period disclosed in this press release as well as in future reporting periods. Further information on Saipem (insofar as 2015 comparative periods are concerned) and continuing operations results with detailed intercompany transaction see segment information at page 22 and subsequent.



## Financial review

### Adjusted results

In the **second quarter of 2016** adjusted operating profit was €188 million, down by €1,366 million, or 87.9% compared to the second quarter of 2015. This trend was attributable to lower commodity prices and margins (down by €1.4 billion), the Val d'Agri shutdown and non-recurring items in G&P down by €0.4 billion, partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €0.4 billion, mainly in the E&P segment.

Adjusted net loss pertaining to Eni's shareholders was €290 million, down by €795 million compared to the second quarter of 2015, due to declining operating performance and a lower than proportional reduction in tax expense of the Exploration & Production segment.

In the **first half of 2016** adjusted operating profit was €771 million, decreasing by €2,315 million, or 75% from the first half of 2015, for the same drivers described in the disclosure of the quarterly results. The main y-o-y headwinds faced by the Group operating results were lower commodity prices and margins with a negative effect of €2.8 billion, the Val d'Agri shutdown and non-recurring items in the G&P segment (down by €0.5 billion), partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €1 billion, mainly in the E&P segment.

**Special charges of the operating profit** amounted to €148 million in the quarter (€297 million in the first half), and mainly related to: (i) impairment losses on gas properties in the upstream segment (€105 million in both the reporting periods) driven by the impact of a lower price environment in Europe; (ii) environmental provisions (€78 million in the quarter and €101 million in the first half); (iii) the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (gains of €248 million and €115 million in the second quarter and the first half of 2016, respectively); (iv) exchange rate differences and derivatives (charge of €24 million in the quarter; gain of €18 million in the first half).

**Non-operating special items** referred to income taxes including related to tax effects of special gains/charges in operating profit as well as the write-off of certain deferred tax assets (€149 million) due to projections of lower future taxable profit at Italian subsidiaries.

### Reported results

In the **second quarter of 2016** Eni reported a **net loss from continuing operations** of €446 million, down from €498 million net profit reported in the second quarter of 2015. The structural weakness of the oil market, oversupply and

overcapacity headwinds in the European gas and refining sectors have negatively affected the Group's performance, eroding results from operations and cash flow.

The operating performance was lower by €1,385 million to €220 million and reflected sharply lower revenues of the E&P segment due to a prolonged downturn in commodity prices (the Brent benchmark was down by 26%, also Italian prices fell), the Val d'Agri production shutdown and declining performance in the G&P segment. The negative impact of the trading environment on profitability and cash generation was partly offset by cost efficiencies, optimization gains and better performances across all business segments and production growth in other areas

Net loss for the quarter was negatively impacted by the recognition of a net tax expense amounting to €569 million which reduction y-o-y was proportionally much lower than the reduction in pre-tax earnings. This circumstance reflected the impact of a deteriorating price scenario in the upstream segment, which resulted in a large portion of the segment's taxable profit being earned in PSA contracts, which, although more resilient in a low-price environment, nonetheless bear higher-than-average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the quarter.

In the **first half of 2016** net loss from continuing operations amounted to €829 million, worsening by €2,114 million from the first half of 2015, due to the same drivers described in the disclosure of the quarter.

**Group net loss pertaining to Eni's shareholders** amounted to €1,242 million, which included a loss in the discontinued operations of €413 million taken to align the book value of the residual Eni's interest in Saipem to its fair value at the date of loss of control (January 22, 2016).

### Summarized Group Balance Sheet<sup>7</sup>

(€ million)

|  | Dec. 31,<br>2015 | Mar. 31,<br>2016 | Jun. 30,<br>2016 | Change vs.<br>Dec. 31,<br>2015 | Change vs.<br>Mar. 31,<br>2016 |
|--|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Fixed assets   |                  |                  |                  |                                |                                |
| Property, plant and equipment  | 68,005           | 66,426           | 67,826           | (179 )                         | 1,400                          |
| Inventories - Compulsory stock   | 909              | 871              | 1,037            | 128                            | 166                            |
| Intangible assets  | 3,034            | 2,961            | 2,882            | (152 )                         | (79 )                          |
| Equity-accounted investments and other investments                             | 3,513            | 4,782            | 4,727            | 1,214                          | (55 )                          |
| Receivables and securities held for operating purposes                         | 2,273            | 2,233            | 2,339            | 66                             | 106                            |
| Net payables related to capital expenditure                                    | (1,284 )         | (1,406 )         | (1,555 )         | (271 )                         | (149 )                         |
|  | 76,450           | 75,867           | 77,256           | 806                            | 1,389                          |
| Net working capital  |                  |                  |                  |                                |                                |
| Inventories  | 4,579            | 4,013            | 4,413            | (166 )                         | 400                            |
| Trade receivables  | 12,616           | 12,771           | 10,865           | (1,751 )                       | (1,906 )                       |
| Trade payables   | (9,605 )         | (9,697 )         | (9,770 )         | (165 )                         | (73 )                          |
| Tax payables and provisions for net deferred tax liabilities                   | (4,137 )         | (4,347 )         | (4,048 )         | 89                             | 299                            |
| Provisions   | (15,375 )        | (13,966 )        | (13,952 )        | 1,423                          | 14                             |
| Other current assets and liabilities   | 1,827            | 1,493            | 2,308            | 481                            | 815                            |
|  | (10,095 )        | (9,733 )         | (10,184 )        | (89 )                          | (451 )                         |
| Provisions for employee post-retirement benefits                               | (1,123 )         | (1,122 )         | (1,030 )         | 93                             | 92                             |
| Discontinued operations and assets held for sale including related liabilities | 9,048            | 89               | 75               | (8,973 )                       | (14 )                          |
| <b>CAPITAL EMPLOYED, NET</b>   | <b>74,280</b>    | <b>65,101</b>    | <b>66,117</b>    | <b>(8,163 )</b>                | <b>1,016</b>                   |
| Eni shareholders' equity   | 55,493           | 52,832           | 52,257           | (3,236 )                       | (575 )                         |
| Non-controlling interest   | 1,916            | 47               | 46               | (1,870 )                       | (1 )                           |



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|   |        |        |        |          |        |
|---|--------|--------|--------|----------|--------|
| Shareholders' equity                          | 57,409 | 52,879 | 52,303 | (5,106 ) | (576 ) |
| Net borrowings                                | 16,871 | 12,222 | 13,814 | (3,057 ) | 1,592  |
| TOTAL LIABILITIES AND<br>SHAREHOLDERS' EQUITY | 74,280 | 65,101 | 66,117 | (8,163 ) | 1,016  |
| Leverage                                      | 0.29   | 0.23   | 0.26   | (0.03 )  | 0.03   |

The Summarized Group Balance Sheet was affected by the movement in the EUR/USD exchange rate which determined a decrease in net capital employed, total equity and net borrowings by €950 million, €875 million and €75 million, respectively. This was due to translation into euros of the financial statements of US-denominated subsidiaries reflecting a 1.9% appreciation of the euro against the US dollar (1 EUR= 1.1102 USD at June 30, 2016 compared to 1.089 at December 31, 2015).

**Fixed assets** (€77,256 million) increased by €806 million from December 31, 2015. The item “Property, plant and equipment” slightly decreased mainly due to the appreciation of the euro and DD&A and write-offs (€3,974 million) partly offset by capital expenditure for the period (€4,879 million). Finally the line item “Equity-accounted investments and other investments” increased by €1,214 million due to the recognition as an equity-accounted investment of the residual 30.55% stake in Saipem and the pro-quota amount cashed out to subscribe Saipem share capital increase for an overall amount of €1,614 million, as well as the entity result for the period attributable to Eni.

<sup>7</sup> 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.

**Net working capital** was in negative territory at minus €10,184 million, barely unchanged compared to December 31, 2015. Reduced trade receivables, mainly in the G&P segment, were offset by lower risk provisions as well as higher receivables due by joint-venture partners in the E&P segment.

**Discontinued operations, asset held for sale including related liabilities** (€75 million) decreased by €8,973 million due to the closing of Saipem transaction. The residual amount mainly referred to fuel distribution activities in Eastern Europe in disposal phase.

**Shareholders' equity including non-controlling interest** was €52,303 million, down by €5,106 million from December 31, 2015. This was due to net loss in comprehensive income (€1,756 million) given by net loss of €1,237 million and negative foreign currency translation differences (€875 million). Also affecting the total equity was the de-recognition of Saipem non-controlling interest (€1,872 million), dividend distribution and other changes of €1,444 million (€1,440 million being the 2015 balance dividend paid to Eni's shareholders and dividends to non-controlling interests). These effects partially offset by the positive change in the cash flow hedge reserve (€428 million).

Summarized Group Cash Flow Statement<sup>8</sup>(€  
million)

| <b>Second</b>  | <b>First</b>   | <b>Second</b>  |  | <b>First Half</b> |               |               |
|----------------|----------------|----------------|--|-------------------|---------------|---------------|
| <b>Quarter</b> | <b>Quarter</b> | <b>Quarter</b> |  | <b>2015</b>       | <b>2016</b>   | <b>Change</b> |
| 2015           | 2016           | 2016           |  |                   |               |               |
| 855            | (380 )         | (444 )         | Net profit (loss) - continuing operations  | 1,499             | (824 )        | (2,323 )      |
|                |                |                | Adjustments to reconcile net profit (loss) to net cash provided by operating activities: |                   |               |               |
| 2,863          | 1,892          | 1,960          | - depreciation, depletion and amortization and other non monetary items                  | 4,918             | 3,852         | (1,066 )      |
| (28 )          | (18 )          | (9 )           | - net gains on disposal of assets  | (342 )            | (27 )         | 315           |
| 949            | 440            | 643            | - dividends, interest, taxes and other changes   | 1,795             | 1,083         | (712 )        |
| 449            | 226            | 546            | Changes in working capital related to operations   | 1,273             | 772           | (501 )        |
| (1,170 )       | (790 )         | (966 )         | Dividends received, taxes paid, interest (paid) received                                 | (2,589)           | (1,756)       | 833           |
| 3,918          | 1,370          | 1,730          | Net cash provided by operating activities - continuing operations                        | 6,554             | 3,100         | (3,454 )      |
| (614 )         |                |                | Net cash provided by operating activities - discontinued operations                      | (1,011)           |               | 1,011         |
| 3,304          | 1,370          | 1,730          | Net cash provided by operating activities  | 5,543             | 3,100         | (2,443 )      |
| (3,150 )       | (2,455 )       | (2,424 )       | Capital expenditure - continuing operations  | (5,834)           | (4,879)       | 955           |
| (118 )         |                |                | Capital expenditure - discontinued operations  | (268 )            |               | 268           |
| (3,268 )       | (2,455 )       | (2,424 )       | Capital expenditure  | (6,102)           | (4,879)       | 1,223         |
| (47 )          | (1,124 )       | (28 )          | Investments and purchase of consolidated subsidiaries and businesses                     | (108 )            | (1,152)       | (1,044 )      |
| 97             | 805            | 146            | Disposals  | 644               | 951           | 307           |
| 220            | (39 )          | (4 )           | Other cash flow related to capital expenditure, investments and disposals                | (376 )            | (43 )         | 333           |
| 306            | (1,443 )       | (580 )         | Free cash flow   | (399 )            | (2,023)       | (1,624 )      |
| 197            | 5,987          | (788 )         | Borrowings (repayment) of debt related to financing activities                           | 25                | 5,199         | 5,174         |
| (267 )         | (3,702 )       | 1,880          | Changes in short and long-term financial debt  | 1,163             | (1,822)       | (2,985 )      |
| (2,019 )       |                | (1,444 )       | Dividends paid and changes in non-controlling interest and reserves                      | (2,019)           | (1,444)       | 575           |
| (21 )          | (22 )          | 2              | Effect of changes in consolidation and exchange differences                              | 82                | (20 )         | (102 )        |
| (1,804 )       | 820            | (930 )         | <b>NET CASH FLOW</b>   | <b>(1,148)</b>    | <b>(110 )</b> | <b>1,038</b>  |
| 3,565          | 1,370          | 1,730          | Net cash provided by operating activities on standalone basis                            | 6,397             | 3,100         | (3,297 )      |

Change in net borrowings  
(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |   | First half |          |          |
|---------------------------|--------------------------|---------------------------|---|------------|----------|----------|
|                           |                          |                           |   | 2015       | 2016     | Change   |
| 306                       | (1,443 )                 | (580 )                    | Free cash flow  | (399 )     | (2,023 ) | (1,624 ) |
|                           |                          |                           | Net borrowings of acquired companies                                |            |          |          |
|                           | 5,818                    | 2                         | Net borrowings of divested companies                                | 18         | 5,820    | 5,802    |
| 376                       | 274                      | 430                       | Exchange differences on net borrowings and other changes            | (392 )     | 704      | 1,096    |
| (2,019)                   |                          | (1,444 )                  | Dividends paid and changes in non-controlling interest and reserves | (2,019)    | (1,444)  | 575      |
| (1,337)                   | 4,649                    | (1,592 )                  | CHANGE IN NET BORROWINGS  | (2,792)    | 3,057    | 5,849    |

In the first half 2016, **net cash provided by operating activities** amounted to €3,100 million. Proceeds from disposals were €951 million and mainly related to the 12.503% interest in Saipem (€463 million) and an interest in Snam due to exercise of the conversion right by bondholders (€332 million).

These inflows funded part of the financial requirements for the payment of Eni's balance dividend of 2015 (€1,440 million), capital expenditure (€4,879 million) and the amount cashed out to subscribe the share capital increase of Saipem.

When considering the cash flow associated to the reimbursement of intercompany financing receivables amounting to €5,818 million, as part of the closing of the Saipem deal, the Group's net debt decreased by €3,057 million.

From January 1, 2016, Eni's captive insurance subsidiary is required to meet certain capital and solvency ratios as minimum requirements to continue performing the insurance activity based on the provisions of EU Solvency II Directive (the so called Minimum Capital Requirement - MCR - and Solvency Capital Requirement –

<sup>8</sup> 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.

SCR). Therefore, it is no longer necessary to commit the financial assets of the insurance company to funding the loss provisions. Accordingly, those assets, which mainly comprise available-for-sale securities and bank deposits, have ceased to be classified as held for operating purposes and have been netted against finance debt in determining the Group net borrowing at June 30, 2016 with a positive impact of €569 million.

### **Other information**

*Article No. 36 of Italian regulatory exchanges (Consob Resolution No. 16191/2007 and subsequent amendments). Continuing listing standards 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 June 30, 2016, Eni's subsidiaries - Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc, Eni Canada Holding Ltd, Eni Turkmenistan Ltd, Eni Ghana Exploration and Production Ltd and Eni Suisse SA – fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

*Financial and operating information by segment for the second quarter and the first half of 2016 is provided in the following pages.*

## Exploration &amp; Production

| Second Quarter | First Quarter | Second Quarter | % Ch. II Q.16 vs. II Q.15 | RESULTS   | (€ million) | First Half |         |         |
|----------------|---------------|----------------|---------------------------|---|-------------|------------|---------|---------|
| 2015           | 2016          | 2016           |                           |   |             | 2015       | 2016    | % Ch.   |
| 6,200          | 3,356         | 3,887          | (37.3 )                   | Net sales from operations                               |             | 11,412     | 7,243   | (36.5 ) |
| 1,461          | 94            | 194            | (86.7 )                   | Operating profit (loss)                                 |             | 2,874      | 288     | (90.0 ) |
| 124            | 1             | 161            |                           | Exclusion of special items:                             | (209 )      | 162        |         |         |
| 111            |               | 105            |                           | - asset impairments                                     | 111         | 105        |         |         |
|                | 7             |                |                           | - impairment of exploration projects                    |             | 7          |         |         |
| (4 )           |               | 1              |                           | - net gains on disposal of assets                       | (329 )      | 1          |         |         |
| 9              | 1             | 3              |                           | - provision for redundancy incentives                   | 10          | 4          |         |         |
| 20             | 4             | 11             |                           | - commodity derivatives                                 | 31          | 15         |         |         |
| (3 )           |               | 25             |                           | - exchange rate differences and derivatives             | (20 )       | 25         |         |         |
| (9 )           | (11 )         | 16             |                           | - other   | (12 )       | 5          |         |         |
| 1,585          | 95            | 355            | (77.6 )                   | Adjusted operating profit (loss)                        | 2,665       | 450        | (83.1 ) |         |
| (66 )          | (58 )         | (57 )          |                           | Net financial income (expense) <sup>(a)</sup>           | (130 )      | (115 )     |         |         |
| 125            | 25            | 60             |                           | Net income (expense) from investments <sup>(a)</sup>    | 148         | 85         |         |         |
| (1,016 )       | (307 )        | (403 )         |                           | Income taxes <sup>(a)</sup>                             | (1,811 )    | (710 )     |         |         |
| 61.8           | -             | -              |                           | Tax rate (%)  | 67.5        | -          |         |         |
| 628            | (245 )        | (45 )          | -                         | Adjusted net profit (loss)                              | 872         | (290 )     | -       |         |
|                |               |                |                           | Results also include:                                   |             |            |         |         |
| 183            | 87            | 153            | (16.4 )                   | exploration expense:                                    | 305         | 240        | (21.3 ) |         |
| 70             | 55            | 59             | (15.7 )                   | - prospecting, geological and geophysical expenses      | 135         | 114        | (15.6 ) |         |
| 113            | 32            | 94             | (16.8 )                   | - <i>write-off of unsuccessful wells</i> <sup>(b)</sup> | 170         | 126        | (25.9 ) |         |
| 3,124          | 2,242         | 2,267          | (27.4 )                   | Capital expenditure                                     | 5,660       | 4,509      | (20.3 ) |         |
|                |               |                |                           | <b>Production</b> <sup>(c) (d)</sup>                    |             |            |         |         |
| 903            | 890           | 852            | (5.6 )                    | Liquids <sup>(e)</sup>                                  | (kbb/d)     | 882        | 871     | (1.2 )  |
| 4,676          | 4,718         | 4,709          | 0.8                       | Natural gas   | (mmcf/d)    | 4,636      | 4,713   | 1.5     |
| 1,754          | 1,754         | 1,715          | (2.2 )                    | Total hydrocarbons                                      | (kboe/d)    | 1,726      | 1,734   | 0.5     |
|                |               |                |                           | Average realizations                                    |             |            |         |         |
| 55.60          | 29.69         | 40.58          | (27.0 )                   | Liquids <sup>(e)</sup>                                  | (\$/bbl)    | 52.28      | 35.14   | (32.8 ) |
| 4.63           | 3.31          | 3.11           | (32.8 )                   | Natural gas   | (\$/kcf)    | 4.86       | 3.21    | (34.1 ) |
| 41.96          | 24.09         | 29.30          | (30.2 )                   | Total hydrocarbons                                      | (\$/boe)    | 40.22      | 26.69   | (33.6 ) |

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| Average oil market prices |       |       |       |                           |            |       |       |       |   |
|---------------------------|-------|-------|-------|---------------------------|------------|-------|-------|-------|---|
| 61.92                     | 33.89 | 45.57 | (26.4 | ) Brent dated             | (\$/bbl)   | 57.95 | 39.73 | (31.4 | ) |
| 56.04                     | 30.75 | 40.36 | (28.0 | ) Brent dated             | (€/bbl)    | 51.93 | 35.60 | (31.4 | ) |
| 57.84                     | 33.27 | 45.48 | (21.4 | ) West Texas Intermediate | (\$/bbl)   | 53.20 | 39.38 | (26.0 | ) |
| 2.73                      | 1.96  | 2.14  | (21.6 | ) Gas Henry Hub           | (\$/mmbtu) | 2.80  | 2.05  | (26.8 | ) |

(a) Excluding special items

(b) Also includes write-off of unproved exploration rights, if any, related to projects with negative outcome.

(c) Supplementary operating data is provided on page 37.

(d) Includes Eni's share of production of equity-accounted entities.

(e) Includes condensates.

## Results

In the **second quarter of 2016**, the Exploration & Production segment reported an adjusted operating profit of €355 million, down by €1,230 million or 77.6% compared to the second quarter of 2015. This result was driven by lower oil and gas realizations in dollar terms (down by 27% and 32.8%, respectively), reflecting trends in the marker Brent (down by 26.4%), weak gas prices in Europe and in the United States, as well as the production shutdown at the Val d'Agri profit centre for the whole Q2. These effects were only partially offset by higher production in other areas, cost efficiencies (lower opex) and decreasing DD&A.

Adjusted operating profit for the second quarter of 2016 excluded a positive adjustment of €161 million (€162 million in the first half of 2016). This was due to impairment losses relating to gas properties (€105 million) driven by the impact of a lower price environment in Europe and special gains of €25 million relating to exchange differences and derivatives related to exchange rate exposure in commodity pricing formulas and exposure on trade payables that are reclassified to adjusted operating profit as well as losses on fair-valued derivatives (€11 million) embedded in the pricing formulas of long-term gas supply agreements.

In the second quarter of 2016, the Exploration & Production segment reported an adjusted net loss of €45 million, worsening by €673 million compared to €628 million net profit reported in the same period of the previous year. This was due to lower operating performance and a lower than proportional reduction in the tax expense, driven by a deteriorating price scenario, which resulted in the concentration of taxable profit in PSA contracts, which, although more resilient in a low-price environment, bear higher-than average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the quarter.

In the **first half of 2016**, adjusted operating profit amounted to €450 million, declining by €2,215 million, or 83.1%, from the same period of the previous year, due to the same drivers disclosed in the quarterly results.

Adjusted net loss of €290 million was due to worsening operating performance and increasing tax rate as disclosed in the quarterly results.

In the first half of 2016, taxes paid represented approximately 37% of the cash flow from operating activities of the E&P segment before changes in working capital and income taxes paid.

## Operating review

In the **second quarter of 2016**, Eni's hydrocarbon production was 1.715 million boe/d (1.734 million boe/d in the first half of 2016), 2.2% lower compared to the second quarter of 2015 (a slight increase of 0.5% compared to the first half of 2015). Excluding the price effects reported in Production Sharing Agreements and other factors, as well as production shutdown in the Val d'Agri district (down 65 kboe/d in the quarter; down 33 kboe/d in the first half), production increased by 0.6% from the second quarter of 2015 (up by 1.3% in the first half). New fields' start-ups and production ramp-up at fields started in 2015 mainly in Venezuela, Norway and Angola, as well as increased production in Iraq were partly offset by planned facilities downtime, mainly in the United Kingdom, Kazakhstan and Libya and the decline in mature fields. The share of oil and natural gas produced outside Italy was 94% and 93%, in the quarter and in the first half, respectively (compared to 90% in the corresponding periods a year ago).

Liquids production (852 kbbbl/d) decreased by 51 kbbbl/d or 5.6% from the second quarter of 2015 due to production shutdown in the Val d'Agri district and planned facilities downtime. These negatives were partly offset by start-ups/production ramp-up in Norway and Angola as well as higher production in Iraq.

Natural gas production in the second quarter (4,709 mmcf/d) slightly increased from the corresponding period a year ago (up by 0.8%). Increased production in Venezuela was partly offset by planned facilities downtime and mature fields decline.



In the **first half of 2016**, liquids production (871 kbbbl/d) decreased by 11 kbbbl/d or 1.2% from the first half of 2015.

Natural gas production (4,713 mmcf/d) increased by 77 mmcf/d or 1.5% from the corresponding period a year ago.

<sup>9</sup> From January 1, 2016, as part of a regular reviewing procedure, Eni has updated the conversion rate of gas to 5,458 cubic feet of gas equals 1 barrel of oil (it was 5,492 cubic feet of gas per barrel in previous reporting periods). This update reflected changes in Eni's gas properties that took place in the last three years and was assessed by collecting data on the heating power of gas in all Eni's gas fields currently on stream. The effect of this update on production expressed in boe for the second quarter and first half of 2016 was 5 kboe/d. Other per-boe indicators were only marginally affected by the update (e.g. realization prices, costs per boe) and negligible was the impact on depletion charges. Other oil companies may use different conversion rates.

## Gas &amp; Power

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 | % Ch.<br>II Q.16<br>vs. II<br>Q.15 | RESULTS   | First Half      |        |         |     |
|---------------------------|--------------------------|---------------------------|------------------------------------|---|-----------------|--------|---------|-----|
|                           |                          |                           |                                    |   | (€ million)2015 | 2016   | % Ch.   |     |
| 14,263                    | 10,030                   | 9,734                     | (31.8                              | ) Net sales from operations                               | 30,636          | 19,764 | (35.5 ) |     |
| 27                        | 83                       | (154 )                    | -                                  | ) Operating profit (loss)                                 | 213             | (71 )  | -       |     |
| 48                        | 128                      | 30                        |                                    | ) Exclusion of inventory holding<br>(gains) losses        | 79              | 158    |         |     |
| (44 )                     | 74                       | (105 )                    |                                    | ) Exclusion of special items:                             | 33              | (31 )  |         |     |
| 17                        |                          | (1 )                      |                                    | - asset impairments                                       | 17              |        |         |     |
| 3                         |                          | 1                         |                                    | - net gains on disposal of assets                         |                 | (1 )   |         |     |
| 6                         | 103                      | (247 )                    |                                    | - provision for redundancy<br>incentives                  | 3               | 1      |         |     |
| (94 )                     | (39 )                    | (1 )                      |                                    | - commodity derivatives                                   | 14              | (144 ) |         |     |
| 24                        | 10                       | 143                       |                                    | - exchange rate differences and<br>derivatives            | (25 )           | (40 )  |         |     |
| 31                        | 285                      | (229 )                    | -                                  | - other   | 24              | 153    |         |     |
| 3                         | 2                        | 2                         |                                    | ) Adjusted operating profit (loss)                        | 325             | 56     | (82.8 ) |     |
|                           | 5                        | (7 )                      |                                    | ) Net finance income (expense) <sup>(a)</sup>             | 5               | 4      |         |     |
| (30 )                     | (128 )                   | 73                        |                                    | ) Net income (expense) from<br>investments <sup>(a)</sup> | 3               | (2 )   |         |     |
| 88.2                      | 43.8                     | 31.2                      |                                    | ) Income taxes <sup>(a)</sup>                             | (111 )          | (55 )  |         |     |
| 4                         | 164                      | (161 )                    | -                                  | ) Tax rate (%)  | 33.3            | 94.8   |         |     |
| 26                        | 22                       | 22                        | (15.4                              | ) Adjusted net profit (loss)                              | 222             | 3      | (98.6 ) |     |
|                           |                          |                           |                                    | ) Capital expenditure                                     | 44              | 44     |         |     |
|                           |                          |                           |                                    | <b>Natural gas sales <sup>(b)</sup></b>                   | (bcm)           |        |         |     |
| 10.58                     | 10.79                    | 8.63                      | (18.4                              | ) Italy   | 21.11           | 19.42  | (8.0 )  |     |
| 11.81                     | 13.31                    | 12.52                     | 6.0                                | ) International sales                                     | 26.90           | 25.83  | (4.0 )  |     |
| 9.48                      | 11.30                    | 10.64                     | 12.2                               | ) - Rest of Europe  | 22.45           | 21.94  | (2.3 )  |     |
| 1.51                      | 1.20                     | 1.21                      | (19.9                              | ) - Extra European markets                                | 2.85            | 2.41   | (15.4 ) |     |
| 0.82                      | 0.81                     | 0.67                      | (18.3                              | ) - E&P sales in Europe and in the<br>Gulf of Mexico      | 1.60            | 1.48   | (7.5 )  |     |
| 22.39                     | 24.10                    | 21.15                     | (5.5                               | ) Worldwide gas sales                                     | 48.01           | 45.25  | (5.7 )  |     |
| 20.84                     | 22.54                    | 19.82                     | (4.9                               | ) of which:   |                 |        |         |     |
| 0.73                      | 0.75                     | 0.66                      | (9.6                               | ) - Sales of consolidated subsidiaries                    | 45.07           | 42.36  | (6.0 )  |     |
| 0.82                      | 0.81                     | 0.67                      | (18.3                              | ) - Eni's share of sales of natural gas<br>of affiliates  | 1.34            | 1.41   | 5.2     |     |
| 8.35                      | 9.45                     | 8.64                      | 3.5                                | ) - E&P sales in Europe and in the<br>Gulf of Mexico      | 1.60            | 1.48   | (7.5 )  |     |
|                           |                          |                           |                                    | ) Electricity sales                                       | (TWh)           | 16.82  | 18.09   | 7.6 |

- (a) Excluding special items.
- (b) Supplementary operating data is provided on page 38.

## Results

In the **second quarter of 2016**, the Gas & Power segment reported an adjusted operating loss of €229 million, down by €260 million from the second quarter of 2015. This reflected lower one-off benefits associated to contract renegotiations and other non-recurring events, lower margins on commodity sales due to an unfavorable trading environment and competitive pressure, partially offset by optimization initiatives and reduced logistic costs.

Adjusted operating profit for the quarter excluded a loss on stock of €30 million in the quarter (€158 million in the first half) and net special gains of €105 million in the quarter (€31 million in the first half) which comprised the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (gains of €247 million and €144 million in the two reporting periods) net of other extraordinary charges of €143 million in the quarter (€153 million in the first half). Adjusted operating result of the period include the negative balance of €40 million of the exchange rate differences and derivatives.

In the quarter, adjusted net loss amounted to €161 million, €165 million less compared to the same period of the previous year that registered a substantial break-even result. This was due to the same drivers described on the adjusted operating profit disclosure partly offset by certain tax items.

In the **first half of 2016**, the Gas & Power segment reported an adjusted operating profit of €56 million, down by €269 million from the corresponding period of 2015. This reflected the circumstance that the first half of 2015 benefitted from one-off benefits associated to contract renegotiations of supply contracts retroactive to previous reporting periods. These negatives were partly offset by optimization initiatives and reduced logistics costs. The retail segment reported lower results due to unusual winter weather conditions.

In the first half, the Gas & Power segment reported an adjusted net profit of €3 million due to the increase of adjusted tax rate.

### **Operating review**

In the **second quarter of 2016**, Eni's natural gas sales were 21.15 bcm, down by 1.24 bcm, or 5.5% compared to the second quarter of 2015. Sales in Italy decreased by 18.4% to 8.63 bcm driven by lower spot sales to hub (PSV). Sales in the European markets amounted to 9.65 bcm, up by 15.3%, reflecting higher spot sales in Germany/Austria and in Benelux, partially offset by lower volumes in Turkey, driven by lower sales to Botas, and decreased volumes sold in the Iberian Peninsula due to competitive pressure. In the quarter, sales to Extra European markets decreased by 19.9% reflecting lower LNG volumes marketed in the Far East, due to the lack of contracts renewal.

Sales of natural gas in the **first half of 2016** amounted to 45.25 bcm (included Eni's own consumption, Eni's share of sales made by equity-accounted entities and Exploration & Production sales in Europe and in the Gulf of Mexico) reporting a decrease of 2.76 bcm or 5.7% from the first half of 2015. Sales in Italy decreased to 19.42 bcm, down by 8% from the first half of 2015, due to the same drivers described in the quarter as well as to lower volumes sold to residential segment due to unfavourable weather conditions. Sales in the European markets amounted to 19.82 bcm, down by 1.9% driven by the reduction of sales in Turkey, the lower volumes marketed in France and in the United Kingdom due to increasing competitive pressure, as well as lower spot sales in Benelux. These negatives were only partially offset by higher spot volumes sold in Germany/Austria.

**Electricity sales** were 8.64 TWh in the second quarter of 2016, up by 3.5%, from the corresponding period of 2015 (18.09 Twh, up by 7.6% in the first half of 2016) mainly due to higher volumes traded on the large and middle segments.

## Refining &amp; Marketing and Chemicals

| Second Quarter | First Quarter | Second Quarter | % Ch. II Q.16 vs. II Q.15 | RESULTS  | (€ million)  | First Half |        |         |
|----------------|---------------|----------------|---------------------------|--|--------------|------------|--------|---------|
| 2015           | 2016          | 2016           |                           |  |              | 2015       | 2016   | Var. %  |
| 6,695          | 3,869         | 4,829          | (27.9 )                   | Net sales from operations                            |              | 12,051     | 8,698  | (27.8 ) |
| 120            | 48            | 315            | -                         | Operating profit (loss)                              |              | 219        | 363    | 65.8    |
| (151 )         | 63            | (215 )         |                           | Exclusion of inventory holding (gains) losses        |              | (284 )     | (152 ) |         |
| 136            | 66            | 56             |                           | Exclusion of special items:                          |              | 291        | 122    |         |
| 60             | 23            | 44             |                           | - environmental charges                              |              | 80         | 67     |         |
| 43             | 13            | 21             |                           | - asset impairments                                  |              | 70         | 34     |         |
| (4 )           |               | (4 )           |                           | - net gains on disposal of assets                    |              | (5 )       | (4 )   |         |
| 7              |               |                |                           | - risk provisions                                    |              | 7          |        |         |
| (4 )           | 4             |                |                           | - provision for redundancy incentives                |              |            | 4      |         |
| 27             | 26            | (12 )          |                           | - commodity derivatives                              |              | 117        | 14     |         |
| (2 )           | (3 )          |                |                           | - exchange rate differences and derivatives          |              | 12         | (3 )   |         |
| 9              | 3             | 7              |                           | - other  |              | 10         | 10     |         |
| 105            | 177           | 156            | 48.6                      | Adjusted operating profit (loss)                     |              | 226        | 333    | 47.3    |
| 39             | 66            | 44             | 12.8                      | - Refining & Marketing                               |              | 131        | 110    | (16.0 ) |
| 66             | 111           | 112            | 69.7                      | - Chemicals  |              | 95         | 223    | -       |
| (3 )           | 1             | (1 )           |                           | Net finance income (expense) <sup>(a)</sup>          |              | (4 )       |        |         |
| 3              | 20            |                |                           | Net income (expense) from investments <sup>(a)</sup> |              | 38         | 20     |         |
| (26 )          | (54 )         | (51 )          |                           | Income taxes <sup>(a)</sup>                          |              | (85 )      | (105 ) |         |
| 24.8           | 27.3          | 32.9           |                           | Tax rate (%)   |              | 32.7       | 29.7   |         |
| 79             | 144           | 104            | 31.6                      | Adjusted net profit (loss)                           |              | 175        | 248    | 41.7    |
| 152            | 85            | 127            | (16.4 )                   | Capital expenditure                                  |              | 255        | 212    | (16.9 ) |
|                |               |                |                           | Global indicator refining margin                     |              |            |        |         |
| 9.1            | 4.2           | 4.6            | (49.4 )                   | Standard Eni Refining Margin (SERM) <sup>(b)</sup>   | (\$/bbl)     | 8.3        | 4.4    | (47.2 ) |
|                |               |                |                           | REFINING THROUGHPUTS AND SALES                       | (mmt tonnes) |            |        |         |
| 5.77           | 5.26          | 5.48           | (5.0 )                    | Refining throughputs in Italy                        |              | 11.55      | 10.74  | (7.0 )  |
| 6.59           | 5.90          | 6.19           | (6.1 )                    | Refining throughputs on own account                  |              | 13.50      | 12.09  | (10.4 ) |
| 5.64           | 5.20          | 5.48           | (2.8 )                    | - Italy  |              | 11.32      | 10.68  | (5.7 )  |
| 0.95           | 0.70          | 0.71           | (25.3 )                   | - Rest of Europe                                     |              | 2.18       | 1.41   | (35.3 ) |
| 0.05           | 0.04          | 0.05           |                           | Green refining throughputs                           |              | 0.09       | 0.09   |         |
| 2.30           | 2.00          | 2.21           | (3.9 )                    | Retail sales in Europe                               |              | 4.35       | 4.21   | (3.2 )  |
| 1.51           | 1.37          | 1.50           | (0.7 )                    | - Italy  |              | 2.87       | 2.87   |         |

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|       |       |       |         |                                      |              |       |       |         |
|-------|-------|-------|---------|--------------------------------------|--------------|-------|-------|---------|
| 0.79  | 0.63  | 0.71  | (10.1 ) | - Rest of Europe                     |              | 1.48  | 1.34  | (9.5 )  |
| 2.98  | 2.55  | 2.81  | (5.7 )  | Wholesale sales in Europe            |              | 5.75  | 5.36  | (6.8 )  |
| 2.00  | 1.84  | 2.01  | 0.5     | - Italy                              |              | 3.69  | 3.85  | 4.3     |
| 0.98  | 0.71  | 0.80  | (18.4 ) | - Rest of Europe                     |              | 2.06  | 1.51  | (26.7 ) |
| 0.11  | 0.10  | 0.10  | (9.1 )  | Wholesale sales outside Europe       |              | 0.21  | 0.20  | (4.8 )  |
| 1,327 | 1,438 | 1,460 | 10.0    | Production of petrochemical products | (mmt tonnes) | 2,745 | 2,898 | 5.6     |
| 1,275 | 1,019 | 1,083 | (15.1 ) | Sales of petrochemical products      | (€ million)  | 2,370 | 2,102 | (11.3 ) |

(a) Excluding special items.

(b) In USD per barrel. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.

## Results

In the **second quarter of 2016**, the Refining & Marketing and Chemicals segment reported adjusted operating profit of €156 million, up by €51 million or 48.6% compared to the second quarter of 2015.

Notwithstanding a weak scenario, Refining & Marketing business reported an adjusted operating profit of €44 million increasing by €5 million from the second quarter of 2015 (up 12.8%) driven by increasing results of Refining due to optimization and efficiency initiatives as well as higher availability of processing plants.

The Chemical business registered adjusted operating profit of €112 million increasing by €46 million from the second quarter of 2015, in a non-completely favourable trading environment, benefitting from the efficiency initiatives performed in previous reporting periods and increasing margins in polyethylene, while cracker margins resulted substantially stable.

Special charges excluded from adjusted operating profit of the second quarter of 2016 amounted to a net positive of €56 million (€122 million in the first half of 2016). This included impairment losses to write down capital expenditure of the period at assets impaired in previous reporting periods (€21

million and €34 million in the second quarter and the first half, respectively), environmental charges (€44 million and €67 million in the two reporting periods, respectively) as well as fair-value evaluation of certain commodity derivatives (gains of €12 million in the quarter and charges of €14 million in the first half) lacking the formal criteria to be accounted as hedges under IFRS.

Adjusted net profit in the quarter amounted to €104 million, up by €25 million from the corresponding period of the previous year due to increasing operating performance.

In the **first half of 2016** the Refining & Marketing and Chemicals segment reported adjusted operating profit of €333 million, increasing by €107 million from the corresponding period of 2015. Adjusted net profit of €248 million increased by €73 million. The drivers of the above-mentioned results were the same described in the quarterly disclosure.

### **Operating review**

In the second quarter of 2016, the Standard Eni Refining Margin (SERM) has halved its value to 4.6 \$/bl, compared to 9.1 \$/bl reported in the same quarter of 2015 (down by 47.2%, compared to 8.3 \$/bl reported in the first half of 2015), reflecting weaker products prices (mainly gasoil).

In this context, **Eni refining throughputs** amounted to 6.19 mmt tonnes, down by 6.1% (12.09 mmt tonnes in the first half; down by 10.4%). On a homogeneous basis, when excluding the impact of the disposal of CRC refinery in the Czech Republic finalized on April 30, 2015, refining throughputs in the second quarter reported a decrease of 3% (down 5.3% compared to the first half of 2015). Volumes processed in Italy were down 2.8% in the quarter; down 5.7% in the first half, due to lower availability of domestic crude oil following the shutdown of the Val d'Agri field, as well as other planned maintenance turnarounds. On a homogeneous basis, the second quarter volumes processed outside Italy decreased by 4.5%, (down 3% on a half-year basis).

Barely unchanged the volumes of **biofuels produced from vegetable oil** at the Venice Green Refinery compared to the corresponding periods of the previous year.

**Retail sales in Italy** of 1.50 mmt tonnes in the quarter (2.87 mmt tonnes in the first half) were barely unchanged from both the comparative periods. Eni's retail market share was 24.2%, down 0.3 percentage points from the second quarter of 2015. This decrease refers mainly to sales in highway stations and dealer owned stations; volumes marketed at company owned stations increased by 2% in line with national fuel consumption trends.

**Wholesale sales in Italy** amounted to 2.01 mmtonnes in the second quarter of 2016, substantially stable compared to the corresponding period of 2015 (3.85 mmtonnes in the first half of 2016, up by 4.3% compared to the first half of 2015). Lower sales of gasoil and bunker were almost offset by higher volumes of jet fuels and minor products.

**Retail and wholesale sales in the rest of Europe** decreased in both the reporting periods compared to the same periods of the previous year mainly due to the assets disposal in the Czech Republic and Slovakia finalized in July 2015. These negatives were partially offset by higher volumes traded in France in both the businesses segments.

**Petrochemical production** of 1.46 mmtonnes (2.90 mmtonnes in the first half, up by 5.6%) increased by 10% reflecting higher sales of olefins in the intermediates segment.



## Summarized Group profit and loss account

| (€ million)       |                  |                   |                                    |   | First Half |          |         |
|-------------------|------------------|-------------------|------------------------------------|---|------------|----------|---------|
| Second<br>Quarter | First<br>Quarter | Second<br>Quarter | % Ch.<br>II Q.16<br>vs. II<br>Q.15 |   | 2015       | 2016     | % Ch.   |
| 20,279            | 13,344           | 13,416            | (33.8                              | ) Net sales from operations   | 41,317     | 26,760   | (35.2 ) |
| 118               | 207              | 295               | -                                  | Other income and revenues   | 669        | 502      | (25.0 ) |
| (15,795)          | (11,459)         | (11,505)          | 27.2                               | Operating expenses  | (33,290)   | (22,964) | 31.0    |
| (276 )            | (117 )           | 118               | -                                  | Other operating income (expense)  | (298 )     | 1        | -       |
| (2,602 )          | (1,835 )         | (2,018 )          | 22.4                               | Depreciation, depletion, amortization and<br>impairments  | (4,834 )   | (3,853 ) | 20.3    |
| (119 )            | (35 )            | (86 )             | (27.7                              | ) Write-off   | (189 )     | (121 )   | 36.0    |
| 1,605             | 105              | 220               | (86.3                              | ) Operating profit (loss)   | 3,375      | 325      | (90.4 ) |
| 81                | (135 )           | (153 )            | -                                  | Finance income (expense)  | (563 )     | (288 )   | 48.8    |
| 176               | 20               | 58                | (67.0                              | ) Income (expense) from investments   | 452        | 78       | (82.7 ) |
| 1,862             | (10 )            | 125               | (93.3                              | ) Profit (loss) before income taxes   | 3,264      | 115      | (96.5 ) |
| (1,007 )          | (370 )           | (569 )            | 43.5                               | Income taxes  | (1,765 )   | (939 )   | 46.8    |
| 54.1              | -                | -                 |                                    | Tax rate (%)  | 54.1       | -        |         |
| 855               | (380 )           | (444 )            | -                                  | Net profit (loss) - continuing operations   | 1,499      | (824 )   | -       |
| (1,400 )          | (413 )           |                   | -                                  | Net profit (loss) - discontinued operations   | (1,298 )   | (413 )   | 68.2    |
| (545 )            | (793 )           | (444 )            | 18.5                               | Net profit (loss)   | 201        | (1,237 ) | -       |
| (97 )             | (796 )           | (446 )            | -                                  | Eni's shareholders  | 735        | (1,242 ) | -       |
| 498               | (383 )           | (446 )            | -                                  | - continuing operations   | 1,285      | (829 )   | -       |
| (595 )            | (413 )           |                   | -                                  | - discontinued operations   | (550 )     | (413 )   | 24.9    |
| (448 )            | 3                | 2                 | -                                  | Non-controlling interest  | (534 )     | 5        | -       |
| 357               | 3                | 2                 | (99.4                              | ) - continuing operations   | 214        | 5        | (97.7 ) |
| (805 )            |                  |                   | -                                  | - discontinued operations   | (748 )     |          | -       |
| 498               | (383 )           | (446 )            | -                                  | Net profit (loss) attributable to Eni's<br>shareholders - continuing operations                                     | 1,285      | (829 )   | -       |
| (46 )             | 224              | (123 )            |                                    | Exclusion of inventory holding (gains)<br>losses  | 41         | 101      |         |
| 174               | 182              | 279               |                                    | Exclusion of special items  | 129        | 461      |         |
| 626               | 23               | (290 )            | -                                  | <b>Adjusted net profit (loss) attributable to<br/>Eni's shareholders - continuing<br/>operations</b> <sup>(a)</sup> | 1,455      | (267 )   | -       |
| (121 )            |                  |                   |                                    | Reinstatement of intercompany transactions<br>vs. discontinued operations   | (224 )     |          |         |
| 505               | 23               | (290 )            | -                                  | <b>Adjusted net profit (loss) attributable to<br/>Eni's shareholders on standalone basis</b> <sup>(a)</sup>         | 1,231      | (267 )   | -       |

(a) Alternative performance measures. For a detailed explanation and reconciliation of adjusted results which exclude as usual the items “profit/loss on stock” and extraordinary gains and losses (special items), while they reinstate the effects relating the elimination of gains and losses on intercompany transactions with discontinued operations see the following pages.

Alternative performance measures (Non-GAAP measures)

Management evaluates underlying business performance on the basis of non-GAAP financial measures under IFRS (“Alternative performance measures”), such as 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 affect 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.

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. Non-GAAP financial measures should be read together with information determined by applying IFRS and do not stand in for them. Other companies may adopt different methodologies to determine Non-GAAP measures.

Follows the description of the main alternative performance measures adopted by Eni. The measures reported below refer to the actual performance:

***Adjusted operating and net profit***

Adjusted operating and net profit are determined 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.

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).

### ***Inventory holding gain or loss***

This 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 as required by IFRS.

### ***Special items***

These 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 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, 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.

### ***Adjusted operating profit, adjusted net profit and cash flow from operating activities on a standalone basis***

Considering the relevant impact of the discontinued operations on Eni's 2015 financial statements, management determines adjusted performance measures on a standalone basis which 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 the Engineering & Construction segment which, as of December 31, 2015, was in the disposal phase, represented as discontinued operations under the IFRS5. These measures obtain a representation of the performance of the continuing operations anticipating the effect of the derecognition of the discontinued operations. Namely: adjusted operating profit, adjusted net profit and cash flow from operating activities on a standalone basis.

### ***Leverage***

Leverage is a Non-GAAP measure of the Company's financial condition, calculated as the ratio between net borrowings and shareholders' equity, including non-controlling interest. Leverage is the reference ratio to assess the solidity and efficiency of the Group balance sheet in terms of incidence of funding sources including third-party funding and equity as well as to carry out benchmark analysis with industry standards.

**Free cash flow**

Free cash flow represents 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. Free cash flow 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.

**Net borrowings**

Net borrowings is calculated as total finance debt less cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations.

Financial activities are qualified as "not related to operations" when these are not strictly related to the business operations.

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

(€ million)

| Second Quarter 2016                           | Exploration<br>&<br>Production | Gas &<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Impact of<br>unrealized<br>intragroup<br>profit<br>elimination | GROUP  |
|---|--------------------------------|----------------|--|---|--|--------|
| Reported operating profit (loss)              | 194                            | (154 )         | 315  | (162 )                                  | 27   | 220    |
| Exclusion of inventory holding (gains) losses |                                | 30             | (215 )   |   | 5  | (180 ) |
| Exclusion of special items:                   |                                |                |  |   |  |        |
| environmental charges                         |                                |                | 44   | 34                                      |  | 78     |
| asset impairments                             | 105                            |                | 21   | 5                                       |  | 131    |
| net gains on disposal of assets               | 1                              | (1 )           | (4 )   |   |  | (4 )   |
| provision for redundancy incentives           | 3                              | 1              |  |   |  | 4      |
| commodity derivatives                         | 11                             | (247 )         | (12 )  |   |  | (248 ) |
| exchange rate differences and derivatives     | 25                             | (1 )           |  |   |  | 24     |
| other   | 16                             | 143            | 7  | (4 )                                    |  | 162    |

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|   |        |        |       |        |      |        |
|---|--------|--------|-------|--------|------|--------|
| Special items of operating profit (loss)                        | 161    | (105 ) | 56    | 36     |      | 148    |
| Adjusted operating profit (loss)                                | 355    | (229 ) | 156   | (126 ) | 32   | 188    |
| Net finance (expense) income <sup>(a)</sup>                     | (57 )  | 2      | (1 )  | (121 ) |      | (177 ) |
| Net income (expense) from investments <sup>(a)</sup>            | 60     | (7 )   |       | 10     |      | 63     |
| Income taxes <sup>(a)</sup>                                     | (403 ) | 73     | (51 ) | 27     | (8 ) | (362 ) |
| Tax rate (%)  | -      | 31.2   | 32.9  |        |      | -      |
| Adjusted net profit (loss)                                      | (45 )  | (161 ) | 104   | (210 ) | 24   | (288 ) |
| of which:   |        |        |       |        |      |        |
| - Adjusted net profit (loss) of non-controlling interest        |        |        |       |        |      | 2      |
| - Adjusted net profit (loss) attributable to Eni's shareholders |        |        |       |        |      | (290 ) |
| Reported net profit (loss) attributable to Eni's shareholders   |        |        |       |        |      | (446 ) |
| Exclusion of inventory holding (gains) losses                   |        |        |       |        |      | (123 ) |
| Exclusion of special items                                      |        |        |       |        |      | 279    |
| Adjusted net profit (loss) attributable to Eni's shareholders   |        |        |       |        |      | (290 ) |

<sup>(a)</sup> Excluding special items.

(€ million)

| Second Quarter<br>2015                                     | Exploration<br>&<br>Production | Gas<br>&<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Engineering<br>&<br>Construction | Impact<br>of<br>unrealized<br>intragroup<br>profit<br>elimination | DISCONTINUED<br>OPERATIONS       |                              |       |        | CONTINUING<br>OPERATIONS | Reinstatement<br>of<br>intercompany<br>transactions<br>on<br>discontinued<br>operations | CONTINUING<br>OPERATIONS<br>vs.<br>standalone<br>basis |
|--|--------------------------------|-------------------|--|---|----------------------------------|---|----------------------------------|------------------------------|-------|--------|--------------------------|---|--|
|  |                                |                   |  |   |                                  |   | Engineering<br>&<br>Construction | Consolidation<br>adjustments | Total | GROUP  |                          |   |  |
| Reported<br>operating profit<br>(loss)                     | 1,461                          | 27                | 120  | (193)                                   | (950)                            | (81)  | 384                              | 950                          | 271   | 1,221  | 1,605                    |   | 1,334  |
| Exclusion of<br>inventory<br>holding (gains)<br>losses     |                                | 48                | (151)  |   |                                  | 37  | (66 )                            |                              |       |        | (66 )                    |   | (66 )  |
| Exclusion of<br>special items:<br>environmental<br>charges |                                |                   | 60   | 64                                      |                                  |   | 124                              |                              |       |        | 124                      |   | 124  |
| asset<br>impairments                                       | 111                            | 17                | 43   | 3                                       | 211                              |   | 385                              | (211)                        |       | (211 ) | 174                      |   | 174  |
| net gains on<br>disposal of<br>assets                      | (4 )                           |                   | (4 )   | (1 )                                    |                                  |   | (9 )                             |                              |       |        | (9 )                     |   | (9 )   |
| provision for<br>redundancy<br>incentives                  | 9                              | 3                 | (4 )   | 1                                       | 1                                |   | 10                               | (1 )                         |       | (1 )   | 9                        |   | 9  |
| commodity<br>derivatives                                   | 20                             | 6                 | 27   |   | (2 )                             |   | 51                               | 2                            | (2 )  |        | 51                       |   | 53   |
| exchange rate<br>differences and<br>derivatives            | (3 )                           | (94 )             | (2 )   |   |                                  |   | (99 )                            |                              |       |        | (99 )                    |   | (99 )  |
| other  | (9 )                           | 24                | 9  | 1                                       |                                  |   | 25                               |                              |       |        | 25                       |   | 25   |
| Special items of<br>operating profit<br>(loss)             | 124                            | (44 )             | 136  | 70                                      | 210                              |   | 496                              | (210)                        | (2 )  | (212 ) | 284                      |   | 286  |
| Adjusted<br>operating profit<br>(loss)                     | 1,585                          | 31                | 105  | (123)                                   | (740)                            | (44)  | 814                              | 740                          | 269   | 1,009  | 1,823                    | (269)   | 1,554  |
| Net finance<br>(expense)<br>income <sup>(a)</sup>          | (66 )                          | 3                 | (3 )   | (186)                                   | (1 )                             |   | (253)                            | 1                            | 32    | 33     | (220 )                   |   | (252 )   |
| Net income<br>(expense) from<br>investments <sup>(a)</sup> | 125                            |                   | 3  | 43                                      | (17 )                            |   | 154                              | 17                           |       | 17     | 171                      |   | 171  |



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|  |         |       |       |       |       |      |       |       |       |        |         |             |
|--|---------|-------|-------|-------|-------|------|-------|-------|-------|--------|---------|-------------|
| Income taxes <sup>(a)</sup>  | (1,016) | (30 ) | (26 ) | 56    | 41    | 10   | (965) | (41 ) | (21 ) | (62 )  | (1,027) | (1,006)     |
| Tax rate (%)   | 61.8    | 88.2  | 24.8  |       |       |      | -     |       |       |        | 57.9    | 68.3        |
| Adjusted net profit (loss)   | 628     | 4     | 79    | (210) | (717) | (34) | (250) | 717   | 280   | 997    | 747     | (280) 467   |
| of which:  |         |       |       |       |       |      |       |       |       |        |         |             |
| - Adjusted net profit (loss) of non-controlling interest               |         |       |       |       |       |      | (446) |       |       | 567    | 121     | (159) (38 ) |
| - Adjusted net profit (loss) attributable to Eni's shareholders        |         |       |       |       |       |      | 196   |       |       | 430    | 626     | (121) 505   |
| Reported net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |      | (97 ) |       |       | 595    | 498     | 498         |
| Exclusion of inventory holding (gains) losses                          |         |       |       |       |       |      | (46 ) |       |       |        | (46 )   | (46 )       |
| Exclusion of special items   |         |       |       |       |       |      | 339   |       |       | (165 ) | 174     | 174         |
| Reinstatement of intercompany transactions vs. discontinued operations |         |       |       |       |       |      |       |       |       |        |         | (121 )      |
| Adjusted net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |      | 196   |       |       | 430    | 626     | 505         |

<sup>(a)</sup> Excluding special items.

(€ million)

| First half 2016  | Exploration<br>&<br>Production | Gas<br>&<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Impact<br>of<br>unrealized<br>intragroup<br>profit<br>elimination | GROUP    | DISCONTINUED<br>OPERATIONS | CONTINUING<br>OPERATIONS |
|--|--------------------------------|-------------------|--|---|---|----------|----------------------------|--------------------------|
| Reported operating profit (loss)                                   | 288                            | (71 )             | 363  | (260 )                                  | 5   | 325      |                            | 325                      |
| Exclusion of inventory holding<br>(gains) losses                   |                                | 158               | (152 )   |   | 143   | 149      |                            | 149                      |
| Exclusion of special items:  |                                |                   |  |   |   |          |                            |                          |
| environmental charges  |                                |                   | 67   | 34                                      |   | 101      |                            | 101                      |
| asset impairments  | 105                            |                   | 34   | 9                                       |   | 148      |                            | 148                      |
| impairment of exploration<br>projects                              | 7                              |                   |  |   |   | 7        |                            | 7                        |
| net gains on disposal of assets                                    | 1                              | (1 )              | (4 )   |   |   | (4 )     |                            | (4 )                     |
| provision for redundancy<br>incentives                             | 4                              | 1                 | 4  | 2                                       |   | 11       |                            | 11                       |
| commodity derivatives  | 15                             | (144 )            | 14   |   |   | (115 )   |                            | (115 )                   |
| exchange rate differences and<br>derivatives                       | 25                             | (40 )             | (3 )   |   |   | (18 )    |                            | (18 )                    |
| other  | 5                              | 153               | 10   | (2 )                                    |   | 166      |                            | 166                      |
| Special items of operating profit<br>(loss)                        | 162                            | (31 )             | 122  | 44                                      |   | 297      |                            | 297                      |
| Adjusted operating profit (loss)                                   | 450                            | 56                | 333  | (216 )                                  | 148   | 771      |                            | 771                      |
| Net finance (expense) income <sup>(a)</sup>                        | (115 )                         | 4                 |  | (155 )                                  |   | (266 )   |                            | (266 )                   |
| Net income (expense) from<br>investments <sup>(a)</sup>            | 85                             | (2 )              | 20   | 3                                       |   | 106      |                            | 106                      |
| Income taxes <sup>(a)</sup>  | (710 )                         | (55 )             | (105 )   | 43                                      | (46 )   | (873 )   |                            | (873 )                   |
| Tax rate (%)   | -                              | 94.8              | 29.7   |   |   | -        |                            | -                        |
| Adjusted net profit (loss)   | (290 )                         | 3                 | 248  | (325 )                                  | 102   | (262 )   |                            | (262 )                   |
| of which:  |                                |                   |  |   |   |          |                            |                          |
| - Adjusted net profit (loss) of<br>non-controlling interest        |                                |                   |  |   |   | 5        |                            | 5                        |
| - Adjusted net profit (loss)<br>attributable to Eni's shareholders |                                |                   |  |   |   | (267 )   |                            | (267 )                   |
| Reported net profit (loss)<br>attributable to Eni's shareholders   |                                |                   |  |   |   | (1,242 ) | 413                        | (829 )                   |
| Exclusion of inventory holding<br>(gains) losses                   |                                |                   |  |   |   | 101      |                            | 101                      |
| Exclusion of special items   |                                |                   |  |   |   | 874      | (413 )                     | 461                      |
| Adjusted net profit (loss)<br>attributable to Eni's shareholders   |                                |                   |  |   |   | (267 )   |                            | (267 )                   |

<sup>(a)</sup> Excluding special items.



(€ million)

| First half 2015                                      | Exploration<br>& Production | Gas<br>& Power | Refining<br>& Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Engineering<br>& Construction | Impact<br>of<br>unrealized<br>intragroup<br>profit<br>elimination | GROUP  | DISCONTINUED<br>OPERATIONS    |                              |        | CONTINUING<br>OPERATIONS | Reinstatement<br>of<br>intercompany<br>transactions<br>vs.<br>discontinued<br>operations | CONTINUING<br>OPERATIONS<br>on<br>standalone<br>basis |
|--|-----------------------------|----------------|---|---|-------------------------------|---|--------|-------------------------------|------------------------------|--------|--------------------------|--|---|
|  |                             |                |   |   |                               |   |        | Engineering<br>& Construction | Consolidation<br>adjustments | Total  |                          |  |   |
| Reported operating profit (loss)                     | 2,874                       | 213            | 219   | (286)                                   | (788)                         | (182)   | 2,050  | 788                           | 537                          | 1,325  | 3,375                    |  | 2,838   |
| Exclusion of inventory holding (gains) losses        |                             | 79             | (284)                                       |   |                               | 264   | 59     |                               |                              |        | 59                       |  | 59  |
| Exclusion of special items: environmental charges    |                             |                | 80  | 64                                      |                               |   | 144    |                               |                              |        | 144                      |  | 144   |
| asset impairments                                    | 111                         | 17             | 70  | 4                                       | 211                           |   | 413    | (211)                         |                              | (211 ) | 202                      |  | 202   |
| net gains on disposal of assets                      | (329 )                      |                | (5 )  | (1 )                                    |                               |   | (335 ) |                               |                              |        | (335 )                   |  | (335 )  |
| provision for redundancy incentives                  | 10                          | 3              |   | 1                                       | 2                             |   | 16     | (2 )                          |                              | (2 )   | 14                       |  | 14  |
| commodity derivatives                                | 31                          | 14             | 117   |   | (5 )                          |   | 157    | 5                             | (5 )                         |        | 157                      |  | 162   |
| exchange rate differences and derivatives            | (20 )                       | (25 )          | 12  |   |                               |   | (33 )  |                               |                              |        | (33 )                    |  | (33 )   |
| other  | (12 )                       | 24             | 10  | 4                                       |                               |   | 26     |                               |                              |        | 26                       |  | 26  |
| Special items of operating profit (loss)             | (209 )                      | 33             | 291   | 74                                      | 208                           |   | 397    | (208)                         | (5 )                         | (213 ) | 184                      |  | 189   |
| Adjusted operating profit (loss)                     | 2,665                       | 325            | 226   | (212)                                   | (580)                         | 82  | 2,506  | 580                           | 532                          | 1,112  | 3,618                    | (532)  | 3,086   |
| Net finance (expense) income <sup>(a)</sup>          | (130 )                      | 5              | (4 )  | (302)                                   | (3 )                          |   | (434 ) | 3                             | 14                           | 17     | (417 )                   |  | (431 )  |
| Net income (expense) from investments <sup>(a)</sup> | 148                         | 3              | 38  | 273                                     | (10 )                         |   | 452    | 10                            |                              | 10     | 462                      |  | 462   |

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|  |         |       |       |       |       |       |         |     |       |       |         |         |        |
|--|---------|-------|-------|-------|-------|-------|---------|-----|-------|-------|---------|---------|--------|
| Income taxes <sup>(a)</sup>  | (1,811) | (111) | (85 ) | 99    | (13 ) | (23 ) | (1,944) | 13  | (26 ) | (13 ) | (1,957) | (1,931) |        |
| Tax rate (%)   | 67.5    | 33.3  | 32.7  |       |       |       | 77.0    |     |       |       | 53.4    | 62.0    |        |
| Adjusted net profit (loss)   | 872     | 222   | 175   | (142) | (606) | 59    | 580     | 606 | 520   | 1,126 | 1,706   | (520)   | 1,186  |
| of which:  |         |       |       |       |       |       |         |     |       |       |         |         |        |
| - Adjusted net profit (loss) of non-controlling interest               |         |       |       |       |       |       | (390 )  |     |       | 641   | 251     | (296)   | (45 )  |
| - Adjusted net profit (loss) attributable to Eni's shareholders        |         |       |       |       |       |       | 970     |     |       | 485   | 1,455   | (224)   | 1,231  |
| Reported net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |       | 735     |     |       | 550   | 1,285   |         | 1,285  |
| Exclusion of inventory holding (gains) losses                          |         |       |       |       |       |       | 41      |     |       |       | 41      |         | 41     |
| Exclusion of special items   |         |       |       |       |       |       | 194     |     |       | (65 ) | 129     |         | 129    |
| Reinstatement of intercompany transactions vs. discontinued operations |         |       |       |       |       |       |         |     |       |       |         |         | (224 ) |
| Adjusted net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |       | 970     |     |       | 485   | 1,455   |         | 1,231  |

<sup>(a)</sup> Excluding special items.

(€ million)

| First Quarter 2016   | Exploration<br>&<br>Production | Gas<br>&<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Impact<br>of<br>unrealized<br>intragroup<br>profit<br>elimination | GROUP  | DISCONTINUED<br>OPERATIONS | CONTINUING<br>OPERATIONS |
|--|--------------------------------|-------------------|--|---|---|--------|----------------------------|--------------------------|
| Reported operating profit (loss)                                   | 94                             | 83                | 48   | (98 )                                   | (22 )   | 105    |                            | 105                      |
| Exclusion of inventory holding<br>(gains) losses                   |                                | 128               | 63   |   | 138   | 329    |                            | 329                      |
| Exclusion of special items:  |                                |                   |  |   |   |        |                            |                          |
| environmental charges  |                                |                   | 23   |   |   | 23     |                            | 23                       |
| asset impairments  |                                |                   | 13   | 4                                       |   | 17     |                            | 17                       |
| impairment of exploration projects                                 | 7                              |                   |  |   |   | 7      |                            | 7                        |
| provision for redundancy<br>incentives                             | 1                              |                   | 4  | 2                                       |   | 7      |                            | 7                        |
| commodity derivatives  | 4                              | 103               | 26   |   |   | 133    |                            | 133                      |
| exchange rate differences and<br>derivatives                       |                                | (39 )             | (3 )   |   |   | (42 )  |                            | (42 )                    |
| other  | (11 )                          | 10                | 3  | 2                                       |   | 4      |                            | 4                        |
| Special items of operating profit<br>(loss)                        | 1                              | 74                | 66   | 8                                       |   | 149    |                            | 149                      |
| Adjusted operating profit (loss)                                   | 95                             | 285               | 177  | (90 )                                   | 116   | 583    |                            | 583                      |
| Net finance (expense) income <sup>(a)</sup>                        | (58 )                          | 2                 | 1  | (34 )                                   |   | (89 )  |                            | (89 )                    |
| Net income (expense) from<br>investments <sup>(a)</sup>            | 25                             | 5                 | 20   | (7 )                                    |   | 43     |                            | 43                       |
| Income taxes <sup>(a)</sup>  | (307 )                         | (128 )            | (54 )  | 16                                      | (38 )   | (511 ) |                            | (511 )                   |
| Tax rate (%)   | -                              | 43.8              | 27.3   |   |   | 95.2   |                            | 95.2                     |
| Adjusted net profit (loss)   | (245 )                         | 164               | 144  | (115 )                                  | 78  | 26     |                            | 26                       |
| of which:  |                                |                   |  |   |   |        |                            |                          |
| - Adjusted net profit (loss) of<br>non-controlling interest        |                                |                   |  |   |   | 3      |                            | 3                        |
| - Adjusted net profit (loss)<br>attributable to Eni's shareholders |                                |                   |  |   |   | 23     |                            | 23                       |
| Reported net profit (loss)<br>attributable to Eni's shareholders   |                                |                   |  |   |   | (796 ) | 413                        | (383 )                   |
| Exclusion of inventory holding<br>(gains) losses                   |                                |                   |  |   |   | 224    |                            | 224                      |
| Exclusion of special items   |                                |                   |  |   |   | 595    | (413 )                     | 182                      |
| Adjusted net profit (loss)<br>attributable to Eni's shareholders   |                                |                   |  |   |   | 23     |                            | 23                       |

<sup>(a)</sup> Excluding special items.

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(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |  | First Half |       |
|---------------------------|--------------------------|---------------------------|--|------------|-------|
|                           |                          |                           |  | 2015       | 2016  |
| 3,918                     | 1,370                    | 1,730                     | Net cash provided by operating activities - continuing operations      | 6,554      | 3,100 |
| (353 )                    |                          |                           | Reinstatement of intercompany transactions vs. discontinued operations | (157 )     |       |
| 3,565                     | 1,370                    | 1,730                     | Net cash provided by operating activities on standalone basis          | 6,397      | 3,100 |

## Breakdown of special items

| (€ million)               |                          |                           |   |            |       |  |
|---------------------------|--------------------------|---------------------------|---|------------|-------|--|
| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |   | First Half |       |  |
|                           |                          |                           |   | 2015       | 2016  |  |
| 124                       | 23                       | 78                        | Environmental charges   | 144        | 101   |  |
| 385                       | 17                       | 131                       | Asset impairments   | 413        | 148   |  |
|                           | 7                        |                           | Impairment of exploration projects  |            | 7     |  |
| (9 )                      |                          | (4 )                      | Net gains on disposal of assets   | (335)      | (4 )  |  |
| 10                        | 7                        | 4                         | Provisions for redundancy incentives  | 16         | 11    |  |
| 51                        | 133                      | (248 )                    | Commodity derivatives   | 157        | (115) |  |
| (99 )                     | (42 )                    | 24                        | Exchange rate differences and derivatives                                   | (33 )      | (18 ) |  |
| 25                        | 4                        | 162                       | Other   | 26         | 166   |  |
| 496                       | 149                      | 148                       | Special items of operating profit (loss)                                    | 397        | 297   |  |
| (187)                     | 96                       | (24 )                     | Net finance (income) expense  | 141        | 72    |  |
|                           |                          |                           | of which:   |            |       |  |
| 99                        | 42                       | (24 )                     | - exchange rate differences and derivatives                                 | 33         | 18    |  |
| (5 )                      | 386                      | 5                         | Net income (expense) from investments                                       | (3 )       | 391   |  |
|                           |                          |                           | of which:   |            |       |  |
| (5 )                      |                          | (7 )                      | - gains on disposal of assets   | (3 )       | (7 )  |  |
|                           | 365                      | 8                         | - impairments/revaluation of equity investments                             |            | 373   |  |
| 37                        | (36 )                    | 150                       | Income taxes  | (197)      | 114   |  |
|                           |                          |                           | of which:   |            |       |  |
|                           |                          | 149                       | - impairment of deferred tax assets of Italian subsidiaries                 |            | 149   |  |
| 37                        | (36 )                    | 1                         | - taxes on special items of operating profit (loss) and other special items | (197)      | (35 ) |  |
| 341                       | 595                      | 279                       | Total special items of net profit (loss)                                    | 338        | 874   |  |
|                           |                          |                           | Attributable to:  |            |       |  |
| 2                         |                          |                           | - Non-controlling interest  | 144        |       |  |
| 339                       | 595                      | 279                       | - Eni's shareholders  | 194        | 874   |  |

## Analysis of Profit and Loss account items of continuing operations

## Net sales from operations

| (€ million)               |                          |                           |                                 |            |      |       |
|---------------------------|--------------------------|---------------------------|---------------------------------|------------|------|-------|
| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 | % Ch.<br>II Q.16<br>vs. II Q.15 | First Half |      |       |
|                           |                          |                           |                                 | 2015       | 2016 | % Ch. |
|                           |                          |                           |                                 |            |      |       |



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|          |          |          |       |   |  |          |          |         |
|----------|----------|----------|-------|---|--|----------|----------|---------|
| 6,200    | 3,356    | 3,887    | (37.3 | ) | Exploration & Production                           | 11,412   | 7,243    | (36.5 ) |
| 14,263   | 10,030   | 9,734    | (31.8 | ) | Gas & Power  | 30,636   | 19,764   | (35.5 ) |
| 6,695    | 3,869    | 4,829    | (27.9 | ) | Refining & Marketing                               | 12,051   | 8,698    | (27.8 ) |
| 5,628    | 2,916    | 3,886    | (31.0 | ) | - Refining & Marketing                             | 9,999    | 6,802    | (32.0 ) |
| 1,275    | 1,019    | 1,083    | (15.1 | ) | - Chemicals  | 2,370    | 2,102    | (11.3 ) |
| (208 )   | (66 )    | (140 )   |       |   | - Consolidation adjustment                         | (318 )   | (206 )   |         |
| 351      | 310      | 319      | (9.1  | ) | Corporate and other activities                     | 704      | 629      | (10.7 ) |
| 153      |          |          |       |   | Impact of unrealized intragroup profit elimination | 125      |          |         |
| (7,383 ) | (4,221 ) | (5,353 ) |       |   | Consolidation adjustment                           | (13,611) | (9,574 ) |         |
| 20,279   | 13,344   | 13,416   | (33.8 | ) |  | 41,317   | 26,760   | (35.2 ) |

## Operating expenses

(€ million)

| Second Quarter | First Quarter | Second Quarter | % Ch. II Q.16 vs. II Q.15 |   | First Half |        |        |
|----------------|---------------|----------------|---------------------------|---|------------|--------|--------|
| 2015           | 2016          | 2016           |                           |   | 2015       | 2016   | % Ch.  |
| 14,998         | 10,651        | 10,769         | (28.2)                    | ) Purchases, services and other                           | 31,697     | 21,420 | (32.4) |
| 133            | 23            | 79             |                           | of which: - other special items                           | 153        | 102    |        |
| 797            | 808           | 736            | (7.7)                     | ) Payroll and related costs                               | 1,593      | 1,544  | (3.1)  |
| 9              | 7             | 4              |                           | of which: - provision for redundancy incentives and other | 14         | 11     |        |
| 15,795         | 11,459        | 11,505         | (27.2)                    | )   | 33,290     | 22,964 | (31.0) |

## Depreciation, depletion, amortization, impairments and write-off

(€ million)

| Second Quarter | First Quarter | Second Quarter | % Ch. II Q.16 vs. II Q.15 |   | First Half |       |        |
|----------------|---------------|----------------|---------------------------|---|------------|-------|--------|
| 2015           | 2016          | 2016           |                           |   | 2015       | 2016  | % Ch.  |
| 2,214          | 1,624         | 1,699          | (23.3)                    | ) Exploration & Production                              | 4,207      | 3,323 | (21.0) |
| 87             | 86            | 88             | 1.1                       | Gas & Power   | 176        | 174   | (1.1)  |
| 115            | 96            | 89             | (22.6)                    | ) Refining & Marketing and Chemicals                    | 225        | 185   | (17.8) |
| 88             | 88            | 87             | (1.1)                     | - Refining & Marketing                                  | 173        | 175   | 1.2    |
| 27             | 8             | 2              | (92.6)                    | - Chemicals   | 52         | 10    | (80.8) |
| 19             | 19            | 18             | (5.3)                     | ) Corporate and other activities                        | 37         | 37    |        |
| (7)            | (7)           | (7)            |                           | Impact of unrealized intragroup profit elimination      | (13)       | (14)  |        |
| 2,428          | 1,818         | 1,887          | (22.3)                    | ) Total depreciation, depletion and amortization        | 4,632      | 3,705 | (20.0) |
| 174            | 17            | 131            | (24.7)                    | ) Impairments   | 202        | 148   | (26.7) |
| 2,602          | 1,835         | 2,018          | (22.4)                    | ) Depreciation, depletion, amortization and impairments | 4,834      | 3,853 | (20.3) |
| 119            | 35            | 86             | (27.7)                    | ) Write-off   | 189        | 121   | (36.0) |
| 2,721          | 1,870         | 2,104          | (22.7)                    | )   | 5,023      | 3,974 | (20.9) |

## Income (expense) from investments

(€ million)

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| First Half 2016   | Exploration<br>&<br>Production | Gas &<br>Power | Refining &<br>Marketing and<br>Chemicals | Corporate<br>and other<br>activities | Group |
|---|--------------------------------|----------------|--|--------------------------------------|-------|
| Share of gains (losses) from equity-accounted investments | 54                             |                | (1 )                                     | 28                                   | 81    |
| Dividends   | 27                             |                | 21                                       | 7                                    | 55    |
| Net gains on disposal                                     |                                |                | 5  | (32 )                                | (27 ) |
| Other income (expense), net                               |                                | (8 )           | (2 )                                     | (21 )                                | (31 ) |
|   | 81                             | (8 )           | 23                                       | (18 )                                | 78    |

## Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings - which is calculated by excluding cash and cash equivalents and certain very liquid assets from finance debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

(€ million)

|  | Dec. 31,<br>2015 | Mar. 31,<br>2016 | Jun. 30,<br>2016 | Change vs.<br>Dec. 31,<br>2015 | Change vs.<br>Mar. 31,<br>2016 |
|--|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Total debt   | 27,793           | 23,929           | 25,788           | (2,005 )                       | 1,859                          |
| Short-term debt  | 8,396            | 4,485            | 4,654            | (3,742 )                       | 169                            |
| Long-term debt   | 19,397           | 19,444           | 21,134           | 1,737                          | 1,690                          |
| Cash and cash equivalents  | (5,209 )         | (6,029 )         | (5,099 )         | 110                            | 930                            |
| Securities held for trading and other securities held for non-operating purposes | (5,028 )         | (5,007 )         | (6,351 )         | (1,323 )                       | (1,344 )                       |
| Financing receivables held for non-operating purposes                            | (685 )           | (671 )           | (524 )           | 161                            | 147                            |
| Net borrowings   | 16,871           | 12,222           | 13,814           | (3,057 )                       | 1,592                          |
| Shareholders' equity including non-controlling interest                          | 57,409           | 52,879           | 52,303           | (5,106 )                       | (576 )                         |
| Leverage   | 0.29             | 0.23             | 0.26             | (0.03 )                        | 0.03                           |

Net borrowings are calculated under Consob provisions on Net Financial Position (Com. no. DEM/6064293 of 2006).

