Eni: first quarter results of 2014

Rome, April 29, 2014 - Eni, the international oil and gas company, today announces its group results for the first quarter of 2014[1] (unaudited).

Financial highlights

- **Adjusted operating profit: €3.49 billion, down 6.8% from the first quarter 2013;**
- **Adjusted net profit: €1.19 billion, down 14.3% from the first quarter 2013;**
- **Net profit: €1.30 billion, down 15.6% from the first quarter 2013;**
- **Operating cash flow[2]: €2.15 billion;**
- **Leverage at 0.22 compared to 0.25 at December 31, 2013.**

Operational highlights

- **Oil and gas production: 1.583 mmboe/d, up by 0.6% on homogeneous basis[3];**
- **Renegotiated the Norwegian long-term gas supply contract;**
- **Cashed the €2.2 billion of the Artic Russia deal;**
- **Divested a 7% interest in Galp Energia for a cash consideration of €0.7 billion[4];**
- **Buy back program: repurchased 8.85 million shares at a cost of €0.15 billion as of March 31, 2014;**
- **Discovered 200 million boe of resources.**

Paolo Scaroni, Chief Executive Officer, commented:

"Eni delivered solid results in the first quarter 2014, despite a difficult market environment, thanks to a good performance in E&P and progress in the mid and downstream businesses, in particular with the renegotiation of the Statoil gas supply contract. The outlook for 2014 is in line with our expectations, benefiting from the ramp-up of new projects and restructuring activities in G&P, R&M and Chemicals, in the context of continued volatility in Libya and weakness in European demand."

(1) This press release represents the quarterly report prepared in compliance with Italian listing standards as provided by article 154-ter of the Italian code for securities and exchanges (Testo Unico della Finanza).
(2) Net cash provided by operating activities.
(3) Excluding the effect of Artic Russia divestment.
(4) Cashed in April 2014.

Financial Highlights

Fourth Quarter 2013	SUMMARY GROUP RESULTS [a]	(€ million)	First Quarter 2013	2014	% Ch.
3,507	**Adjusted operating profit** [b]		**3,746**	**3,491**	**(6.8)**
1,301	**Adjusted net profit**		**1,385**	**1,187**	**(14.3)**
0.36	- per share (€) [c]		0.38	0.33	(13.2)
0.98	- per ADR ($) [c] [d]		1.00	0.90	(10.0)
(647)	**Net profit**		**1,543**	**1,303**	**(15.6)**
(0.18)	- per share (€) [c]		0.43	0.36	(16.3)
(0.49)	- per ADR ($) [c] [d]		1.14	0.99	(13.2)

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

Adjusted operating profit

In the first quarter of 2014, adjusted operating profit was €3.49 billion, down 6.8% compared to the first quarter of 2013. This decline was driven by lower results achieved by the Exploration & Production Division (adjusted operating profit down by 13.7%), negatively influenced by a weak oil price environment (Brent benchmark down 3.9%) and the appreciation of the euro against the dollar (up 3.7%), and the Refining & Marketing Division, where operating losses were 66.4% more than in the previous-year quarter due to a continuing deterioration in the refining scenario and lower fuels demand.
The Engineering & Construction segment reported a 37.3% reduction in operating profit due to the lower profitability of current contract works.
The Gas & Power Division reported a better operating performance (from a €211 million operating loss in the first quarter of 2013 to an operating profit of €241 million) against the backdrop of declining demand and ongoing competitive pressure. The division benefited in particular from the renegotiation of the Norwegian long-term gas supply contract with economic effects retroactive to the previous thermal year.

Adjusted net profit

Adjusted net profit of the first quarter of 2014 amounted to €1.19 billion, down by 14.3% from the first quarter of 2013. This was driven by a lower operating performance and an increased adjusted consolidated tax rate (up 3 percentage points) due mainly to the Exploration & Production Division as a growing share of taxable profit was earned by subsidiaries subject to a higher tax rate.

Capital expenditure

Capital expenditure for the first quarter of 2014 amounted to €2.54 billion, mainly related to the development of oil and gas reserves and exploration projects.

Balance sheet and cash flow

As of March 31, 2014, net borrowings[5] amounted to €13.8 billion, down €1.16 billion from the close of the previous reporting period. This decline reflected net cash provided by operating activities (€2.15 billion), which nonetheless was impacted by lower trade receivables due beyond the end of the quarter transferred to factoring institutions as compared with the end of 2013 (down €750 million), and the proceeds from disposals mainly relating to the divestment of Eni's interest in Artic Russia (€2.18 billion). These inflows were partially offset by cash outflows relating to capital expenditure of the period.
The ratio of net borrowings to shareholders' equity including non-controlling interest – leverage[6] – decreased to 0.22 at March 31, 2014 with respect to 0.25 at December 31, 2013.

(5) Information on net borrowings composition is furnished on page 25.
(6) Non-GAAP financial measures disclosed throughout this press release are accompanied by explanatory notes and tables to help investors gain a full understanding of said measures in line with guidance provided for by CESR Recommendation No. 2005-178b. See page 25 for leverage.

Operational highlights and trading environment

Fourth Quarter 2013	KEY STATISTICS		First Quarter 2013	2014	% Ch.
1,577	**Production of oil and natural gas**	(kboe/d)	**1,600**	**1,583**	**(1.1)**
816	- Liquids	(kbbl/d)	818	822	0.5
4,177	- Natural gas	(mmcf/d)	4,290	4,182	(2.5)
25.56	**Worldwide gas sales**	(bcm)	**30.17**	**26.76**	**(11.3)**
8.75	**Electricity sales**	(TWh)	**9.16**	**8.25**	**(9.9)**
2.33	**Retail sales of refined products in Europe**	(mmtonnes)	**2.33**	**2.16**	**(7.3)**

Exploration & Production
In the first quarter of 2014, Eni's liquids and gas production was 1.583 million boe/d. On a homogeneous basis, excluding the effects of the assets disposal in Siberia (26 kboe/d), production increased by 0.6% due to production ramp-ups mainly in the United Kingdom and Algeria, partially offset by continuing political instability in Libya and mature fields declines.

Gas & Power
In the first quarter of 2014, Eni's natural gas sales were 26.76 bcm, decreasing by 3.41 bcm, or 11.3%, from the first quarter of 2013, down by 11.3%. The decline was caused by continuing weakness in demand, competitive pressure and oversupplies as well as unusual weather conditions. Sales in the domestic market (11.18 bcm) declined by 10.8% in almost all segments. Sales in Europe (12.13 bcm) decreased by 12.9% mainly in Germany/Austria, Benelux and France.

Refining & Marketing
In the first quarter of 2014, European refining margins remained at depressed levels (2.07$/barrel on average for the Brent/Ural benchmark, down by 51.9% from the first quarter of 2013) driven by structural headwinds in the industry: overcapacity, lower demand and increasing competitive pressure from import streams of refined products from Russia, Middle East and the USA. Furthermore, Eni's refining margins were affected by narrowing differentials between the heavy crudes processed by Eni's refineries and the marker Brent, reflecting the lower availability of the former in the Mediterranean area.
In the first quarter of 2014, retail sales in Italy were 1.45 mmtonnes, decreasing by 12.1% driven by reduced domestic consumption and increasing competitive pressure. Eni's retail market share decreased by 2.9 percentage points to 26.2%, from 29.1% in the corresponding period of 2013.
Retail sales in the European market slightly increased due to the higher volumes marketed mainly in Germany, Austria and Hungary (up by 4.4% to 0.71 mmtonnes).

Business developments

Gas contract renegotiations
On March 31, 2014, Eni and Statoil signed final agreements on the revision of the long-term gas supply contract currently in force between the two parties. The revision reflects the changed fundamentals in the gas sector and is retroactive to the previous thermal year. The final agreement, which follows the Heads of Agreement signed on February 27, 2014, implies the end of the arbitration proceedings previously initiated by Eni.

Divestment of Galp SGPS SA
On March 28, 2014, through an accelerated book-building process aimed at institutional investors, Eni sold approximately 7% of the share capital of Galp Energia SGPS SA at the price of €12.10 per share, for a total consideration of €702.4 million, cashed in April 2014. Following this transaction, Eni retains a 9% interest in Galp, of which 8% underlying the approximately €1,028 million exchangeable bond due on November 30, 2015.

Versalis
As part of Eni's strategy of developing new initiatives aimed at the reduction of the company's exposure to commodity chemicals and at diversification into the use of environmentally friendly chemicals, Versalis commenced the renovation of the Porto Marghera complex. This process will involve capital expenditure of €200 million aimed at optimizing the cracking plant, upgrading plant utilities able to deliver significant energy savings, and developing innovative green chemical projects in partnership with the American company Elevance Renewable Science Inc. The green projects will develop, through unique world-scale plants, new technologies to produce bio-chemical intermediates from vegetable oils destined for use in industrial

sectors with high added value industrial applications such as detergents, bio-lubricants and chemicals for the oil industry. The project will take advantage of existing infrastructures and product streams.

Acquisition of Acam Clienti

Eni acquired the entire share capital of the company Acam Clienti SpA, increasing its existing stake of 49% with the acquisition of the remaining 51% interest from third parties. Acam Clienti operates primarily in the province of La Spezia, with a portfolio of 98,000 residential gas customers and around 12,000 electricity customers (small to mid-sized enterprises). The acquisition is in line with Eni's commitment to develop its market share in the retail gas and electricity segment, where the Company boasts established expertise.

Framework Agreement with the Italian Consiglio Nazionale delle Ricerche

Eni has renewed its Framework Agreement with the Italian Consiglio Nazionale delle Ricerche (CNR) as the two parties close cooperation on the research of strategic issues for the European and the Italian energy system and protecting the environmental continues. The research guidelines will focus on the testing of new techniques for the characterization of hydrocarbon reservoirs; environmental monitoring activity aimed at the sustainability of the production of oil and gas, eco-sustainable solutions for mobility and environmental protection; the experimentation of advanced solar energy cells.

Outlook

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

Management expects the following production and sales trends of Eni's businesses:

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

In 2014, management expects a capital budget in line with 2013 (€12.80 billion in capital expenditure and €0.32 billion in financial investments in 2013). Assuming a Brent price of $106 a barrel and an euro/dollar exchange rate of 1.33 on average for the full year 2014, the ratio of net borrowings to total equity – leverage – is projected to be almost in line with the level achieved at the end of 2013, due to cash flows from operations and portfolio transactions.

This press release for the first quarter of 2014 (unaudited) provides data and information on business and financial performance in compliance with article 154-ter of the Italian code for securities and exchanges ("Testo Unico della Finanza" - TUF). Results and cash flow are presented for the first quarter of 2014 and for the first quarter and the fourth quarter of 2013. Information on liquidity and capital resources relates to end of the period as of March 31, 2014, and December 31, 2013. Statements presented in this press release are comparable with those presented in the management's disclosure section of the Company's annual report and interim report. Quarterly 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, which differ from those used in preparing Eni annual report for the year 2013 as explained below.

