

Debt Issuance Programme Base Prospectus dated 18 October 2013



**Eni S.p.A.**

*(incorporated with limited liability in the Republic of Italy)  
as Issuer and as Guarantor of the Notes issued by*

**eni finance international SA**

*(incorporated with limited liability in the Kingdom of Belgium)  
as Issuer*

**Euro 15,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME DUE FROM MORE  
THAN 12 MONTHS FROM THE DATE OF ORIGINAL ISSUE**

Under the Euro Medium Term Note Programme (the "**Programme**") described in this Debt Issuance Programme Base Prospectus (the "**Base Prospectus**"), each of Eni S.p.A. ("**Eni**") and the "**Company**") and eni finance international SA ("**EFI**") and, in its capacity as an issuer of Notes (as defined below), together with Eni in such capacity, the "**Issuers**" and each of EFI and Eni, in such capacity, individually, an "**Issuer**", in accordance with the Distribution Agreement (as defined on page 133) and the Agency Agreement (as defined on page 56) and subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). Notes issued by Eni ("**Eni Notes**") will constitute *obbligazioni* pursuant to Article 2410 et seq. of the Italian Civil Code. Notes issued by EFI ("**EFI Notes**") will be unconditionally and irrevocably guaranteed as to payments of principal, premium (if any) and interest (if any) by Eni (in such capacity, the "**Guarantor**"). The aggregate nominal amount of Notes outstanding will not at any time exceed euro 15,000,000,000 (or the equivalent in other currencies).

Application has been made to the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**"), in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 (the "**Luxembourg Prospectus Act**") relating to prospectuses for securities, for the approval of this Base Prospectus as a base prospectus for the purpose of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). Pursuant to article 7(7) of the Luxembourg Prospectus Act, by approving this prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the Notes to be issued hereunder or the quality or solvency of the Issuers.

Application has also been made to the Luxembourg Stock Exchange for the Notes described in this Base Prospectus to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange during the period of 12 months after the date hereof. The Luxembourg Stock Exchange's regulated market is a regulated market for the purpose of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems. The relevant Final Terms (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or such other listing authority, stock exchange and/or quotation system, as the case may be, on or before the date of issue of the Notes of each Tranche (as defined on page 51).

The minimum denomination of all Notes issued under the Programme shall be euro 100,000 and integral multiples of euro 1,000 in excess thereof (or its equivalent in any other currency as at the date of issue of the Notes).

Each Series (as defined on page 51) of Eni Notes in bearer form will be represented on issue by a temporary global note in bearer form (each, a "**temporary Global Note**") or a permanent global note in bearer form (each, a "**permanent Global Note**" and, together with the temporary Global Note, the "**Global Notes**"). EFI Notes will be in bearer form only and each Series will be represented on issue by a permanent global note in bearer form (each, a "**permanent Global Note**"). Notes in registered form will be represented by registered certificates (each a, "**Certificate**"), one Certificate being issued in respect of each Noteholder's (as defined herein) entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**"). If a Global Certificate is held under the New Safekeeping Structure (the "**NSS**"), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. In the case of Eni Notes, if the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") (the "**Common Depositary**").

Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS may (or in the case of Notes listed on Luxembourg Stock Exchange, will) be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. In the case of EFI Notes, Global Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, will) be deposited with the operator of the X/N Clearing System, currently being the National Bank of Belgium. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined on page 86) are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Programme has been rated "A" by Standard & Poor's Credit Market Services Europe Ltd ("**Standard & Poor's**") and "A3" by Moody's Investors Service, Limited ("**Moody's**"). Standard & Poor's and Moody's are established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) on credit rating agencies (the "**CRA Regulation**"), as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority ("**ESMA**") at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, pursuant to the CRA Regulation. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such ratings may not necessarily be the same as the ratings assigned to the Programme and shall be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms.

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus. The Base Prospectus does not describe all of the risks of an investment in the Notes.**

The issue price and the amount of the relevant Notes will be determined at the time of the offering of each Tranche based on then prevailing market conditions.

*Arranger for the Programme*  
**Goldman Sachs International**  
*Dealers*

**Banca IMI**  
**BNP PARIBAS**  
**Deutsche Bank**  
**HSBC**  
**Morgan Stanley**  
**UBS Investment Bank**

**Barclays**  
**Credit Suisse**  
**Goldman Sachs International**  
**J.P. Morgan**  
**The Royal Bank of Scotland**  
**UniCredit Bank**

This Base Prospectus comprises two base prospectuses in respect of each of Eni and EFI for the purposes of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuers, the Guarantor and its consolidated subsidiaries taken as a whole (the “Group”), and the Notes and the Guarantee (as defined herein) which, according to the particular nature of each Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of such Issuer and the Guarantor.

Each Issuer (with respect to itself) and the Guarantor (with respect to itself and jointly and severally with EFI) (the addresses of the registered office of the Issuers and the Guarantor appear on page 153 of this Base Prospectus) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each Issuer (with respect to itself) and the Guarantor (with respect to itself and jointly and severally with EFI) (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect, in each case in the context of the issue of Notes under the Programme.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the Programme or with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or the Arranger (as defined in “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of either of the Issuers or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes issued under the Programme are not intended for sale or distribution to, or to be held by, persons in any jurisdiction other than “professional”, “qualified” or “sophisticated” investors (within the meaning of any applicable laws), including persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in any country or jurisdiction in which action for that purpose is required. The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by any applicable laws. Persons into whose possession this Base Prospectus comes are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Notes issued by an Issuer may not be offered, transferred or sold, directly or indirectly, as part of their initial distribution or at any time thereafter, to any person (including legal entities) established, incorporated, domiciled or resident in The Netherlands. For a description of certain

restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Plan of Distribution” below.

This Base Prospectus does not constitute nor shall it be construed as an offer of, or an invitation by or on behalf of the Issuers, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Base Prospectus. The Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract which it might otherwise have in respect of the content of this Base Prospectus. None of this Base Prospectus nor any other financial statements nor any document incorporated by reference herein is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary.

None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in “General Description of the Programme — Method of Issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) in the applicable Final Terms (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “U.S.\$” are to the lawful currency of the United States, to “£” are to the lawful currency of the United Kingdom, and to “Euro”, “euro” and “€” are to the currency introduced on 1 January 1999 pursuant to the Treaty establishing the European Community, as amended from time to time.

In compliance with the requirements of the Luxembourg Stock Exchange, this Base Prospectus is and, in the case of Notes listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms will be, available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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## RISK FACTORS

*The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their respective obligations under the Notes issued under the Programme and, in the case of the Guarantor, the Guarantee. All of these factors are contingencies which may or may not occur and the Issuers and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuers and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme and, in the case of the Guarantor, the Guarantee are also described below.*

*The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the Issuers and the Guarantor may be unable to pay interest, principal or other amounts on or in connection with any Notes and, in the case of the Guarantor, the Guarantee for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Risk Factors relating to the Issuers, the Guarantor and their activities**

#### **Risk factors applicable to the Group**

##### **Competition**

*There is strong competition worldwide, both within the oil industry and with other industries, to supply energy to the industrial, commercial and residential energy markets*

Eni faces strong competition in each of its business segments.

In the current uncertain financial and economic environment, Eni expects that prices of energy commodities, in particular oil and gas, will be very volatile, with average prices and margins influenced by changes in the global supply and demand for energy as well as in the market dynamics. This is likely to increase competition in all of Eni's businesses, which may impact costs and margins.

- In the Exploration & Production segment Eni faces competition from both international oil companies and state-owned oil companies for obtaining exploration and development rights, and developing and applying new technologies to maximize hydrocarbon recovery. Furthermore, Eni may face a competitive disadvantage because of its relatively smaller size compared to other international oil companies, particularly when bidding for large scale or capital intensive projects, and may be exposed to industry-wide cost increases to a greater extent compared to its larger competitors given its potentially smaller market power with respect to suppliers. If, as a result of those competitive pressures, Eni fails to obtain new exploration and development acreage, to apply and develop new technologies, and to control cost increases, its growth prospects and future results of operations and cash flows may be adversely affected.
- In the Gas & Power segment, Eni is facing increasingly strong competition on both the Italian market and the European market due to continuing slowdown in demand and macroeconomic uncertainties in the face of large gas availability on the marketplace which has driven the development of very liquid continental hubs to trade spot gas. Gas supplies to Europe were fuelled by material additions to global Liquefied Natural Gas ("LNG") availability by upstream producers and large upgrades of existing pipelines and construction

of new infrastructures on several European routes over the latest few years to expand the import capacity from Russia and Algeria. Those developments were compounded by very significant increases in the production of shale gas in the United States which reduced the Country's dependence on imported gas and resulted in diversion of important LNG volumes to Europe. In 2012, those fundamental shifts in market dynamics coupled with a demand downturn triggered intense pricing competition among gas operators which negatively affected profitability. Additionally, gas marketing operators, including Eni, were hit by diverging trends in the cost of gas supplies compared to selling prices. In fact, procurement costs of those operators were mainly indexed to the price of oil and its derivatives as provided by pricing formulas in long-term supply contracts, whereas selling prices were determined on the basis of spot prices at continental hubs which were pressured by weak demands, oversupply and competition. Those trends resulted in the Company's Gas & Power segment reporting sharply higher operating losses in 2012 (euro 3,221 million compared to a loss of euro 326 million in 2011) with the downtrend continuing well into 2013 when the Company's gas business reported an operating loss of euro 559 million for the first half of 2013. The Company believes that the outlook for our gas marketing business will remain weak in the short to medium term as the ongoing trends affecting the sector will take time to be reversed. These trends may negatively affect the Company's future results of operations and cash flows in its natural gas business, also taking into account the Company's contractual obligations to off-take minimum annual volumes of natural gas in accordance to its long-term gas supply contracts that include take or-pay clauses. See the sector-specific risk section below.

- Eni also faces competition from large, well-established European utilities and other international oil and gas companies in growing its market share and acquiring or retaining clients. A number of large clients, particularly electricity producers and large industrial buyers, in both the domestic market and other European markets have entered the wholesale market of natural gas by directly purchasing gas from producers or sourcing it at the continental spot markets adding further pressures on the economics of gas operators, including Eni. Management believes that this trend will continue in the future. At the same time, a number of national gas producers from countries with large gas reserves are planning to sell natural gas directly to final clients, which would threaten the market position of companies like Eni which resell gas purchased from producing countries to final customers. These developments may increase the level of competition in both the Italian and other European markets and reduce Eni's expected operating profit and cash flows in the gas business. Finally, following a law decree enacted in March 2012 by the Italian Government to spur competition in the Italian gas sector, management expects that the Company's selling margins are likely to come under pressure on sales at the regulated residential and service segments due to the implementation of a less favorable indexation mechanism of the raw material cost in supplies to such customers than in the past. This new pricing mechanism will come into effect from the beginning of the "thermal" year starting 1 October 2013. Such mechanism envisages a spot-based indexation of the cost of gas replacing the current oil-linked formula which mirrors a basket of long-term supply contracts. The Company expects that similar measures will be introduced by other market regulators in European countries where Eni engages in selling gas to residential clients (see sector-specific risk factors below).
- In its domestic electricity business, Eni competes with other producers and traders from Italy or outside of Italy who sell electricity on the Italian market. Going forward, the Company expects continuing competition due to the projections of weak economic growth in Italy and Europe over the foreseeable future, also causing outside players to place excess production on the Italian market.



- In the retail marketing of refined products both in Italy and abroad, Eni competes with third parties (including international oil companies and local operators such as supermarket chains) to obtain concessions to establish and operate service stations. Eni's service stations compete primarily on the basis of pricing, services and availability of non-petroleum products. In Italy, there is an ongoing pressure from political and administrative entities, including the Italian Antitrust Authority, to increase the level of competition in the retail marketing of fuels. The above mentioned law decree of March 2012 targeted the Italian fuel retail market, by relaxing commercial ties between independent operators of service stations and oil companies, enlarging options to build and operate fully-automated service stations, and opening up the merchandising of various kinds of goods and services at service stations. Eni expects developments in this field to further increase pressure on selling margins in the retail marketing of fuels and to reduce opportunities of increasing market share in Italy. Furthermore, the ongoing demand downturn in the Italian fuel market is expected to exacerbate competition among oil companies and other retail operators due to large product availability in the marketplace.
- In the Chemical segment, Eni faces strong competition from well-established international players and state-owned petrochemical companies, particularly in the most commoditized market segments such as the production of basic petrochemicals products and plastics. Many of those competitors based in the Far East and Middle East are able to benefit from cost advantages due to larger scale, looser environmental regulations, availability of cheaper feedstock, and more favorable location and proximity to end-markets. Excess capacity and sluggish economic growth may exacerbate competitive pressures. Furthermore, Eni expects that petrochemicals producers based in the U.S. will regain market share in the future, leveraging on a competitive cost structure due to the increasing availability of cheap feedstock deriving from the production of domestic shale gas. The Company expects continuing margin pressures in the foreseeable future as a result of those trends.
- Competition in the oil field services, construction and engineering industries is primarily based on technical expertise, quality and number of services and availability of technologically advanced facilities (for example, vessels for offshore construction). Lower oil prices could result in lower margins and lower demand for oil services. In the first half of 2013 a softer demand environment coupled with Company-specific issues at certain projects drove a substantial reversal in the profitability at Eni's Engineering & Construction business segment which expects to report a net loss for the full year 2013. Whilst management expects the performance of this business to improve in 2014, due to a good level of new orders acquisition in 2013, the Company's failure or inability to respond effectively to competition could adversely impact the Company's growth prospects, future results of operations and cash flows.

#### ***Safety, security, environmental and other operational risks***

The Group engages in the exploration and production of oil and natural gas, processing, transportation, and refining of crude oil, storage and distribution of petroleum products, production of base chemicals and special products. By their nature the Group's operations expose Eni to a wide range of significant health, safety, security and environmental risks. The magnitude of these risks is influenced by the geographic range, operational diversity and technical complexity of our activities. Eni's future results from operations and liquidity depend on its ability to identify and mitigate the risks and hazards inherent to operating in those industries.

In exploration and production, Eni faces natural hazards and other operational risks including those relating to the physical characteristics of oil and natural gas fields. These include the risks of eruptions of crude oil or of natural gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well

openings, leaks that can harm the environment and risks of fire or explosion. Accidents at a single well can lead to loss of life, damage or destruction to property, environmental damage and consequently potential economic losses that could have a material and adverse effect on the business, results of operation, liquidity, reputation and prospects of the Group.

Eni's activities in the Refining & Marketing and Chemical segments also entail health, safety and environmental risks related to the overall life cycle of the products manufactured, and to raw materials used in the manufacturing process, such as catalysts, additives and monomer feedstock. These risks can arise from the intrinsic characteristics of the products involved (flammability, toxicity, or long-term environmental impacts such as greenhouse gas emissions), their use, emissions and discharges resulting from their manufacturing process, and from recycling or disposing of materials and wastes at the end of their useful life.

As to transportation activities related to all Eni's segments of operations, the type of risk depends not only on the hazardous nature of the products transported, but also on the transportation methods used (mainly pipelines, maritime, river-maritime, rail, road, gas distribution networks), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environmental considerations). All modes of transportation of hydrocarbons are particularly susceptible to a loss of containment of hydrocarbons and other hazardous materials, and, given the high volumes involved, could present a significant risk to people and the environment.

The Company dedicates a great deal of efforts and attention to safety, health, the environment and the prevention of risks; in pursuing compliance with applicable laws and policies; and in responding and learning from unexpected incidents. Eni seeks to minimize these operational risks by carefully designing and building facilities, including wells, industrial complexes, plants and equipment, pipelines, storage sites and distribution networks, and managing its operations in a safe, compliant and reliable manner. Failure to manage these risks effectively could result in unexpected incidents, including releases or oil spills, explosions, fire, mechanical failures and other incidents resulting in personal injury, loss of life, environmental damage, legal liabilities and/or damage claims, destruction of crude oil or natural gas wells as well as damage to equipment and other property, all of which could lead to a disruption in operations. Eni's operations are often conducted in difficult and/or environmentally sensitive locations such as the Gulf of Mexico, the Caspian Sea and the Arctic, in which the consequences of any incident could be greater than in other locations. Eni also faces risks once production is discontinued, because our activities require environmental site remediation.

Furthermore, in certain situations where Eni is not the operator, the Company may have limited influence and control over third parties, which may limit its ability to manage and control such risks. Eni maintains insurance coverage that includes coverage for physical damage to its assets, third party liability, workers' compensation, pollution and other damage to the environment and other coverage. Eni's insurance is subject to caps, exclusion and limitation, and there is no assurance that such coverage will adequately protect it against liabilities from all potential consequences and damages. In light of the accident at the Macondo well in the Gulf of Mexico, Eni may not be able to secure similar coverage for the same costs. Future insurance coverage for the Eni's industry could increase in cost and may include higher retentions. Also, some forms of insurance may become unavailable in the future or unavailable on terms that Eni believes are economically acceptable.

The occurrence of the above mentioned events could have a material adverse impact on the Group business, competitive position, cash flow, results of operations, liquidity, future growth prospects, shareholders' return and damage to the Group reputation.

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

The exploration and production of oil and natural gas requires high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical



characteristics of oil and gas fields. A description of the main risks facing the Company's business in the exploration and production of oil and gas is provided below.

- (i) *Eni's oil and natural gas offshore operations are particularly exposed to health, safety, security and environmental risks*

Eni has material operations relating to the exploration and production of hydrocarbons located offshore. In 2012, approximately 52 per cent. of our total oil and gas production for the year derived from offshore fields, mainly in Egypt, Libya, Norway, Italy, Angola, the Gulf of Mexico, Congo, UK and Nigeria. Offshore operations in the oil and gas industry are inherently riskier than onshore activities. As the Macondo accident occurred in the Gulf of Mexico has shown, the potential impacts of offshore accidents and spills to health, safety, security and the environment can be catastrophic due to the objective difficulties in handling hydrocarbons containment and other factors. Also offshore operations are subject to marine perils, including severe storms and other adverse weather conditions and vessel collisions, as well as interruptions or termination by governmental authorities based on safety, environmental and other considerations. Failure to manage these risks could result in injury or loss of life, damage to property, environmental damage, and could result in regulatory action, legal liability, loss of revenues and damage to our reputation and could have a material adverse effect on our operations or financial condition. In 2012, a gas leak following a well operation occurred at a wellhead platform of the Elgin/Franklin gas field, located in the UK North Sea. The field was operated by an international oil company with Eni holding 21.87 interest in the field. Eni incurred costs to restart the platform operations and reported a significant loss of production for the year (down by 7 mmBBL). Eni may also incur environmental liabilities which may arise from the incident that the management does not perceive as material.

- (ii) *Exploratory drilling efforts may be unsuccessful*

Exploration drilling for oil and gas involves numerous risks including the risk of dry holes or failure to find commercial quantities of hydrocarbons. The costs of drilling, completing and operating wells have margins of uncertainty, and drilling operations may be unsuccessful as a result of a variety of factors, including unexpected drilling conditions, pressure or heterogeneities in formations, equipment failures, blow-outs and other forms of accidents, marine risks such as collisions and adverse weather conditions and shortages or delays in the delivery of equipment. Exploration drilling in offshore areas, particularly in deep waters, is generally more challenging and riskier than in onshore areas; the same is true for exploratory activity in remote areas or in challenging environmental conditions in environmentally-sensitive locations such as those Eni is experiencing in the Barents Sea. Failure to discover commercial quantities of oil and natural gas could have an adverse impact on Eni's future growth prospects, results of operations and liquidity. Because Eni plans to make significant investments in executing high-risk exploration projects, it is likely that Eni will incur significant exploration and dry hole expenses in future years. Eni plans to explore for oil and gas onshore and offshore. A number of exploration projects are planned in deep and ultra-deep waters or at deep drilling depths, where operations are more challenging and costly than in other areas. Deep water operations generally may require significant time before commercial production of reserves can commence, increasing both the operational and financial risks associated with these activities. The Company plans to conduct exploration projects offshore West Africa (Angola, Nigeria, Congo, Liberia, Ghana and Gabon), East Africa (Mozambique), the South-East Asia (Indonesia, Vietnam and other locations), Australia, the Barents Sea and the Black Sea. In 2012, the Company spent

approximately euro 1.8 billion to conduct exploration projects and it plans to spend approximately euro 1.4 billion on average in the next four-year plan on exploration activities.

Unsuccessful exploration activities and failure to find additional commercial reserves could reduce future production of oil and natural gas which is highly dependent on the rate of success of exploratory activity.

(iii) *Development projects bear significant operational risks which may adversely affect actual returns*

Eni is conducting several development projects to produce and market hydrocarbon reserves. Certain projects target the development of reserves in high-risk areas, particularly offshore and in remote and hostile environments or environmentally sensitive locations. Eni's future results of operations and liquidity depend heavily on its ability to implement, develop and operate major projects as planned. Key factors that may affect the economics of these projects include:

- the outcome of negotiations with co-venturers, governments and state-owned companies, suppliers, customers or others, including, for example, Eni's ability to negotiate favorable long term contracts to market gas reserves;
- the development of reliable spot markets that may be necessary to support the development of particular production projects, or commercial arrangements for pipelines and related equipment to transport and market hydrocarbons;
- timely issuance of permits and licenses by government agencies;
- the Company's relative size compared to its main competitors which may prevent it from participating in large-scale projects or affect its ability to reap benefits associated with economies of scale, for example by obtaining more favorable contractual terms by suppliers of goods and services;
- the ability to design development projects so as to prevent the occurrence of technical inconvenience;
- delays in manufacturing and delivery of critical equipment, or shortages in the availability of such equipment, causing cost overruns and delays;
- risks associated with the use of new technologies and the inability to develop advanced technologies to maximize the recoverability rate of hydrocarbons or gain access to previously inaccessible reservoirs;
- poor performance in project execution on the part of international contractors who are awarded project construction activities generally based on the EPC (engineering, procurement, construction) – turn key contractual scheme, which the Company believes is mainly due to lack of contractual flexibility, poor quality of front end design engineering and commissioning delays;
- changes in operating conditions and cost overruns. In recent years, the industry has been impacted by escalating costs of certain critical productive factors including specialized workforce, procurement costs and costs for leasing third party equipment or purchase services such as drilling rigs as a result of industry-wide cost inflation, bottlenecks and other constraints in the worldwide production capacity available to build critical equipment and facilities and growing complexity and scale of projects, including environmental and safety costs. Furthermore, there has been an evolution in the location of our projects, as Eni has been discovering increasingly important

volumes of reserves in remote and harsh locations or environmentally sensitive locations (i.e. the Barents Sea, Alaska, the Jamal Peninsula, the Caspian Sea) where Eni is experiencing significantly higher operating costs and environmental, safety and other costs than in other locations. The Company expects that costs in its upstream operations will continue to rise in the foreseeable future;

- the actual performance of the reservoir and natural field decline; and
- the ability and time necessary to build suitable transport infrastructures to export production to final markets.

Poor project execution, delays in the achievement of critical events and production start up, differences between scheduled and actual timing, as well as cost overruns may adversely affect the economic returns of our development projects. Failure to successfully deliver major projects could negatively impact results of operations, cash flow and the fulfillment of short-term targets of production growth. Finally, developing and marketing hydrocarbons reserves typically requires several years after a discovery is made. This is because a development project involves an array of complex and lengthy activities, including appraising a discovery in order to evaluate its commercial potential, sanctioning a development project and building and commissioning related facilities. As a consequence, rates of return for such long-lead-time projects are exposed to the volatility of oil and gas prices and costs which may be substantially different from the prices and costs assumed when the investment decision was actually made, leading to lower rates of return. In addition, projects executed with partners and co-venturers reduce the ability of the Company to manage risks and costs, and Eni could have limited influence over and control of the operations, behaviors and performance of its partners. Furthermore, Eni may not have full operation control of the joint ventures in which it participates and may have exposure to counterparty credit risk and disruption of operation and strategic objectives due to the nature of its relationships.

Eni has incurred material cost overruns and substantial delay in the scheduling of production start-up at the Kashagan oilfield, where the first oil was achieved by the mid of September 2013. These negative trends were driven by a number of factors including depreciation of the U.S. dollar versus the euro and other currencies; cost escalation of goods and services required to execute the project; an original underestimation of the costs and complexity to operate in the North Caspian Sea due to lack of benchmarks; design changes to enhance the operability and safety standards of the offshore facilities.

Eni has also experienced a few delays at a number of development projects located mainly in Algeria, the UK, Angola and Norway. Those delays were attributable to execution issues and delivery of critical equipment reflecting capacity constraints. These events will impact the timing profile of our planned production growth in the short term.

In case the Company is unable to develop and operate major projects as planned, particularly if the Company fails to accomplish budgeted costs and time schedules, it could incur significant impairment charges associated with reduced future cash flows of those projects on capitalized costs.

(iv) *Inability to replace oil and natural gas reserves could adversely impact results of operations and financial condition*

Eni's results of operations and financial condition are substantially dependent on its ability to develop and sell oil and natural gas. Unless the Company is able to replace produced oil and natural gas, its reserves will decline. In addition to being a function of

production, revisions and new discoveries, the Company's reserve replacement is also affected by the entitlement mechanism in its Production Sharing Agreements ("PSAs") and similar contractual schemes. In accordance with such contracts, Eni is entitled to a portion of a field's reserves, the sale of which is intended to cover expenditures incurred by the Company to develop and operate the field. The higher the reference prices for Brent crude oil used to estimate Eni's proved reserves, the lower the number of barrels necessary to recover the same amount of expenditures. In 2012, the Company's reserve replacement was negatively affected by lower entitlements in its PSAs and in the economics of marginal productions for an estimated amount of 62 mmBOE, which however did not impair the Company's ability to fully replace reserves produced in the year. Future oil and gas production is dependent on the Company's ability to access new reserves through new discoveries, application of improved techniques, success in development activity, negotiation with countries and other owners of known reserves and acquisitions. In a number of reserve-rich countries, national oil companies control a large portion of oil and gas reserves that remain to be developed. To the extent that national oil companies decide to develop those reserves without the participation of international oil companies or if the Company fails to establish partnership with national oil companies, Eni's ability to access or develop additional reserves will be limited.

An inability to replace produced reserves by finding, acquiring and developing additional reserves could adversely impact future production levels and growth prospects. If Eni is unsuccessful, it may not meet its long-term targets of production growth and reserve replacement, and Eni's future total proved reserves and production will decline, negatively affecting Eni's future results of operations and financial condition.

(v) *Changes in crude oil and natural gas prices may adversely affect Eni's results of operations*

The exploration and production of oil and gas is a commodity business with a history of price volatility. The single largest variable that affects the Company's results of operations and financial condition is crude oil prices. Lower crude oil prices have an adverse impact on Eni's results of operations and cash flows. Eni generally does not hedge exposure of the Group reserves to fluctuations in future cash flows due to crude oil price movements. As a consequence, Eni's profitability depends heavily on crude oil and natural gas prices. Crude oil and natural gas prices are subject to international supply and demand and other factors that are beyond Eni's control, including among other things:

- (i) the control on production exerted by the Organization of the Petroleum Exporting Countries ("OPEC") member countries which control a significant portion of the world's supply of oil and can exercise substantial influence on price levels;
- (ii) global geopolitical and economic developments, including sanctions imposed on certain oil-producing countries on the basis of resolutions of the United Nations or bilateral sanctions;
- (iii) global and regional dynamics of demand and supply of oil and gas; Eni believes that the current economic slowdown may have affected global demand for oil. In 2012, gas demand in Europe and Italy fell sharply due to the economic downturn. This trend negatively affected gas prices at North Sea fields;
- (iv) prices and availability of alternative sources of energy. Eni believes that gas demand in Europe has been impacted by a shift to the use of coal in firing power plants due to cost advantages compared to gas, as well as the rising contribution of renewable

energies in satisfying energy requirements. Eni expects those trends to continue in the future;

- (v) governmental and intergovernmental regulations, including the implementation of national or international laws or regulations intended to limit greenhouse gas emissions, which could impact the prices of hydrocarbons; and
- (vi) success in developing and applying new technology.

All these factors can affect the global balance between demand and supply for oil and prices of oil.

Lower oil and gas prices over prolonged periods may also adversely affect Eni's results of operations and cash flows by: (i) reducing rates of return of development projects either planned or being implemented, leading the Company to reschedule, postpone or cancel development projects, or accept a lower rate of return on such projects; (ii) reducing the Group's liquidity, entailing lower resources to fund expansion projects, further dampening the Company's ability to grow future production and revenues; and (iii) triggering a review of future recoverability of the Company's carrying amounts of oil and gas properties, which could lead to the recognition of significant impairment charges.

- (vi) *Eni expects that tightening regulation in oil and gas activities following the Macondo accident will lead to rising compliance costs and other restrictions*

The production of oil and natural gas is highly regulated and is subject to conditions imposed by governments throughout the world in matters such as the award of exploration and production interests, the imposition of specific drilling and other work obligations, income taxes and taxes on production, environmental protection measures, control over the development and abandonment of fields and installations, and restrictions on production. Following the Macondo accident in the Gulf of Mexico, Eni expects that governments throughout the world will implement stricter regulation on environmental protection, risk prevention and other forms of restrictions to drilling and other well operations. These new regulations and legislation, as well as evolving practices, could increase the cost of compliance and may also require changes to our drilling operations and exploration and development plans and may lead to higher royalties and taxes.

- (vii) *Uncertainties in estimates of oil and natural gas reserves*

Several uncertainties are inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures. The accuracy of proved reserve estimates depends on a number of factors, assumptions and variables, among which the most important are the following:

- the quality of available geological, technical and economic data and their interpretation and judgment;
- projections regarding future rates of production and timing of development expenditures;
- whether the prevailing tax rules, other government regulations and contractual conditions will remain the same as on the date estimates are made;
- results of drilling, testing and the actual production performance of Eni's reservoirs after the date of the estimates which may require substantial upward or downward revisions; and

- changes in oil and natural gas prices which could affect the quantities of Eni's proved reserves since the estimates of reserves are based on prices and costs existing as of the date when these estimates are made.

In particular the reserve estimates are subject to revisions as prices fluctuate due to the cost recovery mechanism under the Company's PSAs and similar contractual schemes.

Many of these factors, assumptions and variables involved in estimating proved reserves are beyond Eni's control and may change over time and impact the estimates of oil and natural gas reserves. Accordingly, the estimated reserves could be significantly different from the quantities of oil and natural gas that will ultimately be recovered. Additionally, any downward revision in Eni's estimated quantities of proved reserves would indicate lower future production volumes, which could adversely impact Eni's results of operations and financial condition.

(viii) *Oil and gas activity may be subject to increasingly high levels of income taxes*

The oil and gas industry is subject to the payment of royalties and income taxes which tend to be higher than those payable in many other commercial activities. In addition, in recent years, Eni has experienced adverse changes in the tax regimes applicable to oil and gas operations in a number of countries where the Company conducts its upstream operations. As a result of these trends, management estimates that the tax rate applicable to the Company's oil and gas operations is materially higher than the Italian statutory tax rate for corporate profit which currently stands at 44 per cent. The tax rate of the Company's Exploration & Production segment for the fiscal year 2012 was approximately 60 per cent.

Management believes that the marginal tax rate in the oil and gas industry tends to increase in correlation with higher oil prices which could make it more difficult for Eni to translate higher oil prices into increased net profit. However, the Company does not expect that the marginal tax rate will decrease in response to falling oil prices. Adverse changes in the tax rate applicable to the Group profit before income taxes in its oil and gas operations would have a negative impact on Eni's future results of operations and cash flows.

In the current uncertain financial and economic environment, governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal framework for the oil and gas industry, including the risk of increased taxation, nationalization and expropriations.

Eni's results depend on its ability to identify and mitigate the above mentioned risks and hazards which are inherent to Eni's operation.

### **Political considerations**

A substantial portion of Eni's oil and gas reserves and gas supplies are located in countries which are politically, socially and economically less stable than OECD countries. Therefore Eni is exposed to risks of material disruptions to its operations in those less stable countries. As of 31 December 2012, approximately 80 per cent. of Eni's proved hydrocarbon reserves were located in such countries and 59 per cent. of Eni's supplies of natural gas came from countries outside OECD countries.

Adverse political, social and economic developments in any of those less stable countries may negatively affect Eni's ability to continue operating in an economic way, either temporarily or permanently, and Eni's ability to access oil and gas reserves. In particular, Eni faces risks in connection with the following issues:

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



- (ii) unfavorable developments in laws, regulations and contractual arrangements leading, for example, to expropriations or forced divestitures of assets and unilateral cancellation or modification of contractual terms.

Eni is facing increasing competition from state-owned oil companies who are partnering with Eni in a number of oil and gas projects and properties in the host countries where Eni conducts its upstream operations. These state-owned oil companies can change contractual terms and other conditions of oil and gas projects in order to obtain a larger profit share from a given project, thereby reducing Eni's profit share. Furthermore, as of the balance sheet date receivables for euro 481 million (euro 486 million as of 30 June 2013) relating to cost recovery under certain petroleum contracts in a non-OECD country were the subject of an arbitration proceeding;

- (iii) restrictions on exploration, production, imports and exports;
- (iv) tax or royalty increases (including retroactive claims); and
- (v) civil and social unrest leading to sabotages, acts of violence and incidents. For example, the Company experienced continuing acts of sabotage and theft in Nigeria which caused significant production losses and negatively affected our results of operations in the Country for the year 2012. These negative events have continued in the first half of 2013.

While the occurrence of those events is unpredictable, it is likely that the occurrence of such events could cause Eni to incur material losses or facility disruptions, by this way adversely impacting Eni's results of operations and cash flows.

#### *Risks associated with continuing political instability in North Africa and the Middle East*

As of end of 2012, approximately 30 per cent. of the Company's proved oil and gas reserves were located in North Africa and the Middle East. In 2011, several North African and Middle Eastern oil producing countries experienced an extreme level of political instability that has resulted in changes in governments, unrest and violence and consequential economic disruptions. The instability of the socio-political framework in those countries still represents an area of concern involving risks and uncertainties for the foreseeable future; particularly the internal situation in Egypt seems to be complex as political unrest and civil clashes have been escalating throughout the course of 2013 jeopardizing any economic activity in the country. However, the Company has not experienced any disruption at its producing activities in the country to date.