## Bonds maturing in the 18-months period starting on June 30, 2016

(€ million)

| Issuing entity               | Amount at June 30,<br>2016 <sup>(a)</sup> |
|------------------------------|---|
| Eni SpA                      | 2,645                                     |
| Eni Finance International SA | 100                                       |
|                              | 2,745                                     |

(a) Amounts include interest accrued and discount on issue.

Bonds issued in the first half of 2016 (guaranteed by Eni Spa)

| <b>Issuing entity</b> | <b>Nominal amount<br/>(million)</b> | <b>Currency</b> | <b>Amount at June<br/>30, 2016 <sup>(a)</sup><br/>(€ million)</b> | <b>Maturity</b> | <b>Rate</b> | <b>%</b>    |
|-----------------------|-------------------------------------|-----------------|---|-----------------|-------------|-------------|
| Eni SpA               | 800                                 | EUR             | 790   | 2028            | fixed       | 1.63        |
| Eni SpA               | 700                                 | EUR             | 697   | 2022            | fixed       | 0.75        |
| Eni SpA               | 400                                 | EUR             | 382   | 2022            |             | convertible |
|                       | 1,900                               |                 | 1,869   |                 |             |             |

(a) Amounts include interest accrued and discount on issue.

## Consolidated financial statements

**BALANCE SHEET**

(€ million)

| Jan 1,<br>2015 |  | Dec. 31,<br>2015 | Mar. 31,<br>2016 | Jun. 30,<br>2016 |
|----------------|--|------------------|------------------|------------------|
|                | <b>ASSETS</b>                                    |                  |                  |                  |
|                | Current assets                                   |                  |                  |                  |
| 6,614          | Cash and cash equivalents                        | 5,209            | 6,029            | 5,099            |
| 5,024          | Other financial activities held for trading      | 5,028            | 4,995            | 5,989            |
| 257            | Other financial assets available for sale        | 282              | 315              | 362              |
| 28,601         | Trade and other receivables                      | 21,640           | 21,581           | 20,019           |
| 7,555          | Inventories                                      | 4,579            | 4,013            | 4,413            |
| 762            | Current tax assets                               | 360              | 401              | 464              |
| 1,209          | Other current tax assets                         | 630              | 612              | 483              |
| 4,385          | Other current assets                             | 3,642            | 3,676            | 2,693            |
| 54,407         |  | 41,370           | 41,622           | 39,522           |
|                | Non-current assets                               |                  |                  |                  |
| 75,991         | Property, plant and equipment                    | 68,005           | 66,426           | 67,826           |
| 1,581          | Inventory - compulsory stock                     | 909              | 871              | 1,037            |
| 4,420          | Intangible assets                                | 3,034            | 2,961            | 2,882            |
| 3,172          | Equity-accounted investments                     | 2,853            | 4,494            | 4,444            |
| 2,015          | Other investments                                | 660              | 288              | 283              |
| 1,042          | Other financial assets                           | 1,026            | 995              | 1,005            |
| 4,509          | Deferred tax assets                              | 3,853            | 3,863            | 3,663            |
| 2,773          | Other non-current assets                         | 1,758            | 1,625            | 1,580            |
| 95,503         |  | 82,098           | 81,523           | 82,720           |
| 456            | Discontinued operations and assets held for sale | 15,533           | 123              | 99               |
| 150,366        | <b>TOTAL ASSETS</b>                              | <b>139,001</b>   | <b>123,268</b>   | <b>122,341</b>   |
|                | <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |                  |                  |                  |
|                | Current liabilities                              |                  |                  |                  |
| 2,716          | Short-term debt                                  | 5,720            | 3,678            | 3,706            |
| 3,859          | Current portion of long-term debt                | 2,676            | 807              | 948              |
| 23,703         | Trade and other payables                         | 14,942           | 15,237           | 15,273           |
| 534            | Income taxes payable                             | 431              | 434              | 401              |
| 1,873          | Other taxes payable                              | 1,454            | 2,113            | 1,768            |
| 4,489          | Other current liabilities                        | 4,712            | 4,769            | 3,151            |
| 37,174         |  | 29,935           | 27,038           | 25,247           |
|                | Non-current liabilities                          |                  |                  |                  |
| 19,316         | Long-term debt                                   | 19,397           | 19,444           | 21,134           |
| 15,882         | Provisions for contingencies                     | 15,375           | 13,966           | 13,952           |

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|          |   |                |                |                |
|----------|---|----------------|----------------|----------------|
| 1,313    | Provisions for employee benefits  | 1,123          | 1,122          | 1,030          |
| 8,590    | Deferred tax liabilities  | 7,425          | 7,021          | 6,890          |
| 2,285    | Other non-current liabilities   | 1,852          | 1,764          | 1,761          |
| 47,386   |   | 45,172         | 43,317         | 44,767         |
| 165      | Liabilities directly associated with discontinued operations and assets held for sale | 6,485          | 34             | 24             |
| 84,725   | <b>TOTAL LIABILITIES</b>  | <b>81,592</b>  | <b>70,389</b>  | <b>70,038</b>  |
|          | <b>SHAREHOLDERS' EQUITY</b>   |                |                |                |
| 2,455    | Non-controlling interest  | 1,916          | 47             | 46             |
|          | Eni shareholders' equity:   |                |                |                |
| 4,005    | Share capital   | 4,005          | 4,005          | 4,005          |
| (284 )   | Reserve related to the fair value of cash flow hedging derivatives net of tax effect  | (474 )         | (510 )         | (152 )         |
| 60,763   | Other reserves  | 62,761         | 50,714         | 50,227         |
| (581 )   | Treasury shares   | (581 )         | (581 )         | (581 )         |
| (2,020 ) | Interim dividend  | (1,440 )       |                |                |
| 1,303    | Net profit (loss)   | (8,778 )       | (796 )         | (1,242 )       |
| 63,186   | Total Eni shareholders' equity  | 55,493         | 52,832         | 52,257         |
| 65,641   | <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>57,409</b>  | <b>52,879</b>  | <b>52,303</b>  |
| 150,366  | <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                     | <b>139,001</b> | <b>123,268</b> | <b>122,341</b> |

**GROUP PROFIT AND LOSS ACCOUNT**

(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |  | First Half |          |
|---------------------------|--------------------------|---------------------------|--|------------|----------|
|                           |                          |                           |  | 2015       | 2016     |
|                           |                          |                           | <b>REVENUES</b>  |            |          |
| 20,279                    | 13,344                   | 13,416                    | Net sales from operations  | 41,317     | 26,760   |
| 118                       | 207                      | 295                       | Other income and revenues  | 669        | 502      |
| 20,397                    | 13,551                   | 13,711                    | Total revenues   | 41,986     | 27,262   |
|                           |                          |                           | <b>OPERATING EXPENSES</b>  |            |          |
| 14,998                    | 10,651                   | 10,769                    | Purchases, services and other  | 31,697     | 21,420   |
| 797                       | 808                      | 736                       | Payroll and related costs  | 1,593      | 1,544    |
| (276 )                    | (117 )                   | 118                       | OTHER OPERATING (EXPENSE) INCOME   | (298 )     | 1        |
| 2,602                     | 1,835                    | 2,018                     | DEPRECIATION, DEPLETION, AMORTIZATION AND<br>IMPAIRMENTS                     | 4,834      | 3,853    |
| 119                       | 35                       | 86                        | WRITE-OFF  | 189        | 121      |
| 1,605                     | 105                      | 220                       | OPERATING PROFIT (LOSS)  | 3,375      | 325      |
|                           |                          |                           | FINANCE INCOME (EXPENSE)   |            |          |
| 1,317                     | 1,833                    | 1,357                     | Finance income   | 5,885      | 3,190    |
| (1,671 )                  | (2,077 )                 | (1,343 )                  | Finance expense  | (6,359 )   | (3,420 ) |
| 1                         | (37 )                    | (16 )                     | Income (expense) from other financial activities held for trading            | 17         | (53 )    |
| 434                       | 146                      | (151 )                    | Derivative financial instruments   | (106 )     | (5 )     |
| 81                        | (135 )                   | (153 )                    |  | (563 )     | (288 )   |
|                           |                          |                           | <b>INCOME (EXPENSE) FROM INVESTMENTS</b>                                     |            |          |
| 29                        | 55                       | 26                        | Share of profit (loss) of equity-accounted investments                       | 45         | 81       |
| 147                       | (35 )                    | 32                        | Other gain (loss) from investments   | 407        | (3 )     |
| 176                       | 20                       | 58                        |  | 452        | 78       |
| 1,862                     | (10 )                    | 125                       | PROFIT (LOSS) BEFORE INCOME TAXES  | 3,264      | 115      |
| (1,007 )                  | (370 )                   | (569 )                    | Income taxes   | (1,765 )   | (939 )   |
| 855                       | (380 )                   | (444 )                    | Net profit (loss) - continuing operations                                    | 1,499      | (824 )   |
| (1,400 )                  | (413 )                   |                           | Net profit (loss) - discontinued operations                                  | (1,298 )   | (413 )   |
| (545 )                    | (793 )                   | (444 )                    | Net profit (loss)  | 201        | (1,237 ) |
|                           |                          |                           | Eni's shareholders:  |            |          |
| 498                       | (383 )                   | (446 )                    | - continuing operations  | 1,285      | (829 )   |
| (595 )                    | (413 )                   |                           | - discontinued operations  | (550 )     | (413 )   |
| (97 )                     | (796 )                   | (446 )                    |  | 735        | (1,242 ) |
|                           |                          |                           | Non controlling interest   |            |          |
| 357                       | 3                        | 2                         | - continuing operations  | 214        | 5        |
| (805 )                    |                          |                           | - discontinued operations  | (748 )     |          |
| (448 )                    | 3                        | 2                         |  | (534 )     | 5        |
|                           |                          |                           | Net profit (loss) per share attributable to Eni's shareholders (€ per share) |            |          |



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|         |         |         |   |      |         |
|---------|---------|---------|---|------|---------|
| (0.03 ) | (0.22 ) | (0.12 ) | - basic   | 0.20 | (0.34 ) |
| (0.03 ) | (0.22 ) | (0.12 ) | - diluted   | 0.20 | (0.34 ) |
|         |         |         | Net profit (loss) per share - continuing operations attributable to<br>Eni's shareholders (€ per share) |      |         |
| 0.14    | (0.11 ) | (0.12 ) | - basic   | 0.35 | (0.23 ) |
| 0.14    | (0.11 ) | (0.12 ) | - diluted   | 0.35 | (0.23 ) |

**COMPREHENSIVE INCOME**

(€ million)

|  | First Half |         |
|--|------------|---------|
|  | 2015       | 2016    |
| Net profit (loss)  | 201        | (1,237) |
| Items subsequently reclassifiable to profit and loss account               | 3,837      | (519 )  |
| Foreign currency translation differences                                   | 3,729      | (875 )  |
| Change in the fair value of cash flow hedging derivatives                  | 156        | 428     |
| Change in the fair value of other available-for-sale financial instruments | (3 )       |         |
| Share of "Other comprehensive income" on equity-accounted entities         | (7 )       | 34      |
| Taxation   | (38 )      | (106 )  |
| <br>   |            |         |
| Total other items of comprehensive income (loss)                           | 3,837      | (519 )  |
| Total comprehensive income (loss)  | 4,038      | (1,756) |
| attributable to:   |            |         |
| Eni's shareholders   | 4,518      | (1,761) |
| - continuing operations  | 5,068      | (1,348) |
| - discontinued operations  | (550 )     | (413 )  |
| Non-controlling interest   | (480 )     | 5       |
| - continuing operations  | 268        | 5       |
| - discontinued operations  | (748 )     |         |

**CHANGES IN SHAREHOLDERS' EQUITY**

(€ million)

|  |         |          |
|--|---------|----------|
| Shareholders' equity at January 1, 2015:           |         | 65,641   |
| Total comprehensive income (loss)                  | 4,038   |          |
| Dividends distributed to Eni's shareholders        | (2,017) |          |
| Dividends distributed by consolidated subsidiaries | (3 )    |          |
| Other changes                                      | 11      |          |
| Total changes                                      |         | 2,029    |
| Shareholders' equity at June 30, 2015:             |         | 67,670   |
| Total comprehensive income (loss)                  | (8,762) |          |
| Dividends distributed to Eni's shareholders        | (1,440) |          |
| Dividends distributed by consolidated subsidiaries | (18 )   |          |
| Other changes                                      | (41 )   |          |
| Total changes                                      |         | (10,261) |
| Shareholders' equity at December 31, 2015:         |         | 57,409   |
| Total comprehensive income (loss)                  | (1,756) |          |
| Dividends distributed to Eni's shareholders        | (1,440) |          |
| Dividends distributed by consolidated subsidiaries | (4 )    |          |

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|  |         |          |
|--|---------|----------|
| Deconsolidation of Saipem's non-controlling interest | (1,872) |          |
| Other changes  | (34 )   |          |
| Total changes  |         | (5,106 ) |
| Shareholders' equity at June 30, 2016:               |         | 52,303   |
| attributable to:                                     |         |          |
| - Eni's shareholders                                 |         | 52,257   |
| - Non-controlling interest                           |         | 46       |

**GROUP CASH FLOW STATEMENT**

(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |  | First Half<br>2015 | 2016    |
|---------------------------|--------------------------|---------------------------|--|--------------------|---------|
| 855                       | (380 )                   | (444 )                    | Net profit (loss) - continuing operations  | 1,499              | (824 )  |
|                           |                          |                           | Adjustments to reconcile net profit (loss) to net cash provided by operating activities:     |                    |         |
| 2,602                     | 1,835                    | 2,018                     | Depreciation, depletion, amortization and impairments  | 4,834              | 3,853   |
| 119                       | 35                       | 86                        | Write-off  | 189                | 121     |
| (29 )                     | (55 )                    | (26 )                     | Share of (profit) loss of equity-accounted investments                                       | (45 )              | (81 )   |
| (28 )                     | (18 )                    | (9 )                      | Gain on disposal of assets, net  | (342 )             | (27 )   |
| (181 )                    | (22 )                    | (33 )                     | Dividend income  | (223 )             | (55 )   |
| (47 )                     | (68 )                    | (52 )                     | Interest income  | (83 )              | (120 )  |
| 170                       | 160                      | 159                       | Interest expense   | 336                | 319     |
| 1,007                     | 370                      | 569                       | Income taxes   | 1,765              | 939     |
| 166                       | 70                       | (119 )                    | Other changes  | (48 )              | (49 )   |
|                           |                          |                           | Changes in working capital:  |                    |         |
| 47                        | 530                      | (500 )                    | - inventories  | 519                | 30      |
| 2,355                     | (189 )                   | 1,726                     | - trade receivables  | 1,611              | 1,537   |
| (1,563)                   | 13                       | (53 )                     | - trade payables   | (1,050)            | (40 )   |
| 38                        | (1,076 )                 | 123                       | - provisions for contingencies   | (305 )             | (953 )  |
| (428 )                    | 948                      | (750 )                    | - other assets and liabilities   | 498                | 198     |
| 449                       | 226                      | 546                       | Cash flow from changes in working capital  | 1,273              | 772     |
| 5                         | 7                        | 1                         | Net change in the provisions for employee benefits   | (12 )              | 8       |
| 242                       | 5                        | 82                        | Dividends received   | 265                | 87      |
| 12                        | 45                       | 22                        | Interest received  | 24                 | 67      |
| (125 )                    | (226 )                   | (168 )                    | Interest paid  | (401 )             | (394 )  |
| (1,299)                   | (614 )                   | (902 )                    | Income taxes paid, net of tax receivables received   | (2,477)            | (1,516) |
| 3,918                     | 1,370                    | 1,730                     | Net cash provided from operating activities - continuing operations                          | 6,554              | 3,100   |
| (614 )                    |                          |                           | Net cash provided from operating activities - discontinued operations                        | (1,011)            |         |
| 3,304                     | 1,370                    | 1,730                     | Net cash provided from operating activities  | 5,543              | 3,100   |
|                           |                          |                           | Investing activities:  |                    |         |
| (3,243)                   | (2,441 )                 | (2,406 )                  | - tangible assets  | (6,058)            | (4,847) |
| (25 )                     | (14 )                    | (18 )                     | - intangible assets  | (44 )              | (32 )   |
| (47 )                     | (1,124 )                 | (28 )                     | - investments  | (108 )             | (1,152) |
| (61 )                     | (70 )                    | (1,155 )                  | - securities   | (98 )              | (1,225) |
| (64 )                     | (286 )                   | (338 )                    | - financing receivables  | (442 )             | (624 )  |
| 394                       | (72 )                    | 103                       | - change in payables and receivables in relation to investments and capitalized depreciation | (162 )             | 31      |
| (3,046)                   | (4,007 )                 | (3,842 )                  | Cash flow from investments   | (6,912)            | (7,849) |
|                           |                          |                           | Disposals:   |                    |         |
| 13                        | 1                        | 8                         | - tangible assets  | 408                | 9       |

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|         |       |          |   |         |       |
|---------|-------|----------|---|---------|-------|
|         |       |          | - intangible assets   | 4       |       |
| (1 )    | 463   | 11       | - consolidated subsidiaries and businesses                    | 33      | 474   |
| 85      | 341   | 127      | - investments   | 199     | 468   |
|         | 7     |          | - securities  | 10      | 7     |
| 87      | 6,337 | 579      | - financing receivables                                       | 273     | 6,916 |
| 61      | 32    | 19       | - change in payables and receivables in relation to disposals | 68      | 51    |
| 245     | 7,181 | 744      | Cash flow from disposals                                      | 995     | 7,925 |
| (2,801) | 3,174 | (3,098 ) | Net cash used in investing activities (*)                     | (5,917) | 76    |

**GROUP CASH FLOW STATEMENT (continued)**

(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |   | First Half |         |
|---------------------------|--------------------------|---------------------------|---|------------|---------|
|                           |                          |                           |   | 2015       | 2016    |
| 985                       | 211                      | 1,892                     | Proceeds from long-term debt  | 2,004      | 2,103   |
| (2,311)                   | (1,849 )                 | (120 )                    | Repayments of long-term debt  | (2,766)    | (1,969) |
| 1,059                     | (2,064 )                 | 108                       | Increase (decrease) in short-term debt  | 1,925      | (1,956) |
| (267 )                    | (3,702 )                 | 1,880                     |   | 1,163      | (1,822) |
| 1                         |                          |                           | Net capital contributions by non-controlling interest   | 1          |         |
| (2,017)                   |                          | (1,440 )                  | Dividends paid to Eni's shareholders  | (2,017)    | (1,440) |
| (3 )                      |                          | (4 )                      | Dividends paid to non-controlling interests   | (3 )       | (4 )    |
| (2,286)                   | (3,702 )                 | 436                       | Net cash used in financing activities   | (856 )     | (3,266) |
| 1                         |                          | (1 )                      | Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries) | (2 )       | (1 )    |
| (22 )                     | (22 )                    | 3                         | Effect of exchange rate changes on cash and cash equivalents and other changes                    | 84         | (19 )   |
| (1,804)                   | 820                      | (930 )                    | Net cash flow for the period  | (1,148)    | (110 )  |
| 7,270                     | 5,209                    | 6,029                     | Cash and cash equivalents - beginning of the period   | 6,614      | 5,209   |
| 5,466                     | 6,029                    | 5,099                     | Cash and cash equivalents - end of the period   | 5,466      | 5,099   |

(\*) Net cash used in investing activities included investments and divestments (on net basis) in held-for-trading financial assets and other investments/divestments in certain short-term financial assets. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |  | First Half |       |
|---------------------------|--------------------------|---------------------------|--|------------|-------|
|                           |                          |                           |  | 2015       | 2016  |
| 197                       | 5,987                    | (788 )                    | Net cash flows from financing activities | 25         | 5,199 |

**SUPPLEMENTAL INFORMATION**

(€ million)

| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |  | First Half |      |
|---------------------------|--------------------------|---------------------------|--|------------|------|
|                           |                          |                           |  | 2015       | 2016 |



## Capital expenditure

| (€ million)               |                          |                           |                                 |  | First Half |       |         |
|---------------------------|--------------------------|---------------------------|---------------------------------|--|------------|-------|---------|
| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 | % Ch.<br>II Q.16<br>vs. II Q.15 |  | 2015       | 2016  | % Ch.   |
| 3,194                     | 2,297                    | 2,326                     | (27.2 )                         | ) Exploration & Production                             | 5,795      | 4,623 | (20.2 ) |
|                           | 2                        |                           | -                               | - acquisition of proved and unproved properties        |            | 2     | -       |
| 70                        | 55                       | 59                        | (15.7 )                         | - g&g costs  | 135        | 114   | (15.6 ) |
| 135                       | 90                       | 80                        | (40.7 )                         | - exploration  | 312        | 170   | (45.5 ) |
| 2,975                     | 2,122                    | 2,171                     | (27.0 )                         | - development  | 5,321      | 4,293 | (19.3 ) |
| 14                        | 28                       | 16                        | 14.3                            | - other expenditure                                    | 27         | 44    | 63.0    |
| 26                        | 22                       | 22                        | (15.4 )                         | ) Gas & Power  | 44         | 44    |         |
| 152                       | 85                       | 127                       | (16.4 )                         | ) Refining & Marketing and Chemicals                   | 255        | 212   | (16.9 ) |
| 8                         | 9                        | 11                        | 37.5                            | Corporate and other activities                         | 15         | 20    | 33.3    |
| (160 )                    | 97                       | (3 )                      |                                 | Impact of unrealized intragroup profit elimination     | (140 )     | 94    |         |
| 3,220                     | 2,510                    | 2,483                     | (22.9 )                         | ) Capital expenditure - continuing operations          | 5,969      | 4,993 | (16.4 ) |
| 70                        | 55                       | 59                        | (15.7 )                         | ) Cash out in net cash flow from operating activities  | 135        | 114   | (15.6 ) |
| 3,150                     | 2,455                    | 2,424                     | (23.0 )                         | ) Cash out in net cash flow from investment activities | 5,834      | 4,879 | (16.4 ) |

In the first half of 2016, capital expenditure amounted to €4,879 million (€5,834 million in the first half of 2015) and mainly related to:

- development activities deployed mainly in Egypt, Angola, Indonesia, Kazakhstan, Norway, Iraq and Libya and exploratory activities primarily in Egypt, Angola and Congo;

- refining activity in Italy and outside Italy (€107 million) aiming fundamentally at plants improving, as well as initiatives in the field of health, security and environment; marketing activity, mainly regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€33 million);

- initiatives relating to gas marketing (€29 million).



## Exploration &amp; Production

## PRODUCTION OF OIL AND NATURAL GAS BY REGION

| Second Quarter 2015 | First Quarter 2016 | Second Quarter 2016 |   |          | First Half |       |
|---------------------|--------------------|---------------------|---|----------|------------|-------|
|                     |                    |                     |   |          | 2015       | 2016  |
| 1,754               | 1,754              | 1,715               | <b>Production of oil and natural gas</b> <sup>(a) (b)</sup> | (kboe/d) | 1,726      | 1,734 |
| 173                 | 154                | 96                  | Italy   |          | 169        | 125   |
| 181                 | 190                | 188                 | Rest of Europe  |          | 184        | 189   |
| 681                 | 616                | 651                 | North Africa  |          | 659        | 634   |
| 343                 | 343                | 350                 | Sub-Saharan Africa  |          | 343        | 346   |
| 98                  | 118                | 90                  | Kazakhstan  |          | 99         | 104   |
| 113                 | 132                | 141                 | Rest of Asia  |          | 111        | 136   |
| 140                 | 178                | 174                 | America   |          | 134        | 176   |
| 25                  | 23                 | 25                  | Australia and Oceania                                       |          | 27         | 24    |
| 153.6               | 151.5              | 147.5               | <b>Production sold</b> <sup>(a)</sup>                       | (mmboe)  | 298.1      | 299.0 |

## PRODUCTION OF LIQUIDS BY REGION

| Second Quarter 2015 | First Quarter 2016 | Second Quarter 2016 |   |           | First Half |      |
|---------------------|--------------------|---------------------|---|-----------|------------|------|
|                     |                    |                     |   |           | 2015       | 2016 |
| 903                 | 890                | 852                 | <b>Production of liquids</b> <sup>(a)</sup> | (kbbbl/d) | 882        | 871  |
| 72                  | 61                 | 19                  | Italy                                       |           | 69         | 40   |
| 82                  | 89                 | 99                  | Rest of Europe                              |           | 86         | 94   |
| 288                 | 244                | 248                 | North Africa                                |           | 268        | 246  |
| 255                 | 260                | 259                 | Sub-Saharan Africa                          |           | 256        | 260  |
| 58                  | 67                 | 49                  | Kazakhstan                                  |           | 58         | 58   |
| 55                  | 81                 | 92                  | Rest of Asia                                |           | 52         | 86   |
| 88                  | 86                 | 83                  | America                                     |           | 87         | 84   |
| 5                   | 2                  | 3                   | Australia and Oceania                       |           | 6          | 3    |

## PRODUCTION OF NATURAL GAS BY REGION

| Second Quarter 2015 | First Quarter 2016 | Second Quarter 2016 |   |          | First Half |       |
|---------------------|--------------------|---------------------|---|----------|------------|-------|
|                     |                    |                     |   |          | 2015       | 2016  |
| 4,676               | 4,718              | 4,709               | <b>Production of natural gas</b> <sup>(a) (b)</sup> | (mmcf/d) | 4,636      | 4,713 |
| 557                 | 511                | 417                 | Italy   |          | 553        | 464   |
| 544                 | 548                | 486                 | Rest of Europe                                      |          | 539        | 517   |
| 2,154               | 2,032              | 2,200               | North Africa  |          | 2,145      | 2,115 |
| 485                 | 453                | 498                 | Sub-Saharan Africa                                  |          | 478        | 475   |
| 222                 | 279                | 220                 | Kazakhstan  |          | 228        | 250   |
| 319                 | 278                | 271                 | Rest of Asia  |          | 323        | 275   |

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|     |     |     |                       |     |     |
|-----|-----|-----|-----------------------|-----|-----|
| 285 | 502 | 496 | America               | 255 | 499 |
| 110 | 115 | 121 | Australia and Oceania | 115 | 118 |

(a) Includes Eni's share of production of equity-accounted entities.

(b) Includes volumes of gas consumed in operation (467 and 392 mmcf/d in the second quarter 2016 and 2015, respectively, 447 and 395 mmcf/d in the first half 2016 and 2015, respectively and 428 mmcf/d in the first quarter 2016).

## Gas &amp; Power

## Natural gas sales by market

| (bcm)                     |                          |                           | % Ch.<br>II<br>Q.16<br>vs. II<br>Q.15 | First Half                                    |       |       |        |
|---------------------------|--------------------------|---------------------------|---------------------------------------|---|-------|-------|--------|
| Second<br>Quarter<br>2015 | First<br>Quarter<br>2016 | Second<br>Quarter<br>2016 |                                       | 2015  | 2016  | % Ch. |        |
| 10.58                     | 10.79                    | 8.63                      | (18.4)                                | ITALLY  | 21.11 | 19.42 | (8.0 ) |
| 0.61                      | 1.61                     | 0.56                      | (8.2 )                                | - Wholesalers                                 | 2.33  | 2.17  | (6.9 ) |
| 6.26                      | 3.55                     | 4.67                      | (25.4)                                | - Italian exchange for gas and spot markets   | 9.01  | 8.22  | (8.8 ) |
| 1.15                      | 1.14                     | 1.15                      |                                       | - Industries                                  | 2.51  | 2.29  | (8.8 ) |
| 0.37                      | 0.66                     | 0.35                      | (5.4 )                                | - Medium-sized enterprises and services       | 0.92  | 1.01  | 9.8    |
| 0.18                      | 0.21                     | 0.09                      | (50.0)                                | - Power generation                            | 0.44  | 0.30  | (31.8) |
| 0.73                      | 2.09                     | 0.50                      | (31.5)                                | - Residential                                 | 3.08  | 2.59  | (15.9) |
| 1.28                      | 1.53                     | 1.31                      | 2.3                                   | - Own consumption                             | 2.82  | 2.84  | 0.7    |
| 11.81                     | 13.31                    | 12.52                     | 6.0                                   | INTERNATIONAL SALES                           | 26.90 | 25.83 | (4.0 ) |
| 9.48                      | 11.30                    | 10.64                     | 12.2                                  | Rest of Europe                                | 22.45 | 21.94 | (2.3 ) |
| 1.11                      | 1.13                     | 0.99                      | (10.8)                                | - Importers in Italy                          | 2.24  | 2.12  | (5.4 ) |
| 8.37                      | 10.17                    | 9.65                      | 15.3                                  | - European markets                            | 20.21 | 19.82 | (1.9 ) |
| 1.45                      | 1.38                     | 1.07                      | (26.2)                                | Iberian Peninsula                             | 2.59  | 2.45  | (5.4 ) |
| 0.96                      | 1.37                     | 2.81                      | -                                     | Germany/Austria                               | 2.57  | 4.18  | 62.6   |
| 1.68                      | 2.13                     | 2.19                      | 30.4                                  | Benelux                                       | 4.52  | 4.32  | (4.4 ) |
| 0.19                      | 0.73                     | 0.14                      | (26.3)                                | Hungary                                       | 0.91  | 0.87  | (4.4 ) |
| 0.43                      | 0.37                     | 0.35                      | (18.6)                                | UK  | 1.15  | 0.72  | (37.4) |
| 1.80                      | 1.59                     | 1.39                      | (22.8)                                | Turkey  | 3.87  | 2.98  | (23.0) |
| 1.81                      | 2.23                     | 1.68                      | (7.2 )                                | France  | 4.34  | 3.91  | (9.9 ) |
| 0.05                      | 0.37                     | 0.02                      | (60.0)                                | Other   | 0.26  | 0.39  | 50.0   |
| 1.51                      | 1.20                     | 1.21                      | (19.9)                                | Extra European markets                        | 2.85  | 2.41  | (15.4) |
| 0.82                      | 0.81                     | 0.67                      | (18.3)                                | E&P sales in Europe and in the Gulf of Mexico | 1.60  | 1.48  | (7.5 ) |
| 22.39                     | 24.10                    | 21.15                     | (5.5 )                                | WORLDWIDE GAS SALES                           | 48.01 | 45.25 | (5.7 ) |

**Eni: The Board of Directors approves actions to reorganize the structure of Eni's internal control system and risk management functions**

San Donato Milanese (Milan), 29 July 2016 – Eni's Board of Directors yesterday approved some actions relating to the internal control and risk management functions within the company's organizational structure. These measures will be implemented from September 2016.

First, the Integrated Risk Management Function, which is responsible for supporting Eni's management in the detection and monitoring of the top risks facing the Company, will be placed under the direct control of the CEO. This function today reports to the Chief Financial & Risk Management Officer.

Second, Eni will establish an Integrity Compliance Department, which is responsible to oversee matters of legal compliance (including for instance the corporate liability, the Code of Ethics, the anti-bribery, the Antitrust). These activities and competences, developed over time by Eni's Legal Affairs function, will be placed under the responsibility of the Chief Financial Officer, with the aim of exploiting both operational and know-how synergies on administrative and the accounting compliance processes.

This change represents an intermediate step towards a final organizational structure which will see, by December 2016, the establishment of a structure responsible for Eni's Compliance reporting directly to Eni's CEO.

Finally, Versalis, which today reports to the Chief Refining & Marketing and Chemicals Officer, will report directly to Eni's CEO.

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**Eni: the Board of Director approves the replacement of a Director in the Control and Risk Committee**

San Donato Milanese, 29 luglio 2016 – Eni’s Board of Directors yesterday approved the replacement of Director Karina Litvack with another Director in the Control and Risk Committee (CRC), in light of the ongoing investigations related to alleged conspiracy against the Company, reported also by the press. The Board will appoint the new Director to the CRC at the next meeting of the Board of Directors. The board has taken this decision only to safeguard the Company from the risks of possible conflicts of interest until the closing of the investigation, remaining the presumption that Director Litvack's has not been involved in the facts under investigations.

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Interim Consolidated Report  
as of June 30, 2016



Mission

We are a major integrated energy company, committed to growth in the activities of finding, producing, transporting, transforming and marketing oil and gas. Eni men and women have a passion for challenges, continuous improvement, excellence and particularly value people, the environment and integrity.

Interim Consolidated Report as of June 30, 2016

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#### **Disclaimer**

This report contains certain forward-looking statements in particular under the section “Outlook”, regarding capital expenditure, development and management of oil and gas resources, dividends, 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.

“Eni” means the parent company Eni SpA and its consolidated subsidiaries.

For the Glossary see website [eni.com](http://eni.com)

**Eni Interim Consolidated Report / Highlights**

**Highlights**

**Adjusted results** > Adjusted operating profit of the first half: €0.77 billion, down by 75% due to lower commodity prices and margins with a negative effect of €2.8 billion, the Val d'Agri shutdown and other non-recurring items the G&P segment with a loss of €0.5 billion, partly offset by production growth in other areas, cost efficiencies and a reduced cost base, mainly in the E&P segment, amounting to €1 billion.

Adjusted net result: a loss of €0.27 billion. Net result: a loss of €0.83 billion (a loss of €1.24 billion including the loss recognized in the discontinued operations to align the book value of the residual Eni's interest in Saipem to its fair value at loss of control).

**Adjusted EBIT** > All mid and downstream business segments reported positive EBIT.

**Cash flow** > €3.1 billion. Proceeds from disposals of €0.95 billion comprised a 12.503% interest in Saipem and the completion of the divestment of the available-for-sale investment in Snam. Main cash outs were the payment of Eni's final dividend for 2015 (€1.44 billion), capital expenditure (€4.88 billion) and the amount cashed out to subscribe the share capital increase of Saipem (€1.07 billion). As of June 30, 2016, net borrowings was €13.81 billion, down by €3.06 billion due to the closing of the Saipem transaction with the reimbursement of intercompany financing receivables owed by Saipem to Eni (€5.8 billion).

**Leverage** > As of June 30, 2016, leverage was 0.26, down from 0.29 at December 31, 2015.

**Capex optimization and self-financing** > Confirmed a 20% y-o-y reduction at constant exchange rates. Organic cash coverage of capex confirmed at a Brent scenario of approximately 50\$/bl in 2016.

**Interim dividend** > In light of the financial results achieved in the first half of 2016 and the projected results of the Company's industrial plan, the interim dividend proposal to the Board of Directors on September 15, 2016 will amount to €0.40 per share.

**New projects** > Confirmed schedules and costs of ongoing development projects which will fuel future production growth higher than 5% in 2017 and will add 500 kboe/d of new production in the plan period.

**Hydrocarbon production** > 1.734 million boe/d in the first half of 2016, up by 0.5% from the first half of 2015. When excluding the impact of the shutdown at the Val d'Agri center and price effects in PSAs, production grew by 1.3%.

**Start-ups** > Achieved 5 out of the 6 main start-ups scheduled for 2016, among which was the Goliat oilfield in the Barents Sea. Confirmed contribution from new start-ups and ramp-ups of approximately 290 kboe/d for FY2016, including production of the Nooros project in Egypt, which started-up with record time-to-market

**Exploration successes** > In the first half of 2016 Eni continued its track record of exploration successes with 550 million boe of fresh resource additions, mainly near field. Upped to 600 million boe of new resources the initial guidance of 400 million boe for the full year.

**Goliat** > Started up the Goliat field (Eni operator with a 65% interest) in the Barents Sea. Achieved the scheduled production plateau of 100 kboe/d (65 kboe/d net to Eni).

**Eni Interim Consolidated Report / Highlights**

**Nooros** > Excellent time-to-market of the Nooros project in Egypt which started up in just 10 months from the declaration of commercial discovery of July 2015. Production reached 65 kboe/d (33 kboe/d net to Eni). The success in developing the Egyptian field confirms the sustainability of Eni shift in exploration towards near-term, near-field opportunities, which, thanks to existing infrastructures, allow fast development of incremental discoveries and value generation.

**Zohr** > Sanctioned by the Egyptian Authorities the development plan of the Zohr discovery, where production start-up is expected by the end of 2017. Completed the drilling of wells and successfully performed the production test, which confirmed the mineral potential of discovery.

**Mozambique** > Authorities approved the development of the first development phase of Coral, targeting production of 5 Tcf of gas.

**Safety** > In the first half of 2016 the trend in safety improvement continued, reporting a recordable injury frequency rate down by 11.1% from the same period of 2015. There was a 27.5% improvement for employees while for contractors it was 4.2%. This positive performance leveraged on inspections on sites, roadshow on safety issues, activities carried out at the Safety Competence Center in Gela as well as specific training projects and programs to raise awareness of HSEQ issues.

**Climate change** > In May 2016, Eni launched a new and original model of integration between its traditional business and power from renewable sources. The model envisages fulfilment of power generation projects with zero emissions, located near Eni's plants and areas of operation, in order to make the most of all possible logistic, contractual and commercial synergies with the company's traditional activities. They will also enable abandoned industrial areas to be revived and enhanced. This new Eni's strategy aiming at energy transition towards a low-carbon future is based on the realization of pilot projects leveraging on the application of photovoltaic technologies in certain sites in Italy, Egypt and Pakistan.

**Emissioni GHG** > GHG emission recorded in the first half of 2016 declined by 5.8% compared to the first half of 2015. This trend reflected lower emissions from combustion (down 1 million tonnes), reduced methane emissions (down 0.2 million tonnes) leveraging on initiatives concluded in the second half of 2015 to contain fugitive emissions as well as energy efficiency projects. The trend of GHG emission index compared to operated gross hydrocarbon of the upstream segment remain positive with a reduction of 8.9%. This is in line with the 2016 full year target.

**Operative oil spills** > Oil spills due to operations (97% related to E&P segment) declined by 2.8% from the first half of 2015 and the Refining & Marketing and Chemicals segment reported a significant improvement with the overall volume spilled reducing to 19 barrels in the first half of 2016 from 100 barrels in the first half of 2015. In Nigeria, activities are underway to replace certain cases covering holes caused by sabotages, which are a potential weakness.



**Eni Interim Consolidated Report / Highlights****Financial highlights (\*)**

| 2015     |   | First half         |          |
|----------|---|--------------------|----------|
|          |   | 2015               | 2016     |
| 72,286   | Net sales from operations   | (€ million) 41,317 | 26,760   |
| (3,076 ) | Operating profit (loss)   | 3,375              | 325      |
| 4,486    | Adjusted operating profit (loss) <sup>(b)</sup>                               | 3,086              | 771      |
| 803      | Adjusted net profit (loss) <sup>(a) (b)</sup>                                 | 1,231              | (267 )   |
| (7,952 ) | Net profit (loss) <sup>(a)</sup>  | 1,285              | (829 )   |
| (826 )   | Net profit (loss) - discontinued operations <sup>(a)</sup>                    | (550 )             | (413 )   |
| (8,778 ) | Group net profit (loss) <sup>(a)</sup> (continuing + discontinued operations) | 735                | (1,242 ) |
| (3,416 ) | Comprehensive income <sup>(a)</sup>   | 5,068              | (1,348 ) |
| 12,155   | Net cash flow from operating activities <sup>(b)</sup>                        | 6,397              | 3,100    |
| 10,741   | Capital expenditure - continuing operations                                   | 5,834              | 4,879    |
| 566      | of which: exploration   | 312                | 170      |
| 9,341    | hydrocarbons development  | 5,321              | 4,293    |
| 139,001  | Total assets at period end  | 153,202            | 122,341  |
| 57,409   | Shareholders' equity including non-controlling interests at period end        | 67,670             | 52,303   |
| 16,871   | Net borrowings at period end  | 16,477             | 13,814   |
| 74,280   | Net capital employed at period end  | 84,147             | 66,117   |
| 53,968   | of which: Exploration & Production  | 57,852             | 55,181   |
| 5,803    | Gas & Power   | 7,214              | 5,526    |
| 6,986    | Refining & Marketing and Chemicals  | 9,147              | 6,545    |
| 13.8     | Share price at period end   | (€) 15.9           | 14.5     |
| 3,601.1  | Weighted average number of shares outstanding                                 | (million) 3,601.1  | 3,601.1  |
| 50       | Market capitalization <sup>(c)</sup>  | (€ billion) 57     | 52       |

(\*) Pertaining to continuing operations. Following the divestment of Saipem in January 2016, the results of the segment 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) Results of comparative periods are calculated on a standalone basis, i.e. by excluding the results of Saipem earned from both third parties and the Group's continuing operations, therefore determining its deconsolidation.

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

**Summary financial data (\*)**

| 2015 | First half |      |
|------|------------|------|
|      | 2015       | 2016 |

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|  |                              |      |             |
|--|------------------------------|------|-------------|
| Net profit (loss) - continuing operations          |                              |      |             |
| (2.21)   | - per share <sup>(a)</sup>   | (€)  | 0.35 (0.23) |
| (4.91)   | - per ADR <sup>(a) (b)</sup> | (\$) | 0.78 (0.51) |
| Adjusted net profit (loss) - continuing operations |                              |      |             |
| 0.37   | - per share <sup>(a)</sup>   | (€)  | 0.40 (0.07) |
| 0.82   | - per ADR <sup>(a) (b)</sup> | (\$) | 0.89 (0.16) |
| 0.29   | Leverage                     |      | 0.24 0.26   |
| (2.4 )   | Coverage                     |      | 6.0 1.1     |
| 1.4  | Current ratio                |      | 1.4 1.6     |
| 76.3   | Debt coverage                |      | 39.8 22.4   |

(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.

Eni Interim Consolidated Report / **Highlights****Operating and sustainability data** <sup>(a)</sup>

|                                    |  | First half |        |
|------------------------------------|--|------------|--------|
|                                    |  | 2015       | 2016   |
| 2015                               |  |            |        |
| 34,196                             | Employees at period end (number)   | 34,388     | 33,882 |
| 7,862                              | of which: - women (*)  | 7,912      | 7,776  |
| 13,316                             | - outside Italy  | 13,559     | 12,883 |
| 23.7                               | Female managers (*) (%)  | 23.4       | 23.7   |
| 0.45                               | Total recordable incident rate (TRIR) (Total recordable incident/worked hours) x 1,000,000 | 0.45       | 0.40   |
| 0.41                               | - employees  | 0.40       | 0.29   |
| 0.47                               | - contractors  | 0.48       | 0.46   |
| 1,603                              | Oil spills due to operations (barrels)   | 601.0      | 584.0  |
| 41.56                              | Direct GHG emissions (mmt tonnes CO <sub>2</sub> eq)                                       | 20.78      | 19.58  |
| 31.49                              | of which: - from combustion and process  | 15.69      | 14.68  |
| 2.77                               | - from methane   | 1.38       | 1.18   |
| 5.50                               | - from flaring   | 2.84       | 2.85   |
| 1.80                               | - from venting   | 0.87       | 0.87   |
| 176                                | R&D expenditure <sup>(b)</sup> (€ million)   | 76         | 69     |
| Exploration & Production           |  |            |        |
| 12,821                             | Employees at period end (number)   | 12,948     | 12,678 |
| 1,760                              | Production of hydrocarbons <sup>(c)</sup> (kboe/d)   | 1,726      | 1,734  |
| 908                                | - liquids (kbbbl/d)  | 882        | 871    |
| 4,681                              | - natural gas (mmcf/d)   | 4,636      | 4,713  |
| 614.1                              | Production sold <sup>(c)</sup> (mmboe)   | 298.1      | 299.0  |
| 36.47                              | Average hydrocarbons realizations <sup>(c)</sup> (\$/boe)                                  | 40.22      | 26.69  |
| 56.0                               | Produced water re-injected (%)   | 55.5       | 56.7   |
| 22.79                              | Direct GHG emissions (mmt tonnes CO <sub>2</sub> eq)                                       | 11.54      | 10.11  |
| 71                                 | Community investment (€ million)   | 23         | 22     |
| Gas & Power                        |  |            |        |
| 4,484                              | Employees at period end (number)   | 4,473      | 4,338  |
| 90.88                              | Worldwide gas sales (bcm)  | 48.01      | 45.25  |
| 38.44                              | - Italy  | 21.11      | 19.42  |
| 52.44                              | - outside Italy  | 26.90      | 25.83  |
| 34.88                              | Electricity sold (TWh)   | 16.82      | 18.09  |
| 10.57                              | Direct GHG emissions (mmt tonnes CO <sub>2</sub> eq)                                       | 5.06       | 5.19   |
| Refining & Marketing and Chemicals |  |            |        |
| 10,995                             | Employees at period end (number)   | 11,239     | 10,977 |
| 26.41                              | Refinery throughputs on own account (mmt tonnes)   | 13.50      | 12.09  |
| 8.89                               | Retail sales of refined products in Europe   | 4.35       | 4.21   |
| 5,846                              | Average throughput of service stations in Europe (kliters)                                 | 6,080      | 5,830  |
| 5,700                              | Production of petrochemical products (ktonnes)   | 2,745      | 2,898  |
| 3,801                              | Sales of petrochemical products  | 1,871      | 1,931  |

|      |   |                                |      |      |
|------|---|--------------------------------|------|------|
| 73   | Average plant utilization rate            | (%)                            | 71   | 73   |
| 8.19 | Direct GHG emissions                      | (mmttonnes CO <sub>2</sub> eq) | 4.18 | 4.28 |
| 6.17 | SO <sub>x</sub> emissions (sulphur oxide) | (ktonnes SO <sub>2</sub> eq)   | 3.07 | 2.10 |

(\* Do not include employees of equity-accounted entities.

(a) Pertaining to continuing operations.

(b) Net of general and administrative costs.

(c) Includes Eni's share in joint ventures and equity-accounted entities

## Eni Interim Consolidated Report / Operating Review

## Exploration &amp; Production

## Key performance indicators

|        |   | First half  |               |
|--------|---|---|---------------|
|        |   | 2015  | 2016          |
| 2015   |   |   |               |
| 0.34   | Injury frequency rate of total workforce (TRIR)                         | (No. of recordable incidents per million of worked hours) | 0.37 0.40     |
| 0.22   | - employees   |   | 0.19 0.25     |
| 0.39   | - contractors   |   | 0.44 0.45     |
| 21,436 | Net sales from operations <sup>(a)</sup>                                | (€ million)   | 11,412 7,243  |
| (959 ) | Operating profit (loss)   |   | 2,874 288     |
| 4,182  | Adjusted operating profit (loss)  |   | 2,665 450     |
| 991    | Adjusted net profit (loss)  |   | 872 (290 )    |
| 9,980  | Capital expenditure   |   | 5,660 4,509   |
|        | Average hydrocarbons realizations <sup>(b)</sup>                        |   |               |
| 46.30  | - Liquids   | (\$/bbl)  | 52.28 35.14   |
| 4.55   | - Natural gas   | (\$/kcf)  | 4.86 3.21     |
| 36.47  | - Hydrocarbons  | (\$/boe)  | 40.22 26.69   |
|        | Production of hydrocarbons <sup>(b)</sup>                               |   |               |
| 908    | - Liquids   | (kbb/d)   | 882 871       |
| 4,681  | - Natural gas   | (mmcf/d)  | 4,636 4,713   |
| 1,760  | - Hydrocarbons  | (kboe/d)  | 1,726 1,734   |
| 12,821 | Employees at period end   | (number)  | 12,948 12,678 |
| 8,249  | of which: <i>outside Italy</i>  |   | 8,364 7,960   |
| 1,146  | Oil spills due to operations (>1 barrel)                                | (bbl)   | 471 565       |
| 10,530 | Oil spills from sabotage (>1 barrel)                                    |   | 1,533 524     |
| 56.0   | Produced water re-injected  | (%)   | 55.5 56.7     |
| 22.79  | Direct GHG emissions  | (mmt tonnes CO <sub>2</sub> eq)                           | 11.54 10.11   |
| 5.51   | of which: <i>from flaring</i>   |   | 2.84 2.85     |
| 24.97  | CO <sub>2</sub> eq emissions/100% operated hydrocarbon gross production | (tons CO <sub>2</sub> eq/kboe)                            | 25.14 22.91   |
| 71     | Community investment  | (€ million)   | 23 22         |

(a) Before elimination of intragroup sales.

(b) Includes Eni's share of equity-accounted entities.

## Mineral right portfolio and exploration activities

In the first half of 2016, Eni performed its operations in 42 countries located in five continents. As of June 30, 2016, Eni's mineral right portfolio consisted of 800 exclusive or shared rights for exploration and development activities for a total acreage of 339,946 square kilometers net to Eni (342,708 square kilometers net to Eni as of December 31, 2015). In the first half of 2016, changes in total net acreage mainly derived from: (i) new leases mainly in Ghana, Ireland, Norway and the United Kingdom for a total acreage of approximately 6,100 square kilometers; (ii) the total relinquishment of licenses mainly in Australia, Gabon, Ireland, Liberia, Norway and the United States covering an acreage of approximately 6,500 square kilometers; (iii) partial relinquishment in Portugal or interest reduction for approximately 2,400 square kilometers.

In the first half of 2016, a total of 8 new exploratory wells were drilled (4.8 of which represented Eni's share), as compared to 14 exploratory wells drilled in the first half of 2015 (9.2 of which represented Eni's share).

## Oil and gas production

In the first half of 2016, Eni's hydrocarbon production<sup>1</sup> was 1.734 million boe/d, slightly increased from the first half of 2015 (up by 0.5%). Excluding the price effects reported in Production Sharing Agreements and other effects, as well as production shutdown in the Val d'Agri district (down 33 kboe/d), production increased by 1.3%. New field start-ups and continuing production ramp-ups at fields started in 2015 mainly in Venezuela, Norway and Angola, as well as higher production in Iraq were partly offset

<sup>1</sup> From January 1, 2016, as part of a regular reviewing procedure, Eni has updated the conversion rate of gas to 5,458 cubic feet of gas equals 1 barrel of oil (it was 5,492 cubic feet of gas per barrel in previous reporting periods). This update reflected changes in Eni's gas properties that took place in the last three years and was assessed by collecting data on the heating power of gas in all Eni's gas fields currently on stream. The effect of this update on production expressed in boe for the first half of 2016 was 5 kboe/d. Other per-boe indicators were only marginally affected by the update (e.g. realization prices, costs per boe) and also negligible was the impact on depletion charges. Other oil companies may use different conversion rates.

**Eni Interim Consolidated Report / Operating Review**

by planned facilities downtime, mainly the United Kingdom, Kazakhstan and Libya and mature fields decline. The share of oil and natural gas produced outside Italy was 93% (90% in the first half of 2015).

Liquids production (871 kbb/d) decreased by 11 kbb/d, or 1.2%, mainly due to production shutdown in the Val d'Agri district and planned facilities downtime. These negative effects were partly offset by start-ups/production ramp-ups in Norway and Angola as well as increased production in Iraq.

Natural gas production (4,713 mmcf/d) increased by 77 mmcf/d, or 1.5%, from the first half of 2015, due to higher production in Venezuela partly offset by planned facilities downtime and mature fields decline.

Oil and gas production sold amounted to 299 mmboe. The 16.7 mmboe difference over production (315.7 mmboe) mainly reflected volumes of natural gas consumed in operations (14.9 mmboe), changes in inventory levels and other variations.

**Hydrocarbons production** <sup>(a)</sup> <sup>(b)</sup>

|       |                         | First half |       | Change | % Ch.   |
|-------|-------------------------|------------|-------|--------|---------|
| 2015  | (kboe/d)                | 2015       | 2016  |        |         |
| 169   | Italy                   | 169        | 125   | (44 )  | (26.0 ) |
| 185   | Rest of Europe          | 184        | 189   | 5      | 2.7     |
| 662   | North Africa            | 659        | 634   | (25 )  | (3.8 )  |
| 341   | Sub-Saharan Africa      | 343        | 346   | 3      | 0.9     |
| 95    | Kazakhstan              | 99         | 104   | 5      | 5.1     |
| 135   | Rest of Asia            | 111        | 136   | 25     | 22.5    |
| 147   | Americas                | 134        | 176   | 42     | 31.3    |
| 26    | Australia and Oceania   | 27         | 24    | (3 )   | (11.1 ) |
| 1,760 |                         | 1,726      | 1,734 | 8      | 0.5     |
| 614.1 | Production sold (mmboe) | 298.1      | 299.0 | 0.9    | 0.3     |

**Liquids production** <sup>(a)</sup>

|      |                | First half |      | Change | % Ch.   |
|------|----------------|------------|------|--------|---------|
| 2015 | (kbb/d)        | 2015       | 2016 |        |         |
| 69   | Italy          | 69         | 40   | (29 )  | (42.0 ) |
| 85   | Rest of Europe | 86         | 94   | 8      | 9.3     |
| 272  | North Africa   | 268        | 246  | (22 )  | (8.2 )  |

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|     |                       |     |     |      |        |
|-----|-----------------------|-----|-----|------|--------|
| 256 | Sub-Saharan Africa    | 256 | 260 | 4    | 1.6    |
| 56  | Kazakhstan            | 58  | 58  |      |        |
| 78  | Rest of Asia          | 52  | 86  | 34   | 65.4   |
| 87  | Americas              | 87  | 84  | (3)  | (3.4)  |
| 5   | Australia and Oceania | 6   | 3   | (3)  | (50.0) |
| 908 |                       | 882 | 871 | (11) | (1.2)  |

**Natural gas production** <sup>(a)</sup> <sup>(b)</sup>

|       |                       | First half |       |        |        |
|-------|-----------------------|------------|-------|--------|--------|
| 2015  | (mmcf/d)              | 2015       | 2016  | Change | % Ch.  |
| 547   | Italy                 | 553        | 464   | (89)   | (16.1) |
| 552   | Rest of Europe        | 539        | 517   | (22)   | (4.1)  |
| 2,143 | North Africa          | 2,145      | 2,115 | (30)   | (1.4)  |
| 469   | Sub-Saharan Africa    | 478        | 475   | (3)    | (0.6)  |
| 218   | Kazakhstan            | 228        | 250   | 22     | 9.6    |
| 314   | Rest of Asia          | 323        | 275   | (48)   | (14.9) |
| 326   | Americas              | 255        | 499   | 244    | 95.7   |
| 112   | Australia and Oceania | 115        | 118   | 3      | 2.6    |
| 4,681 |                       | 4,636      | 4,713 | 77     | 1.5    |

(a) Includes Eni's share of equity-accounted entities.

(b) Includes volumes of gas consumed in operation ( 447 and 395 in the first half 2016 and 2015, respectively and 397 mmcf/d in 2015).



## **Eni Interim Consolidated Report / Operating Review**

### 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 2016: (i) the Environmental Monitoring Plan is being implemented. This project represents a benchmark in terms of environmental protection for which Eni implements best practices in environmental protection by means of the Action Plan for Biodiversity in Val d'Agri; and (ii) programs to support a cultural and socio-economic development in the area are in progress.

As part of a penal proceeding about alleged environmental crimes in running operations at the Viggiano oil center in the Val d'Agri complex, on March 31, 2016, an Italian public prosecutor resolved to put under seizure certain plants and facilities functional to the production activity (two storage units for the treatment of water layer and the Costa Molina 2 re-injection well) which, as a consequence, has been shut down. The shutdown has been affecting around 60 kboe/d net to Eni.

On June 1, 2016, the Italian jurisdictional authorities granted Eni a temporary repeal of the seizure in order to allow the Company to perform certain plant upgrading. Those corrective measures, which do not alter the plant set up, are intended to address the claims made by the public prosecutor. The in-charge department of the Italian Ministry of Economic Development has duly authorized Eni to perform the works. Eni has executed the plant upgrading and has completed it by July 8, 2016. Once the public prosecutor verifies the correct execution of the plant upgrading, it is anticipated that it will definitively repeal the plant seizure (for further information see legal proceedings on page 102).

Other main development activities in the Adriatic Sea concerned: (i) maintenance and optimization of production, mainly at the Morena and Cervia fields; and (ii) start-up of the Clara NW development project.

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. In addition, the Memorandum includes certain Eni's projects to support sustainable development in the area with an overall expense of €32 million. Three implementing agreements were signed: one of the was already completed and concerned the construction of an exhibition hall at the Gela Archaeological Museum.

## Rest of Europe

**Norway** In the first half of 2016, Eni was awarded the following exploration licences: (i) PL 128D (Eni's interest 11.5%) in the Norwegian Sea; (ii) PL 816 (Eni operator with a 70% interest) in the Norwegian section of the North Sea; and (iii) PL 229D (Eni operator with a 65% interest) and PL 849 (Eni's interest 30%) in the Barents Sea.

In March 2016, production start-up was achieved at the Goliat oilfield (Eni operator with a 65% interest) in the Barents Sea. Production has achieved the full-field plateau at 100 kbb/d (65 kbb/d net to Eni). The field is estimated to contain reserves amounting to approximately 180 mmbbl. The project includes a subsea system consisting of 22 wells 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 allow to minimize environmental impact.

Other main activities concerned: (i) the drilling of infilling wells to support production at the Ekofisk and Eldfisk fields in the PL018 (Eni's interest 12.39%) in the Norwegian section of the North Sea; and (ii) maintenance and optimization of production, mainly at the Asgard (Eni's interest 14.82%), Heidrun (Eni's interest 5.17%) and Norne Outside (Eni's interest 11.5%) fields in the Norwegian Sea.

## North Africa

**Algeria** Development and optimization activities progressed at the MLE-CAFC production fields (Eni 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 of more than 30 kboe/d net to Eni.

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Other activities concerned infilling activities and production optimization at the operated Rod field (Eni's interest 66%), also by means of the application of the Enhanced Oil Recovery WAG (Water Alternate Gas injection) technology.

**Egypt** Exploration activities yielded positive results with the near-field discoveries: (i) the Nidoco North 1X exploration well in the Abu Madi West concession (Eni's interest 75%) in the Nile Delta. This new discovery, already put into production, and the Nidoco North West 4 development well allowed to achieve a production ramp-up at approximately 65 kbb/d (33 kbb/d net to Eni) at the Nooros field, just 10 months after the discovery that took place in July 2015; (ii) the Baltim South West 1X well in the Baltim South concession (Eni operator with a 50% interest), in the Nile Delta conventional offshore nearby the Nooros production field. Eni is already assessing the options for the fast track development. This new discovery is in line with Eni's exploration strategy of focusing on near-field incremental activities and nearby to fields already under development for a fast-track development.

In February 2016, the Egyptian Ministry of Petroleum and Mineral Resources approved to award Eni the Zohr Development Lease that allows the start-up of the development program at the Zohr gas field in the Shorouk operated licence (Eni's interest 100%). The first gas is expected at the end of 2017. Eni successfully performed the first production test of the Zohr 2X well, the first delineation well. The well yielded up to 46 mmcf/d and confirmed the quality of the discovery. In addition, the Zohr 3X delineation well and the Zohr 4X development well were already successfully drilled in the northern section and confirmed the mineral potential of discovery. Moreover, the onshore gas treatment plant construction was started and the bids for the offshore activities were launched and nearly completed.

Development activities concerned: (i) ongoing activity of the sub-sea END Phase 3 development project in the Ras El Barr concession (Eni's interest 50%) with the drilling and completion of one well. Drilling activities progress with an additional well; (ii) drilling activities of the Nile Delta concessions and the Baltim area (Eni's interest 50%) and the development project of the Abu Madi/El Qara onshore plant in order to increase the treatment capacity up to approximately 706 mmcf/d; (iii) infilling activities and production optimization at the Sinai 12 (Eni's interest 100%), Meleiha (Eni's interest 45%) and Ashrafi (Eni's interest 25%) concessions to support production capacity; (iv) start-up of the onshore gas treatment plant in the Meleiha concession.

**Libya** Development activities concerned: (i) planned maintenance at the Mellitah treatment plant of the Western Libyan Gas Project (Eni's interest 50%); (ii) a new FSO installation at the Bouri production field (Eni's interest 50%). Start-up is expected in the third quarter of the year; and (iii) the second development phase of the Bahr Essalam field (Eni's interest 50%) with the drilling of 9 out of 10 offshore wells planned by the drilling campaign. The EPCI contract of the flowline was awarded. First gas is expected in the first half of 2018.

## Sub-Saharan Africa

**Angola** Eni started production in the Block 15/06 (Eni operator with a 36.84% interest) at the end of 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 January 2016, production started up at the M'Pungi field and the related production ramp-up allowed to achieve an overall production of approximately 30 kbbbl/d net to Eni.

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** Development activity progressed at the Nené Marine Phase 2A project, sanctioned in 2015, in the Marine XII block (Eni operator with a 65% interest). Start-up is expected at the end of 2016.

Ongoing planned activity at the Litchendjili field in the Marine XII block allowed to achieve the peak production of 12 kboe/d. Natural gas production feeds the CEC power station (Eni's interest 20%). Development activity will be completed by the end of the year.

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**Ghana** In March 2016, Eni was awarded the operatorship of the Cape Three Points Block 4 exploration license (Eni's interest 42.47%) in the offshore of the country. The new block covers an area of approximately 1,000 square kilometers in water depths ranging from 100 to 1,200 meters and is located near the operated OCTP block (Eni's interest 47.22%). In case of exploration success, the block will benefit from the OCTP project infrastructures, under development.

In the first half of 2016, development activities of the OCTP project concerned the completion of 12 development wells and the FPSO refurbishment. Planned activity progressed to complete the onshore and offshore facilities. Oil production start-up is expected in 2017 and the first gas in 2018.

**Nigeria** 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 the second half of 2016; and (ii) the OML 43 block (Eni's interest 5%), where the development plan of the Forkados-Yokri field provides the hook-up of the last 12 out of the 23 already drilled production wells, the upgrading of existing flowstations and the construction of transport facilities. Start-up is expected in the first half of 2017.

## Kazakhstan

**Kashagan** Activities progressed to replace the two 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 the year. The production capacity of 370 kbbbl/d planned for the Phase 1 is expected to be achieved during 2017.

Within the agreements reached with the local Authorities, Eni continues its training program for Kazakh resources in the oil&gas sector as well as the construction of social facilities.

**Karachaganak** The Expansion Project of the Karachaganak field (Eni's interest 29.25%) 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 centres.

Moreover, following the re-definition of the Sanitary Protection Zone (SPZ) associated to the ongoing development projects, a project of relocation of the inhabitants from Berezovka and Bestau villages, started in 2015, is underway according to the international standards and best practices.

Eni continues to conduct monitoring activities on biodiversity and ecosystems in the nearby production areas.

## **Rest of Asia**

**Indonesia** 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 the third quarter of 2016.

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.

## **Americas**

**Mexico** In June 2016, the Mexican authorities approved the Appraisal Plan of the Block 1 (Eni's interest 100%) to develop the Amoca, Mizton and Tecoalli fields. These fields, located in the Gulf of Mexico

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shallow waters, are estimated to retain 800 million barrels of oil and 480 billion cubic feet of gas in place. The delineation campaign plans the drilling of four wells. The drilling activities start-up is expected at the end of 2016.

**United States** Production start-up was achieved at the Heidelberg project (Eni's interest 12.5%) in the deepwater Gulf of Mexico. Planned development activities progressed with the drilling of 2 additional production wells and start-up is expected at the end of 2016.

Development activities concerned: (i) production start-up of the Devil's Tower South-West well, within the development of the operated Devil's Tower field (Eni's interest 75%), with a production of 2 kboe/d; and (ii) the drilling activities start-up of the Phase 2 development program of Lucius field (Eni's interest 8.5%). Production start-up is expected in the third quarter of 2016.

**Venezuela** Within the development plan of the giant Perla gas field in the Cardon IV block (Eni's interest 50%), the fifth and sixth wells were drilled and put into production, to complete first production platform planned. The production level was approximately 530 mmcf/d at 100% (equal to 96 kboe/d).

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 (€4,509 million) concerned mainly development of oil and gas reserves (€4,293 million) directed mainly outside Italy, in particular in Egypt, Angola, Indonesia, Kazakhstan, Norway, Iraq and Libya. Development expenditures in Italy in particular concerned sidetrack and workover activities in mature fields.

Exploration expenditures (€170 million) were directed outside Italy in particular to Egypt, Angola and Congo.

## Capital expenditure

|       |                       | First half  |       |       |          |         |
|-------|-----------------------|-------------|-------|-------|----------|---------|
|       |                       | (€ million) | 2015  | 2016  | Change   | % Ch.   |
| 2015  |                       |             |       |       |          |         |
| 699   | Italy                 |             | 398   | 250   | (148 )   | (37.2 ) |
| 1,404 | Rest of Europe        |             | 813   | 351   | (462 )   | (56.8 ) |
| 1,810 | North Africa          |             | 1,101 | 1,339 | 238      | 21.6    |
| 3,181 | Sub-Saharan Africa    |             | 1,786 | 1,297 | (489 )   | (27.4 ) |
| 842   | Kazakhstan            |             | 400   | 392   | (8 )     | (2.0 )  |
| 1,351 | Rest of Asia          |             | 725   | 753   | 28       | 3.9     |
| 669   | Americas              |             | 416   | 123   | (293 )   | (70.4 ) |
| 24    | Australia and Oceania |             | 21    | 4     | (17 )    | (81.0 ) |
| 9,980 |                       |             | 5,660 | 4,509 | (1,151 ) | (20.3 ) |



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## Gas &amp; Power

## Key performance indicators

|          |   |   | First half |        |
|----------|---|---|------------|--------|
| 2015     |   |   | 2015       | 2016   |
| 0.89     | Total recordable incident rate (TRIR)     | (No. of recordable incidents per million of worked hours) | 0.78       | 0.38   |
| 0.91     | - employees                               |   | 0.76       | 0.26   |
| 0.81     | - contractors                             |   | 0.85       | 0.66   |
| 52,096   | Net sales from operations <sup>(a)</sup>  | (€ million)   | 30,636     | 19,764 |
| (1,258 ) | Operating profit (loss)                   |   | 213        | (71 )  |
| (126 )   | Adjusted operating profit (loss)          |   | 325        | 56     |
| (168 )   | Adjusted net profit (loss)                |   | 222        | 3      |
| 154      | Capital expenditure                       |   | 44         | 44     |
| 90.88    | Worldwide gas sales <sup>(b)</sup>        | (bcm)   | 48.01      | 45.25  |
| 38.44    | - in Italy                                |   | 21.11      | 19.42  |
| 52.44    | - international                           |   | 26.90      | 25.83  |
| 34.88    | Electricity sold                          | (TWh)   | 16.82      | 18.09  |
| 4,484    | Employees at period end                   | (number)  | 4,473      | 4,338  |
| 2,461    | of which: <i>outside Italy</i>            |   | 2,460      | 2,365  |
| 10.57    | Direct GHG emissions                      | (mmt tonnes CO <sub>2</sub> eq)                           | 5.06       | 5.19   |
| 410.09   | Direct CO <sub>2</sub> eq/KWheq emissions | (gCO <sub>2</sub> eq/kWeq)                                | 425.39     | 403.20 |

(a) Before elimination of intragroup sales.

(b) Include volumes marketed by the Exploration & Production segment of 1.48 bcm (1.60 and 3.16 bcm in the first half and full year of 2015, respectively).

## Natural gas

**Supply of natural gas**

In the first half of 2016, Eni's consolidated subsidiaries supplied 42.57 bcm of natural gas, down by 2.54 bcm or by 5.6% from the first half of 2015.

Gas volumes supplied outside Italy from consolidated subsidiaries (38.11 bcm), imported in Italy or sold outside Italy, represented approximately 93% of total supplies, with a decrease of 2.97 bcm or 7.2% from the first half of 2015 mainly reflecting lower volumes purchased in Libya (down by 1.50 bcm) and in the Netherlands (down by 1.42 bcm) partially offset by higher purchases in Algeria (up by 2.86 bcm). Supplies in Italy (2.91 bcm) decreased by 7.3% from the first half of 2015 due to the production shutdown in the Val d'Agri district.

## Supply of natural gas

|         |  | First half |         |         |         |         |
|---------|--|------------|---------|---------|---------|---------|
|         |  | (bcm)      | 2015    | 2016    | Change  | % Ch.   |
| 2015    |  |            |         |         |         |         |
| 6.73    | Italy  |            | 3.14    | 2.91    | (0.23 ) | (7.3 )  |
| 30.33   | Russia   |            | 14.99   | 14.40   | (0.59 ) | (3.9 )  |
| 6.05    | Algeria (including LNG)                                      |            | 3.27    | 6.13    | 2.86    | 87.5    |
| 7.25    | Libya  |            | 3.91    | 2.41    | (1.50 ) | (38.4 ) |
| 11.73   | Netherlands  |            | 6.66    | 5.24    | (1.42 ) | (21.3 ) |
| 8.40    | Norway   |            | 4.46    | 4.42    | (0.04 ) | (0.9 )  |
| 2.35    | United Kingdom   |            | 1.17    | 0.86    | (0.31 ) | (26.5 ) |
| 0.21    | Hungary  |            | 0.21    | 0.01    | (0.20 ) | (95.2 ) |
| 3.11    | Qatar (LNG)  |            | 1.69    | 1.49    | (0.20 ) | (11.8 ) |
| 7.21    | Other supplies of natural gas                                |            | 3.70    | 2.22    | (1.48 ) | (40.0 ) |
| 2.02    | Other supplies of LNG  |            | 1.02    | 0.93    | (0.09 ) | (8.8 )  |
| 78.66   | Outside Italy  |            | 41.08   | 38.11   | (2.97 ) | (7.2 )  |
| 85.39   | <b>TOTAL SUPPLIES OF ENI'S CONSOLIDATED SUBSIDIARIES</b>     |            | 44.22   | 41.02   | (3.20 ) | (7.2 )  |
|         | Offtake from (input to) storage                              |            | 1.02    | 1.58    | 0.56    | 54.9    |
| (0.34 ) | Network losses, measurement differences and other changes    |            | (0.13 ) | (0.03 ) | 0.10    | (76.9 ) |
| 85.05   | <b>AVAILABLE FOR SALE BY ENI'S CONSOLIDATED SUBSIDIARIES</b> |            | 45.11   | 42.57   | (2.54 ) | (5.6 )  |
| 2.67    | Available for sale by Eni's affiliates                       |            | 1.30    | 1.20    | (0.10 ) | (7.7 )  |
| 3.16    | E&P volumes  |            | 1.60    | 1.48    | (0.12 ) | (7.5 )  |
| 90.88   | <b>TOTAL AVAILABLE FOR SALE</b>                              |            | 48.01   | 45.25   | (2.76 ) | (5.7 )  |

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## Sales of natural gas

## Gas sales by market

| 2015  |   | First half |       | Change  | % Ch.   |
|-------|---|------------|-------|---------|---------|
|       |   | (bcm) 2015 | 2016  |         |         |
| 38.44 | ITALY                                   | 21.11      | 19.42 | (1.69 ) | (8.0 )  |
| 4.19  | Wholesalers                             | 2.33       | 2.17  | (0.16 ) | (6.9 )  |
| 16.35 | Italian gas exchange and spot markets   | 9.01       | 8.22  | (0.79 ) | (8.8 )  |
| 4.66  | Industries                              | 2.51       | 2.29  | (0.22 ) | (8.8 )  |
| 1.58  | Medium-sized enterprises and services   | 0.92       | 1.01  | 0.09    | 9.8     |
| 0.88  | Power generation                        | 0.44       | 0.30  | (0.14 ) | (31.8 ) |
| 4.90  | Residential                             | 3.08       | 2.59  | (0.49 ) | (15.9 ) |
| 5.88  | Own consumption                         | 2.82       | 2.84  | 0.02    | 0.7     |
| 52.44 | INTERNATIONAL SALES                     | 26.90      | 25.83 | (1.07 ) | (4.0 )  |
| 42.89 | Rest of Europe                          | 22.45      | 21.94 | (0.51 ) | (2.3 )  |
| 4.61  | Importers in Italy                      | 2.24       | 2.12  | (0.12 ) | (5.4 )  |
| 38.28 | European markets                        | 20.21      | 19.82 | (0.39 ) | (1.9 )  |
| 5.40  | Iberian Peninsula                       | 2.59       | 2.45  | (0.14 ) | (5.4 )  |
| 5.82  | Germany/Austria                         | 2.57       | 4.18  | 1.61    | 62.6    |
| 7.94  | Benelux                                 | 4.52       | 4.32  | (0.20 ) | (4.4 )  |
| 1.58  | Hungary                                 | 0.91       | 0.87  | (0.04 ) | (4.4 )  |
| 1.96  | UK                                      | 1.15       | 0.72  | (0.43 ) | (37.4 ) |
| 7.76  | Turkey                                  | 3.87       | 2.98  | (0.89 ) | (23.0 ) |
| 7.11  | France                                  | 4.34       | 3.91  | (0.43 ) | (9.9 )  |
| 0.71  | Other                                   | 0.26       | 0.39  | 0.13    | 50.0    |
| 6.39  | Extra European markets                  | 2.85       | 2.41  | (0.44 ) | (15.4 ) |
| 3.16  | E&P in Europe and in the Gulf of Mexico | 1.60       | 1.48  | (0.12 ) | (7.5 )  |
| 90.88 | WORLDWIDE GAS SALES                     | 48.01      | 45.25 | (2.76 ) | (5.7 )  |

Sales of natural gas in the first half of 2016 amounted to 45.25 bcm, reporting a decrease of 2.76 bcm or 5.7% from the first half of 2015, on the back of increasing competitive pressure and slight demand recovery. Sales included Eni's own consumption, Eni's share of sales made by equity-accounted entities and Exploration & Production sales in Europe and in the Gulf of Mexico.