With effect from January 1, 2014, Eni adopted, among others, the new accounting standards IFRS 10 "Consolidated Financial Statements", and IFRS 11 'Joint Arrangements' which were issued by the IASB in May 2011 and were adopted by the European Commission in December 2012 with regulation No. 1254. Therefore the comparative data presented in this press release has been restated as a result of the adoption of the above mentioned new accounting standards which were illustrated in the explanatory notes to the consolidated financial statements for the year 2013 filed with the Italian securities and exchange authorities on April 10, 2014. We note that those new accounting standard have been instead used in preparing Eni's Annual report on Form 20-F that was filed with the US Securities and Exchange Commission the same day.
The main impact of this suite of new standards for Eni is that certain of the group's jointly controlled entities, which were previously equity-accounted, now fall under the definition of a joint operation under IFRS 11 and so we now recognize the group's assets, liabilities, revenue and expenses relating to these arrangements. Whilst the effect on the group's reported income and net assets as a result of the new requirements is not material, the change impacts certain of the component lines of the income statement, balance sheet and cash flow statement. On the balance sheet, there was a reduction in investments in joint ventures of approximately €781 million as at December 31, 2013, which has been replaced with the recognition (on the relevant line items, principally property, plant and equipment) of our share of the assets and liabilities relating to these arrangements.

The following tables set out the adjustments made to certain selected line items of the comparative amounts as a result of the adoption of the accounting standards. Full restated quarterly information and annual restated information for 2013 is disclosed on pages 31-39 of this press release.

(€ million)	First Quarter 2013		Second Quarter 2013		Third Quarter 2013		Fourth Quarter 2013	
	As reported	As restated	As reported	As restated	As reported	As restated	As reported	As restated
PROFIT AND LOSS ACCOUNT								
Operating profit	3,834	3,867	1,459	1,471	3,303	3,302	260	248
of which:								
G&P	*(105)*	*(89)*	*(454)*	*(442)*	*(446)*	*(434)*	*(1,987)*	*(2,002)*
R&M	*(48)*	*(30)*	*(509)*	*(511)*	*(145)*	*(139)*	*(815)*	*(812)*
Net income from investments	148	121	526	511	3,639	3,646	1,802	1,807
Net profit attributable to Eni's shareholders	1,543	1,543	275	275	3,989	3,989	(647)	(647)
BALANCE SHEET								
Property, plant and equipment	65,442	66,810	64,441	65,780	63,785	65,082	62,506	63,763
Equity-accounted investments	4,411	3,551	4,518	3,643	4,468	3,608	3,934	3,153
Total assets	147,415	148,746	137,585	137,887	137,815	138,989	138,088	138,341
CASH FLOW STATEMENT								
Net cash provided by operating activities	2,798	2,814	1,954	2,001	3,036	3,027	3,181	3,184
Net cash provided by investing activities	(2,244)	(2,250)	(408)	(431)	(4,303)	(4,329)	(3,988)	(3,971)
Net cash flow for the period	2,331	2,325	(2,246)	(2,187)	(1,834)	(1,878)	(728)	(765)

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

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

Disclaimer

This press release, in particular the statements under the section "Outlook", contains certain forward-looking statements particularly those regarding capital expenditure, development and management of oil and gas resources, dividends, buy-back program, allocation of future cash flow from operations, future operating performance, gearing, targets of production and sales growth, new markets and the progress and timing of projects. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including the timing of bringing new fields on stream; management's ability in carrying out industrial plans and in succeeding in commercial transactions; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors and other factors discussed elsewhere in this document. Due to the seasonality in demand for natural gas and certain refined products and the changes in a number of external factors affecting Eni's operations, such as prices and margins of hydrocarbons and refined products, Eni's results from operations and changes in net borrowings for the fourth quarter of the year cannot be extrapolated on an annual basis.

The all sources reserve replacement ratio disclosed elsewhere in this press release is calculated as ratio of changes in proved reserves for the year resulting from revisions of previously reported reserves, improved recovery, extensions, discoveries and sales or purchases of minerals in place, to production for the year. A ratio higher than 100% indicates that more proved reserves were added than produced in a year. The Reserve Replacement Ratio is a measure used by management to indicate the extent to which production is replaced by proved oil and gas reserves. The Reserve Replacement Ratio is not an indicator of future production because the ultimate development and production of reserves is subject to a number of risks and uncertainties. These include the risks associated with the successful completion of large-scale projects, including addressing ongoing regulatory issues and completion of infrastructure, as well as changes in oil and gas prices, political risks and geological and other environmental risks.

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This press release for the first quarter 2014 (unaudited) is also available on the Eni web site **eni.com.**

Quarterly consolidated report

Summary results for the first quarter 2014

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
25,635	**Net sales from operations**	**31,166**	**29,203**	**(6.3)**
248	**Operating profit**	**3,867**	**3,646**	**(5.7)**
385	Exclusion of inventory holding (gains) losses	10	7	
2,874	Exclusion of special items	(131)	(162)	
3,507	**Adjusted operating profit**	**3,746**	**3,491**	**(6.8)**
	Breakdown by Division:			
3,320	*Exploration & Production*	*3,998*	*3,450*	*(13.7)*
341	*Gas & Power*	*(211)*	*241*	..
(92)	*Refining & Marketing*	*(134)*	*(223)*	*(66.4)*
(130)	*Versalis*	*(63)*	*(89)*	*(41.3)*
155	*Engineering & Construction*	*204*	*128*	*(37.3)*
(51)	*Other activities*	*(55)*	*(45)*	*18.2*
(82)	*Corporate and financial companies*	*(82)*	*(81)*	*1.2*
46	*Impact of unrealized intragroup profit elimination and other consolidation adjustments* [a]	*89*	*110*	
(216)	Net finance (expense) income [b]	(218)	(235)	
132	Net income from investments [b]	114	196	
(2,063)	Income taxes [b]	(2,245)	(2,231)	
60.3	*Tax rate (%)*	*61.6*	*64.6*	
1,360	**Adjusted net profit**	**1,397**	**1,221**	**(12.6)**
(647)	**Net profit attributable to Eni's shareholders**	**1,543**	**1,303**	**(15.6)**
229	Exclusion of inventory holding (gains) losses	7	6	
1,719	Exclusion of special items	(165)	(122)	
1,301	**Adjusted net profit attributable to Eni's shareholders**	**1,385**	**1,187**	**(14.3)**
	Net profit attributable to Eni's shareholders			
(0.18)	per share (€)	0.43	0.36	(16.3)
(0.49)	per ADR ($)	1.14	0.99	(13.2)
	Adjusted net profit attributable to Eni's shareholders			
0.36	per share (€)	0.38	0.33	(13.2)
0.98	per ADR ($)	1.00	0.90	(10.0)
3,622.8	**Weighted average number of outstanding shares** [c]	**3,622.8**	**3,617.9**	
3,184	**Net cash provided by operating activities**	**2,814**	**2,151**	**(23.6)**
3,789	**Capital expenditure**	**3,122**	**2,545**	**(18.5)**

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

Trading environment indicators

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
109.27	Average price of Brent dated crude oil [a]	112.60	108.20	(3.9)
1.361	Average EUR/USD exchange rate [b]	1.321	1.370	3.7
80.29	Average price in euro of Brent dated crude oil	85.24	78.98	(7.3)
0.48	Average European refining margin [c]	3.97	1.70	(57.2)
0.64	Average European refining margin Brent/Ural [c]	4.30	2.07	(51.9)
0.35	Average European refining margin in euro	3.01	1.24	(58.8)
10.95	Price of NBP gas [d]	11.46	9.95	(13.2)
0.2	Euribor - three-month euro rate (%)	0.2	0.3	50.0
0.2	Libor - three-month dollar rate (%)	0.3	0.2	(33.3)

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

Group results

In the first quarter of 2014 Eni reported **operating profit** of €3,646 million, down 5.7% from the quarter of the previous year, and **net profit attributable to its shareholders** amounting to €1,303 million, down 15.6%.
The quarterly operating performance was negatively impacted by a difficult trading environment on the back of lower Brent prices (down 3.9%), structural headwinds in energy demand and competitive pressure across Europe and in Italy, as well as the appreciation of the euro against the dollar (up 3.7%). Saipem also reported lower results due to lower profitability of contract works underway.
These negatives were partly offset by progress in the turnaround strategy in the mid-downstream businesses, mainly due to the renegotiation of the Norwegian long-term gas supply contract with economic effects retroactive to the previous thermal year.
The reduction in net profit was also affected by a 4 percentage point increase in the Group tax rate, which was due to the Exploration & Production Division as a growing share of taxable profit was earned by subsidiaries subject to a higher tax rate.

In the first quarter of 2014, **adjusted operating profit** amounted to €3,491 million and decreased by 6.8% from the first quarter of 2013. **Adjusted net profit attributable to Eni's shareholders** of €1,187 million was down by €198 million, or 14.3% form a year ago. Adjusted net profit was calculated by excluding an inventory holding loss of €6 million and special gains of €122 million, stated net of exchange rate differences and exchange rate derivative instruments reclassified in operating profit (a loss of €15 million in the quarter) as they mainly related to derivative transactions entered into to manage exposure to the exchange rate risk implicit in commodity pricing formulas.

Special items of the operating profit (net gains of €162 million) related to: (i) the effects of fair-value evaluation of certain commodity derivatives contracts lacking the formal requisites to be accounted as hedges under IFRS (a gain of €263 million); (ii) impairment (€55 million) of capital expenditure made at assets impaired in previous reporting periods, mainly in the Refining & Marketing Division; (iii) environmental provisions and provisions for redundancy incentives (€8 million and €7 million, respectively).

Results by Divisions

Group adjusted net profit reflected lower adjusted operating performance reported by the Exploration & Production, Refining & Marketing, Versalis and Engineering & Construction segments. A countertrend was recorded by the Gas & Power Division benefiting from natural gas contracts renegotiations.

Exploration & Production

In the first quarter of 2014, the Exploration & Production Division reported a 13.7% decrease in adjusted operating profit, down €548 million to €3,450 million driven by lower oil and gas realizations in dollar terms (down by 1% on average) and the appreciation of the euro against the dollar (up 3.7%). Adjusted net profit of €1,313 million decreased by 21.3% also reflecting a higher adjusted tax rate (up 3.7 percentage points).

Gas & Power

In the first quarter of 2014, the Gas & Power Division reported an adjusted operating profit of €241 million, which was much better than the previous-quarter loss of €211 million thanks to the help of a contract renegotiation related to the long-term supply of Norwegian gas, with economic effects retroactive to the previous thermal year. This positive trend was partly offset by continuing margin and volume weakness for gas and electricity reflecting poor demand, unusual weather conditions and strong competitive pressure.
Adjusted net profit for the quarter of €157 million, increased by €298 million from the same period of 2013, when the Gas & Power Division reported an adjusted net loss of €141 million.

Refining & Marketing

In the first quarter of 2014, the Refining & Marketing Division reported an adjusted operating loss of €223 million which was €89 million more than the first quarter of 2013, down by 66.4%. This negative trend was caused by a continuing deterioration in the refining trading environment and lower fuels demand, mainly in the Mediterranean area. The adjusted net loss of €159 million was sharply lower than the first quarter of 2013, when a net loss of €51 million was recorded.

Engineering & Construction

In the first quarter of 2014, the Engineering & Construction segment reported an adjusted operating profit of €128 million, down by 37.3% from the first quarter of 2013 due to lower profitability of contract works underway. Adjusted net profit of €95 million was down by 26.9%.

Versalis
In the first quarter of 2014, Versalis reported an adjusted operating loss of €89 million, down by 41.3% from the first quarter of 2013. The negative performance reflected continuing weakness in plastic commodity demand and increasing competition from Asian producers which left product margins and sales volumes at depressed levels. Adjusted net loss at €75 million was €17 million larger than in the first quarter of 2013, down by 29.3%.