During the first half of 2013, Eni's performance in Libya was negatively impacted due to *force majeure* events reflecting ongoing instability in the socio-political context of the country. It is worth mentioning that Eni is currently engaged in the recovery of the its full production plateau at its producing assets in the country, following the internal conflict of 2011 that forced the Company to shutdown almost all its producing facilities including gas exports for a period of about 8 months with a material impact on production volumes and operating results of that period. In the first half of 2013 Eni's facilities in Libya produced 247 kboe/d, in line with the first half of 2012.

However, Eni were unable to restore the full production plateau at the fields contrary to initial planning assumptions, due to the complexity of the transition period which the country is currently undergoing.

The Company believes that the political outlook in North Africa and the Middle East remains an area of risk for the Company's operations, results and strategic development.

## ***Risks associated with our presence in sanction targets***

### *Our activities in Iran could lead to sanctions under relevant U.S. legislation*

Eni is currently conducting oil and gas operations in Iran. The legislation and other regulations of the United States that target Iran and persons who have certain dealings with Iran may lead to the imposition of sanctions on any persons doing business in Iran or with Iranian counterparties.

The United States enacted the Iran Sanctions Act of 1996 (as amended, “ISA”), which required the President of the United States to impose sanctions against any entity that is determined to have engaged in certain activities, including investment in Iran’s petroleum sector. The ISA was amended in July 2010 by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (“CISADA”). As a result, in addition to sanctions for knowingly investing in Iran’s petroleum sector, parties engaging in business activities in Iran now may be sanctioned under the ISA for knowingly providing to Iran refined petroleum products, and for knowingly providing to Iran goods, services, technology, information or support that could directly and significantly either: (i) facilitate the maintenance or expansion of Iran’s domestic production of refined petroleum products, or (ii) contribute to the enhancement of Iran’s ability to import refined petroleum products. CISADA also expanded the list of sanctions available to the President of the United States by three, from six to nine, and requires the President to impose three of the nine sanctions, as opposed to two of six, if the President has determined that a party has engaged in sanctionable conduct. The new sanctions include a prohibition on transactions in foreign exchange by the sanctioned company, a prohibition of any transfers of credit or payments between, by, through or to any financial institution to the extent the interest of a sanctioned company is involved, and a requirement to “block” or “freeze” any property of the sanctioned company that is subject to the jurisdiction of the United States. Investments in the petroleum sector that commenced prior to the adoption of CISADA appear to remain subject to the pre-amended version of the ISA, except for the mandatory investigation requirements described below, but no definitive guidance has been given. The new sanctions added by CISADA would be available to the President with respect to new investments in the petroleum sector or any other sanctionable activity occurring on or after 1 July 2010. CISADA also adopted measures designed to reduce the President’s discretion in enforcement under the ISA, including a requirement for the President to undertake an investigation upon being presented with credible evidence that a person is engaged in sanctionable activity. CISADA also added to the ISA provisions that an investigation need not be initiated, and may be terminated once begun, if the President certifies in writing to the U.S. Congress that the person whose activities in Iran were the basis for the investigation is no longer engaging in those activities or has taken significant steps toward stopping the activities, and that the President has received reliable assurances that the person will not knowingly engage in any sanctionable activity in the future. The President may also waive sanctions, subject to certain conditions and limitations.

The United States maintains broad and comprehensive economic sanctions targeting Iran that are administrated by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC sanctions”). These sanctions generally restrict the dealings of U.S. citizens and persons subject to the jurisdiction of the United States. In addition, Eni is aware of initiatives by certain U.S. states and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations or policies requiring divestment from, or reporting of interests in, companies that do business with countries designated as states sponsoring terrorism. CISADA specifically authorized certain state and local Iran related divestment initiatives. If Eni’s operations in Iran are determined to fall within the scope of divestment laws or policies, sales resulting from such divestment laws and policies, if significant, could have an adverse effect on Eni’s share price. Even if Eni’s activities in and with respect to Iran do not subject it to sanctions or divestment, companies with investments in the oil and gas sectors in Iran may suffer reputational harm as a result of increased international scrutiny.

With regard to the trading of crude oil, the above mentioned measures (in particular, the Iran Threat Reduction and Syrian Human Rights Acts of 10 August 2012, and the National Defense Authorization Acts

2012) provide for a ban on carrying out transactions associated with the purchase of crude oil and a ban on owning, operating or insuring any vessels used to transport Iranian crude oil. Both bans may be granted a waiver by the U.S. State Department (based on the National Defense Authorization Act for the Fiscal Year 2012) covering the home-country of an entity or the country of destination of the crude oil. A waiver was granted to Italy and other EU Member States in March 2012 and lastly renewed in September 2013 for a further 180-day period.

Other sanctions programs have been adopted by various governments and regulators with respect to Iran, including a series of resolutions from the United Nations Security Council, and measures imposed by various countries based on and to implement these United Nations Security Council resolutions. On 26 July 2010, the European Union adopted new restrictive measures regarding Iran (referred to as the “EU measures”). Among other things, the supply of equipment and technology in the following sectors of the oil and gas industry in Iran are prohibited: refining, liquefied natural gas, exploration and production. The prohibition extends to technical assistance, training and financing and financial assistance in connection with such items. Extension of loans or credit to, acquisition of shares in, entry into joint ventures with or other participation in enterprises in Iran (or Iranian owned enterprises outside of Iran) engaged in any of the targeted sectors also is prohibited.

On 23 March 2012 the Council of the European Union enacted regulation prohibiting the import, transport and purchase of Iranian crude oil and petroleum products. The rules allow for the performance of contracts, entered into before 23 January 2012, whereby the supply of Iranian crude oil and petroleum products is intended to reimburse outstanding receivables due to entities under the jurisdiction of EU Member States.

In the last months of 2012 the Council of the European Union adopted new measures providing for additional restrictive measures against Iran including:

- export prohibition on key naval equipment and technology for ship-building, maintenance or refit;
- prohibition of trade in graphite, raw or semi-finished metals, such as aluminum and steel, and software for certain industrial processes;
- ban on the import, purchase or transport of Iranian natural gas;
- prohibitions on the provision of flagging and classification services to Iranian oil tankers and cargo vessels; and
- prohibition on the supply of vessels designed for the transport or storage of Iranian oil and petrochemical products.

The new measures also prohibit transactions between the European Union and Iranian banks and financial institutions, unless an authorization is granted in advance by the relevant Member State and include an embargo on the supply to Iran and use in Iran of key equipment or technology which could be used in the sectors of the oil, natural gas and petrochemical industries, starting from 15 April 2013.

Furthermore, the new measures designate new Iranian entities as subject to the asset freeze, including the Iranian oil gas industry companies (the National Iranian Oil Co and its subsidiary operating companies).

The European measures provide a waiver of certain prohibitions (i.e. embargo on oil and gas key technologies, prohibition to supply of vessels for the purpose of transporting Iranian oil, asset freeze of the National Iranian Corp and its subsidiaries) in order to perform obligations under contracts entered into before 23 January 2012, which provide for the supply of Iranian crude oil and petroleum products as a reimbursement of outstanding receivables due to entities under the jurisdictions of EU member states by Iranian counterparties (such as the case of Eni service contracts described therein). Under this waiver Eni

is allowed to carry out its upstream and oil import activities. In this respect, Eni is in close contact with the competent European authorities in order to obtain the relevant authorizations, certain of which have already been received.

Eni Exploration & Production segment has been operating in Iran for several years under four Service Contracts (South Pars, Darquain, Dorood and Balal, these latter two projects being operated by another international oil company) entered into with the National Iranian Oil Co (NIOC) between 1999 and 2001, and no other exploration and development contracts have been entered into since then. Under such Service Contracts, Eni has carried out development operations in respect of certain oil fields, and is entitled to recovery of expenditures made, as well as a service fee. The service contracts do not provide for payments to be made by Eni, as contractor, to the Iranian Government (e.g. leasing fees, bonuses, significant amounts of local taxes); all material future cash flows relate to the payment to Eni of its dues. All projects mentioned above have been completed or substantially completed; the Darquain project, is in the process of final commissioning and is being handed over to the NIOC. In this respect, Eni expects to incur operating costs in the range of approximately \$10 to \$20 million per year over the next few years for contractual support activities and services. In 2012, Eni incurred \$22 million to provide such activities and services.

Eni Exploration & Production projects in Iran are currently in the cost recovery phase. Therefore, Eni has ceased making any further investment in the country and is not planning to make additional capital expenditures in Iran in future years.

In 2012, Eni's production in Iran averaged 3 kBOE/d, representing less than 1 per cent. of the Eni Group's total production for the year. Eni's entitlement in 2012 represented less than 3 per cent. of the overall production from the oil and gas fields that Eni has developed in Iran. Eni believes that the results from its Iranian exploration and production are immaterial to the Group's results.

After passage of CISADA, Eni engaged in discussions with officials of the U.S. State Department, which administers the ISA, regarding Eni's activities in Iran. On 30 September 2010, the U.S. State Department announced that the U.S. Government, pursuant to a provision of the ISA added by CISADA that allows it to avoid making a determination of sanctionability under the ISA with respect to any party that provides certain assurances, would not make such a determination with respect to Eni based on Eni's commitment to end its investments in Iran's energy sector and not to undertake new energy-related activity. The U.S. State Department further indicated at that time that, as long as Eni acts in accordance with these commitments, it will not be regarded as a company of concern for Eni's past Iran related activities.

Between the end of 2011 and the beginning of 2013, the United States adopted new measures designed to intensify the scope of U.S. sanctions against Iran, in particular related to the Iran's energy and financial sectors.

Such restrictive measures are: the Executive Orders 13590 of 21 November 2011 and 13622 of 31 July 2012 and the Iran Threat Reduction and Syrian Human Rights Acts of 10 August 2012 ("ITRSHRA"), which expanded the ISA/CISADA scope by increasing from three to five the minimum number of sanctions to be imposed in case of violations of the energy sector restrictions; the National Defense Authorization Acts — 2012, related to transactions with the Iranian Central Bank and transactions for the acquisition of Iranian crude oil and the National Defense Authorization Acts — 2013, which, *inter alia*, adds the shipbuilding sector to those areas subject to sanctions.

The new provisions impose, *inter alia*, sanctions on persons that are determined to have engaged in certain activities in support of Iran's energy and petrochemicals sector that are not specifically targeted by the ISA, as amended by CISADA.

Those activities include:

- the provision of goods, services, technology or support that have a fair market value above certain monetary thresholds and that could directly and significantly contribute to the maintenance or enhancement of Iran's ability to develop its petroleum resources or to the maintenance or expansion of Iran's domestic production of petrochemical products;
- the purchase of petrochemical products from Iran, and the supply of financial, material, technological support for, or goods or services in support of the National Iranian Oil Co (NIOC); and
- the participation in a joint oil and gas development venture with Iran, outside Iran, if that venture was established after 1 January 2002.

As discussed above, pursuant to the Darquain service contract, entered into prior to the date of these measures, Eni is providing services in advance of the hand-over of the oilfield to NIOC and retains certain technical assistance and service obligations, and an obligation to provide, upon request, spare parts and supplies for field maintenance and operations. While Eni has no formal assurances that the U.S. State Department's 2010 determination of non-sanctionability under the ISA would similarly extend to sanctions under the measures issued in 2011 and 2012, during this period, Eni has continued to inform the U.S. State Department of its Iran-related activities. Eni does not believe that its activities in Iran (the completion of existing contracts which were notified to the U.S. administration when the Special Rule was applied) are sanctionable under such more recent measures described above.

The Company's Refining & Marketing segment has historically purchased amounts of Iranian crude oil under a term contract with the NIOC and on a spot basis. Eni purchased 1.63 mmt tonnes, 976 ktonnes and 498 ktonnes in 2010, 2011 and 2012, respectively. Eni paid NIOC \$888 million in 2010, \$742 million in 2011 and \$396 million in 2012, for those purchases.

In addition, in 2010 Eni purchased crude oil from international traders and oil companies who, based on bills of loading and shipping documentation available to Eni, Eni believes purchased the crude oil from Iranian companies. Purchases were mainly on spot basis. In 2010, Eni purchased 2.09 mmt tonnes of crude oil amounting to \$1.1 billion.

Also as a consequence of EU restrictive measures, in June 2012 Eni ceased to import Iranian crude oil with the exception of those volumes necessary to collect outstanding receivables towards Iranian counterparties, as allowed by the European Union sanctions regime.

Eni has no involvement in Iran's refined petroleum sector and does not export refined petroleum to Iran.

Finally, Eni's Chemical segment licensed a number of technologies in Iran in past years, relating to plastics/elastomers and relevant raw materials, but it never supplied equipment or materials for plant construction. By April 2013, Eni had suspended all contracts to comply with EU restrictions.

Eni will continue to monitor closely legislative and other developments in the United States and the European Union in order to determine whether its remaining interests in Iran could subject Eni to application of either current or future sanctions under the OFAC sanctions, the ISA, the EU Measures or otherwise. If any of its activities in and with respect to Iran are found to be in violation of any Iran-related sanctions, and sanctions are imposed on Eni, it could have an adverse effect on Eni's business, plans to raise financing, sales and reputation.

*In previous years Eni has had marginal commercial transactions with Syria*

Eni's operations in Syria have mainly been limited to transactions carried out by its Refining & Marketing segment with Syrian Petrol Co, an entity controlled by the Syrian Government, for the purchase of crude oil under term purchase contracts or on a spot basis, based on prevailing market conditions.

Eni purchased 321 ktonnes and 243 ktonnes in 2010 and 2011, respectively. Eni paid Syrian Petrol Co \$163 million in 2010 and \$175 million in 2011, for those purchases. No crude oil purchases were made in 2012.

Eni also purchased small amounts of crude oil from international traders who, based on bills of lading and shipping documentation available it, Eni believes purchased those raw materials from Syrian companies.

In 2010, Eni's Engineering & Construction segment was awarded by Dijla Petroleum Co., an affiliate of the Syrian National Oil Co, a contract for the central processing facility to be installed at the Khurbet East oil field, on Block 26.

Other than as described above, Eni is not currently investing in the country, and it has no contractual arrangements in place to invest in the country.

*Eni has a limited presence in the Democratic Republic of Congo*

In August 2010, Eni signed a farm-in agreement with the UK-based Surestream Petroleum to acquire the 55 per cent. interest and the operatorship in the Ndunda Block in the Democratic Republic of Congo. Currently Eni is not conducting any activity in this country.

### ***Cyclicality of the petrochemical industry***

The petrochemical industry is subject to fluctuations in demand in response to macroeconomic cycles, leading to volatile results of operations and cash flow. It is a highly competitive industry due to lack of entry barriers, product commoditization and excess capacity, which may exacerbate the impact of any demand downturns on the results reported by our Chemicals business. Eni's chemical operations have been facing increasing competition from Asian companies and the petrochemical arm of national oil companies based in the Middle East which can leverage on long-term competitive advantages in terms of lower operating costs and cheaper feedstock costs. In particular, Eni's competitors based in the Middle East are benefiting from the large availability of gas-based feedstock which provides a cost advantage compared to the oil-based feedstock used at Eni's operations. Management also expects that U.S.-based petrochemical companies will regain competitiveness in the medium term leveraging on the large domestic availability of raw materials which can be extracted from shale gas.

Eni's chemical operations are located mainly in Italy and Western Europe where the expenses to comply with environmental, safety and security rules may be higher than in most Asian countries due to an established regulatory framework and public environmental sensitivity. Additionally, Eni's petrochemical operations lack sufficient scale and competitiveness at a number of sites owing also to geographic location and other structural weaknesses. Due to poor industry fundamentals, intense competitive pressures, high feedstock costs, coupled with company-specific factors, Eni's chemical operations incurred substantial operating losses in recent years. In 2012, chemicals operations reported sharply higher operating losses compared to the previous year, down to euro 683 million (down by 61 per cent.) driven by unprofitable product margins particularly in the basic petrochemicals and polyethylene businesses which were impaired by high oil-based feedstock costs, and lower sales volumes amidst a demand downturn. Looking forward, management expects that in the foreseeable future results and cash flow at our chemical business could be adversely affected by a weak economic outlook in Italy and Europe. Furthermore, rising costs of oil-based feedstock represent a risk to the profitability of the Company's petrochemical operations



as it may be difficult to preserve products margins due to the high level of competition in the industry and the commoditized nature of many of Eni's products.

### ***Risks in the Company's Gas & Power business***

#### **(i) *Risks associated with the trading environment and competition in the industry***

*In 2012, the Company's gas marketing business reported sharply lower operating losses due to a demand downturn and increasing competitive pressures arising from large gas availability in the marketplace. The Company expects negative market conditions to affect results and liquidity in 2013 and beyond*

The Company's gas marketing business has reported operating losses and negative cash flow in 2012 and 2011 due to a demand downturn and changed competitive dynamics in the European gas sector. This downtrend continued in the first half of 2013. Gas demand has been severely hit by the economic slowdown and lower consumption in the thermoelectric sector. The latter trend was affected by an ongoing expansion of renewable sources of electricity and a shift away from gas to the use of coal in firing power plants due to cost advantages. In the face of weak demand, supplies on the marketplace have continued to increase fuelled by pipeline upgrades, growing availability of LNG and the fact that the U.S. have reduced their dependence on LNG imports due to large development of domestic production of shale gas further adding to global LNG supplies. Those trends have driven the expansion of very liquid continental hubs where spot prices have become the prevailing benchmark of sale contracts, particularly in the industrial and thermoelectric segments. Spot prices have been on a downtrend over the last few years reflecting oversupplies and weak demand. This trend has hit the profitability at European gas marketing operators, including Eni. Those operators procured their gas supplies under long-term contracts with producing countries whereby the cost of gas is generally indexed to the price of crude oil and other derivatives and margins were squeezed due to a decoupling between spot prices and the oil-linked costs of purchased gas. Adding to this pressure were the reduced sales opportunities forced operators to aggressively compete on pricing to limit the financial risks associated with the take-or-pay clause provided by the long term supply contracts. On their part, large clients adopted opportunistic supply patterns, in order to take advantage of the large availability of spot gas. Finally governmental administrations in several European countries have started to review the indexation mechanism of supply tariffs in the retail sector in order to make residential customers benefit from the ongoing trend in gas spot markets. Against this backdrop, our gas marketing business reported sharply higher operating losses down to euro 3,221 million due also to material impairment charges to align the asset book values to their lower values-in-use to reflect a reduced profitability outlook. In the first half of 2013 the Company's gas business reported an operating loss of euro 559 million.

Management expects industrial conditions in the gas sector in Italy and Europe to remain unfavorable over the short to the medium term due to continuing market imbalances and strong competition. Eni forecasts that weak gas demand due to the current economic downturn and uncertainties, the persistence of oversupplies and strong competition will represent risk factors to the profitability outlook of the Company's gas marketing business over the next two to three years. Short-term conditions are anticipated to be highly adverse in Italy where the economic recovery is feeble, the price of gas to industrial and other large clients is likely to align to the pricing level at the continental hubs and finally gas margins are expected to be affected by the liberalization measures enacted by the Italian Government intended to reduce the cost of gas to residential users (see below). Eni believes that those trends will negatively impact the gas marketing business future results of operations and cash flows by reducing gas selling prices and margins, also considering Eni's obligations under its take-or-pay supply contracts (see below).

*The Company is seeking to improve its cost competitiveness by renegotiating more favorable contractual terms with our long term suppliers. If it fails to achieve this its profitability could be adversely affected*

The Company's long-term supply contracts provide clauses whereby the parties are entitled to renegotiate pricing terms and other contractual conditions from time to time to reflect in a changed market environment. The Company is seeking to renegotiate better terms and pricing of our long-term supply contracts in the coming years to align its cost structure to prices prevailing in the marketplace in order to preserve the profitability of its gas operations. If it fails to obtain the planned benefits, future results and cash flow could be adversely affected. Furthermore, Management believes that its results will become more volatile and unpredictable in future years as contractual renegotiations take time to define, possibly leading to large one-off price adjustments recorded in the reporting period when the new terms are agreed upon. In addition, where the parties are entitled to fail to arrange renewed contractual terms, both of them may seek an arbitration ruling, which increases the uncertainty regarding a final outcome of the renegotiation process. A number of clients, to whom Eni supply on long-term basis, have already requested, and may request in the future, price revisions and other contractual changes.

*The Company expects that current imbalances between demand and supply in the European gas market will persist for sometime*

In 2012, gas demand fell by 2 per cent. in Europe and by 4 per cent. in Italy due to the economic downturn and sharply lower gas consumption in the thermoelectric sector. Management estimates that gas demand will grow at an average rate of approximately 1.7 per cent. in Italy and Europe until 2020. Those estimates have been revised downward from previous management projections to factor in the risks associated with a number of ongoing trends:

- uncertainties and volatility in the macroeconomic cycle; particularly the current downturn in Europe will weigh on the short-term perspectives of a rapid recovery in gas demand;
- growing adoption of consumption patterns and life-styles characterized by wider sensitivity to energy efficiency; and
- EU policies intended to reduce green house gas emissions and promote renewable energy sources.

The projected moderate dynamics in demand will not be enough to balance current oversupplies on the marketplace over the next two to three years according to management's estimates. Gas oversupplies have been increasing in recent years as new, large investments to upgrade import pipelines to Europe have come online from Russia and Algeria, and large availability of LNG on a worldwide scale has found an outlet at the European continental hubs driving the development of very liquid spot gas markets. Furthermore, in the near future management expects the start-up of new infrastructures in various European entry points which will add large amounts of new import capacity over the next few years. Those include a new line of the North Stream pipeline connecting Russia to Germany through the Baltic Sea as well as new LNG facilities. In Italy, the gas offered will increase moderately in the future as a new LNG plant is expected to start operations at Livorno with a 4 BCM treatment capacity and effects are in place of Law Decree No. 130/2010 about storage capacity which is expected to increase by 4 BCM by 2015.

In the first half of 2013 gas consumption continued to decline driven by a slowdown in industrial activity and a slump in the thermoelectric segment due to lower industrial requirements and inter-fuel competition in firing power generation as gas was displaced by the continuing growth in renewables and a shift to coal due to cost advantages also reflecting lower costs to acquire emission allowances. Against these ongoing trends, management has revised downward its estimates for gas demand: it is now assumed a decline of 5 per cent. and 1 per cent. in Italy and

Europe respectively for the full year 2013 compared to the previous years' level; the consumption volumes projected at the end of 2016 are lower by 6-7 per cent. compared to the assumptions made in the industrial plan 2013–2016 which have been reflected in the annual report 2012. It is worth mentioning that the projected levels of European gas demand for 2016 are significantly lower than the pre-crisis levels registered in 2008 as a result of weak fundamentals.

Those trends represent risks to the Company's future results of operations and cash flows in its gas business.

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

In order to secure long-term access to gas availability, particularly with a view of supplying the Italian gas market, Eni has signed a number of long-term gas supply contracts with key producing countries that supply the European gas markets. These contracts have been ensuring approximately 80 BCM of gas availability from 2010 (including the Distrigas portfolio of supplies and excluding Eni's other subsidiaries and affiliates) with a residual life of approximately 16 years and a pricing mechanism that indexes the cost of gas to the price of crude oil and its products (gasoil, fuel oil, etc.). These contracts include take-or-pay clauses whereby the Company is required to off-take minimum pre determined volumes of gas in each year of the contractual term or, in case of failure, to pay the whole price, or a fraction of that price, up to the minimum contractual quantity. The take-or-pay clause entitles the Company to off-take pre-paid volumes of gas in later years during the period of contract execution. Amounts of cash prepayments and time schedules for off-taking pre-paid gas vary from contract to contract. Generally, cash prepayments are calculated on the basis of the energy prices current in the year when the Company is scheduled to purchase the gas, with the balance due in the year when the gas is actually purchased. Amounts of pre-payments range from 10 to 100 per cent. of the full price.

The right to off-take pre-paid gas expires within a ten-year term in some contracts or remains in place until contract expiration in other arrangements. In addition, the right to off-take the pre-paid gas can be exercised in future years provided that the Company has fulfilled its minimum take obligation in a given year and within the limit of the maximum annual quantity. In this case, Eni will pay the residual price calculating it as the percentage that complements 100 per cent., based on the arithmetical average of monthly base prices current in the year of the off-take. Similar considerations apply to ship-or-pay contractual obligations.

Management believes that the current outlook pointing to weak gas demand growth and large gas availability in the marketplace, the possible evolution of sector-specific regulation, as well as strong competitive pressures in the marketplace represent risk factors to the Company's ability to fulfill its minimum take obligations associated with its long-term supply contracts.

Since the beginning of the downturn in the European gas market late in 2009, Eni has triggered the take-or-pay clause as the Company collected lower volumes than its minimum take obligations in each of those years accumulating deferred costs amounting to euro 2.37 billion (euro 2.13 billion at 30 June 2013) and has paid almost the whole of the relevant cash advances.

Considering ongoing market trends and the Company's outlook for its sales volumes which are anticipated to remain stable in 2013 and to increase at a moderate pace in subsequent years, as well as the expected benefit associated with contract renegotiations which may temporarily reduce the annual minimum take and other commercial initiatives, management believes that the Company's exposure to take-or-pay contracts will need continuing monitoring and will continue to give rise to financial risk in future years.

In addition to the financial risk, failure to off-take the contractual minimum amounts exposes the Company to a price risk, because the purchase price Eni will ultimately be required to pay is based on future energy prices which may be higher than the energy prices prevailing when the off-take obligation arose. In addition, Eni is subject to the risk of not being able to dispose of pre-paid volumes should the total addressable market be smaller than the Company's gas availability in the relevant period. Finally, the Company expects to incur financing costs considering the cash advances already paid to its suppliers. As a result, the Company's selling margins, results of operations and cash flow may be negatively affected.

*Eni plans to increase natural gas sales in Europe. If Eni fails to achieve projected growth targets, this could adversely impact future results of operations and liquidity*

Over the medium term, Eni plans to increase its natural gas sales in Europe leveraging on its natural gas availability under take-or-pay purchase contracts, availability of transport rights and storage capacity, and widespread commercial presence in Europe. Should Eni fail to increase natural gas sales in Europe as planned due to poor strategy execution or competition, Eni's future growth prospects, results of operations and cash flows might be adversely affected also taking account that Eni might be unable to fulfill its contractual obligations to purchase certain minimum amounts of natural gas based on its take-or-pay purchase contracts currently in force.

(ii) ***Risks associated with sector-specific regulations in Italy***

*Risks associated with the regulatory powers entrusted to the Italian Authority for Electricity and Gas in the matter of pricing to residential customers*

The Authority for Electricity and Gas is entrusted with certain powers in the matters of natural gas pricing. Specifically, the Authority for Electricity and Gas holds a general surveillance power on pricing in the natural gas market in Italy and the power to establish selling tariffs for the supply of natural gas to residential and commercial users consuming less than 50,000 CM/y (as provided for by Resolution ARG/gas No. 64/2009) taking into account the public goal of containing the inflationary pressure due to rising energy costs. Accordingly, decisions of the Authority for Electricity and Gas on these matters may limit the ability of Eni to pass an increase in the cost of the raw material onto final consumers of natural gas. The indexation mechanism set by the Authority for Electricity and Gas basically provides that the cost of the raw material in the pricing formula to the residential sector be indexed to movements in a basket of hydrocarbons. The Authority for Electricity and Gas has modified this indexation mechanism on several occasions by introducing price adjustments to benefit the residential customers.

Finally, the Italian law decree on liberalizations enacted in March 2012 entrusted the AEEG with the task to gradually introduce reference to the price of certain benchmarks quoted at continental hubs in the indexation mechanism of the cost of gas in the pricing of sales to the above mentioned customers. In compliance with the recently enacted law, the AEEG with resolution no. 196 effective from 1 October 2013, reformulated the pricing mechanism of gas supplies to those customers by providing a full indexation of the raw material cost component of the tariff to spot prices. The new tariff regime intends to partially offset the negative impact to be born by wholesalers by introducing certain tariff components, applicable for the next two thermal years, in order to provide a gradual transition from oil-linked prices to spot market determined prices, to cover the costs of the transition to new supply formulas and to favor an effective renegotiation of long-term contracts for importing gas. Management believes that this development is likely to negatively affect the profitability of the Company sales in the residential market in Italy because it is expected that trends in spot prices will be less favorable than the oil-linked cost of gas supplies to the Group, thus limiting the ability to pass cost increases to clients. This is likely to adversely affect the Company's future results and cash flow.

#### *Recent liberalization measures in the gas storage sector*

At the beginning of 2013, the Minister of Economic Development and the Italian Authority for Electricity and Gas introduced new criteria for the allocation of gas storage capacities pursuant to Article 14 of Law Decree No. 1/2012. In particular:

- the natural gas storage capacity which becomes available as a result of the decreased amount of strategic storage and of new methods for calculating the modulation storage obligations is assigned to industrial companies and regasifiers; and
- the modulation storage capacity for the needs of “vulnerable customers” is assigned partly with competitive bidding procedures, and partly under existing procedures.

*The Italian Government has taken steps to increase competition in the Italian natural gas market. Further regulatory developments are possible in the future which may adversely affect Eni's results of operations and cash flows*

The Italian Government has long supported a higher degree of competition in the Italian natural gas market and this has already produced significant developments in this area (i.e. the divestment of Eni's interest in SNAM, as completed in May 2013), and may produce further developments in the future.

Management believes the institutional debate on the degree of competition in the Italian natural gas market and the regulatory activity to be areas of concern and cannot exclude negative impacts deriving from developments on these matters on Eni's future results of operations and cash flows.

#### **Antitrust and competition law**

The Group's activities are subject to antitrust and competition laws and regulations in many countries of operations, especially in Europe. It is possible that the Group may incur significant loss provisions in future years relating to ongoing antitrust proceedings or new proceedings that may possibly arise. The Group is particularly exposed to this risk in its natural gas, refining and marketing and petrochemicals activities due to the fact that Eni is the incumbent operator in those markets in Italy and a large European player. Furthermore, based on the findings of antitrust proceedings, plaintiffs could seek payment to compensate for any alleged damages as a result of antitrust business practices on part of Eni. Both these risks could adversely affect the Group's future results of operations and cash flows.

#### **Environmental, health and safety regulation**

*Eni has incurred in the past and will incur material operating expenses and expenditures in relation to compliance with applicable environmental, health and safety regulations in future years*

Eni is subject to numerous EU, international, national, regional and local environmental, health and safety laws and regulations concerning its oil and gas operations, products and other activities. Generally, these laws and regulations require the acquisition of a permit before drilling for hydrocarbons may commence, restrict the types, quantities and concentration of various substances that can be released into the environment in connection with exploration, drilling and production activities, as well as refining, petrochemicals and other Group operations, limit or prohibit drilling activities in certain protected areas, require to remove and dismantle drilling platforms and other equipment and well plug-in once oil and gas operations have terminated, provide for measures to be taken to protect the safety of the workplace and health of communities involved by the Company's activities, and impose criminal or civil liabilities for polluting the environment or harming employees' or communities' health and safety resulting from oil, natural gas, refining, petrochemical and other Group's operations.

These laws and regulations also regulate emissions of substances and pollutants, handling of hazardous materials and discharges to surface and subsurface of water resulting from the operation of oil and natural gas extraction and processing plants, petrochemical plants, refineries, service stations, vessels, oil carriers, pipeline systems and other facilities owned by Eni. In addition, Eni's operations are subject to laws and regulations relating to the production, handling, transportation, storage, disposal and treatment of waste materials.

Breach of environmental, health and safety laws exposes the Company's employees to criminal and civil liability and the Company to the incurrence of liabilities associated with compensation for environmental, health or safety damage as well as damage to its reputation. Additionally, in the case of violation of certain rules regarding the safeguard of the environment and safety in the workplace, the Company can be liable due to negligent or willful conduct on part of its employees as per Law Decree No. 231/2001.

Environmental, health and safety laws and regulations have a substantial impact on Eni's operations. Management expects that the Group will continue to incur significant amounts of operating expenses and expenditures to comply with laws and regulations addressing safeguard of the environment, safety on the workplace, health of employees and communities involved by the Company operations, including:

- costs to prevent, control, eliminate or reduce certain types of air and water emissions and handle waste and other hazardous materials, including the costs incurred in connection with government action to address climate change;
- remedial and clean-up measures related to environmental contamination or accidents at various sites, including those owned by third parties (see discussion below);
- damage compensation claimed by individuals and entities, including local, regional or state administrations, caused by our activities or accidents; and
- costs in connection with the decommissioning and removal of drilling platforms and other facilities, and well plugging.

In addition, growing public concerns in the EU and globally that rising greenhouse gas emissions and climate change may significantly affect the environment and society could adversely affect our businesses, including the possible enactment of stricter regulations that increase our operating costs, affect product sales and reduce profitability.

Furthermore, in the countries where Eni operates or expects to operate in the near future, new laws and regulations, the imposition of tougher license requirements, increasingly strict enforcement or new interpretations of existing laws and regulations or the discovery of previously unknown contamination may also cause us to incur material costs resulting from actions taken to comply with such laws and regulations, including:

- modifying operations;
- installing pollution control equipment;
- implementing additional safety measures; and
- performing site clean-ups.

As a further result of any new laws and regulations or other factors, Eni may also have to curtail, modify or cease certain operations or implement temporary shutdowns of facilities, which could diminish our productivity and materially and adversely impact our results of operations, including profits.



Security threats require continuous assessment and response measures. Acts of terrorism against our plants and offices, pipelines, transportation or computer systems could severely disrupt businesses and operations and could cause harm to people.

*Eni has incurred in the past and may incur in the future material environmental liabilities in connection with the environmental impact of its past and present industrial activities. Also plaintiffs may seek to obtain compensation for damage resulting from events of contamination and pollution*

Risks of environmental, health and safety incidences and liabilities are inherent in many of Eni's operations and products. Notwithstanding management's belief that Eni adopts high operational standards to ensure safety of its operations and to protect the environment and health of people and employees, it is possible that incidents like blow outs, oil spills, contaminations and similar events could occur that would result in damage to the environment, employees and communities. The occurrence of any such events could have a material adverse impact on the Group business, competitive position, cash flow, results of operations, liquidity, future growth prospects, shareholders' return and damage to the Group reputation.