Sales in Italy decreased to 19.42 bcm due to lower sales to hub (Italian gas exchange and spot markets) as well as lower volumes sold to the residential segment due to unfavorable weather conditions compared to the corresponding period of the previous year. Sales to importers in Italy slightly decreased by 0.12 bcm reflecting a lower availability of Libyan gas.

Sales in the European markets amounted to 19.82 bcm, declining by 1.9% from the same period of the previous year due to lower sales in Turkey, for lower sales to Botas, in France and the United Kingdom due to increasing competitive pressure as well as decreased volumes in Benelux due to lower hub sales. These negatives were partially offset by higher spot sales in Germany/Austria.

Sales in markets outside Europe decreased by 0.44 bcm to 2.41 bcm reflecting lower LNG volumes marketed in the Far East, due to the lack of contract renewal.

Direct sales of the Exploration & Production segment in the Northern Europe and the United States (1.48 bcm) decreased compared to the corresponding period of the previous year (1.60 bcm in the first half 2015) due to lower sales in the United Kingdom and in the United States, partially offset by higher sales marketed in Norway.

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## Gas sales by entity

| 2015  |  | First half |       |         |         |
|-------|--|------------|-------|---------|---------|
|       |  | (bcm) 2015 | 2016  | Change  | % Ch.   |
| 84.94 | Total sales of subsidiaries                  | 45.07      | 42.36 | (2.71 ) | (6.0 )  |
| 38.44 | Italy (including own consumption)            | 21.11      | 19.42 | (1.69 ) | (8.0 )  |
| 41.14 | Rest of Europe                               | 21.56      | 21.04 | (0.52 ) | (2.4 )  |
| 5.36  | Outside Europe                               | 2.40       | 1.90  | (0.50 ) | (20.8 ) |
| 2.78  | Total sales of Eni's affiliates (net to Eni) | 1.34       | 1.41  | 0.07    | 5.2     |
| 1.75  | Rest of Europe                               | 0.89       | 0.90  | 0.01    | 1.1     |
| 1.03  | Outside Europe                               | 0.45       | 0.51  | 0.06    | 13.3    |
| 3.16  | E&P in Europe and in the Gulf of Mexico      | 1.60       | 1.48  | (0.12 ) | (7.5 )  |
| 90.88 | WORLDWIDE GAS SALES                          | 48.01      | 45.25 | (2.76 ) | (5.7 )  |

## Power

**Availability of electricity**

In the first half of 2016, power generation was 9.88 TWh, increasing by 0.24 TWh compared to the first half of the previous year. As of June 30, 2016, installed operational capacity of Enipower's power plants was 4.8 GW (4.9 GW at December 31, 2015). Electricity trading reported an increase of 1.03 TWh due to the optimization of inflows and outflows of power.

| 2015  |                          |           | First half |       |        |         |
|-------|--------------------------|-----------|------------|-------|--------|---------|
|       |                          |           | 2015       | 2016  | Change | % Ch.   |
| 4,270 | Purchases of natural gas | (mmcm)    | 2,015      | 1,987 | (28 )  | (1.4 )  |
| 313   | Purchases of other fuels | (ktoe)    | 164        | 182   | 18     | 11.0    |
| 20.69 | Power generation         | (TWh)     | 9.64       | 9.88  | 0.24   | 2.5     |
| 9,318 | Steam                    | (ktonnes) | 4,747      | 4,254 | (493 ) | (10.4 ) |

**Power sales**

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In the first half of 2016, electricity sales of 18.09 TWh were directed to the free market (75%), the Italian power exchange (15%), industrial sites (9%) and others (1%). Compared to the first half of 2015, electricity sales were up by 1.27 TWh or 7.6%, due to higher volumes sold to wholesalers (up by 1.07 TWh) and middle market (up by 0.79 TWh) partially offset by lower volumes sold to small and medium-sized enterprises and large customers.

Availability of electricity

|       |                                       | First half |       |       |         |         |
|-------|---------------------------------------|------------|-------|-------|---------|---------|
|       |                                       | (TWh)      | 2015  | 2016  | Change  | % Ch.   |
| 20.69 | Power generation                      |            | 9.64  | 9.88  | 0.24    | 2.5     |
| 14.19 | Trading of electricity <sup>(a)</sup> |            | 7.18  | 8.21  | 1.03    | 14.3    |
| 34.88 |                                       |            | 16.82 | 18.09 | 1.27    | 7.6     |
| 25.90 | Free market                           |            | 12.24 | 13.46 | 1.22    | 10.0    |
| 5.09  | Italian Exchange for electricity      |            | 2.61  | 2.79  | 0.18    | 6.9     |
| 3.23  | Industrial plants                     |            | 1.61  | 1.57  | (0.04 ) | (2.5 )  |
| 0.66  | Other <sup>(a)</sup>                  |            | 0.36  | 0.27  | (0.09 ) | (25.0 ) |
| 34.88 | Power sales                           |            | 16.82 | 18.09 | 1.27    | 7.6     |

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

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## Capital expenditure

In the first half of 2016, capital expenditure of €44 million mainly related to gas marketing initiatives (€29 million) and to the flexibility and upgrading initiatives of combined cycle power plants (€12 million).

## Capital expenditure

|      |                         | First half |      |        |        |
|------|-------------------------|------------|------|--------|--------|
|      |                         | 2015       |      | 2016   |        |
|      |                         | Change     |      |        |        |
|      |                         | % Ch.      |      |        |        |
|      |                         | 2015 2016  |      |        |        |
|      |                         | Change     |      |        |        |
|      |                         | % Ch.      |      |        |        |
| 2015 | (€ million)             | 2015       | 2016 | Change | % Ch.  |
| 69   | Market                  | 18         | 29   | 11     | 61.1   |
| 69   | Power generation        | 25         | 12   | (13)   | (52.0) |
| 16   | International transport | 1          | 3    | 2      | -      |
| 154  |                         | 44         | 44   |        |        |

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## Eni Interim Consolidated Report / Operating review

## Refining &amp; Marketing and Chemicals

## Key performance indicators

|         |   | First half  |               |
|---------|---|---|---------------|
| 2015    |   | 2015  | 2016          |
| 1.07    | Total recordable incident rate (TRIR)             | (No. of recordable incidents per million of worked hours) | 0.88 0.46     |
| 0.97    | - employees                                       |   | 1.06 0.38     |
| 1.17    | - contractors                                     |   | 0.71 0.56     |
| 22,639  | Net sales from operations <sup>(a)</sup>          | (€ million)   | 12,051 8,698  |
| (1,567) | Operating profit (loss)                           |   | 219 363       |
| 695     | Adjusted operating profit (loss)                  |   | 226 333       |
| 387     | - Refining & Marketing                            |   | 131 110       |
| 308     | - Chemicals                                       |   | 95 223        |
| 512     | Adjusted net profit (loss)                        |   | 175 248       |
| 282     | - Refining & Marketing                            |   | 92 67         |
| 230     | - Chemicals                                       |   | 83 181        |
| 628     | Capital expenditure                               |   | 255 212       |
| 26.41   | Refinery throughputs on own account               | (mmttonnes)   | 13.50 12.09   |
| 49      | Conversion index                                  | (%)   | 53 50         |
| 548     | Balanced capacity of refineries                   | (kbbbl/d)   | 513 548       |
| 204     | Green refinery throughputs                        | (ktonnes)   | 93 91         |
| 8.89    | Retail sales of petroleum products in Europe      | (mmttonnes)   | 4.35 4.21     |
| 5,846   | Service stations in Europe at period end          | (number)  | 6,080 5,830   |
| 1,754   | Average throughput of service stations in Europe  | (kliters)   | 831 839       |
| 1.14    | Retail efficiency index                           | (%)   | 1.16 1.16     |
| 5,700   | Production of petrochemical products              | (ktonnes)   | 2,745 2,898   |
| 3,801   | Sale of petrochemical products                    |   | 1,871 1,931   |
| 73      | Average plant utilization rate                    | (%)   | 71 73         |
| 10,995  | Employees at period end                           | (number)  | 11,239 10,977 |
| 2,360   | of which: <i>outside Italy</i>                    |   | 2,476 2,334   |
| 8.19    | Direct GHG emissions                              | (mmttonnes CO <sub>2</sub> eq)                            | 4.18 4.28     |
| 237.40  | GHG emissions/refining throughputs <sup>(b)</sup> | (tons CO <sub>2</sub> eq/kt)                              | 242.44 270.96 |
| 6.17    | SO <sub>x</sub> emissions (sulphur oxide)         | (tons SO <sub>2</sub> eq/kt)                              | 3.07 2.10     |
| 87.90   | Recycled and/or reused water (Versalis)           | (%)   | 87.80 88.90   |



- (a) Before elimination of intragroup sales.
- (b) Relates only to traditional refineries.

## Refining

In the first half of 2016, Eni's refining throughputs in Europe were 12.09 mmt tonnes, down by 1.41 mmt tonnes or by 10.4% from the first half of 2015. On a homogeneous basis, when excluding the impact of the disposal of CRC refinery in Czech Republic finalized on April 30, 2015, refining throughputs reported a decrease of 5.3% compared to the first half of 2015.

Volumes processed in Italy were down by 5.7% due to lower availability of domestic crude oil driven by the shutdown of the Val d'Agri field, as well as, the other planned maintenance turnarounds.

The volumes processed outside Italy of 1.41 mmt tonnes slightly decreased by 3%, net of the above-mentioned disposal in Czech Republic.

Approximately 14% of processed crude volumes were supplied by Eni's Exploration & Production segment (down by 5 percentage points from 19% reported in the first half of 2015) due to the unavailability of equity production of Val d'Agri.

Barely unchanged the volumes of green feedstock processed at the Venice plant.

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## Availability of refined products

| 2015    |   | <b>First half</b> |         | Change  | % Ch.   |
|---------|---|-------------------|---------|---------|---------|
|         |   | (mmtonnes) 2015   | 2016    |         |         |
|         | <b>ITALY</b>  |                   |         |         |         |
| 18.37   | At wholly-owned refineries                                    | 9.30              | 8.72    | (0.58 ) | (6.2 )  |
| (0.38 ) | Less input on account of third parties                        | (0.23 )           | (0.07 ) | 0.16    | 69.6    |
| 4.73    | At affiliated refineries                                      | 2.25              | 2.03    | (0.22 ) | (9.8 )  |
| 22.72   | Refinery throughputs on own account                           | 11.32             | 10.68   | (0.64 ) | (5.7 )  |
| (1.52 ) | Consumption and losses  | (0.65 )           | (0.76 ) | (0.11 ) | (16.9 ) |
| 21.20   | Products available for sale                                   | 10.67             | 9.92    | (0.75 ) | (7.0 )  |
| 6.22    | Purchases of refined products and change in inventories       | 2.93              | 3.06    | 0.13    | 4.4     |
| (0.48 ) | Products transferred to operations outside Italy              | (0.39 )           | (0.20 ) | 0.19    | 48.7    |
| (0.41 ) | Consumption for power generation                              | (0.23 )           | (0.18 ) | 0.05    | 21.7    |
| 26.53   | Sales of products   | 12.98             | 12.60   | (0.38 ) | (2.9 )  |
|         | <b>OUTSIDE ITALY</b>  |                   |         |         |         |
| 3.69    | Refinery throughputs on own account                           | 2.18              | 1.41    | (0.77 ) | (35.3 ) |
| (0.23 ) | Consumption and losses  | (0.11 )           | (0.11 ) |         |         |
| 3.46    | Products available for sale                                   | 2.07              | 1.30    | (0.77 ) | (37.2 ) |
| 4.77    | Purchases of refined products and change in inventories       | 2.37              | 2.29    | (0.08 ) | (3.4 )  |
| 0.48    | Products transferred from Italian operations                  | 0.39              | 0.20    | (0.19 ) | (48.7 ) |
| 8.71    | Sales of products   | 4.83              | 3.79    | (1.04 ) | (21.5 ) |
| 26.41   | Refinery throughputs on own account                           | 13.50             | 12.09   | (1.41 ) | (10.4 ) |
| 5.04    | of which: refinery throughputs of equity crude on own account | 2.39              | 1.59    | (0.80 ) | (33.5 ) |
| 35.24   | Total sales of refined products                               | 17.81             | 16.39   | (1.42 ) | (8.0 )  |
| 0.27    | Crude oil sales   | 0.18              | 0.12    | (0.06 ) | (33.3 ) |
| 35.51   | <b>TOTAL SALES</b>  | 17.99             | 16.51   | (1.48 ) | (8.2 )  |

## Marketing of refined products

In the first half of 2016, sales volumes of refined products (16.39 mmtonnes) were down by 1.42 mmtonnes or by 8% from the first half of 2015, mainly due the disposal of Eastern Europe subsidiaries.

## Product sales in Italy and outside Italy by market

| 2015 |  | <b>First half</b> |      | Change | % Ch. |
|------|--|-------------------|------|--------|-------|
|      |  | (mmtonnes) 2015   | 2016 |        |       |

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|       |                                 |       |       |         |        |
|-------|---------------------------------|-------|-------|---------|--------|
| 5.96  | Retail                          | 2.87  | 2.87  |         |        |
| 7.84  | Wholesale                       | 3.69  | 3.85  | 0.16    | 4.3    |
| 1.17  | Chemicals                       | 0.66  | 0.52  | (0.14 ) | (21.2) |
| 11.56 | Other sales                     | 5.76  | 5.36  | (0.40 ) | (6.9 ) |
| 26.53 | Sales in Italy                  | 12.98 | 12.60 | (0.38 ) | (2.9 ) |
| 2.93  | Retail rest of Europe           | 1.48  | 1.34  | (0.14 ) | (9.5 ) |
| 3.83  | Wholesale rest of Europe        | 2.06  | 1.50  | (0.56 ) | (27.2) |
| 0.43  | Wholesale outside Italy         | 0.21  | 0.21  |         |        |
| 1.52  | Other sales                     | 1.08  | 0.74  | (0.34 ) | (31.5) |
| 8.71  | Sales outside Italy             | 4.83  | 3.79  | (1.04 ) | (21.5) |
| 35.24 | TOTAL SALES OF REFINED PRODUCTS | 17.81 | 16.39 | (1.42 ) | (8.0 ) |

**Retail sales in Italy**

In the first half of 2016, retail sales in Italy amounted to 2.87 mntonnes, were barely unchanged ktonnes from the first half of 2015. Eni's retail market share for the first half of 2016 was 24%, down by 0.5 percentage points from the corresponding period of 2015 (24.5%). This decrease referred mainly to lower sales in highway stations and dealer owned stations.

At June 30, 2016, Eni's retail network in Italy consisted of 4,421 service stations, barely unchanged from December 31, 2015 (4,420 service stations), resulting from the positive balance of acquisitions/releases of lease concessions (16 units) and the closing of 15 low throughput service stations.

Average throughput (746 kliters) slightly increased by 13 kliters from the first half of 2015 (733 kliters) due to effective marketing initiatives of rationalization.

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**Retail sales in the Rest of Europe**

Retail sales in the rest of Europe of approximately 1.34 mmt tonnes were barely unchanged from the corresponding period of 2015, when excluding the impact of the asset disposal in Eastern Europe occurred in July 2015.

At June 30, 2016, Eni's retail network in the rest of Europe consisted of 1,409 units, decreasing by 17 units from December 31, 2015, due to the service stations disposal in Slovenia, occurred in June 30, 2016.

Average throughput (1,117 kliters) slightly increased by 19 kliters compared to the first half of 2015.

**Wholesale and other sales**

Wholesale sales in Italy amounted to 3.85 mmt tonnes, up by approximately 160 ktonnes or by 4.3% from the first half of the previous year, mainly due to higher volumes marketed of jet fuel, gasoil, fuel oil and lubricants partly offset by lower sales of bunkering and LPG.

Supplies of feedstock to the petrochemical industry (0.52 mmt tonnes) decreased by 21.2% due to lower demand from industrial segment.

Wholesale sales in the rest of Europe were 1.50 mmt tonnes, down by 7.9% from the first half of 2015 net of the above mentioned asset disposal.

Other sales in Italy and outside Italy (6.10 mmt tonnes) decreased by approximately 0.74 mmt tonnes or by 10.8%, mainly due to lower sales volumes to oil companies.

## Chemicals

## Product availability

|         |                                     | First half |         | Change | % Ch.  |
|---------|-------------------------------------|------------|---------|--------|--------|
| 2015    | (ktonnes)                           | 2015       | 2016    |        |        |
| 3,334   | Intermediates                       | 1,585      | 1,755   | 170    | 10.7   |
| 2,366   | Polymers                            | 1,160      | 1,143   | (17 )  | (1.5 ) |
| 5,700   | Production                          | 2,745      | 2,898   | 153    | 5.6    |
| (1,908) | Consumption and losses              | (1,157)    | (1,115) | 42     | (3.6 ) |
| 9       | Purchases and change in inventories | 283        | 148     | (135 ) | (47.7) |
| 3,801   |                                     | 1,871      | 1,931   | 60     | 3.2    |

Petrochemical sales of 1,931 ktonnes slightly increased from the first half of 2015 (up 60 ktonnes, or up by 3.2%) mainly due to higher spot sales of olefins (in particular ethylene, up by 49%) and derivatives (up by 6.4%). Sales of elastomers increased by 5.6%. These effects were partially offset by lower sales of polyethylene (down by 14.1%) due to the unplanned standstills at Ragusa and Ferrara plants occurred in the first quarter and styrene (down by 6.9%) due to shutdown at EPS Mantova plant.

Petrochemical production of 2,898 ktonnes increased by 153 ktonnes (up by 5.6%). Major production increases occurred at the Brindisi site (up by 37.1%) and Dunkerque (up by 21.5%). These effects were partially offset by lower production registered at Ferrara (down by 23.3%) and Ragusa (down by 95.5%) due to the accidental standstill occurred at the beginning of 2016, at the polyethylene plants.

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## Capital expenditure

In the first half of 2016, capital expenditure in the Refining & Marketing and Chemicals segment amounted to €212 million and regarded mainly: (i) refining activity in Italy and outside Italy (€107 million) aiming fundamentally at plants improving, as well as initiatives in the field of health, security and environment; (ii) regulation compliance and stay in business initiatives in the refined product retail network in Italy and in the Rest of Europe (€33 million); (iii) a number of initiatives in the Chemicals segment (€72 million).

Capital  
expenditure

|     |           | <b>First half</b> |     |       |         |        |       |
|-----|-----------|-------------------|-----|-------|---------|--------|-------|
|     |           | (€ million)       |     | 2015  | 2016    | Change | % Ch. |
| 282 | Refining  | 117               | 107 | (10 ) | (8.5 )  |        |       |
| 126 | Marketing | 38                | 33  | (5 )  | (13.2 ) |        |       |
| 408 |           | 155               | 140 | (15 ) | (9.7 )  |        |       |
| 220 | Chemicals | 100               | 72  | (28 ) | (28.0 ) |        |       |
| 628 |           | 255               | 212 | (43 ) | (16.9 ) |        |       |

**Eni Interim Consolidated Report / Financial review and other information**

## Financial review

**Continuing and discontinued operations**

Due to termination of negotiations with US-based SK hedge fund, to divest a 70% interest in Versalis SpA, as disclosed in the press release dated June 21, 2016, Eni's chemical business is no longer qualified as a disposal group held for sale. Therefore, Eni's consolidated accounts as of and for the six months ended June 30, 2016, have been prepared accounting this business as part of the continuing operations. Based on IFRS 5 provisions, in case a disposal group ceases to be classified as held for sale, management is required to amend financial statements retrospectively as if the disposal group has never been qualified as held for sale. Accordingly, the opening balance of the interim consolidated accounts 2016 has been amended to reinstate the criteria of the continuing use to evaluate Versalis. This adjustment to the Versalis evaluation increased the opening balance of Eni's consolidated net assets by €294 million and was neutral on the Group's net financial position. In presenting the Group's consolidated results, Versalis assets and liabilities and revenues and expenses have been recorded line-by-line in the Group accounts. Results of the comparative periods have been reclassified accordingly. In the Group segment information, Versalis results have been reported as part of the R&M and Chemical segment because a single manager is accountable for the performance at both operating segments and the two segments exhibit similar economic characteristics.

In relation to the Engineering & Construction segment classified as asset held for sale in the 2015 consolidated financial statements, on January 22, 2016 Eni closed the sale of a 12.503% stake in the entity to CDP Equity SpA, for a consideration of €463 million. Concurrently, a shareholder agreement between Eni and CDP Equity SpA entered into force, which established the joint control of the two parties over the target entity. Those transactions triggered loss of control of Eni over Saipem. Therefore, effective January 1, 2016, Eni has derecognized the assets and liabilities, revenues and expenses of the former subsidiary from the consolidated accounts. The retained interest of 30.55% in the former subsidiary has been recognized as an investment in an equity-accounted joint venture with an initial carrying amount aligned to the share price at the closing date of the transaction (€4.2 per share, equal to €564 million) recognizing a loss through profit of €441 million. This loss has been recognized in the Group consolidated accounts for the first half 2016 as part of gains and losses of the discontinued operations. Considering the share capital increase of Saipem, which was subscribed pro-quota by Eni at the same time as the aforementioned transactions (for an overall amount of €1,050 million), the initial carrying amount of the interest retained amounts to €1,614 million, which becomes the cost on initial recognition of the investment in Saipem for the subsequent application of equity accounting. Saipem reimbursed intercompany loans owed to Eni (€5,818 million as of December 31, 2015) by using the proceeds from the share capital increase and new credit facilities from third-party financing institutions.

In this interim report, adjusted results from continuing operations of the comparative periods of 2015 are reported on a standalone basis, thus excluding Saipem's results. A corresponding alternative performance measure has been presented for the net cash flow from operating activities. The net result of discontinued operations for the first quarter of 2016 and the first half of 2016 only comprised a loss recognized to align the book value of the Eni's residual interest in Saipem to its share price at January 22, 2016. This date marked the loss of control of Eni over Saipem, following the sale of a 12.503% interest to CDP Equity and the concurrent entering into force of the shareholder agreement between the parties. For further information, see the reconciliations and the explanatory notes furnished in the paragraph "Alternative performance measures" in the subsequent pages.



Eni Interim Consolidated Report / **Financial review and other information**

## Profit and loss account

| 2015     | First Half  |          |          |                 |
|----------|---|----------|----------|-----------------|
|          | (€ million)   | 2015     | 2016     | Change % Ch.    |
| 72,286   | Net sales from operations                             | 41,317   | 26,760   | (14,557) (35.2) |
| 1,252    | Other income and revenues                             | 669      | 502      | (167) (25.0)    |
| (59,967) | Operating expenses                                    | (33,290) | (22,964) | 10,326 31.0     |
| (485 )   | Other operating income (expense)                      | (298 )   | 1        | 299 -           |
| (15,474) | Depreciation, depletion, amortization and impairments | (4,834 ) | (3,853 ) | 981 20.3        |
| (688 )   | Write-off   | (189 )   | (121 )   | 68 36.0         |
| (3,076 ) | Operating profit (loss)                               | 3,375    | 325      | (3,050 ) (90.4) |
| (1,306 ) | Finance income (expense)                              | (563 )   | (288 )   | 275 48.8        |
| 105      | Net income from investments                           | 452      | 78       | (374 ) (82.7)   |
| (4,277 ) | Profit (loss) before income taxes                     | 3,264    | 115      | (3,149 ) (96.5) |
| (3,122 ) | Income taxes  | (1,765 ) | (939 )   | 826 46.8        |
| -        | Tax rate (%)  | 54.1     | -        | -               |
| (7,399 ) | Net profit (loss) - continuing operations             | 1,499    | (824 )   | (2,323 ) -      |
| (1,974 ) | Net profit (loss) - discontinued operations           | (1,298 ) | (413 )   | 885 68.2        |
| (9,373 ) | Net profit (loss) attributable to:                    | 201      | (1,237 ) | (1,438 ) -      |
| (8,778 ) | Eni's shareholders                                    | 735      | (1,242 ) | (1,977 ) -      |
| (7,952 ) | - continuing operations                               | 1,285    | (829 )   | (2,114 ) -      |
| (826 )   | - discontinuing operations                            | (550 )   | (413 )   | 137 24.9        |
| (595 )   | Non-controlling interest                              | (534 )   | 5        | 539 -           |
| 553      | - continuing operations                               | 214      | 5        | (209 ) (97.7)   |
| (1,148 ) | - discontinued operations                             | (748 )   |          | 748 -           |

**Net profit**

In the first half of 2016 Eni reported a **net loss from continuing operations** of €829 million, with a steep decline from the €1,285 million net profit reported in the first half of 2015. The structural weakness of the oil market, oversupply and overcapacity headwinds in the European gas and refining sectors have negatively affected the Group's performance, eroding results from operations and cash flow.

The operating performance was lower by €3,050 million to €325 million and reflected sharply lower revenues of the E&P segment due to a prolonged downturn in commodity prices (the Brent benchmark was down by 31.4%, also

Italian gas prices fell), the Val d'Agri production shutdown and a declining performance in the G&P segment. The negative impact of the trading environment on profitability and cash generation was partly offset by cost efficiencies, optimization gains and production growth.

Net loss for the first half was negatively impacted by the recognition of a net tax expense amounting to €939 million, which reduction y-o-y was proportionally much lower than the reduction in pre-tax earnings. This circumstance reflected the impact of a deteriorating price scenario in the upstream segment, which resulted in a large portion of the segment's taxable profit being earned in PSA contracts, which, although more resilient in a low-price environment, nonetheless bear higher-than-average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the period.

**Group net loss pertaining to Eni's shareholders** amounted to €1,242 million, which included a loss in the discontinued operations of €413 million taken to align the book value of the residual Eni's interest in Saipem to its fair value at the date of loss of control (January 22, 2016).

Eni Interim Consolidated Report / **Financial review and other information****Adjusted results**

|         |   | First half      |       | Change   | % Ch.   |
|---------|---|-----------------|-------|----------|---------|
|         |   | (€ million)2015 | 2016  |          |         |
| 2015    |   |                 |       |          |         |
| 5,708   | Adjusted operating profit (loss) - continuing operations                              | 3,618           | 771   | (2,847 ) | (78.7 ) |
| (1,222) | Reinstatement of intercompany transactions vs. disc. Op.                              | (532 )          |       |          |         |
| 4,486   | Adjusted operating profit (loss) - continuing operations on a standalone basis        | 3,086           | 771   | (2,315 ) | (75.0 ) |
| (7,952) | Net profit (loss) attributable to Eni's shareholders - continuing operations          | 1,285           | (829) | (2,114 ) | -       |
| 782     | Exclusion of inventory holding (gains) losses   | 41              | 101   |          |         |
| 8,487   | Exclusion of <i>special items</i>   | 129             | 461   |          |         |
| 1,317   | Adjusted net profit (loss) attributable to Eni's shareholders - continuing operations | 1,455           | (267) | (1,722 ) | -       |
| (514 )  | Reinstatement of intercompany transactions vs. disc. Op.                              | (224 )          |       |          |         |
| 803     | Adjusted net profit (loss) attributable to Eni's shareholders on a standalone basis   | 1,231           | (267) | (1,498 ) | -       |
| 82.4    | Tax rate (%)  | 62.0            | -     |          |         |

In the first half of 2016, **adjusted operating profit** was €771 million, down by 75% from the first half of 2015. This negative trend was driven by a declining operating performance in the Exploration & Production segment (down by €2,215 million, or 83.1%) due to sharply lower commodity prices and the Val d'Agri shutdown in the second quarter of 2016, partially offset by higher production in other areas, cost efficiencies (lower opex) and decrease in DD&A. The Gas & Power segment reported a negative performance (down by €269 million) reflecting lower one-off benefits associated to contract renegotiations, other non-recurring events and lower margins on LNG sales, partially offset by cost reduction and optimizations. In spite of a less favourable trading environment year-on-year, the Refining & Marketing and Chemicals segment recorded positive results (up by 47.3% from the first half of 2015) due to optimization and efficiency initiatives.

The main y-o-y headwinds faced by the Group operating results were lower commodity prices and margins with a negative effect of €2.8 billion, the Val d'Agri shutdown and non-recurring items, recorded in 2015, in the G&P segment (down by €0.5 billion), partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €1 billion, mainly in the E&P segment.

In the first half of 2016, Eni reported an **adjusted net loss** of €267 million, down by €1,498 million compared to €1,231 million net profit reported in the same period of the previous year. This was due to a lower operating performance and a lower than proportional reduction in the tax expense, mainly attributable to the E&P segment, which resulted in the concentration of taxable profit in PSA contracts, which, although more resilient in a low-price environment, bear higher-than average rates of tax.

**Special items of the operating profit** (net charges of €297 million) comprised:

- (i) impairment losses (€148 million) mainly relating to gas properties in the upstream segment (€105 million) driven by the impact of a lower gas price environment in Europe. Furthermore, investments made for compliance and stay-in-business purposes were written off at cash generating units previously devaluated in the Refining & Marketing business (€34 million);
- (ii) environmental provisions (€101 million);
- (iii) the effects of the fair-value evaluation of certain commodity derivatives lacking the formal criteria to be accounted as hedges under IFRS (a gain of €115 million).

**Non-operating special items** referred to income taxes including related to tax effects of special gains/charges in operating profit, the write-off of certain deferred tax assets (€149 million) due to projections of lower future taxable profit at Italian subsidiaries.

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

|   | First Half  |        |       |          |         |
|---|-------------|--------|-------|----------|---------|
|   | (€ million) | 2015   | 2016  | Change   | % Ch.   |
| 2015  |             |        |       |          |         |
| 991 Exploration & Production  |             | 872    | (290) | (1,162)  | -       |
| (168 ) Gas & Power  |             | 222    | 3     | (219 )   | (98.6 ) |
| 512 Refining & Marketing and Chemicals  |             | 175    | 248   | 73       | 41.7    |
| (663 ) Corporate and other activities   |             | (142 ) | (325) | (183 )   | -       |
| 1,250 Impact of unrealized intragroup profit elimination <sup>(a)</sup>                 |             | 579    | 102   | (477 )   |         |
| 1,922 Adjusted net profit (loss) - continuing operations attributable to:               |             | 1,706  | (262) | (1,968 ) | -       |
| 605 - non-controlling interest  |             | 251    | 5     | (246 )   | (98.0 ) |
| 1,317 - Eni's shareholders  |             | 1,455  | (267) | (1,722 ) | -       |
| (514 ) Reinstatement of intercompany transactions vs. disc. Op.                         |             | (224 ) |       |          |         |
| 803 Adjusted net profit (loss) attributable to Eni's shareholders on a standalone basis |             | 1,231  | (267) | (1,498 ) | -       |

(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.

In the first half of 2016 the trading environment featured a continuing decrease of commodity prices lead by a fall in the Brent marker price (down by 31.4% from the first half of 2015) due to global oversupplies. Gas prices were negatively affected by the weakness of the relevant markets (the United States and Europe).

The Standard Eni Refining Margin (SERM) that gauges the profitability of Eni's refineries, halved its value to 4.4 \$/bl (down by 47.2%) in a context of extreme volatility due to weak fundamentals of the European refining market, affected by sluggish demand growth, structural overcapacity, as well as the increasing competitive pressure from streams of oil products imported from Russia, Asia and the United States.

The natural gas market continues to be affected by a weak gas demand recovery and increasing competitive pressure. Pricing competition continues to be strong, fostered by minimum take clause in take-or-pay gas supply contracts and reduced sales opportunities.

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|         | First Half  |       |              |
|---------|---|-------|--------------|
|         | 2015  | 2016  | % Ch.        |
| 2015    |   |       |              |
| 52.46   | Average price of Brent dated crude oil <sup>(a)</sup> | 57.95 | 39.73 (31.4) |
| 1.110   | Average EUR/USD exchange rate <sup>(b)</sup>          | 1.116 | 1.116        |
| 47.26   | Average price in euro of Brent dated crude oil        | 51.93 | 35.60 (31.4) |
| 8.3     | Standard Eni Refining Margin (SERM) <sup>(c)</sup>    | 8.3   | 4.4 (47.2)   |
| 6.52    | Price of NBP gas (d)                                  | 7.05  | 4.43 (37.2)  |
| (0.02 ) | Euribor - three-month euro rate (%)                   | 0.02  | (0.22 ) -    |
| 0.32    | Libor - three-month dollar rate (%)                   | 0.27  | 0.63 -       |

(a) In USD dollars per barrel. Source: Platt's Oilgram.

(b) Source: ECB.

(c) In USD per barrel. Source: Eni calculations. It gauges the profitability of Eni's refineries against the typical raw material slate and yields.

(d) In USD per million BTU (British Thermal Unit). Source: Platt's Oilgram.

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Analysis of profit and loss account items – continuing operations

**Net sales from operations**

| 2015     |  | First Half      |          | Change   | % Ch.   |
|----------|--|-----------------|----------|----------|---------|
|          |  | (€ million)2015 | 2016     |          |         |
| 21,436   | Exploration & Production                           | 11,412          | 7,243    | (4,169 ) | (36.5 ) |
| 52,096   | Gas & Power  | 30,636          | 19,764   | (10,872) | (35.5 ) |
| 22,639   | Refining & Marketing and Chemicals                 | 12,051          | 8,698    | (3,353 ) | (27.8 ) |
| 1,468    | Corporate and other activities                     | 704             | 629      | (75 )    | (10.7 ) |
|          | Impact of unrealized intragroup profit elimination | 125             |          | (125 )   |         |
| (25,353) | Consolidation adjustment                           | (13,611)        | (9,574 ) | 4,037    |         |
| 72,286   |  | 41,317          | 26,760   | (14,557) | (35.2 ) |

Eni's **net sales from operations** in the first half of 2016 (€26,760 million) decreased by €14,557 million or 35.2% from the first half of 2015, driven by weak prices of energy commodities. Variances in sales volumes had a negligible impact on the first half change in revenues.

**Operating expenses**

| 2015   |   | First Half      |        | Change   | % Ch.   |
|--------|---|-----------------|--------|----------|---------|
|        |   | (€ million)2015 | 2016   |          |         |
| 56,848 | Purchases, services and other                             | 31,697          | 21,420 | (10,277) | (32.4 ) |
| 436    | of which: - other special items                           | 153             | 102    |          |         |
| 3,119  | Payroll and related costs                                 | 1,593           | 1,544  | (49 )    | (3.1 )  |
| 41     | of which: - provision for redundancy incentives and other | 14              | 11     |          |         |
| 59,967 |   | 33,290          | 22,964 | (10,326) | (31.0 ) |

In the first half of 2016, **operating expenses** (€22,964 million) reported a decrease of €10,326 million or 31% from the first half of 2015.

**Purchases, services and other costs** (€21,420 million) declined by €10,277 million or 32.4%, reflecting lower costs of hydrocarbons supplied (natural gas supplied through long-term contracts and petrochemical feedstock). Purchases, services and other costs included **special items** of €102 million (€153 million in the first half of 2015) mainly relating to environmental provisions.

**Payroll and related costs** (€1,544 million) registered a decrease of €49 million or 3.1% from the first half of 2015 driven by a lower average number of employees outside Italy.

#### Depreciation, depletion, amortization, impairments and write-off

|  | First Half       |       | Change   | % Ch.   |
|--|------------------|-------|----------|---------|
|  | (€ million) 2015 | 2016  |          |         |
| 2015   |                  |       |          |         |
| 8,080 Exploration & Production                               | 4,207            | 3,323 | (884 )   | (21.0 ) |
| 363 Gas & Power  | 176              | 174   | (2 )     | (1.1 )  |
| 454 Refining & Marketing and Chemicals                       | 225              | 185   | (40 )    | (17.8 ) |
| 71 Corporate and other activities                            | 37               | 37    |          |         |
| (28 ) Impact of unrealized intragroup profit elimination     | (13 )            | (14 ) | (1 )     |         |
| 8,940 Total depreciation, depletion and amortization         | 4,632            | 3,705 | (927 )   | (20.0 ) |
| 6,534 Impairments  | 202              | 148   | (54 )    | (26.7 ) |
| 15,474 Depreciation, depletion, amortization and impairments | 4,834            | 3,853 | (981 )   | (20.3 ) |
| 688 Write-off  | 189              | 121   | (68 )    | (36.0 ) |
| 16,162   | 5,023            | 3,974 | (1,049 ) | (20.9 ) |

**Depreciation, depletion and amortization** (€3,705 million) decreased by €927 million or 20% from the first half of 2015, mainly in the Exploration & Production segment driven by lower capital expenditure and the reduced book value of oil&gas properties due to assets impairment charges recorded as of December 31, 2015 (€4,341 million).



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**Impairment charges** amounting to €148 million in the first half of 2016 are described in the discussion on special charges above.

**Write-offs** of €121 million mainly relate to unsuccessful exploratory wells.

The breakdown of impairment charges by segment is shown in the table below:

| 2015  |                                    | First Half      |      | Change | % Ch.   |
|-------|------------------------------------|-----------------|------|--------|---------|
|       |                                    | (€ million)2015 | 2016 |        |         |
| 5,212 | Exploration & Production           | 111             | 105  | (6 )   | (5.4 )  |
| 152   | Gas & Power                        | 17              |      | (17 )  | -       |
| 1,150 | Refining & Marketing and Chemicals | 70              | 34   | (36 )  | (51.4 ) |
| 20    | Corporate and other activities     | 4               | 9    | 5      | -       |
| 6,534 |                                    | 202             | 148  | (54 )  | (26.7 ) |

**Operating profit**

The breakdown of the reported operating profit by segment is provided below:

| 2015     |  | First Half      |       | Change   | % Ch.   |
|----------|--|-----------------|-------|----------|---------|
|          |  | (€ million)2015 | 2016  |          |         |
| (959 )   | Exploration & Production                           | 2,874           | 288   | (2,586 ) | (90.0 ) |
| (1,258 ) | Gas & Power  | 213             | (71 ) | (284 )   |         |
| (1,567 ) | Refining & Marketing and Chemicals                 | 219             | 363   | 144      | 65.8    |
| (497 )   | Corporate and other activities                     | (286 )          | (260) | 26       | (9.1 )  |
| 1,205    | Impact of unrealized intragroup profit elimination | 355             | 5     | (350 )   |         |
| (3,076 ) | Operating profit (loss)                            | 3,375           | 325   | (3,050 ) | (90.4 ) |

**Adjusted operating profit**

The breakdown of the adjusted operating profit by segment is provided below:

| 2015    | First Half   |        |       |                |
|---------|--|--------|-------|----------------|
|         | (€ million)  | 2015   | 2016  | Change % Ch.   |
| (3,076) | Operating profit (loss) - continuing operations  | 3,375  | 325   | (3,050) (90.4) |
| 1,136   | Exclusion of inventory holding (gains) losses  | 59     | 149   |                |
| 7,648   | Exclusion of <i>special items</i>  | 184    | 297   |                |
| 5,708   | Adjusted operating profit (loss)   | 3,618  | 771   | (2,847) (78.7) |
|         | Breakdown by segment:  |        |       |                |
| 4,182   | Exploration & Production   | 2,665  | 450   | (2,215) (83.1) |
| (126 )  | Gas & Power  | 325    | 56    | (269 ) (82.8)  |
| 695     | Refining & Marketing and Chemicals   | 226    | 333   | 107 47.3       |
| (369 )  | Corporate and other activities   | (212 ) | (216) | (4 ) (1.9 )    |
| 1,326   | Impact of unrealized intragroup profit elimination and other consolidation adjustments | 614    | 148   | (466 )         |
| 5,708   |  | 3,618  | 771   | (2,847) (78.7) |

| 2015    | First half   |        |      |                |
|---------|--|--------|------|----------------|
|         | (€ million)  | 2015   | 2016 | Change % Ch.   |
| 5,708   | Adjusted operating profit (loss) - continuing operations                       | 3,618  | 771  | (2,847) (78.7) |
| (1,222) | Reinstatement of intercompany transactions vs. disc. Op.                       | (532 ) |      |                |
| 4,486   | Adjusted operating profit (loss) - continuing operations on a standalone basis | 3,086  | 771  | (2,315) (75.0) |

**Adjusted operating profit** was €771 million, down by €2.315 million, or 75%, and was impacted by lower commodity prices and margins with a negative effect of €2.8 billion, the Val d'Agri disruption and non-recurring items recorded in 2015 in G&P leading to a loss of €0.5 billion, partly offset by production growth in other areas, cost efficiencies and a reduced cost base for €1 billion, mainly in the E&P segment.

Eni Interim Consolidated Report / **Financial review and other information****Finance income (expense)**

|   | First Half  |       |       |        |
|---|-------------|-------|-------|--------|
|   | (€ million) | 2015  | 2016  | Change |
| 2015  |             |       |       |        |
| (814 ) Finance income (expense) related to net borrowings                             |             | (405) | (398) | 7      |
| (838 ) - Finance expense on short and long-term debt                                  |             | (448) | (375) | 73     |
| 19 - Net interest due to banks  |             | 12    | 5     | (7 )   |
| 3 - Net income (expense) from financial activities held for trading                   |             | 17    | (53 ) | (70 )  |
| 2 - Net income from receivables and securities for non-financing operating activities |             | 14    | 25    | 11     |
| 160 Income (expense) on derivative financial instruments                              |             | (106) | (5 )  | 101    |
| 96 - Derivatives on exchange rate   |             | (111) | (12 ) | 99     |
| 31 - Derivatives on interest rate   |             | 21    | (17 ) | (38 )  |
| 33 - Derivatives on securities  |             | (16 ) | 24    | 40     |
| (354 ) Exchange differences, net  |             | (46 ) | 154   | 200    |
| (464 ) Other finance income (expense)   |             | (95 ) | (99 ) | (4 )   |
| - Net income from receivables and securities for financing operating activities       |             | 56    | 75    | 19     |
| (291 ) - Finance expense due to the passage of time (accretion discount)              |             | (137) | (157) | (20 )  |
| (293 ) - Other  |             | (14 ) | (17 ) | (3 )   |
| (1,472)   |             | (652) | (348) | 304    |
| 166 Finance expense capitalized   |             | 89    | 60    | (29 )  |
| (1,306)   |             | (563) | (288) | 275    |

**Net finance expense** of €288 million decreased by €275 million from the first half of 2015. The main drivers were: (i) lower interest rates reflecting accommodative monetary policies adopted by the central banks worldwide; (ii) the recycling through profit of a fair-valued option (up by €40 million) embedded in the convertible Snam bond, which was settled in the first half of 2016. In the first half of 2015 the option recorded a negative change in fair value reflecting the appreciation of the underlying shares; (iii) a positive change amounting to €200 million in exchange rate differences and exchange rate derivatives, with the latter being recognized through profit because such derivatives did not meet the formal criteria to be designed as hedges under IFRS. Those gains were partly offset by a loss recorded on securities held for trading due mainly to exchange rate exposures which was hedged by pooling it with other Group exposures on exchange rates and by hedging the net Group exposure.

**Net income from investments**

The table below sets forth the breakdown of net income from investments by segment:

| <b>First Half 2016</b><br>(€ million)                     | Exploration<br>&<br>Production | Gas &<br>Power | Refining<br>&<br>Marketing | Corporate and<br>other activities | Group |
|---|--------------------------------|----------------|----------------------------|-----------------------------------|-------|
| Share of gains (losses) from equity-accounted investments | 54                             |                | (1 )                       | 28                                | 81    |
| Dividends   | 27                             |                | 21                         | 7                                 | 55    |
| Net gains on disposal                                     |                                |                | 5                          | (32 )                             | (27 ) |
| Other income (expense), net                               |                                | (8 )           | (2 )                       | (21 )                             | (31 ) |
|   | 81                             | (8 )           | 23                         | (18 )                             | 78    |

**Net income from investments** amounted to €78 million and related to:

- (i) gains from equity accounted investments (€81 million) mainly in the Exploration & Production segment and in the Corporate and other activities segment, relating to Eni's share of results of the equity-accounted Saipem;
- (ii) dividends received from entities accounted for at cost (€55 million), mainly Nigeria LNG Ltd (€22 million) and Saudi European Petrochemical Co (€20 million);
- a net loss on the sale of investments (€27 million) which included mainly the disposal of the residual interest of (iii) 2.22% in the share capital of Snam (€32 million) due to the settlement of the convertible bond, partly offset by a gain on the divestment of 100% interest in Eni Slovenija doo (€5 million).

Other income (expense) mainly related to an impairment loss recorded in G&P related to the interest in Union Fenosa Gas SA (€8 million).

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The table below sets forth a breakdown of net income/loss from investments for the first half of 2016:

| 2015  |   | First Half  |       |        |
|-------|---|-------------|-------|--------|
|       |   | (€ million) | 2015  | 2016   |
| (471) | Share of gains (losses) from equity-accounted investments | 45          | 81    | 36     |
| 402   | Dividends   | 223         | 55    | (168 ) |
| 164   | Net gains on disposal                                     | 2           | (27 ) | (29 )  |
| 10    | Other income (expense), net                               | 182         | (31 ) | (213 ) |
| 105   |   | 452         | 78    | (374 ) |

The decrease compared to the first half of 2015 mainly related to the fair value evaluation of Eni's interest in the available-for-sale investments in Snam and Galp (€177 million) and dividends paid by these investments (€83 million), as well as to lower dividends paid by Nigeria LNG Ltd (down by €70 million).

Eni Interim Consolidated Report / **Financial review and other information**Results by segment<sup>1</sup>**Exploration & Production**

| 2015    |   | First Half      |        | Change   | % Ch.            |
|---------|---|-----------------|--------|----------|------------------|
|         |   | (€ million)2015 | 2016   |          |                  |
| (959 )  | Operating profit (loss)                                 | 2,874           | 288    | (2,586 ) | (90.0 )          |
| 5,141   | Exclusion of special items:                             | (209 )          | 162    |          |                  |
| 5,212   | - asset impairments                                     | 111             | 105    |          |                  |
| 169     | - impairment of exploration projects                    |                 | 7      |          |                  |
| (403 )  | - net gains on disposal of assets                       | (329 )          | 1      |          |                  |
| 15      | - provision for redundancy incentives                   | 10              | 4      |          |                  |
| 12      | - commodity derivatives                                 | 31              | 15     |          |                  |
| (59 )   | - exchange rate differences and derivatives             | (20 )           | 25     |          |                  |
| 195     | - other   | (12 )           | 5      |          |                  |
| 4,182   | Adjusted operating profit (loss)                        | 2,665           | 450    | (2,215 ) | (83.1 )          |
| (272 )  | Net financial income (expense) <sup>(a)</sup>           | (130 )          | (115 ) | 15       |                  |
| 254     | Net income (expense) from investments <sup>(a)</sup>    | 148             | 85     | (63 )    |                  |
| (3,173) | Income taxes <sup>(a)</sup>                             | (1,811)         | (710 ) | 1,101    |                  |
| 76.2    | Tax rate (%)  | 67.5            | -      | -        |                  |
| 991     | Adjusted net profit (loss)                              | 872             | (290 ) | (1,162 ) | -                |
|         | Results also include:                                   |                 |        |          |                  |
| 861     | exploration expense:                                    | 305             | 240    | (65 )    | (21.3 )          |
| 254     | - prospecting, geological and geophysical expenses      | 135             | 114    | (21 )    | (15.6 )          |
| 607     | - <i>write-off of unsuccessful wells</i> <sup>(b)</sup> | 170             | 126    | (44 )    | (25.9 )          |
|         | Average realizations                                    |                 |        |          |                  |
| 46.30   | Liquids <sup>(c)</sup>                                  | (\$/bbl)        | 52.28  | 35.14    | (17.14 ) (32.8 ) |
| 4.55    | Natural gas   | (\$/kcf)        | 4.86   | 3.21     | (1.65 ) (34.1 )  |
| 36.47   | Total hydrocarbons                                      | (\$/boe)        | 40.22  | 26.69    | (13.53 ) (33.6 ) |

(a) Excluding special items.

(b) Also includes write-off of unproved exploration rights, if any, related to projects with negative outcome.

(c) Includes condensates.

In the first half of 2016, the Exploration & Production segment reported an **adjusted operating profit** of €450 million, down by €2,215 million or 83.1% from the same period of the previous year. This change was driven by lower oil and gas realizations in dollar terms (down by 32.8% and 34.1%, respectively), reflecting lower prices for the marker Brent (down by 31.4%) and lower gas prices in Europe and in the United States. Furthermore, results were negatively impacted by the production shutdown at the Val d'Agri profit centre for the whole of the second quarter. These effects were only partially offset by higher production in other areas, cost efficiencies (lower opex) and decreasing DD&A.

Adjusted operating profit excluded a positive adjustment of €162 million, due to impairment losses relating to gas properties (€105 million) driven by the impact of a lower price environment in Europe and special gains of €25 million relating to exchange differences and derivatives related to exchange rate exposure in commodity pricing formulas and exposure on trade payables that are reclassified to adjusted operating profit as well as losses on fair-valued derivatives (a charge of €15 million) embedded in the pricing formulas of long-term gas supply agreements.

**Adjusted net loss** amounted to €290 million reflecting lower operating performance and a lower than proportional reduction in the tax expense, driven by a deteriorating price scenario, which resulted in the concentration of taxable profit in PSA contracts, which, although more resilient in a low-price environment, bear higher-than average rates of tax and a reduced capacity to recognize deferred tax assets on losses incurred in the quarter.

In the first half of 2016, taxes paid represented approximately 37% of the cash flow from operating activities of the E&P segment before changes in working capital and income taxes paid.

<sup>1</sup> Explanatory notes and tables detail certain other alternative performance indicators in line with guidance provided by ESMA guidelines on Alternative performance measures (ESMA/2015/1415), published on October 5, 2015. For a detailed explanation, see section "Alternative performance measures" in the following pages of this interim report.

Eni Interim Consolidated Report / **Financial review and other information****Gas & Power**

| 2015    |  | First Half      |       |        |         |
|---------|--|-----------------|-------|--------|---------|
|         |  | (€ million)2015 | 2016  | Change | % Ch.   |
| (1,258) | Operating profit (loss)                              | 213             | (71 ) | (284 ) | -       |
| 132     | Exclusion of inventory holding (gains) losses        | 79              | 158   |        |         |
| 1,000   | Exclusion of special items:                          | 33              | (31 ) |        |         |
| 152     | - asset impairments                                  | 17              |       |        |         |
|         | - net gains on disposal of assets                    |                 | (1 )  |        |         |
| 226     | - risk provisions                                    |                 |       |        |         |
| 6       | - provision for redundancy incentives                | 3               | 1     |        |         |
| 90      | - commodity derivatives                              | 14              | (144) |        |         |
| (9 )    | - exchange rate differences and derivatives          | (25 )           | (40 ) |        |         |
| 535     | - other  | 24              | 153   |        |         |
| (126 )  | Adjusted operating profit (loss)                     | 325             | 56    | (269 ) | (82.8 ) |
| 11      | Net finance income (expense) <sup>(a)</sup>          | 5               | 4     | (1 )   |         |
| (2 )    | Net income (expense) from investments <sup>(a)</sup> | 3               | (2 )  | (5 )   |         |
| (51 )   | Income taxes <sup>(a)</sup>                          | (111)           | (55 ) | 56     |         |
| -       | Tax rate (%)   | 33.3            | 94.8  | 61.5   |         |
| (168 )  | Adjusted net profit (loss)                           | 222             | 3     | (219 ) | (98.6 ) |

(a) Excluding special items.

In the first half of 2016, the Gas & Power segment reported an **adjusted operating profit** of €56 million, down by €269 million y-o-y. This reflected lower one-off benefits associated to contract renegotiations retroactive to previous reporting periods and other non-recurring items. Furthermore, the sector performance was hit by deteriorated margins on LNG sales. These negatives were partly offset by optimization initiatives and reduced logistics costs. The retail segment reported lower results due to unusual winter weather conditions.

Adjusted operating profit was calculated by excluding an inventory holding loss of €158 million and net gains of €31 million relating to the positive effect of fair-valued commodity derivatives lacking the formal requisites to be accounted as hedges under IFRS (€144 million) and other extraordinary charges for €153 million. Special items also included a negative balance of €40 million due to exchange rate differences and exchange rate derivatives reclassified in operating profit.



The Gas & Power segment reported an **adjusted net profit** of €3 million, due to an increased adjusted tax rate.

Eni Interim Consolidated Report / **Financial review and other information****Refining & Marketing and Chemicals**

| 2015    |  | First Half      |       | Change | % Ch.  |
|---------|--|-----------------|-------|--------|--------|
|         |  | (€ million)2015 | 2016  |        |        |
| (1,567) | Operating profit (loss)                              | 219             | 363   | 144    | 65.8   |
| 877     | Exclusion of inventory holding (gains) losses        | (284)           | (152) |        |        |
| 1,385   | Exclusion of special items:                          | 291             | 122   |        |        |
| 1,150   | - asset impairments                                  | 70              | 34    |        |        |
| (8)     | ) - net gains on disposal of assets                  | (5)             | (4)   |        |        |
| (5)     | ) - risk provisions                                  | 7               |       |        |        |
| 137     | - environmental charges                              | 80              | 67    |        |        |
| 8       | - provision for redundancy incentives                |                 | 4     |        |        |
| 68      | - commodity derivatives                              | 117             | 14    |        |        |
| 5       | - exchange rate differences and derivatives          | 12              | (3)   |        |        |
| 30      | - other  | 10              | 10    |        |        |
| 695     | Adjusted operating profit (loss)                     | 226             | 333   | 107    | 47.3   |
| 387     | Refining & Marketing                                 | 131             | 110   | (21)   | (16.0) |
| 308     | Chemicals  | 95              | 223   | 128    |        |
| (2)     | ) Net finance income (expense) <sup>(a)</sup>        | (4)             |       | 4      |        |
| 69      | Net income (expense) from investments <sup>(a)</sup> | 38              | 20    | (18)   |        |
| (250)   | ) Income taxes <sup>(a)</sup>                        | (85)            | (105) | (20)   |        |
| -       | Tax rate (%)   | 32.7            | 29.7  | (3.0)  |        |
| 512     | Adjusted net profit (loss)                           | 175             | 248   | 73     | 41.7   |

(a) Excluding special items.

In the first half of 2016, the Refining & Marketing and Chemicals segment reported an **adjusted operating profit** of €333 million, up by €107 million, or 47%, from a year ago.

The Refining & Marketing business reported an adjusted operating profit of €110 million. This was €21 million lower than the first half of 2015 (down by 16%) driven mainly by sharply lower refining margins, with the Eni benchmark refining margin (SERM) down by 47.2% from 8.3 \$/bl to 4.4 \$/bl y-o-y. Cost efficiencies, optimization and a better plant performance helped to mitigate the negative scenario. Higher margins boosted marketing activities.

The Chemical business registered an adjusted operating profit of €223 million, up by €128 million from the first half of 2015, in a mixed trading environment, benefitting from efficiency initiatives performed in previous reporting periods and increasing margins in polyethylene, while cracker margins resulted substantially stable.

**Special items** excluded from the adjusted operating profit of €122 million comprised impairment losses to write down capital expenditure of the period at assets impaired in previous reporting periods (€34 million), environmental charges (€67 million) as well as fair-value evaluation of certain commodity derivatives (charges of €14 million) lacking the formal criteria to be accounted as hedges under IFRS.

**Adjusted net profit** of €248 million increased by €73 million, or 41.7% reflecting a better operating performance.

**Eni Interim Consolidated Report / Financial review and other information****Corporate and other activities**

| 2015   | First Half  |       |       |        |        |
|--|-------------|-------|-------|--------|--------|
|  | (€ million) | 2015  | 2016  | Change | % Ch.  |
| (497) Operating profit (loss)                            |             | (286) | (260) | 26     | 9.1    |
| 128 Exclusion of special items:                          |             | 74    | 44    |        |        |
| 20 - asset impairments                                   |             | 4     | 9     |        |        |
| 4 - net gains on disposal of assets                      |             | (1 )  |       |        |        |
| (10 ) - risk provisions                                  |             | 2     | 1     |        |        |
| 88 - environmental charges                               |             | 64    | 34    |        |        |
| 1 - provision for redundancy incentives                  |             | 1     | 2     |        |        |
| 25 - other   |             | 4     | (2 )  |        |        |
| (369) Adjusted operating profit (loss)                   |             | (212) | (216) | (4 )   | (1.9 ) |
| (686) Net financial income (expense) <sup>(a)</sup>      |             | (302) | (155) | 147    |        |
| 285 Net income (expense) from investments <sup>(a)</sup> |             | 273   | 3     | (270 ) |        |
| 107 Income taxes <sup>(a)</sup>                          |             | 99    | 43    | (56 )  |        |
| (663) Adjusted net profit (loss)                         |             | (142) | (325) | (183 ) | -      |

(a) Excluding special items.

**Eni Interim Consolidated Report / Financial review and other information**

Alternative performance measures (Non-GAAP measures)

Management evaluates underlying business performance on the basis of Non-GAAP financial measures under IFRS (“Alternative performance measures”), such as 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 affect 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.

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. Non-GAAP financial measures should be read together with information determined by applying IFRS and do not stand in for them. Other companies may adopt different methodologies to determine Non-GAAP measures.

Follows the description of the main alternative performance measures adopted by Eni. The measures reported below refer to the actual performance:

***Adjusted operating and net profit***

Adjusted operating and net profit are determined 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.

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).

***Inventory holding gain or loss***

This 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 as required by IFRS.

***Special items***

These 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 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, 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.

***Adjusted operating profit, adjusted net profit and cash flow from operating activities on a standalone basis***

Considering the significant impact of the discontinued operations in the comparative reporting periods of 2015, management used an adjusted performance measures calculated on a standalone basis. This Non-GAAP measure excludes as usual the items “profit/loss on stock” and extraordinary gains and losses (special items), while it reinstates the effects relating to the elimination of gains and losses on intercompany transactions with the Engineering & Construction segment which, as of December 31, 2015, was in the disposal phase, represented as discontinued operations under the IFRS5. These measures obtain a representation of the performance of the continuing operations which anticipates the effect of the derecognition of the discontinued operations. Namely: adjusted operating profit, adjusted net profit and cash flow from operating activities on a standalone basis.

### ***Leverage***

Leverage is a Non-GAAP measure of the Company’s financial condition, calculated as the ratio between net borrowings and shareholders’ equity, including non-controlling interest. Leverage is the reference ratio to assess the solidity and efficiency of the Group balance sheet in terms of incidence of funding sources including third-party funding and equity as well as to carry out benchmark analysis with industry standards.

**Eni Interim Consolidated Report / Financial review and other information*****Free cash flow***

Free cash flow represents 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. Free cash flow 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.

***Net borrowings***

Net borrowings is calculated as total finance debt less cash, cash equivalents and certain very liquid investments not related to operations, including among others non-operating financing receivables and securities not related to operations.

Financial activities are qualified as "not related to operations" when these are not strictly related to the business operations.

The following tables report the group operating profit and Group adjusted net profit and their break-down by segment, as well as is represented the reconciliation with net profit attributable to Eni's shareholders of continuing operations.

**First half 2016**

|             |                             |                |                         |                        |                            |       |                            |                          |
|-------------|-----------------------------|----------------|-------------------------|------------------------|----------------------------|-------|----------------------------|--------------------------|
| (€ million) | Exploration<br>& Production | Gas<br>& Power | Refining<br>& Marketing | Corporate<br>and other | Impact<br>of<br>unrealized | Group | DISCONTINUED<br>OPERATIONS | CONTINUING<br>OPERATIONS |
|-------------|-----------------------------|----------------|-------------------------|------------------------|----------------------------|-------|----------------------------|--------------------------|



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|   |        |        | and       | activities | intragroup  |         |        |
|---|--------|--------|-----------|------------|-------------|---------|--------|
|   |        |        | Chemicals |            | profit      |         |        |
|   |        |        |           |            | elimination |         |        |
| Reported operating profit (loss)                              | 288    | (71 )  | 363       | (260 )     | 5           | 325     | 325    |
| Exclusion of inventory holding (gains) losses                 |        | 158    | (152 )    |            | 143         | 149     | 149    |
| Exclusion of special items:                                   |        |        |           |            |             |         |        |
| - environmental charges                                       |        |        | 67        | 34         |             | 101     | 101    |
| - asset impairments   | 105    |        | 34        | 9          |             | 148     | 148    |
| - impairment of exploration projects                          | 7      |        |           |            |             | 7       | 7      |
| - net gains on disposal of assets                             | 1      | (1 )   | (4 )      |            |             | (4 )    | (4 )   |
| - risk provisions   |        |        |           | 1          |             | 1       | 1      |
| - provision for redundancy incentives                         | 4      | 1      | 4         | 2          |             | 11      | 11     |
| - commodity derivatives                                       | 15     | (144 ) | 14        |            |             | (115 )  | (115 ) |
| - exchange rate differences and derivatives                   | 25     | (40 )  | (3 )      |            |             | (18 )   | (18 )  |
| - other   | 5      | 153    | 10        | (2 )       |             | 166     | 166    |
| Special items of operating profit (loss)                      | 162    | (31 )  | 122       | 44         |             | 297     | 297    |
| Adjusted operating profit (loss)                              | 450    | 56     | 333       | (216 )     | 148         | 771     | 771    |
| Net finance (expense) income <sup>(a)</sup>                   | (115 ) | 4      |           | (155 )     |             | (266 )  | (266 ) |
| Net income (expense) from investments <sup>(a)</sup>          | 85     | (2 )   | 20        | 3          |             | 106     | 106    |
| Income taxes <sup>(a)</sup>                                   | (710 ) | (55 )  | (105 )    | 43         | (46 )       | (873 )  | (873 ) |
| Tax rate (%)  | -      | 94.8   | 29.7      |            |             | -       | -      |
| Adjusted net profit (loss)                                    | (290 ) | 3      | 248       | (325 )     | 102         | (262 )  | (262 ) |
| of which attributable to:                                     |        |        |           |            |             |         |        |
| - non-controlling interest                                    |        |        |           |            |             | 5       | 5      |
| - Eni's shareholders  |        |        |           |            |             | (267 )  | (267 ) |
| Reported net profit (loss) attributable to Eni's shareholders |        |        |           |            |             | (1,242) | 413    |
| Exclusion of inventory holding (gains) losses                 |        |        |           |            |             | 101     | 101    |
| Exclusion of special items                                    |        |        |           |            |             | 874     | (413 ) |
| Adjusted net profit (loss) attributable to Eni's shareholders |        |        |           |            |             | (267 )  | (267 ) |

(a) Excluding special items.



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|  |         |       |       |       |       |       |         |       |       |        |         |       |         |
|--|---------|-------|-------|-------|-------|-------|---------|-------|-------|--------|---------|-------|---------|
| Special items of operating profit (loss)                               | (209 )  | 33    | 291   | 74    | 208   |       | 397     | (208) | (5 )  | (213 ) | 184     |       | 189     |
| Adjusted operating profit (loss)                                       | 2,665   | 325   | 226   | (212) | (580) | 82    | 2,506   | 580   | 532   | 1,112  | 3,618   | (532) | 3,086   |
| Net finance (expense) income <sup>(a)</sup>                            | (130 )  | 5     | (4 )  | (302) | (3 )  |       | (434 )  | 3     | 14    | 17     | (417 )  |       | (431 )  |
| Net income (expense) from investments <sup>(a)</sup>                   | 148     | 3     | 38    | 273   | (10 ) |       | 452     | 10    |       | 10     | 462     |       | 462     |
| Income taxes <sup>(a)</sup>  | (1,811) | (111) | (85 ) | 99    | (13 ) | (23 ) | (1,944) | 13    | (26 ) | (13 )  | (1,957) |       | (1,931) |
| Tax rate (%)   | 67.5    | 33.3  | 32.7  |       |       |       | 77.0    |       |       |        | 53.4    |       | 62.0    |
| Adjusted net profit (loss) of which attributable to:                   | 872     | 222   | 175   | (142) | (606) | 59    | 580     | 606   | 520   | 1,126  | 1,706   | (520) | 1,186   |
| - non-controlling interest   |         |       |       |       |       |       | (390 )  |       |       | 641    | 251     | (296) | (45 )   |
| - Eni's shareholders   |         |       |       |       |       |       | 970     |       |       | 485    | 1,455   | (224) | 1,231   |
| Reported net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |       | 735     |       |       | 550    | 1,285   |       | 1,285   |
| Exclusion of inventory holding (gains) losses                          |         |       |       |       |       |       | 41      |       |       |        | 41      |       | 41      |
| Exclusion of special items   |         |       |       |       |       |       | 194     |       |       | (65 )  | 129     |       | 129     |
| Reinstatement of intercompany transactions vs. discontinued operations |         |       |       |       |       |       |         |       |       |        |         |       | (224 )  |
| Adjusted net profit (loss) attributable to Eni's shareholders          |         |       |       |       |       |       | 970     |       |       | 485    | 1,455   |       | 1,231   |

(a) Excluding special items.



Eni Interim Consolidated Report / **Financial review and other information****2015**

| (€ million)  | Exploration<br>& Production | Gas<br>& Power | Refining<br>& Marketing<br>and<br>Chemicals | Corporate<br>and<br>other<br>activities | Engineering<br>&<br>Construction | Impact<br>of<br>unrealized<br>intragroup<br>profit<br>elimination | Group   | Discontinued<br>operations                           |                            | Consolidation<br>adjustments | TOTAL   | Continuing<br>operations | Reinstatement<br>of<br>intercompany<br>transactions<br>vs.<br>discontinued<br>operations | CONTINUED<br>OPERATIONS<br>on a<br>standards<br>basis |
|--|-----------------------------|----------------|---|---|----------------------------------|---|---------|--|----------------------------|------------------------------|---------|--------------------------|--|---|
|  |                             |                |   |   |                                  |   |         | Engineering<br>&<br>Construction<br>and<br>Chemicals | Discontinued<br>operations |                              |         |                          |  |   |
| Reported<br>operating profit<br>(loss)                 | (959 )                      | (1,258)        | (1,567)                                     | (497)                                   | (694)                            | (23 )   | (4,998) | 694  | 1,228                      | 1,922                        | (3,076) |                          |  | (4,300)   |
| Exclusion of<br>inventory<br>holding (gains)<br>losses |                             | 132            | 877   |   |                                  | 127   | 1,136   |  |                            |                              |         | 1,136                    |  | 1,136   |
| Exclusion of<br>special items                          |                             |                |   |   |                                  |   |         |  |                            |                              |         |                          |  |   |
| - environmental<br>charges                             |                             |                | 137   | 88                                      |                                  |   | 225     |  |                            |                              |         | 225                      |  | 225   |
| - asset<br>impairments                                 | 5,212                       | 152            | 1,150                                       | 20                                      | 590                              |   | 7,124   | (590)  |                            | (590 )                       |         | 6,534                    |  | 6,534   |
| - impairment of<br>exploration<br>projects             | 169                         |                |   |   |                                  |   | 169     |  |                            |                              |         | 169                      |  | 169   |
| - net gains on<br>disposal of<br>assets                | (403 )                      |                | (8 )  | 4                                       | 1                                |   | (406 )  | (1 )   |                            | (1 )                         |         | (407 )                   |  | (407)   |
| - risk provisions                                      |                             | 226            | (5 )  | (10 )                                   |                                  |   | 211     |  |                            |                              |         | 211                      |  | 211   |
| - provision for<br>redundancy<br>incentives            | 15                          | 6              | 8   | 1                                       | 12                               |   | 42      | (12 )  |                            | (12 )                        |         | 30                       |  | 30  |
| - commodity<br>derivatives                             | 12                          | 90             | 68  |   | (6 )                             |   | 164     | 6  | (6 )                       |                              |         | 164                      |  | 170   |
| - exchange rate<br>differences and<br>derivatives      | (59 )                       | (9 )           | 5   |   |                                  |   | (63 )   |  |                            |                              |         | (63 )                    |  | (63)  |
| - other  | 195                         | 535            | 30  | 25                                      |                                  |   | 785     |  |                            |                              |         | 785                      |  | 785   |

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|  |         |        |        |       |       |       |         |       |       |        |         |         |         |
|--|---------|--------|--------|-------|-------|-------|---------|-------|-------|--------|---------|---------|---------|
| Special items of operating profit (loss)                               | 5,141   | 1,000  | 1,385  | 128   | 597   |       | 8,251   | (597) | (6 )  | (603 ) | 7,648   |         | 7,654   |
| Adjusted operating profit (loss)                                       | 4,182   | (126 ) | 695    | (369) | (97 ) | 104   | 4,389   | 97    | 1,222 | 1,319  | 5,708   | (1,222) | 4,486   |
| Net finance (expense) income <sup>(a)</sup>                            | (272 )  | 11     | (2 )   | (686) | (5 )  |       | (954 )  | 5     | 24    | 29     | (925 )  |         | (949)   |
| Net income (expense) from investments <sup>(a)</sup>                   | 254     | (2 )   | 69     | 285   | 17    |       | 623     | (17 ) |       | (17 )  | 606     |         | 606     |
| Income taxes <sup>(a)</sup>  | (3,173) | (51 )  | (250 ) | 107   | (212) | (47 ) | (3,626) | 212   | (53 ) | 159    | (3,467) |         | (3,414) |
| Tax rate (%)   | 76.2    | -      | 32.8   |       | -     |       | 89.4    |       |       |        | 64.3    |         | 82.4    |
| Adjusted net profit (loss) of which attributable to:                   | 991     | (168 ) | 512    | (663) | (297) | 57    | 432     | 297   | 1,193 | 1,490  | 1,922   | (1,193) | 729     |
| - non-controlling interest   |         |        |        |       |       |       | (243 )  |       |       | 848    | 605     | (679 )  | (74)    |
| - Eni's shareholders   |         |        |        |       |       |       | 675     |       |       | 642    | 1,317   | (514 )  | 803     |
| Reported net profit (loss) attributable to Eni's shareholders          |         |        |        |       |       |       | (8,778) |       |       | 826    | (7,952) |         | (7,952) |
| Exclusion of inventory holding (gains) losses                          |         |        |        |       |       |       | 782     |       |       |        | 782     |         | 782     |
| Exclusion of special items   |         |        |        |       |       |       | 8,671   |       |       | (184 ) | 8,487   |         | 8,487   |
| Reinstatement of intercompany transactions vs. discontinued operations |         |        |        |       |       |       |         |       |       |        |         |         | (514)   |
| Adjusted net profit (loss) attributable to Eni's shareholders          |         |        |        |       |       |       | 675     |       |       | 642    | 1,317   |         | 803     |

(a) Excluding special items.

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|          | First half  |         |       |          |
|----------|-------------|---------|-------|----------|
|          | (€ million) | 2015    | 2016  | Change   |
| 2015     |             |         |       |          |
| 11,649   |             | 5,543   | 3,100 | (2,443 ) |
| (1,226 ) |             | (1,011) |       | 1,011    |
| 12,875   |             | 6,554   | 3,100 | (3,454 ) |
| (720 )   |             | (157 )  |       |          |
|          |             |         |       |          |
| 12,155   |             | 6,397   | 3,100 | (3,297 ) |

Eni Interim Consolidated Report / **Financial review and other information****Breakdown of special items (including discontinued operations)**

| 2015    |  | First Half      |       |
|---------|--|-----------------|-------|
|         |  | (€ million)2015 | 2016  |
| 8,251   | Special items of operating profit (loss)                                   | 397             | 297   |
| 225     | - environmental charges  | 144             | 101   |
| 7,124   | - assets impairments   | 413             | 148   |
| 169     | - impairment of exploration projects                                       |                 | 7     |
| (406 )  | - net gains on disposal of assets  | (335)           | (4 )  |
| 211     | - risk provisions  | 9               | 1     |
| 42      | - provision for redundancy incentives                                      | 16              | 11    |
| 164     | - commodity derivatives  | 157             | (115) |
| (63 )   | - exchange rate differences and derivatives                                | (33 )           | (18 ) |
| 785     | - other  | 26              | 166   |
| 292     | Net finance (income) expense   | 141             | 72    |
|         | of which:  |                 |       |
| 63      | - exchange rate differences and derivatives                                | 33              | 18    |
| 488     | Net income from investments  | (3 )            | 391   |
|         | of which:  |                 |       |
| (33 )   | - gains on disposal of assets  | (3 )            | (7 )  |
| 506     | - impairments / revaluation of equity investments                          |                 | 373   |
| (7 )    | Income taxes   | (197)           | 114   |
|         | of which:  |                 |       |
| 880     | - impairment of deferred tax assets of Italian subsidiaries                |                 | 149   |
| 860     | - impairment of deferred tax assets of upstream business                   |                 |       |
| (1,747) | - taxes on special items of operating profit (loss) and oter special items | (197)           | (35 ) |
| 9,024   | Total special items of net profit  | 338             | 874   |
|         | Attributable to:   |                 |       |
| 353     | - non-controlling interest   | 144             |       |
| 8,671   | - Eni's shareholders   | 194             | 874   |

**Breakdown of impairments**

| 2015  |                     | First Half      |       |        |
|-------|---------------------|-----------------|-------|--------|
|       |                     | (€ million)2015 | 2016  | Change |
| 6,376 | Asset impairments   | 204             | 185   | (19 )  |
| 161   | Goodwill impairment |                 |       |        |
| (3 )  | Revaluations        | (2 )            | (37 ) | (35 )  |



|       |   |     |     |       |
|-------|---|-----|-----|-------|
| 6,534 | Sub total   | 202 | 148 | (54 ) |
|       | Impairment of losses on receivables related to non recurring activities |     |     |       |
| 6,534 | Impairments   | 202 | 148 | (54 ) |

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**Eni Interim Consolidated Report / Financial review and other information**

## Summarized Group Balance Sheet

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.