Summarized Group Balance Sheet[7]

(€ million)

Jan. 1, 2013		Dec. 31, 2013	Mar. 31, 2014	Change
	Fixed assets			
64,798	Property, plant and equipment	63,763	64,195	432
2,541	Inventories - Compulsory stock	2,573	2,555	(18)
4,487	Intangible assets	3,876	3,826	(50)
8,538	Equity-accounted investments and other investments	6,180	6,302	122
1,126	Receivables and securities held for operating purposes	1,339	1,383	44
(1,139)	Net payables related to capital expenditure	(1,255)	(1,095)	160
80,351		**76,476**	**77,166**	**690**
	Net working capital			
8,578	Inventories	7,939	7,448	(491)
19,958	Trade receivables	21,212	22,739	1,527
(15,052)	Trade payables	(15,584)	(14,904)	680
(3,265)	Tax payables and provisions for net deferred tax liabilities	(3,062)	(4,276)	(1,214)
(13,567)	Provisions	(13,120)	(13,220)	(100)
1,735	Other current assets and liabilities	1,274	2,507	1,233
(1,613)		**(1,341)**	**294**	**1,635**
(1,407)	**Provisions for employee post-retirement benefits**	**(1,279)**	**(1,274)**	**5**
155	**Assets held for sale including related liabilities**	**2,156**	**12**	**(2,144)**
77,486	**CAPITAL EMPLOYED, NET**	**76,012**	**76,198**	**186**
59,060	Eni shareholders' equity	58,210	59,568	1,358
3,357	Non-controlling interest	2,839	2,831	(8)
62,417	**Shareholders' equity**	**61,049**	**62,399**	**1,350**
15,069	**Net borrowings**	**14,963**	**13,799**	**(1,164)**
77,486	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**76,012**	**76,198**	**186**
0.24	**Leverage**	**0.25**	**0.22**	**(0.03)**

Fixed assets amounted to €77,166 million, representing an increase of €690 million from December 31, 2013, reflecting capital expenditure incurred in the period (€2,545 million), partly offset by depreciation, depletion, amortization and impairment charges (€2,291 million).

Net working capital amounted to a positive €294 million, representing an increase of €1,635 million from the close of the previous reporting period mainly due to a higher balance of trade receivables and trade payables (up by €2,207 million) in the Gas & Power segment, which were also influenced by the effects of the renegotiation of the Norwegian long-term gas supply contract. These increases were partly offset by increased tax payables and provisions for net deferred tax liabilities accrued in the quarter (up by €1,214 million) mainly reflecting the fact that Italian excise taxes due on the volumes of fuels and gas delivered to final clients in the second half of December 2013 were paid before year-end, whereas they are customarily paid the following month. Additionally, gas inventories decreased in the quarter.

Shareholders' equity including non-controlling interest was €62,399 million, representing an increase of €1,350 million from December 31, 2013. This was due to comprehensive income for the period (€1,545 million) as a result of net profit of €1,337 million and a positive variation of the reserve for cash flow hedges (€249 million).

(7) 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 Cash Flow Statement[8]

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
(588)	**Net profit**	**1,555**	**1,337**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
2,948	- depreciation, depletion and amortization and other non monetary items	2,110	2,112
(266)	- net gains on disposal of assets	(51)	(5)
2,483	- dividends, interest, taxes and other changes	2,372	2,390
906	Changes in working capital related to operations	(508)	(1,734)
(2,299)	Dividends received, taxes paid, interest (paid) received	(2,664)	(1,949)
3,184	**Net cash provided by operating activities**	**2,814**	**2,151**
(3,789)	Capital expenditure	(3,122)	(2,545)
(101)	Investments and purchase of consolidated subsidiaries and businesses	(113)	(60)
350	Disposals	75	2,177
(51)	Other cash flow related to capital expenditure, investments and disposals	(24)	(161)
(407)	**Free cash flow**	**(370)**	**1,562**
(380)	Borrowings (repayment) of debt related to financing activities	934	(17)
31	Changes in short and long-term financial debt	1,809	(56)
	Dividends paid and changes in non-controlling interest and reserves	(63)	(195)
(9)	Effect of changes in consolidation and exchange differences	15	(1)
(765)	**NET CASH FLOW**	**2,325**	**1,293**

Change in net borrowings

(€ million)

Fourth Quarter 2013		Full Year 2013	Full Year 2014
(407)	**Free cash flow**	**(370)**	**1,562**
(15)	Net borrowings of acquired companies	(6)	(19)
146	Exchange differences on net borrowings and other changes	(11)	(184)
	Dividends paid and changes in non-controlling interest and reserves	(63)	(195)
(276)	**CHANGE IN NET BORROWINGS**	**(450)**	**1,164**

Net cash provided by operating activities (€2,151 million) and proceeds from disposals of €2,177 million, mainly related to the divestment of Eni's share in Artic Russia finalized in the first half of January 2014, funded cash outflows relating to capital expenditure totaling €2,545 million and also paid down the Group net debt by €1,164 million.
Dividends paid and changes in non-controlling interest and reserves mainly related to Eni's share repurchase (€151 million).

Other information

Continuing listing standards provided by Article No. 36 of Italian exchanges regulation about issuers that control subsidiaries incorporated or regulated in accordance with laws of extra-EU Countries.
Certain provisions have been enacted to regulate continuing Italian listing standards of issuers controlling subsidiaries that are incorporated or regulated in accordance with laws of extra-EU Countries, also having a material impact on the consolidated financial statements of the parent company. Regarding the aforementioned provisions, as of March 31, 2014, the following Eni's subsidiaries: Burren Energy (Bermuda) Ltd, Eni Congo SA, Eni Norge AS, Eni Petroleum Co Inc, NAOC-Nigerian Agip Oil Co Ltd, Nigerian Agip Exploration Ltd, Burren Energy (Congo) Ltd, Eni Finance USA Inc, Eni Trading & Shipping Inc and Eni Canada Holding Ltd – fall within the scope of the new continuing listing standards. Eni has already adopted adequate procedures to ensure full compliance with the new regulations.

Financial and operating information by Division for the first quarter 2014 is provided in the following pages.

(8) 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.

Exploration & Production

Fourth Quarter 2013	RESULTS	(€ million)	First Quarter 2013	2014	% Ch.
7,585	**Net sales from operations**		**7,781**	**7,434**	**(4.5)**
3,499	**Operating profit**		**4,052**	**3,430**	**(15.4)**
(179)	Exclusion of special items:		(54)	20	
(22)	*- asset impairments*				
(197)	*- gains on disposal of assets*		*(51)*	*(1)*	
7	*- risk provisions*				
42	*- provision for redundancy incentives*		*1*	*10*	
(1)	*- commodity derivatives*		*2*	*1*	
(2)	*- exchange rate differences and derivatives*		*(7)*	*10*	
(6)	*- other*		*1*		
3,320	**Adjusted operating profit**		**3,998**	**3,450**	**(13.7)**
(71)	Net finance income (expense) [a]		(63)	(67)	
52	Net income (expense) from investments [a]		20	28	
(2,115)	Income taxes [a]		(2,286)	(2,098)	
64.1	*Tax rate (%)*		*57.8*	*61.5*	
1,186	**Adjusted net profit**		**1,669**	**1,313**	**(21.3)**
	Results also include:				
2,046	- amortization and depreciation		1,753	1,870	6.7
	of which:				
420	exploration expenditure		390	357	(8.5)
300	*- amortization of exploratory drilling expenditures and other*		*330*	*279*	*(15.5)*
120	*- amortization of geological and geophysical exploration expenses*		*60*	*78*	*30.0*
3,045	**Capital expenditure**		**2,330**	**2,111**	**(9.4)**
	of which:				
367	*- exploratory expenditure* [b]		*466*	*298*	*(36.1)*
	Production [c] [d]				
816	Liquids [e]	(kbbl/d)	818	822	0.5
4,177	Natural gas	(mmcf/d)	4,290	4,182	(2.5)
1,577	**Total hydrocarbons**	(kboe/d)	**1,600**	**1,583**	**(1.1)**
	Average realizations				
101.00	Liquids [e]	($/bbl)	102.32	99.40	(2.9)
7.26	Natural gas	($/mcf)	7.18	7.47	4.1
74.73	**Total hydrocarbons**	($/boe)	**72.10**	**71.49**	**(0.8)**
	Average oil market prices				
109.27	Brent dated	($/bbl)	112.60	108.20	(3.9)
80.29	Brent dated	(€/bbl)	85.24	78.98	(7.3)
97.38	West Texas Intermediate	($/bbl)	94.30	97.30	3.2
3.84	Gas Henry Hub	($/mmbtu)	3.49	5.17	48.1

(a) Excluding special items.
(b) Includes exploration licenses, acquisition costs and exploration bonuses.
(c) Supplementary operating data is provided on page 41.
(d) Includes Eni's share of production of equity-accounted entities.
(e) Includes condensates.

Results

In the first quarter of 2014, the Exploration & Production Division reported an **adjusted operating profit** of €3,450 million, representing a decrease of €548 million or 13.7% from the first quarter of 2013, driven by lower oil prices for market benchmarks (Brent crude price down by 3.9%) and by the appreciation of the euro against the dollar which impacted the translation of the results reported by subsidiaries whose functional currency is the US dollar.

Special items excluded from adjusted operating profit amounted to a net charge of €20 million mainly related to a provision for redundancy incentives and exchange rate differences and exchange rate derivative instruments reclassified in operating profit (a loss of €10 million).

Adjusted net profit amounted to €1,313 million, decreasing by €356 million, or 21.3% from the first quarter of 2013, due to lower operating performance and an increase in the tax rate by 3.7 percentage point due to a growing share of taxable profit that was earned by subsidiaries subject to a higher tax rate.

Operating review

In the first quarter of 2014, Eni's liquids and gas production was 1.583 million boe/d. On a homogeneous basis, excluding the effects of the assets disposal in Siberia (26 kboe/d) production increases by 0.6%, due to production ramp-ups mainly in the United Kingdom and Algeria, partially offset by continuing political instability in Libya and mature fields declines. The share of oil and natural gas produced outside Italy was 89%.

Liquids production (822 kbbl/d) increased from the first quarter of 2013. New field start-ups and production ramp-ups mainly in the UK, Algeria and the United States more than offset the effects of the divestment of the Siberian assets (4 kbbl/d) as well as lower productions in Libya and Angola.

Natural gas production for the first quarter of 2014 was 4,182 mmcf/d. When excluding the effect of the divestment of the Siberian assets (118 mmcf/d), natural gas production was in line with the level of the same quarter of the previous year. The contribution of new field start-ups and ramp-ups mainly in the UK and Algeria was offset by mature fields declines.

Gas & Power

Fourth Quarter 2013	RESULTS	(€ million)	First Quarter 2013	2014	% Ch.
8,721	**Net sales from operations**		**10,865**	**9,224**	**(15.1)**
(2,002)	**Operating profit**		**(89)**	**613**	**..**
202	Exclusion of inventory holding (gains) losses		(37)	(108)	
2,141	Exclusion of special items:		(85)	(264)	
(1)	*- environmental charges*				
1,685	*- asset impairments*			*1*	
1	*- gains on disposal of assets*				
374	*- risk provisions*		*(102)*		
9	*- provision for redundancy incentives*		*1*	*1*	
96	*- commodity derivatives*		*(79)*	*(265)*	
(31)	*- exchange rate differences and derivatives*		*82*	*(1)*	
8	*- other*		*13*		
341	**Adjusted operating profit**		**(211)**	**241**	**..**
296	*Marketing*		*(292)*	*204*	*..*
45	*International transport*		*81*	*37*	*(54.3)*
2	Net finance income (expense) [a]		3	2	
3	Net income from investments [a]		17	32	
(107)	Income taxes [a]		50	(118)	
30.9	*Tax rate (%)*		*..*	*42.9*	
239	**Adjusted net profit**		**(141)**	**157**	**..**
83	**Capital expenditure**		**26**	**28**	**7.7**
	Natural gas sales [b]	(bcm)			
10.70	Italy		12.53	11.18	(10.8)
14.86	International sales		17.64	15.60	(11.7)
12.70	*- Rest of Europe*		*15.14*	*13.32*	*(12.0)*
1.47	*- Extra European markets*		*1.79*	*1.59*	*(11.2)*
0.69	*- E&P sales in Europe and in the Gulf of Mexico*		*0.71*	*0.67*	*(5.6)*
25.56	**WORLDWIDE GAS SALES**		**30.17**	**26.76**	**(11.3)**
	of which:				
23.03	- Sales of consolidated subsidiaries		27.46	24.37	(11.3)
1.84	- Eni's share of sales of natural gas of affiliates		2.00	1.72	(14.0)
0.69	- E&P sales in Europe and in the Gulf of Mexico		0.71	0.67	(5.6)
8.75	**Electricity sales**	(TWh)	**9.16**	**8.25**	**(9.9)**

(a) Excluding special items.
(b) Supplementary operating data is provided on page 42.