Environmental laws also require the Company to remediate and clean-up the environmental impacts of prior disposals or releases of chemicals or petroleum substances and pollutants by the Company. Such contingent liabilities may exist at various sites that the Company disposed of, closed or shut down in prior years where Group products have been produced, processed, stored, distributed or sold, such as chemical plants, mineral-metallurgic plants, refineries and other facilities. The Company is particularly exposed to the risk of environmental liabilities in Italy where several industrial installations operated by Eni were located which were subsequently divested, closed, liquidated or shut down. At those industrial locations Eni has commenced a number of initiatives to restore and clean-up proprietary or concession areas that were allegedly contaminated and polluted by the Group's industrial activities. Notwithstanding the Group claimed that it cannot be held liable for such past contaminations as permitted by applicable regulations in case of declaration rendered by a guiltless owner – particularly regulations that enacted into Italian legislation the Directive No. 2004/35/EC – plaintiffs and several public administrations have been acting against Eni to claim both the environmental damage and measures to perform additional clean-up and remediation projects in a number of civil and administrative proceedings.

Remedial and clean-up activities with respect to the Company's sites are expected to continue in the foreseeable future, impacting Eni's liquidity as with reference to the balance sheet date the Group has accrued risk provisions to cope with all existing environmental liabilities whereby both a legal or constructive obligation to perform a clean-up or other remedial actions is in place and the associated costs can be reasonably estimated. The accrued amounts represent the management's best estimates of the Company's liability.

Management believes that it is possible that in the future Eni may incur significant environmental expenses and liabilities in addition to the amounts already accrued due to: (i) the likelihood of as yet unknown contamination; (ii) the results of ongoing surveys or surveys to be carried out on the environmental status of certain Eni's industrial sites as required by the applicable regulations on contaminated sites; (iii) unfavorable developments in ongoing litigation on the environmental status of certain Company's site where a number of public administrations and the Italian Ministry for the Environment act as plaintiffs; (iv) the possibility that new litigation might arise; (v) the probability that new and stricter environmental laws might be implemented; and (vi) the circumstance that the extent and cost of future environmental restoration and remediation programs are often inherently difficult to estimate.

### **Legal Proceedings**

Eni is defendant in a number of civil actions and administrative proceedings arising in the ordinary course of business. In addition to existing provisions accrued as of the balance sheet date to account for ongoing proceedings, it is possible that in future years Eni may incur significant losses in addition to

amounts already accrued in connection with pending legal proceedings due to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) underestimation of probable future losses due to the circumstance that they are often inherently difficult to estimate.

***Risks related to changes in the price of oil, natural gas, refined products and chemicals***

Operating results in Eni's Exploration & Production, Refining & Marketing, and Chemical segments are affected by changes in the price of crude oil and by the impacts of movements in crude oil prices on margins of refined and petrochemical products.

*Eni's results of operations are affected by changes in international oil prices*

Overall, lower oil prices have a net adverse impact on Eni's results of operations. The effect of lower oil prices on Eni's average realizations for produced oil is generally immediate. Furthermore, Eni's average realizations for produced oil differ from the price of Brent crude marker primarily due to the circumstance that Eni's production list, which also includes heavy crude qualities, has a lower American Petroleum Institute ("API") gravity compared with Brent crude (when processed the latter allows for higher yields of valuable products compared to heavy crude qualities, hence higher market price).

*The favorable impact of higher oil prices on Eni's results of operations may be offset in part by opposite trends in margins for Eni's downstream businesses*

The impact of changes in crude oil prices on Eni's downstream businesses, including the Gas & Power, the Refining & Marketing and the Chemicals businesses, depends upon the speed at which the prices of gas and products adjust to reflect movements in oil prices.

In the Gas & Power segment, increases in oil price represent a risk to the profitability of the Company sales as gas supplies are mainly indexed to the cost of oil and certain refined products, while selling prices, particularly outside Italy, are increasingly benchmarked to gas spot prices quoted at continental hubs. In the current trading environment, spot prices at those hubs are particularly depressed due to oversupply conditions. In 2012, the de-coupling between trends in the oil-linked costs of supplies and spot prices of gas sales was the main driver of the operating loss incurred by our gas marketing business. Eni expects that such unfavorable trend will continue in 2013 and beyond due to ongoing rising trends in crude oil prices and weak spot prices pressured by sluggish industry fundamentals and competition.

In addition, the Italian Authority for Electricity and Gas and other European regulatory authorities may limit the ability of the Company to pass cost increases linked to higher oil prices onto selling prices in supplies to residential customers and small businesses as spot prices are due to replace oil prices in the indexation mechanism of the raw material cost in selling formulas to those customers. See the paragraph "Risks in the Company's gas business" above for more information.

In addition, in light of the changed European gas market environment, Eni has adopted new risk management policies. These policies contemplate the use of derivative contracts to mitigate the exposure of Eni's future cash flows to future changes in gas prices; such exposure had been exacerbated in recent years by the fact that spot prices at European gas hubs have ceased to track the oil prices to which Eni's long-term supply contracts are linked.

These policies also contemplate the use of derivative contracts for speculative purposes whereby Eni is seeking to profit from opportunities available in the gas market based, among other things, on its expectations regarding future prices. These contracts may lead to gains as well as losses, which, in each case, may be significant. All derivative contracts that are not entered into for hedging purposes in

accordance with IFRS will be accounted through profit and loss, resulting in higher volatility of the gas business' operating profit.

In the Refining & Marketing and Chemicals businesses a time lag exists between movements in oil prices and in prices of finished products.

*Eni's results of operations are affected by changes in European refining margins*

Results of operations of Eni's Refining & Marketing segment are substantially affected by changes in European refining margins which reflect changes in relative prices of crude oil and refined products. The prices of refined products depend on global and regional supply/demand balances, inventory levels, refinery operations, import/export balances and weather. Furthermore, Eni's realized margins are also affected by relative price movements of heavy or sour crude qualities versus light or sweet crude qualities, taking into account the ability of Eni's refineries to process complex crudes that represent a cost advantage when market prices of heavy crudes are relatively cheaper than the marker Brent price.

In 2012, Eni's refining margins were unprofitable as the high cost of oil was only partially transferred to final prices of fuels pressured by weak demand, high worldwide and regional inventory levels and excess refining capacity particularly in the Mediterranean area. Furthermore, the profitability of complex cycles was impaired due to shrinking price differentials between heavy crudes versus light ones. Management does not expect any significant recovery in industry fundamentals over the short to medium term. The sector as a whole will continue to suffer from weak demand and excess capacity, while the cost of oil feedstock may continue rising and price differentials may remain compressed.

In this context, management expects that the Company's refining margins will remain at unprofitable levels in 2013 and possibly beyond. In addition, due to a reduced outlook for refining margins and the persistence of weak industry fundamentals, management took substantial impairment charges amounting to euro 846 million before tax to align the book value of the Company's refining plants to their lower values-in-use which impacted 2012 results of operations.

*Eni's results of operations are affected by changes in petrochemical margins*

Eni's margins on petrochemical products are affected by trends in demand for petrochemical products and movements in crude oil prices to which purchase costs of petroleum-based feedstock are indexed. Given the commoditized nature of Eni petrochemical products, it is difficult for the Company to transfer higher purchase costs for oil-based feedstock to selling prices to customers. In 2012, Eni's petrochemicals business reported sharply higher operating losses down to euro 683 million due to unprofitable margins on basic petrochemicals products, mainly the margin on cracker, reflecting high oil-based feedstock costs and as demand for petrochemicals commodities plunged due to the economic downturn. A weak demand outlook and rising oil-based feedstock costs are expected to continue to adversely affect Eni's results of operations and liquidity in this business segment in 2013 and possibly beyond.

**Risks from acquisitions**

Eni constantly monitors the oil and gas market in search of opportunities to acquire individual assets or companies in order to achieve its growth targets or complement its asset portfolio. Acquisitions entail an execution risk – a significant risk, among other matters, that the acquirer will not be able to effectively integrate the purchased assets so as to achieve expected synergies. In addition, acquisitions entail a financial risk – the risk of not being able to recover the purchase costs of acquired assets, in case a prolonged decline in the market prices of oil and natural gas occurs. Eni also may incur unanticipated costs or assume unexpected liabilities and losses in connection with companies or assets Eni acquire. If the integration and financial risks connected to acquisitions materialize, Eni's financial performance and shareholders' returns may be adversely affected.

***Risks deriving from Eni's exposure to weather conditions***

Significant changes in weather conditions in Italy and in the rest of Europe from year to year may affect demand for natural gas and some refined products; in colder years, demand is higher. Accordingly, the results of operations of the Gas & Power segment and, to a lesser extent, the Refining & Marketing segment, as well as the comparability of results over different periods may be affected by such changes in weather conditions. In general, the effects of climate change could result in less stable weather patterns, resulting in more severe storms and other weather conditions that could interfere with Eni's operations and damage our facilities. Furthermore, our operations, particularly offshore production of oil and natural gas, are exposed to extreme weather phenomena that can result in material disruption to our operations and consequent loss or damage of properties and facilities.

***Eni's crisis management systems may be ineffective***

Eni has developed contingency plans to continue or recover operations following a disruption or incident. An inability to restore or replace critical capacity to an agreed level within an agreed time frame could prolong the impact of any disruption and could severely affect business and operations. Likewise, Eni has crisis management plans and capability to deal with emergencies at every level of its operations. If Eni does not respond or is not seen to respond in an appropriate manner to either an external or internal crisis, its business and operations could be severely disrupted.

***Exposure to financial risk***

Eni's business activities are inherently exposed to financial risk. This includes exposure to the market risk, including commodity price risk, interest rate risk and foreign currency risk, as well as liquidity risk, and credit risk.

Eni's primary source of exposure to financial risk is the volatility in commodity prices. Generally, the Group does not hedge its strategic exposure to the commodity risk associated with its plans to find and develop oil and gas reserves, volume of gas purchased under its long-term gas purchase contracts which are not covered by contracted sales, its refining margins and other activities. The Group's risk management objectives in addressing commodity risk are to optimize the risk profile of its commercial activities by effectively managing economic margins and safeguarding the value of Eni assets. To achieve this, Eni engages in risk management activities seeking both to hedge Group's exposures and to profit from short-term market opportunities and trading. The Group's risk management has evolved particularly in response to the deep changes occurred in the competitive landscape of the gas marketing business, gas volatile margins and development of liquid gas spot markets.

Eni is engaged in substantial trading and commercial activities in the physical markets. Eni also uses financial instruments such as futures, options, over the counter (OTC) forward contracts, market swaps and contracts for differences related to crude oil, petroleum products, natural gas and electricity in order to manage the commodity risk exposure. Eni also uses financial instruments to manage foreign exchange and interest rate risk.

The Group's approach to risk management includes identifying, evaluating and managing the financial risk using a top-down approach whereby the Board of Directors is responsible for establishing the Group risk management strategy and setting the maximum tolerable amounts of risk exposure. The Group's chief executive officer is responsible for implementing the Group risk management strategy, while the Group's chief financial officer is in charge of defining policies and tools to manage the Group's exposure to financial risk, as well as monitoring and reporting activities. Various Group committees are in charge of defining internal criteria, guidelines and targets of risk management activities consistent with the strategy and limits defined at Eni's top level, to be used by the Group's business units, including monitoring and controlling activities. Although Eni believes it has established sound risk management procedures, trading activities involve elements of forecasting and Eni is exposed to the risks of market movements, of

incurring significant losses if prices develop contrary to management expectations and of default of counterparties.

### ***Commodity risk***

Commodity risk is the risk associated with fluctuations in the price of commodities which may impact the Group's results of operations and cash flow. Exposure to commodity risk is both of a strategic and commercial nature. Generally, the Group does not hedge its strategic exposure to commodity risk.

On the other hand, the Group actively manages its exposure to commercial risk which arises when a contractual sale of a commodity has occurred or it is highly probable that it will occur and the Group aims at locking in the associated commercial margin. The Group's risk management objectives are to optimize the risk profile of its commercial activities by effectively managing economic margins and safeguarding the value of Eni assets. Also, as part of its risk management activities the Group carries out trading activities in order to seek to profit from short-term market opportunities. As part of those trading activities, the Company is implementing strategies of asset-backed trading in order to maximize the economic value of the flexibilities associated with its assets. Management believes that the price risks related to asset backed trading activities are mitigated by the natural hedge granted by the assets' availability. The Group's risk management has evolved particularly in response to the deep changes occurred in the competitive landscape of the gas marketing business, gas volatile margins and development of liquid markets to trade spot gas.

These derivative contracts entered into for trading purposes may lead to gains as well as losses, which, in each case, may be significant. Those derivatives are accounted for through profit and loss, resulting in higher volatility in Eni's operating profit, particularly in the gas marketing business.

### ***Exchange rate risk***

Movements in the exchange rate of the euro against the U.S. dollar can have a material impact on Eni's results of operations. Prices of oil, natural gas and refined products generally are denominated in, or linked to, U.S. dollars, while a significant portion of Eni's expenses are denominated in euros. Similarly, prices of Eni's petrochemical products are generally denominated in, or linked to, the euro, whereas expenses in the Chemical segment are denominated both in euros and U.S. dollars. Accordingly, a depreciation of the U.S. dollar against the euro generally has an adverse impact on Eni's results of operations and liquidity because it reduces booked revenues by an amount greater than the decrease in U.S. dollar-denominated expenses and may also result in significant translation adjustments that impact Eni's shareholders' equity. The Exploration & Production segment is particularly affected by movements in the U.S. dollar versus the euro exchange rates as the U.S. dollar is the functional currency of a large part of its foreign subsidiaries and therefore movements in the U.S. dollar versus the euro exchange rate affect year-on-year comparability of results of operations.

### ***Susceptibility to variations in sovereign rating risk***

Eni's credit ratings are potentially exposed to risk in reductions of sovereign credit rating of Italy. On the basis of the methodologies used by Standard & Poor's and Moody's, a potential downgrade of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as Eni and make it more likely that the credit rating of the Notes or other debt instruments issued by the Company could be downgraded.

### ***Interest rate risk***

Interest on Eni's debt is primarily indexed at a spread to benchmark rates such as the Europe Interbank Offered Rate, "Euribor", and the London Interbank Offered Rate, "Libor". As a consequence, movements in interest rates can have a material impact on Eni's finance expense in respect to its debt.

Additionally, spreads offered to the Company may rise in connection with variations in sovereign rating risks or company rating risks, as well as the general conditions of capital markets.

### ***Liquidity risk***

Liquidity risk is the risk that suitable sources of funding for the Group may not be available, or the Group is unable to sell its assets on the marketplace in order to meet short-term financial requirements and to settle obligations. Such a situation would negatively impact the Group results of operations and cash flows as it would result in Eni incurring higher borrowing expenses to meet its obligations or, under the worst conditions, the inability of Eni to continue as a going concern. European and global financial markets are currently subject to volatility amid concerns over the European sovereign debt crisis and weak macroeconomic growth, particularly in the Euro-zone. If there are extended periods of constraints in the financial markets, or if Eni is unable to access the financial markets, including due to our financial position or market sentiment as to our prospects, at a time when cash flows from our business operations may be under pressure, our ability to maintain our long-term investment program may be impacted with a consequent effect on our growth rate, and may impact shareholder returns, including dividends or share price.

### ***Credit risk***

Credit risk is the potential exposure of the Group to losses in case counterparties fail to perform or pay due amounts. Credit risks arise from both commercial partners and financial ones. In recent years, the Group has experienced a higher than normal level of counterparty failure due to the severity of the economic and financial downturn. In Eni's 2012 Consolidated Financial Statements, Eni accrued an allowance against doubtful accounts amounting to euro 164 million, mainly relating to the Gas & Power business. Management believes that this business is particularly exposed to credit risks due to its large and diversified customer base which include a large number of middle and small businesses and retail customers who are particularly impacted by the current global financial and economic downturn.

### ***Critical accounting estimates***

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments and past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgments and estimates to be used in the preparation of the Consolidated Financial Statements are in relation to the accounting for oil and natural gas activities, specifically the determination of proved and proved developed reserves, impairment of fixed assets, intangible assets and goodwill, asset retirement obligations, business combinations, pensions and other post-retirement benefits, recognition of environmental liabilities and other risk provisions, and recognition of revenues in the oilfield services construction and engineering businesses. Although management believes these estimates to represent the best outcome of the estimation process, actual results could differ from such estimates, due to, among other things, the following factors: uncertainty, lack or limited availability of information, availability of new informative elements, variations in economic conditions such as prices, costs, other significant factors including evolution in technologies, industrial practices and standards (e.g. removal technologies) and the final outcome of legal, environmental or regulatory proceedings.



*Digital infrastructure is an important part of maintaining our operations, and a breach of our digital security could result in serious damage to business operations, personal injury, damage to assets, harm to the environment, breaches of regulations, litigation, legal liabilities and reparation costs*

The reliability and security of our digital infrastructure are critical to maintaining the availability of our business applications, including the reliable operation of technology in our various business operations and the collection and processing of financial and operational data, as well as the confidentiality of certain third-party information. A breach of our digital security, either due to intentional actions or due to negligence, could cause serious damage to business operations and, in some circumstances, could result in injury to people, damage to assets, harm to the environment, breaches of regulations, litigation, legal liabilities and reparation costs.

*The Company's auditors, like all other independent registered public accounting firms operating in Italy, are not permitted to be subject to inspection by the Public Company Accounting Oversight Board, and accordingly, investors may be deprived of the benefits of such inspection*

The independent registered public accounting firm that issues the audit reports included in our annual reports filed with the SEC, as auditor of companies that are traded publicly in the United States and firms registered with the Public Company Accounting Oversight Board, or PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with SEC rules and PCAOB professional standards.

Because our auditor is a registered public accounting firm in Italy, a jurisdiction where the PCAOB is currently unable under Italian law to conduct inspections pending the mutual agreement between the PCAOB and the Italian authorities, our auditor, like all other independent registered public accounting firms in Italy, is currently not inspected by the PCAOB. Inspections of audit firms that the PCAOB has conducted where allowed have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in Italy prevents the PCAOB from regularly evaluating our auditor's audits and quality control procedures. As a result, the inability of the PCAOB to conduct inspections of auditors in Italy may deprive investors of the benefits of PCAOB inspections.

#### ***Risks connected to the credit ratings of Eni and the Notes***

As at the date of this Base Prospectus, Eni has been assigned long-term ratings of A and A3 by the rating agencies Standard & Poor's and Moody's, respectively. The ratings attributed to Eni provide an indication of Eni's ability to discharge its own financial liabilities, including the liabilities associated with the issue of Notes by it or EFI.

Standard & Poor's and Moody's are established in the EEA and registered under the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to Eni, as, in addition to the evaluation of the Issuer's credit rating, the rating assigned to a Tranche of Notes will also depend upon a series of different factors, such as the structure of a particular Tranche of Notes, or any other factor that may have an influence on the market value of the Notes. There is no guarantee that the rating assigned to the Notes will provide a comprehensive indication of all the risks associated with the investment, or that such a rating will remain unchanged for the life of the Notes and not be subject to any change or withdrawal from the rating agencies.

Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes. In particular, any such adverse change may result in the increase in the Issuer's credit spread, resulting in a reduction in the market value of the Notes. Conversely, there is no guarantee that an

increase in the rating of the Issuer or of the Notes will result in a decrease in the Issuer's credit spread, nor an increase in the market value of the Notes or a reduction in the other investment risks related to the Notes.

In accordance with the methodology adopted by both Moody's and Standard & Poor's, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, may also have a material adverse effect on the credit rating of public companies in Italy and therefore may affect Eni's rating. This may have repercussions on the market price of Eni Notes or EFI Notes.

The Group's ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend on the credit ratings assigned to it. Any worsening of the credit ratings could limit the Group's ability to access capital markets and other forms of financing (or refinancing) or increase the costs related thereto, with related adverse effects on Eni and on the Group's business prospects, financial condition and results of operations.

***Risks related to the European sovereign debt crisis and the political uncertainties regarding the Eurozone. The escalation of the sovereign debt of certain European countries could lead to instability of the Euro and the Eurozone***

Since the final quarter of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. The global financial system has yet to overcome these disruptions and difficult conditions. Financial market conditions remain challenging and in certain respects, such as in relation to sovereign credit risk and fiscal deficits in European countries, have deteriorated in recent years. In particular, in 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these European Union states to continue to service their sovereign debt obligations. Concerns about sovereign finances intensified during 2011 and the first half of 2012, leading to a risk of default of Greece and, more recently in 2013, Cyprus. Due to these concerns, the financial markets and the global financial system in general were impacted by significant turmoil and uncertainty resulting in wide and volatile credit spreads on the sovereign debt of many European Union countries, a fall in liquidity and a consequent increase in funding costs as well as increased instability in the bond and equity markets. In response to the crisis, assistance packages were granted to certain European Union countries and measures were announced, and partially enacted, by the European Union International Monetary Fund to recapitalize certain European banks, encourage greater long term fiscal responsibility on the part of the individual Member States and bolster market confidence in the Euro as well as the ability of Member States to service their sovereign debt. Despite these and other plans to implement various other measures designed to alleviate these concerns, including the adoption by the European Central Bank of a program of "outright monetary transactions" in 2012, uncertainty over the outcome of the European Union governments' financial support programs and more general concern about sovereign finances still persist. Even if the above mentioned measures are implemented, there is no guarantee that they will ultimately and finally resolve uncertainties regarding the ability of Eurozone states to continue to service their sovereign debt obligations. Further, even if such long-term structural adjustments are ultimately implemented, the future of the Euro in its current form, and with its current membership, remains uncertain. Ongoing concern about the debt crisis in Europe, as well as the possible exit from the Eurozone of one or more Member States and/or the replacement of the Euro by one or more successor currencies to which the foregoing could lead, could have a detrimental impact on the global economic recovery and the repayment of sovereign and non-sovereign debt in these countries, including Italy, as well as on the financial condition of European institutions (both financial and corporate).

There can be no assurance that the market disruption in Europe will not worsen, nor can there be any assurance that current or future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets and secure the position of the Euro.

The continuing difficulties and slowdown in the economy, the substantial bailouts of financial and other institutions by governments as well as measures designed to reignite economic growth have led to significant increases in the debt of several countries. As a consequence, various countries of the Eurozone (including Italy) have had their credit ratings downgraded in recent months by the main rating agencies due to the escalation of their sovereign debt levels, political uncertainty regarding reform prospects of the Eurozone and concern over the Eurozone's increasingly weak macroeconomic prospects.

***The Group's business may be adversely affected by disruptions in the global credit markets and associated impacts***

Conditions in Euro-zone countries deteriorated in 2011 amid rising yields on certain sovereign debt instruments issued by certain Euro-zone states, including Italy and the market perception that the single European currency is facing an institutional crisis of confidence related to contagion from sovereign debt. Such deterioration has raised concerns regarding the financial condition of European financial institutions and their exposure to such countries and such concerns may have an impact on the ability of the Group to fund its business via such financial institutions in a similar manner and at a similar cost to the funding raised in the past. Challenging market conditions have resulted in greater volatility and, in some cases, reduced liquidity, widening of credit spreads and a lack of price transparency in credit markets. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group. In addition, the financial performance of the Group could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

**Risk factors specific to EFI**

***Risks arising from changes to interest rates and exchange rates***

The activities of EFI are affected by fluctuation in interest rates and exchange rates. Should interest rates and exchange rates vary, they may adversely affect a range of variables, including: (i) Group companies' ability to repay the borrowings received; or (ii) EFI's ability to realise positive margins, as there may be a reduced differential between the interest or exchange rates they may lend at and the interest or exchange rates at which they may be able to borrow funds. There can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of risks arising from changes to interest rates and exchange rates.

***Risks associated with the legislative, accounting and regulatory context***

The activities of EFI are subject to risks associated with the legislative, accounting and regulatory context in which they operate. These activities are subject to specific legislation and regulation. Any changes to the legislative and/or regulatory context in which EFI operates, including that relating to fiscal or accounting matters, could have a material adverse effect on EFI's activities.

***Risks connected with information technology***

The activities of EFI are subject to risks associated with information technology. These activities rely upon integrated technology systems. EFI relies on the correct functioning and reliability of such systems to protect their network infrastructure, information technology equipment and information about the Group from losses caused by technical failure, human error, natural disaster, sabotage, power failures and other losses of function. The loss of information regarding the Group or other information central to EFI's activities, or material interruption in its service, could have a material adverse effect on its results of operations. In addition, upgrades to its information technology may require significant investments. There can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of information technology risk.

***Operational risk***

The activities of EFI are subject to operational risk. As a risk type, operational risk has acquired its own distinct position in the finance world. It is defined as “the risk of losses resulting from failure of internal processes, people or systems or from external events”. Events of recent decades in modern international finance have shown on several occasions that ineffective control of operational risks can lead to substantial losses. There can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of operational risk.

***Country risk***

The activities of EFI are subject to country risk. With respect to country risk, a distinction can be made between transfer risk and collective debtor risk. Transfer risk relates to the possibility of foreign governments placing restrictions on funds transferred from debtors in that country to creditors abroad. Collective debtor risk relates to the situation where a large number of debtors cannot meet their commitments for the same reason (e.g. war, political and social unrest, natural disasters, and also government policy that does not succeed in creating macro-economic and financial stability). There can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of country risk.

***Funding and liquidity risk***

The activities of EFI are subject to funding and liquidity risk. The average maturity of loans as well as the degree of diversification of shorter-term and longer-term lending contracts, liquidity limits, funding concentration ratios and exposures are regularly monitored. In the current situation, considering the large availability of funds and lines of credit, EFI believes it has access to sufficient funding to meet currently foreseeable borrowing requirements. However, there can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of funding or liquidity risk.

***Credit risk***

Credit risk represents EFI's exposure to incur a loss in the event of non-performance by a counterparty. Due to EFI's role within the Group, its credit risk is influenced by the business and markets in which the Group operates. As for financial investments and the utilisation of financial instruments, including derivatives, EFI follows the guidelines set by Eni identifying the eligible (external) counterparties in financial transactions. EFI currently does not have any significant case of non-performance of counterparties. However, there can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of credit risk. Besides credit risk on external counterparties, EFI could incur also credit risk on Eni S.p.A. and its subsidiaries, as a result of its function within the Group in the event that Eni S.p.A. does not ensure the solvency of its subsidiaries through parent company guarantees or equity injections.

***Market risk***

The activities of EFI may be subject to market risk. In this regards, EFI follows the Guidelines set by Eni to monitor the relevant risk factors. Market risk may affect the value of any financial assets held which are subject to risks arising from price movements in the market. Price changes include prices of interest rate products, equities, currencies, certain commodities and derivatives. Adverse market movements relative to the following risk factors — interest rates, equity and market indices, foreign exchange rates, implicit volatilities and spreads in credit default swaps — are monitored regularly where relevant. However, there can be no assurance that the activities of EFI will not suffer a material adverse effect as a result of market risk.

## **Risk factors relating to the Notes and the Guarantee**

### ***Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

#### ***Notes subject to optional redemption by the relevant Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

In addition, Notes issued by EFI may not be held by investors who are not Qualifying Investors, as defined herein. EFI Notes which are held by investors other than Qualifying Investors may be subject to early redemption in accordance with the Conditions.

### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate.

Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Risks related to Notes generally***

Set out below is a brief description of certain risks relating to the Notes generally:

### ***Modification***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***EU Directive on the taxation of savings income***

Under EC Council Directive 2003/48/EC (the "**Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the Savings Directive) paid by a Paying Agent (within the meaning of the Savings Directive) established within its jurisdiction to, or collected by, such a Paying Agent (within the meaning of the Savings Directive) for the benefit of an individual resident or Residual Entities (within the meaning of Article 4.2 of the Savings Directive) established in that other Member State except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. On 10 April 2013, Luxembourg officially announced its intention to no longer apply the withholding tax system as from 1 January 2015 and to provide details of payment of interest (or similar income) as from this date.



The European Commission announced on 13 November 2008 proposals to amend the Savings Directive. The European Parliament approved an amended version of this proposal on 24 April 2009. If implemented, the proposed amendments would, *inter alia* (i) extend the scope of the Savings Directive to payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of an EU resident individual, and (ii) provide for a wider definition of interest subject to the Savings Directive. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000.

#### ***Risk factor relating to FATCA legislation***

Non-U.S. financial institutions, including EFI, by or through which payments on the Notes are made, may be required to withhold tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016, or any other date further established, on any Notes issued or materially modified on or after 1 July 2014, or any other date further established pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (commonly referred to as “**FATCA**”), or any law implementing an applicable intergovernmental agreement under FATCA (an “**IGA**”), or any agreement entered into by the relevant financial institution (including EFI) with the U.S. Internal Revenue Service. Although final U.S. Treasury Regulations under FATCA have been issued, their application along with the application of the statute has not been fully developed and therefore their application is uncertain at this time. Furthermore, EFI, which may, in certain circumstances, be a Foreign Financial Institution (“**FFI**”) under FATCA, is not currently subject to an IGA but may become subject to one in the future and the United States and the Government of Belgium have announced their intention to enter into an IGA. If Belgium were to enter into an IGA, such IGA may substantially modify the rules applicable to EFI under FATCA, possibly providing that such withholding taxes will not apply to payments on EFI Notes irrespective of when the EFI Notes were issued. In addition, depending on how the holders of the EFI Notes are classified under FATCA or an applicable IGA, the EFI Notes may be treated as “financial accounts” and therefore holders of EFI Notes could be subject to information reporting to the U.S. Internal Revenue Service or to the Government of Belgium (which would be forwarded to the U.S. Internal Revenue Service) regardless of when the Notes are issued. Such reported information will include identifying information of the holder, the value of the EFI Notes held by the holder and payments made with respect to EFI Notes to the holder.

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that the provisions of FATCA or an IGA will affect the amount of any payment made under, or in respect of, the Notes by the Issuers, the Guarantor to the ICSDs. However, FATCA or an IGA may affect payments made by the ICSDs to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is not entitled to receive payments free of FATCA or IGA requirements, or an ultimate investor that fails to provide its broker (or ICSDs or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents required by FATCA or an IGA. Investors should choose the custodians

or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that is required under FATCA or an IGA. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA or IGA and how FATCA or IGA may affect them. The Issuers' obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer or registered holder of the Notes, as the case may be) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries. If an amount of, or in respect of, withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA or an IGA, neither the Issuer nor the Guarantor would, pursuant to the Terms and Conditions of the Notes, be required to pay any additional amount as a result of the deduction or withholding of such tax. The application of FATCA or an IGA to the EFI Notes issued or materially modified on or after 1 July 2014, or any other date further established, may be addressed in a supplement to this Base Prospectus.

### ***Change of law***

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

### ***Bearer Notes where denominations involve integral multiples***

In relation to any issue of Notes in bearer form which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination (as defined in the Conditions). In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### ***Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities, liquidity may have a severely adverse effect on the market value of Notes.

#### ***Exchange rate risks and exchange controls***

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated

principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency and/or the Specified Currency may impose or modify exchange controls. An appreciation of the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency-equivalent yield on the Notes; (2) the Investor’s Currency-equivalent value of the principal payable on the Notes; and (3) the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***Credit ratings may not reflect all risks***

One or more independent credit-rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, and the additional factors discussed above or factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it; (2) Notes can be used as collateral for various types of borrowing; and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following:

- (i) the annual audited accounts of each of the Issuers as at and for the years ended 31 December 2011 and 31 December 2012 (the “**Annual Reports**”), as further described below:
  - (a) in relation to Eni, the Annual Reports shall be the English language version thereof, in consolidated form, and shall include the Auditors’ Reports of Reconta Ernst & Young S.p.A. dated respectively 4 April 2012 and 8 April 2013; and
  - (b) in relation to EFI, the Annual Reports shall be the non-consolidated English translation thereof and shall include the Auditors’ Reports of Ernst & Young Réviseurs d’Entreprises SCCRL dated respectively 19 March 2012 and 19 March 2013;
- (ii) the unaudited interim accounts of each of the Issuers as at and for the six months ended 30 June 2012 and 30 June 2013, as published subsequently to the Annual Reports of each of the Issuers (the “**Interim Accounts**”), as further described below:
  - (a) in relation to Eni, the Interim Consolidated Accounts shall be the English language version thereof, as contained in the reports for the six months ended 30 June 2012 and 30 June 2013; and
  - (b) in relation to EFI, the Interim Accounts (consisting of a balance sheet and income statement) shall be the non-consolidated English version thereof for the six months ended 30 June 2012 and 30 June 2013;
- (iii) the Annual Reports for the financial years ended 31 December 2011 and 31 December 2012 on Form 20-F in relation to Eni, including the exhibits thereto, pursuant to the U.S. Securities Exchange Act of 1934, as amended; and
- (iv) the Terms and Conditions contained in the Debt Issuance Programme Base Prospectus dated 19 October 2012, pages 52-79 (inclusive), prepared by the Issuers and the Guarantor in connection with the Programme.

The documents listed at (i)-(iv) have been previously published, or are published simultaneously with, this Base Prospectus and have been filed with the CSSF. Please note that EFI was previously named “Eni Coordination Center” but changed its name to “eni finance international” as of 16 September 2011. All references to Eni Coordination Center SA are, therefore, to be read as meaning EFI.

Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained from the offices of the Paying and Transfer Agent in Luxembourg (as set out herein) and will also be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus (in line with Article 28(4) of Regulation (EC) No. 809/2004 implementing the Prospectus Directive (the “**Prospectus Regulation**”).

