Good afternoon, and welcome to our first quarter results presentation.

Economic results and cash flow are presented, as we did at the end of 2015, on a stand-alone basis.

This means that:

- Versalis is excluded both in 2015 and 2016 and
- Saipem is excluded in 2015 and equity accounted in 1st quarter 2016

In this quarter, we continued to perform in line with our strategy, progressing in all our businesses and delivering positive operating results in each of them. In particular:

In E&P we achieved, as planned, the start-up of Goliat in Norway, Heidelberg in US, Mpungi in block 15/06 in Angola and Meleiha Deep in Egypt. These, together with the contribution from ramp-ups, contributed to a volume growth of 3.4% vs 1Q 2015, or 1.3% net of PSA effects.

- Development activities are progressing well: we confirm all the start-ups we planned this year including Kashagan, which is expected on stream within the last quarter of this year.
- Talking about Zohr, after the final investment decision taken in February, we are preparing the fourth well, whilst speeding up the award of the main construction contracts, both on- and offshore.
- As for Exploration, we drilled three successful wells and other positive results are expected in the second quarter. In terms of guidance, we are very well on track to
exceed the yearly guidance of 400 Mboe of additional resources at a cost of around 900 Meuro or less.

In Mid-downstream, all segments were profitable, achieving around 350 million euro of EBIT thanks to:

- In G&P, a good quarter in a weak scenario, that confirms the turnaround pace of this business that was driven by the improved competitiveness of our gas contracts and a good result in retail;
- In R&M, good performances in both refining and marketing, the former confirming the expected 2016 breakeven at the margin of 4.5 $ per barrel.
- Overall, the company generated an operating cash flow of 1.3 billion euro, at a very depressed scenario of 34 $ Brent, and kept the leverage almost flat to 23%.

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And now a few comments on the quarter’s economic and financial results

Q1’s adjusted operating profit amounted to 472 million euro, around 1 billion euro lower than last year. This drop was driven by the negative scenario which accounted for around 1.6 billion euro, mainly referred to upstream, but partially compensated by our stronger industrial performance that improved by 0.6 billion euro.

All our businesses recorded positive adjusted operating profits, reflecting the progress of our turnaround programs.
In E&P, Hydrocarbon production was 1,754 kboe/d, 3.4% higher compared to the first quarter of 2015.

Excluding PSA and other minor effects, production increased by 1.3% mainly thanks to:
- The start-up of Goliath and
- Production ramp-ups in Angola, Congo, Egypt and Venezuela

Operating profit was affected by the decline in oil and gas prices, which accounted for 1.5 billion euro vs 1Q 2015, but partially counterbalanced by 0.5 bln euro deriving from lower exploration, DD&A and operating costs.

2016 production guidance is substantially confirmed, even if we assume a Val d’Agri shut down, due to the current legal investigation, lasting for the full year.

The negative impact in this hypothesis would be in the range of 50 kboed but it could be substantially absorbed by the production contingency and by expected better performance in other fields worldwide.

The timing of the legal procedure in Val d’Agri cannot be predicted today.

The adjusted net loss amounted to 77 million euro and was penalized by the already anticipated higher tax rate paid on positive results in PSAs mixed with some negative results in concessions, which are subject to lower taxation.

In G&P, the scenario was depressed:
- TTF and PSV were down both versus Q4 and Q1 of last year, and the spread between the two hubs narrowed to 50 dollar cents per Mbtu.
- Gas demand in Europe was lower than Q1 2015 due to a mild winter and high output of renewables in the power sector, particularly in Germany and Spain.

In this scenario, the adjusted operating profit amounted to 285 million euro, almost in line with Q1 2015 despite the warmer weather and the lower positive non-recurring items for around 110 million euro, inclusive of the effect of the Edison arbitration currently under further renegotiation.

This improvement has been achieved thanks to the upgrade of our gas portfolio renegotiated so far, lowered logistic costs and trading activities.

In terms of guidance, we confirm a positive adjusted ebit in 2016 thanks also to the retroactive contribution of GasTerra arbitration, forecasted by the second quarter this year, as well as the structural breakeven from 2017.