**Summarized Group Balance Sheet <sup>(a)</sup>**

| (€ million)  | December 31,<br>2015 | June 30,<br>2016 | Change          |
|--|----------------------|------------------|-----------------|
| Fixed assets   |                      |                  |                 |
| Property, plant and equipment  | 68,005               | 67,826           | (179 )          |
| Inventories - Compulsory stock   | 909                  | 1,037            | 128             |
| Intangible assets  | 3,034                | 2,882            | (152 )          |
| Equity-accounted investments and other investments                             | 3,513                | 4,727            | 1,214           |
| Receivables and securities held for operating purposes                         | 2,273                | 2,339            | 66              |
| Net payables related to capital expenditure                                    | (1,284 )             | (1,555 )         | (271 )          |
|  | 76,450               | 77,256           | 806             |
| Net working capital  |                      |                  |                 |
| Inventories  | 4,579                | 4,413            | (166 )          |
| Trade receivables  | 12,616               | 10,865           | (1,751 )        |
| Trade payables   | (9,605 )             | (9,770 )         | (165 )          |
| Tax payables and provisions for net deferred tax liabilities                   | (4,137 )             | (4,048 )         | 89              |
| Provisions   | (15,375 )            | (13,952 )        | 1,423           |
| Other current assets and liabilities   | 1,827                | 2,308            | 481             |
|  | (10,095 )            | (10,184 )        | (89 )           |
| Provisions for employee post-retirement benefits                               | (1,123 )             | (1,030 )         | 93              |
| Discontinued operations and assets held for sale including related liabilities | 9,048                | 75               | (8,973 )        |
| <b>CAPITAL EMPLOYED, NET</b>   | <b>74,280</b>        | <b>66,117</b>    | <b>(8,163 )</b> |
| Eni shareholders' equity   | 55,493               | 52,257           | (3,236 )        |
| Non-controlling interest   | 1,916                | 46               | (1,870 )        |
| Shareholders' equity   | 57,409               | 52,303           | (5,106 )        |
| Net borrowings   | 16,871               | 13,814           | (3,057 )        |

|  |        |        |          |
|--|--------|--------|----------|
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 74,280 | 66,117 | (8,163 ) |
|--|--------|--------|----------|

(a) For a reconciliation to the statutory statement of cash flow see the paragraph “Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flows to Statutory Schemes”.

The Summarized Group Balance Sheet was affected by the movement in the EUR/USD exchange rate which determined a decrease in net capital employed, total equity and net borrowings by €950 million, €875 million and €75 million, respectively. This was due to translation into euros of the financial statements of US-denominated subsidiaries reflecting a 1.9% appreciation of the euro against the US dollar (1 EUR= 1.1102 USD at June 30, 2016 compared to 1.089 at December 31, 2015).

**Fixed assets** (€77,256 million) increased by €806 million from December 31, 2015. The item “Property, plant and equipment” slightly decreased mainly due to the appreciation of the euro and DD&A and write-offs (€3,974 million) partly offset by capital expenditure for the period (€4,879 million). Finally the line item “Equity-accounted investments and other investments” increased by €1,214 million due to the recognition as an equity-accounted investment of the residual 30.55% stake in Saipem and the pro-quota amount cashed out to subscribe Saipem share capital increase for an overall amount of €1,614 million, as well as the entity result for the period attributable to Eni.

**Net working capital** was in negative territory at minus €10,184 million, barely unchanged compared to December 31, 2015. Reduced trade receivables, mainly in the G&P segment were partially offset by lower provisions as well as higher commercial exposure to joint-venture partners in the E&P segment.

**Eni Interim Consolidated Report / Financial review and other information**

**Discontinued operations, asset held for sale including related liabilities** (€75 million) decreased by €8.973 million due to the closing of Saipem transaction. The residual amount mainly referred to fuel distribution activities in Eastern Europe in disposal phase.

## Leverage and net borrowings

Leverage is a measure used by management to assess the Company's level of indebtedness. It is calculated as a ratio of net borrowings which is calculated by excluding cash and cash equivalents and certain very liquid assets from financial debt to shareholders' equity, including non-controlling interest. Management periodically reviews leverage in order to assess the soundness and efficiency of the Group balance sheet in terms of optimal mix between net borrowings and net equity, and to carry out benchmark analysis with industry standards.

| (€ million)  | December 31,<br>2015 | June 30,<br>2016 | Change   |
|--|----------------------|------------------|----------|
| Total debt:  | 27,793               | 25,788           | (2,005 ) |
| Short-term debt  | 8,396                | 4,654            | (3,742 ) |
| Long-term debt   | 19,397               | 21,134           | 1,737    |
| Cash and cash equivalents  | (5,209 )             | (5,099 )         | 110      |
| Securities held for trading and other securities held for non-operating purposes | (5,028 )             | (6,351 )         | (1,323 ) |
| Financing receivables for non-operating purposes                                 | (685 )               | (524 )           | 161      |
| Net borrowings   | 16,871               | 13,814           | (3,057 ) |
| Shareholders' equity including non-controlling interest                          | 57,409               | 52,303           | (5,106 ) |
| Leverage   | 0.29                 | 0.26             | (0.03 )  |

**Net borrowings** as of June 30, 2016, amounted to €13,814 million, down by €3,057 million from December 31, 2015 due to the closing of the Saipem transaction. This comprised the reimbursement of intercompany financing receivables owed by Saipem to Eni (€5.8 billion), the proceeds from the divestment of 12.503% of Eni's interest in Saipem to the Italy-based CDP Equity SpA (€0.46 billion), net of the amount cashed out to subscribe pro-quota the Saipem share capital increase (€1.07 billion).

**Total debt** amounted to €25,788 million, of which €4,654 million were short-term (including the portion of long-term debt due within 12 months equal to €948 million) and €21,134 million were long-term.

The ratio of net borrowings to shareholders' equity including non-controlling interest – **leverage** – was 0.26 at June 30, 2016 (0.29 at December 31, 2015). This decrease was due to lower net borrowings partly offset by a reduction in total equity. The equity reduction was impacted by the negative result of the period, the de-recognition of the Saipem non-controlling interest and the dividend payment (€1.44 billion).

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## Comprehensive income

| (€ million)  | First Half |         |
|--|------------|---------|
|  | 2015       | 2016    |
| Net profit (loss)  | 201        | (1,237) |
| Items subsequently reclassifiable to profit and loss account       | 3,837      | (519 )  |
| Foreign currency translation differences                           | 3,729      | (875 )  |
| Change in the fair value of cash flow hedging derivatives          | 156        | 428     |
| Change in the fair value of available-for-sale securities          | (3 )       |         |
| Share of "Other comprehensive income" on equity-accounted entities | (7 )       | 34      |
| Taxation   | (38 )      | (106 )  |
| Total other items of comprehensive income (loss)                   | 3,837      | (519 )  |
| Total comprehensive income (loss)                                  | 4,038      | (1,756) |
| Attributable to:   |            |         |
| - Eni's shareholders   | 4,518      | (1,761) |
| - continuing operations  | 5,068      | (1,348) |
| - discontinued operations  | (550 )     | (413 )  |
| Non-controlling interest   | (480 )     | 5       |
| - continuing operations  | 268        | 5       |
| - discontinued operations  | (748 )     |         |

## Changes in Shareholder's equity

| (€ million)  |         |          |
|--|---------|----------|
| Shareholders' equity at December 31, 2015            |         | 57,409   |
| Total comprehensive income (loss)                    | (1,756) |          |
| Dividends distributed to Eni's shareholders          | (1,440) |          |
| Deconsolidation of Saipem's non-controlling interest | (1,872) |          |
| Payments to minority shareholders                    | (4 )    |          |
| Other changes  | (34 )   |          |
| Total changes  |         | (5,106 ) |
| Shareholders' equity at June 30, 2016                |         | 52,303   |
| Attributable to:                                     |         |          |
| - non-controlling interest                           |         | 52,257   |
| - Eni's shareholders                                 |         | 46       |

**Shareholders' equity including non-controlling interest** was €52,303 million, down by €5,106 million from December 31, 2015. This was due to net loss in comprehensive income (€1,756 million) given by net loss of €1,237 million and negative foreign currency translation differences (€875 million). Also affecting the total equity was the de-recognition of Saipem non-controlling interest (€1,872 million), dividend distribution and other changes of €1,478 million (€1,440 million being the 2015 final dividend and dividends to non-controlling interests). These effects were partially offset by the positive change in the cash flow hedge reserve (€428 million).

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## Summarized Group Cash Flow Statement

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; and (ii) change 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 and net cash provided by operating activities from continuing operations on a standalone basis are non-GAAP measures of financial performance.

**Summarized Group Cash Flow Statement<sup>(a)</sup>**

|  | First Half       |         |          |
|--|------------------|---------|----------|
|  | (€ million) 2015 | 2016    | Change   |
| 2015   |                  |         |          |
| (7,399 ) Net profit (loss) - continuing operations                                       | 1,499            | (824 )  | (2,323 ) |
| Adjustments to reconcile net profit (loss) to net cash provided by operating activities: |                  |         |          |
| 17,216 - depreciation, depletion and amortization and other non monetary items           | 4,918            | 3,852   | (1,066 ) |
| (577 ) - net gains on disposal of assets   | (342 )           | (27 )   | 315      |
| 3,215 - dividends, interests, taxes and other changes                                    | 1,795            | 1,083   | (712 )   |
| 4,781 Changes in working capital related to operations                                   | 1,273            | 772     | (501 )   |
| (4,361 ) Dividends received, taxes paid, interests (paid) received during the period     | (2,589)          | (1,756) | 833      |
| 12,875 Net cash provided by operating activities - continuing operations                 | 6,554            | 3,100   | (3,454 ) |
| (1,226 ) Net cash provided by operating activities - discontinued operations             | (1,011)          |         | 1,011    |
| 11,649 Net cash provided by operating activities   | 5,543            | 3,100   | (2,443 ) |
| (10,741) Capital expenditure - continuing operations                                     | (5,834)          | (4,879) | 955      |
| (561 ) Capital expenditure - discontinued operations                                     | (268 )           |         | 268      |
| (11,302) Capital expenditure   | (6,102)          | (4,879) | 1,223    |
| (228 ) Investments and purchase of consolidated subsidiaries and businesses              | (108 )           | (1,152) | (1,044 ) |



|          |  |         |         |          |
|----------|--|---------|---------|----------|
| 2,258    | Disposals and cash equivalent related to discontinued operations divested  | 644     | 951     | 307      |
| (1,351 ) | Other cash flow related to capital expenditure, investments and disposals  | (376 )  | (43 )   | 333      |
| 1,026    | Free cash flow   | (399 )  | (2,023) | (1,624 ) |
| (300 )   | Borrowings (repayment) of debt related to financing activities <sup>(b)</sup>  | 25      | 5,199   | 5,174    |
| 2,126    | Changes in short and long-term financial debt  | 1,163   | (1,822) | (2,985 ) |
| (3,477 ) | Dividends paid and changes in non-controlling interests and reserves   | (2,019) | (1,444) | 575      |
| (780 )   | Effect of changes in consolidation, exchange differences and cash and cash equivalent related to discontinued operations | 82      | (20 )   | (102 )   |
| (1,405 ) | NET CASH FLOW FOR THE PERIOD   | (1,148) | (110 )  | 1,038    |
| 12,155   | NET CASH PROVIDED BY OPERATING ACTIVITIES ON STANDALONE BASIS  | 6,397   | 3,100   | (3,297 ) |

### Changes in net borrowings

| 2015    |   | First Half      |         |          |
|---------|---|-----------------|---------|----------|
|         |   | (€ million)2015 | 2016    | Change   |
| 1,026   | Free cash flow  | (399 )          | (2,023) | (1,624 ) |
| 83      | Net borrowings of divested companies                                | 18              | 5,820   | 5,802    |
| (818 )  | Exchange differences on net borrowings and other changes            | (392 )          | 704     | 1,096    |
| (3,477) | Dividends paid and changes in non-controlling interest and reserves | (2,019)         | (1,444) | 575      |
| (3,186) | CHANGE IN NET BORROWINGS  | (2,792)         | 3,057   | 5,849    |

(a) For a reconciliation to the statutory statement of cash flow see the paragraph "Reconciliation of Summarized Group Balance Sheet and Statement of Cash Flow to Statutory Schemes".

(b) Net cash used in investing activities included investments and divestments (on net basis) in held-for-trading financial assets and other investments/divestments in certain short-term financial assets. Due to their nature and the circumstance that they are very liquid, these financial assets are netted against finance debt in determining net borrowings. Cash flows of such investments were as follows:

| 2015  |  | First Half      |         |          |
|-------|--|-----------------|---------|----------|
|       |  | (€ million)2015 | 2016    | Change   |
|       | Financing investments:   |                 |         |          |
| (140) | - securities   | (69 )           | (1,220) | (1,151 ) |
| (343) | - financing receivables  | (21 )           | (173 )  | (152 )   |
| (483) |  | (90 )           | (1,393) | (1,303 ) |
|       | Disposal of financing investments:                             |                 |         |          |
| 1     | - securities   | 1               |         | (1 )     |
| 182   | - financing receivables  | 114             | 6,592   | 6,478    |
| 183   |  | 115             | 6,592   | 6,477    |
| (300) | Borrowings (repayment) of debt related to financing activities | 25              | 5,199   | 5,174    |



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In the first half of 2016, **net cash provided by operating activities from continuing operations** amounted to €3,100 million. Proceeds from disposals were €951 million and mainly related to the 12.503% interest in Saipem (€463 million) and an interest in Snam due to exercise of the conversion rights by bondholders (€332 million).

These inflows funded part of the financial requirements for the payment of Eni's balance dividend of 2015 (€1,440 million), capital expenditure (€4,879 million) and the amount cashed out to subscribe the share capital increase of Saipem.

When considering the cash flow associated to the reimbursement of intercompany financing receivables amounting to €5,818 million, as part of the closing of the Saipem deal, the Group's net debt decreased by €3,057 million.

From January 1, 2016, Eni's captive insurance subsidiary is required to meet certain capital and solvency ratios as minimum requirements to continue performing the insurance activity based on the provisions of EU Solvency II Directive (the so called Minimum Capital Requirement - MCR - and Solvency Capital Requirement - SCR). Therefore, it is no longer necessary to commit the financial assets of the insurance company to funding the loss provisions. Accordingly, those assets, which mainly comprise available-for-sale securities and bank deposits, have ceased to be classified as held for operating purposes and have been netted against finance debt in determining the Group net borrowing at June 30, 2016 with a positive impact of €569 million.

**Capital expenditure**

| 2015  |   | First Half      |       | Change  | % Ch.  |
|-------|---|-----------------|-------|---------|--------|
|       |   | (€ million)2015 | 2016  |         |        |
| 9,980 | Exploration & Production                        | 5,660           | 4,509 | (1,151) | (20.3) |
|       | - acquisition of proved and unproved properties |                 | 2     |         |        |
| 566   | - exploration                                   | 312             | 170   |         |        |
| 9,341 | - development                                   | 5,321           | 4,293 |         |        |
| 73    | - other expenditure                             | 27              | 44    |         |        |
| 154   | Gas & Power                                     | 44              | 44    |         |        |
| 138   | - marketing                                     | 43              | 41    |         |        |
| 16    | - international transport                       | 1               | 3     |         |        |
| 628   | Refining & Marketing and Chemicals              | 255             | 212   | (43)    | (16.9) |
| 408   | - refining and marketing                        | 155             | 140   |         |        |

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|        |  |        |       |          |         |
|--------|--|--------|-------|----------|---------|
| 220    | - chemicals  | 100    | 72    |          |         |
| 64     | Corporate and other activities                     | 15     | 20    | 5        | 33.3    |
| (85 )  | Impact of unrealized intragroup profit elimination | (140 ) | 94    | 234      |         |
| 10,741 | Capital expenditure - continuing operations        | 5,834  | 4,879 | (955 )   | (16.4 ) |
| 561    | Capital expenditure - discontinued operations      | 268    |       | (268 )   | -       |
| 11,302 | Capital expenditure                                | 6,102  | 4,879 | (1,223 ) | (20.0 ) |

In the first half of 2016, **capital expenditure of continuing operations** amounted to €4,879 million (€5,834 million in the first half of 2015) and mainly related to:

- development activities deployed mainly in Egypt, Angola, Indonesia, Kazakhstan, Norway, Iraq and Libya and exploratory activities primarily in Egypt, Angola and Congo;

- refining activity (€107 million) aiming fundamentally at plants improving, as well as initiatives in the field of health, security and environment; regulation compliance and stay in business initiatives in the refined product retail network (€33 million);

- initiatives relating to gas marketing (€29 million).

Eni Interim Consolidated Report / **Financial review and other information**

## Reconciliation of Summarized Group Balance Sheet and Summarized Group Cash Flow Statement to Statutory Schemes

**Summarized Group Balance Sheet**

| Items of Summarized Group Balance Sheet<br>(where not expressly indicated, the item<br>derives directly from the statutory<br>scheme)<br><br>(€ million) | Notes to the condensed<br>consolidated interim<br>financial statements | December 31, 2015                                 |  | June 30, 2016                                     |  |
|--|--|---|--|---|--|
|  |  | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of the<br>summarized<br>Group<br>scheme | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of the<br>summarized<br>Group<br>scheme |
| Fixed assets   |  |   |  |   |  |
| Property, plant and equipment  |  |   | 68,005   |   | 67,826   |
| Inventories - Compulsory stock   |  |   | 909  |   | 1,037  |
| Intangible assets  |  |   | 3,034  |   | 2,882  |
| Equity-accounted investments and other<br>investments  |  |   | 3,513  |   | 4,727  |
| Receivables and securities held for operating<br>activities  | (see note 7 and note 14)   |   | 2,273  |   | 2,339  |
| Net payables related to capital expenditure,<br>made up of:  |  |   | (1,284 )   |   | (1,555 )   |
| - receivables related to capital<br>expenditure/disposals  | (see note 7)   | 33  |  | 160   |  |
| - receivables related to capital<br>expenditure/disposals non-current  | (see note 16)  | 567   |  | 387   |  |
| - payables related to capital expenditure  | (see note 18)  | (1,884 )  |  | (2,102 )  |  |
| Total fixed assets   |  |   | 76,450   |   | 77,256   |
| Net working capital  |  |   |  |   |  |
| Inventories  |  |   | 4,579  |   | 4,413  |
| Trade receivables  | (see note 7)   |   | 12,616   |   | 10,865   |
| Trade payables   | (see note 18)  |   | (9,605 )   |   | (9,770 )   |
| Tax payables and provisions for net deferred<br>tax liabilities, made up of:   |  |   | (4,137 )   |   | (4,048 )   |
| - income tax payables  |  | (431 )  |  | (401 )  |  |
| - other tax payables   |  | (1,454 )  |  | (1,768 )  |  |
| - deferred tax liabilities   |  | (7,425 )  |  | (6,890 )  |  |
| - other non-current tax liabilities  | (see note 24)  | (52 )   |  | (40 )   |  |

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|  |                         |           |           |
|--|-------------------------|-----------|-----------|
| - payables for Italian consolidated accounts   | (see note 18)           | (14 )     | (16 )     |
| - receivables for Italian consolidated accounts  | (see note 7)            | 2         | 1         |
| - current tax assets   |                         | 360       | 464       |
| - other current tax assets   |                         | 630       | 483       |
| - deferred tax assets  |                         | 3,853     | 3,663     |
| - other tax assets   | (see note 16)           | 394       | 456       |
| Provisions   |                         | (15,375 ) | (13,952 ) |
| Other current assets and liabilities:  |                         | 1,827     | 2,308     |
| - securities held for operating purposes   | (see note 6)            | 282       |           |
| - receivables for operating purposes   | (see note 7)            | 375       | 103       |
| - other receivables  | (see note 7)            | 6,682     | 7,032     |
| - other (current) assets   |                         | 3,642     | 2,693     |
| - other receivables and other assets   | (see note 16)           | 797       | 737       |
| - advances, other payables   | (see note 18)           | (3,439 )  | (3,385 )  |
| - other (current) liabilities  |                         | (4,712 )  | (3,151 )  |
| - other payables and other liabilities   | (see note 24)           | (1,800 )  | (1,721 )  |
| Total net working capital  |                         | (10,095 ) | (10,184 ) |
| Provisions for employee post-retirement benefits   |                         | (1,123 )  | (1,030 )  |
| Discontinued operations and assets held for sale including related liabilities made up of: |                         | 9,048     | 75        |
| - assets held for sale   |                         | 15,533    | 99        |
| - liabilities related to assets held for sale  |                         | (6,485 )  | (24 )     |
| <b>CAPITAL EMPLOYED, NET</b>   |                         | 74,280    | 66,117    |
| Shareholders' equity including non-controlling interest                                    |                         | 57,409    | 52,303    |
| Net borrowings   |                         |           |           |
| Total debt, made up of:  |                         | 27,793    | 25,788    |
| - long-term debt   |                         | 19,397    | 21,134    |
| - current portion of long-term debt  |                         | 2,676     | 948       |
| - short-term financial liabilities   |                         | 5,720     | 3,706     |
| less:  |                         |           |           |
| Cash and cash equivalents  |                         | (5,209 )  | (5,099 )  |
| Securities held for non-operating purposes   | (see note 5 and note 6) | (5,028 )  | (6,351 )  |
| Financing receivables for non-operating purposes   | (see note 7)            | (685 )    | (524 )    |
| <b>Total net borrowings</b> <sup>(a)</sup>   |                         | 16,871    | 13,814    |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                         | 74,280    | 66,117    |

<sup>(a)</sup> For details on net borrowings see also note No. 21 to the condensed consolidated interim financial statements.

Eni Interim Consolidated Report / **Financial review and other information****Summarized Group Cash Flow Statement**

| Items of Summarized Cash Flow Statement and<br>confluence/reclassification of items in the statutory scheme<br>(€ million) | First Half 2015                                   |   | First Half 2016                                   |   |
|--|---|---|---|---|
|  | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of<br>the<br>summarized<br>Group<br>scheme | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of<br>the<br>summarized<br>Group<br>scheme |
| Net profit (loss)  |   | 1,499   |   | (824 )  |
| Adjustments to reconcile net profit (loss) to net cash provided by<br>operating activities:                                |   |   |   |   |
| Depreciation, depletion and amortization and other non monetary items  |   | 4,918   |   | 3,852   |
| - depreciation, depletion, amortization and impairments  | 4,834   |   | 3,853   |   |
| - write-off  | 189   |   | 121   |   |
| - share of profit (loss) of equity-accounted investments   | (45 )   |   | (81 )   |   |
| - other net changes  | (48 )   |   | (49 )   |   |
| - net changes in the provisions for employee benefits  | (12 )   |   | 8   |   |
| Net gains on disposal of assets  |   | (342 )  |   | (27 )   |
| Dividends, interests, income taxes and other changes   |   | 1,795   |   | 1,083   |
| - dividend income  | (223 )  |   | (55 )   |   |
| - interest income  | (83 )   |   | (120 )  |   |
| - interest expense   | 336   |   | 319   |   |
| - income taxes   | 1,765   |   | 939   |   |
| Changes in working capital related to operations   |   | 1,273   |   | 772   |
| - inventory  | 519   |   | 30  |   |
| - trade receivables  | 1,611   |   | 1,537   |   |
| - trade payables   | (1,050)   |   | (40 )   |   |
| - provisions for contingencies   | (305 )  |   | (953 )  |   |
| - other assets and liabilities   | 498   |   | 198   |   |
| Dividends received, taxes paid, interest (paid) received during the period   |   | (2,589 )  |   | (1,756 )  |
| - dividend received  | 265   |   | 87  |   |
| - interest received  | 24  |   | 67  |   |
| - interest paid  | (401 )  |   | (394 )  |   |
| - income taxes paid, net of tax receivables received   | (2,477)   |   | (1,516)   |   |
| Net cash provided by operating activities - continuing operations  |   | 6,554   |   | 3,100   |
| Net cash provided by operating activities - discontinued operations  |   | (1,011 )  |   |   |
| Net cash provided by operating activities  |   | 5,543   |   | 3,100   |
| Capital expenditure  |   | (6,102 )  |   | (4,879 )  |
| - tangible assets  | (6,058)   |   | (4,847)   |   |
| - intangible assets  | (44 )   |   | (32 )   |   |

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|   |        |        |          |
|---|--------|--------|----------|
| Investments and purchase of consolidated subsidiaries and businesses                                      |        | (108 ) | (1,152 ) |
| - investments   | (108 ) |        | (1,152)  |
| - consolidated subsidiaries and businesses  |        |        |          |
| Disposals   |        | 644    | 951      |
| - tangible assets   | 408    |        | 9        |
| - intangible assets   | 4      |        |          |
| - changes in consolidated subsidiaries and businesses   | 33     |        | 474      |
| - investments   | 199    |        | 468      |
| Other cash flow related to capital expenditure, investments and disposals                                 |        | (376 ) | (43 )    |
| - securities  | (98 )  |        | (1,225)  |
| - financing receivables   | (442 ) |        | (624 )   |
| - change in payables and receivables relating to investments and capitalized depreciation                 | (162 ) |        | 31       |
| <b>reclassification: purchase of securities and financing receivables for non-operating purposes</b>      | 90     |        | 1,393    |
| - disposal of securities  | 10     |        | 7        |
| - disposal of financing receivables   | 273    |        | 6,916    |
| - change in payables and receivables  | 68     |        | 51       |
| <b>reclassification: disposal of securities and financing receivables held for non-operating purposes</b> | (115 ) |        | (6,592)  |
| Free cash flow  |        | (399 ) | (2,023 ) |



Eni Interim Consolidated Report / **Financial review and other information***continued* **Summarized Group Cash Flow Statement**

| Items of Summarized Cash Flow Statement<br>and confluence/reclassification of items<br>in the statutory scheme<br><br>(€ million) | First Half 2015                                   |   | First Half 2016                                   |   |
|---|---|---|---|---|
|   | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of<br>the<br>summarized<br>Group<br>scheme | Partial<br>amounts<br>from<br>statutory<br>scheme | Amounts<br>of<br>the<br>summarized<br>Group<br>scheme |
| Free cash flow  |   | (399 )  |   | (2,023 )  |
| Borrowings (repayment) of debt related to financing activities  |   | 25  |   | 5,199   |
| <b>reclassification: purchase of securities and financing receivables held for non-operating purposes</b>                         | (90 )   |   | (1,393)   |   |
| <b>reclassification: disposal of securities and financing receivables held for non-operating purposes</b>                         | 115   |   | 6,592   |   |
| Changes in short and long-term finance debt   |   | 1,163   |   | (1,822 )  |
| - proceeds from long-term finance debt  | 2,004   |   | 2,103   |   |
| - payments of long-term finance debt  | (2,766)   |   | (1,969)   |   |
| - increase (decrease) in short-term finance debt  | 1,925   |   | (1,956)   |   |
| Dividends paid and changes in non-controlling interest and reserves   |   | (2,019 )  |   | (1,444 )  |
| - net capital contributions/payments by/to non-controlling interest   | 1   |   |   |   |
| - treasury shares sold  |   |   |   |   |
| - dividends paid by Eni to shareholders   | (2,017)   |   | (1,440)   |   |
| - dividends paid to non-controlling interest  | (3 )  |   | (4 )  |   |
| Effect of exchange differences on cash and cash equivalents   |   | 84  |   | (19 )   |
| Effect of changes in consolidation area (inclusion/exclusion of significant/insignificant subsidiaries)                           |   | (2 )  |   | (1 )  |
| Net cash flow   |   | (1,148 )  |   | (110 )  |

## Eni Interim Consolidated Report / **Financial review and other information**

### Risk factors and uncertainties

#### Foreword

In this section are described the main risks Eni faces in each of its business segments. For the disclosure on financial risks (market, counterparty and liquidity risk), see note N. 29 “Guarantees, commitments and risks” in the Notes to the condensed consolidated interim financial statements.

#### Risks related to the cyclical nature of the Oil & Gas sector

Eni’s operating results, mainly of the Exploration & Production segment, are exposed to volatile prices of crude oil and natural gas. Higher oil prices increase the Group consolidated results of operations and cash flow; vice versa, in case of falling oil prices.

In the last two years, the oil industry has been in the midst of a downturn driven by global oversupplies and sluggish global growth. After dropping below \$30 per barrel in the first months of 2016 to its 13-year low, the price of Brent crude has recovered to about the \$50 mark thanks to a certain market stabilization. In the first half of 2016, the benchmark Brent price averaged \$40 per barrel, with a reduction of approximately 30% compared to the first half of 2015. In the next months, y-o-y comparison will gradually improve. On the base of the review of the fundamentals of demand and supply, being updated in light of the recent trends of the industry, Eni’s management envisages that the oil market will gradually rebalance in the subsequent four-year plan period. This will be driven by reduced investments by international oil companies, a slowdown in the U.S. tight oil production, the difficulties of some major oil-producing countries to find financial resources to maintain their current levels of production and, in the longer term, thanks to the important contribution to demand growth expected from countries like India. This outlook is clouded by a number of risks and uncertainties, such as the trend in global energy demand, affected in the short term by risks of slowdown in the global economic activity, as well as aggressive policy of Saudi Arabia seeking to increase its market share. Eni’s management has evaluated a number of risks and uncertainties inherent in such expectations, including technology evolution, structural changes that have been currently affecting oil industry such as the U.S. tight oil revolution, lower influence from the Organization of the Petroleum Exporting Countries (“OPEC”), reduced impact of geopolitical crises and the greater role played by renewable energy sources and risks associated with internationally-agreed measures intended to reduce GHG emissions. Based on this outlook, in performing the evaluations of the first half report 2016 Eni’s management has substantially confirmed its conservative pricing assumptions of the Brent crude oil marker adopted in the Company’s 2016-2019 strategic plan and 2015 Annual

Report (based on the long-term reference price of 65 \$/barrel).

Looking forward to 2020 and beyond, Eni has defined a strategy, action plan and the first set of projects, in order to evolve its business model towards a low-carbon future in the context of macroeconomic growth. The Company took into consideration that the States committed to reduce their GHG emissions and foster energy saving, with a challenging goal of limiting the average increase of the global temperature below the two degrees threshold compared to pre-industrial levels. Based on this outlook, the renewable energy sources will play an increasingly greater role in Eni's portfolio, leveraging on industrial, marketing and contractual synergies with Eni's core activities.

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Eni estimates that movements in oil prices affect approximately 50% of its current oil&gas production. The Company does not hedge this exposure, except for specific business's cases or market conditions. The remaining portion of Eni's current production is insulated from crude oil price movements considering that the Company's property portfolio is characterized by a sizeable presence of production sharing contracts, where, due to the cost recovery mechanism, the Company is entitled to a larger number of barrels in case of a fall in crude oil prices (see below). Based on the current portfolio of oil&gas assets, Eni's management estimates that the Company's consolidated net profit varies by approximately €200 million for each one-dollar change in the price of the Brent crude oil benchmark with respect to the price case assumed in our financial projections for 2016 at \$41/bbl. Free cash flow is expected to reduce/increase by a similar amount.

In addition to the adverse effect on revenues, profitability and cash flow, lower oil&gas prices over prolonged period could result in asset impairments and affect the return of development projects in case actual prices would be lower than the prices assumed when the final investment decision was made. In such a scenario, Eni would review its capex plan, re-phasing, delaying or cancelling certain projects, which would negatively affect our growth rate. The Company, like other players in the industry, assesses its oil&gas projects based on long-term scenarios for oil prices, which reflect management's best assumptions about the underlying fundamentals of global demand and supply. This approach supports the achievement of the expected returns on capital projects through the swings of the oil&gas cycle.

Lower commodity prices may also reduce Eni's access to capital and lead to a downgrade or other negative rating action with respect to our credit rating by rating agencies, including Standard & Poor's Ratings Services ("S&P") and Moody's Investor Services Inc ("Moody's"). These downgrades negatively affect our cost of capital, increase our financial expenses, and may limit Eni's ability to access capital markets and execute aspects of our business plans. At the end of March 2016, both agencies lowered Eni's long-term corporate credit rating (to BBB+ and Baa1, respectively).

Future oil prices may substantially differ from the price used in calculating Eni's estimated proved reserves and their net present value determined by using the 10% discount factor. The prices used in calculating Eni's estimated proved reserves are, in accordance with the U.S. Securities and Exchange Commission (the "U.S. SEC") requirements, calculated by determining the unweighted arithmetic average of the first-day-of-the-month commodity prices for the preceding 12 months.

For the 12-month period ending December 31, 2015, average prices were based on 54 \$/bbl for the Brent crude oil. This decline in the price of crude oil triggered the downward revision of those reserves that have become uneconomic in this type of environment. Commodity prices declined significantly in the first half of 2016. If oil prices do not increase significantly in the second half of the year, our future calculations of estimated proved reserves will be based

on lower commodity prices which could result in our having to remove non-economic reserves from our proved reserves in future periods. This effect will be counterbalanced in full or in part by increased reserves corresponding to the additional volume entitlements under Eni's PSAs relating to cost oil: i.e. because of lower oil and gas prices, the reimbursement of expenditures incurred by the Company requires additional volumes of reserves.

At December 31, 2015, the net present value of our proved reserves totaled approximately €38 billion. The average prices used to estimate our proved reserves and the net present value at December 31, 2015 were \$54 per barrel for the Brent crude oil. Holding all other factors constant and using the 10% discount factor, if commodity prices used were in line with the pricing environment existing in the first half of 2016, Eni's PV-10 could decrease significantly compared to December 31, 2015.

Volatile oil prices represent an uncertainty factor in view of achieving the Company's operating targets of production growth and reserve replacement due to the relevant amount of Production Sharing Agreements (PSA) in Eni's portfolio. Under such contracts, the Company is entitled to receive a portion of the production, the sale of which should cover expenditures incurred and earn the Company a share of profit. Accordingly, the higher are the reference prices for crude oil used to determine production and reserve entitlements, the lower is the number of barrels to cover the same dollar amounts hence the amounts of booked production and reserves; and vice versa.

The Company currently estimates that production entitlements in its PSAs increases on average by approximately 1,500 bbl/d for each \$1 decrease in oil prices. This sensitivity analysis relates to the existing Eni portfolio and might vary in the future. The impact of price effects on the Company's

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production was about 27 kbb/d in the first half of 2016, contributing by some percentage points to the production growth of the first half of 2016.

The oil and gas industry is capital intensive. Eni makes and expects to continue to make substantial capital expenditures in its business for the exploration, development, exploitation and production of oil and natural gas reserves. The Company's capital budget for the four-year plan 2016-2019 amounts to €37 billion and is substantially lower than our previous industrial plan (down by an estimated 21% at constant exchange rates) as a result of a planned reduction in spending prompted by significantly depressed commodity prices. The Company has budgeted €9.4 billion for capital expenditure in 2016 relating to continuing operations, which are 20% lower than in 2015 at constant exchange rates. In the first half of 2016, capital expenditure amounted to €4.88 billion. For the rest of the year, the management may find that additional reductions in Eni's 2016 capital spending budget become necessary depending on market conditions.

Historically, Eni's capital expenditures have been financed with cash generated by operations, proceeds from asset disposal, borrowings under its credit facilities and proceeds from the issuance of debt and bonds. On the back of the current scenario, Eni's management expects to carry out a number of initiatives intended to reduce capital spending. Management forecasts that capex will be 100%-funded by cash flow from operations at about 50 \$/barrel scenario vs an initial guidance of 63 \$/barrel for the 2015-2016 period. However, actual cash flow from operations may be affected by factors such as: (i) the actual prices Eni receives for sales of crude oil and natural gas; (ii) amount of actual production of oil & gas; (iii) time-to-market of Eni's reserves; iv) political risks; v) cost efficiencies.

If cash generated by operations, cash from asset disposal, or cash available under Eni's liquidity reserve or its credit facilities is not sufficient to meet capital requirements, the failure to obtain additional financing could result in a curtailment of operations relating to development of Eni's reserves, which in turn could adversely affect its business, financial condition, results of operations, and cash flows and its ability to achieve its growth plans. As of the date of this financial statement, the setting up and maintenance of the reserve of strategic liquidity is mainly aimed to: (i) guarantee of financial flexibility. Liquidity should allow Eni Group to fund any extraordinary need (such as difficulty in access to credit, exogenous shock, macroeconomic environment, as well as merger and acquisitions); and (ii) ensure a full coverage of short-term debts and a coverage of medium and long-term financial debts due within a time horizon of 24 months, even in case of restrictions to credit.

Because of the above-mentioned risks, an extended continuation of the current commodity price environment, or further declines in commodity prices, will materially and adversely affect our business prospects, financial condition, results of operations, cash flows, liquidity, ability to finance planned capital expenditures and commitments and may impact shareholder returns, including dividends and the share price.

The Group's results from its Refining & Marketing and Chemicals business are primarily dependent upon the supply and demand for refined products and the associated margins on refined product sales, with the impact of changes in oil prices on results of these segments being dependent upon the speed at which the prices of products adjust to reflect movements in oil prices.

#### Country risk

A substantial portion of Eni's oil and gas reserves and gas supplies are located in Countries outside the EU and the North America, namely in Africa, Central Asia and Central-Southern America, where the sociopolitical framework and macroeconomic outlook is less stable than in the OECD countries. In those less stable countries, Eni is exposed to a wide range of risks and uncertainties which could materially impact the ability of the Company to conduct its operations in a safe, reliable and profitable manner.

As of December 31, 2015, approximately 81% of Eni's proved hydrocarbon reserves were located in such countries and 60% of Eni's supplies of natural gas came from outside OECD countries. Adverse political, social and economic developments, such as internal conflicts, revolutions, establishment of non- democratic regimes, protests, strikes and other forms of civil disorder, contraction of economic activity and financial difficulties of the local governments with repercussions on the solvency of state institutions

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which are lifting their share of production from the development projects where they are partnering Eni, inflation levels, exchange rates and similar events in those non-OECD countries may negatively impair Eni's ability to continue operating in an economic way, either temporarily or permanently, and Eni's ability to access oil and gas reserves.

In particular, Eni faces risks in connection with the following, possible issues:

(i) lack of well-established and reliable legal systems and uncertainties surrounding enforcement of contractual rights;

(ii) unfavorable enforcement of laws, regulations and contractual arrangements leading, for example, to loss of value of Eni's assets, expropriations, nationalizations or forced divestitures of assets;

(iii) restrictions on exploration, production, imports and exports;

(iv) tax or royalty increases;

(v) political and social instability which could result in civil and social unrest, internal conflicts and other forms of protest and disorder such as strikes, riots, sabotage, acts of violence and similar incidents;

(vi) difficulties in finding qualified suppliers in critical operating environment;

(vii) complex process in granting authorizations or licences affecting time-to-market of certain development projects.

In recent years, Eni's production levels in Libya were negatively impacted by an internal revolution and a change of regime in 2011, which led to a prolonged period of political and social instability characterized by acts of local conflict, social unrest, protests, strikes and other similar events. Those political development forced Eni to temporarily



interrupt or reduce its producing activities, negatively affecting Eni's results of operations and cash flow until the situation began to stabilize. Although our production levels in Libya since 2015 has returned to levels not seen from the outbreak of the civil war, the geopolitical situation remains unstable and unpredictable. In the first half of 2016, Eni's production in Lybia was 356 kboe/day, which represents approximately 20% of the Group total production.

To factor in possible risks of unfavorable geopolitical developments mainly in Libya but also elsewhere in other countries of Eni presence, which may lead to temporary production losses and disruptions in our operations in connection with, among others, acts of war, sabotage, social unrest, clashes and other form of civil disorder, we have applied a haircut to our future production levels based on management's appreciation of those risks, past experience and other considerations.

Also Eni's activities in Nigeria have been impacted in recent years by continuing episodes of theft, acts of sabotage and other similar disruptions which have jeopardized the Company's ability to conduct operations in full security, particularly in the onshore area of the Niger Delta.

Looking forward, Eni expects that those risks will continue to affect Eni's operations in those countries. Eni closely monitors political, social and economic risks of approximately 60 countries in which has invested or intends to invest, in order to evaluate the economic and financial return of certain projects and to selectively evaluate projects. While the occurrence of those events is unpredictable, it is likely that the occurrence of any such events could adversely affect Eni's results from operations, cash flow and business prospects, also including the counterparty risk arising from the financing exposure of Eni in case state-owned entities, which are party of Eni's upstream projects for developing hydrocarbons, fail to reimburse due amounts.

In the current depressed environment for crude oil prices, the financial outlook of certain countries where Eni's hydrocarbons reserves are located has significantly deteriorated due to lower proceeds from the exploitation of hydrocarbons resources. This trend has increased the risk of sovereign default, which may cause political and macroeconomic instability and trigger one or more of the above mentioned risks factors. State-owned petroleum companies of those countries are exposed to a liquidity risk too. Eni is partnering those national oil companies in executing certain oil&gas development projects. A possible sovereign default might jeopardize the financial feasibility of ongoing projects or increase the financial exposure of Eni, which is contractually obligated to finance the share of development expenditures of the first party in case of a financial shortfall of the latter. This risk is mitigated by the customary default clause, which states that in case of a default, the non-defaulting party is entitled to compensate its claims with the share of production of the defaulting party.

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The political crisis in Russia and Ukraine referred to the Crimea's independence from Ukraine as a single united nation led the EU and the United States to impose a set of sanctions to Russia. The EU and US enacted sanctions are mainly targeting the financial sector and the energy sector in Russia. Approximately 30% of Eni's natural gas is supplied by Russia and Eni is currently partnering the Russian company Rosneft in executing exploration activities in the Russian sections of the Barents Sea and the Black Sea. Contracts pertaining to the above-mentioned exploration licences were entered into before the enactment of the restrictive measures and Eni started the required authorization procedure before the relevant EU Member States' Authorities who granted the Company certain authorizations that are valid throughout the whole European Union. However, given the uncertainty surrounding this matter, Eni cannot exclude major delays in certain ongoing or planned oil&gas projects in Russia.

Risks associated with the exploration and production of oil and natural gas

Safety, security, environmental and other operational risk

For these risks, see our disclosure in Annual Report on Form 20-2015.

Risks associated with the trading environment and competition in the gas market

The outlook of the European gas market remains unfavorable due to oversupply, exacerbated by increased availability of liquefied natural gas ("LNG") on global scale, which has found an outlet in Europe. Gas demand has showed signs of recovery, particularly in the thermoelectric sector thanks to lower use of coal following the introduction of carbon pricing and other factors in important countries (United Kingdom and Spain) and lower hydroelectric production in Italy, as well as higher level of economic activity. However, the rate of the demand growth is still insufficient to absorb the supply glut.

In 2016, gas demand in Italy and Europe is expected to increase by 2%. Looking forward, management does not expect any meaningful acceleration in gas demand growth in Italy and in Europe, targeting consumption levels of 70 bcm and 460 bcm by 2020, respectively, representing an average growth rate of approximately 1% over the period.

On the back of deteriorating competitive scenario, the management periodically renegotiated the Company's long-term supply contracts with take-or-pay clauses, where the Company is obligated to offtake a contractually set minimum volume of gas supplies or, in case of failure, to pay the contractual price (see below). The renegotiation allowed the Company to index approximately 70% of its supply portfolio to the market benchmark, ensuring better competitiveness for our gas.

Eni anticipates a number of risk factors to the profitability outlook of the Company's gas marketing business over the four-year planning period. Those include continuing oversupplies and strong competition. Eni believes that those trends will negatively affect the gas marketing business future results of operations and cash flows by reducing gas selling prices and margins. Eni financial outlook has factored in the rigidities of the Company's long-term supply contracts with take-or-pay clauses.

The main source of risk is concerning Eni's wholesale business which results are exposed to the volatility of the spreads between spot prices at European hubs and Italian spot prices because our supply costs are mainly indexed to spot prices at European hubs, whereas a large part of our selling volumes are indexed to Italian spot prices. Against this backdrop, Eni's management will continue to execute its strategy of renegotiating the Company's long-term gas supply contracts in order to align pricing and volume terms to current market conditions as they evolve. The revision clauses provided by these contracts states the right of each counterparty to renegotiate the economic terms and other contractual conditions periodically, in relation to ongoing changes in the gas scenario. Particularly, management is planning to renegotiate its main long-term supply contracts over the plan period targeting to align supply costs to prices prevailing in the wholesale market, which will allow the Company recover logistic costs to achieve structural breakeven.

Management believes that the outcome of those renegotiations is uncertain in respect of both the amount of the economic benefits that will be ultimately obtained and the timing of recognition in profit. Furthermore, in case Eni and the gas suppliers fail to agree on revised contractual terms, the claiming

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party has the ability to open an arbitration procedure to obtain revised contractual conditions. This would add to the level of uncertainty surrounding the outcome and timing of those renegotiations.

Similar considerations can be made for long-term sales contracts, which are currently being renegotiated or are expected to be renegotiated, with an aim to align the sale price and other terms to market conditions.

In the markets where the gas prices are mainly indexed to the price of crude oil (e.g., in the Far East), the profitability of the international LNG sales may be affected due to reduced arbitration margins.

**Current negative trends in gas demands and supplies may impair the Company's ability to fulfill its minimum off-take obligations in connection with its take-or-pay, long-term gas supply contracts**

In order to secure medium/long term access to gas availability, particularly with a view of supplying the Italian gas market and anticipating certain trends in gas demand which actually failed to materialize, Eni has signed a number of long-term gas supply contracts with national operators of certain key producing countries, where most of European gas supplies are sourced from. These contracts have a residual life of approximately 12 years. These contracts include take-or-pay clauses whereby the Company is required to off-take minimum, pre-set volumes of gas in each year of the contractual term or, in case of failure, to pay the whole price, or a fraction of that price, up to the minimum contractual quantity. Similar considerations apply to ship-or-pay contractual obligations. Long-term gas supply contracts with take-or-pay clauses expose the Company to a price risk (and consequently to an opportunity) as well as volume risk, as the Company is contractually required to purchase minimum annual amounts of gas or, in case of failure, to pay the underlying price. Furthermore, in the light of the latest trend of low commodity prices, the above-mentioned take-or-pay clause exposes the Company to a risk, because the cost of gas that the Company recognizes at the incurrence of the take-or-pay clause may be higher than the current cost of gas supplies in the year when the accrued gas is actually reversed through profit and loss.

Looking forward, management believes that the current market outlook which will be driven by continued oversupplies, weak demand growth, strong competitive pressures as well as any possible change in sector-specific regulation represents a risk factor to the Company's ability to fulfill its minimum take obligations associated with its long-term supply contracts. In the medium term, this risk will be mitigated by expected reduction of the contractual minimum take, due to expiration of some contracts.

In this scenario, management is committed to the renegotiation of long-term gas supply contract and on portfolio optimization, in order to reduce the exposure to take-or-pay contracts and to the related financial risk.

Thanks to contract renegotiations and effective selling activities, the Company lifted part of the underlying volumes, the purchase cost of which the Company advanced to its gas supplies in previous years due to the incurrence of the take-or-pay clause. By this way, the Company has achieved a reduction in its deferred costs recorded in the balance sheet (from €2.4 billion at the end of 2012 down to approximately €0.3 billion as of June 30, 2016). Looking forward, management plans to substantially finalize the recovery of the residual amounts of gas paid in advance in the next few years, fulfilling contractual clauses and recovering the prepaid amounts.

### **Risks associated with sector-specific regulations in Italy**

For these risks, see our disclosure in Annual Report on Form 20-2015.

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Risks related to legal proceedings and compliance with anti-corruption legislation

Eni is the defendant in a number of civil actions and administrative proceedings arising in the ordinary course of business. In addition to existing provisions accrued as of December 31, 2015 to account for ongoing proceedings, it is possible that in future years Eni may incur significant losses in addition to the amounts already accrued in connection with pending legal proceedings due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to the circumstance that they are often inherently difficult to estimate.

Certain legal proceedings where Eni or its subsidiaries or its officers are parties involve the alleged breach of anti-corruption laws and regulations and ethical misconduct. Ethical misconduct and non-compliance with applicable laws and regulations, including non-compliance with anti-bribery and anticorruption laws, by Eni, its partners, agents or others that act on the Group's behalf, could expose Eni and its employees to criminal and civil penalties and could be damaging to Eni's reputation and shareholder value.

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Outlook

Management's forecasts for the Group's 2016 production and sale metrics are explained below:

- **Hydrocarbon production:** management expects production stable y-o-y due to planned ramp-ups and start-ups of new fields particularly in Norway, Egypt, Angola, Venezuela and Congo. These increases will absorb a four-month production shutdown in the Val d'Agri profit centre, mature fields decline and a lower expected contribution from production one-offs;

- **Natural gas sales:** against a backdrop of continuing oversupply and strong competition, management expects gas sales to be in line with an expected reduction of the contractual minimum take of supply contracts. Management plans to retain its market share in the large customers and retail segments, also increasing the value of the existing customer base by developing innovative commercial initiatives, by integrating services to the supply of the commodity and by optimizing operations and commercial activities;

- **Refinery intake on own account:** refinery intakes are expected to slightly decrease y-o-y, excluding the effect of the disposal of Eni's refining capacity in CRC refinery in the Czech Republic finalized in April 2015. This will reflect the disoptimization of the processing schedule following lower availability of feedstock from the Val d'Agri oilfield and planned maintenance shutdowns;

- **Refined products sales in Italy and in the rest of Europe:** against a backdrop of slight recovery in demand and strong competition, management expects to consolidate volume and market share in the Italian retail market while also increasing the value of the existing customer base. This will be achieved by leveraging on the competitive differentiation, the innovation of products and services as well as efficiency in logistics and commercial activities. In the rest of Europe, sales are expected to remain stable, excluding the effects of asset disposals in Eastern Europe;

- **Chemical products scenario:** scenario is expected mildly positive with the recover in polyethylene margins when compared to 2015, although declining since June 2016. Cracker and styrenics margins are foreseen slightly lower while the elastomer business is expected to be weak, but improving from 2015. Sales volumes expected to be barely unchanged.

In 2016 management expects to carry out a number of initiatives intended to reduce capital spending by 20% y-o-y on a constant exchange rate basis by re-phasing and rescheduling capital projects, being increasingly selective with exploration plays and renegotiating contracts for the supply of capital goods in order to cope with the slump in crude oil prices. This capex optimization is not expected to negatively affect production growth, which is confirmed at an average growth rate of above 3% across the plan period. The Group's leverage is projected to remain within the 0.30 threshold thanks to the closing of the Saipem transaction, optimization of the underlying performance and assuming to finalize by year-end the planned portfolio management deals.



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Other information

**Transaction with related parties**

In the ordinary course of its business Eni and its controlled entities enter into transactions with related parties regarding essentially the exchange of goods, provision of services and financing with joint ventures, associates and non-consolidated subsidiaries as well as the exchange of goods and provision of services with entities directly and indirectly owned or controlled by the Italian Government. Transactions with related parties were conducted in the interest of Eni companies and on an arm's length basis. Under current applicable laws and regulations, Eni adopted internal procedures guaranteeing transparency and substantial and formal fairness of all transactions with related parties, performed by Eni or its subsidiaries. Twice a year each member of the Board of Directors and Board of Statutory Auditors shall declare any transaction he or she entered with Eni SpA or its subsidiaries, and in any case he or she shall timely inform the CEO (or the Chairman, in the case of interests on the part of the CEO) of each transaction that the company plans to carry out and in which those members may have an interest; the CEO (or Chairman) shall inform other Directors and the Board of Statutory Auditors.

Note 37 to the Condensed Consolidated Interim Financial Statements illustrates amounts related to commercial, financial and other transactions entered into with related parties and describes relevant operations as well as the economic and financial impacts on the balance sheet, the profit and loss and the statement of cash flows.

Companies subject to Eni's management and coordination as per Article 2497 of the Italian Civil Code indicate the effect, motives and reasons and interests to be discussed when relevant management decisions are made that are influenced by their controlling entity in the paragraph: "Relations with controlling entity and with companies subject to its management and coordination".

In case of atypical or unusual transactions<sup>1</sup> the company shall disclose a description of said transaction, the effects it produces on its economic and financial position and, in case of transactions within the group and with related parties also the interest of the company at the time of the finalization of said transaction.

**Continuing listing standards provided by Article No. 36 of Italian exchanges regulation (adopted with Consob Decision No. 16191/2007 as amended) about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries**

Certain provisions have been enacted regulating 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, the Company discloses that:

- as of June 30, 2016, Eni's subsidiaries - Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc, Eni Canada Holding

<sup>1</sup> According to Consob communication no. DEM/6064293 of July 28, 2006, "atypical or unusual transactions are those transactions that can give rise to doubts about the completeness and adequacy of financial information, conflicts of interest, protection of equity and non-controlling interests due to the importance/relevance of involved counterparties, object of the transaction, mode of determination of transfer prices and timing of events (nearing the closing of accounting periods).

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Ltd, Eni Turkmenistan Ltd, Eni Ghana Exploration and Production Ltd and Eni Suisse SA – fall within the scope of the new continuing listing standards;

- the Company has already adopted adequate procedures to ensure full compliance with the regulation.

**Subsequent events**

Subsequent business developments are described in the operating review of each of Eni's business segments.

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**Consolidated Balance Sheet**

| <b>January 1, 2015</b> <sup>(a)</sup>       |                               |  |           | <b>December 31, 2015</b> |                               | <b>June 30, 2016</b> |                               |
|---|-------------------------------|--|-----------|--------------------------|-------------------------------|----------------------|-------------------------------|
| Total amount                                | of which with related parties | (€ million)                                      | Note      | Total amount             | of which with related parties | Total amount         | of which with related parties |
| <b>ASSETS</b>                               |                               |  |           |                          |                               |                      |                               |
| Current assets                              |                               |  |           |                          |                               |                      |                               |
| 6,614                                       |                               | Cash and cash equivalents                        |           | 5,209                    |                               | 5,099                |                               |
| 5,024                                       |                               | Financial assets held for trading                | (5)       | 5,028                    |                               | 5,989                |                               |
| 257   |                               | Financial assets available for sale              | (6)       | 282                      |                               | 362                  |                               |
| 28,601                                      | 1,973                         | Trade and other receivables                      | (7)       | 21,640                   | 1,985                         | 20,019               | 2,246                         |
| 7,555                                       |                               | Inventories                                      | (8)       | 4,579                    |                               | 4,413                |                               |
| 762   |                               | Current tax assets                               |           | 360                      |                               | 464                  |                               |
| 1,209                                       |                               | Other current tax assets                         |           | 630                      |                               | 483                  |                               |
| 4,385                                       | 43                            | Other current assets                             | (9) (25)  | 3,642                    | 50                            | 2,693                | 45                            |
| 54,407                                      |                               |  |           | 41,370                   |                               | 39,522               |                               |
| Non-current assets                          |                               |  |           |                          |                               |                      |                               |
| 75,991                                      |                               | Property, plant and equipment                    | (10)      | 68,005                   |                               | 67,826               |                               |
| 1,581                                       |                               | Inventory - compulsory stock                     |           | 909                      |                               | 1,037                |                               |
| 4,420                                       |                               | Intangible assets                                | (11)      | 3,034                    |                               | 2,882                |                               |
| 3,172                                       |                               | Equity-accounted investments                     | (13)      | 2,853                    |                               | 4,444                |                               |
| 2,015                                       |                               | Other investments                                | (13)      | 660                      |                               | 283                  |                               |
| 1,042                                       | 259                           | Other financial assets                           | (14)      | 1,026                    | 396                           | 1,005                | 395                           |
| 4,509                                       |                               | Deferred tax assets                              | (15)      | 3,853                    |                               | 3,663                |                               |
| 2,773                                       | 12                            | Other non-current assets                         | (16) (25) | 1,758                    | 10                            | 1,580                | 10                            |
| 95,503                                      |                               |  |           | 82,098                   |                               | 82,720               |                               |
| 456   |                               | Discontinued operations and assets held for sale | (26)      | 15,533                   | 308                           | 99                   |                               |
| 150,366                                     |                               | <b>TOTAL ASSETS</b>                              |           | 139,001                  |                               | 122,341              |                               |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                               |  |           |                          |                               |                      |                               |
| Current liabilities                         |                               |  |           |                          |                               |                      |                               |
| 2,716                                       | 181                           | Short-term debt                                  | (17)      | 5,720                    | 208                           | 3,706                | 365                           |
| 3,859                                       |                               | Current portion of long-term debt                | (21)      | 2,676                    |                               | 948                  |                               |
| 23,703                                      | 1,954                         | Trade and other payables                         | (18)      | 14,942                   | 1,544                         | 15,273               | 2,337                         |
| 534   |                               | Income taxes payable                             | (19)      | 431                      |                               | 401                  |                               |
| 1,873                                       |                               | Other taxes payable                              |           | 1,454                    |                               | 1,768                |                               |
| 4,489                                       | 58                            | Other current liabilities                        | (20) (25) | 4,712                    | 96                            | 3,151                | 84                            |

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|          |    |  |           |          |          |
|----------|----|--|-----------|----------|----------|
| 37,174   |    |  | 29,935    |          | 25,247   |
|          |    | Non-current liabilities  |           |          |          |
| 19,316   |    | Long-term debt   | (21)      | 19,397   | 21,134   |
| 15,882   |    | Provisions for contingencies                                       | (22)      | 15,375   | 13,952   |
| 1,313    |    | Provisions for employee benefits                                   |           | 1,123    | 1,030    |
| 8,590    |    | Deferred tax liabilities   | (23)      | 7,425    | 6,890    |
| 2,285    | 20 | Other non-current liabilities                                      | (24) (25) | 1,852    | 1,761    |
| 47,386   |    |  |           | 45,172   | 44,767   |
|          |    | Discontinued operations and liabilities                            |           |          |          |
| 165      |    | directly associated with assets held for sale                      | (26)      | 6,485    | 207      |
| 84,725   |    | TOTAL LIABILITIES  |           | 81,592   | 70,038   |
|          |    | SHAREHOLDERS' EQUITY   | (27)      |          |          |
| 2,455    |    | Non-controlling interest   |           | 1,916    | 46       |
|          |    | Eni shareholders' equity   |           |          |          |
| 4,005    |    | Share capital  |           | 4,005    | 4,005    |
| (284 )   |    | Reserve related to cash flow hedging derivatives net of tax effect |           | (474 )   | (152 )   |
| 60,763   |    | Other reserves   |           | 62,761   | 50,227   |
| (581 )   |    | Treasury shares  |           | (581 )   | (581 )   |
| (2,020 ) |    | Interim dividend   |           | (1,440 ) |          |
| 1,303    |    | Net profit (loss) for the period                                   |           | (8,778 ) | (1,242 ) |
| 63,186   |    | Total Eni shareholders' equity                                     |           | 55,493   | 52,257   |
| 65,641   |    | TOTAL SHAREHOLDERS' EQUITY   |           | 57,409   | 52,303   |
| 150,366  |    | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY                         |           | 139,001  | 122,341  |

(a) Information on the restatement of comparative data in application of IAS 8 is reported in Note 2 - Changes in accounting principles.

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**Consolidated Profit and Loss Account**

| (€ million)   | Note | First half 2015 <sup>(a)</sup> |                               | First half 2016 |                               |
|---|------|--------------------------------|-------------------------------|-----------------|-------------------------------|
|   |      | Total amount                   | of which with related parties | Total amount    | of which with related parties |
| <b>REVENUES</b>   |      |                                |                               |                 |                               |
| Net sales from operations   | (30) | 41,317                         | 773                           | 26,760          | 607                           |
| Other income and revenues   |      | 669                            | 21                            | 502             | 17                            |
|   |      | 41,986                         |                               | 27,262          |                               |
| <b>OPERATING EXPENSES</b>   |      |                                |                               |                 |                               |
| Purchases, services and other                                       | (31) | 31,697                         | 3,851                         | 21,420          | 3,957                         |
| Payroll and related costs   |      | 1,593                          | 19                            | 1,544           | 18                            |
| OTHER OPERATING INCOME (EXPENSE)                                    |      | (298 )                         | 21                            | 1               | 111                           |
| DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS               |      | 4,834                          |                               | 3,853           |                               |
| WRITE-OFF OF TANGIBLE AND INTANGIBLE ASSETS                         |      | 189                            |                               | 121             |                               |
| OPERATING PROFIT (LOSS)   |      | 3,375                          |                               | 325             |                               |
| <b>FINANCE INCOME (EXPENSE)</b>                                     |      |                                |                               |                 |                               |
| Finance income  | (32) | 5,885                          | 47                            | 3,190           | 75                            |
| Finance expense   |      | (6,359 )                       | (21 )                         | (3,420 )        | (13 )                         |
| Net finance income (expense) from financial assets held for trading |      | 17                             |                               | (53 )           |                               |
| Derivative financial instruments                                    |      | (106 )                         |                               | (5 )            |                               |
|   |      | (563 )                         |                               | (288 )          |                               |
| <b>INCOME (EXPENSE) FROM INVESTMENTS</b>                            |      |                                |                               |                 |                               |
| Share of profit (loss) from equity-accounted investments            | (33) | 45                             |                               | 81              |                               |
| Other gain (loss) from investments                                  |      | 407                            |                               | (3 )            |                               |
|   |      | 452                            |                               | 78              |                               |
| <b>PROFIT (LOSS) BEFORE INCOME TAXES</b>                            |      |                                |                               |                 |                               |
| Income taxes  | (34) | (1,765 )                       |                               | (939 )          |                               |
| Net profit (loss) for the period - Continuing operations            |      | 1,499                          |                               | (824 )          |                               |
| Net profit (loss) for the period - Discontinued operations          |      | (1,298 )                       | 123                           | (413 )          |                               |
| Net profit (loss) for the period                                    |      | 201                            |                               | (1,237 )        |                               |
| Attributable to Eni   |      |                                |                               |                 |                               |
| Continuing operations   |      | 1,285                          |                               | (829 )          |                               |
| Discontinued operations   |      | (550 )                         |                               | (413 )          |                               |
|   |      | 735                            |                               | (1,242 )        |                               |
| Attributable to non-controlling interest                            |      |                                |                               |                 |                               |

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|   |        |         |
|---|--------|---------|
| Continuing operations   | 214    | 5       |
| Discontinued operations   | (748 ) |         |
|   | (534 ) | 5       |
| <b>Earnings per share attributable to Eni</b>                         |        |         |
| (€ per share)   | (35)   |         |
| Basic   | 0.20   | (0.34 ) |
| Diluted   | 0.20   | (0.34 ) |
| <b>Earnings per share attributable to Eni - Continuing operations</b> |        |         |
| (€ per share)   | (35)   |         |
| Basic   | 0.35   | (0.23 ) |
| Diluted   | 0.35   | (0.23 ) |

(a) Information on the restatement of comparative data in application of IAS 8 is reported in Note 2 - Changes in accounting principles.



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**Consolidated Statement of Comprehensive Income**

| (€ million)  | Note | <b>First half</b><br><b>2015</b> <sup>(a)</sup> | First half<br>2016 |
|--|------|---|--------------------|
| Net profit (loss)  |      | 201   | (1,237 )           |
| Other items of comprehensive income (loss)   |      |   |                    |
| Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods |      |   |                    |
| Foreign currency translation differences   |      | 3,729   | (875 )             |
| Change in the fair value of other available-for-sale financial instruments                   | (27) | (3 )  |                    |
| Change in the fair value of cash flow hedging derivatives                                    | (27) | 156   | 428                |
| Share of other comprehensive income (loss) on equity-accounted entities                      | (27) | (7 )  | 34                 |
| Tax effect   | (27) | (38 )   | (106 )             |
| Total other items of comprehensive income (loss)   |      | 3,837   | (519 )             |
| Total comprehensive income (loss)  |      | 4,038   | (1,756 )           |
| Attributable to Eni  |      |   |                    |
| - continuing operations  |      | 5,068   | (1,348 )           |
| - discontinued operations  | (26) | (550 )  | (413 )             |
|  |      | 4,518   | (1,761 )           |
| Attributable to non-controlling interest   |      |   |                    |
| - continuing operations  |      | 268   | 5                  |
| - discontinued operations  | (26) | (748 )  |                    |
|  |      | (480 )  | 5                  |

<sup>(a)</sup> Information on the restatement of comparative data in application of IAS 8 is reported in Note 2 - Changes in accounting principles.

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**Consolidated Statement of Changes in Shareholders' Equity**

| Eni shareholders' equity  | Note | Share capital | Legal reserve of Eni SpA | Reserve for treasury shares | Reserve related to the fair value of cash flow hedging derivatives net of the tax effect | Reserve related to the fair value of available-for-sale financial instruments net of the tax effect | Reserve for defined benefit plans of net effect | Other reserves | Cumulative currency translation differences | Treasury shares | Retained earnings | Interim dividend | Net profit (loss) for the period | Other comprehensive income (loss) related to discontinued operations |
|---|------|---------------|--------------------------|-----------------------------|--|---|---|----------------|---|-----------------|-------------------|------------------|----------------------------------|--|
|   |      |               |                          |                             |  |   |   |                |   |                 |                   |                  |                                  |  |
| Balance at December 31, 2014  |      | 4,005         | 959                      | 6,201                       | (284)  | 11  | (122)   | 207            | 4,020                                       | (581)           | 46,067            | (2,020)          | 1,291                            |  |
| Changes in accounting principles (SEM)  |      |               |                          |                             |  |   |   |                | 419   |                 | 3,001             |                  | 12                               |  |
| Balance at January 1, 2015  |      | 4,005         | 959                      | 6,201                       | (284)  | 11  | (122)   | 207            | 4,439                                       | (581)           | 49,068            | (2,020)          | 1,303                            |  |
| Net profit (loss) for the first half of 2015  |      |               |                          |                             |  |   |   |                |   |                 |                   |                  |                                  | 735  |
| Other items of comprehensive income (loss)  |      |               |                          |                             |  |   |   |                |   |                 |                   |                  |                                  |  |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods |      |               |                          |                             |  |   | (2 )  |                | 3,643                                       |                 | 34                |                  |                                  |  |

|  |       |     |       |       |      |       |       |       |          |        |  |         |
|--|-------|-----|-------|-------|------|-------|-------|-------|----------|--------|--|---------|
| Foreign currency translation differences   |       |     |       |       |      |       |       |       |          |        |  |         |
| Change of the fair value of other available-for-sale financial instruments net of tax effect                 |       |     |       | (3 )  |      |       |       |       |          |        |  |         |
| Change of the fair value of cash flow hedge derivatives net of tax effect                                    |       |     | 118   |       |      |       |       |       |          |        |  |         |
| Share of "Other comprehensive income (loss)" on equity-accounted investments                                 |       |     |       |       |      | (7 )  |       |       |          |        |  |         |
|  |       |     | 118   | (3 )  | (2 ) | (7 )  | 3,643 |       | 34       |        |  |         |
| Comprehensive income (loss) for the period   |       |     | 118   | (3 )  | (2 ) | (7 )  | 3,643 |       | 34       |        |  | 735     |
| Transactions with shareholders   |       |     |       |       |      |       |       |       |          |        |  |         |
| Dividend distribution of Eni SpA (€0.56 per share in settlement of 2014 interim dividend of €0.56 per share) |       |     |       |       |      |       |       |       |          | 2,020  |  | (4,037) |
| Dividend distribution of other companies   |       |     |       |       |      |       |       |       |          |        |  |         |
| Allocation of 2015 residual net profit   |       |     |       |       |      |       |       |       | (2,734 ) |        |  | 2,734   |
| Payments and reimbursements by/to minority shareholders  |       |     |       |       |      |       |       |       | (2,734 ) | 2,020  |  | (1,303) |
| Other changes in shareholders' equity  |       |     |       |       |      |       |       |       |          |        |  |         |
| Other changes  |       |     |       |       |      |       |       |       | 2        |        |  |         |
|  |       |     |       |       |      |       |       |       | 2        |        |  |         |
| Balance at June 30, 2015   | 4,005 | 959 | 6,201 | (166) | 8    | (124) | 200   | 8,082 | (581)    | 46,370 |  | 735     |

|   |       |       |      |       |    |            |
|---|-------|-------|------|-------|----|------------|
| Net (loss) for the second half of 2015  |       |       |      |       |    | (9,513)    |
| Other items of comprehensive income (loss)  |       |       |      |       |    |            |
| Items not to be reclassified to profit or loss in subsequent periods                    |       |       |      |       |    |            |
| Remeasurements of defined benefit plans net of tax effect                               | 14    |       |      |       |    |            |
| Reclassification of "Other comprehensive (loss)" in relation to discontinued operations | 8     |       |      |       |    | (8)        |
|   | 22    |       |      |       |    | (8)        |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods   |       |       |      |       |    |            |
| Foreign currency translation differences  | 1     | 1,079 |      | 20    |    |            |
| Change and reversal of the fair value of cash flow hedge derivatives net of tax effect  | (312) |       |      |       |    |            |
| Share of "Other comprehensive income" on equity-accounted investments                   |       |       | (2)  |       |    |            |
| Reclassification of "Other comprehensive (loss)" in relation to discontinued operations | 4     |       | (32) |       |    | 28         |
|   | (308) | 1     | (2)  | 1,047 | 20 | 28         |
|   | (308) | 23    | (2)  | 1,047 | 20 | (9,513) 20 |

|   |      |       |     |         |       |   |       |       |       |       |        |         |         |    |  |
|---|------|-------|-----|---------|-------|---|-------|-------|-------|-------|--------|---------|---------|----|--|
| Comprehensive income (loss) for the period  |      |       |     |         |       |   |       |       |       |       |        |         |         |    |  |
| Transactions with shareholders  |      |       |     |         |       |   |       |       |       |       |        |         |         |    |  |
| Interim dividend distribution of Eni SpA (€0.40 per share)  |      |       |     |         |       |   |       |       |       |       |        |         | (1,440) |    |  |
| Dividend distribution of other companies  |      |       |     |         |       |   |       |       |       |       |        |         | (1,440) |    |  |
| Other changes in shareholders' equity   |      |       |     |         |       |   |       |       |       |       |        |         |         |    |  |
| Elimination of intercompany profit between companies with different Group interest                              |      |       |     |         |       |   |       |       |       |       |        |         | (28 )   |    |  |
| Exclusion from the scope of consolidation of non-significant companies and changes in non-controlling interests |      |       |     |         |       |   |       |       |       |       |        |         | (7 )    |    |  |
| Reclassification of the reserve for treasury shares   |      |       |     | (5,620) |       |   |       |       |       |       |        |         | 5,620   |    |  |
| Other changes   |      |       |     | (5,620) |       |   |       | (18 ) |       |       |        |         | 10      |    |  |
|   |      |       |     | (5,620) |       |   |       | (18 ) |       |       |        |         | 5,595   |    |  |
| Balance at December 31, 2015  | (27) | 4,005 | 959 | 581     | (474) | 8 | (101) | 180   | 9,129 | (581) | 51,985 | (1,440) | (8,778) | 20 |  |

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**Consolidated Statement of Changes in Shareholders' Equity**

*continued*

| Eni shareholders' equity  |      |               |                          |                             |  |   |  |                |                                    |                 |                   |                  |                                  |  |     |
|---|------|---------------|--------------------------|-----------------------------|--|---|--|----------------|------------------------------------|-----------------|-------------------|------------------|----------------------------------|--|-----|
| (€ million)   | Note | Share capital | Legal reserve of Eni SpA | Reserve for treasury shares | Reserve of cash flow hedging derivatives net of the tax effect | Reserve related to the fair value of available-for-sale financial instruments net of the tax effect | Reserve related to the fair value of defined benefit plans net of effect | Other reserves | Cumulative translation differences | Treasury shares | Retained earnings | Interim dividend | Net profit (loss) for the period | Other comprehensive income (loss) related to discontinued operations |     |
| Balance at December 31, 2015  | (27) | 4,005         | 959                      | 581                         | (474)  | 8   | (101)  | 180            | 9,129                              | (581)           | 51,985            | (1,440)          | (8,778)                          | 20   | 5   |
| Net profit (loss) for the first half of 2016  |      |               |                          |                             |  |   |  |                |                                    |                 |                   |                  | (1,242)                          |  | (1) |
| Other items of comprehensive income (loss)  |      |               |                          |                             |  |   |  |                |                                    |                 |                   |                  |                                  |  |     |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods |      |               |                          |                             |  |   |  |                |                                    |                 |                   |                  |                                  |  |     |
| Foreign currency translation differences  | (27) |               |                          |                             | 322  |   | (1)  |                | (874)                              |                 |                   |                  |                                  |  | (8) |
|   |      |               |                          |                             |  |   |  |                |                                    |                 |                   |                  |                                  |  | 3   |



**Eni Interim Consolidated Report**  
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**Consolidated Statement of cash flows**

| (€ million)   | Note | First half 2015 <sup>(a)</sup> | First half 2016 |
|---|------|--------------------------------|-----------------|
| Net profit (loss) of the period - Continuing operations   |      | 1,499                          | (824 )          |
| Adjustments to reconcile net profit (loss) to net cash provided by operating activities               |      |                                |                 |
| Depreciation, amortization and impairments  | (31) | 4,834                          | 3,853           |
| Write-off   | (31) | 189                            | 121             |
| Share of (profit) loss of equity-accounted investments  | (33) | (45 )                          | (81 )           |
| Gain on disposal of assets, net   |      | (342 )                         | (27 )           |
| Dividend income   | (33) | (223 )                         | (55 )           |
| Interest income   |      | (83 )                          | (120 )          |
| Interest expense  |      | 336                            | 319             |
| Income taxes  | (34) | 1,765                          | 939             |
| Other changes   |      | (48 )                          | (49 )           |
| Changes in working capital:   |      |                                |                 |
| - inventories   |      | 519                            | 30              |
| - trade receivables   |      | 1,611                          | 1,537           |
| - trade payables  |      | (1,050 )                       | (40 )           |
| - provisions for contingencies  |      | (305 )                         | (953 )          |
| - other assets and liabilities  |      | 498                            | 198             |
| Cash flow from changes in working capital   |      | 1,273                          | 772             |
| Net change in the provisions for employee benefits  |      | (12 )                          | 8               |
| Dividends received  |      | 265                            | 87              |
| Interest received   |      | 24                             | 67              |
| Interest paid   |      | (401 )                         | (394 )          |
| Income taxes paid, net of tax receivables received  |      | (2,477 )                       | (1,516)         |
| Net cash provided by operating activities - Continuing  |      | 6,554                          | 3,100           |
| Net cash provided by operating activities - Discontinued  | (26) | (1,011 )                       |                 |
| Net cash provided by operating activities   |      | 5,543                          | 3,100           |
| - of which with related parties   | (37) | (2,174 )                       | (1,654)         |
| Investing activities:   |      |                                |                 |
| - tangible assets   | (10) | (6,058 )                       | (4,847)         |
| - intangible assets   | (11) | (44 )                          | (32 )           |
| - investments   | (13) | (108 )                         | (1,152)         |
| - securities  |      | (98 )                          | (1,225)         |
| - financing receivables   |      | (442 )                         | (624 )          |
| - change in payables and receivables in relation to investing activities and capitalized depreciation |      | (162 )                         | 31              |
| Cash flow from investing activities   |      | (6,912 )                       | (7,849)         |
| Disposals:  |      |                                |                 |



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|   |      |          |         |
|---|------|----------|---------|
| - tangible assets   |      | 408      | 9       |
| - intangible assets   |      | 4        |         |
| - consolidated subsidiaries and businesses                    | (28) | 33       | 474     |
| - investments   |      | 199      | 468     |
| - securities  |      | 10       | 7       |
| - financing receivables                                       |      | 273      | 6,916   |
| - change in payables and receivables in relation to disposals |      | 68       | 51      |
| Cash flow from disposals                                      |      | 995      | 7,925   |
| Net cash used in investing activities                         |      | (5,917 ) | 76      |
| - of which with related parties                               | (37) | (1,236 ) | (1,014) |

<sup>(a)</sup> Information on the restatement of comparative data in application of IAS 8 is reported in Note 2 - Changes in accounting principles.