## EFI

For ease of reference, the tables below set out the relevant page references for the statutory financial statements, the notes to the statutory financial statements and the Independent Auditors' reports as of and for the years ended 31 December 2011 and 31 December 2012 as set out in the English versions of the audited financial statements of EFI. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

### Financial Statements for the Fiscal Year ended 31 December 2011

|   |   |             |
|---|---|-------------|
| 1 | Balance sheet .....   | pages 39-40 |
|   | Income statement .....  | pages 41-42 |
| 2 | Notes to financial statements .....   | pages 44-70 |
| 3 | Report of Ernst & Young Réviseurs d'Entreprises SCCRL, Independent Auditors ..... | pages 31-33 |

### Financial Statements for the Fiscal Year ended 31 December 2012

|   |   |             |
|---|---|-------------|
| 1 | Balance sheet .....   | pages 41-42 |
|   | Income statement .....  | pages 43-44 |
| 2 | Notes to financial statements .....   | pages 46-72 |
| 3 | Report of Ernst & Young Réviseurs d'Entreprises SCCRL, Independent Auditors ..... | pages 33-35 |

For ease of reference, the tables below set out the relevant page references for the unaudited interim financial statements as set out in the English version of the unaudited interim financial statements for the six months ended 30 June 2012 and 30 June 2013 of EFI. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

**Unaudited Interim Financial Statements as of and for the six months ended 30 June 2012**

|   |                        |             |
|---|------------------------|-------------|
| 1 | Balance sheet .....    | pages 24-25 |
|   | Income statement ..... | pages 26-27 |

**Unaudited Interim Financial Statements as of and for the six months ended 30 June 2013**

|   |                        |             |
|---|------------------------|-------------|
| 1 | Balance sheet .....    | pages 24-25 |
|   | Income statement ..... | pages 26-27 |



## Eni

For ease of reference, the tables below set out the relevant page references for the consolidated financial statements, the notes to the consolidated financial statements and the auditors' reports for the years ended 31 December 2011 and 31 December 2012 as set out in the Annual Reports of Eni. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

### Consolidated Financial Statements for the fiscal year ended 31 December 2011

|   |  |               |
|---|--|---------------|
| 1 | Consolidated financial statements .....                            | pages 113-121 |
|   | Balance sheet .....  | page 114      |
|   | Profit and loss account .....                                      | page 115      |
|   | Statement of comprehensive income .....                            | page 116      |
|   | Statement of changes in shareholders' equity .....                 | pages 117-119 |
|   | Statement of cash flows .....                                      | pages 120-121 |
| 2 | Basis of presentation and principles of consolidation .....        | pages 122-123 |
| 3 | Notes to consolidated financial statements .....                   | pages 122-207 |
| 4 | List of Eni's subsidiaries for the year 2011 .....                 | pages 221-226 |
| 5 | Report of Reconta Ernst & Young S.p.A., independent auditors ..... | page 254      |
| 6 | Legal proceedings .....  | pages 179-190 |

### Consolidated Financial Statements for the fiscal year ended 31 December 2012

|   |  |               |
|---|--|---------------|
| 1 | Consolidated financial statements .....                            | pages 109-117 |
|   | Balance sheet .....  | page 110      |
|   | Profit and loss account .....                                      | page 111      |
|   | Statement of comprehensive income .....                            | page 112      |
|   | Statement of changes in shareholders' equity .....                 | pages 113-115 |
|   | Statement of cash flows .....                                      | pages 116-117 |
| 2 | Basis of presentation and principles of consolidation .....        | pages 118-119 |
| 3 | Notes to consolidated financial statements .....                   | pages 118-204 |
| 4 | List of Eni's subsidiaries for the year 2012 .....                 | pages 221-226 |
| 5 | Report of Reconta Ernst & Young S.p.A., independent auditors ..... | pages 256-257 |
| 6 | Legal proceedings .....  | pages 176-185 |

For ease of reference, the tables below set out the relevant page references for the consolidated financial statements and notes to the consolidated financial statements for the financial years ended 31 December 2011 and 31 December 2012 as set out in Form 20-F of Eni. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

#### **Consolidated Financial Statements for the fiscal year ended 31 December 2011**

|   |   |                  |
|---|---|------------------|
| 1 | Consolidated financial statements .....                             | pages F-4-F-11   |
|   | Balance sheet .....   | page F-4         |
|   | Profit and loss account .....                                       | page F-5         |
|   | Statement of comprehensive income .....                             | page F-6         |
|   | Statement of changes in shareholders' equity .....                  | pages F-7-F-9    |
|   | Statement of cash flows .....                                       | pages F-10-F-11  |
| 2 | Notes to consolidated financial statements .....                    | pages F-12-F-114 |
| 3 | Report of Reconta Ernst & Young S.p.A., independent auditors .....  | pages F-1-F-2    |
| 4 | Report of PricewaterhouseCoopers S.p.A., independent auditors ..... | page F-3         |
| 5 | Legal proceedings .....   | pages F-79-F-94  |

#### **Consolidated Financial Statements for the fiscal year ended 31 December 2012**

|   |  |                  |
|---|--|------------------|
| 1 | Consolidated financial statements .....                            | pages F-3-F-10   |
|   | Balance sheet .....  | page F-3         |
|   | Profit and loss account .....                                      | page F-4         |
|   | Statement of comprehensive income .....                            | page F-5         |
|   | Statement of changes in shareholders' equity .....                 | pages F-6-F-8    |
|   | Statement of cash flows .....                                      | pages F-9-F-10   |
| 2 | Notes to consolidated financial statements .....                   | pages F-11-F-115 |
| 3 | Report of Reconta Ernst & Young S.p.A., independent auditors ..... | pages F-1-F-2    |
| 4 | Legal proceedings .....  | pages F-83-F-93  |

For ease of reference, the tables below set out the relevant page references for the consolidated financial statements, the notes to the consolidated financial statements and the Independent Auditors report, as set out in the unaudited consolidated Interim Accounts of Eni for the six month periods ended 30 June 2012 and 30 June 2013. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

#### **Consolidated Financial Statements for the six months ended 30 June 2012**

|   |  |               |
|---|--|---------------|
| 1 | Condensed consolidated interim financial statements . . . . .              | pages 79-87   |
|   | Balance sheet . . . . .  | page 80       |
|   | Profit and loss account . . . . .  | page 81       |
|   | Statement of comprehensive income . . . . .                                | page 82       |
|   | Statement of changes in shareholders' equity . . . . .                     | pages 83-85   |
|   | Statement of cash flows . . . . .  | pages 86-87   |
| 2 | Basis of presentation, use of accounting estimates . . . . .               | page 88       |
| 3 | Notes to the condensed consolidated interim financial statements . . . . . | pages 88-128  |
| 4 | List of Eni's subsidiaries for the first half of 2012 . . . . .            | pages 129-133 |
| 5 | Report of Reconta Ernst & Young S.p.A., independent auditors . . . . .     | page 135      |
| 6 | Legal proceedings . . . . .  | pages 110-116 |

#### **Consolidated Financial Statements for the six months ended 30 June 2013**

|   |  |               |
|---|--|---------------|
| 1 | Condensed consolidated interim financial statements . . . . .              | pages 69-77   |
|   | Balance sheet . . . . .  | page 70       |
|   | Profit and loss account . . . . .  | page 71       |
|   | Statement of comprehensive income . . . . .                                | page 72       |
|   | Statement of changes in shareholders' equity . . . . .                     | pages 73-75   |
|   | Statement of cash flows . . . . .  | pages 76-77   |
| 2 | Basis of presentation and use of accounting estimates . . . . .            | page 78       |
| 3 | Notes to the condensed consolidated interim financial statements . . . . . | pages 78-115  |
| 4 | List of Eni's subsidiaries for the first half of 2013 . . . . .            | pages 116-121 |
| 5 | Report of Reconta Ernst & Young S.p.A., independent auditors . . . . .     | page 123      |
| 6 | Legal proceedings . . . . .  | pages 99-102  |

For ease of reference, the table below sets out the relevant page references for the Debt Issuance Programme Base Prospectus dated 19 October 2012. Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Prospectus Regulation.

**Debt Issuance Programme Base Prospectus dated 19 October 2012**

|                            |             |
|----------------------------|-------------|
| Terms and Conditions ..... | pages 52-79 |
|----------------------------|-------------|

## **PROSPECTUS SUPPLEMENT AND DRAWDOWN PROSPECTUS**

Each Issuer (with respect to itself) and the Guarantor (with respect to itself and jointly and severally with EFI) has given an undertaking to each Dealer and the Arranger that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Base Prospectus whose inclusion in this Base Prospectus or removal is capable of affecting the assessment of the Notes, the Issuers and the Guarantor shall prepare a supplement to this Base Prospectus as envisaged by Article 16 of the Prospectus Directive and Article 13 of the Luxembourg Prospectus Act or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and to the Luxembourg Stock Exchange such number of copies of such supplement hereto as (i) such Dealer may reasonably request; and (ii) the Luxembourg Stock Exchange shall require.

In case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context otherwise requires.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuers and the Guarantor and the relevant Notes or (2) by a registration document containing the necessary information relating to the Issuers and the Guarantor, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note.

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description is qualified in its entirety by the remainder of this Base Prospectus.*

|                     |  |
|---------------------|--|
| <b>Issuers</b>      | Eni S.p.A. (" <b>Eni</b> ")<br>eni finance international SA (" <b>EFI</b> ")   |
| <b>Guarantor</b>    | Eni S.p.A. (in such capacity, the " <b>Guarantor</b> ") will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable under the Notes and Coupons issued by EFI in accordance with the Amended and Restated Distribution Agreement and the Amended and Restated Agency Agreement.   |
| <b>Description</b>  | Euro Medium Term Note Programme  |
| <b>Size</b>         | Euro 15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.  |
| <b>Arranger</b>     | Goldman Sachs International  |
| <b>Dealers</b>      | Banca IMI S.p.A.<br>Barclays Bank PLC<br>BNP PARIBAS<br>Credit Suisse Securities (Europe) Limited<br>Deutsche Bank AG, London Branch<br>HSBC Bank plc<br>J.P. Morgan Securities plc<br>Morgan Stanley & Co. International plc<br>The Royal Bank of Scotland plc<br>UBS Limited<br>UniCredit Bank AG  |
|                     | The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to " <b>Permanent Dealers</b> " are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " <b>Dealers</b> " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches. Any of the Issuers may be appointed as Dealers under the Programme, except that EFI shall not act as Dealer for Notes other than EFI Notes. |
| <b>Fiscal Agent</b> | The Bank of New York Mellon  |



|                         |  |
|-------------------------|--|
| <b>Method of Issue</b>  | <p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “<b>Series</b>”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a “<b>Tranche</b>”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the “<b>Final Terms</b>”) or in a separate prospectus specific to such Tranche (the “<b>Drawdown Prospectus</b>”). Eni Notes will be issued outside the Republic of Italy.</p>  |
| <b>Issue Price</b>      | <p>Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Issue Price will be defined in the relevant Final Terms.</p>   |
| <b>Form of Notes</b>    | <p>Eni Notes may be in bearer form only (“<b>Bearer Notes</b>”), in bearer form exchangeable for registered notes (“<b>Exchangeable Bearer Notes</b>”) or in registered form only (“<b>Registered Notes</b>”). Eni Notes must be Bearer Notes and will be cleared through the clearing system operated by the National Bank of Belgium or any successor thereto (the “<b>X/N Clearing System</b>”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes issued by Eni will be represented on issue by a temporary Global Note if (i) Definitive Notes (as defined in “Summary of Provisions Relating to the Notes while in Global Form — Delivery of Notes” below) are to be made available to Noteholders (as defined herein) following the expiry of 40 days after their issue date; or (ii) such Notes are being issued in compliance with the D Rules (as defined in “Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates (“<b>Global Certificates</b>”). Eni Notes will be issued in compliance with the C Rules (as defined in “Selling Restrictions” below) and will be represented on issue by a permanent Global Note in bearer form.</p> |
| <b>Clearing Systems</b> | <p>Clearstream, Luxembourg, Euroclear, the X/N Clearing System (in respect of Eni Notes) and, in relation to any Tranche, such other clearing system as may be agreed</p>  |

|   |   |
|---|---|
| <p><b>Initial Delivery of Notes</b></p> | <p>between the Issuer, the Fiscal Agent and the relevant Dealer.</p> <p>In respect of Eni Notes, if the relevant Global Note is a NGN, or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg on or before the issue date for each Tranche. In respect of Eni Notes, if the relevant Global Note is a CGN, or the relevant Global Certificate is not held under the NSS, the relevant Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may (or, in the case of Notes listed on the Official List, shall) be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg on or before the issue date for each Tranche. Global Notes representing Bearer Notes issued by EFI shall be deposited with the operator of the X/N Clearing System, being the National Bank of Belgium or its successor. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.</p> |
| <p><b>Currencies</b></p>                | <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor (in the case of EFI Notes) and the relevant Dealers.</p> <p>Issues of Eni Notes will constitute obbligazioni pursuant to Article 2410 et seq. of the Italian Civil Code and will comply with the regulatory requirements or guidelines of the Bank of Italy, including any relevant reporting requirements of the Bank of Italy relating to the issue of debt obligations including, without limitation, the reporting requirements of Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended.</p>  |
| <p><b>Maturities</b></p>                | <p>Subject to compliance with all relevant laws, regulations, directives and the by-laws of the relevant Issuer and the Guarantor, any maturity greater than 12 months.</p>   |
| <p><b>Specified Denomination</b></p>    | <p>Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, provided that each Note shall be in an amount not less than euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).</p>  |

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| <b>Fixed Rate Notes</b>                    | Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.  |
| <b>Floating Rate Notes</b>                 | <p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or</li> <li>(ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.</li> </ul> <p>Interest periods will be specified in the relevant Final Terms.</p> |
| <b>Zero Coupon Notes</b>                   | Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.   |
| <b>Interest Periods and Interest Rates</b> | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.  |
| <b>Redemption</b>                          | The Final Terms will specify the basis for calculating the redemption amounts payable.   |
| <b>Other Notes</b>                         | Terms applicable to high interest Notes, low interest Notes, step up Notes, step-down Notes, and any other type of Note that the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms or Supplement to the Base Prospectus or the Drawdown Prospectus, as the case may be.   |
| <b>Optional Redemption</b>                 | The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders and, if so, the terms applicable to such redemption.  |
| <b>Status of Notes</b>                     | The Notes will constitute unsubordinated and (in the case of Eni Notes, unless the Notes are required to be secured pursuant to Article 2412 of the Italian Civil Code) unsecured obligations of the Issuer, all as described in “Terms and Conditions of the Notes — Status”.   |

|   |   |
|---|---|
| <b>Status of Guarantee</b>              | The guarantee in respect of EFI Notes will constitute unsubordinated and unsecured obligations of the Guarantor, all as described in “Terms and Conditions of the Notes — Status”.  |
| <b>Negative Pledge</b>                  | See “Terms and Conditions of the Notes — Negative Pledge”.  |
| <b>Cross-Default</b>                    | See “Terms and Conditions of the Notes — Events of Default”.  |
| <b>Rating</b>                           | The Programme has been rated “A” by Standard & Poor’s and “A3” by Moody’s. Standard & Poor’s and Moody’s are established in the European Union and registered under the CRA Regulation. Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme and will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. |
| <b>Early Redemption</b>                 | Except as provided in “— Optional Redemption” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”.  |
| <b>Withholding Tax</b>                  | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Belgium (in the case of EFI Notes held in an exempt X-Account in the X/N Clearing System) and the Republic of Italy subject to certain exceptions, all as described in “Terms and Conditions of the Notes — Taxation”. See also “Belgian Taxation”, “Italian Taxation” and “EU Directive on the taxation of savings income”.  |
| <b>Governing Law</b>                    | The Notes and any non-contractual obligations arising out of or in connection with the Notes shall be governed by, and shall be construed in accordance with, English law. Condition 10 is subject to compliance with Italian law (in the case of Eni Notes) and Conditions 10 and 11 are subject to compliance with Belgian law (in the case of EFI Notes).  |
| <b>Listing and Admission to Trading</b> | Each series may be listed on the official list of the Luxembourg Stock Exchange. Each Series may be admitted to trading on the regulated market of the  |

|                             |  |
|-----------------------------|--|
|                             | <p>Luxembourg Stock Exchange and/or such other listing authority, stock exchange and/or quotation system as specified in the relevant Final Terms or may be issued on the basis that the Notes will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.</p>   |
| <b>Selling Restrictions</b> | <p>The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by laws, regulations and directives. Specifically, selling restrictions in respect of the United States, the United Kingdom, the Kingdom of Belgium, the Republic of Italy and Japan are set out in this Base Prospectus. See “Plan of Distribution”.</p>   |
| <b>TEFRA Exemptions</b>     | <p>Eni Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “<b>D Rules</b>”) unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “<b>C Rules</b>”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“<b>TEFRA</b>”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> <p>EFI Notes will be issued in compliance with the C Rules unless the Notes are issued other than in compliance with the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under TEFRA, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.</p> |
| <b>Qualifying Investor</b>  | <p>In respect of EFI Notes, any investor holding directly or indirectly EFI Notes that is not an individual (<i>personne physique/natuurlijke persoon</i>).</p>  |

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

Unless the context requires otherwise, references in these Conditions to any law, statutory provision or legislative enactment of mandatory effect are subject to amendment to the extent that such law, provision or legislative enactment is altered or re-enacted with retroactive effect.

The Notes[, which are deemed to be *obbligazioni* pursuant to Article 2410 et seq. of the Italian Civil Code,] are issued pursuant to an Amended and Restated Agency Agreement dated 18 October 2013 (as amended and supplemented from time to time, the “**Agency Agreement**”) between Eni S.p.A. (“**Eni**”) and eni finance international SA (“**EFI**”) (each an “**Issuer**” and, together, the “**Issuers**” and also, in the case of Eni, as guarantor of EFI Notes, the “**Guarantor**”), The Bank of New York Mellon as fiscal agent and the other agents named in the Agency Agreement and with the benefit of an Amended and Restated Deed of Covenant dated 18 October 2013 (as amended and supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuers in relation to the Notes and an Amended and Restated Guarantee dated 18 October 2013 (as amended and supplemented from time to time, the “**Guarantee**”) executed by the Guarantor in relation to the guarantee of the EFI Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. The Noteholders (as defined herein), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are deemed to have notice of all of the provisions of the Agency Agreement, the Deed of Covenant and the Guarantee applicable to them.

Copies of the Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

### 1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”[, which expression includes Notes that are specified to be Exchangeable Bearer Notes])<sup>1</sup> [, in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case] in the Specified Denomination(s) shown hereon, save that the minimum Specified Denomination shall be euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis shown hereon.

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<sup>1</sup> The words in square brackets will only apply to Notes issued by Eni.



Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

[Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.]<sup>2</sup>

Title to the Bearer Notes, Coupons and Talons shall pass by delivery. [Title to the Registered Notes shall pass by endorsement of the relevant Certificates and by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.]<sup>1</sup>

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note [or the person in whose name a Registered Note is registered (as the case may be)]<sup>1</sup>, "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon [or the person in whose name a Registered Note is registered (as the case may be)]<sup>1</sup> and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 [Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

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1 The words in square brackets will only apply to Notes issued by Eni.

2 The words in square brackets will only apply to Notes issued by Eni.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(f)) and/or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to the relevant holder or, at the option of a holder and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at that holder's risk to such address as it may specify, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange:** Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require), which tax or charge shall be borne by the relevant Noteholder.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.<sup>3</sup>
- (g) **Delivery of Bearer Notes in Belgium:** To the extent an Issuer is prevented by applicable law from delivering, or procuring the delivery of, Bearer Notes in Belgium, it will deliver these Bearer Notes outside Belgium and will not be obliged to deliver these Bearer Notes in Belgium.

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3 The words in square brackets will only apply to Notes issued by Eni.

### 3 Status of the Notes [and the Guarantee]<sup>4</sup>

- [(a)]<sup>4</sup> **Notes:** The Notes and Coupons relating to them constitute (subject to Condition 4) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and Coupons relating to them [and of the Guarantor under the Guarantee]<sup>4</sup> shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer [and the Guarantor respectively,]<sup>4</sup> present and future.
- [(b)] **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by EFI under the Notes and Coupons. Its obligations in that respect are contained in the Guarantee.<sup>4</sup>

### 4 Negative Pledge

- (a) So long as any of the Notes or Coupons remain outstanding (as defined in the Agency Agreement) [neither]<sup>2</sup> the Issuer [nor the Guarantor]<sup>5</sup> shall [not]<sup>6</sup> create, incur, guarantee or assume after the date hereof any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed ("**Relevant Debt**") secured by any mortgage, pledge, security interest, lien or other similar encumbrance (a "**Security Interest**") on any Principal Property (as defined below) or on any shares of stock or indebtedness of any Restricted Subsidiary (as defined below) (which for the avoidance of doubt shall not include shares in the Issuer [or in the Guarantor]<sup>5</sup>), without effectively providing concurrently with the creation, incurrence, guarantee or assumption of such Relevant Debt that the Notes will be secured equally and rateably with (or prior to) the Relevant Debt, so long as the Relevant Debt will be so secured.

This restriction will not apply to:

- (i) Security Interests on property, shares of stock or indebtedness of any corporation existing at the time it becomes a subsidiary of the Issuer [or of the Guarantor, as the case may be,]<sup>5</sup> provided that any such Security Interest was not created in contemplation of becoming a subsidiary;
- (ii) Security Interests on property or shares of stock existing at the time of the acquisition thereof by the Issuer [or the Guarantor]<sup>5</sup> or to secure the payment of all or any part of the purchase price thereof or all or part of the cost of the improvement, construction, alteration or repair of any building, equipment or facilities or of any other improvements on all or any part of the property or to secure any Relevant Debt incurred prior to, at the time of, or within 12 months after, in the case of shares of stock, the acquisition of such shares and, in the case of property, the later of the acquisition, the completion of construction (including any improvements, alterations or repairs on an existing property) or the commencement of commercial operation of such property, which Relevant Debt is incurred for the purpose of financing all or any part of the purchase price thereof or all or part of the cost of improvement, construction, alteration or repair thereon;

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4 The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

5 The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

6 The words in square brackets will only apply to Notes issued by Eni.

- (iii) Security Interests on any Principal Property or on shares of stock or indebtedness of any subsidiary of the Issuer [or the Guarantor, as the case may be,]<sup>5</sup>, to secure all or any part of the cost of exploration, drilling, development, improvement, construction, alteration or repair of any part of the Principal Property or to secure any Relevant Debt incurred to finance or refinance all or any part of such cost;
  - (iv) Security Interests existing on the issue date of the Notes, as specified in Part A of the Final Terms;
  - (v) Security Interests on property owned or held by any company or on shares of stock or indebtedness of any entity, in either case existing at the time such company is merged into or consolidated or amalgamated with either the Issuer [or the Guarantor, as the case may be,]<sup>5</sup> or any of [its]<sup>6</sup> [the Issuer or the Guarantor's]<sup>5</sup> subsidiaries, or at the time of a sale, lease or other disposition of the properties of a company as an entirety or substantially as an entirety to the Issuer [or the Guarantor, as the case may be,]<sup>5</sup> or any of [its]<sup>6</sup> [the Issuer or the Guarantor's]<sup>6</sup> subsidiaries;
  - (vi) Security Interests arising by operation of law (other than by reason of default);
  - (vii) Security Interests to secure Relevant Debt incurred in the ordinary course of business and maturing not more than 12 months from the date incurred;
  - (viii) Security Interests arising pursuant to the specific terms of any licence, joint operating agreement, unitisation agreement or other similar document evidencing the interest of the Issuer [or the Guarantor, as the case may be,] or a subsidiary of the Issuer [or the Guarantor]<sup>7</sup> in any oil or gas field and/or facilities (including pipelines), provided that any such Security Interest is limited to such interest;
  - (ix) Security Interests to secure indebtedness for borrowed money incurred in connection with a specifically identifiable project where the Security Interest relates to a Principal Property to which such project has been undertaken and the recourse of the creditors in respect of such Security Interest is substantially limited to such project and Principal Property;
  - (x) Security Interests created in accordance with normal practice to secure Relevant Debt of the Issuer [or of the Guarantor]<sup>7</sup> whose main purpose is the raising of finances under any options, futures, swaps, short sale contracts or similar or related instruments which relate to the purchase or sale of securities, commodities or currencies; and
  - (xi) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interests referred to in (i) through (x) of this paragraph, or of any Relevant Debt secured thereby; provided that the principal amount of Relevant Debt secured thereby shall not exceed the principal amount of Relevant Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Security Interest shall be limited to all or any part of the same property or shares of stock that secured the Security Interest extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor.
- (b) Notwithstanding the foregoing, the Issuer [or the Guarantor]<sup>7</sup> may create, incur, guarantee or assume Relevant Debt secured by a Security Interest or Security Interests which would

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<sup>7</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

otherwise be subject to the foregoing restrictions in an aggregate amount which does not at the time of creation exceed 10 per cent. of Eni's consolidated total shareholders' equity (as determined by reference to the most recent audited consolidated financial statements of Eni).

The following types of transactions, among others, shall not be deemed to create a Relevant Debt secured by a Security Interest:

- (i) the sale or other transfer, by way of security or otherwise, of (A) oil, gas or other minerals in place or at the wellhead or a right or licence granted by any governmental authority to explore for, drill, mine, develop, recover or get such oil, gas or other minerals (whether such licence or right is held with others or not) for a period of time until, or in an amount such that, the purchaser will realise therefrom a specified amount of money (however determined) or a specified amount of such oil, gas or other minerals, or (B) any other interest in property of the character commonly referred to as "production payment";
  - (ii) Security Interests on property in favour of the United States or any state thereof, or the Republic of Italy, or the Kingdom of Belgium, or any other country, or any political subdivision of any of the foregoing, or any department, agency or instrumentality of the foregoing, to secure partial progress, advance or other payments pursuant to the provisions of any contract or statute including, without limitation, Security Interests to secure indebtedness of the pollution control or industrial revenue bond type, or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of the property subject to such Security Interests; provided that any such Security Interest in favour of any country (other than the United States or the Republic of Italy or the Kingdom of Belgium), or any political subdivision thereof, or any department, agency or instrumentality of any of the foregoing, shall be restricted to the property located in such country; and
  - (iii) the issue of notes, bonds, debentures or other similar evidences of indebtedness for money borrowed that are convertible, exchangeable or exercisable for the shares of any Restricted Subsidiary, and any arrangements with respect to such shares entered into in connection with any such issue.
- (c) For purposes of this Condition:
- (i) "**Principal Property**" means an interest in (A) any oil or gas producing property (including leases, rights or other authorisations to conduct operations over any producing property), (B) any refining or manufacturing plant and (C) any pipeline for the transportation of oil or gas, which in each case under (A), (B) and (C) above, is of material importance to the total business conducted by the Issuer [or the Guarantor]<sup>8</sup> and [its]<sup>9</sup> [the Issuer or the Guarantor's]<sup>8</sup> subsidiaries as a whole; and
  - (ii) "**Restricted Subsidiary**" means any subsidiary of Eni which owns a Principal Property.

For the avoidance of doubt nothing herein contained shall in any way restrict or prevent the Issuer [or the Guarantor]<sup>8</sup> from incurring or guaranteeing any other indebtedness.

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<sup>8</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

<sup>9</sup> The words in square brackets will only apply to Notes issued by Eni.

## 5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes:**
- (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month [(except in the case of Notes clearing through the X/N Clearing System)]<sup>8</sup>, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month [(except in the case of Notes clearing through the X/N Clearing System)]<sup>10</sup>, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day [(except in the case of Notes clearing through the X/N Clearing System)]<sup>10</sup>.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending on which is specified hereon.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate

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<sup>10</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.



that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

**(B) Screen Rate Determination for Floating Rate Notes**

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
  - (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, only one of such quotations) and the lowest (or, if there is more than one such lowest quotation, only one of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if subparagraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or

more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be:
  - (i) the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, (if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date) deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, (if the Reference Rate is LIBOR) the London inter-bank market or, (if the Reference Rate is EURIBOR) the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate; or
  - (ii) the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, (if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date) any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note as determined in accordance with Condition 6(b). As from the Maturity Date, the Rate of

Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (e) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**
  - (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified hereon), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (f) **Calculation:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption

Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual — ISDA”** is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified hereon, the actual number of days in the Calculation Period divided by 365;

- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [360 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30; and

- (vii) if “**Actual/Actual-ICMA**” is specified hereon:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s); and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date;



(viii) [for the following types of Notes which are denominated in euro and which clear through the X/N Clearing System:

- (a) Fixed Rate Notes with a maturity of more than one year: the actual number of days elapsed divided by the actual number of days in the period from and including the immediately preceding Interest Payment Date (or, if none, the immediately preceding anniversary of the first Interest Payment Date) to but excluding the next scheduled Interest Payment Date;
- (b) Floating Rate Notes or any Notes with a maturity of one year: the actual number of days in the Calculation Period divided by 360 (**"Actual/360"**).<sup>11</sup>

**"Euro-zone"** means the region comprising Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended.

**"Interest Accrual Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

**"Interest Amount"** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified hereon.

**"Interest Determination Date"** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling; or (ii) the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified hereon.

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and supplemented) published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

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<sup>11</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**“Reference Banks”** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in each case selected by the Calculation Agent or as specified hereon.

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon.

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross-Settlement Express Transfer (known as TARGET2) System which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

**“Tranche”** means Notes which are identical in all respects.

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **6 Redemption, Purchase and Options**

### **(a) Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

### **(b) Early Redemption:**

#### **(i) Zero Coupon Notes:**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (B) Subject to the provisions of sub-paragraph (c) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as described in (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were the Relevant Date (as defined in Condition 8). The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons and Redemption in respect of non-Qualifying Investors:**

- (A) The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer [(or, if the Guarantee were called, the Guarantor)] has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of [the Kingdom of Belgium or the Republic of Italy]<sup>12</sup> [the Republic of Italy]<sup>13</sup> or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer [(or the Guarantor, as the case may be)]<sup>12</sup> taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to

<sup>12</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

<sup>13</sup> The words in square brackets will only apply to Notes issued by Eni.

the earliest date on which the Issuer [(or the Guarantor, as the case may be)]<sup>12</sup> would be obliged to pay such additional amounts were a payment in respect of the Notes [(or the Guarantee, as the case may be)]<sup>14</sup> then due;

- (B) In respect of Notes issued by EFI only, certain Notes may be redeemed at the option of the Issuer on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the relevant Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if such Notes are held by an investor which is not a Qualifying Investor.

Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised officer of the Issuer [(or the Guarantor, as the case may be)]<sup>14</sup> stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (in the case of paragraph (A) above) an opinion of independent legal advisers of recognised standing to the effect that the Issuer [(or the Guarantor, as the case may be)]<sup>14</sup> has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, subject to applicable law, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as the Issuer and the Fiscal Agent may agree, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise

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<sup>14</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Purchases:** The Issuer[, the Guarantor]<sup>14</sup> and any of [its]<sup>15</sup> [their]<sup>14</sup> subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Such Notes may be held, resold or, at the option of the Issuer, surrendered to the Fiscal Agent or the Registrar, as the case may be, for cancellation.
- (g) **Cancellation:** All Notes purchased by or on behalf of the Issuer[, the Guarantor]<sup>14</sup> or any of [its]<sup>15</sup> [their]<sup>14</sup> subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and[, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case]<sup>15</sup>, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer [and the Guarantor]<sup>14</sup> in respect of any such Notes shall be discharged.

## 7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition [7(f)(vi)]<sup>15</sup> [7(e)(vi)]<sup>16</sup> or Coupons (in the case of interest, save as specified in Condition [7(f)(vi)]<sup>15</sup> [7(e)(vi)]<sup>16</sup>, as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **[Registered Notes:**
  - (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
  - (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.]<sup>15</sup>

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<sup>15</sup> The words in square brackets will only apply to Notes issued by Eni.

<sup>16</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

[(c)] [(b)]<sup>16</sup> **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer or the Guarantor.

[(d)]<sup>17</sup> [(c)]<sup>18</sup> **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives and neither the Issuer nor the Guarantor will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

[(e)] [(d)]<sup>18</sup> **Appointment of Agents:** The Fiscal Agent, the Paying Agents[, the Registrar, the Transfer Agents]<sup>17</sup> and the Calculation Agent initially appointed by the Issuer [and the Guarantor]<sup>18</sup> and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents[, the Registrar, the Transfer Agents]<sup>17</sup> and the Calculation Agent(s) act solely as agents of the Issuer [and the Guarantor]<sup>18</sup> and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer [and the Guarantor]<sup>18</sup> reserve[s] the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent[, the Registrar, any Transfer Agent]<sup>17</sup> or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in at least two major cities, at least one of which must be outside the Republic of Italy (including Luxembourg so long as the Notes are listed on the official list of the Luxembourg Stock Exchange), (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 and [(v) a Registrar in relation to Registered Notes, (vi) a Transfer Agent in relation to Registered Notes which, as long as the Notes are listed on the official list of the Luxembourg Stock Exchange, shall have its specified offices in Luxembourg,]<sup>17</sup> [(vii)]<sup>17</sup> [(v)]<sup>18</sup> such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer [and the Guarantor]<sup>18</sup> shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph [(c)]<sup>17</sup> [(b)]<sup>18</sup> above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

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<sup>17</sup> The words in square brackets will only apply to Notes issued by Eni.

<sup>18</sup> The words in square brackets will only apply to Notes issued by EFi and guaranteed by Eni.



[(f)]<sup>17</sup> [(e)]<sup>18</sup> **Unmatured Coupons and unexchanged Talons:**

- (i) Upon the due date for redemption thereof, Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Fixed Rate Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where the Bearer Note that provides that the relative unmaturing coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

[(g)]<sup>19</sup> [(f)]<sup>20</sup> **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

[(h)]<sup>19</sup> [(g)]<sup>20</sup> **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as a “**Financial Centre**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day[; or

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<sup>19</sup> The words in square brackets will only apply to Notes issued by Eni.

<sup>20</sup> The words in square brackets will only apply to Notes issued by EFi and guaranteed by Eni.