Turning now to R&M

This business, excluding the effects a the significant decrease of the refining margin from 7.6 $/bbl (6.6 after hedging) to 4.2 $/bbl, showed an improvement year on year, with an adjusted operating profit of 66 million euro.

In particular:
- Refining has benefitted from the ongoing progress on site turnaround, with an adjusted operating result substantially at breakeven. This is notwithstanding a capacity utilization rate which was down 9 percentage points versus first quarter 2015 at 87%. This was due to higher maintenance activities triggered by the weak scenario, while…
...Marketing has been better than in 1Q 2015, benefitting from higher retail margins in Italy.

We confirm our target for a 2016 refinery breakeven margin at around 4.5 $/bl, on track with our program of lowering it to 3 $/bl by 2018.

Finally, our financial position.

Net debt at the end of March was 12.2 bln €, implying an almost flat leverage at 23%.

The 500 mln € increase in debt versus year end 2015 is attributable mainly to a capital expenditure of 2.5 billion €, significantly counterbalanced by:

- cash flow from operations of 1.3 billion €
- a cash-in of 0.34 billion €, mainly from the conversion of the latest Snam shares, and…
- …the effect of euro appreciation on the US$ denominated debt of around 250 million €.

All businesses, apart from E&P, contributed a positive free cash flow in this quarter.

For the full year, we confirm our guidance to cover capex at 50 $/bbl with our cash flow from operations.

And now let’s start the Q&A session.

Questions and Answers session

CORPORATE PARTICIPANTS:

Massimo Mondazzi - Eni S.p.A, Chief Financial & Risk Management Officer
Umberto Vergine - Eni S.p.A, Chief Midstream Gas & Power Officer
Antonio Vella - Eni S.p.A, Chief Upstream Officer
Alberto Roselli - Eni S.p.A, Senior Project Manager, R&M Division

CONFERENCE CALL PARTICIPANTS:

Oswald Clint - Sanford Bernstein, Analyst
Biraj Borkhataria - RBC Capital Markets, Analyst
Hamish Clegg – Bank of America Merrill Lynch, Analyst
Irene Himona - Société Générale, Analyst
Massimo Bonisoli - Equita SIM, Analyst
Marc Kofler - Jefferies, Analyst
Thomas Adolff - Credit Suisse, Analyst
Neill Morton - Investec, Analyst
Rob West - Redburn Partners, Analyst
Nitin Sharma - JPMorgan, Analyst
Martijn Rats - Morgan Stanley, Analyst
OSWALD CLINT, ANALYST, SANFORD BERNSTEIN: Two questions, first one just on the Val d'Agri oilfield.

MASSIMO MONDAZZI, CFO, ENI S.P.A: Sorry, Clint, could you speak louder, please?

OSWALD CLINT: Can you hear me?

MASSIMO MONDAZZI: Not very good, but speak louder, please.

OSWALD CLINT: Okay. Can I ask please about the Val d'Agri oilfield? Can you say what is the cash flow per barrel, typically, from that field? I imagine it's a high-margin field, but if you could give us a sense of that. And also, is the cash flow offset from that field going to be offset by the higher production that you were talking about with the rest of your portfolio? So that's the first question. Second question; I wanted to know about your gas business in Italy. You talked about more spot sales in Italy. Can you give us an indication of the typical gas prices you get for Italian spot sales, please? Thank you.

MASSIMO MONDAZZI: Okay, Clint. So I give you the answer to your first question and then I leave the floor to Umberto to answer the second one. You can imagine, I won't like to give you a precise number about the cash flow from Val d'Agri because of some reason. But yes, I agree with you that, on quantitative terms, we are substantially confirming the production guideline. What I could say that certainly the value of oil produced in Val d'Agri is a bit higher than the average. So, all in all, we expect a sort of penalization that will last as long as the stop in Val d'Agri will take place. And then, I leave the floor to Umberto to answer the second question.