**Eni Interim Consolidated Report**  
**Financial Statements**

**Consolidated Statement of cash flows**

*continued*

| (€ million)   | Note | <b>First<br/>half<br/>2015</b><br><small>(a)</small> | First<br>half<br>2016 |
|---|------|--|-----------------------|
| Proceeds from long-term debt  | (21) | 2,004  | 2,103                 |
| Repayments of long-term debt  | (21) | (2,766)  | (1,969)               |
| Increase (decrease) in short-term debt  | (17) | 1,925  | (1,956)               |
|   |      | 1,163  | (1,822)               |
| Net capital contributions by non-controlling interest   |      | 1  |                       |
| Dividends paid to Eni's shareholders  |      | (2,017)  | (1,440)               |
| Dividends paid to non-controlling interest  |      | (3 )   | (4 )                  |
| Net cash used in financing activities   |      | (856 )   | (3,266)               |
| - of which with related parties   | (37) | 24   | 160                   |
| Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries) |      | (2 )   | (1 )                  |
| Effect of exchange rate changes on cash and cash equivalents and other changes                    |      | 84   | (19 )                 |
| Net cash flow of the period   |      | (1,148)  | (110 )                |
| Cash and cash equivalents - beginning of the period   |      | 6,614  | 5,209                 |
| Cash and cash equivalents - end of the period   |      | 5,466  | 5,099                 |

<sup>(a)</sup> Information on the restatement of comparative data in application of IAS 8 is reported in Note 2 - Changes in accounting principles.

**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

Notes to the Consolidated Financial Statements

1 Basis of presentation

The Condensed Consolidated Interim Financial Statements (hereinafter “Interim Financial Statements”) have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The statements are the same adopted in the last Annual Report, except for the new line item “Write-off”, presented in the profit and loss account and in the statement of cash flows, which include the write-off of intangible and tangible assets. Management considered relevant the presentation of this additional line item due to the adoption, on a voluntary basis, of the accounting of oil & gas activities under the Successful Efforts Method (hereinafter SEM), as described below.

The Interim Financial Statements have been prepared adopting the same principles of consolidation and measurement criteria described in the last Annual Report, except for: (i) the adoption of the SEM; and (ii) the adoption of the international financial reporting standards effective from January 1, 2016 and disclosed in the note 7 “Recent accounting standards” of Annual Report 2015.

Because the criteria for the classification of Versalis as disposal group and discontinued operation are no longer met, the 2015 comparative figures have been amended as though Versalis never qualified as held for sale. Therefore, Eni reassessed the carrying amount of Versalis based on its recoverable amount, that is the higher of its fair value less costs of disposal and value in use, rather than the measurement of the disposal group at the lower of its carrying amount and fair value less costs to sell. For the calculation of the value in use, Eni defined a specific Weighted Average Cost of Capital (WACC) for the “Chemical” business, on the basis of the beta of a sample of companies operating in the same segment, to discount the future cash flows expected from Versalis fixed assets<sup>1</sup>.

Because of the adoption of SEM<sup>2</sup>, the recognition and measurement criteria of oil & gas activities are as follows:

- Acquisition of exploration rights: costs associated with the acquisition of exploration rights (o for their extension), including costs related to acquired exploration potential, are initially capitalized within the line item “Intangible assets” as “exploration rights – unproved” pending determination of whether the exploration and appraisal activities in the reference areas are successful or not. Unproved exploration rights are not amortized, but reviewed to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review is based on the

confirmation of the commitment of the company to continue the exploration activities and on the analysis of facts and circumstances that can show the existence of uncertainties related to the recoverability of the carrying amount. If no future activity is planned, the carrying amount of the related exploration rights is written off. Lower value exploration rights are pooled and amortized on a straight-line basis over the estimated period of exploration. In the event of a discovery of proved reserves (i.e. upon recognition of proved reserves and internal approval for development), the carrying amount of the related unproved exploration rights is reclassified to “proved exploration rights”, within the line item “Intangible assets”. When the reclassification is recognized and whether there is any indication of impairment, the carrying amount of exploration rights to reclassify as proved is tested for impairment considering the higher of their value in use and fair value less costs of disposal. From the commencement of production, proved exploration rights are amortized according to the unit of production (UOP) method over total proved reserves;

- Exploration and appraisal: geological and geophysical costs are charged against income as incurred. Costs directly associated with an exploration well are initially recognized within tangible assets in progress, as “exploration and appraisal costs - unproved” (exploration wells in progress) until the drilling of the well is completed and can continue to be capitalized in the following 12-month period pending the evaluation of drilling results (suspended exploration wells). If, at the end of this period, it is ascertained that the result is negative (no hydrocarbon found) or that the discovery is not sufficiently significant to justify the development, the wells are declared dry/unsuccessful and the related costs written-off. Conversely, these costs continue to be capitalized if and until: (i) the well has found a sufficient quantity of reserves to justify its completion as a producing well, and (ii) the entity is making sufficient progress

<sup>1</sup> Further information is available in the note 26 “Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale”.

<sup>2</sup> The effects related to the adoption of SEM are disclosed in the note 2 “Changes in accounting policies”.

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assessing the reserves and the economic and operating viability of the project; on the contrary, the capitalized costs are recognized in the income statements as write-off. Analogous recognition criteria are adopted for the costs related to the appraisal activity. When proved reserves of oil and/or natural gas are determined, the relevant expenditure recognized as unproved is reclassified to proved exploration and appraisal costs, within tangible assets in progress. When the reclassification is recognized and whether there is any indication of impairment, the carrying amount of the costs to reclassify as proved is tested for impairment considering the higher of their value in use and their fair value less costs of disposal. From the commencement of production, proved exploration and appraisal costs are depreciated according to the UOP method, considering proved developed reserves;

- **Development:** development costs, including the costs related to unsuccessful and damaged development wells, are capitalized as “Tangible asset in progress – proved”. From the commencement of production, proved tangible assets are depreciated according to the UOP method over the proved developed reserves. When development projects are unfeasible/not carried on, the related costs are written-off when it is decided to abandon the project. The carrying amount of proved tangible assets is tested for impairment considering the higher of their value in use and their fair value less costs of disposal.

The report includes selected explanatory notes.

Current income taxes have been calculated based on the estimated taxable profit of the interim period. Current tax assets and liabilities have been measured at the amount expected to be paid to/recovered from the tax Authorities, using tax laws that have been enacted or substantively enacted by the end of the reporting period and the tax rates estimated on an annual basis.

Investments in subsidiaries, joint arrangements and associates as of June 30, 2016 are presented in the annex “List of companies owned by Eni SpA as of June 30, 2016”. This annex includes also the changes in the scope of consolidation.

The Interim Financial Statements as at June 30, 2016, were approved by Eni’s Board of Directors on July 28, 2016. The external auditor EY SpA carried out a limited review of the Interim Financial Statements; a limited review is significantly less in scope than an audit performed in accordance with the generally accepted auditing standards.

Amounts in the financial statements and in the notes are expressed in millions of euros (€ million).

## 2 Changes in accounting policies

In accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, the adoption of SEM represents a voluntary change in accounting policy, in order to increase the comparability with the companies operating in the same industry and provide a reliable and more relevant financial information. SEM is applied retrospectively; therefore, comparative amounts have been restated. Under the previous accounting policy: (i) the costs for the acquisition of exploration rights were amortized on a straight-line basis over the exploration period as contractually established; (ii) the costs associated with exploration activities were initially capitalized, in order to reflect their nature as capital expenditure, and fully amortized as incurred.

The line items affected by the new accounting policy are presented below.

The international financial reporting standards effective from January 1, 2016 did not have a significant impact on the financial statements.

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**Restatement of comparative amounts**

| (€ million)                              | January 1, 2015 |                     |             |
|--|-----------------|---------------------|-------------|
|  | As reported     | Adoption of the SEM | As restated |
| Selected line items only                 |                 |                     |             |
| Non-current assets                       | 91,344          | 4,159               | 95,503      |
| - of which property, plant and equipment | 71,962          | 4,029               | 75,991      |
| - of which intangible assets             | 3,645           | 775                 | 4,420       |
| Non-current liabilities                  | 46,659          | 727                 | 47,386      |
| Total Shareholders' Equity               | 62,209          | 3,432               | 65,641      |

| (€ million)   | December 31, 2015 |  |                     |             |
|---|-------------------|--|---------------------|-------------|
|   | As reported       | Restatement of Versalis in continuing operations | Adoption of the SEM | As restated |
| Selected line items only  |                   |  |                     |             |
| Current assets  | 39,982            | 1,388  |                     | 41,370      |
| Non-current assets  | 77,294            | 889  | 3,915               | 82,098      |
| - of which property, plant and equipment  | 63,795            | 323  | 3,887               | 68,005      |
| - of which intangible assets  | 2,433             | 55   | 546                 | 3,034       |
| Discontinued operations and assets held for sale                                      | 17,516            | (1,983 )   |                     | 15,533      |
| Current liabilities   | 29,565            | 370  |                     | 29,935      |
| Non-current liabilities   | 44,488            | 215  | 469                 | 45,172      |
| Discontinued operations and liabilities directly associated with assets held for sale | 7,070             | (585 )   |                     | 6,485       |
| Total Shareholders' Equity  | 53,669            | 294  | 3,446               | 57,409      |

| (€ million)                           | First half 2015 |  |                     |             |
|---------------------------------------|-----------------|--|---------------------|-------------|
|                                       | As reported     | Restatement of Saipem in discontinued operations | Adoption of the SEM | As restated |
| Selected line items only              |                 |  |                     |             |
| Revenue                               | 46,660          | (4,664 )   | (10 )               | 41,986      |
| Operating expense                     | 35,737          | (4,175 )   | 135                 | 31,697      |
| Depreciation, depletion, amortization | 5,851           | (593 )   | (424 )              | 4,834       |
| Write-off                             | 15              |  | 174                 | 189         |
| Operating profit                      | 1,945           | 1,325  | 105                 | 3,375       |
| Finance income and expense            | (582 )          | 12   | 7                   | (563 )      |

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|  |          |        |   |      |          |
|--|----------|--------|---|------|----------|
| Income (expense) from investments                | 454      | (3     | ) | 1    | 452      |
| Income taxes                                     | 1,760    | 36     |   | (31  | ) 1,765  |
| Net profit - continuing operations               | 57       | 1,298  |   | 144  | 1,499    |
| Net (loss) - discontinued operations             |          | (1,298 | ) |      | (1,298 ) |
| Net profit                                       | 57       |        |   | 144  | 201      |
| - attributable to Eni in continuing operations   | 591      | 550    |   | 144  | 1,285    |
| - attributable to Eni in discontinued operations |          | (550   | ) |      | (550 )   |
| Net cash provided by operating activities        | 5,678    |        |   | (135 | ) 5,543  |
| Net cash used in investing activities            | (6,052 ) |        |   | 135  | (5,917 ) |
| Net cash used in financing activities            | (856 )   |        |   |      | (856 )   |
| Net cash flow for the period                     | (1,148 ) |        |   |      | (1,148 ) |

### 3 Significant accounting estimates or judgements

The significant accounting estimates and judgements are disclosed in the last Annual Report, except for those related to the accounting of oil & gas activities under the SEM.

In particular, the determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within a year after well completion, but can take longer, depending on the complexity of the project and on the size of capital expenditure required. Therefore, exploration wells may remain suspended on the balance sheet for several years, while additional appraisal activities on the potential oil and natural gas field are performed or while the optimum development plans are established. All such carried costs are reviewed on at least an annual basis to confirm the continued intent to develop, or otherwise to extract value from the discovery.



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4 International Financial Reporting Standards not yet adopted

Besides the International Financial Reporting Standards not yet adopted that are disclosed in the last Annual Report, the IASB issued on April 12, 2016 the document “Clarifications to IFRS 15 Revenue from Contracts with Customers”, which clarifies some requirements and provides additional transitional relief for companies that are implementing the new standard. The amendments to IFRS 15 shall be applied for annual reporting periods beginning on or after 1 January 2018.

Eni is currently reviewing the International Financial Reporting Standards not yet adopted in order to determine the likely impact on the Group’s financial statements.

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Current assets

5 Financial assets held for trading

| (€ million)                             | December 31,<br>2015 | June 30,<br>2016 |
|---|----------------------|------------------|
| Quoted bonds issued by sovereign states | 925                  | 917              |
| Other                                   | 4,103                | 5,072            |
|   | 5,028                | 5,989            |

Financial assets held for trading of €5,989 million (€5,028 million at December 31, 2015) include securities of €576 million subject to Securities Lending Agreement whose terms and conditions do not permit any derecognition in accordance with IAS 39.

The breakdown by issuing entity and credit rating is presented below:

|   | <b>Nominal<br/>value<br/>(€ million)</b> | <b>Fair<br/>Value<br/>(€ million)</b> | <b>Rating -<br/>Moody's</b> | <b>Rating -<br/>S&amp;P</b> |
|---|--|---------------------------------------|-----------------------------|-----------------------------|
| Quoted bonds issued by sovereign states       |  |                                       |                             |                             |
| Fixed rate bonds                              |  |                                       |                             |                             |
| Italy   | 579                                      | 599                                   | Baa2                        | BBB-                        |
| Spain   | 202                                      | 215                                   | Baa2                        | BBB+                        |
| Poland  | 34                                       | 33                                    | A2                          | BBB+                        |
| Czech Republic                                | 26                                       | 25                                    | A1                          | AA-                         |
| Germany                                       | 23                                       | 24                                    | Aaa                         | AAA                         |
| Austria                                       | 13                                       | 12                                    | Aa1                         | AA+                         |
| Slovakia                                      | 5  | 5                                     | Aaa                         | A+                          |
| Sweden  | 2  | 2                                     | Aaa                         | AAA                         |
|   | 884                                      | 915                                   |                             |                             |
| Floating rate bonds                           |  |                                       |                             |                             |
| Sweden  | 2  | 2                                     | Aaa                         | AAA                         |
|   | 2  | 2                                     |                             |                             |
| Total quoted bonds issued by sovereign states | 886                                      | 917                                   |                             |                             |

Other Bonds

Fixed rate bonds

|  |       |       |                  |                  |
|--|-------|-------|------------------|------------------|
| Quoted bonds issued by industrial companies              | 2,408 | 2,522 | from Aaa to Baa3 | from AAA to BBB- |
| Quoted bonds issued by financial and insurance companies | 1,764 | 1,798 | from Aaa to Baa3 | from AAA to BBB- |
| European Investment Bank                                 | 2     | 2     | Aaa              | AAA              |
|  | 4,174 | 4,322 |                  |                  |

Floating rate bonds

|  |       |       |                  |                  |
|--|-------|-------|------------------|------------------|
| Quoted bonds issued by financial and insurance companies | 533   | 536   | from Aaa to Baa3 | from AAA to BBB- |
| Quoted bonds issued by industrial companies              | 215   | 214   | from Aaa to Baa3 | from AAA to BBB- |
|  | 748   | 750   |                  |                  |
| Total other bonds  | 4,922 | 5,072 |                  |                  |
| Total  | 5,808 | 5,989 |                  |                  |

The fair value hierarchy is level 1 and was determined based on market quotations.

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6 Financial assets available for sale

| (€ million)  | December 31,<br>2015 | June 30,<br>2016 |
|--|----------------------|------------------|
| Securities held for operating purposes             |                      |                  |
| Quoted bonds issued by sovereign states            | 243                  |                  |
| Quoted securities issued by financial institutions | 39                   |                  |
|  | 282                  |                  |
| Securities held for non-operating purposes         |                      |                  |
| Quoted bonds issued by sovereign states            |                      | 310              |
| Quoted securities issued by financial institutions |                      | 52               |
|  |                      | 362              |
| Total  | 282                  | 362              |

At June 30, 2016, bonds issued by sovereign states amounted to €310 million (€243 million at December 31, 2015). The breakdown is presented below:

|                          | Nominal<br>value<br>(€ million) | Fair Value<br>(€ million) | Nominal<br>rate of<br>return (%) | Maturity date     | Rating -<br>Moody's | Rating -<br>S&P |
|--------------------------|---------------------------------|---------------------------|----------------------------------|-------------------|---------------------|-----------------|
| Fixed rate bonds         |                                 |                           |                                  |                   |                     |                 |
| Poland                   | 36                              | 42                        | from 4.00 to 6.38                | from 2019 to 2022 | A2                  | BBB+            |
| Spain                    | 30                              | 35                        | from 1.40 to 5.50                | from 2018 to 2025 | Baa2                | BBB+            |
| Slovenia                 | 30                              | 34                        | from 2.25 to 4.38                | from 2020 to 2022 | Baa3                | A               |
| Belgium                  | 27                              | 32                        | from 3.75 to 4.00                | from 2019 to 2021 | Aa3                 | AA              |
| Italy                    | 30                              | 31                        | from 0.65 to 5.75                | from 2016 to 2020 | Baa2                | BBB-            |
| Ireland                  | 27                              | 29                        | from 0.80 to 4.50                | from 2019 to 2022 | A3                  | A+              |
| Portugal                 | 17                              | 19                        | from 4.20 to 4.75                | from 2016 to 2019 | Ba1                 | BB+             |
| France                   | 17                              | 19                        | from 1.00 to 3.25                | from 2018 to 2023 | Aa2                 | AA              |
| Iceland                  | 14                              | 16                        | from 2.50 to 5.88                | from 2020 to 2022 | Baa2                | BBB+            |
| Slovakia                 | 10                              | 10                        | from 1.50 to 4.20                | from 2017 to 2018 | Aaa                 | A+              |
| Chile                    | 8                               | 9                         | 1.63                             | 2025              | Aa3                 | AA-             |
| Finland                  | 8                               | 8                         | from 1.13 to 1.75                | from 2017 to 2019 | Aa1                 | AA+             |
| Czech Republic           | 7                               | 8                         | 3.63                             | 2021              | A1                  | AA-             |
| United States of America | 6                               | 7                         | from 1.25 to 3.13                | from 2019 to 2020 | Aaa                 | AA+             |
| Netherlands              | 6                               | 6                         | 4.00                             | from 2016 to 2018 | Aaa                 | AAA             |
| Canada                   | 5                               | 5                         | 1.63                             | 2019              | Aaa                 | AAA             |
| Total                    | 278                             | 310                       |                                  |                   |                     |                 |

Quoted securities amounting to €52 million (€39 million at December 31, 2015) were issued by financial institutions with a rating from Aaa to Baa3 (Moody's) and from AAA a BBB- (S&P).

Securities held for non-operating purposes of €362 million related to the Group's insurance company Eni Insurance Ltd.

Securities held for operating purposes of €282 million as of December 31, 2015, were designated to hedge the loss provisions of the Group's insurance company Eni Insurance Ltd. From January 1, 2016, insurance companies are required to meet certain capital and solvency ratios as minimum requirements to continue performing the insurance activity based on the provisions of EU Solvency II Directive (the so-called Minimum Capital Requirement - MCR - and Solvency Capital Requirement - SCR). Therefore, while it is advisable to maintain a sound investment policy of the proceeds associated with the activity, it no longer necessary to commit the financial assets of the insurance company to funding the loss provisions. Accordingly, those assets, which mainly comprise available-for-sale securities and bank deposits, have ceased to be classified as held for operating purposes and have been netted against finance debt in determining the Group net borrowing at December 31, 2015.

The effects of fair value measurement of securities are reported in note 27 – Shareholders' equity.

The fair value was determined based on market quotations. The fair value hierarchy is level 1.

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7 Trade and other receivables

| (€ million)   | December 31,<br>2015 | June 30,<br>2016 |
|---|----------------------|------------------|
| Trade receivables   | 12,616               | 10,865           |
| Financing receivables   |                      |                  |
| - for operating purposes - short-term                               | 375                  | 103              |
| - for operating purposes - current portion of long-term receivables | 1,247                | 1,334            |
| - for non-operating purposes  | 685                  | 524              |
|   | 2,307                | 1,961            |
| Other receivables   |                      |                  |
| - from disposals  | 33                   | 160              |
| - other   | 6,684                | 7,033            |
|   | 6,717                | 7,193            |
|   | 21,640               | 20,019           |

Trade receivables at June 30, 2016, decreased by €1,751 million from the prior year balance sheet date mainly in the Gas & Power segment (€1,538 million) and the Refining & Marketing business line (€121 million).

Trade receivables are stated net of the valuation allowance for doubtful accounts of €1,997 million (€2,083 million at December 31, 2015).

| (€ million)           | Carrying<br>amount at<br>December 31,<br>2015 | Additions | Deductions | Other<br>changes | Carrying<br>amount at<br>June 30,<br>2016 |
|-----------------------|---|-----------|------------|------------------|---|
| Trade receivables     | 1,915   | 198       | (284 )     | 1                | 1,830                                     |
| Financing receivables | 66  |           |            | (1 )             | 65  |
| Other receivables     | 102   | 3         | (1 )       | (2 )             | 102                                       |
|                       | 2,083   | 201       | (285 )     | (2 )             | 1,997                                     |

The allowance for doubtful accounts amounted to €198 million and related to the Gas & Power segment for €174 million in relation to Italian retail customers who were experiencing financial difficulties. Eni adopted all the necessary actions to mitigate the counterparty risk by large-scale recovery of doubtful accounts through settlement agreements or specific external services.

Deductions amounting to €284 million related to the Gas & Power segment for €259 million.

In the first half of 2016, Eni had in place transactions to transfer to factoring institutions certain trade receivables without recourse for €1,126 million, due beyond June 30, 2016 (€750 million at December 31, 2015, due in 2016). Transferred receivables mainly related to the Gas & Power segment (€766 million) and the Refining & Marketing and Chemical segment (€360 million).

Trade receivables outstanding at June 30, 2016 comprised receivables of €1,707 for hydrocarbons supplies in the Exploration & Production segment. The value also includes amounts related to: (i) trade receivables owed by Egyptian State-owned companies overdue for €535 million. This amount was reduced from €771 million outstanding at December 31, 2015, due to reimbursements associated with the settlement of certain commercial agreements and other arrangements with the counterparties intended to reduce overdue amounts. Further recovery actions are ongoing leveraging on the established relationships with Egyptian counterparties; (ii) trade receivable owed by state-owned companies in Iran due, essentially, to a settlement agreement signed in 2015 regarding the recovery of past costs associated to certain petroleum projects already completed for €306 million.

Financing receivables associated with operating purposes of €1,437 million (€1,622 million at December 31, 2015) included loans granted to joint ventures and associates to fund the execution of capital projects for €1,262 million (€1,135 million at December 31, 2015). Operating financing receivable outstanding at June 30, 2016 includes €1,234 million granted to the joint venture Cardon IV in Venezuela (Eni's share 50%) as part of the shareholder loan approved by Eni's Board of Directors up to a maximum amount of \$1.5 billion. The joint venture is currently operating development activities at the Perla gas field, which production is sold to the national oil company PDVSA under a gas sale agreement ending in 2036. Cardon IV is due to pay back the shareholder loan with the proceeds

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of the gas sales. A memorandum of understanding has been signed with PDVSA aiming at securitizing the proceeds from the gas sales by placing onto a dedicated escrow account the revenues that PDVSA is expected to cash in from: (i) gas export; and (ii) direct Eni's commercialization of PDVSA's condensates volumes obtained from the separation process of Perla gas production. Negotiations are in progress to finalize in details both the agreements.

Financing receivables for operating purposes outstanding at December 31, 2015, of €287 million relating to Eni Insurance Ltd were reclassified as financing receivables not associated with operating activities following the adoption of the provisions of EU Solvency II Directive on capital requirements to be met for operating in the insurance activity. More information is reported in note 6 - Financial assets available for sale.

Financing receivables not associated with operating activities amounted to €524 million (€685 million at December 31, 2015) and related to: (i) receivables relating margins on derivatives of Eni Trading & Shipping SpA for €33 million (€457 million at December 31, 2015); (ii) restricted deposits in escrow for €234 million of Eni Trading & Shipping SpA (€209 million at December 31, 2015) of which €210 million with BNP Paribas and €24 million with Citibank relating to derivatives; (iii) deposits of Eni Insurance Ltd for €238 million.

Receivables from divestments amounted to €160 million (€33 million at December 31, 2015), of which €154 million related to the divestment of a 1.71% interest in the Kashagan project to the local partner KazMunayGas. For more information see note 16 - Other non-current assets.

Other receivables of €7,033 million (€6,684 million at December 31, 2015) included €5,255 million of receivables owed by Eni's partners joint ventures executing exploration and production projects. The largest outstanding amount as of June 30, 2016 related to partners in Nigeria (€2,607 million) and among these the Nigerian national oil company NNPC in respect of: (i) receivables of €767 million (€773 million at December 31, 2015) related to the recovery of costs incurred for two oil projects (one of which is operated). Those receivables date back to few years ago. To recover that amount, Eni commenced two arbitration proceedings that led respectively to the issuance of a final ruling in 2014, in the case of the operated project, and a partial ruling in 2013, both of which with a favorable outcome. In the case of the partial award, a local court has dictated certain restrictions, which prevent the Arbitration Committee from issuing a final award; (ii) receivables of €975 million due in relation to its share of cost at certain projects operated by Eni. Following proposal received from the Nigerian Ministry of Petroleum negotiations are ongoing aimed to the reimbursement of the outstanding amounts.



Because of the short-term maturity and conditions of remuneration of trade receivables, the fair value approximated the carrying amount.

Receivables with related parties are described in note 37 – Transactions with related parties.

## 8 Inventories

| (€ million)   | December 31, 2015                     |                   |                  |       |       | June 30, 2016                         |                   |                  |       |       |
|---|---------------------------------------|-------------------|------------------|-------|-------|---------------------------------------|-------------------|------------------|-------|-------|
|   | Crude oil, gas and petroleum products | Chemical products | Work in progress | Other | Total | Crude oil, gas and petroleum products | Chemical products | Work in progress | Other | Total |
| Raw and auxiliary materials and consumables         | 222                                   | 142               |                  | 1,933 | 2,297 | 421                                   | 153               |                  | 1,915 | 2,489 |
| Products being processed and semi-finished products | 97                                    | 9                 |                  | 1     | 107   | 99                                    | 9                 |                  | 1     | 109   |
| Work in progress                                    |                                       |                   | 7                |       | 7     |                                       |                   | 1                |       | 1     |
| Finished products and goods                         | 1,573                                 | 448               |                  | 72    | 2,093 | 1,258                                 | 412               |                  | 63    | 1,733 |
| Certificates and emission rights                    |                                       |                   |                  | 75    | 75    |                                       |                   |                  | 81    | 81    |
|   | 1,892                                 | 599               | 7                | 2,081 | 4,579 | 1,778                                 | 574               | 1                | 2,060 | 4,413 |

Other inventories of raw and auxiliary materials and consumables of €1,915 million (€1.933 million at December 31, 2015) related to the Exploration & Production segment for €1,718 million (€1.732 million at December 31, 2015) and primarily comprised materials relating to perforation activities and the maintenance of infrastructures and facilities.

Certificates and emission rights of €81 million (€75 million at December 31, 2015) are measured at level 1 fair value based on market prices.

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Inventories of €65 million (€87 million at December 31, 2015) were pledged as a guarantee for the payment of storage services.

Changes in inventories and in the loss provision were as follows:

| (€ million)           | Carrying amount at the beginning of the period | Changes  | New or increased provisions | Deductions | Currency translation differences | Other changes | Carrying amount at the end of the period |
|-----------------------|--|----------|-----------------------------|------------|----------------------------------|---------------|--|
| December 31, 2015     |  |          |                             |            |                                  |               |  |
| Gross carrying amount | 8,027  | (1,082 ) |                             |            | 249                              | (2,307 )      | 4,887                                    |
| Loss provision        | (472 )   |          | (93 )                       | 212        | (10 )                            | 55            | (308 )                                   |
| Net carrying amount   | 7,555  | (1,082 ) | (93 )                       | 212        | 239                              | (2,252 )      | 4,579                                    |
| June 30, 2016         |  |          |                             |            |                                  |               |  |
| Gross carrying amount | 4,887  | (255 )   |                             |            | (45 )                            | 15            | 4,602                                    |
| Loss provision        | (308 )   |          | (55 )                       | 171        | 3                                |               | (189 )                                   |
| Net carrying amount   | 4,579  | (255 )   | (55 )                       | 171        | (42 )                            | 15            | 4,413                                    |

Negative changes of the period amounting to €255 million related to Gas & Power segment for €284 million, partially offset by the increase of the Refining & Marketing business for €61 million. Additions and deductions in loss provisions of €55 million and €171 million, respectively, related in particular to the Refining & Marketing segment for €47 million and €123 million, respectively, in relation to the alignment of the weighted average cost for inventories of crude oil and refined products to their net realizable values as of June 30, 2016.

Other changes as of December 31, 2015 of €2,252 million were in relation to the reclassification of inventories under discontinued operations for €2,183 million.

9 Other current assets

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| (€ million)                                    | December 31,<br>2015 | June 30,<br>2016 |
|--|----------------------|------------------|
| Fair value of derivative financial instruments | 3,220                | 2,296            |
| Other current assets                           | 422                  | 397              |
|  | 3,642                | 2,693            |

The fair value related to derivative financial instruments is disclosed in note 25 – Derivative financial instruments.

Other assets amounting to €397 million (€422 million at December 31, 2015) included gas volumes prepayments that were made in previous reporting period due to the take-or-pay obligations in the Company’s long-term supply contracts, as the Company is forecasting to make-up the underlying gas volumes in the next 12 months based on its sales plans and the flexibility achieved following the round of renegotiations closed in 2014. The residual amount as of June 30, 2016 for €92 million has been determined as a result of the withdrawals of underlying volumes achieved during the period that have reduced the exposure of the amount outstanding at the end of 2015 by €16 million. In the first half of 2016, the carrying amount of the prepayment, assimilated to a credit in kind, was written down by €7 million. The portion that Eni expects to recover beyond 12 months is provided in note 16 – Other non-current assets.

Transactions with related parties are described in note 37 – Transactions with related parties.

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Non-current assets

10 Property, plant and equipment

| (€ million)                   | Gross book amount at December 31, 2015 | Provisions for depreciation and impairments at December 31, 2015 | Net book amount at December 31, 2015 | Additions | Depreciation | Impairment losses | Write-offs | Currency translation differences | Other changes | Net book amount at June 30, 2016 | Gross book amount at June 30, 2016 | Provisions for depreciation and impairments at June 30, 2016 |
|-------------------------------|--|--|--------------------------------------|-----------|--------------|-------------------|------------|----------------------------------|---------------|----------------------------------|------------------------------------|--|
| Property, plant and equipment | 185,249                                | 117,244  | 68,005                               | 4,847     | (3,583)      | (148)             | (62)       | (948)                            | (285)         | 67,826                           | 187,093                            | 119,267  |

A breakdown of capital expenditures made in the first half of 2016 by segment is provided below:

| (€ million)                       | First half 2015 | First half 2016 |
|-----------------------------------|-----------------|-----------------|
| Capital expenditure               |                 |                 |
| Exploration & Production          | 5,641           | 4,502           |
| Gas & Power                       | 32              | 26              |
| Refining & Marketing and Chemical | 251             | 208             |
| Engineering & Construction        | 265             |                 |
| Corporate and other activities    | 9               | 17              |
| Elimination of intragroup profits | (140)           | 94              |
|                                   | 6,058           | 4,847           |

Impairments net of revaluations of €148 million related to the Exploration & Production segment for €105 million and to the Refining & Marketing business line for €34 million. The criteria adopted by Eni for determining the impairments is reported in note 12 - Impairment of tangible and intangible assets.

Write-off of €62 million related to exploration projects for €61 million.

Foreign currency translation differences of €948 million primarily related to translations of entities accounts denominated in US dollar (€965 million), entities accounts denominated in British pound (€166 million) and entities accounts denominated in Norwegian krone (€187 million).

Other changes of €285 million included the initial recognition and change in estimates of decommissioning costs and site restoration in the Exploration & Production segment (€258 million) mainly due to the increase in the discount rates.

Property, plant and equipment include costs related to exploration activities and appraisal and tangible assets in progress and advances of the Exploration & Production segment:

| (€ million)                                      | Book amount at December 31, 2015 | Additions | Impairment losses | Write-off | Reclassifications | Other changes and currency translation differences | Book amount at June 30, 2016 |
|--|----------------------------------|-----------|-------------------|-----------|-------------------|--|------------------------------|
| Exploration activity and appraisal               |                                  |           |                   |           |                   |  |                              |
| Exploratory wells in progress                    | 93                               | 168       |                   | (4 )      | (165 )            | (2 )   | 90                           |
| Exploratory wells completed and under evaluation | 1,737                            |           |                   | (51 )     | 155               | (40 )  | 1,801                        |
| Exploratory successful wells in progress         | 807                              |           |                   |           | (31 )             | (29 )  | 747                          |
|  | 2,637                            | 168       |                   | (55 )     | (41 )             | (71 )  | 2,638                        |
| Other tangible assets in progress                |                                  |           |                   |           |                   |  |                              |
| Unproved mineral interest                        | 2,212                            | 2         |                   |           |                   | (43 )  | 2,171                        |
| Wells and installments in progress               | 19,458                           | 4,323     | (6 )              | (6 )      | (7,086 )          | 100  | 16,783                       |
|  | 21,670                           | 4,325     | (6 )              | (6 )      | (7,086 )          | 57   | 18,954                       |
|  | 24,307                           | 4,493     | (6 )              | (61 )     | (7,127 )          | (14 )  | 21,592                       |

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Transfers of €7,127 million related to: (i) €41 million of successful exploration wells; (ii) €7,086 million of development wells and plants started during the semester.

Changes in exploration and appraisal activities comprised: (i) €155 million transfers of exploratory wells in progress to completed exploration wells which are suspended pending final determination; (ii) €55 million write-offs related to: (a) a damaged exploratory well in construction in Egypt for €4 million; (b) suspended exploration wells that not encountered commercial quantities of hydrocarbons, mainly in certain projects located in Angola and Congo, for €44 million; (c) the abandonment of an exploration project in Italy for €7 million.

Unproved mineral interests are presented below:

| (€ million)  | Book amount at December 31, 2015 | Acquisitions | Other changes and currency translation differences | Book amount at June 30, 2016 |
|--------------|----------------------------------|--------------|--|------------------------------|
| Congo        | 1,021                            |              | (20 )  | 1,001                        |
| Nigeria      | 908                              |              | (18 )  | 890                          |
| Turkmenistan | 165                              |              | (3 )   | 162                          |
| USA          | 109                              |              | (2 )   | 107                          |
| Egypt        | 9                                | 2            |  | 11                           |
|              | 2,212                            | 2            | (43 )  | 2,171                        |

Contractual commitments related to the purchase of property, plant and equipment are included in note 29 - Guarantees, commitments and risks – Liquidity risk.

### 11 Intangible assets

| (€ million) | Gross book amount at | Provisions for amortization and | Net book amount at | Additions | Amortization | Write-off | Currency translation differences | Other changes | Net book amount at June | Gross book amount at June | Provisions for amortization and |
|-------------|----------------------|---------------------------------|--------------------|-----------|--------------|-----------|----------------------------------|---------------|-------------------------|---------------------------|---------------------------------|
|-------------|----------------------|---------------------------------|--------------------|-----------|--------------|-----------|----------------------------------|---------------|-------------------------|---------------------------|---------------------------------|

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|  | December 31, 2015 | impairment at December 31, 2015 | December 31, 2015 |    |        |       |       |    | 30, 2016 | 30, 2016 | impairments at June 30, 2016 |
|--|-------------------|---------------------------------|-------------------|----|--------|-------|-------|----|----------|----------|------------------------------|
| Intangible assets with finite useful lives     | 8,881             | 7,161                           | 1,720             | 32 | (123 ) | (59 ) | (16 ) | 18 | 1,572    | 8,792    | 7,220                        |
| Intangible assets with indefinite useful lives |                   |                                 |                   |    |        |       |       |    |          |          |                              |
| Goodwill                                       |                   |                                 | 1,314             |    |        |       | (4 )  |    | 1,310    |          |                              |
|  |                   |                                 | 3,034             | 32 | (123 ) | (59 ) | (20 ) | 18 | 2,882    |          |                              |

Capital expenditures of €32 million (€44 million in the first half of 2015) included a signature bonus of €2 million (€6 million in the first half 2015) relating to the acquisition of new exploration acreage in Myanmar.

Amortizations of €123 million (€155 million in the first half of 2015) included amortizations of signature bonuses and other license acquisition costs for €12 million (€37 million in the first half of 2015).

Write-offs of €59 million related to an unproved exploration right of the Exploration & Production segment following negative outcome of one exploration project in Angola.

As of June 30, 2016, intangible assets with finite useful life included proved mineral interests as follows:

| (€ million)                 | December 31, 2015 | June 30, 2016 |
|-----------------------------|-------------------|---------------|
| Proved exploration rights   | 90                | 88            |
| Unproved exploration rights | 611               | 544           |
| Other exploration rights    | 34                | 22            |
|                             | 735               | 654           |

As of June 30, 2016, the carrying amount of goodwill amounted to €1,310 million (€1,314 million at December 31, 2015) net of cumulative impairment charges amounting to €2,513 million (€2,525 million at December 31, 2015).

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Goodwill by segment was as follows:

| (€ million)              | December 31,<br>2015 | June 30,<br>2016 |
|--------------------------|----------------------|------------------|
| Gas & Power              | 1,025                | 1,025            |
| Exploration & Production | 196                  | 192              |
| Refining & Marketing     | 93                   | 93               |
|                          | 1,314                | 1,310            |

More information about goodwill is reported in note 12 - Impairment of tangible and intangible assets.

12 Impairment of tangible and intangible assets

| (€ million)                      | First half<br>2015 | First half<br>2016 |
|----------------------------------|--------------------|--------------------|
| Impairments                      |                    |                    |
| Tangible assets                  | 172                | 185                |
| Intangible assets                | 32                 |                    |
|                                  | 204                | 185                |
| less:                            |                    |                    |
| - revaluation of tangible assets | (2 )               | (37 )              |
|                                  | 202                | 148                |

In preparing this interim report for the first half of 2016, management reviewed all the impairment indicators associated with the trading environment and did not recognize any major changes from the pricing assumptions incorporated in the evaluations of the annual report 2015. Management reaffirmed its crude oil pricing projections used in the Company's industrial plan for the years 2016-2019. Management considered an ongoing recovery in crude oil prices from the lows seen in the first quarter 2016, updated forward prices for future deliveries, recent estimates made by financial analysts and research boutiques, as well as internal assessment about market fundamentals which are currently pointing to a progressive rebalancing of supply and demand on the back of capex cuts made by international oil companies and appreciable trends in global crude oil demand.



The updated estimate of the weighted-average cost of capital to the Group (WACC) did not exhibit any significant change from the value used in the annual report 2015 because the improvement recorded in risk-free rates, cost of borrowings to the Group and an increased leverage slightly exceeded the increased volatility of the Eni share and a worsened country risk premium. Management estimates the impairment test rates applicable to expected future cash flow deriving from the continuing use of the Group CGUs by adjusting the Group WACC to factor in a higher or lower-than average spread for the country risk. Finally, adding to an improved impairment indicator picture, the excess of the Group net assets over the Group market capitalization has been absorbed as of June 30, 2016, compared to a negative 10% at 2015 closing date. However, in contrast to crude oil prices, gas prices and refining margins in Europe weakened further from 2015 due to continued oversupplies and excess capacity in the Group European reference markets, triggering a downward review both on short-term and long-term.

Based on these considerations, management made the following procedures: (i) the impairment test of Exploration & Production CGUs outside Italy was not performed due to stable trends in crude oil prices and magnitude of the impairment charges taken in 2015 consolidated accounts; (ii) the impairment test was performed at certain Italian CGUs due to lower gas prices scenario in Europe. These CGUs were selected based on the amount of capital employed and small headroom; (iii) refineries with large book values were tested for impairment due to deteriorated refining margins; (iv) power plants were also tested in the light of weak fundamentals for the wholesale marketing of electricity.

No significant charges were recorded in connection with this review except for certain Italian gas properties which were impaired for an overall amount of €105 million. Furthermore, capital expenditures incurred in the period for safety and stay-in business purposes were written-off as they related to certain R&M CGUs which were fully impaired in previous reporting periods.

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The criteria adopted by Eni in identifying the Group Cash Generating Unit (CGU) and in reviewing the recoverability of carrying amounts remained unchanged in respect of the Annual Report 2015 (see note 16 - Property, plant and equipment).

Finally, as discussed under note 26 - Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale, in this interim consolidated report for the first half 2016, Eni's chemical business no longer qualifies as assets held for sale. Therefore, management estimated its value-in-use retrospectively as of January 1, 2016 in order to amend the opening balance of the interim report in line with the provisions of IFRS 5 which require in case of cessation of classification as held for sale, that financial statements be amended retrospectively as though the disposal group never qualified as held for sale to evaluate Versalis by aligning its book value to the recoverable amount, given by the higher of fair value less cost to sell and value-in-use. In reviewing the value-in-use of Versalis as of June 30, 2016, management considered the impairment indicator of the negative outcome of the sale process of a majority stake of Eni's subsidiary. However, management considered to confirm the value-in-use determined in order to amend the first half report opening balances in light of current and expected business trends: (i) expectations of an EBITDA margin better than management's plans due to slightly improving products margins, which in spite of lower commodity prices benefitted from reduced oil-based feedstock costs. This trend was mainly recorded in the polyolefin business and other basic petrochemicals commodities; styrene was stable, while elastomers are seen trending down; (ii) a better expected performance on part of cash flow from operations and free cash flow; (iii) invariance of the impairment test rate.

Goodwill acquired through business combinations has been allocated to the cash generating units ("CGUs") that are expected to benefit from the synergies of the acquisition.

**Gas & Power segment**

| (€ million)                | December 31,<br>2015 | June 30,<br>2016 |
|----------------------------|----------------------|------------------|
| Domestic gas market        | 835                  | 835              |
| Foreign gas market         | 190                  | 190              |
| - of which European market | 188                  | 188              |
|                            | 1,025                | 1,025            |

In the Gas & Power segment, the goodwill allocated to the CGU domestic gas market was recognized upon the buy-out of the former Italgas SpA minorities in 2003 through a public offering (€706 million). The Company engaged

in the retail sale of gas to the residential sector. In addition, further goodwill amounts have been allocated over the years following business combinations with small, local companies selling gas to residential customers in focused territorial reach and municipalities synergic to Eni's activities, the latest acquisition of which was Acam Clienti SpA finalized in 2014 (with an allocated goodwill of €32 million). In the first half of 2016, management did not identify any impairment indicator. The criteria adopted by Eni in reviewing the recoverability of the goodwill and the relevant sensitivity analysis remained unchanged in respect of the Annual Report 2015.

Goodwill allocated to the CGU European gas market amounting to €188 million was recorded following the business combinations of Altermoz SA (now Eni Gas & Power France SA) in France, Nuon Belgium NV (now merged in Eni Gas & Power NV) in Belgium, whose carrying amounts are valued on a stand-alone basis. The management did not identify any impairment indicator in the first half of 2016.

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13 Investments

| (€ million)                  | Net book amount at December 31, 2015 | Additions and subscriptions | Divestments and reimbursements | Share of profit (loss) of equity-accounted investments | Deduction for dividends | Currency translation differences | Other changes | Net book amount at June 30, 2016 |
|------------------------------|--------------------------------------|-----------------------------|--------------------------------|--|-------------------------|----------------------------------|---------------|----------------------------------|
| Equity accounted investments | 2,853                                | 1,151                       | (126 )                         | 81   | (34 )                   | (46 )                            | 565           | 4,444                            |
| Other investments            | 660                                  | 1                           | (374 )                         |  |                         | (4 )                             |               | 283                              |
|                              | 3,513                                | 1,152                       | (500 )                         | 81   | (34 )                   | (50 )                            | 565           | 4,727                            |

Acquisitions and subscriptions directed to equity-accounted entities of €1,151 million primarily related to the pro-rata subscription of the share capital of Saipem SpA for €1,069 million (see Other changes of this paragraph) and to subscription of the share capital of Angola LNG Ltd for €62 million which is currently engaged in upgrading a liquefaction plant in order to monetize Eni's gas reserves in that country (Eni's interest in the project being 13.6%).

Divestments and reimbursements of €500 million are stated net of gains on disposals (€32 million) and primarily related to a capital reimbursement of €116 million relating to Angola LNG Ltd and the sale of 2.22% interest in Snam SpA for €368 million. This disposal was carried out according with to two different modalities: (i) exercise of the conversion right by the bondholders of convertible bonds related to 76,888,264 shares, representing approximately 2.2% of the share capital, for a total consideration of €332 million corresponding to a price of €4.32 per share and a loss recognized in profit and loss of €32 million; (ii) the sale of the remaining 792,619 shares on the market for a total consideration of €4 million and a gain recognized in profit and loss of less than €1 million.

The share of profit and loss of equity-accounted investments of €81 million primarily related to CARDÓN IV SA (€41 million) and Saipem SpA (28 million).

Deductions for dividend distribution of €34 million primarily related to Transmed SpA (€11 million) and Eteria Parohis Aeriou Thessalonikis AE (€10 million).

Currency translation differences of €50 million were essentially related to translation of entities accounts denominated in US dollar (€41 million).

Other changes of €565 million include the initial recognition of the retained interest in Saipem SpA of €564 million. On January 22, 2016, Eni closed the sale of a 12.503% stake of Saipem share capital to CDP Equity SpA (Former Fondo Strategico Italiano SpA). Concurrently, a shareholder agreement between Eni and CDP Equity SpA entered into force, which established the joint control of the two parties over the target entity. Those transactions triggered loss of control of Eni over Saipem. Therefore, from the transaction date, Eni has derecognized assets and liabilities, revenues and expenses of the former subsidiary from the consolidated accounts. The retained interest of 30.55% has been recognized as an investment in an equity-accounted joint venture with an initial carrying amount aligned to the share price at the closing date of the transaction (€4.2 per share) recognizing a loss through profit and loss of €441 million. This loss has been recognized in the Group consolidated accounts for the first half 2016 as part of gains and losses of discontinued operations. This value becomes the cost on initial recognition of the investment in Saipem for the subsequent application of equity accounting. The carrying amount of the interest retained in Saipem exhibits a negative difference over the corresponding fraction of the investee's net assets for €497 million. This difference has been allocated in reduction to goodwill for €222 million and for the residual €275 million in reduction to the investee's property, plant and equipment, and hence amortized along the residual useful life of Saipem's plants and equipment. Within the end of February 2016, Eni subscribed pro-quota the share capital increase of Saipem (cash out Eni of €1,069 million). By using the proceeds from the share capital increase, Saipem reimbursed the intercompany loans owed to Eni (€5,818 million as of December 31, 2015). At June 30, 2016, the carrying amount of the interest in Saipem SpA was €1,668 million.

Management performed the impairment test of Eni's investment in Saipem considering the impairment indicator given by the excess of its carrying amount over the market capitalization of Saipem's share at the closing date. To that end, management obtained from the investee a minimum set of information, including financial information publicly available, and verified consistency between the impairment test methodologies of Eni and Saipem, the coherence of each party's assumptions about long-term trends in crude oil prices and capital plans of the oil industry and finally the estimation of future expected cash flows to determine the value-in-use of the net assets of

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the investee. Saipem performed the impairment test of all of its identified CGUs (the business units of offshore and onshore constructions, rigs and onshore drilling activities as well as other minor assets) which covered more than 90% of its capital employed. The value-in-use of those CGUs was estimated based on the future expected cash flows of the current industrial plan 2016-2019, which was updated to factor in the most recent business. The estimate of the value-in-use of Eni's interest in Saipem exceeded for a significant amount its carrying amount. This headroom reduces to zero in case of a severe contraction in the operating results of the investee (a haircut of more than 60% applied to all plan periods and on the perpetual result). Based on management evaluation, this zeroing scenario is so wide as to absorb any detected difference between Eni's own Brent assumptions and those incorporated in Saipem's financial projections.

Investments in subsidiaries, joint arrangements and associates as of June 30, 2016 are presented in the annex "List of companies owned by Eni SpA as of June 30, 2016".

14 Other financial assets

| (€ million)                             | December 31,<br>2015 | June 30,<br>2016 |
|---|----------------------|------------------|
| Receivables held for operating purposes | 949                  | 931              |
| Securities held for operating purposes  | 77                   | 74               |
|   | 1,026                | 1,005            |

Financing receivables for operating purposes are stated net of the valuation allowance for doubtful accounts of €354 million (€347 million at December 31, 2015).

| (€ million)   | Amount at<br>December<br>31, 2015 | Additions | Other<br>changes | Amount<br>at june<br>30, 2016 |
|---|-----------------------------------|-----------|------------------|-------------------------------|
| Reserve of allowance for doubtful accounts of financing receivables | 347                               | 12        | (5 )             | 354                           |

Financing receivables for operating purposes of €931 million (€949 million at December 31, 2015) primarily pertained to loans granted by the Exploration & Production segment (€474 million), the Gas & Power segment (€154 million) and the Refining & Marketing and Chemical segment (€202 million). Financing receivables granted to joint ventures and associates amounted to €394 million (€396 million at December 31, 2015).

The valuation at fair value of receivables for financing operating activities of €935 million has been determined based on the present value of expected future cash flows discounted at rates ranging from -0.2% to 1.9% (0% and 2.7% at December 31, 2015).

Securities of €74 million (€77 million at December 31, 2015), designated as held-to-maturity investments, are listed bonds issued by sovereign states for €67 million (€70 million at December 31, 2015) and by the European Investment Bank for €7 million (same amount as of December 31, 2015). Securities amounting to €20 million (€23 million at December 31, 2015) were pledged as guarantee of the deposit for gas cylinders as provided for by the Italian law.

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The following table analyses securities by issuing entity:

|                          | <b>Amortized<br/>cost</b><br>(€<br>million) | <b>Nominal<br/>value</b><br>(€<br>million) | <b>Fair<br/>Value</b><br>(€<br>million) | Nominal<br>rate of<br>return (%) | Maturity date     | Rating -<br>Moody's | Rating -<br>S&P |
|--------------------------|---|--|---|----------------------------------|-------------------|---------------------|-----------------|
| Sovereign states         |   |  |   |                                  |                   |                     |                 |
| Fixed rate bonds         |   |  |   |                                  |                   |                     |                 |
| Italy                    | 23  | 24   | 25                                      | from 0.75 to 5.75                | from 2016 to 2025 | Baa2                | BBB-            |
| Spain                    | 15  | 14   | 15                                      | from 1.40 to 4,30                | from 2019 to 2020 | Baa2                | BBB+            |
| Ireland                  | 9   | 8  | 9                                       | from 4.40 to 4.50                | from 2018 to 2019 | A3                  | A+              |
| Poland                   | 3   | 2  | 3                                       | 4.20                             | 2020              | A2                  | BBB+            |
| Slovenia                 | 2   | 2  | 2                                       | 4.13                             | 2020              | Baa3                | A               |
| Belgium                  | 2   | 2  | 2                                       | 1.25                             | 2018              | Aa3                 | AA              |
| Floating rate bonds      |   |  |   |                                  |                   |                     |                 |
| Italy                    | 11  | 11   | 11                                      |                                  | from 2016 to 2018 | Baa2                | BBB-            |
| Mozambique               | 2   | 2  | 2                                       |                                  | from 2017 to 2019 | Caa3                | CCC             |
| Total sovereign states   | 67  | 65   | 69                                      |                                  |                   |                     |                 |
| European Investment Bank | 7   | 7  | 8                                       |                                  | from 2016 to 2018 | Aaa                 | AAA             |
| Total                    | 74  | 72   | 77                                      |                                  |                   |                     |                 |

The fair value of securities was derived from quoted market prices.

Receivables with related parties are described in note 37 - Transactions with related parties.

#### 15 Deferred tax assets

Deferred tax assets are stated net of amounts of deferred tax liabilities that can be offset for €3,377 million (€3,355 million at December 31, 2015).

(€ million)



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|                     | Amount at<br>December<br>31, 2015 | Net<br>additions | Currency<br>translation<br>differences | Other<br>changes | Amount<br>at June<br>30, 2016 |
|---------------------|-----------------------------------|------------------|--|------------------|-------------------------------|
| Deferred tax assets | 3,853                             | 153              | (116 )                                 | (227 )           | 3,663                         |

Deferred tax assets related to the parent company Eni SpA and other Italian subsidiaries which were part of the consolidated accounts for Italian tax purposes for €1,740 million (€1,911 million at December 31, 2015) were recorded on the operating losses of the reporting period and the recognition of deferred deductible costs within the limits of the amounts expected to be recovered in future years based on the expected future profit before income taxes. The forecasts for future taxable income beyond 2016 are those adopted in the 2015 annual report.

Deferred tax liabilities are described in note 23 – Deferred tax liabilities.

Income taxes are described in note 34 - Income tax expense.

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16 Other non-current assets

| (€ million)                                    | December 31,<br>2015 | June 30,<br>2016 |
|--|----------------------|------------------|
| Tax receivables                                | 394                  | 456              |
| Receivables related to divestments             | 567                  | 387              |
| Other receivables                              | 46                   | 43               |
| Fair value of derivative financial instruments | 218                  | 182              |
| Other asset                                    | 533                  | 512              |
|  | 1,758                | 1,580            |

Receivables from divestments amounting to €387 million (€567 million at December 31, 2015) included: (i) a receivable of €309 million (€463 million at December 31, 2015) related to the divestment of a 1.71% interest in the Kashagan project to the local partner KazMunayGas on the basis of the agreements defined with the international partners of the North Caspian Sea PSA and the Kazakh government, which became effective. The reimbursement of the receivable is provided for in three annual instalments commencing from the date in which production target agreed is reached. The receivable accrues interest income at market rates. The current portion is reported in note 7 - Other current assets; (ii) a residual amount of €1 million is outstanding (€25 million at December 31, 2015) following compensation agreed with the Republic of Venezuela for the expropriated Dación oil field in 2006. In the first half of 2016, reimbursements amounted to €23 million related to the residual interests accrued as of December 31, 2015.

The fair value related to derivative financial instruments is disclosed in note 25 – Derivative financial instruments.

Other non-current assets amounted to €512 million (€533 million at December 31, 2015), of which €229 million (€277 million at December 31, 2015) were deferred costs of take-or-pay gas volumes in connection with the Company's long-term supply contracts. The amount was recognized due to the obligation to pay in advance the contractual price of the volumes of gas, which the Company failed to collect up to the minimum contractual take in previous reporting periods in order to fulfill the take-or-pay clause provided by the relevant long-term supply contracts. The Company is entitled to off-take the prepaid volumes in future years alongside contract execution, up to contract expiration or in a shorter term as the case may be. Those deferred costs, which are equivalent to a receivable in-kind, are stated at the purchase cost or the net realizable value, whichever is lower. Prior-year impairment losses are reversed up to the purchase cost, whenever market conditions indicate that impairment no longer exists or may have decreased. In the first half 2016, based on this accounting principle an impairment of €29 million was recorded. The reduction of €19 million in deferred costs at the reporting date compared to 2015 was due to the reclassification to other current assets of volumes that are expected to be recovered by June 30, 2017. A portion of the deferred costs was classified as non-current assets, because the Company plans to lift the prepaid quantities beyond the term of 12 months. In spite of

weak market conditions in the European gas sector due to sluggish demand growth and strong competitive pressures fuelled by oversupplies, management plans to recover volumes underlying the deferred cost within the plan horizon. Management plans to achieve this by leveraging on an improved competitiveness of the Company in the gas market thanks to the benefit of contract renegotiations, an expected reduction in the Company's annual minimum obligations, and other actions of commercial optimizations which will leverage the Company's simultaneous presence in several markets and asset availability (logistics capacity, transportation rights).

Receivables with related parties are described in note 37 - Transactions with related parties.

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Current liabilities

17 Short-term debt

| (€ million)                  | December 31,<br>2015 | June 30,<br>2016 |
|------------------------------|----------------------|------------------|
| Commercial papers            | 4,962                | 2,913            |
| Banks                        | 142                  | 272              |
| Other financial institutions | 616                  | 521              |
|                              | 5,720                | 3,706            |

The decrease in short-term debt of €2,014 million primarily related to net reimbursements for €1,956 million and currency translation differences for €129 million.

Commercial papers of €2,913 million (€4,962 million at December 31, 2015) were issued by the Group's financial subsidiaries Eni Finance USA Inc for €1,794 million and Eni Finance International SA for €1,119 million.

As of June 30, 2016, Eni had undrawn committed and uncommitted borrowing facilities amounting to €41 million and €12,514 million, respectively (€40 million and €12,708 million at December 31, 2015). Those facilities bore interest rates reflecting prevailing conditions on the marketplace.

As of June 30, 2016, Eni did not report any default on covenants or other contractual provisions in relation to borrowing facilities.

Because of the short-term maturity and conditions of remuneration of short-term debts, the fair value approximated the carrying amount.

Payables due to related parties are described in note 37 - Transactions with related parties.

## 18 Trade and other payables

| (€ million)                       | December 31,<br>2015 | June 30,<br>2016 |
|-----------------------------------|----------------------|------------------|
| Trade payables                    | 9,605                | 9,770            |
| Advances                          | 637                  | 327              |
| Other payables                    |                      |                  |
| - related to capital expenditures | 1,884                | 2,102            |
| - others                          | 2,816                | 3,074            |
|                                   | 4,700                | 5,176            |
|                                   | 14,942               | 15,273           |

The increase in trade payables for €165 million primarily related to the Exploration & Production segment (€314 million), partially offset by the decrease in the Gas & Power segment (€181 million).

Down payments and advances for €327 million (€637 million at December 31, 2015) related to the Refining & Marketing business line for €238 million (€253 million at December 31, 2015) and the Gas & Power segment for €45 million (€311 million at December 31, 2015).

Because of the short-term maturity and conditions of remuneration of trade and other payables, the fair value approximated the carrying amount.

Payables due to related parties are described in note 37 - Transactions with related parties.

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19 Income taxes payable

| (€ million)                | December 31, | June 30, |
|----------------------------|--------------|----------|
|                            | 2015         | 2016     |
| Italian subsidiaries       | 65           | 81       |
| Subsidiaries outside Italy | 366          | 320      |
|                            | 431          | 401      |

Income tax expenses are described in note 34 – Income taxes.

20 Other current liabilities

| (€ million)   | December 31, | June 30, |
|---|--------------|----------|
|   | 2015         | 2016     |
| Fair value of other derivatives financial instruments | 4,261        | 2,654    |
| Other liabilities                                     | 451          | 497      |
|   | 4,712        | 3,151    |

The fair value related to derivative financial instruments is disclosed in note 25 – Derivative financial instruments.

Other current liabilities of €497 million (€451 million at December 31, 2015) included the current portion of advances received from Suez related to a long-term agreement for supplying natural gas and electricity for €74 million (€76 million at December 31, 2015). The non-current portion is disclosed in note 24 – Other non-current liabilities.

Other current liabilities as of December 31, 2015, included advances for €11 million recovered from gas customers who off-took lower volumes than the contractual minimum take provided by the relevant long-term supply contract.

Transactions with related parties are described in note 37 – Transactions with related parties.



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Non-current liabilities

21 Long-term debt and current portion of long-term debt

| (€ million)                  | December 31, 2015    |                       |        | June 30, 2016        |                       |        |
|------------------------------|----------------------|-----------------------|--------|----------------------|-----------------------|--------|
|                              | Long-term<br>portion | Short-term<br>portion | Total  | Long-term<br>portion | Short-term<br>portion | Total  |
| Banks                        | 3,465                | 455                   | 3,920  | 3,538                | 456                   | 3,994  |
| Ordinary bonds               | 15,771               | 1,837                 | 17,608 | 17,098               | 399                   | 17,497 |
| Convertible bonds            |                      | 339                   | 339    | 382                  |                       | 382    |
| Other financial institutions | 161                  | 45                    | 206    | 116                  | 93                    | 209    |
|                              | 19,397               | 2,676                 | 22,073 | 21,134               | 948                   | 22,082 |

Long-term debt and the short-term portion of long-term debt of €22,082 million (€22,073 million at December 31, 2015) increased by €9 million. Such increase comprises new issuances for €2,103 million net of the repayments made for €1,969 million and, as decrease, currency translation differences relating foreign subsidiaries and debt denominated in foreign currency recorded by euro-reporting subsidiaries for €77 million.

Debt due to banks of €3,994 million (€3,920 million at December 31, 2015) included amounts against committed borrowing facilities for €1 million (same amount as of December 31, 2015).

Debt due to other financial institutions of €209 million (€206 million at December 31, 2015) included €29 million of finance lease transactions (€26 million at December 31, 2015).

Eni entered into long-term borrowing facilities with the European Investment Bank. These borrowing facilities are subject to the maintenance of certain financial ratios based on Eni's Consolidated Financial Statements or a minimum level of credit rating. According to the agreements, should the Company lose the minimum credit rating, new guarantees would be required to be agreed upon with the European Investment Bank. In addition, Eni entered into long-term and medium-term facilities with Citibank Europe Plc providing for conditions similar to those applied by the European Investment Bank. At June 30, 2016, debts subjected to restrictive covenants amounted to €1,993 million (€2,127 million and December 31, 2015). Eni complied with those covenants. Eni believes that any non-compliance with those covenants in the future can be managed through contractual agreements and the Company's ability to



finance its operations will not be affected.

Ordinary bonds of €17,497 million (€17,608 million at December 31, 2015) consisted of bonds issued within the Euro Medium Term Notes Program for a total of €15,055 million and other bonds for a total of €2,442 million.

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The following table provides a breakdown of bonds by issuing entity, maturity date, interest rate and currency as of June 30, 2016:

| Issuing entity                | Amount | Discount on bond issue and accrued expense | Total  | Currency | Maturity |      | Rate %   |       |
|-------------------------------|--------|--|--------|----------|----------|------|----------|-------|
|                               |        |  |        |          | from     | to   | from     | to    |
| <b>Euro Medium Term Notes</b> |        |  |        |          |          |      |          |       |
| Eni SpA                       | 1,500  | 45   | 1,545  | EUR      | 2019     |      | 4.125    |       |
| Eni SpA                       | 1,250  | 35   | 1,285  | EUR      | 2017     |      | 4.750    |       |
| Eni SpA                       | 1,200  | 39   | 1,239  | EUR      | 2025     |      | 3.750    |       |
| Eni SpA                       | 1,000  | 22   | 1,022  | EUR      | 2023     |      | 3.250    |       |
| Eni SpA                       | 1,000  | 14   | 1,014  | EUR      | 2020     |      | 4.250    |       |
| Eni SpA                       | 1,000  | 13   | 1,013  | EUR      | 2018     |      | 3.500    |       |
| Eni SpA                       | 1,000  | 8  | 1,008  | EUR      | 2029     |      | 3.625    |       |
| Eni SpA                       | 1,000  | (2)  | 998    | EUR      | 2020     |      | 4.000    |       |
| Eni SpA                       | 1,000  | (2)  | 998    | EUR      | 2026     |      | 1.500    |       |
| Eni SpA                       | 800    | 12   | 812    | EUR      | 2021     |      | 2.625    |       |
| Eni SpA                       | 800    | (10)                                       | 790    | EUR      | 2028     |      | 1.625    |       |
| Eni SpA                       | 750    | (1)  | 749    | EUR      | 2024     |      | 1.750    |       |
| Eni SpA                       | 750    | (2)  | 748    | EUR      | 2019     |      | 3.750    |       |
| Eni SpA                       | 700    | (3)  | 697    | EUR      | 2022     |      | 0.750    |       |
| Eni Finance International SA  | 545    | 10   | 555    | GBP      | 2018     | 2021 | 4.750    | 6.125 |
| Eni Finance International SA  | 395    | 2  | 397    | EUR      | 2017     | 2043 | 3.750    | 5.441 |
| Eni Finance International SA  | 184    | 1  | 185    | YEN      | 2019     | 2037 | 1.955    | 2.810 |
|                               | 14,874 | 181  | 15,055 |          |          |      |          |       |
| <b>Other bonds</b>            |        |  |        |          |          |      |          |       |
| Eni SpA                       | 1,109  | 35   | 1,144  | EUR      | 2017     |      | 4.875    |       |
| Eni SpA                       | 405    | 3  | 408    | USD      | 2020     |      | 4.150    |       |
| Eni SpA                       | 316    |  | 316    | USD      | 2040     |      | 5.700    |       |
| Eni SpA                       | 215    | 1  | 216    | EUR      | 2017     |      | variable |       |
| Eni USA Inc                   | 360    | (2)  | 358    | USD      | 2027     |      | 7.300    |       |
|                               | 2,405  | 37   | 2,442  |          |          |      |          |       |
|                               | 17,279 | 218  | 17,497 |          |          |      |          |       |

Ordinary bonds maturing within 18 months amounted to €2,745 million and were issued by Eni SpA for €2,645 million and by Eni Finance International SA for €100 million. During the first half of 2016, Eni SpA issued new ordinary bonds for €1,487 million.

The following table provides a breakdown of convertible bonds issued by Eni SpA as of June 30, 2016:

| (€ million)    | Amount | Discount on<br>bond issue<br>and accrued<br>expense | Total | Currency | Maturity | Rate % |
|----------------|--------|---|-------|----------|----------|--------|
| Issuing entity |        |   |       |          |          |        |
| Eni SpA        | 400    | (18 )   | 382   | EUR      | 2022     | 0.000  |
|                | 400    | (18 )   | 382   |          |          |        |

In the first half 2016, Eni issued a non-dilutive equity-linked bond for a total nominal value of €400 million with a redemption value linked to the market price of Eni's shares. The bondholders will have "conversion" rights at certain times and/or in the presence of certain events, while the bonds will be cash-settled. Accordingly, the issue and the conversion of the bonds will not give right to any share of Eni and there will be no dilution for shareholders. To hedge its exposure, Eni purchased cash-settled call options relating to Eni shares that will be settled on a net cash basis. The bonds will have a six-year maturity and will pay no interest and, accordingly, the coupon will be equal to 0%. The bonds were issued at a price equal to

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100.5% of par and will be redeemed at par at maturity, unless previously converted or redeemed under their terms. The initial conversion price for the bonds has been set at €17.6222, representing a 35% premium above the share reference price of €13.0535 determined as the arithmetic average of the daily volume-weighted average prices of an ordinary share of Eni on the Milan Stock Exchange over a period of seven consecutive scheduled trading days starting from 7 April 2016. The settlement and closing took place on 13 April 2016. The convertible bond is measured at amortized cost. The conversion option, embedded in the financial instrument issued, and the call option on Eni's shares acquired are valued at fair value with effects recognized through profit and loss.

The bond convertible into ordinary shares of Snam SpA, amounting to €339 million as of 31 December 2015, expired on 18 January 2016. Following the exercise of the conversion rights, Eni delivered to the bondholders 76,888,264 shares ordinary representing approximately 2.20% of the share capital of Snam SpA. The residual bonds, amounting to €3.4 million, for which it was not exercised the conversion rights, were redeemed for cash.

As of June 30, 2016, Eni had undrawn long-term committed borrowing facilities of €6,572 million (€6,577 at December 31, 2015), of which €1,850 million due in 2017. Those facilities bore interest rates reflecting prevailing conditions on the marketplace.

Eni has in place a program for the issuance of Euro Medium Term Notes up to €20 billion, of which about €14.9 billion were drawn as of June 30, 2016.

The Group has credit ratings of BBB+ outlook stable and A-2, respectively for long and short-term debt, assigned by Standard & Poor's and Baa1 outlook stable and P-2, respectively for long and short-term debt, assigned by Moody's. Eni's credit rating is linked to the Company's industrial fundamentals and trends in the trading environment and, in addition, to the sovereign credit rating of Italy. Based on the methodologies used by Standard & Poor's and Moody's, a potential downgrade of Italy's credit rating may trigger a potential knock-on effect on the credit rating of Italian issuers such as Eni.

Fair value of long-term debt, including the current portion of long-term debt, amounted to €24,266 million (€23,899 million at December 31, 2015):

(€ million)

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|                              | December 31,<br>2015 | June 30,<br>2016 |
|------------------------------|----------------------|------------------|
| Ordinary bonds               | 18,984               | 19,402           |
| Convertible bonds            | 341                  | 415              |
| Banks                        | 4,356                | 4,231            |
| Other financial institutions | 218                  | 218              |
|                              | 23,899               | 24,266           |

The fair value of bonds was calculated by discounting the expected future cash flows at discount rates ranging from -0.2% to 1.9% (0% and 2.7% at December 31, 2015).

As of June 30, 2016, Eni did not pledge restricted deposits as collateral against its borrowings.

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**Analysis of net borrowings**

The analysis of net borrowings, as defined in the “Financial Review”, was as follows:

| (€ million)                                | December 31, 2015 |             |        | June 30, 2016 |             |        |
|--|-------------------|-------------|--------|---------------|-------------|--------|
|  | Current           | Non-current | Total  | Current       | Non-current | Total  |
| A. Cash and cash equivalents               | 5,209             |             | 5,209  | 5,099         |             | 5,099  |
| B. Held-for-trading financial assets       | 5,028             |             | 5,028  | 5,989         |             | 5,989  |
| C. Available-for-sale financial assets     |                   |             |        | 362           |             | 362    |
| D. Liquidity (A+B+C)                       | 10,237            |             | 10,237 | 11,450        |             | 11,450 |
| E. Financing receivables                   | 685               |             | 685    | 524           |             | 524    |
| F. Short-term debt towards banks           | 142               |             | 142    | 272           |             | 272    |
| G. Long-term debt towards banks            | 455               | 3,465       | 3,920  | 456           | 3,538       | 3,994  |
| H. Bonds                                   | 2,176             | 15,771      | 17,947 | 399           | 17,480      | 17,879 |
| I. Short-term debt towards related parties | 208               |             | 208    | 365           |             | 365    |
| L. Other short-term liabilities            | 5,370             |             | 5,370  | 3,069         |             | 3,069  |
| M. Other long-term liabilities             | 45                | 161         | 206    | 93            | 116         | 209    |
| N. Total borrowings (F+G+H+I+L+M)          | 8,396             | 19,397      | 27,793 | 4,654         | 21,134      | 25,788 |
| O. Net borrowings (N-D-E)                  | (2,526 )          | 19,397      | 16,871 | (7,320 )      | 21,134      | 13,814 |

Financial assets held for trading of €5,989 million (€5,028 million at December 31, 2015) were maintained by Eni SpA. More information is reported in note 5 - Financial assets held for trading.

Available-for-sale securities of €362 million were held for non-operating purposes and related to Eni Insurance Ltd. Furthermore, at the reporting date, Eni held certain held-to-maturity and available-for-sale securities destined to operating purposes amounting to €74 million (€359 million at December 31, 2015). These securities are excluded from the calculation above. The decrease of €285 million was mainly due to the reclassification of securities covering technical reserves of Eni Insurance Ltd for €282 million as securities held for non-operating purposes as a consequence of the adoption starting from January 1, 2016, of the provisions of EU Solvency II Directive on capital requirements to be met for operating in the insurance activity (so called Minimum Capital Requirement - MCR - and Solvency Capital Requirement - SCR). More information is reported in note 6 - Financial assets available for sale.

Current financing receivables of €524 million (€685 million at December 31, 2015) were held for non-operating purposes. Furthermore, at the reporting date, Eni held certain financing receivables destined to operating purposes

amounting to €1,437 million (€1,622 million at December 31, 2015), of which €1,262 million (€1,135 million at December 31, 2015) were in respect of financing granted to joint ventures and affiliates which executed capital projects and investments on behalf of Eni's Group companies. These financing receivables are excluded from the calculation above. The decrease of €185 million was mainly due to the reclassification increasing financial receivables (€287 million) as a consequence of the adoption starting from January 1, 2016, of the provisions of EU Solvency II Directive on capital requirements to be met for operating in the insurance activity (so called Minimum Capital Requirement - MCR - and Solvency Capital Requirement - SCR). More information is reported in note 6 - Financial assets available for sale.