Results

In the first quarter of 2014, the Gas & Power Division reported an **adjusted operating profit** of €241 million, up by €452 million compared to the first quarter of 2013. This was driven by the renegotiations of the Norwegian long-term gas supply contract, the economic effects of which were retroactive to the previous thermal year. This positive effect was partially offset by lower margins and sales of gas and electricity due to lower sales prices, structural demand headwinds, oversupplies and strong competition. The International transport activity reduced its operating profit (down by €44 million).

Special items excluded from adjusted operating profit amounted to net gains of €265 million mainly related to the effects of fair-value evaluation of certain commodity derivatives contracts lacking the formal requisites to be accounted as hedges under IFRS.

The Gas & Power Division reported an **adjusted net profit** of €157 million, which was much better than the previous-quarter loss of €141 million, up by €298 million, due to a better operating performance and higher results from equity-accounted entities.

Operating review

In the first quarter of 2014, Eni's **natural gas sales** were 26.76 bcm (including Eni's own consumption, Eni's share of sales made by equity-accounted entities and upstream sales in Europe and in the Gulf of Mexico), representing a decrease of 3.41 bcm compared to the first quarter of 2013 (down by 11.3%). Sales in Italy decreased by 10.8% to 11.18 bcm driven by an ongoing demand downturn, competitive pressure, mild climate as well as a worsening trading environment for electricity sales reflecting higher use of hydroelectric sources and lower demand. Sales in Europe of 12.13 bcm decreased by 1.79 bcm (down 12.9%) driven by lower volumes marketed in Germany/Austria, Benelux and France due to competitive pressure, partially offset by higher sales in Spain and Turkey due to effective marketing policies.

Electricity sales were 8.25 TWh in the first quarter of 2014, decreasing by 9.9%, from a year earlier due to lower volumes traded on the free market (down by 0.78 TWh).

Other performance indicators

Follows a breakdown of the pro-forma adjusted EBITDA by business:

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014	% Ch.
506	**Pro-forma adjusted EBITDA**	**(69)**	**387**	**..**
417	Marketing	(181)	312	..
89	International transport	112	75	(33.0)

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization charges) on an adjusted basis is calculated by adding amortization and depreciation charges to adjusted operating profit. This performance indicator includes the adjusted EBITDA of Eni's wholly owned subsidiaries and Eni's share of adjusted EBITDA generated by certain associates which are accounted for under the equity method for IFRS purposes. Management believes that the pro-forma EBITDA adjusted is an important alternative measure to assess the performance of Eni's Gas & Power Division, taking into account evidence that this Division is comparable to European utilities in the gas and power generation sector. This measure is provided in order to assist investors and financial analysts in assessing the divisional performance of Gas & Power, as compared to its European peers, as EBITDA is widely used as the main performance indicator for utilities. The pro-forma EBITDA adjusted is a non-GAAP measure under IFRS.

Refining & Marketing

Fourth Quarter 2013	RESULTS	(€ million)	First Quarter 2013	2014	% Ch.
11,376	**Net sales from operations**		**13,866**	**13,347**	**(3.7)**
(812)	**Operating profit**		**(30)**	**(361)**	**..**
31	Exclusion of inventory holding (gains) losses		(97)	64	
689	Exclusion of special items:		(7)	74	
58	*- environmental charges*		*7*	*8*	
569	*- asset impairments*		*16*	*53*	
(5)	*- gains on disposal of assets*				
85	*- provision for redundancy incentives*		*1*	*1*	
(4)	*- commodity derivatives*			*(2)*	
(11)	*- exchange rate differences and derivatives*		*(21)*	*6*	
(3)	*- other*		*(10)*	*8*	
(92)	**Adjusted operating profit**		**(134)**	**(223)**	**(66.4)**
(2)	Net finance income (expense) [a]			(1)	
16	Net income (expense) from investments [a]		35	34	
74	Income taxes [a]		48	31	
..	*Tax rate (%)*		..	..	
(4)	**Adjusted net profit**		**(51)**	**(159)**	**..**
272	**Capital expenditure**		**88**	**111**	**26.1**
	Global indicator refining margin				
0.48	Brent dated	($/bbl)	3.97	1.70	(57.2)
0.64	Brent/Ural	($/bbl)	4.30	2.07	(51.9)
	REFINING THROUGHPUTS AND SALES	(mmtonnes)			
4.47	**Refining throughputs of wholly-owned refineries**		**4.91**	**4.03**	**(17.9)**
6.50	**Refining throughputs on own account**		**6.96**	**5.88**	**(15.5)**
5.29	- Italy		5.83	4.77	(18.2)
1.21	- Rest of Europe		1.13	1.11	(1.8)
2.33	**Retail sales**		**2.33**	**2.16**	**(7.3)**
1.57	- Italy		1.65	1.45	(12.1)
0.76	- Rest of Europe		0.68	0.71	4.4
3.28	**Wholesale sales**		**2.80**	**2.69**	**(3.9)**
2.17	- Italy		1.86	1.68	(9.7)
1.11	- Rest of Europe		0.94	1.01	7.4
0.11	**Wholesale sales outside Europe**		**0.10**	**0.10**	

(a) Excluding special items.

Results

In the first quarter of 2014, the Refining & Marketing Division reported an **adjusted operating loss** amounting to €223 million, which was €89 million more than the previous quarter of 2013, down 66.4%. This negative trend reflected structural headwinds in the industry (the Brent/Ural benchmark being on average 2.07 $/barrel, down by 51.9% from the first quarter of 2013) affected by excess capacity, weak demand for oil products, and increasing competitive pressure from product streams imported by Russia, Middle East and the USA. Furthermore, Eni's results in Refining & Marketing were affected by narrowing differentials between the heavy crudes processed by Eni's refineries and the marker Brent which reflected lower availability of the former in the Mediterranean area. This trend was partly counteracted by efficiency initiatives, in particular aimed at reducing energy and operating costs and optimizing refinery utilization rates by reducing throughput of less competitive plants. Marketing results registered a decline compared to the same quarter of the previous year, due to lower consumption in retail sales and increasing competitive pressure.

Special charges excluded from adjusted operating loss amounted to €74 million in the first quarter of 2014 and related to: (i) impairment losses of capital expense made at plans which were completely written off in previous reporting periods (€53 million); (ii) environmental charges (€8 million); (iii) expenses for restructuring of certain service stations (€8 million); and (iv) and exchange rate differences and exchange rate derivative instruments reclassified in operating profit (a charge of €6 million).

Adjusted net loss was €159 million, down by €108 million from the adjusted net loss reported in the first quarter of 2013.

Operating review

Eni's refining throughputs for the first quarter of 2014 were 5.88 mmtonnes, down 15.5% from the first quarter of 2013.
In Italy, processed volumes decreased due to the planned shutdown of the Venice refinery following the start of the Green Refinery project, maintenance standstill at Sannazzaro site, and the anticipated planned standstill at Milazzo refinery. These negatives were partly offset by higher volumes processed at the Gela plant, due to a better performance.
Outside Italy, Eni's refining throughputs of 1.11 mmtonnes were substantially unchanged from the same quarter of 2013.

Retail sales in Italy were 1.45 mmtonnes in the first quarter 2014 and declined by 0.20 mmtonnes, or 12.1% from the corresponding period of the previous year. This decline was driven by sharply lower consumption of gasoil and gasoline. In the first quarter of 2014 Eni's market share decreased by 2.9 percentage points from the first quarter of 2013 (from 29.1% to 26.2%).

Wholesale sales in Italy (1.68 mmtonnes) decreased by approximately 180 ktonnes (down 9.7%) from the first quarter of 2013 due to lower sales of gasoil, bunkering and LPG reflecting declining demand offset by higher volumes of minor products and jet fuel marketed. Average market share in the first quarter of 2014 was 26.9%.

Retail sales in the rest of Europe were approximately 710 ktonnes increasing by 4.4% from the first quarter of 2013 mainly due to higher volumes sold in Germany, Austria, and Hungary.

Wholesale sales in the rest of Europe were 1.01 mmtonnes in the first quarter of 2014 increasing by 7.4% from the first quarter of 2013 mainly in the Iberian Peninsula, Slovenia, Austria and Hungary. Lower sales were registered in Germany.

Summarized Group profit and loss account

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
25,635	Net sales from operations	31,166	29,203	(6.3)
670	Other income and revenues	239	160	(33.1)
(21,244)	Operating expenses	(25,414)	(23,674)	6.8
(24)	Other operating income (expense)	41	248	..
(4,789)	Depreciation, depletion, amortization and impairments	(2,165)	(2,291)	(5.8)
248	**Operating profit**	**3,867**	**3,646**	**(5.7)**
(257)	Finance income (expense)	(182)	(236)	(29.7)
1,807	Net income from investments	121	213	76.0
1,798	**Profit before income taxes**	**3,806**	**3,623**	**(4.8)**
(2,386)	Income taxes	(2,251)	(2,286)	(1.6)
..	*Tax rate (%)*	*59.1*	*63.1*	
(588)	**Net profit**	**1,555**	**1,337**	**(14.0)**
	of which attributable:			
(647)	- Eni's shareholders	1,543	1,303	(15.6)
59	- Non-controlling interest	12	34	
(647)	**Net profit attributable to Eni's shareholders**	**1,543**	**1,303**	**(15.6)**
229	Exclusion of inventory holding (gains) losses	7	6	
1,719	Exclusion of special items	(165)	(122)	
1,301	**Adjusted net profit attributable to Eni's shareholders** [a]	**1,385**	**1,187**	**(14.3)**

(a) For a detailed explanation of adjusted operating profit and adjusted net profit see the paragraph "Reconciliation of reported operating profit and reported net profit to results on an adjusted basis".

NON-GAAP measures

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

The following is a description of items that are excluded from the calculation of adjusted results.

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

Special items include certain significant income or charges pertaining to either: (i) infrequent or unusual events and transactions, being identified as non-recurring items under such circumstances; (ii) certain events or transactions which are not considered 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 include gains and losses on re-measurement at fair value of certain non hedging commodity derivatives, including the ineffective portion of cash flow hedges and certain derivatives financial instruments embedded in the pricing formula of long-term gas supply agreements of the Exploration & Production Division.

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 Division). Finance charges or interest income and related taxation effects excluded from the adjusted net profit of the business segments are allocated on the aggregate Corporate and financial companies.

For a reconciliation of adjusted operating profit, adjusted net profit to reported operating profit and reported net profit see tables below.