UMBERTO VERGINE, CHIEF MIDSTREAM GAS & POWER OFFICER, ENI S.P.A: Thank you. As Massimo said, we have a positive performance in the quarter on the commercial activity, both in trading and in managing control of our logistics cost. To answer directly to your question, when you refer to spot sales in Italy, I think that you refer to two possibilities: one that are the sales to the hub and, therefore, the sales are linked to the PSV
price. And of course the flexibility is not an element attracting more value if we can offer it being a sale at hub level.

When we do spot sales to other customers like industrial, like commercial customers, we structure our price around the product where the flexibility that is embedded in our portfolio potential is certainly of value. And this is where we strike the premium compared to the hub.

OSWALD CLINT: Okay, thank you.

OPERATOR: Biraj Borkhataria, RBC.

BIRAJ BORKHATARIA, ANALYST, RBC CAPITAL MARKETS: I had a couple. Firstly, on gas and power, obviously, a strong quarter. I was wondering if you could break out the moving parts, one-offs and sustainable parts, between your logistical improvements, the renegotiations and, importantly, the trading part and any benefits you had there in the quarter. So any color on that breakdown would be appreciated.

And the second thing was on your resource additions guidance, you were hinting to an increase. I was wondering if you could just remind us what the key wells are to be in the next couple of quarters, where you're going to drill. Thanks.

MASSIMO MONDAZZI: Thanks. So I'll give you the answer to the first question. Any maybe I'll leave the floor to Antonio Vella to answer the second one.

So I would say the majority of the contributors to the current gas and power results are structural, are stable. So what we are talking about are lower logistic cost. Definitely, we are benefiting from a better performance of the gas portfolio that has been renegotiated starting from January 1, 2015, so recorded in the first quarter 2015.

The only non-stable contribution should be considered the trading part of this result. Because definitely, the stronger variability we have seen in the first quarter definitely contributed to a better result. But just to give you an idea, we are talking about a contribution, in our case, of around EUR40 million. So we are not talking about a significant extraordinary component of this result.

At the same time, we had a negative comparing the first quarter of 2016 versus the first quarter of 2014. And definitely, we recorded something in the range of EUR100 million of negatives in terms of higher retroactive effect we recorded in 2015 versus 2016.

One of these I said during my speech relate to the Edison contract. You remember we had the final judgment, the arbitration end of 2015, but the contract today is again under renegotiation. And we
expect an outcome in the second quarter of this year, so second quarter should benefit from the renegotiation of this contract, the effect of which should begin October 1, 2015.

And then, we're always talking about the negative, the LNG market is, I would say, less strong than it was in 2015. And this penalized the results in the comparison 2016/2015. So, all in all, the positive and negative has been balanced. And the positive, with the only exception, trading, are structural ones.
I think I gave you a comprehensive answer. And then I leave the floor to Antonio to answer the second question.

ANTONIO VELLA, CHIEF UPSTREAM OFFICER, ENI S.P.A: So we have an average of production of new projects of 275, where 187 are coming from ramp up and the 88 from the startup.
Within the startup, as Massimo mentioned to you, we have Kashagan and Goliat, which have been already achieved. But in addition, that recent week, we introduced additional well in production in Egypt in Nidoco, which we expect an additional ramp up of production for the second quarter.

BIRAJ BORKHATARIA: I was more wondering about the discovered resources target and the upside there.

ANTONIO VELLA: Yes, in fact, Nidoco is one of that and Goliat also, because, as you know, the ramp up in Goliat went up quite quickly and will confirm our production.
And the appraisals on Nidoco are growing up. And also, Zohr, as you know, we successfully concluded a third well. And the fourth is already in drilling and probably by May, we'll have additional resources on that.

BIRAJ BORKHATARIA: That's great. Thanks.

OPERATOR: Hamish Clegg, Bank of America.

HAMISH CLEG, ANALYST, BOFA MERRILL LYNCH: A couple of quick things. First of all, just warnings and notices. Your realizations were a bit lower than normal this quarter, trading at a 16% discount. Was there any reason, bar PSAs, for that? And can we see it normalizing to the sorts of realizations we've seen previously?
Also secondly, on a similar vein, your refining margins appear to be slightly tighter to my benchmark than they've been previously as well. Is that a function of the continued efficiency?
And thirdly and finally, on Kashagan, you reiterated the startup by the year-end. I've read in some places that certain sources think that Kashagan is more likely to start up next summer, just because of the implications of starting the field up during the winter months.