- (iii) a day on which the X/N Clearing System is operating]<sup>20</sup>

## 8 Taxation

All payments of principal and interest in respect of the Notes and the Coupons [or under the Guarantee]<sup>20</sup> by or on behalf of the Issuer [or the Guarantor]<sup>20</sup> shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by [the Kingdom of Belgium or, where a payment is made under the Guarantee, the Republic of Italy]<sup>20</sup> [the Republic of Italy]<sup>19</sup> or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer [or, as the case may be, the Guarantor]<sup>20</sup> shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon [or under the Guarantee]<sup>20</sup>:

- (a) to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the competent tax authority; or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with [the Kingdom of Belgium or the Republic of Italy]<sup>21</sup> [the Republic of Italy]<sup>22</sup> other than the mere holding of the Note or Coupon; or
- (b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or any secondary legislation implementing the same (each as amended and/or supplemented from time to time); or
- (d) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973 or any secondary legislation implementing the same (each as amended and/or supplemented from time to time); or
- (e) [to a holder who, at the time of issue of the Notes, was not an eligible investor within the meaning of Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax or to a holder who was such an eligible investor at the time of issue of the Notes but, for reasons within the holder's control, ceased to be an eligible investor or, at any relevant time on or after the issue of the Notes, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or]<sup>21</sup>
- (f) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon presented for payment in the Republic of Italy; or
- (g) where such withholding or deduction is imposed on a payment to an individual or “**residual entities**” within the meaning of European Council Directive 2003/48/EC and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive

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<sup>21</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

<sup>22</sup> The words in square brackets will only apply to Notes issued by Eni.

implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (h) where such withholding is required by application of Sections 1471 – 1474 of the U.S. Internal Revenue Code of 1986, as amended, including any administrative regulations or intergovernmental agreements relating thereto; or
- (i) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note (or relative Certificate) or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 9 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Fiscal Agent and except that the holders of the Notes may, by an Extraordinary Resolution, waive any default and rescind and annul a previously given notice of default and the consequences thereof if (i) the rescission or waiver would not conflict with any judgment or decree and (ii) all existing Events of Default have been waived by such Extraordinary Resolution or otherwise cured except for non-payment of principal or interest that has become due solely because of the acceleration following the notice of default; provided, however, that if any event specified in clause (v) below occurs and is continuing, the Notes shall become immediately repayable, with accrued interest to the date of payment, without any declaration, notification or other act on the part of any holder of Notes:

- (i) **Non-Payment:** default is made for more than 30 days in the case of interest or principal in the payment on the due date of interest or principal in respect of any of the Notes; or
- (ii) **Breach of Other Obligations:** the Issuer [or the Guarantor]<sup>23</sup> does not perform or comply with any one or more of its other obligations in respect of the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 90 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (iii) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against, or an encumbrancer takes possession of the

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<sup>23</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

whole or substantially the whole of, the property, assets or revenues of the Issuer [or the Guarantor]<sup>23</sup> and in each case is not released, discharged or stayed within 90 days; or

- (iv) **Cross-Default:** any other present or future, actual or contingent indebtedness of Eni for or in respect of borrowed money and being in aggregate amount greater than 3 per cent. of Eni's consolidated total shareholders' equity (as determined by reference to the most recent audited consolidated financial statements of Eni) is not paid when due or within any applicable grace period originally specified; or
- (v) **Insolvency:** [either of]<sup>23</sup> the Issuer [or the Guarantor]<sup>23</sup> is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of its debts generally, proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally in respect of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all of the debts of the Issuer [or the Guarantor]<sup>23</sup> [provided that a *gerechtelijk akkoord/concordat judiciaire* will not constitute an Event of Default]<sup>23</sup>; or
- (vi) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer [or the Guarantor]<sup>23</sup> and such order or resolution is not discharged or cancelled within 90 days, or the Issuer [or the Guarantor]<sup>23</sup> ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation either (i) on terms previously approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders or (ii) where [(x)]<sup>23</sup> in the case of a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer, the surviving entity effectively assumes the entire obligations of the Issuer under the Notes [and (unless such surviving entity is the Guarantor) such obligations continue to be guaranteed by the Guarantor, or (y) in the case of a reconstruction, amalgamation, reorganisation, merger or consolidation of the Guarantor, the surviving entity effectively assumes the entire obligations of the Guarantor under the Guarantee]<sup>23</sup> or any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in this paragraph]<sup>24</sup> [; or
- (vii) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.<sup>25</sup>

## 10 Meetings of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions.

All meetings of holders of Notes will be held in accordance with applicable provisions of Italian law in force at the time. In accordance with Article 2415 of the Italian Civil Code, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a joint representative (*rappresentante comune*) of the Noteholders; (ii) any amendment to these Conditions; (iii) motions for composition with creditors (*concordato*) of the relevant Issuer; (iv) establishment of a fund for the expenses

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<sup>24</sup> The words in square brackets will only apply to Notes issued by Eni.

<sup>25</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

necessary for the protection of the common interests of the Noteholders and the related statements of account; and (v) on any other matter of common interest to the Noteholders. Such a meeting may be convened by the Board of Directors of the relevant Issuer or by the joint representative of the Noteholders when the Board of Directors or the joint representative, as the case may be, deems it necessary or appropriate, and such a meeting shall be convened when a request is made by the Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code. In relation to the quorums and majorities required to pass an Extraordinary Resolution:

- (i) a meeting of Noteholders will be validly held if (i) there are one or more persons present, being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes or (ii) in the case of a second meeting following adjournment of the first meeting for want of quorum, there are one or more persons present, being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes or (iii) in the case of any subsequent meeting following any further adjournments for want of quorum, there are one or more persons present, being or representing Noteholders holding at least one fifth of the aggregate principal amount of the outstanding Notes; and
- (ii) the majority required to pass an Extraordinary Resolution (including any meeting convened following adjournment of the previous meeting for want of quorum) will be one or more persons present, being or representing Noteholders holding at least two thirds of the aggregate principal amount of the Notes represented at the meeting, provided, however, that certain proposals (including any proposal to make any modification, abrogation or variation of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes, other than those of a formal, minor or technical nature (each, a “**Reserved Matter**”)) require the favorable vote of at least one half of the aggregate principal amount of the outstanding Notes also in the case of a second meeting following adjournment of the first meeting for want of quorum, and provided further that the by-laws of the Issuer may from time to time require a higher quorum in each of the above cases.

The Notes shall not entitle the Issuer to participate and vote in the Noteholders’ meetings. Directors and statutory auditors of the Issuer shall be entitled to attend the Noteholders’ meetings. The resolutions validly adopted in meetings are binding on Noteholders whether present or not.<sup>26</sup>

[All meetings of Noteholders will be held in accordance with the Belgian Code of Companies. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes outstanding. The quorum at any such meeting convened to consider a Resolution will be two or more persons holding or representing at least 50 per cent. of the aggregate principal amount of Notes then outstanding or, at any adjourned meeting after publication of a new convening notice pursuant to Condition 13, two or more persons being or representing Noteholders whatever the aggregate principal amount of the Notes so held or represented. A Resolution requires the approval of Noteholders holding or representing at least 75 per cent. of the aggregate principal amount outstanding of the Notes present or represented at the meeting and taking part in the vote. If however a Resolution is adopted by Noteholders holding or representing less than one-third of the aggregate principal amount outstanding of the Notes (whether present or represented at the meeting or

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26 The words in square brackets will only apply to Notes issued by Eni.

not), such Resolution is not binding unless approved by the competent Court of Appeal in the district where the Issuer's registered office is located. The above quorum and special majority requirements do not apply to Resolutions relating to interim measures taken in the common interest of the Noteholders or to the appointment of a representative of the Noteholders. In such cases, the Resolutions are adopted by Noteholders holding or representing at least a majority of the aggregate principal amount of the Notes outstanding present or represented at the meeting. A Resolution duly passed in accordance with the provisions of the Belgian Code of Companies at any meeting of Noteholders and, to the extent required by law, approved by the relevant Court of Appeal, will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour thereof, and on all holders of coupons relating to EFI Notes.

For the purpose of these Conditions, "**Resolution**" means a resolution of Noteholders duly passed at a meeting called and held in accordance with the provisions of the Belgian Code of Companies.

The matters listed in Article 568 of the Belgian Code of Companies in respect of which a Resolution may be adopted include modifying or suspending the date of maturity of Notes, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Notes, deciding urgent interim actions in the common interest of Noteholders, accepting a security in favour of the Noteholders, accepting a transformation of Notes into shares on conditions proposed by the Issuer, and appointing a special agent of the Noteholders to implement the resolutions of the meeting of Noteholders.<sup>27</sup>

- (b) **Modification of Agency Agreement:** The Issuer [and the Guarantor]<sup>27</sup> shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders and in giving such permission, waiver or authorisation the Issuer [and the Guarantor]<sup>27</sup> shall have regard to interests of the Noteholders as a class and shall not have regard to the consequences of such permission, waiver or authorisation for individual Noteholders or Couponholders.

## 11 Replacement of Notes, [Certificates]<sup>26</sup>, Coupons and Talons

If a Note, [Certificate],<sup>26</sup> Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) [and of the Registrar (in the case of Certificates)] or such other Paying Agent [or Transfer Agent]<sup>28</sup>, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees, costs, taxes and duties incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, [Certificate],<sup>28</sup> Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, [Certificates],<sup>28</sup> Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, [Certificates],<sup>28</sup> Coupons or Talons must be surrendered before replacements will be issued.

[Notwithstanding the above, in the case of loss, destruction, theft or any other event of involuntary dispossession of a Note the provisions of the Belgian Law of 24 July 1921 relating to involuntary

<sup>27</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

<sup>28</sup> The words in square brackets will only apply to Notes issued by Eni.

<sup>29</sup> The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.



dispossession of bearer securities, as amended on 22 July 1991 (the “**Law**”) will apply. Provided such an event of involuntary dispossession with respect to any Note has been notified and published in accordance with the procedure of opposition provided for by the Law, this will impose certain obligations upon the Issuer or the Fiscal Agent including attaching such Note, reinvesting the principal and, in some cases, the revenues of such Note as specified, and refusing any payment on such Note for a period of four years starting from 1 January following the first publication in the Bulletin of Oppositions (“*Bulletin des oppositions — Bulletijn der met verzet aangetekende waarden*”).]<sup>29</sup>

## 12 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to “**Issue Date**” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “**Notes**” shall be construed accordingly.

## 13 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of that Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).<sup>28</sup> Notices to the holders of Bearer Notes shall, save where another means of effective communication has been specified in the relevant Final Terms, be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) or, in the case of a temporary Global Note or permanent Global Note, if delivered to Euroclear and Clearstream, Luxembourg, and/or any other applicable clearing system for communication by them to the persons shown in their respective records as having interests therein and, provided that so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, such notice shall be given in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of that Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

[In addition to the above publications, with respect to notices for a meeting of Noteholders, any convening notice for such meeting shall be made in accordance with the relevant provisions of the Italian Civil Code and Eni’s by-laws.]<sup>28</sup>

[In addition to the above publications, with respect to notices for a meeting of Noteholders, any convening notice for such meeting shall be made in accordance with Article 570 of the Belgian Code of Companies, by an announcement to be inserted at least 15 days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge — Belgisch Staatsblad*) and in a newspaper with national coverage. Resolutions to be submitted to the meeting must be described in the convening notice.]<sup>30</sup>

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

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30 The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.



## 14 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer [or the Guarantor]<sup>30</sup> or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer [or the Guarantor]<sup>30</sup> shall only constitute a discharge to the Issuer [or the Guarantor, as the case may be]<sup>30</sup> to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon (such amount being the “**shortfall**”) the Issuer [failing whom the Guarantor]<sup>30</sup> shall indemnify the recipient in an amount equal to the shortfall and, if a purchase is made, against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that a shortfall would have arisen had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s [and the Guarantor’s]<sup>30</sup> other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

## 15 Governing Law, Jurisdiction and Service of Process

- (a) **Governing Law:** The Notes, the Coupons, the Talons, (and any non contractual obligations arising out of or in connection with them),<sup>30</sup> [and] the Deed of Covenant [and the Guarantee]<sup>30</sup> are governed by, and shall be construed in accordance with, English law. [Condition 10 and the provisions of Schedule 3 of the Agency Agreement which relate to the convening of meetings of Noteholders and the appointment of a Noteholders’ representative are subject to compliance with Italian law.]<sup>31</sup> [Conditions 10 and 11 and the provisions of Schedule 3 of the Agency Agreement which relate to the convening of meetings of Noteholders are subject to compliance with Belgian law.]<sup>30</sup>
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes Coupons, Talons,<sup>30</sup> [and]<sup>31</sup> the Deed of Covenant [and the Guarantee]<sup>30</sup> and accordingly any legal action or proceedings arising out of or in connection with any Notes Coupons, Talons,<sup>31</sup> [and]<sup>31</sup> the Deed of Covenant [and the Guarantee]<sup>31</sup> (“**Proceedings**”) may be brought in such courts. [Each of the Issuer and the Guarantor]<sup>30</sup> [The Issuer]<sup>30</sup> irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. [These submissions are]<sup>30</sup> [This submission is]<sup>31</sup> made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

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31 The words in square brackets will only apply to Notes issued by Eni.

32 The words in square brackets will only apply to Notes issued by EFI and guaranteed by Eni.

33 The words in square brackets will only apply to Notes issued by Eni.

- (c) **Service of Process:** [Each of the Issuer and the Guarantor]<sup>32</sup> [The Issuer]<sup>33</sup> irrevocably appoints Eni UK Limited of Eni House, 10 Ebury Bridge Road, London SW1W 8PZ as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer [or the Guarantor]<sup>32</sup>). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, [each of the Issuer and the Guarantor]<sup>32</sup> [the Issuer]<sup>33</sup> irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

## **16 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

If the Global Notes or the Global Certificates issued by Eni are stated in the applicable Final Terms to be issued in new Global Note (“**NGN**”) form or to be held under the NSS (as the case may be), the Global Notes will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in classic Global Note (“**CGN**”) form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to the Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary for Euroclear and Clearstream, Luxembourg or, in the case of EFI Notes, with the operator of the X/N Clearing system, being the National Bank of Belgium or its successor, or, in the case of Eni Notes, registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg, or, where relevant, the operator of the X/N Clearing System will credit each of its participants acting as depositary for subscribers with a nominal amount of Notes represented by such Global Note equal to the nominal amount thereof for which the subscribers for whom such participant acts as depositary have subscribed and paid.

If the Global Note issued by Eni is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg, held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system including, in respect of EFI Notes, the X/N Clearing System, may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg, or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other clearing system as the holder of a Note represented by a Global Note or, in the case of issues of Notes by Eni, a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, or such other clearing system (as the case may be) for his share of each payment made by the relevant Issuer or the Guarantor to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Subject to mandatory provisions of Belgian law in the case of EFI Notes, such persons shall have no claim directly against the relevant Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global

Certificate and such obligations of the relevant Issuer or the Guarantor will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## Exchange

### 1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined in 6 below):

- (i) if the relevant Final Terms indicate that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes. The X/N Clearing System of the National Bank of Belgium currently does not provide such certificate as to non-U.S. beneficial ownership.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### 2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder (except, in the case of (ii) below, where the holder requests the exchange and is liable for any taxes and duties arising in connection with such exchange), on or after its Exchange Date in whole but not, except as provided under 4 below, in part for Definitive Notes or, in the case of 2(iii) below, Registered Notes:

- (i) unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;
- (ii) if the relevant Final Terms provide that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange<sup>1</sup>;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes<sup>1</sup>; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system (an “**Alternative Clearing System**”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the case of EFI Notes, each permanent Global Note will only be exchangeable for Definitive Notes in the circumstances set out in 2(i) and 2(iv) above.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### 3 Permanent Global Certificates

If the Final Terms state that the Eni Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg, or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3(i) or 3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### 4 Partial Exchange of Permanent Global Notes

Subject to the provisions of 2 above, for so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes if principal in respect of any Notes is not paid when due.

### 5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is a NGN, Eni will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive

Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

#### *Delivery of Bearer Notes in Belgium*

Pursuant to the Belgian law of 14 December 2005 on the suppression of bearer securities, the Issuers are not allowed to deliver Bearer Notes in Belgium, other than deliveries to a clearing system, a depositary or another institution for the purpose of their immobilisation, and will make all deliveries of Bearer Notes, other than these permitted deliveries, outside Belgium.

## **6 Exchange Date**

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

### **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

## **1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(d)(iv) (in the case of EFI Notes) or 7(e)(iv) (in the case of Eni Notes) and Condition 8(f) will apply to the definitive Bearer Notes only.

If the Global Note is a NGN or if the Global Certificate is held under the NSS, Eni shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under an NGN will be made to its holder. Each payment so made will discharge Eni's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.



For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “**business day**” set out in Condition 7(g) (Non Business Days) (in the case of EFI Notes) or 7(h) (Non-Business Days) (in the case of Eni Notes).

All payments in respect of Registered Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

## **2 Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

## **3 Meetings**

Without prejudice to mandatory rules of the Belgian Code of Companies in the case of EFI Notes and to mandatory rules of Italian civil law in the case of Eni Notes, including, without limitation, Article 2415 et seq. of the Italian Civil Code, for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.

## **4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

## **5 Purchase**

Notes represented by a permanent Global Note may be purchased by the relevant Issuer (where the Issuer is not Eni), the Guarantor or any of their respective subsidiaries.

## **6 Issuer’s Option**

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer in accordance with applicable law giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream,

Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), or such other clearing system (as the case may be).

## **7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note in accordance with applicable law giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

Where the Global Note is a NGN, Eni shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

## **8 NGN nominal amount**

Where the Global Note is a NGN or where the Global Certificate is held under the NSS, Eni shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

## **9 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due (subject, for the avoidance of doubt, to any applicable grace periods expressed in the Conditions), the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the relevant Issuer under the terms of the Deed of Covenant dated 18 October 2013 (as amended and supplemented from time to time) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion of Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

## 10 Notices

Without prejudice to mandatory rules of the Belgian Code of Companies in the case of EFI Notes, so long as any Notes are represented by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or the website of that Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **USE OF PROCEEDS**

The net proceeds of the sale of the Notes will be used for general corporate purposes or as stated in the relevant Final Terms.

## ENI

Eni is the parent company of the Group, and, together with its consolidated subsidiaries, is engaged in oil and gas exploration and production, gas marketing operations, power generation, chemicals, oil field services and engineering industries. Eni has operations in 90 countries and 77,838 employees as of 31 December 2012.

Eni, the former Ente Nazionale Idrocarburi, a public law agency, established by Law No. 136 of 10 February 1953, was transformed into a joint stock company by Law Decree No. 333 published in the Official Gazette of the Republic of Italy No. 162 of 11 July 1992 (converted into law on 8 August 1992, by Law No. 359, published in the Official Gazette of the Republic of Italy No. 190 of 13 August 1992). The Shareholders' Meeting of 7 August 1992 resolved that the company be called ENI S.p.A., and then, on 4 December 1998, Eni S.p.A. On 29 April 2010, the extraordinary Shareholders' Meeting resolved that the company name may be written with an upper case or lower case initial. Eni is registered at the Companies Register of Rome, register tax identification number 00484960588, R.E.A. Rome No. 756453. Eni is expected to remain in existence until 31 December 2100; its duration can however be extended by resolution of the shareholders.

Eni's registered head office is located at Piazzale Enrico Mattei 1, Rome, Italy (telephone number: +39-0659821). Eni branches are located in: (i) San Donato Milanese (Milan), Via Emilia, 1; and (ii) San Donato Milanese (Milan), Piazza Ezio Vanoni, 1. Its internet address is [www.eni.com](http://www.eni.com).

Eni's principal segments of operations are described below.

### Business overview — Principal activities

#### ***Exploration & Production***

Eni's Exploration & Production segment engages in oil and natural gas exploration and field development and production, as well as LNG operations, in 43 countries, including Italy, Libya, Egypt, Norway, the UK, Angola, Congo, the United States, Kazakhstan, Russia, Algeria, Australia, Venezuela, Iraq and Mozambique.

In the first half of 2013, Eni's production of oil and natural gas amounted to 1,548,000 barrels of oil equivalent per day ("BOE/d") on an available-for-sale basis (1,631,000 BOE/d in 2012). As of 31 December 2012, Eni's proved reserves of subsidiaries stood at 5,667 mmBOE; Eni's share of reserves of equity-accounted entities amounted to 1,499 mmBOE. In the first half of 2013, Eni's Exploration & Production segment reported net sales from operations (including inter-segment sales) of euro 15,618 million (euro 35,881 million in the full year 2012) and operating profit of euro 7,436 million (euro 18,470 million in the full year 2012).

#### ***Gas & Power***<sup>34</sup>

Eni's Gas & Power segment engages in supply, trading and marketing of gas and electricity, LNG supply and marketing. This segment also includes the activity of power generation that is ancillary to the marketing of electricity. In the first half of 2013, Eni's worldwide sales of natural gas amounted to 49.26 BCM (95.32 BCM in the full year 2012), including 1.34 BCM of gas sales made directly by Eni's Exploration & Production segment in Europe and the United States of America (2.73 BCM in the full year

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<sup>34</sup> Pursuant to Article 15 of Law Decree No.1 of 24 January 2012 (enacted into Law No.27 of 24 March 2012), in 2012 Eni divested its shareholding in Snam (Eni's subsidiary managing regasification, storage and transport of natural gas in Italy) in accordance with criteria, terms and conditions defined in the Decree of the President of the Council of Ministers issued on 25 May 2012 and designed to ensure the complete independence of Snam from the largest gas production and sale company in Italy. Consequently, results of the Gas & Power sector include Marketing and International Transport activities.

2012). Sales in Italy amounted to 18.96 BCM (34.66 BCM in the full year 2012); sales in European markets were 25.20 BCM (51.02 in the full year 2012).

Eni produces electricity and steam in Italy with a total installed capacity of approximately 5.3 GW as of 30 June 2013. In the first half of 2013, sales of electricity totalled 17.85 TWh (42.58 TWh in the full year 2012) which included both produced and purchased volumes.

Eni holds transport rights on a large European network of integrated infrastructure for transporting natural gas, which links key consumption basins with the main producing areas (Russia, Algeria, Libya and the North Sea).

Eni holds indirect interests or capacity entitlements in a number of LNG facilities in Spain, Egypt, Qatar and in certain projects under construction in the United States of America.

In the first half of 2013, Eni's Gas & Power segment reported net sales from operations (including inter-segment sales) of euro 17,362 million (euro 36,200 million in the full year 2012) and operating loss of euro 559 million (a loss of euro 3,219 million in the full year 2012).

### ***Refining & Marketing***

Eni's Refining & Marketing segment engages in the supply of crude oil, refining and marketing of refined products, trading and shipping of crude oil and products primarily in Italy and in Central-Eastern Europe. In Italy, Eni's refining system is composed of five wholly-owned refineries and a 50 per cent. interest in the Milazzo refinery in Sicily. In Germany, Eni holds an 8.3 per cent. interest in the Schwedt refinery and a 20 per cent. interest in Bayernoil, and in the Czech Republic, Eni holds a 32.4 per cent. stake in Ceska Rafinerska. Eni is leader in the Italian retail marketing of refined products through an extensive operated network of service stations. Eni also engages in marketing activities in the rest of Europe particularly in Germany, Austria and Eastern Europe. In the first half of 2013, processed volumes of crude oil and other feedstock amounted to 13.76 mm tonnes (30.01 mm tonnes in the full year 2012) and sales of refined products were 21.08 mm tonnes (48.33 mm tonnes in the full year 2012), of which 11.16 mm tonnes in Italy (23.79 mm tonnes in the full year 2012). Retail sales of refined products at operated service stations amounted to 4.82 mm tonnes including Italy and the rest of Europe (10.87 mm tonnes in the full year 2012). In the first half of 2013, Eni's retail market share in Italy through its "eni" and "Agip" branded network of service stations was 28.6 per cent. (31.2 per cent. in the full year 2012).

In the first half of 2013, Eni's Refining & Marketing segment reported net sales from operations (including inter-segment sales) of euro 29,728 million (euro 62,656 million in the full year 2012) and registered an operating loss of euro 557 million (an operating loss of euro 1,296 million in the full year 2012).

### ***Trading***

Eni also engages in commodity risk management and asset backed trading activities. Through the midstream department and its wholly-owned subsidiary Eni Trading & Shipping SpA, the Group engages in derivative activities targeting the full spectrum of energy commodities on both the physical and financial trading venues. The objective of this activity is to both hedge part of the Group exposure to the commodity risk and optimise commercial margins by entering speculative derivative transactions. Eni Trading & Shipping SpA and its subsidiaries also provide Group companies with crude oil and products supply, trading and shipping services. The results of this entity are reported within the Gas & Power segment with regard to the results recorded on commodity risk management activities relating to gas and electricity; while the portion of results which pertains to oil and products trading derivatives and supply and shipping services are reported within the Refining & Marketing segment.



## **Chemicals**

Eni's chemical activities include production of olefins and aromatics, basic intermediate products, polyethylene, polystyrenes, and elastomers. Through its wholly-owned subsidiary Versalis, Eni has also entered the bio chemical segment to produce advanced and eco-friendly plastic and rubber. Eni's Chemical operations are concentrated in Italy and Western Europe.

In the first half of 2013, Eni sold 2.0 mm tonnes of petrochemical products (4.0 mm tonnes in the full year 2012).

In the first half of 2013, Eni's Chemical segment reported net sales from operations (including inter-segment sales) of euro 3,063 million (euro 6,418 million in the full year 2012) and registered an operating loss of euro 278 million (a loss of euro 681 million in the full year 2012).

## **Engineering & Construction**

Eni engages in oil field services, construction and engineering activities through its partially-owned subsidiary Saipem ("Saipem"), Eni's interest being 42.91 per cent., listed on the Italian Stock Exchange, and Saipem's controlled entities. Activities involve: (i) Offshore construction, in particular in the market of large and complex projects for the development of offshore hydrocarbon fields through fixed platform installation, subsea pipe laying and floating production systems; (ii) Onshore construction, operating in the development of plants for hydrocarbon production and treatment and the installation of large onshore transport systems; and (iii) Offshore and onshore drilling services and engineering and project management services provided to major international oil companies and NOCs. Order backlog was euro 21,704 million at 30 June 2013 (euro 19,739 million as of 31 December 2012).

In the first half of 2013, Eni's Engineering & Construction segment reported net sales from operations (including intragroup sales) of euro 4,999 million (euro 12,771 million in the full year 2012) and operating loss of euro 478 million (a profit of euro 1,442 million in the full year 2012).

## **Material Developments**

On 11 September 2013, the first oil from the giant Kashagan oil field has been produced. This field, located in the North Caspian Sea is one of the largest discoveries of oil in the last 40 years and one of the most complex industrial projects worldwide. In the initial phase, output is expected to grow up to 180,000 barrels per day. Afterwards, the production is expected to increase progressively up to 370,000 barrels of oil equivalent per day.

In July 2013, as part of the agreements signed on 13 March 2013, Eni and China National Petroleum Corporation (CNPC) closed the sale of 28.57 per cent. share capital of the subsidiary Eni East Africa, which currently owns a 70 per cent. interest in Area 4 offshore Mozambique, for an agreed price equal to \$ 4,210 million, integrated for contractual balances provided until the date of closing. CNPC indirectly acquires, through its 28.57 per cent. equity investment in Eni East Africa, a 20 per cent. interest in Area 4, while Eni will retain a 50 per cent. interest through the remaining stake in Eni East Africa. CNPC's entrance into Area 4 is a strategic improvement for the project because of the standing of the company in the upstream and downstream sectors worldwide.

On 31 May 2013, Eni completed the placement of 55,452,341 ordinary shares, corresponding to approximately 6.7 per cent. of the share capital of Galp Energia SGPS S.A, which was carried out through an accelerated book-building aimed at institutional investors. The offering was priced at euro 12.22 per share, yielding a total consideration of approximately euro 677.6 million. A gain of euro 95 million was recognized through profit, of which euro 65 million were the reversal of the evaluation reserve. As of 30 June 2013 following the sale, Eni holds 16.34 per cent. of Galp's outstanding share capital, of which 8 per cent. underlying the approximately euro 1,028 million exchangeable bond issued on 30 November

2012 and due on 30 November 2015 and 8.34 per cent. subject to certain pre-emptive rights and options exercisable by Amorim Energia and previously disclosed to the market.

On 9 May 2013, Eni completed the sale of 395,253,345 shares equal to 11.69 per cent. of the share capital of Snam SpA, which was carried out through an accelerated book-building aimed at institutional investors. The offering was priced at euro 3.69 per share, yielding a total consideration of euro 1,458.5 million. A gain of euro 75 million was recognized through profit, of which euro 8 million were the reversal of the evaluation reserve. Following the placement, Eni holds 8.54 per cent. of the share capital of Snam underlying the euro 1,250 million convertible bond, issued on 18 January 2013 and due on 18 January 2016.

## **Results of operations for the first half of 2013**

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 of operations and changes in average net borrowings for the first half of the year cannot be extrapolated for the full year.

Changes in Group results for the first half of 2013 are calculated with respect to results earned by the Group's continuing operations in the first half of 2012 considering that at the time Snam was consolidated in the Group accounts and reported as discontinued operations based on IFRS 5. In the circumstances of discontinued operations, the International Financial Reporting Standards require that the profits earned by continuing and discontinued operations are those deriving from transactions external to the Group. Therefore, profits earned by the discontinued operations, in this case the Snam operations, on sales to the continuing operations are eliminated on consolidation from the discontinued operations and attributed to the continuing operations and *vice versa*. This representation does not indicate the profits earned by continuing or Snam operations, as if they were standalone entities, for past periods or those likely to be earned in future periods.

## **Net profit**

In the first half of 2013, net profit attributable to Eni's shareholders from continuing operations amounted to euro 1,818 million, down euro 1,882 million from the first half of 2012, or 50.9 per cent. This decrease was due to declining operating profit (down by 43.3 per cent. from the first half of 2012) reflecting marketing and operating difficulties at Saipem which translated into operating losses, and a decline in crude oil prices. Net income from investments declined by euro 720 million, reflecting the circumstance that the first half of 2012 results recorded an extraordinary gain at Eni's interest in Galp (euro 835 million). Furthermore, net profit was negatively impacted by a thirteen percentage point increase in tax rate, due to a higher contribution of profit before income taxes in the Exploration & Production segment which is subject to a larger fiscal take than other Group businesses and to the fact that the Company could not recognize any tax-loss carryforward at Saipem.

## **Operating profit**

In the first half of 2013, Eni's operating profit from continuing operations amounted to euro 5,293 million, a decrease of euro 4,047 million from the corresponding period of 2012 (down 43.3 per cent.).

The decrease was mainly due to a weaker operating performance recorded by the following Divisions:

- **Exploration & Production** (down euro 2,116 million, or 22.2 per cent.) due to lower dollar realizations on hydrocarbons (down 6.4 per cent. on average) reflecting declining Brent prices (\$107.5 per barrel in the first half of 2013, down 5.2 per cent. from the first half of 2012), lower production sold and the negative effect of the appreciation of the euro over the dollar (up 1.3 per cent.).
- **Engineering & Construction** (down euro 1,223 million) reflecting marketing and operating difficulties that led management to revise the margin estimates for certain large contracts under completion in particular for the construction of onshore industrial complexes, against the backdrop of a deteriorating trading environment for the onshore and offshore construction businesses due to a lower level of activities driven by current macroeconomic uncertainties.
- **Versalis** (down euro 49 million) reflecting lowering sales volumes due to weak demand for commodities in the wake of the downturn and declining margins led by the benchmark margin on cracking. This dynamic was offset by cost reductions and a temporary improvement in the pricing environment in the first quarter of 2013.

These decreases were partly offset by higher operating profit reported by the:

- **Refining & Marketing** (up euro 117 million) due to an improved refining scenario recorded mainly in the first quarter of 2013, efficiency enhancement measures and the circumstance that in the first half of 2012 higher impairment charges were incurred at certain refining plants, reflecting the negative short and medium term prospects for refining margins.
- **Gas & Power** (up euro 82 million) due to some of the benefits associated with the renegotiations of the supply contracts, some of which are still pending this necessarily delaying the recognition of the associated economic effects, the ongoing recovery in Libyan supplies, the reversal of unutilized provisions accounted for in previous reporting periods reflecting extraordinary charges, as well as the positive effect through profit and loss of exchange rate differences and derivatives entered into to hedge exchange rate risks in commodity pricing formulas. These positives were partly offset by the effects of declining unit selling margins due to lower selling prices, lower margins on electricity sales, lower volumes sold due to weak demand in Italy and Europe and increasing competition. It is worth mentioning that the first half of 2012 results were negatively impacted by the recognition of an impairment loss relating to the goodwill allocated to the European market cash generating unit.

### **Net sales from operations**

In the first half of 2013, Eni's net sales from operations from continuing operations (euro 59,276 million) decreased by euro 3,927 million with respect to the same period of the previous year (or down 6.2 per cent.) primarily reflecting lower hydrocarbon prices, declines in production and sales, as well as a lower level of activities in the Engineering & Construction segment.

## Capital expenditure

In the first half of 2013, capital expenditure of continuing operations amounting to euro 5,931 million (euro 5,647 million in the first half of 2012) related mainly to:

- development activities deployed mainly in Norway, the United States, Angola, Italy, Congo, Kazakhstan and Nigeria, and exploratory activities of which 97 per cent. was spent outside Italy, primarily in Mozambique, Togo, Congo, Angola and China as well as acquisition of new licences in the Republic of Cyprus and in Vietnam;
- upgrading of the fleet used in the Engineering & Construction segment (euro 490 million);
- refining, supply and logistics with projects designed to improve the conversion rate and flexibility of refineries (euro 163 million), as well as realization and upgrading of the refined product retail network in Italy and the rest of Europe (euro 47 million);
- initiatives to improve flexibility of the combined cycle power plants (euro 43 million).

## Net borrowings

As of 30 June 2013, net borrowings amounted to euro 16,492 million, representing an increase of euro 981 million from 31 December 2012, due to payment of the balance of Eni dividends for 2012 and requirements for capital expenditure and investments and a lower amount of trade receivables transferred to financing institutions (down by euro 335 million), partly offset by cash flows from operations and gains on the divestment of Snam and Galp.

Total debt amounted to euro 24,575 million, of which euro 5,731 million were short-term (including the portion of long-term debt due within 12 months equal to euro 2,827 million) and euro 18,844 million were long-term.

At 30 June 2013, the ratio of net borrowings to shareholders' equity including non-controlling interest – leverage – was 0.27 at 30 June 2013 (0.25 as of 31 December 2012).

In July and September 2013, Eni issued bonds addressed to institutional investors for a total amount of euro 1.9 billion, at a fixed rate.

On 19 September 2013, Eni's Board of Directors resolved the distribution to the Shareholders of an interim dividend for the fiscal year 2013 of euro 0.55 per share outstanding as at 23 September 2013, payable from 26 September 2013.

## Administrative, Management and Supervisory bodies

### The Board of Directors: appointment, competence and delegation of powers

The corporate governance structure of Eni is based on the traditional Italian model that — respecting the duties of the Shareholders' Meeting — assigns the management of Eni to the Board of Directors, the heart of the organisational system, and supervisory functions to the Board of Statutory Auditors. Auditing is carried out by the Audit Firm appointed by the Shareholders' Meeting.

In accordance with Eni's by-laws, the Board of Directors appointed a Chief Executive Officer while reserving decisions on certain issues to itself and delegated to the Chairman the task to identify and promote integrated projects and strategically relevant agreements.

The chosen model therefore makes a clear distinction between the functions of the Chairman and those of the Chief Executive Officer, both of whom are empowered to represent Eni, in accordance with Article 25 of Eni's by-laws.

In accordance with Article 17, paragraph 6 of Eni's by-laws and consistently with internationally accepted principles of corporate governance, the Board of Directors established internal committees with consulting and advisory functions (see "Board Committees" below).