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22 Provisions for contingencies

| (€ million)   | Carrying amount at December 31, 2015 | New or increased provisions | Initial recognition and changes in estimates | Accretion of discount | Reversal of provisions utilized | Reversal of provisions unutilized | Currency translation differences | Other changes | Carrying amount at June 30, 2016 |
|---|--------------------------------------|-----------------------------|--|-----------------------|---------------------------------|-----------------------------------|----------------------------------|---------------|----------------------------------|
| Provision for site restoration, abandonment and social projects         | 8,998                                |                             | (269 )                                       | 151                   | (158 )                          |                                   | (160 )                           | 8             | 8,570                            |
| Environmental provision   | 2,737                                | 126                         |  | 4                     | (115 )                          | (23 )                             |                                  | (3 )          | 2,726                            |
| Provision for legal and other proceedings                               | 1,725                                | 174                         |  |                       | (1,047 )                        | (7 )                              | (35 )                            | 175           | 985                              |
| Provision for taxes   | 484                                  | 45                          |  |                       | (2 )                            | (3 )                              | (9 )                             | (1 )          | 514                              |
| Loss adjustments and actuarial provisions for Eni's insurance companies | 323                                  | 29                          |  |                       | (36 )                           |                                   |                                  | 2             | 318                              |
| Provision for onerous contracts   | 273                                  |                             |  |                       | (52 )                           |                                   | (10 )                            |               | 211                              |
| Provision for redundancy incentives                                     | 201                                  | 1                           |  | 2                     | (7 )                            | (2 )                              |                                  |               | 195                              |
| Provision for losses on investments                                     | 128                                  | 7                           |  |                       |                                 | (6 )                              | (1 )                             | (11 )         | 117                              |
| Provision for OIL insurance cover                                       | 72                                   | 5                           |  |                       |                                 |                                   | (1 )                             | (1 )          | 75                               |
| Provision for disposal and restructuring                                | 80                                   |                             |  |                       | (11 )                           | (3 )                              | (1 )                             |               | 65                               |
| Provision for green certificates  | 190                                  | 1                           |  |                       | (13 )                           | (2 )                              |                                  | (175 )        | 1                                |
| Other (*)   | 164                                  | 47                          |  |                       | (26 )                           | (3 )                              |                                  | (7 )          | 175                              |
|   | 15,375                               | 435                         | (269 )                                       | 157                   | (1,467 )                        | (49 )                             | (217 )                           | (13 )         | 13,952                           |

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

Initial recognition and changes in estimates of provisions for site restoration and abandonment decreased of €269 million mainly due to the increase in the discount rates.



## 23 Deferred tax liabilities

Deferred tax liabilities were recognized net of the amounts of deferred tax assets which can be offset for €3,377 million (€3,355 million at December 31, 2015).

| Amount at<br>(€ million)December 31,<br>2015 | Net deductions | Currency<br>translation<br>differences | Other changes | Amount at<br>June 30,<br>2016 |
|--|----------------|--|---------------|-------------------------------|
| 7,425  | (222 )         | (177 )                                 | (136 )        | 6,890                         |

Deferred tax assets and liabilities consisted of the following:

| (€ million)                                  | December 31,<br>2015 | June 30,<br>2016 |
|--|----------------------|------------------|
| Deferred tax liabilities                     | 10,780               | 10,267           |
| Deferred tax assets available for offset     | (3,355 )             | (3,377 )         |
|  | 7,425                | 6,890            |
| Deferred tax assets not available for offset | (3,853 )             | (3,663 )         |
| Net deferred tax liabilities                 | 3,572                | 3,227            |

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24 Other non-current liabilities

| (€ million)                                     | December 31,<br>2015 | June 30,<br>2016 |
|---|----------------------|------------------|
| Fair value of derivatives financial instruments | 98                   | 129              |
| Current income tax liabilities                  | 23                   | 23               |
| Other payables towards tax authorities          | 29                   | 17               |
| Other payables                                  | 81                   | 52               |
| Other liabilities                               | 1,621                | 1,540            |
|   | 1,852                | 1,761            |

The fair value related to derivative financial instruments is disclosed in note 25 – Derivative financial instruments.

Other liabilities of €1,540 million (€1,621 million at December 31, 2015) included advances received from Suez following a long-term agreement for supplying natural gas and electricity of €700 million (€736 million at December 31, 2015). The current portion is described in note 20 – Other current assets.

Liabilities with related parties are described in note 37 - Transactions with related parties.

25 Derivative financial instruments

| (€ million)                 | December 31, 2015 |                      |                     | June 30, 2016    |                      |                     |
|-----------------------------|-------------------|----------------------|---------------------|------------------|----------------------|---------------------|
|                             | Fair value asset  | Fair value liability | Level of Fair value | Fair value asset | Fair value liability | Level of Fair value |
| Non-hedging derivatives     | 2,493             | 2,340                |                     | 1,676            | 1,590                |                     |
| - Future                    | 1,586             | 1,483                | 1                   | 1,033            | 990                  | 1                   |
| - Other                     | 907               | 857                  | 2                   | 643              | 600                  | 2                   |
| Trading derivatives         | 3,209             | 3,789                |                     | 2,280            | 2,515                |                     |
| - Future                    | 409               | 559                  | 1                   | 389              | 514                  | 1                   |
| - Other                     | 2,800             | 3,230                | 2                   | 1,891            | 2,001                | 2                   |
| Cash flow hedge derivatives | 126               | 614                  |                     | 151              | 309                  |                     |

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|                                      |         |          |   |         |          |   |
|--------------------------------------|---------|----------|---|---------|----------|---|
| - Future                             | 107     |          | 1 | 1       | 15       | 1 |
| - Other                              | 19      | 614      | 2 | 150     | 294      | 2 |
| Embedded derivatives                 | 20      |          | 2 | 4       |          | 2 |
| Option embedded in convertible bonds |         | 26       | 2 |         | 2        | 2 |
| Gross amount                         | 5,848   | 6,769    |   | 4,111   | 4,416    |   |
| Offsetting                           | (2,410) | (2,410 ) |   | (1,633) | (1,633 ) |   |
| Net amount                           | 3,438   | 4,359    |   | 2,478   | 2,783    |   |
| Of which:                            |         |          |   |         |          |   |
| - current                            | 3,220   | 4,261    |   | 2,296   | 2,654    |   |
| - non-current                        | 218     | 98       |   | 182     | 129      |   |

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

Fair values of non-hedging derivatives consisted of derivatives that did not meet the formal criteria to be designated as hedges under IFRS because they were entered into in order to manage net exposures to foreign currency exchange rates, interest rates and commodity prices. Therefore, such derivatives did not relate to specific trade or financing transactions.

Fair values of trading derivatives consisted of derivatives entered for trading purposes and proprietary trading.

Fair value of cash flow hedge derivatives related to the hedges entered by the Gas & Power segment. These derivatives were entered into to hedge variability in future cash flows associated with highly probable future sale transactions of gas or electricity or on already contracted sales due to different indexation mechanism of supply costs versus selling prices. A similar scheme applies to exchange rate hedging derivatives. The effects of the measurement at fair value of cash flow hedge derivatives are given in note 27 – Shareholders’

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equity and in note 31 – Operating expenses. Information on hedged risks and hedging policies is disclosed in note 29 – Guarantees, commitments and risks - Risk factors.

Derivatives embedded in the pricing formulas related to certain long-term supply contracts of gas in the Exploration & Production segment.

Options embedded in convertible bonds of €2 million as of June 30, 2016, related to equity-linked cash-settled bonds issued in the first 2016. Options embedded in convertible bonds of €26 million as of December 31, 2015, related to the convertible bond into ordinary shares of Snam SpA expired on January 18, 2016. More information is disclosed in note 21 – Long-term debt and current portion of long-term debt.

During the first half of 2016, there were no transfers between the different hierarchy levels of fair value.

26 Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale

**Discontinued operations**

*Saipem*

On January 22, 2016, following the fulfillment of all the conditions precedent, among which the consensus of the Antitrust Authority, Eni closed the sale transaction of 12.503% of the share capital of Saipem SpA to CDP Equity SpA. The transaction referred to 55,176,364 Saipem shares at a price of €8.3956 per share for a total consideration of €463 million. At the same date, the shareholder agreement between Eni and CDP Equity entered into force and established the joint control of Saipem. Therefore, following the loss of control, Saipem has been derecognized from Eni's consolidated accounts and accounted for using the equity method. At the date of the loss of the control (January 22, 2016), the residual interest of 30.42% in the former subsidiary was aligned to the market price at the closing of €4.2 per share corresponding to a carrying amount of €564 million with a charge through profit and loss of €441 million (considering the carrying value at December 31, 2015).

*Versalis*

Due to termination of the negotiations with US-based SK hedge fund who had shown an interest in acquiring a 70% stake in Versalis SpA, Eni's chemical segment no longer qualifies as held for sale in accordance to IFRS 5. Therefore, Eni's consolidated accounts as of and for the six months ended June 30, 2016 have been prepared accounting this business as part of the continuing operations. Based on IFRS 5 provisions, in case of cessation of classification as held for sale, management is required to amend financial statements retrospectively as though the disposal group never qualified as held for sale. Accordingly, the opening balance of the interim consolidated accounts 2016 have been amended to reinstate the criteria of the continuing use to evaluate Versalis by aligning its book value to the recoverable amount, given by the higher of fair value less cost to sell and value-in-use. Under IFRS 5, Versalis was measured at the lower of its carrying amount and fair value less cost to sell. Management estimated the value-in-use of the fixed assets of Versalis' business units by identifying a single Cash Generating Unit consistently with Eni's industrial plan for the four-year period 2016-2019 that considered Versalis as an integrated unit with a view to disposing or monetizing it as a whole. The value-in-use was estimated by discounting the future expected cash flows of the industrial plan of a standalone Versalis at a 10% rate, which factored in the earnings volatility of a pool of chemical peers of Versalis, thus determining a beta parameter independent from Eni in the same manner as the Gas & Power segment. Further information is provided in note 10 – Property, plant and equipment. This amendment in Versalis evaluation marginally affected the opening balance of Eni's consolidated net assets (an increase of €294 million) and was neutral on the Group's net financial position. In presenting the Group's consolidated results, Versalis profit and loss accounts and balances have been recognized as part of the Group's assets and liabilities and revenues and expenses. Results of the comparative periods have been reclassified accordingly. In the Group segment information, Versalis results have been reported as part of the Refining & Marketing and Chemical segment because a single manager is

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accountable of the performance at both operating segments and the two segments exhibit similar economic characteristics.

The main economic and financial data of the discontinued operations net of intragroup transactions are provided below.

**Saipem**

| (€ million)                                | First half<br>2015    | First half<br>2016 |
|--|-----------------------|--------------------|
| Revenues                                   | 4,664                 |                    |
| Operating expenses                         | 5,989                 |                    |
| Operating loss                             | (1,325 )              |                    |
| Finance income (expense)                   | (12 )                 |                    |
| Income (expense) from investments          | 3                     | (413 )             |
| Loss before income taxes                   | (1,334 )              | (413 )             |
| Income taxes                               | 36                    |                    |
| Net loss                                   | (1,298 )              | (413 )             |
| - attributable to Eni                      | (550 )                | (413 )             |
| - attributable to non-controlling interest | (748 )                |                    |
| Earnings per share                         | (€ per share) (0.15 ) | (0.11 )            |
| Net cash provided by operating activities  | (1,011 )              |                    |
| Net cash flow from investing activities    | (158 )                |                    |
| Net cash used in financing activities      | (47 )                 |                    |
| Capital expenditures                       | 268                   |                    |

Net loss for the first half of 2016 included: (i) a loss from measurement at the fair value of the remaining shares of Saipem at the date of the loss of control (22 January 2016) for €441 million; (ii) a net gain from realization of the reserve for exchange differences and of the reserve for the valuation at fair value of cash flow hedge derivatives for €28 million.

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

Assets held for sale and liabilities directly associated with assets held for sale of €99 million and €24 million, respectively, related to the sale of 100% stake of the subsidiary Eni Hungaria Zrt, a company operating in the retail and wholesale marketing of fuels with activities in Hungary. The subsidiary was classified as assets held for sale following the sign at the end of 2015 of a binding agreement with MOL Group, a Hungarian oil&gas company. The finalization is expected in the third quarter of 2016. The carrying amount of assets held for sale and liabilities directly associated with assets held for sale amounted to €85 million (of which current assets for €22 million) and €24 million (of which current liabilities for €23 million), respectively. Eni will continue to operate in those countries through the wholesale marketing of lubricants.

In the first half of 2016, Eni sold to MOL Group, a Hungarian oil&gas company, a 100% stake of the subsidiary Eni Slovenija doo, a company operating in the retail and wholesale marketing of fuels with activities in Slovenia.

More information is provided in note 28 – Other information - Supplemental cash flow information and note 33 - Income (expense) from investments.

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27 Shareholders' equity

**Non-controlling interest**

| Net profit  | Shareholders' equity |                 |
|-------------|----------------------|-----------------|
|             | First half 2015      | First half 2016 |
| (€ million) | December 31, 2015    | June 30, 2016   |
| Saipem SpA  | (538)                | 1,872           |
| Others      | 4                    | 5               |
|             | (534)                | 5               |
|             | 1,916                | 46              |
|             |                      | 46              |

**Eni shareholders' equity**

| (€ million)  | December 31, 2015 | June 30, 2016 |
|--|-------------------|---------------|
| Share capital  | 4,005             | 4,005         |
| Legal reserve  | 959               | 959           |
| Reserve for treasury shares  | 581               | 581           |
| Reserve related to the fair value of cash flow hedging derivatives net of the tax effect | (474)             | (152)         |
| Reserve related to the fair value of available-for-sale securities net of the tax effect | 8                 | 8             |
| Reserve related to the defined benefit plans net of tax effect                           | (101)             | (102)         |
| Other reserves   | 180               | 195           |
| Cumulative currency translation differences  | 9,129             | 8,255         |
| Treasury shares  | (581)             | (581)         |
| Retained earnings  | 51,985            | 40,331        |
| Interim dividend   | (1,440)           |               |
| Net loss for the period  | (8,778)           | (1,242)       |
| Other items of comprehensive income related to discontinued operations                   | 20                |               |
|  | 55,493            | 52,257        |

**Share capital**



As of June 30, 2016, the parent company's issued share capital consisted of €4,005,358,876 represented by 3,634,185,330 ordinary shares without nominal value (same amounts as of December 31, 2015).

On May 12, 2016, Eni's Shareholders' Meeting declared to distribute a dividend of €0.40 per share, with the exclusion of treasury shares held at the ex-dividend date, in full settlement of the 2015 dividend of €0.80 per share, of which €0.40 per share paid as interim dividend. The balance was paid on 25 May 2016, to shareholders on the register on 23 May 2016, record date on 24 May 2016.

### **Legal reserve**

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

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**Reserve related to the fair value of cash flow hedging derivatives, other available-for-sale financial instruments and defined benefit plans**

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

| (€ million)                                      | Cash flow hedge derivatives |                          |             | Available-for-sale financial instruments |                          |             | Defined benefit plans |                          |             | Total         |                          |             |
|--|-----------------------------|--------------------------|-------------|--|--------------------------|-------------|-----------------------|--------------------------|-------------|---------------|--------------------------|-------------|
|  | Gross reserve               | Deferred tax liabilities | Net reserve | Gross reserve                            | Deferred tax liabilities | Net reserve | Gross reserve         | Deferred tax liabilities | Net reserve | Gross reserve | Deferred tax liabilities | Net reserve |
| Reserve as of December 31, 2015                  | (637)                       | 163                      | (474 )      | 9  | (1 )                     | 8           | (111)                 | 10                       | (101 )      | (739)         | 172                      | (567 )      |
| Changes of the period                            | 114                         | (28 )                    | 86          |  |                          |             |                       |                          |             | 114           | (28 )                    | 86          |
| Foreign currency translation differences         |                             |                          |             |  |                          |             | (7 )                  | 6                        | (1 )        | (7 )          | 6                        | (1 )        |
| Amount recognized in the profit and loss account | 314                         | (78 )                    | 236         |  |                          |             |                       |                          |             | 314           | (78 )                    | 236         |
| Reserve as of June 30, 2016                      | (209)                       | 57                       | (152 )      | 9  | (1 )                     | 8           | (118)                 | 16                       | (102 )      | (318)         | 72                       | (246 )      |

Reserve for available-for-sale financial instruments net of tax effect of €8 million (same amount as of December 31, 2015) related to the fair value evaluation of securities.

**Other reserves**

The increase in other reserves of €15 million related to the Group's share of "Other comprehensive income" of equity investments accounted for using the equity method for €34 million, partially offset by the costs relating to Eni's increase in the share capital of Saipem SpA for €19 million.

## 28 Other information

**Supplemental cash flow information**

| (€ million)  | First half<br>2015 | First half<br>2016 |
|--|--------------------|--------------------|
| Effect of disposal of consolidated subsidiaries and businesses |                    |                    |
| Current assets   | 7                  | 6,500              |
| Non-current assets   | 19                 | 8,550              |
| Net borrowings   | (17 )              | (5,392 )           |
| Current and non-current liabilities                            | (6 )               | (6,310 )           |
| Net effect of disposals  | 3                  | 3,348              |
| Fair value of share capital held after the sale of control     |                    | (1,006 )           |
| Gain on disposal   | 31                 | 5                  |
| Non-controlling interest                                       |                    | (1,872 )           |
| Selling price  | 34                 | 475                |
| less:  |                    |                    |
| Cash and cash equivalents                                      | (1 )               | (1 )               |
| Cash flow on disposals   | 33                 | 474                |

Cash flow on disposals of the first half of 2016 included the consideration received from the sale of 12.503% of Saipem to CDP Equity SpA for a consideration of €463 million and the sale of 100% stake in Eni Slovenija doo for a consideration of €12 million and cash and cash equivalents divested of €1 million.

Saipem group cash and cash equivalents that has been derecognized due to the loss of control over Saipem was €889 million. This amount has been already considered as an outflow in 2015 cash flow statement, due to the fact that last year Saipem group was presented as discontinued operation according to IFRS 5.

Cash flow on disposals of the first half of 2015 referred to the sale of 100% stake of Eni Romania Srl.

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29 Guarantees, commitments and risks

**Guarantees**

As of June 30, 2016, guarantees decreased compared with the Annual Report 2015 as a result of the deconsolidation following the sale of the control of the Engineering & Construction segment (€3,567 million) and the settlement of the guarantees given by Eni on behalf of the Saipem group (€530 million).

The amount of other guarantees remained substantially unchanged compared with the Annual Report 2015.

**Commitments and risks**

The amount of commitments and risks remained substantially unchanged compared with the Annual Report 2015.

**Risk factors**

*Financial risks*

Financial risks are managed in respect of guidelines issued by the Board of Directors of Eni SpA in its role of directing and setting of the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relation model and the hedging and mitigation instruments.

*Market risk*

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

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be considered as risk reducing, these derivatives are reclassified in proprietary trading. As the proprietary trading is considered separately from the other activities in specific portfolios of Eni Trading & Shipping, its exposure is subject to specific controls, both in terms of Value at Risk (VaR) and stop loss and in terms of nominal gross value. For Eni, the gross nominal value of proprietary trading activities is compared with the limits set by the relevant international standards. The framework defined by Eni's policies and guidelines provides that the valuation and control of market risk is performed on the basis of maximum tolerable levels of risk exposure defined in terms of: (i) limits of stop loss, which expresses the maximum tolerable amount of losses associated with a certain portfolio of assets over a pre-defined time horizon; (ii) limits of revision strategy, which consist in the triggering of a revision process of the strategy in the event of exceeding the level of profit and loss given; and (iii) VaR which measures the maximum potential loss of the portfolio, given a certain confidence level and holding period, assuming adverse changes in market variables and taking into account of the correlation among the different positions held in the portfolio. Eni's finance department defines the maximum tolerable levels of risk exposure to changes in interest rates and foreign currency exchange rates in terms of VaR, pooling Group companies' risk positions maximizing, when possible, the benefits of the netting activity. Eni's calculation and valuation techniques for interest rate and foreign currency exchange rate risks are in accordance with banking standards, as established by the Basel Committee for bank activities surveillance. Tolerable levels of risk are based on a conservative approach, considering the industrial nature of the Company. Eni's guidelines prescribe that Eni Group companies minimize such kinds of market risks by transferring risk exposure to the parent company finance department. Eni's guidelines define rules to manage the commodity risk aiming at optimizing core activities and pursuing preset targets of stabilizing industrial and commercial margins. The maximum tolerable level of risk exposure is defined in terms of VaR, limits of revision strategy, stop loss and volumes in connection with exposure deriving from commercial activities, as well as exposure deriving from proprietary trading, exclusively managed by Eni Trading & Shipping. Internal mandates to manage the commodity risk provide for a mechanism of allocation of the Group maximum tolerable risk level to each business unit. In this framework, Eni Trading & Shipping, in addition to managing risk exposure associated with its own commercial activity and proprietary trading, pools the requests for negotiating commodity derivatives and executes them on the marketplace.

According to the targets of financial structure included in the financial plan approved by the Board of Directors, Eni has decided to retain a cash reserve to face any extraordinary requirement. Such reserve is managed by Eni's finance department with the aim of optimizing the efficiency and ensuring maximum protection of the capital and its immediate liquidity within the limits assigned. The management of strategic cash is part of the asset management pursued through transactions on own risk in view of optimizing financial returns, while respecting authorized risk levels, safeguarding the Company's assets and retaining quick access to liquidity.

The four different market risks, whose management and control have been summarized above, are described below.

*Market risk - Exchange rate*

Exchange rate risk derives from the fact that Eni's operations are conducted in currencies other than the euro (mainly the U.S. dollar). Revenues and expenses denominated in foreign currencies may be significantly affected by exchange rates fluctuations due to conversion differences on single transactions arising from the time lag existing between execution and definition of relevant contractual terms (economic risk) and conversion of foreign currency-denominated trade and financing payables and receivables (transactional risk). Exchange rate fluctuations affect the Group's reported results and net equity as financial statements of subsidiaries denominated in currencies other than the euro are translated from their functional currency into euro. Generally, an appreciation of the U.S. dollar versus the euro has a positive impact on Eni's results of operations, and vice versa. Eni's foreign exchange risk management policy is to minimize transactional exposures arising from foreign currency movements and to optimize exposures arising from commodity risk. Eni does not undertake any hedging activity for risks deriving from the translation of foreign currency denominated profits or assets and liabilities of subsidiaries which prepare financial statements in a currency other than the euro, except for single transactions to be evaluated on a case-by-case basis. Effective management of exchange rate risk is performed within Eni's central finance

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department which pools Group companies' positions, hedging the Group net exposure by using certain derivatives, such as currency swaps, forwards and options. Such derivatives are evaluated at fair value based on market prices provided by specialized info-providers. Changes in fair value of those derivatives are normally recognized through profit and loss, as they do not meet the formal criteria to be recognized as hedges. The VaR techniques are based on variance/covariance simulation models and are used to monitor the risk exposure arising from possible future changes in market values over a 24-hour period within a 99% confidence level and a 20-day holding period.

*Market risk - Interest rate*

Changes in interest rates affect the market value of financial assets and liabilities of the Company and the level of finance charges. Eni's interest rate risk management policy is to minimize risk with the aim to achieve financial structure objectives defined and approved in the management's finance plans.

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

*Market risk - Commodity*

Eni's results of operations are affected by changes in the prices of commodities. A decrease in oil&gas prices generally has a negative impact on Eni's results of operations and vice versa, and may jeopardize the achievement of the financial targets preset in the Company's four-year plans and budget. The commodity price risk arises in connection with the following exposures: (i) strategic exposure: exposures directly identified by the Board of Directors as a result of strategic investment decisions or outside the planning horizon of risk. These exposures include those associated with the program for the production of proved and unproved oil&gas reserves, long-term gas supply contracts for the portion not balanced by ongoing or highly probable sale contracts, refining margins identified by the Board of Directors as of strategic nature (the remaining volumes can be allocated to the active management of the margin or to asset-backed hedging activities) and minimum compulsory stocks; (ii) commercial exposure: includes the exposures



related to the components underlying the contractual arrangements of industrial and commercial activities and, if related to take-or-pay commitments, to the components related to the time horizon of the four-year plan and budget and the relevant activities of risk management. Commercial exposures are characterized by a systematic risk management activity conducted on the basis of risk/return assumptions by implementing one or more strategies and subjected to specific risk limits (VaR, stop loss). In particular, the commercial exposures include exposures subjected to asset-backed hedging activities, arising from the flexibility/optionality of assets; and (iii) proprietary trading exposure: includes operations independently conducted for profit purposes in the short term, and normally not finalized to the delivery, both within the commodity and financial markets, with the aim to obtain a profit upon the occurrence of a favourable result in the market, in accordance with specific limits of authorized risk (VaR, stop loss). In the proprietary trading exposures are included the origination activities, if not connected to contractual or physical assets.

Strategic risk is not subject to systematic activity of management/coverage that is eventually carried out only in case of specific market or business conditions.

Because of the extraordinary nature, hedging activities related to strategic risks are delegated to the top management. Strategic risk is subject to measuring and monitoring but is not subject to specific risk limits. If previously authorized by the Board of Directors, exposures related to strategic risk can be used in combination with other commercial exposures in order to exploit opportunities for natural compensation between the risks (natural hedge) and consequently reduce the use of derivatives (by activating logics of internal market). Eni manages exposure to commodity price risk arising in normal trading and commercial

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activities in view of achieving stable economic results. The commodity risk and the exposure to commodity prices fluctuations embedded in commodities quoted in currencies other than the euro at each business line (Eni's Divisions or subsidiaries) is pooled and managed by the Portfolio Management unit for commodities, and by Eni's finance department for exchange rate requirements. The Portfolio Management unit manages business lines' risk exposures to commodities, pooling and optimizing Group companies' exposures and hedging net exposures on the trading venues through the trading unit of Eni Trading & Shipping. In order to manage commodity price risk, Eni uses derivatives traded on the organized markets MTF, OTF and derivatives traded over the counter (swaps, forward, contracts for differences and options on commodities) with the underlying commodities being crude oil, refined products, electricity or emission certificates. Such derivatives are evaluated at fair value on the basis of market prices provided from specialized sources or, absent market prices, on the basis of estimates provided by brokers or suitable valuation techniques. VaR deriving from commodity exposure is measured daily based on a historical simulation technique, with a 95% confidence level and a one-day holding period.

*Market risk - Strategic liquidity*

Market risk deriving from liquidity management is identified as the possibility that changes in prices of financial instruments (bonds, money market instruments and mutual funds) would affect the value of these instruments when evaluated at fair value. In order to manage the investment activity of the strategic liquidity, Eni defined a specific investment policy with aims and constraints in terms of financial activities and operational boundaries, as well as Governance guidelines regulating management and control systems. The setting up and maintenance of the reserve of strategic liquidity is mainly aimed to: (i) guarantee of financial flexibility. Liquidity should allow Eni Group to fund any extraordinary need (such as difficulty in access to credit, exogenous shock, macroeconomic environment, as well as merger and acquisitions); and (ii) ensure a full coverage of short-term debts and a coverage of medium and long-term financial debts due within a time horizon of 24 months, even in case of restrictions to credit.

Strategic liquidity management is regulated in terms of VaR (measured on the basis of a parametrical methodology with a one-day holding period and a 99% confidence level), stop loss and other operating limits in terms of concentration, duration, ratings, liquidity and instruments to invest on. Financial leverage or short selling is not allowed. Activities in terms of strategic liquidity management started in the second half of the year 2013 and throughout the course of the year 2015, the investment portfolio has maintained an average credit rating of A/A-. During the first half of 2016, the rating decreased to level A-/BBB+, accordingly with the decrease in the Company's credit rating.

The following table shows amounts in terms of VaR, recorded in first half 2016 (compared with 2015) relating to interest rate and exchange rate risks in the first section and commodity risk. Regarding the management of strategic

liquidity, the sensitivity to change of interest rates is expressed by the values of "Dollar Value per Basis Point" (DVBP).

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

| (€ million)                  | 2015 |      |         | At year end | First half 2016 |      |         | At period end |
|------------------------------|------|------|---------|-------------|-----------------|------|---------|---------------|
|                              | High | Low  | Average |             | High            | Low  | Average |               |
| Interest rate <sup>(a)</sup> | 6.21 | 2.45 | 4.06    | 4.40        | 4.89            | 3.34 | 3.95    | 4.50          |
| Exchange rate <sup>(a)</sup> | 0.52 | 0.05 | 0.13    | 0.13        | 0.19            | 0.08 | 0.13    | 0.14          |

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

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

| (€ million)  | 2015  |      |         |             | First half 2016 |      |         |               |
|--|-------|------|---------|-------------|-----------------|------|---------|---------------|
|  | High  | Low  | Average | At year end | High            | Low  | Average | At period end |
| Commercial exposures - Management Portfolio <sup>(a)</sup> | 61.91 | 3.37 | 26.82   | 3.37        | 19.03           | 7.90 | 12.49   | 13.60         |
| Trading <sup>(b)</sup>                                     | 4.07  | 0.40 | 1.38    | 0.55        | 1.76            | 0.27 | 0.80    | 0.53          |

(a) Refers to the Midstream Department (risk exposure from Refining & Marketing Division and Gas & Power Division), Versalis, Eni Trading & Shipping commercial portfolio and branches outside Italy pertaining to the Divisions. For the Midstream Department starting from 2014, following the approval of the Eni's Board of Directors on December 12, 2013, VaR is calculated on the so-called Statutory view, with a time horizon that coincides with the year considering all the volumes delivered in the year and the relevant financial hedging derivatives. Consequently, in the year the VaR pertaining to the Midstream Department presents a decreasing trend following the progressive reaching of the maturity of the positions within the annual horizon.

(b) Cross-commodity proprietary trading, both for commodity contracts and financial derivatives, refers to Eni Trading & Shipping SpA (London-Bruxelles-Singapore) and Eni Trading & Shipping Inc (Houston).

(Sensitivity - Dollar value of 1 basis point - DVBP)

| (€ million)                        | 2015 |      |         |             | First half 2016 |      |         |               |
|------------------------------------|------|------|---------|-------------|-----------------|------|---------|---------------|
|                                    | High | Low  | Average | At year end | High            | Low  | Average | At period end |
| Strategic liquidity <sup>(a)</sup> | 0.31 | 0.25 | 0.29    | 0.25        | 0.42            | 0.23 | 0.33    | 0.39          |

(a) Management of strategic liquidity portfolio starting from July 2013.

*Credit risk*

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay amounts due. The Group manages differently credit risk depending on whether credit risk arises from exposure to financial counterparties or to customers relating to outstanding receivables. Individual business units and Eni's corporate financial and accounting units are responsible for managing credit risk arising in the normal course of the business.

The Group has established formal credit systems and processes to ensure that before trading with a new counterpart can start, its creditworthiness is assessed. In addition, credit litigation and receivable collection activities are assessed.

Eni's corporate units define directions and methods for quantifying and controlling customer's reliability. With regard to risk arising from financial counterparties deriving from current and strategic use of liquidity, Eni has established guidelines prior to entering into cash management and derivative contracts to assess the counterparty's financial soundness and rating in view of optimizing the risk profile of financial activities while pursuing operational targets. Maximum limits of risk exposure are set in terms of maximum amounts of credit exposures for categories of counterparties as defined by the Company's Board of Directors taking into account the credit ratings provided by primary credit rating agencies on the marketplace. Credit risk arising from financial counterparties is managed by the Group operating finance department, including Eni's subsidiary Eni Trading & Shipping which specifically engages in commodity derivatives transactions and by Group companies and Divisions, only in the case of physical transactions with financial counterparties consistently with the Group centralized finance model. Eligible financial counterparties are closely monitored to check exposures against limits assigned to each counterparty on a daily basis.

#### *Liquidity risk*

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the marketplace in order to meet short-term finance requirements and to settle obligations. Such a situation would negatively affect Group results, as it would result in the Company incurring higher borrowing expenses to meet its obligations or under the worst of conditions the inability of the Company to continue as a going concern. As part of its financial planning process, Eni manages the liquidity risk by targeting such a capital structure as to allow the Company to maintain a level of liquidity adequate to the Group's needs, optimizing the opportunity cost of maintaining liquidity reserves also achieving an efficient balance in terms of maturity and composition of finance debt (in terms of: (i) maximum ratio between net financial debt and net equity (leverage); (ii) minimum incidence of medium

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and long-term debts over the total amount of financial debts; (iii) minimum amount of fixed-rate debts over the total amount of medium and long-term debts; and (iv) minimum level of liquidity reserve). For this purpose, Eni holds a significant amount of liquidity reserve (financial assets plus committed credit lines), which aims to: (a) deal with identified risk factors that could significantly affect the cash flow expected in the Financial Plan (i.e. changes in the scenario and/or production volumes, delays in disposals, limitations in profitable acquisitions); (b) ensure a full coverage of short-term debt and the coverage of medium and long-term debts with a maturity of 24 months, even in case of restrictions to the credit access; (c) ensuring the availability of an adequate level of financial flexibility to support the Group's development plans; and (d) maintaining/improving the current credit rating. The financial asset reserve is employed in short-term marketable financial instruments, favouring investments with very low risk profile.

At present, the Group believes to have access to sufficient funding to meet the current foreseeable borrowing requirements as a consequence of the availability of financial assets and lines of credit and the access to a wide range of funding at competitive costs through the credit system and capital markets.

Eni has in place a program for the issuance of Euro Medium Term Notes up to €20 billion, of which about €14.9 billion were drawn as of June 30, 2016.

The Group has credit ratings of BBB+ look stable and A-2, respectively for long and short-term debt, outlook stable, assigned by Standard & Poor's and Baa1 outlook stable and P-2, respectively for long and short-term debt, assigned by Moody's. Eni's credit rating is linked in addition to the Company's industrial fundamentals and trends in the trading environment to the sovereign credit rating of Italy. Based on the methodologies used by Standard & Poor's and Moody's, a downgrade of Italy's credit rating may trigger a potential knock-on effect on the credit rating of Italian issuers such as Eni.

In the course of the first half 2016, Eni issued bonds amounting to €1.5 billion related to the Euro Medium Term Notes Program and equity-linked bonds amounting to €0.4 billion.

As of June 30, 2016, Eni maintained short-term unused borrowing facilities of €12,555 million, of which €41 million committed. Long-term committed borrowing facilities amounted to €6,572 million, of which €1,850 million were due within 12 months. These facilities bore interest rates and fees for unused facilities that reflected prevailing market conditions.

**Finance debt repayments including expected payments for interest charges and derivatives.**

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

| (€ million)                          | Maturity year |       |       |       |       |                     | Total  |
|--------------------------------------|---------------|-------|-------|-------|-------|---------------------|--------|
|                                      | 2016          | 2017  | 2018  | 2019  | 2020  | 2021 and thereafter |        |
| Non-current liabilities              | 372           | 3,010 | 2,013 | 3,797 | 2,590 | 10,094              | 21,876 |
| Current financial liabilities        | 3,706         |       |       |       |       |                     | 3,706  |
| Fair value of derivative instruments | 2,654         | 41    | 40    | 22    |       | 26                  | 2,783  |
|                                      | 6,732         | 3,051 | 2,053 | 3,819 | 2,590 | 10,120              | 28,365 |
| Interest on finance debt             | 386           | 670   | 541   | 470   | 371   | 1,778               | 4,216  |
| Financial guarantees                 | 89            |       |       |       |       |                     | 89     |

**Trade and other payables**

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

| (€ million)                 | Maturity year |                     | Total  |
|-----------------------------|---------------|---------------------|--------|
|                             | 2016          | 2017 and thereafter |        |
| Trade payables              | 9,770         |                     | 9,770  |
| Other payables and advances | 5,503         | 52                  | 5,555  |
|                             | 15,273        | 52                  | 15,325 |

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**Expected payments by period under contractual obligations**

The Group has in place a number of contractual obligations arising in the normal course of the business. To meet these commitments, the Group will have to make payments to third parties. The Company's main obligations pertain to take-or-pay clauses contained in the Company's gas supply contracts or shipping arrangements, whereby the Company obligations consist of off-taking minimum quantities of product or service or, in case of failure, paying the corresponding cash amount that entitles the Company the right to collect the product or the service in future years. Future obligations in connection with these contracts were calculated by applying the forecasted prices of energy or services included in the four-year business plan approved by the Company's Board of Directors.

The table below summarizes the Group principal contractual obligations as of the balance sheet date, shown on an undiscounted basis.

| (€ million)                                       | Maturity year |        |        |        |       |                     | Total   |
|---|---------------|--------|--------|--------|-------|---------------------|---------|
|   | 2016          | 2017   | 2018   | 2019   | 2020  | 2021 and thereafter |         |
| <b>Operating lease obligations</b> <sup>(a)</sup> | 316           | 535    | 406    | 326    | 297   | 934                 | 2,814   |
| <b>Decommissioning liabilities</b> <sup>(b)</sup> | 129           | 414    | 395    | 358    | 340   | 14,975              | 16,611  |
| <b>Environmental liabilities</b> <sup>(c)</sup>   | 168           | 264    | 217    | 169    | 205   | 570                 | 1,593   |
| <b>Purchase obligations</b> <sup>(d)</sup>        | 5,409         | 8,952  | 9,733  | 9,526  | 7,476 | 85,044              | 126,140 |
| - Gas   |               |        |        |        |       |                     |         |
| . take-or-pay contracts                           | 4,353         | 7,453  | 8,194  | 8,232  | 6,514 | 80,868              | 115,614 |
| . ship-or-pay contracts                           | 579           | 1,096  | 1,337  | 1,108  | 778   | 3,018               | 7,916   |
| - Other take-or-pay or ship-or-pay obligations    | 57            | 104    | 97     | 90     | 89    | 286                 | 723     |
| - Other purchase obligations <sup>(e)</sup>       | 420           | 299    | 105    | 96     | 95    | 872                 | 1,887   |
| Other obligations                                 | 6             | 4      | 3      | 2      | 2     | 111                 | 128     |
| - Memorandum of intent relating Val d'Agri        | 6             | 4      | 3      | 2      | 2     | 111                 | 128     |
|   | 6,028         | 10,169 | 10,754 | 10,381 | 8,320 | 101,634             | 147,286 |

(a) Operating leases primarily regarded assets for drilling activities, time charter and long term rentals of vessels, lands, service stations and office buildings. Such leases generally did not include renewal options. There are no significant restrictions provided by these operating leases which limit the ability of the Company to pay dividend, use assets or to take on new borrowings.



(b) Represents the estimated future costs for the decommissioning of oil and natural gas production facilities at the end of the producing lives of fields, well-plugging, abandonment and site restoration.

(c) Environmental liabilities do not include the environmental charge of 2010 amounting to €1,109 million for the proposal to the Italian Ministry for the Environment to enter into a global transaction related to nine sites of national interest because the dates of payment are not reasonably estimable.

(d) Represents any agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms.

(e) Mainly refers to arrangements to purchase capacity entitlements at certain regasification facilities in the U.S. (€1,233 million).

### Capital investment and capital expenditure commitments

In the next four years, Eni expects capital investments and capital expenditures of €40.3 billion. The table below summarizes Eni's capital expenditure commitments for property, plant and equipment and capital projects. Capital expenditure is considered to be committed when the project has received the appropriate level of internal management approval. At this stage, procurement contracts to execute those projects have already been awarded or are being awarded to third parties.

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

| (€ million)        | Maturity year |       |       |       |                     | Total  |
|--------------------|---------------|-------|-------|-------|---------------------|--------|
|                    | 2016          | 2017  | 2018  | 2019  | 2020 and thereafter |        |
| Committed projects | 8,675         | 8,040 | 6,101 | 5,125 | 6,040               | 33,981 |

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**Disclosures about the offsetting of financial instruments**

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

| (€ million)                   | Gross amount<br>of financial<br>assets and<br>liabilities | Gross amount<br>of financial<br>assets and<br>liabilities<br>subject to<br>offsetting | Net amount of<br>financial assets<br>and liabilities |
|-------------------------------|---|---|--|
| December 31, 2015             |   |   |  |
| Financial assets              |   |   |  |
| Trade and other receivables   | 22,351  | 711   | 21,640   |
| Other current assets          | 6,052   | 2,410   | 3,642  |
| Financial liabilities         |   |   |  |
| Trade and other liabilities   | 15,653  | 711   | 14,942   |
| Other current liabilities     | 7,122   | 2,410   | 4,712  |
| June 30, 2016                 |   |   |  |
| Financial assets              |   |   |  |
| Trade and other receivables   | 20,898  | 879   | 20,019   |
| Other current assets          | 4,151   | 1,458   | 2,693  |
| Other non-current assets      | 1,755   | 175   | 1,580  |
| Financial liabilities         |   |   |  |
| Trade and other liabilities   | 16,152  | 879   | 15,273   |
| Other current liabilities     | 4,609   | 1,458   | 3,151  |
| Other non-current liabilities | 1,936   | 175   | 1,761  |

The offsetting of financial assets and liabilities related to: (i) for €1,458 million (€2,410 million at December 31, 2015) the offsetting assets and liabilities for current financial derivatives pertaining to Eni Trading & Shipping SpA for €1,331 million (€2,389 million at December 31, 2015) and Eni Trading & Shipping Inc for €127 million (€21 million at December 31, 2015); (ii) for €879 million (€711 million at December 31, 2015) the offsetting of receivables and payables pertaining to the Exploration & Production segment towards state entities for €873 million (€664 million at December 31, 2015) and the offsetting of trade receivables and trade payables pertaining to Eni Trading & Shipping Inc for €6 million (€47 million at December 31, 2015); and (iii) for €175 million for non-current financial derivatives pertaining to Eni Trading & Shipping SpA.



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**Legal Proceedings**

Eni is a party to a number of civil actions and administrative arbitral and other judicial proceedings arising in the ordinary course of business. Based on information available to date, and taking into account the existing risk provisions, Eni believes that the foregoing will likely not have a material adverse effect on Eni's Consolidated Financial Statements.

A description of the most significant proceedings currently pending is provided in the following paragraph. Unless otherwise indicated below, no provisions have been made for these legal proceedings as Eni believes that negative outcomes are not probable or because the amount of the provision cannot be estimated reliably.

**1. Environment, health and safety**

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

**(i) Syndial SpA and Versalis SpA - Porto Torres dock - Prosecuting body: Public Prosecutor of Sassari.** In July 2012, the Judge for the Preliminary Hearing, following a request of the Public Prosecutor of Sassari, requested the performance of a probatory evidence relating to the functioning of the hydraulic barrier of Porto Torres site (ran by Syndial SpA) and its capacity to avoid the dispersion of contamination released by the site in the near portion of sea. Syndial SpA and Versalis SpA have been notified that its chief executive officers and other managers are being investigated. The Public Prosecutor of the Municipality of Sassari requested that the above-mentioned individuals would stand trial. The Judge for Preliminary Investigation authorized that the two Eni's subsidiaries would be arraigned to compensate any possible damage in connection with the proceeding. The trial is undergoing with an abbreviated procedure. The plaintiffs Ministry of Environment and the Sardinia Region claimed environmental damage in an amount of €1 billion and €500 million, respectively. On the hearing dated July 22, 2016 the Judge pronounced an acquittal sentence for Syndial and Versalis. Certain of Eni's employees were found guilty: the environmental manager of the area, the environmental manager of Porto Torres site and the manager in charge of the Syndial's groundwater treatment plant, who were all condemned to one year, with a suspended sentence, for environmental disaster which took place in the area in the period limited to August 2010 – January 2011. The provisional settlement awards compensation payment of €200,000 to the Ministry, €100,000 to the Sardinia Region and €100,000 to the Municipality of Sassari. The Judge did not mention any possible malfunctioning of the hydraulic barrier of Porto Torres site or ineffective implementation of any emergency safety measure, as claimed by the Public Prosecutor. Syndial will file an appeal against this decision.

**(ii) Proceeding Val d'Agri.** The Italian Public Prosecutor's Office of Potenza started a criminal investigation in order to ascertain existence of an illegal handling of wastes material produced at the Viggiano oil center, part of the Eni-operated Val d'Agri oil complex, and disposed at treatment plants in the national territory. After a two-year investigation, the Prosecutors decided for the domiciliary detention of 5 Eni employees and to put under seizure certain plants functional to the production activity of the Val d'Agri complex which, as a consequences, has been shut down (60 kboe/d net to Eni,). From the commencement of the investigation, Eni has carried out several and in-depth technical and environmental surveys, with support of independent experts of international reach, who recognized full compliance of the plant and the industrial process with requirements of applicable laws, as well as with best available technologies and international best practices. The Company sought to obtain a repeal of the seizure before the jurisdictional authorities without an outcome. The Company studied certain corrective measures to upgrade plants which, although being not a structural solution, were intended to address the claims made by the public prosecutor about an alleged operation of blending which would have occurred during normal plant functioning. Those measures comprise building a gathering system of waters associated with the extraction of hydrocarbons at the gas lines. Those corrective measures were favourably reviewed by the public prosecutor, who granted Eni a temporary repeal of the seizure in order to allow the Company perform the works. The in-charge

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department of the Italian Ministry of Economic Development duly authorized the works and established a strict schedule to execute the plant upgrading as requested by the public prosecutor. Eni executed the plant upgrading according to this strict schedule. Once the public prosecutor verifies the correct execution of the plant upgrading, it is anticipated that it will definitively repeal the plant seizure. It is worth mentioning that, after the seizure, the Basilicata Region itself has decided to implement two specific measures: (i) the start of the AIA review; and (ii) the interruption of the well Costa Molina 2. Both measures, triggered by the statement of the Public Prosecutor, have been contested before an administrative tribunal of the Basilicata Region (no suspension requested). Contextually, referring to the interruption of the Costa Molina 2 well, also considering the motivations of the temporary measure to lift the seizure, the Company filed a request to revoke the measure, while the documents for AIA review are currently being prepared. The deadline is expected on August 14, 2016.

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

**(i) Syndial SpA - Summon for alleged environmental damage caused by DDT pollution in the Lake Maggiore - Prosecuting body: Ministry of the Environment.** In May 2003, the Ministry of the Environment summoned Syndial to obtain a sentence condemning the Eni subsidiary to compensate an alleged environmental damage caused by the activity of the Pieve Vergonte plant in the years 1990 through 1996. With a temporarily executive sentence dated July 3, 2008, the District Court of Turin sentenced the subsidiary Syndial SpA to compensate environmental damages amounting to euro 1,833.5 million, plus legal costs that accrued from the filing of the decision. Syndial and Eni technical legal consultants have considered the decision and the amount of the compensation to be without factual and legal basis and have concluded that a negative outcome of this proceeding is unlikely. Particularly, Eni and its subsidiary deem the amount of the environmental damage to be absolutely groundless as the sentence lacks sufficient elements to support such a material amount of the liability charged to Eni and its subsidiary with respect to the volume of pollutants ascertained by the Italian Environmental Minister. Based on these technical legal advices which is also supported by external accounting consultants, no provisions have been made with respect to the proceeding. In July 2009, Syndial filed an appeal against the above-mentioned sentence, and consequently the proceeding continued before a Second Degree Court of Turin. In the hearing of June 15, 2012, before the Second Degree Court of Turin, the Minister of the Environment, formalized through the Board of State Lawyers its decision to not enforce the sentence until a final verdict on the matter is reached. The Second Degree Court requested Syndial to stand as defendant and then requested a technical appraisal of the matter. This technical appraisal was favorable to Syndial; however such outcome was questioned by the Board of State Lawyers. On July 8, 2015, the Court of Appeal of Turin requested the consultants appointed by the Court to perform again a technical appraisal of the matter with aim to identify adequate measures for environmental restoration of the external areas. The deadline for the completion of the technical appraisal is 180 days dating from the hearing of assignment (September 30, 2015). The next hearing is due to take place in July 8, 2016. On June 13, 2016, the consultants filed an integration to the technical appraisal. In brief, the consultants validated the technical review of the matter and other technical assessments which were carried out by the Company together with local and national technical entities. The consultants concluded that: (i) no further measure for environmental restoration is required; (ii) there was no significant and measurable impact on the environment and the usability of the ecosystem, therefore no restoration or damage compensation should be claimed. The only impact

which could be recorded concerns fishing, with an estimated damage of €7 million which can be already restored by means of the measures proposed by Syndial; (iii) the necessity and convenience of dredging should be definitely excluded, both from the legal and scientific point of view, while confirming technical and scientific correctness of the Syndial's approach based on the monitoring of the process of natural recovery, which is estimated to require 20 years. The sentence is expected by the end of the year.

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**2. Other legal and arbitration proceedings**

Eni is a party to a number of arbitration proceedings arising from price revisions of long-term gas supply contracts.

**(i) Eni's arbitration with Gas Terra.** In 2013, Eni initiated an arbitration against GasTerra, as part of a long-term supply contract signed in 1986, to obtain a revision of the price charged by GasTerra to Eni for the gas supplied in the 2012-2015 period. On that occasion, Eni and GasTerra agreed to apply a provisional price, which was lower than the previous price, until the definition of a new contractual price on the basis of an arrangement between parties or an arbitration award. An arbitration award of June 23, 2016 dismissed Eni's claim for price revision, without however determining a new price applicable in the relevant period. GasTerra considers that, by dismissing Eni's claim, the award restored the original contract price, on the basis of which GasTerra now claims an additional amount to be paid by Eni which corresponds to the difference between the provisional price and the contractual price. Eni, relying also on the opinion of its external consultants, does not agree with GasTerra's interpretation and regards GasTerra claim groundless. However GasTerra, on the basis of its own interpretation, commenced arbitration proceedings and obtained from a Dutch court the provisional seizure of Eni's investment in its subsidiary Eni International BV, for the amount of the alleged trade receivable due by Eni (equal to €1.01 billion). This measure, which was granted after a summary review only and without Eni being heard, does not prejudice the outcome on the merits of the proceedings. However, this measure is restricting Eni's ability to access the assets of the subsidiary. Eni considers that GasTerra's request for payment is groundless and will take all necessary steps to protect its rights. With respect to the interim seizure measure obtained by GasTerra, Eni will proceed to replace the seizure with a bank guarantee or its equivalent as soon as practicable, pending the outcome of the arbitration proceedings. Eni will further seek compensation for any damages it incurs, due to GasTerra's legal actions.

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

**(i) Eni SpA - Investigation for alleged violations of the Consumer Code in the matter of billing of gas and power consumptions.** With a decision notified on July 8, 2015, the Italian Antitrust Authority (AGCM) commenced an investigation to ascertain alleged unfair commercial practices under the Consumer Code in the billing of gas and power consumptions to retail customers. This preliminary investigation originated from certain reports of consumers and consumer organizations received by the AGCM in the period March 2014-June 2015. These complaints regard cases in which Eni allegedly started procedures of formal notice, credit recovery and suspension of supply in relation to: (i) claims for payment of invoices for amounts false, anomalous and/or un-correctly estimated; (ii) credits towards clients for significant amounts accrued in consequence of continued delay in issuing invoices or adjustment payments made after many years with respect to the effective consumption; and (iii) requests for payment of invoices already



settled by consumers. The preliminary investigation and the request for information to the Company are aimed at obtaining relevant elements for assessing the existence of these alleged unfair trade practices. In order to close the investigation and to avoid sanctions, Eni filed with the Antitrust Authority a proposal of commitments, which were rejected, though. Having concluded the investigation, on June 13, 2016 the Italian Antitrust Authority notified to Eni its final decision to fine a company a total of €3.6 million. At present, Eni is considering whether to contest this decision before the Regional Administrative Tribunal.

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#### 4. Court inquiries on the matter of criminal/administrative corporate responsibility

**(i) EniPower SpA.** In June 2004, the Milan Public Prosecutor commenced inquiries into contracts awarded by Eni's subsidiary EniPower and on supplies from other companies to EniPower. It emerged that illicit payments were made by EniPower suppliers to a manager of EniPower who was immediately dismissed. The Court served EniPower (the commissioning entity) and Snamprogetti (now Saipem SpA) (contractor of engineering and procurement services) with notices of investigation in accordance with Legislative Decree No. 231/2001 that establishes that companies are liable for the crimes committed by their employees who acted on behalf of the employer. In August 2007, Eni was notified that the Public Prosecutor requested the dismissal of EniPower SpA and Snamprogetti SpA, while the proceeding continues against former employees of these companies and employees and managers of the suppliers under the provisions of Legislative Decree No. 231/2001. Eni SpA, EniPower and Snamprogetti presented themselves as plaintiffs in the preliminary hearing. In the preliminary hearing related to the main proceeding on April 27, 2009, the Judge for the Preliminary Hearing requested all the parties that have not requested the plea-bargain to stand in trial, excluding certain defendants as a result of the statute of limitations. During the hearing on March 2, 2010, the Court confirmed the admission as plaintiffs of Eni SpA, EniPower SpA and Saipem SpA against the inquired parts under the provisions of Legislative Decree No. 231/2001. Further employees of the companies involved were identified as defendants to account for their civil responsibility. In September 2011, the Court of Milan found that nine persons were guilty for the above-mentioned crimes. In addition, they were sentenced jointly and severally to the payment of all damages to be assessed through a dedicated proceeding and to the reimbursement of the proceeding expenses incurred by the plaintiffs. The Court also resolved to dismiss all the criminal indictments for 7 employees, representing some companies involved as a result of the statute of limitations while the trial ended with an acquittal of 15 individuals. In relation to the companies involved in the proceeding, the Court found that 7 companies are liable based on the provisions of Legislative Decree No. 231/2001, imposing a fine and the disgorgement of profit. Eni SpA and its subsidiaries, EniPower and Saipem, which took over Snamprogetti, acted as plaintiffs in the proceeding also against the mentioned companies. The Court rejected the position as plaintiffs of the Eni Group companies, reversing a prior decision made by the Court. This decision may have been made on the basis of a pronouncement made by a Supreme Court which stated the illegitimacy of the constitution as plaintiffs made against any legal entity which is indicted under the provisions of Legislative Decree No. 231/2001. The Court filed the ground of the judgment on December 19, 2011. The condemned parties filed an appeal against the above mentioned decision. The Appeal Court issued a ruling which substantially confirmed the first-degree judgment except for the fact that it ascertained the statute of limitation with regard to certain defendants. The Third Degree Court annulled the sentence of the Appeal Court of Milan and referred the proceeding to another section.

**(ii) Algeria.** Legal proceedings are pending in Italy and outside Italy in connection with an allegation of corruption relating to the award of certain contracts to Saipem in Algeria. On February 4, 2011, Eni received from the Public Prosecutor of Milan an information request pursuant to Article 248 of the Italian Code of Criminal Procedure. The request related to allegations of international corruption and pertained to certain activities performed by Saipem Group companies in Algeria (in particular the contract between Saipem and Sonatrach relating to the construction of the GK3 gas pipeline and the contract between Galsi, Saipem and Technip relating to the engineering of the ground section of a

gas pipeline). For that reason, the notification was forwarded by Eni to Saipem. The crime of international corruption is among the offenses contemplated by Legislative Decree of June 8, 2001, No. 231, relating to corporate responsibility for crimes committed by employees which provides fines and interdictions to the company and the disgorgement of profit. Saipem promptly began to collect documentation in response to the requests of the Public Prosecutor. The documents were produced on February 16, 2011. Eni also filed documentation relating to the MLE project (in which the Eni's Exploration & Production Division participates) even if not required, with respect to which investigations in Algeria are ongoing. On November 22, 2012, the Public Prosecutor of Milan served Saipem a notice stating that it had commenced an investigation for alleged liability of the company for international corruption in accordance to Article 25, second and third paragraph of Legislative Decree No. 231/2001. Furthermore, the Prosecutor requested the production of certain documents relating to certain activities in

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Algeria. The proceeding was unified with the Iraq-Kazakhstan proceeding, concerning a different line of investigation, as it related to the activities carried out by Eni in Iraq and Kazakhstan. Subsequently Saipem was served a notice of seizure, then a request for documentation and finally a search warrant was issued, in order to acquire further documentation, in particular relating to certain intermediary contracts and sub-contracts entered into by Saipem in connection with its Algerian business. Several former Saipem employees were also involved in the proceeding, including the former CEO of Saipem, who resigned from the office in December of 2012, and the former Chief Operating Officer of the Business Unit Engineering & Construction of Saipem, who was fired at the beginning of 2013. On February 7, 2013, on mandate from the Public Prosecutor of Milan, the Italian Finance Police visited Eni's headquarters in Rome and San Donato Milanese and executed searches and seized documents relating to Saipem's activity in Algeria. On the same occasion, Eni was served a notice that an investigation had commenced in accordance with Article 25, third and fourth paragraph of Legislative Decree No. 231/2001 with respect to Eni, Eni's former CEO, Eni's former CFO and another senior manager. Eni's former CFO had previously served as Saipem's CFO including during the period in which alleged corruption took place and before being appointed as CFO of Eni on August 1, 2008. Eni conducted an internal investigation with the assistance of external consultants, in addition to the review activities performed by its audit and internal control departments and a dedicated team to the Algerian matters. During 2013, the external consultants reached the following results: (i) the review of the documents seized by the Milan prosecutors and the examination of internal records held by Eni's global procurement department have not found any evidence that Eni entered into intermediary or any other contractual arrangements with the third parties involved in the prosecutors' investigation; the brokerage contracts that were identified, were signed by Saipem or its subsidiaries or predecessor companies; and (ii) the internal review made on a voluntary basis of the MLE project, the only project that Eni understands to be under the prosecutors' investigation where the client is an Eni Group company has not found evidence that any Eni employee engaged in wrongdoing in connection with the award to Saipem of two main contracts to execute the project (EPC and Drilling). Furthermore, in 2014, with the assistance of external consultants, Eni completed a review of the extent of its operating control over Saipem with regard to both legal and accounting and administrative issues. The findings of the review performed have confirmed the autonomy of Saipem from the parent company. The findings of Eni's internal review have been provided to the Judicial Authority in order to reaffirm Eni's willingness to fully cooperate. On October 24, 2014, Eni SpA received a request of probationary evidence by the Prosecutor of Milan relating to for the examination of two defendants: the former Chief Operating Officer of the Business Unit Engineering & Construction of Saipem and the former President and General Manager of Saipem Contracting Algérie SpA. On January 14, 2015, the Public Prosecutor of Milan notified the conclusion of preliminary investigations towards Eni, Saipem and eight persons (including, the former CEO and CFO of Eni and the Chief Upstream Officer of Eni who was responsible for Eni Exploration & Production activities in North Africa at the time of the events under investigation). The Public Prosecutor of Milan has issued a notice for alleged international corruption against all defendants (including Eni and Saipem on the base of the provisions of Legislative Decree No. 231/2001) in connection with the entry into intermediary contracts by Saipem in Algeria. Furthermore, some of the defendants (including the former CEO and CFO of Eni and the Chief Upstream Officer of Eni) were accused of tax offense for fraudulent misrepresentation in relation to the accounting treatment of these contracts for the fiscal years 2009 and 2010. Having acquired the actions of the court filed in relation to the request of probationary evidence, the minutes of the hearing and the documents filed for the conclusion of the preliminary investigation, Eni requested its consultants to perform additional analysis and investigation. As a result, Eni's consultants reaffirmed their conclusions previously reported to the Company. In February 2015, the Public Prosecutor indicted all the investigated persons for above-mentioned crimes. On October 2, 2015, the Judge for the Preliminary Hearing of the Court of Milan dismissed the case and granted an acquittal in favor of Eni, former Chief Executive Officer and Chief Upstream Officer for all

the alleged crimes. On February 24, 2016, the Court of Third Instance, upholding an appeal presented by the Public Prosecutor of Milan, reversed the dismissal, annulled the verdict, and remanded the proceedings to another Judge for the Preliminary Hearing in the Court of Milan. This new preliminary hearing was held on July 27, 2016. The Judge decided that all the investigated would stand trial including Eni. The first hearing before the Tribunal of Milan is scheduled for December 5, 2016. At the end of 2012, Eni contacted the U.S. Authorities – the DoJ and the U.S. SEC – in order to voluntarily inform them about this matter and kept them informed about the developments in the Italian prosecutors' investigations.

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Following Eni's notification in 2012, both the U.S. SEC and the DoJ have started their own investigations regarding this matter. Eni has furnished various information and documents, including the findings of its internal reviews, in response to formal and informal requests.

**(iii) Block OPL 245, Nigeria.** The criminal proceeding regarding alleged international corruption in the acquisition of Block OPL 245 in Nigeria is still pending. On July 2, 2014, the Italian Public Prosecutor of Milan served Eni with a notice of investigation relating to potential liability on the part of Eni arising from alleged international corruption, pursuant to Italian Legislative Decree No. 231/2001 whereby companies are liable for the crimes committed by their employees when performing their tasks. According to the notice, the Prosecutor has commenced investigations involving a third party external to the Group and other unidentified persons. As part of the proceeding, Eni was also subpoenaed for documents and other evidence. According to the subpoena, the proceeding was commenced following a claim filed by ReCommon NGO relating to alleged corruptive practices which according to the Prosecutor would have allegedly involved the Resolution Agreement made on April 29, 2011 relating to the Oil Prospecting license of the offshore oilfield that was discovered in Block 245 in Nigeria. Eni is fully cooperating with the Prosecutor and has promptly filed the requested documentation. Furthermore, Eni has reported the matter to the U.S. Department of Justice and the U.S. SEC. Finally, in July 2014, the Eni's Board of Statutory Auditors jointly with the Eni Watch Structure resolved to engage outside consultants, experts in anticorruption, to conduct a forensic, independent review of the matter, upon informing the Judicial Authorities. On September 10, 2014, the Public Prosecutor of Milan notified Eni of a restraining order issued by a British judge who ruled the seizure of a bank account domiciled at a British bank following a request from the Italian Public Prosecutor. The order was also communicated to certain individuals, including Eni's CEO and the Chief Development, Operations and Technological Officer, as well as Eni's former CEO. From the available documents, it was inferred that such Eni's officers and former officers are under investigation by the Italian Public Prosecutor. During a hearing before a Court of London on September 15, 2014, Eni and its current executive officers gave evidence of their non-involvement in the matter regarding the seized bank account. Following the hearing, the Court reaffirmed the seizure. An investigation conducted by an independent U.S. law firm on behalf of Eni's Board of Statutory Auditors and Watch Structure found no evidence of misconduct in relation to Eni and Shell's 2011 transaction with the Nigerian government for the acquisition of the OPL 245 license. The outcome of the investigation has been made available to the judicial authority reaffirming Eni's full cooperation and transparency. In December 2015, the Public Prosecutor of Milan requested further postponement of the conclusion of the preliminary investigation. On April 5, 2016, the subsidiary Nigerian Agip Exploration Ltd received a summon in order to acquire information in an investigation relating to the concession OPL 245 conducted by the Nigerian EFCC (Economic and Financial Crime Commission). The lawyer of the subsidiary Nigerian Agip Exploration Ltd provided the requested information.

**(iv) Eni SpA Refining & Marketing Division - Criminal proceedings on fuel excise tax (Criminal proceeding No. 6159/10 RGNR the Italian Public Prosecutor in Frosinone and criminal proceeding No. 7320/14 RGNR the Italian Public Prosecutor in Rome).** Two criminal proceedings are currently pending, relating to alleged evasion of excise taxes in the context of the retail sales at the fuel market. In particular, the claim states that the quantity of oil products marketed by Eni was larger than the quantity subjected to the excise tax. The first proceeding, opened by the

Public Prosecutor's Office of Frosinone against a third company (Turrizziani Petroli) purchaser of Eni's fuel, is still pending in the phase of the preliminary investigation. This investigation was subsequently extended to Eni. The Company has cooperated fully with the proceeding and provided all data and information concerning the performance of the excise tax obligations for the quantities of fuel coming from the storage sites of Gaeta, Naples and Livorno. Eni ensured the best possible collaboration, handing in all the required documentation with promptness. Such proceeding referred to quantities of oil products sold by Eni, allegedly larger than the quantity subjected to the excise tax. After the ending of the investigation, the Fiscal Police from Frosinone, along with the local Customs Agency, in November 2013 issued a claim related to the evasion of the payment of excise taxes in the 2007-2012 periods for euro 1.55 million. In May 2014, the Customs Agency of Rome issued a payment notice relating to the above-mentioned claim which was filed by the Fiscal Police

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and Customs Agency of Frosinone. The Company immediately appealed to the Tributary Commission. The second proceeding, opened by the Public Prosecutor's Office of Rome, regarded alleged evasion of excise tax payment on the surplus of the unloading products, as quantity of such products was larger than the quantity reported in the supporting fiscal documents. This proceeding represents a development of the first proceeding above mentioned, and substantially concerns similar facts, with however some differences with regard to both the nature of the alleged crimes and the responsibility subjected to verification. In fact, the Public Prosecutor's Office of Rome has alleged the existence of a criminal conspiracy aimed at the habitual subtraction of oil products at all of the 22 storage sites which are operated by Eni over the national territory. Eni is cooperating with prosecutor in order to defend the correctness of its operation. Moreover, at the Company's request, the national association of refiners asked the Italian Customs Agency to provide its advice on the correctness of the operating models adopted by Eni. On September 30, 2014, a search was conducted at the office of the former Chief Operating Officer of Eni's Refining & Marketing Division as ordered by the Public Prosecutor of Rome. The motivations of the search are the same as the above mentioned proceeding as the ongoing investigations also relates to a period of time when he was in charge of that Eni's Division. On March 5, 2015, the Prosecutor of Rome ordered a search at all the storage sites of Eni's network in Italy as part of the same proceeding. The search was intended to verify the existence of fraudulent practices aimed at tampering with measuring systems functional to the tax compliance of excise duties in relation to fuel handling at the storage sites. The three criminal proceedings were united together at Public Prosecutor's Office of Rome, which is still conducting preliminary investigations. Ultimately, the Customs Agency, in reply to the national association of refiners, published a dedicated Circular which provides the rules the operators in the sector should follow to determine the quantity of oil products subjected to the excise tax, so as to give clarification to regional customs agencies, the Revenue Agency and the Finance Police. According to this Circular, Eni and other oil companies followed the correct procedures in order to determine the quantity subjected to the excise tax. In September 2015, the Public Prosecutor of Rome requested a one-off technical appraisal aimed to verify the compliance of the software installed at certain metric heads previously seized with those lodged by the manufacturer to the Ministry of Economic Development. The technical appraisal concluded that the installed software was in compliance with the Ministry specifications. On this occasion, it became clear that the proceeding has been extended to a large number of employees and former employees of the company. The proceeding is pending, as the preliminary investigations have been continuing.

## **5. Tax Proceedings**

**(i) Dispute for the omitted payment of a municipal tax related to certain oil platforms located in territorial waters in the Adriatic Sea.** Several tax proceedings are pending, as certain municipalities claimed Eni SpA omitted payments of a tax on property relating offshore oil platforms located in the territorial waters under the municipality administration. After completing all degrees of judgment before Italian tax courts, on February 24, 2016, the Third Instance Court sentenced that: (i) property taxes on platforms are due by Eni; (ii) the taxable basis is to be defined by considering the platforms carrying amounts, instead of the replacement cost; and (iii) fines are not applicable. The proceeding continued with an indictment before a trial judge so as to determine the due amount. Eni has made a provision for this legal proceeding. Starting in 2016, the provisions of the Italian Budget Law provides that equipment, machinery, tools and other plants are excluded from the basis for calculating taxes on property, if



functional to a comprehensive production process. In response to a question of the Italian association of upstream producers, in June 2016 the Italian Department of Finance clarified that oil platforms are part of the categories of plants and equipment which the rule is currently excluding when determining the taxable basis of the above mentioned property tax, effective from 2016. Shortly, a Third Instance Court – Section of Taxation – will rule again so as to clarify if this property tax has to be applied to oil platforms for the years up to 2016. In light of the outcome of Court's decision, Eni will assess whether to made any further tax provisions.

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**(ii) Excise taxes.** On May 31, 2016 the Customs Agency issued to Eni a payment notice for a total sum of €134 million (of which €114 million referring to excise taxes and €20 million referring to interests), in addition to fines amounting to €34 million. This followed a claim filed in 2011, referring to legal proceeding started by the Court of Milan in 2010 pertaining to alleged culpable omission to pay excise taxes (for the period 2003 – 2008) due on 9.8 billion cubic meters of natural gas marketed by Eni in Italy. Considering the documentation filed by Eni in the aftermath, the volumes allegedly subtracted to tax payment were reduced to 650 million cubic meters. Thus, the corresponding amount of allegedly due excise taxes decreased from €1.7 million, initially claimed by the Public Prosecutor, to €144 million. Like the initial claim, the repropounded claim appears to be groundless, taking into account the fact that the gas volumes input into the national grid by Eni and gas volumes off-taken at each delivery points for reselling to final customers have different calorific power. This was confirmed by the opinion of the Head of Energy Department of the Politecnico di Milano and acknowledged by the Customs Agency itself during the consultation process with the Italian association of gas resellers. Therefore, on February 2, 2012 the Customs Agency issued a claim where, configuring erroneous compilation of the consumption declaration only, stated that it would open a procedure to recover the alleged missed payment of excise taxes depending on the outcome of the legal proceeding. With a sentence dated June 28, 2012 the Public Prosecutor of Milan the Tribunal resolved to dismiss the proceeding against all defendants because the fact did not constitute an offence. Also the appeal filed by the Public Prosecutor was rejected by a final-degree Court with sentence dated July 3, 2013 and filed on January 7, 2014. The Customs Agency reiterated the claim because - even if the incidence of the calorific value has been acknowledged from a technical and scientific point of view and shared by the Agency itself, - at the same time the matter has not been explicitly regulated by an administrative act. In order to safeguard the Company's assets, Eni's management commenced the following initiatives: (i) an administrative claim has been filed in order to suspend the tax collection; in case of failure a jurisdictional claim will follow suit; (ii) a possible appeal against the Agency's claim before a Tax Judge. As to date, taking into account the outcome of the legal proceeding, the claim is considered to be groundless. Therefore, no provision has been made as of June 30, 2016.

## **6. Settled proceedings**

**(i) Action commenced by the Municipality of Carrara for the remediation and reestablishment of previous environmental conditions at the Avenza site and payment of environmental damage.** The Municipality of Carrara commenced an action before the Court of Genoa requesting Syndial SpA to remediate and restore previous environmental conditions at the Avenza site and the payment of environmental damage (amounting to €139 million), further damages of various types (e.g. damage to the natural beauty of this site) amounting to €80 million, as well as damages relating to loss of profit and property amounting to approximately €16 million. This request is related to an accident that occurred in 1984, as a consequence of which EniChem Agricoltura SpA (later merged into Syndial SpA), at the time owner of the site, carried out safety and remediation works. The Ministry for the Environment joined the action and requested environmental damage payment – from a minimum of €53.5 million to a maximum of €93.3 million – to be broken down among the various companies that ran the plant in the past. The Court of Genoa rejected all claims made by the Municipality of Carrara and the Ministry for the Environment. The Second Instance Court also confirmed the decision issued in the first judgment and rejected all the claims made by the plaintiffs. On December 4, 2012 the Ministry for the Environment filed an appeal before a third instance court on the belief that Syndial is liable for the

environmental damage as the Eni subsidiary took over the site from the previous owners assuming all existing liabilities; it was responsible for managing the plant and inadequately remediating the site after the occurrence of an incident in 1984 and for omitted clean-up. Syndial established itself as defendant. On the hearing of November 19, 2015, the Ministry reaffirmed Syndial's strict liability as the Eni's subsidiary took over the site due to a law provision. In 2016, a Third Degree Court sentenced that only the first motivation of the appeal filed by the Ministry is valid, which related to the statute of limitations for the crime of disaster applicable exclusively to the previous owners of the site. Therefore, the Court has definitely confirmed that Syndial is not liable, neither for activities directly conducted (including alleged delay/omission of the clean-up activities claimed by the

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Ministry) nor for strict liability (as it took over the site from the previous owners). With reference to Syndial's position, the motivations of the appeal filed by the Ministry were rejected as considered inadmissible or groundless.

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30 Revenues

The following is a summary of the main components of “Revenues”. For more information about changes in revenues, see “Financial Review” of the “Interim Consolidated Report”.

Net sales from operations were as follows:

| (€ million)                         | First half<br>2015 | First half<br>2016 |
|-------------------------------------|--------------------|--------------------|
| Revenues from sales and services    | 41,300             | 26,765             |
| Change in contract work in progress | 17                 | (5 )               |
|                                     | 41,317             | 26,760             |

Net sales from operations were stated net of the following items:

| (€ million)   | First half<br>2015 | First half<br>2016 |
|---|--------------------|--------------------|
| Excise taxes  | 5,735              | 5,800              |
| Exchanges of oil sales (excluding excise taxes)                               | 575                | 417                |
| Services recharged to joint venture partners                                  | 3,138              | 2,603              |
| Sales to service station managers for sales billed to holders of credit cards | 831                | 760                |
|   | 10,279             | 9,580              |

Net sales from operations by industry segment are disclosed in note 36 - Information by industry segment.

Net sales from operations with related parties are disclosed in note 37 - Transactions with related parties.

31 Operating expenses

The following is a summary of the main components of “Operating expenses”. For more information about changes in operating expenses, see “Financial Review” of the “Interim Consolidated Report”.

### Purchase, services and other

| (€ million)   | First half<br>2015 | First half<br>2016 |
|---|--------------------|--------------------|
| Production costs - raw, ancillary and consumable materials and goods                                | 23,291             | 13,457             |
| Production costs - services   | 6,597              | 6,473              |
| Operating leases and other  | 1,192              | 858                |
| Net provisions for contingencies  | 233                | 295                |
| Other expenses  | 505                | 553                |
|   | 31,818             | 21,636             |
| less:   |                    |                    |
| - capitalized direct costs associated with self-constructed assets - tangible and intangible assets | (121 )             | (216 )             |
|   | 31,697             | 21,420             |

Service costs include geological and geophysical expenses related to the exploration activities of the Exploration & Production segment amounting to €114 million in the first half of 2016 (€135 million in the first half of 2015).

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Risk provisions net of reversal of unused provisions amounted to €295 million (€233 million in the first half of 2015) and mainly related to legal and other proceedings for €117 million (€14 million in the first half of 2015), environmental risks for €103 million (€127 million in the first half of 2015) and loss adjustments and actuarial provisions for Eni's insurance companies for €29 million (€75 million in the first half of 2015).