(€ million)

First Quarter 2014

	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit	**3,430**	**613**	**(361)**	**(128)**	**127**	**(80)**	**(52)**	**97**	**3,646**
Exclusion of inventory holding (gains) losses		(108)	64	38				13	7
Exclusion of special items:									
environmental charges			8						8
asset impairments		1	53	(1)			2		55
gains on disposal of assets	(1)								(1)
risk provisions						4			4
provisions for redundancy incentives	10	1	1			(5)			7
commodity derivatives	1	(265)	(2)	2	1				(263)
exchange rate differences and derivatives	10	(1)	6						15
other			8				5		13
Special items of operating profit	**20**	**(264)**	**74**	**1**	**1**	**(1)**	**7**		**(162)**
Adjusted operating profit	**3,450**	**241**	**(223)**	**(89)**	**128**	**(81)**	**(45)**	**110**	**3,491**
Net finance (expense) income [(a)]	(67)	2	(1)	(1)	(1)	(167)			(235)
Net income from investments [(a)]	28	32	34		8	94			196
Income taxes [(a)]	(2,098)	(118)	31	15	(40)	13		(34)	(2,231)
Tax rate (%)	*61.5*	*42.9*	*..*		*29.6*				*64.6*
Adjusted net profit	**1,313**	**157**	**(159)**	**(75)**	**95**	**(141)**	**(45)**	**76**	**1,221**
of which:									
- Adjusted net profit of non-controlling interest									34
- Adjusted net profit attributable to Eni's shareholders									**1,187**
Reported net profit attributable to Eni's shareholders									**1,303**
Exclusion of inventory holding (gains) losses									6
Exclusion of special items									(122)
Adjusted net profit attributable to Eni's shareholders									**1,187**

(a) Excluding special items.

(€ million)

First Quarter 2013

	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit	**4,052**	**(89)**	**(30)**	**(94)**	**203**	**(77)**	**(72)**	**(26)**	**3,867**
Exclusion of inventory holding (gains) losses		(37)	(97)	29				115	10
Exclusion of special items:									
environmental charges			7						7
asset impairments			16				1		17
gains on disposal of assets	(51)				1				(50)
risk provisions		(102)							(102)
provisions for redundancy incentives	1	1	1			1			4
commodity derivatives	2	(79)							(77)
exchange rate differences and derivatives	(7)	82	(21)	2					56
other	1	13	(10)			(6)	16		14
Special items of operating profit	**(54)**	**(85)**	**(7)**	**2**	**1**	**(5)**	**17**		**(131)**
Adjusted operating profit	**3,998**	**(211)**	**(134)**	**(63)**	**204**	**(82)**	**(55)**	**89**	**3,746**
Net finance (expense) income [a]	(63)	3		(1)	(1)	(156)			(218)
Net income from investments [a]	20	17	35			42			114
Income taxes [a]	(2,286)	50	48	6	(73)	41		(31)	(2,245)
Tax rate (%)	*57.8*	..	..		*36.0*				*61.6*
Adjusted net profit	**1,669**	**(141)**	**(51)**	**(58)**	**130**	**(155)**	**(55)**	**58**	**1,397**
of which:									
- Adjusted net profit of non-controlling interest									12
- Adjusted net profit attributable to Eni's shareholders									**1,385**
Reported net profit attributable to Eni's shareholders									**1,543**
Exclusion of inventory holding (gains) losses									7
Exclusion of special items									(165)
Adjusted net profit attributable to Eni's shareholders									**1,385**

(a) Excluding special items.

(€ million)

Fourth Quarter 2013

	Exploration & Production	Gas & Power	Refining & Marketing	Versalis	Engineering & Construction	Corporate and financial companies	Other activities	Impact of unrealized intragroup profit elimination	GROUP
Reported operating profit	**3,499**	**(2,002)**	**(812)**	**(332)**	**166**	**(153)**	**(93)**	**(25)**	**248**
Exclusion of inventory holding (gains) losses		202	31	81				71	385
Exclusion of special items:									
environmental charges		(1)	58	58			30		145
asset impairments	(22)	1,685	569	38			15		2,285
gains on disposal of assets	(197)	1	(5)		(4)		(1)		(206)
risk provisions	7	374					1		382
provisions for redundancy incentives	42	9	85	22	(5)	69	19		241
commodity derivatives	(1)	96	(4)	(1)	(2)				88
exchange rate differences and derivatives	(2)	(31)	(11)	4					(40)
other	(6)	8	(3)			2	(22)		(21)
Special items of operating profit	**(179)**	**2,141**	**689**	**121**	**(11)**	**71**	**42**		**2,874**
Adjusted operating profit	**3,320**	**341**	**(92)**	**(130)**	**155**	**(82)**	**(51)**	**46**	**3,507**
Net finance (expense) income [(a)]	(71)	2	(2)	(1)	(1)	(153)	10		(216)
Net income from investments [(a)]	52	3	16	1	(9)	67	2		132
Income taxes [(a)]	(2,115)	(107)	74	14	(44)	185		(70)	(2,063)
Tax rate (%)	*64.1*	*30.9*	*..*		*30.3*				*60.3*
Adjusted net profit	**1,186**	**239**	**(4)**	**(116)**	**101**	**17**	**(39)**	**(24)**	**1,360**
of which:									
- Adjusted net profit of non-controlling interest									59
- Adjusted net profit attributable to Eni's shareholders									**1,301**
Reported net profit attributable to Eni's shareholders									**(647)**
Exclusion of inventory holding (gains) losses									229
Exclusion of special items									1,719
Adjusted net profit attributable to Eni's shareholders									**1,301**

(a) Excluding special items.

Breakdown of Eni Group's special items

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
145	Environmental charges	7	8
2,285	Asset impairments	17	55
(206)	Gains on disposal of assets	(50)	(1)
382	Risk provisions	(102)	4
241	Provisions for redundancy incentives	4	7
88	Commodity derivatives	(77)	(263)
(40)	Exchange rate differences and derivatives	56	15
(21)	Other	14	13
2,874	**Special items of operating profit**	**(131)**	**(162)**
41	**Net finance (income) expense**	**(36)**	**1**
	of which:		
40	*exchange rate differences and derivatives*	*(56)*	*(15)*
(1,675)	**Net income from investments**	**(7)**	**(17)**
	of which:		
(3)	- gains on disposal of assets		(2)
(3)	*of which: Galp*		*(2)*
(1,682)	*- gains on investment revaluation*		
(1,682)	*of which: Artic Russia*		
11	- impairments of equity investments		
479	**Income taxes**	**9**	**56**
	of which:		
954	*impairment of deferred tax assets of Italian subsidiaries*		
347	*deferred tax adjustment on PSAs*		
45	*re-allocation of tax impact on intercompany dividends and other special items*		*10*
(867)	*taxes on special items of operating profit*	*9*	*46*
1,719	**Total special items of net profit**	**(165)**	**(122)**

Net sales from operations

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014	% Ch.
7,585	Exploration & Production	7,781	7,434	(4.5)
8,721	Gas & Power	10,865	9,224	(15.1)
11,376	Refining & Marketing	13,866	13,347	(3.7)
1,343	Versalis	1,543	1,402	(9.1)
3,155	Engineering & Construction	2,989	2,891	(3.3)
15	Other activities	22	15	(31.8)
418	Corporate and financial companies	326	329	0.9
47	Impact of unrealized intragroup profit elimination	(229)	(13)	
(7,025)	Consolidation adjustments	(5,997)	(5,426)	
25,635		**31,166**	**29,203**	**(6.3)**

Operating expenses

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
19,732	Purchases, services and other	24,181	22,333	(7.6)
527	*of which: other special items*	*(95)*	*12*	
1,512	Payroll and related costs	1,233	1,341	8.8
241	*of which: provisions for redundancy incentives and other*	*4*	*7*	
21,244		**25,414**	**23,674**	**(6.8)**

Depreciation, depletion, amortization and impairments

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
2,068	Exploration & Production	1,753	1,870	6.7
121	Gas & Power	110	84	(23.6)
92	Refining & Marketing	81	73	(9.9)
30	Versalis	21	23	9.5
184	Engineering & Construction	175	176	0.6
1	Other activities			
14	Corporate and financial companies	14	16	14.3
(6)	Impact of unrealized intragroup profit elimination	(6)	(6)	
2,504	**Total depreciation, depletion and amortization**	**2,148**	**2,236**	**4.1**
2,285	**Impairments**	**17**	**55**	**..**
4,789		**2,165**	**2,291**	**5.8**

Net income from investments

(€ million)

First Quarter of 2014	**Exploration & Production**	**Gas & Power**	**Refining & Marketing**	**Engineering & Construction**	**Other activities**	**Group**
Share of gains (losses) from equity-accounted investments	25	32		9		**66**
Dividends	3		33			**36**
Net gains on disposal				3	2	**5**
Other income (expense), net		12			94	**106**
	28	**44**	**33**	**12**	**96**	**213**

Income taxes

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	Change
	Profit before income taxes			
(2,409)	Italy	84	454	370
4,207	Outside Italy	3,722	3,169	(553)
1,798		**3,806**	**3,623**	**(183)**
	Income taxes			
301	Italy	96	244	148
2,085	Outside Italy	2,155	2,042	(113)
2,386		**2,251**	**2,286**	**35**
	Tax rate (%)			
..	Italy	..	53.7	..
49.6	Outside Italy	57.9	64.4	6.5
..		**59.1**	**63.1**	**4.0**

Adjusted net profit by Division

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014	% Ch.
1,186	Exploration & Production	1,669	1,313	(21.3)
239	Gas & Power	(141)	157	..
(4)	Refining & Marketing	(51)	(159)	..
(116)	Versalis	(58)	(75)	(29.3)
101	Engineering & Construction	130	95	(26.9)
(39)	Other activities	(55)	(45)	18.2
17	Corporate and financial companies	(155)	(141)	9.0
(24)	Impact of unrealized intragroup profit elimination [a]	58	76	
1,360		**1,397**	**1,221**	**(12.6)**
	Attributable to:			
1,301	**- Eni's shareholders**	**1,385**	**1,187**	**(14.3)**
59	- Non-controlling interest	12	34	..

(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.

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, 2013	Mar. 31, 2014	Change
Total debt	25,560	25,710	150
Short-term debt	*4,685*	*3,740*	*(945)*
Long-term debt	*20,875*	*21,970*	*1,095*
Cash and cash equivalents	(5,431)	(6,724)	(1,293)
Securities held for trading and other securities held for non-operating purposes	(5,037)	(5,042)	(5)
Financing receivables for non-operating purposes	(129)	(145)	(16)
Net borrowings	**14,963**	**13,799**	**(1,164)**
Shareholders' equity including non-controlling interest	**61,049**	**62,399**	**1,350**
Leverage	**0.25**	**0.22**	**(0.03)**

Net borrowings are calculated under Consob provisions on Net Financial Position (Com. n. DEM/6064293 of 2006).