In accordance with Article 24 of Eni's by-laws, acting upon a proposal of the Chief Executive Officer, in agreement with the Chairman, the Board of Directors also appointed two Chief Operating Officers responsible for the two operational divisions of Eni (Exploration and Production and Refining and Marketing). Pursuant to Article 18 paragraph 2 of Eni's by-laws, acting upon a proposal of the Chairman, the Board of Directors appointed a Company Secretary.

In accordance with Article 24 of Eni's by-laws, acting upon a proposal of the Chief Executive Officer, in agreement with the Chairman and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors appointed the Company's Chief Financial Officer as the Financial Reporting Officer. The proposal was also examined by the Nomination Committee. Furthermore, acting upon a proposal of the Chief Executive Officer (in his capacity as the Director in charge of the internal control and risk management system), in agreement with the Chairman, the Board of Directors appointed the Head of Internal Audit Department after receiving the favourable opinion of the Control and Risk Committee and in consultation with the Board of Statutory Auditors.

The Chief Operating Officers and the Chief Financial Officer, along with the Chief Corporate Operations Officer, the Executive Assistant to the Chief Executive Officer, the officers who — excluding the Head of Internal Audit — report directly to the Chief Executive Officer (Senior Executive Vice Presidents of Eni and the Executive Vice President of the Government Affairs) and the Chief Executive Officer of Versalis S.p.A. are permanent members of the Management Committee, which provides advice and support to the Chief Executive Officer.

Other managerial committees in addition to the Management Committee have been formed. Those with responsibilities involving corporate governance include the Compliance Committee and the Risk Committee.

The Compliance Committee is comprised of: the Senior Executive Vice President for Legal Affairs; the Senior Executive Vice President for Corporate Affairs and Governance; the Senior Executive Vice President for Internal Audit; the Executive Vice President for Administration and Finance; the Executive Vice President for Human Resources and Organisation and the Executive Vice President for Government Affairs. The Committee provides advice and support concerning compliance and governance matters to the Chief Executive Officer.

The Risk Committee is chaired by the Chief Executive Officer and is comprised of: the Chief Operating Officers; the Chief Executive Officer of Versalis S.p.A.; the Chief Financial Officer; the Chief Corporate Operations Officer; the Senior Executive Vice Presidents for the Midstream, for the Downstream Gas & Power, for Legal Affairs, for Corporate Affairs and Governance, for Internal Audit, for International Relations and Communication; and the Executive Vice President for Government Affairs. The Committee provides advice to the Chief Executive Officer on the major risks and, specifically, reviews and offers its opinion, at the Chief Executive Officer's request, on the primary results of the Integrated Risk Management process.

On 26 April 2012, the Board of Directors completed the process of complying with the new Corporate Governance Code for listed companies (the "**Corporate Governance Code**") of December 2011, beginning on 15 December 2011 with the adoption of the recommendations on compensation.

## Appointment

In accordance with Article 17 of Eni's by-laws, the Board of Directors is made up of three to nine members. The Shareholders' Meeting determines the number within these limits. Moreover, in order to

comply with provisions of law No. 120 of 12 July 2011 and CONSOB Resolution No. 18098 of 8 February 2012 concerning the gender balance on the governing and control bodies of listed companies, the Extraordinary Shareholders' Meeting of 8 May 2012 amended Articles 17 and 28 of Eni's by-laws. The provisions directed to ensure gender balance shall apply to the first three elections of the Board of Directors and the Board of Statutory Auditors after 12 August 2012: for the first election one fifth of the directors will be drawn from the less represented gender, while for the next two elections one third of the directors will be drawn from the less represented gender.

As per Article 6, paragraph 2, letter d) of Eni's by-laws the Minister of Economy and Finance, in agreement with the Minister of Economic Development, is entitled to appoint a non-voting director in addition to the directors appointed by the Shareholders' Meeting.

The Minister for Economy and Finance and the Minister of Economic Development have not exercised this right.

In order to ensure that the Board of Directors includes representatives of the minority shareholders, directors are elected by a list voting system. According to Article 17, paragraph 3 of Eni's by-laws and the provisions of Law No. 474 of 30 July 1994 as amended by Legislative Decree No. 27 of 27 January 2010, shareholders who, severally or jointly, represent at least 1 per cent. of voting share capital (CONSOB reduced this percentage to 0.5 per cent. with regard to Eni) have the right to submit lists of candidates for the appointment of directors. The Board of Directors also has the right to submit lists for the appointment of directors. Each shareholder may only submit (or contribute to) and vote for a single list. Controlling persons, subsidiaries and companies under common control may not submit or participate in the submission of other lists, nor can they vote on them, either directly or through nominees or trustees.

Each candidate may stand on one list only, on penalty of disqualification.

Once the voting formalities are satisfied, seven tenths of the directors to be elected (rounded off in the event of a decimal number to the next lowest whole number) are drawn, in the order that they appear on the list, from the list that receives the most votes of the shareholders. The remaining directors are drawn from the other lists, which shall not be connected in any way, directly or indirectly, to the shareholders who have submitted or voted the list that received the largest number of votes.

The list voting system shall only apply to the election of the entire Board of Directors.

If during the year, the office of one or more directors should be vacated, he/she shall be replaced in accordance with Article 2386 of the Italian Civil Code (with exception of the director appointed pursuant to Article 6, paragraph 2, letter d) of Eni's by-laws). In any case, compliance with the required minimum number of independent directors and the applicable rules concerning gender balance shall not be affected. If a majority of the directors should vacate their offices, the entire Board of Directors shall be considered to have resigned, and the Board shall promptly call a Shareholders' Meeting to elect a new Board of Directors.

Directors must satisfy the integrity requirements established by applicable laws. In addition, (i) if there are no more than five directors, at least one director or (ii) if there are more than five directors, at least three directors must satisfy the requirements of independence set for statutory auditors of listed companies, as per Article 148, paragraph 3 of Legislative Decree No. 58 of 24 February 1998 ("**Testo Unico della Finanza**" or "**TUF**"). Eni's by-laws provide for an additional mechanism to the ordinary election system for ensuring that the requirement of a minimum number of independent directors is satisfied. The Corporate Governance Code establishes further independence requirements.

The directors shall notify Eni if they should no longer satisfy the above-mentioned requirements or if issues of ineligibility or incompatibility should arise.

In accordance with Article 17, paragraph 3 of Eni's by-laws, the Board of Directors shall periodically evaluate the independence and integrity of its members and whether issues of ineligibility or



incompatibility have arisen. If the independence or integrity requirements established by applicable legislation should no longer be met by a director or if issues of ineligibility or incompatibility should have arisen, the Board of Directors shall declare the director disqualified and replace him/her or invite him/her to rectify the situation of incompatibility by a deadline set by the Board of Directors itself, on penalty of disqualification.

Under Eni's by-laws, directors are not subject to any age limits or requirement of share ownership.

The Ordinary Shareholders' Meeting held on 5 May 2011 set the number of directors at nine and appointed the Board of Directors and its Chairman for a three year term. The current Board of Directors' office will therefore expire at the date of the Shareholders' Meeting approving Eni's financial statements for financial year ending 31 December 2013.

Giuseppe Recchi, Paolo Scaroni, Carlo Cesare Gatto, Paolo Marchioni, Mario Resca and Roberto Petri were appointed from the list of candidates submitted by the Ministry of Economy and Finance; Alessandro Profumo, Francesco Taranto and Alessandro Lorenzi were appointed from the list submitted by institutional investors.

On 6 May 2011, the Board of Directors appointed Paolo Scaroni as Chief Executive Officer and General Manager.

On the same date, the Board determined, on the basis of the statements provided by the relevant parties and the information available to Eni, that all its members satisfy the integrity requirements and that there were no reasons for incompatibility and ineligibility affecting any of the directors. In addition, non-executive directors, Carlo Cesare Gatto, Alessandro Lorenzi, Paolo Marchioni, Roberto Petri, Alessandro Profumo, Mario Resca and Francesco Taranto have been deemed to be independent in accordance with the applicable laws, Eni's by-laws and the Corporate Governance Code. More recently, on 14 February 2013, the Board, acting upon the prior investigation performed by the Nomination Committee, confirmed its previous assessment of its members compliance with the integrity and independence requirements and determined that there were no circumstances rendering any of the directors ineligible or incompatible, including with regard to any Eni holdings in financial, banking and/or insurance companies.

The table below sets out the names of the nine members of the Board of Directors, their positions and the year when each was initially appointed as a director.

| <b>Name</b>                  | <b>Position</b>                    | <b>Year first appointed to Board of Directors</b> |
|------------------------------|------------------------------------|---|
| Giuseppe Recchi . . . . .    | Non-executive Chairman             | 2011  |
| Paolo Scaroni . . . . .      | Chief Executive Officer            | 2005  |
| Carlo Cesare Gatto . . . . . | Non-executive Independent Director | 2011  |
| Alessandro Lorenzi . . . . . | Non-executive Independent Director | 2011  |
| Paolo Marchioni . . . . .    | Non-executive Independent Director | 2008  |
| Roberto Petri . . . . .      | Non-executive Independent Director | 2011  |
| Alessandro Profumo . . . . . | Non-executive Independent Director | 2011  |
| Mario Resca . . . . .        | Non-executive Independent Director | 2002  |
| Francesco Taranto . . . . .  | Non-executive Independent Director | 2008  |

The business address of the members of the Board of Directors is Piazzale Enrico Mattei 1, Rome, Italy.

The biographies of Eni's directors are set out below.

Giuseppe Recchi was born in 1964 and he has been Chairman of the Board of Eni since May 2011. He is also Vice Chairman of GE Capital Interbanca SpA; member of the Board of Directors, the audit committee of Exor SpA (listed at Milan Stock Exchange); member of the European Advisory Board of Blackstone and member of the Massachusetts Institute of Technology E.I. External Advisory Board. He is also member of the Italian Corporate Governance Committee, the executive committees of Confindustria (the Confederation of Italian Industries, where he is Chairman of the Foreign Investment Committee), Assonime (Association of Italian Joint Stock Companies), Aspen Institute Italia; member of the Board of Directors of FEEM-Eni Enrico Mattei Foundation, the Italian Institute of Technology and of the Luiss Business School Advisory Board. He is Co-Chair of the B20 Task Force on Improving Transparency and Anti-Corruption and Director of the World Economic Forum Partnering Against Corruption Initiative. He graduated in Engineering at Polytechnic of Turin. In 1989 started his career as entrepreneur at Recchi SpA, a general contractor active in 25 countries in the construction of high-tech public infrastructures. Since 1994 he served as Executive Chairman of Recchi America Inc., the U.S. branch of the Group. In 1999 he joined General Electric, where he held several managerial positions in Europe and in the USA. He served as Director of GE Capital Structure Finance Group; Managing Director for Industrial M&A and Business Development of GE EMEA; President & CEO of GE Italy. Until May 2011 he was President & CEO of GE South Europe. Mr. Recchi has been member of the Honorary Committee for the Rome Candidacy to the 2020 Olympic Games, member of the Board of Permasteelisa SpA, Advisory Board member of Invest Industrial (private equity) and visiting professor in Structured Finance at Turin University.

Paolo Scaroni has been Chief Executive Officer of Eni since June 2005. He is currently Non-Executive Director of Assicurazioni Generali, Non-Executive Deputy Chairman of London Stock Exchange Group, Non-Executive Director of Veolia Environnement. Besides he is in the Board of Overseers of Columbia Business School and Fondazione Teatro alla Scala. After graduating in economics at the Università Luigi Bocconi, Milan in 1969, he worked for three years at Chevron, before obtaining an MBA from Columbia University, New York, and continuing his career at McKinsey. In 1973 he joined Saint Gobain, where he held a series of managerial positions in Italy and abroad, until his appointment as head of the Glass Division in Paris. From 1985 to 1996 he was Deputy Chairman and Chief Executive Officer of Techint. In 1996 he moved to the UK and was Chief Executive Officer of Pilkington until May 2002. From May 2002 to May 2005 he was Chief Executive Officer and Chief Operating Officer of Enel. In 2005 and 2006 he was Chairman of Alliance Unichem. In May 2004 he was appointed Cavaliere del Lavoro of the Italian Republic. In June 2013 he was made a Commandeur of the Legion of Honour.

Carlo Cesare Gatto has been Director of Eni since May 2011. He was born in Murazzano (Cuneo) in 1941. He graduated in Economics and Business at the Università degli Studi di Turin. He is a registered public auditor. He is currently Chairman of the Board of Statutory Auditors of Rai SpA, Natuzzi SpA, Difesa Servizi SpA, Rainet SpA and Director of Arcese Trasporti SpA. He was teacher of Finance, Administration and Control at the Isvor Fiat SpA training institute. In 1968 he was hired by Impresit as Chief Accountant, where he managed, in Jordan, the finance department of the local branch. He joined the Fiat Group in 1969 where over the years he held a series of increasing responsibility positions in the area of finance, administration and control. From 1979 to 1990 he was Head of Financial Reporting at Fiat Group and also had responsibility for the control of the transport companies (Sapav, Sadem, Sita), run under concession by the Fiat Group and for which he subsequently oversaw the sale. In 1990 he was appointed Joint Manager of Finance and Control of the Fiat Group, before becoming, in 1998, Chief Administration Officer (CAO) of the Fiat Group. From 2000 to 2004, he was Chief Executive Officer and Deputy Chairman of Business Solution, a new sector created by Fiat for the supply of business services. In 1993 he was the Italian Representative at the European Commission for the fiscal harmonisation of member States. In 1992 he was decorated as Cavaliere Ordine al Merito della Repubblica Italiana and, in 1995, as Ufficiale Ordine al Merito della Repubblica Italiana.

Alessandro Lorenzi has been Director of Eni since May 2011. He was born in Turin in 1948. He is currently a founding partner of Tokos Srl, consulting firm for securities investment, Chairman of Società Metropolitana Acque Torino SpA, Director of Ersel SIM SpA, Millbo Spa and Sicme Motori Srl. He began his career at SAIAG SpA, in the area of administration and control. In 1975 he joined Fiat Iveco SpA where he held a series of positions: Controller of Fiat V.I. SpA, Head of Administration, Finance and Control, Head of Personnel of Orlandi SpA in Modena (1977- 1980) and Project Manager (1981-1982). In 1983 he joined GFT Group where he was: Head of Administration, Finance and Control of Cidat SpA, a GFT SpA subsidiary (1983-1984), Central Controller of GFT Group (1984-1988), Head of Finance and Control of GFT Group (1989-1994) and Managing Director of GFT SpA, with ordinary and extraordinary powers over all operating activities (1994-1995). In 1995 he was appointed Chief Executive Officer of SCI SpA, where he oversaw the restructuring process. In 1998 he was appointed Central Manager, and subsequently Director of Ersel SIM SpA until June 2000. In 2000 he became Central Manager of Planning and Control at the Ferrero Group and General Manager of Soremartec, the technical research and marketing company of the Ferrero Group. In May 2003 he was appointed CFO of Coin Group. In 2006 he became Central Corporate Manager at Lavazza SpA, becoming member of the Board of Directors from 2008 to June 2011.

Paolo Marchioni has been Director of Eni since June 2008. He was born in Verbania in 1969. He is a qualified lawyer specialized in penal and administrative law, counselor in Supreme Court and superior jurisdictions. He has been Chairman of the Board of Directors of Finpiemonte partecipazioni SpA since August 2010. He acts as a consultant to government agencies and business organizations on business, corporate, administrative and local government law. He was Mayor of Baveno (Verbania) from April 1995 to June 2004 and Chairman of the Assembly of Mayors of Con.Ser.Vco from September 1995 to June 1999. Until June 2004 he was a member of the Assembly of Mayors of the Asl 14 health authority, the steering committee of the Verbania health district, the Assembly of Mayors of the Valle Ossola waste water consortium, the Assembly of Mayors of the Verbania social services consortium. From April 2005 to January 2008 he was a member of Stresa city council. From October 2001 to April 2004 he was Director of CIM SpA of Novara (merchandise interport center) and from December 2002 to December 2005 Director and executive committee member of Finpiemonte SpA. From June 2005 to June 2008 he was Director of Consip SpA. He was Provincial Councillor in charge of balance, property, legal affairs and production activities and Vice-president of the Province of Verbano-Cusio-Ossola from June 2009 to October 2011. He was Director of the Provincial Board of the Province of Verbano-Cusio-Ossola from October 2011 to November 2012.

Roberto Petri has been Director of Eni since May 2011. He was born in Pescara in 1949. He graduated in law at the Università degli Studi "Gabriele D'Annunzio" of Chieti and Pescara. He has been member of the Board of Directors of the Ravenna Festival since 2007 and he has been Chairman of Italimmobili Srl since 2011. In 1976 he was hired by Banca Nazionale del Lavoro (BNL) where he held a series of positions: Head of the "Overdrafts Advisory" of BNL in Busto Arsizio (1982), Deputy Manager for the industrial division at the BNL branch in Ravenna (1983-1987), Area Chief of BNL in Venice (1987-1989) and Joint Manager of the central office of BNL in Rome (1989-1990). In 1990 he was appointed commercial manager at Banca Popolare and in 1994 he moved, with the same position, to Cassa di Risparmio di Ravenna Group (Carisp Ravenna e Banca di Imola). From 2001 to 2006 he was Chief Secretary to the Under-Secretary of Defence, where he was mainly involved in the Department's contacts with industry and international relations. From 2008 to 2011 he was Chief Secretary at the Ministry of Defence. From 2003 to 2006 he was Director of Fintecna SpA and from 2005 to 2008 Director of Finmeccanica SpA.

Alessandro Profumo has been Director of Eni since May 2011. He was born in Genoa in 1957. He graduated in Business Administration at the Università Luigi Bocconi of Milan. He is currently Chairman of Banca Monte dei Paschi di Siena, of Appeal Strategy & Finance S.r.l. and member of the Supervisory Board of Sberbank. He is also member of the Board of Directors of the Bocconi University in Milan. He began his career in 1977 at the Banco Lariano, becoming Branch Manager in Milan. In 1987 he joined

McKinsey where he was Project Manager in the strategy area for the finance sector. In 1989 he was appointed Head of relations with financial institutions and integrated development projects at Bain, Cuneo e Associati firm (now Bain & Company). In 1991 he left the field of company consultancy to join RAS, Riunione Adriatica di Sicurtà, where he was given responsibility, as General Manager, for the banking and parabanking sectors. He was also in charge of the yield increase of that company's bank and of the other group companies operating in the field of asset management. In 1994 he joined Credito Italiano as Joint Central Manager, with responsibility for Programming and Control, becoming General Manager in 1995. In 1997 he was appointed Chief Executive Officer of Credito Italiano and subsequently of Unicredit, a position he held until September 2010. On an international level he was Chairman of the European Banking Federation and Chairman of the IMC Washington. In May 2004 he was decorated as Cavaliere del Lavoro.

Mario Resca has been Director of Eni since May 2002. He was born in Ferrara in 1945. He graduated in Economics and Business at the Università Luigi Bocconi of Milan. He is Chairman of Confimprese, Deputy Chairman of Sesto Immobiliare SpA and Director of Mondadori SpA. After graduating he joined Chase Manhattan Bank. In 1974 he was appointed manager of Saifi Finanziaria (Fiat Group) and from 1976 to 1991 he was a partner of Egon Zehnder. In this period he was appointed Director of Lancôme Italia and of companies belonging to the RCS Corriere della Sera Group and the Versace Group. From 1995 to 2007 he was Chairman and Chief Executive Officer of McDonald's Italia. He was also Chairman of Sambonet SpA and Kenwood Italia SpA, a founding partner of Eric Salmon & Partners, Chairman of the American Chamber of Commerce and General Director of Italian Heritage and Antiquities in the Ministry of Cultural Heritage and Activities and Chairman of Convention Bureau Italia SpA. He was decorated as a Cavaliere del Lavoro in June 2002.

Francesco Taranto has been Director of Eni since June 2008. He was born in Genoa in 1940. He is currently Vice Chairman of Cassa di Risparmio di Firenze SpA. He is also Director and member of the Executive Committee of Rimorchiatori riuniti SpA. He started working in 1959, in a stock brokerage in Milan; from 1965 to 1982, he worked at Banco di Napoli as deputy manager of the stock market and securities department. He held a series of managerial positions in the asset management field, notably he was manager of securities funds at Eurogest from 1982 to 1984, and General Manager of Interbancaria Gestioni from 1984 to 1987. After moving to the Prime group (1987 to 2000), he was Chief Executive Officer of the parent company for a long period. He was also Director of Ersel SIM, member of the steering council of Assogestioni and of the Corporate Governance committee for listed companies formed by Borsa Italiana. He was Director of Enel from October 2000 to June 2008.

***Policy of the Board of Directors on the maximum number of offices held by its members in other companies***

With its resolution of 6 May 2011 (confirming the policy established by the previous Board of Directors), the Board of Directors specified the general criteria for determining the maximum number of management and control offices that can be held by its members in other companies that are compatible with effective performance of their role as director of Eni.

At its meeting of 29 October 2012, following the adoption of the new Corporate Governance Code, the Board, acting on the proposal of the Nomination Committee, confirmed its previous policy and introduced a prohibition of cross-directorships by which "the chief executive officer of issuer (A) shall not be appointed director of another issuer (B) not belonging to the same group, in the event that the chief executive officer of issuer (B) is a director of issuer (A)".

Therefore, following these changes of 29 October 2012, the Board resolved that:

- an executive director should not hold: (i) the office of executive director in any other listed company, whether Italian or foreign, or in any financial, banking or insurance company or in a company with shareholders' equity exceeding euro 10 billion; (ii) the office of non-executive director or statutory auditor (or member of another controlling body) in more than three of the

aforesaid companies; and (iii) the office of non-executive director in another issuer of which a director of Eni is an executive director.

- a non-executive director, in addition to the office held in Eni, should not hold the office of:  
(i) executive director in more than one of the aforesaid companies and non-executive director or statutory auditor (or member of another controlling body) in more than three of the aforesaid companies; (ii) non-executive director or statutory auditor in more than six of such companies; and (iii) executive director of another issuer of which an executive director of Eni is a non-executive director.

The limit on multiple offices excludes offices held in Eni Group companies.

If these limits are exceeded, the director will promptly inform the Board of Directors, which will assess the situation in light of the interest of Eni and will call upon the director to take action in accordance with its decision. In any case, before taking up the office of director or statutory auditor (or member of another controlling body) in another company that is not a direct or indirect subsidiary or associated company of Eni, the executive director shall inform the Board of Directors, which will evaluate the compatibility of the office with the functions attributed to the executive director and with the interests of Eni.

On the basis of information provided, subsequent to the appointment of the Board and, more recently, in its meeting of 14 February 2013 after investigation by the Nomination Committee, the Board of Directors verified that the directors fulfill the above mentioned limits on multiple offices.

## **Competencies and delegation of powers**

The Board of Directors is vested with the fullest powers for the ordinary and extraordinary management of the company and, in particular, it has the power to perform all acts it deems advisable for the implementation and achievement of the corporate purpose, with the sole exception of acts that the law or Eni's by-laws reserve for the Shareholders' Meeting.

Pursuant to Article 23, paragraph 2 of Eni's by-laws, the Board resolves on: the merger and proportional demerger of companies in which Eni owns shares or other equity holdings representing at least 90 per cent. of the share capital; the establishment and closing of branches; amendments to Eni's by-laws to comply with the provisions of law.

According to Article 24 of Eni's by-laws, the Board of Directors delegates its powers to one of its members, within the limits set forth in Article 2381 of the Italian Civil Code. The Board of Directors may at any time revoke delegated powers, proceeding to appoint a new Chief Executive Officer at the same time. In addition, the Board of Directors, acting upon a proposal of the Chairman and in agreement with the Chief Executive Officer, may confer powers for individual acts or categories of acts on other members of the Board of Directors. In both cases, no power can be delegated to the director appointed, where applicable, by the Minister of Economy and Finance in agreement with the Minister of the Economic Development.

Pursuant to Article 25 of Eni's by-laws, the Chairman and the Chief Executive Officer are severally vested with the powers of legal representation of Eni before any judicial or administrative authority and with respect to third parties and exercise signature powers on behalf of Eni.

According to Article 29, paragraph 3 of Eni's by-laws, the Board of Directors may resolve on distribution to shareholders of interim dividends during the financial year.



### ***Powers of the Chairman***

At its meeting of 6 May 2011, the Board of Directors delegated to the Chairman the task of identifying and promoting integrated projects and international agreements of strategic importance as provided by Article 24 of Eni's by-laws.

In accordance with Article 27 of Eni's by-laws, the Chairman chairs Shareholders' Meetings, convenes and chairs meetings of the Board of Directors and oversees the implementation of its resolutions.

### ***Powers of the Chief Executive Officer***

On 6 May 2011, Eni's Board of Directors delegated to Paolo Scaroni, as Chief Executive Officer, all necessary and widest powers for the ordinary and extraordinary management of Eni, with the exception of those powers that cannot be delegated according to the current law and those retained by the Board of Directors on decisions regarding major strategic, operational and organisational issues.

### **Board Committees**

The Board has set up four committees to provide it with recommendations and advice. Their composition, tasks and functioning are defined by the Board of Directors in compliance with the criteria established by the Corporate Governance Code. They are: (a) the Control and Risk Committee, (b) the Compensation Committee, (c) the Nomination Committee and (d) the Oil-Gas Energy Committee. Committees under letters (a), (b) and (c) are recommended by the Corporate Governance Code. The Control and Risk Committee, the Compensation Committee and the Oil-Gas Energy Committee are entirely composed of non-executive and independent directors. The members of the Nomination Committee are all non-executive directors and, in compliance with the Corporate Governance Code, the majority of them are independent.

All Board Committees report to the Board of Directors, at least once every six months, on the activities carried out. In performing their duties, the Committees have the right to access the necessary company information and functions as well as to avail themselves of external advisers. They are also provided with adequate financial resources. Meetings of the Committees may be attended by the Chairman of the Board of Statutory Auditors or by a standing statutory auditor designated by the former and, on invitation and with reference to individual issues on the agenda, by any non-members. The Chief Executive Officer attends the Nomination Committee's meetings. Committee meetings are minuted by the respective Secretaries.

The composition of the Board's Committees is as follows:

Control and Risk Committee: Alessandro Lorenzi (Chairman), Carlo Cesare Gatto, Paolo Marchioni and Francesco Taranto.

Compensation Committee: Mario Resca (Chairman), Carlo Cesare Gatto, Roberto Petri and Alessandro Profumo.

Nomination Committee: Giuseppe Recchi (Chairman), Alessandro Lorenzi, Alessandro Profumo and Mario Resca.

Oil-Gas Energy Committee (OGE): Alessandro Profumo (Chairman), Alessandro Lorenzi, Paolo Marchioni, Roberto Petri, Mario Resca and Francesco Taranto.

### ***Control and Risk Committee***

The Control and Risk Committee, established for the first time in 1994 and previously named Internal Control Committee, is entrusted by the Board of Directors to support, on the basis of an adequate



control process, the Board in evaluating and making decisions concerning the internal control and risk management system and in approving the periodic financial reports. According to the Rules of the Control and Risk Committee of Eni, at least two members of the Committee (not just one as under the Corporate Governance Code) shall have adequate experience in accounting and financial matters or in risk management as per the assessment made by the Board of Directors at the time of their appointment.

The Control and Risk Committee performs an advisory function to the Board of Directors and, in particular:

- (a) issues a prior opinion: i) and drafts recommendations and updates concerning the guidelines for the internal control and risk management system to be approved by the Board of Directors; ii) on the evaluation, performed at least once a year, of the adequacy of internal control and risk management system, taking into account the characteristics of Eni and its risk profile, as well as its effectiveness. To this end, at least every six months, the Committee reports to the Board of Directors on the occasion of the approval of the annual and semi-annual financial reports, on its activities and on the adequacy of the internal control and risk management system; iii) on the approval, at least once a year, of the Audit Plan; iv) on the evaluation of the findings reported by the Audit Firm in the recommendations letter it may issue and in the latter's report on the main issues arising during the audit;
- (b) issues its favourable opinion on the proposals formulated by the Chief Executive Officer together with the Chairman of the Board of Directors, concerning the appointment, the removal, and the definition of the compensation of the Head of the Internal Audit Department, as well as on the adequacy of the resources provided to the latter;
- (c) examines the main risks presented to the Board of Directors and issues opinions on specific aspects concerning the identification of the main risks;
- (d) examines and issues an opinion on the adoption and amendment of the rules on the transparency and the substantive and procedural fairness of transactions with related parties and those in which a director or statutory auditor holds a personal interest or an interest on behalf of a third party, while performing the additional duties assigned to it by the Board of Directors, including the examining and issuing an evaluation of specific types of transactions, except for those relating to compensation.

Moreover, the Committee, in assisting the Board of Directors:

- (a) evaluates, with the Officer in charge of preparing financial reports and after having consulted the Audit Firm and the Board of Statutory Auditors, the proper application of accounting standards (IFRS) and their consistency in preparing the Consolidated Financial Statements, prior to their approval by the Board of Directors;
- (b) monitors the independence, adequacy, efficiency and effectiveness of the Internal Audit Department and oversees its activities. In particular, the Committee: i) examines the results of the audit activities carried out by the Internal Audit Department; ii) examines the periodic reports prepared by the Internal Audit Department containing adequate information on the activities carried out, on the manner in which risk management is conducted and on compliance with risk containment plans, as well as the assessment of the appropriateness of the internal control and risk management system. The Committee may assign the Internal Audit Department the task of auditing specific areas of operations, simultaneously notifying the Chairman of the Board of Statutory Auditors of the assignment;
- (c) examines and assesses: i) the adequacy of the powers and resources assigned to the Officer in charge of preparing financial reports and the findings of the periodic reports prepared by the latter on the occasion of the approval of the annual and semi-annual

consolidated financial reports; ii) communications and information received from the Board of Statutory Auditors and its members regarding the internal control and risk management system, including those concerning the findings of enquiries conducted by the Internal Audit Department in connection with reports received, including anonymous reports (Whistleblowing); iii) the periodical reports issued by Eni's Watch Structure, including in its capacity as Guarantor of the Code of Ethics; iv) information on the internal control and risk management system, including that provided in the course of periodic meetings with the competent Eni structures and information on enquiries and reviews carried out by third parties.

### ***Compensation Committee***

The Committee, established for the first time in 1996, provides recommendations and advice to the Board of Directors and specifically it:

- (a) submits to the Board of Directors for its approval the Remuneration Report and, in particular, the compensation policy for directors and managers with strategic responsibilities to be presented to the Shareholders' Meeting called to approve the financial statements, as provided for by applicable law;
- (b) periodically evaluates the adequacy, overall consistency and actual implementation of the adopted policy, formulating proposals on the topic for the Board of Directors;
- (c) presents proposals for the compensation of the Chairman of the Board and the Chief Executive Officer, covering the various forms of compensation and benefits awarded;
- (d) presents proposals for the compensation of members of the Board's internal committees;
- (e) examines the Chief Executive Officer's recommendations and presents proposals for general criteria for compensation for managers with strategic responsibilities; annual and long-term incentive plans, including equity-based plans; establishing performance targets and assessing results for performance plans in connection with the determination of the variable portion of the compensation for directors with delegated powers and with the implementation of incentive plans;
- (f) monitors the execution of Board resolutions.

The Committee also issues the opinions required under the procedure for related party transactions in the manner specified therein.

### ***Nomination Committee***

In accordance with the recommendations of the Corporate Governance Code (including responsibilities involving Board Review, activities exercised in competition with the issuer, and the maximum number of offices), the Nomination Committee, established in 2011:

- (a) assists the Board of Directors in formulating any criteria for the appointment of executives and members of the boards and bodies of Eni and of its subsidiaries, proposed by the Chief Executive Officer, whose appointment fall under the Board's responsibilities, and of the members of the other boards and bodies of Eni's associated companies;
- (b) provides evaluations to the Board of Directors on the appointment of executives and members of the boards and bodies of Eni and of its subsidiaries, proposed by the Chief Executive Officer, whose appointment fall under the Board's responsibilities and oversees the associated succession plans. Where possible and appropriate, with regards to the shareholding structure, the Committee proposes the succession plan for the Chief Executive Officer to the Board of Directors;

- (c) acting upon a proposal of the Chief Executive Officer, examines and evaluates criteria governing the succession plans for Eni's managers with strategic responsibilities;
- (d) proposes candidates to serve as directors in the event one or more positions need to be filled during the course of the year (Article 2386, first paragraph, of the Italian Civil Code), as recommended by the Corporate Governance Code in the case of the replacement of independent directors, ensuring compliance with the requirements on the minimum number of independent directors and the percentage reserved for the less represented gender;
- (e) oversees the annual self-assessment program on the performance of the Board of Directors and its Committees and, on the basis of the results of the self-assessment, provides its opinions to the Board of Directors regarding the size and composition of the Board or its Committees as well as the skills and professional qualifications it feels should be represented in relation to the above, so that the Board itself can give its opinion to the shareholders prior to the appointment of the new Board;
- (f) proposes to the Board of Directors the list of candidates for the position of director to be submitted to the Shareholders' Meeting if the Board decides to opt for the right envisaged in Article 17.3 of Eni's by-laws;
- (g) proposes to the Board of Directors guidelines regarding the maximum number of positions a director or statutory auditor that an Eni director may hold and performs the associated periodic checks and evaluations for submission to the Board;
- (h) periodically investigates whether the directors satisfy the independence and integrity requirements, and ascertains the absence of circumstances that would render them incompatible or ineligible;
- (i) provides its opinion to the Board of Directors on any activities carried out by the directors in competition with Eni.

#### ***Oil-Gas Energy Committee***

The Oil-Gas Energy Committee (OGEC) was established within the Board of Directors in order to monitor developments in the international energy markets. It provides recommendations and advice to the Board of Directors concerning the energy scenarios underpinning strategic planning.

#### ***Conflicts of Interest***

As far as Eni is aware, there are no current conflicts of interest between any duties of the members of the Board of Directors of Eni towards Eni and their private interests or other duties outside the Group. Director Profumo has declared his marital relationship with an employee of Eni, his current Chairmanship of Banca Monte dei Paschi di Siena SpA and his membership of the Supervisory Board of Sberbank. Director Resca has declared his connection with the company Cosmi SpA. Both directors have already informed Eni about these situations. None of these situations has ever harmed the company's interest.