**Payroll and related costs**

| (€ million)  | First half<br>2015 | First half<br>2016 |
|--|--------------------|--------------------|
| Payroll and related costs  | 1,709              | 1,672              |
| less:  |                    |                    |
| - capitalized direct costs associated with self-constructed assets - tangible assets | (116 )             | (128 )             |
|  | 1,593              | 1,544              |

**Average number of employees**

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

| (number)        | First half 2015 |                     | First half 2016 |                     |
|-----------------|-----------------|---------------------|-----------------|---------------------|
|                 | Subsidiaries    | Joint<br>operations | Subsidiaries    | Joint<br>operations |
| Senior managers | 1,044           | 16                  | 1,029           | 17                  |
| Junior managers | 9,033           | 112                 | 9,167           | 106                 |
| Employees       | 17,760          | 377                 | 17,382          | 375                 |
| Workers         | 5,976           | 300                 | 5,667           | 297                 |
|                 | 33,813          | 805                 | 33,245          | 795                 |

The average number of employees was calculated as the average between the number of employees at the beginning and end of the period. The above Group average number do not include employees of discontinued operations (Saipem Group). The average number of senior managers included managers employed and operating in foreign Countries, whose position is comparable to a senior manager status.

**Other operating income (expense)**

| (€ million)  | First half<br>2015 | First half<br>2016 |
|--|--------------------|--------------------|
| Net income (loss) on cash flow hedging derivatives | (9 )               | 3                  |
| Net income (loss) on other derivatives             | (289 )             | (2 )               |
|  | (298 )             | 1                  |

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

Net income (expense) on other derivatives included: (i) the fair value measurement of commodity derivatives for trading purposes and proprietary trading amounting to a net income of €772 million (net expense of €12 million in the first half of 2015); (ii) the fair value measurement and settlement of commodity derivatives which could not be elected for hedge accounting under IFRS because related to net exposure of commodity risk amounting to a net expense of €759 million (net expense of €244 million in the first half of 2015); (iii) the fair value evaluation at certain derivatives embedded in the pricing formulas of long-term gas supply contracts of the Exploration & Production segment amounting to a net expense of €15 million (net expense of €33 million in the first half of 2015).

Operating expenses with related parties are reported in note 37 – Transactions with related parties.



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**Depreciation, depletion, amortization and impairments**

| (€ million)  | First half<br>2015 | First half<br>2016 |
|--|--------------------|--------------------|
| Depreciation, depletion and amortization                           | 4,635              | 3,706              |
| Impairments  | 204                | 185                |
| less:  |                    |                    |
| - reversal of impairments  | (2 )               | (37 )              |
| - capitalized direct costs associated with self-constructed assets | (3 )               | (1 )               |
|  | 4,834              | 3,853              |

**Write-off**

| (€ million)                                 | First half<br>2015 | First half<br>2016 |
|---|--------------------|--------------------|
| Write-off of tangible and intangible assets | 189                | 121                |

32 Finance income (expense)

| (€ million)   | First half<br>2015 | First half<br>2016 |
|---|--------------------|--------------------|
| Finance income (expense)  |                    |                    |
| Finance income  | 5,885              | 3,190              |
| Finance expense   | (6,359 )           | (3,420 )           |
| Net finance income (expense) from financial assets held for trading | 17                 | (53 )              |
|   | (457 )             | (283 )             |
| Income (expense) from derivative financial instruments              | (106 )             | (5 )               |
|   | (563 )             | (288 )             |

The breakdown of net finance expense or income is provided below:

(€ million)

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|   | First half<br>2015 | First half<br>2016 |
|---|--------------------|--------------------|
| Finance income (expense) related to net borrowings  |                    |                    |
| Interest and other finance expense on ordinary bonds  | (385 )             | (316 )             |
| Interest and other finance expense due to banks and other financial institutions                    | (63 )              | (59 )              |
| Interest and other income from financial receivables and securities held for non-operating purposes | 12                 | 5                  |
| Interest from banks   | 14                 | 25                 |
| Net finance income (expense) from financial assets held for trading                                 | 17                 | (53 )              |
|   | (405 )             | (398 )             |
| Exchange differences  |                    |                    |
| Positive exchange differences   | 5,744              | 3,036              |
| Negative exchange differences   | (5,790 )           | (2,882 )           |
|   | (46 )              | 154                |
| Other finance income (expense)  |                    |                    |
| Capitalized finance expense   | 89                 | 60                 |
| Interest and other income on financing receivables and securities held for operating purposes       | 56                 | 75                 |
| Finance expense due to the passage of time (accretion discount) <sup>(a)</sup>                      | (137 )             | (157 )             |
| Other finance (expense)   | (14 )              | (17 )              |
|   | (6 )               | (39 )              |
|   | (457 )             | (283 )             |

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

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Net finance income or expense on derivative financial instruments consisted of the following:

| (€ million)                  | First half<br>2015 | First half<br>2016 |
|------------------------------|--------------------|--------------------|
| Derivatives on exchange rate | (111 )             | (12 )              |
| Derivatives on interest rate | 21                 | (17 )              |
| Options                      | (16 )              | 24                 |
|                              | (106 )             | (5 )               |

Net expense from derivatives of €5 million (net expense of €106 million in the first half of 2015) was recognized in connection with fair value valuation of certain derivatives which lacked the formal criteria to be treated in accordance with hedge accounting under IFRS as they were entered into for amounts equal to the net exposure to exchange rate risk and interest rate risk, and as such, they cannot be referred to specific trade or financing transactions. Exchange rate derivatives were entered into in order to manage exposures to foreign currency exchange rates arising from the pricing formulas of commodities in the Gas & Power segment. The lack of formal requirements to qualify these derivatives as hedges under IFRS also entailed the recognition in profit or loss of currency translation differences on assets and liabilities denominated in currencies other than functional currency, as this effect cannot be offset by changes in the fair value of the related instruments.

Net income on options of €24 million (net expense for €16 million in the first half 2015) related to: (i) the reversal through profit and loss of the fair value of the embedded options due to the settlement of the bond convertible into ordinary shares of Snam SpA for €26 million (expense of €16 million in the first half 2015); (ii) the fair value of the option embedded in non-dilutive equity-linked convertible bond for €2 million. More information is provided in note 21 – Long-term debt and current portion of long-term debt.

Finance income (expense) with related parties are reported in note 37 – Transactions with related parties.

33 Income (expense) from investments

**Share of profit (loss) of equity-accounted investments**

| (€ million)  | First half<br>2015 | First half<br>2016 |
|--|--------------------|--------------------|
| Share of profit from equity-accounted investments                | 80                 | 112                |
| Share of loss from equity-accounted investments                  | (32 )              | (31 )              |
| Decreases (increases) in the provision for losses on investments | (3 )               |                    |
|  | 45                 | 81                 |

Gains and losses on equity investments accounted for using the equity method is provided in note 13 – Investments.

#### **Other gain (loss) from investments**

| (€ million)                  | First half<br>2015 | First half<br>2016 |
|------------------------------|--------------------|--------------------|
| Dividends                    | 223                | 55                 |
| Net gain (loss) on disposals | 2                  | (27 )              |
| Other net income (expense)   | 182                | (31 )              |
|                              | 407                | (3 )               |

In the first half 2016, dividend income for €55 million primarily related to Nigeria LNG Ltd for €22 million, Saudi European Petrochemical Co for €20 million. In the first half 2015, dividend income for €233 million primarily related to Nigeria LNG Ltd for €92 million, Snam SpA for €72 million, Saudi European Petrochemical Co for €37 million and Galp Energia SGPS SA for €11 million.

In the first half 2016, net loss on disposals amounting to €27 million related to: (i) a loss of €32 million for the sale of 2.22% share capital (entire stake own) of Snam SpA; (ii) a gain of €5 million related to the sale

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of the 100% share capital of Eni Slovenia doo. In the first half 2015, net loss on disposals amounting to €2 million related to: (i) a gain of €31 million for the sale of the 100% share capital of Eni Romania Srl; (ii) a gain of €12 million for the sale of the 0.56% share capital of Galp Energia SGPS SA; (iii) a gain of €6 million for the sale of 32.445% share capital (entire stake own) of Česká Rafinérská AS (CRC); (iv) a loss of €47 million for the sale of a 76% share capital (entire stake owned) of Inversora de Gas Cuyana SA, a 6.84% share capital (entire stake own) of Distribudora de Gas Cuyana SA, a 25% share capital (entire stake owned) of Inversora de Gas del Centro SA and a 31.35% share capital (entire stake owned) of Distribudora de Gas del Centro SA.

In the first half 2016, other net expense of €31 million related to: (i) an impairment of €8 million relating to Unión Fenosa Gas SA; (ii) expense for €23 million relating to settlements of sale price of investments sold in previous years. In the first half 2015, other net income of €182 million related to the remeasurement at market fair value of 61.7 million shares of Galp Energia SGPS SA for €129 million and 288.7 million shares of Snam SpA for €48 million for which the fair value option was applied as provided for by IAS 39.

More information is provided in note 13 – Investments.

### 34 Income taxes

| (€ million)            | First half<br>2015 | First half<br>2016 |
|------------------------|--------------------|--------------------|
| Current taxes:         |                    |                    |
| - Italian subsidiaries | 82                 | 107                |
| - Outside Italy        | 2,443              | 1,207              |
|                        | 2,525              | 1,314              |
| Net deferred taxes:    |                    |                    |
| - Italian subsidiaries | (12 )              | 6                  |
| - Outside Italy        | (748 )             | (381 )             |
|                        | (760 )             | (375 )             |
|                        | 1,765              | 939                |

The reconciliation between the statutory tax charge, calculated by applying the Italian statutory tax rate of 27.5% on the corporate profit before taxes, and the effective income taxes of €939 million determines a higher tax charge of €1,021 million. This difference is the consequence of the impact of the net profit reported by the non-Italian companies

of the Exploration & Production segment which are subjected to a higher tax rate and of the write-off at deferred tax assets due to projections of lower future taxable profit in Italy.

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35 Earnings per share

|   |                  | First half<br>2015 | First half<br>2016 |
|---|------------------|--------------------|--------------------|
| Average number of shares used for the calculation of the basic and diluted earnings per share |                  | 3,601,140,133      | 3,601,140,133      |
| Eni's net profit (loss)   | (€ million)      | 735                | (1,242 )           |
| Basic and diluted earning (loss) per share  | (euro per share) | 0.20               | (0.34 )            |
| Eni's net profit (loss) - Continuing operations   | (€ million)      | 1,285              | (829 )             |
| Basic and diluted earning (loss) per share  | (euro per share) | 0.35               | (0.23 )            |
| Eni's net profit (loss) - Discontinued operations   | (€ million)      | (550 )             | (413 )             |
| Basic and diluted earning (loss) per share  | (euro per share) | (0.15 )            | (0.11 )            |

Basic earnings per ordinary share are calculated by dividing net profit for the period attributable to Eni's shareholders by the weighted average number of ordinary shares issued and outstanding during the period, excluding treasury shares.

The average number of ordinary shares outstanding for the first half of 2015 and 2016, was 3,601,140,133.

As of June 30, 2015 and 2016, no pending issues of new shares that could dilute earnings were reported.

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36 Information by industry segment

Eni's segmental reporting is established based on the Group's operating segments that are evaluated regularly by the chief operating decision maker (the CEO) in deciding how to allocate resources and in assessing performance.

The main key financial information of the operating segments to be reported to the CEO are: revenues, operating income, assets and liabilities directly attributable.

Due to the amendment in accounting the Chemical business as discontinued operation and the application of the Successful Efforts Method (SEM), the information relating to compared periods was restated (see note 1 - Basis of presentation). The information relating to the Chemical business was re-aggregated with Refining & Marketing because a single manager is accountable of the performance at both operating segments and the two segments exhibit similar economic characteristics.

As of June 30, 2016, Eni's reportable segments have been regrouped as follows:

**Exploration & Production:** is engaged in exploring for and recovering crude oil and natural gas, including participation to projects for the liquefaction of natural gas;

**Gas & Power:** is engaged in supply and marketing of natural gas at wholesale and retail markets, supply and marketing of LNG and supply, production and marketing of power at retail and wholesale markets. The Gas & Power segment is engaged in supply and marketing of crude oil and oil products targeting the operational requirements of Eni's refining business and in commodity trading (including crude oil, natural gas, oil products, power, emission allowances, etc.) targeting to both hedge and stabilize the Group industrial and commercial margins according to an integrated view and to optimize margins.

**Refining & Marketing and Chemical:** is engaged in manufacturing, supply, distribution and marketing activities for oil products and chemicals.



**Corporate and other activities:** represents the key support functions, comprising holdings and treasury, headquarters, central functions like IT, HR, real estate, self-insurance activities, as well as the Group environmental clean-up and remediation activities performed by the subsidiary Syndial.

The comparative reporting periods have been restated consistently.

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The information by industry segment is the following:

| (€ million)                              | Exploration<br>&<br>Production | Gas &<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemical | Engineering<br>&<br>Construction | Corporate<br>and<br>other<br>activities | Intragroup<br>profits | Total  | Discontinued<br>operations       |                            |                          |
|--|--------------------------------|----------------|---|----------------------------------|---|-----------------------|--------|----------------------------------|----------------------------|--------------------------|
|  |                                |                |   |                                  |   |                       |        | Engineering<br>&<br>Construction | Intragroup<br>eliminations | Continuing<br>operations |
| <b>First half 2015</b>                   |                                |                |   |                                  |   |                       |        |                                  |                            |                          |
| Net sales from operations <sup>(a)</sup> | 11,412                         | 30,636         | 12,051  | 5,373                            | 704                                     | 125                   |        |                                  |                            |                          |
| Less:                                    |                                |                |   |                                  |   |                       |        |                                  |                            |                          |
| intersegment sales                       | (6,539 )                       | (5,334 )       | (1,114 )                                      | (711 )                           | (624 )                                  |                       |        |                                  |                            |                          |
| Net sales to customers                   | 4,873                          | 25,302         | 10,937  | 4,662                            | 80                                      | 125                   | 45,979 | (4,662)                          |                            | 41,317                   |
| Operating profit                         | 2,874                          | 213            | 219   | (788 )                           | (286 )                                  | (182 )                | 2,050  | 788                              | 537                        | 3,375                    |
| <b>First half 2016</b>                   |                                |                |   |                                  |   |                       |        |                                  |                            |                          |
| Net sales from operations <sup>(a)</sup> | 7,243                          | 19,764         | 8,698   |                                  | 629                                     |                       |        |                                  |                            |                          |
| Less:                                    |                                |                |   |                                  |   |                       |        |                                  |                            |                          |
| intersegment sales                       | (4,089 )                       | (4,231 )       | (727 )  |                                  | (527 )                                  |                       |        |                                  |                            |                          |
| Net sales to customers                   | 3,154                          | 15,533         | 7,971   |                                  | 102                                     |                       | 26,760 |                                  |                            | 26,760                   |
| Operating profit                         | 288                            | (71 )          | 363   |                                  | (260 )                                  | 5                     | 325    |                                  |                            | 325                      |

<sup>(a)</sup> Before elimination of intersegment sales.

| (€ million) | Exploration<br>&<br>Production | Gas<br>&<br>Power | Refining<br>&<br>Marketing<br>and<br>Chemical | Engineering<br>&<br>Construction | Corporate<br>and<br>other<br>activities | Intragroup<br>profits | Total | Discontinued<br>operations       |                            |                          |
|-------------|--------------------------------|-------------------|---|----------------------------------|---|-----------------------|-------|----------------------------------|----------------------------|--------------------------|
|             |                                |                   |   |                                  |   |                       |       | Engineering<br>&<br>Construction | Intragroup<br>eliminations | Continuing<br>operations |

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|                                 |        |        |        |        |       |        |  |         |
|---------------------------------|--------|--------|--------|--------|-------|--------|--|---------|
| December 31,<br>2015            |        |        |        |        |       |        |  |         |
| Identifiable assets<br>(a)      | 73,073 | 14,290 | 10,483 | 13,608 | 1,117 | (543 ) |  | 112,028 |
| Unallocated assets              |        |        |        |        |       |        |  | 26,973  |
| Identifiable<br>liabilities (b) | 17,742 | 9,313  | 3,657  | 5,861  | 3,824 | (199 ) |  | 40,198  |
| Unallocated<br>liabilities      |        |        |        |        |       |        |  | 41,394  |
| First half 2016                 |        |        |        |        |       |        |  |         |
| Identifiable assets<br>(a)      | 73,315 | 11,850 | 10,576 |        | 1,099 | (396 ) |  | 96,444  |
| Unallocated assets              |        |        |        |        |       |        |  | 25,897  |
| Identifiable<br>liabilities (b) | 17,950 | 7,702  | 4,129  |        | 3,784 | (58 )  |  | 33,507  |
| Unallocated<br>liabilities      |        |        |        |        |       |        |  | 36,531  |

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

(b) Includes liabilities directly associated with the generation of operating profit.

**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

37 Transactions with related parties

In the ordinary course of its business, Eni enters into transactions regarding:

(a) exchanges of goods, provision of services and financing with joint ventures, associates and unconsolidated subsidiaries;

(b) exchanges of goods and provision of services with entities controlled by the Italian Government;

relations with Vodafone Italia SpA related to Eni SpA through a member of the Board of Directors pursuant to Consob Regulation dated March 12, 2010 concerning transactions with related parties and the internal procedure of (c) Eni "Transactions involving interests of Directors and Statutory Auditors and transactions with related parties". These transactions, regulated at market conditions, mainly involve costs for mobile communication services for €4 million and business collaboration agreements relating to the loyalty program you&eni;

contributions to entities with a non-company form with the aim to develop solidarity, culture and research initiatives. In particular these related to: (i) Eni Foundation established by Eni as a non-profit entity with the aim of (d) pursuing exclusively solidarity initiatives in the fields of social assistance, health, education, culture and environment as well as research and development; (ii) Eni Enrico Mattei Foundation established by Eni with the aim of enhancing, through studies, research and training initiatives, knowledge in the fields of economics, energy and environment, both at the national and international level.

Transactions with related parties were conducted in the interest of Eni companies and, with exception of those with entities with the aim to develop solidarity, culture and research initiatives, are related to the ordinary course of Eni's business.

Investments in subsidiaries, joint arrangements and associates as of June 30, 2016 are presented in annex "List of companies owned by Eni SpA as of 30 June 2016".

**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

*Trade and other transactions with related parties*

(€ million)

| Name  | December 31, 2015            |                                |            | First half 2015 |       |          | Revenues |     |    | Other operating (expense) income |
|---|------------------------------|--------------------------------|------------|-----------------|-------|----------|----------|-----|----|----------------------------------|
|   | Receivables and other assets | Payables and other liabilities | Guarantees | Costs           | Goods | Services |          |     |    |                                  |
| Continuing operations   |                              |                                |            |                 |       |          |          |     |    |                                  |
| Joint ventures and associates                                   |                              |                                |            |                 |       |          |          |     |    |                                  |
| Agiba Petroleum Co  | 6                            | 60                             |            |                 | 101   |          |          |     |    |                                  |
| CEPAV (Consorzio Eni per l'Alta Velocità) Due                   |                              | 1                              |            |                 |       |          |          |     |    |                                  |
| CEPAV (Consorzio Eni per l'Alta Velocità) Uno                   |                              |                                | 6,122      |                 |       |          |          |     |    |                                  |
| Karachaganak Petroleum Operating BV                             | 48                           | 171                            |            | 410             | 188   | 3        |          | 2   |    |                                  |
| Mellitah Oil & Gas BV   | 8                            | 16                             |            | 23              | 193   |          |          |     |    |                                  |
| Petrobrel Belayim Petroleum Co                                  | 16                           | 183                            |            |                 | 715   |          |          | 1   |    |                                  |
| Petromar Lda  | 2                            |                                | 6          |                 |       |          |          |     |    |                                  |
| Unión Fenosa Gas SA   | 1                            |                                | 57         |                 |       |          |          |     |    | (23 )                            |
| Other (*)   | 118                          | 42                             |            | 9               | 58    |          | 33       | 33  | 15 | (2 )                             |
|   | 199                          | 473                            | 6,185      | 442             | 1,255 | 3        | 33       | 36  | 15 | (25 )                            |
| Unconsolidated entities controlled by Eni                       |                              |                                |            |                 |       |          |          |     |    |                                  |
| Eni México S. de RL de CV                                       |                              |                                | 101        |                 |       |          |          |     |    |                                  |
| Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation) | 65                           | 1                              | 9          |                 |       |          |          | 1   |    |                                  |
| Other (*)   | 17                           | 19                             | 3          |                 | 3     |          | 2        | 3   |    |                                  |
|   | 82                           | 20                             | 113        |                 | 3     |          | 2        | 4   |    |                                  |
|   | 281                          | 493                            | 6,298      | 442             | 1,258 | 3        | 35       | 40  | 15 | (25 )                            |
| Entities controlled by the Government                           |                              |                                |            |                 |       |          |          |     |    |                                  |
| Enel Group  | 138                          | 203                            |            |                 | 595   |          | 173      | 73  |    | 40                               |
| Snam Group  | 144                          | 522                            | 3          | 51              | 1,089 | 3        | 144      | 15  |    |                                  |
| Terna Group   | 18                           | 42                             |            | 52              | 67    | 6        | 48       | 6   | 4  | 6                                |
| GSE - Gestore Servizi Energetici                                | 44                           | 63                             |            | 229             | 1     | 11       | 201      | 20  | 1  |                                  |
| Other (*)   | 22                           | 38                             |            | 1               | 35    |          | 17       | 1   | 1  |                                  |
|   | 366                          | 868                            | 3          | 333             | 1,787 | 20       | 583      | 115 | 6  | 46                               |
| Pension funds and foundations                                   | 1                            | 2                              |            |                 | 2     | 25       |          |     |    |                                  |

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|  |       |       |       |     |       |    |     |     |    |    |
|--|-------|-------|-------|-----|-------|----|-----|-----|----|----|
| Groupement Sonatrach - Agip<br>«GSA» and Organe Conjoint des<br>Opérations «OC SH/FCP» | 185   | 300   |       |     |       |    |     |     |    |    |
|  | 833   | 1,663 | 6,301 | 775 | 3,047 | 48 | 618 | 155 | 21 | 21 |
| Discontinued operations  |       |       |       |     |       |    |     |     |    |    |
| Joint ventures and associates  |       |       |       |     |       |    |     |     |    |    |
| CEPAV (Consorzio Eni per l'Alta<br>Velocità) Due                                       | 60    | 99    | 68    |     |       |    |     | 81  |    |    |
| CEPAV (Consorzio Eni per l'Alta<br>Velocità) Uno                                       | 9     | 3     |       |     |       |    |     |     |    |    |
| KWANDA - Suporte Logistico<br>Lda  | 69    | 10    |       |     | 2     |    |     | 4   |    |    |
| Mellitah Oil & Gas BV  | 9     |       |       |     |       |    |     |     |    |    |
| Petrobel Belayim Petroleum Co  | 19    |       |       |     |       |    |     | 27  |    |    |
| Petromar Lda   | 97    | 16    |       |     |       |    |     | 29  |    |    |
| Other (*)  | 14    | 27    |       | 2   | 50    |    |     | 25  |    |    |
|  | 277   | 155   | 68    | 2   | 52    |    |     | 166 |    |    |
| Unconsolidated entities controlled<br>by Eni   |       |       |       |     |       |    |     |     |    |    |
| Other (*)  | 1     | 1     |       |     |       |    |     |     |    |    |
|  | 1     | 1     |       |     |       |    |     |     |    |    |
| Entities controlled by the<br>Government   |       |       |       |     |       |    |     |     |    |    |
| Snam Group   | 25    | 46    |       |     |       |    |     | 12  |    |    |
| Other (*)  |       | 5     |       |     | 1     |    |     |     |    |    |
|  | 25    | 51    |       |     | 1     |    |     | 12  |    |    |
| Pension funds and foundations  |       |       |       |     |       |    |     |     |    |    |
|  | 303   | 207   | 68    | 2   | 53    |    |     | 178 |    |    |
|  | 1,136 | 1,870 | 6,369 | 777 | 3,100 | 48 | 618 | 333 | 21 | 21 |

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

**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

(€ million)

| Name   | June 30, 2016                |                                |            | First half 2016 |       |          | Revenues |       |          | Other operating (expense) income |
|--|------------------------------|--------------------------------|------------|-----------------|-------|----------|----------|-------|----------|----------------------------------|
|  | Receivables and other assets | Payables and other liabilities | Guarantees | Costs           | Goods | Services | Other    | Goods | Services |                                  |
| Joint ventures and associates  |                              |                                |            |                 |       |          |          |       |          |                                  |
| Agiba Petroleum Co   | 4                            | 90                             |            |                 | 101   |          |          |       |          |                                  |
| Karachaganak Petroleum Operating BV  | 52                           | 225                            |            | 232             | 191   | 2        |          | 1     | 1        |                                  |
| Mellitah Oil & Gas BV  | 10                           | 140                            |            |                 | 237   |          |          | 14    |          |                                  |
| Petrobrel Belayim Petroleum Co   | 20                           | 612                            |            |                 | 860   |          |          |       |          |                                  |
| Saipem Group   | 76                           | 279                            | 2,398      |                 | 276   | 5        |          | 21    |          |                                  |
| Unión Fenosa Gas SA  |                              |                                | 57         |                 |       |          |          | 42    |          | (1)                              |
| Other (*)  | 173                          | 32                             |            | 5               | 54    |          |          | 48    | 24       | 9                                |
|  | 335                          | 1,378                          | 2,455      | 237             | 1,719 | 7        | 90       | 60    | 10       | 16                               |
| Unconsolidated entities controlled by Eni                                      |                              |                                |            |                 |       |          |          |       |          |                                  |
| Industria Siciliana Acido Fosforico - ISAF SpA (in liquidation)                | 66                           | 1                              | 9          |                 |       |          |          |       |          |                                  |
| Eni BTC Ltc  |                              |                                | 183        |                 |       |          |          |       |          |                                  |
| Other (*)  | 6                            | 9                              | 7          |                 | 1     |          | 10       | 1     | 1        |                                  |
|  | 72                           | 10                             | 199        |                 | 1     |          | 10       | 1     | 1        |                                  |
|  | 407                          | 1,388                          | 2,654      | 237             | 1,720 | 7        | 100      | 61    | 11       | 16                               |
| Entities controlled by the Government  |                              |                                |            |                 |       |          |          |       |          |                                  |
| Enel Group   | 188                          | 300                            |            |                 | 408   |          | 26       | 46    |          | 88                               |
| Snam Group   | 94                           | 347                            |            | 69              | 1,005 | 3        | 50       | 7     |          |                                  |
| Terna Group  | 33                           | 46                             |            | 32              | 74    | 4        | 37       | 11    | 2        | 7                                |
| GSE - Gestore Servizi Energetici   | 48                           | 58                             |            | 119             | 1     | 13       | 165      | 36    | 1        |                                  |
| Other (*)  | 24                           | 27                             |            |                 | 20    |          | 33       | 4     | 3        |                                  |
|  | 387                          | 778                            |            | 220             | 1,508 | 20       | 311      | 104   | 6        | 95                               |
| Pension funds and foundations  |                              | 2                              |            |                 | 2     | 13       |          |       |          |                                  |
| Groupement Sonatrach – Agip «GSA» e Organe Conjoint des Opérations «OC SH/FCP» | 179                          | 276                            |            |                 | 243   | 5        | 4        | 27    |          |                                  |
|  | 973                          | 2,444                          | 2,654      | 457             | 3,473 | 45       | 415      | 192   | 17       | 111                              |

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

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Most significant transactions with joint ventures, associates and non-consolidated subsidiaries concerned:

provisions of specialized services in upstream activities and Eni's share of expenses incurred to develop oil fields from Agiba Petroleum Co, Karachaganak Petroleum Operating BV, Mellitah Oil & Gas BV, Petrobel Belayim -Petroleum Co, Groupement Sonatrach – Agip «GSA», Organe Conjoint des Opérations «OC SH/FCP» and, only for Karachaganak Petroleum Operating BV, purchase of oil products by the Eni Trading Shipping SpA. Services charged to Eni's associates are invoiced on the basis of incurred costs;

engineering, construction and drilling services by the Saipem Group mainly to the Exploration & Production segment and guarantees issued by Eni SpA relating to bid bonds and performance bonds;

a performance guarantee given on behalf of Unión Fenosa Gas SA in relation to contractual commitments related to the results of operations and sales of LNG;

- guarantees issued in relation to the construction of an oil pipeline on behalf of Eni BTC Ltd;
- services for the environmental restoration to Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation).

The most significant transactions with entities controlled by the Italian Government concerned:

sale of fuel oil, the sale of fuel through payment cards, sale and purchase of gas, environmental certificates, transmission services and fair value of derivative financial instruments with Enel group;

acquisition of natural gas transportation, distribution and storage services from Snam group on the basis of tariffs set by Italian Regulatory Authority for Electricity, Gas and Water and purchase and sale of natural gas for granting the balancing of the system on the basis of prices referred to the quotations of the main energy commodities, as they would be conducted on an arm's length basis;

sale and purchase of electricity, acquisition of domestic electricity transmission services and fair value of derivative financial instruments included in the prices of electricity related to sale/purchase transactions with Terna group;

sale and purchase of electricity and sale of oil products with GSE - Gestore Servizi Energetici for the setting up of a specific stock held by the Organismo Centrale di Stoccaggio Italiano (OCSIT) according to the Legislative Decree no. 249/2012.

Transactions with pension funds and foundation concerned:

- provisions to pension funds for €13 million;
- contributions to Eni Enrico Mattei Foundation for €2 million.



**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

*Financing transactions with related parties*

(€ million)

| Name   | December 31, 2015 |          | First half 2015 |               |
|--|-------------------|----------|-----------------|---------------|
|  | Receivables       | Payables | Guarantees      | Charges Gains |
| <b>Continuing operations</b>                     |                   |          |                 |               |
| <b>Joint ventures and associates</b>             |                   |          |                 |               |
| CARDÓN IV SA                                     | 1,112             |          |                 | 28            |
| CEPAV (Consorzio Eni per l'Alta Velocità) Due    |                   |          |                 | 2             |
| Matrica SpA                                      | 209               |          | 9               | 14            |
| Shatskmorneftegaz Sàrl                           | 63                |          |                 |               |
| Société Centrale Electrique du Congo SA          | 94                |          |                 |               |
| Unión Fenosa Gas SA                              |                   | 90       |                 |               |
| Other (*)  | 52                | 7        | 12              | 12 3          |
|  | 1,530             | 97       | 12              | 21 47         |
| <b>Unconsolidated entities controlled by Eni</b> |                   |          |                 |               |
| Other (*)  | 51                | 111      |                 |               |
|  | 51                | 111      |                 |               |
| <b>Entities controlled by the Government</b>     |                   |          |                 |               |
| Other (*)  | 27                |          |                 |               |
|  | 27                |          |                 |               |
|  | 1,608             | 208      | 12              | 21 47         |
| <b>Discontinued operations</b>                   |                   |          |                 |               |
| <b>Joint ventures and associates</b>             |                   |          |                 |               |
| CEPAV (Consorzio Eni per l'Alta Velocità) Due    |                   |          | 150             |               |
| Other (*)  | 5                 |          |                 |               |
|  | 5                 |          | 150             |               |
|  | 1,613             | 208      | 162             | 21 47         |

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

(€ million)

| Name                                 | June 30, 2016 |          | First half 2016 |               |
|--------------------------------------|---------------|----------|-----------------|---------------|
|                                      | Receivables   | Payables | Guarantees      | Charges Gains |
| <b>Joint ventures and associates</b> |               |          |                 |               |
| CARDÓN IV SA                         | 1,234         |          |                 | 46            |
| Matrica SpA                          | 214           |          |                 | 4             |
| Shatskmorneftegaz Sàrl               | 65            |          | 7               | 2             |

|   |       |     |    |    |    |
|---|-------|-----|----|----|----|
| Société Centrale Electrique du Congo SA   | 92    |     |    |    |    |
| Unión Fenosa Gas SA                       |       | 80  |    |    |    |
| Saipem Group                              |       | 175 | 80 |    | 21 |
| Other (*)                                 | 51    | 2   |    | 5  | 2  |
|   | 1,656 | 257 | 80 | 12 | 75 |
| Unconsolidated entities controlled by Eni |       |     |    |    |    |
| Other (*)                                 | 51    | 108 |    |    |    |
|   | 51    | 108 |    |    |    |
| Entities controlled by the Government     |       |     |    |    |    |
| Other (*)                                 | 16    |     |    | 1  |    |
|   | 16    |     |    | 1  |    |
|   | 1,723 | 365 | 80 | 13 | 75 |

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

Most significant transactions with joint ventures, associates and non-consolidated subsidiaries concerned:

financing loans granted to CARDÓN IV SA for exploration and development activities of a gas field in Venezuela, -to Shatskmorneftegaz Sàrl for exploration activities in the Black Sea and to Société Centrale Electrique du Congo SA for the construction of an electric plant in Congo;

- financing loans granted to Matrìca SpA in relation to the “Green Chemistry” project at the Porto Torres plant;
- a cash deposit at Eni’s financial companies on behalf of Saipem Group and Unión Fenosa Gas SA.

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On January 22, 2016, Eni closed the sale transaction of 12.503% of the share capital of Saipem to CDP Equity SpA for a total consideration of €463 million. More information is reported in note 26 - Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale.

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

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

(€ million)

|   | December 31, 2015 |                 |          | June 30, 2016 |                 |          |
|---|-------------------|-----------------|----------|---------------|-----------------|----------|
|   | Total             | Related parties | Impact % | Total         | Related parties | Impact % |
| Trade and other receivables   | 21,640            | 1,985           | 9.17     | 20,019        | 2,246           | 11.22    |
| Other current assets  | 3,642             | 50              | 1.37     | 2,693         | 45              | 1.67     |
| Other non-current financial assets  | 1,026             | 396             | 38.60    | 1,005         | 395             | 39.30    |
| Other non-current assets  | 1,758             | 10              | 0.57     | 1,580         | 10              | 0.63     |
| Discontinued operations and assets held for sale                                    | 15,533            | 308             | 1.98     | 99            |                 |          |
| Current financial liabilities   | 5,720             | 208             | 3.64     | 3,706         | 365             | 9.85     |
| Trade and other payables  | 14,942            | 1,544           | 10.33    | 15,273        | 2,337           | 15.30    |
| Other current liabilities   | 4,712             | 96              | 2.04     | 3,151         | 84              | 2.67     |
| Other non-current liabilities   | 1,852             | 23              | 1.24     | 1,761         | 23              | 1.31     |
| Discontinued operations and liabilities directly associated to assets held for sale | 6,485             | 207             | 3.19     | 24            |                 |          |

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

(€ million)

|                           | First half 2015 |                 |          | First half 2016 |                 |          |
|---------------------------|-----------------|-----------------|----------|-----------------|-----------------|----------|
|                           | Total           | Related parties | Impact % | Total           | Related parties | Impact % |
| Continuing operations     |                 |                 |          |                 |                 |          |
| Net sales from operations | 41,317          | 773             | 1.87     | 26,760          | 607             | 2.27     |
| Other income and revenues | 669             | 21              | 3.14     | 502             | 17              | 3.39     |

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|                                  |          |       |       |          |       |       |
|----------------------------------|----------|-------|-------|----------|-------|-------|
| Purchases, services and other    | 31,697   | 3,851 | 12.15 | 21,420   | 3,957 | 18.47 |
| Payroll and related costs        | 1,593    | 19    | 1.19  | 1,544    | 18    | 1.17  |
| Other operating (expense) income | (298 )   | 21    | -     | 1        | 111   | -     |
| Financial income                 | 5,885    | 47    | 0.80  | 3,190    | 75    | 2.35  |
| Financial expense                | (6,359 ) | (21 ) | 0.33  | (3,420 ) | (13 ) | 0.38  |
| Discontinued operations          |          |       |       |          |       |       |
| Net sales from operations        | 4,664    | 178   | 3.82  |          |       |       |
| Operating expenses               | 5,989    | 55    | 0.92  |          |       |       |

Main cash flows with related parties are provided below:

| (€ million)  | First<br>half<br>2015 | First<br>half<br>2016 |
|--|-----------------------|-----------------------|
| Revenues and other income  | 794                   | 624                   |
| Costs and other expenses   | (2,986)               | (2,678)               |
| Other operating income (loss)  | 21                    | 111                   |
| Net change in trade and other receivables and liabilities                | (69 )                 | 215                   |
| Net interests  | 26                    | 74                    |
| Net cash provided from operating activities - Continuing operations      | (2,214)               | (1,654)               |
| Net cash provided from operating activities - Discontinued operations    | 40                    |                       |
| Net cash provided from operating activities                              | (2,174)               | (1,654)               |
| Capital expenditure in tangible and intangible assets                    | (884 )                | (1,297)               |
| Net change in accounts payable and receivable in relation to investments | (166 )                | 421                   |
| Change in financial receivables  | (186 )                | (138 )                |
| Net cash used in investing activities                                    | (1,236)               | (1,014)               |
| Change in financial liabilities  | 24                    | 160                   |
| Net cash used in financing activities                                    | 24                    | 160                   |
| Total financial flows to related parties                                 | (3,386)               | (2,508)               |

**Eni Interim Consolidated Report**  
**Notes to the Financial Statements**

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

(€ million)

|   | First half 2015 |                 |          | First half 2016 |                 |          |
|---|-----------------|-----------------|----------|-----------------|-----------------|----------|
|   | Total           | Related parties | Impact % | Total           | Related parties | Impact % |
| Cash provided from operating activities | 5,543           | (2,174 )        | -        | 3,100           | (1,654 )        | -        |
| Cash used in investing activities       | (5,917)         | (1,236 )        | 20.89    | 76              | (1,014 )        | -        |
| Cash used in financing activities       | (856 )          | 24              | -        | (3,266)         | 160             | -        |

38 Significant non-recurring events and operations

In the first half of 2015 and 2016, no non-recurring events and operations were reported.

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

In the first half of 2015 and 2016, no transactions deriving from atypical and/or unusual operations were report.

40 Subsequent events

No significant events were reported after June 30, 2016.

Certification pursuant to rule 154-bis, paragraph 5 of the Legislative Decree No. 58/1998 (Testo Unico della Finanza)

The undersigned Claudio Descalzi and Massimo Mondazzi, in their respective role as Chief Executive Officer and officer responsible for the preparation of financial reports of Eni, also pursuant to rule 154- bis, paragraphs 3 and 4 1. of Legislative Decree No. 58 of February 24, 1998, hereby certify that internal controls over financial reporting in place for the preparation of the condensed consolidated interim financial statements as of June 30, 2016 and during the period covered by the report, were:

adequate to the Company structure, and

effectively applied during the process of preparation of the report.

Internal controls over financial reporting in place for the preparation of the 2016 condensed consolidated interim financial statements have been defined and the evaluation of their effectiveness has been assessed based on 2. principles and methodologies adopted by Eni in accordance with the Internal Control-Integrated Framework Model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents an internationally-accepted framework for the internal control system.

3. In addition, we certify that:

3.1 These condensed consolidated interim financial statements as of June 30, 2016:

have been prepared in accordance with applicable international accounting standards recognised by the European a) Community pursuant to Regulation (CE) n. 1606/2002 of the European Parliament and European Council of July 19, 2002;

b) correspond to the information in the accounting books and entities;

c) fairly and truly represent the financial position, the performance and the cash flows of the issuer and the companies included in the scope of consolidation as of, and for, the period presented in this report.

3.2 The interim operating and financial review includes a reliable analysis of the material events occurred during the first half of 2016 and their impact on condensed consolidated interim financial statements, as well as a description of the main risks and uncertainties for the second half of the year. The interim operating and financial review contains a reliable analysis of the disclosure on significant related-party transactions.

July 28, 2016

/s/ Claudio Descalzi .      /s/ Massimo Mondazzi .  
Claudio Descalzi            Massimo Mondazzi  
Chief Executive Officer    Chief Financial and Risk Management Officer

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Report of Independent Auditors

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**Review report on the interim condensed consolidated financial statements**

(Translation from the original Italian text)

To the Shareholders of  
Eni S.p.A.

**Introduction**

We have reviewed the Interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and the related explanatory notes of Eni S.p.A. and its subsidiaries (the "Eni Group") as of 30 June 2016. The Directors of Eni S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1977. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.



**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Eni Group as of 30 June 2016 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 29 July 2016

EY S.p.A.

Signed by: Massimo Antonelli, Partner

*This report has been translated into the English language solely for the convenience of international readers*

**[ILLEGIBLE]**

Annex to Interim Consolidated Report

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**Eni Interim Consolidated Report**  
**List of companies owned by Eni**

List of companies owned by Eni SpA as of June 30, 2016

**Investments owned by Eni as of June 30, 2016**

In accordance with the provisions of articles 38 and 39 of the Legislative Decree no. 127/1991 and Consob communication no. DEM/6064293 of 28 July 2006, the list of subsidiaries, associates and significant investments owned by Eni SpA as of 30 June 2016, is presented below. Companies are divided by business segment and, within each segment, they are ordered between Italy and outside Italy and alphabetically. For each company are indicated: company name, registered head office, operating office, share capital, shareholders and percentage of ownership; for consolidated subsidiaries is indicated the equity ratio attributable to Eni; for unconsolidated investments owned by consolidated companies is indicated the valuation method. In the footnotes are indicated which investments are quoted in the Italian regulated markets or in other regulated markets of the European Union and the percentage of the ordinary voting rights entitled to shareholders if different from the percentage of ownership. The currency codes indicated are reported in accordance with the International Standard ISO 4217.

As of June 30, 2016, the breakdown of the companies owned by Eni is provided in the table below:

|  | Subsidiaries |       |       | Joint arrangements<br>and<br>associates |       |       | Other significant<br>investments <sup>(a)</sup> |       |       |
|--|--------------|-------|-------|---|-------|-------|---|-------|-------|
|  | Outside      |       | Total | Outside                                 |       | Total | Outside   |       | Total |
|  | Italy        | Italy |       | Italy                                   | Italy |       | Italy   | Italy |       |
| Fully consolidated subsidiaries                                      | 30           | 153   | 183   | 8                                       | 5     | 13    |   |       |       |
| Consolidated joint operations  |              |       |       |   |       |       |   |       |       |
| <b>Investments owned by consolidated<br/>companies<sup>(b)</sup></b> |              |       |       |   |       |       |   |       |       |
| Equity-accounted investments   | 4            | 32    | 36    | 20                                      | 37    | 57    |   |       |       |
| Investments valued at cost   | 5            | 7     | 12    | 3                                       | 31    | 34    | 5   | 24    | 29    |
|  | 9            | 39    | 48    | 23                                      | 68    | 91    | 5   | 24    | 29    |
| Investments owned by unconsolidated<br>companies                     |              |       |       |   |       |       |   |       |       |
| Owned by controlled companies  |              |       |       |   |       |       |   |       |       |

|                             |    |     |     |    |    |     |   |    |    |
|-----------------------------|----|-----|-----|----|----|-----|---|----|----|
| Owned by joint arrangements |    |     |     |    | 5  | 5   |   |    |    |
|                             |    |     |     |    | 5  | 5   |   |    |    |
| Total                       | 39 | 192 | 231 | 31 | 78 | 109 | 5 | 24 | 29 |

(a) Relates to investments in companies other than subsidiaries, joint arrangements and associates with an ownership interest greater than 2% for listed entities or 10% for unlisted companies.

(b) Investments in subsidiaries accounted for using the equity method and valued at cost relate to non-significant companies and entities acting as sole-operator in the management of oil and gas contracts.

### Subsidiaries resident in states with a privileged tax regime

The Law of 28 December 2015, no. 208 (Stability Law 2016), effective from 1 January 2016, amended the article no. 167, paragraph 4, of the Presidential Decree of 22 December 1986 no. 917, identifying all the tax regimes, even special, of states or territories to be considered as privileged with reference, exclusively, to a nominal level of taxation lower than 50 percent of the one applicable in Italy. Furthermore, the regimes of states or territories that are part of the European Union, or of states that are part of the European Economic Area that have concluded agreements with Italy ensuring an effective exchange of information are not to be considered as privileged. Up to 31 December 2015, according to the regulation in force, states and territories with a privileged tax regime were identified by the decree of the Minister of Economy and Finance dated 21 November 2001 on the basis of the so-called "Black List". At June 30, 2016, Eni controls 9 companies based in states with a privileged tax regime as identified by article no. 167, paragraph 4 of the Italian Income Tax Code. Of these 9 companies, 5 are subject to taxation in Italy because they are included in the tax return of Eni. The remaining 4 companies are not subject to Italian taxation, but to the specific local tax regimes, as a consequence of the exemption obtained by the Italian Revenue Agency by taking into account of the taxation level applied. Of these 9 companies, 8 come from the acquisitions of Lasmo Plc, the activities carried out in Congo by Maurel & Prom, Burren Energy Plc and Hess Indonesia. These subsidiaries, resident or located in states identified by the Decree, did not issued any financial instrument and all the financial statements for 2016 will be audited by Ernst & Young.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Subsidiaries****Parent company**

| Company name | Registered office | Country of operation | Currency | Share Capital | Shareholders                            | % Ownership |
|--------------|-------------------|----------------------|----------|---------------|---|-------------|
| Eni SpA (#)  | Rome              | Italy                | EUR      | 4,005,358,876 | Cassa Depositi e Prestiti SpA           | 25.76       |
|              |                   |                      |          |               | Ministero dell'Economia e delle Finanze | 4.34        |
|              |                   |                      |          |               | Eni SpA                                 | 0.91        |
|              |                   |                      |          |               | Other shareholders                      | 68.99       |

**Subsidiaries****Exploration & Production****In Italy**

| Company name                     | Registered office        | Country of operation | Currency | Share Capital | Shareholders | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|----------------------------------|--------------------------|----------------------|----------|---------------|--------------|-------------|----------------|---------------------------------------|
| Eni Angola SpA                   | San Donato Milanese (MI) | Angola               | EUR      | 20,200,000    | Eni SpA      | 100.00      | 100.00         | F.C.                                  |
| Eni Mediterranea Idrocarburi SpA | Gela (CL)                | Italy                | EUR      | 5,200,000     | Eni SpA      | 100.00      | 100.00         | F.C.                                  |
| Eni Mozambico SpA                | San Donato Milanese (MI) | Mozambique           | EUR      | 200,000       | Eni SpA      | 100.00      | 100.00         | F.C.                                  |
|                                  |                          | East Timor           | EUR      | 6,841,517     | Eni SpA      | 100.00      | 100.00         | F.C.                                  |

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|   |                           |        |     |             |               |        |        |      |  |
|---|---------------------------|--------|-----|-------------|---------------|--------|--------|------|--|
| Eni Timor Leste SpA   | San Donato Milanese (MI)  |        |     |             |               |        |        |      |  |
| Eni West Africa SpA   | San Donato Milanese (MI)  | Angola | EUR | 10,000,000  | Eni SpA       | 100.00 | 100.00 | F.C. |  |
| Eni Zubair SpA (in liquidation)                                 | San Donato Milanese (MI)  | Italy  | EUR | 120,000     | Eni SpA       | 100.00 |        | Co.  |  |
| Floaters SpA  | San Donato Milanese (MI)  | Italy  | EUR | 200,120,000 | Eni SpA       | 100.00 | 100.00 | F.C. |  |
| Ieoc SpA  | San Donato Milanese (MI)  | Egypt  | EUR | 18,331,000  | Eni SpA       | 100.00 | 100.00 | F.C. |  |
| Società Adriatica Idrocarburi SpA                               | San Giovanni Teatino (CH) | Italy  | EUR | 14,738,000  | Eni SpA       | 100.00 | 100.00 | F.C. |  |
| Società Petrolifera Italiana SpA                                | San Donato Milanese (MI)  | Italy  | EUR | 24,103,200  | Eni SpA       | 99.96  | 99.96  | F.C. |  |
|   |                           |        |     |             | Third parties | 0.04   |        |      |  |
| Tecnomare - Società per lo Sviluppo delle Tecnologie Marine SpA | Venezia Marghera (VE)     | Italy  | EUR | 2,064,000   | Eni SpA       | 100.00 | 100.00 | F.C. |  |

**Outside Italy**

|   |                         |            |     |           |   |               |        |      |  |
|---|-------------------------|------------|-----|-----------|---|---------------|--------|------|--|
| Agip Caspian Sea BV                             | Amsterdam (Netherlands) | Kazakhstan | EUR | 20,005    | Eni International BV                        | 100.00        | 100.00 | F.C. |  |
| Agip Energy and Natural Resources (Nigeria) Ltd | Abuja (Nigeria)         | Nigeria    | NGN | 5,000,000 | Eni International BV<br>Eni Oil Holdings BV | 95.00<br>5.00 | 100.00 | F.C. |  |

(\*)

Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(#) Company with shares quoted in the regulated market of Italy or of other EU countries.

**Eni Interim Consolidated Report****Subsidiaries** Annex to condensed consolidated interim financial statements**Outside Italy**

| Company name                                  | Registered office                   | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|---|-------------------------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| Agip Karachaganak BV                          | Amsterdam (Netherlands)             | Kazakhstan           | EUR      | 20,005        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Agip Oil Ecuador BV                           | Amsterdam (Netherlands)             | Ecuador              | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Agip Oleoducto de Crudos Pesados BV           | Amsterdam (Netherlands)             | Ecuador              | EUR      | 20,000        | Eni International BV | 100.00      |                | Eq.                                   |
| Burren (Cyprus) Holdings Ltd (in liquidation) | Nicosia (Cyprus)                    | Cyprus               | EUR      | 1,710         | Burren En.(Berm)Ltd  | 100.00      |                | Co.                                   |
| Burren Energy (Bermuda) Ltd (9)               | Hamilton (Bermuda)                  | United Kingdom       | USD      | 62,342,955    | Burren Energy Plc    | 100.00      | 100.00         | F.C.                                  |
| Burren Energy (Egypt) Ltd                     | London (United Kingdom)             | Egypt                | GBP      | 2             | Burren Energy Plc    | 100.00      |                | Eq.                                   |
| Burren Energy (Services) Ltd                  | London (United Kingdom)             | United Kingdom       | GBP      | 2             | Burren Energy Plc    | 100.00      | 100.00         | F.C.                                  |
| Burren Energy Congo Ltd (9)                   | Tortola (Isole Vergini Britanniche) | Republic of Congo    | USD      | 50,000        | Burren En.(Berm)Ltd  | 100.00      | 100.00         | F.C.                                  |
| Burren Energy India Ltd                       | London (United Kingdom)             | United Kingdom       | GBP      | 2             | Burren Energy Plc    | 100.00      | 100.00         | F.C.                                  |
| Burren Energy Ltd (in liquidation)            | Nicosia (Cyprus)                    | Cyprus               | EUR      | 3,420         | Burren En.(Berm)Ltd  | 100.00      | 100.00         | F.C.                                  |
| Burren Energy Plc                             | London (United Kingdom)             | United Kingdom       | GBP      | 28,819,023    | Eni UK Holding Plc   | 99.99       | 100.00         | F.C.                                  |



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|  |                                 |                |     |            | Eni UK Ltd           | (..)   |        |      |
|--|---------------------------------|----------------|-----|------------|----------------------|--------|--------|------|
| Burren Energy Ship Management Ltd (in liquidation)             | Nicosia (Cyprus)                | Cyprus         | EUR | 3,420      | Burren En.(Berm)Ltd  | 50.00  |        | Co.  |
|  |                                 |                |     |            | Burren(Cyp)Hold.Ltd  | 50.00  |        |      |
| Burren Energy Shipping and Transportation Ltd (in liquidation) | Nicosia (Cyprus)                | Cyprus         | EUR | 3,420      | Burren En.(Berm)Ltd  | 50.00  |        | Co.  |
|  |                                 |                |     |            | Burren(Cyp)Hold.Ltd  | 50.00  |        |      |
| Burren Shakti Ltd <sup>(8)</sup>                               | Hamilton (Bermuda)              | United Kingdom | USD | 65,300,000 | Burren En. India Ltd | 100.00 | 100.00 | F.C. |
| Eni Abu Dhabi BV   | Amsterdam (Netherlands)         | Netherlands    | EUR | 20,000     | Eni International BV | 100.00 |        | Eq.  |
| Eni AEP Ltd  | London (United Kingdom)         | Pakistan       | GBP | 73,471,000 | Eni UK Ltd           | 100.00 | 100.00 | F.C. |
| Eni Algeria Exploration BV                                     | Amsterdam (Netherlands)         | Algeria        | EUR | 20,000     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Algeria Ltd Sàrl   | Luxembourg (Luxembourg)         | Algeria        | USD | 20,000     | Eni Oil Holdings BV  | 100.00 | 100.00 | F.C. |
| Eni Algeria Production BV                                      | Amsterdam (Netherlands)         | Algeria        | EUR | 20,000     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Ambalat Ltd  | London (United Kingdom)         | Indonesia      | GBP | 1          | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni America Ltd  | Dover, Delaware (United States) | United States  | USD | 72,000     | Eni UHL Ltd          | 100.00 | 100.00 | F.C. |
| Eni Angola Exploration BV                                      | Amsterdam (Netherlands)         | Angola         | EUR | 20,000     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Angola Production BV                                       | Amsterdam (Netherlands)         | Angola         | EUR | 20,000     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Argentina Exploración y Explotación SA                     | Buenos Aires (Argentina)        | Argentina      | ARS | 24,136,336 | Eni International BV | 95.00  |        | Eq.  |
|  |                                 |                |     |            | Eni Oil Holdings BV  | 5.00   |        |      |
| Eni Arguni I Ltd   | London (United Kingdom)         | Indonesia      | GBP | 1          | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(8)

Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of Presidential Decree of 22 December 1986, n. 917: the profit pertaining to the Group is subject to the Italian taxation.

(9) Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of Presidential Decree of 22 December 1986, n. 917: the company is not subject to the Italian taxation following the admission of the instance by the Italian Revenue Agency.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Subsidiaries****Outside Italy**

| Company name           | Registered office                  | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|------------------------|------------------------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| Eni Australia BV       | Amsterdam (Netherlands)            | Australia            | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Eni Australia Ltd      | London (United Kingdom)            | Australia            | GBP      | 20,000,000    | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Eni BB Petroleum Inc   | Dover, Delaware (United States)    | United States        | USD      | 1,000         | Eni Petroleum Co Inc | 100.00      | 100.00         | F.C.                                  |
| Eni BTC Ltd            | London (United Kingdom)            | United Kingdom       | GBP      | 34,000,000    | Eni International BV | 100.00      |                | Eq.                                   |
| Eni Bukat Ltd          | London (United Kingdom)            | Indonesia            | GBP      | 1             | Eni Indonesia Ltd    | 100.00      | 100.00         | F.C.                                  |
| Eni Bulungan BV        | Amsterdam (Netherlands)            | Indonesia            | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Eni Canada Holding Ltd | Calgary (Canada)                   | Canada               | USD      | 1,453,200,001 | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Eni CBM Ltd            | London (United Kingdom)            | Indonesia            | USD      | 2,210,728     | Eni Lasmo Plc        | 100.00      | 100.00         | F.C.                                  |
| Eni China BV           | Amsterdam (Netherlands)            | China                | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Eni Congo SA           | Pointe - Noire (Republic of Congo) | Republic of Congo    | USD      | 17,000,000    | Eni E&P Holding BV   | 99.99       | 100.00         | F.C.                                  |
|                        |                                    |                      |          |               | Eni International BV | (..)        |                |                                       |

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|   |                           |                |     |                |                      |        |        |      |  |
|---|---------------------------|----------------|-----|----------------|----------------------|--------|--------|------|--|
|   |                           |                |     |                | Eni Int. NA NV Sàrl  | (..)   |        |      |  |
| Eni Croatia BV  | Amsterdam (Netherlands)   | Croatia        | EUR | 20,000         | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Cyprus Ltd  | Nicosia (Cyprus)          | Cyprus         | EUR | 2,004          | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Dación BV   | Amsterdam (Netherlands)   | Netherlands    | EUR | 90,000         | Eni Oil Holdings BV  | 100.00 | 100.00 | F.C. |  |
| Eni Denmark BV  | Amsterdam (Netherlands)   | Greenland      | EUR | 20,000         | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni do Brasil Investimentos em Exploração e Produção de Petróleo Ltda | Rio De Janeiro (Brazil)   | Brazil         | BRL | 1,593,415,000  | Eni International BV | 99.99  |        | Eq.  |  |
|   |                           |                |     |                | Eni Oil Holdings BV  | (..)   |        |      |  |
| Eni East Sepinggan Ltd  | London (United Kingdom)   | Indonesia      | GBP | 1              | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |  |
| Eni Elgin/Franklin Ltd  | London (United Kingdom)   | United Kingdom | GBP | 100            | Eni UK Ltd           | 100.00 | 100.00 | F.C. |  |
| Eni Energy Russia BV  | Amsterdam (Netherlands)   | Netherlands    | EUR | 20,000         | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Engineering E&P Ltd   | London (United Kingdom)   | United Kingdom | GBP | 40,000,001     | Eni UK Ltd           | 100.00 | 100.00 | F.C. |  |
| Eni Exploration & Production Holding BV                               | Amsterdam (Netherlands)   | Netherlands    | EUR | 29,832,777.12  | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Gabon SA  | Libreville (Gabon)        | Gabon          | XAF | 13,132,000,000 | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Ganai Ltd   | London (United Kingdom)   | Indonesia      | GBP | 2              | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |  |
| Eni Gas & Power LNG Australia BV                                      | Amsterdam (Netherlands)   | Australia      | EUR | 10,000,000     | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Ghana Exploration and Production Ltd                              | Accra (Ghana)             | Ghana          | GHS | 21,412,500     | Eni International BV | 100.00 | 100.00 | F.C. |  |
| Eni Hewett Ltd  | Aberdeen (United Kingdom) | United Kingdom | GBP | 3,036,000      | Eni UK Ltd           | 100.00 | 100.00 | F.C. |  |

Kingdom)

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

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## Eni Interim Consolidated Report

## Subsidiaries Annex to condensed consolidated interim financial statements

## Outside Italy

| Company name                   | Registered office               | Country of operation | Currency | Share Capital | Shareholders                       | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--------------------------------|---------------------------------|----------------------|----------|---------------|------------------------------------|-------------|----------------|---------------------------------------|
| Eni Hydrocarbons Venezuela Ltd | London (United Kingdom)         | United Kingdom       | GBP      | 11,000        | Eni Lasmo Plc                      | 100.00      |                | Eq.                                   |
| Eni India Ltd                  | London (United Kingdom)         | India                | GBP      | 44,000,000    | Eni UK Ltd                         | 100.00      | 100.00         | F.C.                                  |
| Eni Indonesia Ltd              | London (United Kingdom)         | Indonesia            | GBP      | 100           | Eni ULX Ltd                        | 100.00      | 100.00         | F.C.                                  |
| Eni Indonesia Ots 1 Ltd (8)    | George Town (Isole del Caimano) | Indonesia            | USD      | 1.01          | Eni Indonesia Ltd                  | 100.00      | 100.00         | F.C.                                  |
| Eni International NA NV Sàrl   | Luxembourg (Luxembourg)         | United Kingdom       | USD      | 25,000        | Eni International BV               | 100.00      | 100.00         | F.C.                                  |
| Eni Investments Plc            | London (United Kingdom)         | United Kingdom       | GBP      | 750,050,000   | Eni SpA                            | 99.99       | 100.00         | F.C.                                  |
| Eni Iran BV                    | Amsterdam (Netherlands)         | Iran                 | EUR      | 20,000        | Eni UK Ltd<br>Eni International BV | (..)        | 100.00         | 100.00 F.C.                           |
| Eni Iraq BV                    | Amsterdam (Netherlands)         | Iraq                 | EUR      | 20,000        | Eni International BV               | 100.00      | 100.00         | F.C.                                  |
| Eni Ireland BV                 | Amsterdam (Netherlands)         | Ireland              | EUR      | 20,000        | Eni International BV               | 100.00      | 100.00         | F.C.                                  |
| Eni Isatay BV                  | Amsterdam (Netherlands)         | Kazakhstan           | EUR      | 20,000        | Eni International BV               | 100.00      | 100.00         | F.C.                                  |
| Eni Ivory Coast Limited        | London (United Kingdom)         | Ivory Coast          | GBP      | 1             | Eni UK Ltd                         | 100.00      | 100.00         | F.C.                                  |

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|                                    |  |                |     |                |                      |        |        |      |
|------------------------------------|--|----------------|-----|----------------|----------------------|--------|--------|------|
| Eni JPDA 03-13 Ltd                 | London (United Kingdom)                    | Australia      | GBP | 250,000        | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni JPDA 06-105 Pty Ltd            | Perth (Australia)                          | Australia      | AUD | 80,830,576     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni JPDA 11-106 BV                 | Amsterdam (Netherlands)                    | Australia      | EUR | 50,000         | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Kenya BV                       | Amsterdam (Netherlands)                    | Kenya          | EUR | 20,000         | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Krueng Mane Ltd                | London (United Kingdom)                    | Indonesia      | GBP | 2              | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni Lasmo Plc                      | London (United Kingdom)                    | United Kingdom | GBP | 337,638,724.25 | Eni Investments Plc  | 99.99  | 100.00 | F.C. |
| Eni Liberia BV                     | Amsterdam (Netherlands)                    | Liberia        | EUR | 20,000         | Eni UK Ltd           | (..)   |        |      |
| Eni Liverpool Bay Operating Co Ltd | London (United Kingdom)                    | United Kingdom | GBP | 5,001,000      | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni LNS Ltd                        | London (United Kingdom)                    | United Kingdom | GBP | 80,400,000     | Eni UK Ltd           | 100.00 | 100.00 | F.C. |
| Eni Mali BV                        | Amsterdam (Netherlands)                    | Netherlands    | EUR | 20,000         | Eni International BV | 100.00 |        | Eq.  |
| Eni Marketing Inc                  | Dover, Delaware (United States)            | United States  | USD | 1,000          | Eni Petroleum Co Inc | 100.00 | 100.00 | F.C. |
| Eni Maroc BV                       | Amsterdam (Netherlands)                    | Netherlands    | EUR | 20,000         | Eni International BV | 100.00 |        | Eq.  |
| Eni México S. de RL de CV          | Lomas De Chapultepec, Mexico City (Mexico) | Mexico         | MXN | 3,000          | Eni International BV | 99.90  | 100.00 | F.C. |
| Eni Middle East BV                 | Amsterdam (Netherlands)                    | Netherlands    | EUR | 20,000         | Eni Oil Holdings BV  | 0.10   |        |      |
|                                    |  |                |     |                | Eni International BV | 100.00 |        | Eq.  |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(8)

Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of Presidential Decree of 22 December 1986, n. 917: the profit pertaining to the Group is subject to the Italian taxation.



## Eni Interim Consolidated Report

Annex to condensed consolidated interim financial statements **Subsidiaries****Outside Italy**

| Company name                   | Registered office       | Country of operation | Currency | Share Capital  | Shareholders                        | % Ownership    | % Equity ratio | Consolidation or valuation method (*) |
|--------------------------------|-------------------------|----------------------|----------|----------------|-------------------------------------|----------------|----------------|---------------------------------------|
| Eni Middle East Ltd            | London (United Kingdom) | United Kingdom       | GBP      | 5,000,002      | Eni ULT Ltd                         | 100.00         | 100.00         | F.C.                                  |
| Eni MOG Ltd (in liquidation)   | London (United Kingdom) | United Kingdom       | GBP      | 220,711,147.50 | Eni Lasmo Plc                       | 99.99          | 100.00         | F.C.                                  |
| Eni Montenegro BV              | Amsterdam (Netherlands) | Netherlands          | EUR      | 20,000         | Eni LNS Ltd<br>Eni International BV | (..)<br>100.00 |                | Eq.                                   |
| Eni Mozambique Engineering Ltd | London (United Kingdom) | United Kingdom       | GBP      | 1              | Eni UK Ltd                          | 100.00         | 100.00         | F.C.                                  |
| Eni Mozambique LNG Holding BV  | Amsterdam (Netherlands) | Netherlands          | EUR      | 20,000         | Eni International BV                | 100.00         | 100.00         | F.C.                                  |
| Eni Muara Bakau BV             | Amsterdam (Netherlands) | Indonesia            | EUR      | 20,000         | Eni International BV                | 100.00         | 100.00         | F.C.                                  |
| Eni Myanmar BV                 | Amsterdam (Netherlands) | Myanmar              | EUR      | 20,000         | Eni International BV                | 100.00         | 100.00         | F.C.                                  |
| Eni Norge AS                   | Forus (Norway)          | Norway               | NOK      | 278,000,000    | Eni International BV                | 100.00         | 100.00         | F.C.                                  |
| Eni North Africa BV            | Amsterdam (Netherlands) | Libyan               | EUR      | 20,000         | Eni International BV                | 100.00         | 100.00         | F.C.                                  |
| Eni North Galal Ltd            | London (United Kingdom) | Indonesia            | GBP      | 1              | Eni Indonesia Ltd                   | 100.00         | 100.00         | F.C.                                  |
|                                |                         |                      | USD      | 100,800        |                                     | 100.00         | 100.00         | F.C.                                  |

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|                              |   |                                  |     |             |  |                      |        |        |      |
|------------------------------|---|----------------------------------|-----|-------------|--|----------------------|--------|--------|------|
| Eni Oil & Gas Inc            | Dover, Delaware (United States)             | United States                    |     |             |  | Eni America Ltd      |        |        |      |
| Eni Oil Algeria Ltd          | London (United Kingdom)                     | Algeria                          | GBP | 1,000       |  | Eni Lasmo Plc        | 100.00 | 100.00 | F.C. |
| Eni Oil Holdings BV          | Amsterdam (Netherlands)                     | Netherlands                      | EUR | 450,000     |  | Eni ULX Ltd          | 100.00 | 100.00 | F.C. |
| Eni Pakistan (M) Ltd Sàrl    | Luxembourg (Luxembourg)                     | Pakistan                         | USD | 20,000      |  | Eni Oil Holdings BV  | 100.00 | 100.00 | F.C. |
| Eni Pakistan Ltd             | London (United Kingdom)                     | Pakistan                         | GBP | 90,087      |  | Eni ULX Ltd          | 100.00 | 100.00 | F.C. |
| Eni Papalang Ltd             | London (United Kingdom)                     | Indonesia                        | GBP | 2           |  | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni Petroleum Co Inc         | Dover, Delaware (United States)             | United States                    | USD | 156,600,000 |  | Eni SpA              | 63.86  | 100.00 | F.C. |
|                              |   |                                  |     |             |  | Eni International BV | 36.14  |        |      |
| Eni Petroleum US Llc         | Dover, Delaware (United States)             | United States                    | USD | 1,000       |  | Eni BB Petroleum Inc | 100.00 | 100.00 | F.C. |
| Eni Popodi Ltd               | London (United Kingdom)                     | Indonesia                        | GBP | 2           |  | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni Portugal BV              | Amsterdam (Netherlands)                     | Portugal                         | EUR | 20,000      |  | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Rapak Ltd                | London (United Kingdom)                     | Indonesia                        | GBP | 2           |  | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni RD Congo SA              | Kinshasa (Democratic Republic of the Congo) | Democratic Republic of the Congo | CDF | 750,000,000 |  | Eni International BV | 99.99  | 100.00 | F.C. |
|                              |   |                                  |     |             |  | Eni Oil Holdings BV  | (..)   |        |      |
| Eni South Africa BV          | Amsterdam (Netherlands)                     | South African Republic           | EUR | 20,000      |  | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni South China Sea Ltd Sàrl | Luxembourg (Luxembourg)                     | China                            | USD | 20,000      |  | Eni International BV | 100.00 |        | Eq.  |
| Eni South Salawati Ltd       | London (United Kingdom)                     | Indonesia                        | GBP | 1           |  | Eni Indonesia Ltd    | 100.00 | 100.00 | F.C. |
| Eni TNS Ltd                  | Aberdeen (United Kingdom)                   | United Kingdom                   | GBP | 1,000       |  | Eni UK Ltd           | 100.00 | 100.00 | F.C. |

Kingdom)

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

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## Eni Interim Consolidated Report

## Subsidiaries Annex to condensed consolidated interim financial statements

## Outside Italy

| Company name                        | Registered office                 | Country of operation | Currency | Share Capital | Shareholders                       | % Ownership   | % Equity ratio | Consolidation or valuation method (*) |
|-------------------------------------|-----------------------------------|----------------------|----------|---------------|------------------------------------|---------------|----------------|---------------------------------------|
| Eni Togo BV                         | Amsterdam (Netherlands)           | Netherlands          | EUR      | 20,000        | Eni International BV               | 100.00        |                | Eq.                                   |
| Eni Trinidad and Tobago Ltd         | Port Of Spain (Trinidad & Tobago) | Trinidad & Tobago    | TTD      | 1,181,880     | Eni International BV               | 100.00        | 100.00         | F.C.                                  |
| Eni Tunisia BV                      | Amsterdam (Netherlands)           | Tunisia              | EUR      | 20,000        | Eni International BV               | 100.00        | 100.00         | F.C.                                  |
| Eni Turkmenistan Ltd <sup>(9)</sup> | Hamilton (Bermuda)                | Turkmenistan         | USD      | 20,000        | Burren En.(Berm)Ltd                | 100.00        | 100.00         | F.C.                                  |
| Eni UHL Ltd                         | London (United Kingdom)           | United Kingdom       | GBP      | 1             | Eni ULT Ltd                        | 100.00        | 100.00         | F.C.                                  |
| Eni UK Holding Plc                  | London (United Kingdom)           | United Kingdom       | GBP      | 424,050,000   | Eni Lasmo Plc                      | 99.99         | 100.00         | F.C.                                  |
| Eni UK Ltd                          | London (United Kingdom)           | United Kingdom       | GBP      | 250,000,000   | Eni UK Ltd<br>Eni International BV | (.)<br>100.00 | 100.00         | F.C.                                  |
| Eni UKCS Ltd                        | London (United Kingdom)           | United Kingdom       | GBP      | 100           | Eni UK Ltd                         | 100.00        | 100.00         | F.C.                                  |
| Eni Ukraine Deep Waters BV          | Amsterdam (Netherlands)           | Ukraine              | EUR      | 20,000        | Eni Ukraine Hold.BV                | 100.00        |                | Eq.                                   |
| Eni Ukraine Holdings BV             | Amsterdam (Netherlands)           | Netherlands          | EUR      | 20,000        | Eni International BV               | 100.00        | 100.00         | F.C.                                  |
| Eni Ukraine Llc                     | Kiev (Ukraine)                    | Ukraine              | UAH      | 42,004,757.64 | Eni Ukraine Hold.BV                | 99.99         | 100.00         | F.C.                                  |
|                                     |                                   |                      |          |               |                                    | 0.01          |                |                                       |

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|                                   |                                 |                |     |               | Eni International BV      |        |        |      |
|-----------------------------------|---------------------------------|----------------|-----|---------------|---------------------------|--------|--------|------|
| Eni Ukraine Shallow Waters BV     | Amsterdam (Netherlands)         | Ukraine        | EUR | 20,000        | Eni Ukraine Hold.BV       | 100.00 |        | Eq.  |
| Eni ULT Ltd                       | London (United Kingdom)         | United Kingdom | GBP | 93,215,492.25 | Eni Lasmo Plc             | 100.00 | 100.00 | F.C. |
| Eni ULX Ltd                       | London (United Kingdom)         | United Kingdom | GBP | 200,010,000   | Eni ULT Ltd               | 100.00 | 100.00 | F.C. |
| Eni US Operating Co Inc           | Dover, Delaware (United States) | United States  | USD | 1,000         | Eni Petroleum Co Inc      | 100.00 | 100.00 | F.C. |
| Eni USA Gas Marketing Llc         | Dover, Delaware (United States) | United States  | USD | 10,000        | Eni Marketing Inc         | 100.00 | 100.00 | F.C. |
| Eni USA Inc                       | Dover, Delaware (United States) | United States  | USD | 1,000         | Eni Oil & Gas Inc         | 100.00 | 100.00 | F.C. |
| Eni Venezuela BV                  | Amsterdam (Netherlands)         | Venezuela      | EUR | 20,000        | Eni Venezuela E&P Holding | 100.00 | 100.00 | F.C. |
| Eni Venezuela E&P Holding SA      | Bruxelles (Belgium)             | Belgium        | USD | 963,800,000   | Eni International BV      | 99.97  | 100.00 | F.C. |
|                                   |                                 |                |     |               | Eni Oil Holdings BV       | 0.03   |        |      |
| Eni Ventures Plc (in liquidation) | London (United Kingdom)         | United Kingdom | GBP | 278,050,000   | Eni International BV      | 99.99  |        | Co.  |
|                                   |                                 |                |     |               | Eni Oil Holdings BV       | (..)   |        |      |
| Eni Vietnam BV                    | Amsterdam (Netherlands)         | Vietnam        | EUR | 20,000        | Eni International BV      | 100.00 | 100.00 | F.C. |
| Eni West Timor Ltd                | London (United Kingdom)         | Indonesia      | GBP | 1             | Eni Indonesia Ltd         | 100.00 | 100.00 | F.C. |
| Eni Western Asia BV               | Amsterdam (Netherlands)         | Netherlands    | EUR | 20,000        | Eni International BV      | 100.00 |        | Eq.  |
| Eni Yemen Ltd                     | London (United Kingdom)         | United Kingdom | GBP | 1,000         | Burren Energy Plc         | 100.00 |        | Eq.  |
| Eurl Eni Algérie                  | Algiers (Algeria)               | Algeria        | DZD | 1,000,000     | Eni Algeria Ltd Sàrl      | 100.00 |        | Eq.  |
|                                   |                                 | Algeria        | USD | 1             |                           | 99.90  | 100.00 | F.C. |

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First Calgary    Wilmington  
Petroleums    (United  
LP               States)

Eni Canada  
Hold. Ltd

FCP Partner    0.10  
Co ULC

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of (9) Presidential Decree of 22 December 1986, n. 917: the company is not subject to the Italian taxation following the admission of the instance by the Italian Revenue Agency.