I wondered if you could share with us what gives you the confidence that, despite the winter months, it would be good to start the field up at a time you plan.

MASSIMO MONDAZZI: Okay, starting from the last question. Yes, we are confirming our projection; that is the projection of the oil joint venture. I would like to say that the news that appear, I don't remember, on the web and on the papers, was a declaration released by a Chinese guy that has been withdrawn later on. So I would say it's been a mistake. So definitely, the joint venture is talking in reaffirming the startup foreseen end of this year, fourth quarter this year.

In terms of realization, no, there are not any particular effect and neither related to the PSA. As well as I don't have any kind of specific information about the refining throughput. Maybe Alberto from R&M division could elaborate a bit more on this.

ALBERTO ROSELLI, SENIOR PROJECT MANAGER, R&M DIVISION, ENI S.P.A: Our refining benchmark, as you know, is a refining reflecting our exposure to the throughputs of our refineries. 80% of our refineries in the Med, 20% is in Germany. When you compare this benchmark to the other majors, obviously, you have to take into account that the other companies have a high exposure to the US or Far Eastern areas, where, in general, margins have experienced a higher level, so in terms of general exposure of a downstream refining business.

HAMISH CLEGG: Thank you very much for your answers.

OPERATOR: Irene Himona, SG.

IRENE HIMONA, ANALYST, SOCIETE GENERALE: I have three questions, please. Firstly, in changing the accounting from full cost to successful effort, obviously, you revalued the assets and the uptick. Can you give us some guidance on the new basis what annual DD&A charges can we expect, please, in E&P, and for the Group total? Secondly, if you can please update us on asset disposal progress. You had about EUR800 million in Q1. Are you on track, do you think, for the full-year target on disposals? And then finally, can you say if the R&M results includes any material trading profit, please? Thank you.
Okay. So I'll start answering your question about the successful effort method. So the most important numbers I have in mind to qualify the application of new accounting principles are the following, Irene.

First of all, the increase in the net equity that January 1, 2016 is in the range of EUR3.5 billion. That's because the capitalization of the past exploration fully expensed following the previous accounting principle and now capitalized waiting for the final assessment.

In terms of effect on the P&L, you know it's quite difficult because it depends on your rate of success in the exploration you are performing. Our projection this year should be something in the range of EUR100 million of an advantage as a mix between the incremental DD&A and the exploration capitalized as incurred.

As far as asset disposal, I would say, yes, we feel we are on track in implementing the disposal plan that we just announced during our strategy presentation. We said EUR7 billion and we said front-end loaded. It means more or less EUR5 billion in the first two years.

As I said during the presentation, the negotiations are underway. Some of them are very well advanced, so no reason to modify the guidance on this respect.

And third, in refining and margin result in the first quarter. Maybe I leave the ground to Alberto again to give you the answer.

No hedging strategy was implemented in 2016 up to now, whilst as you remember, there was a strategy of hedging activated in 2015. And in the first quarter, the impact of that strategy was a negative EUR45 million.

Yes, but the trading gain. She asked about the trading gain.

No trading results contribute to the numbers of R&M.

Thank you very much.

Massimo Bonisoli, Equita.

Two questions. Back on Val d'Agri, could you give us some color on the effect of the production suspension on your refining business profitability? Taranto Refinery should be the one affected.
And also, if you are evaluating any countermeasures both for upstream and downstream? The second question is on the Versalis. So if you could give us some update on the disposal process and some color on the timing, please.

MASSIMO MONDAZZI: Okay. As far as the effect on downstream, related to the shutdown of the upstream production; definitely, while in upstream there are no countermeasures that could be applied, because the stop in production doesn't allow us to produce even one barrel.

As far as the refinery, we can change the oil supplied, using our supply system worldwide. So we can buy oil and keep the refinery running with just minor -- this optimization in economic terms. So definitely, the bigger issue relates the upstream.