In compliance with the CONSOB Regulation on transactions with related parties (adopted by CONSOB with Resolution No. 17221 of 12 March 2010, as amended by Resolution No. 17389 of 23 June 2010), on 18 November 2010, the Board of Directors approved the Management System Guideline (MSG) "Transactions involving interests of directors and statutory auditors and transactions with related parties", which has been applied since 1 January 2011. At the meeting of 19 January 2012, the Board of Directors carried out the first annual review of the MSG, as required by the latter, rather than the three-year frequency required by CONSOB. The Board consequently modified the MSG, taking account of the operational issues that had arisen during the first year of its application. The MSG and the subsequent amendments received the unanimous, favourable opinion of the Control and Risk Committee then in

office, entirely composed of independent directors under the Corporate Governance Code and in accordance with the CONSOB Regulation.

At its meeting of 17 January 2013, the Board of Directors, subject to the favourable opinion from the Control and Risk Committee, conducted the second annual review of the MSG and, taking account of the information acquired, felt it was not necessary to amend the MSG further.

This Management System Guideline, while largely being based on the definitions and provisions of the CONSOB Regulation, extends the rules for transactions carried out directly by Eni to all transactions undertaken by subsidiaries with related parties of Eni, with a view to enhancing safeguards and improving functionality. In addition, the definition of “related party” has been extended and defined in greater detail.

Transactions with related parties are divided into transactions of lesser importance, greater importance and exempt transactions, with procedural arrangements and transparency requirements that vary based on the type and importance of the transaction. For transactions of lesser importance, the procedures require that independent directors — members of the Control and Risk Committee (or the Compensation Committee, in the event of transactions concerning remuneration) — express a reasoned, non-binding opinion on Eni’s interest in completing the transaction and the economic benefits and substantive fairness of the underlying terms. For transactions of greater importance, without prejudice to the decision-making powers reserved to the Board of Directors, the independent directors — members of the Control and Risk Committee (or the Compensation Committee, in the event of transactions concerning remuneration) — are involved from the preparatory phase of the transaction and express a binding opinion on Eni’s interest in completing the transaction and on the economic benefits and substantive fairness of the underlying terms. Exempt transactions comprise low-value transactions as well as ordinary transactions carried out on standard conditions, intercompany transactions and those regarding remuneration as specified in the MSG.

With regard to the disclosures to be provided to the public on transactions with related parties, the relevant provisions of the CONSOB Regulation have been fully incorporated in the MSG. The MSG also sets out the timing, responsibilities and verification tools to be used by Eni employees involved and the reporting requirements that must be complied with for the correct application of the rules.

Finally, specific rules have been adopted for transactions in which a director or a statutory auditor holds an interest, whether directly or on behalf of third parties.

In particular, both in the preliminary and approval phase, a detailed and documented examination of the reason of the transaction is required, showing the interest of Eni in its completion and the economic benefits and fairness of the underlying terms. In any case, if the transaction is under the responsibility of the Board of Directors, a non-binding opinion from the Control and Risk Committee is required.

To ensure an effective system of control over transactions, every two months the Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors on the execution of individual transactions with related parties and subjects of interest to directors and statutory auditors, and prepares a semi-annual aggregate report on all transactions with such parties of interest performed during the reporting period.

In order to ensure prompt and effective verification of the implementation of the MSG, a database has been created listing related parties and Eni subjects of interest, together with a search IT application that the signing officers of Eni and the subsidiaries responsible for preparing transactions can use to access the database in order to determine the nature of the transaction counterparty.

The text of Eni’s rules “Transactions involving interests of directors and statutory auditors and transactions with related parties” is available in the “Governance” section of Eni’s website.

## Senior Management

The table below sets forth the composition of Eni's Senior Management. It includes the Chief Executive Officer as General Manager of Eni, the Chief Operating Officers of Eni's two divisions, the Chief Financial Officer, the Chief Corporate Operations Officer, the Executive Assistant to the Chief Executive Officer, the Senior Executive Vice Presidents and the Executive Vice President of the Government Affairs Department. This table reports their positions within Eni and the year they were appointed to such positions.

| <b>Name and<br/>business address</b>  | <b>Position</b>   | <b>Year first<br/>appointed</b> |
|---|---|---------------------------------|
| <b>Paolo Scaroni</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>            | General Manager and Chief Executive Officer of Eni<br>Downstream Gas & Power (a.i.)     | 2005<br>2013                    |
| <b>Claudio Descalzi</b> . . . . .<br><i>Via Emilia 1, San Donato<br/>Milanese (MI), Italy</i> | Exploration & Production Chief Operating Officer  | 2008                            |
| <b>Angelo Fanelli</b> . . . . .<br><i>Via Laurentina 449, Rome,<br/>Italy</i>                 | Refining & Marketing Chief Operating Officer  | 2010                            |
| <b>Massimo Mondazzi</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>         | Chief Financial Officer   | 2012                            |
| <b>Salvatore Sardo</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>          | Chief Corporate Operations Officer  | 2008                            |
| <b>Stefano Lucchini</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>         | International Relations and Communication*<br>Senior Executive Vice President           | 2005                            |
| <b>Massimo Mantovani</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>        | General Counsel Legal Affairs Senior Executive<br>Vice President                        | 2005                            |
| <b>Marco Petracchini</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>        | Internal Audit Senior Executive Vice President  | 2011                            |
| <b>Roberto Ulissi</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>           | Company Secretary — Corporate Affairs and<br>Governance Senior Executive Vice President | 2006                            |
| <b>Raffaella Leone</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>          | Executive Assistant to the Chief Executive Officer                                      | 2005                            |
| <b>Marco Alverà</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>             | Midstream Senior Executive Vice President   | 2013                            |
| <b>Leonardo Bellodi</b> . . . . .<br><i>Piazzale Enrico Mattei 1,<br/>Rome, Italy</i>         | Government Affairs Executive Vice President   | 2012                            |

\*Until 2012 the Department was named Public Affairs and Communication.

Pursuant to Article 24 of Eni's by-laws, Chief Operating Officers must satisfy the integrity requirements pursuant to applicable legislation. In addition, they must comply with the policy of the Board of Directors on the maximum number of offices that an executive director may hold in other companies.

In its meeting of 14 February 2013, the Board of Directors, based on the individual statements provided, verified that the Chief Operating Officers satisfy the integrity requirements and comply with the limits to the number of administration and control offices that may be held.

## **Board of Statutory Auditors**

Article 28, paragraph 1 of Eni's by-laws provides that the Board of Statutory Auditors consists of five standing statutory auditors and two alternate statutory auditors. Moreover, in order to comply with provisions of Law No. 120 of 12 July 2011 and CONSOB Resolution No. 18098 of 8 February 2012 concerning the gender-balance on the governing and control bodies of listed companies, the Extraordinary Shareholders' Meeting of 8 May 2012 amended Articles 17 and 28 of Eni's by-laws. By-laws provisions directed to ensure gender-balance shall apply to the first three elections of the Board of Directors and Board of Statutory Auditors after 12 August 2012: for the first election one fifth of the statutory auditors will be drawn from the less represented gender, while for the next two elections one third of the statutory auditors will be drawn from the less represented gender.

According to Article 28, paragraph 2 of Eni's by-laws, statutory auditors are appointed by a list voting system; at least two standing auditors and one alternate are elected from the candidates of the list submitted by minority shareholders. The Shareholders' Meeting appoints the Chairman of the Board of Statutory Auditors among the standing auditors elected from such a list.

The procedures set forth in Article 17, paragraph 3, concerning the appointment of the Board of Directors and the provisions issued by CONSOB (Issuers Regulation — CONSOB resolution n. 11971 of 1999, as amended) shall apply. Shareholders who, severally or jointly, represent at least 1 per cent. of voting share capital or the different threshold established by CONSOB regulation may submit lists for the appointment of statutory auditors. With its resolution of 30 January 2013, CONSOB established, with regard to Eni, the percentage of 0.5 per cent. of the share capital.

Each shareholder may only submit (or contribute towards submitting) and vote for a single list. Controlling persons, subsidiaries and companies under common control may not submit or participate in the submission of other lists, nor can they vote on them, either directly or through nominees or trustees. Each candidate may stand on one list only, on penalty of disqualification.

The list voting system shall only apply to the election of the entire Board of Statutory Auditors. Should a standing auditor from the list that receives the majority of votes be replaced, the replacement shall be the alternate auditor from the same list; should a standing auditor from the other lists be replaced, the replacement shall be the alternate auditor from those other lists. If the replacement results in non-compliance with gender-balance rules, the Shareholders' Meeting shall be called as soon as possible to approve the necessary resolutions to ensure compliance.

All statutory auditors must satisfy the independence requirements provided for by Article 148, paragraph 3 of the TUF and Articles 3 and 8 of the Corporate Governance Code, as well as the integrity and professional requirements as prescribed by a regulation of the Minister of Justice (Decree No. 162 of 30 March 2000). As for professional qualification, Eni's by-laws specify that the professional requirements may also be met with at least three years of professional experience or by teaching commercial law, business economics and corporate finance, as well as at least three years' experience in a managerial position in the engineering or geology fields.

Eni's statutory auditors currently in office are entered in the register of certified auditors.



Each current member was appointed by the Ordinary Shareholders' Meeting held on 5 May 2011 (which also appointed the Chairman of the Board of Statutory Auditors) for a three year term. Their term will therefore expire as of the date of the Shareholders' Meeting called to approve Eni's financial statements for the financial year ending 31 December 2013.

Roberto Ferranti, Paolo Fumagalli, Renato Righetti and Francesco Bilotti (alternate statutory auditor) were elected from the list of candidates submitted by the Ministry of Economy and Finance; Ugo Marinelli (Chairman of the Board of Statutory Auditors), Giorgio Silva and Maurizio Lauri (alternate statutory auditor) were elected from the list submitted by institutional investors.

On 5 September 2013, Roberto Ferranti resigned from Eni's Board of Statutory Auditors. In accordance with Eni's by-laws, Francesco Bilotti, the alternate auditor drawn from the list of candidates presented by the Ministry of Economy and Finance was appointed to take his place.

In compliance with the laws and regulations and the Corporate Governance Code, the Board of Directors in its meeting of 14 February 2013 (on 19 September 2013 for Francesco Bilotti) verified, on the basis of individual statements provided, that all statutory auditors satisfy the integrity and professional requirements, as well as the independence requirements set by the law and by Corporate Governance Code.

The table below sets forth the names, positions and year of appointment of the members of the Board of Statutory Auditors of Eni.

| <b>Name</b>             | <b>Position</b>   | <b>Year first appointed to Board of Statutory Auditors</b> |
|-------------------------|-------------------|--|
| Ugo Marinelli .....     | Chairman          | 2008   |
| Francesco Bilotti. .... | Standing Auditor  | 2013   |
| Paolo Fumagalli .....   | Standing Auditor  | 2011   |
| Renato Righetti. ....   | Standing Auditor  | 2011   |
| Giorgio Silva .....     | Standing Auditor  | 2005   |
| Maurizio Lauri. ....    | Alternate Auditor | 2011   |

A biography of Eni's statutory auditors is published on Eni's website.

#### ***Limits on the number of positions***

Pursuant to applicable law, the statutory auditors who hold the same office in five other listed companies may not take the office in the auditing body of any other issuer. They may however be assigned other administrative and control functions in Italian companies, within the relevant limits defined by CONSOB and in compliance with internal corporate regulations. The statutory auditors are required to notify CONSOB of offices accepted or terminated, in the manner and terms set forth in the applicable regulations, which shall then publish the information, making it available on its website. These provisions do not apply to those holding the office of member of the Board of Statutory Auditors or member of another controlling body in only one listed company.

#### ***Competencies***

The Board of Statutory Auditors, in accordance with the TUF, shall monitor: (i) compliance with the law and Eni's by-laws; (ii) observance of the principles of sound administration; (iii) the appropriateness of Eni's organizational structure for matters within the scope of the Board's authority, the adequacy of the internal control system and the administrative and accounting system, as well as the reliability of the latter

in accurately representing Eni's operations; (iv) the procedures for implementing the corporate governance rules provided for in the Corporate Governance Code, which Eni has adopted; and (v) the adequacy of the instructions imparted by Eni to its subsidiaries, in order to guarantee full compliance with legal reporting requirements.

In addition, pursuant to Article 19 of Italian Legislative Decree No. 39/2010 (hereinafter "Decree No. 39/2010"), the Board of Statutory Auditors performs the functions assigned to it in its role as the "internal control and financial auditing committee". In this capacity, the Board oversees: (a) the financial reporting process; (b) the effectiveness of internal control, internal audit (where applicable) and risk management systems; (c) the auditing of the annual financial statements and consolidated financial statements; and (d) the independence of the external auditor or the Audit Firm, in particular with regard to the provision of non-audit services.

In accordance with Article 13 of Decree No. 39/2010, the Board of Statutory Auditors drafts a reasoned proposal, to be submitted to the Shareholders' Meeting for approval, regarding the selection of the external auditor or the Audit Firm and their fees.

The findings of this monitoring activity are included in the Report to be prepared pursuant to Article 153 of the TUF, and attached to the documentation accompanying the financial statements.

The Board of Directors, in its meeting of 22 March 2005, in accordance with SEC Rule 10A-3(c)(3) for foreign issuers listed on the New York Stock Exchange, designated the Board of Statutory Auditors to fulfil the role of the Audit Committee in U.S. companies under the Sarbanes-Oxley Act (SOA) and SEC rules, to the extent permitted under Italian law, from 1 June 2005. On 15 June 2005, the Board of Statutory Auditors approved the rules concerning the duties assigned to the Audit Committee under U.S. law. These rules are published on Eni's website.

The key functions performed by the Board of Statutory Auditors acting as Audit Committee as provided for by SEC rules are as follows:

- evaluating the offers presented by the external auditors for their appointment and making its prompt recommendation to the Shareholders' Meeting about the offer for the appointment or the retention of the external auditor;
- overseeing the work of the external auditor engaged to audit the accounts or performing other audit, review or certification services;
- making recommendations to the Board of Directors on the resolution of disagreements between management and the auditor regarding financial reporting;
- approving the procedures for: (a) the receipt, retention, and treatment of complaints received by Eni regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of Eni of concerns regarding questionable accounting or auditing matters;
- approving the procedures for the pre-approval of specifically identified admissible non-audit services and examining the disclosures on the execution of the authorized services;
- evaluating requests to use the external auditor firm engaged to perform audit services for admissible non audit services and providing its opinion to the Board of Directors;
- examining the periodical reports from the external auditor relating to: (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of Eni, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and (c) other material written communication between the external auditor and the management;

- examining reports from the Chief Executive Officer and the Chief Financial Officer concerning any significant deficiency in the design or operation of internal controls which are reasonably likely to adversely affect Eni's ability to record, process, summarize and report financial data and any material weakness in internal controls; and
- examining reports from the Chief Executive Officer and the Chief Financial Officer concerning any fraud that involves management or other employees who have a significant role in Eni's internal controls.

### **Conflicts of Interest**

As far as Eni is aware, there are no current conflicts of interest between any duties of the members of the Board of Statutory Auditors of Eni towards Eni and their private interests or other duties outside the Group.

### **External auditors**

The auditing of Eni's accounts is entrusted, under current legislation, to an independent Audit Firm appointed by the Shareholders' Meeting, acting upon the Board of Statutory Auditors reasoned opinion.

On the basis of a reasoned proposal presented by the Board of Statutory Auditors, the Shareholders' Meeting of 29 April 2010 approved the appointment of Reconta Ernst & Young S.p.A. for the period 2010-2018 to:

- audit the company's separate financial statements;
- audit the consolidated financial statements; verify, during the course of the financial period, that the company's accounts are regularly kept and that relevant management events are correctly entered in the accounts; perform a limited review on the half-year financial report; and
- express an opinion on (i) the consolidated financial statements included in the Annual Report on Form 20-F and (ii) the effectiveness of the Company's internal control over financial reporting.

The Partner responsible for the engagement is Mr. Massimo Antonelli who replaced Mr. Riccardo Schioppo during 2012.

The "Rules on the auditing of financial statements" of 24 April 2008, approved by the Board of Statutory Auditors and the Board of Directors — after a favourable opinion of the Control and Risk Committee — set out the general principles pertaining to: the granting and revocation of the engagement; relations between the primary auditor of the group and secondary auditors; the independence of the Audit Firm and causes for incompatibility; the reporting responsibilities and obligations of the Audit Firm and the regulation of reporting to Eni, CONSOB and the SEC.

In order to preserve the independence of the auditors, a monitoring system for "non-audit" work has been created where, in general, the Audit Firm and its network are not awarded engagements unrelated to the performance of audit activities, except in rare and reasoned circumstances pertaining to activities that are not prohibited by Italian legislation or the Sarbanes-Oxley Act. These engagements are approved by the Board of Directors of the involved company subject to the prior opinion of the Board of Statutory Auditors of that company. They are then authorized by the Board of Statutory Auditors of Eni in cases where such engagements do not fall under those provided for by specific laws or regulation. The Board of Statutory Auditors of Eni is, in any case, periodically informed of the engagements that are awarded to the Audit Firm by the companies of the group.

## Audit Fees

The following table shows total fees paid by Eni and its consolidated and non-consolidated subsidiaries and Eni's share of fees incurred by joint ventures for services provided by Eni to its Audit Firm Reconta Ernst & Young SpA and its respective member firms, for the years ended 31 December 2011 and 2012, respectively:

|                              | Year ended<br>31 December |               |
|------------------------------|---------------------------|---------------|
|                              | 2011                      | 2012          |
|                              | <i>(euro thousands)</i>   |               |
| Audit Fees . . . . .         | 22,031                    | 23,042        |
| Audit-Related Fees . . . . . | 1,113                     | 1,351         |
| Tax Fees . . . . .           | 323                       | 25            |
| All Other Fees . . . . .     | 0                         | 3             |
| <b>Total</b> . . . . .       | <b>23,467</b>             | <b>24,421</b> |

Audit Fees include professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements, including the audit on internal control over financial reporting of Eni.

Audit-Related Fees include assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of the registrant's financial statements and are not reported as Audit Fees in this paragraph. The fees disclosed in this category mainly include audits of pension and benefit plans, merger and acquisition due diligence, audit and consultancy services rendered in connection with acquisition deals, certification services not provided for by law and regulations and consultations concerning financial accounting and reporting standards.

Tax Fees include professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. The fees disclosed in this category mainly include fees billed for the assistance with compliance and reporting of income and value added taxes, assistance with assessment of new or changing tax regimes, tax consultancy in connection with merger and acquisition deals, services rendered in connection with tax refunds, assistance rendered on occasion of tax inspections and in connection with tax claims and recourses and assistance with assessing relevant rules, regulations and facts going into Eni correspondence with tax authorities.

All Other Fees include products and services provided by the principal accountant, other than the services reported in Audit Fees, Audit-Related Fees and Tax Fees of this paragraph and consist primarily of fees billed for consultancy services related to IT and secretarial services that are permissible under applicable rules and regulations.

## Court of Auditors

The financial management of Eni is subject to the control of the Court of Auditors ("Corte dei conti"), in order to preserve the integrity of the public finances. This work is performed by the Magistrate of the Court of Auditors, Raffaele Squitieri (alternate: Amedeo Federici), appointed by the resolution approved on 28 October 2009, of the Presidential Council of the Court of Auditors. The Magistrate of the Court of Auditors attends the meetings of the Board of Directors, the Board of Statutory Auditors and the Control and Risk Committee.

## **Shareholding limits and restrictions on voting rights, Special Powers of the Italian State**

Pursuant to Article 6 of Eni's by-laws, in accordance with the special provisions specified in Article 3 of Law Decree No. 332 of 31 May 1994, ratified by Law No. 474 of 30 July 1994, under no circumstances whatsoever may any party directly or indirectly hold more than 3 per cent. of the share capital. Exceeding these limits shall lead to a suspension of the exercise of voting rights or any other non financial rights attached to the shares held exceeding the aforementioned limit. Pursuant to Article 32 of Eni's by-laws, and the aforementioned regulations, shareholdings in the share capital of Eni held by the Ministry of Economy and Finance, public bodies or organizations controlled by the latter are exempt from this provision. Lastly, the special provisions state that the clause regarding shareholdings limits shall not apply if the above limit is exceeded following a takeover bid, provided that the bidder – as a result of the takeover – will own a shareholding of at least the 75 per cent. of the capital with voting rights relating to the appointment or dismissal of directors.

Moreover, pursuant to Article 6.2 of Eni's by-laws and in accordance with the special provisions set forth in Law No. 474/1994, the Minister of Economy and Finance, in agreement with the Minister of Economic Development, retains special powers to be exercised in accordance with the criteria set out in the Italian Prime Ministerial Decree of 10 June 2004. The special powers briefly include the following: a) opposition with respect to the acquisition of material shareholdings, meaning those representing at least 3 per cent. of share capital with the right to vote at the Ordinary Shareholders' Meeting; b) opposition to the subscription of shareholders' pacts or agreements pursuant to Article 122 of the TUF involving at least 3 per cent. of share capital with the right to vote at Ordinary Shareholders' Meetings; c) veto power, duly supported by an explanation of the effective prejudice to the interests of the Italian State, with respect to resolutions to dissolve Eni, to transfer the business, to merge, to demerge, to transfer Eni's Registered Office abroad, to change the corporate purpose or to amend the by-laws so as to eliminate or modify the powers indicated in letters a), b), c) and the following letter d); d) appointment of a non-voting director.

Decisions to exercise the powers outlined in letter a), b) and c) can be challenged within 60 days by the parties entitled to do so, before the Regional Administrative Court of Lazio.

Decree Law No. 21 of 15 March 2012, ratified with amendments by Law No. 56 of 11 May 2012, modified Italian legislation governing the special powers of the State to comply with European rules. The previous provisions (Article 2 of Decree Law No. 332/1994, ratified by Law No. 474/1994 and its implementing decrees), as well as the provisions of the by-laws which are inconsistent with the new rules, will be repealed by the last of the implementing ministerial regulations in the areas of energy, transport and communications. Among the provisions to be repealed those governing enforcement of Law No. 474/94 concerning Eni have been expressly identified. Albeit with some amendments, the provisions regarding limits on shareholdings and restrictions on voting rights pursuant to Art. 3 of Law No. 474/1994 are still in force. The ministerial regulations have not been issued yet.

## **Major Shareholders**

The Ministry of Economy and Finance controls Eni as a result of the shares directly owned and those indirectly owned through Cassa Depositi e Prestiti S.p.A. ("CDP"). The Ministry of Economy and Finance owns 80.1 per cent. of CDP's share capital.

As of 25 September 2013 the percentage of Eni's share capital owned by the Ministry of Economy and Finance and CDP was:

| <b>Number of Shareholder</b>          | <b>shares held</b>   | <b>% on the<br/>outstanding<br/>shares</b> |
|---------------------------------------|----------------------|--|
| Ministry of Economy and Finance ..... | 157,552,137          | 4.34                                       |
| CDP .....                             | 936,179,478          | 25.76                                      |
| <b>Total</b> .....                    | <b>1,093,731,615</b> | <b>30.10</b>                               |

The following table shows the percentage of Eni's share capital owned, either directly or indirectly, by subjects that as of 25 September 2013 have notified that their holding exceeds the threshold of 2 per cent. pursuant to Article 120 of TUF and to the Issuers Regulation.

| <b>Date</b> | <b>Declarer</b> | <b>% on the<br/>outstanding<br/>shares</b> |
|-------------|-----------------|--|
|             | none .....      | none                                       |

Eni has in place procedures that prevent the abuse of control of major shareholders such as Eni's "*Rules on Transactions with Related Parties*". Furthermore, Eni's by-laws provide for the election of a greater number of independent directors and representatives of the minority shareholders than the rules which are established by law, both on the Board of Directors and on the Board of Statutory Auditors.



## EFI

### Information about the Issuer

EFI was incorporated under the laws of the Kingdom of Belgium on 22 December 1995 for an indefinite duration in the form of a limited liability company. Eni directly owns 33.61306 per cent. of EFI and indirectly owns, through a company incorporated under the laws of The Netherlands, the remaining 66.38694 per cent. EFI has no subsidiaries.

EFI is registered at the “*Registre de Personnes Morales*”, Brussels and has enterprise number 0456.881.777. It has its registered office at rue Guimard 1A, 1040 Brussels, Belgium (telephone number: +32 (0) 2 5510380).

EFI was incorporated under the name “Agip Coordination Center”. On 11 August 1998 it changed its name to “ENI Coordination Center”. On 16 September 2011 it was renamed “eni finance international”.

According to its articles of association, the object of EFI is, *inter alia*, to carry out activities in Belgium and in foreign countries, for the exclusive benefit of companies held directly or indirectly by Eni S.p.A. Such activities consist mainly of the provision of financial services such as granting loans on a short, medium and long term basis, granting financial guarantees, liquidity management, covering of currency risks and interest rates fluctuations, insurance and management of risks and fund raising.

Other such activities include operations in the field of accountancy, administration and financial operations, operations in the field of information technology, leasing of movable assets and real property as well as any activity of a preparatory or auxiliary nature for the companies held directly or indirectly by Eni S.p.A.

EFI's activities principally consist of the provision of finance, the centralising of the liquidities of the group companies and liquidity management. The provision of finance is done through the equity capital of EFI, the Group's Euro Medium Term Notes, the Euro Commercial Paper Programme, the US Commercial Paper Programme, through advances received from Group companies and through financing from banks with which EFI has in place committed and/or uncommitted credit facilities.

EFI is subject to the ordinary Belgian corporate income tax regime and therefore is able to benefit from the notional interest deduction. The notional interest deduction allows Belgian companies to obtain a tax deduction which is calculated on the amount of their equity at a rate that is reset annually and is equal to the average market yield of 10-year Belgian government bonds in euro. However, these developments will not impact on the Belgian withholding tax position as described in the section headed “Belgian Taxation” on pages 120 to 122 below.

### Administrative and management

#### Board of Directors

The table below sets out the names of the members of the current Board of Directors of EFI and their positions:

|                   |                          |
|-------------------|--------------------------|
| Paolo Carmosino   | <i>Chairman</i>          |
| Pierandrea Kolman | <i>Deputy-Chairman</i>   |
| Fabrizio Cosco    | <i>Managing Director</i> |

The business address of all members of the Board of Directors is the registered office of EFI: eni finance international SA, rue Guimard 1A, 1040 Bruxelles, Belgium.

***Relevant positions held by Board Members outside the Group***

None of the Board Members holds relevant positions outside the Group.

***Conflict of interest***

As far as EFI is aware, there are no potential conflicts of interest between any duties of the members of the Board of Directors of EFI towards EFI and their private interests or other duties outside the Group.

**Auditors**

The financial statements of EFI for the financial years ended 31 December 2011 and 31 December 2012 have been audited by Ernst & Young Réviseurs d'Entreprises SCCRL represented by Mr. Jean-François Hubin.

At the General Shareholders' Meeting of 2 April 2010 Ernst & Young Réviseurs d'Enterprises represented by Mr. Jean-François Hubin was appointed for the audit of EFI's statutory financial statements for the years ending 31 December 2010, 31 December 2011 and 31 December 2012. At the General Shareholder's Meeting of 5 April 2013, Ernst & Young Réviseurs d'Entreprises represented by Mr. Jean-François Hubin was appointed for the audit of EFI's statutory financial statements for the years ending 31 December 2013, 31 December 2014 and 31 December 2015.

## BELGIAN TAXATION

The following is a general description of the principal Belgian tax consequences of the purchase, ownership and disposal of the EFI Notes, and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the EFI Notes. The following general description does not describe the tax treatment of securities held by tax residents of Belgium or in connection with a permanent establishment or fixed basis through which a holder carries on business or a profession in the Kingdom of Belgium.

The summary is based on the tax laws and practice of the Kingdom of Belgium in effect on the date of the Base Prospectus, which are subject to change, potentially with retrospective effect. Potential investors in the EFI Notes should consult their tax advisers as to the Belgian and other tax consequences prior to the purchase, ownership and disposal of the Notes including, in particular, the effect of any state or local tax laws.

### Withholding Tax

Withholding tax will be applicable to the EFI Notes at the rate of 25 per cent., subject to such relief as may be available under applicable domestic law or tax treaty provisions. In this regard, “interest” means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the EFI Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

However, all payments by or on behalf of EFI of principal and interest on EFI Notes may be made without deduction of withholding tax for Notes held by certain eligible investors (the “**Eligible Investors**”) in an exempt securities account (an “**Exempt Account**”) with the X/N Clearing System or with a participant in such system (a “**Participant**”).

Eligible Investors are those entities referred to in article 4 of the *Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Belgian Royal Decree of 26 May 1994 on the collection and indemnification of withholding tax) which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° without prejudice to the application of article 262, 1° and 5° of the Income Tax Code of 1992;
- (iii) state regulated institutions (“*institutions parastatales*”, “*parastatalen*”) for social security, or institutions which are assimilated therewith provided for in article 105, 2° of the Royal Decree implementing the Income Tax Code 1992;
- (iv) non-resident investors provided for in article 105, 5° of the same decree;
- (v) investment funds recognised in the framework of pension savings provided for in article 115 of the same decree;
- (vi) tax payers provided for in article 227, 2° of the Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the same code;
- (vii) the Belgian State, in respect of investments which are exempt from withholding tax in accordance with article 265 of the Income Tax Code 1992;

- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations not provided for under (i) when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*:

- private individuals resident in Belgium for tax purposes;
- non-profit making organisations other than those mentioned under (ii) or (iii) above;
- non-incorporated Belgian collective investment schemes ("*fonds de placements/beleggingsfondsen*") and similar foreign funds whose units are publicly offered or marketed in Belgium.

Upon opening of an Exempt Account with the X/N Clearing System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Eligible Investors. However, Participants are required to make annual declarations to the X/N Clearing System as to the eligible status of each investor for whom they hold EFI Notes in an Exempt Account. Such requirements do not apply in respect of Notes held by non-resident Eligible Investors in Euroclear or Clearstream, Luxembourg in their capacity as Participants to the X/N Clearing System, or their sub-participants outside of Belgium, provided that Euroclear or Clearstream, Luxembourg or their sub-participants only hold X-accounts and are able to identify the accountholder. An Exempt Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Notes that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor, and (ii) the Beneficial Owners holding their EFI Notes through it are also Eligible Investors.

## Capital Gains and Income Tax

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the EFI Notes through a Belgian establishment will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes provided that they hold their EFI Notes in an Exempt Account.

## Miscellaneous Taxes

A *taxe sur les opérations de bourse* (tax on stock exchange transactions) at the rate of 0.09 per cent. (subject to a maximum amount of euro 650 per party and per transaction) will be due upon the sale and purchase of Notes entered into or settled in Belgium in which a professional intermediary acts for either party; a separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary. The tax does not apply to primary market transactions.

However, this tax will not be payable by exempt persons acting for their own account, including investors who are not Belgian residents (subject to certain identification formalities) and certain Belgian institutional investors as defined in Article 126.1, 2° of the *Code des droits et taxes divers* (Code of miscellaneous duties and taxes).

The *reportverrichtingen/opérations de reports* through the intervention of a financial intermediary are subject to a tax of 0.085 per cent. (due per party and per transaction) with a maximum of euro 650 per

party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors provided that certain formalities are respected.

### **Application of the Savings Directive to individuals not resident in Belgium**

Please refer to the section “EU Directive on the taxation of savings income” for general information regarding the application of the Savings Directive in Belgium.

## ITALIAN TAXATION

The following is a summary of certain Italian tax consequences of the purchase, ownership and disposition of Eni Notes and EFI Notes (collectively, the “**Notes**”). It is a summary only and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. The following summary does not discuss the treatment of securities that are held in connection with a permanent establishment or fixed base through which a holder carries on business or a profession in Italy.

The summary is based upon the tax laws and practice of Italy as in effect on the date of the Base Prospectus, which are subject to change, potentially with retrospective effect. Prospective investors in the Notes should consult their own advisers as to the Italian or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local tax laws.

### Interest

Interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as “**Interest**”) received outside the conduct of a business activity is deemed to be received for Italian tax purposes at each interest payment date (in the amount actually paid) and also when it is implicitly included in the selling price of the Notes.

Interest received by Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise is taxable on an accrual basis.

### Interest on the Eni Notes

Interest on the Eni Notes received by Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise is included in the taxable base for the purposes of corporate income tax (*imposta sul reddito delle società*, “**IRES**”), generally at 27.5 per cent. (companies operating in certain industries are subject to an additional corporation tax levied at the rate of 6.5 per cent. that is increased to 10.5 per cent. for the three financial years following 31 December 2010) and individual income tax (*imposta sul reddito delle persone fisiche*, “**IRPEF**”, at progressive rates) and — under certain circumstances — of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “**IRAP**”, at the generally applicable rate of 3.9 per cent.; banks or other financial institutions and insurance companies will be subject to IRAP at the special rate of 4.65 per cent. and 5.90 per cent. respectively; regions may vary the IRAP rate of up to 0.92 per cent.). Interest on the Eni Notes that are not deposited with an authorised intermediary, received by the above persons is subject to a 20 per cent. substitute tax levied as provisional tax.

Interest on the Eni Notes is subject to a 20 per cent. substitute tax if the recipient is included among the following categories of Italian residents: individuals, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES. The 20 per cent. substitute tax is applied as a provisional income tax and may be deducted from the taxation on income due in the case of interest received by individuals holding the Eni Notes within the context of a business enterprise.

Interest accrued on the Eni Notes held by Italian investment funds, foreign open-ended investment funds authorised to market their securities in Italy pursuant to the law decree 6 June 1956 no. 476. converted into law 25 July 1956 no. 786, and *società di investimento a capitale variabile* (“**SICAV**”) is not subject to such substitute tax but is included in the aggregate income of the investment fund or SICAV. The investment fund or SICAV will not be subject to tax on the Interest. A withholding tax of 20 per cent.



may apply on income of the investment fund or SICAV derived by unitholders or shareholders through distribution and/or upon redemption or disposal of the units and shares.

Interest on the Eni Notes held by real estate funds to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, is not subject to any substitute tax nor to any other income tax in the hands of the fund. The income of the real estate fund is subject to tax, in the hands of the unitholder, depending on status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Interest on the Eni Notes held by a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and deposited with an authorised intermediary, will not be subject to substitute tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Non-resident holders are not subject to the 20 per cent. substitute tax according to Article 6, paragraph 1, of Legislative Decree No. 239 of 1 April 1996, provided that:

- (a) they are (i) resident in a country which allows an adequate exchange of information with Italy (the “**White List States**”) or, in the case of institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks or other authorities engaged in the management of the official reserves (of a foreign State);
- (b) the Eni Notes are deposited directly or indirectly (i) with a bank or a SIM resident in Italy, (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Finance, or (iii) with a non-resident entity or company which has an account with a centralised clearance system (such as Euroclear or Clearstream, Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance;
- (c) the banks or brokers mentioned in (b)(ii) above receive a self-declaration from the beneficial owner, which states that the beneficial owner is a resident of a state that allows an adequate exchange of information. The declaration, which must be in conformity with the form approved by ministerial decree 12 December 2001, is valid until it is revoked; and
- (d) the banks or brokers mentioned above receive all necessary information to identify the non-resident beneficial owner of the deposited Notes, and all the necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 20 per cent. substitute tax on Interest if any of the above conditions (a), (b), (c) or (d) is not satisfied.