## Eni Interim Consolidated Report

Annex to condensed consolidated interim financial statements **Subsidiaries****Outside Italy**

| Company name                           | Registered office       | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--|-------------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| First Calgary Petroleum Partner Co ULC | Calgary (Canada)        | Canada               | CAD      | 10            | Eni Canada Hold. Ltd | 100.00      | 100.00         | F.C.                                  |
| Ieoc Exploration BV                    | Amsterdam (Netherlands) | Egypt                | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Ieoc Production BV                     | Amsterdam (Netherlands) | Egypt                | EUR      | 20,000        | Eni International BV | 100.00      | 100.00         | F.C.                                  |
| Lasmo Sanga Sanga Ltd <sup>(9)</sup>   | Hamilton (Bermuda)      | Indonesia            | USD      | 12,000        | Eni Lasmo Plc        | 100.00      | 100.00         | F.C.                                  |
| Liverpool Bay Ltd                      | London (United Kingdom) | United Kingdom       | USD      | 29,075,343    | Eni ULX Ltd          | 100.00      | 100.00         | F.C.                                  |
| Nigerian Agip CPFA Ltd                 | Lagos (Nigeria)         | Nigeria              | NGN      | 1,262,500     | NAOC Ltd             | 98.02       |                | Co.                                   |
|  |                         |                      |          |               | Nigerian Agip E. Ltd | 0.99        |                |                                       |
|  |                         |                      |          |               | Agip En Nat Res.Ltd  | 0.99        |                |                                       |
| Nigerian Agip Exploration Ltd          | Abuja (Nigeria)         | Nigeria              | NGN      | 5,000,000     | Eni International BV | 99.99       | 100.00         | F.C.                                  |
|  |                         |                      |          |               | Eni Oil Holdings BV  | 0.01        |                |                                       |
| Nigerian Agip Oil Co Ltd               | Abuja (Nigeria)         | Nigeria              | NGN      | 1,800,000     | Eni International BV | 99.89       | 100.00         | F.C.                                  |
|  |                         |                      |          |               | Eni Oil Holdings BV  | 0.11        |                |                                       |
|  |                         |                      | RUB      | 2,000,000     |                      | 99.90       | 100.00         | F.C.                                  |

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| OOO 'Eni<br>Energhia'                  | Moscow<br>(Russian<br>Federation) | Russian<br>Federation |     |        | Eni Energy<br>Russia BV |       |     |
|--|-----------------------------------|-----------------------|-----|--------|-------------------------|-------|-----|
|  |                                   |                       |     |        | Eni Oil<br>Holdings BV  | 0.10  |     |
| Tecnomare<br>Egypt Ltd                 | Cairo (Egypt)                     | Egypt                 | EGP | 50,000 | Tecnomare<br>SpA        | 99.00 | Eq. |
|  |                                   |                       |     |        | Eni SpA                 | 1.00  |     |
| Zetah Congo<br>Ltd <sup>(8)</sup>      | Nassau<br>(Bahamas)               | Republic of<br>Congo  | USD | 300    | Eni Congo<br>SA Burren  | 66.67 | Co. |
|  |                                   |                       |     |        | En.Congo<br>Ltd         | 33.33 |     |
| Zetah<br>Kouilou Ltd<br><sup>(8)</sup> | Nassau<br>(Bahamas)               | Republic of<br>Congo  | USD | 2,000  | Eni Congo<br>SA Burren  | 54.50 | Co. |
|  |                                   |                       |     |        | En.Congo<br>Ltd         | 37.00 |     |
|  |                                   |                       |     |        | Third parties           | 8.50  |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of (8) Presidential Decree of 22 December 1986, n. 917: the profit pertaining to the Group is subject to the Italian taxation.

Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of (9) Presidential Decree of 22 December 1986, n. 917: the company is not subject to the Italian taxation following the admission of the instance by the Italian Revenue Agency.



## Eni Interim Consolidated Report

## Subsidiaries Annex to condensed consolidated interim financial statements

## Gas &amp; Power

## In Italy

| Company name                   | Registered office        | Country of operation | Currency | Share Capital | Shareholders       | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--------------------------------|--------------------------|----------------------|----------|---------------|--------------------|-------------|----------------|---------------------------------------|
| ACAM Clienti SpA               | La Spezia (SP)           | Italy                | EUR      | 120,000       | Eni SpA            | 100.00      | 100.00         | F.C.                                  |
| Eni Gas Transport Services Srl | San Donato Milanese (MI) | Italy                | EUR      | 120,000       | Eni SpA            | 100.00      |                | Co.                                   |
| Eni Medio Oriente SpA          | San Donato Milanese (MI) | Italy                | EUR      | 6,655,992     | Eni SpA            | 100.00      |                | Co.                                   |
| Eni Trading & Shipping SpA     | Rome (RM)                | Italy                | EUR      | 60,036,650    | Eni SpA            | 94.73       | 100.00         | F.C.                                  |
|                                |                          |                      |          |               | Eni Gas & Power NV | 5.27        |                |                                       |
| EniPower Mantova SpA           | San Donato Milanese (MI) | Italy                | EUR      | 144,000,000   | EniPower SpA       | 86.50       | 86.50          | F.C.                                  |
|                                |                          |                      |          |               | Third parties      | 13.50       |                |                                       |
| EniPower SpA                   | San Donato Milanese (MI) | Italy                | EUR      | 944,947,849   | Eni SpA            | 100.00      | 100.00         | F.C.                                  |
| LNG Shipping SpA Servizi       | San Donato Milanese (MI) | Italy                | EUR      | 240,900,000   | Eni SpA            | 100.00      | 100.00         | F.C.                                  |
| Fondo Bombole Metano SpA       | Rome (RM)                | Italy                | EUR      | 13,580,000.20 | Eni SpA            | 100.00      |                | Co.                                   |
| Trans Tunisian Pipeline Co     | San Donato Milanese (MI) | Tunisia              | EUR      | 1,098,000     | Eni SpA            | 100.00      | 100.00         | F.C.                                  |

SpA

Outside Italy

|  |                                 |               |     |                |                      |        |        |      |
|--|---------------------------------|---------------|-----|----------------|----------------------|--------|--------|------|
| Adriaplin Podjetje za distribucijo zemeljskega plina doo Ljubljana   | Ljubljana (Slovenia)            | Slovenia      | EUR | 12,956,935     | Eni SpA              | 51.00  | 51.00  | F.C. |
|  |                                 |               |     |                | Third parties        | 49.00  |        |      |
| Distrigas LNG Shipping SA  | Bruxelles (Belgium)             | Belgium       | EUR | 788,579.55     | LNG Shipping SpA     | 99.99  | 100.00 | F.C. |
|  |                                 |               |     |                | Eni Gas & Power NV   | (..)   |        |      |
| Eni G&P France BV  | Amsterdam (Netherlands)         | France        | EUR | 20,000         | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni G&P Trading BV   | Amsterdam (Netherlands)         | Turkey        | EUR | 70,000         | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Gas & Power France SA  | Levallois Perret (France)       | France        | EUR | 29,937,600     | Eni G&P France BV    | 99.85  | 99.85  | F.C. |
|  |                                 |               |     |                | Third parties        | 0.15   |        |      |
| Eni Gas & Power NV   | Vilvoorde (Belgium)             | Belgium       | EUR | 413,248,823.14 | Eni SpA              | 99.99  | 100.00 | F.C. |
|  |                                 |               |     |                | Eni International BV | (..)   |        |      |
| Eni Trading & Shipping Inc   | Dover, Delaware (United States) | United States | USD | 36,000,000     | Ets SpA              | 100.00 | 100.00 | F.C. |
| Eni Wind Belgium NV  | Vilvoorde (Belgium)             | Belgium       | EUR | 5,494,500      | Eni Gas & Power NV   | 99.77  | 100.00 | F.C. |
|  |                                 |               |     |                | Eni International BV | 0.23   |        |      |
| Société de Service du Gazoduc Transtunisien SA - Sergaz SA           | Tunisi (Tunisia)                | Tunisia       | TND | 99,000         | Eni International BV | 66.67  | 66.67  | F.C. |
|  |                                 |               |     |                | Third parties        | 33.33  |        |      |
| Société pour la Construction du Gazoduc Transtunisien SA - Scogat SA | Tunisi (Tunisia)                | Tunisia       | TND | 200,000        | Eni International BV | 99.85  | 100.00 | F.C. |
|  |                                 |               |     |                | Trans Tunis.P.Co SpA | 0.05   |        |      |
|  |                                 |               |     |                | Eni Gas & Power NV   | 0.05   |        |      |
| Tigáz Gepa Kft   |                                 | Hungary       | HUF | 52,780,000     | Eni SpA              | 0.05   |        |      |
|  |                                 |               |     |                | Tigáz Zrt            | 100.00 |        | Eq.  |

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|   |                             |         |     |               |               |       |       |      |  |
|---|-----------------------------|---------|-----|---------------|---------------|-------|-------|------|--|
|   | Hajdúszoboszló<br>(Hungary) |         |     |               |               |       |       |      |  |
| Tigáz Tiszántúli<br>Gázszolgáltató<br>Zártkörűen Működő<br>Részvénytársaság | Hajdúszoboszló<br>(Hungary) | Hungary | HUF | 8,486,070,500 | Eni SpA       | 98.99 | 98.99 | F.C. |  |
|   |                             |         |     |               | Third parties | 1.01  |       |      |  |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Subsidiaries****Outside Italy**

| Company name                       | Registered office           | Country of operation | Currency | Share Capital | Shareholders | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|------------------------------------|-----------------------------|----------------------|----------|---------------|--------------|-------------|----------------|---------------------------------------|
| Tigáz-Dso<br>Földgázelosztó<br>kft | Hajdúszoboszló<br>(Hungary) | Hungary              | HUF      | 62,066,000    | Tigáz Zrt    | 100.00      | 98.99          | F.C.                                  |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report****Subsidiaries** Annex to condensed consolidated interim financial statements**Refining & Marketing and Chemical****Refining & Marketing****In Italy**

| Company name                                    | Registered office        | Country of operation | Currency | Share Capital | Shareholders      | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|---|--------------------------|----------------------|----------|---------------|-------------------|-------------|----------------|---------------------------------------|
| Consorzio Agipgas Sabina (in liquidation)       | Cittaducale (RI)         | Italy                | EUR      | 5,160         | Eni Rete o&no SpA | 100.00      |                | Co.                                   |
| Consorzio Condeco Santapalomba (in liquidation) | Rome (RM)                | Italy                | EUR      | 125,507       | Eni SpA           | 92.66       |                | Eq.                                   |
|   |                          |                      |          |               | Third parties     | 7.34        |                |                                       |
| Ecofuel SpA                                     | San Donato Milanese (MI) | Italy                | EUR      | 52,000,000    | Eni SpA           | 100.00      | 100.00         | F.C.                                  |
| Eni Fuel Centrosud SpA                          | Rome (RM)                | Italy                | EUR      | 21,000,000    | Eni SpA           | 100.00      | 100.00         | F.C.                                  |
| Eni Fuel Nord SpA                               | San Donato Milanese (MI) | Italy                | EUR      | 9,670,000     | Eni SpA           | 100.00      | 100.00         | F.C.                                  |
| Eni Rete oil&nonoil SpA                         | Rome (RM)                | Italy                | EUR      | 27,480,000    | Eni SpA           | 100.00      | 100.00         | F.C.                                  |
| Raffineria di Gela SpA                          | Gela (CL)                | Italy                | EUR      | 15,000,000    | Eni SpA           | 100.00      | 100.00         | F.C.                                  |

**Outside Italy**

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|  |                            |               |     |                |                      |        |        |      |
|--|----------------------------|---------------|-----|----------------|----------------------|--------|--------|------|
| Agip Lubricantes SA (in liquidation)     | Buenos Aires (Argentina)   | Argentina     | ARS | 1,500,000      | Eni International BV | 97.00  |        | Eq.  |
|  |                            |               |     |                | Eni Oil Holdings BV  | 3.00   |        |      |
| Eni Austria GmbH                         | Wien (Austria)             | Austria       | EUR | 78,500,000     | Eni International BV | 75.00  | 100.00 | F.C. |
|  |                            |               |     |                | Eni Deutsch.GmbH     | 25.00  |        |      |
| Eni Benelux BV                           | Rotterdam (Netherlands)    | Netherlands   | EUR | 1,934,040      | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Deutschland GmbH                     | Munich (Germany)           | Germany       | EUR | 90,000,000     | Eni International BV | 89.00  | 100.00 | F.C. |
|  |                            |               |     |                | Eni Oil Holdings BV  | 11.00  |        |      |
| Eni Ecuador SA                           | Quito (Ecuador)            | Ecuador       | USD | 103,142.08     | Eni International BV | 99.93  | 100.00 | F.C. |
|  |                            |               |     |                | Esain SA             | 0.07   |        |      |
| Eni France Sàrl                          | Lyon (France)              | France        | EUR | 56,800,000     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Hungaria Zrt                         | Budaors (Hungary)          | Hungary       | HUF | 15,441,600,000 | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Iberia SLU                           | Alcobendas (Spain)         | Spain         | EUR | 17,299,100     | Eni International BV | 100.00 | 100.00 | F.C. |
| Eni Lubricants Trading (Shanghai) Co Ltd | Shanghai (China)           | China         | EUR | 5,000,000      | Eni International BV | 100.00 |        | Eq.  |
| Eni Marketing Austria GmbH               | Wien (Austria)             | Austria       | EUR | 19,621,665.23  | Eni Mineralöhl.GmbH  | 99.99  | 100.00 | F.C. |
|  |                            |               |     |                | Eni International BV | (..)   |        |      |
| Eni Mineralölhandel GmbH                 | Wien (Austria)             | Austria       | EUR | 34,156,232.06  | Eni Austria GmbH     | 100.00 | 100.00 | F.C. |
| Eni Schmiertechnik GmbH                  | Wurzburg (Germany)         | Germany       | EUR | 2,000,000      | Eni Deutsch.GmbH     | 100.00 | 100.00 | F.C. |
| Eni Suisse SA                            | Lausanne (Switzerland)     | Switzerland   | CHF | 102,500,000    | Eni International BV | 99.99  | 100.00 | F.C. |
|  |                            |               |     |                | Third parties        | (..)   |        |      |
| Eni USA R&M Co Inc                       | Wilmington (United States) | United States | USD | 11,000,000     | Eni International BV | 100.00 | 100.00 | F.C. |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Subsidiaries****Outside Italy**

| Company name        | Registered office           | Country of operation | Currency | Share Capital | Shareholders                                | % Ownership    | % Equity ratio | Consolidation or valuation method (*) |
|---------------------|-----------------------------|----------------------|----------|---------------|---|----------------|----------------|---------------------------------------|
| Esaccontrol SA      | Quito (Ecuador)             | Ecuador              | USD      | 60,000        | Eni Ecuador SA<br>Third parties             | 87.00<br>13.00 |                | Eq.                                   |
| Esain SA            | Quito (Ecuador)             | Ecuador              | USD      | 30,000        | Eni Ecuador SA<br>Tecnoesa SA               | 99.99<br>(..)  | 100.00         | F.C.                                  |
| Oléoduc du Rhône SA | Valais (Switzerland)        | Switzerland          | CHF      | 7,000,000     | Eni International BV                        | 100.00         |                | Eq.                                   |
| OOO "Eni-Nefto"     | Moscow (Russian Federation) | Russian Federation   | RUB      | 1,010,000     | Eni International BV<br>Eni Oil Holdings BV | 99.01<br>0.99  |                | Eq.                                   |
| Tecnoesa SA         | Quito (Ecuador)             | Ecuador              | USD      | 36,000        | Eni Ecuador SA<br>Esain SA                  | 99.99<br>(..)  |                | Eq.                                   |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report****Subsidiaries** Annex to condensed consolidated interim financial statements**Chemical**

| Company name | Registered office        | Country of operation | Currency | Share Capital | Shareholders | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--------------|--------------------------|----------------------|----------|---------------|--------------|-------------|----------------|---------------------------------------|
| Versalis SpA | San Donato Milanese (MI) | Italy                | EUR      | 1,364,790,000 | Eni SpA      | 100.00      | 100.00         | F.C.                                  |

## In Italy

|   |                          |       |     |         |              |                    |       |     |
|---|--------------------------|-------|-----|---------|--------------|--------------------|-------|-----|
| Consorzio Industriale Gas Naturale (in liquidation) | San Donato Milanese (MI) | Italy | EUR | 124,000 | Versalis SpA |                    | 53.55 | Eq. |
|   |                          |       |     |         |              | Raff. di Gela SpA  | 18.74 |     |
|   |                          |       |     |         |              | Eni SpA            | 15.37 |     |
|   |                          |       |     |         |              | Raff. Milazzo ScpA | 11.58 |     |
|   |                          |       |     |         |              | Syndial SpA        | 0.76  |     |

**Outside Italy**

|   |                    |         |     |               |              |                           |        |      |      |
|---|--------------------|---------|-----|---------------|--------------|---------------------------|--------|------|------|
| Dunastyr Polisztirolgyártó Zártkörűen Működő Részvénytársaság | Budapest (Hungary) | Hungary | HUF | 8,092,160,000 | Versalis SpA | 96.34                     | 100.00 | F.C. |      |
|   |                    |         |     |               |              | Versalis Deutschland GmbH |        |      | 1.83 |
|   |                    |         |     |               |              | Versalis International SA |        |      | 1.83 |
| Eni Chemicals Trading (Shanghai) Co Ltd                       | Shanghai (China)   | China   | USD | 5,000,000     | Versalis SpA | 100.00                    | 100.00 | F.C. |      |



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|  |  |                   |     |                |  |        |        |  |      |
|--|--|-------------------|-----|----------------|--|--------|--------|--|------|
| Polimeri Europa Elastomeres France SA (in liquidation) | Champagnier (France)                           | France            | EUR | 638,714        | Versalis SpA                           | 100.00 |        |  | Eq.  |
| Versalis Americas Inc                                  | Dover, Delaware (United States)                | United States     | USD | 100,000        | Versalis International SA              | 100.00 |        |  | Eq.  |
| Versalis Congo Sarlu                                   | Tchitembo - Pointe - Noire (Republic of Congo) | Republic of Congo | CDF | 1,000,000      | Versalis International SA              | 100.00 |        |  | Eq.  |
| Versalis Deutschland GmbH                              | Eschborn (Germany)                             | Germany           | EUR | 100,000        | Versalis SpA                           | 100.00 | 100.00 |  | F.C. |
| Versalis France SAS                                    | Mardyck (France)                               | France            | EUR | 126,115,582.90 | Versalis SpA                           | 100.00 | 100.00 |  | F.C. |
| Versalis International SA                              | Bruxelles (Belgium)                            | Belgium           | EUR | 15,449,173.88  | Versalis SpA                           | 59.00  | 100.00 |  | F.C. |
|  |  |                   |     |                | Versalis Deutschland GmbH              | 23.71  |        |  |      |
|  |  |                   |     |                | Dunastyr Zrt                           | 14.43  |        |  |      |
|  |  |                   |     |                | Versalis France                        | 2.86   |        |  |      |
| Versalis Kimya Ticaret Limited Sirketi                 | Istanbul (Turkey)                              | Turkey            | TRY | 20,000         | Versalis International SA              | 100.00 |        |  | Eq.  |
| Versalis Pacific (India) Private Ltd                   | Mumbai (India)                                 | India             | INR | 115,110        | Versalis Pacific Trading Third parties | 99.99  |        |  | Eq.  |
|  |  |                   |     |                |  | 0.01   |        |  |      |
| Versalis Pacific Trading (Shanghai) Co Ltd             | Shanghai (China)                               | China             | CNY | 1,000,000      | Versalis SpA                           | 100.00 | 100.00 |  | F.C. |
| Versalis UK Ltd  | Hythe (United Kingdom)                         | United Kingdom    | GBP | 4,004,041      | Versalis SpA                           | 100.00 | 100.00 |  | F.C. |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Subsidiaries****Corporate and other activities****Corporate and financial companies****In Italy**

| Company name                     | Registered office        | Country of operation | Currency | Share Capital | Shareholders                   | % Ownership    | % Equity ratio | Consolidation or valuation method (*) |
|----------------------------------|--------------------------|----------------------|----------|---------------|--------------------------------|----------------|----------------|---------------------------------------|
| Agenzia Giornalistica Italia SpA | Rome (RM)                | Italy                | EUR      | 2,000,000     | Eni SpA                        | 100.00         | 100.00         | F.C.                                  |
| Eni Adfin SpA                    | Rome (RM)                | Italy                | EUR      | 85,537,498.80 | Eni SpA<br>Third parties       | 99.65<br>0.35  | 99.65          | F.C.                                  |
| Eni Corporate University SpA     | San Donato Milanese (MI) | Italy                | EUR      | 3,360,000     | Eni SpA                        | 100.00         | 100.00         | F.C.                                  |
| EniServizi SpA                   | San Donato Milanese (MI) | Italy                | EUR      | 13,427,419.08 | Eni SpA                        | 100.00         | 100.00         | F.C.                                  |
| Serfactoring SpA                 | San Donato Milanese (MI) | Italy                | EUR      | 5,160,000     | Eni Adfin SpA<br>Third parties | 49.00<br>51.00 | 48.83          | F.C.                                  |
| Servizi Aerei SpA                | San Donato Milanese (MI) | Italy                | EUR      | 79,817,238    | Eni SpA                        | 100.00         | 100.00         | F.C.                                  |

**Outside Italy**

|               |                     |         |     |            |                   |  |       |             |
|---------------|---------------------|---------|-----|------------|-------------------|--|-------|-------------|
| Banque Eni SA | Bruxelles (Belgium) | Belgium | EUR | 50,000,000 | Eni International |  | 99.90 | 100.00 F.C. |
|---------------|---------------------|---------|-----|------------|-------------------|--|-------|-------------|

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|                                    |                                    |                   |     |               |                              |        |        |      |
|------------------------------------|------------------------------------|-------------------|-----|---------------|------------------------------|--------|--------|------|
|                                    |                                    |                   |     |               | BV<br>Eni Oil<br>Holdings BV | 0.10   |        |      |
| Eni Finance<br>International SA    | Bruxelles<br>(Belgium)             | Belgium           | USD | 2,474,225,632 | Eni<br>International<br>BV   | 66.39  | 100.00 | F.C. |
|                                    |                                    |                   |     |               | Eni SpA                      | 33.61  |        |      |
| Eni Finance USA<br>Inc             | Dover, Delaware<br>(United States) | United States     | USD | 15,000,000    | Eni Petroleum<br>Co Inc      | 100.00 | 100.00 | F.C. |
| Eni Insurance Ltd                  | Dublin (Ireland)                   | Ireland           | EUR | 500,000,000   | Eni SpA                      | 100.00 | 100.00 | F.C. |
| Eni International<br>BV            | Amsterdam<br>(Netherlands)         | Netherlands       | EUR | 641,683,425   | Eni SpA                      | 100.00 | 100.00 | F.C. |
| Eni International<br>Resources Ltd | London (United<br>Kingdom)         | United<br>Kingdom | GBP | 50,000        | Eni SpA                      | 99.99  | 100.00 | F.C. |
|                                    |                                    |                   |     |               | Eni UK Ltd                   | (..)   |        |      |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report****Subsidiaries** Annex to condensed consolidated interim financial statements**Other activities**

| Company name   | Registered office        | Country of operation | Currency  | Share Capital  | Shareholders  | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--|--------------------------|----------------------|-----------|----------------|---------------|-------------|----------------|---------------------------------------|
| Syndial Servizi Ambientali SpA (ex Syndial SpA - Attività Diversificate) | San Donato Milanese (MI) | Italy                | EUR       | 422,269,480.70 | Eni SpA       | 99.99       | 100.00         | F.C.                                  |
|  |                          |                      |           |                | Third parties | (..)        |                |                                       |
| In Italy   |                          |                      |           |                |               |             |                |                                       |
| Anic Partecipazioni SpA (in liquidation)                                 |                          | Gela (CL)            | Italy EUR | 23,519,847.16  | Syndial SpA   | 99.96       |                | Eq.                                   |
|  |                          |                      |           |                | Third parties | 0.04        |                |                                       |
| Industria Siciliana Acido Fosforico - ISAF - SpA (in liquidation)        |                          | Gela (CL)            | Italy EUR | 1,300,000      | Syndial SpA   | 52.00       |                | Eq.                                   |
|  |                          |                      |           |                | Third parties | 48.00       |                |                                       |
| Ing. Luigi Conti Vecchi SpA  |                          | Assemini (CA)        | Italy EUR | 5,518,620.64   | Syndial SpA   | 100.00      | 100.00         | F.C.                                  |
| Outside Italy  |                          |                      |           |                |               |             |                |                                       |
| Oleodotto del Reno SA  | Coira (Switzerland)      | Switzerland          | CHF       | 1,550,000      | Syndial SpA   | 100.00      |                | Eq.                                   |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.



**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Joint arrangements and associates****Joint arrangements and associates****Exploration & Production****In Italy**

| Company name   | Registered office        | Country of operation | Currency | Share Capital | Shareholders  | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--|--------------------------|----------------------|----------|---------------|---------------|-------------|----------------|---------------------------------------|
| Eni East Africa SpA <sup>(†)</sup>                     | San Donato Milanese (MI) | Mozambique           | EUR      | 20,000,000    | Eni SpA       | 71.43       | 71.43          | J.O.                                  |
|  |                          |                      |          |               | Third parties | 28.57       |                |                                       |
| Società Oleodotti Meridionali – SOM SpA <sup>(†)</sup> | San Donato Milanese (MI) | Italy                | EUR      | 3,085,000     | Eni SpA       | 70.00       | 70.00          | J.O.                                  |
|  |                          |                      |          |               | Third parties | 30.00       |                |                                       |

**Outside Italy**

|  |                         |                    |     |                |                      |       |       |     |
|--|-------------------------|--------------------|-----|----------------|----------------------|-------|-------|-----|
| Agiba Petroleum Co <sup>(†)</sup>      | Cairo (Egypt)           | Egypt              | EGP | 20,000         | Ieoc Production BV   | 50.00 | 50.00 | Co. |
|  |                         |                    |     |                | Third parties        |       | 50.00 |     |
| Angola LNG Ltd                         | Hamilton (Bermuda)      | Angola             | USD | 11,380,085,779 | Eni Angola Prod.BV   | 13.60 | 86.40 | Eq. |
|  |                         |                    |     |                | Third parties        |       |       |     |
| Ashrafi Island Petroleum Co            | Cairo (Egypt)           | Egypt              | EGP | 20,000         | Ieoc Production BV   | 25.00 | 75.00 | Co. |
|  |                         |                    |     |                | Third parties        |       |       |     |
| Barentsmorneftegaz Sàrl <sup>(†)</sup> | Luxembourg (Luxembourg) | Russian Federation | USD | 20,000         | Eni Energy Russia BV | 33.33 |       | Eq. |

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|   |                         |                    |     |               |   |                        |     |
|---|-------------------------|--------------------|-----|---------------|---|------------------------|-----|
| Cabo Delgado Gas Development Limitada (†)   | Maputo (Mozambique)     | Mozambique         | MZN | 2,500,000     | Third parties<br>Eni<br>Mozambique LNG H. BV                  | 66.67<br>50.00         | Co. |
| CARDÓN IV SA (†)                            | Caracas (Venezuela)     | Venezuela          | VEF | 17,210,000    | Third parties<br>Eni Venezuela BV                             | 50.00<br>50.00         | Eq. |
| Compañía Agua Plana SA                      | Caracas (Venezuela)     | Venezuela          | VEF | 100           | Third parties<br>Eni Venezuela BV                             | 50.00<br>26.00         | Co. |
| East Delta Gas Co                           | Cairo (Egypt)           | Egypt              | EGP | 20,000        | Third parties<br>Ieoc<br>Production BV                        | 74.00<br>37.50         | Co. |
| East Kanayis Petroleum Company (†)          | Cairo (Egypt)           | Egypt              | EGP | 20,000        | Third parties<br>Ieoc<br>Production BV                        | 62.50<br>50.00         | Co. |
| East Obaiyed Petroleum Company (†)          | Cairo (Egypt)           | Egypt              | EGP | 20,000        | Third parties<br>Ieoc SpA                                     | 50.00                  | Co. |
| El Temsah Petroleum Co                      | Cairo (Egypt)           | Egypt              | EGP | 20,000        | Third parties<br>Ieoc<br>Production BV                        | 50.00<br>25.00         | Co. |
| El-Fayrouz Petroleum Co (†)(in liquidation) | Cairo (Egypt)           | Egypt              | EGP | 20,000        | Third parties<br>Ieoc<br>Exploration BV                       | 75.00<br>50.00         | Co. |
| Enstar Petroleum Ltd                        | Calgary (Canada)        | Canada             | CAD | 0.10          | Third parties<br>Unimar Llc                                   | 50.00<br>100.00        |     |
| Fedynskmorneftegaz Sàrl (†)                 | Luxembourg (Luxembourg) | Russian Federation | USD | 20,000        | Eni Energy<br>Russia BV                                       | 33.33                  | Eq. |
| Hindustan Oil Exploration Co Ltd            | Vadodara (India)        | India              | INR | 1,304,932,890 | Third parties<br>Burren Shakti Ltd<br>Burren En.<br>India Ltd | 66.67<br>16.28<br>0.01 | Eq. |
| InAgip doo (†)                              | Zagreb (Croatia)        | Croatia            | HRK | 54,000        | Third parties<br>Eni Croatia BV                               | 83.71<br>50.00         | Co. |
| Karachaganak Petroleum Operating BV         | Amsterdam (Netherlands) | Kazakhstan         | EUR | 20,000        | Third parties<br>Agip<br>Karachaganak BV                      | 50.00<br>29.25         | Co. |
|   |                         |                    |     |               | Third parties   | 70.75                  |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.





## Eni Interim Consolidated Report

**Joint arrangements and associates** Annex to condensed consolidated interim financial statements**Outside Italy**

| Company name  | Registered office                                       | Country of operation          | Currency          | Share Capital                              | Shareholders  | % Ownership                        | % Equity ratio(*) | Consolidation or valuation method |
|---|---|-------------------------------|-------------------|--|---|------------------------------------|-------------------|-----------------------------------|
| Karachaganak Project Development Ltd (KPD)  | Reading, Berkshire (United Kingdom)                     | United Kingdom                | GBP               | 100  | Agip Karachaganak BV  | 38.00                              |                   | Eq.                               |
| Khaleej Petroleum Co Wll  | Safat (Kuwait)  | Kuwait                        | KWD               | 250,000                                    | Third parties<br>Eni Middle E. Ltd  | 62.00<br>49.00                     |                   | Eq.                               |
| Liberty National Development Co Llc   | Wilmington (United States)                              | United States                 | USD               | 0  | (a) Eni Oil & Gas Inc   | 32.50                              |                   | Eq.                               |
| Llc Astroinvest-Energy Llc Industrial Company Gazvydobuvannya Llc 'Westgasinvest' (†) | Zinkiv (Ukraine)<br>Poltava (Ukraine)<br>Lviv (Ukraine) | Ukraine<br>Ukraine<br>Ukraine | UAH<br>UAH<br>UAH | 469,186,704.96<br>354,965,000<br>2,000,000 | Third parties<br>Zagoryanska P BV<br>Pokrovskoe P BV<br>Eni Ukraine Hold.BV | 67.50<br>100.00<br>100.00<br>50.01 |                   | Eq.                               |
| Mediterranean Gas Co  | Cairo (Egypt)   | Egypt                         | EGP               | 20,000                                     | Third parties<br>Ieoc Production BV   | 75.00<br>25.00                     |                   | Co.                               |
| Mellitah Oil & Gas BV (†)   | Amsterdam (Netherlands)                                 | Libyan                        | EUR               | 20,000                                     | Eni North Africa BV<br>Third parties  | 50.00<br>50.00                     |                   | Co.                               |
| Nile Delta Oil Co Nidoco  | Cairo (Egypt)   | Egypt                         | EGP               | 20,000                                     | Ieoc Production BV<br>Third parties   | 37.50<br>62.50                     |                   | Co.                               |
| North Bardawil Petroleum Co   | Cairo (Egypt)<br>Cairo (Egypt)                          | Egypt<br>Egypt                | EGP<br>EGP        | 20,000<br>20,000                           | Ieoc Exploration BV<br>Third parties<br>Ieoc SpA                            | 30.00<br>70.00<br>25.00            |                   | Co.<br>Co.                        |

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|  |  |                       |     |                |  |                         |       |     |
|--|--|-----------------------|-----|----------------|--|-------------------------|-------|-----|
| North El Burg<br>Petroleum<br>Company      |  |                       |     |                |  | Third parties           | 75.00 |     |
| Petrobel Belayim<br>Petroleum Co (†)       | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 50.00 | Co. |
|  |  |                       |     |                |  | Third parties           | 50.00 |     |
| PetroBicentenario<br>SA (†)                | Caracas<br>(Venezuela)                 | Venezuela             | VEF | 410,500,000    |  | Eni Lasmo Plc           | 40.00 | Eq. |
|  |  |                       |     |                |  | Third parties           | 60.00 |     |
| PetroJunín SA (†)                          | Caracas<br>(Venezuela)                 | Venezuela             | VEF | 2,591,100,000  |  | Eni Lasmo Plc           | 40.00 | Eq. |
|  |  |                       |     |                |  | Third parties           | 60.00 |     |
| PetroSucre SA                              | Caracas<br>(Venezuela)                 | Venezuela             | VEF | 220,300,000    |  | Eni Venezuela<br>BV     | 26.00 | Eq. |
|  |  |                       |     |                |  | Third parties           | 74.00 |     |
| Pharaonic<br>Petroleum Co                  | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 25.00 | Co. |
|  |  |                       |     |                |  | Third parties           | 75.00 |     |
| Pokrovskoe<br>Petroleum BV (†)             | Amsterdam<br>(Netherlands)             | Netherlands           | EUR | 25,715         |  | Eni Ukraine<br>Hold.BV  | 30.00 | Eq. |
|  |  |                       |     |                |  | Third parties           | 70.00 |     |
| Port Said Petroleum<br>Co (†)              | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 50.00 | Co. |
|  |  |                       |     |                |  | Third parties           | 50.00 |     |
| Raml Petroleum Co                          | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 22.50 | Co. |
|  |  |                       |     |                |  | Third parties           | 77.50 |     |
| Ras Qattara<br>Petroleum Co                | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 37.50 | Co. |
|  |  |                       |     |                |  | Third parties           | 62.50 |     |
| Rovuma Basin<br>LNG Land<br>Limitada (†)   | Maputo<br>(Mozambique)                 | Mozambique            | MZN | 140,000        |  | Eni East<br>Africa SpA  | 33.33 | Co. |
|  |  |                       |     |                |  | Third parties           | 66.67 |     |
| Shatskmorneftegaz<br>Sàrl (†)              | Luxembourg<br>(Luxembourg)             | Russian<br>Federation | USD | 20,000         |  | Eni Energy<br>Russia BV | 33.33 | Eq. |
|  |  |                       |     |                |  | Third parties           | 66.67 |     |
| Shorouk Petroleum<br>Company (†)           | Cairo (Egypt)                          | Egypt                 | EGP | 20,000         |  | Ieoc<br>Production BV   | 50.00 | Co. |
|  |  |                       |     |                |  | Third parties           | 50.00 |     |
| Société Centrale<br>Electrique du<br>Congo | Pointe-noire<br>(Republic of<br>Congo) | Republic of<br>Congo  | XAF | 44,732,000,000 |  | Eni Congo SA            | 20.00 | Eq. |
|  |  |                       |     |                |  | Third parties           | 80.00 |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

(a) Shares without nominal value.



## Eni Interim Consolidated Report

Annex to condensed consolidated interim financial statements **Joint arrangements and associates****Outside Italy**

| Company name  | Registered office       | Country of operation | Currency | Share Capital | Shareholders                          | % Ownership    | % Equity ratio(*) | Consolidation or valuation method |
|---|-------------------------|----------------------|----------|---------------|---------------------------------------|----------------|-------------------|-----------------------------------|
| Société Italo Tunisienne d'Exploitation Pétrolière SA (†)                   | Tunisi (Tunisia)        | Tunisia              | TND      | 5,000,000     | Eni Tunisia BV<br>Third parties       | 50.00<br>50.00 |                   | Eq.                               |
| Sodeps - Société de Developpement et d'Exploitation du Permis du Sud SA (†) | Tunisi (Tunisia)        | Tunisia              | TND      | 100,000       | Eni Tunisia BV<br>Third parties       | 50.00<br>50.00 |                   | Co.                               |
| Tapco Petrol Boru Hatti Sanayi ve Ticaret AS (†)                            | Istanbul (Turkey)       | Turkey               | TRY      | 7,850,000     | Eni International BV<br>Third parties | 50.00<br>50.00 |                   | Eq.                               |
| Tecninco Engineering Contractors Llp (†)                                    | Aksai (Kazakhstan)      | Kazakhstan           | KZT      | 29,478,455    | Tecnomare SpA<br>Third parties        | 49.00<br>51.00 |                   | Eq.                               |
| Thekah Petroleum Co   | Cairo (Egypt)           | Egypt                | EGP      | 20,000        | Ieoc Exploration BV<br>Third parties  | 25.00<br>75.00 |                   | Co.                               |
| Unimar Llc (†)  | Houston (United States) | United States        | USD      | 0             | (a) Eni America Ltd<br>Third parties  | 50.00<br>50.00 |                   | Eq.                               |
| United Gas Derivatives Co   | Cairo (Egypt)           | Egypt                | USD      | 285,000,000   | Eni International BV<br>Third parties | 33.33<br>66.67 |                   | Eq.                               |

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|  |                               |                   |     |           |                     |        |     |
|--|-------------------------------|-------------------|-----|-----------|---------------------|--------|-----|
| VIC CBM Ltd <sup>(†)</sup>                                     | London<br>(United Kingdom)    | Indonesia         | USD | 1,315,912 | Eni Lasmo Plc       | 50.00  | Eq. |
|  |                               |                   |     |           | Third parties       | 50.00  |     |
| Virginia Indonesia Co CBM Ltd <sup>(†)</sup>                   | London<br>(United Kingdom)    | Indonesia         | USD | 631,640   | Eni Lasmo Plc       | 50.00  | Eq. |
|  |                               |                   |     |           | Third parties       | 50.00  |     |
| Virginia Indonesia Co Llc                                      | Wilmington<br>(United States) | Indonesia         | USD | 10        | Unimar Llc          | 100.00 |     |
| Virginia International Co Llc                                  | Wilmington<br>(United States) | Indonesia         | USD | 10        | Unimar Llc          | 100.00 |     |
| West ASHRAFI Petroleum Company <sup>(†)</sup> (in liquidation) | Cairo (Egypt)                 | Egypt             | EGP | 20,000    | Ieoc Exploration BV | 50.00  | Co. |
|  |                               |                   |     |           | Third parties       | 50.00  |     |
| Zagoryanska Petroleum BV <sup>(†)</sup>                        | Amsterdam<br>(Netherlands)    | Netherlands       | EUR | 18,000    | Eni Ukraine Hold.BV | 60.00  | Eq. |
|  |                               |                   |     |           | Third parties       | 40.00  |     |
| Zetah Noumbi Ltd   | Nassau<br>(Bahamas)           | Republic of Congo | USD | 100       | Burren En.Congo Ltd | 37.00  | Co. |
|  |                               |                   |     |           | Third parties       | 63.00  |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

(a) Shares without nominal value.

## Eni Interim Consolidated Report

**Joint arrangements and associates** Annex to condensed consolidated interim financial statements**Gas & Power****In Italy**

| Company name                     | Registered office        | Country of operation | Currency | Share Capital | Shareholders  | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|----------------------------------|--------------------------|----------------------|----------|---------------|---------------|-------------|----------------|---------------------------------------|
| Mariconsult SpA (†)              | Milan (MI)               | Italy                | EUR      | 120,000       | Eni SpA       | 50.00       |                | Eq.                                   |
|                                  |                          |                      |          |               | Third parties | 50.00       |                |                                       |
| Società EniPower Ferrara Srl (†) | San Donato Milanese (MI) | Italy                | EUR      | 170,000,000   | EniPower SpA  | 51.00       | 51.00          | J.O.                                  |
|                                  |                          |                      |          |               | Third parties | 49.00       |                |                                       |
| Termica Milazzo Srl (†)          | Milan (MI)               | Italy                | EUR      | 100,000       | EniPower SpA  | 40.00       |                | Eq.                                   |
|                                  |                          |                      |          |               | Third parties | 60.00       |                |                                       |
| Transmed SpA (†)                 | Milan (MI)               | Italy                | EUR      | 240,000       | Eni SpA       | 50.00       |                | Eq.                                   |
|                                  |                          |                      |          |               | Third parties | 50.00       |                |                                       |

**Outside Italy**

|  |                         |                    |     |             |                      |       |       |      |
|--|-------------------------|--------------------|-----|-------------|----------------------|-------|-------|------|
| Blue Stream Pipeline Co BV (†)             | Amsterdam (Netherlands) | Russian Federation | EUR | 20,000      | Eni International BV | 50.00 | 50.00 | J.O. |
|  |                         |                    |     |             | Third parties        | 50.00 |       |      |
| Egyptian International Gas Technology Co   | Cairo (Egypt)           | Egypt              | EGP | 100,000,000 | Eni International BV | 40.00 |       | Co.  |
|  |                         |                    |     |             | Third parties        | 60.00 |       |      |
| Eteria Parohis Aeriou Thessalias AE (†)    | Larissa (Greece)        | Greece             | EUR | 72,759,200  | Eni SpA              | 49.00 |       | Eq.  |
|  |                         |                    |     |             | Third parties        | 51.00 |       |      |
| Eteria Parohis Aeriou Thessalonikis AE (†) | Ampelokipi – Menemeni   | Greece             | EUR | 193,550,000 | Eni SpA              | 49.00 |       | Eq.  |

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|   |                            |             |     |             |  |                         |       |       |      |
|---|----------------------------|-------------|-----|-------------|--|-------------------------|-------|-------|------|
|   | (Greece)                   |             |     |             |  | Third parties           | 51.00 |       |      |
| GreenStream BV (†)  | Amsterdam<br>(Netherlands) | Libyan      | EUR | 200,000,000 |  | Eni North Africa<br>BV  | 50.00 | 50.00 | J.O. |
|   |                            |             |     |             |  | Third parties           | 50.00 |       |      |
| PREMIUM<br>MULTISERVICES SA                                       | Tunisi (Tunisia)           | Tunisia     | TND | 200,000     |  | Sergaz SA               | 49.99 |       | Eq.  |
|   |                            |             |     |             |  | Third parties           | 50.01 |       |      |
| SAMCO Sagl  | Lugano<br>(Switzerland)    | Switzerland | CHF | 20,000      |  | Transmed.Pip.Co<br>Ltd  | 90.00 |       | Eq.  |
|   |                            |             |     |             |  | Eni International<br>BV | 5.00  |       |      |
|   |                            |             |     |             |  | Third parties           | 5.00  |       |      |
| Transmediterranean<br>Pipeline Co Ltd (†) (19)                    | St. Helier<br>(Jersey)     | Jersey      | USD | 10,310,000  |  | Eni SpA                 | 50.00 | 50.00 | J.O. |
|   |                            |             |     |             |  | Third parties           | 50.00 |       |      |
| Turul Gázvezeték Építő<br>es Vagyonkezelő<br>Részvénytársaság (†) | Tatabánya<br>(Hungary)     | Hungary     | HUF | 404,000,000 |  | Tigáz Zrt               | 58.42 |       | Eq.  |
|   |                            |             |     |             |  | Third parties           | 41.58 |       |      |
| Unión Fenosa Gas SA (†)   | Madrid (Spain)             | Spain       | EUR | 32,772,000  |  | Eni SpA                 | 50.00 |       | Eq.  |
|   |                            |             |     |             |  | Third parties           | 50.00 |       |      |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

(19) Company located in a state or territory with a privileged tax regime as provided in article 167 paragraph 4 of Presidential Decree of 22 December 1986, n. 917: the profit pertaining to the Group is subject to the Italian taxation. The company is considered as a controlled subsidiary as provided by article 167, paragraph 3, of the Italian Tax Consolidated Text.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Joint arrangements and associates****Refining & Marketing and Chemical****Refining & Marketing****In Italy**

| Company name                               | Registered office | Country of operation | Currency | Share Capital | Shareholders                       | % Ownership    | % Equity ratio | Consolidation or valuation method (*) |
|--|-------------------|----------------------|----------|---------------|------------------------------------|----------------|----------------|---------------------------------------|
| Arezzo Gas SpA (†)                         | Arezzo (AR)       | Italy                | EUR      | 394,000       | Eni Rete o&no SpA<br>Third parties | 50.00<br>50.00 |                | Eq.                                   |
| CePIM Centro Padano Interscambio Merci SpA | Fontevivo (PR)    | Italy                | EUR      | 6,642,928.32  | Ecofuel SpA<br>Third parties       | 34.93<br>65.07 |                | Eq.                                   |
| Consorzio Operatori GPL di Napoli          | Napoli (NA)       | Italy                | EUR      | 102,000       | Eni Rete o&no SpA<br>Third parties | 25.00<br>75.00 |                | Co.                                   |
| Costiero Gas Livorno SpA (†)               | Livorno (LI)      | Italy                | EUR      | 26,000,000    | Eni Rete o&no SpA<br>Third parties | 65.00<br>35.00 | 65.00          | J.O.                                  |
| Disma SpA                                  | Segrate (MI)      | Italy                | EUR      | 2,600,000     | Eni Rete o&no SpA<br>Third parties | 25.00<br>75.00 |                | Eq.                                   |
| PETRA SpA (†)                              | Ravenna (RA)      | Italy                | EUR      | 723,100       | Ecofuel SpA<br>Third parties       | 50.00<br>50.00 |                | Eq.                                   |
| Petrolig Srl (†)                           | Genova (GE)       | Italy                | EUR      | 104,000       | Ecofuel SpA<br>Third parties       | 70.00<br>30.00 | 70.00          | J.O.                                  |
| Petroven Srl (†)                           | Genova (GE)       | Italy                | EUR      | 156,000       | Ecofuel SpA                        | 68.00          | 68.00          | J.O.                                  |



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|                                     |                |       |     |             |  |                    |        |       |      |
|-------------------------------------|----------------|-------|-----|-------------|--|--------------------|--------|-------|------|
|                                     |                |       |     |             |  | Third parties      | 32.00  |       |      |
| Porto Petroli di Genova SpA         | Genova (GE)    | Italy | EUR | 2,068,000   |  | Ecofuel SpA        | 40.50  |       | Eq.  |
|                                     |                |       |     |             |  | Third parties      | 59.50  |       |      |
| Raffineria di Milazzo ScpA (†)      | Milazzo (ME)   | Italy | EUR | 171,143,000 |  | Eni SpA            | 50.00  | 50.00 | J.O. |
|                                     |                |       |     |             |  | Third parties      | 50.00  |       |      |
| SeaPad SpA (†)                      | Genova (GE)    | Italy | EUR | 12,400,000  |  | Ecofuel SpA        | 80.00  |       | Eq.  |
|                                     |                |       |     |             |  | Third parties      | 20.00  |       |      |
| Seram SpA                           | Fiumicino (RM) | Italy | EUR | 852,000     |  | Eni SpA            | 25.00  |       | Co.  |
|                                     |                |       |     |             |  | Third parties      | 75.00  |       |      |
| Servizi Milazzo Srl (†)             | Milazzo (ME)   | Italy | EUR | 100,000     |  | Raff. Milazzo ScpA | 100.00 | 50.00 | J.O. |
| Sigea Sistema Integrato Arquata SpA | Genova (GE)    | Italy | EUR | 3,326,900   |  | Ecofuel SpA        | 35.00  |       | Eq.  |
|                                     |                |       |     |             |  | Third parties      | 65.00  |       |      |

**Outside Italy**

|  |                       |             |     |            |  |                      |       |       |      |
|--|-----------------------|-------------|-----|------------|--|----------------------|-------|-------|------|
| AET - Raffineriebeteiligungsgesellschaft mbH | Schwedt (Germany)     | Germany     | EUR | 27,000     |  | Eni Deutsch.GmbH     | 33.33 |       | Eq.  |
|  |                       |             |     |            |  | Third parties        | 66.67 |       |      |
| Bayernoil Raffineriegesellschaft mbH (†)     | Vohburg (Germany)     | Germany     | EUR | 10,226,000 |  | Eni Deutsch.GmbH     | 20.00 | 20.00 | J.O. |
|  |                       |             |     |            |  | Third parties        | 80.00 |       |      |
| City Carburoil SA (†)                        | Rivera (Switzerland)  | Switzerland | CHF | 6,000,000  |  | Eni Suisse SA        | 49.91 |       | Eq.  |
|  |                       |             |     |            |  | Third parties        | 50.09 |       |      |
| ENEOS Italsing Pte Ltd                       | Singapore (Singapore) | Singapore   | SGD | 12,000,000 |  | Eni International BV | 22.50 |       | Eq.  |
|  |                       |             |     |            |  | Third parties        | 77.50 |       |      |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

## Eni Interim Consolidated Report

## Joint arrangements and associates Annex to condensed consolidated interim financial statements

## Outside Italy

| Company name                                      | Registered office               | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|---|---------------------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| FSH Flughafen Schwechat Hydranten-Gesellschaft OG | Wien (Austria)                  | Austria              | EUR      | 7,816,139.91  | Eni Marketing A.GmbH | 14.29       |                | Co.                                   |
|   |                                 |                      |          |               | Eni Mineralöhl.GmbH  | 14.29       |                |                                       |
|   |                                 |                      |          |               | Eni Austria GmbH     | 14.28       |                |                                       |
|   |                                 |                      |          |               | Third parties        | 57.14       |                |                                       |
| Fuelling Aviation Services GIE                    | Tremblay En France (France)     | France               | EUR      | 1             | Eni France Sàrl      | 25.00       |                | Co.                                   |
|   |                                 |                      |          |               | Third parties        | 75.00       |                |                                       |
| Mediterranée Bitumes SA                           | Tunisi (Tunisia)                | Tunisia              | TND      | 1,000,000     | Eni International BV | 34.00       |                | Eq.                                   |
| Routex BV   | Amsterdam (Netherlands)         | Netherlands          | EUR      | 67,500        | Eni International BV | 20.00       |                | Eq.                                   |
|   |                                 |                      |          |               | Third parties        | 80.00       |                |                                       |
| Saraco SA   | Meyrin (Switzerland)            | Switzerland          | CHF      | 420,000       | Eni Suisse SA        | 20.00       |                | Co.                                   |
|   |                                 |                      |          |               | Third parties        | 80.00       |                |                                       |
| Supermetanol CA (†)                               | Jose Puerto La Cruz (Venezuela) | Venezuela            | VEF      | 12,086,744.84 | Ecofuel SpA          | 34.51 (b)   | 50.00          | J.O.                                  |
|   |                                 |                      |          |               | Supermetanol CA      | 30.07       |                |                                       |
| TBG Tanklager Betriebsgesellschaft GmbH (†)       | Salzburg (Austria)              | Austria              | EUR      | 43,603.70     | Eni Marketing A.GmbH | 50.00       |                | Eq.                                   |
|   |                                 |                      |          |               | Third parties        | 50.00       |                |                                       |
| Weat Electronic Datenservice GmbH                 | Düsseldorf (Germany)            | Germany              | EUR      | 409,034       | Eni Deutsch.GmbH     | 20.00       |                | Eq.                                   |
|   |                                 |                      |          |               | Third parties        | 80.00       |                |                                       |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

(b) Ecofuel SpA 50.00  
Third parties 50.00

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**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Joint arrangements and associates****Chemical****In Italy**

| Company name                     | Registered office | Country of operation | Currency | Share Capital | Shareholders    | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|----------------------------------|-------------------|----------------------|----------|---------------|-----------------|-------------|----------------|---------------------------------------|
| Brindisi Servizi Generali Scarl  | Brindisi (BR)     | Italy                | EUR      | 1,549,060     | Versalis SpA    | 49.00       |                | Eq.                                   |
|                                  |                   |                      |          |               | Syndial SpA     | 20.20       |                |                                       |
|                                  |                   |                      |          |               | EniPower SpA    | 8.90        |                |                                       |
|                                  |                   |                      |          |               | Third parties   | 21.90       |                |                                       |
| IFM Ferrara ScpA                 | Ferrara (FE)      | Italy                | EUR      | 5,270,466     | Versalis SpA    | 19.74       |                | Eq.                                   |
|                                  |                   |                      |          |               | Syndial SpA     | 11.58       |                |                                       |
|                                  |                   |                      |          |               | S.E.F. Srl      | 10.70       |                |                                       |
|                                  |                   |                      |          |               | Third parties   | 57.98       |                |                                       |
| Matrica SpA (†)                  | Porto Torres (SS) | Italy                | EUR      | 37,500,000    | Versalis SpA    | 50.00       |                | Eq.                                   |
|                                  |                   |                      |          |               | Third parties   | 50.00       |                |                                       |
| Newco Tech SpA (†)               | Novara (NO)       | Italy                | EUR      | 500,000       | Versalis SpA    | 80.00       |                | Eq.                                   |
|                                  |                   |                      |          |               | Genomatica Inc. | 20.00       |                |                                       |
| Novamont SpA                     | Novara (NO)       | Italy                | EUR      | 13,333,500    | Versalis SpA    | 25.00       |                | Eq.                                   |
|                                  |                   |                      |          |               | Third parties   | 75.00       |                |                                       |
| Priolo Servizi ScpA              | Melilli (SR)      | Italy                | EUR      | 28,100,000    | Versalis SpA    | 33.16       |                | Eq.                                   |
|                                  |                   |                      |          |               | Syndial SpA     | 4.38        |                |                                       |
|                                  |                   |                      |          |               | Third parties   | 62.46       |                |                                       |
| Ravenna Servizi Industriali ScpA | Ravenna (RA)      | Italy                | EUR      | 5,597,400     | Versalis SpA    | 42.13       |                | Eq.                                   |
|                                  |                   |                      |          |               | EniPower SpA    | 30.37       |                |                                       |
|                                  |                   |                      |          |               | Ecofuel SpA     | 1.85        |                |                                       |
|                                  |                   |                      |          |               | Third parties   | 25.65       |                |                                       |
|                                  |                   |                      |          |               | Versalis SpA    | 48.44       |                |                                       |

Servizi Porto Porto  
 Marghera Scarl Marghera  
 (VE)

Syndial SpA 38.39  
 Third parties 13.17

**Outside Italy**

|                                      |                           |                   |     |                 |               |       |     |
|--------------------------------------|---------------------------|-------------------|-----|-----------------|---------------|-------|-----|
| Lotte Versalis Elastomers Co Ltd (†) | Yeosu (Republic of Korea) | Republic of Korea | KRW | 192,000,010,000 | Versalis SpA  | 50.00 | Eq. |
|                                      |                           |                   |     |                 | Third parties | 50.00 |     |

(\* Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(†) Jointly controlled entity.

**Eni Interim Consolidated Report****Joint arrangements and associates** Annex to condensed consolidated interim financial statements**Corporate and other activities****Other activities****In Italy**

| Company name   | Registered office        | Country of operation | Currency | Share Capital | Shareholders  | % Ownership | % Equity method ratio (*) | Consolidation or valuation method ratio (*) |
|--|--------------------------|----------------------|----------|---------------|---------------|-------------|---------------------------|---|
| Filatura Tessile Nazionale Italiana - FILTENI SpA (in liquidation) | Ferrandina (MT)          | Italy                | EUR      | 4,644,000     | Syndial SpA   | 59.56 (b)   |                           | Co.   |
|  |                          |                      |          |               | Third parties | 40.44       |                           |   |
| Ottana Sviluppo ScpA (in liquidation)                              | Nuoro (NU)               | Italy                | EUR      | 516,000       | Syndial SpA   | 30.00       |                           | Eq.   |
|  |                          |                      |          |               | Third parties | 70.00       |                           |   |
| Saipem SpA (#) (†)   | San Donato Milanese (MI) | Italy                | EUR      | 2,191,384,693 | Eni SpA       | 30.54 (c)   |                           | Eq.   |
|  |                          |                      |          |               | Saipem SpA    | 0.02        |                           |   |
|  |                          |                      |          |               | Third parties | 69.44       |                           |   |

Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(#) Company with shares quoted in the regulated market of Italy or of other

EU countries.

(†) Jointly controlled entity.

(b) Syndial SpA 48.00

Third parties 52.00

(c) Eni SpA 30.55

Third parties 69.45

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**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Other significant investments****Other significant investments****Exploration & Production****In Italy**

| Company name   | Registered office | Country of operation | Currency | Share Capital | Shareholders  | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--|-------------------|----------------------|----------|---------------|---------------|-------------|----------------|---------------------------------------|
| Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione | Pisa (PI)         | Italy                | EUR      | 135,000       | Eni SpA       | 16.67       |                | Co.                                   |
|  |                   |                      |          |               | Third parties | 83.33       |                |                                       |

**Outside Italy**

|   |                              |               |     |                |     |                     |       |     |
|---|------------------------------|---------------|-----|----------------|-----|---------------------|-------|-----|
| Administradora del Golfo de Paria Este SA | Caracas (Venezuela)          | Venezuela     | VEF | 100            |     | Eni Venezuela BV    | 19.50 | Co. |
|   |                              |               |     |                |     | Third parties       | 80.50 |     |
| Brass LNG Ltd                             | Lagos (Nigeria)              | Nigeria       | USD | 1,000,000      |     | Eni Int. NA NV Sàrl | 20.48 | Co. |
|   |                              |               |     |                |     | Third parties       | 79.52 |     |
| Darwin LNG Pty Ltd                        | West Perth (Australia)       | Australia     | AUD | 936,907,801.88 |     | Eni G&P LNG Aus. BV | 10.99 | Co. |
|   |                              |               |     |                |     | Third parties       | 89.01 |     |
| New Liberty Residential Co Llc            | West Trenton (United States) | United States | USD | 0              | (a) | Eni Oil & Gas Inc   | 17.50 | Co. |
|   |                              |               |     |                |     | Third parties       | 82.50 |     |
| Nigeria LNG Ltd                           | Port Harcourt (Nigeria)      | Nigeria       | USD | 1,138,207,000  |     | Eni Int. NA NV Sàrl | 10.40 | Co. |
|   |                              |               |     |                |     | Third parties       | 89.60 |     |



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|  |   |                      |     |           |                          |       |     |
|--|---|----------------------|-----|-----------|--------------------------|-------|-----|
| Norsea Pipeline Ltd  | Woking Surrey<br>(United Kingdom)       | United<br>Kingdom    | GBP | 7,614,062 | Eni SpA                  | 10.32 | Co. |
|  |   |                      |     |           | Third parties            | 89.68 |     |
| North Caspian Operating<br>Company NV                            | Amsterdam<br>(Netherlands)              | Kazakhstan           | EUR | 128,520   | Agip Caspian<br>Sea BV   | 16.81 | Co. |
|  |   |                      |     |           | Third parties            | 83.19 |     |
| OPCO - Sociedade<br>Operacional Angola LNG<br>SA                 | Luanda (Angola)                         | Angola               | AOA | 7,400,000 | Eni Angola<br>Prod.BV    | 13.60 | Co. |
|  |   |                      |     |           | Third parties            | 86.40 |     |
| Petrolera Güiria SA  | Caracas<br>(Venezuela)                  | Venezuela            | VEF | 1,000,000 | Eni<br>Venezuela<br>BV   | 19.50 | Co. |
|  |   |                      |     |           | Third parties            | 80.50 |     |
| Point Fortin LNG Exports<br>Ltd                                  | Port Of Spain<br>(Trinidad &<br>Tobago) | Trinidad &<br>Tobago | USD | 10,000    | Eni T&T Ltd              | 17.31 | Co. |
|  |   |                      |     |           | Third parties            | 82.69 |     |
| SOMG - Sociedade de<br>Operações e Manutenção<br>de Gasodutos SA | Luanda (Angola)                         | Angola               | AOA | 7,400,000 | Eni Angola<br>Prod.BV    | 13.60 | Co. |
|  |   |                      |     |           | Third parties            | 86.40 |     |
| Torsina Oil Co   | Cairo (Egypt)                           | Egypt                | EGP | 20,000    | leoc<br>Production<br>BV | 12.50 | Co. |
|  |   |                      |     |           | Third parties            | 87.50 |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(a) Shares without nominal value.

**Eni Interim Consolidated Report****Other significant investments** Annex to condensed consolidated interim financial statements**Gas & Power****Outside Italy**

| Company name                   | Registered office          | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--------------------------------|----------------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| Angola LNG Supply Services Llc | Wilmington (United States) | United States        | USD      | 19,278,782    | Eni USA Gas M. Llc   | 13.60       |                | Co.                                   |
|                                |                            |                      |          |               | Third parties        | 86.40       |                |                                       |
| Norsea Gas GmbH                | Emden (Germany)            | Germany              | EUR      | 1,533,875.64  | Eni International BV | 13.04       |                | Co.                                   |
|                                |                            |                      |          |               | Third parties        | 86.96       |                |                                       |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report**Annex to condensed consolidated interim financial statements **Other significant investments****Refining & Marketing and Chemical****Refining & Marketing****In Italy**

| Company name  | Registered office | Country of operation | Currency | Share Capital | Shareholders  | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|---|-------------------|----------------------|----------|---------------|---------------|-------------|----------------|---------------------------------------|
| Consorzio Obbligatorio degli Oli Usati                  | Rome (RM)         | Italy                | EUR      | 36,149        | Eni SpA       | 13.27       |                | Co.                                   |
|   |                   |                      |          |               | Third parties | 86.73       |                |                                       |
| Società Italiana Oleodotti di Gaeta SpA <sup>(14)</sup> | Rome (RM)         | Italy                | ITL      | 360,000,000   | Eni SpA       | 72.48       |                | Co.                                   |
|   |                   |                      |          |               | Third parties | 27.52       |                |                                       |

**Outside Italy**

|  |                          |         |     |              |                  |       |  |     |
|--|--------------------------|---------|-----|--------------|------------------|-------|--|-----|
| BFS Berlin Fuelling Services GbR       | Hamburg (Germany)        | Germany | EUR | 178,853      | Eni Deutsch.GmbH | 12.50 |  | Co. |
|  |                          |         |     |              | Third parties    | 87.50 |  |     |
| Compania de Economia Mixta 'Austrogas' | Cuenca (Ecuador)         | Ecuador | USD | 3,028,749    | Eni Ecuador SA   | 13.31 |  | Co. |
|  |                          |         |     |              | Third parties    | 86.69 |  |     |
| Dépôt Pétrolier de Fos SA              | Fos - Sur - Mer (France) | France  | EUR | 3,954,196.40 | Eni France Sàrl  | 16.81 |  | Co. |
|  |                          |         |     |              | Third parties    | 83.19 |  |     |
| Dépôt Pétrolier de la Côte d'Azur SAS  | Nanterre (France)        | France  | EUR | 207,500      | Eni France Sàrl  | 18.00 |  | Co. |
|  |                          |         |     |              | Third parties    | 82.00 |  |     |

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|  |                             |                |     |           |                      |       |     |
|--|-----------------------------|----------------|-----|-----------|----------------------|-------|-----|
| Joint Inspection Group Ltd                           | London (United Kingdom)     | United Kingdom | GBP | 0         | (a) Eni SpA          | 12.50 | Co. |
|  |                             |                |     |           | Third parties        | 87.50 |     |
| S.I.P.G. Société Immobilier Pétrolier de Gestion Snc | Tremblay En France (France) | France         | EUR | 40,000    | Eni France Sàrl      | 12.50 | Co. |
|  |                             |                |     |           | Third parties        | 87.50 |     |
| Sistema Integrado de Gestion de Aceites Usados       | Madrid (Spain)              | Spain          | EUR | 175,713   | Eni Iberia SLU       | 15.44 | Co. |
|  |                             |                |     |           | Third parties        | 84.56 |     |
| Tanklager - Gesellschaft Tegel (TGT) GbR             | Hamburg (Germany)           | Germany        | EUR | 23        | Eni Deutsch.GmbH     | 12.50 | Co. |
|  |                             |                |     |           | Third parties        | 87.50 |     |
| TAR - Tankanlage Ruemlang AG                         | Ruemlang (Switzerland)      | Switzerland    | CHF | 3,259,500 | Eni Suisse SA        | 16.27 | Co. |
|  |                             |                |     |           | Third parties        | 83.73 |     |
| Tema Lube Oil Co Ltd                                 | Accra (Ghana)               | Ghana          | GHS | 258,309   | Eni International BV | 12.00 | Co. |
|  |                             |                |     |           | Third parties        | 88.00 |     |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

(14) Company under extraordinary administration procedure pursuant to Law no. 95 of April 3, 1979.

(a) Shares without nominal value.

**Eni Interim Consolidated Report****Other significant investments** Annex to condensed consolidated interim financial statements**Corporate and other activities****Corporate and financial companies****In Italy**

| Company name   | Registered office | Country of operation | Currency | Share Capital | Shareholders         | % Ownership | % Equity ratio | Consolidation or valuation method (*) |
|--|-------------------|----------------------|----------|---------------|----------------------|-------------|----------------|---------------------------------------|
| Emittenti Titoli SpA   | Milan (MI)        | Italy                | EUR      | 4,264,000     | Eni SpA              | 10.00       |                | Co.                                   |
|  |                   |                      |          |               | Emittenti Titoli SpA | 0.78        |                |                                       |
|  |                   |                      |          |               | Third parties        | 89.22       |                |                                       |
| MIP Politecnico Di Milano - Graduate School Of Business Scpa | Milan (MI)        | Italy                | EUR      | 150,000       | Eni Corporate U.SpA  | 10.67       |                | Co.                                   |
|  |                   |                      |          |               | Third parties        | 89.33       |                |                                       |

(\*) Consolidation or valuation method: F.C. = full consolidation, J.O. = joint operation, Eq. = equity-accounted, Co. = valued at cost.

**Eni Interim Consolidated Report**

Annex to condensed consolidated interim financial statements

**Changes in the scope of consolidation for the first half 2016**

**Changes in the scope of consolidation for the first half 2016**

**Continuing operations**

**Fully consolidated subsidiaries**

**Companies included (n. 2)**

|                           |                                   |                                    |
|---------------------------|-----------------------------------|------------------------------------|
| Eni Isatay BV             | Amsterdam                         | Exploration & Production Relevancy |
| Eni México S. de RL de CV | Lomas De Chapultepec, Mexico City | Exploration & Production Relevancy |

**Companies excluded (n. 2)**

|                    |           |                                      |
|--------------------|-----------|--------------------------------------|
| Eni Middle East BV | Amsterdam | Exploration & Production Irrelevancy |
| Eni Slovenija doo  | Ljubljana | Refining & Marketing Sale            |

**Discontinued operations**

**Fully consolidated subsidiaries**

**Companies excluded (n. 62)**

|              |                     |                            |                 |
|--------------|---------------------|----------------------------|-----------------|
| Saipem SpA   | San Donato Milanese | Engineering & Construction | Sale of control |
| Denuke Scarl | San Donato Milanese |                            |                 |

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|   |                       |                            |                 |
|---|-----------------------|----------------------------|-----------------|
|   |                       | Engineering & Construction | Sale of control |
| Servizi Energia Italia SpA                                    | San Donato Milanese   | Engineering & Construction | Sale of control |
| Smacemex Scarl  | San Donato Milanese   | Engineering & Construction | Sale of control |
| SnamprogettiChiyoda SAS di Saipem SpA                         | San Donato Milanese   | Engineering & Construction | Sale of control |
| Andromeda Consultoria Tecnica e Representações Ltda           | Rio De Janeiro        | Engineering & Construction | Sale of control |
| Boscongo SA   | Pointe-noire          | Engineering & Construction | Sale of control |
| ER SAI Caspian Contractor Llc                                 | Almaty                | Engineering & Construction | Sale of control |
| ERS - Equipment Rental & Services BV                          | Amsterdam             | Engineering & Construction | Sale of control |
| Global Petroprojects Services AG                              | Zurich                | Engineering & Construction | Sale of control |
| Moss Maritime AS  | Lysaker               | Engineering & Construction | Sale of control |
| Moss Maritime Inc   | Houston               | Engineering & Construction | Sale of control |
| North Caspian Service Co Llp                                  | Almaty                | Engineering & Construction | Sale of control |
| Petrex SA   | Iquitos               | Engineering & Construction | Sale of control |
| Professional Training Center Llc                              | Karakiyan             | Engineering & Construction | Sale of control |
| PT Saipem Indonesia   | Jakarta Selatan       | Engineering & Construction | Sale of control |
| Saigut SA de CV   | Delegacion Cuauhtemoc | Engineering & Construction | Sale of control |
| Saimep Limitada   | Maputo                | Engineering & Construction | Sale of control |
| Saimexicana SA de CV  | Delegacion Cuauhtemoc | Engineering & Construction | Sale of control |
| Saipem (Beijing) Technical Services Co Ltd                    | Beijing               | Engineering & Construction | Sale of control |
| Saipem (Malaysia) Sdn Bhd                                     | Kuala Lumpur          | Engineering & Construction | Sale of control |
| Saipem (Nigeria) Ltd  | Lagos                 | Engineering & Construction | Sale of control |
| Saipem (Portugal) Comércio Marítimo, Sociedade Unipessoal Lda | Canical               | Engineering & Construction | Sale of control |
| Saipem America Inc  | Wilmington            | Engineering & Construction | Sale of control |
| Saipem Asia Sdn Bhd   | Kuala Lumpur          | Engineering & Construction | Sale of control |
| Saipem Australia Pty Ltd                                      | West Perth            | Engineering & Construction | Sale of control |
| Saipem Canada Inc   | Montréal              |                            |                 |

|  |                |                            |                 |
|--|----------------|----------------------------|-----------------|
| Saipem Contracting (Nigeria) Ltd           | Lagos          | Engineering & Construction | Sale of control |
| Saipem Contracting Algeria SpA             | Algiers        | Engineering & Construction | Sale of control |
| Saipem Contracting Netherlands BV          | Amsterdam      | Engineering & Construction | Sale of control |
| SAIPEM CONTRACTING PREP, S.A.              | Panama         | Engineering & Construction | Sale of control |
| Saipem do Brasil Serviços de Petróleo Ltda | Rio De Janeiro | Engineering & Construction | Sale of control |
| Saipem Drilling Co Private Ltd             | Mumbai         | Engineering & Construction | Sale of control |
| Saipem Drilling Norway AS                  | Sola           | Engineering & Construction | Sale of control |
| Saipem Finance International BV            | Amsterdam      | Engineering & Construction | Sale of control |



## Eni Interim Consolidated Report

**Changes in the scope of consolidation for the first half 2016** Annex to condensed consolidated interim financial statements

|  |                             |                            |                 |
|--|-----------------------------|----------------------------|-----------------|
| SAIPEM INDIA PROJECTS PRIVATE LTD  | Chennai                     | Engineering & Construction | Sale of control |
| Saipem Ingenieria y Construcciones SLU   | Madrid                      | Engineering & Construction | Sale of control |
| Saipem International BV  | Amsterdam                   | Engineering & Construction | Sale of control |
| Saipem Libya Llc - SA.LI.CO. Llc   | Tripoli                     | Engineering & Construction | Sale of control |
| Saipem Ltd   | Kingston-Upon-Thames-Surrey | Engineering & Construction | Sale of control |
| Saipem Luxembourg SA   | Luxembourg                  | Engineering & Construction | Sale of control |
| Saipem Maritime Asset Management Luxembourg Sàrl                                 | Luxembourg                  | Engineering & Construction | Sale of control |
| Saipem Misr for Petroleum Services SAE   | Port Said                   | Engineering & Construction | Sale of control |
| Saipem Norge AS  | Sola                        | Engineering & Construction | Sale of control |
| Saipem Offshore Norway AS  | Sola                        | Engineering & Construction | Sale of control |
| Saipem SA  | Montigny-le-bretonneux      | Engineering & Construction | Sale of control |
| Saipem Services México SA de CV  | Delegacion Cuauhtemoc       | Engineering & Construction | Sale of control |
| Saipem Singapore Pte Ltd   | Singapore                   | Engineering & Construction | Sale of control |
| Saipem Ukraine Limited Liability Company (in liquidazione)                       | Kiev                        | Engineering & Construction | Sale of control |
| Sajer Iraq Co for Petroleum Services Trading General Contracting & Transport Llc | Baghdad                     | Engineering & Construction | Sale of control |
| Saudi Arabian Saipem Ltd   | Al Khobar                   | Engineering & Construction | Sale of control |
| Sigurd Rück AG   | Zurich                      | Engineering & Construction | Sale of control |
| Snamprogetti Engineering & Contracting Co Ltd                                    | Al Khobar                   | Engineering & Construction | Sale of control |
| Snamprogetti Engineering BV  | Amsterdam                   | Engineering & Construction | Sale of control |
| Snamprogetti Ltd (in liquidazione)   | London                      | Engineering & Construction | Sale of control |
| Snamprogetti Lummus Gas Ltd  | Sliema                      | Engineering & Construction | Sale of control |
| Snamprogetti Netherlands BV  | Amsterdam                   | Engineering & Construction | Sale of control |

|                                      |                        |                            |                 |
|--------------------------------------|------------------------|----------------------------|-----------------|
|                                      |                        | Engineering & Construction | Sale of control |
| Snamprogetti Romania Srl             | Bucarest               | Engineering & Construction | Sale of control |
| Snamprogetti Saudi Arabia Co Ltd Llc | Al Khobar              | Engineering & Construction | Sale of control |
| Sofresid Engineering SA              | Montigny-le-bretonneux | Engineering & Construction | Sale of control |
| Sofresid SA                          | Montigny-le-bretonneux | Engineering & Construction | Sale of control |
| Sonsub International Pty Ltd         | Sydney                 | Engineering & Construction | Sale of control |

**Consolidated joint operations**

**Companies excluded (n. 2)**

|                             |                            |                            |
|-----------------------------|----------------------------|----------------------------|
| Ship Recycling Scarl Genova | Engineering & Construction | Sale of control            |
| Saipon Snc                  | Montigny-le-bretonneux     | Engineering & Construction |
|                             |                            | Sale of control            |

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