As far as Versalis, you know we said during the strategy presentation that Versalis is in the disposal plan that we announced. Again, negotiations are running and sorry, but I can't give you any colour on this.

MASSIMO BONISOLI: Okay. Thank you anyway.

OPERATOR: Marc Kofler, Jefferies.

MARC KOFLER, ANALYST, JEFFERIES: Just one please on the upstream. And I notice the gas production from the Americas continues to ramp up, which I assume is largely driven by Venezuela.

I was hoping you could offer a bit more color both in terms of the receipts, in terms of payments, if there's been any change there in Venezuela; and then also, maybe, if you could add any colour to what you're actually seeing on the ground, given what we've been hearing from some of the service providers in country. Is it still possible to continue with business as usual there? Thanks.

MASSIMO MONDAZZI: Okay. So, certainly, the situation in Venezuela is critical. You see also on the newspaper.

Up to now, we have been paid by the country. The production just started up and we are now testing the securitization tools that have been agreed to have certainty about the payment. I'm talking about securitization that relates to the liquid production from the field, together with the possibility to export to Colombia part of this gas, being paid in US dollar.

Definitely what we expect is a tough period in the country, so on top of what we negotiated, maybe there could be some delay in payment. We are envisaging some delay in payment.
We are not talking about huge numbers because we are only in the first phase of production. So numbers we are talking about are not numbers that could jeopardize our expected cash flow. And I think I answer your question.

MARC KOFLER: Yes, that's great. Thank you.

OPERATOR: Thomas Adolff, Credit Suisse.

THOMAS ADOLFF, ANALYST, CREDIT SUISSE: Two questions, please. Just one on -- going back to disposals. Obviously, key to right-size your exposure to certain projects. My question isn't really on what progress you're making there, but more specifically on a potential structure in Mozambique.

And I guess my question is, since you are committed to lower it from 50% to whatever, I can't remember whether it's 25%, 30%, but on the structure, my question is if you were to keep operatorship for Coral FLNG, would you be happy to give up operatorship for the main Mamba development, to whoever you may farm the project out to?

And if that's really the case, it would imply that the equity stake you consider selling is actually more than the 15% to 20% you talked about. That's question one.

Question two, again, more specific to a country and that's Iran. I understand the past has been far from pleasant and the future there is quite unpredictable, but you seemed – ENI seem to have been one of the few Italian companies that has not signed an MoU when Prime Minister Renzi had a meeting with Rouhani.

So is that a reflection of your appetite towards Iran, or the opportunity that you see in Iran being not so attractive? Thank you.

MASSIMO MONDAZZI: Okay. So, as far as Mozambique, I would say, Thomas, part of your question is part of the ongoing negotiations, so I cannot give you specific detail on this.

But let me comment and please understand what I am saying. This contract is so big, so huge, that I would say, I guess we could definitely take advantage from the contribution of a stronger additional partner, not only stronger from a financial point of view, but even on capability to run such a complicated project.

So we see it as an advantage, definitely not a constrain to get the final result, the disposal that we are projecting in our plan.

And second, Iran. You are right. So we didn't sign any MoU. Two comments on this. First of all, generally speaking, we commented a lot of time that we discovered so many resources all around
the world that definitely, the appetite must be measured on this amount of additional resources that has been found, in term of quantities and in term of contractual terms.

On this respect, we cannot comment about Iran because we don't know the contractual terms of the new mineral contracts in Iran. We, together with all the other oil and gas companies, are waiting for these main terms. I guess that it will take some times in order to understand and possibly negotiate. Any decision on our side will be measured with what we already retain in our portfolio.

THOMAS ADOLFF: Perfect. Thank you very much.

OPERATOR: Neill Morton, Investec.

NEILL MORTON, ANALYST, INVESTEC: I had two questions, please. A number of companies have reported a slow CapEx start to the year. Yours seems to be running ahead of guidance. So I know you've reaffirmed 20% reduction for the full year. Can we still assume around EUR9 billion number in terms of modeling?