Bonds maturing in the 18-months period starting on March 31, 2014

(€ million)

Issuing entity	Amount at Mar. 31, 2014 [a]
Eni SpA	2,026
Eni Finance International SA	163
	2,189

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

Bonds issued in the first quarter of 2014 (guaranteed by Eni SpA)

Issuing entity	Nominal amount (million)	Currency	Amount at Mar. 31, 2014 [a] (€ million)	Maturity	Rate	%
Eni SpA	1,000	EUR	998	2029	fixed	3.625
			998			

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

Consolidated financial statements

GROUP BALANCE SHEET

(€ million)

Jan. 1, 2013		Dec. 31, 2013	Mar. 31, 2014
	ASSETS		
	Current assets		
7,936	Cash and cash equivalents	5,431	6,724
	Other financial activities held for trading	5,004	5,008
237	Other financial assets available for sale	235	266
28,618	Trade and other receivables	28,890	31,259
8,578	Inventories	7,939	7,448
771	Current tax assets	802	768
1,239	Other current tax assets	835	880
1,617	Other current assets	1,325	2,714
48,996		**50,461**	**55,067**
	Non-current assets		
64,798	Property, plant and equipment	63,763	64,195
2,541	Inventory - compulsory stock	2,573	2,555
4,487	Intangible assets	3,876	3,826
3,453	Equity-accounted investments	3,153	3,181
5,085	Other investments	3,027	3,121
913	Other financial assets	858	825
5,005	Deferred tax assets	4,658	4,500
4,398	Other non-current receivables	3,676	3,180
90,680		**85,584**	**85,383**
516	**Assets held for sale**	**2,296**	**12**
140,192	**TOTAL ASSETS**	**138,341**	**140,462**
	LIABILITIES AND SHAREHOLDERS' EQUITY		
	Current liabilities		
2,032	Short-term debt	2,553	2,978
3,015	Current portion of long-term debt	2,132	762
23,666	Trade and other payables	23,701	22,518
1,633	Income taxes payable	755	797
2,188	Other taxes payable	2,291	3,054
1,418	Other current liabilities	1,437	2,295
33,952		**32,869**	**32,404**
	Non-current liabilities		
19,145	Long-term debt	20,875	21,970
13,567	Provisions for contingencies	13,120	13,220
1,407	Provisions for employee benefits	1,279	1,274
6,745	Deferred tax liabilities	6,750	6,997
2,598	Other non-current liabilities	2,259	2,198
43,462		**44,283**	**45,659**
361	**Liabilities directly associated with assets held for sale**	**140**	
77,775	**TOTAL LIABILITIES**	**77,292**	**78,063**
	SHAREHOLDERS' EQUITY		
3,357	**Non-controlling interest**	**2,839**	**2,831**
	Eni shareholders' equity:		
4,005	Share capital	4,005	4,005
(16)	Reserve related to the fair value of cash flow hedging derivatives net of tax effect	(154)	19
49,438	Other reserves	51,393	54,593
(201)	Treasury shares	(201)	(352)
(1,956)	Interim dividend	(1,993)	
7,790	Net profit	5,160	1,303
59,060	**Total Eni shareholders' equity**	**58,210**	**59,568**
62,417	**TOTAL SHAREHOLDERS' EQUITY**	**61,049**	**62,399**
140,192	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**138,341**	**140,462**

GROUP PROFIT AND LOSS ACCOUNT

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
	REVENUES		
25,635	Net sales from operations	31,166	29,203
670	Other income and revenues	239	160
26,305	**Total revenues**	**31,405**	**29,363**
	OPERATING EXPENSES		
19,732	Purchases, services and other	24,181	22,333
1,512	Payroll and related costs	1,233	1,341
(24)	**OTHER OPERATING (EXPENSE) INCOME**	**41**	**248**
4,789	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**2,165**	**2,291**
248	**OPERATING PROFIT**	**3,867**	**3,646**
	FINANCE INCOME (EXPENSE)		
1,282	Finance income	1,938	1,553
(1,464)	Finance expense	(2,149)	(1,744)
4	Income (expense) from other financial activities held for trading		4
(79)	Derivative financial instruments	29	(49)
(257)		**(182)**	**(236)**
	INCOME (EXPENSE) FROM INVESTMENTS		
21	Share of profit (loss) of equity-accounted investments	44	66
1,786	Other gains (losses) from investments	77	147
1,807		**121**	**213**
1,798	**PROFIT BEFORE INCOME TAXES**	**3,806**	**3,623**
(2,386)	Income taxes	(2,251)	(2,286)
(588)	**Net profit**	**1,555**	**1,337**
	Attributable to:		
(647)	- Eni's shareholders	1,543	1,303
59	- Non controlling interest	12	34
	Net profit per share (€ per share)		
(0.18)	- basic	0.43	0.36
(0.18)	- diluted	0.43	0.36

COMPREHENSIVE INCOME

(€ million)

	First Quarter 2013	2014
Net profit for the period	**1,555**	**1,337**
Other items of comprehensive income:		
Items to be reclassified to profit and loss account		
- foreign currency translation differences	*1,152*	*18*
- fair value evaluation of Eni's interest in Galp and Snam	*75*	*14*
- change in the fair value of cash flow hedging derivatives	*(33)*	*249*
- change in the fair value of available-for-sale securities		*3*
- share of "Other comprehensive income" on equity-accounted entities	*(1)*	
- taxation	*12*	*(76)*
Total other items of comprehensive income	**1,205**	**208**
Total comprehensive income	**2,760**	**1,545**
Attributable to:		
- Eni's shareholders	**2,716**	**1,510**
- Non-controlling interest	44	35

CHANGES IN SHAREHOLDERS' EQUITY

(€ million)

Shareholders' equity at December 31, 2013:		**61,049**
Total comprehensive income	1,545	
Dividends distributed by consolidated subsidiaries	(44)	
Purchase of Eni's shares	(151)	
Total changes		**1,350**
Shareholders' equity at March 31, 2014:		**62,399**
Attributable to:		
- Eni's shareholders		**59,568**
- Non-controlling interest		2,831

GROUP CASH FLOW STATEMENT

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
(588)	**Net profit**	**1,555**	**1,337**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
2,504	Depreciation, depletion and amortization	2,148	2,236
2,285	Impairments of tangible and intangible assets, net	17	55
(21)	Share of loss of equity-accounted investments	(44)	(66)
(266)	Gains on disposal of assets, net	(51)	(5)
(43)	Dividend income	(35)	(36)
(34)	Interest income	(31)	(31)
174	Interest expense	187	171
2,386	Income taxes	2,251	2,286
(1,805)	Other changes	(18)	(111)
	Changes in working capital:		
629	- inventories	261	502
(2,717)	- trade receivables	(3,631)	(1,359)
1,970	- trade payables	1,502	(733)
544	- provisions for contingencies	(437)	90
480	- other assets and liabilities	1,797	(234)
906	*Cash flow from changes in working capital*	*(508)*	*(1,734)*
(15)	Net change in the provisions for employee benefits	7	(2)
118	Dividends received	34	107
35	Interest received	20	17
(115)	Interest paid	(439)	(193)
(2,337)	Income taxes paid, net of tax receivables received	(2,279)	(1,880)
3,184	**Net cash provided by operating activities**	**2,814**	**2,151**
	Investing activities:		
(3,340)	- tangible assets	(2,620)	(2,210)
(449)	- intangible assets	(502)	(335)
3	- consolidated subsidiaries and businesses	(28)	(15)
(104)	- investments	(85)	(45)
(506)	- securities	(10)	(64)
(323)	- financing receivables	(321)	(484)
57	- change in payables and receivables in relation to investments and capitalized depreciation	(81)	(114)
(4,662)	*Cash flow from investments*	*(3,647)*	*(3,267)*
	Disposals:		
306	- tangible assets	52	
9	- intangible assets		
	- consolidated subsidiaries and businesses		
35	- investments	23	2,177
1	- securities	19	35
316	- financing receivables	1,281	468
24	- change in payables and receivables in relation to disposals	22	(19)
691	*Cash flow from disposals*	*1,397*	*2,661*
(3,971)	**Net cash used in investing activities** (*)	**(2,250)**	**(606)**

GROUP CASH FLOW STATEMENT (continued)

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
564	Proceeds from long-term debt	988	2,241
(612)	Repayments of long-term debt	(101)	(2,666)
79	Increase (decrease) in short-term debt	922	369
31		**1,809**	**(56)**
	Acquisition of interests in consolidated subsidiaries	(25)	
	Dividends paid to non-controlling interests	(38)	(44)
	Net purchase of treasury shares		(151)
31	**Net cash used in financing activities**	**1,746**	**(251)**
2	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)		
(11)	Effect of exchange rate changes on cash and cash equivalents and other changes	15	(1)
(765)	**Net cash flow for the period**	**2,325**	**1,293**
6,196	**Cash and cash equivalents - beginning of the period**	**7,936**	**5,431**
5,431	**Cash and cash equivalents - end of the period**	**10,261**	**6,724**

(*) 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:

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
	Financing investments:		
(507)	- securities		(28)
38	- financing receivables	(168)	(67)
(469)		**(168)**	**(95)**
	Disposal of financing investments:		
1	- securities	14	27
88	- financing receivables	1,088	51
89		**1,102**	**78**
(380)	**Net cash flows from financing activities**	**934**	**(17)**

SUPPLEMENTAL INFORMATION

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014
	Effect of investment of companies included in consolidation and businesses		
25	Current assets	26	60
12	Non-current assets	27	32
(7)	Net borrowings	(5)	(19)
(17)	Current and non-current liabilities	(19)	(43)
13	**Net effect of investments**	**29**	**30**
(8)	Fair value of investments held before the acquisition of control		(15)
5	**Purchase price**	**29**	**15**
	less:		
(8)	Cash and cash equivalents	(1)	
(3)	**Cash flow on investments**	**28**	**15**

IFRS 10 and 11 application: 2013 restatement

Profit and loss account

(€ million)

2013 Full Year		2013 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	REVENUES				
114,697	Net sales from operations	31,166	28,089	29,807	25,635
1,387	Other income and revenues	239	136	342	670
116,084		**31,405**	**28,225**	**30,149**	**26,305**
	OPERATING EXPENSES				
90,003	Purchases, services and other	24,181	22,834	23,256	19,732
5,301	Payroll and related costs	1,233	1,353	1,203	1,512
(71)	**OTHER OPERATING (EXPENSE) INCOME**	**41**	**(51)**	**(37)**	**(24)**
11,821	**DEPRECIATION, DEPLETION, AMORTIZATION AND IMPAIRMENTS**	**2,165**	**2,516**	**2,351**	**4,789**
8,888	**OPERATING PROFIT**	**3,867**	**1,471**	**3,302**	**248**
	FINANCE INCOME (EXPENSE)				
5,732	Finance income	1,938	1,276	1,236	1,282
(6,653)	Finance expense	(2,149)	(1,656)	(1,384)	(1,464)
4	Financial instruments held for trading				4
(92)	Derivative financial instruments	29	(48)	6	(79)
(1,009)		**(182)**	**(428)**	**(142)**	**(257)**
	INCOME (EXPENSE) FROM INVESTMENTS				
222	Share of profit (loss) of equity-accounted investments	44	117	40	21
5,863	Other gains (losses) from investments	77	394	3,606	1,786
6,085		**121**	**511**	**3,646**	**1,807**
13,964	**PROFIT BEFORE INCOME TAXES**	**3,806**	**1,554**	**6,806**	**1,798**
(9,005)	Income taxes	(2,251)	(1,674)	(2,694)	(2,386)
4,959	**NET PROFIT**	**1,555**	**(120)**	**4,112**	**(588)**
	attributable to:				
5,160	**- Eni's shareholders**	**1,543**	**275**	**3,989**	**(647)**
(201)	- non-controlling interest	12	(395)	123	59
	Earnings per share attributable to Eni's shareholders (€ per share)				
1.42	- Basic	0.43	0.07	1.10	(0.18)
1.42	- Diluted	0.43	0.07	1.10	(0.18)

Adjusted operating profit

(€ million)

2013 Full Year		2013 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
14,643	Exploration & Production	3,998	3,409	3,916	3,320
(638)	Gas & Power	(211)	(424)	(344)	341
(457)	Refining & Marketing	(134)	(176)	(55)	(92)
(386)	Versalis	(63)	(82)	(111)	(130)
(99)	Engineering & Construction	204	(678)	220	155
(210)	Other activities	(55)	(52)	(52)	(51)
(332)	Corporate and financial companies	(82)	(76)	(92)	(82)
129	Impact of unrealized intragroup profit elimination and other adjustments	89	38	(44)	46
12,650	**Adjusted operating profit**	**3,746**	**1,959**	**3,438**	**3,507**

Adjusted net profit

(€ million)

2013 Full Year		2013 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
5,950	Exploration & Production	1,669	1,441	1,654	1,186
(253)	Gas & Power	(141)	(227)	(124)	239
(232)	Refining & Marketing	(51)	(139)	(38)	(4)
(338)	Versalis	(58)	(78)	(86)	(116)
(253)	Engineering & Construction	130	(649)	165	101
(205)	Other activities	(55)	(58)	(53)	(39)
(476)	Corporate and financial companies	(155)	(129)	(209)	17
39	Impact of unrealized intragroup profit elimination and other adjustments [a]	58	20	(15)	(24)
4,232	**Adjusted net profit**	**1,397**	**181**	**1,294**	**1,360**
	attributable to:				
4,433	**- Eni's shareholders**	**1,385**	**576**	**1,171**	**1,301**
(201)	- non-controlling interest	12	(395)	123	59

(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 period.