White List States are currently identified by Ministerial Decree of 4 September 1996. However, once the provisions introduced by the Finance Act for 2008 and affecting the regime described above become effective, non-Italian resident beneficial owners of the Notes, without a permanent establishment in Italy to which the Notes are effectively connected will not be subject to the substitute tax on Interest provided that the non-Italian beneficial owners are resident in countries included in the forthcoming Ministerial Decree (the “**Decree**”) that allow an adequate exchange of information with the Italian Tax Authorities. The list of countries included in the above mentioned Decree to be issued will become effective as from the tax period following the one in which the Decree will be enacted. For the five years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Ministerial Decree of 4 September 1996 are deemed to be included in the new white list.

If Interest is paid to investors who are not residents of Italy the rate of withholding tax may be reduced, generally to 10 per cent., under the terms of any applicable convention for the avoidance of double taxation with respect to taxes on income.

### **Interest on the EFI Notes**

Interest on the EFI Notes received by Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise is included in the taxable base for the purposes of IRES, IRPEF and at the rates and in the circumstances discussed in “Interest on the Eni Notes” above.

Interest on the EFI Notes is subject to a 20 per cent. substitute tax if it is received by recipients who are included among the following categories of Italian residents: individuals, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES. The above substitute taxes are final taxes and no additional tax is due by the recipient of the Interest, unless the Interest is received by individual entrepreneurs within the context of a business enterprise.

Interest accrued on the EFI Notes held by Italian investment funds, foreign open-ended investment funds authorised to market their securities in Italy pursuant to the law decree 6 June 1956 no. 476, converted into law 25 July 1956 no. 786, and SICAV is included in the aggregate income of such investment funds or SICAVs. The investment fund or SICAV will not be subject to tax on the Interest. A withholding tax of 20 per cent. may apply on income of the investment fund or SICAV derived by unitholders or shareholders through distribution and/or upon redemption or disposal of the units and shares.

Interest on the EFI Notes held by a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and deposited with an authorised intermediary, will not be subject to substitute tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Interest on the EFI Notes held by real estate funds is not subject to tax in the hands of the fund. The income of the fund is subject to tax, in the hands of the unitholder, depending on status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Interest on the EFI Notes received by non-Italian resident beneficial owners is not subject to taxation in Italy.

### **Capital gains**

A 20 per cent. substitute tax is applicable on capital gains realised on the disposal of Notes by Noteholders included among the following categories of Italian residents: individuals, non-commercial partnerships, non-profit organisations, the Italian State and public entities or entities that are exempt from IRES.

Italian resident companies, commercial partnerships or individual entrepreneurs within the context of a business enterprise are subject to two different tax regimes on capital gains arising on the disposal of Notes. If the Notes are accounted for as a fixed asset in the balance sheet of the investors, the gains will form part of the aggregate income subject to IRES. The gains are calculated as the difference between the acquisition cost and the sale price. The gains may be taxed in equal instalments over five fiscal years if the Notes have been accounted for as fixed assets in the balance sheets relating to the three tax years preceding the tax year during which the disposal is effected. If the Notes are accounted for as stock-in-trade, corporate investors will be subject to IRES on an amount calculated with reference to the sale price

and the variation of the stock. In this case, banks or other financial institutions and insurance companies will be subject to IRAP at the special rate of 4.65 per cent. and 5.90 per cent. respectively (regions may vary the IRAP rate of up to 0.92 per cent.).

Capital gains realised on the Notes held by Italian investment funds, foreign open-ended investment funds authorised to market their securities in Italy pursuant to the law decree 6 June 1956 no. 476, converted into law 25 July 1956 no. 786, and SICAV are included in the aggregate income of the investment fund or SICAV. The investment fund or SICAV will not be subject to tax on the Interest. A withholding tax of 20 per cent. may apply on income of the investment fund or SICAV derived by unitholders or shareholders through distribution and/or upon redemption or disposal of the units and shares.

Capital gains on the Notes held by real estate funds to which the provisions of Law Decree No. 1 of 25 September 2001, as subsequently amended, apply, is not subject to any substitute tax nor to any other income tax in the hands of the fund. The income of the fund is subject to tax, in the hands of the unitholder, depending on status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Capital gains on the EFI Notes held by a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Eni Notes are deposited with an authorised intermediary, Interest relating to the Eni Notes and accrued during the holding period will not be subject to substitute tax, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Capital gains realised by non-residents from the sale of the Eni Notes are in principle subject to a 20 per cent. tax. However, such gains are exempt from tax in Italy if:

- (a) the Notes are listed on a regulated market;
- (b) the Notes are not listed on a regulated market but the Noteholder is entitled to the exemption from the 20 per cent. substitute tax on Interest pursuant to Article 6, paragraph 1, of Legislative Decree No. 239 of 1 April 1996; or
- (c) the Noteholder does not have a permanent establishment in Italy to which the Notes are connected and may benefit from a double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient.

## **Payments under the Guarantee**

There is no direct authority on the point regarding the Italian tax regime of payments made by Eni under the guarantee. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments made to certain Italian resident Noteholders by Eni as a Guarantor in respect of the Notes, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 20 per cent. levied as provisional tax, pursuant to Presidential Decree No. 600 of 29 September 1973, as amended. Double taxation conventions entered into by Italy may apply allowing for a lower (or in certain cases nil) rate of withholding tax.

In accordance with another interpretation, any such payment made by Eni as a Guarantor should be treated, in certain circumstances, as a payment by the issuer and made subject to the tax treatment described under "Interest on the EFI Notes" above.

Eni will not be liable to pay any additional amounts to Noteholders under the Guarantee in relation to any such withholding tax if such tax were to apply to any amounts payable in respect of EFI Notes. Eni will not be liable to pay any amount in relation to stamp duty payable on transfers of any Notes within the Republic of Italy.

### **Transfer Tax**

Under certain circumstances, the transfer deed may be subject to registration tax at the euro 168.00 flat rate (to be increased to euro 200 in the case of conversion into law of Law Decree n.104 of 12 September 2013).

### **Inheritance and Gift Tax**

The transfer of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding euro 1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding euro 100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree;
- (d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding euro 1,500,000.

Moreover, an anti-avoidance rule is provided by Law No. 383 of 18 October 2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree No. 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

## LUXEMBOURG TAXATION

*The statements herein regarding withholding tax considerations in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of the Notes should consult its tax adviser as to the Luxembourg tax consequences of the ownership and disposition of the Notes.*

### General

Under the Luxembourg tax law which is currently in effect, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) and upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes, subject to the following exceptions applicable to individual recipients or certain entities:

### Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 (the “**2005 Law**”) implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain “residual entities” resident or established in another Member State of the European Union or in certain EU dependant or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in the case of an individual beneficiary, the tax certificate procedure. “Residual entities” within the meaning of Article 4.2 of the Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not and have not opted to be treated as UCITS recognised in accordance with Council Directive 85/611/EEC as replaced by Council Directive 2009/65/EC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the conclusion of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Responsibility for the withholding of tax in application of the 2005 Law is assumed by the Luxembourg paying agent within the meaning of the 2005 Law and not by the Issuer.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### Luxembourg resident individuals

A 10 per cent. withholding tax (the “**10 per cent. Luxembourg Withholding Tax**”) is due on interest payments made by Luxembourg paying agents (as defined in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with

the Council Directive 85/611/EC as replaced by Council Directive 2009/65/EC or for the exchange of information regime).

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax (the “**10 per cent. Tax**”) on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

The 10 per cent. Luxembourg Withholding Tax or the 10 per cent. Tax represents the final tax liability on interest received for the Luxembourg individual resident taxpayers, receiving the payment within the framework of their private estate. Individual Luxembourg resident owners of the Notes receiving the interest as business income must include this interest in their taxable basis. If applicable, the 10 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Responsibility for the withholding of tax in application of the law of 23 December 2005 as amended is assumed by the Luxembourg paying agent within the meaning of that law and not by the Issuer.



## EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

### EU Savings Directive

Under the Savings Directive, each Member State is required, to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the Savings Directive) paid by a Paying Agent (within the meaning of the Savings Directive) established within its jurisdiction to, or collected by, such a Paying Agent (within the meaning of the Savings Directive) for an individual resident or Residual Entities (within the meaning of Article 4.2 of the Savings Directive) established in that other Member State. except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

The European Commission announced on 13 November 2008 proposals to amend the Savings Directive. The European Parliament approved an amended version of this proposal on 24 April 2009. If implemented, the proposed amendments would, *inter alia* (i) extend the scope of the Savings Directive to payments made through certain intermediate structures (whether or not established in a EU Member State) for the ultimate benefit of an EU resident individual, and (ii) provide for a wider definition of interest subject to the Savings Directive. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment to an individual were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

### Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, for interest paid from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax. Instead, they shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## TAXATION — FATCA

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the Common Depositary or Common Safekeeper, as the case may be, given that each of the entities in the payment chain beginning with the Issuer and ending with the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

## **TAXATION — THE PROPOSED FINANCIAL TRANSACTION TAX (the “FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## PLAN OF DISTRIBUTION

### Summary of Distribution Agreement

Subject to the terms and conditions contained in a Distribution Agreement dated 18 October 2013 (as amended or supplemented) (the “**Distribution Agreement**”) between the Issuers, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continual basis by the Issuers to the Permanent Dealers. However, each Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuers through the Dealers, acting as agents of the relevant Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Each Issuer and the Guarantor have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment and update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Each Issuer and the Guarantor (as regards EFI and itself in its capacity as Issuer and Guarantor) have agreed jointly and severally to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### United States

Without prejudice to the section entitled “General” below, the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Issuer, by the Fiscal Agent or, in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period as defined by Regulation S under the Securities Act a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance upon Regulation S.

In addition, until 40 days after the commencement of the offering for any Tranche, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States. The relevant Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

### **Public Offer Selling Restriction under the Prospectus Directive**

Without prejudice to the section entitled “General” below, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measures in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## United Kingdom

Without prejudice to the section entitled “General” below, in relation to each Tranche of Notes, each Dealer subscribing for or purchasing such Notes has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

## Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation. Without prejudice to the section entitled “General” below, each Dealer has represented and agreed that it will not offer, sell or deliver any Notes or distribute any copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy except to qualified investors (*investitori qualificati*) as referred to in Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”) or in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the “**Financial Services Act**”) and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other competent authority.

## Belgium

Neither this Base Prospectus nor any other offering material related to the Notes has been nor will be notified to, and neither this Base Prospectus nor any other offering material related to the Notes has been nor will be approved or reviewed by, the Financial Services and Markets Authority (*Autorité des Services et Marchés Financiers/Autoriteit voor Financiële Diensten en Markten*). The Financial Services and Markets Authority has not commented as to the accuracy or adequacy of any such material or recommended the purchase of the Notes nor will the Financial Services and Markets Authority so comment or recommend. Any representation to the contrary is unlawful.

Without prejudice to the section entitled “General” below, the Notes may not be distributed, directly or indirectly, to any individual or legal entity, in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of securities and the admission of securities to trading on regulated markets (*Loi relative aux offres publiques d’instruments de placement et aux admissions d’instruments de placement à la négociation sur des marchés réglementés/Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van*



*beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*), as amended or replaced from time to time (the “**Prospectus Law**”), save in those circumstances set out in Article 3 §2 of the Prospectus Law and each of the Dealers has represented and agreed that it has not advertised, offered, sold or resold, transferred or delivered and will not advertise, offer, sell, resell, transfer or deliver the Notes, directly or indirectly, to any individual or legal entity in Belgium other than:

to qualified investors as defined in Article 10 of the Prospectus Law acting for their own account; or  
to investors required to invest a minimum of euro 100,000 (per investor and per transaction); or  
in any other circumstances set out in Article 3 §2 of the Prospectus Law.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Without prejudice to the section entitled “General” below, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## General

EFI Notes may only be held by or offered and sold to Qualifying Investors.

These selling restrictions may be modified by the agreement of the relevant Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has represented, warranted and agreed that it shall, to the best of its knowledge having made all reasonable enquiries, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and none of the Issuers, the Guarantor or any other Dealer shall have responsibility therefor.

## FORM OF FINAL TERMS

### FINAL TERMS DATED [•]

[Eni S.p.A./eni finance international SA]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by Eni S.p.A.]

**under the euro 15,000,000,000 Euro Medium Term Note Programme**  
**Due from more than 12 months from the date of original issue**

## PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 18 October 2013 [and the Supplement(s) to the Base Prospectus dated [•]<sup>1</sup>] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the Supplement(s) to the Base Prospectus] [is] [are] available for viewing at the offices of the Paying and Transfer Agent in Luxembourg.]<sup>2</sup> The Base Prospectus and, in the case of Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange in compliance with the requirements of the Luxembourg Stock Exchange, these Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated 19 October 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated 18 October 2013 [and the Supplement(s) to the Base Prospectus dated [•]]<sup>1</sup>, which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated 19 October 2012. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated 19 October 2012 and 18 October 2013 [and the Supplement(s) to the latter Base Prospectus dated [•] and [•]]. The Base Prospectuses [and the Supplement(s) to the Base Prospectuses] are available for viewing at the offices of the Paying and Transfer Agent in Luxembourg.]<sup>2</sup> The Base Prospectus and, in the case of Notes listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange in compliance with the requirements of the Luxembourg Stock Exchange, these Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

*(When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

- |   |  |   |
|---|--|---|
| 1 | [(i)] Series Number:   | [•]   |
|   | [(ii)] Tranche Number:   | [•]   |
|   | [(iii)] Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below, which is expected to occur on or about [date]]/[Not Applicable] |
| 2 | Specified Currency or Currencies:  | [•]   |
| 3 | Aggregate Nominal Amount of Notes admitted to trading:                         | [•]   |
|   | [(i)] Series:  | [•]   |
|   | [(ii)] Tranche:  | [•]   |
| 4 | Issue Price:   | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]  |
| 5 | (i) Specified Denominations:   | [•] [and integral multiples of [•] in excess thereof up to and including [•].] No Notes in definitive form will be issued with a denomination above [•]<br><br><i>(Not to be less than euro 100,000 or its equivalent in other currencies)</i>  |
|   | (ii) Calculation Amount:   | [•]   |
| 6 | [(i)] Issue Date:  | [•]   |
|   | [(ii)] Interest Commencement Date:   | [Specify/Issue Date/Not Applicable]   |
| 7 | Maturity Date:   | <i>(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year)</i><br><br><i>(Not to be less than 12 months from the Issue Date)</i>   |
| 8 | Interest Basis:  | [[•] per cent. Fixed Rate]<br>[[Specify reference rate] +/- [•] per cent. Floating Rate]<br>[Zero Coupon]   |
| 9 | Redemption/Payment Basis:  | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount  |

- |    |  |   |
|----|--|---|
| 10 | Change of Interest Basis:  | [•]/Not Applicable]   |
| 11 | Put/Call Options:  | [Investor Put]<br>[Issuer Call]   |
| 12 | [Date [Board] approval for issuance of Notes [and Guarantee] obtained] | [•] [and [•] respectively]<br><i>(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)</i> |
| 13 | Method of distribution:  | [Syndicated/Non-syndicated]   |

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- |    |  |  |
|----|--|--|
| 14 | Fixed Rate Note Provisions             | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>   |
|    | (i) Rate[(s)] of Interest:             | [•] per cent. per annum payable in arrear on each Interest Payment Date  |
|    | (ii) Interest Payment Date(s):         | [•] in each year [adjusted in accordance with <i>(specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day")</i> ]/not adjusted]  |
|    | (iii) Fixed Coupon Amount[(s)]:        | [•] per Calculation Amount   |
|    | (iv) Broken Amount(s):                 | [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]  |
|    | (v) Day Count Fraction:                | [30/360/Actual/Actual(ICMA/ISDA)/other] <sup>3</sup>   |
|    | (vi) Determination Dates:              | [•] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ICMA)</i> |
| 15 | Floating Rate Note Provisions          | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>   |
|    | (i) Interest Period(s):                | [•]  |
|    | (ii) Specified Interest Payment Dates: | [•]  |
|    | (iii) First Interest Payment Date:     | [•]  |
|    | (iv) Interest Period Date:             | [•] <i>(Not applicable unless different from Interest Payment Date)</i>  |
|    | (v) Business Day Convention:           | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]  |
|    | (vi) Business Centre(s):               | [•]  |

|           |  |  |
|-----------|--|--|
| (vii)     | Manner in which the Rate(s) of interest is/are to be determined:   | [Screen Rate Determination/ISDA Determination]   |
| (viii)    | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [•]  |
| (ix)      | Screen Rate Determination:   |  |
|           | – Reference Rate:  | [LIBOR/EURIBOR]  |
|           | – Interest Determination Date(s):  | [•]  |
|           | – Relevant Screen Page:  | [•]  |
| (x)       | ISDA Determination:  |  |
|           | – Floating Rate Option:  | [•]  |
|           | – Designated Maturity:   | [•]  |
|           | – Reset Date:  | [•]  |
|           | – ISDA Definitions:  | 2006   |
| (xi)      | Margin(s):   | [+/-][•] per cent. per annum   |
| (xii)     | Minimum Rate of Interest:  | [•] per cent. per annum  |
| (xiii)    | Maximum Rate of Interest:  | [•] per cent. per annum  |
| (xiv)     | Day Count Fraction:  | [•]  |
| <b>16</b> | Zero Coupon Note Provisions:   | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i)       | Amortisation Yield:  | [•] per cent. per annum  |
| (ii)      | Any other formula/basis of determining amount payable:   | [Applicable/Not Applicable]  |

## PROVISIONS RELATING TO REDEMPTION

|           |   |  |
|-----------|---|--|
| <b>17</b> | Call Option   | [Applicable/Not Applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i)       | Optional Redemption Date(s):  | [•]  |
| (ii)      | Optional Redemption Amount(s) per Calculation Amount of each Note and method, if any, of calculation of such amount(s): | [•]  |

- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period:<sup>4</sup> [•]
- 18** Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period:<sup>4</sup> [•]
- 19** Final Redemption Amount: [•] per Calculation Amount
- (i) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (ii) Determination Date(s): [•]
- (iii) Minimum Final Redemption Amount: [•] per Calculation Amount
- (iv) Maximum Final Redemption Amount: [•] per Calculation Amount
- 20** Early Redemption Amount [•]
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 21 Form of Notes

[Bearer Notes]

New Global Note:

[Yes] [No]<sup>36</sup>

[Temporary Global Note exchangeable [upon certification as to non-U.S. beneficial ownership]<sup>5</sup> for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]\*

<sup>36</sup> You should select "yes" opposite "New Global Note" if you have selected "yes" to the section under the heading "Operational Information entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

[Temporary Global Note exchangeable [upon certification as to non-U.S. beneficial ownership]<sup>5</sup> for Definitive Notes on [•] days' notice]\*

[Permanent Global Note exchangeable [upon certification as to non-U.S. beneficial ownership]<sup>5</sup> for Definitive Notes on [•] days, notice/at any time/in the limited circumstances specified in the Permanent Global Note]\*

*\*In relation to any issue of Notes exchangeable for Definitive Notes in accordance with this option, such Notes may only be issued in denominations equal to, or greater than, euro 100,000 (or equivalent) and integral multiples thereafter.*

[Registered Notes]

[Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]

[In the case of Bearer Notes whether Bearer Notes in definitive form may be exchanged for Registered Notes in accordance with Condition 2(a):]

[Yes/No.]

**22** Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable. (Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraph 15 (vi) relates)

**23** Talons for future Coupons to be attached to Definitive Notes:

[Yes/No.]<sup>6</sup>



## **[Listing and Admission to Trading Application**

These Final Terms comprise the final terms required to list and have admitted to trading on the [specify relevant regulated market] the issue of Notes described herein pursuant to the euro 15,000,000,000 Euro Medium Term Note Programme of Eni S.p.A. (as Issuer and as Guarantor of Notes issued by eni finance international SA) and eni finance international SA.]

Signed on behalf of the Issuer:

By:

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Duly authorised

[Signed on behalf of the Guarantor:

By:

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Duly authorised]

## PART B — OTHER INFORMATION

### 1 Listing and admission to trading

- (i) Listing: [The Official List of the Luxembourg Stock Exchange/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•].] [Not Applicable.]
- [The Notes will be consolidated and form a single Series with the existing issue of [•] [•] [•] per cent. Notes due [•], [•] on [•], [•].]
- (iii) Estimate of total expenses related to admission to trading: [•]

### 2 Ratings

- Ratings: The Notes to be issued have been rated:
- [S & P: [•]]
- [Moody's: [•]]
- [[Other]: [•]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [and endorsed by [insert details]]<sup>37</sup>
- [[Insert credit rating agency] is established in the European Union and is registered under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”).]
- [[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”).]
- [[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

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<sup>37</sup> Insert this wording where one or more of the ratings included in the Final Terms has been endorsed by an EU registered credit rating agency for the purposes of Article 4(3) of the CRA Regulation.

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”) but the rating issued by it is endorsed by [insert endorsing credit rating agency] which is established in the European Union and [is registered under the CRA Regulation] [has applied for registration under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EU) No 1060/2009 (the “**CRA Regulation**”) but is certified in accordance with the CRA Regulation.]

[[Insert Credit Rating Agency] is not established in the European Union and is not certified under Regulation (EU) No. 1060/2009 (the “**CRA Regulation**”) and the rating given by it is not endorsed by a Credit Rating Agency established in the European Union and registered under the CRA Regulation.]<sup>38</sup>

### 3 [Interests of Natural and Legal Persons involved in the [issue/offer]]

*(Need to include a description of any interest, including a conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

*“Save as discussed in “Plan of Distribution”, so far as the Issuer [and the Guarantor] is aware no member of the Group involved in the initial offer of the Notes has an interest material to such initial offer.” [Amend as appropriate if there are other interests])*

*(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplemental to the Base Prospectus under Article 16 of the Prospectus Directive)*

### 4 Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i) Reasons for the offer: (See “Use of Proceeds” wording in Base Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds: [•]]

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<sup>38</sup> Insert for Notes which are admitted to trading on a regulated market within the EU and which have been assigned a rating.

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

|   |   |  |
|---|---|--|
|   | [(iii)] Estimated total expenses:   | [•]  |
| 5 | Fixed Rate Notes only — YIELD Indication of yield:                        | [•]<br><br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.   |
| 6 | Operational information   |  |
|   | Intended to be held in a manner which would allow Eurosystem eligibility: | [Yes] [No]<br><br>Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [or registered in the name of a nominee of one of the ICSDs acting as common safekeeper (that is, held under the NSS)] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria<br><br>[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] |
|   | ISIN Code:  | [•]  |
|   | Common Code:  | [•]  |

|   |   |
|---|---|
| Any clearing system(s) other than Euroclear Bank SA/N.V., Clearstream Banking, <i>société anonyme</i> and the X/N System and the relevant identification number(s): | [Not Applicable/give name(s) and number(s) [and address(es)]] |
|---|---|

|           |                                    |
|-----------|------------------------------------|
| Delivery: | Delivery [against/free of] payment |
|-----------|------------------------------------|

|   |     |
|---|-----|
| Names and addresses of additional Paying Agent(s) (if any): | [•] |
|---|-----|

**7. Distribution**

|   |  |
|---|--|
| (i) Method of distribution:                     | [Syndicated/Non-syndicated]  |
| (ii) If syndicated, names of Managers:          | [Not Applicable/give names]  |
| (iii) Date of [Subscription] Agreement:         | [•]  |
| (iv) Stabilising Manager(s) (if any):           | [Not Applicable/give name]   |
| (v) If non-syndicated, name of relevant Dealer: | [Not Applicable/give name]   |
| (vi) U.S. Selling Restrictions:                 | [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable] |

**Notes:**

- (1) Only include details of a Supplement to the Base Prospectus in which the Conditions have been amended for the purposes of all future issues under the Programme.
- (2) Article 14.2 of the Prospectus Directive provides that a Base Prospectus is deemed available to the public when, *inter alia*, made available (i) in printed form free of charge at the offices of the market on which securities are being admitted to trading; OR (ii) at the registered office of the Issuer and at the offices of the Paying Agents; OR (iii) in an electronic form on the Issuer's website. Article 16 of the Prospectus Directive requires that the same arrangements are applied to Supplements to the Base Prospectuses.
- (3) For the following types of Notes which are denominated in euro and which clear through the XIN Clearing System, the Day Count Fraction must be:
  - Fixed Rate Notes with a maturity of more than one year: the actual number of days elapsed divided by the actual number of days in the period from and including the immediately preceding Interest Payment Date (or, if none, the immediately preceding anniversary of the first Interest Payment Date) to but excluding the next scheduled Interest Payment Date.
  - Floating Rate Notes or any Notes with a maturity of one year: the actual number of days in the Calculation Period divided by 360 ("Actual/360").
- (4) If setting notice periods which are different to those provided in the terms and conditions, Issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent.
- (5) Include if TEFRA D relevant to the Series.
- (6) Talons should be specified if there will be more than 26 coupons or if the total interest payments may exceed the principal due on early redemption.

## OVERVIEW OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN THE “RELAZIONE FINANZIARIA ANNUALE” AND THE “ANNUAL REPORT ON FORM 20-F” AND BETWEEN THE “RELAZIONE FINANZIARIA SEMESTRALE CONSOLIDATA AL 30 GIUGNO” AND THE “INTERIM CONSOLIDATED REPORT AS OF 30 JUNE” OF ENI

Certain significant differences exist between the annual report on Form 20-F of Eni expressed in the English language filed with the U.S. Securities and Exchange Commission (“SEC”) pursuant to the U.S. Securities Exchange Act of 1934 (the “**Annual Report on Form 20F**”), and the Italian annual report of Eni expressed in the Italian language (the “**Relazione finanziaria annuale**”) filed in accordance with Italian laws and listing requirements.

Further, other certain significant differences exist between the unaudited interim consolidated financial statements of Eni expressed in the English language as contained in the “Interim Consolidated Report at 30 June” of Eni (the “**Interim Accounts**”) furnished on Form 6-K with the SEC and the unaudited interim consolidated financial statements of Eni expressed in the Italian language as contained in the “*Relazione finanziaria semestrale consolidata al 30 giugno*” (the “**Relazione Semestrale**”).

### Annual Report on Form 20F

The Annual Report on Form 20-F is prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by International Accounting Standards Board which may differ in some respect from IFRS as adopted by the EU. Such differences are described in the section “Basis of presentation” in the Annual Report and in the *Relazione finanziaria annuale*.

The Annual Report on Form 20-F does not contain the section of the *Relazione finanziaria annuale* relating to the separate financial statements of the parent company Eni.

The Annual Report on Form 20-F includes the Reports of the Independent Auditors on the consolidated financial statements and on internal control over financial reporting (based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization of the Treadway Commission (the “**COSO criteria**”)), both issued in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Annual Report on Form 20-F does not contain certain other information, such as the report of the *Collegio Sindacale* (the Board of Statutory Auditors) on the separate financial statements of the parent company and certain attachments to the consolidated financial statements, relating to i) certain company information about subsidiaries and affiliates directly or indirectly owned by Eni at year end and, ii) the changes in Eni consolidation during the year.

### Interim Accounts

The Interim Accounts do not contain certain attachments included in the *Relazione Semestrale*, relating to i) certain company information about the subsidiaries and affiliates directly or indirectly owned by Eni at the end of the period and, ii) the changes in the Eni consolidation area during the period.

## GENERAL INFORMATION

- (1) Each of the Issuers and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the amending and updating of the Programme and, in the case of EFI Notes, the giving of the Guarantee relating to the Programme. The establishment, amending and updating of the Programme, and the giving of the Guarantee relating to the Programme, was authorised by resolutions of the Board of Directors of Eni passed on 22 September 1999, 18 October 2000, 17 October 2001, 31 July 2002, 17 September 2003, 21 September 2005, 11 October 2006, 7 June 2007, 30 July 2009 and 15 March 2012. The establishment, amending and updating of the Programme was authorised by resolutions of the Board of Directors of EFI passed on 12 October 1999, 30 October 2000, 24 October 2001, 10 September 2002, 8 October 2003, 8 September 2005, 11 October 2007 and 12 October 2009.
- (2) Save as disclosed on pages 94 to 95 (inclusive) of this Base Prospectus, there has been no significant change in the financial or trading position of either of the Issuers, of the Guarantor or of the Group since 30 June 2013 and no material adverse change in the prospects of either of the Issuers, the Guarantor or of the Group since 31 December 2012.
- (3) Save as disclosed in the section entitled “Legal Proceedings” in each of the Annual Reports ended 31 December 2012 and Interim Accounts ended 30 June 2013 incorporated by reference herein, as set out respectively on pages 43 to 47 of this Base Prospectus, neither of the Issuers, the Guarantor or any of their respective consolidated subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either of the Issuers or the Guarantor is aware) during the 12 months preceding this Base Prospectus which may have or have had significant adverse effects in the context of the issue of the Notes on the financial or trading position of the Group.
- (4) Neither of the Issuers, the Guarantor or any of their respective consolidated subsidiaries has, since 31 December 2012, entered into any contracts outside the ordinary course of business that could have a material adverse effect on the ability of either of the Issuers or the Guarantor to meet their obligations under Notes issued under the Programme.
- (5) The Dealers and their respective affiliates, including parent companies, engage and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuers, the Guarantor and their affiliates and may perform services for them, in each case in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates, including parent companies, may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Guarantor, or the Issuers’ or the Guarantor’s affiliates. Certain of the Dealers or their affiliates (including parent companies) that have a lending relationship with the Issuers or the Guarantor routinely hedge their credit exposure to the Issuers or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



- (6) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg, systems. The Common Code and the International Securities Identification Number (ISIN) (and (when applicable) the identification number for any other relevant clearing system including the X/N Clearing System) for each Series of Notes will be set out in the relevant Final Terms.

The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg, is 42 Avenue JF Kennedy, L-1855 Luxembourg, and the address of the National Bank of Belgium is 14 Boulevard de Berlaimont, B-1000, Brussels, Belgium. The address of any alternative clearing system will be specified in the applicable Final Terms.

- (8) Copies of the English version of the consolidated audited annual accounts (as contained in the Annual Report) of Eni as at 31 December 2011 and 2012, copies of the English versions of the by-laws of each of the Issuers, copies of the English language version of the Interim Accounts of Eni for the six months ended 30 June 2012 and 2013, copies of the English version of the non-consolidated audited annual accounts of EFI as at 31 December 2011 and 2012, copies of the English version of the unaudited non-consolidated interim accounts for EFI for the six months ended 30 June 2012 and 30 June 2013 and copies of the Annual Reports, for the financial years ended 31 December 2011 and 2012 on Form 20-F in relation to Eni, including the exhibits thereto, may be obtained, and copies of the Agency Agreement, the Deed of Covenant and the Guarantee will be available for inspection, at the specified offices at the relevant addresses indicated on the back cover page of this Base Prospectus of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The unaudited non-consolidated interim financial information of EFI included herein has been prepared only for the purposes of this Base Prospectus. EFI does not currently produce financial statements on a consolidated basis with its subsidiaries (as it currently has no subsidiaries).
- (9) Reconta Ernst & Young S.p.A. (authorised and regulated by MEF registered on the special register of accounting firms held by MEF) succeeded PricewaterhouseCoopers S.p.A. as independent auditors of Eni with effect from 29 April 2010, having been appointed at the shareholders' meeting of Eni held on 29 April 2010. They have audited and issued unqualified reports on the consolidated financial statements of Eni as of and for the years ended 31 December 2012 and 2011, which are included by reference in the Prospectus. EFI's shareholders' meeting duly held on 2 April 2010 appointed Ernst & Young, Réviseurs d'Entreprises SCCRL (authorised and regulated by the Institut des Réviseurs d'Entreprises of Belgium) as auditors of EFI for the years 2010, 2011 and 2012. They have audited and rendered an unqualified audit report on the statutory financial statements of EFI as of and for the year ended 31 December 2012, 31 December 2011 and 31 December 2010 of which the audit reports for the years ended 31 December 2012 and 31 December 2011 are included by reference in the Prospectus. EFI's shareholder's meeting duly held on 5 April 2013 appointed Ernst & Young, Réviseurs d'Entreprises (authorised and regulated by the Institut des Réviseurs d'Entreprises of Belgium) as auditors of EFI for the years ending 31 December 2013, 31 December 2014 and 31 December 2015.
- (10) EFI Notes may only be held by or for the account of a Qualifying Investor. Notes held by or for the account of an investor which is not a Qualifying Investor may be subject to early redemption.

- (11) The Dealers and their respective affiliates, including parent companies, engage and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuers and their affiliates and may perform services for them, in each case in the ordinary course of business.
- (12) In compliance with the requirements of the Luxembourg Stock Exchange, this Base Prospectus is and, in the case of Notes listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the relevant Final Terms will also be, available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**CERTIFICATION RENDERED BY ENI'S CHIEF FINANCIAL OFFICER, IN HIS QUALITY AS  
MANAGER RESPONSIBLE FOR THE PREPARATION OF FINANCIAL REPORTS, PURSUANT  
TO ARTICLE 154-BIS PARAGRAPH 2 OF LEGISLATIVE DECREE No. 58/1998.**

The undersigned, Massimo Mondazzi, in his quality as Chief Financial Officer of Eni and manager responsible for the preparation of financial reports, certifies that the financial consolidated data disclosed in this Euro Medium Term Note Programme due from more than 12 months from the date of original issue corresponds to the company's evidence and accounting books and entries. This financial consolidated data has been extracted from the 2012 audited annual report and from the Interim Accounts for the first half of 2013, both prepared in accordance with criteria 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 19 July 2002 and in accordance with Article 9 of Legislative Decree No. 38/2005.

This Euro Medium Term Note Programme was prepared in accordance with rules provided for by the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**").

Date: 18 October 2013

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Massimo Mondazzi  
Title: Chief Financial Officer

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