And then just secondly, I think there's been a little bit of confusion this morning around the deconsolidation of Versalis and I was looking at page 28 of the press release. Can you maybe perhaps explain why there's little difference in the revenues in terms of intercompany transactions, and yet, there seems to be a big difference in the profit of Versalis? Thank you.

MASSIMO MONDAZZI: Okay. So, in term of CapEx, yes, so we recorded EUR2.5 billion first quarter, slightly more than the average per quarter to come up with EUR9 billion, EUR9.5 billion that remain our guidance by year-end.

So we are confirming the reduction by 20% we announced during the strategy presentation, reduction 2016 versus 2015. As well as, Neill, we are confirming our guidance to cover this amount of CapEx with a cash flow from operation based on $50 Brent.

And as far as Versalis, probably I need a bit more time to address correctly your question. Maybe Francesco could give you a detailed answer. But talking about the content of the press release, probably, if you go to page 22, you will have a very straightforward answer. Page 22, you see the real chemical contribution that now is recorded
as discontinuing operation. I'm talking about the -- you see the EUR119 million as adjusted operating profit, recorded by the chemical business in the first quarter 2016.

But looking at this report, you probably understand better. What is confusing some people, because the way the IAS 5 required a representation of this discontinued operation definitely is not easy to be understood.
You understand about the consolidation adjustment that creates some confusion. You see EUR399 million that are the intercompany cancelation of items that relate mainly to Versalis, that's the reason why I mentioned this.

Because this number relate to mainly the virgin naphtha, all products that Eni buy on the market, and send to Versalis. That IAS 5 required to be canceled in the representation between continuing and discontinuing. But we sum up again, when we represent the so-called standalone representation, because in the assumption that Versalis would be sold in the future, the revenue we are canceling today, in this way, would represent the number will be definitely a net revenue for Eni I hope I answered your question.

NEILL MORTON: And just to confirm, there's no transfer pricing between Versalis and the rest of the Eni Group? Is that --?

MASSIMO MONDAZZI: No, there is a transfer price, but it's a fair-value transfer price. So we assume exactly the same result if and when Versalis will be sold in the future.

NEILL MORTON: Great, thank you.

OPERATOR: Rob West, Redburn.

ROB WEST, ANALYST, REDBURN PARTNERS: Can I ask three? Okay, question one; what is the receivables balance from Venezuela today?

Question two; when will you reach 100,000 barrels a day of production at Goliat; and what other challenges or bottlenecks on the FPSO to get there? I think there are some questions around gas injection and some of the electricals. I was hoping please could you comment on that?

And then the third one is between the last time you reported and today, we've had the 20-F release. And in that, I always look at the development wells drilled, which runs at about 190 wells in 2013, 190 wells in 2014 and then there's quite a big pullback to 130 wells in 2015.
My third question is, is that 130 wells per year, a sustainable number? Do you need to increase that, to avoid your decline rate going up? Thank you.

MASSIMO MONDAZZI: Okay, so the outstanding today in Venezuela, if I remember well, is less than EUR100 million.
And as far as the number of wells, I would say this is the plan we are pursuing, is fully coherent. We said that out of the development CapEx, more or less EUR2 billion each year are devoted to counterbalance the natural depletion.
And the overall effect is the production growth that we declare, that we are confirming today. So I guess it's not just a matter of how many wells we are projecting or we drill in 2015. So I think that the relationship is much broader than this, to measure the final effect.
And then I leave the floor to Antonio to answer about the Goliat ramp up.

ANTONIO VELLA: So the ramp up of Goliat is ongoing. As you know, that we just been working on the gas injection, which recently working very well. And in fact, yesterday, we reached the production of 74,000 with full injection gas.
So definitely, tuning is ongoing, but definitely, the ramp up will proceed, as you know, up for 100,000 barrels constant.

ROB WEST: Thanks. Can I just ask, just to make sure I understood you correctly on that, that final question, do you think you can maintain drilling at 130-ish wells per year as an ongoing number?