Breakdown of Eni Group's special items

(€ million)

2013 Full Year		2013 First Quarter	Second Quarter	Third Quarter	Fourth Quarter
205	Environmental charges	7	47	6	145
2,400	Asset impairments	17	71	27	2,285
(187)	Net gains on disposal of assets	(50)	(16)	85	(206)
334	Risk provisions	(102)	27	27	382
270	Provisions for redundancy incentives	4	15	10	241
315	Commodity derivatives	(77)	131	173	88
(195)	Exchange rate differences and derivatives	56	(127)	(84)	(40)
(96)	Other	14	14	(103)	(21)
3,046	**Special items of operating profit**	**(131)**	**162**	**141**	**2,874**
190	**Net finance (income) expense**	**(36)**	**155**	**30**	**41**
	of which:				
195	*- exchange rate differences and derivatives*	*(56)*	*127*	*84*	*40*
(5,299)	**Net income (expense) from investments**	**(7)**	**(195)**	**(3,422)**	**(1,675)**
	of which:				
(3,599)	- gains on disposal of assets		(174)	(3,422)	(3)
(3,359)	*of which: divestment of the 28.57% of Eni's interest in Eni East Africa*			*(3,359)*	
(98)	*Galp*		*(95)*		*(3)*
(75)	*Snam*		*(75)*		
(1,682)	- gains on investment revaluation				(1,682)
(1,682)	*of which: Artic Russia*				*(1,682)*
11	- impairments of equity investments				11
898	**Income taxes**	**9**	**(24)**	**434**	**479**
	of which:				
954	*- impairment of deferred tax assets of Italian subsidiaries*				*954*
490	*- deferred tax adjustment on PSAs*			*143*	*347*
64	*- re-allocation of tax impact on intercompany dividends and other special items*		*41*	*(22)*	*45*
(610)	*- taxes on special items*	*9*	*(65)*	*313*	*(867)*
(1,165)	**Total special items of net profit**	**(165)**	**98**	**(2,817)**	**1,719**

Summarized Group Balance Sheet

(€ million)	2013			
	March 31	June 30	September 30	December 31
Fixed assets				
Property, plant and equipment	66,810	65,780	65,082	63,763
Inventories - Compulsory stock	2,585	2,361	2,559	2,573
Intangible assets	4,564	4,533	4,423	3,876
Equity-accounted investments and other investments	8,780	6,462	6,616	6,180
Receivables and securities held for operating purposes	1,167	1,163	1,282	1,339
Net payables related to capital expenditure	(1,062)	(1,271)	(1,152)	(1,255)
	82,844	**79,028**	**78,810**	**76,476**
Net working capital				
Inventories	8,332	8,094	8,742	7,939
Trade receivables	23,981	20,317	18,605	21,212
Trade payables	(16,877)	(13,185)	(13,669)	(15,584)
Tax payables and provisions for net deferred tax liabilities	(4,590)	(3,163)	(3,034)	(3,062)
Provisions	(13,244)	(13,151)	(12,811)	(13,120)
Other current assets and liabilities	1,431	1,102	1,937	1,274
	(967)	**14**	**(230)**	**(1,341)**
Provisions for employee post-retirement benefits	**(1,427)**	**(1,433)**	**(1,431)**	**(1,279)**
Assets held for sale including related liabilities	**177**	**92**	**25**	**2,156**
CAPITAL EMPLOYED, NET	**80,627**	**77,701**	**77,174**	**76,012**
Eni shareholders' equity	61,774	58,977	59,683	58,210
Non-controlling interest	3,334	2,740	2,804	2,839
Shareholders' equity	**65,108**	**61,717**	**62,487**	**61,049**
Net borrowings	**15,519**	**15,984**	**14,687**	**14,963**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**80,627**	**77,701**	**77,174**	**76,012**
Leverage	**0.24**	**0.26**	**0.24**	**0.25**

Group balance sheet

(€ million)	2013			
	March 31	June 30	September 30	December 31
ASSETS				
Current assets				
Cash and cash equivalents	10,261	8,074	6,196	5,431
Other financial activities held for trading			4,522	5,004
Other financial assets available for sale	226	216	208	235
Trade and other receivables	32,502	28,538	27,459	28,890
Inventories	8,332	8,094	8,742	7,939
Current tax assets	838	758	697	802
Other current tax assets	1,106	1,053	1,070	835
Other current assets	1,549	1,383	1,349	1,325
	54,814	**48,116**	**50,243**	**50,461**
Non-current assets				
Property, plant and equipment	66,810	65,780	65,082	63,763
Inventory - compulsory stock	2,585	2,361	2,559	2,573
Intangible assets	4,564	4,533	4,423	3,876
Equity-accounted investments	3,551	3,643	3,608	3,153
Other investments	5,229	2,819	3,008	3,027
Other financial assets	872	851	897	858
Deferred tax assets	5,197	5,481	5,221	4,658
Other non-current receivables	4,596	3,840	3,559	3,676
	93,404	**89,308**	**88,357**	**85,584**
Assets held for sale	**528**	**463**	**389**	**2,296**
TOTAL ASSETS	**148,746**	**137,887**	**138,989**	**138,341**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term debt	2,889	2,764	2,727	2,553
Current portion of long-term debt	4,123	2,814	2,919	2,132
Trade and other payables	26,257	22,371	22,008	23,701
Income taxes payable	1,615	1,071	1,002	755
Other taxes payable	3,587	2,940	2,595	2,291
Other current liabilities	1,497	1,186	1,323	1,437
	39,968	**33,146**	**32,574**	**32,869**
Non-current liabilities				
Long-term debt	19,021	18,717	20,024	20,875
Provisions for contingencies	13,244	13,151	12,811	13,120
Provisions for employee benefits	1,427	1,433	1,431	1,279
Deferred tax liabilities	7,028	6,789	6,750	6,750
Other non-current liabilities	2,599	2,563	2,548	2,259
	43,319	**42,653**	**43,564**	**44,283**
Liabilities directly associated with assets held for sale	**351**	**371**	**364**	**140**
TOTAL LIABILITIES	**83,638**	**76,170**	**76,502**	**77,292**
SHAREHOLDERS' EQUITY				
Non-controlling interest	**3,334**	**2,740**	**2,804**	**2,839**
Eni shareholders' equity				
Share capital	4,005	4,005	4,005	4,005
Reserve related to the fair value of cash flow hedging derivatives net of tax effect	(37)	(15)	(115)	(154)
Other reserves	56,464	53,370	52,180	51,393
Treasury shares	(201)	(201)	(201)	(201)
Interim dividend			(1,993)	(1,993)
Net profit	1,543	1,818	5,807	5,160
Total Eni shareholders' equity	**61,774**	**58,977**	**59,683**	**58,210**
TOTAL SHAREHOLDERS' EQUITY	**65,108**	**61,717**	**62,487**	**61,049**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**148,746**	**137,887**	**138,989**	**138,341**

Summarized Group Cash Flow Statement

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
4,959	**Net profit**	**1,555**	**(120)**	**4,112**	**(588)**
	Adjustments to reconcile net profit to net cash provided by operating activities:				
9,723	- depreciation, depletion and amortization and other non monetary items	2,110	2,593	2,072	2,948
(3,770)	- net gains on disposal of assets	(51)	(117)	(3,336)	(266)
9,174	- dividends, interest, taxes and other changes	2,372	1,562	2,757	2,483
456	Changes in working capital related to operations	(508)	454	(396)	906
(9,516)	Dividends received, taxes paid, interest (paid) received during the period	(2,664)	(2,371)	(2,182)	(2,299)
11,026	**Net cash provided from operating activities**	**2,814**	**2,001**	**3,027**	**3,184**
(12,800)	Capital expenditure	(3,122)	(2,825)	(3,064)	(3,789)
(317)	Investments and purchase of consolidated subsidiaries and businesses	(113)	(63)	(40)	(101)
6,360	Disposals	75	2,390	3,545	350
(243)	Other cash flow related to capital expenditure, investments and disposals	(24)	47	(215)	(51)
4,026	**Free cash flow**	**(370)**	**1,550**	**3,253**	**(407)**
(3,981)	Borrowings (repayment) of debt related to financing activities	934	20	(4,555)	(380)
1,715	Changes in short and long-term financial debt	1,809	(1,601)	1,476	31
(4,225)	Dividends paid and changes in non-controlling interests and reserves	(63)	(2,128)	(2,034)	
(40)	Effect of changes in consolidation and exchange differences	15	(28)	(18)	(9)
(2,505)	**NET CASH FLOW**	**2,325**	**(2,187)**	**(1,878)**	**(765)**

Change in net borrowings

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
4,026	**Free cash flow**	**(370)**	**1,550**	**3,253**	**(407)**
(21)	Net borrowings of acquired companies	(6)			(15)
(23)	Net borrowings of divested companies			(23)	
349	Exchange differences on net borrowings and other changes	(11)	113	101	146
(4,225)	Dividends paid and changes in non-controlling interest and reserves	(63)	(2,128)	(2,034)	
106	**CHANGE IN NET BORROWINGS**	**(450)**	**(465)**	**1,297**	**(276)**

Group cash flow statement

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
4,959	**Net profit**	**1,555**	**(120)**	**4,112**	**(588)**
	Adjustments to reconcile net profit to net cash provided by operating activities:				
9,421	Depreciation, depletion and amortization	2,148	2,445	2,324	2,504
2,400	Impairments of tangible and intangible assets, net	17	71	27	2,285
(222)	Share of loss of equity-accounted investments	(44)	(117)	(40)	(21)
(3,770)	Gains on disposal of assets, net	(51)	(117)	(3,336)	(266)
(400)	Dividend income	(35)	(271)	(51)	(43)
(142)	Interest income	(31)	(28)	(49)	(34)
711	Interest expense	187	187	163	174
9,005	Income taxes	2,251	1,674	2,694	2,386
(1,882)	Other changes	(18)	185	(244)	(1,805)
	Changes in working capital:				
350	- inventories	261	423	(963)	629
(1,379)	- trade receivables	(3,631)	3,246	1,723	(2,717)
703	- trade payables	1,502	(3,391)	622	1,970
59	- provisions for contingencies	(437)	145	(193)	544
723	- other assets and liabilities	1,797	31	(1,585)	480
456	**Cash flow from changes in working capital**	**(508)**	**454**	**(396)**	**906**
6	Net change in the provisions for employee benefits	7	9	5	(15)
630	Dividends received	34	375	103	118
97	Interest received	20	37	5	35
(942)	Interest paid	(439)	(255)	(133)	(115)
(9,301)	Income taxes paid, net of tax receivables received	(2,279)	(2,528)	(2,157)	(2,337)
11,026	**Net cash provided by operating activities**	**2,814**	**2,001**	**3,027**	**3,184**
	Investing activities:				
(10,913)	- tangible assets	(2,620)	(2,282)	(2,671)	(3,340)
(1,887)	- intangible assets	(502)	(543)	(393)	(449)
(25)	- consolidated subsidiaries and businesses	(28)			3
(292)	- investments	(85)	(63)	(40)	(104)
(5,048)	- securities	(10)	(8)	(4,524)	(506)
(978)	- financing receivables	(321)	(161)	(173)	(323)
50	- change in payables and receivables in relation to investments and capitalized depreciation	(81)	220	(146)	57
(19,093)	*Cash flow from investments*	*(3,647)*	*(2,837)*	*(7,947)*	*(4,622)*
	Disposals:				
514	- tangible assets	52	134	22	306
16	- intangible assets		4	3	9
3,401	- consolidated subsidiaries and businesses			3,401	
2,429	- investments	23	2,252	119	35
36	- securities	19	8	8	1
1,561	- financing receivables	1,281	(21)	(15)	316
155	- change in payables and receivables in relation to disposals	22	29	80	24
8,112	*Cash flow from disposals*	*1,397*	*2,406*	*3,618*	*691*
(10,981)	**Net cash used in investing activities**(*)	**(2,250)**	**(431)**	**(4,329)**	**(3,971)**

Group cash flow statement (continued)

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
5,418	Proceeds from long-term debt	988	1,606	2,260	564
(4,720)	Repayments of long-term debt	(101)	(3,213)	(794)	(612)
1,017	Increase (decrease) in short-term debt	922	6	10	79
1,715		**1,809**	**(1,601)**	**1,476**	**31**
1	Net capital contributions by non-controlling interest			1	
1	Disposal of treasury shares made by consolidated subsidiaries other than the parent company			1	
(28)	Acquisition of interests in consolidated subsidiaries	(25)		(3)	
(3,949)	Dividends paid to Eni's shareholders		(1,956)	(1,993)	
(250)	Dividends paid to non-controlling interests	(38)	(172)	(40)	
(2,510)	**Net cash used in financing activities**	**1,746**	**(3,729)**	**(558)**	**31**
2	Effect of change in consolidation (inclusion/exclusion of significant/insignificant subsidiaries)				2
(42)	Effect of exchange rate changes on cash and cash equivalents and other changes	15	(28)	(18)	(11)
(2,505)	**Net cash flow for the period**	**2,325**	**(2,187)**	**(1,878)**	**(765)**
7,936	**Cash and cash equivalents - beginning of the period**	**7,936**	**10,261**	**8,074**	**6,196**
5,431	**Cash and cash equivalents - end of the period**	**10,261**	**8,074**	**6,196**	**5,431**

(*) Net cash used in investing activities included investments in certain financial assets to absorb temporary surpluses of cash or as a part of our ordinary management of financing activities. 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:

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
	Financing investments:				
(5,029)	- securities			(4,522)	(507)
(105)	- financing receivables	(168)	26	(1)	38
(5,134)		**(168)**	**26**	**(4,523)**	**(469)**
	Disposal of financing investments:				
28	- securities	14	8	5	1
1,125	- financing receivables	1,088	(14)	(37)	88
1,153		**1,102**	**(6)**	**(32)**	**89**
(3,981)	**Cash flows of financial investments not related to operation**	**934**	**20**	**(4,555)**	**(380)**

Supplemental cash flow information

(€ million)		2013			
2013 Full Year		**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
	Effect of investment of companies included in consolidation and businesses				
51	Current assets	26			25
39	Non-current assets	27			12
(12)	Net borrowings	(5)			(7)
(36)	Current and non-current liabilities	(19)			(17)
42	**Net effect of investments**	**29**			**13**
(8)	Fair value of investments held before the acquisition of control				(8)
34	**Purchase price**	**29**			**5**
	less:				
(9)	Cash and cash equivalents	(1)			(8)
25	**Cash flow on investments**	**28**			**(3)**
	Effect of disposal of consolidated subsidiaries and businesses				
47	Current assets			47	
41	Non-current assets			41	
23	Net borrowings			23	
(69)	Current and non-current liabilities			(69)	
42	**Net effect of disposals**			**42**	
3,359	Gain on disposal			3,359	
3,401	**Selling price**			**3,401**	
	less:				
	Cash and cash equivalents				
3,401	**Cash flow on disposals**			**3,401**	

CAPITAL EXPENDITURE

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014	% Ch.
3,045	Exploration & Production	2,330	2,111	(9.4)
109	*- acquisition of proved and unproved properties*			
367	*- exploration*	*466*	*298*	*(36.1)*
2,524	*- development*	*1,844*	*1,784*	*(3.3)*
45	*- other expenditure*	*20*	*29*	*45.0*
83	Gas & Power	26	28	7.7
73	*- Marketing*	*25*	*27*	*8.0*
10	*- International transport*	*1*	*1*	
272	Refining & Marketing	88	111	26.1
173	*- Refinery, supply and logistics*	*63*	*84*	*33.3*
99	*- Marketing*	*25*	*27*	*8.0*
129	Versalis	53	58	9.4
222	Engineering & Construction	339	204	(39.8)
12	Other activities	1	2	100.0
63	Corporate and financial companies	62	23	(62.9)
(37)	Impact of unrealized intragroup profit elimination	223	8	
3,789		**3,122**	**2,545**	**(18.5)**

In the first quarter of 2014, capital expenditure amounted to €2,545 million (€3,122 million in the first quarter of 2013) relating mainly to:

- development activities deployed mainly in Norway, the United States, Angola, Italy, Nigeria, Congo and Kazakhstan and exploratory activities of which 97% was spent outside Italy, primarily in Mozambique, Nigeria, Norway, Angola and Liberia;
- upgrading of the fleet used in the Engineering & Construction Division (€204 million);
- refining, supply and logistics in Italy and outside Italy (€84 million) with projects designed to improve the conversion rate and flexibility of refineries, as well as the restructuring of the refined product retail network in Italy and in the rest of Europe (€27 million);
- initiatives to improve flexibility of the combined cycle power plants (€15 million).

EXPLORATION & PRODUCTION CAPITAL EXPENDITURE BY GEOGRAPHIC AREA

(€ million)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014	% Ch.
249	Italy	197	206	4.6
453	Rest of Europe	583	370	(36.5)
415	North Africa	192	186	(3.1)
1,001	Sub-Saharan Africa	731	769	5.2
171	Kazakhstan	160	113	(29.4)
271	Rest of Asia	209	194	(7.2)
406	America	251	250	(0.4)
79	Australia and Oceania	7	23	..
3,045		**2,330**	**2,111**	**(9.4)**

Exploration & Production

PRODUCTION OF OIL AND NATURAL GAS BY REGION

Fourth Quarter 2013			First Quarter 2013	First Quarter 2014
1,577	**Production of oil and natural gas** [a] [b]	(kboe/d)	**1,600**	**1,583**
192	Italy		180	182
173	Rest of Europe		158	192
506	North Africa		554	542
316	Sub-Saharan Africa		313	324
102	Kazakhstan		103	102
143	Rest of Asia		141	96
116	America		119	117
29	Australia and Oceania		32	28
137.4	**Production sold** [a]	(mmboe)	**135.8**	**134.7**

PRODUCTION OF LIQUIDS BY REGION

Fourth Quarter 2013			First Quarter 2013	First Quarter 2014
816	**Production of liquids** [a]	(kbbl/d)	**818**	**822**
77	Italy		63	75
82	Rest of Europe		79	97
241	North Africa		254	246
224	Sub-Saharan Africa		237	232
60	Kazakhstan		60	59
48	Rest of Asia		44	29
76	America		69	77
8	Australia and Oceania		12	7

PRODUCTION OF NATURAL GAS BY REGION

Fourth Quarter 2013			First Quarter 2013	First Quarter 2014
4,177	**Production of natural gas** [a] [b]	(mmcf/d)	**4,290**	**4,182**
631	Italy		646	590
497	Rest of Europe		434	521
1,453	North Africa		1,647	1,630
507	Sub-Saharan Africa		415	508
232	Kazakhstan		233	236
521	Rest of Asia		528	367
220	America		275	216
116	Australia and Oceania		112	114

(a) Includes Eni's share of production of equity-accounted entities.
(b) Includes volumes of gas consumed in operation (401 and 377 mmcf/d in the first quarter 2014 and 2013, respectively and 430 mmcf/d in the fourth quarter 2013).

Natural gas sales by market

(bcm)

Fourth Quarter 2013		First Quarter 2013	First Quarter 2014	% Ch.
10.70	**ITALY**	**12.53**	**11.18**	**(10.8)**
1.27	- Wholesalers	2.40	1.43	(40.4)
3.98	- Italian exchange for gas and spot markets	2.78	3.79	36.3
1.40	- Industries	1.70	1.20	(29.4)
0.34	- Medium-sized enterprises and services	0.45	0.62	37.8
0.56	- Power generation	0.75	0.45	(40.0)
1.60	- Residential	2.89	2.21	(23.5)
1.55	- Own consumption	1.56	1.48	(5.1)
14.86	**INTERNATIONAL SALES**	**17.64**	**15.60**	**(11.6)**
12.70	**Rest of Europe**	**15.14**	**13.32**	**(12.0)**
0.89	- Importers in Italy	1.22	1.19	(2.5)
11.81	- European markets	13.92	12.13	(12.9)
1.26	*Iberian Peninsula*	*1.24*	*1.52*	*22.6*
2.18	*Germany/Austria*	*2.83*	*2.15*	*(24.0)*
2.18	*Benelux*	*2.86*	*2.33*	*(18.5)*
0.60	*Hungary*	*0.86*	*0.68*	*(20.9)*
1.06	*UK*	*1.27*	*0.89*	*(29.9)*
1.89	*Turkey*	*1.79*	*1.99*	*11.2*
2.24	*France*	*2.76*	*2.38*	*(13.8)*
0.40	*Other*	*0.31*	*0.19*	*(38.7)*
1.47	**Extra European markets**	**1.79**	**1.59**	**(11.2)**
0.69	**E&P sales in Europe and in the Gulf of Mexico**	**0.71**	**0.67**	**(5.6)**
25.56	**WORLDWIDE GAS SALES**	**30.17**	**26.76**	**(11.3)**

Versalis

Fourth Quarter 2013			First Quarter 2013	2014
	Sales	(€ million)		
632	Intermediates		683	627
659	Polymers		807	737
52	Other revenues		53	38
1,343			**1,543**	**1,402**
	Production	(ktonnes)		
805	Intermediates		894	832
562	Polymers		603	609
1,367			**1,497**	**1,441**

Engineering & Construction

(€ million)

Fourth Quarter 2013		First Quarter 2013	2014
	Orders acquired		
911	Engineering & Construction Offshore	1,005	2,752
390	Engineering & Construction Onshore	913	975
381	Offshore drilling	905	81
410	Onshore drilling	60	141
2,092		**2,883**	**3,949**

(€ million)

Order backlog	**Dec. 31, 2013**	**Mar. 31, 2014**
	17,514	**18,520**