ANTONIO VELLA: So 130 wells doesn't mean we have a production prediction per well. If we are better performing on those number of wells, we will have a bigger ramp up and why not lower wells, whatever is coming first. It's clear?

ROB WEST: That's fine. Thank you.

OPERATOR: Nitin Sharma, JPMorgan.

NITIN SHARMA, ANALYST, JPMORGAN: Two questions. First one. Massimo, when you presented in March earlier this year, you flagged the distinction between tax rate on adjusted earnings and cash tax rate. And I think you guided towards [mid-30%]s for the cash tax rate. Now, if I do a simplistic calculation for Q1, I end up with a slightly higher or significantly higher cash tax rate. So could you maybe confirm that guidance still holds and maybe give us what cash tax rate was in this quarter?
And the second question is on Libya. Now, clearly, your performance in the country has been very good. Do you expect any further improvements in Libyan contribution if the conditions were to improve on the ground, i.e., national unity, government formation? So maybe some talk for Libya, please. Thank you.

MASSIMO MONDAZZI: Okay, so talking about the cash tax rate. Yes, you're right; in the first quarter, we recorded a cash tax rate a bit higher than the early guidance. So we recorded something in the range of 35%, while the early guidance was lower than 30%. The early guidance is confirmed. So we expect full year a cash tax rate below 30%.

As far as Libya, the production contribution today is in the range of 340,000 BOE per day. We do not expect any increase, notwithstanding the better condition we see in place in country today.

NITIN SHARMA: Thank you, Massimo.

OPERATOR: (Operator Instructions). Rats Martijn, Morgan Stanley.

MARTIJN RATS, ANALYST, MORGAN STANLEY: I wanted to ask you, Massimo. I just wanted to follow up on Neill's earlier question with regard to these reinstatement line items and elimination line items. I understand that if there are transactions between the standalone R&M business and the discontinued Versalis business, that there is some sort of revenue cancelation. But it's not just that you're canceling revenues; you're canceling profits and quite a lot of them. You make it sound like one part of the Company buys something for another part of the Company and we're just canceling something out, but there is a profit cancelation of EUR399 million. So I was hoping you could say a little bit more on that.

And the second thing I wanted to ask you relate to some press reports about the potential disposal of the retail gas business. I was hoping you could give us an update on how that is progressing. Thank you.

MASSIMO MONDAZZI: Okay, so I understand that understanding the IAS 5 reporting is quite complicated. I'll try to give you some detail on this.

No, canceling the intercompany doesn't mean to cancel just the profit; it means really to cancel the revenues, because the accounting principle requires the cancelation of the intercompany, in this case, revenues between the continuing and discontinuing. That's the reason why.

If you see the continuing operations stand alone because the reason to see just the continuing operation means to figure out the numbers as they will be after the disposition of what is under disposition, so Saipem done and Versalis ongoing.
But if you take just this way to represent and you ignore that Eni is buying, so costs are recorded in Eni numbers, acquired virgin naphtha on the market to be resold to Versalis and the reselling is canceled, definitely, you are piecing a quite important piece of the overall information. That's the reason why we created this standalone way to represent the continuing operation. Just to give you the full picture what it will be after the disposition of Saipem and Versalis. So the number you see, I mention this table at page number 22 in the press release, this number, the EUR399 million that you see is canceled under the discontinuing operation and then restated to create the standalone view, represent mainly, exactly the effect I just told you. As far as retail gas and power, there is no process ongoing today.

MARTIJN RATS: All right, okay. Perhaps I need to go back to my accounting books. But do you expect this to continue in the next couple of quarters then, the similar line items?

MASSIMO MONDAZZI: I'm afraid yes. But we'll do our best to give you upfront and much better view in order to avoid any kind of confusion. But we must cope at the same time with the most clear and powerful representation, and comply with the law because we cannot ignore that we have to respect the IAS 5 I'm afraid.

MARTIJN RATS: All right. Thank you.

OPERATOR: No more questions at the moment.

MASSIMO MONDAZZI: Okay. Thank you very much, all. Bye-bye.

OPERATOR: Ladies and gentlemen, the conference is over. Thank you for calling Eni.

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